

SECURITIES AND EXCHANGE COMMISSION

FORM 10-12B/A

Initial general form for registration of a class of securities pursuant to Section 12(b) [amend]

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FILER

Tyco Electronics Ltd.

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As filed with the Securities and Exchange Commission on April 20, 2007

Registration No. 001-33260

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES

Pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934

TYCO ELECTRONICS LTD.

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of
incorporation or organization)

98-0518048

(I.R.S. Employer
Identification No.)

**Second Floor,
90 Pitts Bay Road,
Pembroke HM 08,
Bermuda**

Telephone: (441) 292-8674

(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

Robert A. Scott

Executive Vice President and General Counsel

Tyco Electronics

1050 Westlakes Drive

Berwyn, Pennsylvania 19312

Telephone: (610) 893-9560

(Name, address, including zip code, and telephone number, including
area code, of agent for service)

With copies to:

Steven R. Finley

Sean P. Griffiths

Gibson, Dunn & Crutcher LLP

200 Park Avenue

New York, New York 10166-0193

Telephone (212) 351-4000

Fax: (212) 351-4035

Securities to be registered pursuant to Section 12(b) of the Act:

**Title of each class
to be so registered**

**Name of each exchange on which
each class is to be registered**

Common shares, par value \$0.20 per share

The New York Stock Exchange, Inc.
Bermuda Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act:

None.

INFORMATION REQUIRED IN REGISTRATION STATEMENT

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

Item 1. Business

The information required by this item is contained under the sections "Summary," "Risk Factors," "Business" and "Relationship with Tyco International and Covidien" of the Information Statement. Those sections are incorporated herein by reference.

Item 1A. Risk Factors

The information required by this item is contained under the section "Risk Factors" of the Information Statement. That section is incorporated herein by reference.

Item 2. Financial Information

The information required by this item is contained under the sections "Summary," "Description of Capital Shares," "Selected Historical Combined Financial and Other Operating Data," "Unaudited Pro Forma Combined Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Information Statement. Those sections are incorporated herein by reference.

Item 3. Properties

The information required by this item is contained under the section "Business-Properties" of the Information Statement. That section is incorporated herein by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is contained under the section "Security Ownership of Tyco International and Tyco Electronics" of the Information Statement. That section is incorporated herein by reference.

Item 5. Directors and Executive Officers

The information required by this item is contained under the section "Management" of the Information Statement. That section is incorporated herein by reference.

Item 6. Executive Compensation

The information required by this item is contained under the section "Management" of the Information Statement. That section is incorporated herein by reference.

Item 7. Certain Relationships and Related Transactions

The information required by this item is contained under the sections "Relationship with Tyco International and Covidien" and "Management" of the Information Statement. Those sections are incorporated herein by reference.

Item 8. Legal Proceedings

The information required by this item is contained under the section "Business-Legal Proceedings" of the Information Statement. That section is incorporated herein by reference.

Item 9. Market Price of and Dividends on the Registrant's Common Equity and Related Shareholder Matters

The information required by this item is contained under the sections "Risk Factors," "The Separation," "Dividends," "Management" and "Description of Capital Shares" of the Information Statement. Those sections are incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities

None.

Item 11. Description of Registrant's Securities to be Registered

The information required by this item is contained under the section "Description of Capital Shares" of the Information Statement. That section is incorporated herein by reference.

Item 12. Indemnification of Directors and Officers

The information required by this item is contained under the section "Description of Capital Shares—Liability and Indemnification of Directors and Officers" of the Information Statement. That section is incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data

The information required by this item is contained under the sections "Description of Capital Shares," "Selected Historical Combined Financial and Other Operating Data," "Unaudited Pro Forma Combined Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Index to Financial Statements" of the Information Statement. Those sections are incorporated herein by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 15. Financial Statements and Exhibits

(a) Financial Statements

The information required by this item is contained under the section "Index to Financial Statements" beginning on page F-1 of the Information Statement. That section is incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Number	Description
2.1	Form of Separation and Distribution Agreement by and among Tyco International Ltd., Tyco Electronics Ltd. and Covidien Ltd.
3.1	Form of Memorandum of Association of Tyco Electronics Ltd.*
3.2	Certificate of Incorporation of Tyco Electronics Ltd.**
3.3	Form of Bye-laws of Tyco Electronics Ltd.*
4.1	Form of Tyco Electronics Ltd. Common Share Certificate*
10.1	Form of Tax Sharing Agreement by and among Tyco International Ltd., Tyco Electronics Ltd. and Covidien Ltd.
10.2	Tyco Electronics Ltd. 2007 Stock and Incentive Plan*
10.3	Director Deferred Compensation Plan*
10.4	Employment Agreement, dated October 1, 1999, between Tyco Electronics Logistics AG and Juergen Gromer*
10.5	Retention Agreement, dated March 22, 2006, between Tyco Electronics Ltd. and Juergen Gromer**
10.6	Employment Agreement, dated November 14, 2006, between Tyco Electronics Ltd. and Terrence Curtin*
10.7	Retention Agreement, dated May 26, 2006, between Tyco Electronics Ltd. and Terrence Curtin*
10.8	Tyco International (US) Inc. Severance Plan for U.S. Officers and Executives*
10.9	Settlement Agreement, dated April 10, 2007, between Tyco Electronics AMP GmbH, Tyco Electronics Logistics AG, Tyco International Ltd. and Juergen Gromer
21.1	Subsidiaries of Tyco Electronics Ltd.
99.1	Information Statement

* To be filed by amendment.

** Previously filed.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

TYCO ELECTRONICS LTD.

/s/ THOMAS J. LYNCH

By: Thomas J. Lynch
President

Date: April 20, 2007

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[INFORMATION REQUIRED IN REGISTRATION STATEMENT CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10 SIGNATURES](#)

**FORM OF
SEPARATION AND DISTRIBUTION AGREEMENT**

by and among

TYCO INTERNATIONAL LTD.,

COVIDIEN LTD.,

and

TYCO ELECTRONICS LTD.

Dated as of , 2007

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Exhibit C	Joint Venture Agreement
Exhibit D	Tax Sharing Agreement

SEPARATION AND DISTRIBUTION AGREEMENT

SEPARATION AND DISTRIBUTION AGREEMENT (this “Agreement”), dated as of _____, 2007, by and among Tyco International Ltd., a Bermuda corporation (“Tyco”), Covidien Ltd., a Bermuda corporation (formerly known as Tyco Healthcare Ltd.) (“Healthcare”), and Tyco Electronics Ltd., a Bermuda corporation (“Electronics”). Each of Tyco, Healthcare and Electronics is sometimes referred to herein as a “Party” and collectively, as the “Parties”.

W I T N E S S E T H:

WHEREAS, Tyco, acting through its direct and indirect Subsidiaries, currently conducts a number of businesses, including (i) the Healthcare Business (as defined herein), (ii) the Electronics Business (as defined herein) and (iii) the Tyco Retained Business (as defined herein);

WHEREAS, the Board of Directors of Tyco has determined that it is appropriate, desirable and in the best interests of Tyco and its stockholders to separate Tyco into three separate, publicly traded companies, one for each of (i) the Healthcare Business, which shall be owned and conducted, directly or indirectly, by Healthcare, (ii) the Electronics Business, which shall be owned and conducted, directly or indirectly, by Electronics and (iii) the Tyco Retained Business which shall be owned and conducted, directly or indirectly, by Tyco;

WHEREAS, in order to effect such separation, the Board of Directors of Tyco has determined that it is appropriate, desirable and in the best interests of Tyco and its stockholders (i) to enter into a series of transactions whereby (A) Tyco and/or one or more members of the Tyco Group will, collectively, own all of the Tyco Retained Assets and assume (or retain) all of the Tyco Retained Liabilities, (B) Healthcare and/or one or more members of the Healthcare Group will, collectively, own all of the Healthcare Assets and assume (or retain) all of the Healthcare Liabilities and (C) Electronics and/or one or more members of the Electronics Group will, collectively, own all of the Electronics Assets and assume (or retain) all of the Electronics Liabilities and (ii) for Tyco to distribute to the holders of Tyco Common Stock on a pro rata basis (in each case without consideration being paid by such stockholders) (A) all of the outstanding shares of common stock, par value \$0.20 per share, of Healthcare (the “Healthcare Common Stock”) and (B) all of the outstanding shares of common stock, par value \$0.20 per share, of Electronics (the “Electronics Common Stock”) (such transactions as they may be amended or modified from time to time, collectively, the “Plan of Separation”);

WHEREAS, each of Tyco, Healthcare and Electronics has determined that it is necessary and desirable, on or prior to the Effective Time (as defined herein), to allocate and transfer to the applicable Party or its Subsidiaries those Assets, and to allocate and assign to the applicable Party or its Subsidiaries responsibility for those Liabilities, in respect of the activities of the applicable

Businesses of such entities and those Assets and Liabilities in respect of other businesses and activities of Tyco and its current and former Subsidiaries;

WHEREAS, it is the intention of the Parties that each of the contributions of Assets to, and the assumption of Liabilities by, Healthcare and Electronics together with the corresponding distribution of all of the Healthcare Common Stock and the Electronics Common Stock,

respectively, qualifies as a reorganization within the meaning of Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, it is the intention of the Parties that each of the distribution of the Healthcare Common Stock and the Electronics Common Stock to the stockholders of Tyco will qualify as tax-free under Section 355(a) of the Code to such stockholders, and as tax-free to Tyco under Section 361(c) of the Code;

WHEREAS, each of Tyco, Healthcare and Electronics has determined that it is necessary and desirable to set forth the principal corporate transactions required to effect the Plan of Separation and each Distribution and to set forth other agreements that will govern certain other matters following the Effective Time.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 General. As used in this Agreement, the following terms shall have the following meanings:

- (1) "AAA" shall have the meaning set forth in Section 10.2.
- (2) "Accountant" shall have the meaning set forth in Section 3.5.
- (3) "Action" shall mean any demand, action, claim, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation by or before any court or grand jury, any Governmental Entity or any arbitration or mediation tribunal.
- (4) "Affiliate" shall mean, when used with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by Contract or otherwise. It is expressly agreed that no Party or member of any Group shall be deemed to be an Affiliate of another Party or member of such other Party's Group by reason of having one or more directors in common.
- (5) "Agent" shall mean Mellon Investor Services.
- (6) "Agreement Disputes" shall have the meaning set forth in Section 10.1.

(7) “Ancillary Agreements” shall mean all of the written Contracts, instruments, assignments or other arrangements (other than this Agreement) entered into in connection with the transactions contemplated hereby, including the Conveyancing

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and Assumption Instruments, the Tax Sharing Agreement, the Joint Defense Agreement and the Joint Venture Agreement.

(8) “Annual Reports” shall have the meaning set forth in Section 5.3(d).

(9) “Applicable Electronics Percentage” shall mean thirty-one percent (31%).

(10) “Applicable Healthcare Percentage” shall mean forty-two percent (42%).

(11) “Applicable Percentage” shall mean (i) as to Tyco, the Applicable Tyco Percentage, (ii) as to Electronics, the Applicable Electronics Percentage and (iii) as to Healthcare, the Applicable Healthcare Percentage.

(12) “Applicable Tyco Percentage” shall mean twenty-seven percent (27%).

(13) “Assets” shall mean assets, properties, claims and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the Records or financial statements of any Person, including the following:

(i) all accounting and other legal and business books, records, ledgers and files whether printed, electronic or written;

(ii) all apparatuses, computers and other electronic data processing and communications equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, aircraft and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

(iii) all inventories of products, goods, materials, parts, raw materials and supplies;

(iv) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;

(vi) all license Contracts, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other Contracts or commitments;

- (vii) all deposits, letters of credit and performance and surety bonds;
 - (viii) all written (including in electronic form) technical information, data, specifications, research and development information, engineering drawings and specifications, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;
 - (ix) all Intellectual Property;
 - (x) all Software;
 - (xi) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product data and literature, artwork, design, development and business process files and data, vendor and customer drawings, specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;
 - (xii) all prepaid expenses, trade accounts and other accounts and notes receivables;
 - (xiii) all rights under Contracts, all claims or rights against any Person, choses in action or similar rights, whether accrued or contingent;
 - (xiv) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;
 - (xv) all licenses, permits, approvals and authorizations which have been issued by any Governmental Entity;
 - (xvi) all cash or cash equivalents, bank accounts, lock boxes and other third-party deposit arrangements;
and
 - (xvii) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar Contracts or arrangements.
- (14) “Assume” shall have the meaning set forth in Section 2.3.
 - (15) “Assumed Tyco Contingent Liabilities” shall mean any of the Liabilities set forth on Schedule 1.1(15).
 - (16) “Audited Party” shall have the meaning set forth in Section 5.3(b).
 - (17) “Business” shall mean the Tyco Retained Business, the Healthcare Business or the Electronics Business, as applicable.

(18) “Business Day” means any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by Law to be closed in The City of New York.

(19) “Business Entity” shall mean any corporation, partnership, limited liability company, joint venture or other entity which may legally hold title to Assets.

(20) “Claims Administration” shall mean the processing of claims made under the Shared Policies, including the reporting of claims to the insurance carriers, management and defense of claims and providing for appropriate releases upon settlement of claims.

(21) “Closing Tyco Stock Price” shall have the meaning set forth in Section 6.1(a)(ii).

(22) “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(23) “Code” shall have the meaning set forth in the preamble.

(24) “Commission” shall mean the United States Securities and Exchange Commission.

(25) “Confidential Information” shall mean Confidential Business Information and Confidential Operational Information concerning a Party and/or its Subsidiaries which, prior to or following the Effective Time, has been disclosed by a Party or its Subsidiaries to another Party or its Subsidiaries, in written, oral (including by recording), electronic, or visual form to, or otherwise has come into the possession of, the other, including pursuant to the access provisions of Section 9.1 or Section 9.2 or any other provision of this Agreement (except to the extent that such information can be shown to have been (i) in the public domain through no fault of such Party or its Subsidiaries or (ii) lawfully acquired by such Party or its Subsidiaries from other sources; provided, however, in the case of clause (ii) that, to the furnished Party’s knowledge, such furnishing sources did not provide such information in breach of any confidentiality obligations).

(26) “Confidential Business Information” shall mean all Information, data or material other than Confidential Operational Information, including (i) earnings reports and forecasts, (ii) macro-economic reports and forecasts, (iii) business plans, (iv) general market evaluations and surveys and (v) financing and credit-related information.

(27) “Confidential Operational Information” shall mean all operational Information, data or material including (i) specifications, ideas and concepts for products and services, (ii) quality assurance policies, procedures and specifications, (iii) customer information, (iv) Software, (v) training materials and information and (vi) all other know-how, methodology, procedures, techniques and trade secrets related to design, development and operational processes.

(28) “Continuing Arrangements” shall mean those arrangements set forth on Schedule 1.1(28) and such other commercial arrangements among the Parties that are intended to survive and continue following the applicable Relevant Time; provided, however, that for the avoidance of doubt, Continuing Arrangements shall not apply to any of the following Contracts, arrangements, course of dealings or understandings (or to any of the provisions thereof):

(i) any agreements, arrangements, commitments or understandings to which any Person other than the Parties and their respective Groups is a party hereto (it being understood that to the extent that the rights and obligations of the Parties and the members of their respective Groups under any such Contracts constitute Healthcare Assets or Healthcare Liabilities, Electronics Assets or Electronics Liabilities or Tyco Retained Assets or Tyco Retained Liabilities, such Contracts shall be assigned or retained pursuant to Article II); and

(ii) any agreements, arrangements, commitments or understandings to which any non-wholly-owned Subsidiary of Tyco, Healthcare or Electronics, as the case may be, is a Party.

(29) “Contract” shall mean any agreement, contract, obligation, indenture, instrument, lease, promise, arrangement, warranty, commitment or undertaking (whether written or oral and whether express or implied).

(30) “Conveyancing and Assumption Instruments” shall mean, collectively, the various Contracts and other documents heretofore entered into and to be entered into to effect the Transfer of Assets and the Assumption of Liabilities in the manner contemplated by this Agreement and the Plan of Separation, or otherwise relating to, arising out of or resulting from the transactions contemplated by this Agreement, in such form or forms as the applicable Parties thereto agree.

(31) “Consents” shall mean any consents, waivers or approvals from, or notification requirements to, any Person other than a Governmental Entity.

(32) “D&O Tail Policies” shall have the meaning set forth in Section 11.2(a).

(33) “Deferred Stock Unit” (a) when immediately preceded by “Tyco,” shall mean a unit granted by Tyco pursuant to one of the Tyco Equity Plans representing a general unsecured promise by Tyco to deliver a share of Tyco Common Stock; (b) when immediately preceded by “Healthcare” shall mean a unit granted by Healthcare representing a general unsecured promise by Healthcare to deliver a share of Healthcare Common Stock, which unit is granted pursuant to the Healthcare Director Deferred Compensation Plan as part of the adjustment to Tyco Deferred Stock Units in connection with the Healthcare Distribution; and (c) when immediately preceded by “Electronics” shall mean a unit granted by Electronics representing a general unsecured promise by Electronics to deliver a share of Electronics Common Stock, which unit is granted pursuant to the Electronics Director Deferred Compensation Plan as part of the adjustment to Tyco Deferred Stock Units in connection with the Electronics Distribution.

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(34) “Delayed Transfer Employees” shall mean those employees set forth in Schedule 1.1(34) (which Schedule 1.1(34) may be amended in writing by agreement of the applicable Parties) who will transfer from one Party to another Party as described in Schedule 1.1(34) between the Distribution Date and December 31, 2007 (or such later date as mutually agreed to by the applicable Parties.)

(35) “Delivering Party” shall have the meaning set forth in Section 3.5.

(36) “Determination Date” shall mean the earlier of (i) 12:01 a.m., Eastern Standard Time, on the Final Separation Date or (ii) 11:59 p.m., Eastern Standard Time, September 30, 2007.

(37) “Direct Transfer” shall mean a Healthcare Employee, Electronics Employee or Tyco Employee’s direct transfer of employment (without interruption) to another Party (or its subsidiary) between the Distribution Date and December 31, 2007.

(38) “Disability Plan” when immediately preceded by “Tyco,” shall mean any short-term disability program and long-term disability program sponsored by Tyco, (ii) when immediately preceded by “Healthcare,” shall mean the short-term disability program and long-term disability program to be established by Healthcare under Section 6.8(d); and (iii) when immediately preceded by “Electronics,” shall mean the short-term disability program and long-term disability program to be established by Electronics under Section 6.8(d).

(39) “Disclosure Documents” shall mean any registration statement (including any registration statement on Form 10) filed with the Commission by or on behalf of any Party or any of its controlled Affiliates, and also includes any information statement, prospectus, offering memorandum, offering circular (including franchise offering circular or any similar disclosure statement) or similar disclosure document, whether or not filed with the Commission or any other Governmental Entity, which offers for sale or registers the Transfer or distribution of any security of such Party or any of its controlled Affiliates.

(40) “Dispute Notice” shall have the meaning set forth in Section 10.1.

(41) “Disputed Item” shall have the meaning set forth in Section 3.5.

(42) “Distribution Date” shall mean (i) with respect to Healthcare, the Healthcare Distribution Date and (ii) with respect to Electronics, the Electronics Distribution Date.

(43) “Distribution Electronics Stock Price” shall have the meaning set forth in Section 6.1(b)(ii).

(44) “Distribution Healthcare Stock Price” shall have the meaning set forth in Section 6.1(a)(ii).

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(45) “Distribution Regular Tyco Stock Price” shall have the meaning set forth in Section 6.1(a)(ii).

(46) “Distributions” shall mean, collectively, the Healthcare Distribution and the Electronics Distribution.

(47) “Effective Time” shall mean 12:01 a.m., Eastern Standard Time, on the earlier to occur of the Electronics Distribution Date and the Healthcare Distribution Date.

(48) “Electronics” shall have the meaning set forth in the preamble.

(49) “Electronics Assets” shall mean:

(i) the ownership interests in those Business Entities that are included in the definition of Electronics Group including those Business Entities set forth on Schedule 1.1(65) in the definition of Electronics Group;

(ii) all Electronics Contracts, any rights or claims arising thereunder, and any other rights or claims or contingent rights or claims primarily relating to or arising from any Electronics Asset or the Electronics Business;

(iii) any and all Assets reflected on the Electronics Balance Sheet or the accounting records supporting such balance sheet and any Assets acquired by or for Electronics or any member of the Electronics Group subsequent to the date of such balance sheet which, had they been so acquired on or before such date and owned as of such date, would have been reflected on such balance sheet if prepared on a consistent basis, subject to any dispositions of any of such Assets subsequent to the date of such balance sheet;

(iv) subject to Article XI, any rights of any member of the Electronics Group under any Policies, including any rights thereunder arising after the Electronics Distribution Date in respect of any Policies that are occurrence policies;

(v) any and all Assets owned or held immediately prior to the Relevant Time by Tyco or any of its Subsidiaries (including, prior to their applicable Distribution Date, Healthcare or any of its respective Subsidiaries) primarily relating to or used in the Electronics Business. The intention of this clause (v) is only to rectify any inadvertent omission of Transfer of any Asset that, had the Parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as an Electronics Asset. No Asset shall be deemed an Electronics Asset solely as a result of this clause (v) unless a claim with respect thereto is made by Electronics within the applicable time period(s) established by Section 2.6(d);

(vi) the Assets set forth on Schedule 1.1(49)(vi) and any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as

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Assets which have been or are to be Transferred to Electronics or any other member of the Electronics Group;

(vii) any and all furnishings and office equipment located at a physical site of which the ownership or leasehold interest is being Transferred to Electronics; provided, that personal computers shall be Transferred to the Party who, following the Relevant Time, employs the applicable employee who, prior to the Relevant Time, used such personal computer; and

(viii) the Applicable Electronics Percentage of any Tyco Contingent Asset.

Notwithstanding the foregoing, the Electronics Assets shall not include any Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by or Transferred to any member of the Tyco Group, or Healthcare Group, as the case may be.

In the event of any inconsistency or conflict which may arise in the application or interpretation of any of the foregoing provisions, for the purpose of determining what is and is not a Electronics Asset, any item explicitly included on a Schedule referred to in this definition shall take priority over any provision of the text hereof, and clause (v) shall take priority over clause (iii) of this Section 1.1(49) and over clause (iii) of Section 1.1(97) in the definition of Healthcare Assets and Section 1.1(203) in the definition of Tyco Retained Assets.

(50) “Electronics Balance Sheet” shall mean the combined balance sheet of the Electronics Group, including the notes thereto, as of September 29, 2006, as filed with the Electronics Form 10.

(51) “Electronics Business” shall mean (i) the business and operations of the Electronics segment of Tyco as each is described in Electronics’ Form 10, (ii) any other business conducted primarily through the use of the Electronics Assets prior to the Relevant Time and (iii) the businesses and operations of Business Entities acquired or established by or for Electronics or any of its Subsidiaries after the date of this Agreement.

(52) “Electronics Cash Balance” shall have the meaning set forth in Section 3.5.

(53) “Electronics Common Stock” shall have the meaning set forth in the recitals hereto.

(54) “Electronics Contracts” shall mean the following Contracts to which Tyco or any of its Affiliates is a party or by which it or any of its Affiliates or any of their respective Assets is bound, whether or not in writing, except for any such Contract or part thereof (i) that is expressly contemplated not to be Transferred by any member of the Tyco Group or the

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Healthcare Group to the Electronics Group or (ii) that is expressly contemplated to be Transferred to (or remain with) any member of the Tyco Group or the Healthcare Group, in each case, pursuant to any provision of this Agreement or any Ancillary Agreement:

(i) any Contract entered into in the name of, or expressly on behalf of, any division, business unit or member of the Electronics Group;

(ii) any Contract that relates primarily to the Electronics Business;

(iii) any Contract representing capital or operating equipment lease obligations reflected on the Electronics Balance Sheet;

(iv) any Contract or part thereof, that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.2(c)) or any of the Ancillary Agreements to be assigned to any member of the Electronics Group; and

(v) any guarantee, indemnity, representation or warranty of or in favor of any member of the Electronics Group.

(55) “Electronics Credit Facilities” shall mean the credit facilities and related contracts to be entered into by one or more members of the Electronics Group on or prior to the Electronics Distribution Date in connection with the Plan of Separation.

(56) “Electronics Deferred Compensation Liabilities” shall have the meaning set forth in Section 6.4(b)(i).

(57) “Electronics Deferred Compensation Plans” shall mean the nonqualified deferred compensation plans listed in Schedule 6.4(b) and any other legacy nonqualified deferred compensation plan sponsored by members of the Electronics Group.

(58) “Electronics Director Deferred Compensation Plan” shall mean the 2007 Tyco Electronics Ltd. Director Deferred Compensation Plan adopted by Electronics to provide for non-employee director nonqualified deferred compensation.

(59) “Electronics Distribution” shall mean the distribution on the Electronics Distribution Date to holders of record of shares of Tyco Common Stock as of the Electronics Distribution Record Date of the Electronics Common Stock owned by Tyco on the basis of one share of Electronics Common Stock for every outstanding shares of Tyco Common Stock.

(60) “Electronics Distribution Date” shall mean the date on which Tyco distributes all of the issued and outstanding shares of Electronics Common Stock to the holders of Tyco Common Stock.

(61) “Electronics Distribution Date FCF” shall have the meaning set forth in Section 3.5.

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(62) “Electronics Distribution Record Date” shall mean such date as may be determined by Tyco’s Board of Directors as the record date for the Electronics Distribution.

(63) “Electronics Employee” shall mean an active employee or an employee on vacation or on approved leave of absence (including qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, and leave under the Family Medical Leave Act and other approved leaves) who (i) immediately following the Electronics Distribution Date is employed by Electronics or any member of the Electronics Group, or (ii) any Delayed Transfer Employee identified on Schedule 1.1(34) who will be employed by Electronics or any member of the Electronics Group. Electronics Employee shall also include any employee of an entity in the Electronics Group who, as of the Electronics Distribution Date, is receiving short-term or long-term disability benefits or workers’ compensation benefits.

(64) “Electronics Form 10” shall mean the registration statement on Form 10 filed by Electronics with the Commission in connection with the Electronics Distribution.

(65) “Electronics Group” shall mean Electronics and each Person (other than any member of the Healthcare Group or the Tyco Group) that is a direct or indirect Subsidiary of Electronics immediately after the Effective Time, and each Person that becomes a Subsidiary of Electronics after the Effective Time, which shall include those entities identified as such on Schedule 1.1(65).

(66) “Electronics Indemnitees” shall mean each member of the Electronics Group and each of their Affiliates and each member of the Electronics Group and their respective Affiliates’ respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

(67) “Electronics Information Statement” shall mean the Information Statement attached as an exhibit to the Electronics Form 10 sent to the holders of shares of Tyco Common Stock in connection with the Electronics Distribution, including any amendment or supplement thereto.

(68) “Electronics Liabilities” shall mean:

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto, including Schedule 1.1(68)(i) hereto) as Liabilities to be Assumed by any member of the Electronics Group, and all obligations and Liabilities expressly Assumed by any member of the Electronics Group under this Agreement or any of the Ancillary Agreements;

(ii) any and all Liabilities primarily relating to, arising out of or resulting from:

(a) the operation or conduct of the Electronics Business, as conducted at any time prior to, on or after the Effective Time (including

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any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority));

(b) the operation or conduct of any business conducted by any member of the Electronics Group at any time after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(c) any Electronics Assets, whether arising before, on or after the Effective Time;

(iii) any Liabilities to the extent relating to, arising out of or resulting from any terminated or divested Business Entity, business or operation (A) formerly and primarily owned or managed by or associated with any member of the Electronics Group or any Electronics Business or (B) set forth on Schedule 1.1(68)(iii);

(iv) the Applicable Electronics Percentage of any Assumed Tyco Contingent Liability;

(v) any Liabilities relating to any Electronics Employee or Former Electronics Employee in respect of the period prior to, on or after the Effective Time;

(vi) any Liabilities relating to, arising out of or resulting from any indebtedness (including debt securities and asset-backed debt) of any member of the Electronics Group or indebtedness (regardless of the issuer of such indebtedness) exclusively relating to the Electronics Business or any indebtedness (regardless of the issuer of such indebtedness) secured exclusively by any of the Electronics Assets (including any Liabilities relating to, arising out of or resulting from a claim by a holder of any such indebtedness, in its capacity as such);

(vii) Specified Shared Expenses to the extent provided in Section 5.5;

(viii) all Liabilities reflected as liabilities or obligations on the Electronics Balance Sheet or the accounting records supporting such balance sheet, and all Liabilities arising or Assumed after the date of such balance sheet which, had they arisen or been Assumed on or before such date and been retained as of such date, would have been reflected on such balance sheet if prepared on a consistent basis, subject to any discharge of such Liabilities subsequent to the date of the Electronics Balance Sheet.

Notwithstanding anything to the contrary herein, the Electronics Liabilities shall not include:

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(x) any Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or Assumed by any member of the Tyco Group or the Healthcare Group or for which any such Party is liable;

(y) any Contracts expressly Assumed by any member of the Tyco Group or the Healthcare Group under this Agreement or any of the Ancillary Agreements; and

(z) any Liabilities expressly discharged pursuant to Section 2.4 of this Agreement.

In the event of any inconsistency or conflict which may arise in the application or interpretation of any of the foregoing provisions, for the purpose of determining what is and is not a Electronics Liability, any item explicitly included on a Schedule referred to in this definition shall take priority over any provision of the text hereof, and clause (ii) shall take priority over clause (viii) of this Section 1.1(68) and over clause (viii) of Section 1.1(116) in the definition of Healthcare Liabilities and clause (vii) of Section 1.1(206) in the definition of Tyco Retained Liabilities.

(69) “Electronics Master Trust” shall have the meaning set forth in Section 6.5(b)(ii)(A).

(70) “Electronics Option” shall have the meaning set forth in Section 6.1(b)(i).

(71) “Electronics Pension Plans” shall have the meaning set forth in Section 6.5(b)(i).

(72) “Electronics Plans” shall mean the employee benefit plans, policies, programs, payroll practices, and arrangements established or assumed by the Electronics Group under this Agreement for the benefit of Electronics Employees and where applicable, Former Electronics Employees.

(73) “Electronics Policies” shall mean all Policies, current or past, which are owned or maintained by or on behalf of Tyco or any Subsidiary of Tyco, which relate exclusively to the Electronics Business and which Policies are either maintained by Electronics or a member of the Electronics Group or assignable to Electronics or a member of the Electronics Group.

(74) “Electronics Retiree Medical Plans” shall have the meaning set forth in Section 6.7.

(75) “Electronics Savings Plan” shall have the meaning set forth in Section 6.6(b)(i).

(76) “Electronics Shared Policies” shall mean all Policies, current or past, which are owned or maintained by or on behalf of Tyco or any Subsidiary of Tyco which relate to the Electronics Business, other than Electronics Policies.

(77) “Electronics Target FCF” shall have the meaning set forth in Section 3.5.

(78) “Electronics US Pension Plans” shall have the meaning set forth in Section 6.5(b)(ii).

- (79) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.
- (80) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time that reference is made thereto.
- (81) “Ex-Distribution Tyco Stock Price” shall have the meaning set forth in Section 6.1(c)(ii).
- (82) “FCF Review Period” shall have the meaning set forth in Section 3.5.
- (83) “Fiduciary Tail Policies” shall have the meaning set forth in Section 11.2(b).
- (84) “Final Separation Date” shall mean the last to occur of the Electronics Distribution Date or the Healthcare Distribution Date; provided, that in the event that Tyco makes a public announcement that its board of directors has determined that the shares of either Electronics or Healthcare shall not be distributed by Tyco to its stockholders, then the “Final Separation Date” shall be the date of the last Distribution to be made by Tyco to its stockholders as contemplated by the Plan of Separation, as so amended.
- (85) “Force Majeure” shall mean, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not have been foreseen by such Party (or such Person), or, if it could have been foreseen, was unavoidable, and includes, without limitation, acts of God, storms, floods, riots, pandemics, nuclear incidents, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources or distribution facilities. Notwithstanding the foregoing, the receipt by a Party of a hostile takeover offer, even if unforeseen or unavoidable, and such Party’s response thereto shall not be deemed an event of Force Majeure.
- (86) “Former Electronics Employee” shall mean any former employee who terminated employment with all members of the Tyco controlled group of corporations before the Electronics Distribution Date and who was last employed by (i) a member of the Electronics Group other than those members of the Electronics Group identified on part A of Schedule 1.1(86) or (ii) a member of the Healthcare Group or Tyco Group identified on part B of Schedule 1.1(86).
- (87) “Former Healthcare Employee” shall mean any former employee who terminated employment with all members of the Tyco controlled group of corporations

before the Healthcare Distribution Date and who was last employed by (i) a member of the Healthcare Group other than those members of the Healthcare Group identified on part A of Schedule 1.1(87) or (ii) a member of the Electronics Group or Tyco Group identified on part B of Schedule 1.1(87).

(88) “Former Tyco Employee” shall mean any former employee who terminated employment with all members of the Tyco controlled group of corporations before the Electronics Distribution Date or the Healthcare Distribution Date and who was last employed by (i) a member of the Tyco Group other than those members of the Tyco Group identified on part A of Schedule 1.1(88) or (ii) a member of the Electronics Group or Healthcare Group identified on part B of Schedule 1.1(88).

(89) “Free Cash Flow” shall, for each of Healthcare and Electronics, mean cash generated from continuing operations, (i) minus capital expenditures, net, (ii) minus any increase in the sale of accounts receivable, (iii) minus any changes in purchase accounting and holdback liabilities, (iv) plus voluntary pension contributions, (v) plus its portion of Separation Expenses, for the period from September 30, 2006 to its respective Distribution Date, all calculated as set forth in Tyco’s Form 10-K for the fiscal year ended September 29, 2006 in Item 7: Management’s Discussion and Analysis of Financial Condition and Results of Operations under the heading “Liquidity and Capital Resources” and determined in accordance with generally accepted accounting principles.

(90) “Governmental Approvals” shall mean any notices or reports to be submitted to, or other filings to be made with, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Entity.

(91) “Governmental Entity” shall mean any nation or government, any state, municipality or other political subdivision thereof and any entity, body, agency, commission, department, board, bureau or court, whether domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any executive official thereof.

(92) “Group” shall mean (i) with respect to Tyco, the Tyco Group, (ii) with respect to Healthcare, the Healthcare Group and (iii) with respect to Electronics, the Electronics Group.

(93) “Group Insurance Plan” when immediately preceded by “Tyco,” shall mean any basic life insurance, dependent life insurance, optional life insurance, accidental death and dismemberment insurance, business travel

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accident insurance and executive group universal life insurance programs sponsored by Tyco, (ii) when immediately preceded by “Healthcare,” shall mean the basic life insurance, dependent life insurance, optional life insurance, accidental death and dismemberment insurance, business travel accident insurance and executive group universal life insurance programs to be established by Healthcare under Section 6.8(e); and (iii) when immediately preceded by “Electronics,” shall mean the basic life insurance, dependent life insurance, optional life insurance, accidental death and dismemberment insurance, business travel accident insurance and executive group universal life insurance program to be established by Electronics under Section 6.8(e).

(94) “Guaranty Release” shall have the meaning set forth in Section 2.10(b).

(95) “Health Plans” when immediately preceded by “Tyco,” shall mean the Tyco International employee health benefit plans, any other medical, HMO, vision, and dental plans and any similar or successor plans, (ii) when immediately preceded by “Healthcare,” shall mean the employee health benefit plans, any other medical, HMO, vision, and dental plans and any similar or successor plans to be established by Healthcare under Section 6.8(d); and (iii) when immediately preceded by “Electronics,” shall mean employee health benefit plans, any other medical, HMO, vision, and dental plans and any similar or successor plans program to be established by Electronics under Section 6.8(d).

(96) “Healthcare” shall have the meaning set forth in the preamble.

(97) “Healthcare Assets” shall mean:

- (i) the ownership interests in those Business Entities that are included in the definition of Healthcare Group, including those Business Entities set forth on Schedule 1.1(113) in the definition of Healthcare Group and any Business Entities previously engaged in the Tyco Plastics and Adhesives business or the A&E Products business;
- (ii) all Healthcare Contracts, any rights or claims arising thereunder, and any other rights or claims or contingent rights or claims primarily relating to or arising from any Healthcare Asset or the Healthcare Business;
- (iii) any and all Assets reflected on the Healthcare Balance Sheet or the accounting records supporting such balance sheet and any Assets acquired by or for Healthcare or any member of the Healthcare Group subsequent to the date of such balance sheet which, had they been so acquired on or before such date and owned as of such date, would have been reflected on such balance sheet if prepared on a consistent basis, subject to any dispositions of any of such Assets subsequent to the date of such balance sheet;
- (iv) subject to Article XI, any rights of any member of the Healthcare Group under any Policies, including any rights thereunder arising after the Distribution Date in respect of any Policies that are occurrence policies;
- (v) any and all Assets owned or held immediately prior to the Relevant Time by Tyco or any of its Subsidiaries (including, prior to their applicable Distribution Date, Electronics or any of their respective Subsidiaries) primarily relating to or used in the Healthcare Business. The intention of this clause (v) is only to rectify any inadvertent omission of Transfer of any Asset that, had the Parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Healthcare Asset. No Asset shall be deemed a

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Healthcare Asset solely as a result of this clause (v) unless a claim with respect thereto is made by Healthcare within the applicable time period(s) established by Section 2.6(d);

- (vi) the Assets set forth on Schedule 1.1(97)(vi) and any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets which have been or are to be Transferred to Healthcare or any other member of the Healthcare Group;
- (vii) any and all furnishings and office equipment located at a physical site of which the ownership or leasehold interest is being Transferred to Healthcare; provided, that personal computers shall be Transferred to the Party who, following the Relevant Time, employs the applicable employee who, prior to the Relevant Time, used such personal computer; and
- (viii) the Applicable Healthcare Percentage of any Tyco Contingent Asset.

Notwithstanding the foregoing, the Healthcare Assets shall not include any Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by or Transferred to any member of the Tyco Group or the Electronics Group, as the case may be.

In the event of any inconsistency or conflict which may arise in the application or interpretation of any of the foregoing provisions, for the purpose of determining what is and is not a Healthcare Asset, any item explicitly included on a

Schedule referred to in this definition shall take priority over any provision of the text hereof, and clause (v) shall take priority over clause (iii) of this Section 1.1(97) and over clause (iii) of Section 1.1(49) in the definition of Electronics Assets and Section 1.1(203) in the definition of Tyco Retained Assets.

(98) “Healthcare Balance Sheet” shall mean the combined balance sheet of the Healthcare Group, including the notes thereto, as of December 29, 2006, as filed with the Healthcare Form 10.

(99) “Healthcare Business” shall mean (i) the business and operations of the Healthcare segment of Tyco as described in Healthcare’s Form 10, (ii) any other business conducted primarily through the use of the Healthcare Assets prior to the Relevant Time and (iii) the businesses and operations of Business Entities acquired or established by or for Healthcare or any of its Subsidiaries after the date of this Agreement.

(100) “Healthcare Cash Balance” shall have the meaning set forth in Section 3.5.

(101) “Healthcare Common Stock” shall have the meaning set forth in the recitals hereto.

(102) “Healthcare Contracts” shall mean the following Contracts to which Tyco or any of its Affiliates is a party or by which it or any of its Affiliates or any of their

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respective Assets is bound, whether or not in writing, except for any such Contract or part thereof (i) that is expressly contemplated not to be Transferred by any member of the Tyco Group or the Electronics Group to the Healthcare Group or (ii) that is expressly contemplated to be Transferred to (or remain with) any member of the Tyco Group or the Electronics Group, in each case, pursuant to any provision of this Agreement or any Ancillary Agreement:

(i) any Contract entered into in the name of, or expressly on behalf of, any division, business unit or member of the Healthcare Group;

(ii) any Contract that relates primarily to the Healthcare Business;

(iii) any Contract representing capital or operating equipment lease obligations reflected on the Healthcare Balance Sheet;

(iv) any Contract or part thereof, that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.2(c)) or any of the Ancillary Agreements to be assigned to any member of the Healthcare Group; and

(v) any guarantee, indemnity, representation or warranty of or in favor of any member of the Healthcare Group.

(103) “Healthcare Credit Facilities” shall mean the credit facilities and related contracts to be entered into by one or more members of the Healthcare Group on or prior to the Healthcare Distribution Date in connection with the Plan of Separation.

(104) “Healthcare Deferred Compensation Liabilities” shall have the meaning set forth in Section 6.4(a)(i).

(105) “Healthcare Deferred Compensation Plans” shall mean the nonqualified deferred compensation plans listed in Schedule 6.4(a) and any other legacy nonqualified deferred compensation plan sponsored by members of the Healthcare Group.

(106) “Healthcare Director Deferred Compensation Plan” shall mean the Tyco Healthcare Ltd. Director Deferred Compensation Plan adopted by Healthcare to provide for non-employee director nonqualified deferred compensation.

(107) “Healthcare Distribution” shall mean the distribution on the Healthcare Distribution Date to holders of record of shares of Tyco Common Stock as of the Healthcare Distribution Record Date of the Healthcare Common Stock owned by Tyco on the basis of one share of Healthcare Common Stock for every outstanding shares of Tyco Common Stock.

(108) “Healthcare Distribution Date” shall mean the date on which Tyco distributes all of the issued and outstanding shares of Healthcare Common Stock to the holders of Tyco Common Stock.

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(109) “Healthcare Distribution Date FCF” shall have the meaning set forth in Section 3.5(e).

(110) “Healthcare Distribution Record Date” shall mean such date as may be determined by Tyco’s Board of Directors as the record date for the Healthcare Distribution.

(111) “Healthcare Employee” shall mean an active employee or an employee on vacation or on approved leave of absence (including qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, and leave under the Family Medical Leave Act and other approved leaves) who (i) immediately following the Healthcare Distribution Date is employed by Healthcare or any member of the Healthcare Group, or (ii) any Delayed Transfer Employee identified on Schedule 1.1(34) who will be employed by Healthcare or any member of the Healthcare Group. Healthcare Employee shall also include any employee of an entity in the Healthcare Group who, as of the Healthcare Distribution Date, is receiving short-term or long-term disability benefits or workers’ compensation benefits.

(112) “Healthcare Form 10” shall mean the registration statement on Form 10 filed by Healthcare with the Commission in connection with the Healthcare Distribution.

(113) “Healthcare Group” shall mean Healthcare and each Person (other than any member of the Electronics Group or the Tyco Group) that is a direct or indirect Subsidiary of Healthcare immediately after the Effective Time, and each Person that becomes a Subsidiary of Healthcare after the Effective Time, which shall include those entities identified as such on Schedule 1.1(113).

(114) “Healthcare Indemnitees” shall mean each member of the Healthcare Group and each of their Affiliates and each member of the Healthcare Group and their respective Affiliates’ respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

(115) “Healthcare Information Statement” shall mean the Information Statement attached as an exhibit to the Healthcare Form 10 sent to the holders of shares of Tyco Common Stock in connection with the Healthcare Distribution, including any amendment or supplement thereto.

(116) “Healthcare Liabilities” shall mean:

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto, including Schedule 1.1(116)(i) hereto) as Liabilities to be Assumed by any member of the Healthcare Group, and all obligations and Liabilities expressly Assumed by any member of the Healthcare Group under this Agreement or any of the Ancillary Agreements;

(ii) any and all Liabilities primarily relating to, arising out of or resulting from:

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(A) the operation or conduct of the Healthcare Business, as conducted at any time prior to, on or after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority));

(B) the operation or conduct of any business conducted by any member of the Healthcare Group at any time after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority)); or

(C) any Healthcare Assets, whether arising before, on or after the Effective Time;

(iii) any Liabilities to the extent relating to, arising out of or resulting from any terminated or divested Business Entity, business or operation (A) formerly and primarily owned or managed by or associated with any member of the Healthcare Group or any Healthcare Business or (B) set forth on Schedule 1.1(116)(iii);

(iv) the Applicable Healthcare Percentage of any Assumed Tyco Contingent Liability;

(v) any Liabilities relating to any Healthcare Employee or Former Healthcare Employee in respect of the period prior to, on or after the Effective Time;

(vi) any Liabilities relating to, arising out of or resulting from any indebtedness (including debt securities and asset-backed debt) of any member of the Healthcare Group or indebtedness (regardless of the issuer of such indebtedness) exclusively relating to the Healthcare Business or any indebtedness (regardless of the issuer of such indebtedness) secured exclusively by any of the Healthcare Assets (including any Liabilities relating to, arising out of or resulting from a claim by a holder of any such indebtedness, in its capacity as such);

(vii) Specified Shared Expenses to the extent provided in Section 5.5; and

(viii) all Liabilities reflected as liabilities or obligations on the Healthcare Balance Sheet or the accounting records supporting such balance sheet, and all Liabilities arising or Assumed after the date of such balance sheet which, had they arisen or been Assumed on or before such date and been retained as of such date, would have been reflected on such balance sheet if prepared on a consistent basis, subject to any discharge of such Liabilities subsequent to the date of the Healthcare Balance Sheet.

Notwithstanding anything to the contrary herein, the Healthcare Liabilities shall not include:

- (x) any Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or Assumed by any member of the Tyco Group or the Electronics Group or for which any such Party is liable;
- (y) any Contracts expressly Assumed by any member of the Tyco Group or the Electronics Group under this Agreement or any of the Ancillary Agreements; and
- (z) any Liabilities expressly discharged pursuant to Section 2.4 of this Agreement.

In the event of any inconsistency or conflict which may arise in the application or interpretation of any of the foregoing provisions, for the purpose of determining what is and is not a Healthcare Liability, any item explicitly included on a Schedule referred to in this definition shall take priority over any provision of the text hereof, and clause (ii) shall take priority over clause (viii) of this Section 1.1(116) and over clause (viii) of Section 1.1(68) in the definition of Electronics Liabilities and clause (vii) of Section 1.1(206) in the definition of Tyco Retained Liabilities.

(117) “Healthcare Master Trust” shall have the meaning set forth in Section 6.5(a)(ii)(A).

(118) “Healthcare Option” shall have the meaning set forth in Section 6.1(a)(i).

(119) “Healthcare Pension Plans” shall have the meaning set forth in Section 6.5(a)(i).

(120) “Healthcare Plans” shall mean the employee benefit plans, policies, programs, payroll practices, and arrangements established or assumed by the Healthcare Group under this Agreement for the benefit of Healthcare Employees and, where applicable, Former Healthcare Employees.

(121) “Healthcare Policies” shall mean all Policies, current or past, which are owned or maintained by or on behalf of Tyco or any Subsidiary of Tyco, which relate exclusively to the Healthcare Business and which Policies are either maintained by Healthcare or a member of the Healthcare Group or assignable to Healthcare or a member of the Healthcare Group.

(122) “Healthcare Retiree Medical Plans” shall have the meaning set forth in Section 6.7.

(123) “Healthcare Savings Plan” shall have the meaning set forth in Section 6.6(a).

(124) “Healthcare Shared Policies” shall mean all Policies, current or past, which are owned or maintained by or on behalf of Tyco or any Subsidiary of Tyco which relate to the Healthcare Business, other than Healthcare Policies.

- (125) “Healthcare Target FCF” shall have the meaning set forth in Section 3.5.
- (126) “Healthcare US Pension Plans” shall have the meaning set forth in Section 6.5(a)(ii).
- (127) “HIPAA” shall have the meaning set forth in Section 6.9(e).
- (128) “Income Taxes” shall have the meaning set forth in the Tax Sharing Agreement.

(129) “Indemnifiable Loss” and “Indemnifiable Losses” shall mean any and all damages, losses, deficiencies, Liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the reasonable costs and expenses of attorneys’ , accountants’ , consultants’ and other professionals’ fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), excluding special, consequential, indirect, punitive damages (other than special, consequential, indirect and/or punitive damages awarded to any third party against an indemnified party) and/or Taxes.

- (130) “Indemnifying Party” shall have the meaning set forth in Section 8.5(b).
- (131) “Indemnitee” shall have the meaning set forth in Section 8.5(b).
- (132) “Indemnity Payment” shall have the meaning set forth in Section 8.9(a).

(133) “Information” shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, trade secrets, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), communications and materials otherwise related to or made or prepared in connection with or in preparation for any legal proceeding, and other technical, financial, employee or business information or data.

(134) “Insurance Administration” shall mean, with respect to each Shared Policy, the accounting for premiums, retrospectively-rated premiums, defense costs, indemnity payments, deductibles and retentions, as appropriate, under the terms and conditions of each of the Shared Policies; and the reporting to excess insurance carriers of any losses or claims which may cause the per-occurrence, per claim or aggregate limits of

any Shared Policy to be exceeded, and the distribution of Insurance Proceeds as contemplated by this Agreement.

(135) “Insurance Proceeds” shall mean those monies (i) received by an insured from an insurance carrier, including due to premium adjustments, whether or not retrospectively rated, or (ii) paid by an insurance carrier on behalf of an insured, in either case net of any applicable premium deductible or self insured retention. For the avoidance of doubt, “Insurance Proceeds” shall not include any costs or expenses incurred by a Party in pursuing insurance coverage.

(136) “Insured Claims” shall mean those Liabilities that, individually or in the aggregate, are covered within the terms and conditions of any of the Shared Policies, whether or not subject to deductibles, co-insurance, self-insured retentions, or uncollectibility due to insurer insolvency.

(137) “Intellectual Property” shall mean all intellectual property and industrial property rights of any kind or nature, including all U.S. and foreign (i) patents, patent applications, patent disclosures, and all related continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions and extensions thereof, (ii) Trademarks, (iii) copyrights and copyrightable subject matter, (iv) rights of publicity, (v) moral rights and rights of attribution and integrity, (vi) rights in Software, (vii) trade secrets and all other confidential information, know-how, inventions, proprietary processes, formulae, models and methodologies, (viii) rights of privacy and rights to personal information, (ix) telephone numbers and Internet protocol addresses, (x) all rights in the foregoing and in other similar intangible assets, (ix) all applications and registrations for the foregoing and (xii) all rights and remedies against past, present, and future infringement, misappropriation, or other violation of the foregoing.

(138) “Joint Defense Agreement” shall mean the Joint Defense Agreement by and among Tyco, Healthcare and Electronics, in the form attached hereto as Exhibit B.

(139) “Joint Venture Agreement” shall mean the Joint Venture Agreement by and among Tyco and Electronics, in the form attached hereto as Exhibit C.

(140) “Law” shall mean any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, income tax treaty, order, requirement or rule of law (including common law).

(141) “Liabilities” shall mean any and all debts, liabilities, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, reserved or unreserved, or determined or determinable, including those arising under any Law, claim, demand, Action, whether asserted or unasserted, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity and those arising under any Contract or any fines, damages or equitable relief which may be imposed and including all costs and expenses related thereto.

(142) “Liable Party” shall have the meaning set forth in Section 2.9(b).

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(143) “Managing Party” shall have the meaning set forth in Section 7.2(a).

(144) “Mediation Period” shall have the meaning set forth in Section 10.2.

(145) “New York Courts” shall have the meaning set forth in Section 12.19.

(146) “NYSE” shall mean the New York Stock Exchange.

(147) “Option” (i) when immediately preceded by “Tyco,” shall mean an option to purchase shares of Tyco Common Stock granted pursuant to one of the Tyco Equity Plans; (ii) when immediately preceded by “Healthcare,” shall mean an option to purchase shares of Healthcare Common Stock as of the Healthcare Distribution, which Option shall be granted pursuant to the 2007 Healthcare Stock and Incentive Plan (as hereinafter defined) as part of the adjustment to Tyco Options in

connection with the Healthcare Distribution or (iii) when immediately preceded by “Electronics,” shall mean an option to purchase shares of Electronics Common Stock as of the Electronics Distribution, which Option shall be granted pursuant to the 2007 Electronics Stock and Incentive Plan (as hereinafter defined) as part of the adjustment to Tyco Options in connection with the Electronics Distribution.

(148) “Other Parties’ Auditors” shall have the meaning set forth in Section 5.3(b).

(149) “Other Party” shall have the meaning set forth in Section 2.9(a).

(150) “Other Party Marks” shall have the meaning set forth in Section 5.2(a).

(151) “Party” shall have the meaning set forth in the preamble.

(152) “Performance Share Unit” (i) when immediately preceded by “Tyco,” shall mean a unit granted by Tyco pursuant to one of the Tyco Equity Plans representing a general unsecured promise by Tyco to deliver a share of Tyco Common Stock and which is subject to certain performance measures; (ii) when immediately preceded by “Healthcare” shall mean a unit granted by Healthcare representing a general unsecured promise by Healthcare to deliver a share of Healthcare Common Stock, which unit is granted pursuant to a Healthcare equity plan as part of the adjustment to Tyco Performance Share Units in connection with the Healthcare Distribution; and (iii) when immediately preceded by “Electronics” shall mean a unit granted by Electronics representing a general unsecured promise by Electronics to deliver a share of Electronics Common Stock, which unit is granted pursuant to an Electronics equity plan as part of the adjustment to Tyco Performance Share Units in connection with the Electronics Distribution.

(153) “Person” shall mean any natural person, firm, individual, corporation, business trust, joint venture, association, company, limited liability company, partnership or other organization or entity, whether incorporated or unincorporated, or any Governmental Entity.

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(154) “Pension Plans” (i) when immediately preceded by “Tyco,” shall mean the pension plans sponsored by Tyco described in Section 6.5(c), (ii) when immediately preceded by “Healthcare,” shall mean the pension plans to be established by Healthcare under Section 6.5; and (iii) when immediately preceded by “Electronics,” shall mean the pension plans to be established by Electronics under Section 6.5(b).

(155) “PHI” shall have the meaning set forth in Section 6.9(e).

(156) “Plan of Separation” shall have the meaning set forth in the preamble.

(157) “Policies” shall mean insurance policies and insurance Contracts of any kind (other than life and benefits policies or Contracts), including primary, excess and umbrella policies, comprehensive general liability policies, director and officer liability, fiduciary liability, automobile, aircraft, marine, property and casualty, workers’ compensation and employee dishonesty insurance policies, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder, including the insurance policies written by White Mountain Insurance Company and Mountainbran Limited.

- (158) “Pre-Distribution Electronics Stock Price” shall have the meaning set forth in Section 6.1(b)(ii).
- (159) “Pre-Distribution Healthcare Stock Price” shall have the meaning set forth in Section 6.1(a)(ii).
- (160) “Pre-Distribution Tyco Stock Price” shall have the meaning set forth in Section 6.1(c).
- (161) “Prime Rate” shall mean the rate per annum publicly announced by Citibank, N.A. (or successor thereto) from time to time as its prime rate in effect at its principal office in New York City. For purposes of this Agreement, any change in the Prime Rate shall be effective on the date such change in the Prime Rate is publicly announced as effective.
- (162) “Records” shall mean any Contracts, documents, books, records or files.
- (163) “Relevant Time” shall mean, 12:01 a.m., Eastern Standard Time as between (i) Tyco and Healthcare, on the Healthcare Distribution Date, (ii) Tyco and Electronics, on the Electronics Distribution Date and (iii) Healthcare and Electronics on the earlier to occur of the Healthcare Distribution Date and the Electronics Distribution Date.
- (164) “Response Letter” shall have the meaning set forth in Section 3.5.
- (165) “Restricted Person” shall have the meaning set forth in Section 5.1(a).
- (166) “Restricted Stock” (i) when immediately preceded by “Tyco,” shall mean a grant by Tyco pursuant to one of the Tyco Equity Plans of a share of Tyco Common

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Stock subject to certain vesting or other restrictions; (ii) when immediately preceded by “Healthcare” shall mean a grant by Healthcare pursuant to the 2007 Healthcare Stock and Incentive Plan of a share of Healthcare Common Stock subject to certain vesting or other restrictions granted by Healthcare in connection with the Healthcare Distribution; and (iii) when immediately preceded by “Electronics” shall mean a grant by Electronics pursuant to the 2007 Electronics Stock and Incentive Plan of a share of Electronics Common Stock subject to certain vesting or other restrictions granted by Electronics in connection with the Electronics Distribution.

(167) “Restricted Stock Unit” (i) when immediately preceded by “Tyco,” shall mean a unit granted by Tyco pursuant to one of the Tyco Equity Plans representing a general unsecured promise by Tyco to deliver a share of Tyco Common Stock; (ii) when immediately preceded by “Healthcare” shall mean a unit granted by Healthcare representing a general unsecured promise by Healthcare to deliver a share of Healthcare Common Stock, which unit is granted pursuant to the 2007 Healthcare Stock and Incentive Plan as part of the adjustment to Tyco Restricted Stock Units in connection with the Healthcare Distribution; and (iii) when immediately preceded by “Electronics” shall mean a unit granted by Electronics representing a general unsecured promise by Electronics to deliver a share of Electronics Common Stock, which unit is granted pursuant to the 2007 Electronics Stock and Incentive Plan as part of the adjustment to Tyco Restricted Stock Units in connection with the Electronics Distribution.

(168) “Rules” shall have the meaning set forth in Section 10.3.

(169) “Section 125 Plan” (i) when immediately preceded by “Tyco,” shall mean a flexible spending account or flexible benefit plan qualified under Section 125 of the Internal Revenue Code sponsored by Tyco, (ii) when immediately preceded by “Healthcare,” shall mean the flexible spending account or flexible benefit plan qualified under Section 125 of the Internal Revenue Code sponsored program to be established by Healthcare under Section 6.8(b)(i); and (iii) when immediately preceded by “Electronics,” shall mean the short flexible spending account or flexible benefit plan qualified under Section 125 of the Internal Revenue Code sponsored to be established by Electronics under Section 6.8(b)(ii).

(170) “Securities Act” shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time that reference is made thereto.

(171) “Security Interest” shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever, excluding restrictions on transfer under securities Laws.

(172) “Separation Expenses” shall have the meaning set forth in Section 12.5.

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(173) “Severance Plan” (i) when immediately preceded by “Tyco,” shall mean any severance program sponsored by Tyco, (ii) when immediately preceded by “Healthcare,” shall mean the severance program to be established by Healthcare under Section 6.8(c); and (iii) when immediately preceded by “Electronics,” shall mean the severance program to be established by Electronics under Section 6.8(c).

(174) “Shared Contract” shall have the meaning set forth in Section 2.2(c)(i).

(175) “Shared Policies” shall mean all Policies, current or past, which are owned or maintained by or on behalf of Tyco or any of its Subsidiaries which relate to one or more of the Tyco Retained Business, the Healthcare Business or the Electronics Business.

(176) “Software” shall mean all computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, and technology supporting the foregoing, and all documentation, including flowcharts and other logic and design diagrams, technical, functional and other specifications, and user and training materials related to any of the foregoing.

(177) “Specified Shared Expenses” shall mean any costs and expenses relating to the items or categories set forth on Schedule 1.1(177) and shall be shared in the manner specified in Section 5.5.

(178) “Statement of Free Cash Flows” shall have the meaning set forth in Section 3.5.

(179) “Subsidiary” shall mean with respect to any Person (i) a corporation, fifty percent (50%) or more of the voting or capital stock of which is, as of the time in question, directly or indirectly owned by such Person and (ii) any other partnership, joint venture, association, joint stock company, trust, unincorporated organization or other entity in which such Person, directly or indirectly, owns fifty percent (50%) or more of the equity economic interest thereof or has the power to elect or direct the election of fifty percent (50%) or more of the members of the governing body of such entity or otherwise has control over such entity (e.g., as the managing partner of a partnership).

- (180) “Tax” shall have the meaning set forth in the Tax Sharing Agreement.
- (181) “Tax Contest” shall have the meaning of the definition of “Audit” as set forth in the Tax Sharing Agreement.
- (182) “Tax Return” shall have the meaning set forth in the Tax Sharing Agreement.
- (183) “Tax Sharing Agreement” shall mean the Tax Sharing Agreement by and among Tyco, Healthcare and Electronics, in the form attached hereto as Exhibit D.
- (184) “Third Party Claim” shall have the meaning set forth in Section 8.5(b).
- (185) “Third Party Proceeds” shall have the meaning set forth in Section 8.9(a).

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(186) “Trademarks” shall mean all U.S. and foreign trademarks, service marks, corporate names, trade names, domain names, logos, slogans, designs, trade dress and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing.

(187) “Transfer” shall have the meaning set forth in Section 2.2(a)(i).

(188) “Tyco” shall have the meaning set forth in the preamble.

(189) “Tyco Balance Sheet” shall mean the combined balance sheet of the Tyco Group prepared to give effect to the transactions contemplated hereby, including the notes thereto, as of September 29, 2006, set forth in the Tyco Registration Statement; provided, that to the extent any Assets or Liabilities are Transferred by any Party or any member of its Group to Tyco or any member of the Tyco Group or vice versa in connection with the Plan of Separation and prior to the Final Separation Date, such assets and/or liabilities shall be deemed to be included or excluded from the Tyco Balance Sheet, as the case may be.

(190) “Tyco Common Stock” shall mean the issued and outstanding shares of Tyco common stock, par value \$0.20 per share, of Tyco International Ltd.

(191) “Tyco Contingent Asset” shall mean (i) any of the Assets set forth on Schedule 1.1(191), (ii) any and all Assets relating to, arising out of or resulting from the business or operations of Tyco or any of its predecessor companies or businesses or any of its Affiliates, Subsidiaries and divisions other than any claim or right that is specified as a Healthcare Asset, Electronics Asset and/or Tyco Retained Asset (or otherwise specifically allocated to any Party or Parties under this Agreement or any Ancillary Agreement) (against any Person other than any member of the Tyco Group, Healthcare Group or Electronics Group), if and to the extent such claim or other right has accrued as of the Determination Date (or relates to any events or circumstances prior to the Determination Date), or if such claim or other right were known and fixed prior to the Determination Date, would have been reflected on the consolidated balance sheet of Tyco prior to the Determination Date or (iii) any Assets relating to, arising from or involving a general corporate matter of Tyco, including any Assets to the extent relating to, arising out of or resulting from any terminated or divested Business Entity, business or operation formerly owned or managed by Tyco or any of its Affiliates prior to the Determination Date (other than any Asset to the extent relating to any

terminated Business Entity, business or operation formerly and primarily owned and managed by or associated with any member of the Healthcare Group, the Electronics Group or the Tyco Group, as the case may be, or any of their respective Businesses), and, in each case of subclauses (i), (ii) and (iii), which is not otherwise specified to be a Healthcare Asset, Electronics Asset or Tyco Retained Asset. An Asset meeting the foregoing definition shall be considered a Tyco Contingent Asset regardless of whether there was any Action pending, threatened or contemplated as of the Determination Date with respect thereto. For purposes of the foregoing, an Asset shall be deemed to have accrued as of the Determination Date if all the elements of the claim necessary for its assertion shall have occurred on or prior to the

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Determination Date, such that the Asset were it asserted in an Action on or prior to the Determination Date, would not be dismissed by a court on ripeness or similar grounds.

Notwithstanding anything to the contrary in this definition of Tyco Contingent Assets, Tyco Contingent Assets shall not include any Assets related to or attributable to or arising in connection with Taxes or Tax Returns that are expressly governed by the Tax Sharing Agreement

The term “Contingent” as used in the definition of “Tyco Contingent Asset” is a term of convenience only and shall not otherwise limit the type or manner of Assets that would otherwise be within the provisions of clauses (i) – (iii) of this definition.

(192) “Tyco Deferred Compensation Liabilities” shall have the meaning set forth in Section 6.4(c).

(193) “Tyco Deferred Compensation Plans” shall mean the nonqualified deferred compensation plans set forth in Schedule 6.4(c) and any other legacy nonqualified deferred compensation plan sponsored by members of the Tyco Group.

(194) “Tyco Directors” shall have the meaning set forth in Section 6.1(c)(i).

(195) “Tyco Employee” shall mean an active employee or an employee on vacation or on approved leave of absence (including qualified military service under the Uniformed Services Employment and Reemployment Rights Act of 1994, and leave under the Family Medical Leave Act and other approved leaves) who, (i) immediately following the Final Separation Date is employed by Tyco or any member of the Tyco Group, or (ii) any Delayed Transfer Employee identified on Schedule 1.1(34) who will be employed by Tyco or any member of the Tyco Group. Tyco Employee shall also include any employee of an entity in the Tyco Group who, as of the Final Separation Date, is receiving short-term or long-term disability benefits or workers’ compensation benefits.

(196) “Tyco Equity Plans” shall mean, collectively, the equity-based plans set forth on Schedule 1.1(196).

(197) “Tyco Group” shall mean Tyco and each Person (other than any member of the Healthcare Group or the Electronics Group) that is a direct or indirect Subsidiary of Tyco immediately after the Effective Time, and each Business Entity that becomes a Subsidiary of Tyco after the Effective Time, which shall include those entities identified as such on Schedule 1.1(197).

(198) “Tyco Indemnitees” shall mean Tyco, each member of the Tyco Group, each of their respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing, except the Healthcare Indemnitees and the Electronics Indemnitees.

(199) “Tyco International (US) Inc. Retirement Savings Master Trust” shall mean the trust created by an agreement between the plan sponsor and trustees of the Tyco

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International (US) Inc. Retirement Savings and Investment Plans I – VI and IX for purposes of holding assets under such plans.

(200) “Tyco Master Trust” means the Tyco International Master Retirement Trust.

(201) “Tyco Option” means an option to purchase from Tyco a stated number of shares of Tyco Common Stock at a specified price.

(202) “Tyco Registration Statement” shall mean the Registration Statement on Form S-1 (No. 333-140064) filed by Tyco with the Commission in the form in which it became effective under the Securities Act.

(203) “Tyco Retained Assets” shall mean:

- (i) the ownership interests in those Business Entities that are included in the definition of Tyco Group, including those Business Entities set forth on Schedule 1.1(197) in the definition of Tyco Group;
- (ii) all Tyco Retained Contracts, any rights or claims arising thereunder, and any other rights or claims or contingent rights or claims primarily relating to or arising from any Tyco Retained Asset or the Tyco Retained Business;
- (iii) any and all Assets (other than cash) reflected on the Tyco Balance Sheet or the accounting records supporting such balance sheet and any Assets acquired by or for Tyco or any member of the Tyco Group subsequent to the date of such balance sheet which, had they been so acquired on or before such date and owned as of such date, would have been reflected on such balance sheet if prepared on a consistent basis, subject to any dispositions of any of such Assets subsequent to the date of such balance sheet;
- (iv) subject to Article XI, any rights of any member of the Tyco Group under any Policies, including any rights thereunder;
- (v) any and all Assets owned or held immediately prior to the applicable Relevant Time by Tyco or any of its Subsidiaries (including, prior to their applicable Distribution Date, Healthcare or any of their respective Subsidiaries) primarily relating to or used in the Tyco Retained Business. The intention of this clause (v) is only to rectify any inadvertent omission of Transfer of any Asset that, had the Parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Tyco Retained Asset. No Asset shall be deemed a Tyco Retained Asset solely as a result of this clause (v) unless a claim with respect thereto is made by Tyco within the applicable time period(s) established by Section 2.6(d);

(vi) the Assets set forth on Schedule 1.1(203)(vi) and any and all Assets that are expressly contemplated by this Agreement or any Ancillary

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Agreement as Assets which have been or are to be Transferred to Tyco or any other member of the Tyco Group; and

(vii) any and all furnishings and office equipment located at a physical site of which the ownership or leasehold interest is being Transferred to Tyco; provided, that personal computers shall be Transferred to the Party who, following the Relevant Time, employs the applicable employee who, prior to the Relevant Time, used such personal computer.

Notwithstanding the foregoing, the Tyco Retained Assets shall not include:

(x) any Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by or Transferred to any member of the Healthcare Group or Electronics Group, as the case may be; or

(y) the Assets set forth or described on Schedule 1.1(191) (in the definition of Tyco Contingent Assets).

In the event of any inconsistency or conflict which may arise in the application or interpretation of any of the foregoing provisions, for the purpose of determining what is and is not a Tyco Retained Asset, any item explicitly included on a Schedule referred to in this definition shall take priority over any provision of the text hereof, and clause (v) shall take priority over clause (iii) of this Section 1.1(203) and over clause (viii) of Section 1.1(49) in the definition of Electronics Assets and clause (viii) of Section 1.1(97) in the definition of Healthcare Assets.

(204) “Tyco Retained Business” shall mean (i) the business and operations of the Fire and Security and Engineered Products and Services segments of Tyco as described in the Tyco Registration Statement for the fiscal year ended September 29, 2006, (ii) any other business conducted primarily through the use of the Tyco Retained Assets prior to the Relevant Time and (iii) the businesses and operations of Business Entities acquired or established by or for Tyco or any of its Subsidiaries in connection with the operation of the Tyco Retained Business after the date of this Agreement.

(205) “Tyco Retained Contracts” shall mean the following Contracts to which Tyco or any of its Affiliates is a party or by which it or any of its Affiliates or any of their respective Assets is bound, whether or not in writing, except for any such Contract or part thereof (i) that is expressly contemplated not to be Transferred by any member of the Healthcare Group or the Electronics Group to Tyco or (ii) that is expressly contemplated to be Transferred to (or remain with) any member of the Healthcare Group or the Electronics Group, in each case, pursuant to any provision of this Agreement or any Ancillary Agreement:

(i) any Contract entered into in the name of, or expressly on behalf of, any division, business unit or member of the Tyco Group;

(ii) any Contract that relates primarily to the Tyco Retained Business;

(iii) any Contract representing capital or operating equipment lease obligations reflected on the Tyco Balance Sheet;

(iv) any Contract or part thereof, that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.2(c)) or any of the Ancillary Agreements to be assigned to any member of the Tyco Group; and

(v) any guarantee, indemnity, representation or warranty of or in favor of any member of the Tyco Group.

(206) “Tyco Retained Liabilities” shall mean:

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto, including Schedule 1.1(206)(i) hereto) as Liabilities to be Assumed by any member of the Tyco Group, and all obligations and Liabilities expressly Assumed by any member of the Tyco Group under this Agreement or any of the Ancillary Agreements;

(ii) any and all Liabilities primarily relating to, arising out of or resulting from:

(A) the operation or conduct of the Tyco Retained Business, as conducted at any time prior to, on or after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority));

(B) the operation or conduct of any business conducted by any member of the Tyco Group at any time after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority)); or

(C) any Tyco Retained Assets, whether arising before, on or after the Effective Time;

(iii) any Liabilities to the extent relating to, arising out of or resulting from any terminated or divested Business Entity, business or operation (A) formerly and primarily owned or managed by or associated with any member of the Tyco Group as it relates to the Tyco Retained Business or (B) set forth on Schedule 1.1(206)(iii);

(iv) any Liabilities relating to employees of Tyco who do not become either a Healthcare Employee or Electronics Employee, in each case, immediately following the Effective Time and Former Tyco Employees;

(v) any Liabilities relating to, arising out of or resulting from any indebtedness (including debt securities and asset-backed debt) of any member of the Tyco Group or indebtedness (regardless of the issuer of such indebtedness) exclusively relating to the Tyco Retained Business or any indebtedness (regardless of the issuer of such indebtedness) secured exclusively by any of the Tyco Retained Assets (including any Liabilities relating to, arising out of or resulting from a claim by a holder of any such indebtedness, in its capacity as such);

(vi) Specified Shared Expenses to the extent provided in Section 5.5; and

(vii) all Liabilities reflected as Liabilities or obligations on the Tyco Balance Sheet or the accounting records supporting such balance sheet, and all Liabilities arising or Assumed after the date of such balance sheet which, had they arisen or been Assumed on or before such date and been retained as of such date, would have been reflected on such balance sheet if prepared on a consistent basis, subject to any discharge of such Liabilities subsequent to the date of the Tyco Balance Sheet.

Notwithstanding anything to the contrary herein, the Tyco Retained Liabilities shall not include:

(x) any Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or Assumed by any member of the Healthcare Group or the Electronics Group or for which any such Party is liable;

(y) any Contracts expressly Assumed by any member of the Healthcare Group or the Electronics Group under this Agreement or any of the Ancillary Agreements; and

(z) any Liabilities expressly discharged pursuant to Section 2.4 of this Agreement.

In the event of any inconsistency or conflict which may arise in the application or interpretation of any of the foregoing provisions, for the purpose of determining what is and is not a Tyco Liability, any item explicitly included on a Schedule referred to in this definition shall take priority over any provision of the text hereof, and clause (ii) shall take priority over clause (vii) of this Section 1.1(206) and over clause (viii) of Section 1.1(116) in the definition of Healthcare Liabilities and clause (vii) of Section 1.1(206) in the definition of Tyco Retained Liabilities.

For the sake of clarity, no Liability shall be a Tyco Retained Liability solely as a result of Tyco being named as party to or in any Action due to Tyco's status as the remaining and legacy Business Entity, or as a result of its status as the direct or indirect stockholder of any Business Entity (unless such entity is (A) a member of the Tyco Group and (B) such Liability primarily relates to the Tyco Retained Business or

otherwise fits within one of the categories of Tyco Retained Liabilities in clauses (i) through (vii) above).

(207) "Tyco Retained Pension Plans" shall have the meaning set forth in Section 6.5(c)(i).

(208) “Tyco Retained Plans” shall mean the employee benefit plans, policies, programs, payroll practices, and arrangements retained by the Tyco Group under this Agreement for the benefit of Tyco Employees and, where applicable, Former Tyco Employees.

(209) “Tyco Retained Savings Plans” means the savings plans sponsored by Tyco described in Section 6.6(c).

(210) “Tyco Retiree Medical Plans” shall have the meaning set forth in Section 6.7.

(211) “2007 Internal Control Audit and Management Assessments” shall have the meaning set forth in Section 5.3(a).

(212) “2007 Healthcare Stock and Incentive Plan” shall have the meaning set forth in Section 6.1(a)(iv).

(213) “2007 Electronics Stock and Incentive Plan” shall have the meaning set forth in Section 6.1(b)(iv).

Section 1.2 References; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words “include”, “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation”. Unless the context otherwise requires, references in this Agreement to Articles, Sections, Annexes, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. Unless the context otherwise requires, the words “hereof”, “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement.

Section 1.3 Effective Time; Suspension.

(a) This Agreement shall be effective as of the Effective Time.

(b) Notwithstanding Section 1.3(a) above, as between any of the Parties that are Affiliates, the provisions of, and the obligations under, this Agreement shall be suspended as between such Parties until the applicable Relevant Time, other than for Sections 2.1, 2.2, 2.3 and 2.7 each of which will be effective as of the Effective Time.

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ARTICLE II

THE SEPARATION

Section 2.1 General. Subject to the terms and conditions of this Agreement, the Parties shall use, and shall cause their respective Affiliates to use, their respective best efforts to consummate the transactions contemplated hereby, a portion of which have already been implemented prior to the date hereof. It is the intent of the Parties that after consummation of the transactions contemplated hereby Tyco shall be restructured, to the extent necessary, such that following the consummation of such restructuring, subject to Section 2.6, (i) all of Tyco’s and its Subsidiaries’ right, title and interest in and to the Healthcare Assets will be owned or held by a member of the Healthcare Group, the Healthcare Business will be conducted by the members of the Healthcare Group and all of the Healthcare Liabilities will be Assumed directly or indirectly by (or remain with) a member of the Healthcare Group, (ii) all of Tyco’s and its Subsidiaries’ right, title and interest in and to the Electronics Assets will be owned or held by a member of the

Electronics Group, the Electronics Business will be conducted by the members of the Electronics Group and all of the Electronics Liabilities will be Assumed directly or indirectly by (or remain with) a member of the Electronics Group, and (iii) all of Tyco's and its Subsidiaries' right, title and interest in and to the Tyco Retained Assets will be owned or held by a member of the Tyco Group, the Tyco Retained Business will be conducted by the members of the Tyco Group and all of the Tyco Retained Liabilities will be Assumed directly or indirectly by (or remain with) a member of the Tyco Group.

Section 2.2 Transfer of Assets.

(a) On or prior to the Effective Time and to the extent not already completed (and it being understood that some of such Transfers may occur following the Effective Time and prior to the applicable Relevant Time):

(i) Tyco shall, on behalf of itself and its Subsidiaries, as applicable, transfer, contribute, assign and convey or cause to be transferred, contributed, assigned and conveyed ("Transfer") to (i) Healthcare or another member of the Healthcare Group all of its and its Subsidiaries' right, title and interest in and to the Healthcare Assets and (ii) Electronics or another member of the Electronics Group all of its and its Subsidiaries' right, title and interest in and to the Electronics Assets;

(ii) Healthcare shall, on behalf of itself and its Subsidiaries, as applicable, Transfer to (i) Tyco or another member of the Tyco Group all of its and its Subsidiaries' right, title and interest in and to the Tyco Retained Assets, and (ii) Electronics or another member of the Electronics Group all of its and its Subsidiaries' right, title and interest in and to the Electronics Assets; and

(iii) Electronics shall, on behalf of itself and its Subsidiaries, as applicable, Transfer to (i) Tyco or another member of the Tyco Group all of its and its Subsidiaries' right, title and interest in and to the Tyco Retained Assets,

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and (ii) Healthcare or another member of the Healthcare Group all of its and its Subsidiaries' right, title and interest in and to the Healthcare Assets.

(b) [Reserved]

(c) Treatment of Shared Contracts. Without limiting the generality of the obligations set forth in Section 2.2(a) and 2.2(b):

(i) Unless the Parties otherwise agree or the benefits of any Contract described in this Section are expressly conveyed to the applicable Party pursuant to an Ancillary Agreement, (A) any Contract that is (1) listed on Schedule 2.2(c), (2) a Tyco Retained Asset but inures in part to the benefit or burden of any member of the Healthcare Group or the Electronics Group, as the case may be, (3) a Healthcare Asset but inures in part to the benefit or burden of any member of the Tyco Group or the Electronics Group, as the case may be or (4) an Electronics Asset but inures in part to the benefit or burden of any member of the Tyco Group or the Healthcare Group, as the case may be (each, a "Shared Contract"), shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Effective Time, so that each Party or the members of their respective Groups shall be entitled to the rights and benefits, and shall Assume the related portion of any Liabilities, inuring to

their respective Businesses; provided, however, that (x) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract (including any Policy) which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (y) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, the Parties shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions to cause a member of the Healthcare Group, the Electronics Group or the Tyco Group, as the case may be, to receive the benefit of that portion of each Shared Contract that relates to the Healthcare Business, the Electronics Business or the Tyco Retained Business, as the case may be (in each case, to the extent so related) as if such Shared Contract had been assigned to (or amended to allow) a member of the applicable Group pursuant to this Section 2.2 and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement) as if such Liabilities had been Assumed by a member of the applicable Group pursuant to this Section 2.2.

(ii) Each of Tyco, Healthcare and Electronics shall, and shall cause the members of its Group to, (A) treat for all Income Tax purposes the portion of each Shared Contract inuring to its respective Businesses as Assets owned by, and/or Liabilities of, as applicable, such Party not later than the applicable Relevant Time and (B) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in

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applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

(iii) Nothing in this Section 2.2(c) shall require any member of any Group to make any material payment (except to the extent advanced, Assumed or agreed in advance to be reimbursed by any member of the other Group or as otherwise provided on Schedule 1.1(15)(i)), incur any material obligation or grant any material concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.2(c).

(d) Consents. The Parties shall use their best efforts to obtain the required Consents to Transfer any Assets, Contracts, licenses, permits and authorizations issued by any Governmental Entity or parts thereof as contemplated by this Agreement.

Section 2.3 Assumption and Satisfaction of Liabilities. Except as otherwise specifically set forth in any Ancillary Agreement from and after the Effective Time, (a) Tyco shall, or shall cause a member of the Tyco Group to, accept, assume (or, as applicable, retain) and perform, discharge and fulfill, in accordance with their respective terms ("Assume"), all of the Tyco Retained Liabilities, (b) Healthcare shall, or shall cause a member of the Healthcare Group to, Assume all the Healthcare Liabilities and (c) Electronics shall, or shall cause a member of the Electronics Group to, Assume all the Electronics Liabilities, in each case, regardless of (i) when or where such Liabilities arose or arise, (ii) whether the facts upon which they are based occurred prior to, on or subsequent to the Effective Time, (iii) where or against whom such Liabilities are asserted or determined or (iv) whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Tyco Group, the Healthcare Group or the Electronics Group, as the case may be, or any of their past or present respective directors, officers, employees, agents, Subsidiaries or Affiliates.

Section 2.4 Intercompany Accounts.

(a) Except as set forth in Section 8.1(b), all intercompany receivables, payables and loans (other than receivables, payables and loans otherwise specifically provided for under this Agreement, under any Ancillary Agreement or under any Continuing Arrangements as set forth on Schedule 1.1(28), including payables created or required hereby or by any Ancillary Agreement or any Continuing Arrangements) treated as debt for U.S. federal income Tax purposes by the Parties, if any, (a) between any member of the Tyco Group, on the one hand, and any member of the Healthcare Group or the Electronics Group, on the other hand or (b) between any member of the Healthcare Group, on the one hand, and any member of the Electronics Group, on the other hand, in each case, which exist and are reflected in the accounting records of the relevant Parties as of the applicable Relevant Time shall be promptly eliminated as discovered, subject to the relevant Parties' agreement (I) as to the most cost efficient means of effecting such elimination, and (II) to share any incremental costs arising as a result of such elimination; provided, however, that in any event any such means of elimination shall place the Parties in the same position as if the means were economically equivalent to an elimination of such amount as of the Relevant Time; and, provided further, that if the relevant Parties cannot agree on a means of elimination within thirty (30) days from the

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date on which all relevant Parties have notice of the discovery of such item, then the item shall be deemed eliminated without further action. Except as set forth in Section 8.1(b), all intercompany balances not treated as debt for U.S. federal income Tax purposes by the Parties, including in respect of any cash balances, any cash balances representing deposited checks or drafts for which only a provisional credit has been allowed or any cash held in any centralized cash management system, (a) between any member of the Tyco Group, on the one hand, and any member of the Healthcare Group or the Electronics Group, on the other hand or (b) between any member of the Healthcare Group, on the one hand, and any member of the Electronics Group, on the other hand, in each case, which exist and are reflected in the accounting records of the relevant Parties as of the applicable Relevant Time shall be promptly eliminated as discovered, subject to the relevant Parties' agreement (I) as to the most cost efficient means of effecting such elimination, and (II) to share any incremental costs arising as a result of such elimination; provided, however, that in any event any such means of elimination shall place the Parties in the same position as if the means were economically equivalent to an elimination of such amount as of the Relevant Time; and, provided further, that if the relevant Parties cannot agree on a means of elimination within thirty (30) days from the date on which all relevant Parties have notice of the discovery of such item, then the item shall be deemed eliminated without further action.

(b) As between any two Parties (and the members of their respective group) all payments and reimbursements received after the applicable Relevant Time by any Party (or member of its Group) that relate to a Business, Asset or Liability of another Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto (at the expense of the Party entitled thereto) and, promptly upon receipt by such Party of any such payment or reimbursement, such Party shall pay or shall cause the applicable member of its Group to pay over to the applicable Party the amount of such payment or reimbursement without right of set-off.

Section 2.5 Limitation of Liability.

(a) Except as provided in Section 3.5, no Party shall have any Liability to any other Party in the event that any information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate.

(b) No Party or any Subsidiary thereof shall be liable to any other Party or any Subsidiary of any other Party based upon, arising out of or resulting from any Contract, arrangement, course of dealing or understanding existing on or prior to the Relevant Time (other than this Agreement, any Ancillary Agreement, any Continuing Arrangements, any Contract entered into in connection herewith or in order to consummate the transactions contemplated hereby or thereby or by the Plan of Separation or any Contract specified on Schedule 2.5) and each Party hereby terminates any and all Contracts, arrangements, courses of dealing or understandings between or among it and any other Party effective as of the Relevant Time (other than this Agreement or any Ancillary Agreement, any Contract entered into in connection herewith or in order to consummate the transactions contemplated hereby or thereby or by the Plan of Separation or any Contract specified on

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Schedule 2.5), provided, however, that with respect to any Contract, arrangement, course of dealing or understanding discovered after the Relevant Time, the relevant Parties agree to terminate such Contract, arrangement, course of dealing or understanding subject to the relevant Parties' agreement (I) as to the most cost efficient means of effecting such cancellation, release and waiver and (II) to share any incremental costs arising as a result of such resolution; provided, however, that in any event any such means of effecting such cancellation, release and waiver shall place the Parties in the same position as if the means were economically equivalent to an elimination of such amount as of the Relevant Time; and, provided further, that if the relevant Parties cannot agree on a resolution within thirty (30) days from the date that all relevant Parties have notice of the discovery of any such Contract, arrangement, course of dealing or understanding, then such item shall be deemed eliminated without further action of the Parties. It is the Parties intent that no such terminated Contract, arrangement, course of dealing or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the applicable Relevant Time, or, where applicable, after the resolution described in this Section 2.5 following discovery of such Contract, arrangement, course of dealing or understanding after the Relevant Time.

Section 2.6 Transfers Not Effected On or Prior to the Effective Time; Transfers Deemed Effective as of the Effective Time.

(a) To the extent that any Transfers contemplated by this Article II shall not have been consummated on or prior to the Effective Time, the Parties shall use best efforts to effect such Transfers as promptly following the Effective Time as shall be practicable. Nothing herein shall be deemed to require the Transfer of any Assets or the Assumption of any Liabilities which by their terms or operation of Law cannot be Transferred; provided, however, that the Parties and their respective Subsidiaries shall cooperate and use best efforts to seek to obtain any necessary Consents or Governmental Approvals for the Transfer of all Assets and Assumption of all Liabilities contemplated to be Transferred and Assumed pursuant to this Article II. In the event that any such Transfer of Assets or Assumption of Liabilities has not been consummated, from and after the Effective Time (i) the Party retaining such Asset shall thereafter hold such Asset for the use and benefit of the Party entitled thereto (at the expense of the Person entitled thereto) and (ii) the Party intended to Assume such Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the Party retaining such Liability for all amounts paid or incurred in connection with the retention of such Liability. In addition, the Party retaining such Asset or Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Asset or Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Party to which such Asset is to be Transferred or by the Party Assuming such Liability in order to place such Party, insofar as reasonably possible, in the same position as if such Asset or Liability had been Transferred or Assumed as contemplated hereby and so that all the benefits and burdens relating to such Asset or Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset or Liability, are to inure from and after the Effective Time to the member

or members of the Tyco Group, the Healthcare Group or the Electronics Group entitled to the receipt of such Asset or required to Assume such

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Liability. In furtherance of the foregoing, the Parties agree that, as of the Effective Time, each Party shall be deemed to have acquired complete and sole beneficial ownership over all of the Assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have Assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such Party is entitled to acquire or required to Assume pursuant to the terms of this Agreement.

(b) If and when the Consents, Governmental Approvals and/or conditions, the absence or non-satisfaction of which caused the deferral of Transfer of any Asset or deferral of the Assumption of any Liability pursuant to Section 2.6(a), are obtained or satisfied, the Transfer, assignment, Assumption or novation of the applicable Asset or Liability shall be effected in accordance with and subject to the terms of this Agreement and/or the applicable Ancillary Agreement.

(c) The Party retaining any Asset or Liability due to the deferral of the Transfer of such Asset or the deferral of the Assumption of such Liability pursuant to Section 2.6(a) or otherwise shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced, assumed, or agreed in advance to be reimbursed by the Party entitled to such Asset or the Person intended to be subject to such Liability, other than reasonable attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Party entitled to such Asset or the Person intended to be subject to such Liability.

(d) On and prior to the eighteen (18) month anniversary following the applicable Relevant Time, if any Party owns any Asset, that, although not Transferred pursuant to this Agreement, is agreed by such Party and the other applicable Party in their good faith judgment to be an Asset that more properly belongs to the other Party or a Subsidiary of the other Party, or an Asset that such other Party or Subsidiary was intended to have the right to continue to use (other than (for the avoidance of doubt), as between any two Parties, for any Asset acquired from an unaffiliated third party by a Party or member of such Party' s Group following the applicable Relevant Time), then the Party owning such Asset shall, as applicable (i) Transfer any such Asset to the Party identified as the appropriate transferee and following such Transfer, such Asset shall be a Healthcare Asset, Electronics Asset or Tyco Retained Asset, as the case may be, or (ii) grant such mutually agreeable rights with respect to such Asset to permit such continued use, subject to, and consistent with this Agreement, including with respect to Assumption of associated Liabilities, in all events, subject to the relevant Parties' agreement (I) as to the most cost efficient means of effecting such Transfer or grant of rights and (II) to share any incremental costs arising as a result of such Transfer; provided, that if the relevant Parties cannot agree on a means of effecting the Transfer or grant of rights within thirty (30) days from the date that all relevant Parties have notice of the discovery of such Asset, then the Asset shall be immediately Transferred or such rights shall be immediately granted.

(e) After the Relevant Time, each Party may receive mail, packages and other communications properly belonging to another Party. Accordingly, at all times after the

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Relevant Time, each Party authorizes the other applicable Party to receive and open all mail, packages and other communications received by such Party, and to the extent that they do not relate to the business of the receiving Party, the receiving Party shall promptly deliver such mail, packages or other communications (or, in case the same relate to both businesses, copies thereof) to the other Party as provided for in Section 12.6. The provisions of this Section 2.6(e) are not intended to, and shall not, be deemed to constitute an authorization by any Party to permit the other to accept service of process on its behalf and no Party is or shall be deemed to be the agent of any other Party for service of process purposes.

(f) With respect to Assets and Liabilities described in Section 2.6(a), each of Tyco, Healthcare and Electronics shall, and shall cause the members of its respective Group to, (i) treat for all Income Tax purposes (A) the deferred Assets as assets having been Transferred to and owned by the Party entitled to such Assets not later than the applicable Relevant Time and (B) the deferred Liabilities as liabilities having been Assumed and owned by the Person intended to be subject to such Liabilities not later than the applicable Relevant Time and (ii) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

Section 2.7 Conveyancing and Assumption Instruments. In connection with, and in furtherance of, the Transfers of Assets and the acceptance and Assumptions of Liabilities contemplated by this Agreement, the Parties shall execute or cause to be executed, on or prior to the Relevant Time, by the appropriate entities, the Conveyancing and Assumption Instruments necessary to evidence the valid and effective Assumption by the applicable Party of its Assumed Liabilities and the valid Transfer to the applicable Party or member of such Party's Group of all right, title and interest in and to its accepted Assets, in substantially the form contemplated hereby for Transfers and Assumptions to be effected pursuant to New York Law or the Laws of one of the other states of the United States or, if not appropriate for a given Transfer, and for Transfers to be effected pursuant to non-U.S. Laws, in such other form as the Parties shall reasonably agree, including the Transfer of real property with deeds as may be appropriate. The Transfer of capital stock shall be effected by means of executed stock powers and notation on the stock record books of the corporation or other legal entities involved, or by such other means as may be required in any non-U.S. jurisdiction to Transfer title to stock and, only to the extent required by applicable Law, by notation on public registries.

Section 2.8 Further Assurances.

(a) In addition to and without limiting the actions specifically provided for elsewhere in this Agreement, including Section 2.6, each of the Parties shall cooperate with each other and use (and will cause their respective Subsidiaries and Affiliates to use) best efforts, on and after the Effective Time, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

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(b) Without limiting the foregoing, on and after the Effective Time, each Party shall cooperate with the other Parties, and without any further consideration, but at the expense of the requesting Party from and after the Effective Time, to execute and deliver, or use best efforts to cause to be executed and delivered, all instruments, including instruments of Transfer, and to make all filings with, and to obtain all Consents and/or Governmental Approvals, any permit, license, Contract,

indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the Transfers of the applicable Assets and the assignment and Assumption of the applicable Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

Section 2.9 Novation of Liabilities.

(a) Each Party, at the request of another Party, shall use best efforts to obtain, or to cause to be obtained, any Consent, substitution or amendment required to novate or assign all obligations under Contracts, licenses and other obligations or Liabilities for which a member of such Party' s Group and a member of another Party' s Group are jointly or severally liable and that do not constitute Liabilities of such other Party as provided in this Agreement (such other Party, the "Other Party"), or to obtain in writing the unconditional release of all parties to such arrangements (other than any member of the Group who Assumed or retained such Liability as set forth in this Agreement), so that, in any such case, the members of the applicable Group will be solely responsible for such Liabilities; provided, however, that no Party shall be obligated to pay any consideration therefor to any third party from whom any such Consent, substitution or amendment is requested (unless such Party is fully reimbursed by the requesting Party).

(b) If the Parties are unable to obtain, or to cause to be obtained, any such required Consent, release, substitution or amendment, the Other Party or a member of such Other Party' s Group shall continue to be bound by such Contract, license or other obligation that does not constitute a Liability of such Other Party and, unless not permitted by Law or the terms thereof, as agent or subcontractor for such Party, the Party or member of such Party' s Group who Assumed or retained such Liability as set forth in this Agreement (the "Liable Party") shall, or shall cause a member of its Group to, pay, perform and discharge fully all the obligations or other Liabilities of such Other Party or member of such Other Party' s Group thereunder from and after the Effective Time. The Liable Party shall indemnify each Other Party and hold each of them harmless against any Liabilities (other than Liabilities of such Other Party) arising in connection therewith; provided, that the Liable Party shall have no obligation to indemnify any Other Party with respect to any matter to the extent that such Other Party has engaged in any knowing violation of Law, fraud or misrepresentation in connection therewith. The Other Party

shall, without further consideration, promptly pay and remit, or cause to be promptly paid or remitted, to the Liable Party or to another member of the Liable Party' s Group, all money, rights and other consideration received by it or any member of its Group in respect of such performance by the Liable Party (unless any such consideration is an Asset of such Other Party pursuant to this Agreement). If and when any such Consent, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, the Other Party shall promptly Transfer all rights, obligations and other Liabilities thereunder of any member of such Other Party' s Group to the Liable Party or to another member of the Liable Party' s Group without payment of any further consideration and the Liable Party, or another member of such Liable Party' s Group, without the payment of any further consideration, shall Assume such rights and Liabilities.

(c) If the Liable Party (i) suffers a downgrade to its senior debt credit rating to below BB (as rated by Standard & Poor's) or (ii) no longer has its debt securities rated by any nationally recognized credit rating agencies, then, upon the demand of the Other Party, such Liable Party shall be required to post an irrevocable letter of credit or similar security obligation reasonably acceptable to the Other Party in an amount reasonably necessary to provide security to the Other Party for the Liable Party's obligations pursuant to Section 2.9(b); provided, however, that the foregoing shall not apply with respect to Assumed Tyco Contingent Liability. For the avoidance of doubt, the posting of such a letter of credit or similar security obligation shall in no event relieve the issuing Party's obligations pursuant to Section 2.9(b), and shall not result in a cap or limitation on such Party's Liabilities with respect thereto.

Section 2.10 Guarantees.

(a) Except for those guarantees set forth on Schedule 2.10(a) where Tyco shall remain as guarantor and the applicable Party shall indemnify and hold harmless the Tyco Indemnitees for any Indemnifiable Loss arising from or relating thereto (in accordance with the provisions of Article VIII) or as otherwise specified in any Ancillary Agreement on or prior to the Effective Time or as soon as practicable thereafter, (i) Tyco shall (with the reasonable cooperation of the relevant beneficiary) use its best efforts to have any member of the Healthcare Group and/or the Electronics Group removed as guarantor of or obligor for any Tyco Retained Liability, including in respect of those guarantees set forth on Schedule 2.10(a)(i), to the extent that they relate to Tyco Retained Liabilities, (ii) Healthcare shall (with the reasonable cooperation of the relevant beneficiary) use its best efforts to have any member of the Tyco Group and/or the Electronics Group removed as guarantor of or obligor for any Healthcare Liability, including in respect of those guarantees set forth on Schedule 2.10(a)(ii), to the extent that they relate to Healthcare Liabilities and (iii) Electronics shall (with the reasonable cooperation of the relevant beneficiary) use its best efforts to have any member of the Tyco Group and/or the Healthcare Group removed as guarantor of or obligor for any Electronics Liability, including in respect of those guarantees set forth on Schedule 2.10(a)(iii), to the extent that they relate to Electronics Liabilities.

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(b) On or prior to the Relevant Time, to the extent required to obtain a release from a guaranty (a "Guaranty Release"):

(i) of any member of the Tyco Group, Healthcare and/or Electronics shall, as applicable, execute a guaranty agreement in the form of the existing guaranty, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which Healthcare or Electronics, as the case may be, would be reasonably unable to comply or (B) which would be reasonably expected to be breached;

(ii) of any member of the Healthcare Group, Tyco and/or Electronics, shall, as applicable, execute a guaranty agreement in the form of the existing guaranty, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which Tyco or Electronics, as the case may be, would be reasonably unable to comply or (B) which would be reasonably expected to be breached; and

(iii) of any member of the Electronics Group, Tyco and/or Healthcare shall, as applicable, execute a guaranty agreement in the form of the existing guaranty, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which Tyco or Healthcare, as the case may be, would be reasonably unable to comply or (B) which would be reasonably expected to be breached.

(c) If Tyco, Healthcare or Electronics is unable to obtain, or to cause to be obtained, any such required removal as set forth in clauses (a) and (b) of this Section 2.10, (i) the relevant beneficiary shall indemnify and hold harmless the guarantor or obligor for any Indemnifiable Loss arising from or relating thereto (in accordance with the provisions of Article VIII) and shall or shall cause one of its Subsidiaries, as agent or subcontractor for such guarantor or obligor to pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder and (ii) each of Tyco, Healthcare and Electronics, on behalf of themselves and the members of their respective Groups, agree not to renew or extend the term of, increase its obligations under, or Transfer to a third party, any loan, guarantee, lease, contract or other obligation for which another Party or member of such Party' s Group is or may be liable unless all obligations of such other Party and the other members of such Party' s Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to such Party; provided, however, with respect to leases, in the event a Guaranty Release is not obtained and the relevant beneficiary wishes to extend the term of such guaranteed lease, then such beneficiary shall have the option of extending the term if it provides such security as is reasonably satisfactory to the guarantor under such guaranteed lease.

Section 2.11 Disclaimer of Representations and Warranties. EACH OF TYCO (ON BEHALF OF ITSELF AND EACH MEMBER OF THE TYCO GROUP), HEALTHCARE (ON BEHALF OF ITSELF AND EACH MEMBER OF THE HEALTHCARE GROUP), AND ELECTRONICS (ON BEHALF OF ITSELF AND EACH MEMBER OF THE ELECTRONICS

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GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, IN ANY ANCILLARY AGREEMENT OR IN ANY CONTINUING ARRANGEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENTS OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES CONTRIBUTED, TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR GOVERNMENTAL APPROVALS REQUIRED IN CONNECTION HERewith OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY ACTION OR OTHER ASSET, INCLUDING ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY CONTRIBUTION, ASSIGNMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

ARTICLE III

CERTAIN ACTIONS AT OR PRIOR TO THE DISTRIBUTIONS

Section 3.1 Certificate of Incorporation; Bye-laws.

(a) On or prior to the Healthcare Distribution Date, all necessary actions shall be taken to adopt the form of Certificate of Incorporation and Bye-laws filed by Healthcare with the Commission as exhibits to the Healthcare Form 10.

(b) On or prior to the Electronics Distribution Date, all necessary actions shall be taken to adopt the form of Certificate of Incorporation and Bye-laws filed by Electronics with the Commission as exhibits to the Electronics Form 10.

Section 3.2 Directors.

(a) On or prior to the Healthcare Distribution Date, Tyco shall take all necessary action to cause the Board of Directors of Healthcare to consist of the individuals identified in the Healthcare Information Statement as director nominees of Healthcare.

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(b) On or prior to the Electronics Distribution Date, Tyco shall take all necessary action to cause the Board of Directors of Electronics to consist of the individuals identified in the Electronics Information Statement as director nominees of Electronics.

Section 3.3 Resignations.

(a) On or prior to the Healthcare Distribution Date, (i) Tyco shall cause all its employees and any employees of its Affiliates (excluding (A) any employees of any member of the Healthcare Group and (B) those individuals designated as audit officers of Healthcare) to resign, effective as of the Healthcare Distribution Date, from all positions as officers or directors of any member of the Healthcare Group in which they serve, and (ii) Healthcare shall cause all its employees and any employees of its Affiliates to resign, effective as of the Healthcare Distribution Date, from all positions as officers or directors of any members of the Tyco Group or the Electronics Group in which they serve.

(b) On or prior to the Electronics Distribution Date, (i) Tyco shall cause all its employees and any employees of its Affiliates (excluding (A) any employees of any member of the Electronics Group and (B) those individuals designated as audit officers of Electronics) to resign, effective as of the Electronics Distribution Date, from all positions as officers or directors of any member of the Electronics Group in which they serve, and (ii) Electronics shall cause all its employees and any employees of its Affiliates to resign, effective as of the Electronics Distribution Date, from all positions as officers or directors of any members of the Tyco Group or the Healthcare Group in which they serve.

(c) No Person shall be required by any Party to resign from any position or office with another Party if such Person is disclosed in the applicable Information Statement as the Person who is to hold such position or office following the applicable Distribution.

Section 3.4 [Reserved]

Section 3.5 Cash Adjustments.

(a) Subject to Section 3.5(c), prior to the Final Distribution Date, either (i) Healthcare will transfer funds to Tyco or (ii) Tyco will transfer funds to Healthcare, such that Healthcare's cash balance in its accounts shall equal at least \$500 million (the "Healthcare Cash Balance").

(b) Subject to Section 3.5(c), prior to the Final Distribution Date, either (i) Electronics will transfer funds to Tyco or (ii) Tyco will transfer funds to Electronics, such that Electronics' cash balance in its accounts shall equal at least \$500 million (the "Electronics Cash Balance").

(c) Notwithstanding Sections 3.5(a) and (b), if on the Business Day prior to the Final Separation Date, Tyco's aggregate cash balance in its accounts is less than \$1.7 billion (net of unpaid Separation Expenses), then each of the Electronics Cash Balance and Healthcare Cash Balance will be reduced by an amount equal to 50% of the amount

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by which Tyco's aggregate cash balance is below \$1.7 billion (net of unpaid Separation Expenses). In addition, each of the Healthcare Cash Balance and the Electronics Cash Balance, shall be adjusted on a dollar-for-dollar basis for the results or effect of any acquisition or divestiture of any member of the Healthcare Group or the Electronics Group, as the case may be, prior to the Final Distribution Date on the cash balance of Healthcare or Electronics in its accounts.

(d) Promptly following the Final Distribution Date, and in any event not later than forty-five (45) days following such Distribution Date, Healthcare and Electronics (each, a "Delivering Party") shall each prepare a statement of its Free Cash Flow from September 30, 2006 to its Distribution Date without giving effect to the transactions contemplated hereby (a "Statement of Free Cash Flows"). Each Statement of Free Cash Flows shall (i) be prepared in accordance with GAAP applied on a consistent basis and with the same accounting principles, practices, methodologies and policies used by such Party in connection with the preparation of the Delivering Party's financial statements, (ii) be prepared in a manner consistent with the principles set forth in Schedule 3.5(d), (iii) be prepared in a manner consistent with the terms of this Agreement; and (iv) set forth the amount of the difference between (1) cash transferred to Healthcare and Electronics as of the Final Distribution Date pursuant to Section 3.5(a) or (b), as applicable, and (2) \$500 million. For purposes of clarity, Schedule 3.5(d) sets forth the calculation of the Statement of Free Cash Flow for the forecasted period September 30, 2006 to March 30, 2007.

(e) Within two (2) Business Days following the completion of a Delivering Party's Statement of Free Cash Flows, the Delivering Party shall deliver such Statement of Free Cash Flows to Tyco for review, and Tyco and Tyco's accountants may make reasonable inquiries of the Delivering Party and/or its accountants and senior officers, at reasonable times, upon reasonable advance notice, and without unreasonable interference to such Party's operations, regarding the Delivering Party's Statement of Free Cash Flows. Tyco shall complete its review of such Statement of Free Cash Flows within forty-five (45) days of delivery of the Statement of Free Cash Flows to Tyco (the "FCF Review Period"). Promptly following completion of its review (but in no event later than two (2) Business Days following the conclusion of the FCF Review Period), Tyco shall submit to the Delivering Party a letter regarding its concurrence or disagreement with the accuracy of such Party's Statement of Free Cash Flows ("Response Letter"), provided, that if Tyco submits a Response Letter indicating its disagreement with the computation of Free Cash Flow, such letter will specify the specific items on the Statement of Free Cash Flows with which it disagrees (each, a "Disputed Item"). Unless Tyco delivers a Response Letter within two (2) Business Days following the conclusion of the FCF Review Period, the Delivering Party's Statement of Free Cash Flows shall bind Tyco and the Delivering Party. Following delivery of the Response Letter, Tyco and the Delivering Party shall in good faith attempt promptly to resolve any disagreement as to the computation of any item in the Delivering Party's Statement of Free

Cash Flows; provided, however, that any items in the Statement of Free Cash Flows that is not subject to disagreement in the Response Letter or any Disputed Item which is subsequently resolved by Tyco and the Delivering Party shall be deemed agreed to. If a resolution of all Disputed Items has not been effected within fifteen (15) days (or longer, as mutually

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agreed by Tyco and the Delivering Party) after delivery of the Response Letter, then Tyco and the Delivering Party shall submit any remaining Disputed Items to KPMG (the “Accountant”) for determination. The determination of the Accountant with respect to all remaining Disputed Items shall be completed within thirty (30) days after the appointment of the Accountant, shall be determined in accordance with this Agreement, and shall be final and binding upon Tyco and the Delivering Party. With respect to each Disputed Item subject to resolution by the Accountant, the Accountant shall adopt a position that is either equal to the Delivering Party’s proposed position, equal Tyco’s proposed position, or between the positions proposed by Healthcare and Tyco. The Free Cash Flow of Healthcare as finally determined in accordance herewith shall be referred to as “Healthcare Distribution Date FCF”. The Free Cash Flow of Electronics as finally determined in accordance herewith shall be referred to as “Electronics Distribution Date FCF”. The fees, costs and expenses of the Accountant shall be shared equally by (i) Tyco and Healthcare, with respect to the determination of the Healthcare Distribution Date FCF and (ii) Tyco and Electronics, with respect to the determination of the Electronics Distribution date FCF.

(f) If the Healthcare Distribution Date FCF is more than stated on Schedule 3.5 (f) (the “Healthcare Target FCF”), and the difference is larger than \$10 million, then Tyco shall be obligated to pay, or cause to be paid, to Healthcare, or its designee, the amount of any such excess within two (2) Business Days after the determination of the Healthcare Distribution Date FCF. If the Healthcare Distribution Date FCF is less than the Healthcare Targeted FCF, and the difference is larger than \$10 million, then Healthcare shall be obligated to pay, or cause to be paid, to Tyco, or its designee, the difference between the Healthcare Distribution Date FCF and the Healthcare Estimated FCF within two (2) Business Days after the determination of the Healthcare Distribution Date FCF. Any such payments shall be made by wire transfer of immediately available funds to the account designated in writing by the relevant Parties. Any payment made pursuant to this Section 3.5 (f) shall be made with interest (such interest to be calculated on the basis of a year of three-hundred sixty (360) days and the actual number of days elapsed on such amount from the Distribution Date to the date of such payment at a rate of LIBOR plus 27 basis points for the first 90 days and LIBOR plus 200 basis points for anytime after the first 90 days.

(g) If the Electronics Distribution Date FCF is more than stated on Schedule 3.5 (g) (the “Electronics Target FCF”), and the difference is larger than \$10 million, then Tyco shall be obligated to pay, or cause to be paid, to Electronics, or its designee, the amount of any such excess within two (2) Business Days after the determination of the Electronics Distribution Date FCF. If the Electronics Distribution Date FCF is less than the Electronics Estimated FCF, and the difference is larger than \$10 million, then Electronics shall be obligated to pay, or cause to be paid, to Tyco, or its designee, the difference between the Electronics Distribution Date FCF and the Electronics Estimated FCF within two (2) Business Days after the determination of the Electronics Distribution Date FCF. Any such payments shall be made by wire transfer of immediately available funds to the account designated in writing by the relevant Parties. Any payment made pursuant to this Section 3.5 (g) shall be made with interest (such interest to be calculated on the basis of a year of three-hundred sixty (360) days and the actual number of days

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elapsed on such amount from the Distribution Date to the date of such payment at a rate of LIBOR plus 27 basis points for the first 90 days and LIBOR plus 200 basis points for anytime after the first 90 days.

Section 3.6 Ancillary Agreements. On or prior to the Effective Time, each of Tyco, Healthcare and Electronics shall enter into, and/or (where applicable) shall cause a member or members of their respective Group to enter into, the Ancillary Agreements and any other Contracts in respect of the Distributions reasonably necessary or appropriate in connection with the transactions contemplated hereby and thereby.

ARTICLE IV

THE DISTRIBUTIONS

Section 4.1 Stock Dividends to Tyco.

(a) On or prior to the Healthcare Distribution Date Tyco will cause the Agent to distribute all of the outstanding shares of Healthcare Common Stock then owned by Tyco to holders of Tyco Common Stock on the Healthcare Distribution Record Date, and to credit the appropriate class and number of such shares of Healthcare Common Stock to book entry accounts for each such holder or designated transferee or transferees of such holder of Healthcare Common Stock. For stockholders of Tyco who own Tyco Common Stock through a broker or other nominee, their shares of Healthcare Common Stock will be credited to their respective accounts by such broker or nominee. Each holder of Tyco Common Stock on the Healthcare Distribution Record Date (or such holder's designated transferee or transferees) will be entitled to receive in the Healthcare Distribution one (1) share of Healthcare Common Stock for every _____ shares of Tyco Common Stock held by such stockholder. No action by any such stockholder shall be necessary for such stockholder (or such stockholder's designated transferee or transferees) to receive the applicable number of shares of (and, if applicable, cash in lieu of any fractional shares) Healthcare Common Stock such stockholder is entitled to in the Healthcare Distribution.

(b) On or prior to the Electronics Distribution Date, Tyco will cause the Agent to distribute all of the outstanding shares of Electronics Common Stock then owned by Tyco to holders of Tyco Common Stock on the Electronics Distribution Record Date, and to credit the appropriate class and number of such shares of Electronics Common Stock to book entry accounts for each such holder or designated transferee or transferees of such holder of Electronics Common Stock. For stockholders of Tyco who own Tyco Common Stock through a broker or other nominee, their shares of Electronics Common Stock will be credited to their respective accounts by such broker or nominee. Each holder of Tyco Common Stock on the Electronics Distribution Record Date (or such holder's designated transferee or transferees) will be entitled to receive in the Electronics Distribution one (1) share of Electronics Common Stock for every _____ shares of Tyco Common Stock held by such stockholder. No action by any such stockholder shall be necessary for such stockholder (or such stockholder's designated transferee or transferees) to receive the applicable number of shares of (and, if applicable, cash in lieu

of any fractional shares) Electronics Common Stock such stockholder is entitled to in the Electronics Distribution.

Section 4.2 Fractional Shares. Tyco stockholders holding a number of shares of Tyco Common Stock, on the applicable Record Date, which would entitle such stockholders to receive less than one whole share of Healthcare Common Stock or Electronics Common Stock, as the case may be, in the applicable Distribution, will receive cash in lieu of fractional shares. Fractional shares of Healthcare Common Stock or Electronics Common Stock will not be distributed in the Distributions nor credited to book-entry accounts. The applicable Agent shall, as soon as practicable after the applicable Distribution Date (a) determine the number of whole shares and fractional shares of Healthcare Common Stock or Electronics Common Stock allocable to each holder of record or beneficial owner of Tyco Common Stock as of close of business on the applicable Record Date, (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions, in each case, at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests, and (c) distribute to each such holder, or for the benefit of each such beneficial owner, such holder or owner' s ratable share of the net proceeds of such sale, based upon the average gross selling price per share of Healthcare Common Stock or Electronics Common Stock, as the case may be, after making appropriate deductions for any amount required to be withheld for United States federal income tax purposes. Healthcare and Electronics, as the case may be, shall bear the cost of brokerage fees incurred in connection with these sales of fractional shares, which sales shall occur as soon after the applicable Distribution Date as practicable and as determined by the Agent. None of Tyco, Healthcare, Electronics or the applicable Agent will guarantee any minimum sale price for the fractional shares of Healthcare Common Stock or Electronics Common Stock. None of Tyco, Healthcare or Electronics will pay any interest on the proceeds from the sale of fractional shares. The Agent acting on behalf of the applicable Party will have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Agent nor the broker-dealers through which the aggregated fractional shares are sold will be Affiliates of Tyco, Healthcare or Electronics.

Section 4.3 Actions in Connection with the Distribution.

(a) Each of Healthcare and Electronics shall file such amendments and supplements to their respective Form 10s as Tyco may reasonably request, and such amendments as may be necessary in order to cause the same to become and remain effective as required by Law, including filing such amendments and supplements to their respective Form 10s as may be required by the Commission or federal, state or foreign securities Laws. Each of Healthcare and Electronics shall mail to the holders of Tyco Common Stock, at such time on or prior to the applicable Distribution Date as Tyco shall determine, the Information Statement included in its Form 10, as well as any other information concerning Healthcare or Electronics, as applicable, their business, operations and management, the Plan of Separation and such other matters as Tyco shall reasonably determine are necessary and as may be required by Law.

(b) Each of Healthcare and Electronics shall also cooperate with Tyco in preparing, filing with the Commission and causing to become effective registration

statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the Plan of Separation or other transactions contemplated by this Agreement and the Ancillary Agreements. Promptly after receiving a request from Tyco, to the extent requested, each of Healthcare and Electronics shall prepare and, in accordance with applicable Law, file with the Commission any such documentation that Tyco determines is necessary or desirable to effectuate the applicable Distribution, and Tyco, Healthcare and Electronics shall each use best efforts to obtain all necessary approvals from the Commission with respect thereto as soon as practicable.

(c) Promptly after receiving a request from Tyco, each of Healthcare and Electronics shall prepare and file, and shall use best efforts to have approved and made effective, an application for the original listing of the Healthcare Common Stock and Electronics Common Stock, as applicable, to be distributed in the applicable Distribution on the NYSE, subject to official notice of distribution.

(d) Each Party shall provide all cooperation reasonably requested by the other Parties that is necessary or desirable in connection with the Financing Arrangements.

(e) Nothing in this Section 4.3 shall be deemed, by itself, to shift Liability for any portion of such Form 10s or Information Statements to Tyco.

Section 4.4 Sole Discretion of Tyco. Tyco shall, in its sole and absolute discretion, determine each Distribution Date and all terms of the Distributions, including the form, structure and terms of any transactions and/or offerings to effect each Distribution and the timing of and conditions to the consummation thereof. In addition, Tyco may, in accordance with Section 12.11, at any time and from time to time until the completion of each Distribution decide to abandon any or all of the Distributions or modify or change the terms of each Distribution, including by accelerating or delaying the timing of the consummation of all or part of any Distribution.

Section 4.5 Conditions to Distributions. Subject to Section 4.4, the following are conditions to the consummation of each Distribution. The conditions are for the sole benefit of Tyco and shall not give rise to or create any duty on the part of Tyco or the Board of Directors of Tyco to waive or not waive any such condition.

(a) The applicable Form 10 shall have been declared effective by the Commission, with no stop order in effect with respect thereto, and the applicable Information Statement shall have been mailed to the holders of Tyco Common Stock;

(b) With respect to the (i) Healthcare Distribution, the Healthcare Common Stock to be delivered in the Healthcare Distribution shall have been approved for listing on the NYSE, subject to official notice of distribution and (ii) Electronics Distribution, the Electronics Common Stock to be delivered in the Electronics Distribution shall have been approved for listing on the NYSE, subject to official notice of distribution;

(c) Prior to the Healthcare Distribution and the Electronics Distribution, respectively, Tyco shall have obtained an opinion from McDermott Will & Emery LLP,

its tax counsel, in form and substance satisfactory to Tyco (in its sole discretion), substantially to the effect that, among other things, each Distribution, together with certain related transactions, should qualify as a reorganization under Sections 355 and 368(a)(1)(D) of the Code;

(d) Prior to each Distribution Date, as applicable, Tyco shall have obtained a solvency opinion from Duff & Phelps LLC, in form and substance satisfactory to Tyco to the effect that (i) following the applicable Distribution, Tyco, on the one hand, and Healthcare or Electronics, as applicable, on the other hand, will be solvent and adequately capitalized and (ii) Tyco's assets exceed its liabilities as determined pursuant to Section 54 of the Bermuda Companies Act of 1981 in an amount sufficient to allow the declaration of the applicable dividend, as applicable;

(e) Any material Governmental Approvals and other Consents necessary to consummate the applicable Distribution or any portion thereof shall have been obtained and be in full force and effect;

(f) No order, injunction or decree issued by any Governmental Entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of all or any portion of the applicable Distribution shall be in effect, and no other event outside the control of Tyco shall have occurred or failed to occur that prevents the consummation of all or any portion of the applicable Distribution;

(g) The financing transactions described in the applicable Information Statements as having occurred prior to an applicable Distribution shall have been consummated on or prior to the applicable Distribution; and

(h) The Board of Directors of Tyco shall have approved the applicable Distribution, which approval may be given or withheld at its absolute and sole discretion.

ARTICLE V

CERTAIN COVENANTS

Section 5.1 No Solicit; No Hire.

(a) None of Tyco, Healthcare or Electronics or any member of their respective Groups will, from the applicable Relevant Time through and including the second anniversary of the Relevant Time, without the prior written consent of the other applicable Party, either directly or indirectly, on their own behalf or in the service or on behalf of others, hire as an employee or an independent contractor any individual who ranks at Career Band Four or above in the Tyco employment system employed by any other Party or its Subsidiaries as of the Relevant Time (a “Restricted Person”).

(b) None of Tyco, Healthcare or Electronics or any member of their respective Groups will, from the applicable Relevant Time through and including the second anniversary of the Relevant Time, without the prior written consent of the Senior Vice President of Human Resources of the other applicable Party, either directly or indirectly,

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on their own behalf or in the service or on behalf of others, solicit, aid, induce or encourage any Restricted Person who is an employee of any other Party’s respective Group to leave his or her employment; provided, however, that nothing in this Section 5.1(b) shall be deemed to prohibit, any general solicitation for employment through advertisements and search firms not specifically directed at employees of such other applicable Party; provided, that the applicable Party has not encouraged or advised such firm to approach any such employee.

Section 5.2 Corporate Names and Other Parties’ Trademarks.

(a) Corporate Names. As of the Relevant Time and subject to Section 5.2(b), the Parties shall adopt and conduct business under their respective identities and Trademarks and set out in Schedule 5.2(a), specifically Schedule 5.2(a)(1) for Tyco, Schedule 5.2(a)(2) for Healthcare and Schedule 5.2(a)(3) for Electronics. Further, as of the Relevant Time, the Parties shall cease to hold themselves out as having any affiliation with any of the other Parties or such Parties’ Affiliates (except as permitted or required under any Continuing Arrangement or Ancillary Agreement); provided, however, that the

foregoing shall not prohibit any Party or any member of a Party' s Group from stating in any advertising or any other communication that it is formerly a Tyco affiliate.

(b) Tyco Trademark. Except as otherwise specifically provided in any Ancillary Agreement or provided in Section 5.2(a) and Schedule 5.2(a), the Parties shall cease making any use of "Tyco", "Tyco International", "Tyco Healthcare" and "Tyco Electronics" in accordance with the provisions set out in Schedule 5.2(a)(1) for Tyco, Schedule 5.2(b)(1) for Healthcare; and Schedule 5.2(b)(3) for Electronics. The Parties agree that an Ancillary Agreement with the owner of the "Tyco" Trademark is required for any use by a Party extending beyond one (1) year from the Relevant Date.

(c) Other Party Marks. For Trademarks other than those addressed above, within six (6) months of the Relevant Date, each Party and the members of its Group shall cease to make any use of any names or Trademarks that include the Trademarks of any other Parties or such Parties' Subsidiaries or Affiliates ("Other Party Marks").

(d) No Other Use. With respect to Corporate Names and Trademarks set out in Sections 5.2(a) through (c) and other than allowed in the foregoing Sections, the Parties shall further cease to use any names or Trademarks related thereto including any names or Trademarks confusingly similar thereto or dilutive thereof; however, nothing herein shall prohibit a Party from making use of any Trademark in a manner that would constitute "fair use" under applicable Law if any unaffiliated third party made such use or would otherwise be legally permissible for any unaffiliated third party without the consent of the Party owning such Other Party Mark.

(e) Quality Control Requirements. In furtherance of the foregoing, any use by any of the Parties or any of their Subsidiaries or Affiliates of any of the Tyco Trademarks or Other Party Marks as permitted in this Section 5.2 is subject to their compliance with the quality control requirements and guidelines in effect for the Other Party Marks as of the Effective Time

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(f) Transitional Use. Notwithstanding the foregoing requirements of Sections 5.2(a) and (b), if any Party or any member of a Party' s Group exercised good faith efforts to comply with Sections 5.2(a) and (b) but is unable, due to regulatory or other circumstance beyond its control, to effect a corporate name change in compliance with applicable Law such that an Other Party Mark remains in such Party' s or its Group member' s corporate name, then the relevant Party or its Group member will not be deemed to be in breach hereof if it continues to exercise good faith efforts to effectuate such name change and does effectuate such name change within twelve (12) months after the applicable time set out in the applicable Schedule 5.2(b), said twelve (12) month period subject to a request for an extension of time by the Party attempting to effectuate said name change and consent by the other Parties that is not to be unreasonably withheld. In such circumstances, such Party or Group member may continue to include in its assets and other materials references to the Other Party Mark that is in such Party' s or Group member' s corporate name which includes references to "Healthcare", "Electronics" or "Tyco" as applicable, but only to the extent necessary to identify such Party or Group member and only until such Party' s or Group member' s corporate name can be changed to remove and eliminate such references.

Section 5.3 Auditors and Audits; Annual and Quarterly Financial Statements and Accounting. Each Party agrees to provide the following assistance of access set forth in subsections (a), (b) and (c) of this Section 5.3, (i) during the three hundred and sixty-five (365) days following the applicable Relevant Time in connection with the preparation and audit of each of the Party' s financial statements for the year ended September 30, 2007, the printing, filing and public dissemination of such financial statements, the audit of each Party' s internal control over financial reporting and management' s assessment thereof and management' s assessment

of each Party' s disclosure controls and procedures, if required, in each case made as of September 30, 2007; (ii) following such initial three hundred and sixty-five (365) day period, with the consent of the other applicable Party (not be unreasonably withheld or delayed) for reasonable business purposes; (iii) in the event that any Party changes its auditors within two (2) years of the applicable Relevant Time, then such Party may request reasonable access on the terms set forth in this Section 5.3 for a period of up to one hundred and eighty (180) days from such change; and (iv) from time to time following the applicable Relevant Time, to the extent reasonably necessary to respond (and for the limited purpose of responding) to any written request or official comment from a Governmental Entity, such as in connection with responding to a comment letter from the Commission:

(a) Annual Financial Statements. Each Party shall provide or provide access to the other Party on a timely basis all information reasonably required to meet its schedule for the preparation, printing, filing, and public dissemination of its annual financial statements and for management' s assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K and, to the extent applicable to such Party, its auditor' s audit of its internal control over financial reporting and management' s assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the Commission' s and Public Company Accounting Oversight Board' s rules and auditing standards thereunder, if required (such assessments and audit being referred to as the "2007 Internal Control Audit and Management Assessments").

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Without limiting the generality of the foregoing, each Party will provide all required financial and other Information with respect to itself and its Subsidiaries to its auditors in a sufficient and reasonable time and in sufficient detail to permit its auditors to take all steps and perform all reviews necessary to provide sufficient assistance to each other Party' s auditors with respect to information to be included or contained in such other Party' s annual financial statements and to permit such other Party' s auditors and management to complete the 2007 Internal Control Audit and Management Assessments, if required.

(b) Access to Personnel and Records. Each Party shall authorize its respective auditors to make reasonably available to each other Party' s auditors (each such other Party' s auditors, collectively, the "Other Parties' Auditors") both the personnel who performed or are performing the annual audits of such audited Party (each such Party with respect to its own audit, the "Audited Party") and work papers related to the annual audits of such Audited Party, in all cases within a reasonable time prior to such Audited Party' s auditors' opinion date, so that the Other Parties' Auditors are able to perform the procedures they reasonably consider necessary to take responsibility for the work of the Audited Party' s auditors as it relates to their auditors' report on such other Party' s financial statements, all within sufficient time to enable such other Party to meet its timetable for the printing, filing and public dissemination of its annual financial statements. Each Party shall make reasonably available to the Other Parties' Auditors and management its personnel and Records in a reasonable time prior to the Other Parties' Auditors' opinion date and other Parties' management' s assessment date so that the Other Parties' Auditors and other Parties' management are able to perform the procedures they reasonably consider necessary to conduct the 2007 Internal Control Audit and Management Assessments.

(c) Annual Reports. Each Party will deliver to the other Parties a substantially final draft, as soon as the same is prepared, of the first report to be filed with the Commission (or otherwise) that includes their respective financial statements (in the form expected to be covered by the audit report of such Party' s independent auditors) for the year ended September 30, 2007 (such reports, collectively, the "Annual Reports"); provided, however, that each Party may continue to revise its respective Annual Report prior to the filing thereof, which changes will be delivered to the other Parties as soon as reasonably practicable; provided, further, that each Party' s personnel will actively consult with the other Party' s personnel regarding any

material changes which they may consider making to its respective Annual Report and related disclosures prior to the anticipated filing with the Commission, with particular focus on any changes which could reasonably be expected to have an effect upon the other Party' s financial statements or related disclosures.

Nothing in this Section 5.3 shall require any Party to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided, however, that in the event that a Party is required under this Section 5.3 to disclose any such information, such Party shall use best efforts to seek to obtain such third party' s consent to the disclosure of such information.

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Section 5.4 Certain Securities. Subject to the provisions of Section 6.1 as applicable, following the applicable Distribution Date, each of Healthcare and Electronics agree that, upon exercise of any option, warrant or similar security to purchase Tyco Common Stock or the conversion of any note or other security of Tyco convertible into Tyco Common Stock, in each case that Tyco has issued to third persons prior to the Effective Time, each applicable Party shall, upon request by Tyco, promptly (and in any event within any time periods required by the terms of any such option, warrant, note or similar security) issue to Tyco, as agent for the holder thereof, such number of shares of such Party' s common stock that Tyco would otherwise be required to deliver to such holder pursuant to the terms of any such security and Tyco shall promptly deliver such shares to such holder. It is further agreed that with respect to such options, warrants, notes or similar securities, each of Healthcare and Electronics shall keep reserved for issuance a sufficient number of shares of its Common Stock to satisfy any future exercises of such options or warrants or conversion of such notes or other securities. In connection with the foregoing, Tyco will promptly following receipt of notice that a holder desires to exercise any such options, warrants or similar security or convert such note or other security, in each case of the type described in this Section 5.4 notify, in writing, the other relevant Parties so that they may comply with the terms of this Section 5.4; provided, that none of Healthcare or Electronics shall have any additional Liability beyond the obligation to deliver shares as set forth in this Section 5.4 for failing to deliver such shares of its Common Stock in the time period described in the foregoing sentence if such failure and delay was the result of untimely notification by Tyco. Each of Healthcare and/or Electronics, as the case may be, hereby Assumes the obligations set forth in this Section 5.4.

Section 5.5 Administration of Specified Shared Expenses.

(a) Tyco shall be responsible for administering each Specified Shared Expense. Each Party shall be responsible for payment of thirty three and one-third percent (33 1/3 %) of any Specified Shared Expense. Tyco shall invoice each of Healthcare and Electronics on a quarterly basis, and Healthcare and Electronics shall each promptly following invoice reimburse the administering Party for its allocable share of such Specified Shared Expenses.

(b) As of the Final Separation Date, Healthcare and Electronics shall each pay \$3.2 million and \$5.0 million, respectively, to White Mountain Insurance Company to fund the unallocated loss adjustment expense for Loss Portfolio Transfer and Non- Loss Portfolio Transfer years. White Mountain Insurance Company shall be liable for any unallocated loss adjustment expense in excess of such amounts received from Healthcare and Electronics.

Section 5.6 Cooperation. From and after the applicable Relevant Time, the Parties shall, and shall cause each of their respective Affiliates and employees to (i) provide reasonable cooperation and assistance to each other Party in connection with the completion of the Plan of Separation (including assisting in the preparation of the Distributions), (ii) provide knowledge transfer regarding its applicable Business or Tyco' s historical business and (iii) assist each Party in the orderly and efficient transition in

becoming an independent company, in each case at no additional cost to the Party requesting such assistance other than for the actual out-of-pocket costs (which shall not include the costs of salaries and benefits of employees of such Party or any

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pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing) incurred by any such Party, if applicable. The cooperation and assistance provided for in this Section 5.6 shall not be required to the extent such cooperation and assistance would result in an undue burden on any Party or would unreasonably interfere with any of its employees normal functions and duties. In furtherance of, and without limiting, the foregoing, each Party shall make reasonably available those employees with particular knowledge of any function or service of which another Party was not allocated the employees involved in such function or service in connection with the Plan of Separation (including, employee benefits functions, risk management, etc.).

Section 5.7 Periodic Meetings. Unless otherwise agreed to by the Parties, at least once during each fiscal quarter during the ten (10) year period following the Distribution Date the Parties will hold a meeting for the purpose of sharing information related to this Agreement, any Assumed Tyco Contingent Liabilities or the preparation of any Party' s financial statements. Each Party will designate between one (1) and three (3) persons as its standing representatives for such meetings. The Managing Party shall be responsible for scheduling such meeting at reasonably consistent and convenient times and on no less than thirty (30) days notice. The Parties' standing representatives and others may participate in such meetings in person or other medium by which all participants may hear each other.

ARTICLE VI

EMPLOYEE MATTERS

Section 6.1 Stock Options.

(a) Healthcare Options.

(i) On behalf of all Healthcare Employees who hold Tyco Options, prior to the Distribution Date, Tyco shall take all actions necessary such that each Tyco Option held by a Healthcare Employee which is outstanding immediately prior to the Distribution Date, whether vested or unvested, other than any Tyco Option subject to the provisions of Section 6.1(d) below, shall, as of the Distribution Date, be converted into an option to acquire Healthcare Common Stock (a "Healthcare Option") in accordance with the succeeding paragraphs of this Section 6.1(a).

(ii) The number of shares subject to the Healthcare Option shall equal the number of shares of Tyco Common Stock subject to the Tyco Option multiplied by a fraction, the numerator of which is the last per share trading price of Tyco Common Stock on the NYSE (NYSE - TYC) in the last trade on the NYSE immediately prior to the Distribution (the "Closing Tyco Stock Price"), and the denominator of which is the last per share trading price of Healthcare Common Stock when-issued (NYSE -) in the last trade on the NYSE immediately prior to the Distribution (the "Pre-Distribution Healthcare Stock").

Price”), with the resulting number of shares subject to the Healthcare Option being rounded down to the nearest whole share.

(iii) The per share exercise price of the Healthcare Option shall be equal to the product of (A) the original exercise price of the Tyco Option multiplied by (B) a fraction, the numerator of which shall be the Pre-Distribution Healthcare Stock Price and the denominator of which shall be the Closing Tyco Stock Price, which product shall be rounded up to the nearest ten-thousandth of a cent (four decimal places).

(iv) Prior to the Distribution Date, Tyco shall cause Healthcare to adopt the Tyco Healthcare Ltd. 2007 Stock and Incentive Plan (the “2007 Healthcare Stock and Incentive Plan”), effective as of the Distribution Date, shall ensure or cause Healthcare to ensure that the shares issuable under such plan have been registered on Form S-8 (or successor form) promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, and shall approve, as the sole stockholder, the adoption of the 2007 Healthcare Stock and Incentive Plan. On or prior to the Distribution Date, Tyco shall take all actions deemed necessary and appropriate to revise award agreements issued with respect to any Tyco Option converted to a Healthcare Option to ensure that the terms and conditions of the Healthcare Options described in Section 6.1(a) above are substantially similar to the terms and conditions applicable to the corresponding Tyco Option, including the terms and conditions relating to vesting and the post-termination exercise period.

(b) Electronics Options.

(i) On behalf of all Electronics Employees who hold Tyco Options, prior to the Distribution Date, Tyco shall take all actions necessary such that each Tyco Option held by an Electronics Employee which is outstanding immediately prior to the Distribution Date, whether vested or unvested, other than any Tyco Option subject to the provisions of Section 6.1(d) below, shall, as of the Distribution Date, be converted into an option to acquire Electronics Common Stock (an “Electronics Option”) in accordance with the succeeding paragraphs of this Section 6.1(b).

(ii) The number of shares subject to the Electronics Option shall equal the number of shares of Tyco Common Stock subject to the Tyco Option multiplied by a fraction, the numerator of which is the Closing Tyco Stock Price and the denominator of which is the last per share trading price of Electronics Common Stock when-issued (NYSE – TEL) in the last trade on the NYSE immediately prior to the Distribution (the “Pre-Distribution Electronics Stock Price”), with the resulting number of shares subject to the Electronics Option being rounded down to the nearest whole share.

(iii) The per share exercise price of the Electronics Option shall be equal to the product of (A) the original exercise price of the Tyco Option

multiplied by (B) a fraction, the numerator of which shall be the Pre-Distribution Electronics Stock Price and the denominator of which shall be the Closing Tyco Stock Price, which product shall be rounded up to the nearest ten-thousandth of a cent (four decimal places).

(iv) Prior to the Distribution Date, Tyco shall cause Electronics to adopt the Tyco Electronics Ltd. 2007 Stock and Incentive Plan (the “2007 Electronics Stock and Incentive Plan”), effective as of the Distribution Date, shall ensure or cause Electronics to ensure that the shares issuable under such plan have been registered on Form S-8 (or successor form) promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended, and shall approve, as the sole stockholder, the adoption of the 2007 Electronics Stock and Incentive Plan. On or prior to the Distribution Date, Tyco shall take all actions deemed necessary and appropriate to revise award agreements issued with respect to any Tyco Option converted to an Electronics Option to ensure that the terms and conditions of the Electronics Options described in Section 6.1(a) above are substantially similar to the terms and conditions applicable to the corresponding Tyco Option, including the terms and conditions relating to vesting and the post-termination exercise period.

(c) Tyco Options.

(i) On behalf of all Tyco Employees who hold Tyco Options and non-employee directors of Tyco on the Distribution Date (“Tyco Directors”) who hold Tyco Options, prior to the Distribution Date, Tyco shall take all actions necessary such that each Tyco Option which is outstanding immediately prior to the Distribution Date, whether vested or unvested, other than any Tyco Option subject to the provisions of Section 6.1(d) below, shall, as of the Distribution Date, be adjusted such that the number of shares subject to each Option and the per-share exercise price reflect the impact of the Distribution in accordance with the succeeding paragraphs of this Section 6.1(c).

(ii) The adjusted number of shares subject to the Tyco Option shall equal the original number of shares of Tyco Common Stock subject to the Tyco Option multiplied by a fraction, the numerator of which is the Closing Tyco Stock Price, and the denominator of which is the last per share trading price of Tyco Common Stock when-issued (NYSE –) in the last trade immediately prior to the Distribution (the “Pre-Distribution Tyco Stock Price”), with the resulting number of shares subject to the Tyco Option being rounded down to the nearest whole share.

(iii) The per share exercise price of the Tyco Option shall be equal to the product of (A) the original exercise price of the Tyco Option multiplied by (B) a fraction, the numerator of which is the Pre-Distribution Tyco Stock Price and the denominator of which is the Closing Tyco Stock Price, which product shall be rounded up to the nearest ten-thousandth of a cent (four decimal places).

(d) Tyco Options for Tyco Corporate Employees.

(i) On behalf of all employees listed in Schedule 6.1(d) who hold Tyco Options granted prior to September 29, 2006, Tyco shall take all actions necessary such that each such Tyco Option which is outstanding immediately prior to the Distribution Date, whether vested or unvested, shall, as of the Distribution Date, (A) be converted into an option to separately acquire an equal number of shares of Healthcare Common Stock, Electronics Common Stock and Tyco Common Stock, and (B) be adjusted such that the number of shares subject to each option

and the per-share exercise price reflect the impact of the Distribution in accordance with the succeeding paragraphs of this Section 6.1(d), except to the extent expressly provided to the contrary in a written agreement with the holder of such Tyco Options, in which case such options shall be treated in accordance with the provisions of such individual agreement.

(ii) The adjusted number of shares subject to each option to acquire Healthcare Common Stock, Electronics Common Stock and Tyco Common Stock shall equal the original number of shares of Tyco Common Stock subject to the Tyco Option immediately prior to the Distribution Date multiplied by a fraction, the numerator of which is the Closing Tyco Stock Price and the denominator is the sum of the Pre-Distribution Healthcare Stock Price, the Pre-Distribution Electronics Stock Price and the Pre-Distribution Tyco Stock Price, with the resulting number of shares rounded down to nearest whole share.

(iii) The per-share exercise price of each option to acquire Healthcare Common Stock, Electronics Common Stock and Tyco Common Stock shall be determined separately and shall be equal to the original exercise price of the Tyco Option immediately prior to the Distribution Date multiplied by a fraction, the numerator of which is the applicable Pre-Distribution Healthcare Stock Price, the Pre-Distribution Electronics Stock Price and the Pre-Distribution Tyco Stock Price, and the denominator of which is the Closing Tyco Stock Price, which resulting per-share exercise price for each option shall be rounded up to the nearest ten-thousandth of a cent (four decimal places).

(e) Former Employees and Former Tyco Directors.

(i) Tyco Options held by Former Tyco Employees, Former Electronics Employees and Former Healthcare Employees shall be treated in the same manner as described in Section 6.1(d) above; provided, however, that any Tyco Options issued to a former employee with respect to fiscal year 2007 shall be treated as follows: Tyco Options held by Former Healthcare Employees shall be treated in the same manner as options described in Section 6.1(a); Tyco Options held by Former Electronics Employees shall be treated in the same manner as options described in Section 6.1(b); and Tyco Options held by Former Tyco Employees shall be treated in the same manner as options described in Section 6.1(c). Notwithstanding the foregoing, if a written agreement between a Party (or any of their Affiliates or Subsidiaries) and the holder of any such Tyco

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Options prior to the Distribution Date expressly provides for contrary treatment, such options shall be treated in accordance with the provisions of such individual agreement.

(ii) Tyco Options held by individuals who formerly served as Tyco Directors and on and after the Distribution Date are not serving as Tyco Directors shall be treated in the same manner as described in Section 6.1(d) above, except to the extent expressly provided to the contrary in a written agreement with the holder of such Tyco Options, in which case such options shall be treated in accordance with the provisions of such individual agreement.

(f) Settlement of Options. Subject to the terms of this Agreement and any other agreement made by the Parties from time to time, upon the exercise of any Tyco Options, Electronics Options or Healthcare Options, each of Tyco, Healthcare and Electronics, respectively, shall be solely responsible to issue shares in settlement of such options without reimbursement, recourse or other compensation from any other Party.

Section 6.2 Restricted Stock, Restricted Stock Units, Performance Share Units and Deferred Stock Units.

(a) Restricted Stock. Each Tyco Restricted Stock award that is outstanding immediately prior to the Distribution Date shall be converted so that, immediately after the Distribution Date, the holder has, in addition to the original Tyco Restricted Stock award, an additional award of Healthcare Restricted Stock and of Electronics Restricted Stock. The number of additional shares of Healthcare Restricted Stock and Electronics Restricted Stock awarded shall be equal to the number of shares of common stock to which the holder of the Restricted Stock would be entitled to on the Distribution Date pursuant to Section 4.1 if the Restricted Stock awarded represented actual shares of Tyco Common Stock, with the resulting number of shares of Healthcare Restricted Stock and Electronics Restricted Stock being rounded down to the nearest whole number of shares with a cash payment for fractional shares. Upon the conversion:

(i) such converted Restricted Stock held by each Tyco Employee shall be subject to the same vesting schedule associated with the original Tyco Restricted Stock, and the additional Healthcare Restricted Stock and Electronics Restricted Stock shares shall vest as follows, unless the applicable award agreement provides more favorable vesting: 50% of the aggregate number of shares of such Restricted Stock (rounded down to the nearest whole number of shares in the event the aggregate number of shares is not an even number) shall vest on the Distribution Date and the remaining shares shall vest on the 6-month anniversary of the Distribution Date, provided the Tyco Employee is still employed by Tyco;

(ii) such additional Healthcare Restricted Stock held by each Healthcare Employee shall be subject to the same vesting schedule associated with the original Tyco Restricted Stock award, and the original Tyco Restricted Stock and additional Electronics Restricted Stock shares shall vest as follows,

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unless the applicable award agreement provides more favorable vesting: 50% of the aggregate number of shares of such Restricted Stock (rounded down to the nearest whole number of shares in the event the aggregate number of shares is not an even number) shall vest on the Distribution Date and the remaining shares shall vest on the 6-month anniversary of the Distribution Date, provided the Healthcare Employee is still employed by Healthcare; and

(iii) such additional Electronics Restricted Stock held by each Electronics Employee shall be subject to the same vesting schedule associated with the original Tyco Restricted Stock award, and the original Tyco Restricted Stock and additional Healthcare Restricted Stock shares shall vest as follows, unless the applicable award agreement provides more favorable vesting: 50% of the aggregate number of shares of such Restricted Stock (rounded down to the nearest whole number of shares in the event the aggregate number of shares is not an even number) shall vest on the Distribution Date and the remaining shares shall vest on the 6-month anniversary of the Distribution Date, provided the Electronics Employee is still employed by Electronics;

(b) Restricted Stock Units, Performance Share Units and Deferred Stock Units.

(i) Restricted Stock Units Granted Prior to September 29, 2006. Each Tyco Restricted Stock Unit award granted prior to September 29, 2006 that is outstanding immediately prior to the Distribution Date shall be converted in the exact same fashion as Restricted Stock awards are converted pursuant to Section 6.2(a); provided, however, that awards classified for administrative purposes as “2004Un-07” or “2004UnUk-07,” shall be treated as if it were granted on or after September 29, 2006, as set forth in Section 6.2(b)(ii) below.

(ii) Restricted Stock Units Granted on or After September 29, 2006. Each Tyco Restricted Stock Unit award granted on or after September 29, 2006 that is outstanding immediately prior to the Distribution Date shall be converted into Restricted Stock Units as follows:

(A) On behalf of all Healthcare Employees who hold such Restricted Stock Units, Healthcare shall issue a replacement Restricted Stock Unit which shall retain the vesting schedule associated with such original Tyco Restricted Stock Unit award. The number of Healthcare Restricted Stock Units shall equal the number of outstanding Tyco Restricted Stock Units as of the Distribution Date, multiplied by a fraction, the numerator of which is the Closing Tyco Stock Price, and the denominator of which is the Pre-Distribution Healthcare Stock Price, which product shall be rounded down to the nearest whole number of units with a cash payment for any fractional units.

(B) On behalf of all Electronics Employees who hold such Restricted Stock Units, Electronics shall issue a replacement Restricted

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Stock Unit which shall retain the vesting schedule associated with such original Tyco Restricted Stock Unit award. The number of Electronics Restricted Stock Units shall equal the number of outstanding Tyco Restricted Stock Units as of the Distribution Date, multiplied by a fraction, the numerator of which is the Closing Tyco Stock Price and the denominator of which is Pre-Distribution Electronics Stock Price, which product shall be rounded down to the nearest whole number of units with a cash payment for any fractional units.

(C) On behalf of all Tyco Employees who hold such Restricted Stock Units, Tyco shall issue a revised Restricted Stock Unit which shall retain the vesting schedule associated with such original Tyco Restricted Stock Unit award. The number of adjusted Tyco Restricted Stock Units shall equal the original number of outstanding Tyco Restricted Stock Units as of the Distribution Date, multiplied by a fraction, the numerator of which is the Closing Tyco Stock Price and the denominator of which is Pre-Distribution Tyco Stock Price, which product shall be rounded down to the nearest whole number of units with a cash payment for any fractional units.

(iii) Performance Share Units.

(A) Each Tyco Performance Share Unit award that is outstanding immediately prior to the Distribution Date (as adjusted to reflect the number of such units then outstanding as a result of fiscal year 2006 performance) shall be converted in the exact same manner as Restricted Stock Units granted on or after September 29, 2006 are converted pursuant to Section 6.2(b)(ii) above; provided, however, that each Tyco Performance Share Unit award that is held by an employee listed in Schedule 6.1(d) and is outstanding immediately prior to the Distribution Date (as adjusted to reflect the number of such units then outstanding as a result of fiscal year 2006 performance) shall be converted into Tyco Performance Share Units, Healthcare Performance Share Units and Electronics Performance Share Units as if such awards were Restricted Stock awards converted pursuant to Section 6.2(a).

(B) The Parties shall take all necessary actions to provide that the terms and conditions of such converted Performance Share Unit awards shall be modified to provide that the converted Performance Share Unit awards shall be payable at the end of the three-year performance cycle without regard to the originally established performance criteria, provided that the employee remains continuously employed with Tyco, Healthcare or Electronics through such date (subject to any acceleration of vesting upon death, disability, retirement, change of control or termination of employment as a result of divestiture or outsourcing as provided for in any original Performance Share Unit award agreements.)

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(iv) Deferred Stock Units.

(A) Each Tyco Deferred Stock Unit that is outstanding immediately prior to the Distribution Date and which is held by a Tyco Director shall be adjusted such that the number of Tyco Deferred Stock Units reflects the impact of the Distribution as set forth in Section 6.1(c). Such converted awards shall remain subject to the terms and conditions in effect with respect to the award immediately preceding the Distribution Date.

(B) Each Tyco Deferred Stock Unit that is outstanding immediately prior to the Distribution Date and which is held by an employee listed in Schedule 6.1(d) shall be adjusted such that the number of Tyco Deferred Stock Units reflects the impact of the Distribution as set forth in Section 6.1(c). Such converted awards shall remain subject to the terms and conditions in effect with respect to the award immediately preceding the Distribution Date.

(c) Grant and Settlement of Awards. Electronics shall grant each Electronics Restricted Stock, Restricted Stock Unit, Performance Share Unit, or Deferred Stock Units under the 2007 Electronics Stock and Incentive Plan. Healthcare shall grant each Healthcare Restricted Stock, Restricted Stock Unit, Performance Share Unit or Deferred Stock Units under the 2007 Healthcare Stock and Incentive Plan. Subject to the terms of this Agreement any other agreement in force between the Parties from time to time, upon the vesting or payment of any such award, each of Tyco, Healthcare and Electronics shall be solely responsible to issue its shares in settlement of the respective awards payable in its shares without reimbursement, recourse or other compensation from any other Party.

Section 6.3 Employee Stock Purchase Plan. Healthcare Employees and Electronics Employees ceased making contributions to the Tyco International Ltd. Employee Stock Purchase Plan (the “Tyco ESPP”) effective January 31, 2007. Any contributions made, but which cannot be used to purchase shares of Tyco Common Stock under the Tyco ESPP will be returned to employees in accordance with the terms of the Tyco ESPP. Accounts will be established for each participant with UBS Financial Services so that following the Distribution Date each participant will maintain an individual account of their existing shares from the Tyco ESPP. Healthcare and Electronics shall each adopt a new employee stock purchase plan to be effective as soon as practicable after the Distribution Date.

Section 6.4 Nonqualified Deferred Compensation Plans.

(a) Healthcare Nonqualified Deferred Compensation Plans.

(i) Effective as of the Distribution Date, Healthcare (or any one of its Subsidiaries or Affiliates) shall be solely responsible for the satisfaction of all Liabilities under the Healthcare Deferred Compensation Plans and Liabilities with respect to nonqualified deferred compensation plan benefits for Healthcare Employees and Former Healthcare Employees under the Tyco Supplemental

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Savings and Retirement Plan and Tyco Supplemental Executive Retirement Plan (the “Healthcare Deferred Compensation Liabilities”). In this connection, Healthcare (or any one of its Subsidiaries or Affiliates), shall maintain one or more nonqualified deferred compensation plans which shall contain terms that are substantially similar to the terms and conditions of the Tyco Supplemental Savings and Retirement Plan and Tyco Supplemental Executive Retirement Plan as in effect prior to the Distribution Date (subject to such amendments as necessary to comply with Code Section 409A) and the Healthcare Deferred Compensation Liabilities under the Tyco Supplemental Savings and Retirement Plan and Tyco Supplemental Executive Retirement Plan as of the Distribution Date shall be transferred to such plans.

(ii) All elections by Healthcare Employees, and Former Healthcare Employees that were in effect under the terms of the applicable Healthcare Deferred Compensation Plan immediately prior to the Distribution Date shall continue in effect from and after the Distribution Date until a new election that by its terms supersedes the prior election is made by such Healthcare Employee or Former Healthcare Employee in accordance with the terms of the applicable Healthcare Deferred Compensation Plan and consistent with the provisions of Code Section 409A to the extent applicable.

(iii) Payments to Healthcare Employees and Former Healthcare Employees under the Healthcare Deferred Compensation Plans shall be made by Healthcare or one of its Subsidiaries or Affiliates as determined in the sole discretion of Healthcare.

(b) Electronics Nonqualified Deferred Compensation Plans.

(i) Effective as of the Distribution Date, Electronics (or any one of its Subsidiaries or Affiliates) shall be solely responsible for the satisfaction of all Liabilities under the Electronics Deferred Compensation Plans and Liabilities with respect to nonqualified deferred compensation plan benefits for Electronics Employees and Former Electronics Employees under the Tyco Supplemental Savings and Retirement Plan and Tyco Supplemental Executive Retirement Plan (the “Electronics Deferred Compensation Liabilities”). In this connection, Electronics (or any one of its Subsidiaries or Affiliates), shall maintain one or more nonqualified deferred compensation plans which shall contain terms that are substantially similar to the terms and conditions of the Tyco Supplemental Savings and Retirement Plan and Tyco Supplemental Executive Retirement Plan as in effect prior to the Distribution Date (subject to such amendments as necessary to comply with Code Section 409A) and the Electronics Deferred Compensation Liabilities under the Tyco Supplemental Savings and Retirement Plan and Tyco Supplemental Executive Retirement Plan as of the Distribution Date shall be transferred to such plans.

(ii) All elections by Electronics Employees, and Former Electronics Employees that were in effect under the terms of the applicable Electronics

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Deferred Compensation Plan immediately prior to the Distribution Date shall continue in effect from and after the Distribution Date until a new election that by its terms supersedes the prior election is made by such Electronics Employee or Former Electronics Employee in accordance with the terms of the applicable Electronics Deferred Compensation Plan and consistent with the provisions of Code Section 409A to the extent applicable.

(iii) Payments to Electronics Employees and Former Electronics Employees under the Electronics Deferred Compensation Plans shall be made by Electronics or one of its Subsidiaries or Affiliates as determined in the sole discretion of Electronics.

(c) Tyco Deferred Compensation Plans.

(i) Effective as of the Distribution Date, Tyco (or any one of its Subsidiaries or Affiliates) shall be solely responsible for the satisfaction of all Liabilities under the Tyco Deferred Compensation Plans and Liabilities with respect to nonqualified deferred compensation plan benefits for Tyco Employees and Former Tyco Employees under the Tyco Supplemental Savings and Retirement Plan and Tyco Supplemental Executive Retirement Plan (the "Tyco Deferred Compensation Liabilities").

(ii) Payments to Tyco Employees and Former Tyco Employees under the Tyco Deferred Compensation Plans shall be made by Tyco or one of its Affiliates as determined in the sole discretion of Tyco.

Section 6.5 Pension Plans.

(a) Healthcare Pension Plans.

(i) As of the Distribution Date, Healthcare shall Assume sponsorship of and be solely responsible for the management and administration of, and except as otherwise provided below, be responsible for all Assets and Liabilities under the pension plans listed in Schedule 6.5(a) and any other pension plans in the United States or any other country covering Healthcare Employees or Former Healthcare Employees, other than those listed in Schedule 6.5(b) and specifically identified as Electronics Pension Plans or listed in Schedule 6.5(c) and specifically identified as Tyco Retained Pension Plans (with such plans to be solely Healthcare's responsibility to be referred to as the "Healthcare Pension Plans").

(ii) For Healthcare Pension Plans that are intended to be tax-qualified defined benefit pension plans under Sections 401(a) and 501(a) of the Code (the "Healthcare US Pension Plans"):

(A) Effective as of the Distribution Date, Healthcare shall take all such actions necessary to (i) become the plan sponsor of the Healthcare US Pension Plans (ii) establish an investment committee and an

administrative committee, as appropriate, as named fiduciaries of the Healthcare US Pension Plans (iii) appoint members of the investment committee and the administrative committee and (iv) establish a new trust or trusts designed to be tax exempt under Section 501(a) of the Code and hold the assets of the Healthcare US Pension Plans (the "Healthcare Master Trust").

(B) As soon as practicable after the Tyco Investment Committee confirms that each of the actions in Section 6.5(a)(ii)(A) above have been completed, but not prior to the Healthcare Distribution Date, Tyco shall cause at least 90% of the Assets of the Tyco Master Trust attributable to the Healthcare US Pension Plans listed in Schedule 6.5(a) (using values as of January 1, 2007) to be transferred to the Healthcare Master Trust; the balance of the Tyco Master Trust Assets attributable to such Healthcare US Pension Plans shall be transferred to the Healthcare Master Trust within 120 days of the Healthcare Distribution Date.

(C) Healthcare and Tyco acknowledge and agree that such transfer of Assets and Liabilities will comply with Sections 401(a)(12), 414(l) and 411(d)(6) of the Code and the regulations thereunder and that the value of the Assets to be transferred as determined under Section 414(l) of the Code and the regulations thereunder shall be adjusted from the period between January 1, 2007 and the transfer date to reflect the investment experience under the Tyco Master Trust using the assumptions and methodology which the Pension Benefit Guaranty Corporation would have used under Section 4044 of ERISA, the Healthcare Pension Plan's allocable share of expenses and any benefit distributions made to Healthcare Employees. With respect to the transfer of Assets and Liabilities from the Kendall/ADT Pension Plan and the Tyco Electronics Pension Plan, assumptions and methodology are set forth in Schedule 6.5(d).

(D) The Healthcare US Pension Plans will continue to participate in the Tyco Master Trust subject to Tyco's direction of the assets of the Tyco Master Trust without distinction as to any particular participating plan for a transition period not exceeding 120 days following the Healthcare Distribution Date; provided, that Healthcare holds Tyco harmless with respect to such continued participation.

(iii) Following the Distribution Date, eligible participants shall accrue benefits (to the extent that such Healthcare Pension Plans are not frozen) and receive service credit, as applicable, under the Healthcare Pension Plans in accordance with the terms and conditions of the relevant Healthcare Pension Plan; provided, however, that the foregoing shall in no way alter any right of Healthcare, subsequent to the Distribution Date, to amend or terminate any of the Healthcare Pension Plans in accordance with their terms and applicable Law.

Healthcare and Tyco shall reasonably cooperate with each other in order to facilitate the foregoing provisions of this Section 6.5.

(iv) Notwithstanding any other provision set forth in this Agreement, (A) Healthcare and the Healthcare Pension Plans shall indemnify and hold harmless Tyco, the Tyco Retained Pension Plans, Electronics and the Electronics Pension Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Healthcare Pension Plans relating to the provision of pension benefits pursuant to the Healthcare Pension Plans and (B) Tyco, the Tyco Retained Pension Plans, Electronics and the Electronics Pension Plans shall indemnify and hold harmless Healthcare and the Healthcare Pension Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Tyco Retained Pension Plan and Electronics Plans relating to the provision of pension benefits pursuant to the Tyco Retained Pension Plans and Electronics Plans.

(b) Electronics Pension Plans.

(i) As of the Distribution Date, Electronics shall Assume sponsorship of and be solely responsible for the management and administration of, and except as otherwise provided below, be responsible for all Assets and Liabilities under the pension plans listed in Schedule 6.5(a) and any other pension plan in the United States or any other country covering Electronics Employees, other than those listed in Schedule 6.5(a) and specifically identified as Healthcare Pension Plans or listed in Schedule 6.5(c) and specifically identified as Tyco Retained Pension Plans (with such plans to be solely Electronics' responsibility referred to as the "Electronics Pension Plans").

(ii) For Electronics Pension Plans that are intended to be tax-qualified defined benefit pension plans under Sections 401(a) and 501(a) of the Code (the "Electronics US Pension Plans"):

(A) Effective as of the Distribution Date, Electronics shall take all such actions necessary to (i) become the plan sponsor of the Electronics US Pension Plans (ii) establish an investment committee and an administrative committee, as appropriate, as named fiduciaries of the Electronics US Pension Plans (iii) appoint members of the investment committee and the administrative committee and (iv) establish a new trust or trusts designed to be tax exempt under Section 501(a) of the Code and hold the assets of the Electronics US Pension Plans (the "Electronics Master Trust").

(B) As soon as practicable after the Tyco Investment Committee confirms that each of the actions in Section 6.5(b)(ii)(A) above have been completed, but not prior to the Electronics Distribution Date,

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Tyco shall cause at least 90% of the Assets of the Tyco Master Trust attributable to the Electronics US Pension Plans listed in Schedule 6.5(b) (using values as of January 1, 2007) to be transferred to the Electronics Master Trust; the balance of the Tyco Master Trust Assets attributable to such Electronics US Pension Plans shall be transferred to the Electronics Master Trust within 120 days of the Electronics Distribution Date.

(C) Electronics and Tyco acknowledge and agree that such transfer of Assets and Liabilities will comply with Sections 401(a)(12), 414(l) and 411(d)(6) of the Code and the regulations thereunder and that the value of the Assets to be transferred as determined under Section 414(l) of the Code and the regulations thereunder shall be adjusted from the period between January 1, 2007 and the transfer date to

reflect the investment experience under the Tyco Master Trust using the assumptions and methodology which the Pension Benefit Guaranty Corporation would have used under Section 4044 of ERISA, the Electronics Pension Plan's allocable share of expenses and any benefit distributions made to Electronics Employees. With respect to the transfer of Assets and Liabilities from the Kendall/ADT Pension Plan and the Tyco Electronics Pension Plan, assumptions and methodology are set forth in Schedule 6.5(d).

(D) The Electronics US Pension Plans will continue to participate in the Tyco Master Trust subject to Tyco's direction of the assets of the Tyco Master Trust without distinction as to any particular participating plan for a transition period not exceeding 120 days following the Electronics Distribution Date; provided, that Electronics holds Tyco harmless with respect to such continued participation.

(iii) Following the Distribution Date, eligible participants shall accrue benefits (to the extent that such Electronics Pension Plans are not frozen) and receive service credit, as applicable, under the Electronics Pension Plans in accordance with the terms and conditions of the relevant Electronics Pension Plan; provided, however, that the foregoing shall in no way alter any right of Electronics, subsequent to the Distribution Date, to amend or terminate any of the Electronics Pension Plans in accordance with their terms and applicable Law. Electronics and Tyco shall reasonably cooperate with each other in order to facilitate the foregoing provisions of this Section 6.5.

(iv) Notwithstanding any other provision set forth in this Agreement, (i) Electronics and the Electronics Pension Plans shall indemnify and hold harmless Tyco, the Tyco Retained Pension Plans, Healthcare and the Healthcare Pension Plans (and each of their respective affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Electronics Pension Plans relating to the provision of pension benefits pursuant to the Electronics Pension Plans and (ii) Tyco, the Tyco Retained Pension Plans, Healthcare and the Healthcare Pension

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Plans shall indemnify and hold harmless Electronics and the Electronics Pension Plans (and each of their respective affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Tyco Retained Pension Plans and Healthcare Pension Plans relating to the provision of pension benefits pursuant to the Tyco Retained Pension Plans and Healthcare Pension Plans.

(c) Tyco Retained Pension Plans.

(i) Following the Distribution Date, Tyco shall retain sole responsibility for all benefit obligations, Assets and Liabilities for the pension plans listed in Schedule 6.5(c) and any other pension plan in the United States or any other country covering Tyco Employees, other than those listed in Schedule 6.5(a) and specifically identified as Healthcare Pension Plans or listed in Schedule 6.5(b) and specifically identified as Electronics Pension Plans (the "Tyco Retained Pension Plans"), and neither Healthcare nor Electronics shall have any obligation with respect thereto.

(ii) Following the Distribution Date, eligible participants in the Tyco Retained Pension Plans shall continue to accrue benefits (to the extent that such Tyco Retained Pension Plans are not frozen) and receive service credit, as applicable under the Tyco Retained Pension Plans in accordance with the terms and conditions of the relevant Tyco Retained Pension Plan. Nothing contained in this Agreement shall alter in any way the right of Tyco,

subsequent to the Distribution Date, to amend or terminate any Tyco Retained Pension Plan in accordance with its terms and applicable Law.

(iii) Notwithstanding any other provision set forth in this Agreement, (A) Tyco and the Tyco Retained Pension Plans shall indemnify and hold harmless Healthcare, the Healthcare Pension Plans, Electronics and the Electronics Pension Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Tyco Retained Pension Plans relating to the provision of pension benefits pursuant to the Tyco Retained Pension Plans and (B) Healthcare, the Healthcare Pension Plans, Electronics and the Electronics Pension Plans shall indemnify and hold harmless Tyco and the Tyco Retained Pension Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Healthcare Pension Plans and Electronics Pension Plans relating to the provision of pension benefits pursuant to the Healthcare Pension Plans and Electronics Pension Plans.

Section 6.6 Retirement Savings Plans.

(a) Healthcare Retirement Savings Plans.

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(i) As of the Distribution Date, Healthcare shall Assume sponsorship of and all Assets and Liabilities under the Tyco International (US) Inc. Retirement Savings and Investment Plan II, the Tyco International (US) Inc. Retirement Savings and Investment Plan IX, any other defined contribution retirement plans listed in Schedule 6.6(a), and any other savings plans in the United States or any other country covering Healthcare Employees, other than those listed in Schedule 6.6(b) and specifically identified as Electronics Savings Plans or listed in Schedule 6.6(c) and specifically identified as Tyco Retained Savings Plans (the “Healthcare Savings Plans”).

(ii) On or shortly prior to the Healthcare Distribution Date, Tyco shall cause the value of Assets of the Tyco International (US) Inc. Retirement Savings Master Trust attributable to accounts of U.S. Healthcare Employees to be transferred to a trust or trusts created for the Healthcare Savings Plans in the United States in a “transfer of assets or liabilities” in accordance with Section 414(l) of the Code and Section 208 of ERISA and the respective rules and regulations promulgated thereunder. The Assets to be transferred will be in the form of cash or other property, as Tyco and Healthcare shall mutually agree prior to such transfer. In addition, on or shortly prior to the Healthcare Distribution Date, the deed of trust established for the Tyco International (US) Inc. Retirement Savings and Investment Plan IX – Puerto Rico shall be transferred to Healthcare.

(iii) Effective as of the Distribution Date, Healthcare shall take all such actions necessary to become the plan sponsor of the Healthcare Savings Plans, establish an investment committee and an administrative committee as named fiduciaries of the Healthcare Savings Plans, appoint members of the investment committee and the administrative committee, as appropriate, and establish a new trust or trusts for the Healthcare Savings Plans in the United States designed to be tax exempt under Section 501(a) of the Code and hold the assets of the Healthcare Savings Plans.

(iv) Nothing contained in this Agreement shall alter in any way the right of Healthcare, subsequent to the Distribution Date, to amend or terminate the Healthcare Savings Plans in accordance with its terms and applicable Law.

(v) Notwithstanding any other provision set forth in this Agreement, (A) Healthcare and the Healthcare Saving Plans shall indemnify and hold harmless Tyco, the Tyco Retained Savings Plans, Electronics and the Electronics Savings Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Healthcare Saving Plans relating to the provision of benefits pursuant to the Healthcare Saving Plans and (B) Tyco, the Tyco Retained Savings Plans, Electronics and the Electronics Savings Plans shall indemnify and hold harmless Healthcare and the Healthcare Savings Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Tyco Retained Savings Plans and Electronics Savings Plans relating to the

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provision of benefits pursuant to the Tyco Retained Savings Plans and Electronics Savings Plans.

(b) Electronics Retirement Savings Plans.

(i) As of the Distribution Date, Electronics shall Assume sponsorship of and all Assets and Liabilities under the Tyco International (US) Inc. Retirement Savings and Investment Plan I, any defined contribution retirement plans listed in Schedule 6.6(b), and any other savings plans in the United States or any other country covering Electronics Employees, other than those listed in Schedule 6.6(a) and specifically identified as Healthcare Savings Plans or listed in Schedule 6.6(c) and specifically identified as Tyco Retained Savings Plans (the “Electronics Savings Plans”).

(ii) On or shortly prior to the Electronics Distribution Date, Tyco shall cause the value of Assets of the Tyco International (US) Inc. Retirement Savings Master Trust attributable to accounts of U.S. Electronics Employees to be transferred to a trust or trusts created for the Electronics Savings Plans in the United States in a “transfer of assets or liabilities” in accordance with Section 414(l) of the Code and Section 208 of ERISA and the respective rules and regulations promulgated thereunder. The Assets to be transferred will be in the form of cash or other property, as Tyco and Electronics shall mutually agree prior to such transfer.

(iii) Effective as of the Distribution Date, Electronics shall take all such actions necessary to become the plan sponsor of the Electronics Savings Plans, establish an investment committee and an administrative committee as named fiduciaries of the Electronics Savings Plans and appoint members of the investment committee and the administrative committee, as appropriate, and establish a new trust or trusts for the Electronics Savings Plans in the United States designed to be tax exempt under Section 501(a) of the Code and hold the assets of the Electronics Savings Plans.

(iv) Nothing contained in this Agreement shall alter in any way the right of Electronics, subsequent to the Distribution Date, to amend or terminate the Electronics Savings Plans in accordance with its terms and applicable Law.

(v) Notwithstanding any other provision set forth in this Agreement, (A) Electronics and the Electronics Saving Plans shall indemnify and hold harmless Tyco, the Tyco Retained Savings Plans, Healthcare and the Healthcare Savings Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities in respect of the participants in the Electronics Saving Plans relating to the provision of benefits pursuant to the Electronics Saving Plans and (B) Tyco, the Tyco Retained Savings Plans, Healthcare and the Healthcare Savings Plans shall indemnify and hold harmless Electronics and the Electronics Saving Plans (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and

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fiduciaries) with respect to any and all Liabilities in respect of the participants in the Tyco Retained Savings Plans and Healthcare Savings Plans relating to the provision of benefits pursuant to the Tyco Retained Savings Plans and Healthcare Savings Plans.

(c) Tyco Retirement Savings Plans. Following the Distribution Date, Tyco shall retain sole responsibility for all benefit obligations and Liabilities under the Tyco International (US) Inc. Retirement Savings and Investment Plan III, the Tyco International (US) Inc. Retirement Savings and Investment Plan IV, the Tyco International (US) Inc. Retirement Savings and Investment Plan V, the Tyco International (US) Inc. Retirement Savings and Investment Plan VI, any defined contribution retirement plans listed in Schedule 6.6(c), and any other savings plans in the United States or any other country covering Tyco Employees, other than those listed in Schedule 6.6(a) and specifically identified as Healthcare Savings Plans or listed in Schedule 6.6(b) and specifically identified as Electronics Saving Plans (the “Tyco Retained Savings Plans”). Eligible Tyco Participants shall continue accruing benefits under the Tyco Retained Savings Plan in accordance with the terms and conditions of the Tyco Retained Savings Plan. Nothing contained in this Agreement shall alter in any way the right of Tyco, subsequent to the Distribution Date, to amend or terminate the Tyco Retained Savings Plan in accordance with its terms and applicable Law.

Section 6.7 Retiree Medical Benefits. Following the Distribution Date: (a) Tyco shall be solely responsible for the satisfaction of all retiree medical and retiree insurance obligations with respect to the plans identified in Schedule 6.7(a) (the “Tyco Retiree Medical Plans”); (b) Healthcare shall be solely responsible for the satisfaction of all retiree medical and retiree insurance obligations with respect to plans identified in Schedule 6.7(b) (the “Healthcare Retiree Medical Plans”); and (c) Electronics shall be solely responsible for the satisfaction of all retiree medical and retiree insurance obligations with respect to the plans identified in Schedule 6.7(c) (the “Electronics Retiree Medical Plans”). The Parties agree that each Party and the retiree medical plans described above for which it is responsible (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) shall indemnify and hold harmless each other Party and the retiree medical plans for which they are responsible (and each of their respective Affiliates, Subsidiaries, officers, employees, agents and fiduciaries) with respect to any and all Liabilities with respect to retiree medical and retiree insurance obligations under the retiree medical plans for which they are responsible.

Section 6.8 Health, Welfare and Fringe Benefit Plans.

(a) Health Plans.

(i) Not later than the Distribution Date, Healthcare shall establish the Healthcare Health Plans and Electronics shall establish the Electronics Health Plans, each effective no later than the Distribution Date and, correspondingly, Healthcare Employees and Electronics Employees shall cease participating in the Tyco Health Plans

on the dates the new plans are established. The newly established Healthcare Health Plans and Electronics Health Plans shall be substantially similar to the Tyco Health Plans. After the Distribution Date: (A)

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Healthcare shall be solely responsible for the administration of the Healthcare Health Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Healthcare Health Plans, and for the collection and remittance of participant contributions and premiums and shall establish and appoint members to a benefits review committee to review Healthcare Health Plan claims, (B) Electronics shall be solely responsible for the administration of the Electronics Health Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Electronics Health Plans, and for the collection and remittance of participant contributions and premiums and shall establish and appoint members to a benefits review committee to review Electronics Health Plan claims, and (C) Tyco shall retain sole responsibility for all benefit obligations under the Tyco Health Plans and sole responsibility for the payment of all employer-related costs in maintaining the Tyco Health Plans, and for the collection and remittance of participant contributions and premiums.

(ii) Any determination made or settlements entered into by Tyco prior to the Distribution Date with respect to claims incurred under the Tyco Health Plans by Healthcare Employees, Former Healthcare Employee, Electronics Employees and Former Electronic Employees shall be final and binding. Healthcare and Electronics shall retain financial and administrative (“run-out”) Liability and all related obligations and responsibilities for all claims incurred by their respective employees and former employees while Healthcare Employees and Electronics Employees are participants in the Tyco Health Plans, including any claims that were administered by Tyco as of, on, or after such date. Any such run-out Liability and all related claims, charges, and expenses shall be settled in a manner consistent with past practices and policies, including an interim accounting and a final accounting between Tyco, Healthcare and Electronics. As of the Distribution Date, the reserve included in Tyco’s financial statements for “Incurred But Not Reported” medical and dental expenses (A) attributable to Healthcare Employees and Former Healthcare Employees shall be transferred to Healthcare, and (B) attributable to Electronics Employees and Former Electronics Employees shall be transferred to Electronics.

(iii) As of the date that the Healthcare Health Plans are established, any COBRA Liabilities attributable to any Healthcare Employee or Former Healthcare Employee (or a qualified beneficiary of such individuals) that were originally obligations under the Tyco Health Plans shall become a Healthcare Liability. Effective as of the date Healthcare Employees cease participating in the Tyco Health Plans, Healthcare shall be solely responsible for compliance with the health care continuation coverage requirements of COBRA and the Healthcare Health Plans for Healthcare Employees, Former Healthcare Employees and their qualified beneficiaries (as such term is defined under COBRA) regardless as to whether such obligation arose under the Tyco Health Plans or the Healthcare Health Plans.

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(iv) As of the date that the Electronics Health Plans are established, any COBRA Liabilities attributable to any Electronics Employee or Former Electronics Employees (or a qualified beneficiary of such individuals) that

were originally obligations under the Tyco Health Plans shall become an Electronics Liability. Effective as of the date Electronics Employees cease participating in the Tyco Health Plans, Electronics shall be solely responsible for compliance with the health care continuation coverage requirements of COBRA and the Electronics Health Plans for Electronics Employees, Former Electronics Employees and their qualified beneficiaries (as such term is defined under COBRA) regardless as to whether such obligation arose under the Tyco Health Plans or the Electronics Health Plans.

(v) The Healthcare Health Plan and the Electronics Health Plan shall each provide that each eligible Healthcare Employee, Former Healthcare Employee, Electronics Employee or Former Electronics Employee, as applicable, will receive credit in 2007 for any co-payments and deductibles paid under a Tyco Health Plan prior to the Distribution Date in satisfying any applicable deductible or out-of-pocket requirements under the Healthcare Health Plan or the Electronics Health Plan, as applicable. The Healthcare Health Plan and the Electronics Health Plan shall each also provide that they shall cover any pre-existing conditions that are recognized under the Tyco Health Plan. Additionally, the Healthcare Health Plan and the Electronics Health Plan shall each also provide any other similar benefit in order to provide coverage that is generally unchanged from the Tyco Health Plan.

(b) Section 125 Plans.

(i) Effective on the date that Healthcare establishes the Healthcare Health Plans, Healthcare shall also establish, or cause to be established, a Healthcare Section 125 Plan and on and after that date Healthcare shall be solely responsible for the Healthcare Section 125 Plan. Healthcare Employees shall continue to participate in the Tyco Section 125 Plan until the date Healthcare establishes the Healthcare Section 125 Plan. The existing elections for Healthcare Employees participating in the Tyco Section 125 Plan and for newly-eligible employees of Healthcare who elect to participate in the Tyco Section 125 Plan shall remain in effect in the Healthcare Section 125 Plan through the end of the applicable Section 125 plan year (including any grace period) in which Healthcare Employees cease to participate in the Tyco Section 125 Plan.

(ii) Effective on the date that Electronics establishes the Electronics Health Plans, Electronics shall also establish, or cause to be established, an Electronics Section 125 Plan and on and after that date Electronics shall be solely responsible for the Electronics Section 125 Plan. Electronics Employees shall continue to participate in the Tyco Section 125 Plan until the date Electronics establishes the Electronics Section 125 Plan. The existing elections for Electronics Employees participating in the Tyco Section 125 Plan and for newly-eligible employees of Electronics who elect to participate in the Tyco Section 125

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Plan shall remain in effect in the Electronics Section 125 Plan through the end of the applicable Section 125 plan year (including any grace period) in which Electronics Employees cease to participate in the Tyco Section 125 Plan.

(c) Severance Plans. Not later than the Distribution Date, Healthcare shall establish the Healthcare Severance Plans and Electronics shall establish the Electronics Severance Plans, each effective as of the Distribution Date and, correspondingly, Healthcare Employees and Electronics Employees shall cease participating in the Tyco Severance Plans on the Distribution Date. After the Distribution Date: (i) Healthcare shall be solely responsible for the administration of the Healthcare Severance Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Healthcare Severance Plans, (ii) Electronics shall be solely responsible for the administration of the Electronics

Severance Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Electronics Severance Plans, and (iii) Tyco shall retain sole responsibility for all benefit obligations under the Tyco Severance Plans and shall be solely responsible for the payment of all employer-related costs in maintaining the Tyco Severance Plans.

(d) Disability Plans. Not later than the Distribution Date, Healthcare shall establish the Healthcare Disability Plans and Electronics shall establish the Electronics Disability Plans, each effective no later than the Distribution Date and, correspondingly, Healthcare Employees and Electronics Employees shall cease participating in the Tyco Disability Plans on the dates the new plans are established and shall begin participating in the Healthcare Disability Plans or Electronics Disability Plans, as applicable. After the Distribution Date: (i) Healthcare shall be solely responsible for the administration of the Healthcare Disability Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Healthcare Disability Plans, (ii) Electronics shall be solely responsible for the administration of the Electronics Disability Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Electronics Disability Plans, and (iii) Tyco shall retain sole responsibility for all benefit obligations under the Tyco Disability Plans and shall be solely responsible for the payment of all employer-related costs in maintaining the Tyco Disability Plans.

(e) Group Insurance Plans. Not later than the Distribution Date, Healthcare shall establish the Healthcare Group Insurance Plans and Electronics shall establish the Electronics Group Insurance Plans effective as of the Distribution Date and, correspondingly, Healthcare Employees and Electronics Employees shall cease participating in the Tyco Group Insurance Plans on the dates the new plans are established and shall begin participating in the Healthcare Group Insurance Plans or the Electronics Group Insurance Plans, as applicable. After the Distribution Date: (i) Healthcare shall be solely responsible for the administration of the Healthcare Group Insurance Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Healthcare Group Insurance Plans, (ii) Electronics shall be solely responsible for the administration of the Electronics Group Insurance Plans and solely responsible for the payment of all employer-related costs in establishing and maintaining the Electronics Group Insurance Plans, and (iii) Tyco shall retain sole

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responsibility for all benefit obligations under the Tyco Group Insurance Plans and shall be solely responsible for the payment of all employer-related costs in maintaining the Tyco Group Insurance Plans.

(f) Fringe Benefits. Effective as of the Distribution Date, each of the Parties shall be responsible for establishing (as necessary) and maintaining its own fringe benefit plans, including any employee assistance program, educational assistance program, adoption assistance program and any other fringe benefit plans, programs and arrangements. Healthcare shall Assume financial and administrative Liability and all related obligations and responsibilities with respect to claims for such fringe benefits incurred by Healthcare Employees and Former Healthcare Employees prior to the Distribution Date; Electronics shall Assume financial and administrative Liability and all related obligations and responsibilities with respect to claims for such fringe benefits incurred by Electronics and Former Electronics Employees prior to the Distribution Date; and Tyco shall retain financial and administrative Liability and all related obligations and responsibilities with respect to claims for such fringe benefits incurred by Tyco Employees and Former Tyco Employees prior to the Distribution Date.

(g) Paid Time Off and Payroll. Effective as of the Distribution Date, each Party shall establish or retain their own paid time off policy and (i) any earned but unused paid time off (including vacation pay) that a Healthcare Employee is entitled to as of the Distribution Date will be rolled forward (as necessary) into the Healthcare paid time off policy and provided in accordance with that policy; (ii) any earned but unused paid time off (including vacation pay) that an Electronics

Employee is entitled to as of the Distribution Date will be rolled forward (as necessary) into the Electronics paid time off policy and provided in accordance with that policy; and (iii) any earned but unused paid time off (including vacation pay) that a Tyco Employee is entitled to as of the Distribution Date will be continued by the Tyco paid time off policy and provided in accordance with that policy. On and after the Distribution Date, each Party shall have no liability for paid time off on behalf of another Party's employees.

(h) Annual Bonus Plans. With respect to any annual bonus or incentive plan not otherwise described in this Agreement, each Party (or their applicable Affiliate or Subsidiary) shall be responsible for all Liabilities and fully perform, pay and discharge all annual bonus obligations relating to any annual incentive plan for their respective employees and former employees for 2007 and thereafter. In no event shall any employee receive a duplication of such benefits hereunder.

Section 6.9 Cooperation and Administrative Provisions.

(a) Notwithstanding anything herein to the contrary, the Parties shall reasonably cooperate and work together to unify and consolidate all relevant data, payroll and employment information on regular timetables, make certain that each applicable entity's data and records are correct and updated on a timely basis, and cooperate as needed with respect to (i) any litigation with respect to an employee benefit plan or arrangement contemplated by this Agreement, (ii) an audit of an employee benefit plan or arrangement contemplated by this Agreement by the Internal Revenue Service,

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Department of Labor or any other Government Entity, and (iii) seeking a determination letter, private letter ruling or advisory opinion from the Internal Revenue Service or Department of Labor on behalf of any employee benefit plan or arrangement contemplated by this Agreement; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations.

(b) Notwithstanding anything herein to the contrary, the Parties agree that they shall utilize the same equity plan administrators for a period of 10 years following the Distribution Date. Such equity plan administrators may be replaced on behalf of all of the Parties at any time during this period if a decision to replace any such equity plan administrator is made in writing by two of the Parties, provided such decision is made in good faith to provide ease of administration of the Tyco, Healthcare and Electronics equity plans described in Sections 6.1, 6.2 or 6.3, or any successor plan.

(c) With respect to any employees on international assignment who are listed on Schedule 6.9(c) and who become either Healthcare Employees or Electronics Employees, (i) if such employees are repatriated to their home countries and prior to the Healthcare Distribution Date or the Electronics Distribution Date, as applicable, Tyco shall pay the costs of repatriation; and (ii) if such employees remain on international assignment through the Healthcare Distribution Date or the Electronics Distribution Date, as applicable, (A) Tyco shall pay the cost of assignment up to the Healthcare Distribution Date or the Electronics Distribution Date, as applicable (except that the tax obligation for the year of separation shall be prorated between Tyco and Healthcare or Electronics, as applicable, as set forth in Schedule 6.9(c)), and (B) any costs related to repatriation at some future date shall be the responsibility of Healthcare or Electronics, as applicable.

(d) With respect to any employees listed on Schedule 6.1(d) subject to a retention agreement (and/or eligible for a lump sum salary adjustment payment), if such employee transfers to Healthcare or Electronics prior to the Healthcare Distribution Date or the Electronics Distribution Date, as applicable, and remains in employment with Healthcare or Electronics, as applicable, through any subsequent vesting date set forth in such retention agreements (or offer letter for a lump

sum salary adjustment payment), Healthcare and Electronics, as applicable, shall recognize such retention agreement (or offer letter) and be responsible for all costs (including without limitation any employment taxes) associated with such retention payments (and/or lump sum salary adjustment payment). The Parties hereby agree that financial statements for 2007 shall reflect that payments with respect to this paragraph (d) have been made between the Parties prior to the Distribution Date.

(e) The Parties shall share, or cause to be shared, all information on participants in the Healthcare Plans, Electronics Plans and Tyco Retained Plans that is necessary and appropriate for the efficient and accurate administration of the Healthcare Plans, Electronics Plans and Tyco Retained Plans, including (but not limited to) information reasonably necessary to respond to claims for benefits made by participants and information on expenses incurred by Healthcare Plans and Electronics Plans prior to the Distribution Date so that Healthcare and Electronics may invoice and pay administrative expenses from their respective Plan trusts as described in paragraph (g)

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below. The Parties and their respective authorized agents shall, subject to applicable laws of confidentiality and data protection, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Article VI to the extent necessary or appropriate for such administration. Each of the Parties agree, upon reasonable request, to provide financial, operational and other information on each Healthcare Plan, Electronics Plan and Tyco Retained Plan, including (but not limited to) information on a plan's assets and liabilities, at a level of detail reasonably necessary and appropriate for the efficient and accurate administration of each of the Healthcare Plans, Electronics Plans and Tyco Retained Plans. Notwithstanding the foregoing, if any such information described in this Section 6.9(e) cannot be reasonably obtained without additional cost, the Parties shall agree to reimburse each of the other Parties for all additional third-party costs and such other reasonable costs of obtaining the information. To the extent that the Healthcare Health Plans, the Electronics Health Plans and the Tyco Health Plans share protected health information ("PHI"), the Healthcare Health Plans, Electronics Health Plans and Tyco Health Plans hereby agree to enter into appropriate business associate agreements to cover the sharing of PHI, as required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

(f) Each of Healthcare and Electronics agrees to hold Tyco harmless with respect to any Liabilities related to actions taken to establish the Healthcare Plans and the Electronics Plans (and related third party administrative agreements) prior the Distribution Date.

(g) To the extent not covered elsewhere in this Agreement, with respect to expenses and costs incurred on behalf of a Healthcare Plan, Electronics Plan or Tyco Retained Plan: (i) Healthcare shall be responsible, through either direct payment or reimbursement to Tyco or Electronics, as applicable, for its allocable share of actual third party and/or vendor costs and expenses incurred by any member of the Healthcare Group or the Healthcare Plans, (ii) Electronics shall be responsible, through either direct payment or reimbursement to Tyco or Healthcare, as applicable, for its allocable share of actual third party and/or vendor costs and expenses incurred by any member of the Electronics Group or the Electronics Plans, and (iii) Tyco shall be responsible, through either direct payment or reimbursement to Healthcare or Electronics, as applicable, for its allocable share of actual third party and/or vendor costs and expenses incurred by any member of the Tyco Group or the Tyco Retained Plans. An allocable share of any such costs and expenses will be determined in a manner consistent with the manner in which the allocable share of such costs and expenses was determined prior to the Distribution Date. The Parties agree to pay for any third-party costs associated partially or entirely with their respective employee benefit plans associated with this Distribution following the Distribution Date.

(h) To the extent not covered elsewhere in this Agreement, with respect to all employee benefit plans, policies, programs, payroll practices, and arrangements maintained outside of the United States, the Parties agree that they shall reasonably cooperate and work together to facilitate any transfer of employee benefit plans, policies, programs, payroll practices, and arrangements as necessary.

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Section 6.10 Approval of Plans; Terms of Participation by Employees in Plans.

(a) Approval of Plans. On or prior to the applicable Distribution Date, the Parties shall take all actions as may be necessary to approve the stock-based employee benefit plans of Healthcare or Electronics, as applicable, in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of the NYSE.

(b) Non-Duplication of Benefits. The Healthcare Plans, Electronics Plans and Tyco Retained Plans shall not provide benefits that duplicate benefits provided to a participant by a corresponding Healthcare Plan, Electronics Plan, or Tyco Retained Plans. The Parties shall agree on methods and procedures, including amending the respective plan documents, to prevent Healthcare Employees, Former Healthcare Employees, Electronics Employees, Former Electronics Employees, Tyco Employees and Former Tyco Employees from receiving duplicate benefits from the Healthcare Plans, Electronics Plans, and Tyco Retained Plans; provided, that nothing shall prevent Healthcare from unilaterally amending the Healthcare Plans to avoid such duplication, nothing shall prevent Electronics from unilaterally amending the Electronics Plans to avoid such duplication, and nothing shall prevent Tyco from unilaterally amending the Tyco Retained Plans to avoid such duplication.

(c) Service Credits under Plans. Except as may be specified in Schedule 6.10(c), service with any member of the Tyco controlled group prior to the Distribution Date shall be credited under the Healthcare Plans, Electronics Plans and Tyco Retained Plans to the extent and for the express purposes set forth (including, as applicable and without limitation: eligibility, vesting, company match levels, subsidies, recognition of pre-existing credit and credit for amounts of co-pays, out-of-pocket maximums and deductibles, but not for benefit accrual purposes under pension plans) under the applicable Healthcare Plan, Electronics Plan or Tyco Retained Plan, except to the extent duplication of benefits would result; provided, however, that in the event an employee or former employee of one of the Parties (or its Subsidiaries or Affiliates) becomes employed by one of the other Parties (or its Subsidiaries or Affiliates) after December 31, 2007, such employee or former employee's service with any member of the Tyco controlled group prior to the Distribution Date need not be credited by the new employer except to the extent required by Law. Notwithstanding the foregoing, in the event of any conflict between this paragraph (c) and the terms of any Healthcare Plan, Electronics Plan or Tyco Retained Plan, the express terms of such plan shall govern.

(d) Plan Elections. Except as may be specifically provided otherwise under this Agreement or applicable Law, all participant elections (including, without limitation, deferral elections, payment elections, beneficiary designations, qualified domestic relations orders, qualified medical child support orders and loan agreements) with respect to the participation of a Healthcare Employee, Former Healthcare Employee, Electronics Employee, Former Electronics Employee, Tyco Employee or Former Tyco Employee in a Tyco employee benefit arrangement shall be transferred to and be in full force and effect under the corresponding and applicable Healthcare Plan or Electronics Plan in accordance with the terms of each such applicable plan and to the extent permissible

under such plan, until such elections are replaced or revoked by the employee who made such election.

Section 6.11 Tax Consequences. For Tax purposes, the Parties agree that the treatment of all of the equity compensation and deferred compensation arrangements set forth in this Section 6 shall be treated in accordance with Section 6 of the Tax Sharing Agreement.

ARTICLE VII

TYCO CONTINGENT ASSETS AND ASSUMED TYCO CONTINGENT LIABILITIES

Section 7.1 Tyco Contingent Assets and Assumed Tyco Contingent Liabilities.

(a) Tyco Contingent Assets. To the extent that a Party or any member of its Group receives from a third party any proceeds of any kind arising out of a Tyco Contingent Asset, to the extent necessary, such Party shall, or shall cause the applicable member of its Group to, promptly (but in no event later than thirty (30) days following receipt thereof, unless there is a good faith open question as to whether such proceeds are in fact Tyco Contingent Assets and the matter has been submitted for resolution pursuant to the terms of this Agreement, in which case, promptly following the final determination thereof) transfer such amounts to the other Parties pursuant to and in accordance with their respective Applicable Percentage. Transfers under this Section 7.1(a) are subject to the relevant Parties' agreement (I) as to the most cost efficient means of effecting such transfer and (II) to share any incremental costs arising as a result of such transfer; provided, that if the relevant Parties cannot agree on a means of effecting the transfer within thirty (30) days from the date that all relevant Parties have notice of the discovery of such proceeds, then the proceeds shall be immediately transferred.

(b) Assumed Tyco Contingent Liabilities. Except as otherwise expressly set forth in this Article VII and without limiting the indemnification provisions of Article VIII, each of Tyco, Healthcare and Electronics shall each be responsible for its portion of Specified Shared Expenses (allocated in accordance with Section 5.5) (in addition to, without duplication, each such Party' s share of any indemnifiable Losses in respect of any such Assumed Tyco Contingent Liabilities pursuant to and in accordance with the relevant provisions of Article VIII) related to or arising out of any Assumed Tyco Contingent Liability; provided, that so long as any such Party is still an Affiliate of Tyco, Tyco shall be responsible for such Party' s Applicable Percentage of any such Assumed Tyco Contingent Liability. Any amounts owed in respect of any Assumed Tyco Contingent Liabilities (including reimbursement for the out-of-pocket costs and expenses of defending, managing or providing assistance to the Managing Party pursuant to Section 7.3(b) with respect to any Third Party Claim that is an Assumed Tyco Contingent Liability, which shall include any amounts with respect to a bond, prepayment or similar security or obligation required (or determined to be advisable by the Managing Party) to be posted by the Managing Party in respect of any claim) shall be remitted promptly after the Party entitled to such amount provides an invoice (including reasonable supporting information with respect thereto) to the Party or Parties owing such amount and such costs and expenses shall be included in the calculation of the amount of the applicable

Assumed Tyco Contingent Liability in determining the reimbursement obligations of the other Parties with respect thereto provided however, in the event that an amount in excess of One Hundred Million Dollars (\$100,000,000), is owed with by the Parties to any third party or parties in lieu of remitting amounts directly to the Party providing the invoice the owing Party may remit the owed amount directly to the appropriate third party or parties or to a trust established by the invoicing Party for the benefit of the Parties each Party shall contribute its Applicable Percentage of such amount to a trust account for the benefit of the Parties. In furtherance of the foregoing, the Managing Party (and the Party providing assistance to the Managing Party pursuant to Section 7.3(b)) shall be entitled to reimbursement by the other Parties (in an amount of one-third each) of any out-of-pocket costs and expenses (which shall include the costs of salaries and benefits of employees who are solely dedicated to the management or defense of such Assumed Tyco Contingent Liability or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service as managing the Assumed Tyco Contingent Liability) related to or arising out of defending or managing any such Assumed Tyco Contingent Liability from Healthcare and Electronics, as applicable, from time to time when invoiced, in advance of a final determination or resolution of any Action related to an Assumed Tyco Contingent Liability. For U.S. federal income Tax purposes, the Parties shall treat the payment of Assumed Tyco Contingent Liabilities (and costs and expenses relating to Assumed Tyco Contingent Liabilities, as the case may be) as set forth in the Tax Sharing Agreement. It shall not be a defense to any obligation by any Party to pay any amounts, whether pursuant to this Article VII or in respect of Indemnifiable Losses pursuant to Article VIII, in respect of any Assumed Tyco Contingent Liability that (i) such Party was not consulted in the defense or management thereof, (ii) that such Party's views or opinions as to the conduct of such defense were not accepted or adopted, (iii) that such Party does not approve of the quality or manner of the defense thereof or (iv) that such Assumed Tyco Contingent Liability was incurred by reason of a settlement rather than by a judgment or other determination of Liability (even if, subject in each case to Sections 7.4 and 8.6(f), such settlement was effected without the consent or over the objection of such Party).

Section 7.2 Management of Tyco Contingent Assets and Assumed Tyco Contingent Liabilities.

(a) For purposes of this Article VII, "Managing Party" shall initially mean Tyco; provided, however, that under certain circumstances another Party may become the Managing Party as set forth in the Joint Defense Agreement between the Parties dated the date hereof.

(b) Except as provided in the Joint Defense Agreement, the Managing Party shall, on behalf of the other Parties, have sole and exclusive authority to commence, prosecute, manage, control, conduct or defend (or assume the defense of) or otherwise determine all matters whatsoever (including, as applicable, litigation strategy and choice of legal counsel or other professionals) with respect to any Tyco Contingent Asset and, on behalf of the other Parties, any Action or Third Party Claim with respect to an Assumed Tyco Contingent Liability (including with respect to those Tyco Contingent

Assets and Assumed Tyco Contingent Liabilities set forth on Schedules 1.1(15)(i) and 1.1(191)). The Managing Party shall use its best efforts to promptly notify the other Parties in the event that it commences an Action with respect to a Tyco Contingent Asset; provided, that the failure to provide such notice shall not give rise to any rights on the part of the other Parties against the Managing Party or affect any other provision of this Section 7.2. So long as the Managing Party has assumed and is actively and diligently conducting the defense of any Assumed Tyco Contingent Liability in accordance with Section 7.2(b) above, the other Parties will not consent to the entry of any judgment or enter into any settlement with respect to

the Assumed Tyco Contingent Liability without the prior written consent of the Managing Party (not to be delayed or withheld unreasonably).

(c) Each Party acknowledges that the Managing Party may elect not to pursue any Tyco Contingent Asset for any reason whatsoever (including a different assessment of the merits of any Action, claim or right than the other Parties or any business reasons that may be in the best interests of the Managing Party or a member of such Managing Party Group, without regard to the best interests of any member of the other Groups) and that no member of the Managing Party Group shall have any Liability to any Person (including any member of the other Parties' Groups) as a result of any such determination.

(d) The Managing Party shall on a monthly basis, or if a material development occurs as soon as reasonably practicable thereafter, fully inform the other Parties of the status of and developments relating to any matter involving a Tyco Contingent Asset or Assumed Tyco Contingent Liability and provide copies of any material document, notices or other materials related to such matters. Each Party shall cooperate fully with the Managing Party in its management of any of such Tyco Contingent Asset or Assumed Tyco Contingent Liability and shall take such actions in connection therewith that the Managing Party reasonably requests (including providing access to such Party' s Records and employees as set forth in Section 7.3).

(e) None of Tyco, Healthcare or Electronics shall take, or permit any member of its respective Group to take, any action (including commencing any Action) or omit to take any action that may interfere with or that may adversely affect the rights and powers of the Managing Party pursuant to this Article VII.

(f) In the event of any dispute as to whether any Asset or Liability is a Tyco Contingent Asset and/or an Assumed Tyco Contingent Liability as set forth in Section 7.4(b), the Managing Party may, but shall not be obligated to, commence prosecution or other assertion of such claim or right pending resolution of such dispute. In the event that the Managing Party commences any such prosecution or assertion and, upon resolution of the dispute (pursuant to Article X or otherwise), it is determined that such Asset or Liability is not a Tyco Contingent Asset or an Assumed Tyco Contingent Liability and that such Asset or Liability belongs to another Party, pursuant to the provisions of this Agreement or any Ancillary Agreement, the Managing Party shall have the right to cease the prosecution or assertion of such right or claim and the applicable Parties shall cooperate to transfer the control thereof to the applicable other Party. In such event, the

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applicable other Party, shall promptly reimburse the Managing Party for all out-of-pocket costs and expenses incurred to such date in connection with the prosecution or assertion of such claim or right.

Section 7.3 Access to Information; Certain Services; Expenses.

(a) Access to Information and Employees by the Managing Party. Unless otherwise prohibited by Law, in connection with the management and disposition of any Tyco Contingent Asset and/or any Assumed Tyco Contingent Liability, each of the Parties shall make readily available to and afford to the Managing Party and its authorized accountants, counsel and other designated representatives reasonable access, subject to appropriate restrictions for classified, privileged or confidential information, to the employees, properties, and Information of such Party and the members of such Party' s Group insofar as such access relates to the relevant Tyco Contingent Asset or Assumed Tyco Contingent Liability; it being understood by the Parties that such access as well as any services provided pursuant to Section 7.3(b) below may require a significant time commitment on the part of such Party' s employees and that any such commitment shall not otherwise limit any of the rights or

obligations set forth in this Article VII; it also being understood that such access and such services provided shall not unreasonably interfere with any of such Party' s employees' normal functions. Nothing in this Section 7.3(a) shall require any Party to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided, however, that in the event that a Party is required to disclose any such information, such Party shall use commercially reasonable efforts to seek to obtain such third party' s Consent to the disclosure of such information.

(b) Certain Services. Each of Tyco, Healthcare and Electronics shall make available to the others, upon reasonable written request, its and its Subsidiaries' officers, directors, employees and agents to assist in the management (including, if applicable, as witnesses in any Action) of any Assumed Tyco Contingent Liabilities and Tyco Contingent Assets to the extent that such Persons may reasonably be required in connection with the prosecution, defense or day-to-day management of any Tyco Contingent Asset or Assumed Tyco Contingent Liability. In respect of the foregoing, Schedules 1.1(15)(i) and 1.1(191) set forth certain identified Assumed Tyco Contingent Liabilities and Tyco Contingent Assets, respectively, and identify (but does not limit) those employees and agents who shall assist the Managing Party in its management of the Assumed Tyco Contingent Liabilities and Tyco Contingent Assets.

(c) Costs and Expenses Relating to Access by the Managing Party. Except as otherwise provided in any Ancillary Agreement, the provision of access and other services pursuant to this Section 7.3 shall be at no additional cost or expense of the Managing Party or any other Party (other than for (i) actual out-of-pocket costs and expenses which are pre-paid or allocated as set forth in Section 7.1 and (ii) costs incurred directly or indirectly by such Party affording such access and other services which shall be the responsibility of such Party), unless such costs and expenses are incurred by Tyco in connection with the provision of services and access due to its status as the remaining and legacy Business Entity (and not in its capacity as the parent company of the Tyco

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Retained Business), in which case such costs and expenses shall be treated as Assumed Contingent Liabilities (and shall be borne by the other Parties accordingly).

Section 7.4 Notice Relating to Tyco Contingent Assets and Assumed Tyco Contingent Liabilities; Disputes.

(a) In the event that any Party or any Member of such Party' s Group or any of their respective Affiliates, becomes aware of (i) any Asset or Liability that may be a Tyco Contingent Asset or Assumed Tyco Contingent Liability, (ii) any matter or occurrence that has given or could give rise to an Assumed Tyco Contingent Liability or Tyco Contingent Asset or (iii) any matter reasonably relevant to the Managing Party' s ongoing or future management, prosecution, defense and/or administration of any Assumed Tyco Contingent Liability or Tyco Contingent Asset, such Party shall promptly (but in any event within thirty (30) days of becoming aware, unless, by its nature the subject matter of such notice would require earlier notice) notify each of the relevant Managing Party and the other Party of any such matter (setting forth in reasonable detail the subject matter thereof); provided, however, that the failure to provide such notice shall not release any Party from any of its obligations under this Article VII except and solely to the extent that any such Party shall have been actually prejudiced as a result of such failure.

(b) In the event that any Party disagrees whether a claim, obligation, Asset and/or Liability is a Tyco Contingent Asset or an Assumed Tyco Contingent Liability or whether such claim, obligation, Asset or Liability is an Asset or Liability

allocated to one of the Parties pursuant to this Agreement or any Ancillary Agreement, then such matter shall be resolved pursuant to and in accordance with the dispute resolution provisions set forth in Article X. In the event that such dispute results in arbitration, the costs and expenses of such arbitration shall be borne by the losing Party as set forth in Section 10.8.

Section 7.5 Cooperation with Governmental Entity. If, in connection with any Tyco Contingent Asset or Assumed Tyco Contingent Liability, a Party is required by Law to respond to and/or cooperate with a Governmental Entity, such Party shall be entitled to cooperate and respond to such Governmental Entity after, to the extent practicable under the specific circumstances, consultation with the Managing Party of such Tyco Contingent Asset or Assumed Tyco Contingent Liability; provided, that to the extent such consultation was not practicable such Party shall promptly inform the Managing Party of such cooperation and/or response to the Governmental Entity and the subject matter thereof. In the event that any Party is requested or required by any Governmental Entity in connection with any Tyco Contingent Asset or Assumed Tyco Contingent Liability pursuant to written or oral question or request for information or documents in any legal or administrative proceeding, review, interrogatory, subpoena, investigation, demand, or similar process, such Party will notify the Managing Party promptly of the request or requirement and such Party's response thereto.

Section 7.6 Default. In the event that one or more of the Parties defaults in any full or partial payment in respect of any Assumed Tyco Contingent Liability (as provided in this Article VII and in Article VIII), including the payment of the costs and expenses of the Managing Party, then each non-defaulting Party (including Tyco) shall be required to pay an equal portion of the

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amount in default; provided, however, that any such payment by a non-defaulting Party shall in no way release the defaulting Party from its obligations to pay its obligations in respect of such Assumed Tyco Contingent Liability (both for past and future obligations) and any non-defaulting Party may exercise any available legal remedies available against such defaulting Party; provided, further, that interest shall accrue on any such defaulted amounts at a rate per annum equal to the then applicable Prime Rate plus four percent (4%) (or the maximum legal rate, whichever is lower). In connection with the foregoing, it is expressly understood that any defaulting Party's share of the proceeds from any Tyco Contingent Asset may be used via a right of offset to satisfy, in whole or in part, the obligations of such defaulting Party; such rights of offset shall be applied in favor of the non-defaulting Party or Parties in proportion to the additional amounts paid by any such non-defaulting Party.

ARTICLE VIII

INDEMNIFICATION

Section 8.1 Release of Pre-Distribution Claims.

(a) Except (i) as provided in Section 8.1(b), (ii) as may be otherwise expressly provided in this Agreement or any Ancillary Agreement and (iii) for any matter for which any Party is entitled to indemnification or contribution pursuant to this Article VIII, each Party, for itself and each member of its respective Group, their respective Affiliates and all Persons who at any time prior to the Relevant Time were directors, officers, agents or employees of any member of their Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, do hereby remise, release and forever discharge the other Parties and the other members of such other Parties' Group, their respective Affiliates and all Persons who at any time prior to the Relevant Time were shareholders, directors, officers, agents or employees of any member of such other Parties (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at

Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Relevant Time, including in connection with the Plan of Separation and all other activities to implement the Distributions and any of the other transactions contemplated hereunder and under the Ancillary Agreements.

(b) Nothing contained in Section 8.1(a) and Section 2.4(a) shall impair or otherwise affect any right of any Party, and as applicable, a member of the Party's Group to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings contemplated in this Agreement or any Ancillary Agreement to continue in effect after the Relevant Time. In addition, nothing contained in Section 8.1(a) shall release any person from:

(i) any Liability Assumed, Transferred or allocated to a Party or a member of such Party's Group pursuant to or contemplated by, or any other

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Liability of any member of such Group under, this Agreement or any Ancillary Agreement including (A) with respect to Tyco, any Tyco Retained Liability, (B) with respect to Healthcare, any Healthcare Liability and (C) with respect to Electronics, any Electronics Liability;

(ii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of any other Group prior to the Relevant Time;

(iii) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of another Group;

(iv) any Liability provided in or resulting from any other Contract or understanding that is entered into after the Relevant Time between any Party (and/or a member of such Party's or Parties' Group), on the one hand, and any other Party or Parties (and/or a member of such Party's or Parties' Group), on the other hand;

(v) any Liability with respect to an Assumed Tyco Contingent Liability pursuant to Article VII;

(vi) any Liability with respect to any Continuing Arrangements set forth on Schedule 1.1(28);

(vii) any Liability with respect to the insurance policies written by White Mountain Insurance Company and Mountainbran Limited; and

(viii) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement or otherwise for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of this Article VIII and, if applicable, the appropriate provisions of the Ancillary Agreements.

In addition, nothing contained in Section 8.1(a) shall release Tyco from indemnifying any director, officer or employee of Healthcare and Electronics who was a director, officer or employee of Tyco or any of its Affiliates on or prior to the Relevant

Time or the Final Separation Date, as the case may be, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to then existing obligations.

(c) Each Party shall not, and shall not permit any member of its Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any other Party or any member of any other Party's Group, or any other Person released pursuant to Section 8.1(a), with respect to any Liabilities released pursuant to Section 8.1(a).

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(d) It is the intent of each Party, by virtue of the provisions of this Section 8.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Relevant Time, whether known or unknown, between or among any Party (and/or a member of such Party's Group), on the one hand, and any other Party or Parties (and/or a member of such Party's or parties' Group), on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Relevant Time), except as specifically set forth in Sections 8.1(a) and 8.1(b). At any time, at the reasonable request of any other Party, each Party shall cause each member of its respective Group and, to the extent practicable each other Person on whose behalf it released Liabilities pursuant to this Section 8.1 to execute and deliver releases reflecting the provisions hereof.

Section 8.2 Indemnification by Tyco. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, following (a) the Healthcare Distribution Date (with respect to the Healthcare Indemnitees) and (b) the Electronics Distribution Date (with respect to the Electronics Indemnitees), Tyco shall and shall cause the other members of the Tyco Group to indemnify, defend and hold harmless the Healthcare Indemnitees and the Electronics Indemnitees from and against any and all Indemnifiable Losses of the Healthcare Indemnitees and the Electronics Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) the Tyco Retained Liabilities or alleged Tyco Retained Liabilities or (ii) any breach by Tyco of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

Section 8.3 Indemnification by Healthcare. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, Healthcare shall and shall cause the other members of the Healthcare Group to indemnify, defend and hold harmless the Tyco Indemnitees and the Electronics Indemnitees from and against any and all Indemnifiable Losses of the Tyco Indemnitees and the Electronics Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (a) the Healthcare Liabilities or alleged Healthcare Liabilities or (b) any breach by Healthcare of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

Section 8.4 Indemnification by Electronics. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, Electronics shall and shall cause the other members of the Electronics Group to indemnify, defend and hold harmless the Tyco Indemnitees and the Healthcare Indemnitees from and against any and all Indemnifiable Losses of the Tyco Indemnitees and the Healthcare Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (a) the Electronics Liabilities or alleged Electronics Liabilities or (b) any breach by Electronics of any provision of this Agreement or any

Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

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Section 8.5 Procedures for Indemnification.

(a) An Indemnitee shall give the Indemnifying Party notice of any matter that an Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement (other than a Third Party Claim which shall be governed by Section 8.5(b)), within thirty (30) days of such determination, stating the amount of the Indemnifiable Loss claimed, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed by such Indemnitee or arises; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure.

(b) Third Party Claims. If a claim or demand is made against a Tyco Indemnitee, a Healthcare Indemnitee or a Electronics Indemnitee (each, an “Indemnitee”) by any Person who is not a party to this Agreement (a “Third Party Claim”) as to which such Indemnitee is or may be entitled to indemnification pursuant to this Agreement, such Indemnitee shall notify the Party (and, if applicable, the Managing Party) which is or may be required pursuant to this Article VIII or pursuant to any Ancillary Agreement to make such indemnification (the “Indemnifying Party”) in writing, and in reasonable detail, of the Third Party Claim promptly (and in any event within fifteen (15) days) after receipt by such Indemnitee of written notice of the Third Party Claim. If any Party shall receive notice or otherwise learn of the assertion of a Third Party Claim which may reasonably be determined to be an Assumed Tyco Contingent Liability, such Party, as appropriate, shall give the Managing Party (as determined pursuant to Article VII) written notice thereof within fifteen (15) days after such Person becomes aware of such Third Party Claim; provided, however, that the failure to provide notice of any such Third Party Claim pursuant to this or the preceding sentence shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Thereafter, the Indemnitee shall deliver to the Indemnifying Party (and, if applicable, to the Managing Party), promptly (and in any event within five (5) Business Days) after the Indemnitee’ s receipt thereof, copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third Party Claim.

(c) Other than in the case of an Assumed Tyco Contingent Liability (the defense of which shall be controlled by the Managing Party as provided for in Article VII), an Indemnifying Party shall be entitled (but shall not be required) to assume and control the defense of any Third Party Claim, at such Indemnifying Party’ s own cost and expense and by such Indemnifying Party’ s own counsel, that is reasonably acceptable to the applicable Indemnitees, if it gives notice of its intention to do so to the applicable Indemnitees within thirty (30) days of the receipt of such notice from such Indemnitees. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, at its own expense and, in any event, shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying

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Party' s expense, all witnesses, pertinent Information, materials and information in such Indemnitee' s possession or under such Indemnitee' s control relating thereto as are reasonably required by the Indemnifying Party; provided, however, that in the event of a conflict of interest between the Indemnifying Party and the applicable Indemnitee(s), such Indemnitee(s) shall be entitled to retain, at the Indemnifying Party' s Expense, separate counsel as required by the applicable rules of professional conduct with respect to such matter; provided, further, that if (i) the Third Party Claim is not an Assumed Tyco Contingent Liability and (ii) the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

(d) Other than in the case of an Assumed Tyco Contingent Liability, if an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 8.5(c), such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. If the Indemnitee is conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnitee in such defense and make available to the Indemnitee, at the Indemnitee' s expense, all witnesses, pertinent Information, material and information in such Indemnifying Party' s possession or under such Indemnifying Party' s control relating thereto as are reasonably required by the Indemnitee.

(e) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim that is not an Assumed Tyco Contingent Liability (with any Assumed Tyco Contingent Liability handled in accordance with Article VII) without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(f) In the case of a Third Party Claim (except for any Third Party Claim that is an Assumed Tyco Contingent Liability which, with respect to the subject matter of this Section 8.5(f), shall be governed by Section 7.4), no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee; it being understood that in the case of a Third Party Claim that is an Assumed Tyco Contingent Liability, such matters are addressed in Article VII.

(g) Absent fraud or willful misconduct by an Indemnifying Party, the indemnification provisions of this Article VIII shall be the sole and exclusive remedy of an Indemnitee for any monetary or compensatory damages or losses resulting from any breach of this Agreement and each Indemnitee expressly waives and relinquishes any and all rights, claims or remedies such Person may have with respect to the foregoing other than under this Article VIII against any Indemnifying Party.

Section 8.6 Cooperation In Defense And Settlement.

(a) With respect to any Third Party Claim that is not an Assumed Tyco Contingent Liability and that implicates two or more Parties in a material fashion due to the allocation of Liabilities, responsibilities for management of defense and related indemnities pursuant to this Agreement or any of the Ancillary Agreements, the applicable Parties agree to use best

efforts to cooperate fully and maintain a joint defense (in a manner that will preserve for both Parties the attorney-client privilege, joint defense or other privilege with respect thereto). The Party that is not responsible for managing the defense of such Third Party Claims shall, upon reasonable request, be consulted with respect to significant matters relating thereto and may, if necessary or helpful, retain counsel to assist in the defense of such claims.

(b) Each of Tyco, Healthcare and Electronics agrees that at all times from and after the Effective Time, if an Action is commenced by a third party (or any member of such Party's respective Group) with respect to which one or more named Parties (or any member of such Party's respective Group) is a nominal defendant and/or such Action is otherwise not a Liability allocated to such named Party under this Agreement or any Ancillary Agreement, then the other Party or Parties shall use best efforts to cause such nominal defendant to be removed from such Action, as soon as reasonably practicable.

Section 8.7 Indemnification Payments. Indemnification required by this Article VIII shall be made by periodic payments of the amount thereof in a timely fashion during the course of the investigation or defense, as and when bills are received or an Indemnifiable Loss or Liability incurred.

Section 8.8 Contribution.

(a) If the indemnification provided for in Sections 8.2(b)(ii), 8.3(b) and 8.4(b), including in respect of any Assumed Tyco Contingent Liability, is unavailable to, or insufficient to hold harmless an Indemnitee under this Agreement or any Ancillary Agreement in respect of any Liabilities referred to herein or therein, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnitee as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnitee in connection with the actions or omissions that resulted in Liabilities as well as any other relevant equitable considerations. With respect to the foregoing, the relative fault of such Indemnifying Party and Indemnitee shall be determined by reference to, among other things, whether the misstatement or alleged misstatement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(b) The Parties agree that it would not be just and equitable if contribution pursuant to this Section 8.8 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 8.8(a). The amount paid or payable by an Indemnitee as a result of the

Liabilities referred to in Section 8.8(a) shall be deemed to include, subject to the limitations set forth above, any legal or other fees or expenses reasonably incurred by such Indemnitee in connection with investigating any claim or defending any Action. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 8.9 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) Any Indemnifiable Loss subject to indemnification or contribution pursuant to this Article VIII including, for the avoidance of doubt, in respect of any Assumed Tyco Contingent Liability, will be calculated (i) net of Insurance Proceeds that actually reduce the amount of the Indemnifiable Loss, (ii) net of any proceeds received by the Indemnitee from any third party for indemnification for such Liability that actually reduce the amount of the Indemnifiable Loss ("Third Party

Proceeds”) and (iii) net of any Tax benefits in accordance with, and subject to, the principles set forth or referred to in the Tax Sharing Agreement, and increased in accordance with, and subject to, the principles set forth in the Tax Sharing Agreement. Accordingly, the amount which any Indemnifying Party is required to pay pursuant to this Article VIII to any Indemnitee pursuant to this Article VIII will be reduced by any Insurance Proceeds or Third Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Indemnifiable Loss. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Indemnifiable Loss (an “Indemnity Payment”) and subsequently receives Insurance Proceeds or Third Party Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or Third Party Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties acknowledge that the indemnification and contributions hereof do not relieve any insurer who would otherwise be obligated to pay any claim to pay such claim. In furtherance of the foregoing, the Indemnitee shall use best efforts to seek to collect or recover any third-party Insurance Proceeds and any Third Party Proceeds (other than Insurance Proceeds under an arrangement where future premiums are adjusted to reflect prior claims in excess of prior premiums) to which the Indemnified Party is entitled in connection with any Indemnifiable Loss for which the Indemnified Party seeks contribution or indemnification pursuant to this Article VIII; provided, that the Indemnitee’s inability to collect or recover any such Insurance Proceeds or Third Party Proceeds shall not limit the Indemnifying Party’s obligations hereunder.

Section 8.10 Additional Matters; Survival of Indemnities.

(a) The indemnity and contribution agreements contained in this Article VIII shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee; (ii) the knowledge by the Indemnitee of

Indemnifiable Losses for which it might be entitled to indemnification or contribution hereunder; and (iii) any termination of this Agreement.

(b) The rights and obligations of each Party and their respective Indemnitees under this Article VIII shall survive the sale or other Transfer by any Party or its respective Subsidiaries of any Assets or businesses or the assignment by it of any Liabilities.

(c) Each Party shall, and shall cause the members of its respective Group to, preserve and keep their Records relating to financial reporting, internal audit, employee benefits, past acquisition or disposition transactions, claims, demands, actions, and email files and backup tapes regarding any of the foregoing as such pertains to any period prior to the Separation Date in their possession, whether in electronic form or otherwise, until the latest of, as applicable (i) ten (10) years following the Separation Date or (ii) the date on which such Records are no longer required to be retained pursuant to such Party’s applicable record retention policy as in effect immediately prior to the Separation Date.

ARTICLE IX

CONFIDENTIALITY; ACCESS TO INFORMATION

Section 9.1 Provision of Corporate Records. Other than in circumstances in which indemnification is sought pursuant to Article VIII (in which event the provisions of such Article will govern) and without limiting the applicable provisions of Article VII, and subject to appropriate restrictions for classified, privileged or confidential information:

(a) After the applicable Relevant Time, upon the prior written request by Healthcare or Electronics for specific and identified Information which relates to (x) Healthcare or Electronics or the conduct of the Healthcare Business or Electronics Business, as the case may be, up to the applicable Distribution Date, or (y) any Ancillary Agreement to which Tyco and one or more of Healthcare and/or Electronics are parties, as applicable, Tyco shall provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if the Party making the request has a reasonable need for such originals) in the possession or control of Tyco or any of its Affiliates or Subsidiaries, but only to the extent such items so relate and are not already in the possession or control of the requesting Party.

(b) After the Healthcare Distribution Date, upon the prior written request by Tyco or Electronics for specific and identified Information which relates to (x) Tyco or Electronics or the conduct of the Tyco Retained Business or Electronics Business, as the case may be, up to the Healthcare Distribution Date, or (y) any Ancillary Agreement to which Healthcare and one or more of Tyco and/or Electronics are parties, as applicable, Healthcare shall provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if the Party making the request has a reasonable need for such originals) in the possession or control of Healthcare or any of its Subsidiaries, but only to the extent such items so relate and are not already in the possession or control of the requesting Party.

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(c) After the Electronics Distribution Date, upon the prior written request by Tyco or Healthcare for specific and identified Information which relates to (x) Tyco or Healthcare or the conduct of the Tyco Retained Business or Healthcare Business, as the case may be, up to the Electronics Distribution Date, or (y) any Ancillary Agreement to which Electronics and one or more of Tyco and/or Healthcare are parties, as applicable, Electronics shall provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if the Party making the request has a reasonable need for such originals) in the possession or control of Electronics or any of its Subsidiaries, but only to the extent such items so relate and are not already in the possession or control of the requesting Party.

Section 9.2 Access to Information. Other than in circumstances in which indemnification is sought pursuant to Article VIII (in which event the provisions of such Article will govern) and without limiting the applicable provisions of Article VII, from and after the applicable Relevant Time, each of Tyco, Healthcare and Electronics shall afford to the other and its authorized accountants, counsel and other designated representatives reasonable access during normal business hours, subject to appropriate restrictions for classified, privileged or confidential information, to the personnel, properties, and Information of such Party and its Subsidiaries insofar as such access is reasonably required by the other Party and relates to (x) such other Party or the conduct of its business prior to the Relevant Time or (y) any Ancillary Agreement to which each of the Party requesting such access and the Party requested to grant such access are Parties. Nothing in this Section 9.2 shall require any Party to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided, however, that in the event

that a Party is required to disclose any such information, such Party shall use best efforts to seek to obtain such third party Consent to the disclosure of such information.

Section 9.3 Witness Services. At all times from and after the Relevant Time, each of Tyco, Healthcare and Electronics shall use its best efforts to make available to the others, upon reasonable written request, its and its Subsidiaries' officers, directors, employees and agents as witnesses to the extent that (i) such Persons may reasonably be required to testify in connection with the prosecution or defense of any Action in which the requesting Party may from time to time be involved (except for claims, demands or Actions between members of each Group) and (ii) there is no conflict in the Action between the requesting Party and Tyco, Healthcare and Electronics, as applicable. A Party providing a witness to the other Party under this Section shall be entitled to receive from the recipient of such services, upon the presentation of invoices therefor, payments for such amounts, relating to disbursements and other out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees who are witnesses or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service as witnesses), as may be reasonably incurred and properly paid under applicable Law.

Section 9.4 Reimbursement; Other Matters. Except to the extent otherwise contemplated by this Agreement (including Section 7.3) or any Ancillary Agreement a Party providing Information or access to Information to the other Party under this Article IX shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments for

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such amounts, relating to supplies, disbursements and other out-of-pocket expenses, as may be reasonably incurred in providing such Information or access to such Information.

Section 9.5 Confidentiality.

(a) Notwithstanding any termination of this Agreement, for a period of five (5) years from the Effective Time the Parties shall hold, and shall cause each of their respective Subsidiaries to hold, and shall each cause their respective officers, employees, agents, consultants and advisors to hold, in strict confidence, and not to disclose or release or use, without the prior written consent of the other Party (which may be withheld in such Party' s sole and absolute discretion, except where disclosure is required by applicable Law), any and all Confidential Information (as defined herein) concerning any other Party; provided, that the Parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such information and are informed of their obligation to hold such information confidential to the same extent as is applicable to the Parties and in respect of whose failure to comply with such obligations, the applicable Party will be responsible, (ii) if the Parties or any of their respective Subsidiaries are required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule, (iii) as required in connection with any legal or other proceeding by one Party against any other Party, or (iv) as necessary in order to permit a Party to prepare and disclose its financial statements, Tax Returns or other required disclosures. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii) above, each Party, as applicable, shall promptly notify the other of the existence of such request or demand and shall provide the other a reasonable opportunity to seek an appropriate protective order or other remedy, which such Parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the Party whose Confidential Information is required to be disclosed shall or shall cause the other applicable Party or Parties to furnish, or cause to be furnished, only that

portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such information.

(b) Notwithstanding anything to the contrary set forth herein, (i) the Parties shall be deemed to have satisfied their obligations hereunder with respect to Confidential Information if they exercise the same degree of care (but no less than a reasonable degree of care) as they take to preserve confidentiality for their own similar information and (ii) confidentiality obligations provided for in any agreement between each Party or its Subsidiaries and their respective employees shall remain in full force and effect. Notwithstanding anything to the contrary set forth herein, Confidential Information of any Party in the possession of and used by any other Party as of the Relevant Time may continue to be used by such Party in possession of the Confidential Information in and only in the operation of the Healthcare Business, the Electronics Business or the Tyco Retained Business, as the case may be; provided, that such use is not competitive in nature, and may be used only so long as the Confidential Information is maintained in

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confidence and not disclosed in violation of Section 9.5(a). Such continued right to use may not be transferred (directly or indirectly) to any third party without the prior written consent of the applicable Party, except pursuant to Section 12.9.

(c) Each of the Parties acknowledges that it and the other members of their respective Groups may have in their possession confidential or proprietary information of third parties that was received under confidentiality or non-disclosure agreements with such third party while part of the Tyco Group. Each of the Parties will hold, and will cause the other members of their respective Groups and their respective representatives to hold, in strict confidence the confidential and proprietary information of third parties to which they or any other member of their respective Groups has access, in accordance with the terms of any agreements entered into prior to the Relevant Time between one or more members of the Tyco Group (whether acting through, on behalf of, or in connection with, the separated Businesses) and such third parties.

Section 9.6 Privileged Matters.

(a) Pre-Separation Services. The Parties recognize that legal and other professional services that have been and will be provided prior to the Relevant Time have been and will be rendered for the collective benefit of each of the members of the Tyco Group, the Healthcare Group and the Electronics Group, and that each of the members of the Tyco Group, the Healthcare Group and the Electronics Group should be deemed to be the client with respect to such pre-separation services for the purposes of asserting all privileges which may be asserted under applicable Law.

(b) Post-Separation Services. The Parties recognize that legal and other professional services will be provided following the Relevant Time which will be rendered solely for the benefit of Tyco, Healthcare or Electronics, as the case may be. With respect to such post-separation services, the Parties agrees as follows:

(i) Tyco shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the Tyco Retained Business, whether or not the privileged information is in the possession of or under the control of Tyco, Healthcare or Electronics. Tyco shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information that relates solely to the subject matter of any claims constituting Tyco Retained Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by Tyco, whether or not the privileged information is in the possession of or under the control of Tyco, Healthcare or Electronics;

(ii) Healthcare shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the Healthcare Business, whether or not the privileged information is in the possession of or under the control of Tyco, Healthcare or Electronics. Healthcare shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information that relates solely to the

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subject matter of any claims constituting Healthcare Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by Healthcare, whether or not the privileged information is in the possession of or under the control of Tyco, Healthcare or Electronics;

(iii) Electronics shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the Electronics Business, whether or not the privileged information is in the possession of or under the control of Tyco, Healthcare or Electronics. Electronics shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information that relates solely to the subject matter of any claims constituting Electronics Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by Electronics, whether or not the privileged information is in the possession of or under the control of Tyco, Healthcare or Electronics.

(c) The Parties agree that they shall have a shared privilege, with equal right to assert or waive, subject to the restrictions in this Section 9.6, with respect to all privileges not allocated pursuant to the terms of Sections 9.6(b). All privileges relating to any claims, proceedings, litigation, disputes, or other matters which involve two or more of Tyco, Healthcare or Electronics in respect of which two or more of such Parties retain any responsibility or Liability under this Agreement, shall be subject to a shared privilege among them.

(d) No Party may waive any privilege which could be asserted under any applicable Law, and in which any other Party has a shared privilege, without the consent of the other Party, which shall not be unreasonably withheld or delayed or as provided in subsections (e) or (f) below. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within twenty (20) days after notice upon the other Party requesting such consent.

(e) In the event of any litigation or dispute between or among any of the Parties, or any members of their respective Groups, either such Party may waive a privilege in which the other Party or member of such Group has a shared privilege, without obtaining the consent of the other Party; provided, that such waiver of a shared privilege shall be effective only as to the use of information with respect to the litigation or dispute between the relevant Parties and/or the applicable members of their respective Groups, and shall not operate as a waiver of the shared privilege with respect to third parties.

(f) If a dispute arises between or among the Parties or their respective Subsidiaries regarding whether a privilege should be waived to protect or advance the interest of any Party, each Party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other Parties, and shall not unreasonably withhold consent to any request for waiver by another Party. Each Party specifically agrees that it will not withhold consent to waiver for any purpose except to protect its own legitimate interests.

(g) Upon receipt by any Party or by any Subsidiary thereof of any subpoena, discovery or other request which arguably calls for the production or disclosure of information subject to a shared privilege or as to which another Party has the sole right hereunder to assert a privilege, or if any Party obtains knowledge that any of its or any of its Subsidiaries' current or former directors, officers, agents or employees have received any subpoena, discovery or other requests which arguably calls for the production or disclosure of such privileged information, such Party shall promptly notify the other Party or Parties of the existence of the request and shall provide the other Party or Parties a reasonable opportunity to review the information and to assert any rights it or they may have under this Section 9.6 or otherwise to prevent the production or disclosure of such privileged information.

(h) The transfer of all Information pursuant to this Agreement is made in reliance on the agreement of Tyco, Healthcare or Electronics as set forth in Sections 9.5 and 9.6, to maintain the confidentiality of privileged information and to assert and maintain all applicable privileges. The access to information being granted pursuant to Sections 7.3, 8.6, 9.1 and 9.2 hereof, the agreement to provide witnesses and individuals pursuant to Sections 7.3, 8.6 and 9.3 hereof, the furnishing of notices and documents and other cooperative efforts contemplated by Sections 7.5 and 8.6 hereof, and the transfer of privileged information between and among the Parties and their respective Subsidiaries pursuant to this Agreement shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

Section 9.7 Ownership of Information. Any information owned by one Party or any of its Subsidiaries that is provided to a requesting Party pursuant to this Article IX shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such information.

Section 9.8 Other Agreements. The rights and obligations granted under this Article IX are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of information set forth in any Ancillary Agreement.

ARTICLE X

DISPUTE RESOLUTION

Section 10.1 Negotiation. In the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby, including any claim based on contract, tort, statute or constitution (but excluding any controversy, dispute or claim arising out of any Contract relating to the use or lease of real property if any third party is a necessary party to such controversy, dispute or claim) (collectively, "Agreement Disputes"), the general counsels of the relevant Parties and/or such other executive officer designated by the relevant Party shall negotiate for a reasonable period of time to settle such Agreement Dispute; provided, that such reasonable period shall not, unless otherwise agreed by the relevant Parties in writing, exceed forty-five (45)

days from the time of receipt by a Party of written notice of such Agreement Dispute (“Dispute Notice”); provided, further, that in the event of any arbitration in accordance with Section 10.3 hereof, the relevant Parties shall not assert the defenses of statute of limitations and laches arising during the period beginning after the date of receipt of the Dispute Notice, and any contractual time period or deadline under this Agreement or any Ancillary Agreement to which such Agreement Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Agreement Dispute has been resolved.

Section 10.2 Mediation. If, within forty-five (45) days after receipt by a Party of a Dispute Notice, the Parties have not succeeded in negotiating a resolution of the Agreement Dispute, the Parties agree to submit the Agreement Dispute at the earliest possible date to mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association (“AAA”), and to bear equally the costs of the mediation. The parties agree to participate in good faith in the mediation and negotiations related thereto for a period of thirty (30) days or such longer period as they may mutually agree following the initial mediation session (the “Mediation Period”).

Section 10.3 Arbitration. Subject to Section 10.9, if the Agreement Dispute has not been resolved for any reason after the Mediation Period, such Agreement Dispute shall be determined, at the request of any relevant Party, by arbitration conducted in New York City, before and in accordance with the then-existing Commercial Arbitration Rules of the AAA, except as modified herein (the “Rules”). There shall be three arbitrators. If there are only two Parties to the arbitration, each Party shall appoint one arbitrator within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. The two party-appointed arbitrators shall have twenty (20) days from the appointment of the second arbitrator to agree on a third arbitrator who shall chair the arbitral tribunal. If there are three Parties to the arbitration, such Parties shall each appoint one arbitrator within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. Any arbitrator not timely appointed by the Parties under this Section 10.3 shall be appointed by the AAA in accordance with the listing, ranking and striking method in the Rules, and in any such procedure, each Party shall be given a limited number of strikes, excluding strikes for cause. Any controversy concerning whether an Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this Agreement is bound to arbitrate, or as to the interpretation of enforceability of this Article X shall be determined by the arbitrators. In resolving any Agreement Dispute, the Parties intend that the arbitrators shall apply the substantive Laws of the State of New York, without regard to any choice of law principles thereof that would mandate the application of the laws of another jurisdiction. The Parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable, and any award rendered by the arbitrators shall be final and binding on the Parties. The Parties agree to comply and cause the members of their applicable Group to comply with any award made in any such arbitration proceedings and agree to enforcement of or entry of judgment upon such award, in any court of competent jurisdiction, including (a) the Supreme Court of the State of New York, New York County, or (b) the United States District Court for the Southern District of New York. The arbitrators shall be entitled, if appropriate, to award any remedy in such proceedings, including monetary damages in accordance with Section 10.4, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrators shall not be entitled to award punitive, exemplary, treble or any other form of non-compensatory damages unless in connection

with indemnification for a Third Party Claim (and in such a case, only to the extent awarded in such Third Party Claim).

Section 10.4 Arbitration with Respect to Monetary Damages. Subject to Section 10.9, in the event the Agreement Dispute involves (a) valuation of a liability under (i) this Agreement, (ii) any Ancillary Agreement or (iii) any other agreement entered into by the parties pursuant to this Agreement or any Ancillary Agreement, (b) an amount in controversy in an Agreement Dispute or (c) an amount of damages following a determination of liability, the arbitration shall proceed in the following manner: Each Party shall submit to the arbitrators and exchange with each other, on a schedule to be determined by the arbitrators, a proposed valuation, amount

or damages, as the case may be, together with a statement, including all supporting documents or other evidence upon which it relies, setting forth such party's explanation as to why its proposal is reasonable and appropriate. The arbitrators, within fifteen (15) days of receiving such proposals and supporting documents, shall choose between the proposals and shall be limited to awarding only one of the proposals submitted.

Section 10.5 Arbitration Period. Any arbitration proceeding shall be concluded in a maximum of six (6) months from the commencement of the arbitration. The parties involved in the proceeding may agree in writing to extend the arbitration period if necessary to appropriately resolve the Agreement Dispute.

Section 10.6 Treatment of Negotiations, Mediation and Arbitration. Without limiting the provisions of the Rules, unless otherwise agreed in writing by or among the relevant Parties or permitted by this Agreement, the relevant Parties shall keep, and shall cause the members of their applicable Group to keep, confidential all matters relating to and any negotiation, mediation, conference, arbitration, discussion or arbitration award pursuant to this Article X shall be treated as compromise and settlement negotiations for purposes of Rule 408 of the Federal Rules of Evidence and comparable state rules; provided, that such matters may be disclosed (i) to the extent reasonably necessary in any proceeding brought to enforce the award or for entry of a judgment upon the award and (ii) to the extent otherwise required by Law or stock exchange. Nothing said or disclosed, nor any document produced, in the course of any negotiations, conferences and discussions that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration. Nothing contained herein is intended to or shall be construed to prevent any Party, from applying to any court of competent jurisdiction for interim measures or other provisional relief in connection with the subject matter of any Agreement Disputes. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any Party to respect the arbitral tribunal's orders to that effect.

Section 10.7 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article X with respect to all matters not subject to such dispute resolution.

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Section 10.8 Consolidation. The arbitrators may consolidate an arbitration under this Agreement with any arbitration arising under or relating to the Ancillary Agreements or any other agreement between the parties entered into pursuant hereto, as the case may be, if the subject of the Agreement Disputes thereunder arise out of or relate essentially to the same set of facts or transactions. Such consolidated arbitration shall be determined by the arbitrator appointed for the arbitration proceeding that was commenced first in time.

Section 10.9 Exception to Arbitration. Notwithstanding anything in this Article X to the contrary, in the event that the matters described on Schedule 10.9 have been fully and finally completed, including the exhaustion of all appeals, if the Agreement Dispute has not been resolved for any reason after the Mediation Period, such Agreement Dispute may be subject to litigation in accordance with Sections 12.19 and 12.21.

ARTICLE XI

INSURANCE

Section 11.1 Policies and Rights Included Within Assets.

(a) The Healthcare Assets shall include (i) any and all rights of an insured Party under each of the Healthcare Shared Policies, subject to the terms of such Healthcare Shared Policies and any limitations or obligations of Healthcare contemplated by this Article XI, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all actual or alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses which occurred or are alleged to have occurred, in whole or in part, or were incurred or claimed to have been incurred prior to the Healthcare Distribution Date by any Party in or in connection with the conduct of the Healthcare Business, regardless of whether any suit, claim, action or proceeding is brought before or after the Healthcare Distribution Date or, to the extent any claim is made against Healthcare or any of its Subsidiaries, the conduct of the Tyco Retained Business or the Electronics Business prior to the Healthcare Distribution Date, and which actual or alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses may arise out of an insured or insurable occurrence or wrongful act under one or more of such Healthcare Shared Policies; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) an assignment of such Healthcare Shared Policies, or any of them, to Healthcare, and (ii) the Healthcare Policies. With regard to the Healthcare Assets as respects products liability, nothing in this Agreement is intend to provide coverage for alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses which occurred or are alleged to have occurred, in whole or in part, prior to the Healthcare Distribution Date and are covered under a Claims Made Policy Form, that were not reported to Tyco prior to the Healthcare Distribution Date.

(b) The Electronics Assets shall include (i) any and all rights of an insured Party under each of the Electronics Shared Policies, subject to the terms of such Electronics Shared Policies and any limitations or obligations of Electronics

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contemplated by this Article XI, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all actual or alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses which occurred or are alleged to have occurred, in whole or in part, prior to the Electronics Distribution Date by any Party in or in connection with the conduct of the Electronics Business, regardless of whether any suit, claim, action or proceeding is brought before or after the Electronics Distribution Date or, to the extent any claim is made against Electronics or any of its Subsidiaries, the conduct of the Tyco Retained Business or the Healthcare Business, and which actual or alleged wrongful acts, occurrences, events, claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses may arise out of an insured or insurable occurrence or wrongful act under one or more of such Electronics Shared Policies; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) an assignment of such Electronics Shared Policies, or any of them, to Electronics, and (ii) the Electronics Policies.

Section 11.2 Claims Made Tail Policies. The claims made tail policies provided for in this Section 11.2 will solely provide coverage for any Claim arising from any Wrongful Act occurring, in whole or in part, prior to the Final Separation Date. For purposes of this Section 11.2, "Claim" and "Wrongful Act" shall have the respective meanings given to such terms in the current Tyco International Ltd., D&O, Fiduciary and Employment Practices Liability Insurance Policies, as applicable.

(a) Subject to prevailing market conditions and underwriting, Tyco shall purchase Directors and Officers Liability Insurance Policies having total limits of \$250 million, consisting of \$250 million of non- rescindable Side A coverage and \$200 million of Side B coverage and having a policy period incepting on the Final Separation Date, or the expiration date of the current Tyco Directors and Officers liability insurance Policies, whichever date is earlier, and ending on a date that is six years after the Final Separation Date (“D&O Tail Policies”). The premium for the D&O Tail Policies shall be pre-paid for the full six-year term of the D&O Tail Policies. Such D&O Tail Policies shall cover Tyco, Healthcare and Electronics and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Tyco Directors and Officers liability insurance program incepting on March 15, 2006, except for the policy period, premium and provisions excluding coverage for wrongful acts, errors or omissions, post-dating the Final Separation Date. Tyco (i) shall provide Healthcare and Electronics with copies of the D&O Tail Policies within a reasonable time after the Policies are issued and (ii) shall not amend the terms or, nor cancel or permit cancellation of, any such Policies without ninety (90) days prior written notice to Healthcare and Electronics.

(b) Subject to prevailing market conditions and underwriting, Tyco shall purchase Fiduciary Liability Insurance Policies having total limits of \$100 million and having a policy period incepting on the Final Separation Date, or the expiration date of the current Tyco fiduciary liability insurance Policies, whichever date is earlier, and ending on a date that is six years after the Final Separation Date (“Fiduciary Tail Policies”). The premium for the Fiduciary Tail Policies shall be pre-paid for the full six-

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year term of the Fiduciary Tail Policies. Such Fiduciary Tail Policies shall cover Tyco, Healthcare and Electronics and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Tyco fiduciary liability insurance program incepting on July 15, 2006, except for the policy period, premium and provisions excluding coverage for wrongful acts, errors and omissions, post-dating the Final Separation Date. Tyco (i) shall provide Healthcare and Electronics with copies of the Fiduciary Tail Policies within a reasonable time after the Policies are issued and (ii) shall not amend the terms or, nor cancel or permit cancellation of, any such Policies without ninety (90) days prior written notice to Healthcare and Electronics.

(c) Subject to prevailing market conditions and underwriting, Tyco shall purchase Employment Practices Liability Insurance Policies having total limits of \$50 million of coverage and having a policy period incepting on the Final Separation Date, or the expiration date of the current Tyco Employment Practice liability insurance Policies, whichever date is earlier, and ending on a date that is six years after the Final Separation Date (“EPL Tail Policies”). The premium for the EPL Tail Policies shall be pre-paid for the full six-year term of the EPL Tail Policies. Such EPL Tail Policies shall cover Tyco, Healthcare and Electronics and the insured persons thereof and shall have material terms and conditions no less favorable than those contained in the Policies comprising the Tyco Employment Practices liability insurance program incepting on November 30, 2006, except for the policy period, premium and provisions excluding coverage for wrongful acts, errors and omissions, post-dating the Final Separation Date. Tyco (i) shall provide Healthcare and Electronics with copies of the EPL Tail Policies within a reasonable time after the Policies are issued and (ii) shall not amend the terms or, nor cancel or permit cancellation of, any such Policies without ninety (90) days prior written notice to Healthcare and Electronics.

(d) Subject to prevailing market conditions and underwriting, to the extent that Tyco is unable prior to the Final Separation Date to obtain any of the policies as provided for in paragraphs (a), (b) and (c) of this Section 11.2, then, with respect to suits or claims based on wrongful acts, errors or omissions on or before the Final Separation Date, Tyco shall use

best efforts to secure alternative insurance arrangements on the applicable standalone insurance policies for Healthcare and Electronics to provide benefits on terms and conditions (including policy limits) in favor of Healthcare, Electronics and the insured persons thereof no less favorable than the benefits (including policy limits) that were to be afforded by the policies described in paragraphs (a), (b) and (c) of this Section 11.2. With respect to such alternative insurance arrangements, Tyco, Healthcare and Electronics shall be responsible for their own costs under their applicable standalone insurance policies. Tyco shall not under any circumstances purchase any such alternative coverage containing an exclusion for suits or claims based on wrongful acts, errors or omissions up to and including the Final Separation Date to the extent such exclusion would preclude coverage for Healthcare and Electronics and/or the insured persons thereof, but would not preclude coverage for Tyco and/or the insured persons thereof.

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Section 11.3 Occurrence Based Policies.

(a) With respect to the Tyco Shared Policies of workers' compensation, automobile liability and general liability insurance, for suits or claims that are filed or made either before or after the Final Separation Date, with respect to occurrences which took place, in whole or in part, prior to the respective Distribution Dates and for which White Mountain Insurance Company funds claim payments and claim adjustment expenses, Healthcare and Electronics shall collectively pay White Mountain Insurance Company a one-time separation payment representing their proportional share of Unallocated claim Adjustment Expense equal to 8% of the Ultimate Retained Loss & ALAE estimated at Distribution Date(s). Reimbursement by Tyco Healthcare and Electronics will be due upon demand by White Mountain Insurance Company. Notwithstanding the foregoing, the terms of that certain Agreement by and between Tyco, Healthcare and Electronics, on the one hand, and White Mountain Insurance Company and Mountainbran Ltd., on the other, dated _____ 2007, which describes, among other things, (i) how claims and suits under the Tyco Shared Policies will be administered, paid, accounted for, and the level of input each Party will have in claim settlements, (ii) access to Shared Policies claim data, (iii) access to Tyco Shared Policies Limit Aggregate Erosion reports, (iv) Large Loss Notification to each Party, (v) dispute resolution and (vi) Umbrella and Excess claims handling, are incorporated hereby by reference.

(b) With respect to all other occurrence based Tyco Shared Occurrence Policies, for suits or claims that are filed or made based upon occurrences that occurred or are alleged to have occurred in whole or in part prior to the respective Distribution Dates, Tyco Healthcare and Electronics, shall be responsible for bearing the full amount of the deductible and/or any claims, costs and expenses that are not covered under such insurance policies including that portion of any premium adjustments, tax, assessment or similar regulatory surcharges, that relates to claims based on occurrences that predate the respective Distribution Dates.

Section 11.4 Administration; Other Matters.

(a) Administration. Except as otherwise provided in Section 11.3 hereof, from and after the Effective Time, Tyco shall be responsible for (i) Insurance Administration of the Shared Policies and (ii) Claims Administration under such Shared Policies with respect to Assumed Tyco Contingent Liabilities, Tyco Retained Liabilities, Healthcare Liabilities and Electronics Liabilities; provided, that the retention of such responsibilities by Tyco is in no way intended to limit, inhibit or preclude any right to insurance coverage for any Insured Claim of a named insured under such Policies as contemplated by the terms of this Agreement and; provided, further, that Tyco's retention of the administrative responsibilities for the Shared Policies shall not relieve the Party submitting any Insured Claim of the primary responsibility for reporting such Insured Claim

accurately, completely and in a timely manner or of such Party' s authority to settle any such Insured Claim within any period or amount permitted or required by the relevant Policy. Tyco may discharge its administrative responsibilities under this Section 11.4 by contracting for the provision of services by independent parties. Each of

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the applicable Parties shall pay any costs relating to defending its respective Insured Claims under Shared Policies to the extent such costs including defense, out-of-pocket expenses, and direct and indirect costs of employees or agents of Tyco related to Claims Administration and Insurance Administration are not covered under such Policies. Each of the Parties shall be responsible for obtaining or reviewing the appropriateness of releases upon settlement of its respective Insured Claims under Shared Policies.

(b) Exceeding Policy Limits. Where Healthcare Liabilities and/or Electronics Liabilities, as applicable, are specifically covered under the same Shared Policy for occurrences, acts or events prior to the earlier of the Healthcare Distribution Date or the Electronics Distribution Date, regardless of whether the suit or claim is filed or made after the earlier of the Healthcare Distribution Date or the Electronics Distribution Date, then Healthcare and Electronics, or both, as the case may be, may claim coverage for Insured Claims under such Shared Policy as and to the extent that such insurance is available up to the full extent of the applicable limits of liability of such Shared Policy (and may receive any Insurance Proceeds with respect thereto as contemplated by Section 11.2, Section 11.3 or Section 11.4(c) hereof), subject to the terms of this Section 11.4. Except as set forth in this Section 11.4, Tyco, Healthcare and Electronics shall not be liable to one another for claims not reimbursed by insurers for any reason not within the control of Tyco, Healthcare or Electronics, as the case may be, including coinsurance provisions, deductibles, quota share deductibles, self-insured retentions, bankruptcy or insolvency of an insurance carrier, Shared Policy limitations or restrictions, any coverage disputes, any failure to timely claim by Tyco, Healthcare or Electronics or any defect in such claim or its processing. It is expressly understood that the foregoing shall not limit any Party' s liability to any other Party for indemnification pursuant to Article VIII.

(c) Allocation of Insurance Proceeds. Except as otherwise provided in Section 11.3, Insurance Proceeds received with respect to suits, occurrences, claims, costs and expenses covered under the Shared Policies shall be paid to Tyco with respect to Tyco Retained Liabilities, to Healthcare with respect to Healthcare Liabilities, and to Electronics with respect to Electronics Liabilities. In the event that the aggregate limits on any Shared Policies are exhausted by the payment of Insured Claims by the relevant Parties, such Parties agree to allocate the Insurance Proceeds received thereunder based upon their respective percentage of the total insured claim or claims which were covered under such Shared Policy (their "allocable portion of Insurance Proceeds"), and any Party who has received Insurance Proceeds in excess of such Party' s allocable portion of Insurance Proceeds shall pay to the other Party or Parties the appropriate amount so that each Party will have received its allocable portion of Insurance Proceeds. Each of the Parties agrees to use best efforts to maximize available coverage under those Shared Policies applicable to it for the benefit of all Parties, and to take all commercially reasonable steps to recover from all other responsible parties (except the Parties) in respect of an Insured Claim to the extent coverage limits under a Shared Policy have been exceeded or would be exceeded as a result of such Insured Claim.

(d) Allocation of Aggregate Deductibles. In the event that two or more Parties have insured claims under any Shared Policy for which an aggregate deductible is

payable, the Parties agree that the aggregate amount of the total deductible paid shall be borne by the Parties in the same proportion which the Insurance Proceeds received by each such Party bears to the total Insurance Proceeds received under the applicable Shared Policy (their “allocable share of the deductible”), and any Party who has paid more than its allocable share of the deductible shall be entitled to receive from any other Party or Parties an appropriate amount such that each Party will only have to bear its allocable share of the deductible.

Section 11.5 Agreement for Waiver of Conflict and Shared Defense. In the event that Insured Claims of more than one of the Parties exist relating to the same occurrence, the relevant Parties shall jointly defend and waive any conflict of interest necessary to the conduct of the joint defense. Nothing in this Article XI shall be construed to limit or otherwise alter in any way the obligations of the Parties to this Agreement, including those created by this Agreement, by operation of Law or otherwise.

Section 11.6 Cooperation. The Parties agree to use their best efforts to cooperate with respect to the various insurance matters contemplated by this Agreement.

Section 11.7 Certain Matters Relating to Tyco' s Organizational Documents. For a period of six (6) years from the Final Separation Date, the Amended and Restated Certificate of Incorporation and Amended and Restated Bye-laws of Tyco shall contain provisions no less favorable with respect to indemnification than are set forth in the Amended and Restated Certificate of Incorporation and Amended and Restated Bye-laws of Tyco immediately after the Effective Time, which provisions shall not be amended, repealed or otherwise modified for a period of six (6) years from the Final Separation Date in any manner that would affect adversely the rights thereunder of individuals who, at or prior to the Relevant Time, were directors, officers, employees, fiduciaries or agents of any member of the Tyco Group or the Healthcare Group, the Electronics Group, unless such modification shall be required by Law and then only to the minimum extent required by Law.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, and the Ancillary Agreements shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments, course of dealings and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement or Continuing Arrangement, such Ancillary Agreement or Continuing Arrangement shall control; provided, that with respect to any Conveyancing and Assumption Instrument, this Agreement shall control unless specifically stated otherwise in such Conveyancing and Assumption Instrument. Except as expressly set forth in this Agreement or any Ancillary Agreement: (a) all matters relating to Taxes and Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by the Tax Sharing Agreement; and (b) for the avoidance of doubt, in the event of

any conflict between this Agreement or any Ancillary Agreement, on the one hand, and the Tax Sharing Agreement, on the other hand, with respect to such matters, the terms and conditions of the Tax Sharing Agreement shall govern.

Section 12.2 Ancillary Agreements. This Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.

Section 12.3 Counterparts. This Agreement may be executed in more than one counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Parties.

Section 12.4 Survival of Agreements. Except as otherwise contemplated by this Agreement or any Ancillary Agreement, all covenants and agreements of the Parties contained in this Agreement and each Ancillary Agreement shall survive the Effective Time and remain in full force and effect in accordance with their applicable terms.

Section 12.5 Expenses. Except as otherwise provided (i) in this Agreement (including with respect to Specified Shared Expenses, responsibility for which is allocated pursuant to Section 5.5, or (ii) in any Ancillary Agreement, the Parties agree that all out-of-pocket fees and expenses incurred, or to be incurred and directly related to the Plan of Separation and transactions contemplated hereby (including third party professional fees, fees and expenses incurred in connection with the execution and delivery of this Agreement, such other third party fees and expenses incurred on a non-recurring basis directly as result of the Plan of Separation and such expenses set forth on Schedule 12.5) (collectively, "Separation Expenses") shall (A) to the extent incurred and payable prior to the Final Separation Date be paid by Tyco and (B) to the extent any such Separation Expenses arise and are payable by any Party following the Final Separation Date be paid by such Party. Notwithstanding the foregoing, each Party shall be responsible for its own internal fees (and reimburse any other Party to the extent such Party has paid such costs and expenses on behalf of the responsible Party), costs and expenses (e.g., salaries of personnel working in its respective Business) incurred in connection with the Plan of Separation, any costs and expenses relating to such Party' s (or any member of its Group' s) Disclosure Documents in connection with the Plan of Separation (including, printing, mailing and filing fees) or any costs and expenses incurred with the listing of such Party' s common stock on the NYSE in connection with any Distribution.

Section 12.6 Notices. All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 12.6):

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To Tyco:

Prior to the Final Separation Date:

Tyco International Ltd.

Attn: _____

Facsimile: () _____

Prior to and following the Final Separation Date:

Tyco International Ltd.

Attn:

Facsimile: _____

To Healthcare:

Covidien Ltd.

15 Hampshire Street

Mansfield, Massachusetts 02048

Attn: General Counsel

Facsimile: _____

To Electronics:

Tyco Electronics Ltd.

1050 Westlakes Drive

Berwyn, Pennsylvania

Attn: General Counsel

Facsimile: _____

Section 12.7 Waivers and Consents. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party' s right to demand strict performance thereafter of that or any other provision hereof. Any consent required or permitted to be given by any Party to the other Parties under this Agreement shall be in writing and signed by the Party giving such consent.

Section 12.8 Amendments. Subject to the terms of Section 12.11 hereof, this Agreement may not be modified or amended except by an agreement in writing signed by a duly authorized representative of each of the Parties.

Section 12.9 Assignment. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Parties, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, that a

Party may assign this Agreement in connection with a merger transaction in which such Party is not the surviving entity or the sale by such Party of all or substantially all of its Assets; provided, that the surviving entity of such merger or the transferee of such Assets shall agree in writing, reasonably satisfactory to the other Parties, to be bound by the terms of this Agreement as if named as a "Party" hereto.

Section 12.10 Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns.

Section 12.11 Certain Termination and Amendment Rights. This Agreement (including Article VIII hereof) may be terminated and each Distribution may be amended, modified or abandoned at any time prior to the earlier of the Healthcare Distribution Date or the Electronics Distribution Date by and in the sole discretion of Tyco without the approval of Healthcare, Electronics or the stockholders of Tyco. In the event of such termination, no Party shall have any liability of any kind to any other Party or any other Person. After the earlier of the Healthcare Distribution Date or the Electronics Distribution Date, this Agreement may not be terminated except by an agreement in writing signed by Tyco, Healthcare and Electronics. Notwithstanding the foregoing, Article VIII shall not be terminated or amended after the Effective Time in a manner adverse to the third party beneficiaries thereof without the Consent of any such Person. Notwithstanding the foregoing, this Agreement may be terminated or amended as among any Parties that remain Affiliates, so long as such amendment does not adversely affect any Party that is no longer an Affiliate, in which case, only with the consent of such Party.

Section 12.12 Payment Terms.

(a) Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount to be paid or reimbursed by any Party (and/or a member of such Party' s Group), on the one hand, to any other Party or Parties (and/or a member of such Party' s or Parties' Group), on the other hand, under this Agreement shall be paid or reimbursed hereunder within thirty (30) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as expressly provided to the contrary in this Agreement (including with respect to certain default payments in accordance with Section 7.6) or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within thirty (30) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the Prime Rate plus four percent (4%) (or the maximum legal rate, whichever is lower), calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

Section 12.13 No Circumvention. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party' s Group to take any actions (including the failure to take a reasonable action) such

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that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement or any Ancillary Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification, contribution or payment pursuant to Articles VII and VIII).

Section 12.14 Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party on and after the applicable Distribution Date.

Section 12.15 Third Party Beneficiaries. Except (i) as provided in Article VIII relating to Indemnitees and for the release under Section 8.1 of any Person provided therein, (ii) as provided in Section 11.2 relating to insured persons and Section 11.7 relating to the directors, officers, employees, fiduciaries or agents provided therein and (iii) as specifically provided in any Ancillary Agreement, this Agreement is solely for the benefit of the Parties and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 12.16 Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 12.17 Exhibits and Schedules. The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 12.18 Governing Law. This Agreement shall be governed by and construed in accordance with the internal Laws, and not the Laws governing conflicts of Laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law), of the State of New York.

Section 12.19 Consent to Jurisdiction. Subject to the provisions of Article X hereof, each of the Parties irrevocably submits to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York County, or (b) the United States District Court for the Southern District of New York (the "New York Courts"), for the purposes of any suit, action or other proceeding to compel arbitration or for provisional relief in aid of arbitration in accordance with Article X or to prevent irreparable harm, and to the non-exclusive jurisdiction of the New York Courts for the enforcement of any award issued thereunder. Each of the Parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth above shall be effective service of process for any action, suit or proceeding in the New York Courts with respect to any matters to which it has submitted to jurisdiction in this Section 12.19. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in the New York Courts, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

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Section 12.20 Specific Performance. The Parties agree that irreparable damage would occur in the event that the provisions of this Agreement were not performed in accordance with their specific terms. Accordingly, it is hereby agreed that the Parties shall be entitled to an injunction or injunctions to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 12.21 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.21.

Section 12.22 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 12.23 Force Majeure. No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 12.24 Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

Section 12.25 No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances (including

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with respect to the rights, entitlements, obligations and recoveries that may arise out of one or more of the following Sections: Section 3.4; Section 3.5; Section 7.3; Section 8.2; Section 8.3; Section 8.4; and Section 8.5).

[Signature Page Follows]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

TYCO INTERNATIONAL LTD.

By
Name:
Title:

COVIDIEN LTD.

By
Name:
Title:

TYCO ELECTRONICS LTD.

By
Name:
Title:

TAX SHARING AGREEMENT

by and among

TYCO INTERNATIONAL LTD.,**TYCO HEALTHCARE LTD.,**

and

TYCO ELECTRONICS LTD.**DATED AS OF , 2007**

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TAX SHARING AGREEMENT

THIS TAX SHARING AGREEMENT (this “Agreement”) is made and entered into as of the _____ day of _____, 2007, by and among Tyco International Ltd., a Bermuda corporation (“Tyco International”), Tyco Healthcare Ltd., a Bermuda corporation (“Tyco Healthcare”), and Tyco Electronics Ltd., a Bermuda corporation (“Tyco Electronics”). Each of Tyco International, Tyco Healthcare, and Tyco Electronics is sometimes referred to herein as a “Party” and collectively, as the “Parties”.

WITNESSETH:

WHEREAS, Tyco International, acting through its direct and indirect Subsidiaries, currently conducts a number of businesses, including (i) the Healthcare Business (as defined herein), (ii) the Electronics Business (as defined herein), and (iii) the Tyco Retained Business (as defined herein);

WHEREAS, the Board of Directors of Tyco International has determined that it is appropriate, desirable and in the best interests of Tyco International and its stockholders to separate Tyco International into three separate, publicly traded companies, one for each of (i) the Healthcare Business, which shall be owned and conducted, directly or indirectly, by Tyco Healthcare, (ii) the Electronics Business, which shall be owned and conducted, directly or indirectly, by Tyco Electronics, and (iii) the Tyco Retained Business which shall be owned and conducted, directly or indirectly, by Tyco International;

WHEREAS, in order to effect such separation, the Board of Directors of Tyco International has determined that it is appropriate, desirable and in the best interests of Tyco International and its stockholders (i) to enter into a series of transactions whereby (A) Tyco International and/or one or more members of the Tyco International Group will, collectively, own all of the Tyco Retained Assets and assume (or retain) all of the Tyco Retained Liabilities, (B) Tyco Healthcare and/or one or more members of the Tyco Healthcare Group will, collectively, own all of the Healthcare Assets and assume (or retain) all of the Healthcare Liabilities, and (C) Tyco Electronics and/or one or more members of the Tyco Electronics Group will, collectively, own all of the Electronics Assets and

assume (or retain) all of the Electronics Liabilities and (ii) for Tyco International to distribute to the holders of Tyco International Common Stock on a pro rata basis (in each case without consideration being paid by such stockholders) (A) all of the outstanding shares of common stock, par value \$0.20 per share, of Tyco Healthcare (the “Tyco Healthcare Common Stock”), and (B) all of the outstanding shares of common stock, par value \$0.20 per share, of Tyco Electronics (the “Tyco Electronics Common Stock”) (such transactions as they may be amended or modified from time to time, collectively, the “Plan of Separation”);

WHEREAS, it is the intention of the Parties that each of the contributions of assets to, and the assumption of liabilities by, Tyco Healthcare and Tyco Electronics together with the corresponding distribution of all of the Tyco Healthcare Common Stock and the Tyco Electronics Common Stock, respectively, shall qualify as a reorganization within the meaning of Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the “Code”);

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WHEREAS, it is the intention of the Parties that each of the distribution of Tyco Healthcare Common Stock and Tyco Electronics Common Stock, respectively, to the stockholders of Tyco International will qualify as a tax-free under Section 355(a) of the Code to such stockholders and as tax-free to Tyco International under Section 361(c) of the Code;

WHEREAS, subject to Section 9.2, it is the intention of the Parties that all pre-separation U.S. federal, state, and local audits will be managed, controlled and conducted by Tyco International’s U.S. Federal and State Audit Groups currently located in Boca Raton, Florida (the “Boca Raton Audit Team”);

WHEREAS, notwithstanding the implementation of certain internal transactions undertaken preparatory to and in contemplation of aligning and properly capitalizing the Healthcare Business, the Electronics Business, and the Tyco Retained Business prior to the Distributions, it is the intention of the Parties that the shared responsibility for certain Tax liabilities and certain Distribution Tax liabilities be given effect no earlier than and only upon the Effective Time, all as described more fully herein; and

WHEREAS, in connection with the Plan of Separation, the Parties desire to set forth their agreement on the rights and obligations with respect to handling and allocating Taxes and related matters.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenant and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

- (1) “AAA” has the meaning set forth in Section 13.2.
- (2) “Accelerated Dispute” has the meaning set forth in Section 13.2.
- (3) “Acceptance Notice” has the meaning set forth in Section 9.2(d)(iii).
- (4) “Active Business” means the business conducted by each of the ATOB Entities as of the applicable distribution date.
- (5) “Administration Vote Notice” has the meaning set forth in Section 9.2(d)(i).

(6) “Affiliate” means a Person that directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. For

purposes hereof, none of the Parties or their respective Subsidiaries shall be considered an “Affiliate” of any of the other Parties or their respective Subsidiaries (determined on the same basis).

(7) “Agreement” has the meaning set forth in the preamble hereto.

(8) “Ancillary Agreements” has the meaning set forth in the Separation and Distribution Agreement.

(9) “Applicable TUSHI DCLs” has the meaning set forth in Section 11.2(i)(iv).

(10) “Applicable TYUSHI DCLs” has the meaning set forth in Section 11.2(i)(v).

(11) “Apportioned” means allocated, apportioned, or retained, as the case may be.

(12) “Assets” has the meaning set forth in the Separation and Distribution Agreement.

(13) “ATOB Entities” mean the entities listed on Schedule 1.1(13).

(14) “Audit” means any audit (including a determination of the status of qualified and non-qualified employee benefit plans), assessment of Taxes, other examination by or on behalf of any Taxing Authority (including notices), proceeding, or appeal of such a proceeding relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations initiated by a Party or any of its Subsidiaries.

(15) “Audit Management Party” means the Party responsible for administering and controlling an Audit pursuant to Section 9.2(a), as may be changed from time to time in accordance with Section 9.2(d).

(16) “Audit Representative” means the Senior Vice President and Chief Tax Officer of each Party (or such other Officer of a Party that may be designated by that Party’s Chief Financial Officer from time to time).

(17) “Bankruptcy” has the meaning set forth in the Separation and Distribution Agreement.

(18) “Boca Raton Audit Team” has the meaning referred to in the recitals to this Agreement.

(19) “Business Day” means any day other than a Saturday, Sunday or a day on which banks are required to be closed in New York, New York.

(20) “Business Entity” means any corporation, partnership, limited liability company, or other entity.

(21) “Change of Control” has the meaning set forth in the Joint Defense Agreement.

(22) “Claimed Deductions” has the meaning set forth in Section 6.1(a).

(23) “Claiming Party” has the meaning set forth in Section 6.1(a).

(24) “Code” has the meaning referred to in the recitals to this Agreement.

(25) “Common Parent” means (a) for U.S. federal income tax purposes, the “common parent corporation” of an “affiliated group” (in each case, within the meaning of Section 1504 of the Code) filing a U.S. federal consolidated income tax return, or (b) for state, local or non-U.S. income tax purposes, the common parent (or similar term) (which need not be a corporation) of a consolidated, unitary, combined or similar group.

(26) “Correlative Adjustment” means a disallowance of an item of deduction, loss or credit (or an increase of an item of income or gain) that is related or attributable to the Assets of a Party or that Party’s Affiliates, that is included in a Tax Return for a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date, and that results in a correlative increase of an item of deduction, loss or credit (or reduction of an item of income or gain) with respect to another Party or that Party’s Affiliates with respect to such period or periods.

(27) “Correlative Detriment” has the meaning set forth in Section 4.1(b).

(28) “Credit Carryover” means the aggregate of all alternative minimum Tax credit carryovers, general business credit carryovers, and foreign Tax credit carryovers pursuant to Section 904(c) of the Code.

(29) “DCL” has the meaning set forth in Section 11.2(i)(i).

(30) “Deferred Compensation Deduction” means an Income Tax deduction arising with respect to (a) the Tyco Deferred Compensation Liabilities, the Tyco Deferred Stock Units, the Healthcare Deferred Compensation Liabilities, the Healthcare Deferred Stock Units, the Electronics Deferred Compensation Liabilities, or the Electronics Deferred Stock Units; (b) the Tyco Options, the Healthcare Options or the Electronics Options, including, without limitation, a deduction arising from disqualifying dispositions relating to prior exercises of stock options issued pursuant to the Tyco Employee Stock Purchase Plan; or (c) the Tyco Restricted Stock, the Tyco Restricted Stock Units, the Tyco Performance Share Units, the Healthcare Restricted Stock, the Healthcare Restricted Stock Units, the Healthcare Performance Share Units, the Electronics Restricted Stock, the Electronics Restricted Stock Units, or the Electronics Performance Share Units, as such terms are defined for purposes of the Separation and Distribution Agreement (referred to collectively as the “Deferred Compensation Deductions” and each individually as a “Deferred Compensation Deduction”).

(31) “Dispute” has the meaning set forth in Section 13.1.

(32) “Dispute Notice” has the meaning set forth in Section 13.1.

(33) “Distribution” or “Distributions” means, individually or collectively:

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(a) the distribution on the Distribution Date to holders of record of shares of Tyco International Common Stock as of the Distribution Date of the Tyco Electronics Common Stock and the Tyco Healthcare Common Stock owned by Tyco International, and

(b) to the extent not otherwise included in (a), the distributions described in the IRS Ruling and the Tax Representation Letters.

(34) “Distribution Date” means the date on which the Distributions are effectuated pursuant to the Separation and Distribution Agreement.

(35) “Distribution Taxes” mean any and all Taxes (a) required to be paid by or imposed on a Party or any of its Affiliates resulting from, or directly arising in connection with, the failure of the Distributions to qualify under Section 355(a) or (c) of the Code or, if applicable, Section 361(c) of the Code, or the application of Section 355(d) or (e) of the Code to the Distributions (or the failure to qualify under or the application of corresponding provisions of the Laws of other jurisdictions); or (b) required to be paid by or imposed on a Party or any of its Affiliates resulting from, or directly arising in connection with, the failure of any transaction undertaken in

connection with or pursuant to the Plan of Separation to qualify for tax-free treatment, in whole or in part, but, with respect to both (a) and (b) above, only to the extent that such qualification or tax-free treatment was claimed by one or more of the Parties on a Tax Return for a Pre-Distribution Tax Period or a Straddle Tax Period.

(36) “DRC” has the meaning set forth in Section 11.2(i)(iii).

(37) “Due Date” means the date (taking into account all valid extensions) upon which a Tax Return is required to be filed with or Taxes are required to be paid to a Taxing Authority.

(38) “Effective Time” has the meaning set forth in the Separation and Distribution Agreement.

(39) “Elected Party” has the meaning set forth in Section 9.2(d)(iii).

(40) “Electronics Assets” has the meaning set forth in the Separation and Distribution Agreement.

(41) “Electronics Business” has the meaning set forth in the Separation and Distribution Agreement.

(42) “Employing Party” has the meaning set forth in Section 6.1.

(43) “Estimated Tax Return” has the meaning set forth in Section 2.1(c)(iv).

(44) “Fault” has the meaning set forth in Section 5.3.

(45) “Final Determination” means the final resolution of liability for any Tax for any taxable period, by or as a result of:

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(a) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed;

(b) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the liability for the Taxes addressed in such agreement for any taxable period;

(c) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered by the jurisdiction imposing the Tax; or

(d) any other final disposition, including by reason of the expiration of the applicable statute of limitations.

(46) “Final Tax Attribute Allocation” has the meaning set forth in Section 11.1(b).

(47) “Group” means the Tyco International Group, the Tyco Healthcare Group, or the Tyco Electronics Group.

(48) “Healthcare Assets” has the meaning set forth in the Separation and Distribution Agreement.

(49) “Healthcare Business” has the meaning set forth in the Separation and Distribution Agreement.

(50) “Income Taxes” mean:

(a) all Taxes based upon, measured by, or calculated with respect to (i) net income or profits (including, but not limited to, any capital gains, minimum tax or any Tax on items of tax preference, but not including sales, use, real, or personal property, gross or net receipts, transfer or similar Taxes), or (ii) multiple bases (including, but not limited to, corporate franchise, doing business and occupation Taxes) if one or more bases upon which such Tax is determined is described in clause (a)(i) above;

(b) all U.S., state, local or non-U.S. franchise Taxes;

(c) all U.S. state and local Taxes not otherwise included in (a) or (b) above that are listed on Schedule 1.1(50)(c);

and

(d) including in the case of each of (a), (b), and (c) above, any related interest and any penalties, additions to such Tax or additional amounts imposed with respect thereto by any Taxing Authority.

(51) “Income Tax Returns” mean all Tax Returns that relate to Income Taxes.

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(52) “Indemnified Party” means the Party which is or may be entitled pursuant to this Agreement to receive any payments (including reimbursement for Taxes or costs and expenses) from another Party or Parties to this Agreement.

(53) “Indemnifying Party” means the Party which is or may be required pursuant to this Agreement to make indemnification or other payments (including reimbursement for Taxes and costs and expenses) to another Party to this Agreement.

(54) “Independent Firm” means a nationally recognized law or accounting firm.

(55) “IRS” means the United States Internal Revenue Service or any successor thereto, including, but not limited to its agents, representatives, and attorneys.

(56) “IRS Ruling” means the requests submitted to the IRS for all private letter rulings to be obtained by Tyco International from the IRS in connection with the Plan of Separation, and any supplemental materials submitted to the IRS relating thereto, and the IRS private letter rulings received by Tyco International with respect to the Plan of Separation.

(57) “Joint Defense Agreement” means the Joint Defense Agreement by and among Tyco International, Tyco Healthcare, and Tyco Electronics, dated as of _____, 2007.

(58) “Law” means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, administrative pronouncement, order, requirement or rule of law (including common law), or any income tax treaty.

(59) “LIBOR” means the British Bankers Association London Interbank Offered Rate, as it is published by Reuters, or any successor to or substitute for such service providing rate quotations of the British Bankers Association London Interbank Offered Rate, at approximately 11:00 a.m., London time. In the event that such British Bankers Association London Interbank Offered Rate is not available at such time for any reason, then LIBOR shall be the rate at which dollar deposits of \$10 million and for a maturity of one (1) week are offered by the principal London office of Citibank in the London interbank market at approximately 11:00 a.m., London time.

(60) “Majority of the Parties” means the consent of at least two of the Parties.

(61) “McDermott” means McDermott Will & Emery LLP.

(62) “Mediation Period” has the meaning set forth in Section 13.2.

(63) “New York Courts” has the meaning set forth in the Separation and Distribution Agreement.

(64) “Non-Income Tax Returns” mean all Tax Returns other than Income Tax Returns.

(65) “Other Dispute” has the meaning set forth in Section 13.2(b).

- (66) “Party” has the meaning set forth in the preamble hereto.
- (67) “Person” means any natural person, firm, individual, corporation, business trust, joint venture, association, company, limited liability company, partnership, or other organization or entity, whether incorporated or unincorporated, or any governmental entity.
- (68) “Plan of Separation” has the meaning set forth in the recitals hereto.
- (69) “Post-Distribution Income Tax Returns” mean, collectively, all Income Tax Returns required to be filed by a Party or its Affiliates for a Post-Distribution Tax Period.
- (70) “Post-Distribution Ruling” has the meaning set forth in Section 5.4.
- (71) “Post-Distribution Tax Period” means a Tax year beginning and ending after the Distribution Date.
- (72) “Pre-Distribution Income Tax Returns” mean, collectively, all Income Tax Returns required to be filed by a Party or its Affiliates for a Pre-Distribution Tax Period.
- (73) “Pre-Distribution Non-Income or Non-U.S. Tax Audit” means any Audit related to any (a) U.S. federal, state, or local Taxes other than Income Taxes, or (b) any non-U.S. Taxes, in each case with respect to a Tax Return filed, or allegedly required to be filed, for any Pre-Distribution Tax Period or Straddle Tax Period; provided, however, this term shall not include any Audit that is a Pre-Distribution Transfer Pricing Tax Audit.
- (74) “Pre-Distribution Tax Period” means a Tax year beginning and ending on or before the Distribution Date.
- (75) “Pre-Distribution Transfer Pricing Tax Audit” means any Audit of any Income Taxes related to or arising from (a) an intercompany transfer pricing adjustment under Section 482 of the Code and the Treasury Regulations thereunder, or an analogous provision under U.S. state and local or non-U.S. Law, or (b) a determination that the activities of a Party or its Affiliates give rise to a “permanent establishment,” presence, or nexus in any jurisdiction that could subject it to Income Tax there, in each of (a) and (b), for any Pre-Distribution Tax Period or Straddle Tax Period.
- (76) “Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audit” means any Audit for a Pre-Distribution Tax Period or Straddle Tax Period of (a) Tyco International (US) Inc. Retirement Savings and Investment Plan I, Tyco International (US) Inc. Retirement Savings and Investment Plan II, Tyco International (US) Inc. Retirement Savings and Investment Plan III, Tyco International (US) Inc. Retirement Savings and Investment Plan IV, Tyco International (US) Inc. Retirement Savings and Investment Plan V, Tyco International (US) Inc. Retirement Savings and Investment Plan VI (Puerto Rico), Kendall/ADT Pension Plan, or Tyco Electronics Pension Plan; or (b) payroll taxes for TME Management Corp., Citrine Management Corp., or any predecessor payroll company to TME Management Corp.
- (77) “Pre-Distribution U.S. Income Tax Audit” means any Audit of any U.S. federal, state, or local Income Tax Return filed, or allegedly required to be filed, for any Pre-Distribution

Tax Period or Straddle Tax Period; provided, however, this term shall not include any Audit that is a Pre-Distribution Transfer Pricing Tax Audit or a Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audit.

- (78) “Preparing Party” has the meaning set forth in Section 2.1(a).

(79) “Previously Paid Estimated Taxes” has the meaning set forth in Section 3.4.

(80) “Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

(81) “Proposed Acquisition Transaction” means a transaction or series of transactions (or any agreement, understanding, arrangement, or substantial negotiations within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, to enter into a transaction or series of related transactions), as a result of which any of the Parties or any of the Section 355 Entities (or any successor thereto) would merge or consolidate with any other Person, or as a result of which any Person or any group of Persons would (directly or indirectly) acquire, or have the right to acquire (through an option or otherwise), from any of the Parties or any of their Affiliates (or any successor thereto) and/or one or more holders of their stock, respectively, any amount of stock of any of the Parties or any of the Section 355 Entities, as the case may be, that would, when combined with any other changes in ownership of the stock of such Party or any of the Section 355 Entities, comprise more than thirty-five percent (35%) of (a) the value of all outstanding stock of such Party or any of the Section 355 Entities as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding stock of such Party or any of the Section 355 Entities as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. For purposes of determining whether a transaction constitutes an indirect acquisition for purposes of the first sentence of this definition, any recapitalization or other action resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted accordingly by the Parties in good faith.

(82) “Qualified Tax Counsel” means any of the law firms listed on Schedule 1.1(82).

(83) “Refund” means any refund of Taxes (including any overpayment of Taxes for a period ending on or prior to the Distribution Date that can be refunded or, alternatively, applied to future Taxes payable), including any interest paid on or with respect to such refund of Taxes; provided, however, the amount of the refund of Taxes shall be net of any Taxes imposed by any Taxing Authority on the receipt of the refund.

(84) “Replaced Audit Management Party” has the meaning set forth in Section 9.2(d)(iv).

(85) “Requesting Party” shall have the meaning set forth in Section 5.4.

(86) “Restricted Period” means the period beginning the day after the Distribution Date and ending on the two-year anniversary thereof.

(87) “Rules” has the meaning set forth in Section 13.3.

(88) “Section 355 Entities” mean the entities listed on Schedule 1.1(88).

(89) “Separation and Distribution Agreement” means the Separation and Distribution Agreement by and among Tyco International, Tyco Healthcare, and Tyco Electronics, dated as of _____, 2007.

(90) “Shared Entities” mean, each individually and collectively, all Tyco International-Tyco Electronics Shared Entities, Tyco International-Tyco Healthcare Shared Entities, Tyco Electronics-Tyco International Shared Entities, Tyco Electronics-Tyco Healthcare Shared Entities, Tyco Healthcare-Tyco International Shared Entities, and Tyco Healthcare-Tyco Electronics Shared Entities.

(91) “Sharing Percentages” means, with respect to Tyco International, the Tyco International Sharing Percentage, with respect to Tyco Healthcare, the Tyco Healthcare Sharing Percentage, and with respect to Tyco Electronics, the Tyco Electronics Sharing Percentage.

(92) “Spinco Parties” mean, each individually and collectively, Tyco Healthcare and Tyco Electronics.

(93) “Straddle Income Tax Returns” mean, collectively, all Income Tax Returns required to be filed by a Party and its Affiliates for a Straddle Tax Period.

(94) “Straddle Tax Period” means a Tax year beginning before the Distribution Date and ending after the Distribution Date.

(95) “SU” has the meaning set forth in Section 11.2(i)(ii).

(96) “Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

(97) “Tax” or “Taxes” whether used in the form of a noun or adjective, means taxes on or measured by income, franchise, gross receipts, sales, use, excise, payroll, personal property, real property, ad-valorem, value-added, leasing, leasing use or other taxes, levies, imposts, duties, charges, or withholdings of any nature. Whenever the term “Tax” or “Taxes” is used it shall include penalties, fines, additions to tax and interest thereon.

(98) “Tax Attributes” mean:

(a) for U.S. federal, state, and local Income Tax purposes, earnings and profits, tax basis, net operating and capital loss carryovers or carrybacks, alternative minimum Tax credit carryovers or carrybacks, general business credit carryovers or carrybacks, income tax credits or credits against income tax, disqualified interest and excess limitation carryovers or carrybacks, overall foreign losses, research and experimentation credit base periods, and all other

items that are determined or computed on an affiliated group basis (as defined in Section 1504(a) of the Code determined without regard to the exclusion contained in Section 1504(b)(3) of the Code) and that are described on Schedule 1.1(98)(a); and

(b) for non-U.S. (including Swiss federal and cantonal income) tax purposes, the tax loss attributes set forth in Schedule 1.1(98)(b).

(99) “Tax Benefit Actually Realized” means with respect to a Party and its Subsidiaries determined only with respect to the referenced taxable year, the sum of:

(a) the excess (if any) of (i) the amount of Taxes that the Party and its Subsidiaries would have owed in such taxable year (excluding the effect of any carryforwards of net operating or capital losses or Tax credits to such year) had there been no payment or event giving rise to such a determination, over (ii) the amount of Taxes actually paid by the Party and its Subsidiaries in such taxable year (excluding the effect of any carryforwards of net operating losses or Tax credits to such year) after taking into account such payment or determination; and

(b) the excess (if any) of (i) the amount of the Refund actually received by the Party and its Subsidiaries with respect to that taxable year (excluding the effect of any carryforwards of net operating losses or Tax credits to such year) as a result of the carryback of Tax items to prior taxable years after taking into account such payment or determination, over (ii) the amount of the Refund that the Party and its Subsidiaries would have been entitled to receive with respect to that taxable year (excluding the effect of any carryforwards of net operating losses or Tax credits to such year) as a result of the carryback of Tax items to prior taxable years had there been no payment or event giving rise to such a determination.

The Tax Benefit Actually Realized shall be computed based on the actual U.S. or non-U.S. income tax rates applicable to the Party and its Subsidiaries during the applicable tax year; provided, however, that if the Tax Benefit Actually Realized includes a U.S. federal income tax benefit attributable to the deduction of interest included in Taxes, then the Parties shall assume that the applicable U.S. state and local income tax rate is 2 percent (2%) in lieu of the applicable Party’ s and its Subsidiaries’ actual U.S. state and local income tax rate.

(100) “Tax-Free Status” means the qualification of a Distribution or any other transaction contemplated by the IRS Ruling or any Tax Opinion as a transaction in which gain or loss is not recognized, in whole or in part, and no amount is included in income, including by reason of Distribution Taxes, for U.S. federal, state, and local income tax purposes (other than intercompany items, excess loss accounts or other items required to be taken into account pursuant to Treasury Regulations promulgated under Section 1502 of the Code).

(101) “Tax Group” means any U.S. federal, state, local or non-U.S. affiliated, consolidated, combined, unitary or similar group that files a Tax Return or Tax Returns.

(102) “Taxing Authority” means any governmental authority or any subdivision, agency, commission, or authority thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection, or imposition of any Tax (including the IRS).

(103) “Tax Management Change Event” has the meaning set forth in Section 9.2(d)(i).

(104) “Tax Opinions” mean certain Tax opinions and supporting memoranda rendered by McDermott to Tyco International or any of its Affiliates in connection with the Plan of Separation.

(105) “Tax Package” means:

(a) a pro forma Tax Return relating to the operations of a Spincor Party and/or its Subsidiaries that are required to be included in any Tax Group of which a Shared Entity is or was the Common Parent and such Spincor Party and/or such Subsidiaries is or was a member for one or more days in a taxable year; and

(b) all information relating to the operations of a Spincor Party and/or its Subsidiaries that is reasonably necessary to prepare and file the applicable Tax Return required to be filed by any Tax Group of which a Shared Entity is or was the common parent and such Spincor Party or any of its Subsidiaries is or was a member for one or more days in a Tax year.

(106) “Tax Representation Letter” means any letter containing certain representations and covenants issued by a Tyco International or any of its Affiliates to McDermott in connection with the Tax Opinions.

(107) “Tax Returns” mean any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended tax return, claim for refund, or declaration of estimated tax) required to be supplied to, or filed with, a Taxing Authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws, regulations, or administrative requirements relating to any Taxes.

(108) “Transferee Entities” mean the entities listed on Schedule 1.1(108).

(109) “Transferor Entities” mean the entities listed on Schedule 1.1(109).

(110) “Treasury Regulations” mean the final and temporary (but not proposed) income tax and administrative regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

(111) “TUSHI” means Tyco (US) Holdings, Inc.

(112) “Tyco Electronics” has the meaning set forth in the recitals hereto.

(113) “Tyco Electronics Allocable Audit Portion” means the amount of any Taxes attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date that are not reported on a Tax Return filed for such periods to the extent such Taxes are attributable to any Tyco Electronics-Tyco International Shared Entities or Tyco Electronics-Tyco

Healthcare Shared Entities, as the case may be. The determination of the amount of additional Taxes attributable to the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities shall be calculated on a “with

and without basis,” by calculating the amount of the excess (if any) of (a) the net amount of Taxes due and payable pursuant to a Final Determination, over (b) the net amount of Taxes that would be due and payable pursuant to the Final Determination if such Taxes were recalculated excluding the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities; provided, however, if the sum of the Taxes that would be due and payable determined on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively, would be different than the additional Taxes actually due and payable, the Tyco Electronics Allocable Audit Portion shall be equal to the product of (c) such additional Taxes that are actually due and payable, and (d) a fraction (i) the numerator of which is the Taxes that would be due and payable determined on a separate basis for the Electronics Assets, and (ii) the denominator of which is the sum of the Taxes that would be due and payable determined on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively. For purposes of this determination, any Distribution Taxes incurred shall be deemed not to have been incurred as part of the conduct of the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities, regardless of which entity incurs such Distribution Taxes.

(114) “Tyco Electronics Allocable Portion” means, with respect to a Tax Return filed after the Distribution Date for either a Pre-Distribution Tax Period or Straddle Tax Period, the amount of Taxes for such period attributable to any Tyco Electronics-Tyco International Shared Entities or Tyco Electronics-Tyco Healthcare Shared Entities (net of any previously paid estimated Taxes for such period that are attributable to the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities), as the case may be. The determination of the amount of Taxes attributable to the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities for a given Tax Return shall be calculated on a “with and without basis,” by calculating the amount of the excess (if any) of (a) the net amount of Taxes shown as due and payable on such Tax Return as filed, over (b) the net amount of Taxes that would be shown as due and payable on such Tax Return if such Tax Return were recalculated excluding the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities; provided, however, if the sum of the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively, are different than the Taxes actually due and payable on such Tax Return, the Tyco Electronics Allocable Portion shall be equal to the product of (c) such Taxes that are actually due and payable, and (d) a fraction (i) the numerator of which is the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for the Electronics Assets, and (ii) the denominator of which is the sum of the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively. For purposes of this determination, any Distribution Taxes incurred shall be deemed not to have been incurred as part of the conduct of the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities, regardless of which entity incurs such Distribution Taxes. In addition, for purposes of this determination, the amount of previously paid estimated Taxes attributable to the Tyco Electronics-Tyco International Shared Entities or the Tyco Electronics-Tyco Healthcare Shared Entities, as the case may be, shall be equal to the amount of estimated Taxes that were previously paid in respect to the Electronics Assets.

(115) “Tyco Electronics Common Stock” has the meaning set forth in the recitals hereto.

(116) “Tyco Electronics Group” has the same meaning as “Electronics Group” as set forth in the Separation and Distribution Agreement.

(117) “Tyco Electronics Sharing Percentage” means thirty-one percent (31%).

(118) “Tyco Electronics-Tyco Healthcare Shared Entities” mean on or before the Distribution Date, any Electronics Assets that are merged with and into or otherwise acquired by the Electronics Business from a Tyco Healthcare Tax Group.

(119) “Tyco Electronics-Tyco International Shared Entities” mean on or before the Distribution Date, any Electronics Assets that are merged with and into or otherwise acquired by the Electronics Business from a Tyco International Tax Group.

(120) “Tyco Healthcare” has the meaning set forth in the recitals to this Agreement.

(121) “Tyco Healthcare Allocable Audit Portion” means the amount of any Taxes attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date that are not reported on a Tax Return filed for such periods to the extent such Taxes are attributable to any Tyco Healthcare-Tyco International Shared Entities or Tyco Healthcare-Tyco Electronics Shared Entities, as the case may be. The determination of the amount of additional Taxes attributable to the Tyco Healthcare-Tyco International Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities shall be calculated on a “with and without basis,” by calculating the amount of the excess (if any) of (a) the net amount of Taxes due and payable pursuant to a Final Determination, over (b) the net amount of Taxes that would be due and payable pursuant to the Final Determination if such Taxes were recalculated excluding the Tyco Healthcare-Tyco International Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities; provided, however, if the sum of the Taxes that would be due and payable determined on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively, would be different than the additional Taxes actually due and payable, the Tyco Healthcare Allocable Audit Portion shall be equal to the product of (c) such additional Taxes that are actually due and payable, and (d) a fraction (i) the numerator of which is the Taxes that would be due and payable determined on a separate basis for the Healthcare Assets, and (ii) the denominator of which is the sum of the Taxes that would be due and payable determined on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively. For purposes of this determination, any Distribution Taxes incurred shall be deemed not to have been incurred as part of the conduct of the Tyco Healthcare-Tyco International Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities, regardless of which entity incurs such Distribution Taxes.

(122) “Tyco Healthcare Allocable Portion” means, with respect to a Tax Return filed after the Distribution Date for either a Pre-Distribution Tax Period or Straddle Tax Period, the amount of Taxes for such period attributable to any Tyco Healthcare-Tyco International Shared Entities or Tyco Healthcare-Tyco Electronics Shared Entities (net of any previously paid estimated Taxes for such period that are attributable to the Tyco Healthcare-Tyco International

Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities), as the case may be. The determination of the amount of Taxes attributable to the Tyco Healthcare-Tyco International Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities for a given Tax Return shall be calculated on a “with and without basis,” by calculating the amount of the excess (if any) of (a) the net amount of Taxes shown as due and payable on such Tax Return as filed, over (b) the net amount of Taxes that would be shown as due and payable on such Tax Return if such Tax Return was recalculated excluding the Tyco Healthcare-Tyco International Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities; provided, however, if the sum of the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively, are different than the Taxes actually due and payable on such Tax Return, the Tyco Healthcare Allocable Portion shall be equal to the product of (c) such Taxes that are actually due and payable, and (d) a fraction (i) the numerator of which is the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for the Healthcare Assets, and (ii) the denominator of which is the sum of the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively. For purposes of this determination, any Distribution Taxes incurred shall be deemed not to have been incurred as part of the conduct of the Tyco Healthcare-Tyco International Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities, regardless of which entity incurs such Distribution Taxes. In addition, for purposes of this determination, the amount of previously paid estimated Taxes attributable to the Tyco Healthcare-Tyco International Shared Entities or the Tyco Healthcare-Tyco Electronics Shared Entities, as the case may be, shall be equal to the amount of estimated Taxes that were previously paid in respect to the Healthcare Assets.

(123) “Tyco Healthcare Common Stock” has the meaning set forth in the recitals hereto.

(124) “Tyco Healthcare Group” has the same meaning as “Healthcare Group” as set forth in the Separation and Distribution Agreement.

(125) “Tyco Healthcare Sharing Percentage” means forty-two percent (42%).

(126) “Tyco Healthcare-Tyco Electronics Shared Entities” mean on or before the Distribution Date, any Healthcare Assets that are merged with and into or otherwise acquired by the Healthcare Business from a Tyco Electronics Tax Group.

(127) “Tyco Healthcare-Tyco International Shared Entities” mean on or before the Distribution Date, any Healthcare Assets that are merged with and into or otherwise acquired by the Healthcare Business from a Tyco International Tax Group.

(128) “Tyco International” has the meaning set forth in the preamble of this Agreement.

(129) “Tyco International Allocable Audit Portion” means the amount of any Taxes attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date that are not reported on a Tax Return filed for such periods to the extent such Taxes are attributable to any Tyco International-Tyco Electronics Shared Entities or Tyco

International-Tyco Healthcare Shared Entities, as the case may be. The determination of the amount of additional Taxes attributable to the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities shall be calculated on a “with and without basis,” by calculating the amount of the excess (if any) of (a) the net amount of Taxes due and payable pursuant to a Final Determination, over (b) the net amount of Taxes that would be due and payable pursuant to the Final Determination if such Taxes were recalculated excluding the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities; provided, however, if the sum of the Taxes that would be due and payable determined on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively, would be different than the additional Taxes actually due and payable, the Tyco International Allocable Audit Portion shall be equal to the product of (c) such additional Taxes that are actually due and payable, and (d) a fraction (i) the numerator of which is the Taxes that would be due and payable determined on a separate basis for the Tyco Retained Assets, and (ii) the denominator of which is the sum of the Taxes that would be due and payable determined on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively. For purposes of this determination, any Distribution Taxes incurred shall be deemed not to have been incurred as part of the conduct of the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities, regardless of which entity incurs such Distribution Taxes.

(130) “Tyco International Allocable Portion” means, with respect to a Tax Return filed after the Distribution Date for either a Pre-Distribution Tax Period or Straddle Tax Period, the amount of Taxes for such period attributable to any Tyco International-Tyco Electronics Shared Entities or Tyco International-Tyco Healthcare Shared Entities (net of any previously paid estimated Taxes for such period that are attributable to the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities), as the case may be. The determination of the amount of Taxes attributable to the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities for a given Tax Return shall be calculated on a “with and without basis,” by calculating the amount of the excess (if any) of (a) the net amount of Taxes shown as due and payable on such Tax Return as filed, over (b) the net amount of Taxes that would be shown as due and payable on such Tax Return if such Tax Return was recalculated excluding the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities; provided, however, if the sum of the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively, are different than the Taxes actually due and payable on such Tax Return, the Tyco International Allocable Portion shall be equal to the product of (c) such Taxes that are actually due and payable, and (d) a fraction (i) the numerator of which is the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for the Tyco Retained Assets, and (ii) the denominator of which is the sum of the Taxes that would be shown as due and payable on such Tax Return if such Tax Return were prepared on a separate basis for each of the Electronics Assets, the Healthcare Assets, and the Tyco Retained Assets, respectively. For purposes of this determination, any Distribution Taxes incurred shall be deemed not to have been incurred as part of the conduct of the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities, regardless of which entity incurs such Distribution Taxes. In addition, for purposes of

this determination, the amount of previously paid estimated Taxes attributable to the Tyco International-Tyco Electronics Shared Entities or the Tyco International-Tyco Healthcare Shared Entities, as the case may be, shall be equal to the amount of estimated Taxes that were previously paid in respect to the Retained Assets.

(131) “Tyco International Common Stock” has the same meaning as “Tyco Common Stock” as set forth in the Separation and Distribution Agreement.

(132) “Tyco International Group” has the same meaning as “Tyco Group” as set forth in the Separation and Distribution Agreement.

(133) “Tyco International Sharing Percentage” means twenty-seven percent (27%).

(134) “Tyco International-Tyco Electronics Shared Entities” mean on or before the Distribution Date, any Tyco Retained Assets that are merged with and into or otherwise acquired by the Tyco Retained Business from a Tyco Electronics Tax Group.

(135) “Tyco International-Tyco Healthcare Shared Entities” mean on or before the Distribution Date, any Tyco Retained Assets that are merged with and into or otherwise acquired by the Tyco Retained Business from a Tyco Healthcare Tax Group.

(136) “Tyco Retained Assets” has the meaning set forth in the Separation and Distribution Agreement.

(137) “Tyco Retained Business” has the meaning set forth in the Separation and Distribution Agreement.

(138) “TYUSHI” means TyCom (US) Holdings, Inc.

(139) “Unqualified Tax Opinion” means an unqualified “will” opinion of Qualified Tax Counsel, which opinion is reasonably acceptable to each of the Parties and upon which each of the Parties may rely to confirm that a transaction (or transactions) will not result in Distribution Taxes, including confirmation in accordance with Circular 230 or otherwise that may be provided for purposes of avoiding any applicable penalties or additions to Tax.

(140) “U.S.” means the United States.

Section 1.2 References; Interpretation.

(a) Terms not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words “include”, “includes”, and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation”. Unless the context otherwise requires, references in this Agreement to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement. Unless the context otherwise requires, the words “hereof”, “hereby”, and “herein” and words of similar meaning when used in this Agreement

refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement.

(b) The Parties agree that this Agreement is intended solely to determine the cash tax obligations of the Parties and does not address the manner or method of tax accounting for any item.

Section 1.3 Effective Time.

(a) The Parties acknowledge that the Plan of Separation contemplates a series of interrelated and intermediate internal transactions undertaken preparatory to and in contemplation of the Distributions that must be completed prior to the Effective Time in order to align and properly capitalize the Healthcare Business, the Electronics Business, and the Tyco Retained Business, including the assignment of TUSHI and all of its Tax liabilities to the Electronics Business.

(b) Notwithstanding that these interrelated and intermediate internal transactions must be given effect prior to the Distributions, the agreements contained herein, including, but not limited to, the manner in which Taxes are shared amongst the Parties, shall be effective no earlier than and only upon the Effective Time.

ARTICLE II

PREPARATION AND FILING OF TAX RETURNS

Section 2.1 Responsibility of Parties to Prepare and File Pre-Distribution Income Tax Returns.

(a) General. To the extent not previously filed and subject to the rights and obligations of each of the Parties set forth herein, Schedule 2.1(a) sets forth the Parties (each, a “Preparing Party”) that are responsible for preparing or causing to be prepared all Pre-Distribution Income Tax Returns, and the manner in which the Parties will share the various costs associated with such preparation. The Party responsible, or whose Affiliate is responsible, for filing a Pre-Distribution Income Tax Return under applicable Law shall file or cause to be filed such Pre-Distribution Income Tax Return with the applicable Taxing Authority. Pre-Distribution Income Tax Returns shall be prepared in a manner (i) consistent with the past practice of the Parties and their Affiliates unless otherwise modified by a Final Determination or required by applicable Law; and (ii) consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions. Payments between a Party or any of its Affiliates and another Party or any of its Affiliates for reasonable preparation costs and expenses shall be treated as amounts deductible by the paying Party and its Affiliates pursuant to Section 162 of the Code, and none of the Parties or any of their Affiliates shall take any position inconsistent with such treatment, except to the extent a Final Determination with respect to the paying entity causes such payment to not be so treated (in which case the payment shall be treated in accordance with such Final Determination).

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(b) Tax Package. To the extent not previously provided, each Party other than the Preparing Party shall (at its own cost and expense), to the extent that a Pre-Distribution Income Tax Return includes items of that Party or its Affiliates, prepare and provide or cause to be prepared and provided to the Preparing Party (and make available or cause to be made available to the other Party) a Tax Package relating to that Pre-Distribution Income Tax Return. Such Tax Package shall be provided in a timely manner consistent with the past practices of the Parties and their Affiliates. In the event a Party does not fulfill its obligations pursuant to this Section 2.1(b), the Preparing Party shall be entitled, at the sole cost and expense of the first Party, to prepare or cause to be prepared the information required to be included in the Tax Package for purposes of preparing any such Pre-Distribution Income Tax Return.

(c) Procedures Relating to the Preparation and Filing of Pre-Distribution Income Tax Returns.

(i) In the case of Pre-Distribution Income Tax Returns, to the extent not previously filed, no later than thirty (30) days prior to the Due Date of each such Tax Return (reduced to ten (10) days for state or local Pre-Distribution Income Tax Returns), the Preparing Party shall make available or cause to be made available drafts of such Tax Return (together with all related work papers) to each of the other Parties. The other Parties shall have access to any and all data and information necessary for the preparation of all such Pre-Distribution Income Tax Returns and the Parties shall cooperate fully in the preparation and review of such Tax Returns. Subject to the preceding sentence, no later than fifteen (15) days after receipt of such Pre-Distribution Income Tax Returns (reduced to five (5) days for state or local Pre-Distribution Income Tax Returns), each Party shall have a right to object to such Pre-Distribution Income Tax Return (or items with respect thereto) by written notice to the other Parties; such written notice shall contain such disputed item (or items) and the basis for its objection.

(ii) With respect to a Pre-Distribution Income Tax Return submitted by the Preparing Party to the other Parties pursuant to Section 2.1(c)(i), if the other Parties do not object by proper written notice within the time period described, such Pre-Distribution Income Tax Return shall be deemed to have been accepted and agreed upon, and to be final and conclusive, for purposes of this Section 2.1(c)(ii). If a Party does object by proper written notice within such applicable time period, the Parties shall act in good faith to resolve any such dispute as promptly as practicable; provided, however, that, notwithstanding anything to the contrary

contained herein, if the Parties have not reached a final resolution with respect to all disputed items for which proper written notice was given within ten (10) days (reduced to two (2) days for state or local Pre-Distribution Income Tax Returns) prior to the Due Date for such Pre-Distribution Income Tax Return, such Tax Return shall be filed as prepared pursuant to this Section 2.1 (revised to reflect all initially disputed items that the Parties have agreed upon prior to such date).

(iii) In the event that a Pre-Distribution Income Tax Return is filed that includes any disputed item for which proper notice was given pursuant to this Section 2.1(c) that was not finally resolved and agreed upon, such disputed item (or items) shall be resolved in accordance with Article XIII. In the event that the resolution of such disputed item (or items) in accordance with Article XIII with respect to a Pre-Distribution Income Tax Return is inconsistent with such Pre-Distribution Income Tax Return as filed, the Preparing Party (with

cooperation from the other Parties) shall, as promptly as practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Pre-Distribution Income Tax Return is adjusted as a result of a resolution pursuant to Article XIII, proper adjustment shall be made to the amounts previously paid or required to be paid in accordance with Article III in a manner that reflects such resolution.

(iv) Notwithstanding anything to the contrary in this Section 2.1, in the case of any Income Tax Return for estimated Taxes (“Estimated Tax Returns”) for a Pre-Distribution Tax Period, to the extent not previously filed, as soon as practicable prior to the Due Date of each such Estimated Tax Return, the Preparing Party shall make available or cause to be made available drafts of such Estimated Tax Return (together with all related work papers) to each of the other Parties. The other Parties shall have access to any and all data and information necessary for the preparation of such Estimated Tax Returns and the Parties shall cooperate fully in the preparation and review of such Estimated Tax Returns. Subject to the preceding sentence, a Party shall have a right to object by written notice to the other Parties (and such written notice shall contain such disputed item (or items) and the basis for the objection) and the principles of Section 2.1(c)(ii) and Section 2.1(c)(iii) shall apply to such Estimated Tax Return.

Section 2.2 Responsibility of Parties to Prepare and File Straddle Income Tax Returns.

(a) General. Subject to the rights and obligations of each of the Parties set forth herein, Schedule 2.2(a) sets forth the Preparing Party for all Straddle Income Tax Returns, and the manner in which the Parties will share the various costs associated with such preparation. The Party responsible, or whose Affiliate is responsible, for filing a Straddle Income Tax Return under applicable Law shall file or cause to be filed such Straddle Income Tax Return with the applicable Taxing Authority. All Straddle Income Tax Returns shall be prepared in a manner (i) consistent with the past practice of the Parties and their Affiliates unless otherwise modified by a Final Determination or required by applicable Law; and (ii) consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions. Payments between a Party or any of its Affiliates and another Party or any of its Affiliates for reasonable preparation costs and expenses shall be treated as amounts deductible by the paying Party and its Affiliates pursuant to Section 162 of the Code, and none of the Parties or any of their Affiliates shall take any position inconsistent with such treatment, except to the extent a Final Determination with respect to the paying entity causes such payment to not be so treated (in which case the payment shall be treated in accordance with such Final Determination).

(b) Tax Package. Each Party other than the Preparing Party shall (at its own cost and expense), to the extent that a Straddle Income Tax Return includes items of that Party or its Affiliates, prepare and provide or cause to be prepared and provided to the Preparing Party (and make available or cause to be made available to the other Party) a Tax Package relating to that Straddle Income Tax Return. Such Tax Package shall be provided in a timely manner consistent with the past practices of the Parties and their Affiliates. In the event a Party does not fulfill its obligations pursuant to this Section 2.2(b), the Preparing Party shall be entitled, at the sole cost and expense of the first Party, to prepare or cause to be prepared the information

required to be included in the Tax Package for purposes of preparing any such Straddle Income Tax Return.

(c) Procedures Relating to the Preparation and Filing of Straddle Income Tax Returns.

(i) In the case of Straddle Income Tax Returns, no later than thirty (30) days prior to the Due Date of each such Tax Return (reduced to ten (10) days for state or local Straddle Income Tax Returns), the Preparing Party shall make available or cause to be made available drafts of such Tax Return (together with all related work papers) to each of the other Parties. The other Parties shall have access to any and all data and information necessary for the preparation of all such Straddle Income Tax Returns and the Parties shall cooperate fully in the preparation and review of such Tax Returns. Subject to the preceding sentence, no later than fifteen (15) days after receipt of such Straddle Income Tax Returns (reduced to five (5) days for state or local Straddle Income Tax Returns), each Party shall have a right to object to such Straddle Income Tax Return (or items with respect thereto) by written notice to the other Parties; such written notice shall contain such disputed item (or items) and the basis for its objection.

(ii) With respect to a Straddle Income Tax Return submitted by the Preparing Party to the other Parties pursuant to Section 2.2(c)(i), if the other Parties do not object by proper written notice within the time period described, such Straddle Income Tax Return shall be deemed to have been accepted and agreed upon, and to be final and conclusive, for purposes of this Section 2.2(c)(ii). If a Party does object by proper written notice within such applicable time period, the Parties shall act in good faith to resolve any such dispute as promptly as practicable; provided, however, that, notwithstanding anything to the contrary contained herein, if the Parties have not reached a final resolution with respect to all disputed items for which proper written notice was given within ten (10) days (reduced to two (2) days for state or local Straddle Income Tax Returns) prior to the Due Date for such Straddle Income Tax Return, such Tax Return shall be filed as prepared pursuant to this Section 2.1 (revised to reflect all initially disputed items that the Parties have agreed upon prior to such date).

(iii) In the event that a Straddle Income Tax Return is filed that includes any disputed item for which proper notice was given pursuant to this Section 2.2(c) that was not finally resolved and agreed upon, such disputed item (or items) shall be resolved in accordance with Article XIII. In the event that the resolution of such disputed item (or items) in accordance with Article XIII with respect to a Straddle Income Tax Return is inconsistent with such Straddle Income Tax Return as filed, the Preparing Party (with cooperation from the other Parties) shall, as promptly as practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Straddle Income Tax Return is adjusted as a result of a resolution pursuant to Article XIII, proper adjustment shall be made to the amounts previously paid or required to be paid by the Parties in accordance with Article III in a manner that reflects such resolution.

(iv) Notwithstanding anything to the contrary in this Section 2.2, in the case of any Estimated Tax Returns for a Straddle Tax Period, to the extent not previously filed, as soon as practicable prior to the Due Date of each such Estimated Tax Return, the Preparing Party shall make available or cause to be made available drafts of such Estimated Tax Return

(together with all related work papers) to each of the other Parties. The other Parties shall have access to any and all data and information necessary for the preparation of such Estimated Tax Returns and the Parties shall cooperate fully in the preparation and review of such Estimated Tax Returns. Subject to the preceding sentence, a Party shall have a right to object by written notice to the other Parties (and such written notice shall contain such disputed item (or items) and the basis for the objection) and the principles of Section 2.2(c)(ii) and Section 2.2(c)(iii) shall apply to such Estimated Tax Return.

Section 2.3 Responsibility of Parties to Prepare and File Post-Distribution Income Tax Returns and Non-Income Tax Returns. Except as otherwise provided on Schedule 2.3, the Party or its Affiliate responsible under applicable Law for filing a Post-Distribution Income Tax Return or a Non-Income Tax Return shall prepare and file or cause to be prepared and filed that Tax Return (at that Party's own cost and expense).

Section 2.4 Time of Filing Tax Returns; Manner of Tax Return Preparation. Each Tax Return shall be filed on or prior to the Due Date for such Tax Return by the Party responsible for filing such Tax Return hereunder. Unless otherwise required by a Taxing Authority pursuant to a Final Determination, the Parties hereto shall prepare and file or cause to be prepared and filed all Tax Returns and take all other actions in a manner consistent with (and shall not take any position inconsistent with) any assumptions, representations, warranties, covenants, and conclusions provided by the Parties in connection with the Plan of Separation.

ARTICLE III

RESPONSIBILITY FOR PAYMENT OF TAXES

Section 3.1 Responsibility of Tyco International for Taxes. Except as otherwise provided in this Agreement, Tyco International shall be liable for and shall pay or cause to be paid the following Taxes:

- (a) to the applicable Taxing Authority, any Taxes due and payable on all Pre-Distribution Income Tax Returns that Tyco International is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.1;
- (b) to the applicable Taxing Authority, any Taxes due and payable on all Straddle Income Tax Returns that Tyco International is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.2;
- (c) to the applicable Taxing Authority, any Taxes due and payable on all Post-Distribution Income Tax Returns and Non-Income Tax Returns that Tyco International is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.3;
- (d) to Tyco Electronics, the Tyco International Allocable Portion computed with respect to the Tyco International-Tyco Electronics Shared Entities; and
- (e) to Tyco Healthcare, the Tyco International Allocable Portion computed with respect to the Tyco International-Tyco Healthcare Shared Entities.

Section 3.2 Responsibility of Tyco Electronics for Taxes. Except as otherwise provided in this Agreement, Tyco Electronics shall be liable for and shall pay or cause to be paid the following Taxes:

- (a) to the applicable Taxing Authority, any Taxes due and payable on all Pre-Distribution Income Tax Returns that Tyco Electronics is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.1;
- (b) to the applicable Taxing Authority, any Taxes due and payable on all Straddle Income Tax Returns that Tyco Electronics is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.2;
- (c) to the applicable Taxing Authority, any Taxes due and payable on all Post-Distribution Income Tax Returns and Non-Income Tax Returns that Tyco Electronics is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.3;
- (d) to Tyco Healthcare, the Tyco Electronics Allocable Portion computed with respect to the Tyco Electronics-Tyco Healthcare Shared Entities; and
- (e) to Tyco International, the Tyco Electronics Allocable Portion computed with respect to the Tyco Electronics-Tyco International Shared Entities.

Section 3.3 Responsibility of Tyco Healthcare for Taxes. Except as otherwise provided in this agreement, Tyco Healthcare shall be liable for and shall pay or cause to be paid the following Taxes:

- (a) to the applicable Taxing Authority, any Taxes due and payable on all Pre-Distribution Income Tax Returns that Tyco Healthcare is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.1;
- (b) to the applicable Taxing Authority, any Taxes due and payable on all Straddle Income Tax Returns that Tyco Healthcare is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.2;
- (c) to the applicable Taxing Authority, any Taxes due and payable on all Post-Distribution Income Tax Returns and Non-Income Tax Returns that Tyco Healthcare is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.3;

(d) to Tyco Electronics, the Tyco Healthcare Allocable Portion computed with respect to the Tyco Healthcare-Tyco Electronics Shared Entities; and

(e) to Tyco International, the Tyco Healthcare Allocable Portion computed with respect to the Tyco Healthcare-Tyco International Shared Entities.

Section 3.4 True-Up for Estimated Tax Payments. If payments of estimated Taxes are made prior to the Distributions for a Pre-Distribution Tax Period or a Straddle Tax Period for which a final Income Tax Return is prepared and filed pursuant to Sections 2.1 and 2.2, respectively (the "Previously Paid Estimated Taxes"), each Party shall be obligated for the excess

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(if any) of (a) the amount of such Previously Paid Estimated Taxes that is attributable to such Party or its Affiliates, determined in accordance with the definitions of Tyco International Allocable Portion, Tyco Healthcare Allocable Portion, and Tyco Electronics Allocable Portion, over (b) the Previously Paid Estimated Taxes actually paid by that Party or its Affiliates. The amount for which a Party is obligated pursuant to the preceding sentence shall be paid to the Party or Parties with respect to which the amount calculated in (b) exceeds the amount calculated in (a) in the manner necessary to eliminate all such differences.

Section 3.5 Timing of Payments of Taxes. All Taxes required to be paid or caused to be paid by a Party to a Taxing Authority pursuant to this Article III shall be paid or caused to be paid by such Party on or prior to the Due Date of such Taxes. All amounts required to be paid by one Party to another Party pursuant to this Article III shall be paid or caused to be paid by such Party to such other Party in accordance with Article VIII.

ARTICLE IV

REFUNDS, CARRYBACKS AND AMENDED TAX RETURNS

Section 4.1 Refunds.

(a) Each Party shall be entitled to Refunds that relate to Taxes for which it is liable to an applicable Taxing Authority; provided, however, any Refunds of Taxes reported on an Income Tax Return that is the subject of a Pre-Distribution U.S. Income Tax Audit or a Pre-Distribution Transfer Pricing Tax Audit, shall be shared by the Parties in accordance with their respective Sharing Percentages.

(b) Notwithstanding Section 4.1(a), to the extent a claim for a Refund is reasonably likely to result in a Correlative Detriment to one or more of the Parties, any such Refund that is received by one or more of the Parties shall, and only to the extent thereof, be paid proportionately to the Parties that are reasonably likely to realize such detriment. A "Correlative Detriment" is an increase in a current year Tax payment obligation by a Party or a reduction in a current year Tax benefit of a Party not otherwise entitled to a Refund under the prior sentence that occurs as a direct result of the Tax position that is the basis for the Refund or the claim therefor.

(c) Any Refund to which a Party is entitled pursuant to this Section 4.1 that is received or deemed to have been received as described herein by another Party, shall be paid by such other Party to such first Party in immediately available funds in accordance with Article VIII. To the extent a Party applies or causes to be applied an overpayment of Taxes as a credit toward or a reduction in Taxes otherwise payable (or a Taxing Authority requires such application in lieu of a Refund) and such Refund, if received, would have been payable by such Party to another Party (or Parties) pursuant to this Section 4.1, such Party shall be deemed to have actually received a Refund to the extent thereof on the date on which the overpayment is applied to reduce Taxes otherwise payable.

Section 4.2 Carrybacks. Each of the Parties shall be permitted (but not required) to carryback (or to cause its Affiliates to carryback) a Tax Attribute realized in a Post-Distribution

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Tax Period or a Straddle Tax Period to a Pre-Distribution Tax Period or a Straddle Tax Period only if such carryback cannot result in one or more other Parties (or their Affiliates) being liable for additional Taxes. If a carryback could result in one or more Parties (or their Affiliates) being liable for additional Taxes, such carryback shall be permitted only if all of such Parties consent to such carryback. Any Party that has claimed (or caused one or more of its Affiliates to claim) a Tax Attribute carryback shall be liable for any Taxes that arise as a result of the subsequent adjustment, if any, to the carryback claim.

Section 4.3 Amended Tax Returns.

(a) Notwithstanding Sections 2.1 and 2.2, a Party or its Subsidiary that is entitled to file an amended Tax Return for a Pre-Distribution Tax Period or a Straddle Tax Period for members of its Tax Group shall be permitted to prepare and file an amended Tax Return; provided, however, that (i) such amended Tax Return shall be prepared in a manner (x) consistent with the past practice of the Parties and their Affiliates unless otherwise modified by a Final Determination or required by applicable Law; and (y) consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions; and (ii) if such amended Tax Return could result in one or more other Parties becoming responsible for a payment of Taxes pursuant to Article III or a payment to a Party pursuant to Article IX, such amended Tax Return shall be permitted only if the consent of such other Parties is obtained. The consent of such other Parties shall not be withheld unreasonably and shall be deemed to be obtained in the event that a Party or its Subsidiary is required to file an amended Tax Return as a result of an Audit adjustment that arose in accordance with Article IX.

(b) A Party or its Subsidiary that is entitled to file an amended Tax Return for a Post-Distribution Tax Period shall be permitted to do so without the consent of any Party.

(c) A Party that is permitted (or whose Subsidiary is permitted) to file an amended Tax Return shall not be relieved of any liability for payments pursuant to this Agreement notwithstanding that another Party consented thereto.

Section 4.4 Agreement from Party Administering and Controlling Audit. Notwithstanding anything to the contrary in this Article, any carryback or amended Tax Return otherwise permitted pursuant to Sections 4.2 and 4.3, respectively, shall only be made at the time and in the manner determined by the Party that would be responsible under Article IX for administering and controlling any Audit that arises with respect to the Tax Return to which the carryback or the amended Tax Return relates, if different than the Party that wants (or whose Subsidiary wants) to exercise its rights under Section 4.2 or Section 4.3.

ARTICLE V

DISTRIBUTION TAXES

Section 5.1 Liability for Distribution Taxes. In the event that Distribution Taxes become due and payable to a Taxing Authority pursuant to a Final Determination, then, notwithstanding anything to the contrary in this Agreement:

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(a) No Fault. If such Distribution Taxes are not attributable to the Fault of any Party or any of its Affiliates, the responsibility for such Distribution Taxes shall, if (i) certain and known to the Parties at the time of the Distributions, reside with the Party or Parties responsible for the payment of such Taxes under Article III, but only to the extent certain and known; and (ii) not described in (i) above, be shared by the Parties in accordance with their Sharing Percentages.

(b) Fault. If such Distribution Taxes are attributable to the Fault of one or more Parties or any of their Affiliates, the responsibility for such Distribution Taxes shall reside with the Party or Parties at Fault. If more than one Party is at Fault, the responsibility for the Distribution Taxes shall be allocated equally among all of the Parties at Fault.

(c) Timing of Payment of Taxes. The Party or Parties that are responsible for Distribution Taxes pursuant to this Section 5.1 shall pay their shares of such Distribution Taxes to the applicable Taxing Authority or to one or more of the other Parties (as the case may be) on or prior to the Due Date of such Distribution Taxes. To the extent not contrary to the preceding sentence, all

amounts required to be paid by one Party to another Party pursuant to this Article V shall be paid or caused to be paid by such first Party to such other Party in accordance with Article VIII.

Section 5.2 Payment for Use of Tax Attributes by Parties at Fault. Notwithstanding Section 5.1, if a Party is at Fault within the meaning of Section 5.3, and such Fault would have resulted in Distribution Taxes becoming due and payable but for the use of the Tax Attributes of one or more other Parties, the Party at Fault shall pay to each such other Party the amount of Distribution Taxes that did not become due and payable as a result of the use of that other Party's Tax Attributes. For purposes of this Section 5.2, the Parties shall assume an effective tax rate of thirty-eight percent (38%).

Section 5.3 Definition of Fault. For purposes of this Agreement, Distribution Taxes shall be deemed to result from the fault ("Fault") of a Party if such Distribution Taxes are directly attributable to, or result from:

(a) any act, or failure or omission to act, by such Party or any of such Party's Affiliates following the Distributions that results in one or more Parties (or any of their Affiliates) being responsible for such Distribution Taxes pursuant to a Final Determination, regardless of whether such act or failure to act (i) is covered by a Post-Distribution Ruling, Unqualified Tax Opinion, or waiver in accordance with Section 5.4, or (ii) occurs during or after the Restricted Period, or

(b) the direct or indirect acquisition of all or a portion of the stock of such Party or of any of the Section 355 Entity (or any transaction or series of related transactions that is deemed to be such an acquisition for purposes of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder) by any means whatsoever by any person including pursuant to an issuance of stock by such Party or any of its Affiliates.

Section 5.4 Limits on Proposed Acquisition Transactions and Other Transactions During Restricted Period. During the Restricted Period, no Party shall:

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(a) enter into any Proposed Acquisition Transaction, approve any Proposed Acquisition Transaction for any purpose, or allow any Proposed Acquisition Transaction to occur with respect to any Section 355 Entity;

(b) merge or consolidate with any other Person or liquidate or partially liquidate; or approve or allow any merger, consolidation, liquidation, or partial liquidation of any Section 355 Entity or ATOB Entity;

(c) approve or allow the discontinuance, cessation, or sale or other transfer (to an Affiliate or otherwise) of, or a material change in, any Active Business;

(d) approve or allow the sale, issuance, or other disposition (to an Affiliate or otherwise), directly or indirectly, of any share of, or other equity interest or an instrument convertible into an equity interest in, any ATOB Entity;

(e) sell or otherwise dispose of more than 35 percent (35%) of its consolidated gross or net assets, or approve or allow the sale or other disposition (to an Affiliate or otherwise) of more than 35 percent (35%) of the consolidated gross or net assets of any Section 355 Entity (in each case, excluding sales in the ordinary course of business and measured based on fair market values as of the date of the applicable Distribution or other transaction);

(f) amend its certificate of incorporation (or other organizational documents), or take any other action or approve or allow the taking of any action, whether through a stockholder vote or otherwise, affecting the voting rights of the stock of such Party, a Section 355 Entity, or a Transferee Entity;

(g) issue shares of a new class of nonvoting stock or approve or allow any Section 355 Entity or Transferee Entity to issue shares of a new class of nonvoting stock;

(h) purchase, directly or through any Affiliate, any of its outstanding stock after the Distributions, other than through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30;

(i) approve or allow payment of an extraordinary distribution by a Transferee Entity to a Transferor Entity, or a redemption of shares of a Transferee Entity held by a Transferor Entity (in the case of any Transferee Entity or Transferor Entity, including any successor thereto);

(j) approve or allow an extraordinary contribution to any Section 355 Entity (or any successor thereto) by its shareholder or shareholders (or any successor(s) thereto);

(k) take any action or fail to take any action, or permit any of its Affiliates to take any action or fail to take any action, that is inconsistent with the representations and covenants made in the IRS Ruling or in the Tax Representation Letters, or that is inconsistent with any rulings or opinions in the IRS Ruling or any Tax Opinion; or

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(l) take any action or permit any of its Affiliates to take any action that, in the aggregate (taking into account other transactions described in this Section 5.4) would be reasonably likely to jeopardize Tax-Free Status;

provided, however, that a Party (the “Requesting Party”) shall be permitted to take such action or one or more actions set forth in the foregoing clauses (a) through (l) if, prior to taking any such actions: (1) such Requesting Party or Tyco International shall have received a favorable private letter ruling from the IRS, or a ruling from another Taxing Authority (a “Post-Distribution Ruling”), in form and substance reasonably satisfactory to the other Parties that confirms that such action or actions will not result in Distribution Taxes, taking into account such actions and any other relevant transactions in the aggregate; (2) such Requesting Party shall have received an Unqualified Tax Opinion in form and substance reasonably satisfactory to the other Parties that confirms that such action or actions will not result in Distribution Taxes, taking into account such actions and any other relevant transactions in the aggregate; or (3) such Requesting Party shall have received a written statement from each of the other Parties that provides that such other Party waives the requirement to obtain a Post-Distribution Ruling or Unqualified Tax Opinion described in this paragraph. The evaluation of a Post-Distribution Ruling or Unqualified Tax Opinion may consider, among other factors, the appropriateness of any underlying assumptions, representations, and covenants made in connection with such Post-Distribution Ruling or Unqualified Tax Opinion. The Requesting Party shall bear all costs and expenses of securing any such Post-Distribution Ruling or Unqualified Tax Opinion and shall reimburse the other Parties for all reasonable out-of-pocket costs and expenses that such Parties may incur in good faith in seeking to obtain or evaluate any such Post-Distribution Ruling or Unqualified Tax Opinion.

Section 5.5 Advance Disclosure of Non-Public Transactions. In the event of a transaction contemplated by a Party that is described in Section 5.4(a) or Section 5.4(b) and that has not been disclosed to the general public, such Party shall make an advance disclosure of such transaction to the Chief Financial Officers of the other Parties as soon as practicable and prior to a favorable recommendation of such transaction to the Board of Directors of such Party. The other Parties shall take all reasonable measures to protect against the public disclosure of such transaction. Nothing in this Section 5.5 shall be construed to limit a Party’s rights or obligations set forth in Section 5.4.

Section 5.6 Qualified Tax Counsel Advance Conflict Waiver. Unless prohibited by Law or the ethical rules applicable to attorneys, each of the Parties agrees to waive or to cause its Affiliates to waive in advance any conflicts that must be waived (determined by Qualified Tax Counsel in its sole discretion) to permit Qualified Tax Counsel to issue any Unqualified Tax Opinions to be obtained by a Party pursuant to this Article V.

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ARTICLE VI

EMPLOYEE BENEFIT MATTERS

Section 6.1 Deferred Compensation Deductions.

(a) Entitlement to Deductions. Any Deferred Compensation Deduction arising after the Distribution Date shall be claimed solely by the Party (or the appropriate Affiliate of that Party) that employs the individual with respect to whom such Deferred Compensation Deduction arises at the time that it arises or, if such individual is not then employed by any Party or a Party's Affiliate, by the Party (or the appropriate Affiliate of that Party) that last employed such individual. If, as a result of a Final Determination, a Deferred Compensation Deduction is disallowed in whole or in part to the Party (the "Employing Party") or its Affiliate claiming such Deferred Compensation Deduction pursuant to the preceding sentence, then any other Party ("Claiming Party") or its Affiliates shall at the request of the Employing Party make a claim for all such deductions ("Claimed Deductions"); provided, however, that the Employing Party has delivered to the Claiming Party (i) an opinion of counsel in a form satisfactory to the Claiming Party that confirms that the Claimed Deductions should be sustained based on the Final Determination, and (ii) an acknowledgement that the Employing Party will reimburse the Claiming Party for all reasonable expenses incurred by the Claiming Party or any of its Affiliates as a result of claiming the Claimed Deductions. Upon a subsequent Final Determination in favor of the Claiming Party or one or more of its Affiliates for the Claimed Deductions, the Claiming Party shall pay to the Employing Party any Tax Benefit Actually Realized by the Claiming Party or its Affiliates in the taxable year that the Claiming Party or one or more of its Affiliates asserts its claim to the Claimed Deductions.

(b) Withholding and Reporting. The Employing Party that claims (or any Affiliate of which claims) the Deferred Compensation Deduction described in Section 6.1(a) shall be responsible for all applicable Taxes (including, but not limited to, withholding and excise taxes) and shall satisfy, or shall cause to be satisfied, all applicable Tax reporting obligations in respect to the deferred compensation that gives rise to the Deferred Compensation Deduction. The Parties to this Agreement shall cooperate (and shall cause their Affiliates to cooperate) so as to permit the Employing Party or its Affiliates claiming such Deferred Compensation Deduction to discharge any applicable Tax withholding and Tax reporting obligations, including the appointment of the Employing Party or one or more of its Affiliates as the withholding and reporting agent if the Employing Party or one or more of its Affiliates is not otherwise required or permitted to withhold and report under applicable Law.

ARTICLE VII

INDEMNIFICATION

Section 7.1 Indemnification Obligations of Tyco International. Tyco International shall indemnify Tyco Healthcare and Tyco Electronics and hold them harmless from and against (without duplication):

- (a) all Taxes and other amounts for which the Tyco International Group is responsible under this Agreement; and
- (b) all Taxes and reasonable out-of-pocket costs for advisors and other expenses attributable to a breach of any representation, covenant, or obligation of Tyco International under this Agreement.

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Section 7.2 Indemnification Obligations of Tyco Healthcare. Tyco Healthcare shall indemnify Tyco International and Tyco Electronics and hold them harmless from and against (without duplication):

- (a) all Taxes and other amounts for which the Tyco Healthcare Group is responsible under this Agreement; and
- (b) all Taxes and reasonable out-of-pocket costs for advisors and other expenses attributable to a breach of any representation, covenant, or obligation of Tyco Healthcare under this Agreement.

Section 7.3 Indemnification Obligations of Tyco Electronics. Tyco Electronics shall indemnify Tyco International and Tyco Healthcare and hold them harmless from and against (without duplication):

- (a) all Taxes and other amounts for which the Tyco Electronics Group is responsible under this Agreement; and
- (b) all Taxes and reasonable out-of-pocket costs for advisors and other expenses attributable to a breach of any representation, covenant or obligation of Tyco Electronics under this Agreement.

ARTICLE VIII

PAYMENTS

Section 8.1 Payments

(a) General. Unless otherwise provided in this Agreement, in the event that an Indemnifying Party is required to make a payment to an Indemnified Party pursuant to this Agreement:

(i) Aggregate Payments of Less than \$10 Million. If such payments are in the aggregate less than \$10 million during the calendar quarter, the Indemnified Party shall deliver written notice of the payments to the Indemnifying Party in accordance with Section 14.3 during the calendar quarter in which the obligation giving rise to the indemnification payment must be satisfied, and the Indemnifying Party shall be required to make payment to the Indemnified Party within ten (10) Business Days after the end of the calendar quarter in which written notice of such payment is delivered to the Indemnifying Party (or, if later, within thirty (30) Business Days of such delivery).

(ii) Payments Equal to or Greater than \$10 Million. If such payments are individually or in the aggregate equal to or greater than \$10 million, the Indemnified Party shall deliver written notice of the payment to the Indemnifying Party in accordance with Section 14.3 at least ten (10) Business Days in advance of the date or dates on which the obligations giving rise to the indemnification payment must be satisfied (in the case of aggregate payments in excess of \$10 million, the earliest date that any such payment must be satisfied), and the Indemnifying Party shall be required to make payment to the Indemnified Party no later than

five (5) Business Days after receipt of such notice. The Indemnified Party shall, within one (1) Business Day after the date on which the obligation giving rise to the indemnification payment is satisfied, pay interest to the Indemnifying Party that accrues (at a rate equal to one (1) week LIBOR minus 25 basis points) on the amount of such payment from the date of receipt of such payment by the Indemnified Party until the date on which the obligation is satisfied.

(b) Procedural Matters. The written notice delivered to the Indemnifying Party in accordance with Section 14.3 shall show the amount due and owing together with a schedule calculating in reasonable detail such amount (and shall include any relevant Tax Return, statement, bill or invoice related to Taxes, costs, expenses or other amounts due and owing). All payments required to be made by one Party to another Party pursuant to this Section 8.1 shall be made by electronic, same day wire transfer. Payments shall be deemed made when received. If the Indemnifying Party fails to make a payment to the Indemnified Party within the time period set forth in this Section 8.1, such Indemnifying Party shall not be considered to be in breach of its covenants and obligations established in this Section 8.1 unless and until such failure exists on the date on which the obligation giving rise to the indemnification payment must be satisfied; provided, however, that the Indemnifying Party shall pay to the Indemnified Party (i) interest that accrues (at a rate equal to the Prime Rate plus 200 basis points) on the amount of such payment from the time that such payment was due to the Indemnified Party until the date that payment is actually made to the Indemnified Party; and (ii) any costs or expenses, including any breakage costs, incurred by the Indemnified Party to secure such payment or to satisfy the Indemnifying Party's portion of the obligation giving rise to the indemnification payment.

Section 8.2 Treatment of Payments made Pursuant to Tax Sharing Agreement. Unless otherwise required by a Final Determination or this Agreement, for U.S. federal Tax purposes, any payment made pursuant to this Agreement by:

(a) a Spinco Party to Tyco International shall be treated for all Tax purposes as a distribution by such Spinco Party to Tyco International with respect to stock of the Spinco Party under Section 301 of the Code occurring after the Spinco Party is directly owned by Tyco International and immediately before the applicable Distribution;

(b) Tyco International to either of the Spinco Parties shall be treated for all Tax purposes as a tax-free contribution by Tyco International to the appropriate Spinco Party with respect to its stock occurring after the Spinco Party is directly owned by Tyco International and immediately before the applicable Distribution;

(c) a Spinco Party to another Spinco Party shall be treated for all Tax purposes as a distribution by the first Spinco Party to Tyco International with respect to stock of that Spinco Party under Section 301 of the Code occurring after the Spinco Party is directly owned by Tyco International and immediately before the applicable Distribution followed by a tax-free contribution by Tyco International to the recipient Spinco Party with respect to its stock occurring after the Spinco Party is directly owned by Tyco International and immediately before the applicable Distribution; and

in each case, none of the Parties shall take any position inconsistent with such treatment. In the event that a Taxing Authority asserts that a Party's treatment of a payment pursuant to this

Agreement should be other than as required pursuant to this Agreement (ignoring any potential inconsistent or adverse Final Determination), such Party shall use its reasonable best efforts to contest such challenge.

Section 8.3 Treatment of Payments made Pursuant to Separation and Distribution Agreement. Unless otherwise required by a Final Determination or this Article VIII, for U.S. federal Tax purposes, payments made pursuant to the Separation and Distribution Agreement shall be treated in accordance with the principles set forth in Section 8.2. In the event that a Taxing Authority asserts that a Party's treatment of a payment pursuant to the Separation and Distribution Agreement should be other than as set forth in this Agreement (ignoring any potential inconsistent or adverse Final Determination), such Party shall use its reasonable best efforts to contest such challenge.

Section 8.4 Payments Net of Tax Benefit Actually Realized. All amounts required to be paid by one Party to another pursuant to this Agreement shall be reduced by the Tax Benefit Actually Realized by the Indemnified Party or its Subsidiaries in the taxable year that the payment or event occurs that gives rise to the indemnification obligation.

ARTICLE IX

AUDITS

Section 9.1 Notice. Within fifteen (15) Business Days after a Party or any of its Affiliates receives a written notice from a Taxing Authority (reduced to five (5) Business Days for written notices received from a state or local Taxing Authority) of the existence of an Audit that may require indemnification pursuant to this Agreement, that Party shall notify the other Parties of such receipt and send such notice to the other Parties via overnight mail. The failure of one Party to notify the other Parties of an Audit shall not relieve such other Party of any liability and/or obligation that it may have under this Agreement, except to the extent that the Indemnifying Party's rights under this Agreement are materially prejudiced by such failure.

Section 9.2 Pre-Distribution Audits.

(a) Determination of Administering Party. Subject to Sections 9.2(b), 9.2(c), and 9.2(d):

(i) Tyco International and its Subsidiaries shall administer and control all Pre-Distribution U.S. Income Tax Audits and all Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audits.

(ii) Tyco International and its Subsidiaries shall administer and control all Pre-Distribution Transfer Pricing Tax Audits to the extent such Audits relate or are attributable to a U.S. entity; provided, however, that all other Pre-Distribution Transfer Pricing Tax Audits shall be administered and controlled by the Party and its Subsidiaries that would be primarily liable under applicable Law to pay to the applicable Taxing Authority the Taxes resulting from such Audits.

(iii) Pre-Distribution Non-Income or Non-U.S. Tax Audits shall be administered and controlled by the Party and its Subsidiaries that would be primarily liable under applicable Law to pay to the applicable Taxing Authority the Taxes resulting from such Audits.

(b) Administration and Control; Cooperation. Except in the event of a Change of Control or a Bankruptcy of the Audit Management Party as provided below, the Audit Management Party shall have absolute authority to make all decisions (determined in its sole discretion) with respect to the administration and control of such Audit, including the selection of all external advisors. In that regard, the Audit Management Party (i) may in its sole discretion settle or otherwise determine not to continue to contest any issue related to such Audit without the consent of the other Parties, and (ii) shall, as soon as reasonably practicable and prior to settlement of an issue that could cause one or more other Parties to become responsible for Taxes under Section 9.3, notify the Audit Representatives of such other Parties of such settlement. The other Parties shall (and shall cause their Affiliates to) undertake all actions and execute all documents (including an extension of the applicable statute of limitations) that are determined in the sole discretion of the Audit Management Party to be necessary to effectuate such administration and control. The Parties shall in good faith cooperate with each other in connection with such Audit and shall provide or cause their Subsidiaries to provide such information to each other as may be necessary or useful with respect to such Audit in a timely manner. The Parties agree to use reasonable best efforts to cooperate fully in connection with an Audit (in a manner that will preserve for the Parties the attorney-client privilege, work product, or other privilege with respect thereto). Notwithstanding anything to the contrary in this Section 9.2(b), after a Change of Control or a Bankruptcy of the Audit Management Party, the Audit Management Party shall not, prior to the resolution of the vote permitted under Section 9.2(d)(ii) as a result of such Change of Control or Bankruptcy (including the failure of any Party to submit an Administration Vote Notice with respect to such Change of Control), choose to litigate any issue with respect to an Audit or make any decision to change the forum or jurisdiction with respect to which an issue arising under an Audit is being litigated, without the prior written consent of all of the Parties.

(c) Participation Rights of Parties with respect to Audits. Each Party that would be responsible under Section 9.3 for Taxes resulting from an Audit (other than the Audit Management Party) shall have limited participation rights as set forth in this Section 9.2(c) with respect to such Audit. Promptly after notification of an Audit pursuant to Section 9.1, the Audit Management Party shall arrange for a meeting or conference call that includes all of the other Parties that have the right to participate in such Audit pursuant to this Section 9.2(c) to plan for the management of such Audit. Thereafter, these Parties shall arrange for a meeting or conference call to be held on a reasonable periodic basis as necessary to facilitate regular communication on the administration of the Audit, to enable the Parties to discharge their obligations under this Agreement, and to satisfy any of such Parties' (or their Subsidiaries') financial reporting or other regulatory requirements; provided, however, that such meeting or call shall be held quarterly or on a more frequent basis as the Parties may agree.

(d) Change in Audit Management Party.

(i) Upon (a) the second anniversary following the Effective Time and annually on each anniversary date thereafter; (b) the expiration of the six (6) month period

following a Change of Control of the Audit Management Party; and (c) the expiration of the six (6) month period following a Bankruptcy of the Audit Management Party (each of (a), (b), and (c), a "Tax Management Change Event"), a Party's Audit Representative may call for a vote to decide whether the current Audit Management Party should be replaced by another Party by providing written notice of such vote to the other Parties thirty (30) days prior to such Tax Management Change Event ("Administration Vote Notice").

(ii) Within fifteen (15) days after the other Parties' receipt of an Administration Vote Notice, the Parties' Audit Representatives shall meet together (either in person, telephonically or by other electronic means) and discuss any

information that is deemed to be relevant to the Parties' vote. Thirty (30) days after the other Parties' receipt of an Administration Vote Notice, the Board of Directors of each of the Parties shall submit to the other Parties a written vote identifying the one Party that it casts its vote for to be appointed the Audit Management Party.

(iii) In the case of a vote under (ii) above, if a Party other than the current Audit Management Party receives a majority in number of the votes of the Parties, that Party (the "Elected Party") and its Subsidiaries shall be appointed the new Audit Management Party upon delivery of written acceptance of the appointment to each other Party within five (5) days after the vote ("Acceptance Notice"). If the Elected Party delivers the Acceptance Notice, then the Elected Party shall immediately have and assume all of the rights and obligations of the Audit Management Party under this Agreement. Except as provided in Section 9.2(d)(iv), upon delivery of the Acceptance Notice, the Replaced Audit Management Party shall have no further rights or obligations as the Audit Management Party (other than for any expense or cost reimbursements incurred prior to its replacement). If (a) the current Audit Management Party receives a majority in number of votes, (b) no Party receives a majority of the votes cast, or (c) the Elected Party fails to deliver the Acceptance Notice, then the Audit Management Party shall remain the Party then appointed.

(iv) If as a result of a vote under (ii) above, there is a replacement of the then appointed Audit Management Party (the "Replaced Audit Management Party"), the Replaced Audit Management Party shall use its reasonable best efforts to transition to the new Audit Management Party the administration and control of the ongoing Audits that the Replaced Audit Management Party was prior to its replacement responsible for administering and controlling pursuant to Section 9.2(a).

(v) Each Party has the exclusive right to replace its respective Audit Representative provided that such Audit Representative must be an employee of such Party or any of its Affiliate, and in the event of such replacement, the applicable Party shall provide written notice of such replacement to the other Parties.

(e) Sharing of Internal and External Costs and Expenses related to Pre-Distribution U.S. Income Tax Audits, Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audits, and Pre-Distribution Transfer Pricing Tax Audits.

(i) External Costs and Expenses. All external costs and expenses (including all costs and expenses of calculating Taxes and other amounts payable hereunder) that

are incurred by the Audit Management Party with respect to a Pre-Distribution U.S. Income Tax Audit, a Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audit, or a Pre-Distribution Transfer Pricing Tax Audit (including any costs and expenses incurred as a result of any reporting obligations that arise out of an Audit, such as the reporting of any Audit adjustments to the various U.S. states) shall be shared on an equal one-third (1/3) basis by each of the Parties. The Audit Management Party shall provide to the other Parties at the end of each calendar quarter an invoice for each other Party's share of the external costs (along with supporting invoices received from the external service providers), and each other Party shall remit, within sixty (60) days after receipt of the invoice, payment of their share of the external costs to the Audit Management Party.

(ii) Internal Costs and Expenses. The Audit Management Party shall estimate the internal costs and expenses that it expects will be incurred by the Boca Raton Audit Team (based on consistent past practices) during the five (5) year period that starts on the Distribution Date, and shall provide such estimate in writing to the other Parties within thirty (30) days of such Distribution Date. Each of the other Parties shall pay the Audit Management Party, within sixty (60) days of the beginning of each year in this five (5) year period, a fixed fee equal to (a) one-third (1/3) of the internal costs and expenses shown in the estimate provided by the Audit Management Party, divided by (b) 5. The Parties shall renegotiate this fee for succeeding periods prior to the end of such five (5) year period. No adjustment shall be made for any difference between the internal costs and expenses estimated by the Audit Management Party and the amount of such costs and expenses that are actually incurred by the Audit Management Party. The Parties acknowledge that they may incur internal costs and expenses related to an Audit that are not reimbursed pursuant to this Agreement and that the only internal costs and expenses that are subject to sharing and reimbursement are the internal costs incurred by the Audit Management Party as described above.

(f) Treatment of Costs and Expenses related to Pre-Distribution U.S. Income Tax Audits, Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audits, and Pre-Distribution Transfer Pricing Tax Audits. Payments borne by the Parties or any of their Subsidiaries for costs and expenses relating to Pre-Distribution U.S. Income Tax Audits, Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audits, and Pre-Distribution Transfer Pricing Tax Audits shall be treated as amounts deductible by the paying Party (or its Subsidiary) pursuant to Section 162 of the Code, and none of the Parties or any of their Subsidiaries shall take any position inconsistent with such treatment, except to the extent that a Final Determination with respect to the paying Party or its Subsidiary causes any such payment to not be so treated.

(g) Geographical Movement of Audit. Notwithstanding anything to the contrary in this Section 9.2, (i) the Audit Management Party shall not move the administration and control of a Pre-Distribution U.S. Income Tax Audit or a Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audit from Boca Raton, FL without the prior consent of the other Parties; and (ii) all Pre-Distribution U.S. Income Tax Audits and Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audits must be administered and controlled in the same location. A vote to move the administration and control of a Pre-Distribution U.S. Income Tax Audit or a Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audit from Boca Raton, FL shall be made at the time and in the manner specified in Section 9.2(d).

Section 9.3 Payment of Audit Amounts.

(a) Pre-Distribution U.S. Income Tax Audits. In connection with any Final Determination with respect to a Pre-Distribution U.S. Income Tax Audit:

(i) Tyco International shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco Healthcare, or Tyco Electronics (as the case may be) an amount equal to the Tyco International Sharing Percentage of the additional Taxes owed as a result of such Final Determination that are attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date.

(ii) Tyco Electronics shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Healthcare (as the case may be) an amount equal to the Tyco Electronics Sharing Percentage of the additional Taxes owed as a result of such Final Determination that are attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date.

(iii) Tyco Healthcare shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Electronics (as the case may be) an amount equal to the Tyco Healthcare Sharing Percentage of the additional Taxes owed as a result of such Final Determination that are attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date.

(b) Pre-Distribution Transfer Pricing Tax Audits. In connection with any Final Determination with respect to a Pre-Distribution Transfer Pricing Tax Audit:

(i) Tyco International shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco Healthcare, or Tyco Electronics (as the case may be) an amount equal to the Tyco International Sharing Percentage of the additional Taxes owed as a result of such Final Determination that are attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date.

(ii) Tyco Electronics shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Healthcare (as the case may be) an amount equal to the Tyco Electronics Sharing Percentage of

the additional Taxes owed as a result of such Final Determination that are attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date.

(iii) Tyco Healthcare shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Electronics (as the case may be) an amount equal to the Tyco Healthcare Sharing Percentage of the additional Taxes owed as a result of such Final Determination that are attributable to a Pre-Distribution Tax Period or the portion of a Straddle Tax Period ending on the Distribution Date.

(c) Pre-Distribution Non-Income or Non-U.S. Tax Audits. In connection with any Final Determination with respect to a Pre-Distribution Non-Income or Non-U.S. Tax Audit (excluding Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audits that are addressed in Section 9.3(d)):

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(i) Tyco International shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco Healthcare, or Tyco Electronics (as the case may be) the Tyco International Allocable Audit Portion owed as a result of such Final Determination.

(ii) Tyco Electronics shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Healthcare (as the case may be) the Tyco Electronics Allocable Audit Portion owed as a result of such Final Determination.

(iii) Tyco Healthcare shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Electronics (as the case may be) the Tyco Healthcare Allocable Audit Portion owed as a result of such Final Determination.

(d) Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audits. In connection with any Final Determination with respect to a Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audit:

(i) Tyco International shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco Healthcare, or Tyco Electronics (as the case may be) eighty-three percent (83%) of the amount owed as a result of such Final Determination.

(ii) Tyco Electronics shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Healthcare (as the case may be) ten percent (10%) of the amount owed as a result of such Final Determination.

(iii) Tyco Healthcare shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority, Tyco International, or Tyco Electronics (as the case may be) seven percent (7%) of the amount owed as a result of such Final Determination.

(e) Adjustments to Refunds. Notwithstanding Section 9.3(a), (b), (c), or (d), if a Final Determination with respect to an Audit includes an adjustment to a Refund previously received by a Party or its Affiliates, such Party shall be liable for one hundred percent (100%) of the amount owed to the extent of such recovery. For purposes of this Section 9.3(e), an amount shall be considered to be owed when it is actually paid or satisfied pursuant to an offset.

(f) Payment Procedures. In connection with any Audit that results in an amount to be paid pursuant to Section 9.3(a), (b), (c), or (d), the Audit Management Party shall, within thirty (30) Business Days following a final resolution of such Audit,

submit in writing to the other Parties a preliminary determination (calculated and explained in detail reasonably sufficient to enable the Parties to fully understand the basis for such determination and to permit such Parties and their Affiliates to satisfy their financial reporting requirements) of the portion of such amount to be paid by each of the Parties pursuant to Section 9.3(a), (b), (c), (d), or (e), as applicable. Each of the Parties and its Affiliates shall have access to all data and information necessary to calculate such amounts and the Parties and their Affiliates shall cooperate fully in the determination of such amounts. Within twenty (20) Business Days following the receipt by a Party of the information described in this Section 9.3(f), such Party shall have the right to object only to the calculation of the amount of the payment (but not the basis for the payment) by written notice to the other Parties; such written notice shall contain such disputed item or items and the basis for its objection. If no Party objects by proper written notice to the other Parties

within the time period described in this Section 9.3(f), the calculation of the amounts due and owing from each Party shall be deemed to have been accepted and agreed upon, and final and conclusive, for purposes of this Section 9.3(f). If any Party objects by proper written notice to the other Parties within such time period, the Parties shall act in good faith to resolve any such dispute as promptly as practicable in accordance with Article XIII. The Party or its Affiliate responsible for paying to the applicable Taxing Authority under applicable Law amounts owed pursuant to a Final Determination shall make such payments to such Taxing Authority prior to the due date for such payments. The other Parties shall reimburse the paying Party in accordance with Article VIII for the portion of such payments for which such other Parties are liable pursuant to this Section 9.3. The time periods specified above for submitting a preliminary determination and objecting may be shortened to a time period determined by a Majority of the Parties if these Parties ascertain that such shortened time period is necessary to meet the Audit obligations of the Parties and their Affiliates.

(g) Advance Payment of Taxes. In the event that the Audit Management Party decides to contest the position of a Taxing Authority taken with respect to a Pre-Distribution U.S. Income Tax Audit, a Pre-Distribution Tyco (U.S.) Qualified Plan and TME Payroll Tax Audit, or a Pre-Distribution Transfer Pricing Tax Audit in a forum or jurisdiction that requires the prepayment or deposit of the Taxes (or security for the Taxes) in order to contest the Taxes determined by the Taxing Authority to be due and payable, each of the other Parties must pay to the Audit Management Party its portion of such prepayment determined in accordance with this Section 9.3; provided, however, if any Party's portion of such prepayment exceeds \$500 million, the Parties shall only be obligated to pay their portions of such prepayment if a Majority of the Parties votes in favor of the Audit Management Party's decision as to choice of forum or jurisdiction. Each of the Parties shall deliver its written vote to the Audit Management Party within ten (10) days of its receipt of written notice of the Audit Management Party's decision as to choice of forum or jurisdiction and the amount of the required prepayment. A recoupment of all or a portion of a prepayment of Taxes resulting from a Final Determination shall be paid to the Party or Parties that contributed to such prepayment, in proportion to such contributions. No Party shall be liable to any other Party in the event that a Final Determination does not allow for the recovery of all or a portion of a prepayment.

Section 9.4 Correlative Adjustments. If pursuant to a Final Determination there is a Correlative Adjustment attributable to a Pre-Distribution Non-Income or Non-U.S. Tax Audit that causes a Party or its Affiliate to become entitled to a tax benefit, such Party shall pay the amount of the Tax Benefit Actually Realized in the taxable year of the Final Determination to the Party that experiences (or whose Affiliate experiences) a tax detriment as a result of such Correlative Adjustment.

ARTICLE X

COOPERATION AND EXCHANGE OF INFORMATION

Section 10.1 Cooperation and Exchange of Information. The Parties shall each cooperate fully (and each shall cause its respective Affiliates to cooperate fully) with all reasonable requests from another Party hereto, or from an agent, representative, or advisor to such Party, in connection with the preparation and filing of Tax Returns, claims for Refund,

Audits, determinations by Tyco International with respect to the allocation of Tax Attributes and the calculation of Taxes or other amounts required to be paid hereunder, and any applicable financial reporting requirements of a Party or its Affiliates, in each case, related or attributable to or arising in connection with Taxes or Tax Attributes of any of the Parties or their respective Subsidiaries covered by this Agreement. Such cooperation shall include, without limitation:

- (a) the retention until the expiration of the applicable statute of limitations or, if later, until the expiration of all relevant Tax Attributes (in each case taking into account all waivers and extensions), and the provision upon request, of Tax Returns of the Parties and their respective Subsidiaries, books, records (including information regarding ownership and Tax basis of property), documentation, and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;
- (b) the execution of any document that may be necessary or reasonably helpful in connection with any Audit of any of the Parties or their respective Subsidiaries, or the filing of a Tax Return or Refund claim of the Parties or any of their respective Subsidiaries;
- (c) the use of the Party' s reasonable best efforts to obtain any documentation that may be necessary or reasonably helpful in connection with any of the foregoing (including without limitation any information contained in Tax or other financial information databases); and
- (d) the use of the Party' s reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents), documents, books, records, or other information that may be necessary or helpful in connection with any Tax Returns of any of the Parties or their Affiliates.

Each Party shall make its and its Subsidiaries' employees and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters. Except for costs and expenses otherwise allocated among the Parties pursuant to this Agreement, including costs incurred under Article II and Article IX, no reimbursement shall be made for costs and expenses incurred by the Parties as a result of cooperating pursuant to this Section 10.1.

Section 10.2 Retention of Records. Subject to Section 10.1, if any of the Parties or their respective Subsidiaries intends to dispose of any documentation (including, without limitation, documentation that is being retained pursuant to IRS guidelines, such as Revenue Procedure 98-25 and Revenue Procedure 97-22) relating to the Taxes of the Parties or their respective Subsidiaries for which another Party to this Agreement may be responsible pursuant to the terms of this Agreement (including, without limitation, Tax Returns, books, records, documentation, and other information, accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities), such Party shall or shall cause written notice to the other Parties describing the documentation to be destroyed or disposed of sixty (60) Business Days prior to taking such action. The other Parties may arrange to take delivery of the documentation described in the notice at their expense during the succeeding sixty (60) day period.

ARTICLE XI

ALLOCATION OF TAX ATTRIBUTES, DUAL CONSOLIDATED LOSSES AND OTHER TAX MATTERS

Section 11.1 Allocation of Tax Attributes.

(a) General. To the extent not already provided, no later than twenty (20) Business Days after the end of each fiscal quarter ending on or after the Effective Time and on or prior to September 30, 2007, Tyco International shall provide to each of the Spinco Parties an estimate (or an updated estimate) of the Tax Attributes allocated or inuring to such Party and its Subsidiaries as a result of the Distributions and related transactions for U.S. federal, state, local, and non-U.S. Tax purposes; provided, however, that (i) the Tax Attributes listed on Schedule 11.1(a) shall be allocated on the basis described thereon, and (ii) the allocation of Tax Attributes by Tyco International shall be made in accordance with applicable Law (as reasonably determined by Tyco International) and consistent with the allocations of Tax Attributes reflected in the financial statements included in the registration statement filed on or with the Forms 10 and S-1, filed by each of Tyco Healthcare, Tyco Electronics, and Tyco International, as applicable.

(b) Final Tax Attribute Allocation. No later than December 31, 2007, Tyco International shall provide to each of the Spinco Parties a final allocation of the Tax Attributes allocated to such Party and its Subsidiaries, which allocation shall be in accordance with the proviso in Section 11.1(a) (the "Final Tax Attribute Allocation").

(c) Consistency. None of the Parties or their Subsidiaries shall take any position inconsistent with the estimated allocation of Tax Attributes pursuant to Section 11.1(a) (in the case of positions taken prior to the Final Tax Attribute Allocation) or the Final Tax Attribute Allocation pursuant to Section 11.1(b) (in the case of positions taken at the time of or after the Final Tax Attribute Allocation), except to the extent that a reallocation of such Tax Attributes is required pursuant to a Final Determination.

Section 11.2 Dual Consolidated Losses.

(a) For the U.S. federal affiliated group of which TUSHI is the Common Parent filing U.S. federal consolidated Tax Returns, Tyco International with assistance and cooperation from Tyco Electronics shall (and shall cause its Subsidiaries to) comply with all applicable reporting requirements contained in Treasury Regulations Sections 1.1503-2 and 1.1503-2T (or any successor Treasury Regulation) with respect to the Applicable TUSHI DCLs for each Tax year up to and including the Tax year that includes the Distribution Date.

(b) For the U.S. federal affiliated group of which TYUSHI is the Common Parent filing U.S. federal consolidated Tax Returns, Tyco International (with assistance and cooperation from Tyco Electronics) shall (and shall cause its Subsidiaries to) comply with all applicable reporting requirements contained in Treasury Regulations Sections 1.1503-2 and 1.1503-2T (or any successor Treasury Regulation) with respect to the Applicable TYUSHI DCLs for each Tax year up to and including the Tax year that includes the Distribution Date.

(c) In conjunction with the Distributions, Tyco International and Tyco Electronics shall (and if necessary shall cause their Subsidiaries to) enter into a closing agreement with the IRS as described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i) with respect to the Applicable TUSHI DCLs, provided that the Parties applicable Subsidiaries otherwise satisfy any applicable conditions for entering into such a closing agreement that are published by the IRS on or prior to the Distribution Date. In the event of a successor Treasury Regulation, Tyco International and/or Tyco Electronics shall (and if necessary shall cause their Subsidiaries to) execute any agreement or election required in lieu of or in addition to the closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i). If, as a result of an act or omission by Tyco International, such a closing agreement or successor agreement or election is not entered in conjunction with the Distributions, then Tyco Electronics shall (or shall cause its Subsidiaries to) include any Applicable TUSHI DCL recapture income in its U.S. federal consolidated taxable income for the year of the Distributions and Tyco International shall be liable for and shall indemnify Tyco Electronics and its Affiliates for the U.S. Tax liability (before taking into account any Tax credit utilization) and all interest due pursuant to Treasury Regulations Section 1.1503-2(g)(2)(vii) or any successor Treasury Regulation.

(d) In conjunction with the Distributions, Tyco International and Tyco Electronics shall (and if necessary shall cause their Subsidiaries to) enter into a closing agreement with the IRS as described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i) with respect to the Applicable TYUSHI DCLs, provided that the Parties applicable Subsidiaries otherwise satisfy any applicable conditions for entering into such a closing agreement that are published by the IRS on or prior to the Distribution Date. In the event of a successor Treasury Regulation, Tyco International and/or Tyco Electronics shall (and if necessary shall cause their Subsidiaries to) execute any agreement or election required in lieu of or in addition to the closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i). If, as a result of an act or omission by Tyco International, such a closing agreement or successor agreement or election is not entered in conjunction with the Distributions, then Tyco Electronics shall (or shall cause its Subsidiaries to) include any Applicable TYUSHI DCL recapture income in its U.S. federal consolidated taxable income for the year of the Distributions and Tyco International shall be liable for and shall indemnify Tyco Electronics and its Affiliates for the U.S. Tax liability (before taking into account any Tax credit utilization) and all interest due pursuant to Treasury Regulations Section 1.1503-2(g)(2)(vii) or any successor Treasury Regulation.

(e) If a closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i) is entered into for the Applicable TUSHI DCLs, or if a similar agreement or election is entered pursuant to a successor Treasury Regulation, Tyco International shall (and shall cause its Subsidiaries to), with respect to the Applicable TUSHI DCLs, comply with all of the applicable DCL filing requirements contained in Treasury Regulations Sections 1.1503-2 and 1.1503-2T or any successor Treasury Regulation, including the filing of a “new (g)(2) election” as described in Treasury Regulations Section 1.1503-2T(g)(2)(iv)(B)(3)(iii) or any successor Treasury Regulation. This paragraph shall also apply in the event Tyco International or its Subsidiaries file a federal Tax Return for a taxable year following the Distributions at a time when a request for a closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i) (or a request for a similar agreement under a successor Treasury Regulation) is pending with the IRS.

(f) If a closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i) is entered into for the Applicable TYUSHI DCLs, or if a similar agreement or election is entered pursuant to a successor Treasury Regulation, Tyco International shall (and shall cause its Subsidiaries to), with respect to the Applicable TYUSHI DCLs, comply with all of the applicable DCL filing requirements contained in Treasury Regulations Sections 1.1503-2 and 1.1503-2T or any successor Treasury Regulation, including the filing of a “new (g)(2) election” as described in Treasury Regulations Section 1.1503-2T(g)(2)(iv)(B)(3)(iii) or any successor Treasury Regulation. This paragraph shall also apply in the event Tyco International or its Subsidiaries file a federal Tax Return for a taxable year following the Distributions at a time when a request for a closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i) (or a request for a similar agreement under a successor Treasury Regulation) is pending with the IRS.

(g) If, subsequent to the Distributions, an event occurs that requires an Applicable TUSHI DCL to be recaptured pursuant to Treasury Regulations Section 1.1503-2(g)(2)(vii) and/or a closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i), or if an event occurs that requires an Applicable TUSHI DCL to be recaptured pursuant to a successor to Treasury Regulations Section 1.1503-2(g)(2)(vii) and/or an agreement or election pursuant to a successor to Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i), Tyco International shall (or shall cause its Subsidiaries to) include the DCL recapture in its U.S. federal consolidated taxable income and shall pay any associated interest due pursuant to the applicable Treasury Regulation and/or agreement or election.

(h) If, subsequent to the Distributions, an event occurs that requires an Applicable TYUSHI DCL to be recaptured pursuant to Treasury Regulations Section 1.1503-2(g)(2)(vii) and/or a closing agreement described in Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i), or if an event occurs that requires an Applicable TYUSHI DCL to be recaptured pursuant to a successor to Treasury Regulations Section 1.1503-2(g)(2)(vii) and/or an agreement or election pursuant to a successor to Treasury Regulations Section 1.1503-2(g)(2)(iv)(B)(3)(i), Tyco International shall (or shall cause its Subsidiaries to) include the DCL recapture in

its U.S. federal consolidated taxable income and shall pay any associated interest due pursuant to the applicable Treasury Regulation and/or agreement or election.

(i) For purposes of this Agreement:

(i) “DCL” means “dual consolidated loss” within the meaning of Section 1503(d) of the Code and Treasury Regulations Section 1.1503-2(c)(5).

(ii) “SU” means “separate unit” within the meaning of Treasury Regulations Sections 1.1503-2(c)(3) and 1.1503-2(c)(4).

(iii) “DRC” means “dual resident corporation” within the meaning of Treasury Regulations Section 1.1503-2(c)(2).

(iv) “Applicable TUSHI DCLs” means each of the DCLs with respect to interests in the entities (or non-U.S. branches of the entities) that constitute SUs and that are listed on Schedule 11.2(i)(iv).

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(v) “Applicable TYUSHI DCLs” means each of the DCLs with respect to interests in the entities (or non-U.S. branches of the entities) that constitute SUs and that are listed on Schedule 11.2(i)(v).

(j) Notwithstanding anything to the contrary in this Agreement, in the event of a breach of an obligation of a Party pursuant to this Section 11.2, (i) in connection with any Tax liability for a Post-Distribution Tax Period, the breaching Party’s indemnification obligation to the non-breaching Party (or Parties) pursuant to Article VII shall be determined without regard to any Tax credit utilization, and (ii) in connection with any Tax period other than a Post-Distribution Tax Period, in addition to the obligations of a breaching Party pursuant to Article VII, the breaching Party shall indemnify the other Parties for the aggregate amount of all Credit Carryovers and/or other Tax Attributes that would have been apportioned to such Party and its Subsidiaries under applicable principles of the Code and the Treasury Regulations thereunder (and Article XI hereof) as of its first Post-Distribution Tax Period had the breach not occurred (without applying a discount for the time value of money or for the future lack of certainty of realization and assuming an effective Tax rate of thirty-eight percent (38%)).

Section 11.3 Payment for Use of Certain Tax Attributes. If Tyco Healthcare utilizes any Tax Attribute described in Schedule 11.3 during a Tax year, resulting in a Tax Benefit Actually Realized in that year, Tyco Healthcare shall promptly notify the other Parties and shall pay each of the other Parties, within fifteen (15) days after the realization of the Tax Benefit Actually Realized, one-third (1/3) of the amount of such Tax Benefit Actually Realized. Tyco Healthcare shall not withhold on any payment made to a Party pursuant to this Section 11.3, provided that on or prior to the date of payment such Party provides Tyco Healthcare with an opinion of counsel that such payment should not be subject to federal income Tax withholding. If any Tax Attribute with respect to which payment is made pursuant to this Section 11.3 is subsequently disallowed pursuant to a Final Determination, the Parties shall share any amount owed as a result of such Final Determination that is attributable to the disallowance of such Tax Attribute in accordance with how the benefit of such Tax Attribute was shared under this Section 11.3.

Section 11.4 Consistency with IRS Ruling and Tax Opinions. The Parties shall not take any action or fail to take any action, or permit any of their Affiliates to take any action or fail to take any action, that is or is reasonably likely to be inconsistent with the IRS Ruling, the Tax Representation Letters, or the Tax Opinions.

Section 11.5 Third Party Tax Indemnities and Benefits. Notwithstanding anything to the contrary in this Agreement, the Parties shall share in accordance with their Sharing Percentages (a) any duty or obligation (contractual or otherwise) of a Party or any of its Affiliates, and (b) any benefits, in either case, that arose or is attributable to a period (or portion thereof) ending on or prior to the

Distribution Date, to reimburse or be reimbursed by, as the case may be, a Person other than a Party or its Affiliates pursuant to a contractual Tax indemnity agreement entered into in conjunction with the acquisition or disposition of a business.

ARTICLE XII

DEFAULTED AMOUNTS

Section 12.1 General. In the event that one or more Parties defaults on its obligation to pay Distribution Taxes for which it is liable pursuant to Article V to another Party, then each non-defaulting Party shall be required to pay an equal portion of such Distribution Taxes to such other Party; provided, however, that no payment obligation shall exist under this Section 12.1 with respect to Distribution Taxes that are attributable to the Fault of one or more Parties; provided, further, that any payment of Distribution Taxes by a non-defaulting Party pursuant to this Section 12.1 shall in no way release the defaulting Party from its obligations to pay such Distribution Taxes and any non-defaulting Party may exercise any available legal remedies available against such defaulting Party; provided, further, that interest shall accrue on any such payment by a non-defaulting Party at a rate per annum equal to the then applicable Prime Rate plus four percent (4%), or the maximum legal rate, whichever is lower. In connection with the foregoing, it is expressly understood that any defaulting Party's rights to any amounts to be received by such defaulting Party hereunder may be used via a right of offset to satisfy, in whole or in part, the obligations of such defaulting Party to pay the Distribution Taxes (and obligations for Assumed Tyco Contingent Liabilities as such term is defined for purposes of the Separation and Distribution Agreement) that are borne by the non-defaulting Parties; such rights of offset shall be applied in favor of the non-defaulting Party or Parties in proportion to the additional amounts paid by any such non-defaulting Party or Parties.

Section 12.2 Subsidiary Funding. Without limitation of the Parties' rights and obligations otherwise set forth in this Agreement and provided that no other Party has defaulted on any of its obligations pursuant to this Agreement, each Party agrees to provide or cause to be provided such funding as is necessary to ensure that its respective Subsidiaries are able to satisfy their respective Tax liabilities to a Taxing Authority that arise as a result of a Final Determination under Section 9.3 of this Agreement, including any such Tax liabilities that, upon default by a Party's Subsidiary, may result in another Party's Subsidiary paying or being required to pay the defaulted Tax liabilities to a Taxing Authority.

ARTICLE XIII

DISPUTE RESOLUTION

Section 13.1 Negotiation. In the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby, including any claim based on contract, tort, statute or constitution ("Dispute"), the general counsels of the relevant Parties (or such other executive officers designated by the relevant Party) shall negotiate for a reasonable period of time to settle such Dispute; provided, however, that such reasonable period shall not, unless otherwise agreed by the relevant Parties in writing, exceed forty-five (45) days from the date of receipt by a Party of written notice of such Dispute ("Dispute Notice"); provided, further, that in the event of any arbitration in accordance with Section 13.2 hereof, the relevant Parties shall not assert the defenses of statute of limitations and laches arising during the period beginning after the date of receipt of the Dispute Notice, and any contractual time period or deadline under this Agreement or any Ancillary Agreement to which such Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Dispute has been resolved. If the general counsels of the relevant Parties (or such other executive officers designated by the relevant

Party) are unable to resolve the Dispute within forty-five (45) days from the receipt by a Party (or Parties) of a Dispute Notice (or within a different period agreed to by the relevant Parties in writing), the Dispute shall be resolved in accordance with Section 13.2(a) or Section 13.2(b) as the case may be.

Section 13.2 Mediation. If, within forty-five (45) days after receipt by a Party of a Dispute Notice, the Parties have not succeeded in negotiating a resolution of the Dispute, the Parties agree to submit the Dispute at the earliest possible date to mediation conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association (“AAA”), and to bear equally the costs of the mediation. The Parties agree to participate in good faith in the mediation and negotiations related thereto for a period of thirty (30) days or such longer period as they may mutually agree following the initial mediation session (the “Mediation Period”).

Section 13.3 Arbitration. Subject to Section 13.10, if the Dispute has not been resolved for any reason after the Mediation Period, such Dispute shall be determined, at the request of any relevant Party, by arbitration conducted in New York City, in accordance with the then-existing Commercial Arbitration Rules of the AAA, except as modified herein (the “Rules”). There shall be three arbitrators. If there are only two Parties to the arbitration, each Party shall appoint one arbitrator within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. The two party-appointed arbitrators shall have twenty (20) days from the appointment of the second arbitrator to agree on a third arbitrator who shall chair the arbitral tribunal. If there are three Parties to the arbitration, such Parties shall each appoint one arbitrator within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. Any arbitrator not timely appointed by the Parties under this Section 13.3 shall be appointed by the AAA in accordance with the listing, ranking and striking method in the Rules, and in any such procedure, each Party shall be given a limited number of strikes, excluding strikes for cause. Any controversy concerning whether a Dispute is arbitrable, whether arbitration has been waived, whether a Party to or assignee of this Agreement is bound to arbitrate, or as to the interpretation, applicability or enforceability of this Article XIII shall be determined by the arbitrators. In resolving any Dispute, the Parties intend that the arbitrators shall apply applicable Tax Laws and the substantive Laws of the State of New York, without regard to any choice of Law principles thereof that would mandate the application of the Laws of another jurisdiction. The Parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable, and any award rendered by the arbitrators shall be final and binding on the Parties. The Parties agree to comply and cause the members of their applicable Group to comply with any award made in any such arbitration proceedings and agree to enforcement of or entry of judgment upon such award, in any court of competent jurisdiction, including but not limited to (a) the Supreme Court of the State of New York, New York County, or (b) the United States District Court for the Southern District of New York. The arbitrators shall be entitled, if appropriate, to award any remedy in such proceedings in accordance with the terms of this Agreement and applicable Law, including monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrators shall not be entitled to award punitive, exemplary, treble or any other form of non-compensatory damages unless in connection with indemnification for a third-party claim (and in such a case, only to the extent awarded in such third-party claim).

Section 13.4 Arbitration with Respect to Monetary Damages. Subject to Section 13.10, in the event the Dispute involves (a) valuation of a liability under (i) this Agreement, (ii) any Ancillary Agreement or (iii) any other agreement entered into by the Parties pursuant to this Agreement or any Ancillary Agreement, (b) an amount in controversy in a Dispute, or (c) an amount of damages following a determination of liability, the arbitration shall proceed in the following manner: Each Party shall submit to the arbitrators and exchange with each other, on a schedule to be determined by the arbitrators, a proposed valuation, amount or damages, as the case may be, together with a statement, including all supporting documents or other evidence upon which it relies, setting forth such Party’s explanation as to why its proposal is reasonable and appropriate. The arbitrators, within fifteen (15) days of receiving such proposals and supporting documents, shall choose between the proposals and shall be limited to awarding only one of the proposals submitted.

Section 13.5 Arbitration Period. Any arbitration proceeding shall be concluded in a maximum of six (6) months from the commencement of the arbitration. The Parties involved in the proceeding may agree in writing to extend the arbitration period if necessary to appropriately resolve the Dispute.

Section 13.6 Treatment of Negotiations, Mediation, and Arbitration. Without limiting the provisions of the Rules, unless otherwise agreed in writing by or among the relevant Parties or permitted by this Agreement, the relevant Parties shall keep, and shall cause the members of their applicable Group to keep, confidential all matters relating to and any negotiation, mediation, conference, arbitration, discussion, or arbitration award pursuant to this Article XIII shall be treated as compromise and settlement negotiations for purposes of Rule 408 of the Federal Rules of Evidence and comparable state rules; provided, however, that such matters may be disclosed (i) to the extent reasonably necessary in any proceeding brought to enforce the award or for entry of a judgment upon the award and (ii) to the extent otherwise required by Law or stock exchange. Nothing said or disclosed, nor any document produced, in the course of any negotiations, conferences, and discussions that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration. Nothing contained herein is intended to or shall be construed to prevent any Party from applying to any court of competent jurisdiction for interim measures or other provisional relief in connection with the subject matter of any Disputes. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any party to respect the arbitral tribunal' s orders to that effect.

Section 13.7 Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article XIII with respect to all matters not subject to such dispute resolution.

Section 13.8 Costs. Except as otherwise may be provided in this Agreement, the costs of any arbitration pursuant to this Article XIII shall be borne by the losing Party or Parties in such proportion as the arbitrator or arbitrators determine based on the facts and circumstances.

Section 13.9 Consolidation. The arbitrators may consolidate an arbitration under this Agreement with any arbitration arising under or relating to the Ancillary Agreements or any other agreement between the Parties entered into pursuant hereto, as the case may be, if the subject of the Disputes thereunder arise out of or relate essentially to the same set of facts or transactions. Such consolidated arbitration shall be determined by the arbitrator appointed for the arbitration proceeding that was commenced first in time.

Section 13.10 Exception to Arbitration. Notwithstanding anything in this Article XIII to the contrary, in the event that the matters described on Schedule 13.10 have been fully and finally completed, including the exhaustion of all appeals, if the Dispute has not been resolved for any reason after the Mediation Period, such Dispute may be subject to litigation in accordance with Sections 14.15 and 14.17.

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Counterparts; Facsimile Signatures. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Parties. For purposes of this Agreement, facsimile signatures shall be deemed originals.

Section 14.2 Survival. Except as otherwise contemplated by this Agreement or any Ancillary Agreement, all covenants and agreements of the Parties contained in this Agreement and each Ancillary Agreement shall survive the Distribution Date and remain in full force and effect in accordance with their applicable terms; provided, however, that all indemnification for Taxes shall survive

until ninety (90) days following the expiration of the applicable statute of limitations (taking into account all extensions thereof), if any, of the Tax that gave rise to the indemnification; provided, further, that, in the event that notice for indemnification has been given within the applicable survival period, such indemnification shall survive until such time as such claim is finally resolved.

Section 14.3 Notices. All notices, requests, claims, demands, and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 14.3):

To Tyco International:

To Tyco Healthcare:

To Tyco Electronics:

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Section 14.4 Waivers. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof.

Section 14.5 Amendments. Subject to the terms of Section 14.8 hereof, this Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.

Section 14.6 Assignment. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Parties, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, however, that a Party may assign this Agreement in connection with a merger transaction in which such Party is not the surviving entity or the sale by such Party of all or substantially all of its Assets; provided, that the surviving entity of such merger or the transferee of such Assets shall agree in writing, reasonably satisfactory to the other Parties, to be bound by the terms of this Agreement as if named as a "Party" hereto.

Section 14.7 Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns; provided, however, that in no event shall a Party's right to vote on a matter set forth herein be construed to permit any duplication of a Party's vote by a successor, assignee, or other transferee. The Parties acknowledge that it is their intention to permit no more than three (3) parties to vote on any matter set forth herein.

Section 14.8 Certain Termination and Amendment Rights. This Agreement (including indemnification obligations hereunder) may be terminated and each Distribution may be amended, modified or abandoned at any time prior to the Distribution Date by and in the sole discretion of Tyco International without the approval of Tyco Healthcare or Tyco Electronics or the stockholders of Tyco International. In the event of such termination, no Party shall have any liability of any kind to any other Party or any other Person.

Section 14.9 No Circumvention. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party's Group to take any actions (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to the provisions of this Agreement).

Section 14.10 Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party on and after the applicable Distribution Date.

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Section 14.11 Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 14.12 Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 14.13 Exhibits and Schedules. The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Section 14.14 Governing Law. This Agreement shall be governed by and construed in accordance with the internal Laws, and not the Laws governing conflicts of Laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law), of the State of New York.

Section 14.15 Consent to Jurisdiction. Subject to the provisions of Article XIII, each of the Parties irrevocably submits to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York County, and (b) the United States District Court for the Southern District of New York (the "New York Courts"), for the purposes of any suit, action, or other proceeding to compel arbitration or for provisional relief in aid of arbitration in accordance with Article XIII or to prevent irreparable harm, and to the non-exclusive jurisdiction of the New York Courts for the enforcement of any award issued there under. Each of the Parties further agrees that service of any process, summons, notice, or document by U.S. registered mail to such Party's respective address set forth above shall be effective service of process for any action, suit, or proceeding in the New York Courts with respect to any matters to which it has submitted to jurisdiction in this Section 14.15. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit, or proceeding arising out of this Agreement or the transactions contemplated hereby in the New York Courts, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 14.16 Specific Performance. The Parties agree that irreparable damage would occur in the event that the provisions of this Agreement were not performed in accordance with their specific terms. Accordingly, it is hereby agreed that the Parties shall be entitled to an injunction or injunctions to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at Law or in equity.

Section 14.17 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

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EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED

TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.17.

Section 14.18 Force Majeure. No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered, or delayed as a consequence of circumstances of Force Majeure (as defined in the Separation and Distribution Agreement). A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 14.19 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

Section 14.20 Changes in Law.

(a) Any reference to a provision of the Code, Treasury Regulations, or a Law of another jurisdiction shall include a reference to any applicable successor provision or Law.

(b) If, due to any change in applicable Law or regulations or their interpretation by any court of Law or other governing body having jurisdiction subsequent to the date hereof, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the Parties hereto shall use their commercially reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

Section 14.21 Authority. Each of the Parties hereto represents to each of the other Parties that (a) it has the corporate power (corporate or otherwise) and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid, and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other similar Laws affecting creditors' rights generally and general equity principles.

Section 14.22 Severability. If any provision of this Agreement or the application of any such provision to any Person or circumstance shall be held invalid, illegal, or unenforceable in

any respect by a court of competent jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof. The Parties shall engage in good faith negotiations to replace any provision which is declared invalid, illegal, or unenforceable with a valid, legal, and enforceable provision, the economic effect of which comes as close as possible to that of the invalid, illegal, or unenforceable provision which it replaces.

Section 14.23 Tax Sharing Agreements. All Tax sharing, indemnification and similar agreements, written or unwritten, as between any of the Parties or their respective Subsidiaries, on the one hand, and any other Party or its respective Subsidiaries, on the other hand (other than this Agreement or in any other Ancillary Agreement), shall be or shall have been terminated as of the Distribution Date and, after the Distribution Date, none of such Parties (or their Subsidiaries) to any such Tax sharing, indemnification or similar agreement shall have any further rights or obligations under any such agreement.

Section 14.24 Exclusivity. Except as specifically set forth in the Separation and Distribution Agreement or any other Ancillary Agreement, all matters related to Taxes or Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by this Agreement. In the event of a conflict between this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement with respect to such matters, this Agreement shall govern and control.

Section 14.25 No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed the day and year first above written.

TYCO INTERNATIONAL LTD.

Name:

Title:

TYCO HEALTHCARE LTD.

Name:

Title:

TYCO ELECTRONICS LTD.

Name:

Title:

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Settlement Agreement

by and between

Tyco Electronics AMP GmbH

Ampèrestraße 12 - 14
64625 Bensheim,
Federal Republic of Germany

- hereinafter "GmbH"

and

Tyco Electronics Logistics AG

Ampèrestraße 3
9323 Steinach
Switzerland

- hereinafter "AG" -

and

Tyco International Ltd.

90 Pitts Bay Road
Pembroke, HM 08
Bermuda

- hereinafter "Limited" -

and

Herrn Dr. Jürgen W. Gromer

Im Tiefen Weg 44
64628 Bensheim-Auenbach
Federal Republic of Germany

- hereinafter "Dr. Gromer" -

Preamble

- A. Between GmbH and Dr. Gromer a Managing Director Service Relationship was entered into by Service Agreement dated December 2, 1982. Based on Dr. Gromer's retirement effective on 31 December 2007, Dr. Gromer and GmbH agree that the appointment of Dr. Gromer as managing director as well as the service relationship of Dr. Gromer with GmbH will terminate with effect from December 31, 2007, as indicated in the notice from GmbH to Dr. Gromer dated 5 April 2007.

- B. At the same time a service relationship as member of the board between AG and Dr. Gromer exists based on the employment agreement dated October 1, 1999. Based on Dr. Gromer's retirement effective 31 December 2007, Dr. Gromer and AG agree that Dr. Gromer's service relationship with AG will terminate with effect from 31 December 2007, as indicated in the notice from AG to Dr. Gromer dated 5 April 2007.

The parties agree as follows with immediate effect, i. e. prior to the termination of the notice period, in order to settle the service relationships:

1. **Termination of Service Relationships**

- 1.1 The parties agree that the managing director service relationship between GmbH and Dr. Gromer will terminate by December 31, 2007.
- 1.2 At the same time the service relationship of Dr. Gromer and AG will also terminate by December 31, 2007.
- 1.3 Between the date of this Agreement and December 31, 2007, Dr. Gromer will provide advisory services to GmbH and AG and work on special projects as requested by the Chief Executive Officer, Tyco Electronics (hereinafter "CEO"), at such times as mutually agreed between Dr. Gromer and the CEO. A separate employment agreement between GmbH or AG or any other company of the Limited group is not created thereby.
- 1.4 For at least the remainder of the calendar year and thereafter until otherwise notified by the CEO, Dr. Gromer is authorized to continue to maintain GmbH's membership and to continue to serve as GmbH's representative in the American Chamber of

Commerce in Germany. It is expected that Dr. Gromer will continue to represent GmbH as long as he continues to be a member of the Board of Tyco Electronics and as directed by the CEO.

2. **Calculation of Salary, Expenses**

- 2.1 Until the termination of the service relationship with GmbH pursuant to Section 1.1, GmbH will calculate the monthly salary of Dr. Gromer based on his current annual base salary rate of EUR 279,939.00 gross in due course and will pay the net amounts resulting from such calculation as usual to the bank account of Dr. Gromer.

The bonus claim of Dr Gromer against GmbH for the 2007 fiscal year shall be determined at the end of the 2007 fiscal year based on the actual AIP payout level and the net amount resulting there from will be paid to Dr Gromer at the same time as 2007 fiscal year bonuses are paid to executives of GmbH. In addition, Dr. Gromer will be eligible to receive a prorated bonus payment for the 2008 fiscal year based on his period of employment in the 2008 fiscal year, and such bonus will be determined at the end of the 2008 fiscal year in accordance with the applicable terms of the bonus plan and will be paid to Dr Gromer at the same time as 2008 fiscal year bonuses are paid to other executives of GmbH.

Potentially open expense claims against GmbH shall be claimed by Dr. Gromer until December 31, 2007. GmbH will reimburse the relevant expenses to Dr. Gromer under consideration of the applicable regulations of GmbH.

- 2.2 Section 2.1 shall apply *mutatis mutandi* with regard to the service agreement between Dr Gromer and AG, except that the monthly base salary paid to Dr. Gromer by AG will be based on his annual base salary rate from AG of EUR 559,872 gross.

3. **Compensation**

- 3.1 Dr. Gromer shall receive a compensation amounting to in total EUR 1,119,744.00 gross by GmbH, which shall be paid under consideration of the applicable tax regulations to Dr. Gromer within 30 days following the termination of the service relationships. GmbH is entitled to set off the sum of the compensation according to

no. 10.4 of this agreement versus this compensation.

- 3.2 Dr. Gromer shall receive a compensation amounting to in total EUR 2,339,488.00 gross by AG, which shall be paid under consideration of the applicable tax regulations to Dr. Gromer within 30 days following the termination of the service relationships.

- 3.3 It is agreed between the parties that by payment of the compensations pursuant to Sections 3.1 and 3.2 all claims that Dr. Gromer has against GmbH, AG and/or Limited with respect to severance, termination indemnities, retention payments (including any claim for retention payments under the retention award plan pursuant to the letter of Limited dated March 22, 2006), or similar payments, whether payable under a company plan or other arrangement or by local statute, are fully settled.

4. **Reference Letter**

Dr. Gromer will receive by AG as well as GmbH a benevolent and qualified reference letter upon the effective termination of the service relationships pursuant to Section 1.

5. **Other Benefits**

Until termination of the Service Relationship with GmbH pursuant to Section 1.1, Dr Gromer shall continue to receive the employer contributions to the German social security scheme, including the contributions to his health insurance, if any.

6. **Vacation**

- 6.1 Within 30 days following the termination of the service relationships, Dr. Gromer will receive compensation for two months of unused vacation, one-third of which to be paid by GmbH and the other two-thirds to be paid by AG.

- 6.2 By that payment any and all claims for vacation are fulfilled either by granting time off or paid out. Dr. Gromer has no vacation claims against either GmbH, AG or any other Limited entity.

7. **Return of Items and Documents**

- 7.1 To the extent that this is not already happened, Dr. Gromer undertakes to return all items of AG or GmbH or other companies of the Limited group which are still in his possession, to AG or GmbH at its seat, until December 31, 2007.

- 7.2 Until at the latest December 31, 2007 Dr. Gromer shall return all company files and other physical or electronic documents and information of AG or GmbH as well as any other companies of the Limited group, which are still in his possession to AG or GmbH. Dr. Gromer shall irrevocably delete through acknowledged methods all electronic files and documents as well as information on own data carriers following the return of one physical copy thereof to the relevant company.

7.3 To the extent possible, Dr. Gromer shall be free to fulfill the lease agreement for his company car and to purchase the company car from the leasing company.

7.4 Dr. Gromer undertakes to acknowledge the full fulfillment of the obligation in this Section 7 in writing, potentially also by declaration in lieu of oath.

8. **Confidentiality**

8.1 Notwithstanding other further regulations contained in the service relationships of Dr. Gromer with AG or GmbH, Dr. Gromer shall, also following the termination of the service agreements, remain obligated to maintain strictest secrecy concerning all issues relating to AG, GmbH as well as the Limited group, especially business and company secrets, unless the disclosure is required by law. In the case of such disclosure being required by law, Dr. Gromer is obligated to notify the relevant company immediately.

9. **Occupational Pensions with GmbH**

Any vested claims to occupational pensions of Dr. Gromer against GmbH from his service relationship with GmbH will be notified to him by GmbH immediately following the termination of the service relationship and remain unaffected by this settlement agreement.

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10. **Non Competition Agreement with GmbH**

The post contractual prohibition of competition pursuant to the additional agreement between GmbH and Dr. Gromer dated October 2, 1986, is mutually amended as follows:

10.1 For a period of 24 months following the termination of the service relationship pursuant to Section 1.1, Dr. Gromer undertakes *vis-à-vis* GmbH to obey a post contractual prohibition of competition with the following content:

- (a) For the duration of the post contractual prohibition of competition, Dr. Gromer shall refrain from working in an independent, dependant or other manner for any business which is in direct or indirect competition with GmbH or is affiliated with such undertaking. At the same time and for the duration of the post contractual prohibition of competition, Dr. Gromer is prohibited from founding, acquiring or holding shares in such competing business. A shareholding of a publicly traded corporation in such amount not allowing Dr. Gromer to exert any influence on business decisions of such corporation remains, however, possible.
- (b) For the duration of the post contractual prohibition of competition, Dr. Gromer shall also be prohibited to offer services to Customers of GmbH for either himself or any other third party, which correspond to the services of GmbH. "Customers" in the sense of this Section (b) shall be all customers of GmbH, who were in a contractual relationship with GmbH in the past 24 months prior to the termination of the service relationship pursuant to Section 1.1.
- (c) In addition, Dr. Gromer shall be prohibited, for the duration of the post contractual restriction of competition, to actively solicit employees of GmbH for either himself or any third party.

10.2 The post contractual prohibitions of competition in Sections 10.1(a) through (c) shall apply *mutatis mutandi* for AG and those companies of Limited that are part of the Tyco Electronics Business segment. As of the date that TEL becomes a separate publicly-traded company, the restriction of competition applies *mutatis mutandi* for the companies of TEL-group.

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10.3 With regard to location the post contractual prohibitions of competition in Sections 10.1(a) through 10.1(c) shall apply for those countries, in which GmbH, AG and the other companies referred to in Section 10.2 carries out business or plans to carry out business upon the termination pursuant to Section 1.1.

10.4 In consideration of the post contractual prohibition of competition, Dr. Gromer shall receive from GmbH a compensation amounting to 50 % of the last base compensation received for his service relationship with GmbH for each month in which the post contractual prohibition of competition is in effect. As opposed to paying such compensation on a monthly basis during the post contractual prohibition period, GmbH agrees to pay such compensation in a lump sum payment which shall be part of the compensation payable in accordance with Section 3.1.

10.5 To the extent that nothing different is agreed upon in 10.1 to 10.4 Sections 74 et. seq. of the German Commercial Code shall apply *mutatis mutandi*.

11. **Fair Behavior**

The parties agree that any declarations concerning the reasons of this settlement agreement and the departure of Dr. Gromer from the services to Limited group vis-à-vis any third party worldwide will only be given after agreement between all parties and that the parties will refrain from any negative comment concerning any other party.

12. **Stock Options**

Dr. Gromer has been awarded stock options, restricted stock units and performance shares by Limited. Dr. Gromer's rights and obligations with respect to these awards will be governed exclusively by the applicable award agreements issued with respect to such awards.

13. **Severability of Claims of Dr. Gromer**

The parties agree, that the Dr. Gromer's claims vis-à-vis the other parties under this settlement agreement shall only relate to such party (GmbH, AG or Limited), which is explicitly named and that no further claims against the other unnamed party shall be created thereby.

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14. **Settlement of Claims**

14.1 With the signing of this settlement agreement all claims of Dr. Gromer from and in relation with his service relationships with AG or GmbH, regardless on what basis or whether known or unknown, are full and finally settled.

14.2 At the same time Dr. Gromer declares to have no further claims against any company of the Limited group. Especially Dr. Gromer will not claim against any company of the Limited group to have claims from a service or employment relationship. He declares that following the termination of the service relationships with AG and GmbH pursuant to Section 1 he shall be in no employment or service relationship whatsoever with any Tyco company and have no claims to compensation against such.

14.3 Claims which are mentioned in this service agreement remain unaffected by this Section.

15. **Choice of Law**

- 15.1 To the extent that this settlement agreement regulates the relationship of Dr. Gromer with GmbH, this settlement agreement shall be governed by German law.
- 15.2 To the extent that this settlement agreement regulates the relationship of Dr. Gromer with AG, this settlement agreement shall be governed by Swiss law.
- 15.3 To the extent that this settlement agreement regulates the relationship of Dr. Gromer with Limited, this settlement agreement shall be governed by Bermuda law.

16. **Miscellaneous**

- 16.1 This contract contains all regulations concerning the settlement of the service relationships of Dr. Gromer as well as claims from and in relation with the service agreements vis-à-vis AG, GmbH and Limited as well as any other company of the Limited group. There are no oral or other side agreements. Amendments and additions to this contract, including this requirement of written form, require an agreement in writing in order to be effective.
- 16.2 Should any of the Sections of this agreement be or become invalid or unenforceable

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the validity of the remainder of this settlement agreement remains unaffected thereby. Instead of the invalid or unenforceable Section such Section is to be agreed upon, which is as close as possible to the economic interests of all parties.

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_____, April 10, 2007
Ort /Place Datum/Date

/s/ Henning Jensen
Tyco Electronics AMP GmbH

_____, April 10, 2007
Ort /Place Datum/Date

/s/ Jurg Frischknecht
Tyco Electronics Logistics AG

_____, April 10, 2007
Ort /Place Datum/Date

/s/ Laurie Siegel
Tyco International Ltd.

_____, April 10, 2007
Ort /Place Datum/Date

/s/ Dr. Jürgen W. Gromer

Dr. Jürgen W. Gromer

List of Subsidiaries

Jurisdiction	Entity Name	State
Argentina	Elo Touch Systems Argentina S.A.	
	Fayser S.R.L.	
	Tyco Electronics Argentina S.A.	
	Tyco Networks (Argentina) S.R.L.	
	Tyco Submarine Systems de Argentina S.A.	
Australia	Banool Investments (VIC) Pty Ltd.	
	Bonvilla Holdings Pty Ltd	
	Clarebury Pty Ltd	
	Critchley Electrical Products Pty Limited	
	Dulmison Australia Pty Ltd	
	Dulmison Pty Ltd	
	Grangehurst Enterprises Pty Ltd.	
	M/A Com Private Radio Systems Pty Limited	
	Microwave Associates Australia Pty Limited	
	Morlynn Ceramics Pty Ltd.	
Tyco Electronics Pty Limited		
Austria	Tyco Electronics Austria GmbH	
Bahamas	TyCom Services Inc.	
Barbados	AMP Exports Limited	
	Corcom International Limited	
	Corcom West Indies Limited	
	TSSL Foreign Sales Corporation	
	Tyco Electronics Holdings Ltd.	
	Tyco International Sales Corp.	
	TyCom Holdings (Barbados) Ltd.	
TyCom Networks (Barbados) Ltd.		
Belgium	Raychem Industries NV	
	Tyco Electronics Belgium EC N.V.	
Bermuda	Tyco Electronics Raychem NV	
	TyCom Contracting B.V.B.A.	
Bermuda	Cawich Limited	
	Tyco Alpha Limited	

Tyco Asia Networks Ltd.
Tyco Beta Limited
Tyco Cables Ship Charters Ltd.
Tyco Contracting Ltd.
Tyco Eta Limited
Tyco Global Networks Ltd.
Tyco Holdings (Bermuda) No. 7 Limited
Tyco Lambda
Tyco Telecommunications Ltd.

Brazil
Celis Electrocomponentes Ltda.
Tyco Electronics Brasil Ltda.
Tyco Electronics da Amazonia Ltda.
Tyco Sistemas de Energia Ltda.
Tyco Submarine Systems Brasil Ltda.

Canada
Critchley Inc. - Canada
M/A-COM Private Radio Systems Canada Corp.
Tyco Electronics Canada Ltd.

Cayman Islands
Raychem International (Cayman Islands)

Chile
Tyco Electronics Industrial Y Comercial Chile Limitada

China
AMP (China) Investment Co. Ltd.
AMP Trading (Shanghai) Company Limited
Dongguan Transpower Electric Products Co., Ltd.
Dulmison Zibo Insulator Co., Ltd.
Raychem (Shanghai) Trading Ltd
Raychem Electronics (Shanghai) Ltd.
Raychem Electronics (Shenzhen) Ltd.
Raychem Shanghai Cable Accessories Ltd
Shanghai CII Electronic Co. Ltd(50%)
Tyco Electronics (Dongguan) Ltd

Tyco Electronics (Kunshan) Ltd
Tyco Electronics (Qingdao) Ltd.
Tyco Electronics (Shanghai) Co., Ltd
Tyco Electronics (Shenzhen) Co. Ltd.
Tyco Electronics (Suzhou) Ltd.
Tyco Electronics (Wuxi) Ltd
Tyco Electronics (Zhuhai) Ltd
Tyco Electronics AMP Guangdong Ltd
Tyco Electronics AMP Qingdao Ltd.
Tyco Electronics AMP Shanghai Ltd. (92.31%)
Tyco Electronics EM Shenzhen Co. Ltd

Tyco Electronics Technology (Kunshan) Co., Ltd.

Colombia	Tyco Electronics Colombia Ltda.
Cyprus	Raychem Technologies Limited TyCom Contracting (Cyprus) Limited TyCom Networks (Cyprus) Limited
Czech Republic	Tyco Electronics Czech s.r.o. Tyco Electronics EC Trutnov s.r.o.
Denmark	Tyco Electronics Denmark A/S Tyco Electronics Far East Holdings ApS Tyco Holding I ApS Tyco Holding II (Denmark) ApS Tyco Holding X (Denmark) ApS Tyco Holding XVII (Denmark) ApS
Dominican Rep	Raychem Dominicana S.A.
Egypt	TyCom Networks Egypt Ltd.
Finland	Tyco Electronics Finland Oy
France	TGN Euro Link, S.A. Tyco Electronics France SAS Tyco Electronics Holding France S.A.S. Tyco Electronics Identto sas
	Tyco Electronics SIMEL SAS Tyco Networks (France) SAS Tyco Submarine Systems SARL TyCom Contracting (France) SAS
Germany	Corcom GmbH Hellstern GmbH TE Vermögensverwaltungs GmbH & Co KG Tyco Electronics AMP GmbH Tyco Electronics EC Verwaltungsgesellschaft GmbH Tyco Electronics Finance GmbH Tyco Electronics Holding GmbH Tyco Electronics Identto GmbH Tyco Electronics Raychem GmbH VISION 165. Vermögensverwaltungsgesellschaft mbH
Gibraltar	Tyco Electronics (Gibraltar) Holding Limited

Tyco Electronics (Gibraltar) Limited
Tyco China (Gibraltar) Limited
Tyco India (Gibraltar) Limited

Greece Raychem Hellas E.P.E.
Tyco Electronics Hellas MEPE

Guatemala Tyco Submarine Systems, Sociedad Anonima

Hong Kong AMP Products Pacific Limited
Critchley Asia Limited
F.A.I. Technology (Hong Kong) Limited
Madison Cable Asia Limited
Original Electromechanical (HK) Limited
Praegitzer International (HK) Limited(99%)
Raychem (HK) Limited
Raychem China Limited
Raychem China Limited NV
Transpower Technologies (HK) Limited
Tyco Electronics H.K. Limited
Tyco Networks (Hong Kong) Limited

Hungary Tyco Electronics EC Electromechanical Components Production Ltd Liability Co.
Tyco Electronics Hungary Termelo Kft

India Automotive Wiring Systems Private Limited
Precision Interconnect India Pvt Ltd
Raychem RPG Limited(50%)
TEI Technologies Private Limited(50%)
Tyco Electronics Corporation India Pvt Limited
Tyco Electronics Systems India Pvt Ltd
Tyco Electronics Tools India Pvt. Ltd.

Indonesia PT Dulmison Indonesia
PT. TYCO Asia Services Indonesia
PT. Tyco Precision Electronics

Ireland Pitsea
Tyco Electronics Ireland Limited
Tyco Telecommunications (Ireland)

Israel Raychem Limited [Israel]
TCM CONTRACTING (ISRAEL) LTD.
TCM NETWORKS (ISRAEL) LTD.
Tyco Electronics Israel Ltd.

Italy
Tyco Electronics AMP Italia Products S.p.A.
Tyco Electronics AMP Italia S.p.A.
Tyco Electronics Raychem (Italia) S.p.A.
Tyco Electronics-Raychem SpA
Tyco Networks (Italy) Srl

Japan
AMP Technology Japan Ltd
Businessland Japan Company Ltd.
Nihon Elcon K.K.
Precision Interconnect International Ltd.
Touch Panel Systems K.K.
Tyco Electronics AMP K.K.
Tyco Electronics EC KK
Tyco Electronics M/A-COM K.K.

5

Tyco Electronics Raychem K.K.

Luxembourg
Emerald Group S.a.r.l.
TCC Holding (Luxembourg) S.a.r.l.
TCN Holding (Luxembourg) S.a.r.l.
Tyco Electronics Group S.A.
TyCom Holdings II SA

Malaysia
AMP Products (Malaysia) Sdn. Bhd.
Japan Original (M) Sdn Bhd
Praegitzer Asia Sdn. Bhd.
Raychem Sdn. Berhad.
Tyco Electronics (Malaysia) Sdn. Bhd.
Tyco Electronics Dulmison (Malaysia) Sdn. Bhd.
Tyco Manufacturing (Malaysia) Sdn. Bhd.

Marshall Islands
C.S. Tyco Decisive Inc.
C.S. Tyco Dependable Inc.
C.S. Tyco Durable Inc.
C.S. Tyco Provider, Inc.
C.S. Tyco Reliance Inc.
C.S. Tyco Resolute Inc.
C.S. Tyco Responder Inc.
Coastal Cable Ship Co. Inc.

Mauritius
Tyco Electronics Asia Investments Limited

Mexico
AMP Amermex, S.A. de C.V.
Cima de Acuna S.A. de C.V.
Corcom, S.A. de C.V.
Kemex Holding Company, S.A. de C.V.

Manufacturas y Conectores TYCO, S. de R.L. de C.V.
Potter & Brumfield de Mexico, S.A. de C.V.
Raychem Juarez, S.A. de C.V.
Tyco Electronics Mexico, S.A.
Tyco Electronics Power Systems de Mexico, S.A. de C.V.
Tyco Electronics Tecnologias S.A. de C.V.
Tyco Submarine Systems, S.A. de C.V.

Netherlands	AMP Taiwan B.V. AMP Trading B.V. M/A-COM Eurotec B.V. Tyco Electronics Nederland B.V. Tyco Networks (Netherlands) B.V.
New Zealand	Tyco Electronics NZ Limited
Norway	Tyco Electronics Norge AS Tyco Networks Norway AS
Panama	TYCO SUBMARINE SYSTEMS, INC.
Peru	Tyco Electronics Del Peru S.A.C. TyCom Networks (Peru) S.A.
Philippines	Tyco Electronics Philippines, Inc.
Poland	M/A-COM Poland Sp. z o.o. Raychem Polska Sp. z.o.o TYCO Electronics Polska Sp.z.o.o.
Portugal	Tyco Electronics Componentes Electromecanicos Lda.
Puerto Rico	TyCom Networks (Puerto Rico) Corp.
Rep of Slovenia	Tyco Electronics d.o.o. (Slovenia)
Russia	Rayenergo (ZAO Rayenergo) TyCom Networks (Russia)
Saudi Arabia	Raychem Saudi Arabia Limited
Scotland	Madison Cable Limited
Singapore	AMP Singapore Pte. Ltd. Crompton Instruments (South-East Asia) Pte. Ltd.

Tyco Electronics AMP Manufacturing (S) Pte Ltd
Tyco Electronics Manufacturing Singapore Pte. Ltd.
Tyco Electronics Singapore Pte Ltd
Tyco Networks (Singapore) PTE LTD

South Africa Tyco Electronics South Africa (Proprietary) Ltd.

South Korea Original Electromechanical (Korea) Ltd
Tyco Electronics AMP Korea Limited
Tyco Electronics Raychem Korea Limited
Tyco Networks (Korea), Inc.

Spain Diamit, S.L.
Mondragon Telecommunications S.L.
Tyco Electronics AMP Espana, S.A.
Tyco Electronics Raychem SA
Tyco Iberia, S.L.
Tyco Marine, S.A.
Tyco Networks Iberica, S.L.

Sweden Tyco Electronics Svenska AB
Tyco Networks (Sweden) AB

Switzerland Emerald Group S.a.r.l., Luxembourg (LU), Schaffhausen Branch
Tyco Electronics Finance Alpha GmbH
Tyco Electronics Services GmbH
Tyco Electronics Swiss Holding GmbH
Tyco Electronics (Schweiz) HFI AG
Tyco Electronics (Schweiz) Holding GmbH
Tyco Electronics Logistics AG
Tyco International Services GmbH(50%)
TyCom Finance AG

Taiwan AMP Manufacturing Taiwan Co. Ltd
FAI Technology (Taiwan) Co. Ltd
Raychem Pacific Corporation(50%)
Raychem Taiwan Limited (TMC)
Taiwan Superior Electric Co., Ltd.
Taliq Taiwan Limited

Tyco Electronics Taiwan Co., Ltd.

Thailand

Tyco Electronics (Thailand) Ltd
Tyco Electronics Dulmison (Thailand) Co., Ltd.

Turkey

Tyco Elektronik AMP Ticaret Limited Sirketi
TYCOM NETWORK VE TELEKOMUNIKASYON SISTEMLERI INSAAT
TESIS HIZMETLERI VE TICARET LIMITED SIRKETI

UAE

Tyco Electronics Middle East FZE

Ukraine

Tyco Electronics Ukraine Limited

UK

AMP Finance Limited
AMP of Great Britain Limited
B. & H. (Nottingham) Limited
Belclere Limited
Bowthorpe EMP Limited
Bowthorpe Industries Limited
Communication Accessories Limited
Component Engineering Services Ltd
Critchley Finance (UK) Limited
Critchley Group Limited
Critchley Group Trustee Limited
Critchley HSI Systems Limited
Critchley Limited
Critchley Tecpro Limited
CROSTER ELECTRONICS LIMITED
CTT Limited
Distribution and Transmission Equipment Limited
Ditel Limited
Dorman Smith Holdings Limited
Dorman Smith Switchgear Limited
Dulmison (UK) Ltd.
Elo TouchSystems Limited
Flowlyne (UK) Limited
Gresham Land and Estates (ADC) Limited
Image Scan ID Systems Limited
Jessar Engineering Limited

Kurtbrook Limited
M.A.M. Rubber Manufacturing Company Limited
M/A-COM (U.K.) Limited
M/A-COM Greenpar Limited
M/A-COM Limited
Microdot Connectors Europe Limited

Pinacl Communication Systems Limited
 Pinacl Limited
 Pinacl Whitehall Limited
 Quad Europe Limited
 Quad Systems Holdings Limited
 Quad Systems Limited
 Raychem Limited
 Sigmaform (UK) Limited
 Soundtouch Limited
 Stappard & Howes Limited
 Stappard Howes Design Limited
 Stappard Howes Projects Limited
 TDI Batteries (Europe) Limited
 TGN EURO Link Limited
 TVM Distribution Limited
 TVM Group UK Limited
 Tyco Electronics Cables Limited
 Tyco Electronics Components Limited
 Tyco Electronics Holdings Limited
 Tyco Electronics Labels Limited
 Tyco Electronics Limited
 Tyco Electronics UK Ltd.
 Tyco Energy (UK) Limited
 Tyco Networks (UK) Limited
 Tyco VI
 TyCom Cable Ship Company (UK) Limited
 TyCom Contracting (UK) Limited
 West Hyde Developments Limited

USA

999 Arques Corp.	CA
Adhesive Technologies, Inc.	PA
Advanced Packaging Systems	CA
Allegheny Corp.	DE

American Electrical Terminal Co., Inc.	CT
AMP International Enterprises Limited	DE
AMP INVESTMENTS INC.	DE
AMP Services, Ltd.	DE
APS Group Holding, Inc.	NV
BWD Property, LLC	NH
C.S. Charles L. Brown, L.P.	DE
C.S. Global Link, L.P.	DE
C.S. Global Mariner, L.P.	DE
C.S. Global Sentinel, L.P. (55%)	DE
C.S. Long Lines, L.P.	DE
Chemgene Corporation	NY

Critchley Group, Inc.	UT
Electro-Trace Corporation	NY
F.A.I. Technology, Inc.	CA
FAI Tech Link Inc.	NJ
FAI Technology (Holding), Inc.	DE
Fisk Corporation	DE
Fisk Electric Holdings, Inc.	DE
Grinnell US Holding Corp.	NV
Image Scan, Inc.	UT
Interamics	CA
Laser Diode Holdings, Inc.	NV
Laser Diode Incorporated	NV
M/A-COM Puerto Rico, Inc.	DE
M/A-COM Tech Holdings, Inc.	DE
M/A-COM, INC.	FL
Palomar Precision Tubes, Inc.	CA
Pinacl Communications, Inc.	DE
Power Systems Holdings, Inc.	NV
Precision Interconnect, Inc.	NV
Printed Circuits, Inc.	FL
Raychem (Delaware) Ltd.	DE
Raychem Corporation of Arizona	AZ
Raychem Foundation	CA
Raychem Gulf Coast, Inc.	TX
Raychem International Corporation	CA
Raychem International Manufacturing LLC	CA
Raychem Radiation Technologies, Inc.	CA

Raychem Ventures, Inc.	CA
Rayshrink Corporation	CA
Raythene Systems Corporation	CA
Remtek International, Inc.	CA
Rochester Corporation, The	DE
Sigma Circuits, Inc.	DE
Sigma GP Holding, Inc.	NV
Sigma Holding Corp.	DE
Sigma Printed Circuits Holding Corp.	DE
Techcon International Ltd.	DE
TEG Pool Corp.	NV
Terraworx Inc.	NV
Thermacon, Inc.	OH
TME Management Corp.	DE
TPA Realty Holding Corp.	NV
TPCG Holding	DE
Transoceanic Cable Ship Company, Inc.	NY
Transpower Technologies, Inc.	NV

TSSL Holding Corp.	DE
Tyco Electronics Corporation	PA
Tyco Electronics Holding Corp.	NV
Tyco Electronics Installation Services, Inc.	DE
Tyco Electronics Latin America Holding LLC	NV
Tyco Electronics Power Systems, Inc.	NV
Tyco Flow Control, Inc.	TX
Tyco Holding Corp.	NV
Tyco Holdings, Inc.	DE
Tyco Integrated Cable Systems, Inc.	MA
Tyco International (PA) Inc.	NV
Tyco International (US) Inc.	NV
Tyco Networks (Solutions) Inc.	NV
Tyco Printed Circuit Group LP	DE
Tyco Receivables Funding LLC	DE
Tyco Sailing, Inc.	NV
Tyco SPC, Inc.	DE
Tyco Submarine Systems Projects, Inc.	DE
Tyco Technology Resources, Inc.	DE
Tyco Telecom OSP Holding Corp.	NV
Tyco Telecommunications (US) Inc.	DE

Tyco (US) Holdings, Inc.	DE
TyCom (US) Holdings, Inc.	NV
TyCom Acquisition Co. I, Inc.	NV
TyCom Management Inc.	NV
TyCom Simplex Holdings Inc.	NV
Unistrut Corporation	DE
Whitaker Corporation, The	DE
Wormald Americas, Inc.	DE

Uruguay

Raychem Uruguay S.A.

Venezuela

Amp de Venezuela, C.A.
Tyco Electronics de Venezuela, C.A.
Tyco Submarine Systems, C.A.

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*Tyco International Ltd.
Second Floor
90 Pitts Bay Road
Pembroke HM 08, Bermuda
Tele: 441-292-8674
Fax: 441-392-9647*

, 2007

Dear Tyco International Ltd. Shareholder:

I am pleased to inform you that the board of directors of Tyco International Ltd. has approved the distributions of all of the common shares of Tyco Electronics Ltd. and Covidien Ltd. to the shareholders of Tyco International Ltd. Giving effect to the distributions, our shareholders will own all of the outstanding shares of Tyco Electronics and Covidien and will continue to own all of the shares of Tyco International Ltd., which will continue to own and operate our fire and security and engineered products and services businesses.

At the time of the distributions, Tyco Electronics will own and operate our electronics businesses, a leading global provider of engineered electronic components, network solutions and wireless systems, and Covidien will own and operate our healthcare businesses and will remain a leading developer, manufacturer and distributor of medical devices and supplies, diagnostic imaging agents and pharmaceuticals for use in clinical and home settings.

These distributions are being made pursuant to a plan approved by our board of directors on January 13, 2006 to separate Tyco International into three independent, publicly-traded companies: one for Tyco International's electronics businesses (Tyco Electronics), one for its healthcare businesses (Covidien), and a third for its fire and security and engineered products and services businesses (Tyco International). Our board of directors believes that creating independent, focused companies is the best way to manage our businesses for the benefit of our shareholders and each of the businesses, in both the short and long term.

The distribution of common shares of Tyco Electronics will occur on _____, 2007 by way of a pro rata dividend to our shareholders. Each Tyco International shareholder will be entitled to receive _____ common shares of Tyco Electronics for each common share of Tyco International held by such shareholder at the close of business on _____, 2007, the record date of the distribution. The dividend will be issued in book-entry form only, which means that no physical share certificates will be issued. No fractional common shares of Tyco Electronics will be issued. If you would otherwise have been entitled to a fractional common share in the distribution, you will receive the net cash value of such fractional share instead.

Shareholder approval of the distributions is not required, nor are you required to take any action to receive your Tyco Electronics common shares. Following the distributions, you will own common shares in Tyco International, Tyco Electronics and Covidien. Tyco Electronics will apply to have its common shares listed on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol "TEL," and Covidien will apply to have its common shares listed on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol "COV." Tyco International's common shares will continue to trade on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol "TYC."

The enclosed information statement, which is being mailed to all Tyco International shareholders, describes the distribution of Tyco Electronics common shares in detail and contains important information about Tyco Electronics. A separate information statement is being mailed to Tyco International shareholders with respect to the distribution of Covidien common shares. We urge you to read these information statements carefully.

I want to thank you for your continued support of Tyco International. We look forward to your support of Tyco Electronics and Covidien in the future.

Yours sincerely,
Edward D. Breen
Chairman and Chief Executive Officer
Tyco International Ltd.



, 2007

Dear Tyco Electronics Ltd. Shareholder:

It is our pleasure to welcome you as a shareholder of our company, Tyco Electronics Ltd. We are a leading global provider of engineered electronic components, network solutions and wireless systems. We design, manufacture and market products for customers in industries from automotive, appliances and aerospace and defense to telecommunications, computers and consumer electronics. With over 8,000 engineers and worldwide manufacturing, sales and customer service capabilities, Tyco Electronics' commitment is our customers' advantage.

As an independent, publicly-traded company, we believe we can more effectively focus on our objectives and satisfy the strategic needs of our company, and thus bring more value to you as a shareholder, than we could as an operating segment of Tyco International. In addition, we will have the ability to offer our employees incentive opportunities linked to our performance as an independent, publicly-traded company, which we believe will enhance employee performance.

We expect to have our common shares listed on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol "TEL" in connection with the distribution of our common shares by Tyco International.

We invite you to learn more about Tyco Electronics by reviewing the enclosed information statement. We look forward to our future as an independent, publicly-traded company and to your support as a holder of Tyco Electronics common shares.

Very truly yours,
Thomas J. Lynch
Chief Executive Officer and President
Tyco Electronics Ltd.

Preliminary and Subject to Completion, dated April 20, 2007

INFORMATION STATEMENT

TYCO ELECTRONICS LTD.

COMMON SHARES

(par value \$0.20 per share)

On January 13, 2006, Tyco International announced that its board of directors had approved a plan to separate Tyco International into three independent, publicly-traded companies: one for Tyco International's electronics businesses (Tyco Electronics), one for its healthcare businesses (Covidien) and one for its fire and security and engineered products and services businesses (Tyco International). Tyco International intends to accomplish this separation through distributions of common shares to Tyco International shareholders. Immediately following the separation of Tyco Electronics and Covidien, Tyco International's shareholders will own 100% of the equity in each of the three companies. We anticipate that the distribution will be tax-free for U.S. federal income tax purposes.

As a result of these transactions, Tyco International will cease to own any of our shares and you, as a holder of Tyco International common shares, will receive Tyco Electronics common shares for each Tyco International common share that you hold at the close of business on , 2007, the record date for the distribution.

We are sending you this information statement to describe the separation of Tyco Electronics. We expect the separation to occur on , 2007. Effective as of that date, our distribution agent for the distribution will distribute our common shares to each eligible holder of Tyco International common shares by crediting book-entry accounts with that holder's proportionate number of whole common shares. Eligible holders will receive a cash payment in lieu of any fractional interest in our common shares.

No shareholder action is necessary to receive the Tyco Electronics common shares to which you are entitled in the distribution, which means that:

you do not need to pay any consideration to Tyco International or to Tyco Electronics, and

you do not need to surrender any Tyco International common shares to receive your Tyco Electronics common shares.

In addition, no shareholder vote is required for the separation to occur. Tyco International is not asking you for a proxy.

There has been no trading market for our common shares. We expect, however, that a limited market for our common shares, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution. We intend to apply to list our common shares on the New York Stock Exchange and the Bermuda Stock Exchange under the ticker symbol "TEL."

As you review this information statement, you should carefully consider the matters described in "Risk Factors."

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities, or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this information statement is , 2007.

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This information statement contains trademarks and registered marks. Unless otherwise indicated, these trademarks and registered marks are owned by Tyco Electronics.

INTRODUCTION

On January 13, 2006, Tyco International announced that its board of directors had approved a plan to separate Tyco International into three independent, publicly-traded companies: one for Tyco International's electronics businesses (Tyco Electronics), one for its healthcare businesses (Covidien) and a third for its fire and security and engineered products and services businesses (Tyco International). The separation will occur through distributions to Tyco International shareholders of all of the common shares of two subsidiaries of Tyco International that hold or will hold, through their respective subsidiaries, all of the assets and liabilities of the businesses other than the fire and security and engineered products and services businesses, which will remain with Tyco International after the distributions.

On _____, 2007, the distribution date, each Tyco International shareholder will receive _____ of our common shares and _____ of Covidien's common shares for each common share of Tyco International held at the close of business on the record date. Immediately following the distributions, Tyco International's shareholders will own 100% of the common shares of each of Tyco Electronics and Covidien. You will not be required to make any payment, surrender or exchange your Tyco International common shares or take any other action to receive your common shares of Tyco Electronics and Covidien. Tyco International anticipates that on the distribution date it will effect a reverse share split, and as a result each Tyco International share will be converted into one-fourth of a share. Tyco International will not distribute any fractional common shares for Tyco Electronics. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata to each holder who otherwise would have been entitled to receive a fractional share in the distribution.

If you have any questions relating to the separation, you should contact _____, our distribution agent. The contact information for our distribution agent is:

You can also contact Tyco International with any questions. Tyco International's contact information is:

Tyco International Ltd.
Investor Relations
9 Roszel Road
Princeton, NJ 08540
Tel: (609) 720-4333
Fax: (609) 720-4603
www.tyco.com

After the separation, if you have questions relating to the separation, you can contact us directly. Our contact information is:

Tyco Electronics Ltd.
Investor Relations
1050 Westlakes Drive
Berwyn, PA 19312
Tel: (610) 893-9560
Fax: (610) 893-9393
www.tycoelectronics.com

SUMMARY

This summary highlights information contained in this information statement relating to Tyco Electronics and the Tyco Electronics common shares being distributed in the distribution. You should read the entire information statement, including the risk factors, our historical combined financial statements, our unaudited pro forma combined financial statements and the respective notes to those historical and pro forma financial statements.

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement assumes the completion of the separation. Except as otherwise indicated or unless the context otherwise requires, "Tyco Electronics," "we," "us" and "our" refer to Tyco Electronics Ltd. and its combined subsidiaries, "Covidien" refers to Covidien Ltd. and its combined subsidiaries and "Tyco International" refers to Tyco International Ltd. and its consolidated subsidiaries. When we intend to refer only to Tyco Electronics Ltd, a Bermuda corporation, without including its combined subsidiaries, we use the term "Tyco Electronics Ltd."

Unless otherwise indicated, references in this information statement to fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004 are to Tyco Electronics' fiscal years ended September 28, 2007, September 29, 2006, September 30, 2005 and September 30, 2004. Our historical combined financial information has been prepared on a "carve-out" basis to reflect the operations, financial condition and cash flows specifically allocable to the Tyco Electronics component of Tyco International during all periods shown. Our pro forma combined financial information adjusts our historical combined financial information to give effect to our separation from Tyco International and any related financing.

Our Company

We are a leading global provider of engineered electronic components, network solutions and wireless systems. We design, manufacture and market products for customers in industries from automotive, appliances and aerospace and defense to telecommunications, computers and consumer electronics. With over 8,000 engineers and worldwide manufacturing, sales and customer service capabilities, Tyco Electronics' commitment is our customers' advantage.

We conduct our business through four reporting segments:

Our *Electronic Components* segment is one of the world's largest suppliers of passive electronic components, which includes connectors and interconnect systems, relays, switches, circuit protection devices, touchscreens, sensors, and wire and cable. The products sold by the Electronic Components segment are sold primarily to original equipment manufacturers, or OEMs, and their contract manufacturers in the automotive, computer, consumer electronics, communication equipment, appliance, aerospace and defense, industrial machinery, and instrumentation markets.

Our *Network Solutions* segment is one of the world's largest suppliers of infrastructure components and systems for telecommunications and energy markets. These components include connectors, above-and below-ground enclosures, heat shrink tubing, cable accessories, surge arrestors, fiber optic cabling, copper cabling, and racks for copper and fiber networks. This segment also provides electronic systems for test access and intelligent cross-connect applications as well as integrated cabling solutions for cabling and building management.

Our *Wireless Systems* segment is an innovator of wireless technology for critical communications, radar, and defense applications. The segment's products include radio frequency components and subassembly solutions such as silicon and gallium arsenide semiconductors, radar sensors, radio frequency identification components, microwave subsystems, and diodes and land mobile radios systems and related products. These products are sold primarily to the aerospace and defense, public safety, communication equipment, and automotive markets.

Our *Other* segment designs, manufactures, distributes, and installs power systems and undersea telecommunication systems.

Competitive Strengths

We believe that we have the following competitive strengths:

Global leader in passive components. With net sales of approximately \$12.8 billion in fiscal 2006, we are significantly larger than many of our competitors.

Strong customer relationships. As an industry leader, we have established close working relationships with our customers. These relationships allow us to anticipate and be responsive to customer needs when designing new products and new technical solutions.

Process and product technology leadership. We employ over 8,000 engineers dedicated to product research, development and engineering. We invest over \$600 million per year in product and process engineering and development so that we consistently provide innovative, high quality products with efficient manufacturing methods.

Diverse product mix and customer base. We manufacture and sell a broad portfolio of products to customers in various industries.

Balanced geographic sales mix. We have an established manufacturing presence in over 25 countries and our sales are global. Our global coverage positions us near our customers' locations and allows us to assist them in consolidating their supply base and lowering their production costs.

Strong and experienced management team. We believe we have a management team that has the experience necessary to effectively execute our strategy and advance our product and technology leadership.

Strategy

Our goal is to be the world leader in providing custom-engineered electronic components and solutions for an increasingly connected world. Our business strategy is based upon the following priorities:

Continue to focus our existing portfolio. We regularly review and will consider the divestiture of underperforming or non-strategic businesses to improve our operating results and better utilize our capital.

Leverage our market leadership position to increase our market share. We are the global leader in many of the markets that we serve. We believe that we must continue to strengthen our leadership position in these markets.

Achieve market leadership in attractive and under-penetrated industries. We plan to accelerate growth in end-user markets in which we do not have the number one market share but which we believe have attractive growth and profitability characteristics.

Extend our leadership in key emerging markets. We seek to improve our market leadership position in emerging geographic regions, including China, Eastern Europe and India. We have been increasing our sales and marketing, engineering and manufacturing resources in these emerging regions in order to more fully capitalize on our skills and

technologies.

Supplement organic growth with strategic acquisitions. We will evaluate and selectively pursue strategic acquisitions that strengthen our market position, enhance our existing product offering, enable us to enter attractive markets, expand our technological capabilities and provide synergy opportunities.

Improve operating margins. We intend to continue to increase our productivity and reduce our manufacturing costs in order to more than fully offset the impact of price erosion on our operating performance.

Accelerate new product development through research and development excellence. We intend to focus our research, development, and engineering investment on next generation technologies and highly engineered products and platforms.

We are a Bermuda corporation. Our registered and principal office is located at Second Floor, 90 Pitts Bay Road, Pembroke HM 08, Bermuda. Our telephone number at that address is (441) 292-8674.

Our executive office in the United States is located at 1050 Westlakes Drive, Berwyn, Pennsylvania 19312. Our telephone number at that address is (610) 893-9560.

Risk Factors

We face risks in connection with the general conditions and trends of our industry and the end markets we serve, including the following:

We encounter competition in substantially all areas of the electronic components industry.

We are dependent on market acceptance of new product introductions and product innovations for continued revenue growth.

Like other suppliers to the electronics industry, we are subject to continuing pressure to lower our prices.

The life cycles of our products can be very short.

Divestitures of some of our businesses or product lines may adversely affect our financial condition, results of operations and cash flows.

We may be negatively affected as our customers and vendors continue to consolidate their supply base.

Our results are sensitive to raw material availability, quality, and cost.

Foreign currency exchange rates may adversely affect our results.

We face risks in connection with our separation from Tyco International, including the following:

Our historical and pro forma combined financial information is not necessarily representative of the results we would have achieved as an independent, publicly-traded company and may not be a reliable indicator of our future results.

We will be responsible for a portion of Tyco International's contingent and other corporate liabilities, primarily those relating to shareholder litigation.

We will share responsibility for certain of our, Tyco International's and Covidien's income tax liabilities for tax periods prior to and including the distribution date.

If the distribution or certain internal transactions undertaken in anticipation of the separation are determined to be taxable for U.S. federal income tax purposes, we, our shareholders that are subject to U.S. federal income tax and Tyco International could incur significant U.S. federal income tax liabilities.

As part of the separation from Tyco International, we will incur debt with external lenders.

As an independent, publicly-traded company, we may not enjoy the same benefits that we did as a segment of Tyco International.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent, publicly-traded company, and we may experience increased costs after the separation or as a result of the separation.

We might not be able to engage in desirable strategic transactions and equity issuances following the separation because of restrictions relating to U.S. federal income tax requirements for tax-free distributions.

In addition, we face certain risks in connection with our existence as a Bermuda company. These and other risks are discussed in the section entitled "Risk Factors" in this information statement.

Summary Historical and Unaudited Pro Forma Combined Financial Data

The following table presents summary historical and unaudited pro forma combined financial data for the electronics businesses of Tyco International Ltd. The combined statement of income data for the three months ended December 29, 2006 and the combined balance sheet data as of December 29, 2006 have been derived from our unaudited combined financial statements included elsewhere in this information statement. The combined statement of income data for each of the fiscal years in the three-year period ended September 29, 2006 and the combined balance sheet data as of September 29, 2006 and September 30, 2005 are derived from our audited combined financial statements included elsewhere in this information statement. The combined balance sheet data as of September 30, 2004 is derived from our unaudited combined balance sheet that is not included in this information statement. The financial data for fiscal years 2004 through 2006 have been restated as discussed in Note 1 to the Annual Combined Financial Statements.

The unaudited pro forma combined financial data have been adjusted to give effect to the following transactions:

the contribution to Tyco Electronics Ltd. of all of the assets and liabilities, including the entities holding all of the assets and liabilities, of Tyco International's electronics businesses and the distribution of our common shares by Tyco International to its shareholders; and

the financing adjustments related to the elimination of \$ billion of total debt due to Tyco International and the inclusion of \$ billion in indebtedness that we expect to hold at separation.

The unaudited pro forma combined statement of income data assumes the distribution and related transactions occurred on October 1, 2005, the first day of fiscal 2006, for the pro forma statement of income data presented for both the three months ended December 29, 2006 and the fiscal year ended September 29, 2006. The unaudited pro forma combined balance sheet data assumes the distribution and related transactions occurred on December 29, 2006. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and we believe such assumptions are reasonable under the circumstances. Such adjustments are subject to change based upon the finalization of the terms of the separation and the financing agreements.

The unaudited pro forma combined financial statements are not necessarily indicative of our results of operations or financial condition had the distribution and related financing transactions been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition which would have resulted had we been operating as an independent, publicly-traded company during such periods. In addition, they are not necessarily indicative of our future results of operations or financial condition. Further information regarding the pro forma adjustments listed above can be found within the Unaudited Pro Forma Combined Financial Statements section of this information statement.

As of or for the Quarter Ended December 29, 2006		As of or for Fiscal			
Pro Forma for the Separation and the Financing	Historical	Pro Forma for the Separation and the Financing 2006	2006	2005	2004
			(Restated)	(Restated)	(Restated)

(in millions)

**Combined Statement of
Income Data**

Net sales	\$	\$	3,220	\$	\$	12,812	\$	11,890	\$	11,099
Gross income			827			3,365		3,166		3,128
Goodwill impairment			-			316		-		-
Gain on divestiture			-			-		(301)		-
Income from operations			381			1,409		1,970		1,619
Income from continuing operations			232			1,163		990		791

**Combined Balance Sheet
Data**

Total current assets	\$	\$	5,997	\$	\$	6,040	\$	5,342	\$	5,163
Total assets			19,238			19,091		18,473		18,789
Total current liabilities			3,178			3,139		3,159		2,957
Long-term debt and obligations under capital lease			3,097			3,371		3,816		5,226
Total parent company equity			11,527			11,160		9,842		8,242

The Separation

The following is a brief summary of the terms of the separation.

Distributing company	Tyco International Ltd. After the distribution, Tyco International will not own any common shares of Tyco Electronics.
Separated company	Tyco Electronics Ltd., a Bermuda company and a wholly owned subsidiary of Tyco International. After the distribution, Tyco Electronics will be an independent, publicly-traded company.
Primary purposes of the separation	The Tyco International board of directors believes that creating independent, focused companies is the best way to unlock the full value of Tyco International's businesses in both the short and long term. There will be an independent, publicly-traded company for each of Tyco International's electronics businesses, healthcare businesses and fire and security and engineered products and services businesses.
Conditions to the distribution	<p>The distribution is subject to the satisfaction or, if permissible under the Separation and Distribution Agreement, waiver by Tyco International of the following conditions:</p> <p>the Securities and Exchange Commission shall have declared effective our registration statement on Form 10 and no stop order shall be in effect;</p> <p>all permits, registrations and consents required under the securities or blue sky laws in connection with the distribution shall have been received;</p> <p>Tyco International shall have received the opinion of McDermott Will & Emery LLP confirming the tax-free status of the distribution for U.S. federal income tax purposes;</p> <p>we shall have entered into various syndicated credit facilities;</p> <p>the listing of our common shares on the New York Stock Exchange shall have been approved, subject to official notice of issuance;</p> <p>the Tyco International board of directors shall have received an opinion from Duff & Phelps to the effect that Tyco International, Tyco Electronics and Covidien each will be solvent and adequately capitalized immediately after the distribution and an opinion of Appleby Hunter Bailhache that, upon the distribution, the Tyco Electronics and Covidien common shares will be fully paid, freely transferable and non-assessable;</p> <p>all material governmental approvals and other consents necessary to consummate the distribution shall have been received; and</p> <p>no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto shall be in effect.</p>

The fulfillment of the foregoing conditions will not create any obligation on Tyco International's part to effect the distribution. Tyco International has the right not to complete the distribution if, at any time, Tyco International's board of directors determines, in its sole discretion, that the distribution is not in the best interests of Tyco International or its shareholders or that market conditions are such that it is not advisable to separate the electronics businesses from Tyco International.

Incurrence of debt

We intend to negotiate and sign new bank credit facilities and may issue public debt prior to the separation. We will describe the terms of these new credit facilities and any public debt once we have negotiated the terms with the lenders under the bank facilities and the underwriters for any public debt.

Securities to be distributed

All of the common shares of Tyco Electronics owned by Tyco International, which will be 100% of our common shares outstanding immediately prior to the distribution. Based on the approximately common shares of Tyco International outstanding on , 2007, and applying the distribution ratio of common shares of Tyco Electronics for each common share of Tyco International, approximately of our common shares will be distributed to Tyco International shareholders who hold Tyco International common shares as of the record date. The number of common shares that Tyco International will distribute to its shareholders will be reduced to the extent that cash payments are to be made in lieu of the issuance of fractional common shares.

Distribution ratio

Each holder of Tyco International common shares will receive common shares of Tyco Electronics for each common share of Tyco International held on , 2007. Cash will be distributed in lieu of any fractional Tyco Electronics shares you are entitled to, as described below.

Record date

The record date for the distribution is the close of business on , 2007.

Distribution date

The distribution date is , 2007.

Distribution agent

Tel:
Fax:

Trading market and symbol

We intend to file an application to list our common shares on the New York Stock Exchange and the Bermuda Stock Exchange under the ticker symbol "TEL." We anticipate that, on or prior to the record date for the distribution, trading of our common shares will begin on a "when-issued" basis and will continue up to and including the distribution date. See "The Separation—Trading Between the Record Date and Distribution Date," included elsewhere in this information statement.

Tax consequences

Tyco International has received private letter rulings from the Internal Revenue Service substantially to the effect that the distribution will qualify as a tax-free reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, or the Code. In addition to obtaining the private letter rulings, Tyco International expects to obtain an opinion from the law firm of McDermott Will & Emery LLP confirming the tax-free status of the distribution. Assuming that the distribution is tax-free, for U.S. federal income tax purposes no gain or loss will be recognized by a shareholder that is subject to U.S. federal income tax, and no amount will be included in the income of a shareholder that is subject to U.S. federal income tax, upon the receipt of our common shares pursuant to the distribution. **A shareholder that is subject to U.S. federal income tax generally will recognize gain or loss with respect to any cash received in lieu of a fractional share.** See "Risk Factors—Risks Relating to Separating Our Company from Tyco International—If the distribution or certain internal transactions undertaken in anticipation of the separation are determined to be taxable for U.S. federal income tax purposes, we, our shareholders that are subject to U.S. federal income tax and Tyco International could incur significant U.S. federal income tax liabilities" and "The Separation—Certain U.S. Federal Income Tax Consequences of the Distribution," included elsewhere in this information statement.

Each shareholder is urged to consult his, her or its tax advisor as to the specific tax consequences of the distribution to that shareholder, including the effect of any state, local or non-U.S. tax laws and of changes in applicable tax laws.

Risk factors

We face both general and specific risks and uncertainties relating to our business, our relationship with Tyco International and our being an independent, publicly-traded company. We also are subject to risks relating to the separation. You should read carefully "Risk Factors," beginning on page 10 of this information statement.

No fractional shares

Tyco International will not distribute any fractional common shares for Tyco Electronics. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata to each holder who otherwise would have been entitled to receive a fractional share in the distribution. Recipients of cash in lieu of fractional shares will not be entitled to any interest on payments made in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient shareholders that are subject to U.S. federal income tax as described in "The Separation—Certain U.S. Federal Income Tax Consequences of the Distribution," included elsewhere in this information statement.

Relationship with Tyco International and Covidien after the separation

We will enter into a Separation and Distribution Agreement and other agreements with Tyco International and Covidien to effect the separation and provide a framework for our relationships with Tyco International and Covidien after the distribution. These agreements will govern the relationships among Tyco International, Covidien and us subsequent to the completion of the separation and provide for the allocation to us and Covidien of certain of Tyco International's assets, liabilities and obligations, attributable to periods prior to our separation from Tyco International. The Separation and Distribution Agreement, in particular, requires us to assume 31% of certain of Tyco International's contingent and other corporate liabilities, including the Tyco International shareholder litigation, and establishes the amount of indebtedness that each company initially will retain and incur. If any party defaults on its obligations with respect to the shareholder litigation, the other parties will be jointly and severally liable for the defaulting party's obligations. For a discussion of these arrangements, see "Relationship with Tyco International and Covidien," included elsewhere in this information statement.

Dividend policy

Following the distribution, we expect that initially we will pay approximately \$280 million per year in dividends to holders of our common shares. The timing, declaration and payment of future dividends to holders of our common shares, however, falls within the discretion of our board of directors and will depend upon many factors, including the statutory requirements of Bermuda law, our financial condition and earnings, the capital requirements of our businesses, industry practice and any other factors the board of directors deems relevant.

RISK FACTORS

You should carefully consider each of the following risks, which we believe are the principal risks that we face, and all of the other information in this information statement. Some of the risks described below relate to our business while others relate to our separation from Tyco International. Other risks relate principally to the securities markets and ownership of our common shares. Our business may be adversely affected by risks and uncertainties not known to us or risks that we currently believe to be immaterial.

Should any of the following risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially and adversely affected, the trading price of our common shares could decline and you could lose all or part of your investment.

Risks Relating to Our Business

We face the following risks in connection with the general conditions and trends of our industry and the end markets we serve.

We encounter competition in substantially all areas of the electronic components industry.

We operate in highly competitive markets for electronic components. The competition we experience across product lines from other companies ranges in size from large, diversified manufacturers to small, highly specialized manufacturers. The electronic components industry has continued to become increasingly concentrated and globalized in recent years, and our major competitors have significant financial resources and technological capabilities. A number of these competitors compete with us primarily on price, and in some instances may enjoy lower production costs for certain products. We cannot assure you that additional competitors will not enter our markets, nor that we will be able to compete successfully against existing or new competitors.

We are dependent on market acceptance of new product introductions and product innovations for continued revenue growth.

The markets in which we operate are subject to rapid technological change. Our long-term operating results depend substantially upon our ability to continually develop, introduce and market new and innovative products, to modify existing products, to respond to technological change and to customize certain products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change or that we will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands.

Like other suppliers to the electronics industry, we are subject to continuing pressure to lower our prices.

Over the past several years we have experienced, and we expect to continue to experience, pressure each year to lower our prices. In recent years, we have experienced price erosion averaging from 2% to 5%. In order to maintain our margins, we must continue to reduce our costs by similar amounts. We cannot assure you that continuing pressures to reduce our prices will not have a material adverse effect on our financial condition, results of operations and cash flows.

The life cycles of our products can be very short.

The life cycles of certain of our products can be very short relative to the development cycles. As a result, the resources devoted to product sales and marketing may not result in material revenue, and, from time to time, we may need to write off excess or obsolete inventory or equipment. If we were to incur significant engineering expenses and investments in inventory and equipment that we were not able to recover and we were not able to compensate for those expenses, our financial condition, results of operations and cash flows would be materially and adversely affected.

Divestitures of some of our businesses or product lines may materially adversely affect our financial condition, results of operations and cash flows.

We continue to evaluate the performance of all of our businesses and may sell businesses or product lines. Any divestitures may result in significant write-offs, including those related to goodwill and other intangible assets, which could have a material adverse effect on our financial condition, results of operations and cash flows. Divestitures could involve additional risks, including difficulties in the separation of operations, services, products and personnel, the diversion of management's attention from other business concerns, the disruption of our business, and the potential loss of key employees. There can be no assurance that we will be successful in addressing these or any other significant risks encountered.

We may be negatively affected as our customers and vendors continue to consolidate their supply base.

Many of the industries to which we sell our products, as well as many of the industries from which we buy materials, have become increasingly concentrated in recent years, including the automotive, telecommunications, computer and aerospace and defense industries. As our customers buy in larger volumes, their volume buying power has increased, and they have been able to negotiate more favorable pricing and find alternative sources from which to purchase. Our materials suppliers similarly have increased their ability to negotiate favorable pricing. These trends may adversely affect the profit margins on our products, particularly for commodity components.

We are dependent on the automotive industry.

Approximately 29% of our net sales for fiscal 2006 were to customers in the automotive industry. The automotive market is dominated by several large manufacturers who can exert significant price pressure on their suppliers.

In addition, as a supplier of automotive electronics products, our sales of these products and our profitability could be negatively affected by changes in the operations, products, business models, part-sourcing requirements, financial condition and market share of automobile manufacturers. Demand for our automotive products also is linked to consumer demand for automobiles, which may be adversely affected by negative trends in consumer demand.

We are dependent on the telecommunications, computer and consumer electronics industries.

Approximately 17% of our net sales for fiscal 2006 came from sales to the telecommunications industry. Demand for these products is subject to rapid technological change. These markets are dominated by several large manufacturers who can exert significant price pressure on their suppliers. There can be no assurance that we will be able to continue to compete successfully in the telecommunications industry, and our failure to do so would materially impair our financial condition, results of operations and cash flows.

Approximately 13% of our net sales for fiscal 2006 came from sales to the computer and consumer electronics industries. Demand for our computer and consumer electronics products depends primarily on underlying business and consumer demand for new computer and consumer electronics products. The amount of this demand, and, therefore our sales and profitability, will be affected by a variety of factors, including the rate of technological change, degree of consumer acceptance of new products and general economic conditions. We cannot assure you that existing levels of business and consumer demand for new computer and consumer electronics products will not decrease.

Cyclical industry and economic conditions may adversely affect our financial condition, results of operations and cash flows.

We are heavily dependent on the end-market industry dynamics for our products, and our operating results can be adversely affected by the cyclical demand patterns of these markets. For example, the telecommunications industry, which accounted for approximately 17% of our net sales in fiscal 2006, has historically experienced periods of robust capital expenditure followed by periods of retrenchment and consolidation. The aerospace and defense industry, which accounted for 5% of our net sales in fiscal 2006, has similarly undergone significant fluctuations in demand, depending on worldwide economic and political conditions. These periodic downturns in our customers' industries can significantly reduce demand for certain of our products, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Our results are sensitive to raw material availability, quality and cost.

We are a large buyer of resin, copper, gold, brass, steel, chemicals and additives, and zinc. Many of these raw materials are produced in a limited number of regions around the world or are only available from a limited number of suppliers. In addition, the price of many of these raw materials, including copper and gold, has increased dramatically in recent years. Over the last three years, we have only been able partially to offset these increases through higher selling prices. Our financial condition, results of operations and cash flows may be materially and adversely affected if we have difficulty obtaining these raw materials, the quality of available raw materials deteriorates or there are continued significant price increases for these raw materials. Any of these events could have a substantial impact on the price we pay for raw materials and, to the extent we cannot compensate for cost increases through productivity improvements or price increases to our customers, our margins may decline, materially affecting our financial condition, results of operations and cash flows.

Foreign currency exchange rates may adversely affect our results.

We are exposed to a variety of market risks, including the effects of changes in foreign currency exchange rates. Over 60% of our net sales for fiscal 2006 were derived from sales in non-U.S. markets, and we expect revenue from non-U.S. markets to continue to represent a significant portion of our net revenue. Therefore, when the U.S. dollar strengthens in relation to the currencies of the countries where we sell our products, such as the euro, our U.S. dollar reported revenue and income will decrease. Changes in the relative values of currencies occur from time to time and, in some instances, may have a significant effect on our financial condition, results of operations and cash flows.

We may use components and products manufactured by third parties.

We may rely on third-party suppliers for the components used in our products and we may rely on third-party manufacturers to manufacture certain of our assemblies and finished products. Our financial condition, results of operations and cash flows could be adversely affected if such third parties lack sufficient quality control or if there are significant changes in their financial or business condition. We also have third-party arrangements for the manufacture of certain products, parts and components. If these third parties fail to deliver quality products, parts and components on time and at reasonable prices, our commercial reputation could be damaged, we could have difficulties fulfilling our orders and our sales and profits could decline.

Our future success is substantially dependent on our ability to attract and retain highly qualified technical, managerial, marketing, finance and administrative personnel.

Our success depends upon our continued ability to hire and retain key employees at our operations around the world. We depend on highly skilled technical personnel to design, manufacture and support our wide range of electronic components. Additionally, we rely upon experienced

managerial, marketing and support personnel to manage our business effectively and to successfully promote our wide range of products. Any difficulties in obtaining or retaining the necessary management and human resource skills to achieve our objectives may have adverse effects on our financial condition, results of operations and cash flows.

If any of our operations are found not to comply with applicable antitrust or competition laws, our business may suffer.

Our operations are subject to applicable antitrust and competition laws in the jurisdictions in which we conduct our business, in particular the U.S. and the European Union. These laws prohibit, among other things, anticompetitive agreements and practices. If any of our commercial, including distribution, agreements and practices with respect to the electrical components or other markets is found to violate or infringe such laws, we may be subject to civil and other penalties. We also may be subject to third party claims for damages. Further, agreements that infringe these antitrust and competition laws may be void and unenforceable, in whole or in part, or require modification in order to be lawful and enforceable. If we are unable to enforce any of our commercial agreements, whether at all or in material part, our financial condition, results of operations and cash flows could be adversely affected.

We are subject to the risks of political, economic and military instability in countries outside the United States.

Non-U.S. markets account for a substantial portion of our business. During fiscal 2006, non-U.S. markets constituted over 60% of our net sales. We employ more than 76% of our workforce outside the U.S. Our customers are located throughout the world and we have many manufacturing, administrative and sales facilities outside the U.S. Because of our extensive non-U.S. operations, we are exposed to risks that could negatively affect sales or profitability, including:

tariffs, trade barriers and trade disputes;

regulations related to customs and import/export matters;

longer payment cycles;

tax issues, such as tax law changes, examinations by taxing authorities, variations in tax laws from country to country as compared to the U.S. and difficulties in repatriating in a tax-efficient manner cash generated or held abroad;

challenges in collecting accounts receivable;

employment regulations and local labor conditions;

difficulties protecting intellectual property in non-U.S. countries;

instability in economic or political conditions, including inflation, recession and actual or anticipated military or political conflicts; and

the impact of each of the foregoing on our outsourcing and procurement arrangements.

Many of our products that are manufactured outside of the U.S. are manufactured in Asia. In particular, we have sizeable operations in China, including manufacturing operations, and in fiscal 2006 11% of our net sales were made to customers in China. The

legal system in China is still developing and is subject to change. Accordingly, our operations and orders for products in China could be adversely affected by changes to or interpretation of Chinese law.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption to some degree and in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Despite our training and compliance program, we cannot assure you that our internal control policies and procedures always will protect us from reckless or criminal acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our financial condition, results of operations and cash flows.

Our operations expose us to the risk of material environmental liabilities, litigation and violations.

We are subject to numerous federal, state, local and non-U.S. environmental protection and health and safety laws governing, among other things:

the generation, storage, use and transportation of hazardous materials;

emissions or discharges of substances into the environment;

investigation and remediation of hazardous substances or materials at various sites; and

the health and safety of our employees.

We may not have been, or we may not at all times be, in compliance with environmental and health and safety laws. If we violate these laws, we could be fined, criminally charged or otherwise sanctioned by regulators. Environmental laws outside of the United States are becoming more stringent, resulting in increased costs and compliance burdens.

Certain environmental laws assess liability on current or previous owners or operators of real property for the costs of investigation, removal or remediation of hazardous substances or materials at their properties or at properties at which they have disposed of hazardous substances. Liability for investigative, removal and remedial costs under certain federal and state laws are retroactive, strict and joint and several. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the presence of, or exposure to, hazardous substances. We have received notification from the U.S. Environmental Protection Agency and similar state environmental agencies that conditions at a number of formerly owned sites where we and others have disposed of hazardous substances require investigation, cleanup and other possible remedial action and may require that we reimburse the government or otherwise pay for the costs of investigation and remediation and for natural resource damage claims from such sites.

While we plan for future capital and operating expenditures to maintain compliance with environmental laws, we cannot assure you that our costs of complying with current or future environmental protection and health and safety laws, or our liabilities arising from past or future releases of, or exposures to, hazardous substances will not exceed our estimates or adversely affect our financial condition and results of operations or that we will not be subject to additional environmental claims for personal injury or cleanup in the future based on our past, present or future business activities.

Our products are subject to various requirements related to chemical usage, hazardous material content and recycling.

The European Union, China and other jurisdictions in which our products are sold have enacted or are proposing to enact laws addressing environmental and other impacts from product disposal, use of hazardous materials in products, use of chemicals in manufacturing, recycling of products at the end of their useful life and other related matters. These laws include the EU Restriction on Hazardous Substances, End of Life Vehicle and Waste Electrical and Electronic Equipment Directives, the EU REACH (chemical registration) Directive, the China law on Management Methods for Controlling Pollution by Electronic Information Products and various other laws. These laws prohibit the use of certain substances in the manufacture of our products and directly and indirectly impose a variety of requirements for modification of manufacturing processes, registration, chemical testing, labeling and other matters. We cannot predict the extent to which these laws will proliferate in other jurisdictions or expand to address other materials or other aspects of our product manufacturing and sale. These laws could make manufacture or sale of our products more expensive or impossible and could limit our ability to sell our products in certain jurisdictions.

We are a defendant to a variety of litigation in the course of our business that could cause a material adverse effect on our financial condition, results of operations and cash flows.

In the ordinary course of business, we are a defendant in litigation, including litigation alleging the infringement of intellectual property rights, anti-competitive behavior and product liability. In certain circumstances, patent infringement and anti-trust laws permit successful plaintiffs to recover treble damages. The defense of these lawsuits may divert our management's attention, and we may incur significant expenses in defending these lawsuits. In addition, we may be required to pay damage awards or settlements, or become subject to injunctions or other equitable remedies, that could cause a material adverse effect on our financial condition, results of operations and cash flows.

Future acquisitions may not be successful.

We will continue to investigate the acquisition of strategic businesses or product lines with the potential to strengthen our market position or enhance our existing product offering. We cannot assure you, however, that we will identify or successfully complete transactions with suitable acquisition candidates in the future. Nor can we assure you that completed acquisitions will be successful. If an acquired business fails to operate as anticipated or cannot be successfully integrated with our existing business, our financial condition, results of operations and cash flows could be materially and adversely affected.

Future acquisitions could require us to issue additional debt or equity.

If we were to undertake a substantial acquisition for cash, the acquisition would likely need to be financed in part through additional financing from banks, through public offerings or private placements of debt or equity securities or other arrangements. This acquisition financing might decrease our ratio of earnings to fixed charges and adversely affect other leverage criteria. We cannot assure you that the necessary acquisition financing would be available to us on acceptable terms if and when required. If we were to undertake an acquisition by issuing equity securities or equity-linked securities, the acquisition may have a dilutive effect on the interests of the holders of our common shares.

Our ability to compete effectively depends, in part, on our ability to maintain the proprietary nature of our technology.

The electronics industry is characterized by litigation regarding patent and other intellectual property rights. Within this industry, companies have become more aggressive in asserting and

defending patent claims against competitors. There can be no assurance that we will not be subject to future litigation alleging intellectual property rights infringement or that we will not pursue litigation to protect our property rights. Depending on the size and importance of the patent or trademark in question, an unfavorable outcome regarding one of these matters may have a material adverse effect on our financial condition, results of operations and cash flows.

Risks Relating to Separating Our Company from Tyco International

We face the following risks in connection with our separation from Tyco International:

Our historical and pro forma combined financial information is not necessarily representative of the results we would have achieved as an independent, publicly-traded company and may not be a reliable indicator of our future results.

The historical and pro forma combined financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as an independent, publicly-traded company during the periods presented or those that we will achieve in the future, primarily as a result of the following factors:

Prior to our separation, our business was operated by Tyco International as part of its broader corporate organization, rather than as an independent, publicly-traded company. In addition, prior to our separation Tyco International, or one of its affiliates, performed significant corporate functions for us, including tax and treasury administration and certain governance functions, including internal audit and external reporting. Our historical and pro forma financial statements reflect allocations of corporate expenses from Tyco International for these and similar functions.

Our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, historically have been satisfied as part of the company-wide cash management practices of Tyco International. Following the completion of the separation, Tyco International will not be providing us with funds to finance our working capital or other cash requirements. Without the opportunity to obtain financing from Tyco International, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities or other arrangements.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as a company separate from Tyco International.

We will be responsible for a portion of Tyco International's contingent and other corporate liabilities, primarily those relating to shareholder litigation.

Under the Separation and Distribution Agreement and other agreements, subject to certain exceptions contained in the Tax Sharing Agreement, we, Covidien and Tyco International will agree to assume and be responsible for 31%, 42% and 27%, respectively, of certain of Tyco International's contingent and other corporate liabilities. All costs and expenses associated with the management of these contingent and other corporate liabilities will be shared equally among the parties. These contingent and other corporate liabilities primarily relate to consolidated securities litigation and any actions with respect to the separation plan or the distribution brought by any third party. Contingent and other corporate liabilities do not include liabilities that are specifically related to one of the three separated companies, which will be allocated 100% to the relevant company.

If any party responsible for such liabilities were to default in its payment, when due, of any of these assumed obligations, each non-defaulting party would be required to pay equally with any other non-defaulting party the amounts in default. Accordingly, under certain circumstances, we may be

obligated to pay amounts in excess of our agreed-upon share of the assumed obligations related to such contingent and other corporate liabilities, including associated costs and expenses.

Many lawsuits are outstanding against Tyco International, some of which relate to actions taken by Tyco International's former senior corporate management. We do not believe that it is feasible to predict the final outcome or resolution of these unresolved proceedings. Although we will share any costs and expenses arising out of this litigation with Tyco International and Covidien, an adverse outcome from these unresolved proceedings or liabilities or other proceedings for which we have assumed partial liability under the Separation and Distribution Agreement could be material with respect to our financial condition, results of operations and cash flows in any given reporting period.

Tyco International will have the right to control the defense and settlement of this litigation, subject to certain limitations. The timing, nature and amount of any settlement may not be in our best interests. Furthermore, in the event of any such settlement, we may have limited notice before we would be required to pay our portion of the settlement amount. Moreover, Tyco International stipulated, pursuant to a court order, that we, Tyco International and Covidien each will be primarily liable for a portion of the obligations arising from the Tyco International shareholder litigation. The stipulation also provides that if any party defaults on its obligations, the other parties will be jointly and severally liable for the defaulting party's obligations. In accordance with the stipulation, we, Covidien and Tyco International will agree to assume and be responsible for 31%, 42% and 27%, respectively, of the obligations arising from the Tyco International shareholder litigation.

We will share responsibility for certain of our, Tyco International's and Covidien's income tax liabilities for tax periods prior to and including the distribution date.

Under the Tax Sharing Agreement, we will share responsibility for certain of our, Tyco International's and Covidien's income tax liabilities based on a sharing formula for periods prior to and including the date of the distribution. More specifically, we, Tyco International and Covidien will share 31%, 27% and 42%, respectively, of U.S. income tax liabilities that arise from adjustments made by tax authorities to our, Tyco International's and Covidien's U.S. income tax returns, certain income tax liabilities arising from adjustments made by tax authorities to intercompany transactions or similar adjustments, and certain taxes attributable to internal transactions undertaken in anticipation of the separation and the distributions. All costs and expenses associated with the management of these shared tax liabilities shall be shared equally among the parties. We will be responsible for all of our own taxes that are not shared pursuant to the Tax Sharing Agreement's sharing formula. In addition, Tyco International and Covidien will be responsible for their tax liabilities that are not subject to the Tax Sharing Agreement's sharing formula.

All the tax liabilities of Tyco International that are associated with Tyco International subsidiaries that are included in Tyco Electronics following the separation will become our tax liabilities. Although we have agreed to share certain of these tax liabilities with Tyco International and Covidien pursuant to the Tax Sharing Agreement, we remain primarily liable for all of these liabilities. If Tyco International and Covidien default on their obligations to us under the Tax Sharing Agreement, we would be liable for the entire amount of these liabilities.

If any party to the Tax Sharing Agreement were to default in its obligation to another party to pay its share of the distribution taxes that arise as a result of no party's fault, each non-defaulting party would be required to pay, equally with any other non-defaulting party, the amounts in default. In addition, if another party to the Tax Sharing Agreement that is responsible for all or a portion of an income tax liability were to default in its payment of such liability to a taxing authority, we could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of our agreed-upon share of our, Tyco International's and Covidien's tax liabilities.

Our, Tyco International's and Covidien's income tax returns are examined periodically by various tax authorities. In connection with such examinations, tax authorities, including the U.S. Internal Revenue Service, have raised issues and proposed tax adjustments. We, Tyco International and Covidien are reviewing and contesting certain of the proposed tax adjustments. Amounts related to these tax adjustments and other tax contingencies that we have assessed as probable and estimable have been recorded through our income tax provision, equity or goodwill, as appropriate. The calculation of our tax liabilities involves dealing with the uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize potential liabilities and record tax liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on our estimate of whether, and the extent to which, additional income taxes will be due. These tax liabilities are reflected net of related tax loss carryforwards. We adjust these liabilities in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of tax liabilities.

Under the Tax Sharing Agreement, Tyco International will have the right to administer, control and settle all U.S. income tax audits for periods prior to and including the date of the distribution. The timing, nature and amount of any settlement agreed to by Tyco International may not be in our best interests. Moreover, the other parties to the Tax Sharing Agreement will be able to remove Tyco International as the controlling party only under limited circumstances, including a change in control or bankruptcy of Tyco International, or by a majority vote of the parties on or after the second anniversary of the distribution. All other tax audits will be administered, controlled and settled by the party that would be responsible for paying the tax.

The ownership by our executive officers and some of our directors of common shares, options or other equity awards of Tyco International or Covidien may create, or may create the appearance of, conflicts of interest.

Because of their current or former positions with Tyco International, substantially all of our executive officers, including our Chief Executive Officer and our Chief Financial Officer, and some of our non-employee director nominees, own common shares of Tyco International, options to purchase common shares of Tyco International or other Tyco International equity awards. Following Tyco International's distribution of Covidien to its shareholders, these officers and non-employee directors will own common shares, options to purchase common shares and other equity awards in Tyco International or Covidien. The individual holdings of common shares, options to purchase common shares or other equity awards of Tyco International and Covidien may be significant for some of these persons compared to their total assets. These equity interests may create, or appear to create, conflicts of interest when these directors and officers are faced with decisions that could benefit or affect the equity holders of Tyco International or Covidien in ways that do not benefit or affect us in the same manner.

If the distribution or certain internal transactions undertaken in anticipation of the separation are determined to be taxable for U.S. federal income tax purposes, we, our shareholders that are subject to U.S. federal income tax and Tyco International could incur significant U.S. federal income tax liabilities.

Tyco International has received private letter rulings from the Internal Revenue Service regarding the U.S. federal income tax consequences of the distribution of our common shares and Covidien common shares to the Tyco International shareholders substantially to the effect that the distribution, except for cash received in lieu of a fractional share of our common shares and the Covidien common shares, will qualify as tax-free under Sections 368(a)(1)(D) and 355 of the Code. The private letter rulings also provide that certain internal transactions undertaken in anticipation of the separation will qualify for favorable treatment under the Code. In addition to obtaining the private letter rulings, Tyco

International expects to obtain an opinion from the law firm of McDermott Will & Emery LLP confirming the tax-free status of the distribution. McDermott Will & Emery also is expected to produce opinions to the effect that the internal transactions addressed in the private letter rulings and certain other internal transactions should qualify for favorable tax treatment under the Code. The private letter rulings and the opinions rely or will rely on certain facts and assumptions, and certain representations and undertakings, from us, Covidien and Tyco International regarding the past and future conduct of our respective businesses and other matters. Notwithstanding the private letter rulings and the opinions, the Internal Revenue Service could determine on audit that the distribution or the internal transactions should be treated as taxable transactions if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated, or that the distributions should be taxable for other reasons, including as a result of significant changes in stock or asset ownership after the distribution. If the distribution ultimately is determined to be taxable, the distribution could be treated as a taxable dividend or capital gain to you for U.S. federal income tax purposes, and you could incur significant U.S. federal income tax liabilities. In addition, Tyco International would recognize gain in an amount equal to the excess of the fair market value of our common shares and Covidien common shares distributed to Tyco International shareholders on the distribution date over Tyco International's tax basis in such common shares, but such gain, if recognized, generally would not be subject to U.S. federal income tax. However, we, Covidien and Tyco International would incur significant U.S. federal income tax liabilities if it is ultimately determined that certain internal transactions undertaken in anticipation of the separation should be treated as taxable transactions.

In addition, under the terms of the Tax Sharing Agreement, in the event the distribution or the internal transactions were determined to be taxable and such determination was the result of actions taken after the distribution by us, Covidien or Tyco International, the party responsible for such failure would be responsible for all taxes imposed on us, Covidien or Tyco International as a result thereof. If such determination is not the result of actions taken after the distribution by us, Covidien or Tyco International, then we, Covidien and Tyco International would be responsible for 31%, 42% and 27%, respectively, of any taxes imposed on us, Covidien or Tyco International as a result of such determination. Such tax amounts could be significant. In the event that any party to the Tax Sharing Agreement defaults in its obligation to pay distribution taxes to another party that arise as a result of no party's fault, each non-defaulting party would be responsible for an equal amount of the defaulting party's obligation to make a payment to another party in respect of such other party's taxes.

As part of the separation from Tyco International, we will incur debt with external lenders.

We intend to negotiate and sign new bank credit facilities and may issue public debt prior to the separation. We will describe the terms of these new credit facilities and any public debt once we have negotiated the terms with the lenders under the bank facilities and the underwriters for any public debt.

As an independent, publicly-traded company, we may not enjoy the same benefits that we did as a segment of Tyco International.

There is a risk that, by separating from Tyco International, we may become more susceptible to market fluctuations and other adverse events than we would have been were we still a part of the current Tyco International organizational structure. As part of Tyco International, we have been able to enjoy certain benefits from Tyco International's operating diversity, purchasing power, available capital for investments and opportunities to pursue integrated strategies with Tyco International's other businesses. As an independent, publicly-traded company, we will not have similar diversity or integration opportunities and may not have similar purchasing power or access to capital markets.

We may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent, publicly-traded company, and we may experience increased costs after the separation or as a result of the separation.

Following the completion of our separation, Tyco International will be obligated contractually to provide to us only those transition services specified in agreements we enter into with Tyco International in preparation for the separation. We may be unable to replace in a timely manner or on comparable terms the services or other benefits that Tyco International previously provided to us that are not specified in any transition services agreement. After the expiration of any transition services agreement, we may be unable to replace in a timely manner or on comparable terms the services specified in any such agreement. Upon expiration of any transition services agreement, many of the services that are covered in such agreement will have to be provided internally or by unaffiliated third parties. We may incur higher costs to obtain such services than we incurred previously. In addition, if Tyco International does not continue to perform the transition services and the other services that are called for under any transition services agreement, we may not be able to operate our business as effectively and our profitability may decline.

In some cases, we might have received better terms from unaffiliated third parties than the terms we received in our agreements with Tyco International and Covidien.

The agreements related to our separation from Tyco International and Covidien, including the Separation and Distribution Agreement and the Tax Sharing Agreement, were negotiated in the context of our separation from Tyco International while we were still part of Tyco International and, accordingly, may not reflect terms that would have resulted from arm's-length negotiations among unaffiliated third parties. The separation agreements were approved in consideration of the best interests of Tyco International's shareholders and may conflict with your interests as a shareholder of Tyco Electronics.

If we fail to comply with the requirements of Section 404 of Sarbanes-Oxley, our business prospects and the valuation of our common shares could be adversely affected.

Section 404 of the Sarbanes-Oxley Act will require our management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control over financial reporting. If we are unable to comply with these obligations or experience delays in reports of our management and outside auditors on our internal control over financial reporting, we might be unable to file timely with the Securities and Exchange Commission our annual or periodic reports and might be subject to regulatory and enforcement actions by the SEC and the New York Stock Exchange, including delisting from the New York Stock Exchange, securities litigation, events of default under our credit agreements, debt rating agency downgrades or rating withdrawals and a general loss of investor confidence, any one of which would adversely affect the valuation of our common shares and could adversely affect our business prospects.

Subsequent to the filing of our combined financial statements for fiscal 2006, fiscal 2005 and fiscal 2004 in the initial filing of our registration statement with the SEC, we determined that our combined financial statements contained certain errors. The errors primarily resulted from the process of carving out certain income tax accounts from Tyco International's consolidated financial statements and related information. We substantially relied upon the processes at Tyco International to prepare our carve-out accounts for income taxes. We have determined that certain of those tax processes utilized by Tyco International in determining certain carve out amounts for income taxes did not operate at a sufficient level of precision relative to our materiality for us to ensure that the carve-out accounts were materially correct. We have also determined that we did not have sufficient control processes in place to ensure that the information provided by Tyco International was complete and accurate and have concluded that the absence of these control processes is a material weakness in our internal control over financial reporting relating to income taxes.

In connection with our readiness efforts to become an independent, publicly-traded company, we are developing the appropriate internal controls and procedures relating to our new corporate functions, including income tax accounting, in anticipation of being subject to the requirements of the Sarbanes-Oxley Act.

We might not be able to engage in desirable strategic transactions and equity issuances following the separation because of restrictions relating to U.S. federal income tax requirements for tax-free distributions.

Our ability to engage in significant equity transactions could be limited or restricted after the distribution in order to preserve for U.S. federal income tax purposes the tax-free nature of the distribution by Tyco International. In addition, similar limitations and restrictions will apply to Covidien and Tyco International. Even if the distribution otherwise qualifies for tax-free treatment under Sections 368(a)(1)(D) and 355 of the Code, it may result in corporate level taxable gain to Tyco International under Section 355(e) of the Code if 50% or more, by vote or value, of our common shares, Covidien's common shares or Tyco International's common shares are acquired or issued as part of a plan or series of related transactions that includes the distribution. For this purpose, any acquisitions or issuances of Tyco International's common shares within two years before the distribution, and any acquisitions or issuances of our common shares, Covidien's common shares or Tyco International's common shares within two years after the distribution, generally are presumed to be part of such a plan, although we, Covidien or Tyco International may be able to rebut that presumption. We are not aware of any such acquisitions or issuances of Tyco International's common shares within the two years before the distribution. If an acquisition or issuance of our common shares, Covidien's common shares or Tyco International's common shares triggers the application of Section 355(e) of the Code, Tyco International would recognize taxable gain as described above, but such gain generally would not be subject to U.S. federal income tax. However, certain subsidiaries of Covidien or Tyco International or subsidiaries of ours would incur significant U.S. federal income tax liabilities as a result of the application of Section 355(e) of the Code.

Under the Tax Sharing Agreement, there are restrictions on our ability to take actions that could cause the distribution or certain internal transactions undertaken in anticipation of the separation to fail to qualify as tax-favored transactions, including entering into, approving or allowing any transaction that results in a change in ownership of more than 35% of our common shares, a redemption of equity securities, a sale or other disposition of a substantial portion of our assets, an acquisition of a business or assets with equity securities to the extent one or more persons would acquire 35% or more of our common shares, or engaging in certain internal transactions. These restrictions apply for the two-year period after the distribution, unless we obtain the consent of the other parties or we obtain a private letter ruling from the Internal Revenue Service or an unqualified opinion of a nationally recognized law firm that such action will not cause the distribution or the internal transactions undertaken in anticipation of the separation to fail to qualify as tax-favored transactions, and such letter ruling or opinion, as the case may be, is acceptable to the parties. Covidien and Tyco International are subject to similar restrictions under the Tax Sharing Agreement. Moreover, the Tax Sharing Agreement generally provides that a party thereto is responsible for any taxes imposed on any other party thereto as a result of the failure of the distribution or certain internal transactions to qualify as a tax-favored transaction under the Code if such failure is attributable to certain post-distribution actions taken by or in respect of the responsible party or its shareholders, regardless of whether the actions occur more than two years after the distribution, the other parties consent to such actions or such party obtains a favorable letter ruling or opinion of tax counsel as described above. For example, we would be responsible for a third party's acquisition of us at a time and in a manner that would cause such failure. These restrictions may prevent us from entering into transactions which might be advantageous to our shareholders.

Risks Relating to Our Jurisdiction of Incorporation

Legislation and negative publicity regarding Bermuda companies could increase our tax burden and adversely affect our financial condition, results of operations and cash flows.

Tax Legislation

The U.S. Congress has in the past considered legislation affecting the tax treatment of U.S. companies that have undertaken certain types of expatriation transactions. In October 2004, the U.S. Congress enacted such legislation, which did not, however, retroactively apply to us. Legislation passed by the U.S. Senate on November 18, 2005 would have modified parts of the American Jobs Creation Act of 2004 but did not become law. We anticipate that various U.S. Treasury Department studies will be released and tax proposals will be introduced in the U.S. Congress in the future and cannot assure you that these proposals would not have adverse effects on us if enacted. Such adverse effects could include substantially reducing the tax benefits of our corporate structure, materially increasing our tax burden or otherwise adversely affecting our financial condition, results of operations and cash flows.

Negative Publicity

There is continuing negative publicity regarding, and criticism of, U.S. companies' use of, or relocation to, offshore jurisdictions, including Bermuda. As a Bermuda company, this negative publicity could harm our reputation and impair our ability to generate new business if companies or governmental agencies decline to do business with us as a result of any perceived negative public image of Bermuda companies or the possibility of our customers receiving negative media attention from doing business with a Bermuda company.

Legislation Relating to Governmental Contracts

Various U.S. federal and state legislative proposals that would deny governmental contracts to U.S. companies that move their corporate location abroad may affect us.

The U.S. federal government and various states and municipalities have proposed or may propose legislation that would deny governmental contracts to U.S. companies that move their corporate location abroad. We are unable to predict the likelihood or final form in which any such proposed legislation might become law, the nature of regulations that may be promulgated under any future legislative enactments, or the effect such enactments and increased regulatory scrutiny may have on our business.

We are unable to predict whether the final form of the proposed legislation discussed above also would affect our indirect sales to the U.S. federal or state governments or the willingness of our non-governmental customers to do business with us. As a result of these uncertainties, we are unable to assess the potential impact on us of any proposed legislation in this area and cannot assure you that the impact will not be materially adverse.

Bermuda law differs from the laws in effect in the United States and may afford less protection to holders of our securities.

We are organized under the laws of Bermuda. It may not be possible to enforce court judgments obtained in the United States against us in Bermuda based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Bermuda would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the United States

and Bermuda currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Bermuda.

As a Bermuda company, we are governed by the Companies Act 1981 of Bermuda, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including differences relating to interested director and officer transactions, shareholder lawsuits and indemnification. Likewise, the duties of directors and officers of a Bermuda company generally are owed to the company only. Shareholders of Bermuda companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Under Bermuda law, a company also may agree to indemnify directors and officers for any personal liability, not involving fraud or dishonesty, incurred in relation to the company. Thus, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the United States.

Risks Relating to Our Common Shares

There is no existing market for our common shares and a trading market that will provide you with adequate liquidity may not develop for our common shares. In addition, once our common shares begin trading, the market price of our common shares may fluctuate widely.

There currently is no public market for our common shares. We anticipate that, on or prior to the record date for the distribution, trading of our common shares will begin on a "when-issued" basis and will continue through the distribution date. We cannot assure you that an active trading market for our common shares will develop as a result of the distribution or be sustained in the future.

We cannot predict the prices at which our common shares may trade after the distribution. The market price of our common shares may fluctuate widely, depending upon many factors, including:

our business profile and market capitalization may not fit the investment objectives of Tyco International shareholders;

a shift in our investor base;

our quarterly or annual earnings;

actual or anticipated fluctuations in our operating results;

changes in accounting standards, policies, guidance, interpretations or principles;

announcements by us or our competitors of significant acquisitions or dispositions;

the failure of securities analysts to cover our common shares after the distribution;

changes in earnings estimates by securities analysts or our ability to meet those estimates;

the operating and stock price performance of other comparable companies; and

overall market fluctuations and general economic conditions.

Investors may be unable to accurately value our common shares.

Investors often value companies based on the stock prices and results of operations of other comparable companies. Currently, no public company exists that is directly comparable to our size, scale and product offerings. For these reasons, investors may find it difficult to accurately value our common shares, which may cause our common shares to trade below our true value.

Substantial sales of our common shares may occur in connection with this distribution, which could cause our share price to decline.

The Tyco Electronics common shares that Tyco International distributes to its shareholders generally may be sold immediately in the public market. We expect that some Tyco International shareholders, including possibly some of our larger shareholders, will sell our common shares received in the distribution because, among other reasons, our business profile or market capitalization as an independent, publicly-traded company does not fit their investment objectives. Moreover, index funds tied to the Standard & Poor's 500 Index and other indices hold Tyco International common shares. Unless we are included in these indices from the date of the distribution, these index funds will be required to sell our common shares that they receive in the distribution. The sales of significant amounts of our common shares or the perception in the market that these sales will occur could adversely affect the market price of our common shares.

Your percentage ownership of our common shares may be diluted in the future.

Your percentage ownership of our common shares may be diluted in the future because of equity awards that we expect will be granted to our directors, officers and employees and the accelerated vesting of other equity awards. Prior to the record date for the distribution, we expect that Tyco International will approve the Tyco Electronics Ltd. 2007 Stock and Incentive Plan, which will provide for the grant of equity-based awards, including restricted shares, restricted share units, share options, share appreciation rights and other equity-based awards to our directors, officers and other employees, advisors and consultants.

We cannot assure you that we will pay any dividends.

We cannot assure you that we will have sufficient surplus under Bermuda law to be able to pay any dividends, due to extraordinary cash expenses, actual expenses exceeding contemplated costs, funding of capital expenditures or increases in reserves. If we do not pay dividends, the price of our common shares that you receive in the distribution must appreciate for you to receive a gain on your investment in our common shares. This appreciation may not occur.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this information statement, including in the sections entitled "Summary," "Risk Factors," "Questions and Answers About the Separation," "The Separation," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, benefits resulting from our separation from Tyco International, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "should" or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we distribute this information statement.

The risk factors discussed in "Risk Factors" could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION

For more information about the separation of Tyco Electronics, see "The Separation."

Why is the separation of Tyco Electronics structured as a distribution?

Tyco International believes that a tax-free distribution of shares of Tyco Electronics and Covidien to its shareholders is a tax-efficient way to separate the businesses.

How will the separation of Tyco Electronics work?

The separation will be accomplished through a series of transactions in which the equity interests of the entities that hold all of the assets and liabilities of Tyco International's electronics businesses will be transferred to Tyco Electronics and the common shares of Tyco Electronics will be distributed by Tyco International to its shareholders on a pro rata basis.

When will the distribution occur?

We expect that Tyco International will distribute the common shares of Tyco Electronics on _____, 2007, to holders of record of Tyco International common shares on _____, 2007, the record date.

What do shareholders need to do to participate in the distribution?

Nothing, but we urge you to read this entire document carefully. Shareholders who hold Tyco International common shares as of the record date will not be required to take any action to receive Tyco Electronics common shares in the distribution. No shareholder approval of the distribution is required or sought. We are not asking you for a proxy. You will not be required to make any payment, surrender or exchange your Tyco International common shares or take any other action to receive your Tyco Electronics common shares.

Can Tyco International decide to cancel the distribution of the Tyco Electronics common shares even if all the conditions have been met?

Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See "The Separation—Conditions to the Distribution," included elsewhere in this information statement. Tyco International has the right to terminate the distribution, even if all of the conditions are satisfied, if at any time the board of directors of Tyco International determines that the distribution is not in the best interests of Tyco International and its shareholders or that market conditions are such that it is not advisable to separate the electronics businesses from Tyco International.

Does Tyco Electronics plan to pay dividends?

Following the distribution, we expect that initially we will pay approximately \$280 million per year in dividends to holders of our common shares. The timing, declaration and payment of future dividends to holders of our common shares, however, falls within the discretion of our board of directors and will depend upon many factors, including the statutory requirements of Bermuda law, our financial condition and earnings, the capital requirements of our businesses, industry practice and any other factors the board of directors deems relevant.

Will Tyco Electronics have any debt?

Yes. We anticipate having indebtedness of \$ _____ billion. We intend to negotiate and sign new bank credit facilities and may issue public debt prior to the separation. We will describe the terms of these new credit facilities and any public debt once we have negotiated the terms with the lenders under the bank facilities and the underwriters for any public debt.

For additional information relating to our planned financing arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Description of Material Indebtedness" included elsewhere in this information statement.

Who will pay the separation costs?

Tyco International will pay the costs of separation incurred prior to the separation, consisting largely of tax restructuring, debt refinancing, professional services and employee-related costs. Costs relating to the separation incurred after the distribution will be shared equally by us, Tyco International and Covidien. In addition, we also will incur costs in connection with the separation as we prepare to operate as an independent, publicly-traded company. In addition, we also will incur costs as we implement organizational changes necessary for us to operate as an independent, publicly-traded company.

What are the U.S. federal income tax consequences of the distribution to Tyco International shareholders that are subject to U.S. federal income tax?

Tyco International has received private letter rulings from the Internal Revenue Service substantially to the effect that the distribution will qualify as a tax-free reorganization for U.S. federal income tax purposes under Sections 368(a)(1)(D) and 355 of the Code. In addition to obtaining the private letter rulings, Tyco International expects to obtain an opinion from the law firm of McDermott Will & Emery LLP confirming the tax-free status of the distribution. Assuming that the distribution is tax-free, for U.S. federal income tax purposes no gain or loss will be recognized by a shareholder that is subject to U.S. federal income tax, and no amount will be included in the income of a shareholder that is subject to U.S. federal income tax, upon the receipt of our common shares pursuant to the distribution. **A shareholder that is subject to U.S. federal income tax generally will recognize gain or loss with respect to any cash received in lieu of a fractional share.** See "Risk Factors—Risks Relating to Separating Our Company from Tyco International—If the distribution or certain internal transactions undertaken in anticipation of the separation are determined to be taxable for U.S. federal income tax purposes, we, our shareholders that are subject to U.S. federal income tax and Tyco International could incur significant U.S. federal income tax liabilities" and "The Separation—Certain U.S. Federal Income Tax Consequences of the Distribution" included elsewhere in this information statement.

Each shareholder is urged to consult his, her or its tax advisor as to the specific tax consequences of the distribution to that shareholder, including the effect of any state, local or non-U.S. tax laws and of changes in applicable tax laws.

How will I determine the U.S. federal income tax basis I will have in the Tyco Electronics shares I receive in the distribution?

Shortly after the distribution is completed, Tyco International will provide U.S. taxpayers with information to enable them to allocate their U.S. federal income tax bases in their Tyco International shares to the Tyco Electronics and Covidien common shares received in the distribution and other information they will need to report their receipt of Tyco Electronics and Covidien common shares on their 2007 U.S. federal income tax returns as a tax-free distribution. Generally, your aggregate tax basis in the common shares that you hold in Tyco International and the new common shares of Tyco Electronics and Covidien received by you in the distribution, including any fractional share interest for which cash is received,

will equal your tax basis in your Tyco International common shares immediately before the distribution. Your tax basis in your Tyco International shares will be allocated among the Tyco International common shares and Tyco Electronics and Covidien common shares, including any fractional share interest for which cash is received, in proportion to their relative fair market values on the date of the distribution.

You should consult your tax advisor about the particular consequences of the distribution to you, including the application of state, local and non-U.S. tax laws.

What will the relationships between Tyco International and Tyco Electronics be following the separation?

Before our separation, we will enter into a Separation and Distribution Agreement and other agreements with Tyco International and Covidien to effect the separation and provide a framework for our relationships with Tyco International and Covidien after the separation. These agreements will govern the relationships among us, Tyco International and Covidien subsequent to the completion of the separation plan and will provide for the allocation to us and Covidien of certain of Tyco International's assets, liabilities and obligations attributable to periods prior to our separation from Tyco International. The Separation and Distribution Agreement requires us to assume or retain the liabilities of Tyco International primarily related to our business and 31% of certain contingent and other corporate liabilities of Tyco International, including the Tyco International shareholder litigation, and establishes the amount of the indebtedness that each separated company initially will incur and retain. If any party defaults on its obligations with respect to the shareholder litigation, the other parties will be jointly and severally liable for the defaulting party's obligations. Tyco International will manage the defense of the ongoing shareholder litigation, subject to certain limitations, and may determine the timing, terms and amount of any settlement. See "Relationship with Tyco International and Covidien" included elsewhere in this information statement.

Will I receive physical certificates representing Tyco Electronics common shares following the separation?

No. Following the separation, none of Tyco International, Tyco Electronics or Covidien will be issuing physical certificates representing common shares. Instead, Tyco International, with the assistance of _____, the distribution agent, will electronically issue Tyco Electronics common shares to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. _____ will mail a book-entry account statement to you that reflects your Tyco Electronics common shares, or your bank or brokerage firm will credit your account for the shares. A benefit of issuing shares electronically in book-entry form is that there will be none of the physical handling and safekeeping responsibilities that are inherent in owning physical share certificates.

What if I want to sell my Tyco International common shares or my Tyco Electronics common shares?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor. Neither Tyco International nor Tyco Electronics makes any recommendations on the purchase, retention or sale of Tyco International common shares or the Tyco Electronics common shares to be distributed.

If you decide to sell any shares before the distribution, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your Tyco International common shares or the Tyco Electronics or Covidien common shares you will receive in the distribution. If you sell Tyco International common shares in the "regular-way" market up to and including the distribution date, you will be selling your right to receive common shares of Tyco Electronics in the distribution.

Where will I be able to trade Tyco Electronics common shares?

There currently is no public market for our common shares. We intend to apply to list our common shares on the New York Stock Exchange and the Bermuda Stock Exchange under the symbol "TEL." We anticipate that trading in our common shares will begin on a "when-issued" basis on or shortly before the record date and will continue through the distribution date, and that "regular-way" trading in our common shares will begin on the first trading day following the distribution date. If trading begins on a "when-issued" basis, you may purchase or sell our common shares up to and including the distribution date, but your transaction will not settle until after the distribution date. We cannot predict the trading prices for our common shares before, on or after the distribution date.

Will the number of Tyco International shares I own change as a result of the distribution?

Yes. We anticipate that Tyco International will conduct a reverse share split, and as a result, each Tyco International common share that you own will be converted into one-quarter of a Tyco International common share. Tyco International will not issue fractional shares and you will receive a cash payment in lieu of any fractional shares you are entitled to from the reverse share split.

What will happen to the listing of Tyco International common shares?

Nothing. It is expected that after the distribution of Tyco Electronics and Covidien common shares, Tyco International common shares will continue to be traded on the New York Stock Exchange and on the Bermuda Stock Exchange under the symbol "TYC."

Will the distributions of the common shares of Tyco Electronics and Covidien affect the market price of my Tyco International shares?

Yes. As a result of the distributions, we expect the trading price of Tyco International common shares immediately following the distributions, as adjusted for the anticipated reverse share split, to be lower than immediately prior to the distributions because the trading price will no longer reflect the value of the electronics and healthcare businesses. We also believe that, until the market has fully analyzed the value of Tyco International without the electronics and healthcare businesses, the price of Tyco International common shares may fluctuate significantly. Tyco International believes that over time, following the separation, the common shares of the three independent, publicly-traded companies should have a higher aggregate market value, on a fully distributed basis and assuming the same market conditions, than if Tyco International were to remain under its current configuration. We cannot assure you that this higher aggregate market value will be achieved. It is possible that the combined trading

prices of the common shares of Tyco International, Tyco Electronics and Covidien after the distributions may be equal to or less than the trading price of Tyco International common shares before the distributions.

Are there risks to owning Tyco Electronics common shares?

Yes. Our business is subject to both general and specific risks relating to our business, our relationship with Tyco International and our becoming an independent, publicly-traded company. Our business also is subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 10. We encourage you to read that section carefully.

Where can Tyco International shareholders get more information?

Before the separation, if you have any questions relating to the separation, you should contact:

Tyco International Ltd.
Investor Relations
9 Roszel Road
Princeton, NJ 08540
Tel: (609) 720-4333
Fax: (609) 720-4603
www.tyco.com

After the separation, if you have any questions relating to the distribution of our shares, you should contact:

Tyco Electronics Ltd.
Investor Relations
1050 Westlakes Drive
Berwyn, PA 19312
Tel: (610) 893-9560
Fax: (610) 893-9393
www.tycoelectronics.com

THE SEPARATION

General

On January 13, 2006, Tyco International announced that its board of directors had approved a plan to separate Tyco International into three independent, publicly-traded companies: one for Tyco International's electronics businesses (Tyco Electronics); one for its healthcare businesses (Covidien); and one for its fire and security and engineered products and services businesses (Tyco International). The separation will occur through distributions to Tyco International's shareholders of all of the common shares of Tyco Electronics and Covidien. Tyco International will continue to own and operate its fire and security and engineered products and services businesses after the distributions.

Tyco International's board of directors and its senior leadership, in consultation with financial and legal advisors, evaluated a broad range of strategic alternatives to the proposed separation, including the continuation of Tyco International's current operating strategy, the sale of select businesses and the separation of only one of Tyco International's businesses. The management of Tyco International and its board of directors concluded that separating into three businesses would be the best way to position each of these companies for sustained growth and value creation. We believe that, following the separation, Tyco Electronics will be able to compete more effectively and will be better positioned to benefit from ongoing consolidation in the electronics industry.

Since January 2006, the Tyco International board of directors met numerous times with and without members of Tyco International's senior management team to discuss the separation. In these meetings, the Tyco International board of directors considered, among other things, the benefits to the businesses and to Tyco International's shareholders that are expected to result from the separation, the capital allocation strategies and dividend policies for the separated companies, the allocation of Tyco International's existing assets, liabilities and businesses among the separated companies, the terms of certain commercial relationships among the separated companies that will exist following the separation, the corporate governance arrangements that will be in place at each company following the separation and the appropriate members of senior management at each company following the separation.

The distributions of the common shares of Tyco Electronics and Covidien are being made in furtherance of the separation plan. On _____, 2007, the distribution date, each Tyco International shareholder will receive _____ common shares of Tyco Electronics for each common share of Tyco International and _____ common shares of Covidien for each common share of Tyco International held at the close of business on the record date, as described below. Immediately following the distributions, Tyco International's shareholders will own 100% of the outstanding common shares of Tyco Electronics and Covidien. You will not be required to make any payment, surrender or exchange your common shares of Tyco International or take any other action to receive your common shares of Tyco Electronics and Covidien.

The distribution of our common shares as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "Conditions to the Distribution."

Reasons for the Separation

The Tyco International board of directors regularly reviews the various businesses that Tyco International conducts so that Tyco International's resources are being put to use in a manner that is in the best interests of Tyco International and its shareholders. Over the last several years, Tyco International has achieved increased revenues and earnings. During that time, however, Tyco International concluded that operating as a conglomerate made it difficult for analysts and the market generally to understand its real value and has found that any real or perceived negative issue at any one of its business units has usually

obscured the performance of Tyco International as a whole. The Tyco International board of directors evaluated a number of strategic alternatives to increase value and concluded that a separation would be the most feasible and the most financially attractive approach. The Tyco International board of directors believes that creating independent, focused companies is the best way to unlock the full value of Tyco International's businesses in both the short and long term. There will be one company for Tyco International's electronics businesses, one company for Tyco International's healthcare businesses and a third company for Tyco International's fire and security and engineered products and services businesses.

Tyco International believes that the separation of its businesses provides each separated company with certain opportunities and benefits. The following are some of the opportunities and benefits that the Tyco International board of directors considered in approving the separation:

Each separated company will be able to focus on its core business and growth opportunities, which will allow each separated company to respond more quickly and efficiently to developments in the industry in which it operates. In addition, after the separation, the businesses within each company will no longer need to compete internally for capital with businesses operating in other industries.

The management of each separated company will be able to design and implement corporate policies and strategies that are based primarily on the business characteristics of that company and to concentrate its financial resources wholly on its own operations.

The separation will provide investors with three investment options that may be more attractive to investors than the investment option of one combined company. Investors will have the opportunity to invest individually in each of the independent, publicly-traded companies. The Tyco International board of directors believes that certain investors may want to invest in companies that are focused on only one industry or group of industries and that the demand for the independent, publicly-traded companies by such investors may increase the demand for each company's shares relative to the demand for Tyco International's shares. The separation is intended to reduce the complexities surrounding investor understanding and give current investors in Tyco International the ability to choose how to diversify their Tyco International holdings.

Each independent, publicly traded company will have a capital structure designed to meet its needs. As an independent, publicly-traded company, our capital structure is expected to facilitate selective acquisitions, possibly using our common shares as currency, strategic alliances and partnerships, and internal expansion that are important for us to remain competitive in our industry.

Although there can be no assurance, Tyco International believes that, over time, following the separation, the common shares of the independent, publicly-traded companies should have a higher aggregate market value, on a fully distributed basis and assuming the same market conditions, than if Tyco International were not to complete the separation. The Tyco International board of directors believes that this increase in the market value of the common shares, if achieved, should permit each independent, publicly-traded company to effect acquisitions with common shares in a manner that preserves capital with less dilution of the existing shareholders' interests than would occur by issuing pre-distribution Tyco International common shares.

The separation will permit the creation of equity securities, including options and restricted share units, for each of the independent, publicly-traded companies with a value that is expected to reflect more closely the efforts and performance

of each company's management. These equity securities should enable each independent, publicly-traded company to provide incentive compensation arrangements for its key employees that are directly related to the market

performance of each company's common shares. Tyco International believes these equity-based compensation arrangements should provide enhanced incentives for performance and improve the ability for each company to attract, retain and motivate qualified personnel.

The Tyco International board of directors considered a number of potentially negative factors in evaluating the separation, including the decreased capital available for investment, the loss of synergies from operating as one company, potential disruptions to the businesses as a result of the separation, the potential effect of the separation on the anticipated credit ratings of the separated companies, risks associated with refinancing Tyco International's debt, risks of being unable to achieve the benefits expected from the separation, the reaction of Tyco International's shareholders to the separation, the risk that the plan of execution might not be completed and the one-time and ongoing costs of the separation. The Tyco International board of directors concluded that the potential benefits of the separation outweighed these factors.

In view of the wide variety of factors considered in connection with the evaluation of the separation and the complexity of these matters, the Tyco International board of directors did not find it useful to, and did not attempt to, quantify, rank or otherwise assign relative weights to the factors considered.

The Tyco International board of directors will receive an opinion from Duff & Phelps to the effect that Tyco International, Tyco Electronics and Covidien each will be solvent and adequately capitalized immediately after the distribution and an opinion from Appleby Hunter Bailhache that Tyco International has sufficient surplus under Bermuda law to declare the dividends of Tyco Electronics and Covidien common shares.

The Number of Shares You Will Receive

For each common share of Tyco International that you own at the close of business on , 2007, the record date, you will receive of our common shares on the distribution date. Tyco International will not distribute any fractional shares to its shareholders. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata, based on the fractional share such holder would otherwise be entitled to receive, to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by Tyco International or us, will determine when, how, through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either Tyco International or us.

The aggregate net cash proceeds of these sales generally will be taxable for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Consequences of the Distribution" for an explanation of the tax consequences of the distribution. If you physically hold certificates for Tyco International common shares and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your Tyco International common shares through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

When and How You Will Receive the Distribution

Tyco International will distribute our common shares on , 2007, the distribution date. Mellon Investor Services, which currently serves as the transfer agent and registrar for Tyco International's

common shares, will serve as transfer agent and registrar for our common shares. will serve as distribution agent in connection with the distribution.

If you own Tyco International common shares as of the close of business on the record date, the Tyco Electronics common shares that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you or to your bank or brokerage firm on your behalf by way of direct registration in book-entry form. Registration in book-entry form refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. **If you sell common shares of Tyco International in the "regular-way" market up to and including the distribution date, you will be selling your right to receive our common shares in the distribution.**

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your common shares of Tyco International and you are the registered holder of the Tyco International shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of our common shares that have been registered in book-entry form in your name. If you have any questions concerning the mechanics of having our common shares registered in book-entry form, we encourage you to contact at the address set forth on page ii of this information statement.

Most Tyco International shareholders hold their common shares of Tyco International through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Tyco International common shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the common shares of Tyco Electronics that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," we encourage you to contact your bank or brokerage firm.

Results of the Separation

After our separation from Tyco International, we will be an independent, publicly-traded company. Immediately following the distribution, we expect to have approximately shareholders of record, based on the number of registered holders of Tyco International common shares on , 2007, and approximately million outstanding common shares. The actual number of shares to be distributed will be determined on the record date and will reflect any exercise of Tyco International options between the date the Tyco International board of directors declares the dividend for the distribution and the record date for the distribution. The distribution will not affect the number of outstanding common shares of Tyco International or any rights of Tyco International's shareholders. We anticipate, however, that Tyco International will conduct a reverse share split effective on the date of the distribution. Tyco International will not distribute any fractional common shares for Tyco Electronics. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds of the sales pro rata to each holder who otherwise would have been entitled to receive a fractional share in the distribution.

Before the separation, we will enter into a Separation and Distribution Agreement and other agreements with Tyco International and Covidien to effect the separation and provide a framework for our relationships with Tyco International and Covidien after the separation. These agreements will govern the relationships among Tyco International, Covidien and us subsequent to the completion of the separation plan and provide for the allocation among Tyco International, Covidien and us of Tyco International's assets, liabilities and obligations attributable to periods prior to our separation from Tyco International. The Separation and Distribution Agreement, in particular, requires us to assume a portion of certain of Tyco

International's contingent corporate liabilities and establishes the amount of the debt that each separated company initially will incur.

For a more detailed description of these agreements, see "Relationship with Tyco International and Covidien."

Incurrence of Debt

We intend to negotiate and sign new bank credit facilities and may issue public debt prior to the separation. We will describe the terms of these new credit facilities and any public debt once we have negotiated the terms with the lenders under the bank facilities and the underwriters for any public debt.

Certain U.S. Federal Income Tax Consequences of the Distribution

The following is a summary of the material U.S. federal income tax consequences of the distribution and is based on the Code, the Treasury regulations promulgated thereunder, and interpretations of the Code and Treasury regulations by the courts and the Internal Revenue Service, all as they exist as of the date of this information statement. This summary does not discuss all tax considerations that may be relevant to Tyco International shareholders in light of their particular circumstances, nor does it address the consequences to Tyco International shareholders subject to special treatment under the U.S. federal income tax laws, such as tax-exempt entities, non-resident alien individuals, non-U.S. entities, non-U.S. trusts and estates and beneficiaries thereof, persons who acquire Tyco International common shares pursuant to the exercise of employee stock options or otherwise as compensation, insurance companies and dealers in securities. In addition, this summary does not address the U.S. federal income tax consequences to Tyco International shareholders who do not hold their Tyco International common shares as capital assets or any state, local or non-U.S. tax consequences of the transactions.

Each shareholder is urged to consult his, her or its tax advisor as to the specific tax consequences of the distribution to that shareholder, including the effect of any state, local or non-U.S. tax laws and of changes in applicable tax laws.

Principal U.S. Federal Income Tax Consequences of the Distribution to Tyco International and Shareholders of Tyco International

Tyco International has received private letter rulings from the Internal Revenue Service substantially to the effect that, for U.S. federal income tax purposes, the distribution will qualify as tax-free to Tyco International and its shareholders under Sections 368(a)(1)(D) and 355 of the Code. In addition to obtaining the private letter rulings, Tyco International expects to obtain an opinion from the law firm of McDermott Will & Emery LLP confirming the tax-free status of the distribution. The private letter rulings provide that:

no gain or loss will be recognized by Tyco International for U.S. federal income tax purposes as a result of the distribution;

no gain or loss will be recognized by, or be included in the income of, a holder of Tyco International common shares for U.S. federal income tax purposes solely as the result of the receipt of our common shares and the Covidien common shares in the distribution, except with respect to any cash received in lieu of fractional shares;

for U.S. federal income tax purposes, the basis of the Tyco International common shares, the Covidien common shares and our common shares in the hands of Tyco International shareholders immediately after the distribution, including any fractional share interest for which cash is received, will be the same as the basis of the Tyco International common shares

immediately before the distribution, and will be allocated among the Tyco International common shares, the Covidien common shares and our common shares, including any fractional share interest for which cash is received, in proportion to their relative fair market values on the date of the distribution;

the holding period for U.S. federal income tax purposes of the Covidien common shares and our common shares received by a Tyco International shareholder, including any fractional share interest for which cash is received, will include the holding period of the shareholder's Tyco International common shares, provided that such shares are held as a capital asset on the date of the distribution; and

a Tyco International shareholder who receives cash in lieu of a fractional share in the distribution will be treated as having sold such fractional share for cash and generally will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount of cash received and the Tyco International shareholder's adjusted tax basis in the fractional share. That gain or loss will be long-term capital gain or loss if the shareholder's holding period for its Tyco International common shares exceeds one year.

The private letter rulings also provide that certain internal transactions undertaken in anticipation of the separation will qualify for favorable tax treatment under the Code, and Tyco International expects to receive opinions to the effect that those transactions and certain other internal transactions should qualify for favorable tax treatment.

Certain U.S. Federal Income Tax Consequences to Tyco International and Shareholders of Tyco International if the Distribution is Taxable

Although the private letter rulings generally are binding on the Internal Revenue Service, they are based on assumptions and representations made by us, Covidien and Tyco International that certain conditions that are necessary to obtain favorable tax treatment under the Code have been satisfied, and these rulings do not constitute an independent determination by the Internal Revenue Service that these conditions have been satisfied. If the factual representations and assumptions are incorrect in any material respect at the time of the distribution, the private letter rulings could be revoked retroactively or modified by the Internal Revenue Service. We are not aware of any facts or circumstances, however, that would cause these representations or assumptions to be untrue or incomplete in any material respect.

The opinion that Tyco International expects to obtain from McDermott Will & Emery LLP will be based on assumptions and representations made by us, Covidien and Tyco International. If these representations and assumptions are incorrect in any material respect, our ability to rely on the opinion would be jeopardized. An opinion of counsel represents counsel's best legal judgment and is not binding on the Internal Revenue Service or any court. We cannot assure you that the Internal Revenue Service will agree with the conclusions expected to be set forth in the opinion, and it is possible that the Internal Revenue Service or another tax authority could adopt a position contrary to one or all of those conclusions and that a court could sustain that contrary position. We are not aware of any facts or circumstances, however, that would cause these representations or assumptions to be untrue or incomplete in any material respect.

If, notwithstanding the conclusions in the private letter rulings and the opinion, it is ultimately determined that the distribution does not qualify as tax-free for U.S. federal income tax purposes, then Tyco International would recognize gain in an amount equal to the excess of the fair market value of the Covidien common shares and our common shares distributed to Tyco International shareholders on the distribution date over Tyco International's tax basis in such shares, but such gain, if recognized, generally would not be subject to U.S. federal income tax.

In addition, if, notwithstanding the conclusions in the private letter rulings and the opinion, it is ultimately determined that the distribution does not qualify as tax-free for U.S. federal income tax purposes, then each shareholder that is subject to U.S. federal income tax and who receives Covidien common shares and our common shares in the distribution could be treated as receiving a taxable distribution in an amount equal to the fair market value of such shares. You could be taxed on the full value of the shares that you receive, without reduction for any portion of your basis in your Tyco International common shares, as a dividend for U.S. federal income tax purposes to the extent of your pro rata share of Tyco International's current and accumulated earnings and profits, including earnings and profits resulting from Tyco International's recognition of gain on the distribution. Under Treasury regulations, distributions are presumed to be taxable dividends for U.S. federal income tax purposes unless or to the extent we can demonstrate that the distributions are not from earnings and profits computed under U.S. federal income tax principles. Because Tyco International is expected to have significant earnings and profits at the time of the distribution, all or a substantial portion of the distribution could be taxable as a dividend. Under current law, assuming certain holding period and other requirements are met, individual citizens or residents of the United States are subject to U.S. federal income tax on dividends at a maximum rate of 15%. Amounts in excess of your pro rata share of Tyco International's current and accumulated earnings and profits could be treated as a non-taxable return of capital to the extent of your basis in your Tyco International common shares and thereafter as capital gain, assuming you hold your Tyco International common shares as capital assets. Under current law, individual citizens or residents of the United States are subject to U.S. federal income tax on long-term capital gains (that is, capital gains on assets held for more than one year) at a maximum rate of 15%. Certain Tyco International shareholders would be subject to additional special rules governing taxable distributions, such as those that relate to the dividends received deduction and extraordinary dividends. A shareholder's tax basis in Tyco Electronics common shares received in a taxable distribution generally would equal the fair market value of Tyco Electronics common shares on the distribution date, and the holding period for those shares would begin the day after the distribution date. The holding period for the shareholder's Tyco International common shares would not be affected by the fact that the distribution was taxable.

Even if the distribution otherwise qualifies for tax-free treatment under Sections 368(a)(1)(D) and 355 of the Code, it may result in corporate level taxable gain to Tyco International under Section 355(e) of the Code if 50% or more, by vote or value, of our common shares, Covidien's common shares or Tyco International's common shares are acquired or issued as part of a plan or series of related transactions that includes the distribution. For this purpose, any acquisitions or issuances of Tyco International's common shares within two years before the distribution, and any acquisitions or issuances of our common shares, Covidien's common shares or Tyco International's common shares within two years after the distribution, generally are presumed to be part of such a plan, although we, Covidien or Tyco International may be able to rebut that presumption. We are not aware of any such acquisitions or issuances of Tyco International's common shares within the two years before the distribution. If an acquisition or issuance of our shares, Covidien's shares or Tyco International's shares triggers the application of Section 355(e) of the Code, Tyco International would recognize taxable gain as described above, but such gain generally would not be subject to U.S. federal income tax. However, certain of our subsidiaries or affiliates or subsidiaries or affiliates of Covidien or Tyco International would incur significant U.S. federal income tax liabilities as a result of the application of Section 355(e) of the Code.

Certain U.S. Federal Income Tax Consequences if the Internal Transactions are Taxable

If, notwithstanding the conclusions in the private letter rulings and the opinions of McDermott Will & Emery LLP, it is ultimately determined that certain internal transactions undertaken in anticipation of the separation do not qualify for favorable tax treatment, we, Covidien and Tyco International would incur significant tax liabilities.

Certain Consequences under the Tax Sharing Agreement if the Distribution or the Internal Transactions are Taxable

In connection with the distribution, we, Tyco International and Covidien will enter into a Tax Sharing Agreement pursuant to which we, Tyco International and Covidien will agree to be responsible for certain tax liabilities and obligations following the distribution. Our indemnification obligations will include a covenant to indemnify Tyco International and Covidien for any taxes and costs that they incur as a result of any action, misrepresentation or omission by us that causes the distribution or certain internal transactions undertaken in anticipation of the separation to fail to qualify for favorable tax treatment under the Code. In addition, Covidien and Tyco International will each similarly agree to indemnify us for any taxes or costs that each of them causes us to incur as a result of each of their actions, misrepresentations or omissions that causes the distribution or certain internal transactions to fail to qualify for favorable tax treatment under the Code. We also will be responsible for 31% of any taxes resulting from the failure of the distribution or internal transactions to qualify for favorable tax treatment under the Code, which failure is not due to the actions, misrepresentations or omissions of Covidien, Tyco Electronics or Tyco International. In addition, even if we were not contractually required to indemnify Tyco International or Covidien for tax liabilities if the distribution or certain internal transactions were to fail to qualify for favorable tax treatment under the Code, we nonetheless may be legally liable under applicable U.S. federal income tax law for certain U.S. federal income tax liabilities incurred by U.S. affiliates of Tyco International if such affiliates were to fail to pay such tax liabilities. See "Relationship with Tyco International and Covidien—Tax Sharing Agreement" for a more detailed discussion of the Tax Sharing Agreement.

Information Reporting by Tyco International Shareholders

Current U.S. Treasury regulations require each Tyco International shareholder that is subject to U.S. federal income tax reporting and that receives our common shares in the distribution to attach to his, her or its U.S. federal income tax return for the year in which the distribution occurs a detailed statement setting forth such data as may be appropriate to show the applicability of Section 355 of the Code to the distribution. Within a reasonable period of time after the distribution, Tyco International will provide shareholders that are subject to U.S. federal income tax reporting with the information to enable them to allocate their U.S. federal income tax bases in their Tyco International shares to the Tyco Electronics and Covidien common shares received in the distribution and other information they will need to report their receipt of Tyco Electronics and Covidien common shares on their 2007 U.S. federal income tax returns as a tax-free transaction.

The foregoing is a summary of certain U.S. federal income tax consequences of the distribution under current law and is for general information only. The foregoing does not purport to address all U.S. federal income tax consequences or tax consequences that may arise under the tax laws of other jurisdictions or that may apply to particular categories of shareholders. Each Tyco International shareholder should consult his, her or its tax advisor as to the particular tax consequences of the distribution to such shareholder, including the application of U.S. federal, state, local and non-U.S. tax laws, and the effect of possible changes in tax laws that may affect the tax consequences described above.

Market for Common Shares

There currently is no public market for our common shares. A condition to the distribution is the listing on the New York Stock Exchange of our common shares. We intend to apply to list our common shares on the New York Stock Exchange and on the Bermuda Stock Exchange under the symbol "TEL."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing through the distribution date, there will be two markets in Tyco International common shares: a "regular-way" market and an "ex-distribution" market. Tyco International common shares that trade on the regular-way market will trade with an entitlement to Tyco Electronics and Covidien common shares to be distributed pursuant to the distribution. Shares that trade on the ex-distribution market will trade without an entitlement to Tyco Electronics or Covidien common shares to be distributed pursuant to the distribution. Therefore, if you sell Tyco International common shares in the "regular-way" market up to and including the distribution date, you will not receive Tyco Electronics and Covidien common shares in the distribution. If you own Tyco International common shares at the close of business on the record date and sell those shares on the "ex-distribution" market, up to and including the distribution date, you will receive the Tyco Electronics and Covidien common shares that you would be entitled to receive pursuant to your ownership of Tyco International common shares because you owned these common shares at the close of business on the record date.

Furthermore, we anticipate that, beginning on or shortly before the record date and continuing through the distribution date, there will be a "when-issued" market in our common shares. "When-issued" trading refers to a sale or purchase made conditionally, because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for our common shares that will be distributed to Tyco International shareholders on the distribution date. If you owned Tyco International common shares at the close of business on the record date, you would be entitled to our common shares distributed pursuant to the distribution. You may trade this entitlement to our common shares, without the Tyco International common shares you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to our common shares will end and "regular-way" trading will begin.

Conditions to the Distribution

We expect that the distribution will be effective on _____, 2007, the distribution date, provided that, among other conditions described in this information statement, the following conditions shall have been satisfied or, if permissible under the Separation and Distribution Agreement, waived by Tyco International:

The Securities and Exchange Commission shall have declared effective our registration statement on Form 10, of which this information statement is a part, under the Securities Exchange Act of 1934, no stop order relating to the registration statement shall be in effect and this information statement shall have been mailed to holders of Tyco International common shares.

All permits, registrations and consents required under the securities or blue sky laws of states or other political subdivisions of the United States or of other non-U.S. jurisdictions in connection with the distribution shall have been received.

Tyco International shall have received the opinion discussed above under "Principal U.S. Federal Income Tax Consequences of the Distribution to Tyco International and Shareholders of Tyco International" from the law firm of McDermott Will & Emery LLP confirming the tax-free status of the distribution for U.S. federal income tax purposes.

We shall have entered into various syndicated credit facilities.

The listing of our common shares on the New York Stock Exchange shall have been approved, subject to official notice of issuance.

The Tyco International board of directors shall have received an opinion from Duff & Phelps to the effect that Tyco International, Tyco Electronics and Covidien each will be solvent and adequately capitalized immediately after the distribution, and an opinion of Appleby Hunter Bailhache that, upon the distribution, the Tyco Electronics and Covidien common shares will be fully paid, freely transferable and non-assessable.

All material governmental approvals and other consents necessary to consummate the distribution shall have been received.

No order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the distribution or any of the transactions related thereto, including the transfers of assets and liabilities contemplated by the Separation and Distribution Agreement, shall be in effect.

The fulfillment of the foregoing conditions does not create any obligation on Tyco International's part to effect the distribution. The Tyco International board of directors has reserved the right, in its sole discretion, to amend, modify or abandon the distribution and related transactions at any time prior to the distribution date. Tyco International has the right not to complete the distribution if, at any time, Tyco International's board of directors determines, in its sole discretion, that the distribution is not in the best interests of Tyco International or its shareholders or that market conditions are such that it is not advisable to separate the electronics businesses from Tyco International.

Opinion of Duff & Phelps

In connection with the separation, Duff & Phelps will provide the board of directors of Tyco International with a solvency opinion regarding Tyco International, Covidien and us. Tyco International expects that Duff & Phelps will confirm its opinion immediately prior to the completion of the separation. We expect the full text of Duff & Phelps' solvency opinion will set forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Duff & Phelps in connection with the opinion. Duff & Phelps will provide its opinion for the information and assistance of Tyco International's board of directors in connection with its consideration of separation.

As background for its analysis, Duff & Phelps met with key managers of Tyco International, Covidien and us to discuss, in detail, the history, current operations and future outlook for Tyco International, Covidien and us. Duff & Phelps' financial analysis and related solvency opinion is based on available historical financial statements and operating data for Tyco International provided by its management and advisors, an estimate of the post-spin-off cash balances of Tyco International, Covidien and us provided by Tyco International's management or otherwise publicly available sources of information. Duff & Phelps reviewed transaction documentation relating to the spin-offs, including this information statement. Duff & Phelps reviewed industry and comparative public company financial data, to the extent available, obtained from published or other available sources. Duff & Phelps agreed to use generally accepted valuation and analytical techniques as the basis for its analysis and solvency opinion.

With regard to the rendering of its solvency opinion, Tyco International asked Duff & Phelps to determine whether:

each of the fair value and the present fair realizable value of the aggregate assets of each of Tyco International, Covidien and us exceeds and will exceed, both immediately before and immediately after and giving effect to the separation, the sum of their respective liabilities, including contingent liabilities identified to Duff & Phelps and, with respect to Tyco International, its statutory capital;

each of the fair value and the present fair realizable value of the aggregate assets of each of Tyco International, Covidien and us exceeds and will exceed, both immediately before and immediately after and giving effect to the separation, the amount that is or will be required to pay all of their respective debts, including contingent liabilities identified to Duff & Phelps, as such debts mature or otherwise become absolute or due;

each of Tyco International, Covidien and we are and will be able to pay their respective debts, including contingent liabilities identified to Duff & Phelps, as such debts mature or otherwise become absolute or due; and

each of Tyco International, Covidien and we do not and will not have, both immediately before and immediately after and giving effect to the separation, unreasonably small capital.

For the purposes of the solvency opinion, the term "present fair realizable value" means the amount that may be realized by an independent willing seller from an independent willing buyer if each of Tyco International's, Covidien's and our aggregate or total assets, including goodwill, are sold with reasonable promptness in an arm's-length transaction under current conditions for the sale of assets of such business in an existing and not theoretical market. The phrase "does not have unreasonably small capital" refers to the ability of each of Tyco International, Covidien and us to continue as going concerns and not lack sufficient capital for the businesses in which they or we are engaged, and will be engaged, as management has indicated such businesses are now conducted and are proposed to be conducted and their current and anticipated needs, including the contingent liabilities identified to Duff & Phelps, in each case without reasonable foreseeability of insolvency. The term "statutory capital" means the sum of the number of shares outstanding multiplied by the par value of those shares, and the share premium, which consists of the value of cash or assets received by each of Tyco International, Covidien and us in connection with the separation, over and above the par value of those shares (unless a distribution from such share premium is authorized by a vote of shareholders of Tyco International as provided for in the Bermuda Companies Act).

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to Tyco International's shareholders who are entitled to receive our common shares in the distribution. The information statement is not, and is not to be construed as, an inducement or encouragement to buy, hold or sell any of our securities. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither Tyco International nor we undertake any obligation to update such information except in the normal course of our respective public disclosure obligations.

TRADING MARKET

There has been no public market for our common shares. An active trading market may not develop or be sustained in the future. We expect, however, that a limited market for our common shares, commonly known as a "when issued" trading market, will develop on or shortly before the record date and continue through the distribution date. We expect to list our common shares on the New York Stock Exchange and the Bermuda Stock Exchange under the ticker symbol "TEL."

We cannot predict the prices at which our common shares may trade before the distribution on a "when-issued" basis or after the distribution. Those prices will be determined by the marketplace and may be significantly below the book value per share of our common shares. Prices at which trading in our common shares occurs may fluctuate significantly. Those prices may be influenced by many factors including quarter-to-quarter variations in our actual or anticipated financial results or those of other companies in the industries or the markets that we serve, investor perception of our company and the electronics industry and general economic and market conditions. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price of many stocks and that have often been unrelated or disproportionate to the operating performance of these companies. These are just some factors that may adversely affect the market price of our common shares. See "Risk Factors—Risks Relating to Our Common Shares—There is no existing market for our common shares and a trading market that will provide you with adequate liquidity may not develop for our common shares. In addition, once our common shares begin trading, the market price of our shares may fluctuate widely."

Upon completion of the distribution, we expect to have _____ outstanding shares of common stock. The Tyco Electronics common shares that you will receive in the distribution will be freely transferable, unless you are considered an "affiliate" of ours under Rule 144 under the Securities Act of 1933. Persons who can be considered our affiliates after the separation generally include individuals or entities that directly, or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, us, and may include certain of our officers and directors. As of the distribution date, we estimate that our directors and officers will beneficially own _____ shares. Our affiliates may sell common shares received in the distribution only:

_____ under a registration statement that the SEC has declared effective under the Securities Act; or

_____ under an exemption from registration under the Securities Act, such as the exemption afforded by Rule 144.

In general, under Rule 144 as currently in effect, a person or persons whose shares are aggregated, who has beneficially owned restricted securities for at least one year, including the holding period of any prior owner other than an affiliate, and who files a Form 144 with respect to the sale, will be entitled to sell within any three month period commencing 90 days after the date of a registration statement a number of our common shares that does not exceed the greater of:

1.0% of our then outstanding common shares, or approximately _____ common shares immediately after the distribution; or

_____ the average weekly trading volume during the four calendar weeks preceding the date of which notice of the sale is filed on Form 144.

Sales under Rule 144 are also subject to restrictions relating to manner of sale and the availability of current public information about us.

In addition, _____ shares will be issuable under employee stock options that we will assume from Tyco International or that we may issue from time to time under equity compensation plans. See "Management—Equity Compensation Plan." Outstanding option awards held by our executives and employees immediately prior to the distribution will be converted into options

exercisable solely for our common shares, except in the limited cases specified in the Separation and Distribution Agreement. The number of shares issuable with respect to these options will be equitably adjusted in connection with the distribution. For more information as to the equitable adjustments see "Management–Treatment of Outstanding Equity Compensation Arrangements." Common shares issued upon exercise of these options will be registered on Form S-8 under the Securities Act and therefore will be freely transferable under the securities laws, except by affiliates as described above.

Except for the common shares distributed in the distribution and the options described above, none of our equity securities will be outstanding on or immediately after the distribution and there are no registration rights agreements existing with respect to our shares.

DIVIDENDS

Following the distribution, we expect that initially we will pay approximately \$280 million per year in dividends to holders of our common shares. The timing, declaration and payment of future dividends to holders of our common shares, however, falls within the discretion of our board of directors and will depend upon many factors, including the statutory requirements of Bermuda law, our financial condition and earnings, the capital requirements of our businesses, industry practice and any other factors the board of directors deems relevant.

CAPITALIZATION

The following table presents our capitalization as of December 29, 2006 on an historical basis and on an unaudited pro forma basis (i) for the separation and (ii) for the separation and the financing. Pro forma for the separation and the financing includes the elimination of \$ billion of total debt due to Tyco International and the inclusion of \$ billion in indebtedness that we expect to hold at separation. The separation of Tyco Electronics and the related financing transactions are described in the notes to our Unaudited Pro Forma Combined Balance Sheet under the Unaudited Pro Forma Combined Financial Statements as if the separation and the related transactions and events had been consummated on December 29, 2006.

The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and we believe such assumptions are reasonable under the circumstances. Such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements.

This table should be read in conjunction with "Selected Historical Combined Financial and Other Operating Data," "Description of Material Indebtedness," "Description of Capital Shares," "Management's Discussion and Analysis of Financial Condition and Results of Operations," the combined financial statements for the electronics businesses of Tyco International Ltd., and the "Unaudited Pro Forma Combined Financial Statements" and accompanying notes included in this information statement.

The table below is not necessarily indicative of our capitalization had the distribution and related financing transactions been completed on the date assumed. The capitalization table below may not reflect the capitalization or financial condition which would have resulted had we been operating as an independent, publicly-traded company at that date and is not necessarily indicative of our future capitalization or financial condition.

	As of December 29, 2006		
	<u>Historical</u>	<u>Unaudited Pro Forma for the Separation</u>	<u>Unaudited Pro Forma for the Separation and the Financing</u>
	(in millions)		
Indebtedness:			
Short term borrowings:			
Due to Tyco International Ltd. and affiliates	\$ 577	\$ 791	\$
Other	9	9	
Total short-term borrowings	586	800	
Long-term debt and obligations under capital lease:			
Due to Tyco International Ltd. and affiliates	2,952	1,855	
7.2% notes due 2008	86	86	
Other	59	59	
Bank credit facility, public notes, and other	-	-	
Total long-term debt and obligations under capital lease	3,097	2,000	
Total indebtedness	3,683	2,800	
Parent company equity	11,527	11,938	
Total capitalization	\$ 15,210	\$ 14,738	\$

SELECTED HISTORICAL COMBINED FINANCIAL AND OTHER OPERATING DATA

The following table presents selected historical combined financial and other operating data for the electronics businesses of Tyco International Ltd. The combined statement of income data for the three months ended December 29, 2006 and December 30, 2005 and the combined balance sheet data as of December 29, 2006 have been derived from our unaudited combined financial statements included elsewhere in this information statement. The combined statement of income data set forth below for fiscal 2006, fiscal 2005, and fiscal 2004 and the combined balance sheet data as of September 29, 2006 and September 30, 2005 are derived from our audited combined financial statements included elsewhere in this information statement. The combined statement of income data for fiscal 2003 and fiscal 2002 and the combined balance sheet data as of September 30, 2004, 2003, and 2002 are derived from our unaudited combined financial statements that are not included in this information statement. The selected financial data for fiscal years 2002 through 2006 have been restated as discussed in Note 1 to the Annual Combined Financial Statements. The unaudited combined financial statements have been prepared on the same basis as the audited combined financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth herein.

The selected historical combined financial and other operating data presented below should be read in conjunction with our combined financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. Our combined financial information may not be indicative of our future performance and does not necessarily reflect what our financial position and results of operations would have been had we operated as an independent, publicly-traded company during the periods presented, including changes that will occur in our operations and capitalization as a result of the separation and distribution from Tyco International. Refer to "Unaudited Pro Forma Combined Financial Statements" for a further description of the anticipated changes.

	As of or for the Quarter Ended		As of or for Fiscal				
	December 29, 2006 ⁽¹⁾	December 30, 2005 ⁽²⁾	2006 ⁽³⁾⁽⁸⁾ (Restated)	2005 ⁽⁴⁾⁽⁸⁾ (Restated)	2004 ⁽⁵⁾⁽⁸⁾ (Restated)	2003 ⁽⁶⁾⁽⁸⁾ (Restated)	2002 ⁽⁷⁾⁽⁸⁾ (Restated)
	(in millions)						

**Combined
Statement of
Income Data:**

Net sales	\$	3,220	\$	2,939	\$	12,812	\$	11,890	\$	11,099	\$	9,785	\$	9,930
Gross income		827		755		3,365		3,166		3,128		2,621		2,105
Restructuring and other charges (credits), net		10		3		13		(10)		(34)		599		3,841
Goodwill impairment		–		–		316		–		–		243		1,025
Gain on divestiture		–		–		–		(301)		–		–		–
Income (loss) from operations		381		372		1,409		1,970		1,619		341		(4,253)
Income (loss) from continuing operations		232		231		1,163		990		791		(192)		(4,406)
Income (loss) from discontinued operations, net of income taxes		49		1		38		143		(29)		(9)		(34)
Cumulative effect of accounting change, net of income taxes		–		(8)		(8)		11		–		(27)		–
Net income (loss)	\$	281	\$	224	\$	1,193	\$	1,144	\$	762	\$	(228)	\$	(4,440)

**Combined
Balance Sheet
Data:**

Total current assets	\$	5,997	\$	6,040	\$	5,342	\$	5,163	\$	4,698	\$	4,806
Total assets		19,238		19,091		18,473		18,789		18,132		18,846
Total current liabilities		3,178		3,139		3,159		2,957		3,076		5,722
Long-term debt and obligations under capital lease		3,097		3,371		3,816		5,226		6,502		5,942
Total parent company equity		11,527		11,160		9,842		8,242		6,294		5,090
Working capital ⁽⁹⁾		2,819		2,901		2,183		2,206		1,622		(916)

**Combined Other
Operating Data**

Capital expenditures	\$	453	\$	103	\$	560	\$	481	\$	410	\$	443	\$	571
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- (1) Net income for the quarter ended December 29, 2006 includes \$49 million of income, net of income taxes, from discontinued operations. (See Note 3 to the Interim Combined Financial Statements.)
- (2) Net income for the quarter ended December 30, 2005 includes \$1 million of income, net of income taxes, from discontinued operations as well as an \$8 million loss, net of income taxes, related to the cumulative effect of accounting change recorded in conjunction with the adoption of Financial Accounting Standards Board Interpretation No. 47, "*Accounting for Conditional Asset Retirement Obligations—an Interpretation of FASB Statement No. 143.*" (See Notes 3 and 1 to the Interim Combined Financial Statements.)
- (3) Fiscal 2006 income from continuing operations includes a goodwill impairment charge of \$316 million in the Wireless Systems segment related to the Integrated Wireless Products reporting unit. (See Note 8 to the Annual Combined Financial Statements.) Fiscal 2006 net income includes \$38 million of income, net of income taxes, from discontinued operations as well as an \$8 million loss, net of income taxes, related to the cumulative effect of accounting change recorded in

Total assets	18,797	18,789	18,070	18,132	18,784	18,846
Total current liabilities	3,057	2,957	3,172	3,076	5,804	5,722
Total parent company equity	8,165	8,242	6,285	6,294	5,057	5,090
Working capital	2,043	2,206	1,516	1,622	(1,008)	(916)

(9) Working capital is defined as current assets minus current liabilities.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Combined Financial Statements for the electronics businesses of Tyco International Ltd. reflect adjustments to the historical combined financial statements of Tyco Electronics to give effect to the separation and related financing transactions described in the notes to the Unaudited Pro Forma Combined Financial Statements as of December 29, 2006 for the Unaudited Pro Forma Combined Balance Sheet and as of October 1, 2005, the first day of fiscal 2006, for the Unaudited Pro Forma Combined Income Statements presented for both the three months ended December 29, 2006 and fiscal 2006. The historical Combined Statement of Income for fiscal 2006 has been restated as discussed in Note 1 to the Annual Combined Financial Statements. These financial statements include adjustments to reflect the following transactions:

the contribution to Tyco Electronics Ltd. of all of the assets and liabilities, including the entities holding all of the assets and liabilities, of Tyco International's electronics businesses, and the distribution of our common shares by Tyco International to its shareholders; and

the financing adjustments related to the elimination of \$ billion of total debt due to Tyco International and the inclusion of \$ billion in indebtedness that we expect to hold at separation.

The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information, and we believe such assumptions are reasonable under the circumstances. Such adjustments are subject to change based upon the finalization of the terms of the separation and the financing agreements.

The following Unaudited Pro Forma Combined Financial Statements should be read in conjunction with the historical combined financial statements for the electronics businesses of Tyco International Ltd. and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this information statement.

These Unaudited Pro Forma Combined Financial Statements are not necessarily indicative of our results of operations or financial condition had the distribution and related transactions been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition which would have resulted had we been operating as an independent, publicly-traded company during such periods. In addition, they are not necessarily indicative of our future results of operations or financial condition.

The Electronics Businesses of Tyco International Ltd.
Unaudited Pro Forma Combined Statement of Income
Quarter Ended December 29, 2006

	<u>Historical</u>	<u>Separation Adjustments</u>	<u>Pro Forma for the Separation</u>	<u>Financing Adjustments</u>	<u>Pro Forma for the Separation and the Financing</u>
(in millions, except per share data)					
Net sales	\$ 3,220	\$ –	\$ 3,220	\$	\$
Cost of sales	2,393	–	2,393		
Gross income	827	–	827		
Selling, general, and administrative expenses	436	–	436		
Restructuring and other charges, net	10	–	10		
Income from operations	381	–	381		
Interest income	15	–	15		
Interest expense	(60)	–	(60)	(a)	
Income from continuing operations before income taxes and minority interest	336	–	336		
Income taxes	(103)	(17)(g)	(120)	(b)	
Minority interest	(1)	–	(1)		
Income from continuing operations	\$ 232	\$ (17)	\$ 215	\$	\$
Pro Forma earnings per share from continuing operations(c):					
Basic					\$
Diluted					
Pro Forma weighted average shares outstanding(c):					
Basic					\$
Diluted					

See Notes to Unaudited Pro Forma Combined Financial Statements.

The Electronics Businesses of Tyco International Ltd.
Unaudited Pro Forma Combined Statement of Income
Fiscal Year Ended September 29, 2006

	<u>Historical (Restated)</u>	<u>Separation Adjustments</u>	<u>Pro Forma for the Separation</u>	<u>Financing Adjustments</u>	<u>Pro Forma for the Separation and the Financing</u>
(in millions, except per share data)					
Net sales	\$ 12,812	\$ –	\$ 12,812	\$	\$
Cost of sales	9,447	–	9,447		
Gross income	3,365	–	3,365		
Selling, general, and administrative expenses	1,627	–	1,627		
Restructuring and other charges, net	13	–	13		
Goodwill impairment	316	–	316		
Income from operations	1,409	–	1,409		
Interest income	48	–	48		
Interest expense	(256)	–	(256)	(a)	
Income from continuing operations before income taxes and minority interest	1,201	–	1,201		
Income taxes	(32)	(51) (g)	(83)	(b)	
Minority interest	(6)	–	(6)		
Income from continuing operations	\$ 1,163	\$ (51)	\$ 1,112	\$	\$
Pro Forma earnings per share from continuing operations(c):					
Basic					\$
Diluted					
Pro Forma weighted average shares outstanding(c):					
Basic					\$
Diluted					

See Notes to Unaudited Pro Forma Combined Financial Statements.

The Electronics Businesses of Tyco International Ltd.
Unaudited Pro Forma Combined Balance Sheet
As of December 29, 2006

	<u>Historical</u>	<u>Separation Adjustments</u>	<u>Pro Forma for the Separation</u>	<u>Financing Adjustments</u>	<u>Pro Forma for the Separation and the Financing</u>
(in millions)					
Assets					
Current Assets:					
Cash and cash equivalents	\$ 472	\$ 28 (d)	\$ 500		\$
Accounts receivable, net of allowance for doubtful accounts	2,509	-	2,509		
Inventories	2,188	-	2,188		
Prepaid expenses and other current assets	459	-	459		
Deferred income taxes	369	-	369		
	<u>5,997</u>	<u>28</u>	<u>6,025</u>		
Total current assets	5,997	28	6,025		
Property, plant and equipment, net	3,440	-	3,440		
Goodwill	7,149	-	7,149		
Intangible assets, net	1,022	-	1,022		
Deferred income taxes	1,367	20 (e)	1,399		
		12 (h)			
Other assets	263	804 (g)	1,067	(f)	
	<u>19,238</u>	<u>864</u>	<u>20,102</u>		<u>\$</u>
Total Assets	\$ 19,238	\$ 864	\$ 20,102	\$	\$
Liabilities and Parent Company Equity					
Current Liabilities:					
Current maturities of long-term debt, including amounts due to Tyco International Ltd. and affiliates	\$ 586	\$ 214 (i)	\$ 800	\$	(j)(k) \$
Accounts payable	1,357	-	1,357		
Accrued and other current liabilities	1,010	-	1,010		
Deferred revenue	225	-	225		
	<u>3,178</u>	<u>214</u>	<u>3,392</u>		
Total current liabilities	3,178	214	3,392		
Long-term debt, including amounts due to Tyco International Ltd. and affiliates	3,097	(1,097)(i)	2,000		(j)(k)
Long-term pension and postretirement liabilities	510	54 (e)	564		

Deferred income taxes	384	–	384		
Other liabilities	526	1,282 (g)	1,808		
Total Liabilities	7,695	453	8,148		
Minority interest	16	–	16		
Shareholders' Equity:					
Common shares, \$ par value, authorized; issued and outstanding on a pro forma basis	–	–	–	(m)	
Share premium	–	–	–	(m)	
Parent Company Equity:					
Parent company investment	10,637	445 (l)	11,082	(l)(m)	
Accumulated other comprehensive loss	890	(34)(e)	856		
Total Shareholders' Equity	11,527	411	11,938		
Total Liabilities and Shareholders' Equity	\$ 19,238	\$ 864	\$ 20,102	\$	\$

See Notes to Unaudited Pro Forma Combined Financial Statements.

The Electronics Businesses of Tyco International Ltd.
Notes to Unaudited Pro Forma Combined Financial Statements

- (a) Represents a change to interest expense in connection with the assignment of debt by Tyco International or the issuance of new public debt of \$ million and \$ million for the three months ended December 29, 2006 and fiscal 2006, respectively.
- (b) Represents the estimated income tax effects of the financing adjustments.
- (c) Earnings per share and weighted average shares outstanding reflect the estimated number of common shares we expect to have outstanding upon the completion of the distribution based on an expected distribution ratio of shares of Tyco Electronics for each share of Tyco International (prior to effecting the Tyco International reverse share split). These amounts do not reflect the impact of Tyco International accelerating the vesting provisions of a portion of the outstanding restricted share awards in connection with or following the distribution, as such impact will be calculated using balances then outstanding, which are not currently determinable. Also, these amounts reflect the portion of outstanding equity awards that were included in Tyco International's dilutive earnings per share calculation.
- (d) Represents cash funding by Tyco International of \$28 million to bring our cash and cash equivalents to \$500 million at the time of the separation based on our anticipated post-separation capital structure.
- (e) Reflects the preliminary impact of the legal separation of a co-mingled pension plan on January 1, 2007. Such plan included employees of both Covidien and Tyco Electronics. This separation results in an increase of \$20 million to deferred income taxes, an increase of \$54 million to long-term pension and postretirement liabilities, and an increase of \$34 million to the minimum pension liability, a component of shareholders' equity.
- The re-measurement of plan assets and projected benefit obligations was actuarially determined using assumptions which were established on January 1, 2007. The re-measurement includes a preliminary reallocation of co-mingled pension plan assets to Covidien as required by the Employee Retirement Income Security Act, or ERISA, upon the legal separation of the plan. This estimate was actuarially determined using currently available information and is subject to change when the calculations are finalized. Such estimate was based on certain assumptions including asset performance, interest rates, and demographics.
- (f) Represents \$ million of anticipated fees and costs associated with the indebtedness we expect to hold at separation.
- (g) Reflects an increase to other liabilities of \$1,282 million for contingent tax liabilities related to unresolved tax matters that will be transferred to Tyco Electronics in connection with the separation, as confirmed by the Tax Sharing Agreement that we will enter into with Tyco International and Covidien. The \$17 million and \$51 million increase to income tax expense for the quarter ended December 29, 2006 and fiscal 2006, respectively represent the estimated quarterly and annual impact to the income tax provision attributable to the accrual of interest owed to taxing authorities, net of applicable federal and state tax benefits, associated with these transferred contingent tax liabilities. This interest accrual was computed using an estimated average interest rate of 8.2% which is a function of the rate imposed by taxing authorities.

Also reflects an increase in other assets of \$804 million for the impact of the Tax Sharing Agreement that we will enter into with Tyco International and Covidien. Under this agreement Tyco International, Covidien, and Tyco Electronics will share 27%, 42%, and 31%, respectively, of certain contingent liabilities relating to unresolved tax matters of legacy Tyco International. Based on the amount of this obligation at December 29, 2006, we anticipate that we will generate income

of \$42 million to \$64 million annually for the accretion of interest on this obligation. The amount of the income will be dependent on the federal income tax position of the taxpayer at the time of payment pursuant to the terms of the tax sharing agreement. This income will be reflected as other expense, net in the Combined Statement of Income. Tyco Electronics' contractual obligation for 31% of these legacy Tyco International contingent tax liabilities recorded as of December 29, 2006 is \$646 million. However, Tyco Electronics is the primary obligor to the taxing authorities for \$1,450 million of these contingent tax liabilities recorded as of December 29, 2006. The \$804 million difference represents the net receivable for unresolved tax matters due from Tyco International and Covidien under the Tax Sharing Agreement. The actual amounts that Tyco Electronics may be required to ultimately accrue or pay under this agreement could vary depending upon the outcome of the unresolved tax matters, which may not be resolved for several years.

- (h) Reflects a \$12 million increase to deferred tax assets for state unitary net operating loss carryforwards that will be transferred to us from Tyco International upon separation.

- (i) Represents a \$214 million increase in current maturities of long-term debt and a \$1,097 million decrease in long-term debt and obligations under capital lease to bring the total debt level to \$2.8 billion at the time of the separation based on our anticipated post-separation capital structure. The debt balance at the time of separation was determined based on internal capital planning and considered the following factors and assumptions: anticipated business plans, operating activities, general economic and Tyco International contingencies, optimal debt levels, and desired financial capacity.

- (j) Represents the assignment by Tyco International or the issuance of \$ billion of debt. This debt will replace the amounts due to Tyco International Ltd. and affiliates.

- (k) Represents the elimination of \$ billion of amounts due to Tyco International Ltd. and affiliates.

- (l) Represents reductions to parent company investment to reflect the following:

the assumption of a \$478 million net liability in connection with Tyco International and Covidien tax contingencies to be assumed by Tyco Electronics as described in (g) above.

These reductions are partially offset by increases to equity to reflect the following:

the cash funding by Tyco International of \$28 million as described in (d) above;

the anticipated fees and costs associated with the indebtedness as described in (f) above;

the transfer of \$12 million of state unitary net operating loss carryforwards to us upon separation as described in (h) above;

the \$883 million net decrease in debt related to our anticipated capital structure as described in (i) above; and

the elimination of \$ billion of amounts due to Tyco International Ltd. and affiliates as described in (k) above offset by the assignment or issuance of debt of \$ billion as described in (j) above.

(m) Represents the assumed issuance of approximately million Tyco Electronics common shares as discussed in (c) above.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with the "Selected Historical Combined Financial and Other Operating Data" and "Financial Statements" for the electronics businesses of Tyco International, included elsewhere in this information statement. Management's Discussion and Analysis of Financial Condition and Results of Operations has been revised for the effects of the restatement discussed below and in Note 1 to the Annual Combined Financial Statements. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this information statement, particularly in "Risk Factors" and "Special Note About Forward-Looking Statements."

Separation From Tyco International Ltd.

On January 13, 2006, Tyco International Ltd. announced that its board of directors had approved a plan to separate Tyco International Ltd. into three independent, publicly-traded companies, identifying the electronics businesses of Tyco International Ltd. as one of those three companies. Upon the separation, Tyco Electronics Ltd. will be the parent company which will own the electronics businesses as of the separation date and whose shares will be owned by the existing Tyco International shareholders. The electronics businesses of Tyco International Ltd., presented herein, represent a combined reporting entity consisting of the assets and liabilities used in managing and operating the Tyco International electronics businesses, as well as the subsidiaries Tyco Electronics Ltd. will own as of the date of the separation. Certain subsidiaries have disposed of some of the operations previously owned. Where appropriate, these operations have been reflected as discontinued operations in the Combined Financial Statements.

Our Combined Financial Statements have been prepared in United States dollars, in accordance with accounting principles generally accepted in the United States of America. These Combined Financial Statements may not be indicative of our future performance and do not necessarily reflect what our combined results of operations, financial position, and cash flows would have been had we operated as an independent, publicly-traded company during the periods presented, particularly since many changes will occur in our operations and capitalization as a result of our separation from Tyco International. Certain general corporate overhead and other expenses as well as debt and related net interest expense have been allocated to us by Tyco International. Management believes such allocations are reasonable; however, they may not be indicative of our actual results had we been operating as an independent, publicly-traded company for the periods presented. Note 11 to our Interim Combined Financial Statements and Note 16 to our Annual Combined Financial Statements provide further information regarding allocated expenses.

As discussed elsewhere in this information statement, historically we have used the corporate services of Tyco International for a variety of functions including treasury, tax, legal, internal audit, human resources, and risk management. After the distribution, we expect to be an independent, publicly-traded company, and, although we expect to enter into agreements with Tyco International for a continuation of some of these services, the terms and prices on which such services are rendered may be different than the terms and prices in effect prior to the distribution. We also may incur additional costs associated with being an independent, publicly-traded company. These additional anticipated costs are not reflected in our historical Combined Financial Statements.

Restatement

We have restated our Combined Financial Statements for fiscal 2006, fiscal 2005, and fiscal 2004. The restatement reflects adjustments to correct errors in accounting for income taxes, as well as an immaterial balance sheet adjustment related to deferred revenue. The tax adjustments resulted in a \$4 million, \$6 million, and \$40 million reduction in income tax expense in fiscal 2006, fiscal 2005, and fiscal 2004, respectively. The tax corrections also resulted in various balance sheet adjustments.

Subsequent to the issuance of our Annual Combined Financial Statements, in connection with a review of Tyco International's income tax accounts, errors were discovered relating to accounting for income taxes. These errors primarily related to maintaining and tax effecting jurisdictional data and the classification of tax amounts in the Combined Balance Sheets. The more significant errors related to: (1) the treatment of taxes associated with impairment charges, (2) tax rate differentials on non-US income tax accruals, and (3) misclassifications within the balance sheet related to income taxes. These errors resulted from the process of carving out certain income tax accounts from Tyco International's consolidated financial statements and related information. We substantially relied upon the processes at Tyco International to prepare our carve-out accounts for income taxes. We have determined that certain of those tax processes utilized by Tyco International in determining certain carve out amounts for income taxes did not operate at a sufficient level of precision relative to our materiality for us to ensure that the carve-out accounts were materially correct. We have also determined that we did not have sufficient control processes in place to ensure that the information provided by Tyco International was complete and accurate and have concluded that the absence of these control processes is a material weakness in our internal control over financial reporting relating to income taxes. We are in the process of implementing new control processes and procedures as part of our readiness efforts to become an independent, publicly-traded company.

Overview

Tyco Electronics is a leading global provider of engineered electronic components, network solutions, and wireless systems. We operate through four reporting segments: Electronic Components, Network Solutions, Wireless Systems, and Other. We design, manufacture, and market approximately 500,000 different products for customers in industries ranging from automotive, appliance, and aerospace and defense to telecommunications, computer, and consumer electronics. We believe the end markets that we sell into are balanced with the total end market demand for electronic components.

We service our customers primarily through our direct sales force that serves customers in over 150 countries. The sales force is supported by over 8,000 engineers, as well as globally deployed manufacturing sites. Through our sales force and engineering resources, we are able to collaborate with our customers anywhere in the world to provide highly engineered products and solutions to meet their needs.

Our strategic objective is to increase our revenue and profitability across all of our segments in the markets we serve. This strategy is dependent upon the following strategic priorities:

continue to focus our existing portfolio;

leverage our market leadership position to increase our market share;

achieve market leadership in attractive and under-penetrated industries;

extend our leadership in emerging markets;

supplement organic growth with strategic acquisitions;

improve operating margins; and

accelerate new product development through research and development excellence.

Key business factors that influenced our results of operations for the periods discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations include:

Market conditions. We have experienced strong sales growth that was driven by the continued increased use of electronics across the end markets that we serve. This sales growth was achieved despite industry pricing pressures. Over the periods shown, we have experienced price erosion in the range of 2% to 5%. We expect price erosion to continue in the future. The increase in our net sales for each fiscal year in the periods shown reflects volume increases that more than offset the impact of pricing pressures.

Raw material price increases. We consume approximately 200 million pounds of copper and approximately 270,000 troy ounces of gold each fiscal year. During the periods shown, the prices of these key raw materials, as well as the prices of certain other raw materials, have increased substantially. The following table illustrates the increase in average prices related to the most significant raw materials, copper and gold, during the periods presented:

Measure	Quarter Ended		Fiscal Year		
	December 29, 2006	December 30, 2005	2006	2005	2004
	Copper	Lb. \$ 3.19	\$ 2.03	\$ 2.80	\$ 1.53
Gold	Troy oz. \$ 614	\$ 486	\$ 572	\$ 432	\$ 399

As a general matter, we have been able to pass only a portion of the increased cost of these raw materials through to our customers. As a result, raw materials price increases directly and adversely affected our gross margins.

Foreign exchange. Approximately 47% of our net sales are invoiced in currencies other than the U.S. dollar. Our results of operations are influenced by changes in foreign currency exchange rates. Increases or decreases in the value of the U.S. dollar, compared to other currencies, will directly affect our reported results as we translate those currencies into U.S. dollars at the end of each fiscal period. The percentage of fiscal 2006 net sales by major currencies invoiced was as follows:

US Dollar	53%
Euro	27
Japanese Yen	7
British Pound Sterling	2
Chinese Renminbi	2
Korean Won	2
All Others	7
Total	100%

Discontinued Operations

During the fourth quarter of fiscal 2006, we entered into a definitive agreement to divest our Printed Circuit Group business. In the first quarter of fiscal 2007, we completed the sale of the Printed Circuit Group business for \$227 million in net cash proceeds and recorded a \$45 million pre-tax gain on the sale.

During fiscal 2004, we sold our electrical contracting services business. As a result of this divestiture, we received proceeds of \$25 million and recorded an impairment on divestiture of \$52 million, included in income (loss) from discontinued operations.

We have presented both of these businesses as discontinued operations for all periods presented in our combined historical financial information. See Note 3 to our Interim Combined Financial

Statements and Note 4 to our Annual Combined Financial Statements for more information on these transactions.

Divestitures

In November 2004, we agreed to sell the Tyco Global Network, our undersea fiber optic telecommunications network. This business had been part of our Other segment. We closed this sale on June 30, 2005. As part of the sale, we received cash proceeds of \$130 million, and the purchaser assumed certain liabilities. The divestiture resulted in a pre-tax gain on sale of \$301 million. See Note 4 to our Annual Combined Financial Statements.

We have no approval or agreements at present to divest any other businesses, but as part of our strategy we regularly review and will consider the divestiture of underperforming or non-strategic businesses to improve our operating results and better utilize our capital. Some of these divestitures may have a material impact on our Combined Financial Statements. We have made strategic divestitures in the past, such as the businesses discussed above, and expect that we may make additional divestitures in the future. Specifically, following the separation, we will explore a number of strategic alternatives, including possible divestiture, for our Power Systems business that is reflected in our Other segment. At the conclusion of this process, management will present its recommendations to the board of directors for their review and approval. The Power Systems business had net sales of approximately \$500 million in fiscal 2006. Should the outcome of the strategic review process be approval to divest the business, there could be a resulting pre-tax impairment charge of up to \$450 million.

Components of Net Sales and Expenses in Income from Continuing Operations

Net Sales

We derive our net sales principally from the sale of products. We recognize net sales when title and risk of loss pass to our customers. Net sales include an estimate of returns and price discrepancies based upon historical experience.

Cost of Sales

Our cost of sales reflects the costs of our raw materials, primarily plastic resins for molding, precious metals such as gold and silver for plating, and other metals such as copper, aluminum, brass, and steel for manufacturing our products. Cost of sales also includes the conversion costs, such as labor and manufacturing plant costs, that are incurred to convert raw materials into finished products. Our cost of sales also includes research, development, and engineering costs, as well as shipping, handling, and distribution costs.

Selling, General, and Administrative Expenses

Our selling, general, and administrative expenses include selling, advertising, and general and administrative expenses.

Non-GAAP Financial Measures

Organic net sales growth, which is included in the discussion below, is a non-GAAP financial measure. The difference between reported net sales growth (the most comparable GAAP measure) and organic net sales growth (the non-GAAP measure) consists of the impact from foreign currency exchange rates, acquisitions, and divestitures. Organic net sales growth is a useful measure which we use to measure the underlying results and trends in our business. It excludes items that are not completely under management's control, such as the impact of changes in foreign currency exchange

rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity.

We believe organic net sales growth provides useful information to investors because it reflects the underlying growth from the ongoing activities of our business. Furthermore, it provides investors with a view of our operations from management's perspective. We use organic net sales growth to monitor and evaluate performance, as it is an important measure of the underlying results of our operations. Management uses organic net sales growth together with GAAP measures such as net sales growth and operating income in its decision making processes related to the operations of our reporting segments and our overall company. We believe that investors benefit from having access to the same financial measures that management uses in evaluating operations. The discussion and analysis of organic net sales growth in Results of Operations below utilizes organic net sales growth as management does internally. Because organic net sales growth calculations may vary among other companies, organic net sales growth amounts presented below may not be comparable with similarly titled measures of other companies. Organic net sales growth is a non-GAAP financial measure that is not meant to be considered in isolation or as a substitute for GAAP measures. The limitation of this measure is that it excludes items that have an impact on our net sales. This limitation is best addressed by using net sales growth in combination with our U.S. GAAP net sales. The tables presented in Results of Operations below provide reconciliations of U.S. GAAP reported net sales growth to organic net sales growth.

**RESULTS OF OPERATIONS FOR THE QUARTERS ENDED
DECEMBER 29, 2006 AND DECEMBER 30, 2005**

Combined Operations

The following table sets forth certain items from our Interim Combined Statements of Income and the percentage of net sales that such items represent for the periods shown.

	For the Quarters Ended			
	December 29,		December 30,	
	2006		2005	
(\$ in millions)				
Net sales	\$ 3,220	100.0%	\$ 2,939	100.0%
Cost of sales	2,393	74.3	2,184	74.3
Gross income	827	25.7	755	25.7
Selling, general, and administrative expenses	436	13.5	380	12.9
Income from operations	381	11.8	372	12.7
Interest income	15	0.5	13	0.4
Interest expense	(60)	(1.9)	(68)	(2.3)
Income from continuing operations before income taxes and minority interest	336	10.4	317	10.8
Income taxes	(103)	(3.2)	(86)	(2.9)
Income from continuing operations	232	7.2	231	7.9
Net income	\$ 281	8.7%	\$ 224	7.6%

Net Sales. Net sales increased \$281 million, or 9.6%, to \$3,220 million in the first quarter of fiscal 2007 from \$2,939 million in the first quarter of fiscal 2006. Foreign currency exchange rates, primarily the euro, favorably affected net sales by \$105 million, or 3.6%, in the first quarter of fiscal 2007. On an organic basis, net sales increased 5.9% in the first quarter of fiscal 2007 and 9.0% in the first quarter of fiscal 2006, reflecting increases in volume partially offset by price erosion. Price erosion adversely affected net sales by \$67 million in the first quarter of fiscal 2007 and \$91 million in the first quarter of fiscal 2006.

The following table sets forth the percentage of our total net sales by geographic region:

	For the Quarters Ended	
	December 29,	December 30,
	2006	2005
Americas	36%	40%
Europe/Middle East/Africa (EMEA)	36	33
Asia-Pacific	28	27
Total	100%	100%

The following table provides an analysis of the change in our net sales for the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 by geographic region:

	Change in Net Sales for the Quarter Ended December 29, 2006 versus Net Sales for the Quarter Ended December 30, 2005							
	Organic ⁽¹⁾		Translation ⁽²⁾		Acquisitions		Total	
	(\$ in millions)							
Americas	\$ (2)	(0.2)%	\$ (7)	\$ –	\$ (9)	(0.8)%		
Europe/Middle East/Africa	75	7.8	93	6	174	18.0		
Asia-Pacific	97	12.2	19	–	116	14.6		
Total	\$ 170	5.9%	\$ 105	\$ 6	\$ 281	9.6%		

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.

(2) Represents the change in net sales resulting from changes in foreign currency exchange rates.

The following table sets forth the percentage of our total net sales by segment:

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
Electronic Components	74%	74%
Network Solutions	13	13
Wireless Systems	7	7
Other	6	6
Total	100%	100%

The following table provides an analysis of the change in our net sales for the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 by segment:

	Change in Net Sales for the Quarter Ended December 29, 2006 versus Net Sales for the Quarter Ended December 30, 2005							
	Organic ⁽¹⁾		Translation ⁽²⁾		Acquisitions		Total	
	(\$ in millions)							
Electronic Components	\$ 144	6.7%	\$ 82	\$ 6	\$ 232	10.8%		
Network Solutions	9	2.4	19	–	28	7.1		
Wireless Systems	4	2.0	1	–	5	2.5		
Other	13	6.9	3	–	16	8.6		
Total	\$ 170	5.9%	\$ 105	\$ 6	\$ 281	9.6%		

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.

(2) Represents the change in net sales resulting from changes in foreign currency exchange rates.

Cost of Sales and Gross Income. Gross income increased by \$72 million in the first quarter of fiscal 2007 over the first quarter of fiscal 2006, but remained flat as a percentage of net sales. Increased material costs of \$73 million, primarily metals, and price erosion were offset by volume leverage and cost improvements.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses as a percentage of net sales were 13.5% and 12.9% in the first quarter of fiscal 2007 and the first quarter of fiscal 2006, respectively. In the first quarter of fiscal 2007, selling, general, and administrative expenses as a percentage of net sales increased as compared to the first quarter of fiscal 2006 as a result of increased allocated overhead expenses from Tyco International and the incurrence of \$2 million of costs related to our efforts to build our separate company functions that did not exist in the prior fiscal year. Also, selling expenses increased to support the higher level of sales. We will continue to incur costs as we build our own corporate functions to operate as an independent, publicly-traded company. These costs are duplicative as we are also allocated costs related to these functions from Tyco International until the separation date.

Income from Operations. Income from operations was \$381 million, or 11.8% of net sales, in the first quarter of fiscal 2007 compared to \$372 million, or 12.7% of net sales, in the first quarter of fiscal 2006. The decline as a percentage of net sales resulted from increased selling, general, and administrative expenses primarily driven by our separation from Tyco International as well as increased restructuring and other charges of \$5 million.

Results of Operations by Segment

Electronic Components

	For the Quarters Ended	
	December 29,	December 30,
	2006	2005
	(\$ in millions)	
Net sales	\$ 2,390	\$ 2,158
Income from operations	\$ 327	\$ 313
Operating margin	13.7%	14.5%

The following table sets forth Electronic Components' percentage of total net sales by primary industry end market:

	For the Quarters Ended	
	December 29,	December 30,
	2006	2005
Automotive	39%	39%
Computer	12	12
Communication Equipment	8	8
Appliance	5	5
Industrial Machinery	5	5
Aerospace and Defense	3	3
Consumer Electronics	2	2
Other	26	26
Total	100%	100%

The following table provides an analysis of the change in Electronic Components' net sales for the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 by primary industry end market:

**Change in Net Sales for the Quarter Ended December 29, 2006
versus Net Sales for the Quarter Ended December 30, 2005**

	Organic⁽¹⁾		Translation⁽²⁾		Acquisitions		Total	
	(\$ in millions)							
Automotive	\$ 47	5.7%	\$ 39		\$ 6		\$ 92	11.1%
Computer	7	2.8	5		-		12	4.5
Communication Equipment	12	7.2	4		-		16	9.4
Appliance	7	6.7	4		-		11	10.0
Industrial Machinery	18	17.8	4		-		22	21.6
Aerospace and Defense	7	10.5	2		-		9	13.2
Consumer Electronics	10	22.9	1		-		11	24.4
Other	36	6.3	23		-		59	10.4
Total	\$ 144	6.7%	\$ 82		\$ 6		\$ 232	10.8%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.

(2) Represents the change in net sales resulting from changes in foreign currency exchange rates.

In the first quarter of fiscal 2007, Electronic Components' net sales increased \$232 million, or 10.8%, to \$2,390 million from \$2,158 million in the first quarter of fiscal 2006. The strengthening of certain foreign currencies favorably affected net sales by \$82 million, or 3.8%, in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006. Organic net sales growth of 6.7% in the first quarter of fiscal 2007 over the first quarter of fiscal 2006 resulted from increases in volume across all end markets partially offset by price erosion.

Electronic Components' organic net sales growth by industry end market was strongest in the consumer electronics, industrial machinery, and aerospace and defense end markets. In the consumer electronics market, our organic net sales growth of 22.9% in the first quarter of fiscal 2007 over the first quarter of fiscal 2006 was attributable to continued strong consumer demand as well as our continued focus on this market. Our organic net sales growth of 17.8% in the industrial machinery market in the first quarter of fiscal 2007 over the first quarter of fiscal 2006 resulted from strong demand globally as companies continue to invest in factory automation. In the aerospace and defense market, our organic net sales growth of 10.5% in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 was driven primarily by strength in the commercial aircraft market. In the automotive market, our organic net sales growth of 5.7% in the first quarter of fiscal 2007 over the first quarter of fiscal 2006 resulted from growth in the Asia-Pacific and EMEA regions partially offset by declines in the North America region. Finally, our organic net sales growth slowed to 2.8% in the computer market in the first quarter of fiscal 2007 over the first quarter of fiscal 2006 as a result of an overall slowdown in end market demand.

Electronic Components' operating income increased \$14 million, or 4.5%, to \$327 million in the first quarter of fiscal 2007 from \$313 million in the first quarter of fiscal 2006. Benefits from increased sales volume and cost improvement initiatives were offset by price erosion, increased raw material prices, and an increase of \$4 million in restructuring and other charges in the first quarter of fiscal 2007. Increased raw material costs negatively affected margins by \$56 million in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006. Also, the strengthening of certain foreign currencies favorably affected the first quarter of fiscal 2007 results by \$16 million as compared to the first quarter of fiscal 2006.

Network Solutions

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	(\$ in millions)	
Net sales	\$ 421	\$ 393
Income from operations	\$ 54	\$ 59
Operating margin	12.8%	15.0%

The following table sets forth Network Solutions' percentage of total net sales by primary industry end market:

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
Power Utility	46%	44%
Communication Service Provider	28	34
Building Networks	26	22
Total	100%	100%

The following table provides an analysis of the change in Network Solutions' net sales for the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 by primary industry end market:

	Change in Net Sales for the Quarter Ended December 29, 2006 versus Net Sales for the Quarter Ended December 30, 2005					
	Organic ⁽¹⁾		Translation ⁽²⁾		Total	
	(\$ in millions)					
Power Utility	\$ 11	6.4%	\$ 12	\$ 23	13.4%	
Communication Service Provider	(22)	(16.1)	4	(18)	(13.3)	
Building Networks	20	23.2	3	23	26.7	
Total	\$ 9	2.4%	\$ 19	\$ 28	7.1%	

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.

(2) Represents the percentage change in net sales resulting from changes in foreign currency exchange rates.

Network Solutions' net sales increased \$28 million, or 7.1%, to \$421 million in the first quarter of fiscal 2007 from \$393 million in the first quarter of fiscal 2006. The strengthening of certain foreign currencies favorably affected net sales by \$19 million, or 4.8%, in the first quarter of fiscal 2007 over the first quarter of fiscal 2006. Organic net sales growth was \$9 million, or 2.4%, in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006.

In the first quarter of fiscal 2007, Network Solutions' organic net sales growth was strong in the building networks and power utility end markets; however, our organic net sales declined in the communication service provider market. In the building network market, our organic net sales of 23.2% in the first quarter of fiscal 2007 over the first quarter of fiscal 2006 was attributable to continued increases in non-residential construction spending and network upgrades in existing buildings as well as higher pricing on copper cabling products. Our organic net sales growth of 6.4% in the power utility market in the first quarter of fiscal 2007 as compared to the

first quarter of fiscal 2006 resulted from solid growth in EMEA partially offset by a decline in Asia-Pacific. On an organic basis, net sales

declined 16.1% in the communication service provider market in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 reflecting delays in spending on infrastructure upgrades by operators compared to strong sales in the same period last year due to hurricane-related spending in the Americas and the accelerated build-out of fiber networks by certain operators in Europe.

Network Solutions' operating income decreased \$5 million, or 8.5%, to \$54 million in the first quarter of fiscal 2007 from \$59 million in the first quarter of fiscal 2006. The benefits of pricing actions and cost improvement initiatives were more than offset by a lower margin sales mix and increased raw material costs of \$11 million in the first quarter of fiscal 2007.

Wireless Systems

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	(\$ in millions)	
Net sales	\$ 207	\$ 202
Income from operations	\$ 14	\$ 17
Operating margin	6.8%	8.4%

Wireless Systems' net sales increased \$5 million to \$207 million in the first quarter of fiscal 2007 from \$202 million in the first quarter of fiscal 2006. Organic net sales growth of \$4 million, or 2.0%, in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 resulted from increases in volume offset by price erosion. The impact of foreign currency exchange rates was minimal.

Wireless systems' organic net sales growth in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 was driven by growth in the automotive and communication equipment markets partially offset by declines in the public safety and aerospace and defense markets.

Wireless Systems' operating income decreased \$3 million to \$14 million in the first quarter of fiscal 2007 from \$17 million in the first quarter of fiscal 2006. Wireless Systems' operating income in the first quarter of fiscal 2007 was negatively impacted by increased engineering and selling investment in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006.

Other

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	(\$ in millions)	
Net sales	\$ 202	\$ 186
Loss from operations	\$ (14)	\$ (17)
Operating margin	(6.9)%	(9.1)%

Net sales in the Other segment increased \$16 million, or 8.6%, to \$202 million in the first quarter of fiscal 2007 from \$186 million in the first quarter of fiscal 2006. On an organic basis, net sales increased by 6.9% in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006 driven entirely by organic net sales growth in our Undersea Telecommunication Systems business. The strengthening of certain foreign currencies favorably affected net sales by \$3 million, or 1.6%, in the first quarter of fiscal 2007.

In the Undersea Telecommunication Systems business, organic growth of 18.4% in the first quarter of fiscal 2007 over the first quarter of fiscal 2006 was driven by new projects in the telecommunications and oil and gas end markets. In the Power Systems business, organic growth was flat as a result of

lower network spending by communication service providers in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006.

The Other segment had an operating loss of \$14 million in the first quarter of fiscal 2007 compared to an operating loss of \$17 million in the first quarter of fiscal 2006. Increases in volume and operational improvements were offset by higher raw material costs and a lower margin sales mix in the first quarter of fiscal 2007 as compared to the first quarter of fiscal 2006.

Non-Operating Items

Interest Expense, Net

Interest expense, net was \$45 million in the first quarter of fiscal 2007, as compared to \$55 million in the first quarter of fiscal 2006. The decrease of \$10 million, or 18.2%, in the first quarter of fiscal 2007 from the first quarter of fiscal 2006 was driven by lower average debt levels.

A portion of Tyco International's consolidated debt and related net interest expense was allocated to us in all periods presented. During the first quarter of fiscal 2007 and the first quarter of fiscal 2006, we were allocated net interest expense of \$47 million and \$52 million, respectively. Management believes the interest expense allocation basis is reasonable. However, these amounts may not be indicative of the actual amounts that we would have incurred had we been operating as an independent, publicly-traded company for the periods presented. Interest expense could differ from that presented for various reasons including that the business may incur indebtedness with interest rates higher or lower than those of Tyco International and that we may ultimately have a different capital structure from the structure presented in these Combined Financial Statements. For more information on our financing activities, see "Liquidity and Capital Resources."

Income Taxes

Our effective income tax rate was 30.7% and 27.1% for the first quarter of fiscal 2007 and the first quarter of fiscal 2006, respectively. The increase in the effective tax rate is primarily the result of expected decreased profitability in operations in lower tax rate jurisdictions in fiscal 2007 as well as the impacts of a change in tax laws in the Netherlands during the first quarter of fiscal 2007. These tax law changes imposed limitations on the carryforward period of net operating losses and also changed the applicable future tax rates.

Income from Discontinued Operations, Net of Income Taxes

Income from discontinued operations was \$49 million in the first quarter of fiscal 2007 and \$1 million in the first quarter of fiscal 2006. In the first quarter of fiscal 2007, we consummated the sale of the Printed Circuit Group business for \$227 million in net cash proceeds and recorded a \$45 million pre-tax gain on the sale. Income from discontinued operations in the first quarter of fiscal 2006 reflects the operating results of the Printed Circuit Board business. See Note 3 to our Interim Combined Financial Statements.

Cumulative Effect of Accounting Change

During fiscal 2006, we adopted Financial Accounting Standards Board Interpretation No., or FIN, 47, "*Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB No. 143.*" Upon adoption, we recognized asset retirement obligations of \$16 million and property, plant, and equipment, net of \$4 million in our Combined Financial Statements at year end fiscal 2006. In addition, we recorded a cumulative effect of accounting change which resulted in an \$8 million after-tax, \$12 million pre-tax, loss. See Note 1 to our Interim Combined Financial Statements for more information on FIN 47.

RESULTS OF OPERATIONS FOR FISCAL 2006, FISCAL 2005, AND FISCAL 2004

Combined Operations

The following table sets forth certain items from our Combined Statements of Income and the percentage of net sales that such items represent for the periods shown.

	Fiscal					
	2006		2005		2004	
	(\$ in millions)					
Net sales	\$ 12,812	100.0%	\$ 11,890	100.0%	\$ 11,099	100.0%
Cost of sales	9,447	73.7	8,724	73.4	7,971	71.8
Gross income	3,365	26.3	3,166	26.6	3,128	28.2
Selling, general, and administrative expenses	1,627	12.7	1,507	12.7	1,543	13.9
Goodwill impairment	316	2.5	-	-	-	-
Gain on divestiture	-	-	(301)	(2.5)	-	-
Income from operations	1,409	11.0	1,970	16.6	1,619	14.6
Interest income	48	0.4	44	0.4	33	0.3
Interest expense	(256)	(2.0)	(294)	(2.5)	(344)	(3.1)
Other expense, net	-	-	(365)	(3.1)	(102)	(0.9)
Income from continuing operations before income taxes and minority interest	1,201	9.4	1,355	11.4	1,206	10.9
Income taxes	(32)	(0.2)	(360)	(3.0)	(405)	(3.6)
Income from continuing operations	1,163	9.1	990	8.3	791	7.1
Net income	\$ 1,193	9.3%	\$ 1,144	9.6%	\$ 762	6.9%

Net Sales. Net sales increased \$922 million, or 7.8%, to \$12,812 million in fiscal 2006 from \$11,890 million in fiscal 2005. In fiscal 2005, net sales increased \$791 million, or 7.1%, to \$11,890 million from \$11,099 million in fiscal 2004. Foreign currency exchange rates, primarily the euro, negatively affected net sales by \$183 million, or 1.5%, in fiscal 2006 and favorably affected net sales by \$291 million, or 2.6%, in fiscal 2005 and \$549 million, or 5.6%, in fiscal 2004. On an organic basis, net sales increased 9.4% in fiscal 2006, 4.5% in fiscal 2005, and 7.9% in fiscal 2004, reflecting increases in volume partially offset by price erosion. Price erosion adversely affected net sales by \$331 million in fiscal 2006, \$454 million in fiscal 2005, and \$453 million in fiscal 2004.

The following table sets forth the percentage of our total net sales by geographic region:

	Fiscal		
	2006	2005	2004
Americas	39%	40%	41%
Europe/Middle East/Africa	34	35	35
Asia-Pacific	27	25	24
Total	100%	100%	100%

The following table provides an analysis of the change in our net sales compared to the prior fiscal year by geographic region:

	Fiscal										
	2006						2005				
	Change in Net Sales Versus Prior Fiscal Year						Change in Net Sales Versus Prior Fiscal Year				
	Organic ⁽¹⁾	Translation ⁽²⁾	Acquisitions (Divestitures)	Total	Organic ⁽¹⁾	Translation ⁽²⁾	Total	Organic ⁽¹⁾	Translation ⁽²⁾	Total	
	(\$ in millions)										
Americas	176	3.7%\$	92	\$ (29)	\$ 239	5.1%\$	183	4.0%\$	(47)	\$ 136	3.0%
Europe/Middle East/Africa	403	9.6	(203)	11	211	5.0	61	1.6	263	324	8.4
Asia-Pacific	544	18.3	(72)	–	472	15.9	256	9.7	75	331	12.5
Total	1,123	9.4%\$	(183)	\$ (18)	\$ 922	7.8%\$	500	4.5%\$	291	\$ 791	7.1%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.

(2) Represents the change in net sales resulting from changes in foreign currency exchange rates.

The following table sets forth the percentage of our total net sales by segment:

	Fiscal		
	2006	2005	2004
Electronic Components	73%	74%	74%
Network Solutions	14	13	12
Wireless Systems	7	7	8
Other	6	6	6
Total	100%	100%	100%

The following table provides an analysis of the change in our net sales compared to the prior fiscal year by segment:

	Fiscal										
	2006						2005				
	Change in Net Sales Versus Prior Fiscal Year						Change in Net Sales Versus Prior Fiscal Year				
	Organic ⁽¹⁾	Translation ⁽²⁾	Acquisitions (Divestitures)	Total	Organic ⁽¹⁾	Translation ⁽²⁾	Total	Organic ⁽¹⁾	Translation ⁽²⁾	Total	
	(\$ in millions)										
Electronic Components	\$ 769	8.8%\$	(151)	\$ 11	\$ 629	7.2%\$	304	3.7%\$	233	\$ 537	6.5%
Network Solutions	238	15.6	(24)	–	214	14.0	155	11.7	47	202	15.3
Wireless Systems	1	0.1	2	–	3	0.3	33	4.0	3	36	4.3
Other	115	15.6	(10)	(29)	76	10.3	8	1.1	8	16	2.2

Total	\$	1,123	9.4%	\$	(183)	\$	(18)	\$	922	7.8%	\$	500	4.5%	\$	291	\$	791	7.1%
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- (1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.
- (2) Represents the change in net sales resulting from changes in foreign currency exchange rates.

Cost of Sales and Gross Income. Gross income increased by \$199 million in fiscal 2006 over fiscal 2005, but decreased as a percentage of net sales by 30 basis points. This decline as a percentage of net sales was attributable to increases in raw material costs, primarily metals, which unfavorably affected fiscal 2006 gross income by \$306 million when compared to fiscal 2005.

In fiscal 2005, gross income increased by \$38 million over fiscal 2004. However, gross income as a percentage of net sales decreased by 160 basis points. The impact of higher raw material costs, primarily metals, negatively affected fiscal 2005 gross income by \$98 million when compared to fiscal

2004. Also negatively affecting gross income as a percentage of net sales in fiscal 2005, as compared to fiscal 2004, were lower levels of factory utilization in the Americas and Europe/Middle East/Africa, as the net organic sales growth in these regions were modest at 4.0% and 1.6%, respectively.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses as a percentage of net sales were 12.7%, 12.7%, and 13.9% in fiscal 2006, fiscal 2005, and fiscal 2004, respectively. Selling, general, and administrative expenses include the effect of the adoption of Statement of Financial Accounting Standards No. 123R which resulted in incremental stock option charges of \$40 million in fiscal 2006, as compared to fiscal 2005. In fiscal 2005, selling, general, and administrative expenses as a percentage of net sales were down as compared to fiscal 2004 primarily as a result of a lower level of incentive compensation costs in fiscal 2005.

Goodwill Impairment. During fiscal 2006, we recorded a goodwill impairment of \$316 million in our Wireless Systems segment related to the Integrated Wireless Products reporting unit. This impairment was incurred when the reporting unit experienced slower growth and profitability than management's previous experience and future expectations due to declines in certain end markets. For more information see Note 8 to our Annual Combined Financial Statements. There were no goodwill impairments related to continuing operations during fiscal 2005 or fiscal 2004.

Gain on Divestiture. In fiscal 2005, income from continuing operations benefited from the \$301 million gain on the divestiture of the Tyco Global Network.

Income from Operations. Income from operations was \$1,409 million in fiscal 2006 compared to \$1,970 million in fiscal 2005. The decrease was driven by a goodwill impairment of \$316 million in fiscal 2006 as well as a gain on divestiture in fiscal 2005 of \$301 million. The remaining change was driven by an increase in net sales negatively offset by increased raw material costs.

The increase of \$351 million in income from operations in fiscal 2005 over the \$1,619 million in fiscal 2004 was due to the gain on the sale of the Tyco Global Network of \$301 million as well as the benefit of increased sales volume.

Results of Operations by Segment

Electronic Components

	Fiscal		
	2006	2005	2004
	(\$ in millions)		
Net sales	\$ 9,386	\$ 8,757	\$ 8,220
Income from operations	\$ 1,404	\$ 1,398	\$ 1,467
Operating margin	15.0%	16.0%	17.8%

The following table sets forth Electronic Components' percentage of total net sales by primary industry end market:

	Fiscal		
	2006	2005	2004
Automotive	38%	40%	40%
Computer	12	11	12
Communication Equipment	8	7	7
Appliance	5	5	5
Industrial Machinery	5	4	4
Aerospace and Defense	3	3	3
Consumer Electronics	2	2	2
Other	27	28	27
Total	100%	100%	100%

The following table provides an analysis of the change in Electronic Components' net sales compared to the prior fiscal year by primary industry end market:

	Fiscal												
	2006						2005						
	Change in Net Sales Versus Prior Fiscal Year						Change in Net Sales Versus Prior Fiscal Year						
	Organic ⁽¹⁾	Translation ⁽²⁾	Acquisitions (Divestitures)	Total	Organic ⁽¹⁾	Translation ⁽²⁾	Acquisitions (Divestitures)	Total	Organic ⁽¹⁾	Translation ⁽²⁾	Acquisitions (Divestitures)	Total	
	(\$ in millions)												
Automotive	\$ 172	5.0%	\$ (70)	\$ 113	3.3%	\$ 93	2.9%	\$ 131	\$ 224	6.9%			
Computer	115	11.5	(5)	–	110	11.0	–	32	3.3	–	14	46	4.8
Communication Equipment	101	15.8	(5)	–	96	15.0	–	95	17.6	–	10	105	19.6
Appliance	42	9.5	(3)	–	39	8.9	–	8	2.0	–	10	18	4.3
Industrial Machinery	85	22.0	(16)	–	69	17.9	–	7	1.9	–	11	18	4.9
Aerospace and Defense	9	3.1	(3)	–	6	2.0	–	37	14.2	–	5	42	16.0
Consumer Electronics	31	19.1	(1)	–	30	18.5	–	14	10.0	–	4	18	12.5
Other	214	9.2	(48)	–	166	7.1	–	18	0.8	–	48	66	2.9
Total	\$ 769	8.8%	\$ (151)	\$ 629	7.2%	\$ 304	3.7%	\$ 233	\$ 537	6.5%			

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.

(2) Represents the change in net sales resulting from changes in foreign currency exchange rates.

Fiscal 2006 Compared to Fiscal 2005

In fiscal 2006, Electronic Components' net sales increased \$629 million, or 7.2%, to \$9,386 million from \$8,757 million in fiscal 2005. The weakening of certain foreign currencies negatively affected net sales by \$151 million, or 1.7%. Organic net sales growth of 8.8% in fiscal 2006 resulted from increases in volume partially offset by price erosion.

Electronic Components' fiscal 2006 organic net sales growth by industry end market was strongest in the communication equipment, computer, industrial machinery, and consumer electronics markets. Our organic net sales growth of 15.8% in the communication equipment market in fiscal 2006 over fiscal 2005 was driven by strong demand across the entire market including infrastructure equipment and mobile phones. In the computer market, our organic net sales growth of 11.5% was driven by computer shipment growth that was strong throughout all of fiscal 2006. In the industrial machinery market, our organic net sales growth of 22.0% resulted from strong demand globally as companies continue to invest in factory automation. In the consumer electronics market, our organic net sales growth of 19.1% in fiscal 2006 over fiscal 2005 was attributable to continued strong consumer demand as well as our continued increased focus on this market. Our organic net sales growth of 5.0% in the automotive market resulted from strong growth in Asia-Pacific of 8.5% offset by flat sales in EMEA and the Americas. In the aerospace and defense market, our organic net sales growth slowed to 3.1% in fiscal 2006 due to a slowdown in defense electronics spending in the programs in which we participate, offset by increased sales related to commercial aircraft builds.

Electronic Components' operating income increased \$6 million to \$1,404 million in fiscal 2006 from \$1,398 million in fiscal 2005. Benefits from increased sales volume and cost improvement initiatives were offset by price erosion and increased raw material prices in

fiscal 2006. Increased raw material costs negatively affected margins by \$261 million in fiscal 2006 as compared to fiscal 2005. Also, the adoption of Statement of Financial Accounting Standards, or SFAS, No. 123R negatively affected fiscal 2006 results by \$33 million. Finally, the weakening of certain foreign currencies negatively impacted fiscal 2006 results by \$19 million as compared to fiscal 2005.

Fiscal 2005 Compared to Fiscal 2004

Electronic Components net sales increased \$537 million, or 6.5%, to \$8,757 million in fiscal 2005 from \$8,220 million in fiscal 2004. Approximately \$233 million, or 2.8%, of the increase was due to the strengthening of certain foreign currencies, primarily the euro. Organic net sales growth of 3.7% in fiscal 2005 was attributable to increases in volume partially offset by price erosion.

In fiscal 2005, Electronic Components' organic net sales growth by industry end market was strongest in the aerospace and defense, communication equipment, and consumer electronics markets where we achieved double digit organic net sales growth over fiscal 2004. In the aerospace and defense market, our organic growth of 14.2% in fiscal 2005 over fiscal 2004 was driven by increased aircraft builds as well as strong defense spending in military electronics. In the communication equipment market, our organic growth increase of 17.6% in fiscal 2005 over fiscal 2004 was driven primarily by mobile phone demand and our increased penetration into this market. Our organic net sales to the mobile phone market in fiscal 2005 increased by 41.6% over fiscal 2004. We experienced 9.9% organic growth in fiscal 2005 over fiscal 2004 in the remaining communication equipment market. In the consumer electronics market, our organic growth of 10.0% in fiscal 2005 over fiscal 2004 was driven by our increased penetration of this market as well as strong consumer demand. We experienced modest organic growth in fiscal 2005 in certain of our larger end markets such as automotive and computer. Our organic net sales growth of 2.9% in the automotive market in fiscal 2005 was attributable entirely to Asia-Pacific, as EMEA and Americas car production was relatively flat as compared to fiscal 2004. In the computer market, slow end-customer demand was the driver of our 3.3% organic growth.

Operating income in Electronic Components decreased \$69 million, or 4.7%, in fiscal 2005 to \$1,398 million from \$1,467 million in fiscal 2004. Operating income benefited in fiscal 2005 by \$45 million due to certain strengthening currencies. Negatively affecting fiscal 2005 results was \$84 million of increased raw material costs, driven primarily by increased copper and gold prices. Also negatively affecting margins in fiscal 2005 were lower plant volumes in the Americas and EMEA, as a result of the low and negative organic net sales growth, respectively, in these regions in fiscal 2005. The overall net sales increase and cost improvement initiatives benefited earnings but was not enough to offset the price erosion, raw material price increases, and lower plant volumes.

Network Solutions

	Fiscal		
	2006	2005	2004
	(\$ in millions)		
Net sales	\$ 1,740	\$ 1,526	\$ 1,324
Income from operations	\$ 268	\$ 225	\$ 168
Operating margin	15.4%	14.7%	12.7%

The following table sets forth Network Solutions' percentage of total net sales by primary industry end market:

	Fiscal		
	2006	2005	2004
Power Utility	47%	49%	49%
Communication Service Provider	31	30	28
Building Networks	22	21	23
Total	100%	100%	100%

The following table provides an analysis of the change in Network Solutions' net sales compared to the prior fiscal year by primary industry end market:

	Fiscal															
	2006						2005									
	Change in Net Sales versus Prior Fiscal Year						Change in Net Sales versus Prior Fiscal Year									
	Organic ⁽¹⁾		Translation ⁽²⁾		Total		Organic ⁽¹⁾		Translation ⁽²⁾		Total					
(\$ in millions)																
Power Utility	\$	74	9.7%	\$	(14)	\$	60	7.9%	\$	73	11.1%	\$	25	\$	98	14.9%
Communication Service Provider		100	22.3		(7)		93	20.6		71	19.5		13		84	22.9
Building Networks		64	19.9		(3)		61	19.1		11	3.8		9		20	6.7
Total	\$	238	15.6%	\$	(24)	\$	214	14.0%	\$	155	11.7%	\$	47	\$	202	15.3%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, and the impact of changes in foreign currency exchange rates.

(2) Represents the percentage change in net sales resulting from changes in foreign currency exchange rates.

Fiscal 2006 Compared to Fiscal 2005

Network Solutions' net sales increased \$214 million, or 14.0%, to \$1,740 million in fiscal 2006 from \$1,526 million in fiscal 2005. Organic net sales growth of \$238 million, or 15.6%, in fiscal 2006 over fiscal 2005, resulted primarily from increases in volume. Organic net sales growth was partially offset by \$24 million, or 1.6%, of unfavorable changes in foreign currency exchange rates. The impact of price erosion on fiscal 2006 net sales was minimal as a result of our pricing actions to recover material cost increases.

In fiscal 2006, Network Solutions' organic net sales growth was strong across the power utility, communication service provider, and building networks industry end markets. In the power utility market, our organic net sales growth of 9.7% in fiscal 2006 over fiscal 2005 was due primarily to the continued increased spending on grid infrastructure improvements, as well as the build-out of the grid infrastructure in emerging markets. Our organic growth of 22.3% in the communication service provider market in fiscal 2006 over fiscal 2005 was driven by the continued build-out by certain operators in Europe and the United States of fiber networks and, to a lesser extent, sales that were driven by the rebuilding required in the United States resulting from hurricane activity. In the building networks market, our organic growth of 19.9% in fiscal 2006 over fiscal 2005 resulted from increased non-residential construction spending, increased spending to upgrade networks in existing buildings, and increased pricing to offset increased raw material costs.

Network Solutions' operating income increased \$43 million, or 19.1%, to \$268 million in fiscal 2006 from \$225 million in fiscal 2005. The improvement was driven by the net sales growth of 14.0% in fiscal 2006 over fiscal 2005. The benefits of pricing actions and cost improvement initiatives were partially offset by increased raw material costs, primarily metals, of \$28 million in fiscal 2006 and the \$4 million negative impact related to the adoption of SFAS No. 123R in fiscal 2006.

Fiscal 2005 Compared to Fiscal 2004

Network Solutions' net sales increased \$202 million, or 15.3%, to \$1,526 million in fiscal 2005 from \$1,324 million in fiscal 2004. Approximately \$47 million, or 3.6%, of the increase was due to the strengthening of certain foreign currencies, primarily the euro. Organic net sales growth of \$155 million, an increase of 11.7% over fiscal 2004, resulted from increases in volume partially offset by price erosion.

Network Solutions' organic net sales growth in fiscal 2005 was driven by strong demand in both the communication service provider and power utility end markets as a result of increased investment by the operators within their networks. Our organic net sales growth in the communication service

provider market in fiscal 2005 over fiscal 2004 was driven by fiber optic build-out in the United States as well as Europe. In the power utility market, we continued to see strong investment in emerging markets in fiscal 2005 as well as increased investment in developed countries.

Network Solutions' operating income increased by \$57 million, or 33.9%, to \$225 million in fiscal 2005 from \$168 million in fiscal 2004. Approximately \$9 million of the increase in operating income was due to the strengthening of foreign currencies. The 15.3% net sales growth in Network Solutions in fiscal 2005 over fiscal 2004 drove the operating income increase, as cost improvement initiatives in fiscal 2005 offset price erosion and the \$10 million of increased raw material cost, primarily metals, over fiscal 2004.

Wireless Systems

	Fiscal		
	2006	2005	2004
	(\$ in millions)		
Net sales	\$ 874	\$ 871	\$ 835
(Loss) income from operations	\$ (239)	\$ 92	\$ 62
Operating margin	(27.3)%	10.6%	7.4%

Fiscal 2006 Compared to Fiscal 2005

Wireless Systems' net sales increased \$3 million to \$874 million in fiscal 2006 from \$871 million in fiscal 2005. Organic net sales were flat in fiscal 2006, as increases in volume were offset by price erosion. The impact of foreign currency translation was minimal. The flat organic net sales were driven by both our radio frequency components business and our land mobile radio business. The radio frequency components sales performance was affected by sales declines to the aerospace and defense and automotive markets as a result of programs coming to an end offset by increased sales to the communication infrastructure market. In land mobile radio, the sales level was influenced by a slowdown in United States federal programs in fiscal 2006 as compared to fiscal 2005.

Wireless Systems' operating income decreased \$331 million to an operating loss of \$239 million in fiscal 2006 from operating income of \$92 million in fiscal 2005. As discussed above, during fiscal 2006, we recorded a goodwill impairment of \$316 million in our Wireless Systems segment for the Integrated Wireless Products reporting unit which manufactures and sells our radio frequency components. Wireless Systems' fiscal 2006 operating income was also negatively impacted by \$2 million related to the adoption of SFAS No. 123R in fiscal 2006.

Fiscal 2005 Compared to Fiscal 2004

Wireless Systems' net sales increased \$36 million, or 4.3%, to \$871 million in fiscal 2005 from \$835 million in fiscal 2004. Approximately \$3 million of the increase was due to the strengthening of certain foreign currencies. On an organic basis, net sales increased by \$33 million, or approximately 4.0%, in fiscal 2005 over fiscal 2004. The organic net sales growth in fiscal 2005 was driven by land mobile radio products and systems which grew 17.7% on an organic basis over fiscal 2004. Our organic net sales growth in land mobile radio during fiscal 2005 was driven by United States federal programs which benefited from increased focus on Homeland Security, offset in part by a decrease of 4.8% in net sales in radio frequency component products sold primarily into the communication equipment and automotive markets.

Operating income in Wireless Systems increased \$30 million, or 48.4%, in fiscal 2005 to \$92 million from \$62 million in fiscal 2004. The increase in operating income in fiscal 2005 over fiscal 2004 was due to the strong sales growth experienced in the land mobile radio area and higher margin mix in those sales. Also benefiting operating income were cost improvement initiatives which more than offset the impact of price erosion.

Other

	Fiscal		
	2006	2005	2004
	(\$ in millions)		
Net sales	\$ 812	\$ 736	\$ 720
(Loss) income from operations	\$ (24)	\$ 255	\$ (78)
Operating margin	(3.0)%	34.6%	(10.8)%

Fiscal 2006 Compared to Fiscal 2005

Net sales in the Other segment increased \$76 million, or 10.3%, to \$812 million in fiscal 2006 from \$736 million in fiscal 2005. On an organic basis, net sales increased by 15.6%. Price erosion was more than offset by organic net sales growth increases of 17.4% in our Undersea Telecommunication Systems business and 15.0% in our Power Systems business. In the Undersea Telecommunication Systems business, growth was driven by the continued increase in the number of regional systems builds and upgrades of existing systems. In Power Systems, the organic growth was driven by strong demand in the communication service provider market as a result of operators' investments into networks. The weakening of certain foreign currencies negatively affected net sales by approximately \$10 million. Fiscal 2006 net sales were negatively affected by the fiscal 2005 divestiture of the Tyco Global Network, which reported fiscal 2005 net sales of approximately \$29 million.

The Other segment had an operating loss of \$24 million in fiscal 2006 compared to operating income of \$255 million in fiscal 2005. In fiscal 2005, operating income benefited from the \$301 million gain on the sale of the Tyco Global Network. The Tyco Global Network had operating income of \$246 million in fiscal 2005, including the \$301 million gain on sale. Higher raw material costs, primarily metals, negatively affected fiscal 2006 operating income by \$14 million. Also, the adoption of SFAS No. 123R negatively affected fiscal 2006 operating income by \$1 million.

Fiscal 2005 Compared to Fiscal 2004

The Other segment's net sales for fiscal 2005 increased \$16 million, or 2.2%, to \$736 million from \$720 million in fiscal 2004. Approximately \$8 million of the increase was due to the strengthening of foreign currencies. The remaining sales growth in fiscal 2005 was due to organic growth in our Undersea Telecommunication Systems business by 23.8%, partially offset by a decline in our Power Systems business by approximately 10.1%. The organic growth in the Undersea Telecommunication Systems business was driven by an increase in the number of regional undersea system builds as well as an upgrade of existing systems in fiscal 2005 as compared to fiscal 2004.

Operating income in the Other segment increased to \$255 million in fiscal 2005 compared to an operating loss of \$78 million in fiscal 2004. As discussed above, the operating income of \$255 million in fiscal 2005 included the \$301 million gain recorded on the sale of the Tyco Global Network that was completed in fiscal 2005. The operating income (loss) of the Tyco Global Network was \$246 million of income in fiscal 2005, including the \$301 million gain on sale, and \$78 million of loss in fiscal 2004.

Non-Operating Items

Interest Expense, Net

Interest expense, net was \$208 million in fiscal 2006, as compared to \$250 million in fiscal 2005 and \$311 million in fiscal 2004. The decrease of \$42 million, or 16.8%, in fiscal 2006 from fiscal 2005 was driven by lower average debt levels offset by higher borrowing rates. The decrease of \$61 million, or 19.6%, in fiscal 2005 from fiscal 2004 resulted from lower average debt levels.

A portion of Tyco International's consolidated debt and related net interest expense were allocated to us in all periods presented. During fiscal 2006, fiscal 2005, and fiscal 2004, we were allocated net interest expense of \$201 million, \$239 million, and \$270 million, respectively, which includes the effects of Tyco International's interest rate swaps. Management believes the interest expense allocation basis is

reasonable. However, these amounts may not be indicative of the actual amounts that we would have incurred had we been operating as an independent, publicly-traded company for the periods presented. Interest expense could differ from that presented for various reasons including that the business may incur indebtedness with interest rates higher or lower than those of Tyco International and that we may ultimately have a different capital structure from the structure presented in these Combined Financial Statements. For more information on our financing activities, see "Liquidity and Capital Resources."

Other Expense, Net

Other expense, net of \$365 million in fiscal 2005 consisted primarily of an expense allocation from Tyco International related to our portion of Tyco International's loss on retirement of debt. In fiscal 2004, other expense, net of \$102 million consisted of \$64 million of allocated expense related to Tyco International's loss on retirement of debt and a \$38 million loss on retirement of our external debt.

Income Taxes

Our effective income tax rate was 2.7%, 26.6%, and 33.6% for fiscal 2006, fiscal 2005, and fiscal 2004, respectively. The decrease in the effective tax rate in fiscal 2006 compared to fiscal 2005 was primarily the result of a net release of \$268 million of deferred tax asset valuation allowances in connection with improved profitability in certain jurisdictions, principally the U.S. Our U.S. results of operations in fiscal 2006 combined with other available evidence, including projections of future taxable income, indicate that it is more likely than not we will realize additional deferred tax assets in the future and accordingly the related valuation allowance was reduced. In addition to the valuation allowance release, the decrease in the effective tax rate was due to a \$42 million state tax benefit recognized in fiscal 2006, primarily related to the Tyco Global Network divestiture, compared to a state tax expense recognized in fiscal 2005, as well as \$87 million of tax benefits associated with the receipt of a favorable non-U.S. tax ruling permitting the deduction of historical debt retirement costs. These decreases are partially offset by a \$71 million detriment related to the impact of the goodwill impairment in the Wireless Systems segment for which a tax benefit was not fully realized. The decrease in the effective tax rate in fiscal 2005 compared to fiscal 2004 is primarily the result of releases of \$129 million of deferred tax asset valuation allowances and \$105 million of benefits recognized related to the Tyco Global Network divestiture, principally in the U.S.

The valuation allowance for deferred tax assets of \$611 million and \$873 million at fiscal year end 2006 and 2005, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss and credit carryforwards in various jurisdictions. We believe that we will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets on our Combined Balance Sheets. The valuation allowance was calculated in accordance with the provisions of SFAS No. 109, "*Accounting for Income Taxes*" which requires a valuation allowance to be established or maintained when it is "more likely than not" that all or a portion of deferred tax assets will not be realized.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize potential liabilities and record tax liabilities and related interest for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. These tax liabilities and related interest are reflected net of the impact of related tax loss carryforwards, as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon eventual settlement with the tax authorities. We adjust these liabilities in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities and related interest. Further, management has reviewed with tax counsel the issues raised by these taxing authorities and the adequacy of these recorded amounts. Substantially all of these potential tax liabilities and related

interest are recorded in other liabilities on the Combined Balance Sheets as payment is not expected within one year.

Our income tax returns are examined periodically by various tax authorities. In connection with such examinations, tax authorities, including the U.S. Internal Revenue Service, have raised issues and proposed tax adjustments. We are reviewing and contesting certain of the proposed tax adjustments. Amounts related to these tax adjustments and other tax contingencies that management has assessed as probable and estimable have been recorded. While the timing and ultimate resolution of these matters is uncertain, we anticipate that certain of these matters could be resolved during fiscal 2007.

The U.S. Internal Revenue Service, or IRS, continues to audit the 1997 through 2000 fiscal years. In fiscal 2004, Tyco International submitted to the IRS proposed adjustments to these prior period U.S. federal income tax returns, resulting in a reduction in the taxable income previously filed. During fiscal 2006, the IRS accepted substantially all of the proposed adjustments. Also during fiscal 2006, Tyco International developed proposed amendments to U.S. federal income tax returns for additional periods through fiscal 2002. On the basis of the previously accepted amendments, we have determined that acceptance of these adjustments is probable and accordingly, have recorded them, as well as the impacts of the adjustments accepted by the IRS, in the Combined Financial Statements. These adjustments resulted in a \$205 million net decrease in deferred income tax assets and a \$205 million decrease in other liabilities in fiscal 2006. Such adjustments did not have a material impact on our results of operations or cash flows.

Tyco International has yet to complete proposed amendments to its U.S. federal income tax returns for periods subsequent to fiscal 2002, which will primarily reflect the roll forward through fiscal 2006 of the amendments for the 1997 to 2002 fiscal periods. When our tax return positions are updated, additional adjustments may be identified and recorded in the Combined Financial Statements. While the final adjustments cannot be determined until the income tax return amendment process is completed, we believe that any resulting adjustments will not have a material impact on our financial condition, results of operations, or cash flows.

Except for earnings that are currently distributed, no additional provision has been made for U.S. or non-U.S. income taxes on the undistributed earnings of subsidiaries or for unrecognized deferred tax liabilities for temporary differences related to investments in subsidiaries, as such earnings are expected to be permanently reinvested, the investments are essentially permanent in duration, or we have concluded that no additional tax liability will arise as a result of distribution of such earnings. A liability could arise if our intentions to permanently reinvest such earnings were to change and amounts were distributed by such subsidiaries or if such subsidiaries are ultimately disposed. It is not practicable to estimate the additional income taxes related to permanently reinvested earnings or the basis differences related to investments in subsidiaries.

Income (Loss) from Discontinued Operations, Net of Income Taxes

Income from discontinued operations was \$38 million in fiscal 2006 and \$143 million in fiscal 2005, which reflects the operating results of the Printed Circuit Board business that was approved for sale in fiscal 2006. During the fourth quarter of fiscal 2006, we entered into a definitive agreement to divest our Printed Circuit Group business for \$226 million in cash. This transaction was completed subsequent to fiscal year end 2006 and a pre-tax gain on sale of \$45 million was recognized in the first quarter of fiscal 2007. In fiscal 2004, loss from discontinued operation was \$29 million, primarily due to a loss on the sale of our electrical contracting services business. See Note 4 to our Annual Combined Financial Statements.

Cumulative Effect of Accounting Change

During fiscal 2006, we adopted FIN 47, "*Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB No. 143.*" Accordingly, we have recognized asset retirement obligations of \$16 million and property, plant, and equipment, net of \$4 million in our Annual Combined Financial

Statements at year end fiscal 2006. In addition, we recorded a cumulative effect of accounting change which resulted in an \$8 million after-tax, \$12 million pre-tax, loss. See Note 2 to our Annual Combined Financial Statements for more information on FIN 47.

During fiscal 2005, Tyco International changed the measurement date for its pension and postretirement benefit plans from September 30 to August 31, effective October 1, 2004. Tyco International and the Company believe that the one-month change of measurement date is a preferable change as it allows management adequate time to evaluate and report the actuarial information in our Combined Financial Statements under the accelerated reporting deadlines. As a result of this change, we recorded an \$11 million after-tax, \$13 million pre-tax, gain cumulative effect of accounting change in fiscal 2005. See Note 14 to our Annual Combined Financial Statements for more information on retirement plans.

Change in Fiscal Year and Reporting Calendar Alignment

Effective October 1, 2004, we changed our fiscal year end from a calendar fiscal year ending September 30 to a "52-53 week" year ending on the last Friday of September, so that each quarterly period would be 13 weeks in length. For fiscal years in which there are 53 weeks, the fourth quarter reporting period will be 14 weeks, with the first such occurrence taking place in fiscal 2011. The impact of this change was not material to the Combined Financial Statements. Net income for the transition period related to this change was \$21 million after-tax, \$29 million pre-tax, and was reported within Parent Company Investment.

Critical Accounting Policies and Estimates

The preparation of the Combined Financial Statements in conformity with GAAP requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Our significant accounting policies are summarized in Note 2 to our Annual Combined Financial Statements. The following noted accounting policies are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. Management's estimates are based on the relevant information available at the end of each period.

Revenue Recognition

Our revenue recognition policies are in accordance with Staff Accounting Bulletin, or SAB, No. 101 "*Revenue Recognition in Financial Statements*" and SAB No. 104 "*Revenue Recognition*," as issued by the Securities and Exchange Commission and other applicable guidance.

Our revenues are generated principally from the sale of our products. Revenue from the sales of products is recognized at the time title and the risks and rewards of ownership pass. This time is generally when the products reach the free-on-board shipping point, the sales price is fixed and determinable, and collection is reasonably assured. For those items where title has not yet transferred, we have deferred the recognition of revenue. A reserve for estimated returns is established at the time of sale based on historical return experience and is recorded as a reduction of sales. Other allowances include customer quantity and price discrepancies. A reserve for other allowances is established at the time of sale based on historical experience and is recorded as a reduction of sales.

Contract sales for construction related projects are recorded primarily on the percentage-of-completion method. Profits recognized on contracts in process are based upon estimated contract revenue and related cost to completion. Cost to completion is measured based on the ratio of actual cost incurred to total estimated cost. Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the current period. Provisions for anticipated losses are made in the period in which they first become determinable. Contract sales for construction related projects are generated primarily within our Wireless Systems and Other segments.

Inventories

Inventories are stated at the lower of cost or market value. Provisions for slow moving and obsolete inventory are made based upon product demand and historical experience. Should future product demand change, existing inventory could become slow moving or obsolete and provisions would be increased accordingly.

Goodwill and Other Intangible Assets

Intangible assets acquired include both those that have a determinable life and residual goodwill. Intangible assets with a determinable life include primarily intellectual property consisting of patents, trademarks, and unpatented technology with estimates of recoverability ranging from 3 to 50 years that are amortized accordingly on a straight-line basis. An evaluation of the remaining useful life of intangibles with a determinable life is performed on a periodic basis when events and circumstances warrant an evaluation. We assess intangible assets with a determinable life for impairment consistent with our policy for assessing other long-lived assets. Goodwill is assessed for impairment separately from other intangible assets with a determinable life by comparing the carrying value of each reporting unit to its fair value on the first day of the fourth quarter of each year or whenever we believe a triggering event requiring a more frequent assessment has occurred. In making this assessment, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, transactions, and market place data. There are inherent uncertainties related to these factors, and management's judgment in applying them to the analysis of goodwill impairment. Since management's judgment is involved in performing goodwill valuation analyses, there is risk that the carrying value of our goodwill may be overstated or understated.

When testing for goodwill impairment, we follow the guidance prescribed in SFAS No. 142, "*Goodwill and Other Intangible Assets*." First, we perform a step I goodwill impairment test to identify a potential impairment. In doing so, we compare the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, goodwill may be impaired and a step II goodwill impairment test is performed to measure the amount of any impairment loss. In the step II goodwill impairment test, we compare the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner that the amount of goodwill recognized in a business combination is determined. We allocate the fair value of a reporting unit to all of the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

Estimates about fair value used in the step I goodwill impairment tests have been calculated using an income approach based on the present value of future cash flows of each reporting unit. This approach incorporates many assumptions including future growth rates, discount factors, and income tax rates. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairments in future periods.

Income Taxes

In determining income for financial statement purposes, we must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain of the deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenue and expense.

In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence including our past operating results, the existence of cumulative losses in the most

recent years, and our forecast of future taxable income. In estimating future taxable income, we develop assumptions including the amount of future state, federal, and international pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses.

We currently have recorded significant valuation allowances that we intend to maintain until it is more likely than not the deferred tax assets will be realized. Our income tax expense recorded in the future will be reduced to the extent of decreases in our valuation allowances. The realization of our remaining deferred tax assets is primarily dependent on future taxable income in the appropriate jurisdiction. Any reduction in future taxable income including any future restructuring activities may require that we record an additional valuation allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in such period and could have a significant impact on our future earnings. If a change in a valuation allowance occurs, which was established in connection with an acquisition, the adjustment of such allowance may affect goodwill rather than the income tax provision.

Changes in tax laws and rates also could affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on our results of operations, cash flows, or financial position.

In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize potential liabilities and record tax liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. These tax liabilities are reflected net of the impact of related tax loss carryforwards, as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon the eventual settlement with the tax authorities. We adjust these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. If our estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary. If the tax liabilities relate to tax uncertainties existing at the date of the acquisition of a business, the adjustment of such tax liabilities will result in an adjustment to the goodwill recorded at the date of acquisition.

Pension and Postretirement Benefit

Our pension expense and obligations are developed from actuarial valuations. Two critical assumptions in determining pension expense and obligations are the discount rate and expected long-term return on plan assets. We evaluate these assumptions at least annually. Other assumptions reflect demographic factors such as retirement, mortality, and turnover and are evaluated periodically and updated to reflect our actual experience. Actual results may differ from actuarial assumptions. The discount rate represents the market rate for high-quality fixed income investments and is used to calculate the present value of the expected future cash flows for benefit obligations to be paid under our pension plans. A decrease in the discount rate increases the present value of pension benefit obligations. A 25 basis point decrease in the discount rate would increase our present value of pension obligations by approximately \$100 million. We consider the current and expected asset allocations of our pension plans, as well as historical and expected long-term rates of return on those types of plan assets, in determining the expected long-term rate of return on plan assets. A 50 basis point decrease in

the expected long-term return on plan assets would increase our pension expense by approximately \$10 million.

Liquidity and Capital Resources

The following table summarizes the sources of our cash flow from operating activities and the use of a portion of that cash in our operations for the quarters ended December 29, 2006 and December 30, 2005 and fiscal 2006, fiscal 2005, and fiscal 2004:

	For the Quarters Ended		Fiscal		
	December 29,	December 30,			
	2006	2005	2006	2005	2004
	(in millions)				
Income from operations	\$ 381	\$ 372	\$ 1,409	\$ 1,970	\$ 1,619
Non-cash restructuring and other credits, net	–	–	–	(16)	(35)
Gain on divestiture	–	–	–	(301)	–
Depreciation and amortization	139	128	531	542	513
Goodwill impairment	–	–	316	–	–
Deferred income taxes	21	20	(62)	(70)	127
Provisions for losses on accounts receivable and inventory	33	20	73	82	55
Other, net	(1)	1	3	7	6
Changes in assets and liabilities	(212)	(20)	(360)	(80)	(351)
Interest income	15	13	48	44	33
Interest expense	(60)	(68)	(256)	(294)	(344)
Income tax expenses	(103)	(86)	(32)	(360)	(405)
Net cash from operating activities	\$ 213	\$ 380	\$ 1,670	\$ 1,524	\$ 1,218
Other cash flow items:					
Capital expenditures	\$ (453)	\$ (103)	\$ (560)	\$ (481)	\$ (410)
Divestiture of businesses	227	–	–	130	25

Quarters Ended December 29, 2006 and December 30, 2005

Net cash from operating activities in the first quarter of fiscal 2007 was \$213 million compared to \$380 million in the first quarter of fiscal 2006. The decrease from the first quarter of fiscal 2006 resulted primarily from the net change in assets and liabilities which reduced operating cash flow by \$212 million in the first quarter of fiscal 2007 as compared to \$20 million in fiscal 2006. The significant changes in assets and liabilities included a \$137 million decrease in accrued and other current liabilities during the first quarter of fiscal 2007, primarily related to the payout of the increased level of cash based incentive compensation related to fiscal 2006 performance, and increased inventory levels.

Capital expenditures increased \$350 million in the first quarter of fiscal 2007 to \$453 million as compared to \$103 million in the first quarter of fiscal 2006. During the first quarter of fiscal 2007, we exercised our option to buy five cable laying sea vessels that were previously leased to us and used by the Other segment at a cost of \$280 million, which was reflected as a capital expenditure. The remaining higher level of capital spending in the first quarter of fiscal 2007 was to support the higher level of sales activities in fiscal 2007.

In the first quarter of fiscal 2007, we received \$227 million in net cash proceeds related to the sale of the Printed Circuit Group business.

The amount of income taxes paid, net of refunds, during the first quarter of fiscal 2007 was \$76 million.

Fiscal 2006, Fiscal 2005, and Fiscal 2004

Net cash from operating activities in fiscal 2006 was \$1,670 million compared to \$1,524 million in fiscal 2005. The increase over fiscal 2005 resulted from a lower level of primary working capital investment in fiscal 2006 as compared to fiscal 2005.

Capital expenditures increased \$79 million in fiscal 2006 to \$560 million as compared to \$481 million in fiscal 2005. The higher level of capital spending in fiscal 2006 was to support the higher level of sales activities in fiscal 2006. We expect that we will continue to spend approximately 4% to 5% of net sales each year to support new programs and to invest in machinery and our manufacturing facilities to further enhance productivity and manufacturing capabilities. In addition to the 4% to 5% annual capital spending, subsequent to the end of fiscal 2006, we exercised our option to buy five cable laying sea vessels that are used by the Other segment at a cost of \$280 million. These vessels previously were leased to us. For further details, see Note 23 to our Annual Combined Financial Statements.

In fiscal 2005, we received \$130 million of proceeds related to the sale of the Tyco Global Network.

The amount of income taxes paid, net of refunds, during fiscal 2006 was \$277 million.

The amount of pension and postretirement benefit contributions reflected in fiscal 2006, fiscal 2005, and fiscal 2004 was \$69 million, \$81 million, and \$291 million, respectively. These amounts include voluntary pension contributions of \$24 million in fiscal 2005 and \$230 million in fiscal 2004. We anticipate pension contributions to be \$50 million to \$70 million per year on an ongoing basis before consideration of voluntary contributions.

In October 2006, the sale of the Printed Circuit Group business closed and \$227 million of net cash proceeds were received.

Liquidity

Total debt at December 29, 2006 was \$3,683 million of which \$3,529 million was due to Tyco International Ltd. and its affiliates. At fiscal year end 2006 and 2005, total debt was \$3,662 million and \$4,511 million, respectively, of which \$3,510 million and \$4,241 million, respectively, is due to Tyco International Ltd. and its affiliates. Due to Tyco International Ltd. and affiliates represents the portion of Tyco International's consolidated debt that has been proportionately allocated to us based on the amount that management believes we used historically including amounts directly incurred. We believe the debt allocation basis is reasonable based on our historical financing needs. However, these amounts may not be indicative of the actual amounts that we would have incurred had we been operating as an independent, publicly-traded company nor do these amounts represent actual indebtedness owed to Tyco International.

We intend to negotiate and sign new bank credit facilities and may issue public debt prior to the separation. The new debt amounts and its terms will differ from that presented herein. We will describe the terms of these new credit facilities and any public debt once we have negotiated the terms with the lenders under the bank facilities and the underwriters for any public debt.

Our ability to fund our capital needs will be affected by our ongoing ability to generate cash from operations, the overall capacity and terms of our financing arrangements as discussed above, that we are and will be negotiating and access to the equity markets. Given the volatility in the financial markets, we continue to monitor the markets closely and take steps to maintain financial flexibility and an appropriate capital structure.

On September 19, 2005, we were awarded the contract to build and operate the statewide private radio system for the State of New York. Under the contractual terms, this is a 20-year contract that requires us to build the network and lease it to the State. As we are required to build the network, over the next five years we will need to invest approximately \$500 to \$550 million. As of December 29, 2006 and September 29, 2006, we have invested \$12 million and \$8 million, respectively, primarily consisting of inventory. We expect that in fiscal 2007 the investment required will be \$50 to \$75 million and will be funded by cash flow generated from operations.

Following the distribution, we expect that initially we will pay approximately \$280 million per fiscal year in dividends to holders of our common shares. The timing, declaration, and payment of future dividends to holders of our common shares, however, falls within the discretion of our board of directors and will depend upon many factors, including the statutory requirements of Bermuda law, our financial condition and earnings, the capital requirements of our businesses, industry practice, and any factors the board of directors deems relevant.

Commitments and Contingencies

The following table provides a summary of our contractual obligations and commitments for debt, minimum lease payments obligations under non-cancelable leases, and other obligations at fiscal year end 2006.

	Payments due by fiscal year						There- after
	Total	2007	2008	2009	2010	2011	
	(in millions)						
External debt ⁽¹⁾	\$ 152	\$ 7	\$ 1	\$ 87	\$ 1	\$ 1	\$ 55
Operating leases	544	113	87	66	52	42	184
Purchase obligations ⁽²⁾	41	41	-	-	-	-	-
Total contractual cash obligations ⁽³⁾	\$ 737	\$ 161	\$ 88	\$ 153	\$ 53	\$ 43	\$ 239

- (1) Excludes interest and \$3,510 million of debt allocated to us by Tyco International. During the first quarter of fiscal 2007, amounts due to Tyco International increased to \$3,529 million.
- (2) Purchase obligations consist of commitments for purchases of goods and services.
- (3) Total contractual cash obligations in the table above exclude pension and postretirement benefit obligations and other long-term liabilities.

We have pension and postretirement benefit obligations to certain employees and former employees. We are obligated to make contributions to our pension plans and postretirement benefit plans; however, we are unable to determine the amount of plan contributions due to the inherent uncertainties of obligations of this type, including timing, interest rate charges, investment performance, and amounts of benefit payments. We expect to contribute \$64 million to pension and postretirement benefit plans in fiscal 2007 and \$50 million to \$70 million per year on an ongoing basis, before consideration of voluntary contributions. During the first quarter of fiscal 2007, we made contributions to our pension and postretirement plans of \$16 million. These plans and our estimates of future contributions and benefit payments are more fully described in Note 9 to the Interim Combined Financial Statements and Note 14 to the Annual Combined Financial Statements.

Other long-term liabilities primarily consists of tax liabilities. We are unable to estimate the timing of payment for these items.

Long-term debt obligations above reflect our historical debt level, which is not representative of the debt repayments that will be due under our anticipated indebtedness of \$ billion. We will describe the terms of these new credit facilities and any public debt once we have negotiated the terms with the lenders under the bank facility and the underwriters for any public debt.

At September 29, 2006, we have outstanding letters of credit and letters of guarantee in the amount of \$198 million.

At December 29, 2006 and September 29, 2006, we have a contingent purchase price commitment of \$80 million related to the 2001 acquisition of Com-Net. This represents the maximum amount payable to the former shareholders of Com-Net only after the construction and installation of a communications system for the State of Florida is finished and the State has approved the system based on the guidelines set forth in the contract. A liability for this contingency has not been recorded in our Combined Financial Statements as the outcome of this contingency cannot be reasonably determined.

Off-Balance Sheet Arrangements

Certain of our segments have guaranteed the performance of third-parties and provided financial guarantees for uncompleted work and financial commitments. The terms of these guarantees vary with end dates ranging from fiscal 2007 through the completion of such transactions. The guarantees would be triggered in the event of nonperformance and the potential exposure for nonperformance under the guarantees would not have a material effect on our financial position, results of operations, or cash flows.

In disposing of assets or businesses, we often provide representations, warranties, and indemnities to cover various risks including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. We do not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, we have no reason to believe that these uncertainties would have a material adverse effect on our financial position, results of operations, or cash flows.

We have recorded liabilities for known indemnifications included as part of environmental liabilities. See Note 10 to the Interim Combined Financial Statements and Note 15 to our Annual Combined Financial Statements for a discussion of these liabilities.

At September 29, 2006, we had an off-balance sheet leasing arrangement for five cable laying sea vessels. Upon expiration of this lease in October 2006, we exercised our right to buy these vessels for \$280 million and, accordingly, the residual guarantee of \$54 million was settled. See Notes 12 and 23 to the Annual Combined Financial Statements.

In the normal course of business, we are liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect our financial position, results of operations, or cash flows.

We expect that there will be certain guarantees or indemnifications extended between Tyco, Tyco Electronics, and Covidien in accordance with the terms of the Separation and Distribution Agreement and/or Tax Sharing Agreement when finalized. These guarantees are required to be recorded at their fair value at the time of separation in accordance with FIN 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Other.*" Fair values will be determined with the assistance of a third party valuation firm and may result in recorded amounts in excess of those amounts historically recorded by Tyco International. For Tyco Electronics, the guarantees and indemnifications primarily relate to certain contingent litigation liabilities and contingent tax liabilities. These guarantees and indemnifications will be reflected as pro forma adjustments, as appropriate, when the terms and fair values are known.

We record estimated product warranty costs at the time of sale. For further information on estimated product warranty, see Note 8 to the Interim Combined Financial Statements and Notes 2 and 12 to the Annual Combined Financial Statements.

Legal Matters

In the ordinary course of business, we are subject to various legal proceedings and claims, including patent infringement claims, antitrust claims, product liability matters, environmental matters, employment disputes, disputes on agreements, and other commercial disputes. Management believes that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these proceedings, based upon our experience, current information and applicable law, we do not expect that these proceedings will have a material adverse effect on our financial position. However, one or more of the proceedings could have a material adverse effect on our results of operations for a future period. Note 10 to our Interim Combined Financial Statements provides further information regarding legal proceedings.

Prior to the announcement of the planned separation, Tyco International and certain former directors and officers were named as defendants in several lawsuits relating to securities class action, shareholder lawsuits, and Employee Retirement Income Security Act related litigation. As a part of the Separation and Distribution Agreement, any existing or potential liabilities related to this outstanding litigation will be allocated among Tyco International, Covidien, and us. We will be responsible for 31% of potential liabilities that may arise upon the settlement of the pending litigation. If Tyco International or Covidien were to default on their obligation to pay their allocated share of these liabilities, however, we would be required to pay additional amounts. See "Relationship with Tyco International and Covidien—Separation and Distribution Agreement—Legal Matters" for a further discussion of our obligations with respect to these liabilities.

Backlog

At December 29, 2006, we had a backlog of unfilled orders of \$3.1 billion, compared to a backlog of \$2.7 billion and \$2.5 million at September 29, 2006 and September 30, 2005, respectively. Backlog by reportable segment at fiscal year end is as follows:

	December 29, 2006	September 29, 2006	September 30, 2005
	(in millions)		
Electronic Components	\$ 1,572	\$ 1,513	\$ 1,308
Network Solutions	239	249	221
Wireless Systems	500	512	527
Other	807	437	440
Total	\$ 3,118	\$ 2,711	\$ 2,496

Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Effective October 1, 2005, Tyco International adopted SFAS No. 123R, "*Share-Based Payment*," which requires compensation costs related to share-based transactions, including employee stock options, to be recognized in the financial statements based on fair value. SFAS No. 123R revises SFAS No. 123, as amended, "*Accounting for Stock-Based Compensation*," and supersedes Accounting Principles Board, or APB, Opinion No. 25, "*Accounting for Stock Issued to Employees*." Tyco International adopted SFAS No. 123R using the modified prospective application transition method. Under this method, compensation cost is recognized for the unvested portion of share-based payments granted prior to October 1, 2005 and all share-based payments granted subsequent to September 30, 2005 over the related vesting period. Prior to October 1, 2005, we and Tyco International applied the intrinsic value based method prescribed in APB Opinion No. 25 in accounting for employee stock based compensation. Prior period results have not been restated. Due to the adoption of SFAS No. 123R, our results for fiscal 2006 include incremental share-based compensation expense totaling

\$40 million. Note 12 to our Interim Combined Financial Statements and Note 19 to our Annual Combined Financial Statements provide additional information regarding share-based compensation.

On November 10, 2005, the Financial Accounting Standards Board, or FASB, issued FASB Staff Position No. FAS 123R-3, "*Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards.*" Tyco International elected to adopt the alternative transition method provided in the FASB Staff Position for calculating the tax effects of stock-based compensation pursuant to SFAS No. 123R in the fourth quarter of fiscal 2006. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool, or APIC pool, related to the tax effects of employee stock-based compensation, and to determine the subsequent impact on the APIC pool and Combined Statements of Cash Flows of the tax effects of employee stock-based compensation awards that are fully vested and outstanding upon adoption of SFAS No. 123R. The adoption did not have a material impact on our results of operations and financial condition.

We adopted FIN 47, "*Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143,*" during the fourth quarter of fiscal 2006. This interpretation clarifies the timing of liability recognition for legal obligations associated with an asset retirement when the timing and (or) method of settling the obligation are conditional on a future event that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The interpretation requires that conditional asset retirement obligations, along with the associated capitalized asset retirement costs, be reported at their fair values. Upon adoption, we recognized a liability of \$16 million for asset retirement obligation and an increase of \$4 million in the carrying amount of the related assets. The initial recognition resulted in a cumulative effect of accounting change of \$8 million after-tax, \$12 million pre-tax, reflecting the accumulated depreciation and accretion that would have been recognized in prior periods had the provisions of FIN 47 been in effect at the time.

In June 2005, the FASB issued Staff Position, or FSP, No. 143-1, "*Accounting for Electronic Equipment Waste Obligations,*" which provides guidance on accounting for historical waste obligations associated with the European Union Waste, Electrical and Electronic Equipment Directive, or WEEE Directive. Under the directive, the waste management obligation for historical equipment (products put on the market on or prior to August 13, 2005) remains with the commercial user until the equipment is replaced, at which time the waste management obligation may be transferred to the producer of the replacement equipment. FSP No. 143-1 is effective for the first reporting period ending after June 8, 2005 or the date of the adoption of the WEEE Directive into law by the applicable European Union member country. We evaluated the effects of FSP No. 143-1 and determined that the impact is immaterial to our Combined Financial Statements.

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities.*" SFAS No. 159 permits an entity, on a contract-by-contract basis to make an irrevocable election to account for certain types of financial instruments and warranty and insurance contracts at fair value, rather than historical cost, with changes in the fair value, whether realized or unrealized, recognized in earnings. SFAS No. 159 is effective for us in the first quarter of fiscal 2009. We are currently assessing the impact, if any, that SFAS No. 159 will have on our results of operations, financial position, or cash flows.

In September 2006, the FASB issued SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R).*" SFAS No. 158 requires that employers recognize the funded status of defined benefit pension and other postretirement benefit plans as a net asset or liability on the balance sheet and recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as a component of net periodic benefit cost. Under SFAS No. 158, companies are required to measure plan assets and benefit obligations as of their

fiscal year end. We currently use a measurement date of August 31st. SFAS No. 158 also requires additional disclosure in the notes to the financial statements. The recognition provisions of SFAS No. 158 are effective at the end of fiscal 2007, while the measurement date provisions will become effective in fiscal 2009. We are currently assessing the impact of SFAS No. 158 on our Combined Financial Statements. Based on the funded status of our defined benefit and other postretirement plans as of September 29, 2006, we estimate that we would recognize a net \$219 million liability through a reduction in parent company equity. The ultimate amounts recorded are highly dependent on various estimates and assumptions including, among other things, the discount rate selected, future compensation levels, and performance of plan assets. Changes in these assumptions could increase or decrease the estimated impact of implementing SFAS No. 158.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*," which enhances existing guidance for measuring assets and liabilities at fair value. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. SFAS No. 157 is effective for us in the first quarter of fiscal 2009. We are currently assessing the impact, if any, that SFAS No. 157 will have on our results of operations, financial position, or cash flows.

In June 2006, the FASB issued FIN 48, "*Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*." This interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FIN 48 is effective for us in the first quarter of fiscal 2008. We are currently assessing the impact that FIN 48 will have on our results of operations, financial position, or cash flows.

Quantitative and Qualitative Disclosures about Market Risk

We use forward currency exchange contracts and foreign currency options to manage our foreign currency exposures on accounts and notes receivable, accounts payable, intercompany loan balances, and forecasted transactions denominated in certain foreign currencies. A 10% appreciation or depreciation of the U.S. dollar from the December 29, 2006 market rates would affect the unrealized value of our forward contracts by less than \$1 million. A 10% appreciation of the U.S. dollar from the September 29, 2006 market rates would increase the unrealized value of our forward contracts by \$6 million, while a 10% depreciation of the U.S. dollar would decrease the unrealized value of our forward contracts by \$8 million. However, such gains or losses on these contracts would be offset by the gains or losses on the revaluation or settlement of the underlying transactions.

We utilize established risk management policies and procedures in executing derivative financial instrument transactions. We do not execute transactions or hold derivative financial instruments for trading or speculative purposes. Counterparties to derivative financial instruments are limited to major financial institutions with at least an A/A2 long-term debt rating. There is no significant concentration of exposures with any one counterparty.

INDUSTRY OVERVIEW

Electronic Components Industry Overview

The global market for electronic components consists of two major segments—passive components and active components. Active components represented approximately \$237 billion of sales in 2005 according to iSuppli Corporation.⁽¹⁾ Active components, or semiconductors, use imbedded logic to actively manage the electronic flow. These components include integrated circuits, sensors, and actuators. Passive components, which according to Global Industry Analysts Inc., generated approximately \$109 billion of sales in 2005, facilitate the transmission of electrical signals but do not use their own intelligence to alter this flow. Taken together, the global market for electronic components was approximately \$346 billion in 2005.

There are six major categories of passive components—printed circuit boards, connectors, capacitors, wire and cable, relays, and circuit protection devices. The following table shows the sales of these major categories in 2005 in billions of dollars:

Category	Sales	Percentage of Total
	Sales	Sales
Printed circuit boards	\$ 43 ⁽³⁾	39%
Connectors	35 ⁽²⁾	32
Capacitors	15 ⁽³⁾	14
Wire and cable	7	6
Relays	5 ⁽³⁾	5
Circuit protection devices	4	4
	<u>\$ 109⁽³⁾</u>	<u>100%</u>

(1) According to iSuppli Corporation Electronic Equipment and Semiconductor Forecast for Q4 2006.

(2) According to Bishop and Associates.

(3) According to Global Industry Analysts Inc.

Companies typically compete in either active or passive components—few compete in both segments. We are primarily a passive components supplier, and we compete in four of the six major passive categories: connectors, relays, wire and cable, and circuit protection devices. We generated approximately 71% of our total sales from these products in fiscal 2006. The total market for these product areas is approximately \$51 billion, measured by 2005 sales. We do not compete in certain subsegments within these categories, particularly where we believe the products are less technical in nature. For example, in the wire and cable market, we focus primarily on the high performance wire and cable market and do not produce low-end bulk cable products. In circuit protection devices, our focus is on developing innovative solutions rather than glass case or thermal fuse components.

We also compete in product markets outside of the passive components sector, and these products include, among others, touch screen monitors, private wireless networks, power systems, and undersea cable networks. We estimate the total market for these products is approximately \$19 billion.

In total, we estimate that the size of our targeted addressable market is in the range of \$55 billion to \$60 billion.

Trends Affecting the Passive Electronic Components Market

Increasing use of electronics. The proliferation of electronic devices as well as the use of electronics to replace mechanical functions has resulted in above-GDP growth for the connector industry.

Pricing erosion offset with innovation and productivity improvements. The connector industry, on average, experiences price declines of 3% to 7% annually according to Bishop and Associates. Companies use innovation and new products to command better prices and the remaining price erosion typically is offset with productivity and cost improvements.

Emerging markets create growth opportunities and a source for low-cost manufacturing. Emerging markets such as China, India, and Eastern Europe have become significant growth opportunities for electronic component suppliers. In addition, component manufacturers continue to lower costs to offset pricing pressure and shift manufacturing to low-cost countries, which allows them to be closer to original equipment manufacturers who have been migrating to these markets.

Focus on new technologies. Technology trends in the electronic components industry have been driven by three primary factors: the continuous need for miniaturization and density of components; increased penetration and speeds of broadband connectivity; and the proliferation of wireless connectivity.

Industry consolidation. Consolidation in the electronic component industry has gained momentum in recent years as companies strive to broaden their product portfolios and reduce product costs. In addition, original equipment manufacturers continue to seek suppliers with global capabilities allowing them to rationalize their supplier bases.

Increasing raw material costs. The electronic components industry has experienced pressure from increasing raw materials costs, especially copper and gold.

End Market Trends

Within the connector industry, our largest product family, the seven largest end markets make up 85% of sales, according to Bishop and Associates. The key trends in each of the major industry segments are as follows.

Automotive

Two major trends have been benefiting this market. The first is the increased electronic content in vehicles of all price ranges. In high-end vehicles, the demand for electronic components is mainly being driven by high-end communications and infotainment systems and the introduction of advanced driver assistance and safety systems. In addition, the replacement of previously mechanical systems, such as braking, shifting and steering systems, with an electronic solution is further driving demand growth. In the low-to-mid-range vehicles, demand for electronic components is primarily being driven by the penetration of comfort and safety functions previously only available in high-end models. The second major trend is the significant vehicle production growth in the automotive sector in key emerging markets, primarily in Asia.

Computer

The personal computer industry is a maturing industry with modest unit growth and an increasing use of standardized components. However, major growth opportunities exist in the server/storage area as a result of increasing demand for high-density packaging solutions and for electro-optics integration and fiber management capability, as well as an increase in power and processing requirements.

Consumer Electronics

The consumer electronics industry has experienced strong growth in electronic components, fueled by the proliferation and increased functionality of electronic devices. The key technology trends are miniaturization, higher speeds and densities, wireless connectivity, and advanced thermal and power requirements. These trends require electronic component suppliers to develop more customized,

application-specific products for their customers. Success in this market requires continuous new design activity and faster time-to-market and time-to-volume with flexibility to meet demand volatility.

Telecommunications

The telecommunications industry consists of several distinct markets: mobile phones, wireline and wireless infrastructure, and public safety. Strong growth in the demand for electronic components is driven by the demand for new and increasingly functional mobile phones, broadband proliferation, increased penetration of wireline and wireless infrastructure in emerging markets, and heightened concern for secure and interoperable public safety systems.

Power Utilities

Drivers of growth are different for the developed markets and emerging markets. Key growth drivers in developed markets are: the need for transmission grid build-out and regional interconnections; the replacement and refurbishment of aging infrastructure that has suffered from over two decades of underinvestment; and the monitoring of power systems for reliability, cost savings, asset management, and predictive maintenance. Emerging market demand is dependent on new infrastructure build in areas undergoing rapid GDP growth.

Aerospace and Defense

Spending on aerospace and defense has been increasing over the past several years as regional conflicts have created demand for equipment used to support ground troops. In addition to the need to replace expended equipment, new requirements have emerged to develop a lighter, more mobile fighting force with weight reduction goals leading to the use of composite materials and higher voltages.

Industrial

The industrial market includes industrial equipment, medical, and appliances sub-markets.

Growth in factory automation, in mature industries and in emerging markets such as China, and increased electronics content for industrial applications, such as Ethernet communication and network integration into factories requiring industrial connectors, have driven the demand in the industrial equipment sub-market.

Demand in the medical market is being driven by demographic shifts such as higher life expectancy, increasing demand for patient monitoring solutions, and increased use of electronics in minimally invasive surgical equipment as well as the increase in portable and handheld imaging devices.

There are two distinct drivers in the appliance industry: the substitution of electromechanical equipment with electronics, such as timers with electronics in high-end laundry and cooking devices, and growth in emerging markets, primarily in China.

BUSINESS

Overview

Tyco Electronics is a leading global provider of engineered electronic components, network solutions, and wireless systems. We design, manufacture, and market products for customers in industries from automotive, appliances, and aerospace and defense to telecommunications, computers, and consumer electronics. Our products are produced in more than 130 manufacturing sites in over 25 countries. With over 8,000 engineers and worldwide manufacturing, sales, and customer service capabilities, Tyco Electronics' commitment is our customers' advantage.

Tyco Electronics Ltd. was incorporated in Bermuda in fiscal 2000 as a wholly-owned subsidiary of Tyco International. For the period following its incorporation, Tyco Electronics Ltd. did not engage in any significant business activities and held minimal assets. In connection with our separation from Tyco International, the equity interests in the entities that hold all of the assets and liabilities of Tyco International's electronics businesses will be transferred to Tyco Electronics. Tyco Electronics Ltd., the sole shareholder of TEGSA, and guarantor of the notes to be issued by TEGSA, will remain a Bermuda chartered company in order to replicate the legal and operating structure of Tyco International. Holders of Tyco International's public equity and debt are familiar with this structure, which simplifies execution of the distribution and related financing and internal separation transactions. Tyco Electronics Ltd. will unconditionally guarantee the notes to be issued by TEGSA to provide financial support for the notes.

Our business was formed principally through a series of acquisitions, from fiscal 1999 through fiscal 2002, of established electronics companies and divisions, including the acquisition of AMP Incorporated and Raychem Corporation in fiscal 1999 and the Electromechanical Components Division of Siemens and OEM Division of Thomas & Betts in fiscal 2000. These companies each have more than 50 years of history in engineering and innovation excellence. We operated as a segment of Tyco International prior to our separation.

Our reporting segments manufacture and distribute our products and solutions to a number of end markets. The table below provides a summary of our reporting segments, the fiscal 2006 net sales contribution of each segment, and the key products and markets that we serve:

Segment	Electronic Components	Network Solutions	Wireless Systems	Other
% of Fiscal 2006 Net Sales	73%	14%	7%	6%
Key Products	Connector systems Relays Heat shrink tubing Fiber optics Circuit protection devices Wire and cable Touch screens Application tooling	Connector systems Heat shrink tubing Fiber optics Wire and cable Racks and panels Intelligent building controls Network interface devices	Land mobile radios and systems Radio frequency components and subsystems Radar systems	Power systems Undersea tele- communication systems
Key Markets	Automotive Computer Communication equipment Consumer electronics Aerospace and defense Appliance Industrial Machinery	Power utilities Communication service providers Building networks	Public safety Communication equipment Aerospace and defense Automotive	Communication service providers Communication equipment Oil and gas

Our Competitive Strengths

We believe that we have the following competitive strengths:

Global leader in passive components. With net sales of approximately \$12.8 billion in fiscal 2006, we are significantly larger than many of our competitors. In the \$35 billion fragmented connector industry, our net sales were in excess of \$7 billion in fiscal 2006. We have established a global leadership position in the connector industry with leading market positions in the following markets:

Automotive—#1

Computers and peripherals—#1

Industrial—#1

Telecom/data communications—#2

Our scale provides us the opportunity to accelerate our sales growth by making larger investments in existing and new technologies in our core markets and to expand our presence in emerging markets. Our leadership position also provides the opportunity to lower our purchasing costs by developing lower cost sources of supply and to maintain a flexible manufacturing footprint worldwide that is close to our customers' locations.

Strong customer relationships. As an industry leader, we have established close working relationships with our customers. These relationships allow us to anticipate and be responsive to customer needs when designing new products and new technical solutions. By working side-by-side with our customers in developing new products and technologies, we believe we are able to identify and act on trends and leverage knowledge about next-generation technology across our products. In addition, we operate an expansive Global Account Management program through which we maintain close working relationships with the key customers in the end markets that we serve.

Process and product technology leadership. We employ over 8,000 engineers dedicated to product research, development, and engineering. We invest over \$600 million per year in product and process engineering and development together with our annual gross capital spending in excess of \$500 million in fiscal 2006, so that we consistently provide innovative, high-quality products with efficient manufacturing methods.

Diverse product mix and customer base. We manufacture and sell a broad portfolio of products to customers in various industries. Our customers include many of the leaders in their respective industries and our relationships with them typically date back many years. We believe that this diversified customer base reduces our exposure to a particular end market and therefore the variability of our financial performance, and allows us to leverage our skills and experience across markets. Additionally, we believe that the diversity of our customer base reduces the level of cyclical in our results and distinguishes us from our competitors.

Balanced geographic sales mix. We have an established manufacturing presence in over 25 countries and our sales are global. Our global coverage positions us near our customers' locations and allows us to assist them in consolidating their supply base and lowering their production costs. We believe our balanced sales distribution lowers our exposure to any particular geography and improves our financial profile. In addition, approximately 35% of our production is from low-

cost countries, and our strategy is to continue to increase the percentage of production from low-cost countries.

Strong and experienced management team. We believe we have a management team that has the experience necessary to effectively execute our strategy and advance our product and technology

leadership. Our Chief Executive Officer, President, and segment presidents each have more than 20 years of experience in the electronics industry. They are supported by an experienced and talented management team that is dedicated to maintaining and expanding Tyco Electronics' position as the global leader in its industry.

Our Strategy

Our goal is to be the world leader in providing custom-engineered electronic components and solutions for an increasingly connected world. We believe that in achieving this goal we will increase net sales and profitability across our segments in the markets that we serve. Our business strategy is based upon the following priorities:

Continue to focus our existing portfolio. We have no approval or agreements at present to divest any of our businesses, but, as part of our strategy, we regularly review and will consider the divestiture of underperforming or non-strategic businesses to improve our operating results and better utilize our capital. Some of these divestitures may have a material impact on our combined financial statements. We have made strategic divestitures in the past, such as our Printed Circuit Group business and the Tyco Global Network, and expect that we may have additional divestitures in the future. Specifically, following the separation, we will explore a number of strategic alternatives, including possible divestiture, for our Power Systems business that is reflected in our Other segment. At the conclusion of this process, management will present its recommendations to the board of directors for their review and approval. The Power Systems business had net sales of approximately \$500 million in fiscal 2006. Should the outcome of the strategic review process be approval to divest the business, there could be a resulting pre-tax impairment charge of up to \$450 million.

Leverage our market leadership position to increase our market share. We are the global leader in many of the markets that we serve. For example, within our Electronic Components segment, we are the leading global supplier of connectors and connector systems to the automotive, home appliance, computers and storage, and industrial markets. We believe that these and other markets are critical to our success and that we must continue to strengthen our leadership position in these markets. We plan to capitalize on the expected growth in these markets by leveraging our significant scale in the industry, the breadth of our product portfolio, our established relationships and leading specification positions with our customers, and our extensive worldwide distribution channels.

Achieve market leadership in attractive and under-penetrated industries. We plan to accelerate growth in end-user markets in which we do not have the number one market share but which we believe have attractive growth and profitability characteristics. These markets include: aerospace and defense, consumer electronics, mobile phone, and medical markets with respect to our Electronic Components segment; the land mobile radio market with respect to our Wireless Systems segment; and the power utility and communication service provider market with respect to our Network Solutions segment. We believe that we can further leverage our customer service and our new product and technology capabilities in order to achieve a leading position in these markets.

Extend our leadership in key emerging markets. We seek to improve our market leadership position in emerging geographic regions, including China, Eastern Europe, and India, which we expect will experience higher growth rates compared to that of more developed regions in the world. In fiscal 2006, we generated \$1.5 billion of net sales from China, \$800 million of net sales in Eastern Europe, and \$150 million of net sales in India. We have been increasing our sales and marketing, engineering, and manufacturing resources in these emerging regions in order to more

fully capitalize on our skills and technologies. We believe that expansion in these regions will enable us to grow faster than the overall global market.

Supplement organic growth with strategic acquisitions. We will evaluate and selectively pursue strategic acquisitions that strengthen our market position, enhance our existing product offering, enable us to enter attractive markets, expand our technological capabilities, and provide synergy opportunities.

Improve operating margins. We intend to continue to increase our productivity and reduce our manufacturing costs. We plan to achieve this through best in class in manufacturing, enhancing our purchasing strategy by strengthening our procurement organization and simplifying our vendor base, and further implementing strategic programs such as our Six Sigma initiative. We also plan to continue to optimize our global manufacturing footprint, both by migrating facilities from high cost to low cost countries and by consolidating within countries. These initiatives are designed to help us to maintain our competitiveness in the industry.

Accelerate new product development through research and development excellence. We seek to continue to increase the percentage of our annual net sales from products launched within the previous year. In fiscal 2006, we derived 15% of our net sales from new products launched within the previous fiscal year. In order to accomplish this, we intend to focus our research, development, and engineering investment on next generation technologies, highly engineered products and platforms, and leverage innovation across our segments.

Our Products

Our net sales by reporting segment as a percentage of our total net sales was as follows:

	Fiscal		
	2006	2005	2004
Electronic Components	73%	74%	74%
Network Solutions	14	13	12
Wireless Systems	7	7	8
Other	6	6	6
Total	100%	100%	100%

Electronic Components

Our Electronic Components segment is one of the world's largest suppliers of passive electronic components, which includes connectors and interconnect systems, relays, switches, circuit protection devices, touchscreens, sensors, and wire and cable. The products sold by the Electronic Components segment are sold primarily to original equipment manufacturers and their contract manufacturers in the automotive, computer, consumer electronics, communication equipment, appliance, aerospace and defense, industrial machinery, and instrumentation markets. The following are the primary product families sold by the segment:

Connector Systems and Components. We offer an extensive range of electrical and electronic interconnection products. These connectors include a wide variety of pin and socket, USB, coaxial, I/O, fiber optic, and power connectors, as well as sophisticated interconnection products used in complex telecommunications and computer equipment.

Relays. Our relay products can be used in a wide range of applications in the automotive, telecommunications, industrial, and aerospace industries, including lamps, electric sunroofs, anti-lock breaking systems, and fuel injection coils for the automotive industry, signal and power

relay technologies for the telecommunications industry, and high-performance products for the aerospace industry.

Heat Shrink Tubing. We offer hundreds of reliable, cost-effective products to seal, connect, insulate, protect, hold, and bundle high-performance electrical harnesses. We also provide customized harnessing design, prototype, and build services.

Fiber Optics. We manufacture fiber optic connectors, cable assemblies, adapters, and accessories. We provide highly engineered products that connect, configure, and control light.

Circuit Protection Devices. We offer a range of circuit protection devices, which limit the flow of high current during fault conditions and automatically reset when the fault is cleared and power to the circuit is removed. We also offer surface-mount fuses, surge protectors, gas discharge tubes for overvoltage protection, and electrostatic discharge protection devices.

Wire and Cable. We provide highly engineered cable and wire products to the data transmission, aerospace, automotive, telecommunications, industrial, and medical markets. We offer a broad range of cable, including UTP and PVC ribbon cables, SCSI and IEEE 1394 computer cables, NASA-spec cable, and other cables suitable for use in the aerospace industry.

Touch Screens. We develop, manufacture, and market a complete line of touch products for transactional kiosks, point-of-sale terminals, machine and process control, and automated teller machines. We offer component touch systems for original equipment manufacturers and a broad line of standard and custom LCD and CRT touch monitors. We believe that we are an industry leader in advancing surface wave, resistive, infrared, and capacitive technologies.

Application Tooling. We offer a broad portfolio of hand tools, semi-automatic bench machines, and fully-automatic machine systems for processing terminal products.

In addition to the above product families which represent in excess of 90% of the Electronic Components segment net sales, we also offer battery assemblies, identification products, antennas, magnetics, sensors, switches, resistors, and heat sinks.

Network Solutions

Our Network Solutions segment is one of the world's largest suppliers of infrastructure components and systems for telecommunications and energy markets. These components include connectors, above-and below-ground enclosures, heat shrink tubing, cable accessories, surge arrestors, fiber optic cabling, copper cabling, and racks for copper and fiber networks. This segment also provides electronic systems for test access and intelligent cross-connect applications as well as integrated cabling solutions for cabling and building management. The products are grouped into the following product families:

Connector Systems and Components. We offer an extensive range of low-, medium-, and high-voltage connectors and splices, cable assemblies, sealing systems, terminals, fittings, lugs and clamps, transmission line fittings, splice closures, grounding hardware, and wall and floor outlets for voice and data connection to local area networks.

Heat Shrink Tubing. We offer heat shrink tubing, heat-shrinkable splice closures, wrap-around sleeves, and molded parts designed to better protect both high- and low-voltage circuits against harsh aerial, buried, and above-ground environments.

Fiber Optics. We provide fiber optic connectors, splices, fiber optic splice closures, fiber management systems, high density cable assemblies, couplers and splitters, and complete cabling systems. These products find use in both local-area and wide-area networks, and emerging "Last-Mile" Fiber-to-the-Home installations.

Wire and Cable. We provide wire and cable for indoor and outdoor use in office, factory floor, school, and residential voice, data, and video networks, including copper and fiber optic distribution cables, shielded and unshielded twisted-pair cables, armored cable, and patch cords.

Racks and Panels. We provide racks and panels that are used to integrate, organize, and manage fiber and copper cables and splices, thereby simplifying installation, maintenance, and upgrades for both exchange/head end and customer premise environments.

In addition to the above product families which represent in excess of 90% of the total Network Solutions segment net sales, the segment also sells insulators, surge arrestors, power measurement products, CATV accessories, network interface devices, raceway systems, and duct accessories.

Wireless Systems

Our Wireless Systems segment is an innovator of wireless technology for critical communications, radar, and defense applications. The segment's products include radio frequency components and subassembly solutions such as silicon and gallium arsenide semiconductors, radar sensors, radio frequency identification components, microwave subsystems, and diodes and land mobile radios systems and related products. These products are sold primarily to the aerospace and defense, public safety, communication equipment, and automotive markets and are grouped into the following product families:

Land Mobile Radio Systems and Products. We provide state-of-the-art two-way mobile radio technology products and systems. These systems and products are used primarily by public safety and government organizations.

Radio Frequency Components and Subassembly Solutions. We produce amplifiers, antennas, attenuators, diodes, signal generation, limiters, transistors, modulators, mixers and microwave, and millimeter wave integrated circuits.

Other

Our Other segment designs, manufactures, distributes, and installs power systems and undersea telecommunication systems.

Power Systems. These products focus on AC-DC and DC-DC switching power supplies, batteries, and electronic modules. Power Systems also provides and installs complete communications and energy power systems. Power Systems sells primarily to the communication equipment, communication service provider, and wireless provider markets.

Undersea Telecommunication Systems. This unit builds designs, maintains, and tests undersea fiber optic networks for both the telecommunications and oil and gas markets.

Markets

We sell our products to manufacturers and distributors in a number of major markets. The approximate percentage of our total net sales by market in fiscal 2006 was as follows:

Markets	Percentage
Automotive	29%
Telecommunications	17
Computer	11
Power utilities	10
Aerospace and defense	5
Household appliance	5
Consumer electronics	2
Other	21
Total	100%

Automotive. The automotive industry uses our products in motor management systems, body electronic applications, safety systems, chassis systems, security systems, driver information, passenger entertainment, and comfort and convenience applications. Electronic components regulate critical vehicle functions, from fuel intake to braking, as well as information, entertainment, and climate control systems.

Telecommunications. Our products are used in telecommunications products, such as data networking equipment, switches, routers, wire line infrastructure equipment, wireless infrastructure equipment, wireless base stations, mobile phones, and undersea fiber optic telecommunication systems.

Computer. Our products are used in computer products, such as servers and storage equipment, workstations, notebook computers, desktop computers, and business and retail equipment.

Power Utilities. The utilities industry uses our products in power generation equipment and power transmission equipment. The power utility industry, responding to highly-visible occurrences such as the August 2003 Northeast blackout and the massive power outages caused by hurricanes Katrina and Rita in September 2005, have been investing heavily to improve, upgrade, and restore existing equipment and systems. In addition, this industry addresses the needs of emerging countries that are building out their energy infrastructure.

Aerospace and Defense. Our products are used in military and commercial aircraft, missile systems, satellites, space programs, and radar systems.

Household Appliance. Our products are used in many household appliances, including refrigerators, washers, dryers, dishwashers, and microwaves.

Consumer Electronics. The consumer electronics industry uses our products to produce digital cameras, plasma and LCD televisions, electronic games, and DVD recorders and players.

Other. Our products are used in numerous products, including industrial machinery and equipment, instrumentation and measurement equipment, medical equipment, commercial and building equipment, building network and cabling systems, and railway equipment.

Customers

Our customers include automobile, telecommunication, computer, industrial, aerospace, and consumer products manufacturers that operate both globally and locally. Our customers also include contract manufacturers and third-party distributors. We serve approximately 250,000 customer locations

in over 150 countries, and we maintain a strong local presence in each of the geographic areas in which we operate.

Our net sales by geographic area as a percentage of our total net sales was as follows:

	Fiscal		
	2006	2005	2004
Americas	39%	40%	41%
Europe/Middle East/Africa	34	35	35
Asia-Pacific	27	25	24
Total	100%	100%	100%

We collaborate closely with our customers so that their product needs are met. There is no single customer that accounted for more than 10% of our net sales in fiscal 2006, fiscal 2005, or fiscal 2004. Our approach to our customers is driven by our dedication to further developing our product families and ensuring that we are globally positioned to best provide our customers with sales and engineering support. We believe that as electronic component technologies continue to converge, our broad product portfolio and engineering capability give us a potential competitive advantage when addressing the needs of our global customers.

Raw Materials

We use a wide variety of raw materials in the manufacture of our products. The principal raw materials that we use include plastic resins for molding, precious metals such as gold and silver for plating, and other metals such as copper, aluminum, brass, steel for manufacturing cable, contacts, and other parts that are used for cable and component bodies and inserts. These raw materials are generally available on world markets, and we purchase them from a limited number of suppliers in order to obtain the most competitive pricing. The prices of these materials are driven by global supply and demand dynamics. For many of these raw materials, the prices have recently increased significantly, as rapidly increasing demand has continued to outpace increases in supply.

Manufacturing

We manufacture our products in more than 25 countries worldwide. These manufacturing sites focus on various aspects of the manufacturing processes, including our primary processes of stamping, plating, molding, extrusion, beaming, and assembly. We expect to continue to migrate our manufacturing activities to low cost countries as our customers' requirements shift. In addition, we will continue to look for efficiencies to reduce our manufacturing costs and believe that we can achieve cost reductions through improved manufacturing efficiency and through the migration of manufacturing to low-cost countries.

Our major centers of manufacturing output at September 29, 2006 included sites in the following countries (with the number of sites in parentheses):

Americas	Europe/Middle East/Africa		Asia-Pacific		
United States	(44)	United Kingdom	(11)	China	(16)
Mexico	(9)	Germany	(8)	Japan	(3)
Brazil	(3)	India	(5)	Korea	(1)
		France	(4)	Singapore	(1)
		Spain	(3)		
		Belgium	(2)		
		Czech Republic	(2)		
		Hungary	(2)		
		Italy	(2)		

We estimate that our manufacturing production by region in fiscal 2006 was approximately: Americas–35%, Europe/Middle East/Africa–35%, and Asia-Pacific–30%.

We expect that manufacturing production will continue to increase in the Asia-Pacific region as a percentage of total manufacturing as this region continues to experience strong growth and our customers' manufacturing continues to migrate to the region.

Research and Development

We are engaged in both internal and external research and development in an effort to introduce new products, to enhance the effectiveness, ease of use, safety, and reliability of our existing products, and to expand the applications for which the uses of our products are appropriate. We continually evaluate developing technologies in areas where it may have technological or marketing expertise for possible investment or acquisition.

Our research and development expense for fiscal 2006, fiscal 2005, and fiscal 2004 was as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
Electronic Components	\$ 313	\$ 287	\$ 298
Network Solutions	47	36	36
Wireless Systems	76	63	62
Other	68	68	45
Total	\$ 504	\$ 454	\$ 441

Our research, development, and engineering efforts are supported by approximately 8,000 engineers. These engineers work closely with our customers to develop application specific, highly engineered products and systems to satisfy the customers' needs. Our new products, including product extensions introduced during the past year, comprised approximately 15% of our net sales for fiscal 2006.

Sales, Marketing, and Distribution

We sell our products into more than 150 countries, and we sell primarily through direct selling efforts. We also sell some of our products indirectly via third-party distributors. In fiscal 2006, our direct sales represented 84% of net sales, with the remainder of net sales provided by sales to third-party distributors and independent manufacturer representatives.

We maintain distribution centers around the world. Products are generally delivered to these distribution centers by our manufacturing facilities and then subsequently delivered to the customer. In

some instances, product is delivered directly from our manufacturing facility to the customer. We contract with a wide range of transport providers to deliver our products via road, rail, sea, and air.

Seasonality and Backlog

Customer orders typically fluctuate from quarter to quarter based upon business conditions and because unfilled orders may be canceled prior to shipment of goods. We experience a slight seasonal pattern to our business. The third fiscal quarter is typically the strongest quarter of our fiscal year, while the first fiscal quarter is negatively affected by winter holidays and the fourth fiscal quarter is negatively affected by European holidays. The second fiscal quarter is also affected by adverse winter weather conditions in certain of our end markets.

At September 29, 2006, we had a backlog of unfilled orders of \$2.7 billion, compared to a backlog of \$2.5 billion at September 30, 2005. We expect that our backlog at September 29, 2006 will be filled during fiscal 2007. Backlog by reportable segment at September 29, 2006 and September 30, 2005 was as follows:

	Fiscal	
	2006	2005
	(in millions)	
Electronic Components	\$ 1,513	\$ 1,308
Network Solutions	249	221
Wireless Systems	512	527
Other	437	440
	<hr/>	<hr/>
Total	\$ 2,711	\$ 2,496
	<hr/>	<hr/>

Competition

The industries in which we operate are highly competitive, and we compete with thousands of companies that range from large multinational corporations to local manufacturers. Competition is generally on the basis of breadth of product offering, product innovation, price, quality, and service. Our markets have generally been growing but with downward pressure on prices.

Electronic Components. This segment competes against numerous companies, including Molex, Amphenol, FCI, JST, and Omron.

Network Solutions. This segment's major competitors include Corning, Commscope, and 3M.

Wireless Systems. This segment's land mobile radio business competes primarily against Motorola. Our radio frequency component and subassembly products face a wide variety of competitors, including Herley, RF Micro Devices, Skyworks, and TriQuint.

Other. This segment's Undersea Telecommunication Systems business competes with Alcatel, and the Power Systems business competes with Emerson, Delta, and Eltek.

Intellectual Property

Patents and other proprietary rights are important to our business. We also rely upon trade secrets, manufacturing know-how, continuing technological innovations, and licensing opportunities to maintain and improve our competitive position. We review third-party proprietary rights, including patents and patent applications, as available, in an effort to develop an effective intellectual property strategy, avoid infringement of third-party proprietary rights, identify licensing opportunities, and monitor the intellectual property claims of others.

We own a large portfolio of patents that principally relate to electrical and electronic products. We also own a portfolio of trademarks and are a licensee of various patents and trademarks. Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. Trademark rights may potentially extend for longer periods of time and are dependent upon national laws and use of the trademarks.

While we consider our patents and trademarks to be valued assets, we do not believe that our competitive position is dependent on patent or trademark protection or that our operations are dependent upon any single patent or group of related patents.

Employees

As of September 29, 2006, we employed approximately 99,600 people worldwide, of which 33,100 were in the Americas region, 27,200 were in the Europe/Middle East/Africa region, and 39,300 were in the Asia-Pacific region. Of our total employees, approximately 62,700 were employed in manufacturing and 17,500 were represented by collective bargaining agreements. Approximately 51% of our employees were based in low cost countries, primarily China. We believe that our relations with our employees are satisfactory.

Properties

Our executive offices are located in Berwyn, Pennsylvania in a facility that we rent. We operate over 150 manufacturing, warehousing, and office locations in approximately 30 states in the United States. We also operate over 250 manufacturing, warehousing, and office locations in approximately 45 countries and territories outside the United States.

We own approximately 20 million square feet of space and lease approximately 12 million square feet of space. Our facilities are reasonably maintained and suitable for the operations conducted in them.

Government Regulation and Supervision

The import and export of products are subject to regulation by the United States and other countries. A small portion of our products, including defense-related products, may require governmental import and export licenses, whose issuance may be influenced by geopolitical and other events. We have a trade compliance organization and other systems in place to apply for licenses and otherwise comply with such regulations. Any failure to maintain compliance with domestic and foreign trade regulation could limit our ability to import and export raw materials and finished goods from the relevant jurisdiction.

Environmental

We are committed to complying with all applicable environmental, health, and safety laws and to the protection of our employees and the environment. We maintain a global environmental, health, and safety program that includes appropriate policies and standards, staff dedicated to environmental, health, and safety issues, periodic compliance auditing, training, and other measures. We have a program for compliance with the European Union RoHS and WEEE Directives, the China RoHS law, and similar laws.

We have projects underway at a number of current and former manufacturing facilities to investigate and remediate environmental contamination resulting from past operations. Based upon our experience, current information and applicable laws, we believe that it is probable that we will incur

remedial costs in the range of approximately \$10 million to \$27 million. As of September 29, 2006, we believe that the best estimate within this range is approximately \$17 million.

Legal Proceedings

Tyco International Legal Proceedings

In connection with our separation from Tyco International, we have entered into a liability sharing agreement regarding certain class actions that were pending against Tyco International prior to the separation. Subject to the terms and conditions of the Separation and Distribution Agreement, Tyco International will manage and control all the legal matters related to assumed contingent liabilities, including the defense or settlement thereof, subject to certain limitations. The liability sharing provisions regarding these class actions are set forth in the Separation and Distribution Agreement among Tyco International, Covidien and Tyco Electronics, which is described below under "Relationship with Tyco International and Covidien—Separation and Distribution Agreement—Legal Matters." A description of the class actions subject to this liability sharing agreement follows below.

Securities Class Actions

Tyco International and certain of its former directors and officers have been named as defendants in over 40 securities class actions. Moreover, Tyco International stipulated, pursuant to a court order, that each party to the Separation and Distribution Agreement will be primarily liable for a portion of the obligations arising from such litigation. The stipulation also provides that if any party defaults on its obligations, the other parties will be jointly and severally liable for those obligations. Most of the securities class actions have now been transferred to the United States District Court for the District of New Hampshire by the Judicial Panel on Multidistrict Litigation for coordinated or consolidated pretrial proceedings. On January 28, 2003, a consolidated securities class action complaint was filed in these proceedings. On January 7, 2005, Tyco International answered the plaintiffs' consolidated complaint. On January 14, 2005, lead plaintiffs made a motion for class certification, which Tyco International opposed on July 22, 2005. On July 5, 2005, Tyco International moved for revision of the court's October 14, 2004 order in light of a change in law, insofar as the order denied Tyco International's motion to dismiss the consolidated complaint for failure to plead loss causation. On December 2, 2005, the court denied Tyco International's motion. On April 4, 2006, plaintiffs filed a partial motion for summary judgment that was denied without prejudice to its later renewal. On June 12, 2006, the court entered an order certifying a class "consisting of all persons and entities who purchased or otherwise acquired Tyco International securities between December 13, 1999 and June 7, 2002, and who were damaged thereby, excluding defendants, all of the officers, directors and partners thereof, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which any of the foregoing have or had a controlling interest." On June 26, 2006, Tyco International filed a petition for leave to appeal the class certification order to the United States Court of Appeals for the First Circuit. On September 22, 2006, the United States Court of Appeals for the First Circuit denied Tyco International's petition. On July 6, 2006, the lead plaintiffs filed in the United States District Court for the District of New Hampshire a motion for a permanent injunction against prosecution of the class action styled *Brazen v. Tyco International Ltd.* that was certified by the Circuit Court for Cook County, Illinois. On October 26, 2006, the court denied plaintiffs' motion for injunctive relief without prejudice.

An action entitled *Hess v. Tyco International Ltd., et al.*, was filed on June 3, 2004 in the Superior Court of the State of California for the County of Los Angeles against certain of Tyco International's former directors and officers, Tyco International's former auditors and Tyco International. The complaint asserts claims of fraud, negligent representation, aiding and abetting breach of fiduciary duty, tortious interference with fiduciary relationship and conspiracy arising out of an underlying settlement of litigation brought by shareholders in Progressive Angioplasty Systems, Inc. where the plaintiffs

received Tyco International stock as consideration. The claim seeks unspecified monetary damages and other relief. On October 25, 2006, the court lifted its previous order staying the case during the pendency of a related arbitration to which Tyco International was not a party. On December 26, 2006, Tyco filed a demurrer seeking dismissal of the action on the ground that the complaint failed to allege facts sufficient to state cause of action. The demurrer is fully briefed and argument is scheduled for June 7, 2007.

On November 27, 2002, the State of New Jersey, on behalf of several state pension funds, filed a complaint, *New Jersey v. Tyco*, in the United States District Court for the District of New Jersey against Tyco International, Tyco International's former auditors and certain of Tyco International's former officers and directors. The complaint was amended on February 11, 2005. As against all defendants, the amended complaint asserts causes of action under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, for common law fraud, aiding and abetting common law fraud, conspiracy to commit fraud and negligent misrepresentation. Claims are asserted against the individual defendants under Section 20(a) of the Securities Exchange Act of 1934, Section 15 of the Securities Act of 1933, Section 24(d) of the New Jersey Uniform Securities Law, Sections 421-B:25(II) and (III) of the New Hampshire Uniform Securities Law, and for breaches of fiduciary duties. Claims are also asserted against certain of the individual defendants under Section 20A of the Securities Exchange Act of 1934, and for violation of the New Jersey RICO statute; against Tyco International under Section 12(a)(2) of the Securities Act of 1933, Section 24(c) of the New Jersey Uniform Securities Law, and for violation of, aiding and abetting violation of, and vicarious liability under the New Jersey RICO statute; against Tyco International and certain of the individual defendants under Section 14(a) of the Securities Act of 1933 and Rule 14a-9 promulgated thereunder, and for conspiracy to violate the New Jersey RICO statute; against Tyco International, its former auditors, and certain of the individual defendants under Section 11 of the Securities Act of 1933, and for violation of, and conspiracy to violate the New Jersey RICO statute; and against Tyco International's former auditors and certain of the individual defendants for aiding and abetting violation of the New Jersey RICO statute. Finally, claims are asserted against the individual defendants and Tyco International's former auditors for aiding and abetting the individual defendants' breaches of fiduciary duties. Plaintiffs assert that the defendants violated the securities laws and otherwise engaged in fraudulent acts by making materially false and misleading statements and omissions concerning, among other things, the following: unauthorized and improper compensation of certain of Tyco International's former executives; their improper use of Tyco International's funds for personal benefit and their improper self-dealing in real estate. The plaintiffs seek unspecified monetary damages and other relief. On June 10, 2005, Tyco International moved to dismiss in part the amended complaint, which motion remains pending before the court.

Tyco International appealed to the United States Court of Appeals for the First Circuit the decision of the United States District Court for the District of New Hampshire to remand *Brazen v. Tyco International Ltd.* to the Circuit Court for Cook County, Illinois and *Hromyak v. Tyco International Ltd.*, *Goldfarb v. Tyco International Ltd.*, *Mandel v. Tyco International Ltd.*, *Myers v. Tyco International Ltd.*, *Rappold v. Tyco International Ltd.*, and *Schuldt v. Tyco International Ltd.* to the Circuit Court for Palm Beach County, Florida. Plaintiffs moved to dismiss Tyco International's appeal. On December 29, 2004, the United States Court of Appeals for the First Circuit granted plaintiffs' motion and dismissed Tyco International's appeal. Tyco International moved in the Circuit Court for Palm Beach County, Florida to stay and to strike the class allegations in *Goldfarb*, *Mandel*, *Myers*, *Rappold*, and *Schuldt* and to dismiss *Hromyak*. On July 8, 2005, the court granted in part and denied in part the motion to stay and to strike the class allegations in *Goldfarb*, *Mandel*, *Myers*, *Rappold*, and *Schuldt*. The Circuit Court granted Tyco International's motion to dismiss *Hromyak*. The Florida District Court of Appeal affirmed the dismissal.

After filing an initial complaint on June 26, 2002, plaintiff Lionel I. Brazen filed an amended class action complaint, on March 10, 2005, in the Circuit Court for Cook County, Illinois purporting to represent a class of purchasers who exchanged shares of Mallinckrodt, Inc. common stock for common shares of Tyco International pursuant to the joint proxy statement and prospectus, and the registration statement in which it was included, in connection with the October 17, 2000 merger of Tyco International and Mallinckrodt, Inc. Plaintiff names as defendants Tyco International Ltd., and certain former Tyco International executives and asserts causes of action under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933. The amended class action complaint alleges that the defendants made statements in the registration statement and the joint proxy statement and prospectus that were materially false and misleading and failed to disclose material adverse facts regarding the business and operations of Tyco International. The amended class action complaint seeks unspecified monetary damages and other relief. On April 21, 2005, Tyco International moved in the Circuit Court for Cook County, Illinois to dismiss or stay or, in the alternative, to strike the class allegations. On July 22, 2005, the court denied Tyco International's motion. On August 19, 2005, Tyco International filed an interlocutory appeal of the Circuit Court for Cook County Illinois' July 22, 2005 memorandum and order, which was subsequently denied. On January 6, 2006, the plaintiff, joined by additional named plaintiff Nancy Hammerslough, filed a renewed motion for class certification which was granted. On February 14, 2006, Tyco International filed its answer to the complaint. On July 5, 2006, plaintiffs filed a partial motion for summary judgment which was denied on November 8, 2006. On November 22, 2006, plaintiffs filed a motion to reconsider the denial of their motion for summary judgment. On January 25, 2007, the Court denied plaintiffs' motion to reconsider.

Plaintiff moved to remand *Davis v. Kozlowski*, an action originally filed on December 9, 2003, from the United States District Court for the District of New Hampshire back to the Circuit Court of Cook County, Illinois. On March 17, 2005, the United States District Court for the District of New Hampshire granted plaintiff's motion to remand and denied defendants' motion to dismiss. On March 31, 2005, Tyco International moved for reconsideration of the court's remand order. On July 17, 2006, the court entered an order granting Tyco International's motion to dismiss on the grounds that all of plaintiff's claims were preempted by federal law. The motion to dismiss was granted without prejudice to plaintiff's right to file another action in state court asserting claims that are not preempted by federal law. On January 8, 2007, plaintiff filed an action in the Circuit Court of Cook County, Illinois. The complaint seeks unspecified monetary damages and other relief. On January 12, 2007, Tyco removed the re-filed action to federal court in the United States District Court for the Northern District of Illinois, Eastern Division. On February 1, 2007, the Judicial Panel on Multidistrict Litigation issued a Conditional Transfer Order transferring the case to the District of New Hampshire. Plaintiffs filed a motion to remand the case to state court on February 12, 2007 and moved the JPML to vacate the Conditional Transfer Order on March 9, 2007. Tyco filed an opposition to the motion to vacate on March 29, 2007. On March 15, 2007, Tyco filed its opposition to plaintiffs' remand motion and filed a cross-motion to dismiss the action. Briefing on the cross-motion is scheduled to be completed on April 26, 2007.

Shareholder Derivative Litigation

An action was filed on June 7, 2002 in the Supreme Court of the State of New York, *Levin v. Kozlowski*, alleging that the individually named defendants breached their fiduciary duties, committed waste and mismanagement and engaged in self-dealing in connection with Tyco International's accounting practices, individual board members' use of funds, and the financial disclosures of certain mergers and acquisitions. It is further alleged that certain of the individual defendants converted corporate assets for their own use. Plaintiffs seek money damages. Plaintiffs agreed to stay that action pending the resolution of the federal derivative action, which was dismissed by the United States District Court for the District of New Hampshire on October 14, 2004; and the appeal from that ruling was voluntarily dismissed on May 19, 2005. On June 14, 2005, the plaintiffs resumed the *Levin* action.

On September 22, 2005, Tyco International filed a motion to dismiss the derivative complaint. On November 14, 2006, the Supreme Court of the State of New York dismissed the complaint with prejudice. On December 11, 2006, plaintiffs filed a notice of appeal of the court's November 14, 2006 order dismissing the complaint.

ERISA Litigation and Investigation

Tyco International and certain of its current and former employees, officers and directors, have been named as defendants in eight class actions brought under the Employee Retirement Income Security Act, or ERISA. Two of the actions were filed in the United States District Court for the District of New Hampshire and the six remaining actions were transferred to that court by the Judicial Panel on Multidistrict Litigation. All eight actions have been consolidated in the District Court in New Hampshire. The consolidated complaint purports to bring claims on behalf of the Tyco Retirement Savings and Investment Plans and the participants therein and alleges that the defendants breached their fiduciary duties under ERISA by negligently misrepresenting and negligently failing to disclose material information concerning, among other things, the following: related-party transactions and executive compensation; our mergers and acquisitions and the accounting therefor, as well as allegedly undisclosed acquisitions; and misstatements of our financial results. The complaint also asserts that the defendants breached their fiduciary duties by allowing the Plans to invest in our shares when it was not a prudent investment. The complaints seek recovery of alleged plan losses arising from alleged breaches of fiduciary duties. On January 12, 2005, the United States District Court for the District of New Hampshire denied, without prejudice, Tyco International's motion to dismiss certain additional individual defendants from the action. On January 20, 2005, plaintiffs filed a motion for class certification. On January 27, 2005, Tyco International answered the plaintiffs' consolidated complaint. Also, on January 28, 2005, Tyco International and certain individual defendants filed a motion for reconsideration of the court's January 12, 2005 order, insofar as it related to the Tyco Retirement Committee. On May 25, 2005, the court denied the motion for reconsideration. On July 11, 2005, Tyco International and certain individual defendants opposed plaintiffs' motion for class certification. On August 15, 2006, the court entered an order certifying a class "consisting of all Participants in the Plans for whose individual accounts the Plans purchased and/or held shares of Tyco Stock Fund at any time from August 12, 1998 to July 25, 2002." On August 29, 2006, Tyco International filed a petition for leave to appeal the class certification order to the United States Court of Appeals for the First Circuit. On November 13, 2006, the court denied Tyco International's petition. On November 28, 2006, plaintiffs filed a motion seeking an order directing them to serve notice of the ERISA class action on potential class members. Tyco International did not object to service of notice on potential class members, and on January 11, 2007, plaintiffs filed a motion, assented to by Tyco International that proposed an agreed upon form of notice. On January 18, 2007, the court granted that motion. On December 5, 2006, plaintiffs filed a motion seeking leave to file an amended complaint. Subsequently, on January 10, 2007, plaintiffs filed a motion to withdraw their motion to amend the complaint without prejudice.

In addition, Tyco International and certain of its current and former executives have received requests from the U.S. Department of Labor for information concerning the administration of the Tyco Retirement Savings and Investment Plans. The current focus of the Department's inquiry concerns losses allegedly experienced by the plans due to investments in Tyco International's shares. The investigation relates to alleged breaches of fiduciary duties. The Department of Labor has authority to bring suit on behalf of the plans and their participants against those acting as fiduciaries to the plans for recovery of losses and additional penalties, although it has not informed us of any intention to do so.

Tyco International Litigation Against Former Senior Management

Tyco International, Ltd. v. L. Dennis Kozlowski, United States District Court, Southern District of New York, No. 02-CV-7317, filed September 12, 2002, Amended April 1, 2003. Tyco International filed a civil complaint against Tyco International's former Chairman and Chief Executive Officer for breach of fiduciary duty and other wrongful conduct. Tyco International amended that complaint on April 1, 2003. The amended complaint alleges that the defendant misappropriated millions of dollars from Tyco International's Key Employee Loan Program and relocation program; awarded millions of dollars in unauthorized bonuses to himself and certain other Tyco International employees; engaged in improper self-dealing real estate transactions involving Tyco International's assets; and conspired with certain other former Tyco International employees in committing these acts. The amended complaint alleges causes of action for breach of fiduciary duty, fraud, unjust enrichment, breach of contract, conversion, constructive trust, and other wrongful conduct. The amended complaint seeks recovery for all of the losses suffered by Tyco International as a result of the former Chairman and Chief Executive Officer's conduct, and of all remuneration, including restricted and unrestricted shares and options, obtained by Mr. Kozlowski during the course of this conduct. The Judicial Panel on Multidistrict Litigation transferred this action to the United States District Court for the District of New Hampshire. On October 6, 2003, Mr. Kozlowski filed a motion to dismiss or stay the case and compel arbitration, which was denied on March 16, 2004, with one exception relating to the arbitration of a claim asserting the fraudulent inducement of Mr. Kozlowski's retention agreement. On April 9, 2004, Mr. Kozlowski filed an Answer, Affirmative Defenses and Counterclaims, seeking amounts allegedly due pursuant to his purported retention agreement, life insurance policies, and other arrangements. Tyco International filed its Reply to the Counterclaims on April 29, 2004. Discovery in this and the other affirmative cases is proceeding.

Mr. Kozlowski was tried on criminal charges in New York County. The first criminal trial resulted in a mistrial declared on April 2, 2004. The retrial of Mr. Kozlowski began on January 18, 2005 and concluded on June 17, 2005, when the jury returned verdicts. Of the thirty-one counts submitted to it, which were similar to certain of the claims alleged in Tyco International's affirmative action described above, the jury found Mr. Kozlowski guilty on all charges of grand larceny, conspiracy and securities fraud, and all but one count of falsification of business records. On September 19, 2005, Mr. Kozlowski was sentenced to a term of imprisonment of eight and one-third years to twenty-five years, and ordered to pay an individual fine of \$70 million and restitution, jointly and severally with Mr. Swartz, to Tyco International of \$134 million within one year. On September 19, 2005, Mr. Kozlowski filed a notice of appeal from his conviction and on October 3, 2006 filed a brief in support of his appeal. On January 2, 2007, by order of the Supreme Court of the State of New York, the New York County District Attorney's office released to Tyco International, on behalf of Mr. Kozlowski, \$98 million in restitution. The payment by Mr. Kozlowski is made pending the outcome of his appeal.

Tyco International, Ltd. v. Mark H. Swartz, United States District Court, Southern District of New York, No. 03-CV-2247 (TPG), filed April 1, 2003. Tyco International filed an arbitration claim against Mark H. Swartz, its former Chief Financial Officer and director, on October 7, 2002. As a consequence of Mr. Swartz's refusal to submit to the jurisdiction of the American Arbitration Association, Tyco International filed a civil complaint against him on April 1, 2003, for breach of fiduciary duty and other wrongful conduct. The action alleges that the defendant misappropriated millions of dollars from Tyco International's Key Employee Loan Program and relocation program; approved and implemented awards of millions of dollars of unauthorized bonuses to himself and certain other Tyco International employees; awarded millions of dollars in unauthorized payments to himself; engaged in improper self dealing real estate transactions involving Tyco International's assets; and conspired with certain other former Tyco International employees in committing these acts. The complaint alleges causes of action for breach of fiduciary duty, fraud, unjust enrichment, conversion, and constructive trust, and other wrongful conduct. The action seeks recovery for all of the losses suffered by Tyco International as a

result of the former Chief Financial Officer and director's conduct, and all remuneration, including restricted and unrestricted shares and options, obtained by Mr. Swartz during the course of this conduct. The Judicial Panel on Multidistrict Litigation transferred this action to the United States District Court for the District of New Hampshire. Mr. Swartz moved to dismiss Tyco International's complaint and to compel arbitration of the parties' respective claims. The court denied Mr. Swartz's motion and he has appealed the court's decision to the United States Court of Appeals for the First Circuit. His appeal was heard on December 8, 2004. The First Circuit affirmed the District Court's decision on September 7, 2005. Discovery in this and the other affirmative cases is proceeding.

Mr. Swartz was tried on criminal charges in New York County. The first criminal trial resulted in a mistrial declared on April 2, 2004. The retrial of Mr. Swartz began on January 18, 2005 and concluded on June 17, 2005, when the jury returned verdicts. Of the thirty-one counts submitted to it, which were similar to certain of the claims alleged in Tyco International's affirmative action described above, the jury found Mr. Swartz guilty on all charges of grand larceny, conspiracy and securities fraud, and all but one count of falsification of business records. On September 19, 2005, Mr. Swartz was sentenced to a term of imprisonment of eight and one-third years to twenty-five years, and ordered to pay an individual fine of \$35 million and restitution, jointly and severally with Mr. Kozlowski, to Tyco International of \$134 million within one year. On September 19, 2005, Mr. Swartz filed a notice of appeal from his conviction and on October 3, 2006 filed a brief in support of his appeal. On October 27, 2006, Mr. Swartz paid restitution to Tyco International in the amount of \$38 million. The payment by Mr. Swartz is made pending the outcome of his appeal.

Tyco International, Ltd. v. L. Dennis Kozlowski and Mark H. Swartz, United States District Court Southern District of New York, No. 02-CV-9705, filed December 6, 2002. Tyco International filed a civil complaint against its former Chairman and Chief Executive Officer and former Chief Financial Officer and director pursuant to Section 16(b) of the Securities and Exchange Act of 1934 for disgorgement of short-swing profits from prohibited transactions in Tyco International's common shares believed to exceed \$40 million. The action seeks disgorgement of profits, interest, attorney's fees and costs. The Judicial Panel on Multidistrict Litigation has transferred this action to the United States District Court for the District of New Hampshire. On October 6, 2003, Messrs. Kozlowski and Swartz moved to dismiss the claims against them based upon the statute of limitations. On March 16, 2004, Judge Barbadoro in the District of New Hampshire granted the defendants' motion to dismiss in part with leave for Tyco International to file an amended complaint. Tyco International filed an amended complaint on May 14, 2004. The defendants moved to dismiss certain claims in the amended complaint on June 28, 2004. The defendants' motion to dismiss was denied on April 21, 2005. The defendants' motion to extend time to answer the complaint until thirty days after the conclusion of deliberations in the criminal trial was granted on May 17, 2005. Both defendants filed their answers on July 18, 2005. Discovery in this and the other affirmative cases is proceeding.

Tyco International Ltd. v. Frank E. Walsh, Jr., United States District Court, Southern District of New York, No. 02-CV-4633, filed June 17, 2002. Tyco International filed a civil complaint against Frank E. Walsh, Jr., a former director, for breach of fiduciary duty and related wrongful conduct involving receipt by Walsh of a \$20 million payment in connection with Tyco International's 2001 acquisition of CIT Group, Inc. The action alleges causes of action for restitution, breach of fiduciary duty and inducing breach of fiduciary duty, conversion, unjust enrichment, and a constructive trust, and seeks recovery for all of the losses suffered by Tyco International as a result of the defendant director's conduct. On December 17, 2002, Mr. Walsh paid \$20 million in restitution to Tyco International, which was deposited by Tyco International in January 2003, as a result of a plea bargain agreement with the New York County District Attorney. Tyco International's claims against Mr. Walsh are still pending. The Judicial Panel on Multidistrict Litigation transferred this action to the United States District Court for the District of New Hampshire. Discovery in this and the other affirmative cases is proceeding.

Subpoenas and Document Requests From Governmental Entities

Tyco International and others have received various subpoenas and requests from the SEC, the U.S. Department of Labor, the General Service Administration and others seeking the production of voluminous documents in connection with various investigations into Tyco International's governance, management, operations, accounting and related controls. We and Tyco International are cooperating with these investigations and are complying with these requests.

The U.S. Department of Labor served document subpoenas on Tyco International and Fidelity Management Trust Company for documents concerning the administration of the Tyco Retirement Savings and Investment Plans. The current focus of the Department's inquiry concerns the losses allegedly experienced by the plans due to investments in Tyco International's stock. The Department of Labor has authority to bring suit on behalf of the plans and their participants against those acting as fiduciaries to the plans for recovery of losses and additional penalties, although it has not informed us of any intention to do so. Tyco International is continuing to cooperate with the Department's investigation.

Tyco International cannot predict when these investigations will be completed, nor can it predict what the results of these investigations may be. It is possible that Tyco International will be required to pay material fines or suffer other penalties. It is not possible to estimate the amount of loss, or range of possible loss, if any, which might result from an adverse resolution of these matters. As a result, our share of such potential losses is also not estimable and may have a material adverse effect on our financial position, results of operations or cash flows.

Compliance Matters

Tyco International has received and responded to various allegations that certain improper payments were made by Tyco Electronics subsidiaries in recent years. During 2005, Tyco International reported to the U.S. Department of Justice, or DOJ, and the SEC the investigative steps and remedial measures that it has taken in response to the allegations. Tyco International also informed the DOJ and the SEC that it has retained outside counsel to perform a company-wide baseline review of its policies, controls and practices with respect to compliance with the Foreign Corrupt Practices Act, that it would continue to make periodic progress reports to these agencies, and that it would present its factual findings upon conclusion of the baseline review. Tyco International has and, after the separation, we will continue to have communications with the DOJ and SEC to provide updates on the baseline review being conducted by outside counsel, including, as appropriate, briefings concerning additional instances of potential improper payments identified by Tyco International and us in the course of our ongoing compliance activities. To date, the baseline review has revealed that some business practices may not comply with Tyco and FCPA requirements. We cannot predict the outcome of these matters reported to regulatory and law enforcement authorities and therefore cannot estimate the range of potential loss or extent of risk, if any, that may result from an adverse resolution of any or all of these matters. Accordingly, it is possible that we may be required to pay judgments, suffer penalties or incur settlements in amounts that may have a material adverse effect on our financial position, results of operations or cash flows.

Tyco Electronics Legal Proceedings

In the ordinary course of business, we are subject to various legal proceedings and claims, including patent infringement claims, antitrust claims, product liability matters, environmental matters, employment disputes, disputes on agreements, and other commercial disputes. In addition, we operate in an industry susceptible to significant patent legal claims. At any given time in the ordinary course of business, we are involved as either a plaintiff or defendant in a number of patent infringement actions. If infringement of a third party's patent were to be determined against us, we might be required to make significant royalty or other payments or might be subject to an injunction or other limitation on our ability to manufacture or sell one or more products. If a patent owned by or licensed to us were determined to be invalid or unenforceable, we might be required to reduce the value of the patent on our balance sheet and to record a corresponding charge, which could be significant in amount.

RELATIONSHIP WITH TYCO INTERNATIONAL AND COVIDIEN

This section of the information statement summarizes material agreements between us and Tyco International and Covidien that will govern the ongoing relationships between the three companies after the separation and are intended to provide for an orderly transition to our status as an independent, publicly-traded company. Additional or modified agreements, arrangements and transactions, which will be negotiated at arm's length, may be entered into between Tyco International, Covidien and us after the separation.

Agreements with Tyco International and Covidien

Before our separation from Tyco International, we will enter into a Separation and Distribution Agreement and other agreements with Tyco International to effect the separation and provide a framework for our relationship with Tyco International after the separation. These agreements will govern the relationships among us, Tyco International and Covidien subsequent to the completion of the separation plan and provide for the allocation among us, Tyco International and Covidien of Tyco International's assets, liabilities and obligations attributable to periods prior to the respective separations of each of the businesses from Tyco International. In addition to the Separation and Distribution Agreement, which contains many of the key provisions related to our separation from Tyco International and the distribution of our common shares to Tyco International shareholders, the parties also will enter into a Tax Sharing Agreement.

The principal agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part, and the summaries of each of these agreements set forth the terms of the agreements that we believe are material.

The terms of the agreements described below that will be in effect following our separation have not yet been finalized. Although we do not anticipate material changes to the agreements prior to the separation, any such changes may affect the respective parties' rights and obligations described below. No changes may be made after our separation from Tyco International without our consent if such changes would adversely affect us.

Separation and Distribution Agreement

The Separation and Distribution Agreement will set forth our agreements with Tyco International and Covidien regarding the principal transactions necessary to separate us from Tyco International. It will also set forth other agreements that govern certain aspects of our relationship with Tyco International and Covidien after the completion of the separation plan. The parties intend to enter into the Separation and Distribution Agreement before the distribution of our common shares to Tyco International shareholders.

Transfer of Assets and Assumption of Liabilities

The Separation and Distribution Agreement will identify assets to be transferred, liabilities to be assumed and contracts to be assigned to each of us, Covidien and Tyco International as part of the separation of Tyco International into three companies, and will describe when and how these transfers, assumptions and assignments will occur, although many of the transfers, assumptions and assignments will have already occurred prior to the parties' entering into the Separation and Distribution Agreement. In particular, the Separation and Distribution Agreement will provide that, subject to the terms and conditions contained in the Separation and Distribution Agreement:

All of the assets and liabilities primarily related to our business—the business and operations of Tyco International's electronics segment—will be retained by or transferred to us.

All of the assets and liabilities primarily related to Covidien's business—the business and operations of Tyco International's healthcare segment—will be retained by or transferred to Covidien.

All of the assets and liabilities primarily related to the business and operations of Tyco International's fire, security and engineered products and services segments will be retained by or transferred to Tyco International.

Liabilities related to, arising out of or resulting from each previously terminated or divested business of Tyco International that is not sufficiently associated with the current business of any of the parties will be allocated to a specific party as set forth on a schedule to the Separation and Distribution Agreement.

Each party will assume or retain any liabilities relating to its employees in respect of the period prior to, on or following the effective time of the Separation and Distribution Agreement.

Each party or one of its subsidiaries will assume or retain any liabilities relating to any of its or its subsidiaries' or controlled affiliates' indebtedness, regardless of the issuer of such indebtedness, exclusively relating to its business or secured exclusively by its assets.

We will assume 31%, Covidien will assume 42% and Tyco International will assume 27% of certain contingent and other corporate liabilities of Tyco International, which include securities litigation, certain legacy tax contingencies and any actions with respect to the separation plan or the distributions made or brought by any third party. Any amounts relating to these contingent and other corporate liabilities paid to Tyco International after the spin-offs that are subject to the allocation provisions of the Separation and Distribution Agreement will be shared among us, Covidien and Tyco International pursuant to the same allocation ratio.

Any amounts paid to Tyco International after the spin-offs as a result of currently pending litigation between Tyco International and members of its former senior management will be retained by Tyco International and will not be allocated among us, Tyco International and Covidien.

Subject to certain limitations, Tyco International will have the right to control the defense and settlement of all litigation related to the shared contingent and other corporate liabilities referred to above. All costs and expenses incurred by Tyco International in connection with the defense of such litigation, other than the amount of any judgment or settlement, which will be allocated in the manner described above, will be borne equally by Tyco International, Covidien and us.

We will be entitled to 31% and Covidien will be entitled to 42% of certain contingent corporate assets of Tyco International, which are not primarily related to any of our business, the business of Covidien or Tyco International's fire, security and engineered products and services businesses and which are not specifically assigned to us, Tyco International or Covidien, although we expect any such contingent assets to consist only of currently unknown assets and not to be material.

Except as otherwise provided in the Separation and Distribution Agreement or any ancillary agreement, other than the costs and expenses relating to the issuance of debt or debt-related securities by any party or its subsidiaries (the costs and expenses of which are expected to be the responsibility of such party), the corporate costs and expenses incurred after the distribution date relating to the separation will be borne by the party incurring such expenses.

The majority of Tyco International's assets and liabilities directly relate to individual businesses and will be assigned or allocated accordingly. Certain litigation and tax contingencies are considered to be obligations of all of Tyco International's businesses, best managed centrally, and appropriately shared among us, Tyco International and Covidien through pre-determined, fixed percentages. The primary

consideration for determining those fixed percentages was each entity's ability to pay, in order to reduce the probability that any settlement of contingencies would disproportionately impact an individual company's financial condition.

Except as may expressly be set forth in the Separation and Distribution Agreement or any ancillary agreement, all assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest, that any necessary consents or governmental approvals are not obtained and that any requirements of laws or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the separation is presented based on the allocation of such assets and liabilities pursuant to the Separation and Distribution Agreement, unless the context otherwise requires. Certain of the liabilities and obligations to be assumed by one party or for which one party will have an indemnification obligation under the Separation and Distribution Agreement and the other agreements relating to the separation are, and following the separation may continue to be, the legal or contractual liabilities or obligations of another party. Each such party that continues to be subject to such legal or contractual liability or obligation will rely on the applicable party that assumed the liability or obligation or the applicable party that undertook an indemnification obligation with respect to the liability or obligation, as applicable, under the Separation and Distribution Agreement, to satisfy the performance and payment obligations or indemnification obligations with respect to such legal or contractual liability or obligation.

Further Assurances

To the extent that any transfers contemplated by the Separation and Distribution Agreement have not been consummated on or prior to the distribution date, the parties will agree to cooperate to effect such transfers as promptly as practicable. In addition, each of the parties will agree to cooperate with each other and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the Separation and Distribution Agreement and the ancillary agreements.

The Distributions and Financings

The Separation and Distribution Agreement also will govern the rights and obligations of the parties regarding the proposed distributions. Each of us and Covidien will agree to distribute to Tyco International as a share dividend the number of such party's common shares distributable to effectuate the applicable separation. In addition, Tyco International will agree to cause its agent to distribute to Tyco International shareholders that hold Tyco International common shares as of the applicable record date all the common shares of the company being separated from Tyco International.

Under the Separation and Distribution Agreement, we will have a cash balance of at least \$500 million on the distribution date, provided the total cash balance after excluding unpaid separation costs is no less than \$1.7 billion. After the separation, our cash balance will be adjusted for any unpaid cash dividends declared between February 28, 2007 and the distribution date, unpaid separation costs and acquisitions or divestitures. If we generate more free cash flow than estimated, Tyco International will pay such excess amount to us. If we generate less free cash flow than estimated, we will repay Tyco International the amount of such deficiency. The cash balance remaining after the adjustments described above will be allocated in the proportion in which it was generated.

The adjustments described above are intended to provide each party with sufficient cash to operate its business after the separation. Based upon Tyco International's current internal cash flow forecasts, as of the distribution date, Tyco International expects to have no less than \$2 billion in cash after

transaction related costs. This forecast assumes each business achieves its targeted cash flow generation prior to the distribution date. The proposed allocation of cash is \$1 billion to Tyco International, \$500 million to Covidien and \$500 million to us. In the event of a shortfall as of the distribution date below the forecasted \$2 billion of cash after separation costs, Tyco International will absorb the first \$300 million of shortfall. If the shortfall exceeds \$300 million as of the distribution date, such that Tyco International's cash allocation would fall below \$700 million as of the distribution date, we and Covidien will each fund 50% of any such shortfall. However, in order that we still have at least \$500 million of cash on the distribution date, we may incur a loan payable to Tyco International if sufficient cash is not on deposit prior to the distribution date. Operating forecasts contain many assumptions and are subject to various uncertainties, and therefore it is not practicable at this time to reliably determine the range of possible cash balance adjustments.

Additionally, the Separation and Distribution Agreement will provide that the distributions are subject to several conditions that must be satisfied or waived by Tyco International in its sole discretion. For further information regarding our separation from Tyco International, see "The Separation—Conditions to the Distribution."

Releases and Indemnification

Except as otherwise provided in the Separation and Distribution Agreement or any ancillary agreement, each party will release and forever discharge each other party and its respective subsidiaries and affiliates from all liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the separation. The releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation pursuant to the Separation and Distribution Agreement or any ancillary agreement or to ordinary course trade payables and receivables.

In addition, the Separation and Distribution Agreement will provide for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of Tyco International's business and Covidien's business with Tyco International and Covidien, respectively. Specifically, each party will, and will cause its subsidiaries and affiliates to, indemnify, defend and hold harmless the other parties, their respective affiliates and subsidiaries and each of their respective officers, directors, employees and agents for any losses arising out of or otherwise in connection with:

the liabilities each such party assumed or retained pursuant to the Separation and Distribution Agreement; and

any breach by such party of the Separation and Distribution Agreement.

Legal Matters

Each party to the Separation and Distribution Agreement will assume the liability for, and control of, all pending and threatened legal matters related to its own business or assumed or retained liabilities and will indemnify the other parties for any liability arising out of or resulting from such assumed legal matters.

Each party to a claim will agree to cooperate in defending any claims against two or more parties for events that took place prior to, on or after the date of the separation of such party from Tyco International.

Tyco International initially will act as managing party and manage and assume control of all legal matters related to any assumed Tyco International contingent liability or Tyco International contingent asset, including settlement of such legal matters. In the event of the bankruptcy or insolvency of Tyco

International, Covidien will become the managing party. In addition, in the event of a change in control of the managing party, a change in the chief executive officer of the managing party or a change in the majority of the board of directors of the managing party, the managing party may be changed by the vote of two of the three parties to the Separation and Distribution Agreement. Moreover, on an annual basis the parties to the Separation and Distribution Agreement will determine whether or not to change the managing party and the vote of two of the three parties will be sufficient to effect such change. Each of us, Covidien and Tyco International will cooperate fully with the applicable managing party in connection with the management of such assets and liabilities. All costs and expenses related thereto shall be shared equally by these three parties. If any party defaults in payment of its portion of any assumed Tyco International contingent liability or the cost of managing any Tyco International contingent asset, each non-defaulting party will be responsible for an equal portion of the amount in default together with any other non-defaulting party, although any such payments will not release the obligation of the defaulting party.

Employee Matters

The Separation and Distribution Agreement will allocate liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters in connection with the separation of Tyco International, including the treatment of certain outstanding and long-term incentive awards, existing deferred compensation obligations and certain retirement and welfare benefit obligations. The Separation and Distribution Agreement also will provide that outstanding Tyco International share options and restricted share unit awards will be adjusted equitably in connection with each distribution. See "Management-Treatment of Outstanding Equity Compensation Arrangements."

Insurance

The Separation and Distribution Agreement will provide for the rights of the parties to report claims under existing insurance policies written by non-affiliates of Tyco International for occurrences prior to each separation and set forth procedures for the administration of insured claims. In addition, the agreement will allocate among the parties the right to insurance policy proceeds based on reported claims and the obligations to incur deductibles under certain insurance policies. The Separation and Distribution Agreement will provide that Tyco International will continue to own and operate White Mountain and Mountainbran, its captive insurance companies, and we and Covidien will continue our rights as policyholders with respect to existing policies written by those companies for our benefit. The Separation and Distribution Agreement also will provide that Tyco International will obtain, subject to the terms of the agreement, certain executive risk insurance policies, namely directors and officers policies and fiduciary and employment practices policies, to apply against certain pre-separation claims, if any.

Tyco International maintains a variety of global commercial insurance programs with non-affiliates of Tyco International. All of these programs are subject to the policies, terms and conditions, policy limits and deductibles of the policies. The facts and circumstances of each pre-separation claim will govern the determination of whether the occurrence is covered by existing insurance policies written by non-affiliates of Tyco International or Tyco International's affiliated, captive insurance companies, White Mountain or Mountainbran, or alternatively, is not covered by any insurance policy existing as of the date of the separation.

Dispute Resolution

In the event of any dispute arising out of the Separation and Distribution Agreement, the general counsels of the parties and such other representatives as the parties designate will negotiate to resolve any disputes among the parties. If the parties are unable to resolve the dispute in this manner within

45 days then, unless agreed otherwise by the parties, the parties will submit the dispute to mediation for an additional period of 30 days. If the parties are unable to resolve the dispute in this manner, until certain litigation related to shared contingent liabilities is finally resolved, the dispute will be resolved through binding arbitration and in all matters involving only claims for monetary damages the parties will be required to each submit a proposal and the arbitrators shall be limited to awarding only one of the proposals submitted.

Other Matters Governed by the Separation and Distribution Agreement

Other matters governed by the Separation and Distribution Agreement include access to financial and other information, intellectual property, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Tax Sharing Agreement

Before our separation from Tyco International, we will enter into a Tax Sharing Agreement with Tyco International and Covidien that generally will govern Tyco International's, Covidien's and our respective rights, responsibilities, and obligations after the distribution with respect to taxes, including ordinary course of business taxes and taxes, if any, incurred as a result of any failure of the distribution of all of the shares of Covidien or Tyco Electronics to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Code or internal transactions undertaken in anticipation of the separation to qualify for tax-favored treatment under the Code.

Under the Tax Sharing Agreement, we expect, with certain exceptions, that we will generally be responsible for the payment of:

all taxes attributable to us or our subsidiaries that are reported on tax returns for tax periods ending on or before the date of the distribution, all taxes attributable to us or our subsidiaries reported on any income tax returns filed by Tyco International, Covidien or us for tax periods that straddle the date of the distribution, and all taxes attributable to us or our subsidiaries reported on tax returns for periods beginning after the date of the distribution;

any non-U.S. income taxes and other non-income taxes resulting from a tax audit to the extent such taxes are attributable to us and our subsidiaries;

for periods or portions thereof ending on or before the date of the distribution, 31% of any additional:

U.S. income taxes that are required to be paid to a U.S. tax authority as a result of a U.S. tax audit of Tyco International's, Covidien's or our subsidiaries' income tax returns; and

non-U.S. income taxes that are required to be paid to a tax authority as a result of a tax audit of Tyco International's, Covidien's or our subsidiaries' income tax returns but only to the extent that such taxes are attributable to adjustments to intercompany transactions or similar adjustments; and

31% of any taxes arising from a failure of the distribution of all of the stock of Covidien or us, or any internal transaction undertaken in anticipation of the separation, to qualify for tax-free or tax-favored treatment under the Code, as the case may be, unless such taxes result from either an action or failure to act on our part, in which case we will be responsible for all of such taxes or an action or failure to act on the part of Tyco International or Covidien, in which case Tyco International or Covidien, as applicable, will be responsible for all such taxes.

The Tax Sharing Agreement also will contain restrictions on our, Tyco International's and Covidien's ability to take actions that could cause the distribution or certain internal transactions undertaken in anticipation of the separation to fail to qualify as tax-free or tax-favored transactions, as

the case may be, including entering into, approving or allowing any transaction that results in a change in ownership of more than 35% of our common shares, a redemption of equity securities, a sale or other disposition of a substantial portion of our assets, an acquisition of a business or assets with equity securities to the extent one or more persons would acquire 35% or more of our common shares or engaging in certain internal transactions. These restrictions apply for the two year period after the distribution, unless the responsible party obtains the consent of other parties or obtains a private letter ruling from the Internal Revenue Service or an unqualified opinion of a nationally recognized law firm that such action will not cause the distribution or the internal transactions undertaken in anticipation of the separation to fail to qualify as tax-favored transactions and such letter ruling or opinion, as the case may be, is acceptable to the parties. Moreover, the Tax Sharing Agreement generally will provide that a party thereto is responsible for any taxes imposed on any other party thereto as a result of the failure of the distribution or the internal transactions to qualify as tax-favored transactions under the Code if such failure is attributable to certain post-distribution actions taken by or in respect of the responsible party or its shareholders, regardless of whether the actions occur more than two years after the distribution, the other parties consent to such actions or the responsible party obtains a favorable letter ruling or tax opinion. In addition, it will set forth the respective rights, responsibilities, and obligations among us, Covidien and Tyco International with respect to the filing of tax returns, the administration of tax contests, assistance and cooperation, and other tax matters. Specifically, in regards to a U.S. income tax audit, Tyco International will administer the tax audit and control its settlement in its sole discretion. The other parties to the Tax Sharing Agreement will only be able to remove Tyco International as the controlling party under limited circumstances, including a change of control or bankruptcy to Tyco International, or by a majority vote of the parties on or after the second anniversary of the distribution. In regards to any other tax audit, the party or its subsidiary that is subject to the tax audit will administer the tax audit and control its settlement in its sole discretion.

General Corporate Overhead

In addition to the services discussed above for which costs are directly allocated to us by Tyco International, certain corporate services are charged to us through Tyco International's general corporate overhead allocation, which is calculated on the percentage of our sales to Tyco International's consolidated net revenues. These services include treasury, tax, legal, internal audit, human resources and risk management, some of which may be provided to us as transition services for a period of time following the separation. Our share of the general corporate overhead was \$177 million in fiscal 2006, \$198 million in fiscal 2005 and \$177 million in fiscal 2004.

Members' Agreement

Under the Members' Agreement among us, Tyco International and Tyco International Services GmbH, or TIS, and the charter documents of TIS, TIS, which is the sole owner of all trade names, trademarks and service marks including the word "Tyco," will license some or all of them, as appropriate, to us and Tyco International to carry out our respective business activities. We and Tyco International will each own 50% of the share capital of TIS, subject to the small interest of a trust company who will hold such interest in connection with dispute resolution procedures. We and Tyco International will each enter into a separate license agreement with TIS. Pursuant to each such license agreement, we and Tyco International will pay TIS an annual license fee. Each such license agreement will have an initial term of 15 years and will thereafter automatically be renewed for 5-year renewal terms unless TIS or either we or Tyco International, as applicable, terminates such agreement. Covidien will also receive a license to use the "Tyco" trade names, trademarks and service marks for a transition period following the separation.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information as of December 31, 2006 with respect to those persons who are expected to serve as our directors and executive officers following the distribution. Our director nominees are expected to be named to the board of directors immediately after the distribution. The board of directors thereafter is expected to name the individuals below to serve as our executives in the capacities listed below.

Name	Age	Position(s)
Thomas J. Lynch	52	Chief Executive Officer and Director
Juergen W. Gromer	61	President and Director nominee*
Mario Calastri	49	Senior Vice President and Treasurer
Alan C. Clarke	53	President, Network Solutions
Terrence R. Curtin	38	Executive Vice President, Chief Financial Officer and Director**
Charles P. Dougherty	44	President, Wireless Systems
Jane A. Leipold	46	Senior Vice President of Global Human Resources
Minoru Okamoto	57	Senior Vice President, Communications, Computer and Consumer Electronics
Robert J. Ott	46	Senior Vice President and Controller
Eric Resch	49	Senior Vice President and Tax Officer
Robert A. Scott	56	Executive Vice President, General Counsel and Director**
Joan Wainwright	46	Senior Vice President of Communications and Public Affairs
Pierre R. Brondeau	49	Director nominee
Ram Charan	67	Director nominee
Robert M. Hernandez	62	Director nominee
Daniel J. Phelan	57	Director nominee
Frederic M. Poses	64	Director nominee, Chairman of the board designate
Lawrence S. Smith	59	Director nominee
Paula A. Sneed	59	Director nominee
David P. Steiner	46	Director nominee
Sandra S. Wijnberg	50	Director nominee

* Dr. Gromer will retire from his position as President on December 31, 2007.

** Messrs. Curtin and Scott will resign as directors effective upon the separation and the election of the director nominees.

Thomas J. Lynch—Mr. Lynch, age 52, serves on our board of directors and has been Chief Executive Officer of Tyco Electronics since January 2006 and was previously President of Tyco Engineered Products and Services since joining Tyco International in September 2004. Prior to joining Tyco, Mr. Lynch was at Motorola where he was Executive Vice President and President and Chief Executive Officer, Personal Communications Sector from August 2002 to September 2004; Executive Vice President and President, Integrated Electronic Systems Sector from January 2001 to August 2002; Senior Vice President and General Manager, Satellite & Broadcast Network Systems, Broadband Communications Sector from February 2000 to January 2001; and Senior Vice President and General Manager, Satellite & Broadcast Network Systems, General Instrument Corporation from May 1998 to February 2000.

Juergen W. Gromer—Dr. Gromer, age 61, serves on our board of directors and has been President of Tyco Electronics since April 1999. He assumed the role of President of the Electronic Components Business segment in September 2006. Dr. Gromer was Senior Vice President, Worldwide Sales and Service, of AMP Incorporated (acquired by Tyco International in April 1999) from 1998 to April 1999; President, Global Automotive Division, and Corporate Vice President of AMP from 1996 to 1998; and Vice President and General Manager of various divisions of AMP from 1990 to 1996.

Mario Calastri—Mr. Calastri, age 49, will become Senior Vice President and Treasurer of Tyco Electronics upon its separation from Tyco International. He has been Vice President and Assistant Treasurer of Tyco International since 2005. Prior to joining Tyco International, Mr. Calastri was Vice President, Finance and Planning for IBM Global Financing EMEA in 2004 and Assistant Treasurer of IBM Corporation from 1999 to 2003.

Alan C. Clarke—Mr. Clarke, age 53, has been President of Network Solutions of Tyco Electronics since September 2006 and served as Vice President of Tyco Electronics since 1999. Prior to that, Mr. Clarke worked for Raychem Corporation, which was acquired by Tyco International in 1999, for 17 years in various senior management positions.

Terrence R. Curtin—Mr. Curtin, age 38, has been Executive Vice President and Chief Financial Officer of Tyco Electronics since October 2006 and previously served as Vice President and Corporate Controller since 2001. Prior to joining Tyco Electronics, Mr. Curtin worked at Arthur Andersen & Co.

Charles P. Dougherty—Mr. Dougherty, age 44, has been President of Wireless Systems of Tyco Electronics since October 2006. Prior to joining Tyco Electronics, Mr. Dougherty was at Motorola where he served as Corporate Vice President and General Manager Voice and Data Solutions from July 2004, Vice President and General Manager IP solutions from June 2001 to July 2004, and Vice President and General Manager North American VoIP Solutions from July 2000 to June 2001.

Jane A. Leipold—Ms. Leipold, age 46, has been Senior Vice President, Global Human Resources for Tyco Electronics since 2001 and prior to that held various human resources, purchasing and engineering positions within the Company.

Minoru Okamoto—Mr. Okamoto, age 57, has been Senior Vice President, Communications, Computer and Consumer Electronics Business unit since March 2001. He has a total of 29 years of AMP and Tyco Electronics experience and has held a variety of positions covering sales, marketing, operations and general management.

Robert J. Ott—Mr. Ott, age 46, will become Senior Vice President and Controller of Tyco Electronics upon its separation from Tyco International. He has been Vice President, Corporate Audit of Tyco International since March 2003 and prior to that was Vice President of Finance—Corporate Governance of Tyco International since August 2002. Prior to joining Tyco International, Mr. Ott was Chief Financial Officer at Multiplex, Inc. from 2001 to 2002 and Chief Financial Officer of SourceAlliance, Inc. from 2000 to 2001.

Eric Resch—Mr. Resch, age 49, will become Senior Vice President and Tax officer of Tyco Electronics upon its separation from Tyco International. He has been Vice President, Tax Reporting of Tyco International since 2003. Prior to joining Tyco International, Mr. Resch was Director, Tax reporting for United Technologies Corporation from 2001 to 2003.

Robert A. Scott—Mr. Scott, age 56, has been Executive Vice President and General Counsel of Tyco Electronics since 2006 and prior to that was Senior Vice President, Corporate Planning for Tyco International (US) Inc. from January 2006 and Vice President of Strategy and Business Planning for Engineered Products and Services from May 2004 to January 2006. Prior to joining Tyco International, Mr. Scott was Senior Vice President and Chief of Staff of Motorola's Integrated Electronics sector during 2002 and 2003 and Motorola's Senior Vice President of Business Integration in 2001. Prior to

joining Motorola, Mr. Scott was Senior Vice President, General Counsel and Corporate Secretary of General Instrument Corporation.

Joan Wainwright—Ms. Wainwright, age 46, has been Senior Vice President, Communications and Public Affairs at Tyco Electronics since June 2006. Previously she served as Vice President, Public Affairs for Merck & Co., Inc. from June 2000 to June 2006.

Pierre R. Brondeau—Mr. Brondeau, age 49, is expected to join our board of directors immediately following the distribution. Mr. Brondeau was named an Executive Vice President and Business Group Executive of electronics materials and specialty materials of Rohm & Haas Company, a U.S.-based manufacturer of specialty materials, in 2006. He has also served as Vice-President, Business Group Executive, Electronic Materials; President and Chief Executive Officer, Rohm and Haas Electronic Materials LLC and Regional Director, Europe, from 2003 and previously, Vice-President, Business Group Director, Electronic Materials, President and Chief Executive Officer, Shipley Company, LLC, from 1999 to 2003. Mr. Brondeau received a masters degree from Universite de Montpellier and a Doctorate from Universite de Toulouse.

Ram Charan—Mr. Charan, age 67, is expected to join our board of directors immediately following the distribution. Since 1978, Mr. Charan has served as an advisor to executives and corporate boards and provides expertise in corporate governance, global strategy and succession. Mr. Charan received a bachelor's degree from Banaras Hindu University and an MBA and a DBA from Harvard Business School.

Robert M. Hernandez—Mr. Hernandez, age 62, is expected to join our board of directors immediately following the distribution. Mr. Hernandez has served as Chairman of the Board of RTI International Metals, Inc., a producer of fabricated metal components, from 1990 to present. From 1994 to 2001, he served as Vice Chairman and Chief Financial Officer of USX Corporation and prior to that served in a variety of positions during his career at USX, beginning in 1968. Mr. Hernandez received a Bachelor's degree from the University of Pittsburgh and an MBA from the Wharton Graduate School of the University of Pennsylvania. Mr. Hernandez is also Lead Director of ACE Ltd., a director of Eastman Chemical Company and a Trustee and Vice Chairman of Black Rock Funds.

Daniel J. Phelan—Mr. Phelan, age 57, is expected to join our board of directors immediately following the distribution. Mr. Phelan has served as Senior Vice President, Human Resources of GlaxoSmithKline, a manufacturer of pharmaceuticals and consumer health-related products, from 1994 to the present. Mr. Phelan received bachelor's and law degrees from Rutgers University and a master's degree from Ohio State University.

Frederic M. Poses—Mr. Poses, age 64, is expected to join our board of directors immediately following the distribution and serve as our Chairman. Mr. Poses has served as Chairman and Chief Executive Officer of American Standard Companies Inc. a manufacturer and provider of air conditioning systems and services, bathtub and kitchen fixtures and fittings, and vehicle control systems from 1999 to present. From 1998 to 1999, Mr. Poses was President and Chief Operating Officer of AlliedSignal, Inc., where he served in various capacities over his career beginning in 1969. Mr. Poses holds a bachelor's degree in business administration from New York University. Mr. Poses is also a Director of Centex Corporation and Raytheon Company.

Lawrence S. Smith—Mr. Smith, age 59, is expected to join our board of directors immediately following the distribution. Mr. Smith was named Executive Vice President in 1995 and Co-Chief Financial Officer in 2002 of Comcast Corporation, a broadband cable provider. He served in finance and administration positions at Comcast from 1988 to 1995. Prior to joining Comcast, Mr. Smith was the Chief Financial Officer of Advanta Corporation. He also worked for Arthur Andersen & Co. for 18 years, where he was a tax partner. Mr. Smith has a bachelor's degree from Ithaca College. Mr. Smith is also a Director of Air Products and Chemicals, Inc. and MGM Holdings, Inc.

Paula A. Sneed—Ms. Sneed, age 59, is expected to join our board of directors immediately following the distribution. Ms. Sneed was Executive Vice President of Global Marketing Resources and Initiatives for Kraft Foods, Inc., a worldwide producer of branded food and beverage products until her retirement in December 2006. She served as Group Vice President and President of Electronic-Commerce and Marketing Services for Kraft Foods North America, part of Kraft Foods, Inc., from 2000 until 2004, and Senior Vice President, Global Marketing Resources and Initiatives from December 2004 to July 2005. She joined General Foods Corporation (which later merged with Kraft Foods) in 1977 and has held a variety of management positions. Ms. Sneed received a bachelor's degree from Simmons College and an MBA from Harvard Graduate School of Business. Ms. Sneed is a Director of Airgas Inc. and Charles Schwab Corporation.

David P. Steiner—Mr. Steiner, age 46, is expected to join our board of directors immediately following the distribution. Since March 2004, Mr. Steiner has served as Chief Executive Officer and a Director of Waste Management, Inc., a provider of integrated waste management services. His previous positions at Waste Management included Executive Vice President and Chief Financial Officer from 2003-2004, Senior Vice President, General Counsel and Corporate Secretary from 2001 to 2003 and Vice President and Deputy General Counsel from 2000 to 2001. Mr. Steiner received a bachelor's degree from Louisiana State University and a law degree from University of California.

Sandra S. Wijnberg—Ms. Wijnberg, age 50, is expected to join our board of directors immediately following the distribution. Ms. Wijnberg has served as Chief Administrative Officer of Aquiline Holdings LLC, a New York based investment firm specializing in financial services, since March 2007. Until April 2006, Ms. Wijnberg was the Senior Vice President and Chief Financial Officer at Marsh & McLennan Companies, Inc., a professional services firm with insurance and reinsurance brokerage, consulting and investment management businesses. Before joining Marsh & McLennan Companies, Inc. in January 2000, Ms. Wijnberg served as a Senior Vice President and Treasurer of Tricon Global Restaurants, Inc. and held various positions at PepsiCo, Inc., Morgan Stanley Group, Inc. and American Express Company. Ms. Wijnberg is a graduate of the University of California, Los Angeles and received an MBA from the University of Southern California. Ms. Wijnberg is also a Director of Tyco International Ltd.

Structure of the Board of Directors

After the separation, we expect to have a board of directors initially consisting of 11 directors. Our bye-laws will provide that the number of members will be fixed by a majority vote of the board of directors. Our certificate of incorporation and bye-laws will provide that the board of directors will consist of one class, with our directors being elected each year by a majority of votes cast at our annual meeting of shareholders. Our board of directors may be removed with or without cause by a majority vote of shareholders. Most of our directors are expected to be independent, non-employee directors who meet the criteria for independence required by the New York Stock Exchange. We expect that membership on the Audit Committee, Management Development and Compensation Committee and Nominating, Governance and Compliance Committee will be limited to independent, non-employee directors. In addition, Mr. Poses is expected to serve as a non-executive Chairman of the board of directors.

We expect that our board of directors will determine that most of our non-employee directors satisfy NYSE standards to qualify as independent directors as well as any additional independence standards established by the board of directors. Our board of directors is expected to adopt corporate governance guidelines that, along with the charters of our board committees and our code of business conduct for employees and board of directors, will provide the framework for the governance of Tyco Electronics.

Committees of the Board of Directors

At the time of the distribution, the board of directors will have three standing committees: Audit, Management Development and Compensation, and Nominating, Governance and Compliance. Assignments to, and chairs of, the committees are recommended by the Nominating, Governance and Compliance Committee and selected by the board of directors. Each of the Committees will operate under a charter approved by the board of directors. The charters will be posted on our website at www.tycoelectronics.com, and we will provide a copy of the charters to shareholders upon request. All committees will report on their activities to the board.

Audit Committee. The Audit Committee will monitor the integrity of our financial statements, the independence and qualifications of the independent auditors, the performance of our internal auditors as well as the independent auditors, our compliance with legal and regulatory requirements and the effectiveness of our internal controls. The Audit Committee will be responsible for selecting, retaining (subject to shareholder approval), evaluating, setting the remuneration of, and, if appropriate, recommending the termination of our independent auditors. The Audit Committee will be established in accordance with Section 10A(m) of the Securities Exchange Act. The members of the Audit Committee are expected to be _____, each of whom is expected to be independent under NYSE listing standards for audit committee members. _____ is expected to be the Chair of the Committee. We expect that our board of directors will determine that at least one director on the Audit Committee satisfies the SEC and NYSE standards for being an audit committee financial expert.

Management Development and Compensation Committee. The Management Development and Compensation Committee will review and approve compensation and benefits policies and objectives for our executive officers and directors and carry out the board of directors' responsibilities relating to the compensation of our executives. The Management Development and Compensation Committee also will review leadership development objectives as they relate to our officers and employees. The members of the Management Development and Compensation Committee are expected to be _____, each of whom is expected to be independent under New York Stock Exchange listing standards. _____ is expected to be the Chair of the Committee.

Nominating, Governance and Compliance Committee. The Nominating, Governance and Compliance Committee will be responsible for identifying individuals qualified to become board members, recommending to the board of directors the director nominees for the annual general meeting of shareholders, developing and recommending to the board of directors a set of corporate governance principles, and playing a general leadership role in our corporate governance. In addition, the Nominating, Governance and Compliance Committee also will oversee our environmental, health and safety management system. The members of the Nominating, Governance and Compliance Committee are expected to be _____, each of whom is independent under New York Stock Exchange listing standards. _____ is expected to be the Chair of the Committee.

Management Development and Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Management Development and Compensation Committee. In addition, none of our executive officers serves as a member of the compensation committee of any entity that has one or more of its executive officers serving as a member of our board of directors.

Compensation of Non-Employee Directors

Non-employee director compensation following the distribution initially will consist of cash and an award of stock units. The annual retainer for non-employee directors will consist of \$80,000 and

deferred stock units, or DSUs, with a value at grant of \$120,000, rounded up to the nearest whole number of shares. The Chairman of the board of directors and the Chair of the Audit Committee each will receive an additional fee of \$20,000 and the Chair of the Management Development and Compensation Committee and the Chair of the Nominating, Governance and Compliance Committee each will receive an additional fee of \$15,000 in recognition of the responsibilities required in these roles. The DSUs will be granted following the distribution for a number of shares equal to \$120,000 divided by the closing sales price of the common shares on the grant date and rounded up to the nearest whole number of shares. Under the terms of the grant agreements, each DSU will be vested upon grant and will be payable in the form of our common shares within 30 days following termination of service as a board of directors member. Dividend equivalents are credited to each board of directors member's DSU account at the same time and in the same amount as any dividends are paid to shareholders on common shares and increase the number of DSUs in a director's account based on the fair market value of a common share on the dividend payment date.

We expect to adopt a Director Deferred Compensation Plan, on or before the distribution date, that will be substantially similar to the Tyco International Director Deferred Compensation Plan. A copy of the plan will be filed as exhibit 10.3 to our registration statement on Form 10, of which this information statement is a part. Under the plan, each non-employee director will be able to make an election to defer some or all of his or her remuneration for that year. Under the plan, an unfunded deferred compensation bookkeeping account will be established for each director who elects to defer cash remuneration otherwise payable during the year. The director may choose the deemed investment of amounts credited to his or her deferred compensation account into the Interest Income Measurement Fund or a U.S. Equity Index Commingled Measurement Fund. Earnings and losses on the Measurement Funds will mirror the investment results of funds available under our 401(k) retirement savings and investment plans. Each director will be able to elect to receive a distribution of the amounts credited to his or her deferred compensation account in a lump sum cash payment either at termination from the board of directors or at a future date that is at least five years after the year it is deferred. Any unpaid balances will be distributed to a director upon the later of his or her attainment of age 70 and his or her termination from the board of directors.

The Management Development and Compensation Committee, in collaboration with the Nominating, Governance and Compliance Committee, periodically will review directors' compensation and recommend changes as appropriate.

Historical Compensation of Our Executive Officers

The following tables contain compensation information for services in all capacities to Tyco International and its subsidiaries for the periods shown for our Chief Executive Officer and the other four executive officers who for fiscal 2006 had the highest salary and bonus. We refer to these persons collectively as our Named Officers. All of the information included in these tables reflect compensation earned by the individuals for services with Tyco International and its subsidiaries. All references in the following tables to stock options, restricted stock, performance stock units, or PSUs, and restricted stock units, or RSUs, relate to awards of stock options, restricted stock, PSUs and RSUs granted by Tyco International. The amounts and forms of compensation reported below do not necessarily reflect the compensation these persons will receive following the distribution, which could be higher or lower, because historical compensation was determined by Tyco International and future compensation levels will be determined based on the compensation policies, programs and procedures to be established by our Management Development and Compensation Committee.

Summary Compensation Table

The table below presents the annual and long-term compensation for services in all capacities to Tyco International and its subsidiaries for the periods shown for the Named Officers. None of our

executive officers who otherwise would have been includable in this table on the basis of compensation for fiscal 2006 terminated employment or otherwise ceased to serve as an executive during the fiscal year.

Name & Principal Position	Year	Annual Compensation			Long-Term Compensation		
		Salary(1)	Bonus	Other Annual Compensation(2)	Stock Awards(6)	Securities	All Other Compensation(7)
						Underlying Stock Options	
(\$)	(\$)	(\$)	(\$)	(\$)	(#)	(\$)	
Thomas Lynch	2006	703,039	1,000,000	100,488 ⁽³⁾	1,972,000	140,000	125,339
Chief Executive Officer ⁽⁸⁾	2005	675,000	697,343	121,474 ⁽⁴⁾	1,253,000	200,000	109,231
	2004	10,345	–	– ⁽⁵⁾	3,579,600	415,000	–
Juergen Gromer	2006	1,067,480	1,308,304	– ⁽³⁾	2,291,000	161,000	–
President	2005	998,372	399,588	– ⁽⁴⁾	1,611,000	250,000	–
	2004	999,575	1,999,149	– ⁽⁵⁾	1,667,700	275,000	–
Alan Clarke	2006	387,912	550,857	– ⁽³⁾	823,600	–	1,946
President, Network Solutions	2005	348,028	97,237	60,670 ⁽⁴⁾	864,212	–	11,901
	2004	347,686	293,187	96,734 ⁽⁵⁾	648,574	–	–
Minoru Okamoto	2006	434,197	476,065	147,825 ⁽³⁾	298,700	21,000	11,589
Senior Vice President	2005	451,968	17,830	140,922 ⁽⁴⁾	271,364	41,400	12,100
	2004	442,784	483,254	146,291 ⁽⁵⁾	370,212	41,400	11,487
Terrence Curtin	2006	305,290	299,325	– ⁽³⁾	284,200	20,000	15,252
Executive Vice President and Chief Financial Officer	2005	274,233	64,875	– ⁽⁴⁾	163,964	25,000	10,490
	2004	255,008	318,760	– ⁽⁵⁾	165,354	16,600	25,855

(1) Salary and bonus for Messrs. Lynch and Curtin are paid in U.S. dollars (USD). Dr. Gromer's salary and bonus are paid in euros (EUR), with one-third of his salary attributable to his employment status with Tyco Electronics in Germany, and two-thirds attributable to his employment status with Tyco Electronics Logistics AG in Switzerland. Mr. Clarke's salary and bonus are paid in British Pounds (GBP). Mr. Okamoto's salary and bonus are paid in Japanese yen (JPY). The following table displays the conversion rates used for each year. The rate was established as of the last working day of the fiscal year:

	September 29, 2006	September 30, 2005	September 30, 2004
1 Euro	1.2711 USD	1.2058 USD	1.2319 USD
1 GBP	1.8827 USD	1.7628 USD	1.7994 USD
1 JPY	0.008503 USD	0.008851 USD	0.009018 USD

(2) Other Annual Compensation includes the incremental cost of providing various perquisites and other personal benefits if the amount exceeds \$50,000 in the aggregate in any year, and the indicated footnotes list items that individually comprise more than 25% of this value. Other Annual Compensation also includes all tax or tax gross-up payments.

(3) The value of perquisites provided to Dr. Gromer and Messrs. Clarke and Curtin was less than \$50,000 during fiscal 2006. The amount for Mr. Lynch includes a cash perquisite allowance of \$69,375 under the executive flexible perquisites allowance program

and a gross-up in the amount of \$31,113 on universal life insurance, supplemental disability premium payments and relocation benefits. The amount shown in the table for Mr. Okamoto includes a housing allowance in the

- amount of \$113,286 and the use of a company leased vehicle in the amount of \$34,539, consistent with Japanese practice.
- (4) The value of perquisites provided to Dr. Gromer and Mr. Curtin was less than \$50,000 during fiscal 2005. The amount for Mr. Lynch includes a cash perquisite allowance of \$67,500 under the executive flexible perquisites allowance program. The amount shown in the table for Mr. Lynch includes a gross-up in the amount of \$53,974 on his relocation benefits. The amount shown in the table for Mr. Clarke includes the following expatriate benefits paid to him due to his service in Belgium: cost of living adjustment of \$3,511; housing costs of \$35,869; the use of a company leased vehicle in the amount of \$19,716; and tax preparation fees of \$1,574. The amount shown in the table for Mr. Okamoto includes a housing allowance in the amount of \$117,922, and the use of a company leased vehicle in the amount of \$23,000, consistent with Japanese practice.
- (5) The value of perquisites provided to Mr. Lynch, Dr. Gromer and Mr. Curtin was less than \$50,000 during fiscal 2004. The amount shown in the table for Mr. Clarke includes the following expatriate benefits paid to him due to his service in Belgium: cost of living adjustment of \$4,171; housing costs of \$43,975; local education cost of \$27,240; the use of a company leased vehicle in the amount of \$19,740; and tax preparation fees of \$1,608. The amount shown in the table for Mr. Okamoto includes a housing allowance in the amount of \$120,147 and the use of a company leased vehicle in the amount of \$26,144, consistent with Japanese practice.
- (6) Amounts set forth in the Stock Awards column represent the grant-date value of time-based restricted stock or restricted stock units, or RSUs, and performance-based stock units, or PSUs, on Tyco International common shares that were granted to Dr. Gromer and Messrs. Lynch, Clarke, Okamoto and Curtin on November 22, 2005. Due to local country tax laws, Messrs. Clarke and Okamoto and Dr. Gromer's time-based share awards were in the form of RSUs. The number of shares subject to awards of restricted stock/RSUs and to PSUs granted in fiscal 2006 as well as the year-end number of shares and value subject to all such awards held by the Named Officers is presented in the table below. Grant date value of awards is based on a price of \$29.00 per common share, which represents the average of the high and low share prices of Tyco International common shares on the NYSE on November 22, 2005, and year-end value of awards is based on a price of \$27.96 per common share, which represents the average of the high and low share prices of Tyco International common shares on the NYSE on September 29, 2006.

Name	Stock Awards Granted in Fiscal 2006		Stock Awards Held at 2006 Fiscal Year End		
	Restricted	PSUs (#)	Restricted	PSUs (#)	Value @ \$27.96
	Stock/RSUs (#)		Stock/RSUs (#)		per share
Mr. Lynch	37,000	31,000	192,000	31,000	\$ 6,235,080
Dr. Gromer	43,000	36,000	439,364	36,000	13,291,177
Mr. Clarke	21,300	7,100	75,770	7,100	2,317,045
Mr. Okamoto	5,600	4,700	38,420	4,700	1,205,635
Mr. Curtin	5,400	4,400	16,410	4,400	581,848

Restricted stock/RSU awards vest at the end of three years subject to the executive's continued employment, with accelerated vesting upon death, disability, retirement, change of control of Tyco Electronics, or termination of employment as a result of divestiture or outsourcing. Restricted stock awards receive dividends and have voting rights, while RSUs do not receive dividends or dividend equivalents and do not confer voting rights.

PSUs reflect target awards denominated in the form of Tyco International common shares under the Performance Share Program granted pursuant to the 2004 Stock and Incentive Plan, effective November 22, 2005. Pursuant to the original terms of the grants, the number of shares that could be issued following the end of the performance cycle can vary from 0% to 200% of the target

awards based on the level of achievement of certain performance targets. The performance cycle was established as a three year period from October 1, 2005 to September 30, 2008. Subsequently, and in conjunction with the announcement of the separation, the Compensation and Human Resources Committee of Tyco International's board of directors approved an amendment to these PSU awards, effective July 13, 2006, to provide that one-third of each PSU award will be based upon the fiscal year 2006 performance of Tyco International against financial performance goals weighted 25% to an organic revenue growth target and 75% to a return on invested capital target and will continue to vest at the end of the three-year performance cycle. The remaining two-thirds of each PSU award will vest at the end of the three-year performance cycle, without regard to the attainment of the performance metrics, in each case subject to the executive's continued employment, with accelerated vesting upon death, disability, retirement, change of control, or termination of employment as a result of divestiture or outsourcing.

See "Treatment of Outstanding Equity Compensation Arrangements," below, for a description of adjustments to these awards following the distribution.

- (7) The amounts shown in the table for fiscal 2006 reflect contributions made on behalf of the Named Officers under Tyco International's qualified defined contribution plan and accruals on behalf of the Named Officers under the non-qualified supplemental savings and retirement plan (also a defined contribution plan), as follows:

Name	Company Matching Contribution (Qualified Plan)	Company Contribution (Non-Qualified Plan)
Mr. Lynch	\$ 10,000	\$ 56,398
Mr. Curtin	9,023	6,229

The amount for Mr. Lynch includes taxable payments on his behalf of a universal life insurance premium of \$24,918 and long-term disability insurance and excess disability insurance premiums of \$11,916. The amount for Mr. Lynch also includes payments on behalf of him and his spouse of extended care insurance premiums of \$20,974 and relocation expenses of \$1,133. The amount for Mr. Clarke includes \$1,946 relocation expenses following his return from his expatriate assignment. The amount for Mr. Okamoto include premiums paid for income indemnity insurance of \$5,382, ordinary accident insurance of \$1,107; group term life insurance of \$1,130, fees paid on his behalf for the Tokyo American Club of \$3,524; and club membership fees of \$446.

- (8) Mr. Lynch commenced employment with Tyco International on September 27, 2004.

Option Grants

The following table shows all grants of options on Tyco International common shares to the Named Officers during fiscal 2006 under the Tyco International Ltd. 2004 Stock and Incentive Plan. See "Treatment of Outstanding Equity Compensation Arrangements," below, for a description of adjustments to these awards following the distribution.

Individual Grants

Name	No. of Shares Underlying Options Granted ⁽¹⁾	Percent of Total Options Granted to Employees in Fiscal Year ⁽³⁾	Exercise Price (\$/Share)	Expiration Date	Grant Date Present Value ⁽⁴⁾
Thomas Lynch	140,000	1.30%	\$ 29.00	11/21/2015	\$ 1,310,078
Juergen Gromer	107,333 ⁽²⁾	1.00	29.00	5/21/2016	1,004,390
	53,667	0.50	29.00	11/21/2015	502,200
Alan Clarke	0	0.00	0		
Minoru Okamoto	21,000	0.19	29.00	11/21/2015	196,512
Terrence Curtin	20,000	0.19	29.00	11/21/2015	187,154

- (1) Options were granted at an exercise price of \$29.00 per common share, which represents the average of the high and low share prices of Tyco International common shares on the NYSE on November 22, 2005. The options vest one-third per year on each anniversary of the grant date subject to the executive's continued employment, with accelerated vesting upon death, disability, retirement, change of control, or termination of employment as a result of divestiture or outsourcing. Except as indicated for Dr. Gromer, options have a ten-year term, subject in certain cases to earlier expiration following termination of employment.
- (2) Represents the portion (two-thirds) of Dr. Gromer's total option grants that are made with respect to his Swiss employment services. These options expire ten years and six months from the date of grant.
- (3) Represents the percentage of all options granted to Tyco International employees in fiscal 2006 under the Tyco International Ltd. 2004 Stock and Incentive Plan.
- (4) Pursuant to SEC rules, the amounts reported reflect a grant date present value calculated using the Black-Scholes option-pricing model, which is a method of calculating the hypothetical value of options on the date of grant. The following assumptions were used in calculating the Black-Scholes values: expected time of exercise of five years; risk-free interest rate of 4.20%; assumed annual volatility of underlying Tyco International common shares of 34%; and dividend yield on Tyco International common shares of 1.4%. The interest rate represents the yield of a zero coupon U.S. government bond on the grant date with a maturity date similar to the expected life of the option. The assumed annual volatility was calculated based on ten years of historical Tyco International share price movements and the grant date implied volatility rates for exchange traded options on Tyco International shares. The dividend yield is based on the most recent dividend payment prior to grant by Tyco International and the grant date price of Tyco International common shares.

Aggregated Option Exercises in 2006 and Year-End Option Values

The following table summarizes the exercise of options on Tyco International common shares by the Named Officers during the fiscal year ended September 29, 2006 and the number and value of unexercised options on Tyco International common shares held by such officers as of the end of the

fiscal year. See "Treatment of Outstanding Equity Compensation Arrangements," below, for a description of adjustments to these awards following the distribution.

Name	Number of Shares Acquired Upon Exercise	Value Realized	No. of Securities Underlying Options at Fiscal Year End		Value of Unexercised, In-the-Money Options Held at Fiscal Year End ⁽¹⁾	
			Exercisable	Unexercisable	Exercisable	Unexercisable
			(#)	(#)	(\$)	(\$)
Thomas Lynch	–	–	343,334	411,666	–	–
Juergen Gromer	450,000	5,486,685	2,365,309	419,332	855,350	15,125
Alan Clarke	–	–	79,936	–	–	–
Minoru Okamoto	–	–	332,970	62,400	534,574	2,277
Terrence Curtin	–	–	112,734	42,199	266,865	913

(1) Based on the price of \$27.96, which is the average of the high and low prices of Tyco International common shares on the NYSE on September 29, 2006.

Retirement Plans

Dr. Gromer

All of our eligible employees paid in Germany are entitled to receive retirement benefits. We have established a pension benefit plan solely for this purpose. Dr. Gromer, as one of our employees in Germany, is entitled to receive from us upon retirement at age 65 a defined pension benefit that is determined primarily based on his annual base salary as of three years prior to the date of his retirement, and his years of service with us, including service prior to the separation, at the time of his retirement.

The following table sets forth the estimated annual benefits payable under the pension plan for the annualized monthly salary as of three years prior to retirement and the years of credited services specified in the table. Under the pension plan, no more than a maximum of 30 years of credited service may be recognized for benefit accrual purposes.

Annualized Monthly Salary as of Three Years Prior to Retirement	Years of Credited Service and Related Estimated Annual Benefits Payable upon Retirement				
	15	20	25	30	35
\$ 944,617	\$ 354,110	\$ 495,991	\$ 648,819	\$ 812,492	\$ 812,492
992,064	378,938	527,787	686,893	856,257	856,257
1,039,512	404,356	560,137	725,376	900,069	900,069
1,086,959	430,361	593,022	764,209	943,923	943,923
1,134,406	456,955	626,438	803,393	987,818	987,818

Dollar amounts shown have been converted from euro using a conversion ratio of 1.27013 USD to 1 EUR.

The annual benefits shown in the table assume the employee would receive his retirement benefits under the pension plan in the form of a straight-life annuity upon normal retirement at age 65. The retiree is required to pay medical and long-term care insurance, as well as taxes from the benefit provided under the pension plan. In addition to this pension, at September 29, 2006, Dr. Gromer had accrued a taxable pension payable at retirement by an insurance company in the amount of 3,386 euro annually.

The compensation of Dr. Gromer covered by the pension plan is his base salary amount excluding statutory payments for Christmas and vacation pay. Dr. Gromer's current covered compensation is euro 743,717.

As of September 29, 2006, for purposes of calculating benefits accrued under the pension plan, Dr. Gromer has 28 years and 9 months of credited service with Tyco Electronics or predecessor companies.

Mr. Clarke

All of our eligible employees paid in the United Kingdom are entitled to receive retirement benefits from us. We have established the Tyco Electronics UK Pension Plan, a defined benefit pension plan, solely for this purpose. Mr. Clarke is entitled to receive a monthly annuity at age 65 equal to 1/60th of his final pensionable salary for each year of service prior to October 1, 2006 and 1/65th of his final pensionable service thereafter. One-half of Mr. Clarke's pension continues to his surviving spouse upon his death. Pensionable salary is the average of his three highest consecutive annual salaries within the ten-year period prior to his termination. Retirement benefits are available at an earlier age but would be reduced by 3% per annum from age 60 for service up to September 30, 2006 and 3.5% per annum from age 65 for service after October 1, 2006. After retirement, the pension is partially indexed for inflation. Mr. Clarke also may choose to give up an additional part of his pension to provide a death benefit for a dependant. Subject to certain limitations, Mr. Clarke may elect to receive part of his pension in the form of a lump sum payment. All U.K. pension benefits are subject to a lifetime allowance of £1.5 million, (US equivalent is \$2,824,050).

The following table shows the estimated annualized benefits payable under the applicable terms of the Tyco Electronics UK Pension Plan for the compensation and years of credited service shown, assuming that benefits are paid in the form of a life and 50% survivor annuity upon normal retirement at age 65. The benefits shown are not subject to offset.

Pensionable Salary	Years of Credited Service and Related Estimated Annual Benefits Payable upon Retirement			
	25	30	35	40
\$ 380,305	\$ 158,461	\$ 187,715	\$ 216,970	\$ 246,224
530,305	220,961	261,754	302,546	343,339
680,305	283,461	335,792	388,123	440,455
830,305	345,961	409,831	473,700	537,570
980,305	408,461	483,869	559,277	634,685
1,134,406	472,669	559,931	647,193	734,455

Dollar amounts shown have been converted from GBP using a conversion rate of GBP 1.00 to USD 1.8827 at September 29, 2006.

As of September 29, 2006, Mr. Clark is 53 and had accrued 25 years and two months of credited service with Tyco Electronics or predecessor companies. Mr. Clarke's pensionable salary includes the annual rate of basic salary determined at January 1 each year. As of September 29, 2006 his salary rate is \$380,305. Mr. Clarke is fully vested in his retirement benefit.

Mr. Okamoto

All of our eligible employees paid in Japan are entitled to receive retirement benefits from us. Once an employee reaches director status, the employee is covered under the Directors' Retirement Allowance Regulation, a defined benefit pension plan. Mr. Okamoto is entitled to receive either a single lump sum payment or a monthly life annuity commencing at normal retirement age 60, or upon earlier retirement after age 50 with 15 years of service.

Annuities for retirement after age 60 are payable for Mr. Okamoto's lifetime, with ten years guaranteed. Annuities for earlier retirement are payable for ten years only. The lump sum is based upon the product of specified plan factors that vary by service, multiplied by the average annual

pensionable salary during the ten-year period prior to termination. This amount is offset by the Employee Retirement Lump Sum previously received and increased at a specified interest rate. Death benefits will be paid to the survivor for a ten-year period upon the death of the individual who attained age 50 and 15 years of service.

The following table shows the estimated lump sum benefits payable under the terms of the Directors' Retirement Allowance for the compensation and years of credited service shown, assuming that benefits are paid in the form of a lump sum upon retirement at normal retirement age.

Compensation	Years of Credited Service and Related Estimated Single Lump Sum Payable upon Retirement		
	10	15	20
\$ 366,819	\$ 5,502,291	\$ 8,253,437	\$ 11,004,583
516,819	7,752,291	11,628,437	15,504,583
666,819	10,002,291	15,003,437	20,004,583
816,819	12,252,291	18,378,437	24,504,583
966,819	14,502,291	21,753,437	29,004,583
1,134,406	17,016,090	25,524,135	34,032,180

Dollar amounts shown have been converted from Yen using a conversion rate of 0.008503 JPY to USD 1.00 at September 29, 2006.

Mr. Okamoto is 57 and has accrued 17 years and 10 months of credited service with Tyco Electronics or predecessor companies. The benefits shown in the table above are the gross amounts that would be payable at normal retirement date (age 60). These amounts would be reduced by the Employee Retirement Lump Sum Mr. Okamoto received on August 25, 1997, which would be accumulated with interest to Mr. Okamoto's retirement date under the Directors' plan. Based on current exchange rates, Mr. Okamoto's single lump sum offset amount at age 60 is projected to be \$238,919.

Employment, Retention and Severance Agreements

We have entered into employment agreements with Dr. Gromer and Mr. Curtin and maintain severance and change-in-control benefit arrangements covering the Named Officers. Information about these agreements and arrangements is provided below.

Employment Agreement with Juergen Gromer

Tyco Electronics Logistics AG, or AG, a Swiss company that is our European logistics and distribution subsidiary, entered into an employment agreement with Dr. Gromer effective October 1, 1999, which will be filed as exhibit 10.4 to our registration statement on Form 10, of which this information statement is a part. The agreement provides for Dr. Gromer to serve as Chairman and CEO of AG for an indefinite term, which can be terminated as of the end of any calendar month upon six months' notice. Both Dr. Gromer and AG also have the right to terminate the agreement for good cause. Under the agreement, Dr. Gromer is entitled to annual compensation, to be determined each year by agreement with the Tyco Electronics board of directors. If the parties cannot agree on a compensation package in any year, Dr. Gromer's compensation will remain unchanged for the following year. Dr. Gromer is entitled to four weeks of vacation each year. Reimbursement for Dr. Gromer's expenses and fulfillment of his social security contributions to Germany are to be in accordance with general company policy. As a condition to the contract, Dr. Gromer is required to comply with our policies regarding non-competition, confidentiality and intellectual property, and has entered into separate agreements on this account. Dr. Gromer's contract is subject to Swiss law.

On March 22, 2006, Dr. Gromer and Tyco Electronics entered into a Retention Agreement providing Dr. Gromer with a monetary benefit equal to two times his annual base salary and target bonus in exchange for Dr. Gromer's continued service under his current agreement with Tyco Electronics Logistics AG for a period of no less than two years following the distribution. If Dr. Gromer's employment is terminated before the end of the two years for reasons other than cause or as a result of death or disability, he will still be eligible to receive the retention payment. However, the actual retention award Dr. Gromer receives will be reduced by any severance, notice pay, iteration indemnity or other similar amount paid by Tyco International or us as a result of any termination.

Agreements with Terrence Curtin

On May 26, 2006, Mr. Curtin signed a retention agreement, under which he is to receive a transition incentive bonus of \$325,000 payable within 30 days of the distribution date, in exchange for agreeing to remain employed with us, or our successor, on the distribution date and using his best efforts to cooperate fully with Tyco International and outside advisors to ensure the successful completion of the distribution. However, if Mr. Curtin's employment is terminated in connection with the separation under circumstances in which he would be eligible to receive payments under the Tyco International (US) Inc. Severance Plan for U.S. Officers and Executives, Mr. Curtin will be entitled to receive the transition incentive bonus.

On November 25, 2006, Mr. Curtin signed an offer letter to become our Executive Vice President and Chief Financial Officer, and in anticipation of the successful completion of the separation. Mr. Curtin will receive \$475,000 in annual compensation and will be eligible to participate in our annual incentive plan and long-term incentive program for fiscal 2007. Under the annual incentive plan, Mr. Curtin will be eligible to receive a target award of 75% of his base annual salary and a maximum award of 150% of his base annual salary, with the actual amount paid to be based on our financial performance and Mr. Curtin's performance. Mr. Curtin also will participate in the flexible perquisite allowance program, providing up to 10% of his base annual salary, less applicable taxes, for his discretionary use to cover eligible expenses. In addition to the above, Mr. Curtin is eligible to participate in our benefits plans. We also will provide a relocation package to Mr. Curtin. This agreement does not affect Mr. Curtin's retention agreement dated May 26, 2006.

Participation in Tyco International (US) Inc. Severance Plan for U.S. Officers and Executives

Messrs. Lynch and Curtin are subject to the Tyco International (US) Inc. Severance Plan for U.S. Officers and Executives. The severance plan will be filed as exhibit 10.8 to our registration statement on Form 10, of which this information statement is a part. Under the severance plan, upon involuntary termination of employment, other than for cause, disability or death, we are required to pay the executive's base salary and target bonus for 24 months, we may pay the bonus in installments or a lump sum as determined by the administrator of the severance plan. In addition, the executive could be eligible for a pro-rated annual bonus for the year in which his employment terminates, in our discretion under the bonus plan. The executive would also receive:

continued vesting of his outstanding stock options for 12 months and 12 months to exercise vested stock options, unless a longer period is provided in his option agreements;

continuation of health and dental benefits for 24 months at active employee rates; and

in our discretion, outplacement services for up to 12 months.

Any unvested restricted stock and restricted stock units are forfeited. As a condition of receiving the foregoing benefits, the severance plan requires the executive to execute a general release in favor of Tyco International and to agree to covenants providing for the confidentiality of our information, one year noncompetition, two years of nonsolicitation of our employees and customers and

non-disparagement. Benefits may be cancelled or recovered if he does not comply with those provisions or violates the release of claims. "Cause" is defined as substantial failure or refusal to perform duties and responsibilities of the executive's job, violation of fiduciary duty, conviction of a felony or misdemeanor, dishonesty, theft, violation of our rules or policy, or other egregious conduct that has or could have a serious and detrimental impact on Tyco International and its employees.

Treatment of Outstanding Equity Compensation Arrangements

Outstanding option awards held immediately prior to the distribution by our executives and employees will be converted into options exercisable solely for our common shares, except in the limited cases specified in the Separation and Distribution Agreement. The exercise price and number of shares subject to such options will be adjusted pursuant to a formula designed to cause the intrinsic value (that is, the difference between the exercise price of the option and the market price of the shares for which the option may be exercised) of the converted options immediately after the distribution to be the same as the intrinsic value of the Tyco International options immediately prior to the distribution, and the financial position of the option holders (fair market value of the number of shares for which the option is exercisable) to remain the same immediately prior and immediately after the distribution. All other terms and conditions of the options will remain the same.

Restricted stock and RSU awards granted before September 29, 2006 will be converted on exactly the same basis as the shares held by Tyco International shareholders, unless otherwise expressly provided in the participant's RSU. Restricted stock and RSU awards granted before September 29, 2006 and payable in shares of Tyco International or Covidien will be subject to accelerated vesting upon or after the distribution date, unless otherwise expressly provided in the participants' RSU award agreement. Restricted stock awards granted after September 29, 2006 will be converted on exactly the same basis as the shares held by Tyco International shareholders and all other terms and conditions applicable to such awards will remain the same. RSUs granted after September 29, 2006 will be converted into RSUs payable solely in our common shares and all other terms and conditions applicable to such RSUs will remain the same.

Equity Compensation Plan

In connection with the distribution, we have adopted a long-term incentive plan substantially similar to Tyco International's existing plan and Tyco International, in its capacity as our sole shareholder, approved the long-term incentive plan. Awards that we make under this plan after the distribution generally will not be subject to further vote by our shareholders, except to the extent that any amendments or changes to the plan require shareholder approval. Set forth below is a summary of some the principal features of the plan and certain tax effects of participation in the plan.

The purpose of the plan is to promote our interests by aiding in the recruitment and retention of directors and employees, providing incentives to our directors and employees in consideration of their services to us, promoting the growth and success of our business by aligning the interests of directors and employees with those of our shareholders, and providing directors and employees an opportunity to participate in our growth and financial success. To accomplish these objectives, the plan provides for a number of different types of awards, including stock options, stock appreciation rights, annual performance bonuses, long-term performance awards, restricted units, restricted stock, deferred stock units, and other stock-based awards.

Description of the 2007 Stock and Incentive Plan

Plan Administration. The plan will be administered by the Management Development and Compensation Committee. The Management Development and Compensation Committee, or to the

extent required by applicable law, the board of directors, will have broad discretion and authority under the plan to:

interpret and administer the plan;

select employees to receive awards, determine the form of an award, the number of common shares subject to an award, and the terms and conditions of each award;

waive or amend any terms, conditions, restrictions or limitations on an award and/or vest awards upon a participant's termination of employment, except that the plan's prohibition on the repricing of stock options and stock appreciation rights cannot be waived; and

delegate its duties and appoint agents to help administer the plan.

Eligibility. In general, each of our employees is eligible to receive awards under the plan. As of September 29, 2006, 19,517 of our employees had outstanding options under Tyco International's 2004 Stock and Incentive Plan. Each of our non-employee directors will receive deferred stock units and may receive other awards under the plan. No awards have been granted under the plan. Subject to annual individual limits set forth in the plan, the number of future awards that may be granted to any one individual or category of individuals is not presently determinable.

Shares Available for Issuance. The total number of shares that may be issued to participants under the plan is 5% of the shares outstanding immediately after the distribution subject to adjustments as provided under the terms of the plan. When common shares are issued pursuant to a grant of restricted stock, restricted units, deferred stock units, performance units or as payment of an annual performance bonus or other stock-based award, the total number of common shares remaining available for grant will be decreased by a margin of at least 1.8 per common share issued. In determining the number of shares that remain available under the plan, the following do not count against the plan's share limit: (a) shares related to awards paid in cash; (b) shares related to awards that expire, are forfeited or cancelled or terminate for any other reason without issuance of shares; (c) shares that are tendered or withheld in payment of all or part of the exercise price of a stock option awarded under this plan, or in satisfaction of withholding tax obligations arising under the plan; (d) any shares issued in connection with awards that are assumed, converted or substituted as a result of the acquisition of an acquired company by us or a combination of our company with another company; and (e) any shares of restricted stock that are returned to us upon a participant's termination of employment.

Stock Options and Stock Appreciation Rights. Stock options awarded under the plan may be in the form of nonqualified stock options or incentive stock options or a combination of the two. Stock appreciation rights may be awarded either alone or in tandem with stock options. Stock appreciation rights will be paid in cash or common shares or a combination of cash and common shares, as determined by the Management Development and Compensation Committee. Unless determined otherwise by the Management Development and Compensation Committee or as required by law, stock options and stock appreciation rights granted under the plan are subject to the following terms and conditions:

Exercise Price. The Management Development and Compensation Committee will set the exercise price at the time of grant, which will be no less than the fair market value of a common share as of the date of grant.

No Repricing. The exercise price may not be decreased after the date of grant, other than in connection with permitted plan adjustments, unless our shareholders approve the repricing.

Vesting. Stock options and stock appreciation rights generally will vest in equal annual installments over a four-year period after the date of grant unless the Management and

Development Committee specifies otherwise. Stock options and stock appreciation rights will immediately vest upon the normal retirement, death or disability of a participant, or upon a change in control.

Post-Termination Exercise. Stock options and stock appreciation rights that have not vested as of the date of a participant's termination of employment will be forfeited unless the Management and Development Committee provides otherwise or unless the participant is eligible for early or normal retirement or terminates as a result of death or disability, in which case the awards may become exercisable in full or on a pro rata basis in the case of early retirement. Subject to the term of the award, any vested stock option or stock appreciation right that has not already been exercised will remain exercisable for a period of three years after termination of employment because of retirement, death, or disability, and any vested stock option or stock appreciation right that has not already been exercised will remain exercisable for a period of six months after termination for any other reason.

Performance-Based Awards. The plan provides for performance-based awards in the form of: (1) annual performance bonuses that may be granted in the form of cash or common shares; and (2) long-term performance awards in the form of performance units that may be paid in cash or shares or performance-based restricted units or restricted stock awards that are paid in shares. The Management Development and Compensation Committee, in its discretion, will fix the amount, terms and conditions of annual performance bonuses and long term performance awards, subject to the following:

Performance Cycles. Annual performance bonuses will be awarded in connection with a 12-month performance cycle, which will coincide with our fiscal year. Long term performance awards will be awarded in connection with a performance cycle that will not be shorter than 12 months or longer than five years. The annual performance bonus amount and the number of shares or units that are earned will be determined by the level of performance attained in relation to the applicable performance measures, as certified by the Management and Development Committee following completion of the performance period.

Target Awards and Award Criteria. The Management Development and Compensation Committee typically will set a target amount or target number of shares or units for each participant receiving an annual performance bonus or long-term performance award within 90 days after the start of a performance cycle. At that time, the Management Development and Compensation Committee will also establish criteria for these awards, including the minimum level of performance that must be attained before any annual performance bonuses and long term performance award will be paid or vest and the annual performance bonus amounts and the number of shares or units that will become payable upon attainment of various levels of performance. Financial performance measures may take into account such adjustments as the Management and Development Committee may specify, which need not be consistent with accounting standards applicable to our financial statements.

Restricted Stock, Restricted Units, and Deferred Stock Units. Restricted stock, restricted units, and deferred stock units may be awarded under the plan to any employee selected by the Management Development and Compensation Committee. Restricted units and deferred stock units may be settled in shares or cash. The Management Development and Compensation Committee has the discretion to fix the terms and conditions applicable to awards of restricted stock, restricted units and deferred stock units, subject to the following:

Vesting. Unless the award certificate provides otherwise, any restrictions on restricted stock, restricted units, or deferred stock units will lapse in equal annual installments over a four-year period after the date of grant.

Acceleration of Vesting. Any restrictions on restricted stock, restricted units, or deferred stock units that have not lapsed or been satisfied on the date of a participant's termination of employment will immediately lapse in full or in part upon early or normal retirement, death or disability of the participant or a change in control. Upon a termination of employment for any other reason, any unvested restricted units, deferred stock units or shares of restricted stock will be forfeited.

Dividends and Dividend Equivalents. At the discretion of the Management Development and Compensation Committee, dividends paid on shares may be paid immediately or withheld and deferred in the participant's account. In the event of a payment of dividends on common shares, the Management Development and Compensation Committee may credit restricted units and deferred stock units with dividend equivalents, which may be distributed immediately, withheld and deferred in the participant's account or credited in the form of additional share units.

Director Awards. As of the first day of each of our fiscal years, the Management Development and Compensation Committee will make an award of deferred stock units to each director of a value to be determined by the board of directors in advance of the grant, but not in excess of \$200,000, based upon the aggregate fair market value of the underlying common shares as determined on the date of grant. Each such deferred stock unit will vest as determined by the Management Development and Compensation Committee and will be paid in shares within 30 days following the director's termination of directorship service. In addition, the Management Development and Compensation Committee may grant stock options, stock appreciation rights and other stock-based awards to directors, but no director may receive awards representing in excess of 10,000 common shares in any fiscal year.

Other Stock-Based Awards. The Management Development and Compensation Committee may grant other share-based awards under the plan that consist of, or are denominated in, common shares. These awards may include phantom or hypothetical shares. The Management Development and Compensation Committee has broad discretion to determine any terms and conditions that will apply to other stock-based awards.

Substitute Awards. The Management Development and Compensation Committee may make awards to grantees of an acquired company through the assumption of, or in substitution for, outstanding stock-based awards previously granted to the grantees. The assumed or substituted awards will be subject to the terms and conditions of the original awards made by the acquired company, with any adjustments that the Management Development and Compensation Committee considers necessary to comply with applicable law or appropriate to give effect to the relevant provisions of any agreement for the acquisition of the acquired company.

Adjustments. The kind or maximum number of common shares available for issuance under the plan, the individual and aggregate maximums that may be issued under each form of award, the number of common shares underlying outstanding awards and the exercise price applicable to outstanding stock options and stock appreciation rights shall be appropriately adjusted by the Management Development and Compensation Committee upon any stock split, reverse stock split, dividend or other distribution, extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of common shares or other securities, or similar corporate transaction or event, to prevent dilution or enlargement of the benefits intended to be made available under the plan.

Change in Control. All outstanding stock options and stock appreciation rights will become exercisable as of the effective date of a change in control, and all conditions will be waived at such time with respect to outstanding restricted stock, restricted units and deferred stock units. Each participant who has been granted an annual performance bonus or long term performance award that is outstanding as of the date of a change in control will be deemed to have achieved a level of

performance, as of the change in control, that would cause all of the participant's target amount to become payable and all restrictions on the participant's restricted units and shares of restricted stock to lapse.

Amendment and Termination. The plan may be amended or terminated by our board of directors at any time without shareholder approval, except that any material revision to the terms of the plan requires shareholder approval before it can be effective. A revision is "material" for this purpose if it materially increases the number of common shares that may be issued under the plan, other than an increase pursuant to an "adjustment" as described above, materially expands the class of persons eligible to receive awards, materially extends the term of the plan, materially decreases the exercise price at which stock options or stock appreciation rights may be granted, reduces the exercise price of outstanding stock options or stock appreciation rights, or results in the replacement of outstanding stock options or stock appreciation rights with awards that have a lower exercise price. The board of directors may, without shareholder approval, amend the plan to increase the maximum value of deferred stock units that may be granted to a director in any fiscal year and the maximum number of common shares that may be granted to a director in any fiscal year pursuant to awards of stock options, stock appreciation rights and other stock-based awards. If not earlier terminated, the plan will terminate on the day before the tenth anniversary of the adoption of the plan by our sole shareholder, Tyco International, which occurred on December 8, 2006. No awards may be granted under the plan after it is terminated, but any previously granted awards will remain in effect until they expire.

Code Section 162(m). With certain exceptions, Section 162(m) of the Code limits our deduction for compensation in excess of \$1 million paid to certain of our executive officers (referred to in the plan as "key employees"). Compensation paid to key employees is not subject to the deduction limitation, however, if it is considered "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. Awards of stock options, stock appreciation rights, annual performance bonuses, performance units, performance-based restricted units and performance-based restricted stock can, but are not required to, satisfy this standard under Section 162(m) of the Code.

Summary of Federal Income Tax Consequences of Awards

The following is a brief summary of the principal United States federal income tax consequences of the grant, exercise and disposition of stock options and stock appreciation rights under the plan, based on advice received from our counsel regarding current U.S. federal income tax laws. This summary is not intended to be exhaustive and, among other things, does not describe state, local or foreign tax consequences. Because the federal income tax rules governing awards and related payments are complex, subject to frequent change, and depend on individual circumstances, participants should consult their tax advisors before exercising options or other awards or disposing of stock acquired pursuant to awards.

Nonqualified Stock Options and Stock Appreciation Rights. A participant will not recognize any income at the time a nonqualified stock option or stock appreciation right is granted, nor will we be entitled to a deduction at that time. When a nonqualified stock option is exercised, the participant will recognize ordinary income in an amount equal to the excess of the fair market value of the common shares received as of the date of exercise over the exercise price. When a stock appreciation right is exercised, the participant will recognize ordinary income in an amount equal to the cash received or, if the stock appreciation right is paid in common shares, the fair market value of the common shares received as of the date of exercise. Payroll taxes are required to be withheld from the participant on the amount of ordinary income recognized by the participant. We will be entitled to a tax deduction with respect to a nonqualified stock option or stock appreciation right at the same time and in the same amount as the participant recognizes income. The participant's subsequent sale of the common shares generally will give rise to capital gain or loss equal to the difference between the sale price and

the sum of the exercise price the participant paid for the shares plus the ordinary income the participant recognized with respect to the shares, and these capital gains will be taxable as long-term capital gains if the participant held the shares for more than one year following exercise.

Incentive Stock Options. A participant will not recognize any income at the time an incentive stock option, or ISO, is granted. Nor will a participant recognize any income at the time an ISO is exercised. However, the excess of the fair market value of the common shares on the date of exercise over the exercise price paid will be a preference item that could create a liability under the alternative minimum tax. If a participant disposes of the common shares acquired on exercise of an ISO after the later of two years after the date of grant of the ISO or one year after the date of exercise of the ISO (the "holding period"), the gain, if any, will be long-term capital gain eligible for favorable tax rates. If the participant disposes of the common shares prior to the end of the holding period, the participant will recognize ordinary income in the year of the disposition equal to the excess of the lesser of (i) the fair market value of the common shares on the date of exercise or (ii) the amount received for the common shares, over the exercise price paid. The balance of the gain or loss, if any, will be long-term or short-term capital gain or loss, depending on how long the common shares were held by the participant prior to disposition. We are not entitled to a deduction as a result of the grant or exercise of an ISO unless a participant recognizes ordinary income as a result of a disposition, in which case we will be entitled to a deduction at the same time and in the same amount as the participant recognizes ordinary income.

Certain Other Plans and Arrangements

We expect to offer a relocation program for employees who relocate at our request and, in appropriate circumstances, to new employees who relocate in connection with their employment with us. Our program will cover the cost, either through direct payment or reimbursement, for most of the expenses associated with relocation that we determine to be reasonable, including disposition of current residence, home finding, home purchase/lease acquisition, temporary living, a miscellaneous allowance equal to one month's salary and transportation and storage of household goods. In addition, the relocation program will provide a tax gross-up on the taxable portion of certain amounts received by or paid on behalf of the employee under the program.

For our executives, the relocation program will include a buyout provision for the pre-move residence. We will engage a relocation company to manage the home sale process. The relocation company will purchase the home either at an appraised market value or at the value offered by a bona fide third-party purchaser. The relocation company will then resell the home, and we will be responsible for any costs associated with the subsequent maintenance and sale of the home, including the payment of a service fee to the relocation company.

We expect to offer a Flexible Perquisite Program to certain executives, with amounts to be used to cover items not otherwise covered under our benefit programs or expense reimbursement policies. Under this program, we provide a perquisite allowance of up to 10% of an executive's base annual salary less applicable taxes, up to \$70,000, which can be used at the executive's discretion for various eligible expenses. The program is administered on a calendar year basis, not a fiscal year basis. Following the distribution, the Management Development and Compensation Committee or the board of directors may adopt new compensation plans or arrangements covering our executive officers and may terminate, amend the terms or expand the coverage of existing plans and arrangements.

Certain Relationships and Related Transactions

Since the beginning of fiscal 2004, there were no transactions with companies where our directors were employed and served as officers that exceeded one percent of the gross revenue of any of these entities or of us, which is the threshold set forth in our governance principles.

DESCRIPTION OF MATERIAL INDEBTEDNESS

New Credit Facilities and New Notes

We intend to negotiate and sign new bank credit facilities and may issue public debt prior to the separation. We will describe the terms of these new credit facilities and any public debt once we have negotiated terms with the lenders under the bank facilities and the underwriters for any public debt.

SECURITY OWNERSHIP OF TYCO INTERNATIONAL AND TYCO ELECTRONICS

As of the date hereof, all of our outstanding common shares are owned by Tyco International. After the separation, Tyco International no longer will own any of our common shares. The following table provides information with respect to the expected beneficial ownership of our common shares by (i) each of our shareholders who we believe will be a beneficial owner of more than 5% of our outstanding common shares, (ii) each director and each person nominated to serve as a director, (iii) each officer named in the Summary Compensation Table and (iv) all of our executive officers and director nominees as a group. We based the share amounts on each person's beneficial ownership of Tyco International common shares as of _____, 2007, unless we indicate some other basis for the share amounts, and assuming a distribution ratio of _____ of our common shares for each Tyco International common share.

To the extent our directors and officers own Tyco International common shares at the time of the separation, they will participate in the distribution on the same terms as other holders of Tyco International common shares. In addition, following the distribution, we expect Tyco International stock-based awards held by these individuals will be adjusted to become separate awards relating to both Tyco International common shares and our common shares. Such awards relating to our common shares are reflected in the table below based upon our expected adjustment formula. For a description of the equitable adjustments expected to be made to Tyco International stock-based awards, see "Management-Treatment of Outstanding Equity Compensation Arrangements."

Except as otherwise noted in the footnotes below, each person or entity identified below has sole voting and investment power with respect to such securities. Following the separation, we will have outstanding an aggregate of approximately _____ million common shares based upon approximately _____ million Tyco International common shares outstanding on _____, 2007, excluding treasury shares and assuming no exercise of Tyco International options, and applying the distribution ratio of _____ of our common shares for each Tyco International common share held as of the record date.

Name of Beneficial Owner	Total # of Shares to Be Beneficially Owned	% of Class	Of the Total # of Shares Beneficially Owned, Shares which May Be Acquired Within 60 Days
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Principal Shareholders:

Directors and Executive Officers:

Thomas J. Lynch

Juergen W. Gromer**

Alan C. Clarke

Minoru Okamoto

Terrence R. Curtin

Robert A. Scott

Pierre R. Brondeau**

Ram Charan**

Robert M. Hernandez**

Daniel J. Phelan**

Frederic M. Poses**

Lawrence S. Smith**

Paula A. Sneed**

David P. Steiner**

Sandra S. Wijnberg**

All directors and executive officers as a group
(15 persons)

* Represents less than 1% of outstanding common shares.

** Director nominee

DESCRIPTION OF CAPITAL SHARES

The following description is a summary of the terms of our common shares. We have authorized _____ common shares par value US\$0.20 per share.

Classes of Shares

We will have one class of common shares at the time of the separation. Our share capital may be divided into different classes, and different rights or conditions may be attached to each class, by shareholder vote.

Dividends

Our board of directors may declare dividends or distributions out of our assets or funds legally available for dividends or distributions, provided that there are no reasonable grounds for believing that:

we are, or after payment of the dividend or distribution would be, unable to pay our liabilities as they become due, or

the realizable value of our assets would thereby be less than the aggregate of our liabilities and issued share capital and share premium accounts.

Voting Rights

At any general meeting, votes may be given in person or by proxy. Under our bye-laws, the holders of shares entitling them to exercise a majority of the voting power constitute a quorum at a general meeting except as provided under "Alteration of Rights" below.

Under Bermuda law, questions proposed for consideration at a general meeting are decided by a simple majority vote or by the vote required by the bye-laws, except where a larger majority is required by law. Any question proposed for consideration at a general meeting may be decided on a show of hands, in which each shareholder present in person or by proxy is entitled to one vote and casts this vote by raising his or her hand, unless, before or on the declaration of the result of a show of hands, a poll is demanded by:

the chairman of the meeting;

at least three shareholders present in person or represented by proxy;

any shareholder or shareholders present in person or represented by proxy holding individually or between them at least 10% of the total voting rights of all shareholders having the right to vote at the meeting; or

a shareholder or shareholders present in person or by proxy holding shares conferring the right to vote at the meeting and on which an aggregate sum has been paid equal to at least 10% of the total sum paid up on all shares entitled to vote.

In the event of a poll, each shareholder is entitled to one vote per share.

Liquidation

Upon our liquidation, holders of common shares are entitled to receive any assets remaining after the payment of our debts and the expenses of the liquidation, subject to special rights of any other class of shares.

Alteration of Rights

If, at any time, our share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by the terms of issue of the shares of that class, may be altered or abrogated with written consent of the holders of not less than 75% in nominal value of the issued shares of that class, or with the sanction of a resolution passed at a separate general meeting of the holders of shares of that class by a majority of not less than 75% of the votes cast. Under our bye-laws, three shareholders holding not less than one-third of the issued shares of a class, in person or by proxy, constitute a quorum at a general meeting held for this purpose.

Bermuda Taxation

Under current law, no income, withholding or other taxes or stamp, registration or other duties are imposed in Bermuda upon the issue, transfer or sale of our shares, or payments made in respect of the shares. As of the date hereof, there is no Bermuda income, company or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable in respect of capital gains realized on a disposition of securities issued by us or in respect of distribution by us with respect to our securities. Furthermore, we have received from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act of 1966 an undertaking that, in the event of any legislation imposing any tax computed on profits or income, including any dividend or capital gains withholding tax, or computed on any capital assets, gain or appreciation or any tax in the nature of an estate or inheritance tax or duty is enacted in Bermuda, the imposition of such tax shall not be applicable to us or any of our operations or obligations until March 28, 2016. This undertaking applies to securities issued by us. It does not, however, prevent the application of Bermuda taxes to residents of Bermuda. There currently is no reciprocal tax treaty between Bermuda and the United States.

Sale, Lease or Exchange of Assets and Mergers

Under Bermuda law, there is no requirement for a company's shareholders to approve a sale, lease or exchange of all or substantially all of a company's property and assets. Bermuda law provides that a company may enter into a compromise or arrangement in connection with a scheme for the reconstruction of the company on terms that include, among other things, the transfer of all or part of the undertaking or the property of the company to another company. Any compromise or arrangement of this kind requires the approval of a majority in number representing three-fourths in value of the creditors or shareholders or class of shareholders, as the case may be, present and voting either in person or by proxy at the meeting, and the sanction of the Bermuda Supreme Court. Under Bermuda law, unless the company's bye-laws provide otherwise, an amalgamation requires the approval of the holders of at least three-fourths of those voting at a meeting of shareholders at which a requisite quorum is present. Our bye-laws provide that the affirmative vote of the holders of a majority of the issued shares is required to approve an amalgamation. For purposes of approval of an amalgamation, all shares, whether or not otherwise entitled to vote, carry the right to vote. A separate vote of a class of shares is required if the rights of that class would be altered by virtue of the amalgamation.

Exchange Control

The Bermuda Monetary Authority has classified us as a non-resident of Bermuda for exchange control purposes. Accordingly, the Bermuda Monetary Authority does not restrict our ability to engage in transactions in currencies other than Bermuda dollars, to transfer funds in and out of Bermuda or to pay dividends to non-Bermuda residents who are stockholders, other than in Bermuda dollars. We intend to apply for a consent under the Exchange Control Act 1972 from the Bermuda Monetary Authority for the issue and transfer of the common stock to and between non-residents of Bermuda for exchange control purposes.

Transfer Agent and Registrar

The transfer agent and registrar for our common shares is Mellon Investor Services.

Listing

We intend to apply to list our common shares on The New York Stock Exchange, Inc. and on the Bermuda Stock Exchange. We expect that our shares will trade on the New York Stock Exchange and the Bermuda Stock Exchange under the ticker symbol "TEL."

Liability and Indemnification of Directors and Officers

Under our bye-laws, we may indemnify directors or officers for any loss or liability attaching to them from negligence, default, breach of duty or breach of trust for which a director or officer may be liable, except that we may not indemnify for fraud or dishonesty, conscious, intentional or willful breaches of an obligation to act honestly or in good faith in our best interests or claims for recovery of any gain, personal profit or advantage to which the director or officer is not legally entitled. Bermuda law permits us to maintain insurance to compensate for any liability incurred by a director or officer in their official capacity or to indemnify for loss or liability related to negligence, default, breach of duty or breach of trust.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a Form 10 with respect to the common shares that Tyco International shareholders will receive in the distribution. This information statement does not contain all of the information contained in the Form 10 and the exhibits and schedules to the Form 10. Some items are omitted in accordance with the rules and regulations of the SEC. For additional information relating to us and the separation, reference is made to the Form 10 and the exhibits to the Form 10, which are on file at the offices of the SEC. Statements contained in this information statement as to the contents of any contract or other document referred to are not necessarily complete and in each instance, if the contract or document is filed as an exhibit, reference is made to the copy of the contract or other documents filed as an exhibit to the Form 10. Each statement is qualified in all respects by the relevant reference.

You may inspect and copy the Form 10 and the exhibits to the Form 10 that we have filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. In addition, the SEC maintains an Internet site at <http://www.sec.gov>, from which you can electronically access the Form 10, including the exhibits and schedules to the Form 10.

We maintain an Internet site at <http://www.tycoelectronics.com>. Our website and the information contained on that site, or connected to that site, are not incorporated into the information statement or the registration statement on Form 10.

Because of the distribution, we will be required to comply with the full informational requirements of the Securities Exchange Act of 1934. We will fulfill our obligations with respect to these requirements by filing periodic reports and other information with the SEC.

We plan to make available free of charge on our website, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, reports filed pursuant to Section 16 and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. In addition, we will post the charters of our Audit Committee, Compensation and Human Resources Committee and Nominating, Governance and Compliance Committee, as well as our Board Governance Principles and Guide to Ethical Conduct, on our website under the heading . These charters and principles are not incorporated in this report by reference. We also will provide a copy of these documents free of charge to shareholders upon request.

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**THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
COMBINED STATEMENTS OF INCOME (UNAUDITED)**

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	(in millions)	
Net sales	\$ 3,220	\$ 2,939
Cost of sales	2,393	2,184
	827	755
Gross income		
Selling, general, and administrative expenses	436	380
Restructuring and other charges, net	10	3
	381	372
Income from operations		
Interest income	15	13
Interest expense	(60)	(68)
	336	317
Income from continuing operations before income taxes and minority interest		
Income taxes	(103)	(86)
Minority interest	(1)	-
	232	231
Income from continuing operations		
Income from discontinued operations, net of income taxes	49	1
	281	232
Income before cumulative effect of accounting change		
Cumulative effect of accounting change, net of income taxes	-	(8)
	281	224
Net income	\$ 281	\$ 224

See Notes to Combined Financial Statements.

**THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
COMBINED BALANCE SHEETS (UNAUDITED)**

	<u>December 29, 2006</u>	<u>September 29, 2006 (Restated)</u>
(in millions)		
Assets		
Current Assets:		
Cash and cash equivalents	\$ 472	\$ 470
Accounts receivable, net of allowance for doubtful accounts of \$65 and \$64, respectively	2,509	2,544
Inventories	2,188	1,966
Prepaid expenses and other current assets	459	450
Deferred income taxes	369	368
Assets held for sale	-	242
	<u>5,997</u>	<u>6,040</u>
Property, plant, and equipment, net	3,440	3,133
Goodwill	7,149	7,135
Intangible assets, net	1,022	1,028
Deferred income taxes	1,367	1,501
Other assets	263	254
	<u>19,238</u>	<u>19,091</u>
Total Assets	\$ 19,238	\$ 19,091
Liabilities and Parent Company Equity		
Current Liabilities:		
Current maturities of long-term debt, including amounts due to Tyco International Ltd. and affiliates of \$577 and \$285, respectively	\$ 586	\$ 291
Accounts payable	1,357	1,300
Accrued and other current liabilities	1,010	1,331
Deferred revenue	225	161
Liabilities held for sale	-	56
	<u>3,178</u>	<u>3,139</u>
Total current liabilities	3,178	3,139
Long-term debt, including amounts due to Tyco International Ltd. and affiliates of \$2,952 and \$3,225, respectively	3,097	3,371
Long-term pension and postretirement liabilities	510	498
Deferred income taxes	384	380
Other liabilities	526	527
	<u>7,695</u>	<u>7,915</u>
Total Liabilities	7,695	7,915
Commitments and contingencies (Note 10)		
Minority interest	16	16
Parent Company Equity:		
Parent company investment	10,637	10,490

Accumulated other comprehensive income	890	670
Total Parent Company Equity	11,527	11,160
Total Liabilities and Parent Company Equity	\$ 19,238	\$ 19,091

See Notes to Combined Financial Statements.

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	(in millions)	
Cash Flows From Operating Activities:		
Net income	\$ 281	\$ 224
Income from discontinued operations, net of income taxes	(49)	(1)
Cumulative effect of accounting change, net of income taxes	-	8
	<u>232</u>	<u>231</u>
Income from continuing operations	232	231
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	139	128
Deferred income taxes	21	20
Provision for losses on accounts receivable and inventory	33	20
Other	-	1
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable, net	63	87
Inventories	(219)	(127)
Other current assets	(3)	(5)
Accounts payable	42	108
Accrued and other liabilities	(137)	(7)
Deferred revenue	62	(3)
Long-term pension and postretirement liabilities	7	10
Other	(27)	(83)
	<u>213</u>	<u>380</u>
Net cash provided by operating activities	213	380
Net cash provided by (used in) discontinued operating activities	7	(6)
	<u>220</u>	<u>374</u>
Cash Flows From Investing Activities:		
Capital expenditures	(453)	(103)
Proceeds from sale of property, plant, and equipment	8	4
Divestiture of businesses, net of cash retained by businesses sold	227	-
Other	1	26
	<u>(217)</u>	<u>(73)</u>
Net cash used in investing activities	(217)	(73)
Net cash used in discontinued investing activities	(1)	(76)
	<u>(218)</u>	<u>(149)</u>
Cash Flows From Financing Activities:		
Change in short-term debt, net	1	-
Allocated debt activity	19	(22)
Repayment of long-term debt	-	(2)
Change in parent company investment	(19)	(296)
Minority interest distributions paid	(2)	(1)
	<u>(1)</u>	<u>(299)</u>

Net cash used in financing activities	(1)	(321)
Net cash provided by discontinued financing activities	1	81
	<u> </u>	<u> </u>
Effect of currency translation on cash	7	(1)
Net increase (decrease) in cash and cash equivalents	9	(16)
Less: net (increase) decrease in cash related to discontinued operations	(7)	1
Cash and cash equivalents at beginning of period	470	284
	<u> </u>	<u> </u>
Cash and cash equivalents at end of period	\$ 472	\$ 269
	<u> </u>	<u> </u>

See Notes to Combined Financial Statements.

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation, Summary of Significant Accounting Policies, and Restatement

The Separation

On January 13, 2006, Tyco International Ltd. announced that its board of directors approved a plan to separate Tyco International Ltd. ("Tyco International" or "Parent") into three independent, publicly-traded companies (the "Separation"), identifying its electronics businesses of Tyco International Ltd. as one of those three public companies. Upon the Separation, Tyco Electronics Ltd. will be the parent company which will own the electronics businesses as of the Separation date and whose shares will be owned by the existing Tyco International shareholders. The electronics businesses of Tyco International Ltd. ("Tyco Electronics" or the "Company"), presented herein, represent a combined reporting entity comprised of the assets and liabilities used in managing and operating the Tyco International electronics businesses and includes Tyco Electronics Ltd.

Tyco International intends to accomplish the Separation through distributions of shares to Tyco International shareholders that are tax-free for U.S. federal income tax purposes (the "Distribution"). Following the Distribution, Tyco International's shareholders will own 100% of the equity in all three companies. The Separation will not require a vote by Tyco International shareholders.

Basis of Presentation

The unaudited Combined Financial Statements have been prepared in United States dollars, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of the Combined Financial Statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ materially from these estimates. In management's opinion, the unaudited Combined Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire fiscal year or any subsequent interim period. These financial statements should be read in conjunction with the Company's audited Annual Combined Financial Statements included in the Form 10.

Additionally, the Combined Financial Statements do not necessarily reflect what the Company's combined results of operations, financial position, and cash flows would have been had it operated as an independent, publicly-traded company during the periods presented. Certain general corporate overhead, other expenses, and debt and related net interest expense have been allocated by Tyco International to the Company. Management believes such allocations are reasonable; however, they may not be indicative of the actual results of the Company had the Company been operating as an independent, publicly-traded company for the periods presented. Refer to Note 11 for further information regarding allocated expenses.

Unless otherwise indicated, references in the Combined Financial Statements to fiscal 2007 and fiscal 2006 are to the Company's fiscal years ending September 28, 2007 and September 29, 2006, respectively.

Restatement

The Company restated its Combined Balance Sheet at September 29, 2006. The restatement reflects adjustments to correct errors in accounting for income taxes, as well as an immaterial balance sheet adjustment related to deferred revenue.

Subsequent to the issuance of the Company's Annual Combined Financial Statements, in connection with a review of Tyco International's income tax accounts, errors were discovered relating to

accounting for income taxes. These errors primarily related to maintaining and tax effecting jurisdictional data and the classification of tax amounts in the Combined Balance Sheets. The more significant errors related to: (1) the treatment of taxes associated with impairment charges, (2) tax rate differentials on non-US income tax accruals, and (3) misclassification within the balance sheet related to income taxes.

The following table summarizes the impact of the adjustments discussed above on the Company's Combined Balance Sheet as of September 29, 2006:

	September 29, 2006	
	As Previously Reported	Restated
(in millions)		
Assets		
Prepaid expenses and other current assets	\$ 438	\$ 450
Deferred income taxes	263	368
Total current assets	5,923	6,040
Deferred income taxes	1,795	1,501
Total Assets	19,268	19,091
Liabilities and Parent Company Equity		
Accrued and other current liabilities	\$ 1,341	\$ 1,331
Deferred revenue	196	161
Total current liabilities	3,184	3,139
Deferred income taxes	493	380
Other liabilities	556	527
Total Liabilities	8,102	7,915
Parent company investment	10,480	10,490
Total Parent Company Equity	11,150	11,160
Total Liabilities and Parent Company Equity	19,268	19,091
Cumulative Effect of Accounting Change		

The Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. ("FIN") 47, "Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement 143," during fiscal 2006. FIN 47 clarifies the timing of liability recognition for legal obligations associated with an asset retirement when the timing and (or) method of settling the obligation are conditional on a future event that may or may not be within the control of the entity and clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 requires that conditional asset retirement obligations, along with the associated capitalized asset retirement costs, be reported at their fair values. Upon adoption, the Company recognized a liability of \$16 million for asset retirement obligations and an increase of \$4 million in the carrying amount of the related assets. The initial recognition resulted in a cumulative effect of accounting change of \$8 million after-tax, \$12 million pre-tax, reflecting the accumulated depreciation and accretion that would have been recognized in prior periods had the provisions of FIN 47 been in effect at the time.

Recently Issued Accounting Pronouncements

In February 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*." SFAS No. 159 permits an entity, on a contract-by-contract basis to make an irrevocable election to account for certain types of financial instruments and warranty and insurance contracts at fair value, rather than historical cost, with changes in the fair value, whether realized or unrealized, recognized in earnings. SFAS No. 159 is effective for the Company in the first quarter of fiscal 2009. The Company is currently assessing the impact, if any, that SFAS No. 159 will have on the results of its operations, financial position, or cash flows.

In September 2006, the FASB issued SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)*." SFAS No. 158 requires that employers recognize the funded status of defined benefit pension and other postretirement benefit plans as a net asset or liability on the balance sheet and recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as a component of net periodic benefit cost. Under SFAS No. 158, companies are required to measure plan assets and benefit obligations as of their fiscal year end. The Company currently uses a measurement date of August 31st. SFAS No. 158 also requires additional disclosure in the notes to the financial statements. The recognition provisions of SFAS No. 158 are effective at the end of fiscal 2007, while the measurement date provisions will become effective in fiscal 2009. The Company is currently assessing the impact of SFAS No. 158 on its Combined Financial Statements. Based on the funded status of its defined benefit and other postretirement plans as of September 29, 2006, the Company estimates that it would recognize a net \$219 million liability through a reduction in shareholders' equity. The ultimate amounts recorded are highly dependent on various estimates and assumptions including, among other things, the discount rate selected, future compensation levels, and performance of plan assets. Changes in these assumptions could increase or decrease the estimated impact of implementing SFAS No. 158.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*," which enhances existing guidance for measuring assets and liabilities at fair value. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. SFAS No. 157 is effective for Tyco Electronics in the first quarter of fiscal 2009. The Company is currently assessing the impact, if any, that SFAS No. 157 will have on the results of its operations, financial position, or cash flows.

In June 2006, the FASB issued FIN 48, "*Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*." This interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FIN 48 is effective for Tyco Electronics in the first quarter of fiscal 2008. The Company is currently assessing the impact that FIN 48 will have on the results of its operations, financial position, or cash flows.

2. Restructuring and Other Charges, Net

Charges (credits) to operations by segment during the first quarter of fiscal 2007 and the first quarter of fiscal 2006 are as follows:

	For the Quarters Ended	
	December 29,	December 30,
	2006	2005
	(in millions)	
Electronic Components	\$ 8	\$ 4
Wireless Systems	1	2
Other	1	(1)
	<u>\$ 10</u>	<u>\$ 5</u>

Amounts recognized in the Combined Statements of Income during first quarter of fiscal 2007 and the first quarter of fiscal 2006 are as follows:

	For the Quarters Ended	
	December 29,	December 30,
	2006	2005
	(in millions)	
Restructuring and other charges, net	\$ 10	\$ 3
Cost of sales	-	2
	<u>\$ 10</u>	<u>\$ 5</u>

Activity in the Company's restructuring reserves during the first quarter of fiscal 2007 is summarized as follows:

	Balance at September 29, 2006	Charges	Utilization	Reclass/ Transfers ⁽¹⁾	Balance at December 29, 2006
	(in millions)				
Fiscal 2007 Actions:					
Employee severance	\$ -	\$ 9	\$ -	\$ -	\$ 9
Facilities exit costs	-	-	-	1	1
Total	<u>-</u>	<u>9</u>	<u>-</u>	<u>1</u>	<u>10</u>
Fiscal 2006 Actions:					
Employee severance	3	-	(2)	-	1
Facilities exit costs	2	-	(1)	-	1
Total	<u>5</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>2</u>
Pre-Fiscal 2006 Actions:					
Facilities exit costs	66	1	(3)	7	71
Total Activity	<u>\$ 71</u>	<u>\$ 10</u>	<u>\$ (6)</u>	<u>\$ 8</u>	<u>\$ 83</u>

(1) In fiscal 2007, the Printed Circuit Group business was sold and \$8 million of restructuring liabilities were retained by the Company. See Note 3.

Fiscal 2007 Actions

The Company initiated restructuring programs during the first quarter of fiscal 2007 relating to the Electronic Components and Wireless Systems segments. The charges relate to the exit of a manufacturing operation in the Electronic Components segment and the rationalization of certain product lines in the Wireless Systems segment. In connection with these actions, during the first quarter of fiscal 2007, the Company recorded restructuring charges of \$9 million, primarily related to employee severance and benefits. The Company expects to complete all restructuring activities commenced in the first quarter of fiscal 2007 by the end of 2008 and to incur total charges of approximately \$15 million relating to these actions.

Fiscal 2006 and Prior Actions

During the first quarter of fiscal 2007, the Company recorded restructuring charges of \$1 million related to interest accretion on restructuring reserves for activities announced in prior fiscal years.

During the first quarter of fiscal 2006, the Company recorded restructuring charges of \$4 million primarily related to severance and benefits. Also, the Company completed restructuring activities announced in prior years for amounts less than originally anticipated and accordingly reversed \$1 million of restructuring reserves during the first quarter of fiscal 2006.

Non-Cash Charges

During the first quarter of fiscal 2006, the Company recorded non-cash charges of \$2 million in cost of goods sold for write-downs in carrying value of inventory related to exited product lines.

Total Restructuring Reserves

The Company's restructuring reserves by segment are as follows:

	December 29, 2006	September 29, 2006
	(in millions)	
Electronic Components	\$ 9	\$ 1
Network Solutions	1	3
Wireless Systems	3	3
Other	70	64
	<u>83</u>	<u>71</u>
Restructuring reserves	\$ 83	\$ 71

Restructuring reserves were included in the Company's Combined Balance Sheets as follows:

	December 29, 2006	September 29, 2006
	(in millions)	
Accrued and other current liabilities	\$ 27	\$ 16
Other liabilities	56	55
	<u>83</u>	<u>71</u>
Restructuring reserves	\$ 83	\$ 71

3. Discontinued Operations

During fiscal 2006, the Company entered into a definitive agreement to divest the Printed Circuit Group business. During the first quarter of fiscal 2007, the Company consummated the sale of the Printed Circuit Group business for \$227 million in net cash proceeds and recorded a \$45 million pre-tax gain on the sale. The Printed Circuit Group business met the held for sale and discontinued operations criteria and has been included in discontinued operations in all periods presented.

The following table reflects net sales, pre-tax loss from discontinued operations, pre-tax gain on sale of discontinued operations, and income taxes for the first quarter of fiscal 2007 and the first quarter of fiscal 2006:

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	(in millions)	
Net sales	\$ 30	\$ 104
Pre-tax loss from discontinued operations	(2)	(2)
Pre-tax gain on sale of discontinued operations	45	-
Income taxes	6	3
Income from discontinued operations, net of income taxes	\$ 49	\$ 1

The following table presents balance sheet information for discontinued operations and other businesses and assets held for sale at fiscal year end 2006:

	September 29, 2006
	(in millions)
Accounts receivable, net	\$ 78
Inventories	57
Property, plant, and equipment, net	107
Total assets	\$ 242
Accounts payable	\$ 37
Accrued and other current liabilities	17
Other liabilities	2
Total liabilities	\$ 56

The Company paid cash related to holdback and earn-out liabilities of approximately \$74 million during the first quarter of fiscal 2006 relating to certain prior period acquisitions. The total cash paid was reported in discontinued operations as it related to the Printed Circuit Group business.

4. Inventories

Inventories consist of the following:

	December 29, 2006	September 29, 2006
	(in millions)	
Raw materials	\$ 390	\$ 340
Work in progress	806	706
Finished goods	992	920
Inventories	\$ 2,188	\$ 1,966

5. Goodwill

The changes in the carrying amount of goodwill by segment are as follows:

	Electronic Components	Network Solutions	Wireless Systems	Total
	(in millions)			
Balance at September 29, 2006	\$ 5,973	\$ 843	\$ 319	\$ 7,135
Currency translation	12	2	-	14
Balance at December 29, 2006	\$ 5,985	\$ 845	\$ 319	\$ 7,149

6. Intangible Assets, Net

The Company's intangible assets are as follows:

	December 29, 2006				September 29, 2006			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period
	(\$ in millions)							
Amortizable:								
Intellectual property	\$ 1,494	\$ (484)	\$ 1,010	22 years	\$ 1,479	\$ (462)	\$ 1,017	22 years
Other	13	(3)	10	50 years	11	(2)	9	50 years
Total amortizable	\$ 1,507	\$ (487)	\$ 1,020	22 years	\$ 1,490	\$ (464)	\$ 1,026	22 years
Non-amortizable	2	-	2		2	-	2	
Intangible assets	\$ 1,509	\$ (487)	\$ 1,022		\$ 1,492	\$ (464)	\$ 1,028	

Intangible asset amortization expense for the first quarter of fiscal 2007 and the first quarter of fiscal 2006 was \$18 million and \$17 million, respectively. The estimated aggregate amortization expense on intangible assets currently owned by the Company is expected to be as follows:

	<u>(in millions)</u>
Remainder of fiscal 2007	\$ 51
Fiscal 2008	69
Fiscal 2009	68
Fiscal 2010	68
Fiscal 2011	68
Fiscal 2012	66
Thereafter	630
	<u>\$ 1,020</u>

7. Debt

Debt is as follows:

	<u>December 29,</u> <u>2006</u>	<u>September 29,</u> <u>2006</u>
	<u>(in millions)</u>	
Due to Tyco International Ltd. and affiliates	\$ 3,529	\$ 3,510
7.2% notes due 2008	86	86
Other	68	66
	<u>3,683</u>	<u>3,662</u>
Total debt	3,683	3,662
Less current portion	586	291
	<u>3,097</u>	<u>3,371</u>
Long-term debt	\$ 3,097	\$ 3,371

For the first quarter of fiscal 2007 and the first quarter of fiscal 2006, Tyco International has allocated to Tyco Electronics interest expense of \$56 million and \$62 million, respectively, and interest income of \$9 million and \$10 million, respectively.

Management believes the allocation basis for debt and net interest expense are reasonable based on the historical financing needs of Company. However, these amounts may not be indicative of the actual amounts that the Company would have incurred had the Company been operating as an independent, publicly-traded company for the periods presented.

Prior to the distribution date, the Company expects to issue third-party debt or to be assigned debt by Tyco International based on an anticipated initial post-separation capital structure for the Company. The amount of debt which could be issued or assigned may materially differ from the amounts presented herein. The allocated debt amounts, presented as "Due to Tyco International Ltd. and affiliates," have been classified on the Combined Balance Sheets based on the maturities of Tyco International's underlying debt. When the allocated debt is replaced with third party debt or debt is assigned from Tyco International, the maturities of such debt will be determined. Tyco International will not require repayment of such amounts on an accelerated basis.

Certain of the Company's operating subsidiaries have overdraft and similar types of facilities, which total \$368 million, of which \$315 million was undrawn and available at December 29, 2006. These facilities, most of which are renewable, expire at various dates through the year 2013 and are established primarily within the Company's international operations.

8. Guarantees

In disposing of assets or businesses, the Company often provides representations, warranties and/or indemnities to cover various risks including, for example, unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. The Company does not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, the Company has no reason to believe that these uncertainties would have a material adverse effect on the Company's financial position, results of operations, or cash flows.

The Company has recorded liabilities for known indemnifications included as part of environmental liabilities. See Note 10 for a discussion of these liabilities.

At September 29, 2006, the Company had a \$54 million obligation under an off-balance sheet leasing arrangement for five cable laying sea vessels which was recorded in the accompanying Combined Balance Sheet based on the estimated fair value of the vessels. Upon expiration of this lease in October 2006, the Company exercised its option to buy these vessels for \$280 million and, accordingly, the residual guarantee was settled.

In the normal course of business, the Company is liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect the Company's financial position, results of operations, or cash flows.

The Company generally records estimated product warranty costs at the time of sale. The changes in the Company's warranty liability for the first quarter of fiscal 2007 and the first quarter of fiscal 2006 are as follows:

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	(in millions)	
Balance at beginning of fiscal quarter	\$ 30	\$ 43
Warranties issued	–	1
Warranty expirations and changes in estimate	(4)	(6)
Settlements	(1)	(2)
Balance at end of fiscal quarter	\$ 25	\$ 36

9. Retirement Plans

The net periodic benefit cost for all U.S. and non-U.S. defined benefit pension plans and postretirement benefit plans in the first quarter of fiscal 2007 and the first quarter of fiscal 2006 is as follows:

	Defined Benefit Pension Plans				Postretirement Benefit Plans	
	U.S. Plans		Non-U.S. Plans		For the Quarters Ended	
	For the Quarters Ended		For the Quarters Ended		For the Quarters Ended	
	December 29, 2006	December 30, 2005	December 29, 2006	December 30, 2005	December 29, 2006	December 30, 2005
	(in millions)					
Service cost	\$ 1	\$ 1	\$ 15	\$ 15	\$ -	\$ -
Interest cost	14	13	17	15	1	1
Expected return on plan assets	(18)	(18)	(15)	(12)	-	-
Amortization of net actuarial loss	2	3	5	6	-	-
Net periodic benefit cost	\$ (1)	\$ (1)	\$ 22	\$ 24	\$ 1	\$ 1

As previously discussed in the Annual Combined Financial Statements for the fiscal year ended September 29, 2006, the Company anticipates that, at a minimum, it will make the minimum required contributions to its pension plans in fiscal 2007 of \$2 million for U.S. plans and \$57 million for non-U.S. plans. During the first quarter of fiscal 2007, the Company contributed \$14 million to its U.S. and non-U.S. plans.

As previously discussed in the Annual Combined Financial Statements for the fiscal year ended September 29, 2006, the Company expects to make contributions to its postretirement benefit plans of \$5 million in fiscal 2007. During the first quarter of fiscal 2007, the Company contributed \$2 million to its postretirement benefit plans.

10. Commitments and Contingencies

At December 29, 2006, the Company had a contingent purchase price commitment of \$80 million related to the fiscal 2001 acquisition of Com-Net by the Wireless Systems segment. This represents the maximum amount payable to the former shareholders of Com-Net only after the construction and installation of a communications system for the State of Florida is finished and the State has approved the system based on the guidelines set forth in the contract. A liability for this contingency has not been recorded in the Company's Combined Financial Statements as the outcome of this contingency cannot be reasonably determined.

As a part of the separation and distribution agreement to be entered into at the separation date, any existing or potential liabilities related to Tyco International's outstanding litigation will be assigned if Tyco Electronics is specifically identified in the lawsuit. However, any existing or potential liabilities that cannot be associated with Tyco Electronics will be allocated appropriately and post-separation sharing agreements will be established. The discussions below identify the various outstanding litigation facing Tyco International. Tyco Electronics will be responsible for certain potential liabilities that may arise upon the settlement of the pending litigation based on the post-separation sharing agreement. If Tyco International or Covidien were to default on their obligation to pay their allocated share of these liabilities, however, we would be required to pay additional amounts.

Class Actions

As a result of actions taken by Tyco International's former senior corporate management, Tyco International, some members of Tyco International's former senior corporate management, former members of Tyco International's board of directors, Tyco International's current Chief Executive Officer and General Counsel, and Tyco International's former Chief Financial Officer are named defendants in a number of purported class actions alleging violations of the disclosure provisions of the federal securities laws. Tyco International, certain of its current and former employees, some members of its former senior corporate management, and some former members of its board of directors also are named as defendants in several Employee Retirement Income Security Act ("ERISA") class actions. In addition, some members of Tyco International's former senior corporate management are subject to a SEC inquiry. The findings and outcomes of the SEC inquiry may affect the course of the purported securities class actions and ERISA class actions pending against Tyco International. Tyco International is generally obligated to indemnify its directors and officers and its former directors and officers who are named as defendants in some or all of these matters to the extent required by Bermuda law. In addition, Tyco International's insurance carriers may decline coverage, or Tyco International's coverage may be insufficient to cover its expenses and liability, in some or all of these matters. While Tyco International may from time to time seek to engage plaintiff's counsel in settlement discussions, Tyco International is unable at this time to estimate the amount of loss or probable losses, if any, that might result from an adverse resolution of these matters. As a result, Tyco Electronics' share of such potential losses is also not estimable. However, it is possible that Tyco Electronics' portion of such liability would have a material adverse effect on its financial position, results of operations, or cash flows.

Investigations

Tyco International and others have received various subpoenas and requests from the SEC's Division of Enforcement, the United States Department of Labor, the General Service Administration, and others seeking the production of voluminous documents in connection with various investigations into Tyco International's governance, management, operations, accounting, and related controls. The Department of Labor is investigating Tyco International and the administrators of certain of its benefit plans. Tyco International cannot predict when these investigations will be completed, nor can it predict what the results of these investigations may be. It is possible that Tyco International will be required to pay material fines or suffer other penalties. It is not possible to estimate the amount of loss, or range of possible loss, if any, that might result from an adverse resolution of these matters. As a result, Tyco Electronics share of such potential losses is also not estimable and may have a material adverse effect on its financial position, results of operations, or cash flows.

Intellectual Property and Antitrust Litigation

The Company is a party to a number of patent infringement and antitrust actions that may require the Company to pay damage awards. The Company has assessed the status of these matters and has recorded liabilities related to certain of these matters where appropriate.

Environmental Matters

The Company is involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites. The ultimate cost of site cleanup is difficult to predict given

the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. As of December 29, 2006, the Company concluded that it was probable that it would incur remedial costs in the range of approximately \$10 million to \$26 million. As of December 29, 2006, the Company concluded that the best estimate within this range is approximately \$17 million, of which \$4 million is included in accrued and other current liabilities and \$13 million is included in other liabilities on the Combined Balance Sheets. In view of the Company's financial position and reserves for environmental matters of \$17 million, the Company believes that any potential payment of such estimated amounts will not have a material adverse effect on its financial position, results of operations, or cash flows.

Income Taxes

The Company and its subsidiaries' income tax returns are periodically examined by various regulatory tax authorities. In connection with such examinations, tax authorities, including the United States Internal Revenue Service ("IRS"), have raised issues and proposed tax adjustments. The Company and Tyco International are reviewing and contesting certain of the proposed tax adjustments. Amounts related to these tax adjustments and other tax contingencies that management has assessed as probable and estimable and which relate specifically to the Tyco Electronics business have been recorded. While the timing and ultimate resolution of these matters is uncertain, it is reasonably possible that certain of these matters could be resolved during fiscal 2007. In addition, the Company may be required to pay additional taxes for contingencies not related to the electronics businesses as a result of the liability sharing arrangements with Tyco International and Covidien which will be entered into at the separation date.

The IRS continues to audit the 1997 through 2000 fiscal years. In fiscal 2004, Tyco International submitted to the IRS proposed adjustments to these prior period U.S. federal income tax returns, resulting in a reduction in the taxable income previously filed. During fiscal 2006, the IRS accepted substantially all of the proposed adjustments. Also during fiscal 2006, Tyco International developed proposed amendments to U.S. federal income tax returns for additional periods through fiscal 2002. On the basis of the previously accepted amendments, the Company has determined that acceptance of these adjustments is probable and accordingly, has recorded them, as well as the impacts of the adjustments accepted by the IRS, in the Combined Financial Statements. These adjustments resulted in a \$205 million net decrease in deferred income tax assets and a \$205 million decrease in other liabilities in fiscal 2006. Such adjustments did not have a material impact on the Company's results of operations or cash flows.

Tyco International has yet to complete proposed amendments to its U.S. federal income tax returns for periods subsequent to fiscal 2002, which will primarily reflect the roll forward through fiscal 2006 of the amendments for the 1997 to 2002 fiscal periods. When the Company's tax return positions are updated, additional adjustments may be identified and recorded in the Combined Financial Statements. While the final adjustments cannot be determined until the income tax return amendment process is completed, the Company believes that any resulting adjustments will not have a material impact on its financial condition, results of operations, or cash flows.

At Separation, pursuant to a tax sharing agreement, the Company will be allocated a portion of Tyco International's tax contingency liabilities. Such liabilities are not reflected in the accompanying financial statements. It is expected that the impact of this allocation will be material.

Other Matters

The Company is a defendant in a number of other pending legal proceedings incidental to present and former operations, acquisitions, and dispositions. The Company does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on its financial position, results of operations, or cash flows.

11. Related Party Transactions

Trade Activity

Accounts receivable includes \$13 million and \$14 million of receivables from Tyco International and its affiliates at December 29, 2006 and September 29, 2006, respectively. The Company sells certain of its manufactured products consisting primarily of connectors and cable assemblies to Tyco International and its affiliates, at prices which approximate fair value. Sales to Tyco International and its affiliates, which are included in net sales on the Combined Statements of Income, were \$24 million and \$17 million during the first quarter of fiscal 2007 and the first quarter of fiscal 2006, respectively. Purchases from Tyco International and its affiliates were \$1 million in both the first quarter of fiscal 2007 and the first quarter of fiscal 2006.

Debt and Related Items

The Company was allocated a portion of Tyco International's consolidated debt and net interest expense. Note 7 provides further information regarding these allocations.

Allocated Expenses

The Company was allocated general corporate overhead expenses from Tyco International for corporate-related functions based on a pro-rata percentage of Tyco International's consolidated net revenue. General corporate overhead expenses primarily related to centralized corporate functions, including treasury, tax, legal, internal audit, human resources, and risk management functions. During the first quarter of fiscal 2007 and the first quarter of fiscal 2006, the Company was allocated \$50 million and \$46 million, respectively, of general corporate overhead expenses incurred by Tyco International, which are included within selling, general, and administrative expenses in the Combined Statements of Income.

As discussed in Note 1, the Company believes the assumptions and methodologies underlying the allocation of general corporate overhead expenses from Tyco International are reasonable. However, such expenses may not be indicative of the actual level of expenses that would have been or will be incurred by the Company if it were to operate as an independent, publicly-traded company. As such, the financial information herein may not necessarily reflect the combined financial position, results of operations, and cash flows of the Company in the future or what it would have been had the Company been an independent, publicly-traded company during the periods presented.

12. Share Plans

Effective October 1, 2005, Tyco International adopted the provisions of SFAS No. 123R, "*Share-Based Payment*," using the modified prospective transition method. Total share-based compensation cost of \$22 million and \$17 million has been recognized by the Company during the first

quarter of fiscal 2007 and the first quarter of fiscal 2006, respectively, and included in the Combined Statements of Income within selling, general, and administrative expenses.

Tyco International and the Company issued annual share-based compensation grants during the first quarter of each fiscal year. The total number and type of awards granted in connection with the annual grant and the related weighted-average grant-date fair values, were as follows:

	For the Quarters Ended			
	December 29, 2006		December 30, 2005	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
	(in millions, except per share data)			
Share options	2,381,852	\$ 9.52	2,305,850	\$ 8.97
Restricted share awards	1,366,802	30.12	1,246,275	28.99
Performance shares	–	–	139,200	29.00
Total awards	3,748,654		3,691,325	

The options granted in the first quarter of fiscal 2007 vest in equal annual installments over a period of four years. The restricted share awards granted in the first quarter of fiscal 2007 vest in one-third increments over a period of four years beginning in year two.

The weighted-average assumptions used in the Black-Scholes option pricing model were as follows:

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	Expected stock price volatility	32%
Risk free interest rate	4.3%	4.2%
Expected annual dividend per share	\$ 0.40	\$ 0.40
Expected life of options (years)	5.1	4.4

13. Comprehensive Income

Comprehensive income consists of the following:

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
	Net income	\$ 281
Currency translation	220	(118)
Unrealized loss on marketable securities, net of income taxes	–	(1)
Total comprehensive income	\$ 501	\$ 105

14. Combined Segment Data

Selected information by business segment is presented in the following table:

	<u>Electronic Components</u>	<u>Network Solutions</u>	<u>Wireless Systems</u>	<u>Other</u>	<u>Total</u>
	(in millions)				
For the Quarter Ended December 29, 2006:					
Net sales ⁽¹⁾	\$ 2,390	\$ 421	\$ 207	\$ 202	\$ 3,220
Income (loss) from operations	327	54	14	(14)	381
For the Quarter Ended December 30, 2005:					
Net sales ⁽¹⁾	2,158	393	202	186	2,939
Income (loss) from operations	313	59	17	(17)	372
December 29, 2006:					
Segment assets ⁽²⁾	\$ 3,437	\$ 607	\$ 311	\$ 342	\$ 4,697
September 29, 2006:					
Segment assets ⁽²⁾	<u>3,320</u>	592	314	284	4,510

(1) Intersegment sales are not material and are recorded at selling prices that approximate market prices.

(2) Segment assets are comprised of accounts receivable and inventory.

15. Tyco Electronics Group S.A.

In December 2006, Tyco Electronics Group S.A. ("TEGSA"), a Luxembourg company, was formed in connection with the Separation and will be a wholly owned subsidiary of Tyco Electronics Ltd. TEGSA is a holding company established to directly, or indirectly, own all of the operating subsidiaries of Tyco Electronics Ltd., to issue debt securities and to perform treasury operations. Upon formation, TEGSA held \$50 thousand in cash and had share capital of \$50 thousand. TEGSA is in the process of registering and issuing debt securities, and upon completion of any debt offering, the registered debt securities will be fully and unconditionally guaranteed by its parent, Tyco Electronics Ltd. Once certain internal reorganizations are completed prior to the Separation, TEGSA will own, directly or indirectly, all the operating subsidiaries of the Company. The following tables present the historical combined financial information for Tyco Electronics Ltd., and all other subsidiaries for the purposes of illustrating the composition of Tyco Electronics Ltd. and the other subsidiaries prior to TEGSA establishing the respective ownership in connection with the Separation.

Combined Statement of Income
For the Quarter Ended December 29, 2006

	<u>Tyco Electronics Ltd.</u>	<u>Tyco Electronics Group S.A.</u>	<u>Other Subsidiaries</u>	<u>Total</u>
	(in millions)			
Net sales	\$ -	\$ -	\$ 3,220	\$ 3,220
Cost of sales	-	-	2,393	2,393
Gross income	-	-	827	827
Selling, general, and administrative expenses	-	-	436	436
Restructuring and other charges, net	-	-	10	10
Income from operations	-	-	381	381
Interest income	-	-	15	15
Interest expense	-	-	(60)	(60)
Income from continuing operations before income taxes and minority interest	-	-	336	336
Income taxes	-	-	(103)	(103)
Minority interest	-	-	(1)	(1)
Income from continuing operations	-	-	232	232
Income from discontinued operations, net of income taxes	-	-	49	49
Net income	\$ -	\$ -	\$ 281	\$ 281

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Combined Statement of Income
For the Quarter Ended December 30, 2005

	Tyco Electronics Ltd.	Tyco Electronics Group S.A.	Other Subsidiaries	Total
	(in millions)			
Net sales	\$ —	\$ —	\$ 2,939	\$ 2,939
Cost of sales	—	—	2,184	2,184
Gross income	—	—	755	755
Selling, general, and administrative expenses	—	—	380	380
Restructuring and other charges, net	—	—	3	3
Income from operations	—	—	372	372
Interest income	—	—	13	13
Interest expense	—	—	(68)	(68)
Income from continuing operations before income taxes	—	—	317	317
Income taxes	—	—	(86)	(86)
Income from continuing operations	—	—	231	231
Income from discontinued operations, net of income taxes	—	—	1	1
Income before cumulative effect of accounting change	—	—	232	232
Cumulative effect of accounting change, net of income taxes	—	—	(8)	(8)
Net income	\$ —	\$ —	\$ 224	\$ 224

Combined Balance Sheet
As of December 29, 2006

	Tyco Electronics Ltd.	Tyco Electronics Group S.A.	Other Subsidiaries	Total
	(in millions)			
Assets				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 472	\$ 472
Accounts receivable, net	-	-	2,509	2,509
Inventories	-	-	2,188	2,188
Prepaid expenses and other current assets	-	-	459	459
Deferred income taxes	-	-	369	369
Total current assets	-	-	5,997	5,997
Property, plant, and equipment, net	-	-	3,440	3,440
Goodwill	-	-	7,149	7,149
Intangible assets, net	-	-	1,022	1,022
Deferred income taxes	-	-	1,367	1,367
Other assets	-	-	263	263
Total Assets	\$ -	\$ -	\$ 19,238	\$ 19,238
Liabilities and Parent Company Equity				
Current Liabilities:				
Current maturities of long-term debt	\$ -	\$ -	\$ 586	\$ 586
Accounts payable	-	-	1,357	1,357
Accrued and other current liabilities	-	-	1,010	1,010
Deferred revenue	-	-	225	225
Total current liabilities	-	-	3,178	3,178
Long-term debt	-	-	3,097	3,097
Long-term pension and postretirement liabilities	-	-	510	510
Deferred income taxes	-	-	384	384
Other liabilities	-	-	526	526
Total Liabilities	-	-	7,695	7,695
Minority interest	-	-	16	16
Parent company equity	-	-	11,527	11,527
Total Liabilities and Parent Company Equity	\$ -	\$ -	\$ 19,238	\$ 19,238

Combined Balance Sheet
As of September 29, 2006

	Tyco Electronics Ltd.	Tyco Electronics Group S.A.	Other Subsidiaries	Total
	(in millions)			

Assets

Current Assets:

Cash and cash equivalents	\$	-	\$	-	\$	470	\$	470
Accounts receivable, net		-		-		2,544		2,544
Inventories		-		-		1,966		1,966
Prepaid expenses and other current assets		-		-		450		450
Deferred income taxes		-		-		368		368
Assets held for sale		-		-		242		242
		-		-		6,040		6,040
Total current assets		-		-		6,040		6,040
Property, plant, and equipment, net		-		-		3,133		3,133
Goodwill		-		-		7,135		7,135
Intangible assets, net		-		-		1,028		1,028
Deferred income taxes		-		-		1,501		1,501
Other assets		-		-		254		254
		-		-		19,091		19,091
Total Assets	\$	-	\$	-	\$	19,091	\$	19,091

Liabilities and Parent Company Equity

Current Liabilities:

Current maturities of long-term debt	\$	-	\$	-	\$	291	\$	291
Accounts payable		-		-		1,300		1,300
Accrued and other current liabilities		-		-		1,331		1,331
Deferred revenue		-		-		161		161
Liabilities held for sale		-		-		56		56
		-		-		3,139		3,139
Total current liabilities		-		-		3,139		3,139
Long-term debt		-		-		3,371		3,371
Long-term pension and postretirement liabilities		-		-		498		498
Deferred income taxes		-		-		380		380
Other liabilities		-		-		527		527
		-		-		7,915		7,915
Total Liabilities		-		-		7,915		7,915
Minority interest		-		-		16		16
Parent company equity		-		-		11,160		11,160
		-		-		19,091		19,091
Total Liabilities and Parent Company Equity	\$	-	\$	-	\$	19,091	\$	19,091

Combined Statement of Cash Flows
For the Quarter Ended December 29, 2006

	Tyco Electronics Ltd.	Tyco Electronics Group S.A.	Other Subsidiaries	Total
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(in millions)

Cash Flows From Operating Activities:								
Net cash provided by operating activities	\$	-	\$	-	\$	213	\$	213
Net cash provided by discontinued operating activities		-		-		7		7
						7		7
Cash Flows From Investing Activities:								
Capital expenditures		-		-		(453)		(453)
Proceeds from sale of property, plant, and equipment		-		-		8		8
Divestiture of businesses, net of cash retained by businesses sold		-		-		227		227
Other		-		-		1		1
						(217)		(217)
Net cash used in investing activities		-		-		(217)		(217)
Net cash used in discontinued investing activities		-		-		(1)		(1)
						(1)		(1)
Cash Flows From Financing Activities:								
Change in short-term debt, net		-		-		1		1
Allocated debt activity		-		-		19		19
Change in parent company investment		-		-		(19)		(19)
Minority interest distributions paid		-		-		(2)		(2)
						(1)		(1)
Net cash used in financing activities		-		-		(1)		(1)
Net cash provided by discontinued financing activities		-		-		1		1
						1		1
Effect of currency translation on cash		-		-		7		7
Net increase in cash and cash equivalents		-		-		9		9
Less: net increase in cash related to discontinued operations		-		-		(7)		(7)
Cash and cash equivalents at beginning of period		-		-		470		470
						470		470
Cash and cash equivalents at end of period	\$	-	\$	-	\$	472	\$	472
						472		472

Combined Statement of Cash Flows
For the Quarter Ended December 30, 2005

	<u>Tyco Electronics Ltd.</u>	<u>Tyco Electronics Group S.A.</u>	<u>Other Subsidiaries</u>	<u>Total</u>
	(in millions)			
Cash Flows From Operating Activities:				
Net cash provided by operating activities	\$ -	\$ -	\$ 380	\$ 380
Net cash used in discontinued operating activities	-	-	(6)	(6)
Cash Flows From Investing Activities:				
Capital expenditures	-	-	(103)	(103)
Proceeds from sale of property, plant, and equipment	-	-	4	4
Other	-	-	26	26
Net cash used in investing activities	-	-	(73)	(73)
Net cash used in discontinued investing activities	-	-	(76)	(76)
Cash Flows From Financing Activities:				
Allocated debt activity	-	-	(22)	(22)
Repayment of long-term debt	-	-	(2)	(2)
Change in parent company investment	-	-	(296)	(296)
Minority interest distributions paid	-	-	(1)	(1)
Net cash used in financing activities	-	-	(321)	(321)
Net cash provided by discontinued financing activities	-	-	81	81
Effect of currency translation on cash	-	-	(1)	(1)
Net decrease in cash and cash equivalents	-	-	(16)	(16)
Less: net decrease in cash related to discontinued operations	-	-	1	1
Cash and cash equivalents at beginning of period	-	-	284	284
Cash and cash equivalents at end of period	\$ -	\$ -	\$ 269	\$ 269

The following pro forma information has been provided to give effect to the composition of the Company's assets, liabilities, equity, operations, and cash flows by relevant group within the Company; Tyco Electronics Ltd. providing the guarantee, TEGSA as issuer of the debt, and the operating companies not providing a guarantee of debt but which represent assets of TEGSA following completion of the internal reorganizations.

The following tables present unaudited pro forma financial information using the equity method of accounting for subsidiaries assuming the completion of the Company's internal reorganizations discussed above as if they occurred on December 29, 2006 for the balance sheet and as of the beginning of the period presented for statement of income and cash flows. These unaudited pro forma consolidating financial statements are not necessarily indicative of the Company's results of operations or financial condition had the transactions and events been completed on the dates assumed. Additionally, these statements are not necessarily indicative of the Company's future results of operations or financial condition.

Pro Forma Consolidating Statement of Income
For the Quarter Ended December 29, 2006

	<u>Tyco Electronics Ltd.</u>	<u>Tyco Electronics Group S.A.</u>	<u>Other Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
	(in millions)				
Net sales	\$ -	\$ -	\$ 3,220	\$ -	\$ 3,220
Cost of sales	-	-	2,393	-	2,393
Gross income	-	-	827	-	827
Selling, general, and administrative expenses	-	(5)	441	-	436
Restructuring and other charges, net	-	-	10	-	10
Income from operations	-	5	376	-	381
Interest income	-	3	12	-	15
Interest expense	-	(54)	(6)	-	(60)
Equity in net income of subsidiaries	281	286	-	(567)	-
Intercompany interest and fees	-	42	(42)	-	-
Income from continuing operations before income taxes and minority interest	281	282	340	(567)	336
Income taxes	-	(1)	(102)	-	(103)
Minority interest	-	-	(1)	-	(1)
Income from continuing operations	281	281	237	(567)	232
Income from discontinued operations, net of income taxes	-	-	49	-	49
Net income	\$ 281	\$ 281	\$ 286	\$ (567)	\$ 281

Pro Forma Consolidating Balance Sheet
As of December 29, 2006

	<u>Tyco Electronics Ltd.</u>	<u>Tyco Electronics Group S.A.</u>	<u>Other Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
	(in millions)				
Assets					
Current Assets:					
Cash and cash equivalents	\$ –	\$ –	\$ 472	\$ –	\$ 472
Accounts receivable, net	–	–	2,509	–	2,509
Inventories	–	–	2,188	–	2,188
Intercompany receivables	–	20	4,453	(4,473)	–
Prepaid expenses and other current assets	–	–	459	–	459
Deferred income taxes	–	–	369	–	369
Total current assets	–	20	10,450	(4,473)	5,997
Property, plant, and equipment, net	–	–	3,440	–	3,440
Goodwill	–	–	7,149	–	7,149
Intangible assets, net	–	–	1,022	–	1,022
Deferred income taxes	–	–	1,367	–	1,367
Investment in subsidiaries	11,527	11,716	–	(23,243)	–
Intercompany loans receivable	–	7,759	–	(7,759)	–
Other assets	–	–	263	–	263
Total Assets	11,527	19,495	23,691	(35,475)	19,238
Liabilities and Parent Company					
Equity					
Current Liabilities:					
Current maturities of long-term debt	–	577	9	–	586
Accounts payable	–	–	1,357	–	1,357
Accrued and other current liabilities	–	1	1,009	–	1,010
Deferred revenue	–	–	225	–	225
Intercompany payables	–	4,453	20	(4,473)	–
Total current liabilities	–	5,031	2,620	(4,473)	3,178
Long-term debt	–	2,937	160	–	3,097
Intercompany loans payable	–	–	7,759	(7,759)	–
Long-term pension and postretirement liabilities	–	–	510	–	510
Deferred income taxes	–	–	384	–	384
Other liabilities	–	–	526	–	526
Total Liabilities	–	7,968	11,959	(12,232)	7,695
Minority interest			16		16
Parent company equity	11,527	11,527	11,716	(23,243)	11,527

**Total Liabilities and Parent
Company Equity**

\$	11,527	\$	19,495	\$	23,691	\$	(35,475)	\$	19,238
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Pro Forma Consolidating Statement of Cash Flows
For the Quarter Ended December 29, 2006

	Tyco Electronics Ltd.	Tyco Electronics Group S.A.	Other Subsidiaries	Consolidating Adjustments	Total
	(in millions)				
Cash Flows From Operating Activities:					
Net cash (used in) provided by operating activities	\$ -	\$ (297)	\$ 510	\$ -	\$ 213
Net cash provided by discontinued operating activities	-	-	7	-	7
Cash Flows From Investing Activities:					
Capital expenditures	-	-	(453)	-	(453)
Proceeds from sale of property, plant, and equipment	-	-	8	-	8
Divestiture of business, net of cash retained by business sold	-	-	227	-	227
Decrease in intercompany loans	-	297	-	(297)	-
Other	-	-	1	-	1
Net cash provided by (used in) investing activities	-	297	(217)	(297)	(217)
Net cash used in discontinued investing activities	-	-	(1)	-	(1)
Cash Flows From Financing Activities:					
Change in short-term debt, net	-	-	1	-	1
Allocated debt activity	-	-	19	-	19
Change in parent company investment	-	-	(19)	-	(19)
Loan borrowing from parent	-	-	(297)	297	-
Minority interest distributions paid	-	-	(2)	-	(2)
Net cash (used in) provided by financing activities	-	-	(298)	297	(1)
Net cash provided by discontinued financing activities	-	-	1	-	1
Effect of currency translation on cash	-	-	7	-	7
Net increase in cash and cash equivalents	-	-	9	-	9
Less: net increase in cash related to discontinued operations	-	-	(7)	-	(7)
Cash and cash equivalents at beginning of period	-	-	470	-	470
Cash and cash equivalents at end of period	\$ -	\$ -	\$ 472	\$ -	\$ 472

Note 16. Subsequent Events

Effective January 1, 2007, Tyco International legally separated certain pension plans which contained participants of both the Company as well as a Tyco International subsidiary. As a result, the Company is in the process of remeasuring the assets and projected benefit obligation of the separated pension plan. The Company does not believe the remeasurement will be material to its results of operations, financial position, or cash flows.

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TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
STATEMENTS OF INCOME (UNAUDITED)
(in thousands of U.S. dollars)

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
Realized gain on investment	\$ -	\$ -
Management fees	-	-
Net Income	\$ -	\$ -

See Notes to Financial Statements.

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TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
BALANCE SHEETS (UNAUDITED)
(in thousands of U.S. dollars)

	December 29, 2006	September 29, 2006
Assets		
Cash	\$ 12	\$ 12
	\$ 12	\$ 12
Total Assets		
	\$ 12	\$ 12
Commitments and contingencies (Note 3)		
Parent Company Equity		
Parent company investment	\$ 3,516	\$ 3,516
Retained deficit	(3,504)	(3,504)
	\$ 12	\$ 12
Total Parent Company Equity	\$ 12	\$ 12

See Notes to Financial Statements.

TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands of U.S. dollars)

	For the Quarters Ended	
	December 29, 2006	December 30, 2005
Cash Flows From Operating Activities:		
Net income	\$ —	\$ —
Net cash provided by operating activities	—	—
Cash Flows From Financing Activities:		
Net cash provided by (used in) financing activities	—	—
Net increase in cash	—	—
Cash at beginning of period	12	—
Cash at end of fiscal period	\$ 12	\$ —

See Notes to Financial Statements.

TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. History and Description of the Company

Tyco Electronics Ltd. (the "Company") changed its name from Tyco Holdings (Bermuda) No. 4 Limited in December 2006. Until the Separation described in Note 4, the Company is a 100% owned subsidiary of Tyco International Ltd. (also a Bermuda company, which is publicly-traded on the New York and Bermuda stock exchanges). Tyco International Ltd. and its subsidiaries are referred to herein as "Tyco International" or "Parent." The Company has 12,000 shares authorized and outstanding with a par value of \$1.00 per share.

2. Basis of Presentation

The unaudited Financial Statements of the Company present the financial position, results of operations and cash flows of the Company as a subsidiary of Tyco International, including related party transactions. These financial statements have been prepared in United States dollars and in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In management's opinion, the unaudited Financial Statements contain all normal recurring adjustments necessary for a fair presentation of interim results reported. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These financial statements should be read in conjunction with the Company's audited Annual Financial Statements included in the Form 10. The financial statements presented may not be indicative of the results that would have been achieved had the Company operated as a separate, stand-alone public company.

3. Commitments and Contingencies

Litigation. In the normal course of its business, the Company may be subject to certain contractual obligations and litigation. In management's opinion, upon consultation with legal counsel, there is no current litigation which will materially affect the Company's financial position or results of operations.

4. Separation Transaction

On January 13, 2006, Tyco International announced that its board of directors had approved a plan to separate Tyco International into three independent, publicly-traded companies (the "Separation") identifying the electronics businesses of Tyco International as one of those three companies. Upon the Separation, Tyco Electronics Ltd. will be the parent company which will own the electronics businesses as of the Separation date and whose shares will be owned by the existing Tyco International shareholders. Tyco International intends to accomplish the Separation through distributions of shares to Tyco International shareholders that are tax-free for U.S. federal income tax purposes (the "Distribution"). Following the Distribution, Tyco International's shareholders will own 100% of the equity in all three companies. The Separation will not require a vote by Tyco International shareholders. The Company will be the public registrant which will own the electronics businesses of Tyco International.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Tyco International Ltd. Board of Directors:

We have audited the accompanying combined balance sheets of the Electronics Businesses of Tyco International Ltd. (the "Company") as of September 29, 2006 and September 30, 2005 and the related combined statements of income, parent company equity and cash flows for each of the three fiscal years in the period ended September 29, 2006. Our audits also included the financial statement schedule listed in the Index at page F-1. The combined financial statements include the accounts of certain electronics related subsidiaries and businesses of Tyco International Ltd. ("Tyco International") which are under the common ownership, control and oversight of Tyco International. These combined financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the combined financial position of the Company as of September 29, 2006 and September 30, 2005, and the results of its operations and its cash flows for each of the three fiscal years in the period ended September 29, 2006, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the combined financial statements, the Company is comprised of the assets and liabilities used in managing and operating the electronics businesses of Tyco International. The combined financial statements also include allocations of corporate overhead, other expenses, debt and related interest expense from Tyco International. These allocations may not be reflective of the actual level of costs or debt which would have been incurred had the Company operated as a separate entity apart from Tyco International.

As discussed in Note 2 to the combined financial statements, in fiscal 2006, Tyco International adopted Statement of Financial Accounting Standards No. 123R, *Share-Based Payment*.

As discussed in Notes 2 and 14 to the combined financial statements, in fiscal 2005, Tyco International changed the measurement date of its pension and post retirement plans from September 30 to August 31.

As discussed in Note 1 to the combined financial statements, the accompanying 2006, 2005 and 2004 combined financial statements have been restated.

/s/ Deloitte & Touche LLP

January 16, 2007 (April 19, 2007 as to the effects of the restatement discussed in Note 1)

Philadelphia, Pennsylvania

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
COMBINED STATEMENTS OF INCOME (RESTATED)
Fiscal Years Ended September 29, 2006, September 30, 2005, and September 30, 2004

	Fiscal		
	2006	2005	2004
	(in millions)		
Net sales	\$ 12,812	\$ 11,890	\$ 11,099
Cost of sales	9,447	8,724	7,971
Gross income	3,365	3,166	3,128
Selling, general, and administrative expenses	1,627	1,507	1,543
Restructuring and other charges (credits), net	13	(10)	(34)
Goodwill impairment	316	-	-
Gain on divestiture	-	(301)	-
Income from operations	1,409	1,970	1,619
Interest income	48	44	33
Interest expense	(256)	(294)	(344)
Other expense, net	-	(365)	(102)
Income from continuing operations before income taxes and minority interest	1,201	1,355	1,206
Income taxes	(32)	(360)	(405)
Minority interest	(6)	(5)	(10)
Income from continuing operations	1,163	990	791
Income (loss) from discontinued operations, net of income taxes	38	143	(29)
Income before cumulative effect of accounting change	1,201	1,133	762
Cumulative effect of accounting change, net of income taxes	(8)	11	-
Net income	\$ 1,193	\$ 1,144	\$ 762

See Notes to Combined Financial Statements.

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
COMBINED BALANCE SHEETS (RESTATED)
As of September 29, 2006 and September 30, 2005

	Fiscal	
	2006	2005
	(in millions)	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 470	\$ 284
Accounts receivable, net of allowance for doubtful accounts of \$64 and \$74, respectively	2,544	2,363
Inventories	1,966	1,643
Prepaid expenses and other current assets	450	386
Deferred income taxes	368	388
Assets held for sale	242	278
	6,040	5,342
Total current assets	6,040	5,342
Property, plant, and equipment, net	3,133	2,980
Goodwill	7,135	7,423
Intangible assets, net	1,028	1,074
Deferred income taxes	1,501	1,372
Other assets	254	282
	19,091	18,473
Total Assets	\$ 19,091	\$ 18,473
Liabilities and Parent Company Equity		
Current Liabilities:		
Current maturities of long-term debt, including amounts due to Tyco International Ltd. and affiliates of \$285 and \$575, respectively	\$ 291	\$ 695
Accounts payable	1,300	1,006
Accrued and other current liabilities	1,331	1,201
Deferred revenue	161	156
Liabilities held for sale	56	101
	3,139	3,159
Total current liabilities	3,139	3,159
Long-term debt and obligations under capital lease, including amounts due to Tyco International Ltd. and affiliates of \$3,225 and \$3,666, respectively	3,371	3,816
Long-term pension and postretirement liabilities	498	611
Deferred income taxes	380	321
Other liabilities	527	698
	7,915	8,605
Total Liabilities	7,915	8,605
Commitments and contingencies (Note 15)		
Minority interest	16	26
Parent Company Equity:		

Parent company investment	10,490	9,511
Accumulated other comprehensive income	670	331
	<hr/>	<hr/>
Total Parent Company Equity	11,160	9,842
	<hr/>	<hr/>
Total Liabilities and Parent Company Equity	\$ 19,091	\$ 18,473
	<hr/>	<hr/>

See Notes to Combined Financial Statements.

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
COMBINED STATEMENTS OF PARENT COMPANY EQUITY (RESTATED)
Fiscal Years Ended September 29, 2006, September 30, 2005, and September 30, 2004

	<u>Parent Company Investment</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Parent Company Equity</u>	<u>Comprehensive Income</u>
	(in millions)			
Balance at October 1, 2003	\$ 6,133	\$ 161	\$ 6,294	
Comprehensive income:				
Net income	762	-	762	\$ 762
Currency translation	-	272	272	272
Unrealized gain on marketable securities, net of income taxes	-	4	4	4
Minimum pension liability, net of income taxes	-	54	54	54
Total comprehensive income				\$ 1,092
Net transfers from parent	856	-	856	
Balance at September 30, 2004	7,751	491	8,242	
Comprehensive income:				
Net income	1,144	-	1,144	\$ 1,144
Currency translation	-	(87)	(87)	(87)
Unrealized loss on marketable securities, net of income taxes	-	(1)	(1)	(1)
Minimum pension liability, net of income taxes	-	(72)	(72)	(72)
Total comprehensive income				\$ 984
Reporting calendar alignment, net of income taxes	(21)	-	(21)	
Net transfers from parent	637	-	637	
Balance at September 30, 2005	\$ 9,511	331	9,842	
Comprehensive income:				
Net income	1,193	-	1,193	\$ 1,193
Currency translation	-	242	242	242
Minimum pension liability, net of income taxes	-	97	97	97
Total comprehensive income				\$ 1,532
Net transfers to parent	(214)	-	(214)	
Balance at September 29, 2006	\$ 10,490	\$ 670	\$ 11,160	

See Notes to Combined Financial Statements.

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
COMBINED STATEMENTS OF CASH FLOWS (RESTATED)
Fiscal Years Ended September 29, 2006, September 30, 2005, and September 30, 2004

	Fiscal		
	2006	2005	2004
	(in millions)		
Cash Flows From Operating Activities:			
Net income	\$ 1,193	\$ 1,144	\$ 762
(Income) loss from discontinued operations, net of income taxes	(38)	(143)	29
Cumulative effect of accounting change, net of income taxes	8	(11)	-
	<u>1,163</u>	<u>990</u>	<u>791</u>
Income from continuing operations	1,163	990	791
Adjustments to reconcile net cash provided by operating activities:			
Non-cash restructuring and other credits, net	-	(16)	(35)
Gain on divestiture	-	(301)	-
Depreciation and amortization	531	542	513
Deferred income taxes	(62)	(70)	127
Provision for losses on accounts receivable and inventory	73	82	55
Loss on retirement of debt	-	-	38
Allocated loss on retirement of debt	-	365	64
Goodwill impairment	316	-	-
Other	9	12	16
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:			
Accounts receivable, net	(136)	(529)	(144)
Repurchase of accounts receivable	-	-	(156)
Inventories	(353)	29	(96)
Other current assets	(67)	45	3
Accounts payable	275	205	97
Accrued and other liabilities	98	21	(25)
Income taxes	(183)	133	112
Deferred revenue	(2)	51	5
Long-term pension and postretirement liabilities	26	46	(152)
Other	(18)	(81)	5
	<u>1,670</u>	<u>1,524</u>	<u>1,218</u>
Net cash provided by operating activities	1,670	1,524	1,218
Net cash (used in) provided by discontinued operating activities	(7)	(13)	64
	<u>(7)</u>	<u>(13)</u>	<u>64</u>
Cash Flows From Investing Activities:			
Capital expenditures	(560)	(481)	(410)
Proceeds from sale of property, plant, and equipment	12	33	30
Acquisition of businesses, net of cash acquired	(23)	(12)	(3)
Purchase accounting and holdback/earn-out liabilities	(3)	(8)	(47)
Divestiture of businesses, net of cash retained by businesses sold	-	130	25
(Increase) decrease in investments	(1)	66	6
Other	27	(5)	24
	<u>27</u>	<u>(5)</u>	<u>24</u>
Net cash used in investing activities	(548)	(277)	(375)

Net cash (used in) provided by discontinued investing activities	(91)	(9)	3
Cash Flows From Financing Activities:			
Change in short-term debt, net	(4)	(1)	7
Allocated debt activity	(731)	(1,330)	(1,202)
Repayment of long-term debt	(114)	(114)	(318)
Change in parent company investment	(74)	85	844
Minority interest distributions paid	(12)	(12)	(34)
Net cash used in financing activities	(935)	(1,372)	(703)
Net cash provided by (used in) discontinued financing activities	106	19	(75)
Effect of currency translation on cash	(1)	11	6
Net increase (decrease) in cash and cash equivalents	194	(117)	138
Less: net (increase) decrease in cash related to discontinued operations	(8)	3	8
Cash and cash equivalents at beginning of fiscal year	284	398	252
Cash and cash equivalents at end of fiscal year	\$ 470	\$ 284	\$ 398
Supplementary Cash Flow Information:			
Interest paid	\$ 262	\$ 295	\$ 353
Income taxes paid, net of refunds	277	297	166

See Notes to Combined Financial Statements.

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Basis of Presentation and Restatement

The Separation

On January 13, 2006, Tyco International Ltd. announced that its board of directors approved a plan to separate Tyco International Ltd. ("Tyco International" or "Parent") into three publicly-traded independent companies (the "Separation"), identifying its electronics businesses of Tyco International Ltd. as one of those three public companies. Upon the Separation, Tyco Electronics Ltd. will be the parent company which will own the electronics businesses as of the Separation date and whose shares will be owned by the existing Tyco International shareholders. The electronics businesses of Tyco International Ltd. ("Tyco Electronics" or the "Company"), presented herein, represent a combined reporting entity comprised of the assets and liabilities used in managing and operating the Tyco International electronics businesses and includes Tyco Electronics Ltd.

Tyco International intends to accomplish the Separation through distributions of shares to Tyco International shareholders that are tax-free for U.S. federal income tax purposes (the "Distribution"). Following the Distribution, Tyco International's shareholders will own 100% of the equity in all three companies. The Separation will not require a vote by Tyco International shareholders.

Basis of Presentation

The Combined Financial Statements include the operations, assets, and liabilities of the Company and have been prepared in United States dollars, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of the Combined Financial Statements in conformity with GAAP requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Significant estimates in these Combined Financial Statements include restructuring and other charges and credits, acquisition liabilities, allowances for doubtful accounts receivable, estimates of future cash flows associated with asset impairments, useful lives for depreciation and amortization, loss contingencies, net realizable value of inventories, estimated contract revenue and related costs, legal liabilities, deferred tax asset valuation allowances, and the determination of discount and other rate assumptions for pension and postretirement employee benefit expenses. Actual results could differ materially from these estimates.

Additionally, the Combined Financial Statements may not be indicative of the Company's future performance and do not necessarily reflect what its combined results of operations, financial position, and cash flows would have been had the Company operated as a separate, stand-alone public company during the periods presented. Certain general corporate overhead, other expenses, and debt and related net interest expense have been allocated by Tyco International to the Company. Management believes such allocations are reasonable; however, they may not be indicative of the actual results of the Company had the Company been operating as a separate, stand-alone public company for the periods presented. Refer to Note 16 for further information regarding allocated expenses.

Description of the Business

The Company consists of four reportable segments:

Electronic Components. The Electronic Components segment is one of the world's largest suppliers of passive electronic components, which includes connectors and interconnect systems, relays, switches, circuit protection devices, touchscreens, sensors, and wire and cable. The products sold by the Electronic Components segment are sold primarily to original equipment manufacturers and their contract manufacturers in the automotive, computer, consumer

electronics, communication equipment, appliance, aerospace and defense, industrial machinery, and instrumentation markets.

Network Solutions. The Network Solutions segment is one of the world's largest suppliers of infrastructure components and systems for telecommunications and energy markets. These components include connectors, above- and below-ground enclosures, heat shrink tubing, cable accessories, surge arrestors, fiber optic cabling, copper cabling, and racks for copper and fiber networks. This segment also provides electronic systems for test access and intelligent cross-connect applications as well as integrated cabling solutions for cabling and building management.

Wireless Systems. The Wireless Systems segment is an innovator of wireless technology for critical communications, radar, and defense applications. The segment's products include radio frequency components and subassembly solutions such as silicon and gallium arsenide semiconductors, radar sensors, radio frequency identification components, microwave subsystems, and diodes and land mobile radios systems and related products. These products are sold primarily to the aerospace and defense, public safety, communication equipment, and automotive markets.

Other. The Other segment designs, manufactures, distributes, and installs power systems and undersea telecommunication systems. Power Systems products focus on AC-DC and DC-DC switching power supplies, batteries, and electronic modules. This business also provides and installs complete communications and energy power systems. Power Systems sells primarily to the communication equipment, communication service provider, and wireless provider markets. Undersea Telecommunication Systems designs, builds, maintains, and tests undersea fiber optic networks for both the telecommunications and oil and gas markets.

Principles of Combination

The Combined Financial Statements include the assets and liabilities used in operating Tyco Electronics businesses, including entities in which it owns or controls more than fifty percent of the voting shares, or otherwise has the ability to control through similar rights. In addition, the Combined Financial Statements include variable interest entities in which the Company bears a majority of the risk to the entities' expected losses or stands to gain from a majority of the entities' expected returns. All intercompany transactions have been eliminated. The results of companies acquired or disposed of are included in the Combined Financial Statements from the effective date of acquisition or up to the date of disposal.

Restatement

The Company restated its Combined Financial Statements for fiscal 2006, fiscal 2005, and fiscal 2004. The restatement reflects adjustments to correct errors in accounting for income taxes, as well as an immaterial balance sheet adjustment related to deferred revenue. The tax adjustments resulted in a \$4 million, \$6 million, and \$40 million reduction in income tax expense in fiscal 2006, fiscal 2005, and fiscal 2004, respectively. The tax corrections also resulted in various balance sheet adjustments, as summarized below.

Subsequent to the issuance of the Company's Annual Combined Financial Statements, in connection with a review of Tyco International's income tax accounts, errors were discovered relating to accounting for income taxes. These errors primarily related to maintaining and tax effecting jurisdictional data and the classification of tax amounts in the Combined Balance Sheets. The more

significant errors related to: (1) the treatment of taxes associated with impairment charges, (2) tax rate differentials on non-US income tax accruals, and (3) misclassifications within the balance sheet related to income taxes.

The following table summarizes the impact of the adjustments discussed above on the Company's Combined Statements of Income for fiscal 2006, fiscal 2005, and fiscal 2004:

	Fiscal 2006		Fiscal 2005		Fiscal 2004	
	As Previously Reported	Restated	As Previously Reported	Restated	As Previously Reported	Restated
	(in millions)					
Income taxes	\$ (36)	\$ (32)	\$ (366)	\$ (360)	\$ (445)	\$ (405)
Income from continuing operations	1,159	1,163	984	990	751	791
Income before cumulative effect of accounting change	1,197	1,201	1,127	1,133	722	762
Net Income	1,189	1,193	1,138	1,144	722	762

The following table summarizes the impact of the adjustments discussed above on the Company's Combined Balance Sheets as of September 29, 2006 and September 30, 2005:

	Fiscal 2006		Fiscal 2005	
	As Previously Reported	Restated	As Previously Reported	Restated
	(in millions)			
Assets				
Prepaid expenses and other current assets	\$ 438	\$ 450	\$ 449	\$ 386
Deferred income taxes	263	368	312	388
Total current assets	5,923	6,040	5,329	5,342
Deferred income taxes	1,795	1,501	1,582	1,372
Total Assets	19,268	19,091	18,670	18,473
Liabilities and Parent Company Equity				
Accrued and other current liabilities	\$ 1,341	\$ 1,331	\$ 1,334	\$ 1,201
Deferred revenue	196	161	201	156
Total current liabilities	3,184	3,139	3,337	3,159
Deferred income taxes	493	380	428	321
Other liabilities	556	527	629	698
Total Liabilities	8,102	7,915	8,821	8,605
Parent company investment ⁽¹⁾	10,480	10,490	9,492	9,511
Total Parent Company Equity	11,150	11,160	9,823	9,842
Total Liabilities and Parent Company Equity	19,268	19,091	18,670	18,473

(1) The impact of the restatement discussed above on parent company investment at October 1, 2003 was an increase of \$9 million.

The following table summarizes the impact of the adjustments discussed above on the Company's Combined Statements of Cash Flow for fiscal 2006, fiscal 2005, and fiscal 2004:

	Fiscal 2006		Fiscal 2005		Fiscal 2004	
	As Previously Reported	Restated	As Previously Reported	Restated	As Previously Reported	Restated
	(in millions)					
Net income	\$ 1,189	\$ 1,193	\$ 1,138	\$ 1,144	\$ 722	\$ 762
Income from continuing operations	1,159	1,163	984	990	751	791
Net cash provided by operating activities	1,672	1,670	1,382	1,524	1,203	1,218
Net cash used in financing activities	(937)	(935)	(1,230)	(1,372)	(688)	(703)

Change in Fiscal Year and Reporting Calendar Alignment

Unless otherwise indicated, references in the Combined Financial Statements to fiscal 2006, fiscal 2005, and fiscal 2004 are to Tyco Electronics' fiscal years ended September 29, 2006, September 30, 2005, and September 30, 2004. Effective October 1, 2004, Tyco Electronics changed its fiscal year end from a calendar fiscal year ending September 30 to a "52-53 week" year ending on the last Friday of September, such that each quarterly period is 13 weeks in length. For fiscal years in which there are 53 weeks, the fourth quarter reporting period will include 14 weeks, with the first such occurrence taking place in fiscal 2011. The impact of this change was not material to the Combined Financial Statements. Net income for the transition period related to this change was \$21 million after-tax, \$29 million pre-tax, and was reported within Parent Company Investment.

2. Summary of Significant Accounting Policies

Revenue Recognition

The Company's revenues are generated principally from the sale of its products. Revenue from the sale of products is recognized at the time title and risks and rewards of ownership pass. This is generally when the products reach the free-on-board shipping point, the sales price is fixed and determinable, and collection is reasonably assured. For those items where title has not yet transferred, the Company has deferred the recognition of revenue.

The Company provides certain distributors with an inventory allowance for returns or scrap equal to a percentage of qualified purchases. A reserve for estimated scrap and returns allowances is established at the time of the sale based on a fixed percentage of sales to distributors authorized and agreed to by the Company and is recorded as a reduction of sales.

Other allowances include customer quantity and price discrepancies. A reserve for other allowances is established at the time of sale based on historical experience and is recorded as a reduction of sales. The Company believes it can reasonably and reliably estimate the amounts of future allowances.

Revenue from the sale of services represents less than 2% of net sales and is recognized as services are rendered. Revenue from service sales is generated primarily within the Company's Other segment.

Contract sales for construction related projects are recorded primarily on the percentage-of-completion method. Profits recognized on contracts in process are based upon estimated contract revenue and related cost to complete. Percentage-of-completion is measured based on the ratio of

actual cost incurred to total estimated cost. Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the current period. Provisions for anticipated losses are made in the period in which they first become determinable. Contract sales for construction related projects are generated primarily within the Company's Wireless Systems and Other segments.

The Company typically warrants that its products will conform to the Company's specifications and that its products will be free from material defects in materials and manufacturing. The Company limits its liability to the replacement of defective parts or the cash value of replacement parts. The Company accepts returned goods only when the customer makes a claim and management has authorized the return. Returns result primarily from defective products or shipping discrepancies. A reserve for estimated returns is established at the time of sale based on historical return experience and is recorded as a reduction of sales.

Additionally, certain of the Company's long-term contracts in its Wireless Systems and Other segments have warranty obligations. Estimated warranty costs for each contract are determined based on the contract terms and technology specific considerations. These costs are included in total estimated contract costs and are accrued over the construction period of the respective contracts under percentage-of-completion accounting.

Research and Development

Research and development expenditures are expensed when incurred and are included in cost of sales. Research and development expenses include salaries, direct costs incurred, and building and overhead expenses. The amounts expensed in fiscal 2006, fiscal 2005, and fiscal 2004 were \$504 million, \$454 million, and \$441 million, respectively.

Cash and Cash Equivalents

All highly liquid investments purchased with maturities of three months or less from the time of purchase are considered to be cash equivalents.

Allowance for Doubtful Accounts

The allowance for doubtful accounts receivable reflects the best estimate of probable losses inherent in the Company's outstanding receivables determined on the basis of historical experience, specific allowances for known troubled accounts, and other currently available evidence.

Inventories

Inventories are recorded at the lower of cost (first-in, first-out) or market value.

Property, Plant, and Equipment, Net

Property, plant, and equipment, net is recorded at cost less accumulated depreciation. Maintenance and repair expenditures are charged to expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and related improvements	5 to 40 years
Leasehold improvements	Lesser of remaining term of the lease or economic useful life
Machinery and equipment	1 to 15 years

Long-Lived Assets

The Company periodically evaluates the net realizable value of long-lived assets, including property, plant, and equipment, and amortizable intangible assets, relying on a number of factors including operating results, business plans, economic projections, and anticipated future cash flows. When indicators of potential impairment are present, the carrying values of the assets are evaluated in relation to the operating performance and estimated future undiscounted cash flows of the underlying business. An impairment in the carrying value of an asset group is recognized whenever anticipated future undiscounted cash flows from an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

Goodwill and Other Intangible Assets

Intangible assets acquired include both those that have a determinable life and residual goodwill. Intangible assets with a determinable life include primarily intellectual property consisting of patents, trademarks, and unpatented technology with estimates of recoverability ranging from 3 to 50 years that are amortized accordingly on a straight-line basis. (Refer to Note 9 for additional information.) An evaluation of the remaining useful life of intangibles with a determinable life is performed on a periodic basis when events and circumstances warrant an evaluation. The Company assesses intangible assets with a determinable life for impairment consistent with its policy for assessing other long-lived assets. Goodwill is assessed for impairment separately from other intangible assets with a determinable life by comparing the carrying value of each reporting unit to its fair value on the first day of the fourth quarter of each year or whenever the Company believes a triggering event requiring a more frequent assessment has occurred. In making this assessment, management relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, transactions, and market place data. There are inherent uncertainties related to these factors and management's judgment in applying them to the analysis of goodwill impairment.

As of fiscal year end 2006, the Company has 15 reporting units, of which 12 contain goodwill that is assessed for impairment. When changes occur in the composition of one or more segments or reporting units, the goodwill is reassigned to the segments or reporting units affected based on their relative fair values.

When testing for goodwill impairment, the Company performs a step I goodwill impairment test to identify a potential impairment. In doing so, the Company compares the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, goodwill may be impaired and a step II goodwill impairment test is performed to measure the amount of any impairment loss. In the step II goodwill impairment test, the Company compares the implied fair value of reporting unit goodwill with the carrying value of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner that the amount of goodwill recognized in a business combination is determined. The Company allocates the fair value of a reporting unit to all of the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

Estimates about fair value used in the step I goodwill impairment tests have been calculated using an income approach based on the present value of future cash flows of each reporting unit. This approach incorporates many assumptions including future growth rates, discount factors, and income tax rates. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairments in future periods.

Income Taxes

Income taxes are computed on a stand-alone basis in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, *"Accounting for Income Taxes."* In these Combined Financial Statements, the benefits of a consolidated return have been reflected where such returns have or could be filed based on the entities and jurisdictions included in the financial statements. Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been reflected in the Combined Financial Statements. Deferred tax liabilities and assets are determined based on the differences between the book and tax bases of particular assets and liabilities and operating loss carryforwards using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

Financial Instruments

All derivative financial instruments are reported on the Combined Balance Sheets at fair value. Changes in a derivative financial instrument's fair value are recognized currently in net income.

Parent Company Investment

Parent Company Investment on the Combined Balance Sheets represents the historical investment of capital into the Company, the Company's accumulated net earnings after taxes, and the net effect of transactions with and allocations from Tyco International. Refer to Note 16 for additional information regarding the allocation to the Company of various expenses incurred by Tyco International.

Currency Translation

For the Company's non-U.S. subsidiaries with a functional currency other than U.S. Dollars, assets and liabilities are translated into U.S. Dollars using year-end exchange rates. Sales and expenses are translated at the average exchange rates in effect during the year. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income within parent company equity.

Gains and losses resulting from foreign currency transactions, the amounts of which are not material in any period presented, are included in net income.

Cumulative Effect of Accounting Change

During fiscal 2006, the Company adopted Financial Accounting Standards Board ("FASB") Interpretation No. ("FIN") 47, *"Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143."* Accordingly, the Company has recognized asset retirement obligations of \$16 million and property, plant, and equipment, net of \$4 million in its Combined

Balance Sheet at year end fiscal 2006. In addition, the Company recorded a cumulative effect of accounting change which resulted in an \$8 million after-tax, \$12 million pre-tax, loss.

During fiscal 2005, Tyco International changed the measurement date for its pension and postretirement benefit plans from September 30th to August 31st, effective October 1, 2004. Tyco International and the Company believe that the one-month change of measurement date is a preferable change as it allows management adequate time to evaluate and report the actuarial information in the Company's Combined Financial Statements under the accelerated reporting deadlines. As a result of this change, the Company recorded an \$11 million after-tax, \$13 million pre-tax, gain cumulative effect of accounting change. Refer to Note 14 for additional information on the Company's retirement plans.

Recently Adopted Accounting Pronouncements

Effective October 1, 2005, Tyco International adopted SFAS No. 123R, "*Share-Based Payment*," which requires compensation costs related to share-based transactions, including employee stock options, to be recognized in the financial statements based on fair value. SFAS No. 123R revises SFAS No. 123, as amended, "*Accounting for Stock-Based Compensation*," and supersedes Accounting Principles Board ("APB") Opinion No. 25, "*Accounting for Stock Issued to Employees*." Tyco International adopted SFAS No. 123R using the modified prospective application transition method. Under this method, compensation cost is recognized for the unvested portion of share-based payments granted prior to October 1, 2005 and all share-based payments granted subsequent to September 30, 2005 over the related vesting period. Compensation cost is generally recognized ratably over the requisite service period or period to retirement eligibility. Prior to October 1, 2005, Tyco International and the Company applied the intrinsic value based method prescribed in APB Opinion No. 25 in accounting for employee stock based compensation. Prior period results have not been restated. Due to the adoption of SFAS No. 123R, the Company's results for fiscal 2006 include incremental share-based compensation expense totaling \$40 million. Refer to Note 19 for additional information.

On November 10, 2005, the FASB issued FASB Staff Position No. FAS 123R-3, "*Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards*." Tyco International elected to adopt the alternative transition method provided in the FASB Staff Position for calculating the tax effects of stock-based compensation pursuant to SFAS No. 123R in the fourth quarter of fiscal 2006. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool ("APIC pool") related to the tax effects of employee stock-based compensation, and to determine the subsequent impact on the APIC pool and Combined Statements of Cash Flows of the tax effects of employee stock-based compensation awards that are fully vested and outstanding upon adoption of SFAS No. 123R. The adoption did not have a material impact on the Company's results of operations and financial condition.

The Company adopted FIN 47, "*Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143*," during the fourth quarter of fiscal 2006. This Interpretation clarifies the timing of liability recognition for legal obligations associated with an asset retirement when the timing and (or) method of settling the obligation are conditional on a future event that may or may not be within the control of the entity. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. The interpretation requires that conditional asset retirement obligations, along with the associated capitalized asset retirement costs, be reported at their fair values. Upon adoption, the Company recognized a liability of \$16 million for asset retirement obligation and an increase of \$4 million in the carrying amount of the related assets. The initial recognition resulted in a cumulative effect of accounting change of \$8 million

after-tax, \$12 million pre-tax, reflecting the accumulated depreciation and accretion that would have been recognized in prior periods had the provisions of FIN 47 been in effect at the time.

In June 2005, the FASB issued Staff Position ("FSP") No. 143-1, "*Accounting for Electronic Equipment Waste Obligations*," which provides guidance on accounting for historical waste obligations associated with the European Union Waste, Electrical and Electronic Equipment Directive ("WEEE Directive"). Under the directive, the waste management obligation for historical equipment (products put on the market on or prior to August 13, 2005) remains with the commercial user until the equipment is replaced, at which time the waste management obligation may be transferred to the producer of the replacement equipment. FSP No. 143-1 is effective for the first reporting period ending after June 8, 2005 or the date of the adoption of the WEEE Directive into law by the applicable European Union member country. The Company evaluated the effects of FSP No. 143-1 and determined that the impact is immaterial to the Company's Combined Financial Statements.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)*." SFAS No. 158 requires that employers recognize the funded status of defined benefit pension and other postretirement benefit plans as a net asset or liability on the balance sheet and recognize as a component of other comprehensive income, net of tax, the gains or losses and prior service costs or credits that arise during the period but are not recognized as a component of net periodic benefit cost. Under SFAS No. 158, companies are required to measure plan assets and benefit obligations as of their fiscal year end. The Company currently uses a measurement date of August 31st. SFAS No. 158 also requires additional disclosure in the notes to the financial statements. The recognition provisions of SFAS No. 158 are effective for fiscal 2007, while the measurement date provisions will become effective in fiscal 2009. The Company is currently assessing the impact of SFAS No. 158 on its Combined Financial Statements. Based on the funded status of its defined benefit and other postretirement plans as of September 29, 2006, the Company estimates that it would recognize a net \$219 million liability through a reduction in shareholders' equity. The ultimate amounts recorded are highly dependent on various estimates and assumptions including, among other things, the discount rate selected, future compensation levels, and performance of plan assets. Changes in these assumptions could increase or decrease the estimated impact of implementing SFAS No. 158.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*," which enhances existing guidance for measuring assets and liabilities at fair value. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. SFAS No. 157 is effective for Tyco Electronics in the first quarter of fiscal 2009. The Company is currently assessing the impact that SFAS No. 157 will have on the results of its operations, financial position, or cash flows.

In June 2006, the FASB issued FIN 48, "*Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*." This interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FIN 48 is effective for Tyco Electronics in the first quarter of fiscal 2008. The Company is currently assessing the impact that FIN 48 will have on the results of its operations, financial position, or cash flows.

3. Restructuring and Other Charges (Credits), Net

Charges (credits) to operations by segment during fiscal 2006, fiscal 2005, and fiscal 2004 are as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
Electronic Components	\$ 9	\$ (1)	\$ 4
Network Solutions	9	2	2
Wireless Systems	5	1	—
Other	(4)	(12)	(40)
	<u>\$ 19</u>	<u>\$ (10)</u>	<u>\$ (34)</u>

Amounts recognized in the Combined Statements of Income during fiscal 2006, fiscal 2005, and fiscal 2004 are as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
Restructuring and other charges (credits), net:			
Cash charges	\$ 13	\$ 6	\$ 1
Non-cash charges (credits)	—	(16)	(35)
Total restructuring and other charges (credits), net	<u>13</u>	<u>(10)</u>	<u>(34)</u>
Cost of sales	<u>6</u>	<u>—</u>	<u>—</u>
	<u>\$ 19</u>	<u>\$ (10)</u>	<u>\$ (34)</u>

Activity in the Company's restructuring reserves during fiscal 2006, fiscal 2005, and fiscal 2004 is summarized as follows:

	<u>Balance at Beginning of Year</u>	<u>Charges</u>	<u>Utilization</u>	<u>Changes in Estimate</u> (in millions)	<u>Transfers from (to) Held for Sale⁽¹⁾</u>	<u>Currency Translation</u>	<u>Balance at End of Year</u>
Fiscal 2006 Activity:							
Fiscal 2006 Actions							
Employee severance	\$ -	\$ 12	\$ (10)	\$ -	\$ -	\$ -	\$ 1
Facilities exit costs	-	2	-	-	-	-	2
Other	-	-	-	-	-	-	-
Total	-	14	(10)	-	-	-	1
Fiscal 2005 Actions							
Employee severance	5	-	(5)	-	-	-	-
Facilities exit costs	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	5	-	(5)	-	-	-	-
Fiscal 2004 Actions							
Employee severance	1	-	(1)	-	-	-	-
Facilities exit costs	1	-	(1)	-	-	-	-
Other	-	-	-	-	-	-	-
Total	2	-	(2)	-	-	-	-
Pre-Fiscal 2004 Actions							
Employee severance	2	-	(2)	-	-	-	-
Facilities exit costs	70	-	(10)	1	-	-	5
Other	2	-	-	(2)	-	-	-
Total	74	-	(12)	(1)	-	-	5
Total fiscal 2006 activity	81	14	(29)	(1)	-	-	6
Fiscal 2005 Activity:							
Fiscal 2005 Actions							
Employee severance	-	8	(7)	-	4	-	5
Facilities exit costs	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	-	8	(7)	-	4	-	5
Fiscal 2004 Actions							
Employee severance	8	-	(3)	(4)	-	-	1
Facilities exit costs	1	-	-	-	-	-	1
Other	-	-	-	-	-	-	-

Total	9	-	(3)	(4)	-	-	2
Pre-Fiscal 2004 Actions							
Employee severance	7	-	(5)	-	-	-	2
Facilities exit costs	42	-	(15)	4	39	-	70
Other	4	-	-	(2)	-	-	2
Total	53	-	(20)	2	39	-	74
Total fiscal 2005 activity	62	8	(30)	(2)	43	-	81

Fiscal 2004 Activity:

Fiscal 2004 Actions								
Employee severance	-	11	(3)	-	-	-	-	8
Facilities exit costs	-	1	-	-	-	-	-	1
Other	-	1	(1)	-	-	-	-	-
Total	-	13	(4)	-	-	-	-	9
Pre-Fiscal 2004 Actions								
Employee severance	28	-	(12)	(10)	-	-	1	7
Facilities exit costs	115	-	(39)	(3)	(31)	-	-	42
Other	84	-	(28)	1	(53)	-	-	4
Total	227	-	(79)	(12)	(84)	1	53	
Total fiscal 2004 activity	\$ 227	\$ 13	\$ (83)	\$ (12)	\$ (84)	\$ 1	\$ 62	

- (1) During fiscal 2004, the Tyco Global Network was accounted for as held for sale and related restructuring liabilities were reclassified accordingly. In fiscal 2005, the Tyco Global Network was sold and \$39 million of restructuring liabilities were retained by the Company. See Note 4.

Fiscal 2006 Actions

During fiscal 2006, the Company recorded restructuring charges of \$14 million primarily related to employee severance and benefits. These charges included the elimination of 166 positions. As of fiscal year end 2006, the remaining restructuring reserve related to the fiscal 2006 actions is \$5 million.

Fiscal 2005 Actions

During fiscal 2005, the Company recorded restructuring charges of \$8 million related to employee severance and benefits. These charges included the elimination of 802 positions. In addition, the Company transferred \$4 million of severance liabilities from liability held for sale as a result of the sale of the Tyco Global Network. As of fiscal year end 2006, all actions under these plans are complete.

Fiscal 2004 Actions

During fiscal 2004, the Company approved plans to exit a facility and to reduce headcount by 742 employees. The total restructuring charges of \$13 million included \$11 million for employee severance and benefits, \$1 million for facility exit costs, and \$1 million for other related costs. The Company completed restructuring activities related to the fiscal 2004 actions for amounts less than originally estimated and reversed \$4 million of restructuring reserves as restructuring credits in fiscal 2005. As of fiscal year end 2006, all actions under these plans are complete.

Pre-Fiscal 2004 Actions

During fiscal 2002, the Company recorded restructuring charges of \$808 million primarily related to facility closures, headcount reductions, and purchase commitment cancellations due to significant downturn in the telecommunications industry and certain other end markets. These actions have been completed. During fiscal 2004, the Tyco Global Network was accounted for as held for sale and related restructuring liabilities were reclassified accordingly. In fiscal 2005, the Tyco Global Network was sold and \$39 million of restructuring liabilities were retained by the Company. As of fiscal year end 2006,

the remaining restructuring reserve related to the fiscal 2002 actions is \$66 million, relating to exited lease facilities. The Company expects that this reserve will continue to be paid out over the expected terms of the obligations which range from one to fifteen years.

Non-Cash Charges and Credits

During fiscal 2006, the Company recorded non-cash charges of \$10 million, including \$6 million in cost of goods sold for write-downs in carrying value of inventory related to exited product lines. Also, during fiscal 2005, the Company completed exit activities related to previously acquired operations for which goodwill had been fully impaired in prior years. As these activities were completed for amounts less than originally established as acquisition liabilities, the Company recorded the reversal of the acquisition liabilities as a restructuring and other credit of \$4 million.

During fiscal 2005, the Company sold assets which were previously written down to their net realizable value in fiscal 2002 for amounts greater than originally estimated and recorded related gains as restructuring and other credits of \$9 million. Also, during fiscal 2005, the Company completed exit activities related to previously acquired operations for which goodwill had been fully impaired in prior years. As these activities were completed for amounts less than originally established as acquisition liabilities, the Company recorded the reversal of the acquisition liabilities as a restructuring and other credit of \$7 million.

During fiscal 2004, the Company sold certain cable laying sea vessels and other assets that were written down to their expected net realizable value in fiscal 2002 for amounts greater than originally estimated and recorded related gains as restructuring and other credits of \$26 million. Also, in fiscal 2004, the Company completed exit activities related to previously acquired operations for which goodwill had been fully impaired in prior years. As these activities were completed for amounts less than originally established as acquisition liabilities, the Company recorded the reversal of the acquisition liabilities as a restructuring and other credit of \$9 million.

Total Restructuring Reserves

The Company's restructuring reserves by segment at fiscal year end 2006 and 2005 are as follows:

	Fiscal	
	2006	2005
	(in millions)	
Electronic Components	\$ 1	\$ 5
Network Solutions	3	1
Wireless Systems	3	1
Other	64	74
	—————	—————
Restructuring reserves	\$ 71	\$ 81
	—————	—————

At fiscal year end 2006 and 2005, restructuring reserves were included in the Company's Combined Balance Sheets as follows:

	Fiscal	
	2006	2005
	(in millions)	
Accrued and other current liabilities	\$ 16	\$ 22
Other liabilities	55	59
Restructuring reserves	\$ 71	\$ 81

4. Discontinued Operations and Divestitures

Discontinued Operations

During the third quarter of fiscal 2006, the Company approved a plan to divest its Printed Circuit Group business. At June 30, 2006, the Printed Circuit Group business met the held for sale and discontinued operations criteria and was included in discontinued operations in all periods presented. During the fourth quarter of fiscal 2006, the Company entered into a definitive agreement to divest the Printed Circuit Group business for \$226 million in cash. See Note 23.

During fiscal 2004, the Company divested its electrical contracting service business which was reported as discontinued operations. In fiscal 2004, in connection with the divestiture, the Company received proceeds of \$25 million and recorded an impairment on divestiture of \$52 million, of which \$25 million related to goodwill.

The following table reflects net sales, pre-tax income from discontinued operations, pre-tax loss on sale of discontinued operations including impairments and costs to sell, and income taxes for fiscal 2006, fiscal 2005, and fiscal 2004:

	Fiscal		
	2006	2005	2004
	(in millions)		
Net sales	\$ 428	\$ 425	\$ 809
Pre-tax income from discontinued operations	5	3	-
Pre-tax loss on sale of discontinued operations	-	-	(52)
Income taxes	33	140	23
Income (loss) from discontinued operations, net of income taxes	\$ 38	\$ 143	\$ (29)

The following table presents balance sheet information for discontinued operations and other businesses held for sale at fiscal year end 2006 and 2005:

	Fiscal	
	2006	2005
	(in millions)	
Accounts receivable, net	\$ 78	\$ 75
Inventories	57	53
Property, plant, and equipment, net	107	146
Other assets	-	4
	<u> </u>	<u> </u>
Total assets	\$ 242	\$ 278
	<u> </u>	<u> </u>
Accounts payable	\$ 37	\$ 46
Accrued and other current liabilities	17	36
Other liabilities	2	19
	<u> </u>	<u> </u>
Total liabilities	\$ 56	\$ 101
	<u> </u>	<u> </u>

Gain on Divestiture

During fiscal 2005, the Company agreed to sell the Tyco Global Network, its undersea fiber optic telecommunication network that was part of the Other segment. The sale was consummated on June 30, 2005. As part of the sale transaction, the Company received gross cash proceeds of \$130 million and the purchaser assumed certain liabilities. In connection with this sale, the Company recorded a \$301 million pre-tax gain which is reflected in gain on divestiture in the Combined Statement of Income for fiscal 2005. The Company has presented the operations of the Tyco Global Network in continuing operations as the criteria for discontinued operations were not met.

5. Acquisitions

Acquisitions

During fiscal 2006, the Company acquired one business for an aggregate cost of \$18 million and acquired the remaining interest in a joint venture for \$5 million. The Company acquired one business for an aggregate cost of \$8 million and acquired the remaining interest in a joint venture for \$4 million in fiscal 2005. During fiscal 2004, the Company acquired two businesses for an aggregate cost of \$3 million. These acquisitions were funded utilizing cash generated from operations. These acquisitions did not have a material effect on the Company's financial position, results of operations, or cash flows.

Acquisition Liabilities

At fiscal year end 2006 and 2005, acquisition liabilities were included in the Company's Combined Balance Sheets as follows:

	Fiscal	
	2006	2005
	(in millions)	
Accrued and other current liabilities	\$ 3	\$ 6
Other liabilities	11	15
	<u> </u>	<u> </u>
	\$ 14	\$ 21
	<u> </u>	<u> </u>

These acquisition liabilities relate primarily to long-term non-cancelable lease obligations related to acquired facilities that have been exited. The Company paid \$3 million, \$6 million, and \$17 million to fund acquisition liabilities during fiscal 2006, fiscal 2005, and fiscal 2004, respectively.

Holdback and Earn-Out Liabilities

The Company paid cash related to holdback and earn-out liabilities of approximately \$82 million, \$2 million, and \$30 million during fiscal 2006, fiscal 2005, and fiscal 2004, respectively, relating to certain prior period acquisitions. The total cash paid in fiscal 2006 was reported in discontinued operations as it related to the Printed Circuit Group business. Holdback liabilities represent a portion of the purchase price withheld from the seller pending finalization of the acquisition balance sheet and other pre-acquisition contingencies. Additionally, certain acquisitions have provisions that would require the Company to make additional contingent purchase price payments to the sellers if the acquired company achieves certain milestones subsequent to its acquisition by the Company. These payments are tied to certain performance measures, such as sales, gross margin, or earnings growth and generally are treated as additional purchase price.

At fiscal year end 2006 and 2005, holdback liabilities were included in the Company's Combined Balance Sheets as follows:

	Fiscal	
	2006	2005
	(in millions)	
Accrued and other current liabilities	\$ -	\$ 76
Other liabilities	54	60
	\$ 54	\$ 136

6. Inventories

At fiscal year end 2006 and 2005, inventories consist of the following:

	Fiscal	
	2006	2005
	(in millions)	
Raw materials	\$ 340	\$ 268
Work in progress	706	618
Finished goods	920	757
Inventories	\$ 1,966	\$ 1,643

7. Property, Plant, and Equipment, Net

At fiscal year end 2006 and 2005, property, plant, and equipment, net consists of the following:

	Fiscal	
	2006	2005
	(in millions)	
Land and improvements	\$ 256	\$ 249
Buildings and leasehold improvements	1,330	1,253
Machinery and equipment	5,433	5,108
Construction in process	575	500
	<u>7,594</u>	<u>7,110</u>
Gross property, plant, and equipment		
Accumulated depreciation	(4,461)	(4,130)
	<u>3,133</u>	<u>2,980</u>
Property, plant, and equipment, net		

Depreciation expense was \$463 million, \$475 million, and \$447 million in fiscal 2006, fiscal 2005, and fiscal 2004, respectively.

Property, plant, and equipment, net includes gross assets under capital leases of \$164 million at fiscal year end 2005. Amortization related to the capital lease assets that is included in accumulated depreciation was \$102 million at fiscal year end 2005. Capital leases are included as a component of machinery and equipment. Amortization of assets under capital leases is included in depreciation expense. The Company's capital lease facility was repaid and terminated in fiscal 2006. See Note 11.

8. Goodwill

The changes in the carrying amount of goodwill by segment for fiscal 2006 and fiscal 2005 are as follows:

	Electronic	Network	Wireless	Total
	Components	Solutions	Systems	
	(in millions)			
Balance at September 30, 2004	\$ 5,980	\$ 846	\$ 635	\$ 7,461
Purchase accounting adjustments ⁽¹⁾	(30)	(4)	-	(34)
Acquisitions	2	-	-	2
Currency translation	(5)	(1)	-	(6)
	<u>5,947</u>	<u>841</u>	<u>635</u>	<u>7,423</u>
Balance at September 30, 2005				
Acquisitions	5	1	-	6
Impairment	-	-	(316)	(316)
Currency translation	21	1	-	22
	<u>5,973</u>	<u>843</u>	<u>319</u>	<u>7,135</u>
Balance at September 29, 2006				

(1) Adjustments to previously completed acquisitions primarily related to income tax matters.

During fiscal 2006, the Company recorded a goodwill impairment of \$316 million in its Wireless Systems segment related to the Integrated Wireless Products reporting unit. The impairment charge was incurred when the reporting unit experienced slower growth and profitability than management's previous experience and future expectations due to sales declines in certain end markets.

In performing the annual step I goodwill impairment test, the Company determined the fair value of the Integrated Wireless Products reporting unit based on a discounted cash flows analysis incorporating the Company's estimate of future operating performance. The results of the step I goodwill impairment test indicated that the book value of the reporting unit exceeded the fair value of the reporting unit. The failure of the step I goodwill impairment test triggered a step II goodwill impairment test in which the Company determined the implied fair value of the reporting unit's goodwill by comparing the reporting unit fair value determined in step I to the fair value of the reporting unit's net assets, including unrecognized intangible assets. The step II goodwill impairment test indicated that there is no implied value related to the goodwill, resulting in an impairment of the reporting unit's entire goodwill balance of \$316 million. The goodwill impairment is presented as a separate line in the Combined Statements of Income.

9. Intangible Assets, Net

The Company's intangible assets at fiscal year end 2006 and 2005 are as follows:

	Fiscal							
	2006				2005			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Amortization Period
	(in millions)							
Amortizable:								
Intellectual property	\$ 1,479	\$ (462)	\$ 1,017	22 years	\$ 1,450	\$ (386)	\$ 1,064	21 years
Other	11	(2)	9	50 years	10	(2)	8	49 years
Total amortizable	\$ 1,490	\$ (464)	\$ 1,026	22 years	\$ 1,460	\$ (388)	\$ 1,072	22 years
Non-amortizable	2	-	2		2	-	2	
Intangible assets	\$ 1,492	\$ (464)	\$ 1,028		\$ 1,462	\$ (388)	\$ 1,074	

Intangible asset amortization expense for fiscal 2006, fiscal 2005, and fiscal 2004 was \$68 million, \$67 million, and \$66 million, respectively. The estimated aggregate amortization expense on intangible assets currently owned by the Company is expected to be as follows:

	(in millions)
Fiscal 2007	\$ 69
Fiscal 2008	67
Fiscal 2009	67
Fiscal 2010	67
Fiscal 2011	66
Thereafter	690
	\$ 1,026

10. Accrued and Other Current Liabilities

At fiscal year end 2006 and 2005, accrued and other current liabilities consist of the following:

	Fiscal	
	2006	2005
	(in millions)	
Income taxes payable	\$ 394	\$ 382
Accrued payroll and employee benefits	343	250
Deferred income taxes	41	28
Other	553	541
	\$ 1,331	\$ 1,201

11. Debt

Debt at fiscal year end 2006 and 2005 is as follows:

	Fiscal	
	2006	2005
	(in millions)	
Due to Tyco International Ltd. and affiliates	\$ 3,510	\$ 4,241
7.2% notes due 2008	86	85
Capital lease obligation	-	114
Other	66	71
	3,662	4,511
Total debt		
Less current portion	291	695
	\$ 3,371	\$ 3,816

Tyco International utilizes a centralized approach to cash management and financing of its operations exclusive of certain debt directly incurred by one of its businesses, such as debt assumed in an acquisition or capital lease obligations. Accordingly, Tyco International's consolidated debt and related net interest expense, exclusive of amounts incurred directly by the Company, have been proportionately allocated to the Company based on the historical funding requirements of the Company using historical data. Net interest expense was allocated in the same proportions as debt and

includes the impact of interest rate swap agreements designated as fair value hedges. For fiscal 2006, fiscal 2005, and fiscal 2004, Tyco International has allocated to Tyco Electronics interest expense of \$234 million, \$271 million, and \$294 million, respectively, and interest income of \$33 million, \$32 million, and \$24 million, respectively.

In addition, Tyco International has allocated to the Company loss on retirement of debt in the amount of \$365 million and \$64 million for fiscal 2005 and fiscal 2004, respectively. Such amounts are included in other expense, net in the Combined Statements of Income. The method utilized to allocate loss on retirement of debt is consistent with the allocation of debt and net interest expense as described above.

Management believes the allocation basis for debt, net interest expense, and loss on retirement of debt are reasonable based on the historical financing needs of Company. However, these amounts may not be indicative of the actual amounts that the Company would have incurred had the Company been operating as an independent, publicly-traded company for the periods presented.

Prior to the distribution date, the Company expects to issue third-party debt or to be assigned debt by Tyco International based on an anticipated initial post-separation capital structure for the Company. The amount of debt which could be issued or assigned may materially differ from the amounts presented herein. The allocated debt amounts, presented as "Due to Tyco International Ltd. and affiliates," have been classified on the Combined Balance Sheets based on the maturities of Tyco International's underlying debt. When the allocated debt is replaced with third party debt or debt is assigned from Tyco International, the maturities of such debt will be determined. Tyco International will not require repayment of such amounts on an accelerated basis.

As of fiscal year end 2005, the Company held a synthetic capital lease facility used to finance capital expenditures for machinery and equipment. On January 26, 2006, Tyco International, on behalf of the Company, repaid and terminated the synthetic lease facility for a total cash payment of \$118 million, reducing principal debt and minority interest by \$114 million and \$4 million, respectively.

The Company's debt agreements contain a number of financial and other customary covenants including limitations on liens and sale/leaseback transactions. None of these covenants are presently considered restrictive to the Company's operations. The Company is currently in compliance with all of its debt covenants.

The fair value of the Company's external debt, excluding Tyco International allocated amounts, was approximately \$155 million and \$276 million at fiscal year end 2006 and 2005, respectively.

The aggregate amounts of the Company's external debt, excluding \$3,510 million due to Tyco International Ltd. and affiliates which do not have contractual maturities, maturing during the next five years and thereafter are as follows:

	(in millions)
Fiscal 2007	\$ 7
Fiscal 2008	1
Fiscal 2009	87
Fiscal 2010	1
Fiscal 2011	1
Thereafter	55
	<hr/>
Total	\$ 152
	<hr/>

Certain of the Company's operating subsidiaries have overdraft and similar types of facilities, which total \$350 million, of which \$299 million was undrawn and available at fiscal year end 2006. These facilities, most of which are renewable, expire at various dates through the year 2013 and are established primarily within the Company's international operations.

12. Guarantees

In disposing of assets or businesses, the Company often provides representations, warranties and/or indemnities to cover various risks including, for example, unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. The Company does not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, the Company has no reason to believe that these uncertainties would have a material adverse effect on the Company's financial position, results of operations, or cash flows.

The Company has recorded liabilities for known indemnifications included as part of environmental liabilities. See Note 15 for a discussion of these liabilities.

The Company has an obligation under an off-balance sheet leasing arrangement for five cable laying sea vessels. Upon expiration of this lease in October 2006, the Company has the option to buy these vessels for approximately \$280 million, or return the vessels to the lessor and, under a residual guarantee, pay any shortfall in sales proceeds to the lessor from a third party in an amount not to exceed \$235 million. As of fiscal year end 2006, the Company expects the obligation to be \$54 million, which is recorded in the accompanying Combined Balance Sheet, based on its estimate of the fair value of the vessels performed by management with the assistance of a third-party valuation. During fiscal 2006, fiscal 2005, and fiscal 2004, the Company incurred annual expenses of \$14 million in each year related to this obligation. See Note 23.

In the normal course of business, the Company is liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect the Company's financial position, results of operations, or cash flows.

The Company generally records estimated product warranty costs at the time of sale. For further information on estimated product warranty see Note 2.

The changes in the Company's warranty liability for fiscal 2006 and fiscal 2005 are as follows:

	Fiscal	
	2006	2005
	(in millions)	
Balance at beginning of fiscal year	\$ 43	\$ 63
Warranties issued during the fiscal year	3	2
Warranty expirations and changes in estimate	(11)	(14)
Settlements	(5)	(8)
	<u> </u>	<u> </u>
Balance at end of fiscal year	\$ 30	\$ 43
	<u> </u>	<u> </u>

13. Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, investments, accounts payable, debt, and derivative financial instruments. The fair value of cash and cash equivalents, accounts receivable, investments, accounts payable, external debt and derivative financial instruments approximated book value at fiscal year end 2006 and 2005. See Note 11 for the fair value estimates of external debt.

All derivative financial instruments are reported on the Combined Balance Sheets at fair value, and changes in a derivative's fair value are recognized currently in earnings. Fair value estimates are based on relevant market information, including current market rates and prices, assuming adequate market liquidity.

The Company uses derivative financial instruments to manage exposures to foreign currency risks. The Company's objective for utilizing derivatives is to manage these risks using the most effective methods to eliminate or reduce the impacts of these exposures.

As part of managing the exposure to changes in foreign currency exchange rates, the Company utilizes forward and option contracts with financial institutions acting as principal counterparties. The objective of these contracts is to minimize impacts to cash flows due to changes in foreign currency exchange rates on intercompany transactions, accounts receivable, accounts payable, and forecasted transactions. These contracts are marked to market with changes in the derivatives fair value recognized currently in earnings. At fiscal year end 2006, the Company had recorded net liabilities of \$2 million related to these transactions.

To the extent that Tyco International enters into hedges on behalf of the Company, the income statement effects of those hedges have been allocated to the Company as part of the Tyco International general corporate overhead expense allocation or interest expense allocation as appropriate. See Note 16.

The Company's derivative financial instruments present certain market and counterparty risks; however, concentration of counterparty risk is mitigated as the Company deals with a variety of major banks worldwide with long-term Standard & Poor's and Moody's credit ratings of A/A2 or higher. In addition, only conventional derivative financial instruments are utilized, thereby affording optimum clarity as to the market risk. None of the Company's derivative financial instruments outstanding at year end would result in a significant loss to the Company if a counterparty failed to perform according to the terms of its agreement. At this time, the Company does not require collateral or other security to be furnished by the counterparties to its derivative financial instruments.

14. Retirement Plans

Measurement Date

In fiscal 2005, Tyco International changed the measurement date for its pension and postretirement benefit plans from September 30th to August 31st, effective October 1, 2004. Tyco International and the Company believe that the one-month change of measurement date is a preferable change as it allows management adequate time to evaluate and report the actuarial information in the Company's Combined Financial Statements under the accelerated reporting deadlines. Accordingly, all amounts presented as of and for the fiscal years ended 2006 and 2005 reflect an August 31 measurement date, while prior years reflect a September 30 measurement date. The Company has accounted for the change in measurement date as a change in accounting principle. The cumulative

effect of the accounting principle change as of the beginning of fiscal 2005 was an \$11 million after-tax, \$13 million pre-tax, gain. The change in measurement date did not have a material effect on net periodic benefit costs.

Defined Benefit Pension Plans

The Company has and also participates through its parent, Tyco International, in a number of contributory and noncontributory defined benefit retirement plans covering certain of its U.S. and non-U.S. employees, designed in accordance with local custom and practice. Net periodic pension benefit cost is based on periodic actuarial valuations which use the projected unit credit method of calculation and is charged to the Combined Statements of Income on a systematic basis over the expected average remaining service lives of current participants. Contribution amounts are determined based on the advice of professionally qualified actuaries in the countries concerned. The benefits under the defined benefit plans are based on various factors, such as years of service and compensation.

In limited circumstances, the Company participates through its parent in certain co-mingled plans that include plan participants of other Tyco International subsidiaries. The Company has recorded its portion of the co-mingled plan's expense and the related obligation which have been actuarially determined based on the Company's specific benefit formulas by participants and allocated plan assets. The contribution amounts were determined in total for the co-mingled plan and allocated to the Company based on headcount. Management believes such allocations are reasonable, however, during fiscal 2007, when these plans are legally separated, we expect there will be a reallocation of assets based on the Employee Retirement Income Security Act ("ERISA") prescribed calculation which will result in adjustments to the components of the net amount recognized and future expense.

The net periodic benefit cost for all U.S. and non-U.S. defined benefit pension plans in fiscal 2006, fiscal 2005, and fiscal 2004 is as follows:

	U.S. Plans			Non-U.S. Plans		
	Fiscal			Fiscal		
	2006	2005	2004	2006	2005	2004
	(in millions)					
Service cost	\$ 4	\$ 4	\$ 4	\$ 62	\$ 55	\$ 51
Interest cost	50	52	52	60	61	53
Expected return on plan assets	(72)	(65)	(49)	(51)	(45)	(35)
Amortization of initial net (asset) obligation	–	–	(1)	–	–	1
Amortization of prior service cost	–	–	–	(2)	–	–
Amortization of net actuarial loss	15	12	14	25	21	20
Curtailment/settlement gain and special termination benefits	–	–	–	–	(6)	(2)
Net periodic benefit cost	\$ (3)	\$ 3	\$ 20	\$ 94	\$ 86	\$ 88
<i>Weighted average assumptions used to determine net pension cost during the period:</i>						
Discount rate	5.25%	6.00%	6.00%	3.85%	4.53%	4.39%
Expected return on plan assets	7.99%	7.99%	7.99%	5.76%	6.12%	5.79%
Rate of compensation increase	4.00%	4.25%	4.25%	3.06%	3.37%	3.20%

The following table represents the changes in benefit obligations, plan assets, and the net amount recognized on the Combined Balance Sheets for all U.S. and non-U.S. defined benefit plans at fiscal year end 2006 and 2005:

	U.S. Plans		Non-U.S. Plans	
	Fiscal		Fiscal	
	2006	2005	2006	2005
	(in millions)			
<i>Change in benefit obligations:</i>				
Benefit obligation at end of prior period	\$ 988	\$ 892	\$ 1,591	\$ 1,325
Effect of change in measurement date	–	4	–	(4)
Benefit obligation at beginning of period	988	896	1,591	1,321
Service cost	4	4	62	55
Interest cost	50	52	60	61
Employee contributions	–	–	5	3
Plan amendments	–	–	(19)	–
Actuarial (gain) loss	(44)	85	(42)	169
Benefits and administrative expenses paid	(51)	(49)	(47)	(46)
New plans	–	–	–	70
Currency translation	–	–	60	(42)
Benefit obligation at end of period	\$ 947	\$ 988	\$ 1,670	\$ 1,591
<i>Change in plan assets:</i>				
Fair value of plan assets at end of prior period	\$ 928	\$ 853	\$ 870	\$ 726
Effect of change in measurement date	–	(126)	–	(11)
Fair value of plan assets at beginning of period	928	727	870	715
Actual return on plan assets	73	106	81	111
Employer contributions	1	144	53	51
Employee contributions	–	–	5	3
New plans	–	–	–	59
Benefits and administrative expenses paid	(51)	(49)	(47)	(46)
Currency translation	–	–	40	(23)
Fair value of plan assets at end of period	\$ 951	\$ 928	\$ 1,002	\$ 870
Funded status	\$ 4	\$ (60)	\$ (668)	\$ (721)
Unrecognized net actuarial loss	200	260	400	483
Unrecognized prior service cost	1	1	(21)	(2)
Contributions after the measurement date	–	–	14	5
Net amount recognized	\$ 205	\$ 201	\$ (275)	\$ (235)
<i>Amounts recognized on the Combined Balance Sheets:</i>				
Prepaid benefit cost	\$ 4	\$ –	\$ 17	\$ 15

Accrued benefit liability	–	(60)	(460)	(509)
Intangible asset	1	1	1	1
Accumulated other comprehensive income	200	260	167	258
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net amount recognized	\$ 205	\$ 201	\$ (275)	\$ (235)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

*Weighted average assumptions used to determine pension benefit obligations
at period end:*

Discount rate	6.00%	5.25%	4.16%	3.85%
Rate of compensation increase	4.00%	4.00%	3.18%	3.06%

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In determining the expected return on plan assets, Tyco International and the Company consider the relative weighting of plan assets by class and individual asset class performance expectations as provided by their external advisors.

The investment strategy for the pension plans has been governed by Tyco International. Tyco International's investment strategy for its pension plans is to manage the plans on a going concern basis. Current investment policy is to achieve a reasonable return on assets, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for participants.

Target weighted-average asset allocations and weighted average asset allocations for U.S. and non-U.S. pension plans at fiscal year end 2006 and 2005 are as follows:

	U.S. Plans			Non-U.S. Plans		
	Target	Fiscal 2006	Fiscal 2005	Target	Fiscal 2006	Fiscal 2005
Asset Category:						
Equity securities	60%	52%	59%	54%	52%	52%
Debt securities	40	41	38	39	39	38
Real estate	–	3	–	3	3	3
Cash and cash equivalents	–	4	3	4	6	7
Total	100%	100%	100%	100%	100%	100%

Tyco International's common shares are not a direct investment of the Company's pension funds; however, the pension funds may indirectly include Tyco International shares. The aggregate amount of the Tyco International common shares would not be considered material relative to the total pension fund assets.

Tyco International and the Company's funding policy is to make contributions in accordance with the laws and customs of the various countries in which it operates as well as to make discretionary voluntary contributions from time-to-time. The Company anticipates that, at a minimum, it will make the minimum required contributions to its pension plans in fiscal 2007 of \$2 million for U.S. plans and \$57 million for non-U.S. plans.

Benefit payments, which reflect future expected service, as appropriate, are expected to be paid as follows:

	Fiscal	
	U.S. Plans	Non-U.S. Plans
	(in millions)	
Fiscal 2007	\$ 50	\$ 44
Fiscal 2008	52	47
Fiscal 2009	53	50
Fiscal 2010	57	53
Fiscal 2011	57	59
Fiscal 2012-2016	316	348

The accumulated benefit obligation for all U.S. and non-U.S. plans as of fiscal year end 2006 and 2005 was as follows:

U.S. Plans		Non-U.S. Plans	
Fiscal		Fiscal	
2006	2005	2006	2005
(in millions)			

Accumulated benefit obligation	\$ 944	\$ 985	\$ 1,420	\$ 1,349
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The accumulated benefit obligation and fair value of plan assets for U.S. and non-U.S. pension plans with accumulated benefit obligations in excess of plan assets at fiscal year end 2006 and 2005 were as follows:

U.S. Plans		Non-U.S. Plans	
Fiscal		Fiscal	
2006	2005	2006	2005
(in millions)			

Accumulated benefit obligation	\$ 88	\$ 985	\$ 1,341	\$ 1,293
Fair value of plan assets	59	928	900	799

The projected benefit obligation and fair value of plan assets for U.S. and non-U.S. pension plans with projected benefit obligations in excess of plan assets at fiscal year end 2006 and 2005 were as follows:

U.S. Plans		Non-U.S. Plans	
Fiscal		Fiscal	
2006	2005	2006	2005
(in millions)			

Projected benefit obligation	\$ 90	\$ 988	\$ 1,597	\$ 1,562
Fair value of plan assets	59	928	926	835

Defined Contribution Retirement Plans

The Company maintains through Tyco International several defined contribution retirement plans, which include 401(k) matching programs, as well as qualified and nonqualified profit sharing and share bonus retirement plans. Expense for the defined contribution plans is computed as a percentage of participants' compensation and was \$69 million, \$68 million, and \$66 million for fiscal 2006, fiscal 2005, and fiscal 2004, respectively.

Deferred Compensation Plans

The Company maintains through Tyco International nonqualified deferred compensation plans, which permit eligible employees to defer a portion of their compensation. A record keeping account is set up for each participant and the participant chooses from a variety of measurement funds for the deemed investment of their accounts. The measurement funds correspond to a number of funds in Tyco International's 401(k) plans and the account balance fluctuates with the investment returns on those

funds. Total deferred compensation liabilities were \$28 million and \$25 million at fiscal year end 2006 and 2005, respectively. Deferred compensation expense was immaterial in all years presented.

Rabbi Trust

The Company has established rabbi trusts, related to certain acquired companies, through which the assets may be used to pay non-qualified plan benefits. The trust primarily holds bonds. The rabbi trust assets are subject to the claims of the Company's creditors in the event of the Company's insolvency. The value of the assets held by these trusts, included in other assets on the Combined Balance Sheets, was \$87 million and \$89 million at fiscal year end 2006 and 2005, respectively. Total liabilities related to the assets held by the rabbi trust were \$28 million and \$30 million at fiscal year end 2006 and 2005, respectively. Plan participants are general creditors of the Company with respect to these benefits.

Postretirement Benefit Plans

In addition to providing pension and 401(k) benefits, the Company through its parent, Tyco International, also provides certain health care coverage continuation for qualifying retirees from date of retirement to age 65.

Net periodic postretirement benefit cost in fiscal 2006, fiscal 2005, and fiscal 2004 is as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
Service cost	\$ 1	\$ 1	\$ 1
Interest cost	2	3	3
Amortization of prior service credit	-	(1)	(1)
Amortization of net actuarial loss	-	-	1
Net periodic postretirement benefit cost	\$ 3	\$ 3	\$ 4

Weighted average assumptions used to determine net postretirement benefit cost during the period:

Discount rate	4.75%	5.50%	5.50%
Rate of compensation increase	4.00%	4.25%	4.25%

The components of the accrued postretirement benefit obligations, substantially all of which are unfunded, at fiscal year end 2006 and 2005, are as follows:

	<u>Fiscal</u>	
	<u>2006</u>	<u>2005</u>
	(in millions)	
Change in benefit obligations:		
Benefit obligation at beginning of period	\$ 57	\$ 58
Service cost	1	1
Interest cost	2	3
Plan amendments	–	3
Actuarial gain	(4)	(2)
Benefits paid	(7)	(6)
	<u> </u>	<u> </u>
Benefit obligation at end of period	\$ 49	\$ 57
	<u> </u>	<u> </u>
Change in plan assets:		
Fair value of assets at beginning of period	\$ 4	\$ 4
Employer contributions	7	6
Benefits paid	(7)	(6)
	<u> </u>	<u> </u>
Fair value of plan assets at end of period	\$ 4	\$ 4
	<u> </u>	<u> </u>
Funded status	\$ (45)	\$ (53)
Unrecognized net actuarial loss	5	9
Unrecognized prior service cost	2	1
Contributions after the measurement date	–	1
	<u> </u>	<u> </u>
Accrued postretirement benefit cost	\$ (38)	\$ (42)
	<u> </u>	<u> </u>

Weighted average assumptions used to determine postretirement benefit obligations at period end:

Discount rate	5.75%	4.75%
Rate of compensation increase	4.00%	4.00%

The Company expects to make contributions to its postretirement benefit plans of \$5 million in fiscal 2007.

Benefit payments, including those amounts to be paid out of corporate assets and reflecting future expected service as appropriate, are expected to be paid as follows:

	<u>(in millions)</u>
Fiscal 2007	\$ 6
Fiscal 2008	4
Fiscal 2009	3
Fiscal 2010	3
Fiscal 2011	3
Fiscal 2012-2016	15

Health care cost trend assumptions are as follows:

	Fiscal	
	2006	2005
	(\$ in millions)	
Health care cost trend rate assumed for next fiscal year	9.79%	11.22%
Rate to which the cost trend rate is assumed to decline	5.00%	5.00%
Fiscal year the ultimate trend rate is achieved	2013	2013

A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

	1 Percentage Point	
	Increase	Decrease
	(in millions)	
Effect on total of service and interest cost	\$ -	\$ -
Effect on postretirement benefit obligation	4	3

15. Commitments and Contingencies

The Company has facility, land, vehicle, and equipment leases that expire at various dates through the year 2056. Rental expense under these leases was \$171 million, \$197 million, and \$194 million for fiscal 2006, fiscal 2005, and fiscal 2004, respectively. At fiscal year end 2006, the minimum lease payment obligations under non-cancellable lease obligations were as follows:

	(in millions)
Fiscal 2007	\$ 113
Fiscal 2008	87
Fiscal 2009	66
Fiscal 2010	52
Fiscal 2011	42
Thereafter	184
Total	\$ 544

The Company also has purchase obligations related to commitments to purchase certain goods and services. At fiscal year end 2006, such obligations consisted of \$41 million in fiscal 2007.

At fiscal year end 2006, the Company had a contingent purchase price commitment of \$80 million related to the fiscal 2001 acquisition of Com-Net by the Wireless Systems segment. This represents the maximum amount payable to the former shareholders of Com-Net only after the construction and installation of a communications system for the State of Florida is finished and the State has approved the system based on the guidelines set forth in the contract. A liability for this contingency has not been recorded in the Company's Combined Financial Statements as the outcome of this contingency cannot be reasonably determined.

In the normal course of business, the Company is liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect the Company's financial position, results of operations, or cash flows.

As a part of the separation and distribution agreement to be entered into at the separation date, any existing or potential liabilities related to Tyco International's outstanding litigation will be assigned

if Tyco Electronics is specifically identified in the lawsuit. However, any existing or potential liabilities that cannot be associated with Tyco Electronics will be allocated appropriately and post-separation sharing agreements will be established. The discussions below identify the various outstanding litigation facing Tyco International. Tyco Electronics will be responsible for certain potential liabilities that may arise upon the settlement of the pending litigation based on the post-separation sharing agreement. If Tyco International or Covidien were to default on their obligation to pay their allocated share of these liabilities, however, we would be required to pay additional amounts.

Class Actions

As a result of actions taken by Tyco International's former senior corporate management, Tyco International, some members of Tyco International's former senior corporate management, former members of Tyco International's board of directors, Tyco International's current Chief Executive Officer and General Counsel, and Tyco International's former Chief Financial Officer are named defendants in a number of purported class actions alleging violations of the disclosure provisions of the federal securities laws. Tyco International, certain of its current and former employees, some members of its former senior corporate management, and some former members of its board of directors also are named as defendants in several ERISA class actions. In addition, some members of Tyco International's former senior corporate management are subject to a SEC inquiry. The findings and outcomes of the SEC inquiry may affect the course of the purported securities class actions and ERISA class actions pending against Tyco International. Tyco International is generally obligated to indemnify its directors and officers and its former directors and officers who are named as defendants in some or all of these matters to the extent required by Bermuda law. In addition, Tyco International's insurance carriers may decline coverage, or Tyco International's coverage may be insufficient to cover its expenses and liability, in some or all of these matters. While Tyco International may from time to time seek to engage plaintiff's counsel in settlement discussions, Tyco International is unable at this time to estimate the amount of loss or probable losses, if any, that might result from an adverse resolution of these matters. As a result, Tyco Electronics' share of such potential losses is also not estimable. However, it is possible that Tyco Electronics' portion of such liability would have a material adverse effect on its financial position, results of operations, or cash flows.

Investigations

Tyco International and others have received various subpoenas and requests from the SEC's Division of Enforcement, the United States Department of Labor, the General Service Administration, and others seeking the production of voluminous documents in connection with various investigations into Tyco International's governance, management, operations, accounting, and related controls. The Department of Labor is investigating Tyco International and the administrators of certain of its benefit plans. Tyco International cannot predict when these investigations will be completed, nor can it predict what the results of these investigations may be. It is possible that Tyco International will be required to pay material fines or suffer other penalties. It is not possible to estimate the amount of loss, or range of possible loss, if any, that might result from an adverse resolution of these matters. As a result, Tyco Electronics share of such potential losses is also not estimable and may have a material adverse effect on its financial position, results of operations, or cash flows.

On April 17, 2006, Tyco International reached a settlement that closes the SEC Enforcement Division's investigation of certain accounting practices and other actions by former Tyco International officers. On April 25, 2006, the United States District court for the Southern District of New York entered a final judgment in which Tyco International was ordered to pay \$1 in disgorgement and a fine

of \$50 million. During the third quarter of fiscal 2006, Tyco International satisfied the judgment which was accrued by Tyco International in fiscal 2005.

Intellectual Property and Antitrust Litigation

The Company is a party to a number of patent infringement and antitrust actions that may require the Company to pay damage awards. The Company has assessed the status of these matters and has recorded liabilities related to certain of these matters where appropriate.

Environmental Matters

The Company is involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites. The ultimate cost of site cleanup is difficult to predict given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. As of fiscal year end 2006, the Company concluded that it was probable that it would incur remedial costs in the range of approximately \$10 million to \$27 million. As of fiscal year end 2006, the Company concluded that the best estimate within this range is approximately \$17 million, of which \$4 million is included in accrued and other current liabilities and \$13 million is included in other liabilities on the Combined Balance Sheets. In view of the Company's financial position and reserves for environmental matters of \$17 million, the Company believes that any potential payment of such estimated amounts will not have a material adverse effect on its financial position, results of operations, or cash flows.

Income Taxes

The Company and its subsidiaries' income tax returns are periodically examined by various regulatory tax authorities. In connection with such examinations, tax authorities, including the United States Internal Revenue Service ("IRS"), have raised issues and proposed tax adjustments. The Company and Tyco International are reviewing and contesting certain of the proposed tax adjustments. Amounts related to these tax adjustments and other tax contingencies that management has assessed as probable and estimable and which relate specifically to the Tyco Electronics business have been recorded. While the timing and ultimate resolution of these matters is uncertain, it is reasonably possible that certain of these matters could be resolved during fiscal 2007. In addition, the Company may be required to pay additional taxes for contingencies not related to the electronics businesses as a result of the liability sharing arrangements with Tyco International and Covidien which will be entered into at the separation date.

The IRS continues to audit the 1997 through 2000 fiscal years. In fiscal 2004, Tyco International submitted to the IRS proposed adjustments to these prior period U.S. federal income tax returns, resulting in a reduction in the taxable income previously filed. During fiscal 2006, the IRS accepted substantially all of the proposed adjustments. Also during fiscal 2006, Tyco International developed proposed amendments to U.S. federal income tax returns for additional periods through fiscal 2002. On the basis of the previously accepted amendments, the Company has determined that acceptance of these adjustments is probable and accordingly, has recorded them, as well as the impacts of the adjustments accepted by the IRS, in the Combined Financial Statements. These adjustments resulted in a \$205 million net decrease in deferred income tax assets and a \$205 million decrease in other liabilities in fiscal 2006. Such adjustments did not have a material impact on the Company's results of operations or cash flows.

Tyco International has yet to complete proposed amendments to its U.S. federal income tax returns for periods subsequent to fiscal 2002, which will primarily reflect the roll forward through fiscal

2006 of the amendments for the 1997 to 2002 fiscal periods. When the Company's tax return positions are updated, additional adjustments may be identified and recorded in the Combined Financial Statements. While the final adjustments cannot be determined until the income tax return amendment process is completed, the Company believes that any resulting adjustments will not have a material impact on its financial condition, results of operations, or cash flows.

At Separation, pursuant to a tax sharing agreement, the Company will be allocated a portion of Tyco International's tax contingency liabilities. Such liabilities are not reflected in the accompanying financial statements. It is expected that the impact of this allocation will be material.

Other Matters

The Company is a defendant in a number of other pending legal proceedings incidental to present and former operations, acquisitions, and dispositions. The Company does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on its financial position, results of operations, or cash flows.

16. Related Party Transactions

Cash Management

Tyco International uses a centralized approach to cash management and financing of operations. The Company's cash is available for use and is regularly "swept" by Tyco International at its discretion. Tyco International also funds the Company's operating and investing activities as needed. Transfers of cash both to and from Tyco International's cash management system are reflected as a component of Parent Company Investment within Parent Company Equity on the Combined Balance Sheets.

Trade Activity

Accounts receivable includes \$14 million and \$12 million of receivables from Tyco International and its affiliates at the end of fiscal 2006 and fiscal 2005, respectively. The Company sells certain of its manufactured products consisting primarily of connectors and cable assemblies to Tyco International and its affiliates, at prices which approximate fair value. Sales to Tyco International and its affiliates, which are included in net sales on the Combined Statements of Income, were \$76 million, \$76 million, and \$50 million during fiscal 2006, fiscal 2005, and fiscal 2004, respectively. Purchases from Tyco International and its affiliates were \$6 million, \$7 million, and \$3 million during fiscal 2006, fiscal 2005, and fiscal 2004, respectively.

Debt and Related Items

The Company was allocated a portion of Tyco International's consolidated debt, net interest expense, and loss on retirement of debt. Note 11 provides further information regarding these allocations.

Securitization Program

During fiscal 2005 and fiscal 2004, the Company participated in Tyco International's accounts receivable securitization programs. Under these programs, Tyco International sold participating interests in accounts receivable to investors who, in turn, purchased and received ownership and security interests in those receivables. As collections reduced accounts receivable included in the pool, each participant, including the Company, sold new receivables. The costs of these programs have been

allocated to the Company as part of the allocation of Tyco International's general corporate overhead expenses discussed below.

Allocated Expenses

The Company was allocated general corporate overhead expenses from Tyco International for corporate-related functions based on a pro-rata percentage of Tyco International's consolidated net revenue. General corporate overhead expenses primarily related to centralized corporate functions, including treasury, tax, legal, internal audit, human resources, and risk management functions. During fiscal 2006, fiscal 2005, and fiscal 2004, the Company was allocated \$177 million, \$198 million, and \$177 million, respectively, of general corporate overhead expenses incurred by Tyco International, which are included within selling, general, and administrative expenses in the Combined Statements of Income.

As discussed in Note 1, the Company believes the assumptions and methodologies underlying the allocation of general corporate overhead expenses from Tyco International are reasonable. However, such expenses may not be indicative of the actual level of expenses that would have been or will be incurred by the Company if it were to operate as an independent, publicly-traded company. As such, the financial information herein may not necessarily reflect the combined financial position, results of operations, and cash flows of the Company in the future or what it would have been had the Company been an independent, publicly-traded company during the periods presented.

Transactions with Tyco International's Directors

During fiscal 2006, fiscal 2005, and fiscal 2004, the Company engaged in commercial transactions in the normal course of business with companies where Tyco International's Directors were employed and served as officers. During each of these periods, Tyco Electronics' purchases from such companies aggregated less than one percent of net sales.

17. Income Taxes

Significant components of the income tax provision for fiscal 2006, fiscal 2005, and fiscal 2004 are as follows:

	Fiscal		
	2006	2005	2004
(in millions)			
Current:			
United States:			
Federal	\$ (181)	\$ 22	\$ 67
State	(24)	25	(43)
Non-U.S.	299	383	254
	<u>94</u>	<u>430</u>	<u>278</u>
Current income tax provision			
Deferred:			
United States:			
Federal	37	(181)	62
State	(40)	74	28
Non-U.S.	(59)	37	37
	<u>(62)</u>	<u>(70)</u>	<u>127</u>
Deferred income tax provision			
	<u>\$ 32</u>	<u>\$ 360</u>	<u>\$ 405</u>

The U.S. and non-U.S. components of income from continuing operations before income taxes and minority interest for fiscal 2006, fiscal 2005, and fiscal 2004 are as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
U.S.	\$ (18)	\$ 67	\$ 222
Non-U.S.	1,219	1,288	984
Income from continuing operations before income taxes and minority interest	\$ 1,201	\$ 1,355	\$ 1,206

The reconciliation between U.S. federal income taxes at the statutory rate and the Company's provision for income taxes on continuing operations for fiscal 2006, fiscal 2005, and fiscal 2004 are as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
Notional U.S. federal income tax expense at the statutory rate	\$ 420	\$ 474	\$ 422
Adjustments to reconcile to the income tax provision:			
U.S. state income tax (benefit) provision, net	(42)	64	(10)
Divestitures and impairments	71	(105)	(24)
Non-U.S. net earnings ⁽¹⁾	(124)	(184)	(160)
Nondeductible charges	34	7	9
Change in accrued income tax liabilities	21	110	126
Allocated loss on retirement of debt	(87)	127	33
Valuation allowance	(268)	(129)	14
Other	7	(4)	(5)
Provision for income taxes	\$ 32	\$ 360	\$ 405

(1) Excludes asset impairments, nondeductible charges, and other items which are broken out separately in the table.

The net decrease of \$268 million of deferred tax asset valuation allowances in fiscal 2006 is primarily driven by improved profitability in certain jurisdictions, principally the U.S. The Company's U.S. results of operations in fiscal 2006 combined with other available evidence, including projections of future taxable income, indicate that it is more likely than not the Company will realize additional deferred tax assets in the future and accordingly the related valuation allowances were reduced. Reflected in the state tax provision line for fiscal 2006 is a \$42 million state tax benefit primarily related to the Tyco Global Network divestiture.

The allocated loss on retirement of debt in fiscal 2006 is a cumulative one-time benefit of \$87 million associated with the receipt of a favorable non-U.S. tax ruling permitting the deduction of historical debt retirement costs. This benefit is partially offset by an increased valuation allowance of \$62 million relating to the deferred tax asset associated with net operating losses created by the debt retirement deductions. This \$62 million is reflected on the valuation allowance line in the table above.

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the net deferred income tax asset at fiscal year end 2006 and 2005 are as follows:

	Fiscal	
	2006	2005
	(in millions)	
Deferred tax assets:		
Accrued liabilities and reserves	\$ 439	\$ 592
Tax loss and credit carryforwards	1,936	1,932
Inventories	35	33
Postretirement benefits	151	216
Deferred revenue	68	73
Other	144	204
	<u>2,773</u>	<u>3,050</u>
Deferred tax liabilities:		
Intangible assets	(347)	(203)
Property, plant, and equipment	(197)	(433)
Other	(170)	(130)
	<u>(714)</u>	<u>(766)</u>
Net deferred tax asset before valuation allowance	2,059	2,284
Valuation allowance	(611)	(873)
	<u>\$ 1,448</u>	<u>\$ 1,411</u>

At fiscal year end 2006, the Company had \$1,929 million of net operating loss carryforwards in certain non-U.S. jurisdictions. Of these, \$948 million have no expiration, and the remaining \$981 million will expire in future years through 2016. Due to a favorable non-U.S. ruling in the fourth quarter of fiscal 2006, the Company was able to recognize \$417 million of net operating loss carryforwards associated with the deduction of historical debt retirement costs. In the U.S., there were approximately \$3,392 million of federal and \$2,915 million of state net operating loss carryforwards at fiscal year end 2006, which will expire in future years through 2026.

The valuation allowance for deferred tax assets of \$611 million and \$873 million at fiscal year end 2006 and 2005, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss and credit carryforwards in various jurisdictions. The Company believes that it will generate sufficient future taxable income to realize the tax benefits related to the remaining net deferred tax assets. The valuation allowance was calculated in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes," which requires that a valuation allowance be established or maintained when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. At fiscal year end 2006, approximately \$6 million of the valuation allowance will ultimately reduce goodwill if the net operating losses are utilized.

The Company and its subsidiaries' income tax returns are periodically examined by various regulatory tax authorities. See "Income Taxes" in Note 15.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions across its global operations. The Company recognizes potential liabilities and records tax liabilities as well as related interest for anticipated tax audit issues in the U.S. and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes and related interest will be due. These tax liabilities and related interest are reflected net of the impact of related tax loss carryforwards as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon the eventual settlement with the tax authorities. The Company adjusts these liabilities in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. Further, management has reviewed with tax counsel the issues raised by these taxing authorities and the adequacy of these recorded amounts. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities may result in income tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. Substantially all of these potential tax liabilities are recorded in other liabilities on the Combined Balance Sheets as payment is not expected within one year.

Except for earnings that are currently distributed, no additional provision has been made for U.S. or non-U.S. income taxes on the undistributed earnings of subsidiaries or for unrecognized deferred tax liabilities for temporary differences related to basis differences in investments in subsidiaries, as such earnings are expected to be permanently reinvested, the investments are essentially permanent in duration, or the Company has concluded that no additional tax liability will arise as a result of the distribution of such earnings. A liability could arise if the intention to permanently reinvest earnings were to change and amounts are distributed by such subsidiaries or if such subsidiaries are ultimately disposed. It is not practicable to estimate the additional income taxes related to permanently reinvested earnings or the basis differences related to investments in subsidiaries.

18. Other Expense, Net

Other expense, net, of \$365 million in fiscal 2005 includes an allocation of \$365 million from Tyco International for the loss on the retirement of debt. See Note 11.

Other expense, net, of \$102 million in fiscal 2004 includes an allocation from Tyco International of \$64 million related to Tyco International's loss on the retirement of debt. See Note 11. Additionally, during fiscal 2004, the Company repurchased \$303 million of its 7.2% notes due 2008 for cash of \$341 million, which resulted in a \$38 million loss, including unamortized debt issuance costs, on the retirement of debt.

The allocation methodology for the loss on retirement of debt is consistent with the treatment of debt and net interest expense as described in Note 11. Management believes that this allocation is reasonable given the impact such retirements had on the overall capital structure of Tyco International. However, these amounts may not be indicative of the actual losses on the retirement of debt that the Company would have incurred had the Company been operating as a separate, stand-alone company for the periods presented.

19. Share Plans

As of September 29, 2006, all equity awards (restricted share awards and share options) held by Company employees were granted under the Tyco International Ltd. 2004 Stock and Incentive Plan ("2004 Plan") or other Tyco International equity incentive plans. The 2004 Plan is administered by the Compensation and Human Resources Committee of the board of directors of Tyco International, which consists exclusively of independent directors of Tyco International and provides for the award of stock options, stock appreciation rights, annual performance bonuses, long-term performance awards, restricted units, restricted stock, promissory stock, and other stock-based awards (collectively, "Awards").

Restricted Share Awards

Restricted share awards are granted by Tyco International subject to certain restrictions. Conditions of vesting are determined at the time of grant under the 2004 Plan. All restrictions on the award will lapse upon normal retirement, death, or disability of the employee.

For grants which vest based on certain specified performance criteria of Tyco International, the fair market value of the shares or units is expensed over the period of performance, once achievement of criteria is deemed probable. For grants that vest through passage of time, the fair market value of the award at the time of the grant is amortized to expense over the period of vesting. The fair value of restricted share awards has been determined based on the market value of Tyco International's shares on the grant date. Restricted share awards generally vest after a period of three years, as determined by Tyco International's Compensation Committee, or upon attainment of various levels of performance that equal or exceed targeted levels of Tyco International, if applicable. The compensation expense recognized for restricted share awards is net of estimated forfeitures.

Recipients of restricted shares have the right to vote such shares and receive dividends, whereas recipients of restricted units have no voting rights and receive dividend equivalents.

A summary of the status of Tyco International restricted share awards and performance shares granted to Tyco Electronics employees as of fiscal year end 2006 and changes during the year then ended is presented below:

Non-vested Restricted Share Awards	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at October 1, 2005	1,493,325	\$ 27.98
Granted	1,510,119	28.96
Vested	(305,853)	17.16
Forfeited	(204,766)	28.36
	2,492,825	\$ 29.90

The weighted-average grant-date fair value of Tyco International restricted share awards granted to Tyco Electronics employees during fiscal 2006, fiscal 2005, and fiscal 2004 was \$28.96, \$35.52, and \$27.62 respectively. The total fair value of restricted share awards vested for Tyco Electronics employees was \$5 million during fiscal 2006 and less than \$1 million during fiscal 2005 and fiscal 2004.

Non-vested Performance Shares	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at October 1, 2005	-	\$ -
Granted	139,200	29.00
Vested	(7,100)	29.00
Forfeited	(14,500)	29.00
	117,600	\$ 29.00

The total fair value of Tyco International performance shares granted to Tyco Electronics employees vested during fiscal 2006, fiscal 2005, and fiscal 2004 was insignificant.

As of fiscal year end 2006, there was \$39 million of total unrecognized compensation cost related to both non-vested Tyco International restricted share awards and performance shares granted to Tyco Electronics employees. That cost is expected to be recognized over a weighted-average period of 1.9 fiscal years.

Share Options

Options are granted to purchase Tyco International common shares at prices which are equal to or greater than the market price of the common shares on the date the option is granted. Conditions of vesting are determined at the time of grant under the 2004 Plan. Options are generally exercisable in equal annual installments over a period of three years and will generally expire 10 years after the date of grant.

Share option activity for Tyco Electronics employees under all Tyco International plans as of fiscal year end 2006 and changes during the fiscal year then ended is presented below:

	<u>Shares</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Term (in years)</u>	<u>Aggregate Intrinsic Value (in millions)</u>
Outstanding at October 1, 2005	36,130,409	\$ 36.41		
Granted	2,219,500	29.02		
Exercised	(3,016,585)	19.40		
Expired	(1,672,027)	47.72		
Forfeited	(662,599)	32.44		
<hr/>				
Outstanding at September 29, 2006	32,998,698	36.96	5.2	\$ 60
Vested and unvested expected to vest at September 29, 2006	32,648,444	37.02	5.2	60
Exercisable at September 29, 2006	27,257,332	38.07	4.6	60

As of fiscal year end 2006, there was \$37 million of total unrecognized compensation cost related to non-vested Tyco International share options granted to Tyco Electronics employees under Tyco International share option plans. The cost is expected to be recognized over a period of 1.3 years.

Stock-Based Compensation

As discussed in Note 2, effective October 1, 2005, Tyco International adopted the provisions of SFAS No. 123R using the modified prospective transition method. As a result, the Company's results from continuing operations for fiscal 2006 include incremental share-based compensation expense of \$40 million. Total share-based compensation cost during fiscal 2006, fiscal 2005, and fiscal 2004 of \$69 million, \$20 million, and \$29 million, respectively, has been included in the Combined Statements of Income within selling, general, and administrative expenses. The Company has recognized a related tax benefit associated with its share-based compensation arrangements of \$19 million, \$6 million, and \$9 million in fiscal 2006, fiscal 2005, and during fiscal 2004, respectively.

Prior to October 1, 2005, Tyco International and the Company accounted for share-based compensation plans in accordance with the provisions of APB Opinion No. 25, as permitted by SFAS No. 123, and accordingly did not recognize compensation expense for the issuance of options with an exercise price equal to or greater than the market price of the stock at the date of grant. If Tyco International and the Company applied the fair value based method prescribed by SFAS No. 123, for

share options granted by Tyco International to Tyco Electronics employees, the effect on net income would have been as follows:

	Fiscal	
	2005	2004
(in millions)		
Net income, as reported	\$ 1,144	\$ 762
Add: Employee compensation expense for share options included in reported net income, net of income taxes	5	14
Less: Total employee compensation expense for share options determined under fair value method, net of income taxes	(35)	(82)
Net income, pro forma	\$ 1,114	\$ 694

The grant-date fair value of each option grant is estimated using the Black-Scholes option pricing model. The fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the historical volatility of Tyco International's stock and implied volatility derived from exchange traded options. The average expected life was based on the contractual term of the option and expected employee exercise and post-vesting employment termination behavior. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The expected annual dividend per share was based on Tyco International's expected dividend rate. The compensation expense recognized is net of estimated forfeitures. Forfeitures are estimated based on voluntary termination behavior, as well as an analysis of actual option forfeitures. The weighted-average assumptions Tyco International used in the Black-Scholes option pricing model for fiscal 2006, fiscal 2005, and fiscal 2004 are as follows:

	Fiscal		
	2006	2005	2004
Expected stock price volatility	34%	33%	47%
Risk free interest rate	4.3%	4.1%	2.5%
Expected annual dividend per share	\$ 0.40	\$ 0.40	\$ 0.05
Expected life of options (years)	4.0	4.3	4.0

The weighted-average grant-date fair values of Tyco International options granted to Tyco Electronics employees during fiscal 2006, fiscal 2005, and fiscal 2004 were \$8.96, \$10.97, and \$10.81, respectively. The total intrinsic value of Tyco International options exercised by Tyco Electronics employees during fiscal 2006, fiscal 2005, and fiscal 2004 was \$22 million, \$32 million, and \$18 million, respectively. The related excess cash tax benefit classified as a financing cash inflow for fiscal 2006 in the Combined Statement of Cash Flows was not significant.

Employee Stock Purchase Plans

Substantially all full-time employees of the Company's U.S. subsidiaries and employees of certain qualified non-U.S. subsidiaries are eligible to participate in Tyco International's employee share

purchase plan. Eligible employees authorize payroll deductions to be made for the purchase of shares. Tyco International matches a portion of the employee contribution by contributing an additional 15% of the employee's payroll deduction. All shares purchased under the plan are purchased on the open market by a designated broker.

Tyco International also maintains two other employee stock purchase plans for the benefit of employees of certain qualified non-U.S. subsidiaries. The terms of these plans provided for Tyco International to grant Tyco Electronics employees the right to purchase shares of Tyco International's stock at a stated price and receive certain tax benefits.

Under one plan, the Irish Bonus Plan, eligible employees are offered the opportunity to acquire shares using a portion of their bonus. Such employees also have the opportunity to forego a portion of their basic salary to purchase additional shares.

Under the second plan, the Save-As-You-Earn ("SAYE") Plan, eligible employees in the United Kingdom are granted options to purchase shares at the end of three years of service at 85% of the market price at the time of grant. Options under the SAYE Plan are generally exercisable after a period of three years and expire six months after the date of vesting. All of the shares purchased under both the SAYE Plan and the Irish Bonus Plan are purchased on the open market.

As of September 29, 2006, there was \$1 million in total unrecognized compensation cost related to non-vested options granted to Tyco Electronics employees under the SAYE plan.

Impact of Separation

Prior to the Distribution, the Tyco Electronics board of directors is expected to adopt, with the approval of Tyco International as its sole shareholder, the establishment of stock incentive plans providing for future awards to Tyco Electronics employees.

Following the Distribution, restricted share awards will be converted into shares in each of the three separate companies, Tyco Electronics being one of such companies. For each employee of the three separate companies, restricted share awards of the companies that do not employ such employee will be subject to accelerated vesting on or following the Distribution. The original vesting provisions will remain in effect for restricted share awards of the company in which the employee is employed. Employee share options and performance units outstanding as of the completion of the Distribution will be converted at equivalent value into equity awards for Tyco Electronics at the time of the Distribution. All other provisions will remain in effect.

20. Comprehensive Income

The components of accumulated other comprehensive (loss) income are as follows:

	<u>Currency Translation⁽¹⁾</u>	<u>Unrealized (Loss) Gain on Securities</u>	<u>Minimum Pension Liability</u>	<u>Accumulated Other Comprehensive (Loss) Income</u>
	(in millions)			
Balance at October 1, 2003	\$ 472	\$ (2)	\$ (309)	\$ 161
Pre-tax current period change	272	4	74	350
Income tax expense	-	-	(20)	(20)
	<u>744</u>	<u>2</u>	<u>(255)</u>	<u>491</u>
Balance at September 30, 2004	744	2	(255)	491
Pre-tax current period change	(87)	(1)	(116)	(204)
Income tax benefit	-	-	44	44
	<u>657</u>	<u>1</u>	<u>(327)</u>	<u>331</u>
Balance at September 30, 2005	657	1	(327)	331
Pre-tax current period change	242	-	150	392
Income tax expense	-	-	(53)	(53)
	<u>899</u>	<u>1</u>	<u>(230)</u>	<u>670</u>
Balance at September 29, 2006	\$ 899	\$ 1	\$ (230)	\$ 670

- (1) During fiscal 2006, \$38 million was transferred from currency translation adjustments as a result of the sale of non-U.S. entities. The \$38 million gain is included in income (loss) from discontinued operations in the Combined Statements of Income. During fiscal 2005, \$30 million was transferred from currency translation adjustments and included in net income as a result of the sale of non-U.S. entities. The \$30 million gain in fiscal 2005 related to the Tyco Global Network and is included in gain on divestiture in the Combined Statements of Income.

21. Combined Segment and Geographic Data

The Company aggregates its operating segments into four reportable segments based upon the Company's internal business structure. See Note 1 for a description of the segments in which the Company operates. Segment performance is evaluated based on net sales and operating income. The Company considers all expenses to be of an operating nature, and, accordingly, allocates them to each reportable segment. Costs specific to a segment are charged to the segment. Corporate expenses, such as headquarters administrative costs, are allocated to the segments based on segment income from operations. Intersegment sales are not material and are recorded at selling prices that approximate market prices.

Selected information by business segment is presented in the following table for fiscal 2006, fiscal 2005, and fiscal 2004:

	<u>Electronic Components</u>	<u>Network Solutions</u>	<u>Wireless Systems</u>	<u>Other⁽¹⁾</u>	<u>Total</u>
	(in millions)				
Fiscal 2006:					
Net sales	\$ 9,386	\$ 1,740	\$ 874	\$ 812	\$ 12,812
Income (loss) from operations	1,404	268	(239) ⁽²⁾	(24)	1,409
Depreciation and amortization	396	32	41	62	531
Segment assets ⁽³⁾	3,320	592	314	284	4,510
Capital expenditures	462	38	51	9	560
Fiscal 2005:					
Net sales	8,757	1,526	871	736	11,890
Income from operations	1,398	225	92	255	1,970
Depreciation and amortization	396	33	46	67	542
Segment assets ⁽³⁾	2,921	498	345	242	4,006
Capital expenditures	419	28	25	9	481
Fiscal 2004:					
Net sales	8,220	1,324	835	720	11,099
Income (loss) from operations	1,467	168	62	(78)	1,619
Depreciation and amortization	374	29	42	68	513
Segment assets ⁽³⁾	2,650	436	272	205	3,563
Capital expenditures	348	20	35	7	410

(1) Includes gain on sale of the Tyco Global Network of \$301 million in fiscal 2005, see Note 4. In addition, includes the Tyco Global Network operating income of \$246 million in fiscal 2005, including the \$301 million gain on sale, and operating loss of \$78 million in fiscal 2004.

(2) Includes goodwill impairment of \$316 million in fiscal 2006. See Note 8.

(3) Segment assets are comprised of accounts receivable and inventory.

No single customer accounted for a significant portion of sales in the years presented.

As the Company is not organized by product or service, it is not practicable to disclose net sales by product or service.

Reconciliation of segment assets to combined total assets at fiscal year end 2006, 2005, and 2004 is as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
Segment assets	\$ 4,510	\$ 4,006	\$ 3,563
Other current assets	1,530	1,336	1,600
Non-current assets	13,051	13,131	13,626
Combined total assets	\$ 19,091	\$ 18,473	\$ 18,789

Net sales by geographic region for fiscal 2006, fiscal 2005, and fiscal 2004 is as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
United States	\$ 4,503	\$ 4,326	\$ 4,278
Other Americas	461	399	311
Europe/Middle East/Africa	4,407	4,196	3,872
Asia-Pacific	3,441	2,969	2,638
Net sales ⁽¹⁾	\$ 12,812	\$ 11,890	\$ 11,099

(1) Net sales from external customers is attributed to individual countries based on the legal entity that records the sale.

Property, plant, and equipment, net by geographic area at fiscal year end 2006, 2005, and 2004 is as follows:

	Fiscal		
	2006	2005	2004
	(in millions)		
United States	\$ 1,238	\$ 1,236	\$ 1,314
Other Americas	90	91	86
Europe/Middle East/Africa	1,190	1,122	1,144
Asia-Pacific	615	531	477
Property, plant, and equipment, net	\$ 3,133	\$ 2,980	\$ 3,021

22. Tyco Electronics Group S.A.

In December 2006, Tyco Electronics Group S.A. ("TEGSA"), a Luxembourg company, was formed in connection with the Separation and will be a wholly owned subsidiary of Tyco Electronics Ltd. TEGSA is a holding company established to directly, or indirectly, own all of the operating subsidiaries of Tyco Electronics Ltd., to issue debt securities and to perform treasury operations. Upon formation, TEGSA held \$50 thousand in cash and had share capital of \$50 thousand. TEGSA is in the process of registering and issuing debt securities, and upon completion of any debt offering, the registered debt

securities will be fully and unconditionally guaranteed by its parent, Tyco Electronics Ltd. Once certain internal reorganizations are completed prior to the Separation, TEGSA will own, directly or indirectly, all the operating subsidiaries of the Company. The following tables present the historical combined financial information for Tyco Electronics Ltd., and all other subsidiaries for the purposes of illustrating the composition of Tyco Electronics Ltd. and the other subsidiaries prior to the creation of TEGSA and the respective ownership in connection with the Separation.

Combined Statement of Income
For the Year Ended September 29, 2006

	Tyco Electronics Ltd.	Other Subsidiaries (in millions)	Total
Net sales	\$ —	\$ 12,812	\$ 12,812
Cost of sales	—	9,447	9,447
Gross income	—	3,365	3,365
Selling, general, and administrative expenses	—	1,627	1,627
Restructuring and other charges, net	—	13	13
Goodwill impairment	—	316	316
Income from operations	—	1,409	1,409
Interest income	—	48	48
Interest expense	—	(256)	(256)
Income from continuing operations before income taxes and minority interest	—	1,201	1,201
Income taxes	—	(32)	(32)
Minority interest	—	(6)	(6)
Income from continuing operations	—	1,163	1,163
Income from discontinued operations, net of income taxes	—	38	38
Income before cumulative effect of accounting change	—	1,201	1,201
Cumulative effect of accounting change, net of income taxes	—	(8)	(8)
Net income	\$ —	\$ 1,193	\$ 1,193

Combined Statement of Income
For the Year Ended September 30, 2005

	Tyco Electronics Ltd.	Other Subsidiaries (in millions)	Total
Net sales	\$ —	\$ 11,890	\$ 11,890
Cost of sales	—	8,724	8,724
Gross income	—	3,166	3,166
Selling, general, and administrative expenses	—	1,507	1,507
Restructuring and other credits, net	—	(10)	(10)
Gain on divestiture	—	(301)	(301)
Income from operations	—	1,970	1,970
Interest income	—	44	44
Interest expense	—	(294)	(294)
Other expense, net	—	(365)	(365)
Income from continuing operations before income taxes and minority interest	—	1,355	1,355
Income taxes	—	(360)	(360)
Minority interest	—	(5)	(5)
Income from continuing operations	—	990	990
Income from discontinued operations, net of income taxes	—	143	143
Income before cumulative effect of accounting change	—	1,133	1,133
Cumulative effect of accounting change, net of income taxes	—	11	11
Net income	\$ —	\$ 1,144	\$ 1,144

Combined Statement of Income
For the Year Ended September 30, 2004

	Tyco Electronics Ltd.	Other Subsidiaries (in millions)	Total
Net sales	\$ -	\$ 11,099	\$ 11,099
Cost of sales	-	7,971	7,971
Gross income	-	3,128	3,128
Selling, general, and administrative expenses	-	1,543	1,543
Restructuring and other credits, net	-	(34)	(34)
Income from operations	-	1,619	1,619
Interest income	-	33	33
Interest expense	-	(344)	(344)
Other expense, net	1	(103)	(102)
Income from continuing operations before income taxes and minority interest	1	1,205	1,206
Income taxes	-	(405)	(405)
Minority interest	-	(10)	(10)
Income from continuing operations	1	790	791
Loss from discontinued operations, net of income taxes	-	(29)	(29)
Net income	\$ 1	\$ 761	\$ 762

Combined Balance Sheet
As of September 29, 2006

	Tyco Electronics Ltd.	Other Subsidiaries	Total
	(in millions)		
Assets			
Current Assets:			
Cash and cash equivalents	\$ –	\$ 470	\$ 470
Accounts receivable, net	–	2,544	2,544
Inventories	–	1,966	1,966
Prepaid expenses and other current assets	–	450	450
Deferred income taxes	–	368	368
Assets held for sale	–	242	242
Total current assets	–	6,040	6,040
Property, plant, and equipment, net	–	3,133	3,133
Goodwill	–	7,135	7,135
Intangible assets, net	–	1,028	1,028
Deferred income taxes	–	1,501	1,501
Other assets	–	254	254
Total Assets	\$ –	\$ 19,091	\$ 19,091
Liabilities and Parent Company Equity			
Current Liabilities:			
Current maturities of long-term debt	\$ –	\$ 291	\$ 291
Accounts payable	–	1,300	1,300
Accrued and other current liabilities	–	1,331	1,331
Deferred revenue	–	161	161
Liabilities held for sale	–	56	56
Total current liabilities	–	3,139	3,139
Long-term debt and obligations under capital lease	–	3,371	3,371
Long-term pension and postretirement liabilities	–	498	498
Deferred income taxes	–	380	380
Other liabilities	–	527	527
Total Liabilities	–	7,915	7,915
Minority interest	–	16	16
Parent company equity	–	11,160	11,160
Total Liabilities and Parent Company Equity	\$ –	\$ 19,091	\$ 19,091

Combined Balance Sheet
As of September 30, 2005

	Tyco Electronics Ltd.	Other Subsidiaries	Total
	(in millions)		
Assets			
Current Assets:			
Cash and cash equivalents	\$ –	\$ 284	\$ 284
Accounts receivable, net	–	2,363	2,363
Inventories	–	1,643	1,643
Prepaid expenses and other current assets	–	386	386
Deferred income taxes	–	388	388
Assets held for sale	–	278	278
Total current assets	–	5,342	5,342
Property, plant, and equipment, net	–	2,980	2,980
Goodwill	–	7,423	7,423
Intangible assets, net	–	1,074	1,074
Deferred income taxes	–	1,372	1,372
Other assets	–	282	282
Total Assets	\$ –	\$ 18,473	\$ 18,473
Liabilities and Parent Company Equity			
Current Liabilities:			
Current maturities of long-term debt	\$ –	\$ 695	\$ 695
Accounts payable	–	1,006	1,006
Accrued and other current liabilities	–	1,201	1,201
Deferred revenue	–	156	156
Liabilities held for sale	–	101	101
Total current liabilities	–	3,159	3,159
Long-term debt and obligations under capital lease	–	3,816	3,816
Long-term pension and postretirement liabilities	–	611	611
Deferred income taxes	–	321	321
Other liabilities	–	698	698
Total Liabilities	–	8,605	8,605
Minority interest	–	26	26
Parent company equity	–	9,842	9,842
Total Liabilities and Parent Company Equity	\$ –	\$ 18,473	\$ 18,473

Combined Statement of Cash Flows
For the Year Ended September 29, 2006

	Tyco Electronics Ltd.	Other Subsidiaries	Total
	(in millions)		
Cash Flows From Operating Activities:			
Net cash provided by operating activities	\$ -	\$ 1,670	\$ 1,670
Net cash used in discontinued operating activities	-	(7)	(7)
Cash Flows From Investing Activities:			
Capital expenditures	-	(560)	(560)
Proceeds from sale of property, plant, and equipment	-	12	12
Acquisition of businesses, net of cash acquired	-	(23)	(23)
Purchase accounting and holdback/earn-out liabilities	-	(3)	(3)
Increase in investments	-	(1)	(1)
Other	-	27	27
Net cash used in investing activities	-	(548)	(548)
Net cash used in discontinued investing activities	-	(91)	(91)
Cash Flows From Financing Activities:			
Change in short-term debt, net	-	(4)	(4)
Allocated debt activity	-	(731)	(731)
Repayment of long-term debt	-	(114)	(114)
Change in parent company investment	-	(74)	(74)
Minority interest distributions paid	-	(12)	(12)
Net cash used in financing activities	-	(935)	(935)
Net cash provided by discontinued financing activities	-	106	106
Effect of currency translation on cash	-	(1)	(1)
Net increase in cash and cash equivalents	-	194	194
Less: net increase in cash related to discontinued operations	-	(8)	(8)
Cash and cash equivalents at beginning of fiscal year	-	284	284
Cash and cash equivalents at end of fiscal year	\$ -	\$ 470	\$ 470

Combined Statement of Cash Flows
For the Year Ended September 30, 2005

	Tyco Electronics Ltd.	Other Subsidiaries	Total
		(in millions)	
Cash Flows From Operating Activities:			
Net cash provided by operating activities	\$ -	\$ 1,524	\$ 1,524
Net cash used in discontinued operating activities	-	(13)	(13)
Cash Flows From Investing Activities:			
Capital expenditures	-	(481)	(481)
Proceeds from sale of property, plant, and equipment	-	33	33
Acquisition of businesses, net of cash acquired	-	(12)	(12)
Purchase accounting and holdback/earn-out liabilities	-	(8)	(8)
Divestiture of businesses, net of cash retained by businesses sold	-	130	130
Decrease in investments	-	66	66
Other	-	(5)	(5)
Net cash used in investing activities	-	(277)	(277)
Net cash used in discontinued investing activities	-	(9)	(9)
Cash Flows From Financing Activities:			
Change in short-term debt, net	-	(1)	(1)
Allocated debt activity	-	(1,330)	(1,330)
Repayment of long-term debt	-	(114)	(114)
Change in parent company investment	-	85	85
Minority interest distributions paid	-	(12)	(12)
Net cash used in financing activities	-	(1,372)	(1,372)
Net cash provided by discontinued financing activities	-	19	19
Effect of currency translation on cash	-	11	11
Net decrease in cash and cash equivalents	-	(117)	(117)
Less: net decrease in cash related to discontinued operations	-	3	3
Cash and cash equivalents at beginning of fiscal year	-	398	398
Cash and cash equivalents at end of fiscal year	\$ -	\$ 284	\$ 284

Combined Statement of Cash Flows
For the Year Ended September 30, 2004

	Tyco Electronics Ltd.	Other Subsidiaries	Total
		(in millions)	
Cash Flows From Operating Activities:			
Net cash provided by operating activities	\$ -	\$ 1,218	\$ 1,218
Net cash provided by discontinued operating activities	-	64	64
Cash Flows From Investing Activities:			
Capital expenditures	-	(410)	(410)
Proceeds from sale of property, plant, and equipment	-	30	30
Acquisition of businesses, net of cash acquired	-	(3)	(3)
Purchase accounting and holdback/earn-out liabilities	-	(47)	(47)
Divestiture of businesses, net of cash retained by businesses sold	-	25	25
Decrease in investments	-	6	6
Other	-	24	24
Net cash used in investing activities	-	(375)	(375)
Net cash provided by discontinued investing activities	-	3	3
Cash Flows From Financing Activities:			
Change in short-term debt, net	-	7	7
Allocated debt activity	-	(1,202)	(1,202)
Repayment of long-term debt	-	(318)	(318)
Change in parent company investment	-	844	844
Minority interest distributions paid	-	(34)	(34)
Net cash used in financing activities	-	(703)	(703)
Net cash used in discontinued financing activities	-	(75)	(75)
Effect of currency translation on cash	-	6	6
Net increase in cash and cash equivalents	-	138	138
Less: net decrease in cash related to discontinued operations	-	8	8
Cash and cash equivalents at beginning of fiscal year	-	252	252
Cash and cash equivalents at end of fiscal year	\$ -	\$ 398	\$ 398

The following pro forma information has been provided to give effect to the composition of the Company's assets, liabilities, equity, operations, and cash flows by relevant group within the Company; Tyco Electronics Ltd. providing the guarantee, TEGSA as issuer of the debt, and the operating companies not providing a guarantee of debt but which represent assets of TEGSA following completion of the internal reorganizations.

The following tables present unaudited pro forma financial information using the equity method of accounting for subsidiaries assuming the creation of TEGSA and completion of the Company's internal reorganizations discussed above as if they occurred on September 29, 2006 for the balance sheet and as of the beginning of the period presented for statement of income and cash flows. These unaudited pro forma consolidating financial statements are not necessarily indicative of the Company's results of operations or financial condition had the transactions and events been completed on the dates assumed. Additionally, these statements are not necessarily indicative of the Company's future results of operations or financial condition.

Pro Forma Consolidating Statement of Income
For the Year Ended September 29, 2006
Unaudited

	<u>Tyco Electronics Ltd.</u>	<u>Tyco Electronics Group S.A.</u>	<u>Other Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
	(in millions)				
Net sales	\$ -	\$ -	\$ 12,812	\$ -	\$ 12,812
Cost of sales	-	-	9,447	-	9,447
Gross income	-	-	3,365	-	3,365
Selling, general, and administrative expenses	-	18	1,609	-	1,627
Restructuring and other charges, net	-	-	13	-	13
Goodwill impairment	-	-	316	-	316
(Loss) income from operations	-	(18)	1,427	-	1,409
Interest income	-	10	38	-	48
Interest expense	-	(229)	(27)	-	(256)
Equity in net income of subsidiaries	1,193	1,231	-	(2,424)	-
Intercompany interest and fees	-	199	(199)	-	-
Income from continuing operations before income taxes and minority interest	1,193	1,193	1,239	(2,424)	1,201
Income taxes	-	-	(32)	-	(32)
Minority interest	-	-	(6)	-	(6)
Income from continuing operations	1,193	1,193	1,201	(2,424)	1,163
Income from discontinued operations, net of income taxes	-	-	38	-	38
Income before cumulative effect of accounting change	1,193	1,193	1,239	(2,424)	1,201
Cumulative effect of accounting change, net of income taxes	-	-	(8)	-	(8)
Net income	\$ 1,193	\$ 1,193	\$ 1,231	\$ (2,424)	\$ 1,193

Minority interest	-	-	16	-	16
Parent company equity	11,160	11,160	11,401	(22,561)	11,160
Total Liabilities and Parent Company Equity	\$ 11,160	\$ 19,470	\$ 23,906	\$ (35,445)	\$ 19,091

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Pro Forma Consolidating Statement of Cash Flows
For the Year Ended September 29, 2006

Unaudited

	<u>Tyco Electronics Ltd.</u>	<u>Tyco Electronics Group S.A.</u>	<u>Other Subsidiaries</u>	<u>Consolidating Adjustments</u>	<u>Total</u>
	(in millions)				
Cash Flows From Operating Activities:					
Net cash (used in) provided by operating activities	\$ -	\$ (485)	\$ 2,155	\$ -	\$ 1,670
Net cash used in discontinued operating activities	-	-	(7)	-	(7)
Cash Flows From Investing Activities:					
Capital expenditures	-	-	(560)	-	(560)
Proceeds from sale of property, plant, and equipment	-	-	12	-	12
Acquisition of businesses, net of cash acquired	-	-	(23)	-	(23)
Purchase accounting and holdback/earn-out liabilities	-	-	(3)	-	(3)
Increase in investments	-	-	(1)	-	(1)
Decrease in intercompany loans	-	848	-	(848)	-
Other	-	-	27	-	27
Net cash provided by (used in) investing activities	-	848	(548)	(848)	(548)
Net cash used in discontinued investing activities	-	-	(91)	-	(91)
Cash Flows From Financing Activities:					
Change in short-term debt, net	-	-	(4)	-	(4)
Allocated debt activity	-	(363)	(368)	-	(731)
Repayment of long-term debt	-	-	(114)	-	(114)
Change in parent company investment	-	-	(74)	-	(74)
Loan borrowing from parent	-	-	(848)	848	-
Minority interest distributions paid	-	-	(12)	-	(12)
Net cash (used in) provided by financing activities	-	(363)	(1,420)	848	(935)
Net cash provided by discontinued financing activities	-	-	106	-	106

Effect of currency translation on cash	-	-	(1)	-	(1)
Net increase in cash and cash equivalents	-	-	194	-	194
Less: net increase in cash related to discontinued operations	-	-	(8)	-	(8)
Cash and cash equivalents at beginning of fiscal year	-	-	284	-	284
Cash and cash equivalents at end of fiscal year	\$ -	\$ -	\$ 470	\$ -	\$ 470

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23. Subsequent Events

On October 27, 2006, the Company completed the sale of its Printed Circuit Group business for \$226 million and recognized a gain on divestiture of approximately \$45 million which was reported as discontinued operations.

On October 31, 2006, the Company's off-balance sheet leasing arrangement for five cable laying sea vessels expired at which time the Company exercised its option to buy the vessels for \$280 million.

Effective January 1, 2007, Tyco International legally separated certain pension plans which contained participants of both the Company as well as a Tyco International subsidiary. As a result, the Company is in the process of remeasuring the assets and projected benefit obligation of the separated pension plan. The Company does not believe the remeasurement will be material to its results of operations, financial position, or cash flows.

THE ELECTRONICS BUSINESSES OF TYCO INTERNATIONAL LTD.
SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS
Fiscal Years Ended September 29, 2006, September 30, 2005, and September 30, 2004

<u>Description</u>	<u>Balance at</u> <u>Beginning of Year</u>	<u>Additions Charged to</u> <u>Costs and Expenses</u>	<u>Acquisitions,</u> <u>Divestitures</u> <u>and Other</u>	<u>Deductions</u>	<u>Balance at</u> <u>End of Year</u>
	(in millions)				
Fiscal 2006					
Allowance for Doubtful Accounts Receivable	\$ 74	\$ 2	\$ 1	\$ (13)	\$ 64
Fiscal 2005					
Allowance for Doubtful Accounts Receivable	68	19	7	(20)	74
Fiscal 2004					
Allowance for Doubtful Accounts Receivable	146	11	(9)	(80)	68

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Tyco International Ltd. Board of Directors:

We have audited the accompanying balance sheets of Tyco Electronics Ltd., formerly Tyco Holdings (Bermuda) No. 4 Limited (the "Company") as of September 29, 2006 and September 30, 2005, and the related statements of income, parent company equity (deficit) and cash flows for each of the three fiscal years in the period ended September 29, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of September 29, 2006 and September 30, 2005, and the results of its operations and its cash flows for each of the three fiscal years in the period ended September 29, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

January 16, 2007

Dallas, Texas

TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
STATEMENTS OF INCOME
Fiscal Years Ended September 29, 2006, September 30, 2005, and September 30, 2004
(in thousands of U.S. dollars)

	Fiscal		
	2006	2005	2004
Income			
Realized gain on investment	\$ -	\$ -	\$ 1,300
Management fees	-	-	6
Net Income	\$ -	\$ -	\$ 1,306

See Notes to Financial Statements.

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TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
BALANCE SHEETS
As of September 29, 2006 and September 30, 2005
(in thousands of U.S. dollars)

	Fiscal	
	2006	2005
Assets		
Cash	\$ 12	\$ -
Total Assets	\$ 12	\$ -
Liabilities and Parent Company Equity (Deficit)		
Short term liability due to a related party	\$ -	\$ 992
Total Liabilities	-	992
Commitments and contingencies (Note 3)		
Parent company investment	3,516	2,512
Retained deficit	(3,504)	(3,504)
Total Parent Company Equity (Deficit)	12	(992)
Total Liabilities and Parent Company Equity	\$ 12	\$ -

See Notes to Financial Statements.

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TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
STATEMENTS OF PARENT COMPANY EQUITY (DEFICIT)
Fiscal Years Ended September 29, 2006, September 30, 2005, and September 30, 2004
(in thousands of U.S. dollars)

	<u>Parent Company Investment</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance at October 1, 2003	\$ 2,512	\$ (4,810)	\$ (2,298)
Net income	-	1,306	1,306
Balance at September 30, 2004	2,512	(3,504)	(992)
Balance at September 30, 2005	2,512	(3,504)	(992)
Capital contribution from Parent	1,004	-	1,004
Balance at September 29, 2006	\$ 3,516	\$ (3,504)	\$ 12

See Notes to Financial Statements.

TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
STATEMENTS OF CASH FLOWS
Fiscal Years Ended September 29, 2006, September 30, 2005, and September 30, 2004
(in thousands of U.S. dollars)

	Fiscal		
	2006	2005	2004
Cash Flows From Operating Activities:			
Net income	\$ -	\$ -	\$ 1,306
Adjustments to reconcile to net cash provided by operating activities:			
Realized gain on investment	-	-	(1,300)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by operating activities	-	-	6
Cash Flows From Investing Activities:			
Investment in Limited Liability Partnership	-	-	(1,000)
Proceeds from sale of investment in Limited Liability Partnership	-	-	3,300
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by investing activities	-	-	2,300
Cash Flows From Financing Activities:			
Net decrease in amounts due to a related party	(992)	-	(2,306)
Capital contribution from Parent	1,004	-	-
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used in) financing activities	12	-	(2,306)
	<u> </u>	<u> </u>	<u> </u>
Net increase in cash	12	-	-
Cash at beginning of fiscal year	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Cash at end of fiscal year	\$ 12	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>

See Notes to Financial Statements.

TYCO ELECTRONICS LTD.
FORMERLY TYCO HOLDINGS (BERMUDA) NO. 4 LIMITED
NOTES TO FINANCIAL STATEMENTS

1. History and Description of the Company

Tyco Electronics Ltd. (the "Company") changed its name from Tyco Holdings (Bermuda) No. 4 Limited in December 2006. Until the Separation described in Note 6, the Company is a 100% owned subsidiary of Tyco International Ltd. (also a Bermuda company, which is publicly-traded on the New York and Bermuda stock exchanges). Tyco International Ltd. and its subsidiaries are referred to herein as "Tyco International" or "Parent." The Company has 12,000 shares authorized and outstanding with a par value of \$1.00 per share.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation. The Financial Statements of the Company present the financial position, results of operations and cash flows of the Company as a subsidiary of Tyco International, including allocations and related party transactions (see Note 5). These financial statements have been prepared in United States dollars and in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The financial statements presented may not be indicative of the results that would have been achieved had the Company operated as a separate, stand-alone public company.

Financial Instruments. The Company's financial instruments consist of cash.

3. Commitments and Contingencies

Litigation. In the normal course of its business, the Company may be subject to certain contractual obligations and litigation. In management's opinion, upon consultation with legal counsel, there is no current litigation which will materially affect the Company's financial position or results of operations.

4. Taxation

Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government that, in the event of income or capital gains taxes being imposed, the Company will be exempted from such taxes until the year 2016.

5. Related Party Transactions

Short Term Liability Due to Parent. The Company receives short-term funding from Tyco International, payable on demand, to meet its periodic cash flow needs. Cash disbursements and collections, advances, loans and repayments between Tyco International and the Company have been reflected in "Short-term liability due to Parent" in the accompanying financial statements. Balances due to Tyco International at September 30, 2005 of \$992 thousand were primarily related to funding of investments. Following a capital contribution from Tyco during fiscal 2006, the intercompany indebtedness was repaid in full.

6. Separation Transaction

On January 13, 2006, Tyco International announced that its Board of Directors had approved a plan to separate Tyco International into three independent separate, publicly-traded companies (the "Separation") identifying the electronics businesses of Tyco International as one of those three companies. Upon the Separation, Tyco Electronics Ltd. will be the parent company which will own the electronics businesses as of the Separation date and whose shares will be owned by the existing Tyco International shareholders. Tyco International intends to accomplish the Separation through distributions of shares to Tyco International shareholders that are tax-free for U.S. federal income tax purposes (the "Distribution"). Following the Distribution, Tyco International's shareholders will own 100% of the equity in all three companies. The Separation will not require a vote by Tyco International shareholders. The Company will be the public registrant which will own the electronics businesses of Tyco International.

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