TYCO INTERNATIONAL LTD BERMUDA

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UNITED STATES
SEcurities AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
OR

/X/ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

001-13836
(COMMISSION FILE NUMBER)

TYCO INTERNATIONAL LTD.
(Exact name of registrant as specified in its charter)

<table>
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<th>TITLE OF EACH CLASS</th>
<th>NAME OF EACH EXCHANGE ON WHICH REGISTERED</th>
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<td>Common Shares, Par Value $0.20</td>
<td>New York Stock Exchange</td>
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III or this Form 10-K or any amendment to this Form 10-K. / /.
The aggregate market value of voting common shares held by nonaffiliates of registrant was $113,942,034,049 as of December 20, 2001.

The number of common shares outstanding as of December 20, 2001 was 1,996,306,425.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed within 120 days of the close of the registrant's fiscal year in connection with the registrant's 2002 annual shareholders' meeting are incorporated by reference into Part III of this Form 10-K.

See pages 20 to 22 for the exhibit index.

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ITEM 1. BUSINESS

INTRODUCTION

Tyco International Ltd. ("we" or "Tyco") is a diversified manufacturing and service company that, through its subsidiaries:

- designs, manufactures and distributes electrical and electronic components, multi-layer printed circuit boards, energy solutions and power products; and designs, manufactures, installs, operates and maintains undersea cable communications systems;

- designs, manufactures, installs and services fire detection and suppression systems; designs, installs, monitors and maintains electronic security systems; and designs, manufactures, distributes and services specialty valves;

- designs, manufactures and distributes disposable medical supplies and other specialty products; and

- offers vendor, equipment, commercial, factoring, consumer and structured financing and leasing capabilities through Tyco Capital.

See Notes 24 and 25 to the Consolidated Financial Statements for certain segment and geographic financial data relating to our business.

Tyco's strategy is to be the low-cost, high-quality producer and provider in each of our industrial markets and, through Tyco Capital, to provide innovative financing and leasing solutions to independent customers and in support of our industrial segments. We promote our leadership position by investing in existing businesses, developing new markets and acquiring complementary businesses and products. Combining the strengths of our existing operations and our business acquisitions, we seek to enhance shareholder value through increased earnings per share and strong cash flows.

I. ELECTRONICS

Tyco is the world's leading supplier of passive electronic components and a leading provider of undersea fiber optic networks and services. Our products and services include:

- designing, engineering and manufacturing of electronic connector systems, fiber optic components, wireless devices, heat shrink products, power components, wire and cable, relays, sensors, touch screens, smart card components, identification and labeling products, energy solutions, power products, switches and battery assemblies; and

- designing, manufacturing, installing, operating and maintaining undersea cable communications systems through our telecommunications subsidiary, TyCom Ltd. ("TyCom"), and selling bandwidth on our own cable network.

TYCO ELECTRONICS

Tyco Electronics designs, manufactures and markets a broad range of electronic, electrical and electro-optic passive and active devices and an expanding number of interconnection systems and connector-intensive assemblies, as well as wireless products including radar sensors, global positioning satellite systems components, silicon and gallium arsenide semiconductors,
broadband Local Multipoint Distribution Systems ("LMDS") and microwave sub-systems. Tyco Electronics' products have potential uses wherever an electronic, electrical, computer or telecommunications system is involved, and are becoming increasingly critical to the performance of these systems as signal speeds and bandwidth increase to accommodate voice, data and video communications convergence. Tyco Electronics manufactures and sells more than 200,000 parts in over 450 global product lines, including terminals, fiber optic, printed circuit board and cable connectors and assemblies, cable and cabling systems, and related application tools and application tooling equipment.

The acquisition of the Power Systems business unit of Lucent Technologies, Inc., now known as Tyco Electronics Power Systems ("TEPS"), in December 2000 greatly expanded our product line and complemented existing products and services. TEPS provides a full line of energy solutions and power products for telecommunications service providers and for the computer industry. TEPS products include AC/DC and DC/DC power supplies, inverters and back-up power systems. TEPS also offers engineering and installation service capabilities.

Tyco Electronics markets via direct sales and distributors to customers including original equipment manufacturers ("OEMs") and their subcontractors, utilities, government agencies, value-added resellers and those who install, maintain and repair equipment. These customers are found in the automotive, communications, computer, consumer electronics, industrial, commercial energy and networking industries. In total, Tyco Electronics serves over 200,000 customers located in over 55 countries, and maintains a strong local presence in the geographical areas in which it operates, including the Americas, Europe and the Asia-Pacific region.

The markets that Tyco Electronics operates in are highly competitive. Tyco Electronics faces competition across its product lines from other companies ranging in size from large, diversified manufacturers to small, highly specialized manufacturers.

TYCO PRINTED CIRCUIT GROUP

Tyco Printed Circuit Group ("TPCG") is one of the largest independent manufacturers of complex multi-layer printed circuit boards and backplane assemblies in the United States. TPCG manufactures multi-layer boards of up to 68 layers. TPCG also produces sophisticated flexible-rigid circuits and assemblies for use in commercial, aerospace and military applications. TPCG's backplane facilities produce soldered, press-fit and surface mount backplane assemblies. In addition, these facilities provide turnkey manufacturing services including full "box build" products. Printed circuit boards and backplane products are manufactured on a job order basis to the customers' design specifications. The majority of sales are derived from high-density multi-layer boards.

TPCG markets its products primarily through a direct sales force and, to a lesser extent, through a network of independent manufacturers' representatives. Customers are OEMs and contract manufacturers in the communications, computer, aircraft, military and other industrial and consumer electronics industries. We compete with several other large independent and captive companies that manufacture printed circuit boards. Competition is on the basis of quality, reliability, price and timeliness of delivery.

TYCO ELECTRICAL AND METAL PRODUCTS

Tyco Electrical and Metal Products manufactures electrical raceway and related products in North America, Europe and the Asia-Pacific region. Our
products include steel electrical conduit, pre-wired armored cable, flexible electrical conduit, metal framing systems, cable tray and cable ladder and related products utilized in the construction, industrial and original equipment markets. In North America, Allied Tube & Conduit is the leading manufacturer of steel electrical conduit, and AFC Cable Systems is the leading manufacturer of steel and aluminum pre-wired armored cable. Georgia Pipe manufactures plastic conduit. Allied manufactures metal framing and support systems and electrical cable tray and cable ladders in North America and sells them under the Powerstrut, Unistrut and T.J. Cope trade names. We also manufacture metal framing and support products in Europe, which we sell under the Unistrut and other trade names. In Australia and Asia, we manufacture and sell these products under the Unistrut, A.C.S. and other trade names. We manufacture specialty fastening products in the United Kingdom under the Lindapter and Anccon trade names. We manufacture and distribute welded and drawn steel tube products in the United Kingdom under the trade names of Newman Monmore, Newman Phoenix, Tyco Tube Components and HUB LeBas. We manufacture and distribute specialty steel strip products in the United Kingdom under the JBs & Lees, Firth Cleveland Steel Strip and Ductile Stourbridge trade names and in Brazil under the trade names of Prefer and Dinaco.

TELECOMMUNICATIONS

The Telecommunications segment is comprised of the operations of TyCom Ltd. and its subsidiaries.

TyCom is a leading provider of undersea fiber optic networks and services. TyCom’s products and services include: designing, manufacturing and installing undersea cable communications systems; servicing and maintaining major undersea cable networks; and designing, manufacturing and installing a global undersea fiber optic network, known as the TyCom Global Network™ ("TGN"). TyCom operates, maintains and sells bandwidth capacity on the TGN.

The transatlantic segment of the TGN became operational in June 2001, and the Company continues the buildout of its global network, expected to be operational by the end of fiscal 2002. The timing and sequence of implementing additional phases of the network will be based on future needs.

In July 2000, TyCom sold approximately 14% of its common shares in an initial public offering. Net proceeds from the offering were approximately $2.1 billion, which were used primarily in the construction and deployment of the TGN. On December 18, 2001, we completed our amalgamation with TyCom and each of the approximately 56 million TyCom common shares not owned by Tyco were converted into the right to receive 0.3133 of a Tyco common share. Upon completion of the amalgamation, TyCom became a wholly-owned subsidiary of Tyco.

TyCom’s sales and marketing personnel consist of professionals with extensive telecommunications, technical or service backgrounds, and are located in offices in Bermuda, France, Singapore, the United Kingdom and the United States.

As a supplier of undersea fiber optic cable systems, TyCom competes on a worldwide basis primarily against two other providers: Alcatel-Alsthom ("Alcatel") and KDD Submarine Cable Systems Inc. ("KDD"). Other companies compete on a more limited basis, either as subcontractors to other providers or as suppliers of regional systems. Alcatel, like TyCom, is vertically integrated and produces its own cable, whereas KDD utilizes a Japanese cable manufacturer. Participants in this market compete on the basis of, among other things, price, technology, time-to-market, the provision of financing and regional and long-term relationships.

With respect to the TGN, TyCom faces competition in the sale of bandwidth
capacity from existing and planned fiber optic cable networks, as well as satellite providers and, on certain routes, terrestrial networks, including those owned by Global Crossing Ltd., FLAG Telecom, and various participants in cable system consortia. As a provider of undersea cable maintenance, TyCom competes primarily with Global Marine Systems Ltd., a subsidiary of Global Crossing Ltd., as well as Alcatel and KDD.

We currently operate TyCom as part of our Electronics group; however TyCom is presented separately as the Telecommunications segment for reporting purposes through the period covered by this report.

II. FIRE AND SECURITY SERVICES

Tyco is the world's leading provider of both fire protection services and electronic security services. Our products and services include:

- designing, installing and servicing a broad line of fire detection, prevention and suppression systems, and manufacturing and servicing of fire extinguishers and related products;
- designing, installing, monitoring and maintaining electronic security systems;
- designing and manufacturing valves and related products; and
- providing a broad range of consulting, engineering and construction management and operating services for water, wastewater, environmental, transportation and infrastructure markets.

FIRE PROTECTION CONTRACTING AND SERVICES

We design, fabricate, install and service automatic fire sprinkler systems, fire alarm and detection systems, and special hazard suppression systems in buildings and other installations. Tyco's fire protection contracting and service business utilizes a worldwide network of sales offices, operating globally under various trade names including Simplex/Grinnell, Wormald, Mather & Platt, Total Walther, O'Donnell Griffin, Dong Bang, Ansul and Tyco.

We install fire protection systems in both new and existing structures. Typically, contracts for fire protection installation are let by owners, architects, construction engineers and mechanical or general contractors. In recent years, the business of retrofitting existing buildings has grown as a result of legislation mandating the installation of fire protection systems and also as a result of lower insurance costs available for structures with automatic sprinkler systems. We continue to focus on system maintenance and inspection, which has become a more significant part of our business.

The majority of the fire suppression systems installed by Tyco are water-based. However, we are also the world's leading provider of custom designed fire hazard protection systems which incorporate various specialized non-water agents such as foams, dry chemicals and gases. Systems using agents other than water are especially suited to fire protection in certain manufacturing, power generation, petrochemical, offshore oil exploration, transportation, telecommunications, mining and marine applications.

In Australia, New Zealand and Asia, Tyco also engages in the installation of electrical wire and related electrical equipment in new and existing structures and provides specialized electrical contracting services, including applications for railroad and bridge construction, primarily through its O'Donnell Griffin division.

Substantially all of the mechanical components (and, in North America, a
high proportion of the pipe used in the fire protection systems installed by us are manufactured by us. We also have fabrication plants worldwide that cut, thread and weld pipe, which is then shipped with other prefabricated components to job sites for installation. We have developed our own computer-aided-design technology that reduces the time required to design systems for specific applications and coordinates the fabrication and delivery of system components.

Our acquisition of Simplex Time Recorder in January 2001 expanded our line of fire protection and security products. Simplex manufactures fire and security products and communications systems including control panels, detection devices and system software. Simplex also installs, monitors and services fire alarms, security systems and access control systems.

Competition in the fire protection contracting business varies by geographic region. In North America, Tyco competes with hundreds of smaller contractors on a regional or local basis for the installation of fire suppression and fire alarm and detection systems. Many of the regional and local competitors employ non-union labor. In Europe, Tyco competes with many regional or local contractors on a country-by-country basis. In Australia, New Zealand and Asia, we compete with a few large fire protection contractors, as well as with many smaller regional or local companies. Tyco competes for fire protection systems contracts primarily on the basis of price, service and quality.

Tyco also manufactures and sells a wide variety of products to other fire protection contractors and fabricators of fire protection systems. These products include a complete line of fire sprinkler devices, valves, plastic pipe and pipe fittings and ductile iron pipe couplings. We manufacture these products in the United States, the United Kingdom, Germany, China and Malaysia and sell them under the Central Sprinkler, GEM Sprinkler, Star Sprinkler and Spraysafe trade names.

Central Sprinkler maintains a network of distribution facilities in the United States which stock and sell a full line of fire protection products directly to contractors and installers. GEM Sprinkler and Star Sprinkler sell fire protection products through a network of independent distributors. In Canada, Central America, South America and the Asia-Pacific region, we sell fire protection products through independent distribution and in some cases directly to fire protection contractors. In Europe and the Middle East, we operate a number of company-owned distribution facilities which stock and sell a full line of fire protection, mechanical and other flow control products. Competition for the sale of fire products is based on price, delivery, breadth of product line and specialized product capability. The principal competitors are specialty products manufacturing companies based in the United States, with other smaller competitors in Europe and Asia.

In addition, our Ansul subsidiary manufactures and sells various lines of dry chemical, liquid and gaseous portable fire extinguishers and related agents for industrial, government, commercial and consumer applications. Ansul also manufactures and sells special hazard fire suppression systems designed for use in restaurants, marine applications, mining applications, the petrochemical industry, confined industrial spaces and commercial spaces housing electronic and other delicate equipment. Ansul also manufactures spill control products designed to absorb, neutralize and solidify spills of various hazardous materials.

Our acquisition of Scott Technologies, Inc. in May 2001 expanded our line of fire protection products. Scott manufacturers respiratory systems and other life-saving devices for the firefighting and aviation markets.

ELECTRONIC SECURITY SERVICES
We are the world's leading provider of electronic security services and event monitoring, which includes the monitoring of burglar alarms, fire alarms, heating services, medical alert systems and activities where around the clock monitoring and response is required. We also offer regular inspection and maintenance services so that systems will function properly and will be upgraded as technology or risk profiles change. We offer our services throughout North America, Europe, the Middle East, the Asia-Pacific region, Latin America and South Africa. Our services are provided principally under the ADT trade name and also under other trade names including Alarmguard, Thorn Security, Total Walther, Holmes Protection, CIFE, CAPS, Zettler, Sonitrol, TEPG and Armourguard.


Electronically monitored security systems involve the installation and use on a customer's premises of devices designed to detect or react to various occurrences or conditions, such as intrusion, movement, fire, smoke, flooding, environmental conditions (including temperature or humidity variations), industrial operations (such as water, gas or steam pressure and process flow controls) or other hazards. These detection devices are connected to a microprocessor-based control panel which communicates through telephone lines to a monitoring center, often located at remote distances from the customer's premises, where alarm and supervisory signals are received and recorded. In most systems, control panels can identify the nature of the alarm and the areas within a building where the sensor was activated. Depending upon the type of service for which the subscriber has contracted, monitoring center personnel respond to alarms by relaying appropriate information to the local fire or police departments, notifying the customer or taking other appropriate action, such as dispatching employees to the customer's premises. In some instances, the customer may monitor the system at its own premises or the system may be connected to local fire or police departments.

We provide electronic security services to both commercial and residential customers. Our commercial customers include financial institutions, industrial and commercial businesses, facilities of federal, state and local government departments, defense installations, and health care and educational facilities. We provide residential electronic security services primarily in North America and Europe, with a growing presence in the Asia-Pacific region. Our customers are often prompted to purchase security systems by their insurance carriers, which may offer lower insurance premium rates if a security system is installed or require that a system be installed as a condition to coverage.

Our electronic security systems and products are tailored to our customers' specific needs and include electronic monitoring services that provide intrusion and fire detection, as well as card or keypad activated access control systems and closed circuit television systems. Systems may be monitored by the customer at its premises or connected to one of our monitoring centers. In either case, we usually provide support and maintenance through service contracts. It has been our experience that commercial and residential contracts are generally renewed after their initial terms. Contract discontinuances occur principally as a result of customer relocation or closure. Systems installed at commercial customers' premises may be owned by us or by our customer. We usually retain ownership of standard residential systems, but more sophisticated residential systems are usually purchased by our customers.

We market our electronic security services to commercial and residential customers through a direct sales force and an authorized dealer network. Commercial customers are serviced by a separate national accounts sales force.
We also utilize advertising, telemarketing and direct mail to market our services.

We purchase most of the electronic components we install. Most of these components are manufactured outside of the United States by a number of suppliers, and many of the components are manufactured to our specifications. We manufacture certain alarm, detection and activation devices and central monitoring station equipment both for installation by us as well as for sale to other installers of alarm and detection devices.

The electronic security services business in North America is highly competitive, with a number of major firms and approximately 12,000 smaller regional and local companies. Tyco also competes with several national companies and several thousand regional and local companies in Europe, the Middle East, the Asia-Pacific region, Latin America and South Africa. Competition is based primarily on price in relation to quality of service. We believe that the quality of our electronic security services is higher than that of many of our competitors and, therefore, our prices may be higher than those charged by our competitors.

In November 2001, we completed our acquisition of Sensormatic Electronics Corporation, a supplier of electronic security solutions to the retail, commercial and industrial marketplaces. Sensormatic is also the leader in integrated source tagging, a process where consumer goods manufacturers apply anti-theft tags at the point of packaging or manufacturing.
TYCO INFRASTRUCTURE

Through our Tyco Infrastructure Services subsidiary, we provide a broad range of environmental, consulting and engineering services. Tyco Infrastructure's principal services consist of a full-spectrum of water, wastewater, environmental and hazardous waste management services. These services include infrastructure and transportation design and construction services for institutional, civic, commercial and industrial clients; design, construction management, project financing and facility operating services for water and wastewater treatment facilities for municipal and industrial clients; and transportation engineering and consulting. Tyco Infrastructure operates through a network of offices in the United States, Canada, the United Kingdom, Mexico, Brazil, Singapore, Germany and Sweden. Tyco Infrastructure competes with a number of international, national, regional and local companies on the basis of price and the breadth and quality of services.

III. HEALTHCARE AND SPECIALTY PRODUCTS

Tyco is a world leader in the medical products industry and has a strong leadership position in the plastics industry. Our products include:

- a wide variety of disposable medical products, including wound care and closure products, syringes and needles, sutures and surgical staplers, products used for vascular therapy and respiratory care, infant medical accessories, incontinence products, anesthetic supplies, electrosurgical instruments and laparoscopic instruments; and

- polyethylene film and film products such as flexible plastic packaging, plastic bags and sheeting, coated and laminated packaging materials, tapes and adhesives, plastic garment hangers and pipeline coatings for the oil, gas and water distribution industries.

TYCO HEALTHCARE GROUP

The Tyco Healthcare Group consists of five primary business units including Kendall Healthcare, Tyco Healthcare International, U.S. Surgical Corporation, ValleyLab and Mallinckrodt.

Kendall Healthcare manufactures and markets worldwide a broad range of needles, syringes, electrodes and wound care, specialized paper and film, vascular therapy, urological care, incontinence care and other nursing care products to hospitals and to alternate site healthcare customers. Its Confab unit sells store brand baby diapers and incontinence and feminine hygiene products through retail outlets in the United States and Canada.

Kendall Healthcare distributes its products in the United States through its own sales force and through a network of more than 250 independent distributors. Kendall Healthcare is the industry leader in gauze products with its Kerlix-Registered Trademark- and Curity-Registered Trademark- brand dressings. Kendall Healthcare's other core product category consists of its vascular therapy products, principally anti-embolism stockings, marketed under the T.E.D.-Registered Trademark- brand name, sequential pneumatic compression devices sold under the SCD-Registered Trademark- brand name and a venous plexus foot pump. Kendall Healthcare pioneered the pneumatic compression form of treatment and continues to be the leading participant in the pneumatic compression and elastic stocking segments of the vascular therapy market.

Kendall Healthcare is also an industry leader in the adult incontinence market serving the acute care, long-term care and retail markets. It offers a complete line of disposable adult briefs, underpads and other related products.

The Kendall-LTP division, which includes Graphic Controls, manufactures and sells a variety of disposable medical products, specialized paper and film
products. These include medical electrodes and gels for monitoring and diagnostic tests and hydrogel wound care products, which are used primarily in critical care, physical therapy and rehabilitative departments in hospitals. Graphic Controls also sells operating room kits, sharps containers and other operating room related products.

Tyco Healthcare International is responsible for the manufacturing, marketing, distribution and export of the Tyco Healthcare Group products outside of the United States. Tyco Healthcare International markets directly to hospitals and medical professionals, as well as through independent distributors, with a presence in more than 75 countries. Although the mix of product lines offered varies from country to country, its operations are organized primarily into three geographic regions: Europe, Latin America and the Asia-Pacific region.

U.S. Surgical, a leader in innovative wound closure products and laparoscopic instrumentation, develops, manufactures and markets its products to hospitals throughout the world. Its products include surgical staplers, sutures and disposable laparoscopic instrumentation, in addition to numerous other products used in surgical and medical specialties including spine surgery, cardiovascular surgery, cancer biopsies and orthopedic surgery. The acquisition of Innerdyne, Inc. in December 2000 expanded our product line and complemented existing products and services. Innerdyne manufactures and distributes patented radial dilating access devices used in minimally invasive medical surgical procedures.

ValleyLab is a leading manufacturer and marketer of electrosurgical and ultrasonic surgical products used in open and minimally invasive surgical procedures. Additional product lines relate to radio frequency energy and vessel sealing technology.

During Fiscal 2001, we acquired Mallinckrodt Inc., a global company whose products are used primarily for respiratory care, diagnostic imaging and pain relief. Mallinckrodt is the leader in the global respiratory care market, alternate care market, diagnostic imaging, and bulk pharmaceuticals markets. Mallinckrodt's products are sold to hospitals and alternate care sites, clinical laboratories, pharmaceutical manufacturers and other customers on a worldwide basis.

Tyco Healthcare's competitors include Johnson & Johnson, Becton Dickinson, and Smith and Nephew, among others.

In May 2001, we entered into an agreement to acquire C.R. Bard, Inc., a multinational developer, manufacturer and marketer of healthcare products used for vascular, urological and oncological diagnosis and intervention, as well as surgical specialties. The acquisition has been approved by Bard shareholders but is still contingent on regulatory clearance under United States anti-trust laws.

**TYCO PLASTICS AND ADHESIVES**

Tyco Plastics & Adhesives consists of Tyco Plastics, A&E Products, Tyco Adhesives and Ludlow Coated Products.

Tyco Plastics manufactures polyethylene-based films, packaging products, bags and sheeting in a wide range of size, gauge, strength, stretch capacity, clarity and color. Tyco Plastics' products include: Ruffies-Registered Trademark-, a national brand consumer trash bag sold to mass merchants, grocery chains and other retail outlets, and Film-Gard-Registered Trademark-, a leading plastic sheeting product sold to consumers and professional contractors through do-it-yourself outlets, home improvement centers and hardware stores. A wide range of Film-Gard products are
sold for various uses, including painting, renovation, construction, landscaping and agriculture. Tyco Plastics sells its products directly to retailers for resale, to distributors for resale or directly to end-users. Tyco Plastics competes with other nationally recognized brands and also many smaller regional producers on the basis of price, delivery, breadth of product line and specialized product capabilities. Manufacturing facilities are located throughout the United States to ensure proper customer service and competitive transportation costs.

A&E Products manufactures and sells garment hangers throughout the world and associated apparel products and packing materials to garment manufacturers and merchants in the Americas. The majority of A&E Products’ clientele are garment manufacturers, national, regional and local retailers, as well as merchants. In addition to the manufacturing and selling of new hangers, A&E Products also operates hanger-recycling facilities in the United States and Europe. Used hangers are bought from various retailers; they are then sorted, processed and repackaged for sale back to the general marketplace.

The Tyco Adhesives division manufactures and markets specialty adhesive products and tapes for industrial applications, including external corrosion protection products for oil, gas and water pipelines. Tyco Adhesives also produces duct, foil, strapping, packaging and electrical tapes and spray adhesives for industrial and consumer markets worldwide and manufactures cloth and medical tapes for Tyco Healthcare and others. Products are sold under the Polyken-Registered Trademark-, Nashua Tape-Registered Trademark-, Raychem-Registered Trademark-, Betham-Registered Trademark- and National-TM- brand names.

Ludlow Coated Products produces protective packaging and other materials made of coated or laminated combinations of paper, polyethylene and foil. Ludlow markets its laminated and coated products through its own sales force and through independent manufacturers' representatives. Ludlow competes with many large manufacturers of laminated and coated products on the basis of price, service, marketing coverage and custom application engineering. It has various specialized competitors in different markets.

IV. TYCO CAPITAL

Through its Tyco Capital subsidiaries, Tyco is a leading source of financing and leasing capital for many of today's leading industries. Tyco Capital’s services include:

- commercial financing and leasing--offering equipment, commercial factoring and structured financing; and

- specialty financing and leasing--consumer lending and retail sales and vendor financing.

On June 1, 2001, Tyco acquired The CIT Group, Inc. ("CIT"), an independent commercial finance company, now Tyco Capital Corporation. The Tyco Capital segment represents Tyco Capital Corporation and all its subsidiaries and reflects their results of operations from June 2, 2001. In addition, Tyco Capital includes certain international subsidiaries that were sold by Tyco Capital Corporation to a non-U.S. subsidiary of Tyco on September 30, 2001. Tyco Capital Corporation and its subsidiaries will continue to operate and report their consolidated results separately as a wholly-owned unit of Tyco. We refer you to the Transition Report on Form 10-K for the period ended September 30, 2001 of Tyco Capital Corporation for a more detailed description of the business.

Tyco Capital's commercial lending and leasing businesses are diverse and offer a wide range of financing and leasing products to small, midsize and
larger companies across a wide variety of industries, including: manufacturing, retailing, transportation, aerospace, construction, technology, communication and various service related industries. Tyco Capital offers direct loans and leases, operating leases, leveraged and single investor leases, secured revolving lines of credit and term loans, credit protection, accounts receivable collection, import and export financing, debtor-in-possession, turnaround financing, and acquisition and expansion financing. Tyco Capital's commercial financing and leasing activities are carried out in the following business divisions: Equipment Financing and Leasing, Specialty Finance, Commercial Finance and Structured Finance. Tyco Capital's Specialty Finance segment also conducts a consumer lending business consisting primarily of home equity lending to consumers, originated largely through a network of brokers and correspondents.

EQUIPMENT FINANCING AND LEASING

Equipment Financing and Leasing offers secured equipment financing and leasing products, including loans, leases, wholesale and retail financing for distributors and manufacturers, loans guaranteed by the U.S. Small Business Administration, operating leases, sale and leaseback arrangements, portfolio acquisitions, municipal leases, revolving lines of credit and in-house syndication capabilities. Equipment Financing and Leasing is a diversified, middle market, secured equipment lender with a global presence and strong North American marketing coverage. Products are originated through direct calling on customers and through relationships with manufacturers, dealers, distributors and intermediaries that have leading or significant marketing positions in their respective industries.

The Capital Finance group within equipment financing and leasing specializes in providing customized leasing and secured financing primarily to end-users of commercial aircraft and railcars, including operating leases, single investor leases, equity portions of leveraged leases, sale and leaseback arrangements, as well as loans secured by equipment. Typical Capital Finance customers are middle-market to larger-sized companies. New business is generated through direct calling efforts supplemented with transactions introduced by intermediaries and other referral sources. Capital Finance has provided financing to commercial airlines for over 30 years. The Capital Finance aerospace portfolio includes most of the leading U.S. and foreign commercial airlines, with a fleet of approximately 200 aircraft having an average life of approximately nine years.

SPECIALTY FINANCE

Specialty Finance product lines include vendor programs, consumer home equity and certain small-ticket commercial financing and leasing assets.

Vendor alliances are with industry-leading equipment vendors, including manufacturers, dealers and distributors delivering customized asset-based sales and financing solutions in a wide array of vendor programs. These alliances allow Specialty Finance's vendor partners to better utilize core competencies, reduce capital needs and drive incremental sales volume. As part of the vendor alliances, credit financing to the manufacturer's customers for the purchase or lease of the manufacturer's products is offered, and enhanced sales tools are offered to manufacturers and vendors, such as asset management services, efficient loan processing, and real-time credit adjudication. Specialty Finance has significant vendor programs in information technology and telecommunications equipment and serves many other industries through its global network.

Consumer finance offers both fixed and variable-rate, closed-end loans and variable-rate lines of credit. It originates, purchases and services loans secured by first or second liens primarily on detached, single-family residential properties. Customers borrow for the purpose of consolidating debts,
refinancing an existing mortgage, funding home improvements, paying education expenses and, to a lesser extent, purchasing a home, among other reasons. Specialty Finance originates loans primarily through brokers and correspondents with a high proportion of home equity applications processed electronically over the internet via BrokerEdge. Through experienced lending professionals and automation, Specialty Finance provides rapid turnaround time from application to loan funding, a characteristic considered to be critical by its broker relationships.

COMMERCIAL FINANCE

Tyco Capital conducts the Commercial Finance operations through two strategic business units, Commercial Services and Business Credit, both of which focus on providing working capital for commercial enterprises via lending arrangements collateralized by accounts receivable and inventories.

Commercial Services offers a full range of U.S. and non-U.S. customized credit protection, lending and outsourcing services that include working capital and term loans, factoring, receivable management outsourcing, bulk purchases of accounts receivable, import and export financing and letter of credit programs. Financing is provided to clients through the purchase of accounts receivable owed to clients by their customers, as well as by guaranteeing amounts due under letters of credit issued to the clients' suppliers, which are collateralized by accounts receivable and other assets. The purchase of accounts receivable is traditionally known as "factoring" and results in the payment by the client of a factoring fee which is commensurate with the underlying degree of credit risk and recourse, and which is generally a percentage of the factored receivables or sales volume. Clients use Commercial Services' products and services for various purposes, including improving cash flow, mitigating the risk of charge-offs, increasing sales and improving management information. Further, with the TotalSource(SM) product, clients can outsource bookkeeping, collection and other receivable processing activities. Commercial Services generates business regionally from a variety of sources, including direct calling efforts and referrals from existing clients and other sources.

Business Credit offers revolving and term loans secured by accounts receivable, inventories and fixed assets to smaller through larger-sized companies. Through its variable interest rate senior revolving and term loan products, Business Credit meets its customers' financing needs that are otherwise not met through bank or other unsecured financing alternatives, including expansion and turnaround financing and debtor-in-possession arrangements. Business Credit typically structures financing on a secured basis, though, from time to time, it may look to a customer's cash flow to support a portion of the credit facility. Business Credit has focused on increasing the proportion of direct business origination to improve its ability to capture or retain refinancing opportunities and to enhance finance income. Business is originated through direct calling efforts and intermediary and referral sources, as well as through sales and regional offices.

STRUCTURED FINANCE

Structured Finance operates internationally through locations in the United States, Canada and Europe. Structured Finance provides specialized investment banking services to the international corporate finance and institutional finance markets by providing asset-based financing for large-ticket asset acquisitions and project financing and related advisory services to equipment manufacturers, corporate clients, regional airlines, governments and public sector agencies. Communications, transportation, and the power and utilities sectors are among the industries that Structured Finance serves.
Structured Finance also arranges financing transactions for its lending partners, and, in some cases, participates in the transactions by taking on a debt or equity interest. Structured Finance currently has investments in emerging growth enterprises in the information technology, communications, life science and consumer products industries.

SECURITIZATION PROGRAM

Tyco Capital funds most of its assets on balance sheet by accessing various sectors of the capital markets, including the commercial paper and term debt markets. In an effort to broaden funding sources and to provide an additional source of liquidity, Tyco Capital has in place an array of programs to access both the public and private asset-backed securitization markets. Current products in these programs include receivables and leases secured by equipment and consumer loans secured by residential real estate. Under a typical asset-backed securitization, Tyco Capital sells a "pool" of secured loans or leases to a special-purpose entity, typically a trust. The special-purpose entity, in turn, issues certificates and/or notes that are collateralized by the pool and entitle the holders thereof to participate in certain pool cash flows. Tyco Capital retains the servicing of the securitized contracts, for which it earns a servicing fee. Tyco Capital also participates in certain "residual" cash flows (cash flows after payment of principal and interest to certificate and/or note holders, servicing fees and other credit-related disbursements). At the date of securitization, Tyco Capital estimates the "residual" cash flows to be received over the life of the securitization, records the present value of these cash flows based on current market rates as a retained interest in the securitization (retained interests can include bonds issued by the special-purpose entity, cash reserve accounts on deposit in the special-purpose entity or interest-only receivables) and typically recognizes a gain.

COMPETITION

Tyco Capital's markets are highly competitive and are characterized by competitive factors that vary based upon product and geographic region. Competitors include captive and independent finance companies, commercial banks and thrift institutions, industrial banks, leasing companies, manufacturers and vendors with global reach. Substantial financial services operations with global reach have been formed by bank holding, leasing, finance and insurance companies that compete with Tyco Capital. On a local level, community banks and smaller independent finance and mortgage companies are a competitive force. Some competitors have substantial local market positions. Many of Tyco Capital's competitors are large companies that have substantial capital, technological and marketing resources. Some of these competitors are larger than Tyco Capital and may have access to capital at a lower cost. Competition had been enhanced in recent years by a strong economy and growing marketplace liquidity, although during 2001 the economy has slowed and marketplace liquidity has tightened. The markets for most of Tyco Capital's products are characterized by a large number of competitors, although there continues to be consolidation in the industry. However, with respect to some products, competition is more concentrated.

Tyco Capital competes primarily on the basis of pricing, terms and structure. From time to time, Tyco Capital's competitors seek to compete aggressively on the basis of these factors. Other primary competitive factors include industry experience, client service and relationships.

The amount of business done with companies in particular industries, such as the commercial airlines industry, will be affected by the economic conditions in those industries.

REGULATION
Tyco Capital's operations are subject, in certain instances, to supervision and regulation by state, federal and various foreign governmental authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions, which, among other things, (i) regulate credit granting activities, including establishing licensing requirements, if any, in applicable jurisdictions, (ii) establish maximum interest rates, finance charges and other charges, (iii) regulate customers' insurance coverages, (iv) require disclosures to customers, (v) govern secured transactions, (vi) set collection, foreclosure, repossession and claims handling procedures and other trade practices, (vii) prohibit discrimination in the extension of credit and administration of loans, and (viii) regulate the use and reporting of information related to a borrower's credit experience. In addition to the foregoing, CIT Online Bank, a Utah industrial loan corporation wholly owned by Tyco Capital, is subject to regulation and examination by the Federal Deposit Insurance Corporation and the Utah Department of Financial Institutions.

BACKLOG

At September 30, 2001, we had a backlog of unfilled orders of $10,999.1 million, compared to a backlog of $10,418.2 million as of September 30, 2000. We expect that approximately 76% of our backlog at September 30, 2001 will be filled during Fiscal 2002. Backlog by reportable industry segment is as follows ($ in millions):

<table>
<thead>
<tr>
<th>Industry Segment</th>
<th>September 30, 2001</th>
<th>September 30, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire and Security Services</td>
<td>$ 8,010.9</td>
<td>$ 4,888.3</td>
</tr>
<tr>
<td>Electronics</td>
<td>1,943.9</td>
<td>2,497.1</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>865.9</td>
<td>2,941.7</td>
</tr>
<tr>
<td>Healthcare and Specialty Products</td>
<td>178.4</td>
<td>91.1</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Total</td>
<td>$10,999.1</td>
<td>$10,418.2</td>
</tr>
</tbody>
</table>

Backlog for Fire and Security Services includes recurring "revenue in force," which represents one year's fees for security monitoring and maintenance services under contract. The amount of backlog as of September 30, 2000 has been restated to include recurring revenue in force at that date of $2,203.4 million. The amount of recurring revenue in force at September 30, 2001 is $3,099.6 million. Within the Fire and Security Services segment, backlog increased due to the following: the deferral of $1,453.5 million of net revenue as a result of the adoption of SEC Staff Accounting Bulletin No. 101 ("SAB 101"), an increase in services contracts of the security business, an increase in contract bookings at Tyco Infrastructure and, to a lesser extent, the effect of acquisitions.

Within the Electronics segment, backlog decreased due to the cancellation and/or delay of orders by customers in certain end-markets, such as the computer and consumer electronics and communications industries. The decrease in backlog within the Telecommunications segment reflects generally the downturn in the telecommunications industry and specifically a decrease in third-party contracts for undersea communications systems, partially offset by contracts signed for capacity sales on the TGN. In addition, a $710.5 million contract previously booked was removed from backlog pending customer financing. The increase in backlog in Healthcare and Specialty Products
is due to the deferral of $71.6 million of net revenue as a result of the adoption of SAB 101. Backlog in the Healthcare and Specialty Products segment represents unfilled orders which, in the nature of the business, are normally shipped shortly after purchase orders are received. We do not view backlog in the healthcare industry to be a significant indicator of the level of future sales activity.

**PROPERTIES**

Our operations are conducted in facilities throughout the world aggregating approximately 89.5 million square feet of floor space, of which approximately 49.6 million square feet are owned and approximately 39.9 million square feet are leased. These facilities house manufacturing, distribution and warehousing operations, as well as sales and marketing, engineering and administrative offices.

The Electronics segment has manufacturing facilities in North America, Central and South America, Europe, Asia and Australia. TyCom has manufacturing and storage facilities in the United States, St. Croix, the United Kingdom, Curacao, Guam and Spain. The groups occupy approximately 48.0 million square feet, of which 30.3 million square feet are owned and 17.7 million square feet are leased.

Within the Fire and Security Services segment, the fire protection contracting and service business operates through a network of offices located in North America, Central America, South America, Europe, the Middle East and Asia-Pacific regions. Fire protection components are manufactured at locations in North America, the United Kingdom, Germany, Australia, New Zealand and South Korea. The electronic security services business operates through a network of monitoring centers and sales and service offices and other properties in North America, Europe, the Asia-Pacific region, Latin America and South Africa. The environmental services business operates through a network of offices throughout North America. The Fire and Security Services segment occupies approximately 10.7 million square feet, of which 2.7 million square feet are owned and 8.0 million square feet are leased.

The Healthcare and Specialty Products segment has manufacturing facilities in North America, Europe and Asia. The group occupies approximately 21.3 million square feet, of which 13.2 million square feet are owned and 8.1 million square feet are leased.

Tyco Capital conducts its operations in the United States, Canada, Europe, Latin America, Australia and the Asia-Pacific region. Tyco Capital occupies approximately 2.7 million square feet of office space, substantially all of which is leased.

In the opinion of management, our properties and equipment generally are in good operating condition and are adequate for our present needs. We do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. See Note 22 to Consolidated Financial Statements for a description of our rental obligations.

**RESEARCH AND DEVELOPMENT**

The amounts expended for Tyco-sponsored research and development during Fiscal 2001, Fiscal 2000, and Fiscal 1999 were $572.0 million, $527.5 million and $450.5 million, respectively. Customer-funded research and development expenditures were $40.4 million, $18.6 million and $4.6 million, respectively.

Approximately 5,600 full-time scientists, engineers and other technical personnel are engaged in our product research and development activities.
Research activity at Tyco Electronics focuses specifically on new product development and a continuous expansion of technical capabilities. Tyco Healthcare focuses on technologies to complement existing product lines and applying expertise to refine and successfully commercialize such products and technologies and on acquiring rights to new products. Research activity in the Fire and Security Services segment is related to improvements in hydraulic design which controls the motion of fluids, resulting in new sprinkler devices and flow control products.

RAW MATERIALS

We are one of the largest buyers of steel and plastic resin in the United States. We are also large buyers of copper, brass, plastic, gold, polyethylene resin and film, polypropylene, electronic components, chemicals and additives, thin and flexible copper clad materials, paper, ink, foil, adhesives, cloth, wax, pulp and cotton. Certain of the components used in the Fire Protection business, principally certain valves and fittings, are purchased for installation in fire protection systems or for distribution. Our electronic security systems are purchased from suppliers and are manufactured to our specification. Materials are purchased from a large number of independent sources around the world. There have been no shortages in materials which have had a material adverse effect on our businesses.

PATENTS AND TRADEMARKS

We own a portfolio of patents, which principally relate to electrical and electronic products, healthcare and specialty products, fire protection devices, electronic security systems, flow control products, pipe and tubing manufacture, and cable manufacture. We also own a portfolio of trademarks and are a licensee under various patents. Although these have been of value and are expected to continue to be of value in the future, in the opinion of management the loss of any single patent or group of patents would not materially affect the conduct of the business in any of our segments. The patents and licenses have remaining lives of from one to twenty years.

EMPLOYEES

Tyco employed approximately 242,500 people at September 30, 2001, of which approximately 108,700 are employed in the United States and 133,800 are outside the United States. We have collective bargaining agreements with labor unions covering approximately 54,400 employees at certain of our North American, European and Asia-Pacific businesses. We believe that our relations with the labor unions and with our employees are generally satisfactory. In April 1994, following lengthy negotiations, contracts between our Grinnell subsidiary and a number of local unions affiliated with the United Association of Plumbers and Pipefitters were not renewed. Employees in those locations, representing 64 percent of Grinnell Fire Protection's North American union employees at the time, went on strike. The strike ended in January 2001. Grinnell has reinstated relevant terms of the expired collective bargaining agreement and has resumed negotiations with the local unions over a new agreement. Grinnell is currently participating in a proceeding to determine what payments are necessary to compensate certain employees for losses they may have suffered as a result of changes in their wages and benefits that Grinnell implemented in 1994. The action has not had, and is not expected to have, any material adverse effect on our business or results of operations.

ENVIRONMENTAL MATTERS

We make a substantial effort to operate our facilities in compliance with laws relating to the protection of the environment. Compliance has not had and is not expected to have a material adverse effect upon our capital expenditures, earnings or competitive position.
We believe that, consistent with applicable laws and regulations, we exercise due care and take appropriate precautions in the management of wastes. We have received notification from the United States Environmental Protection Agency, and from certain state environmental agencies, that conditions at a number of sites where we and others disposed of hazardous wastes require cleanup and other possible remedial action.

We also have a number of projects underway at several of our manufacturing facilities in order to comply with environmental laws. These projects relate to a variety of activities, including solvent and metal contamination clean up and oil spill equipment upgrades and replacement. These projects, some of which are voluntary and some of which are required under applicable law, involve both remediation expenses and capital improvements. In addition, we remain responsible for certain environmental issues at manufacturing locations sold by us.

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. Based upon our experience with the foregoing environmental matters, we have concluded that there is at least a reasonable possibility that we will incur remedial costs in the range of $186.0 million to $492.1 million. As of September 30, 2001, we concluded that the best estimate within this range is $268.5 million, of which $206.2 million is included in accrued expenses and other current liabilities and $62.3 million is included in other long-term liabilities on the Consolidated Balance Sheet. The increase in the environmental remediation reserve at September 30, 2001 compared to the $68.3 million reserve at September 30, 2000 is due to the acquisition of Mallinckrodt. In view of our financial position and reserves for environmental matters of $268.5 million, we have concluded that any potential payment of such estimated amounts will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. See Item 3. "Business--Legal Proceedings" for a description of a pending legal proceeding regarding alleged Clean Water Act violations involving Tyco Printed Circuit Group.

ITEM 2. PROPERTIES

See Item 1. "Business--Properties" for information relating to the Company's owned and leased properties.

ITEM 3. LEGAL PROCEEDINGS

SECURITIES LITIGATION

Beginning on December 9, 1999, Tyco and two Tyco executive officers were named as defendants in thirty-eight substantially identical class action lawsuits that were filed in various Federal courts seeking damages on account of alleged violations of the securities laws in connection with Tyco's financial disclosures concerning certain mergers and acquisitions and Tyco's accounting therefor. All of the cases have been consolidated for pretrial purposes before the United States District Court for the District of New Hampshire.

The Court has selected lead plaintiffs. A Second Amended Class Action Complaint and Jury Trial Demand was filed on November 2, 2000, purporting to name two additional Tyco officers and a Tyco Director as defendants. In the Second Amended Complaint, plaintiffs seek certification of a class of persons who purchased or acquired Tyco securities during the period from October 1, 1998 through December 8, 1999, as well as certification of certain subclasses. The plaintiffs seek money damages and/or rescission. Tyco and the other defendants have moved to dismiss the Second Amended Complaint, but the Court has not as yet ruled on the motion.
TYCOM (US) INC./GLOBAL CROSSING ARBITRATION AND LITIGATION

TyCom (US) Inc. (formerly known as Tyco Submarine Systems Ltd.), a subsidiary of Tyco, was named as the respondent in an arbitration proceeding that was commenced on May 22, 2000, by Atlantic Crossing Ltd., GT Hauling Corp., GT U.K. Ltd., Global Telesystems GmbH, and GT Netherlands BV (all subsidiaries of Global Crossing Ltd.) under the international rules of the American Arbitration Association, asserting claims for breach of duty of loyalty and breach of three agreements between the parties relating to the Atlantic Crossing-1 subsea cable system; TyCom (US) Inc. asserted counterclaims for breach of those agreements. TyCom (US) Inc. was also named as the defendant in an action brought in the United States District Court for the Southern District of New York on May 22, 2000, by Global Crossing Ltd. and its subsidiary South American Crossing (Subsea) Ltd., alleging that in connection with the development of a South American subsea cable system to be owned by South American Crossing (Subsea) Ltd., TyCom (US) Inc. misappropriated trade secrets, committed fraud, breached several alleged agreements and defamed South American Crossing (Subsea) Ltd.; TyCom (US) Inc. asserted counterclaims for breach of contract. On October 4, 2001, the parties to the arbitration and the litigation entered into a settlement agreement, pursuant to which the arbitration proceeding was terminated with prejudice by Stipulation of Termination dated October 5, 2001, and the litigation was terminated with prejudice by Stipulation of Dismissal dated October 5, 2001.

TYCO PRINTED CIRCUIT GROUP

In June 2001, Tyco Printed Circuit Group ("TPCG"), a Tyco subsidiary in the Electronics segment, was advised by the office of the U.S. Attorney for the District of Connecticut that TPCG is the target of a federal grand jury investigation concerning alleged Clean Water Act violations at one or more of TPCG's Connecticut manufacturing plants. TPCG also understands that employees at one of these plants are subjects of the investigation, and that the alleged violations relate to violations of applicable permits. Tyco management does not believe that the investigation will have a material impact on the financial condition of Tyco and its subsidiaries, taken as a whole. TPCG is cooperating fully in the investigation.

See also the discussions under Item 1. "Business--Environmental Matters."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON SHARES AND RELATED SECURITY HOLDER MATTERS

The number of registered holders of Tyco's common shares at November 7, 2001 was 45,854.

Tyco common shares are listed and traded on the New York Stock Exchange ("NYSE") and the Bermuda Stock Exchange under the symbol "TYC," and on the London Stock Exchange under the symbol "TYI." The following table sets forth the high and low sales prices per Tyco common share as reported by the NYSE, and the dividends paid on Tyco common shares, for the quarterly periods presented below. The price and dividends for Tyco common shares have been restated to reflect a two-for-one stock split on October 21, 1999 in the form of a 100% stock dividend.
ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial information of Tyco as at and for the fiscal years ended September 30, 2001, 2000, 1999 and 1998 and the nine-month fiscal period ended September 30, 1997. This selected financial information should be read in conjunction with Tyco's Consolidated Financial Statements and related notes. The selected financial data reflect the combined results of operations and financial position of Tyco, AMP Incorporated, United States Surgical Corporation, Former Tyco (as defined in Note 7 below), Keystone International, Inc. and Inbrand Corporation restated for all periods presented pursuant to the pooling of interests method of accounting. See Notes 1 and 3 to the Consolidated Financial Statements.

Consolidated Statements of Operations Data:

<table>
<thead>
<tr>
<th></th>
<th>FISCAL 2001</th>
<th></th>
<th>FISCAL 2000</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MARKET PRICE RANGE</td>
<td>DIVIDEND PER COMMON</td>
<td>MARKET PRICE RANGE</td>
<td>DIVIDEND PER COMMON</td>
</tr>
<tr>
<td></td>
<td>HIGH</td>
<td>LOW</td>
<td>SHARE</td>
<td>HIGH</td>
</tr>
<tr>
<td>First......................</td>
<td>$58.8750</td>
<td>$44.5000</td>
<td>$0.0125</td>
<td>$53.8750</td>
</tr>
<tr>
<td>Second.....................</td>
<td>65.2100</td>
<td>41.4000</td>
<td>0.0125</td>
<td>53.2500</td>
</tr>
<tr>
<td>Third......................</td>
<td>59.3000</td>
<td>40.1500</td>
<td>0.0125</td>
<td>51.3750</td>
</tr>
<tr>
<td>Fourth.....................</td>
<td>55.2900</td>
<td>39.2400</td>
<td>0.0125</td>
<td>59.1875</td>
</tr>
</tbody>
</table>

-------                              -------
$0.0500                              $0.0500
=======                              =======

Consolidated Balance Sheet Data (End of Period):

<table>
<thead>
<tr>
<th></th>
<th>YEAR ENDED SEPTEMBER 30,</th>
<th>NINE MONTHS ENDED SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>--------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Consolidated Statements of Operations Data:</td>
<td>$ 36,388.5</td>
<td>$30,691.9</td>
</tr>
<tr>
<td>Total revenues(1).................</td>
<td>4,671.1</td>
<td>4,520.1</td>
</tr>
<tr>
<td>Income (loss) from continuing operations..................</td>
<td>2.59</td>
<td>2.68</td>
</tr>
<tr>
<td>Income (loss) from continuing operations per common share(8):</td>
<td>2.55</td>
<td>2.64</td>
</tr>
<tr>
<td>Basic................................</td>
<td>2.55</td>
<td>2.64</td>
</tr>
<tr>
<td>Diluted............................</td>
<td>2.59</td>
<td>2.68</td>
</tr>
<tr>
<td>Cash dividends per common share(8)........................</td>
<td>See (9) below.</td>
<td></td>
</tr>
</tbody>
</table>

Consolidated Balance Sheet Data (End of Period):

<table>
<thead>
<tr>
<th></th>
<th>YEAR ENDED SEPTEMBER 30,</th>
<th>NINE MONTHS ENDED SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets..............</td>
<td>$111,287.3</td>
<td>$40,404.3</td>
</tr>
<tr>
<td>Long-term debt............</td>
<td>38,243.1</td>
<td>9,461.8</td>
</tr>
<tr>
<td>Mandatorily redeemable preferred securities..................</td>
<td>260.0</td>
<td>--</td>
</tr>
<tr>
<td>Shareholders' equity........</td>
<td>31,737.4</td>
<td>17,033.2</td>
</tr>
</tbody>
</table>

---

(1) In fiscal 2001, we changed our revenue recognition accounting policy to conform with the requirements of Staff Accounting Bulletin No. 101 issued by the Staff of the Securities and Exchange Commission, as more fully described in Note 18 to the Consolidated Financial Statements.
(2) Income from continuing operations in the fiscal year ended September 30, 2001 includes a net charge of $418.5 million, of which $184.9 million is included in cost of revenue, for restructuring and other non-recurring charges, a charge for the write-off of in-process research and development of $184.3 million and charges of $120.1 million for the impairment of long-lived assets. See Notes 2, 16 and 21 to the Consolidated Financial Statements. Income from continuing operations for the fiscal year ended September 30, 2001 also includes a net gain on sale of businesses and investments of $276.6 million and a net gain on the sale of common shares of a subsidiary of $64.1 million.

(3) Income from continuing operations in the fiscal year ended September 30, 2000 includes a net charge of $176.3 million, of which $1.0 million is included in cost of revenue, for restructuring and other non-recurring charges, and charges of $99.0 million for the impairment of long-lived assets. See Notes 16 and 21 to the Consolidated Financial Statements. Income from continuing operations for the fiscal year ended September 30, 2000 also includes a one-time pre-tax gain of $1,760.0 million related to the sale by a subsidiary of its common shares. See Note 20 to the Consolidated Financial Statements.

(4) Income from continuing operations in the fiscal year ended September 30, 1999 is net of charges of $1,035.2 million for merger, restructuring and other non-recurring charges, of which $106.4 million is included in cost of revenue, and charges of $507.5 million for the impairment of long-lived assets related to the mergers with U.S. Surgical and AMP and AMP's profit improvement plan. See Notes 16 and 21 to the Consolidated Financial Statements.

(5) Income from continuing operations in the fiscal year ended September 30, 1998 is net of charges of $80.5 million related primarily to costs to exit certain businesses in U.S. Surgical's operations and restructuring charges of $12.0 million related to the continuing operations of U.S. Surgical. In addition, AMP recorded restructuring charges of $185.8 million in connection with its profit improvement plan and a credit of $21.4 million to restructuring charges representing a revision of estimates related to its 1996 restructuring activities.

(6) In September 1997, Tyco changed its fiscal year end from December 31 to September 30. Accordingly, the nine-month transition period ended September 30, 1997 is presented.

(7) In July 1997, a wholly-owned subsidiary of what was formerly called ADT Limited ("ADT") merged with Tyco International Ltd., a Massachusetts Corporation at the time ("Former Tyco"). Upon consummation of the merger, ADT (the continuing public company) changed its name to Tyco International Ltd. Former Tyco became a wholly-owned subsidiary of the Company and changed its name to Tyco International (US) Inc. ("Tyco US"). Income from continuing operations in the nine months ended September 30, 1997 is net of charges related to merger, restructuring and other non-recurring costs of $917.8 million and impairment of long-lived assets of $148.4 million related primarily to the mergers and integration of ADT, Former Tyco, Keystone, and Inbrand, and charges of $24.3 million for litigation and other related costs and $5.8 million for restructuring charges in U.S. Surgical's operations. The results for the nine months ended September 30, 1997 also include a charge of $361.0 million for the write-off of purchased in-process research and development related to the acquisition of the submarine systems business of AT&T Corp.

(8) Per share amounts have been retroactively restated to give effect to the mergers with Former Tyco, Keystone, Inbrand, U.S. Surgical and AMP; a 0.48133 reverse stock split (1.92532 after giving effect to the subsequent
stock splits) effected on July 2, 1997; and two-for-one stock splits on October 22, 1997 and October 21, 1999, both of which were effected in the form of a stock dividend.

(9) Tyco has paid a quarterly cash dividend of $0.0125 per common share since July 2, 1997, the date of the Former Tyco/ADT merger. Prior to the merger with ADT, Former Tyco had paid a quarterly cash dividend of $0.0125 per share of common stock since January 1992. ADT had not paid any dividends on its common shares since 1992. U.S. Surgical paid quarterly dividends of $0.04 per share in the year ended September 30, 1998 and the nine months ended September 30, 1997. AMP paid dividends of $0.27 per share in the first two quarters of the year ended September 30, 1999, $0.26 per share in the first quarter and $0.27 per share in the last three quarters of the year ended September 30, 1998, $0.26 per share in each of the three quarters of the nine months ended September 30, 1997. The payment of dividends by Tyco in the future will depend on business conditions, Tyco's financial condition and earnings and other factors.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

See Management's Discussion and Analysis of Financial Condition and Results of Operations which appears on pages 91 to 113 of this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Management's Discussion and Analysis of Financial Condition and Results of Operations which appears on pages 91 to 113 of this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements and schedule are filed as part of this Annual Report:

Financial Statements:

Report of Independent Accountants

Consolidated Balance Sheets--September 30, 2001 and 2000


Consolidated Statements of Shareholders' Equity for the fiscal years ended September 30, 2001, 2000 and 1999


Notes to Consolidated Financial Statements

Financial Statement Schedule:

Schedule II--Valuation and Qualifying Accounts

All other financial statements and schedules have been omitted since the information required to be submitted has been included in the consolidated financial statements and related notes or because they are either not applicable or not required under the rules of Regulation S-X.

See Notes to Consolidated Financial Statements for Summarized Quarterly Financial Data ( unaudited).
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the Directors and Executive Officers of the Registrant is hereby incorporated by reference to the Registrant's definitive proxy statement which will be filed with the Commission within 120 days after the close of the fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is hereby incorporated by reference to the Registrant's definitive proxy statement which will be filed with the Commission within 120 days after the close of the fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning security ownership of certain beneficial owners and management is hereby incorporated by reference to the Registrant's definitive proxy statement which will be filed with the Commission within 120 days after the close of the fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions is hereby incorporated by reference to the Registrant's definitive proxy statement which will be filed with the Commission within 120 days after the close of the fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) and (2) Financial Statements and Schedules--see Item 8.

(b) Reports on Form 8-K


Current Report on Form 8-K filed on August 3, 2001 announcing the proposed acquisition of Sensormatic Electronics Corporation.

Current Report on Form 8-K filed on August 16, 2001 to include, as an exhibit, the unaudited Consolidated Financial Statements of The CIT Group, Inc. and subsidiaries as of June 30, 2001 and December 31, 2000 and for the six months ended June 30, 2001 and 2000, and to include, as an exhibit, Tyco and CIT unaudited pro forma combined financial information for the nine months ended June 30, 2001 and for the year ended September 30, 2000.

(c) Exhibits
<table>
<thead>
<tr>
<th></th>
<th>Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Agreement and Plan of Merger, dated June 28, 2000, by and among Tyco Acquisition Corp. VI (NV), EVM Merger Corp. and Mallinckrodt Inc. (Incorporated by reference to the Registrant's Form S-4 filed July 12, 2000).</td>
</tr>
</tbody>
</table>
2.3 Amendment No. 1 dated December 29, 2000 to Agreement for the Purchase and Sale of Assets, dated November 13, 2000, by and between Lucent Technologies and Tyco Group S.à.r.l. (Filed herewith).

2.4 Agreement and Plan of Merger dated March 12, 2001, by and between Tyco Acquisition Corp. XIX (NV) and The CIT Group, Inc., including guarantee of Tyco International Ltd. (Incorporated by reference to the Registrant's Form S-4 filed March 29, 2001).

2.5 Agreement and Plan of Merger dated May 29, 2001, by and between Tyco Acquisition Corp. XXII (NV) and C.R. Bard, Inc., including guarantee of Tyco International Ltd. (Incorporated by reference to the Registrant's Form S-4 filed June 15, 2001).

2.6 Agreement and Plan of Merger dated August 3, 2001 by and between Tyco Acquisition Corp. XXIV (NV) and Sensormatic Electronic Corporation, including guarantee of Tyco International Ltd. (Incorporated by reference to the Registrant's Prospectus filed August 23, 2001).

2.7 Agreement and Plan of Amalgamation dated October 18, 2001, by and between TGN Holdings, Ltd. and TyCom Ltd., including guarantee of Tyco International Ltd. (Incorporated by reference to the Registrant's Form S-4 filed October 23, 2001).


4.2 Form of Indenture dated as of September 24, 1998 by and between Tyco Capital Corporation (formerly known as The CIT Group, Inc.) and Bank One Trust Company, N.A., as trustee, for the issuance of unsecured and subordinated debt securities (Incorporated by reference to an Exhibit to CIT's Form S-3 filed September 24, 1998).

4.3 Form of Indenture dated as of September 24, 1998 by and between Tyco Capital Corporation (formerly known as The CIT Group, Inc.) and The Bank of New York, as trustee, for the issuance of unsecured and unsubordinated debt securities (Incorporated by reference to an Exhibit to CIT's Form S-3 filed September 24, 1998).

4.4 Form of Indenture dated as of September 24, 1998 by and between Tyco Capital Corporation (formerly known as The CIT Group, Inc.) and The Bank of New York, as trustee, for the issuance of unsecured and senior subordinated debt securities (Incorporated by reference to an Exhibit to CIT's Form S-3 filed September 24, 1998).

4.5 Certain instruments defining the rights of holders of TIG’s and TIL’s long-term debt, none of which authorize a total amount of indebtedness in excess of 10% of the total assets of TIL and its subsidiaries on a consolidated basis, have not been filed in exhibits. TIL agrees to furnish a copy of these agreements to the Commission upon request.

4.6 Indenture by and among TIG, Tyco, and State Street Bank and Trust Company, as trustee, dated as of February 12, 2001 relating to Zero Coupon Convertible Debentures due 2021. (Incorporated by reference to an Exhibit to the Registrant's and TIG's Co-Registration on Form S-3 filed March 16, 2001).

4.7 364-Day Credit Agreement dated as of February 7, 2001 among TIG, Tyco, the banks named therein and The Chase Manhattan Bank, as Agent (Incorporated by reference to an Exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 filed May 11, 2001).
<Table>

4.8 Amendment No. 1 dated May 25, 2001 among TIG, Tyco, the banks named therein and The Chase Manhattan Bank, as Agent, relating to the 364-Day Credit Agreement dated February 7, 2001 (Filed herewith).


4.10 Five-year Credit Agreement dated as of February 7, 2001 among TIG, Tyco, the Banks named therein and The Chase Manhattan Bank, as Agent (Incorporated by reference to an Exhibit to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 filed May 11, 2001).

4.11 Amendment No. 1 dated May 25, 2001 among TIG, Tyco, the banks named therein and The Chase Manhattan Bank, as Agent, relating to the Five-year Credit Agreement dated February 7, 2001 (Filed herewith).

10.1 The Tyco International Ltd. Long Term Incentive Plan (formerly known as the ADT 1993 Long-Term Incentive Plan) (as amended May 12, 1999) (Incorporated by reference to the Registrant's Form S-8 filed on June 10, 1999).*

10.2 1981 Key Employee Loan Program (Incorporated by reference to Former Tyco's Form 10-K for the year ended May 31, 1982).*

10.3 1983 Restricted Stock Ownership Plan for Key Employees (Incorporated by reference to Former Tyco Shareholders' Proxy Statement for Annual Meeting of Shareholders on October 18, 1983).*

10.4 1983 Key Employee Loan Program, as amended December 9, 1993 (Incorporated by reference to Former Tyco's Form 10-K for the year ended June 30, 1994).*

10.5 1994 Restricted Stock Ownership Plan for Key Employees (Incorporated by reference to the Registrant's Form S-8 filed on December 21, 1999).*

10.6 Tyco International Ltd. Supplemental Executive Retirement Plan (Incorporated by reference to Former Tyco's Form 10-K for the year ended June 30, 1995).*

10.7 The Tyco International Ltd. Long Term Incentive Plan II (Incorporated by reference to the Registrant's Form S-8 filed March 25, 1999).*

10.8 Retention Agreement for L. Dennis Kozlowski dated January 22, 2001 and Amendment thereto dated August 1, 2001 (Filed herewith).*

10.9 Retention Agreement for Mark H. Swartz dated January 22, 2001 and Amendment thereto dated August 1, 2001 (Filed herewith).*

10.10 Retention Agreement for Albert R. Gamper, Jr. dated March 12, 2001 (Filed herewith).*

21.1 Subsidiaries of the registrant (Filed herewith).

23.1 Consent of PricewaterhouseCoopers (Filed herewith).
</Table>

* Management contract or compensatory plan.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on
its behalf by the undersigned, thereunto duly authorized.

Date: December 28, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on December 28, 2001 in the capacities indicated below.

<table>
<thead>
<tr>
<th>NAME</th>
<th>TITLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ L. DENNIS KOZLOWSKI</td>
<td>Chairman of the Board, Chief Executive Officer, President and Director (Principal Executive Officer)</td>
</tr>
<tr>
<td>L. Dennis Kozlowski</td>
<td></td>
</tr>
<tr>
<td>/s/ LORD ASHCROFT KCMG</td>
<td>Director</td>
</tr>
<tr>
<td>Lord Ashcroft KCMG</td>
<td></td>
</tr>
<tr>
<td>/s/ JOSHUA M. BERMAN</td>
<td>Director</td>
</tr>
<tr>
<td>Joshua M. Berman</td>
<td></td>
</tr>
<tr>
<td>/s/ RICHARD S. BODMAN</td>
<td>Director</td>
</tr>
<tr>
<td>Richard S. Bodman</td>
<td></td>
</tr>
<tr>
<td>/s/ JOHN F. FORT</td>
<td>Director</td>
</tr>
<tr>
<td>John F. Fort</td>
<td></td>
</tr>
<tr>
<td>/s/ STEPHEN W. FOSS</td>
<td>Director</td>
</tr>
<tr>
<td>Stephen W. Foss</td>
<td></td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Shareholders of Tyco International Ltd.

In our opinion, based upon our audits, the accompanying consolidated balance sheets and the related consolidated statements of operations, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Tyco International Ltd. and its subsidiaries at September 30, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2001, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 18, the Company changed its method of revenue recognition and changed its method of accounting for derivative instruments and hedging activities.

PRICER WATERHOUSECOOPERS
Hamilton, Bermuda
October 18, 2001, except as to Note 31
which is as of December 18, 2001

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CONsolidated Balance Sheets
(IN MILLIONS, EXCEPT SHARE DATA)

<table>
<thead>
<tr>
<th></th>
<th>TYCO INTERNATIONAL LTD.</th>
<th>TYCO INDUSTRIAL</th>
<th>TYCO CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 2,587.2</td>
<td>$ 1,264.8</td>
<td>$ 1,779.2</td>
</tr>
<tr>
<td>Receivables, less allowance for doubtful accounts (550.4 at September 30, 2001 and $442.1 at September 30, 2000 consolidated)</td>
<td>7,372.5</td>
<td>5,630.4</td>
<td>6,453.2</td>
</tr>
<tr>
<td>Inventories</td>
<td>5,101.3</td>
<td>3,845.1</td>
<td>5,101.3</td>
</tr>
<tr>
<td>Finance receivables, net.</td>
<td>31,386.5</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Construction in progress--TyCom Global Network</td>
<td>1,643.8</td>
<td>111.1</td>
<td>1,643.8</td>
</tr>
<tr>
<td>TyCom Global Network placed in service, net</td>
<td>698.6</td>
<td>--</td>
<td>698.6</td>
</tr>
<tr>
<td>Property, plant and equipment (including equipment leased to others), net</td>
<td>16,473.9</td>
<td>8,218.4</td>
<td>9,970.3</td>
</tr>
<tr>
<td>Investment in Tyco Capital</td>
<td>--</td>
<td>10,599.0</td>
<td>--</td>
</tr>
<tr>
<td>Goodwill and other intangible assets, net</td>
<td>35,310.4</td>
<td>16,332.6</td>
<td>28,740.3</td>
</tr>
<tr>
<td>Other assets</td>
<td>8,190.4</td>
<td>3,786.1</td>
<td>3,616.7</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>2,522.7</td>
<td>1,215.8</td>
<td>2,420.6</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$111,287.3</td>
<td>$40,404.3</td>
<td>$71,022.6</td>
</tr>
</tbody>
</table>

LIABILITIES AND SHAREHOLDERS' EQUITY

Loans payable and current maturities of long-term debt | $18,873.6 | $1,537.2 | $2,023.0 | $1,537.2 | $17,050.6 |
| Accounts payable | 4,145.9 | 3,291.9 | 3,692.6 | 3,291.9 | 460.9 |
| Accrued expenses and other current liabilities | 10,599.5 | 5,138.9 | 7,019.0 | 5,138.9 | 3,600.3 |
| Long-term debt | 38,243.1 | 9,461.8 | 19,596.0 | 9,461.8 | 18,647.1 |
| Other long-term liabilities | 3,477.4 | 1,095.3 | 3,081.9 | 1,095.3 | 395.5 |
| Income taxes | 1,922.7 | 1,650.3 | 1,845.0 | 1,650.3 | 77.7 |
| Deferred income taxes | 1,726.3 | 852.2 | 1,726.3 | 852.2 | -- |
| TOTAL LIABILITIES | 78,988.5 | 23,027.6 | 38,983.8 | 23,027.6 | 40,232.1 |

Commitments and Contingencies (Note 22)

Mandatorily redeemable preferred securities | 260.0 | -- | -- | -- | 260.0 |
| Minority interest | 301.4 | 343.5 | 301.4 | 343.5 | -- |
| Shareholders' Equity:
  Preference shares | -- | -- | -- | -- | -- |
  Common shares (1,355,464,840 and 1,684,511,070 shares outstanding in 2001 and 2000, respectively) | 387.1 | 336.9 | 387.1 | 336.9 | -- |
| Capital in excess:
  Share premium | 7,962.8 | 5,233.3 | 7,962.8 | 5,233.3 | -- |
  Contributed surplus | 12,561.3 | 2,786.3 | 12,561.3 | 2,786.3 | 10,422.4 |
  Accumulated earnings | 12,305.7 | 8,427.6 | 12,305.7 | 8,427.6 | 252.4 |
  Accumulated other comprehensive (loss) income | (1,479.5) | 249.1 | (1,479.5) | 249.1 | (76.8) |
| TOTAL SHAREHOLDERS' EQUITY | 31,737.4 | 17,033.2 | 31,737.4 | 17,033.2 | 10,598.0 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $111,287.3 | $40,404.3 | $71,022.6 | $40,404.3 | $51,090.1 |

See Notes to Consolidated Financial Statements and, in particular, see Note 1 for definitions of Tyco Industrial and Tyco Capital.
## CONSOLIDATED STATEMENTS OF OPERATIONS

(IN MILLIONS, EXCEPT PER SHARE DATA)

<table>
<thead>
<tr>
<th></th>
<th>TYCO INTERNATIONAL LTD. AND CONSOLIDATED SUBSIDIARIES</th>
<th>TYCO INDUSTRIAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FOR THE YEAR</td>
<td>FOR THE YEAR</td>
</tr>
<tr>
<td></td>
<td>FOR THE PERIOD JUNE 2 ENDED SEPTEMBER 30,</td>
<td>ENDED SEPTEMBER 30,</td>
</tr>
<tr>
<td></td>
<td>--- ---                                               --- --- --- --- --- --- --- --- ---</td>
<td></td>
</tr>
</tbody>
</table>

### REVENUES

- **Net revenue**
  - 1999: $22,496.5
  - 2001: $34,036.6
  - 2000: $28,931.9
  - 1999: $22,496.5
  - 2001: $34,036.6
  - 2000: $28,931.9

- **Finance income**
  - 1999: 1,676.3
  - 2001: 1,676.5
  - 2000: --

- **Other income**
  - 1999: 334.9
  - 2001: 335.1
  - 2000: --

- **Earnings of Tyco Capital**
  - 1999: --
  - 2001: --
  - 2000: --

- **Net gain on sale of common shares of subsidiary**
  - 1999: 64.1
  - 2000: 1,760.0
  - 2001: --

- **Net gain on sale of businesses and investments**
  - 1999: --
  - 2000: 276.6
  - 2001: --

### COSTS AND EXPENSES

- **Cost of revenue**
  - 1999: 14,433.1
  - 2001: 20,950.3
  - 2000: 17,931.2

- **Selling, general, administrative and other costs and expenses**
  - 1999: 4,436.3
  - 2001: 5,252.0
  - 2000: 7,208.4

- **Interest and other financial charges, net**
  - 1999: 485.6
  - 2001: 597.1

- **Provision for credit losses**
  - 1999: --
  - 2001: 116.1

- **Merger, restructuring and other non-recurring charges, net**
  - 1999: 928.8
  - 2001: 233.6

- **Write-off of purchased in-process research and development**
  - 1999: --

- **Charges for the impairment of long-lived assets**
  - 1999: --

### INCOME BEFORE INCOME TAXES, MINORITY INTEREST,

- **Total revenues**
  - 1999: 22,496.5
  - 2001: 34,036.6
  - 2000: 28,931.9

- **Total costs and expenses**
  - 1999: 20,791.3
  - 2001: 30,186.4
  - 2000: 24,227.1

---

Disclosure Page 31
### EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before extraordinary items and cumulative effect of accounting changes</td>
<td>4,671.1</td>
<td>4,520.1</td>
<td>1,067.7</td>
<td>4,671.1</td>
<td>4,520.1</td>
<td>1,067.7</td>
</tr>
<tr>
<td>Extraordinary items, net of tax</td>
<td>(17.1)</td>
<td>(0.2)</td>
<td>(45.7)</td>
<td>(17.1)</td>
<td>(0.2)</td>
<td>(45.7)</td>
</tr>
<tr>
<td>Cumulative effect of accounting changes, net of tax</td>
<td>(683.4)</td>
<td>--</td>
<td>(683.4)</td>
<td>--</td>
<td>(683.4)</td>
<td>--</td>
</tr>
<tr>
<td>Net income</td>
<td>$3,970.6</td>
<td>$4,519.9</td>
<td>$1,022.0</td>
<td>$3,970.6</td>
<td>$4,519.9</td>
<td>$1,022.0</td>
</tr>
</tbody>
</table>

### BASIC EARNINGS PER COMMON SHARE:

- Income before extraordinary items and cumulative effect of accounting changes: $2.59
- Extraordinary items, net of tax: $(0.01)
- Cumulative effect of accounting changes, net of tax: $(0.38)
- Net income: $2.20

### DILUTED EARNINGS PER COMMON SHARE:

- Income before extraordinary items and cumulative effect of accounting changes: $2.55
- Extraordinary items, net of tax: $(0.01)
- Cumulative effect of accounting changes, net of tax: $(0.37)
- Net income: $2.17

### WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:

- Basic: 1,806.9
- Diluted: 1,831.6

See Notes to Consolidated Financial Statements and, in particular, see Note 1 for definitions of Tyco Industrial and Tyco Capital.
### TYCO INTERNATIONAL LTD BERMUDA - 10-K

#### Filing Date: 09/30/01

<table>
<thead>
<tr>
<th></th>
<th>3Q-2000</th>
<th>4Q-2000</th>
<th>Total Comprehensive Income</th>
<th>4Q-2000 Comprehensive Income:</th>
</tr>
</thead>
<tbody>
<tr>
<td>BALANCE AT SEPTEMBER 30, 1998</td>
<td>$324.1</td>
<td>$4,035.0</td>
<td>$2,584.0</td>
<td>$3,162.6</td>
</tr>
<tr>
<td>Net income..............</td>
<td>1,022.0</td>
<td>$1,022.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency translation adjustment</td>
<td>(258.3)</td>
<td>(258.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain on marketable securities...........</td>
<td>12.6</td>
<td>12.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimum pension liability adjustment..................</td>
<td>(0.5)</td>
<td>(0.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income...........</td>
<td>$775.8</td>
<td>$775.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Exchange of ADT Liquid Yield Option:**

| Notes........................ | 1.6      | 70.7     |                            |                            |

| Dividends.................... | (192.3)  |          |                            |                            |

| Restricted stock grants, net of surrenders........... | 0.2      | 13.2     |                            |                            |

| Warrants and options exercised....................... | 8.2      | 846.5    |                            |                            |

| Repurchase of common shares by subsidiary............... | (2.5)    | (635.3)  |                            |                            |

| Amortization of deferred compensation.............. | 92.1     |          |                            |                            |

| Issuance of common shares for acquisitions............ | 6.4      | 1,448.4  |                            |                            |

| Tax benefit on stock transactions...               | 15.2     |          |                            |                            |

| Other adjustments.................................. | 1.6      |          |                            |                            |

| BALANCE AT SEPTEMBER 30, 1999 | 338.0    | 4,811.5  | 3,607.6                    | 2,786.3                    |

| Net income.............. | 4,519.9  | $4,519.9 |                           |                            |
| Currency translation adjustment | (384.0) |  (384.0) |                           |                            |
| Unrealized gain on marketable securities............. | 1,075.7  | 1,075.7  |                           |                            |
| Minimum pension liability adjustment................ | 7.5      |          |                            |                            |
| Total comprehensive income........... | $5,219.1 |          |                           |                            |

**Exchange of ADT Liquid Yield Option:**

| Notes........................ | 0.4      | 16.0     |                            |                            |

| Dividends.................... | (84.6)   |          |                            |                            |

| Restricted stock grants, net of surrenders........... | 0.6      | 0.4      |                            |                            |

| Options exercised..................... | 3.5      | 351.8    |                            |                            |

| Repurchase of common shares by subsidiary............... | (8.7)    | (1,876.4)|                            |                            |

| Equity-related compensation expense, including amortization of deferred compensation............. | 128.2    |          |                            |                            |

| Issuance of common shares for acquisitions............ | 3.1      | 668.3    |                            |                            |

| Tax benefit on stock transactions...               | 125.7    |          |                            |                            |

| Assumption of options in acquisitions................ | 116.5    |          |                            |                            |

| BALANCE AT SEPTEMBER 30, 2000 | 336.9    | 5,233.3  | 2,768.3                    | 2,491.6                    |

| Net income.............. | 3,970.6  | $3,970.6 |                           |                            |
| Currency translation adjustment | (199.7) |  (199.7) |                           |                            |
| Unrealized gain on derivative instruments............ | (1,202.2)| (1,202.2)|                           |                            |
| Unrealized loss on derivative instruments............ | (65.7)   |  (65.7)  |                           |                            |
| Minimum pension liability adjustment................ | (261.0)  | (261.0)  |                           |                            |
| Total comprehensive income........... | $2,242.0 |          |                           |                            |

**Sale of common shares...**

| 7.8      | 2,188.8 |

**Exchange of ADT Liquid Yield Option:**

| Notes........................ | 0.1      | 5.8      |                            |                            |

| Dividends.................... | (82.5)   |          |                            |                            |

| Restricted stock grants, net of surrenders........... | 0.5      | 0.2      |                            |                            |

| Options and warrants exercised........................ | 4.3      | 540.7    |                            |                            |

| Repurchase of common shares by subsidiary............... | (5.0)    | (1,321.1)|                            |                            |

| Equity-related compensation expense, including amortization of deferred compensation............. | 107.7    |          |                            |                            |

| Issuance of common shares for acquisitions............ | 42.3     | 10,711.7 |                            |                            |

**Other adjustments.................................. | 1.6      |          |                            |                            |

**Currency translation adjustment...**

| (258.3)  | (258.3) | (258.3)  | (258.3)                   |

**Net income........................ | 3,970.6  | $3,970.6 |                           |                            |

**Comprehensive income:**

| BALANCE AT SEPTEMBER 30, 1998 | $324.1   | $4,035.0 | $2,584.0                  | $3,162.6                    |

| BALANCE AT SEPTEMBER 30, 1999 | 338.0    | 4,811.5  | 3,607.6                    | 2,786.3                    |

| BALANCE AT SEPTEMBER 30, 2000 | 336.9    | 5,233.3  | 2,768.3                    | 2,491.6                    |

| BALANCE AT SEPTEMBER 30, 1998 | $324.1   | $4,035.0 | $2,584.0                  | $3,162.6                    |

| BALANCE AT SEPTEMBER 30, 1999 | 338.0    | 4,811.5  | 3,607.6                    | 2,786.3                    |

| BALANCE AT SEPTEMBER 30, 2000 | 336.9    | 5,233.3  | 2,768.3                    | 2,491.6                    |
### BALANCE AT SEPTEMBER 30, 2001

<table>
<thead>
<tr>
<th></th>
<th>$387.1</th>
<th>$7,962.8</th>
<th>$12,561.3</th>
<th>$12,305.7</th>
<th>($1,479.5)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,022.0</td>
<td>$12,305.7</td>
<td>$12,305.7</td>
<td>$12,305.7</td>
<td>$12,305.7</td>
</tr>
</tbody>
</table>

See Notes to Consolidated Financial Statements.

## CONсолIDATED STATEMENTS OF CASH FLOWS

**IN MILLIONS**

### TYCO INTERNATIONAL LTD.

#### FOR THE YEAR ENDED SEPTEMBER 30, 2001

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flows from Operating Activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$3,970.6</td>
<td>$4,519.9</td>
<td>$1,022.0</td>
<td>$3,970.6</td>
<td>$4,519.9</td>
<td>$1,022.0</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings retained by Tyco Capital</td>
<td>--</td>
<td>--</td>
<td>(252.5)</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Merger, restructuring and other non-recurring charges (credits), net</td>
<td>145.2</td>
<td>(84.2)</td>
<td>327.7</td>
<td>145.2</td>
<td>(84.2)</td>
<td>327.7</td>
</tr>
<tr>
<td>Write-off of purchased in-process research and development</td>
<td>184.3</td>
<td>--</td>
<td>--</td>
<td>184.3</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Charges for the impairment of long-lived assets</td>
<td>120.1</td>
<td>99.0</td>
<td>507.5</td>
<td>120.1</td>
<td>99.0</td>
<td>507.5</td>
</tr>
<tr>
<td>Cumulative effect of accounting changes</td>
<td>683.4</td>
<td>--</td>
<td>683.4</td>
<td>--</td>
<td>683.4</td>
<td></td>
</tr>
<tr>
<td>Minority interest in net income of consolidated subsidiaries</td>
<td>51.1</td>
<td>18.7</td>
<td>--</td>
<td>47.5</td>
<td>18.7</td>
<td></td>
</tr>
<tr>
<td>Net gain on sale of businesses and investments</td>
<td>(276.6)</td>
<td>--</td>
<td>(276.6)</td>
<td>--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain on sale of common shares of subsidiary</td>
<td>(64.1)</td>
<td>--</td>
<td>(64.1)</td>
<td>--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sale of financing assets</td>
<td>(119.1)</td>
<td>--</td>
<td>(119.1)</td>
<td>--</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sale of common shares by subsidiary</td>
<td>--</td>
<td>(1,760.0)</td>
<td>--</td>
<td>(1,760.0)</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,704.6</td>
<td>1,095.0</td>
<td>979.6</td>
<td>1,243.1</td>
<td>1,095.0</td>
<td>979.6</td>
</tr>
<tr>
<td>Goodwill and other intangible assets amortization</td>
<td>957.3</td>
<td>549.4</td>
<td>331.6</td>
<td>897.5</td>
<td>549.4</td>
<td>331.6</td>
</tr>
<tr>
<td>Debt and refinancing cost amortization</td>
<td>108.4</td>
<td>6.8</td>
<td>10.4</td>
<td>108.4</td>
<td>6.8</td>
<td>10.4</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>382.6</td>
<td>507.8</td>
<td>351.6</td>
<td>219.0</td>
<td>507.8</td>
<td>351.6</td>
</tr>
<tr>
<td>Provisions for losses on accounts receivable, inventory and credit losses</td>
<td>709.6</td>
<td>354.3</td>
<td>211.5</td>
<td>593.5</td>
<td>354.3</td>
<td>211.5</td>
</tr>
<tr>
<td>Other non-cash items</td>
<td>11.8</td>
<td>60.0</td>
<td>26.6</td>
<td>81.8</td>
<td>60.0</td>
<td>26.6</td>
</tr>
<tr>
<td>Changes in assets and liabilities, net of the effects of acquisitions and divestitures:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>(443.1)</td>
<td>(992.4)</td>
<td>(796.0)</td>
<td>(434.1)</td>
<td>(992.4)</td>
<td>(796.0)</td>
</tr>
<tr>
<td>Proceeds from accounts receivable sale</td>
<td>192.8</td>
<td>100.0</td>
<td>50.0</td>
<td>490.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>(678.8)</td>
<td>(850.0)</td>
<td>(124.4)</td>
<td>(678.8)</td>
<td>(850.0)</td>
<td>(124.4)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(352.3)</td>
<td>129.1</td>
<td>488.1</td>
<td>121.2</td>
<td>129.1</td>
<td>488.1</td>
</tr>
<tr>
<td>Accounts payable, accrued expenses and other liabilities</td>
<td>(910.7)</td>
<td>496.8</td>
<td>269.9</td>
<td>(551.1)</td>
<td>496.8</td>
<td>269.9</td>
</tr>
<tr>
<td>Income taxes</td>
<td>370.7</td>
<td>896.4</td>
<td>10.2</td>
<td>370.7</td>
<td>896.4</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(91.5)</td>
<td>129.1</td>
<td>488.1</td>
<td>(94.2)</td>
<td>128.4</td>
<td>488.1</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>6,665.3</td>
<td>5,275.0</td>
<td>3,549.8</td>
<td>6,925.5</td>
<td>5,275.0</td>
<td>3,549.8</td>
</tr>
</tbody>
</table>

### CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net decrease in debt and refinancing cost amortization</td>
<td>1,051.6</td>
<td>--</td>
<td>--</td>
<td>1,051.6</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Proceeds from accounts receivable sale</td>
<td>(1,794.3)</td>
<td>(1,703.8)</td>
<td>(1,623.5)</td>
<td>(1,797.5)</td>
<td>(1,703.8)</td>
<td>(1,623.5)</td>
</tr>
<tr>
<td>Construction in progress — TyCom Global Network</td>
<td>(2,247.7)</td>
<td>(111.1)</td>
<td>--</td>
<td>(2,247.7)</td>
<td>(111.1)</td>
<td></td>
</tr>
<tr>
<td>Purchase of leased property (Note 3)</td>
<td>--</td>
<td>--</td>
<td>234.0</td>
<td>--</td>
<td>234.0</td>
<td></td>
</tr>
<tr>
<td>Acquisition of businesses, net of cash acquired</td>
<td>(6,964.6)</td>
<td>(4,790.7)</td>
<td>(4,901.2)</td>
<td>(11,851.0)</td>
<td>(4,790.7)</td>
<td>(4,901.2)</td>
</tr>
<tr>
<td>Disposal of property, plant and equipment sold</td>
<td>904.4</td>
<td>74.4</td>
<td>926.8</td>
<td>904.4</td>
<td>74.4</td>
<td>926.8</td>
</tr>
<tr>
<td>Capital contribution</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>(675.0)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net (increase) decrease in investments</td>
<td>(142.8)</td>
<td>(353.4)</td>
<td>10.5</td>
<td>(142.8)</td>
<td>(353.4)</td>
<td></td>
</tr>
</tbody>
</table>

## TYCO INTERNATIONAL LTD.

Filing Date: 09/30/01
Other..................................      (177.2)      (52.9)      (13.7)      (177.2)      (52.9)      (13.7)            --
----------   ---------   ---------   ----------   ---------   ---------     ----------
Net cash (used in) provided by investing activities............   (11,638.6)   (6,937.5)   (5,844.1)   (15,986.8)   (6,937.5)   (5,844.1)       1,219.0
----------   ---------   ---------   ----------   ---------   ---------     ----------
CASH FLOWS FROM FINANCING ACTIVITIES:
Net proceeds from (repayments of) debt (Note 28)....................     5,255.6       680.4     2,943.8      8,535.6       680.4     2,943.8       (3,280.0)
Proceeds from sale of common shares............................    (2,196.6)      --       --      (2,196.6)      --       --             --
Dividends paid.............................................     (90.0)      (187.9)       (90.0)       (187.9)            --       --             --
Repurchase of common shares by subsidiary........................      (1,326.1)    (637.8)    (1,326.1)    (637.8)            --       --             --
Proceeds from sale of common shares by subsidiary................ (270.0)         --       (270.0)       --       --             --             --
Other..................................       (15.4)      (29.8)       (7.1)       (15.4)      (29.8)       (7.1)            --
----------   ---------   ---------   ----------   ---------   ---------     ----------
Net cash provided by (used in) financing activities..............     6,295.7     1,165.3     2,983.4      9,575.7     1,165.3     2,983.4       (2,605.0)
----------   ---------   ---------   ----------   ---------   ---------     ----------
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.............     1,322.4      (497.2)      689.1        514.4      (497.2)      689.1       (1,348.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD...................     1,264.8     1,762.0     1,072.9      1,264.8     1,762.0     1,072.9        2,156.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD........................  $  2,587.2   $ 1,264.8   $ 1,762.0   $  1,779.2   $ 1,264.8   $ 1,762.0     $    808.0
SUPPLEMENTARY CASH FLOW DISCLOSURE:
Interest paid..................................................  $ 1,549.4   $ 814.2   $ 509.1     $ 896.5   $ 814.2     $ 509.1     $    652.9
Income taxes paid (net of refunds).............................  $  754.3   $ 454.7   $ 209.7    $  722.9    $ 454.7    $ 209.7     $     31.4
See Notes to Consolidated Financial Statements

TYCO INTERNATIONAL LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION--The Consolidated Financial Statements include the consolidated accounts of Tyco International Ltd., a company incorporated in Bermuda ("Tyco"), and its subsidiaries (Tyco and all its subsidiaries, hereinafter "we" or the "Company") and have been prepared in United States dollars, unless indicated otherwise, in accordance with generally accepted accounting principles in the United States ("GAAP").

On June 1, 2001, a subsidiary of the Company acquired The CIT Group, Inc. ("CIT"), an independent commercial finance company, now Tyco Capital Corporation. The discussion and financial data presented herein are furnished separately for each of the following:

- Tyco Industrial--This represents Tyco and all its subsidiaries other than Tyco Capital, and includes the results of operations of Tyco Capital from June 2, 2001 on the equity method of accounting.

- Tyco Capital--This represents Tyco Capital Corporation and all its subsidiaries and reflects their results of operations from June 2, 2001. In addition, Tyco Capital includes certain international subsidiaries that were sold by Tyco Capital Corporation to a non-U.S. subsidiary of Tyco on September 30, 2001.

- Consolidated--This represents Tyco Industrial and Tyco Capital on a consolidated basis.

Disclosure Page 35
As described more fully in Note 3, subsidiaries of Tyco merged with United States Surgical Corporation ("U.S. Surgical") and AMP Incorporated ("AMP") on October 1, 1998 and April 2, 1999, respectively. These transactions are referred to herein as the "mergers." The Consolidated Financial Statements have been prepared following the pooling of interests method of accounting for the mergers and, therefore, reflect the combined financial position, operating results and cash flows of U.S. Surgical and AMP as if they had been subsidiaries of Tyco for all periods presented.

BUSINESS—the Company operates in the following business segments:

ELECTRONICS

Electronics' products and services include:

- designing, engineering and manufacturing of electronic connector systems, fiber optic components, wireless devices, heat shrink products, power components, wire and cable, relays, sensors, touch screens, smart card components, identification and labeling products, energy solutions, power products, switches and battery assemblies; and

- designing, manufacturing, installing, operating and maintaining undersea cable communications systems through our telecommunications subsidiary, TyCom Ltd. ("TyCom"), and selling bandwidth on our own cable network.

FIRE AND SECURITY SERVICES

Fire and Security Services' products and services include:

- designing, installing and servicing a broad line of fire detection, prevention and suppression systems, and manufacturing and servicing of fire extinguishers and related products;

- designing, installing, monitoring and maintaining electronic security systems;

- designing and manufacturing valves and related products; and

HEALTHCARE AND SPECIALTY PRODUCTS

Healthcare and Specialty Products include:

- a wide variety of disposable medical products, including wound care and closure products, syringes and needles, sutures and surgical staplers, products used for vascular therapy and respiratory care, infant medical accessories, incontinence products, anesthetic supplies, electrosurgical instruments and laparoscopic instruments; and

- polyethylene film and film products such as flexible plastic packaging, plastic bags and sheeting, coated and laminated packaging materials, tapes and adhesives, plastic garment hangers and pipeline coating for the oil, gas and water distribution industries.
TYCO CAPITAL

Tyco Capital's services include:
- commercial financing and leasing--offering equipment, commercial factoring and structured financing; and
- specialty financing and leasing--consumer lending and retail sales and vendor financing.

PRINCIPLES OF CONSOLIDATION--Tyco is a holding company whose assets consist of its investments in its subsidiaries, intercompany balances and holdings of cash and cash equivalents. The businesses of the consolidated group are conducted through Tyco's subsidiaries. The Company consolidates companies in which it owns or controls more than fifty percent of the voting shares unless control is likely to be temporary. The results of companies acquired or disposed of during the fiscal year are included in the Consolidated Financial Statements from the effective date of acquisition or up to the date of disposal, except in the case of mergers accounted for as poolings of interests (see Note 3). All significant intercompany balances and transactions have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS--All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

INVENTORIES--Inventories are recorded at the lower of cost (primarily first-in, first-out) or market value.

FINANCING AND LEASING ASSETS--Tyco Capital provides funding for a variety of financing arrangements, including term loans, lease financing and operating leases. The amounts outstanding on loans and leases are referred to as finance receivables. Financing and leasing assets consist of finance receivables, finance receivables held for sale, net book value of operating lease equipment and certain investments.

At the time of designation for sale, securitization or syndication, assets are classified as finance receivables held for sale, which are included in other assets on the Consolidated Balance Sheet. These assets are carried at the lower of aggregate cost or market value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHARGE-OFF OF FINANCE RECEIVABLES--Finance receivables are reviewed periodically to determine the probability of loss. Charge-offs are taken after considering such factors as the borrower's financial condition and the value of underlying collateral and guarantees (including recourse to dealers and manufacturers). Such charge-offs are deducted from the carrying value of the related finance receivables. To the extent that an unrecovered balance remains due, a final charge-off is taken at the time collection efforts are no longer deemed useful. Charge-offs are recorded on consumer and certain small ticket commercial finance receivables beginning at 180 days of contractual delinquency based upon historical loss severity.

PROPERTY, PLANT AND EQUIPMENT--Property, plant and equipment is recorded principally at cost less accumulated depreciation. Maintenance and repair expenditures are charged to expense when incurred. For the years ended September 30, 2001, 2000 and 1999, the Company capitalized interest of $76.3 million, $10.8 million and $8.7 million, respectively. The increase in capitalized interest is primarily due to construction of the TyCom Global
Network ("TGN"), which began during the last quarter of Fiscal 2000. The straight-line method of depreciation is used over the estimated useful lives of the related assets as follows:

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and related improvements</td>
<td>5 to 50 years</td>
</tr>
<tr>
<td>Leasehold improvements and equipment</td>
<td>Remaining term of the lease</td>
</tr>
<tr>
<td>Subscriber systems</td>
<td>10 to 14 years</td>
</tr>
<tr>
<td>Other plant, machinery, equipment and furniture and fixtures</td>
<td>2 to 25 years</td>
</tr>
<tr>
<td>TyCom Global Network</td>
<td>15 years</td>
</tr>
</tbody>
</table>

Equipment leased to others by Tyco Capital is also included in property, plant and equipment. Gains and losses arising on the disposal of property, plant and equipment are included in the Consolidated Statements of Operations and were not material.

GOODWILL AND OTHER INTANGIBLE ASSETS—Goodwill, net was $29,790.8 million and $13,723.0 million at September 30, 2001 and 2000, respectively. Accumulated amortization amounted to $1,556.5 million and $959.3 million at September 30, 2001 and 2000, respectively. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill associated with acquisitions consummated after June 30, 2001 is not being amortized. All other goodwill is being amortized on a straight-line basis over periods ranging from 10 to 40 years through September 30, 2001. See "ACCOUNTING PRONOUNCEMENTS" within Note 1 for more information on SFAS No. 142.

Other intangible assets, net were $5,519.6 million and $2,609.6 million at September 30, 2001 and 2000, respectively. These amounts include patents, trademarks, customer contracts and other items, which are being amortized on a straight-line basis over lives ranging from 2 to 40 years. At September 30, 2001 and 2000, accumulated amortization amounted to $885.3 million and $525.2 million, respectively.

INVESTMENTS—The Company accounts for its long-term investments that represent less than twenty percent ownership by adjusting the securities to market value at the end of each accounting period. Unrealized market gains and losses are charged to earnings if the securities are traded for short-term profit. Otherwise, such unrealized gains and losses are charged or credited to shareholders' equity unless an unrealized loss is deemed to be other than temporary, in which case such loss is charged to earnings. Management determines the proper classification of investments in debt obligations with fixed maturities and securities for which there is a readily determinable market value at the time of purchase and reevaluates such classifications as of each balance sheet date. Realized gains and losses on sales of investments, as determined on a specific identification basis, are included in the Consolidated Statements of Operations.

Other investments for which the Company does not have the ability to exercise significant influence and for which there is not a readily determinable market value are accounted for under the cost method of accounting. The Company periodically evaluates the carrying value of its investments accounted for under the cost method of accounting. At September 30, 2001 and 2000, such investments
were recorded at the lower of cost or estimated net realizable value.

For investments in which the Company owns or controls twenty percent or more of the voting shares, or over which it exerts significant influence over operating and financial policies, the equity method of accounting is used. The Company's share of net income or losses of equity investments is included in the Consolidated Statements of Operations and was not material in any period presented.

Investments are included in other assets on the Consolidated Balance Sheets.

LONG-LIVED ASSETS--The Company periodically evaluates the net realizable value of long-lived assets, including property, plant and equipment, relying on a number of factors including operating results, business plans, economic projections and anticipated future cash flows. An impairment in the carrying value of an asset is recognized when the fair value of the asset is less than its carrying value.

IMPAIRED LOANS--Impaired loans include primarily large loans that are placed on non-accrual status or any troubled debt restructuring. Loan impairment is defined as any shortfall between the estimated value and the recorded investment in the loan, with the estimated value determined using the fair value of the collateral, if the loan is collateral dependent, or the present value of expected future cash flows discounted at the loan's effective interest rate.

SEcuritizations--Pools of assets are originated and sold to independent trusts which, in turn, issue securities to investors backed by the asset pools. Tyco Capital retains the servicing rights and participates in certain cash flows from the pools. The present value of expected net cash flows that exceeds the estimated cost of servicing is recorded at the time of sale as a "retained interest." Tyco Capital's retained interests in securitized assets are included in other assets. Subsequent to the recording of retained interests, Tyco Capital reviews such values on an asset by asset basis at least as often as quarterly. Fair values of retained interests are calculated utilizing current and anticipated credit losses, prepayment speeds and discount rates and are then compared to the respective carrying values. Losses, representing the excess of carrying value over estimated current fair market value, are recorded as impairments and are recognized as a charge to operations. Unrealized gains are not credited to current earnings but are reflected in shareholders' equity as part of other comprehensive income.

SHARE PREMIUM AND CONTRIBUTED SURPLUS--In accordance with the Bermuda Companies Act of 1981, when Tyco issues shares for cash at a premium to their par value, the resulting premium is credited to a share premium account, a non-distributable reserve. When Tyco issues shares in exchange for shares of another company, the excess of the fair value of the shares acquired over the par value of the shares issued by Tyco is credited, where applicable, to contributed surplus, which is, subject to certain conditions, a distributable reserve.

REVENUE RECOGNITION--In December 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." In SAB 101, the SEC staff expressed its views regarding the appropriate recognition of revenue with respect to a variety of circumstances, some of which are relevant to the Company. As required, the Company adopted SAB 101 in the fourth quarter of
Fiscal 2001 retroactive to the beginning of the fiscal year and is now recognizing revenues from the installation of security systems and deferring the associated direct incremental costs over the estimated customer lives.

Revenue from the sale of products is recognized according to the terms of the sales arrangement, which is generally upon shipment. Revenue from the sale of services is recognized as services are rendered. Subscriber billings for services not yet rendered are deferred and taken into income as earned, and the deferred element is included in accrued expenses and other current liabilities or other long-term liabilities, as appropriate.

Contract sales for the installation of fire protection systems, underwater cable systems and other construction related projects are recorded on the percentage-of-completion method. Profits recognized on contracts in process are based upon estimated contract revenue and related cost to completion. 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.

At September 30, 2001, accounts receivable included retainage provisions of $100.7 million, of which $73.7 million remained unbilled. At September 30, 2000, accounts receivable included retainage provisions of $58.6 million, of which $2.0 million remained unbilled. These retention provisions relate primarily to fire protection and electronics contracts and become due upon contract completion and acceptance. Of the balance of $100.7 million at September 30, 2001, $44.7 million is expected to be collected during Fiscal 2002.

Finance income includes interest on loans, the accretion of income on direct financing leases, and rents on operating leases. Related origination and other nonrefundable fees and direct origination costs are deferred and amortized as an adjustment of finance income over the contractual life of the transactions. Income on finance receivables other than leveraged leases is recognized on an accrual basis commencing in the month of origination using methods that generally approximate the interest method. Leveraged lease income is recognized on a basis calculated to achieve a constant after-tax rate of return for periods in which Tyco Capital has a positive investment in the transaction, net of related deferred tax liabilities. Rental income on operating leases is recognized on an accrual basis.

The accrual of finance income on commercial and consumer finance receivables is generally suspended and an account is placed on non-accrual status when payment of principal or interest is contractually delinquent for 90 days or more, or earlier when, in the opinion of management, full collection of all principal and interest due is doubtful.

LEASE FINANCING--Direct financing leases are recorded at the aggregate future minimum lease payments plus estimated residual values less unearned finance income. Operating lease equipment is carried at cost less accumulated depreciation and is depreciated to estimated residual value using the straight-line method over the lease term or projected economic life of the asset. Equipment acquired in satisfaction of loans and subsequently placed on operating lease is recorded at the lower of carrying value or estimated fair value when acquired. Lease receivables include leveraged leases, for which a major portion of the funding is provided by third party lenders on a nonrecourse basis, with Tyco Capital providing the balance and acquiring title to the property. Leveraged leases are
recorded at the aggregate value of future minimum lease payments plus estimated residual value, less nonrecourse third-party debt and unearned finance income. Management performs periodic reviews of the estimated residual values with impairment, other than temporary, recognized in the current period.

RESERVE FOR CREDIT LOSSES ON FINANCE RECEIVABLES--The reserve for credit losses is periodically reviewed for adequacy considering economic conditions, collateral values and credit quality indicators, including historical and expected charge-off experience and levels of past due loans and non-performing assets. Changes in economic conditions or other events affecting specific obligors or industries may necessitate additions or deductions to the reserve for credit losses. In management's judgment the reserve for credit losses is adequate to provide for credit losses inherent in the portfolio.

INCOME TAXES--Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been reflected in the Consolidated Financial Statements. Deferred tax liabilities and assets are determined based on the differences between the book values and the tax bases of particular assets and liabilities, using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset any net 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.

RESEARCH AND DEVELOPMENT--Research and development expenditures are expensed when incurred and are included in cost of revenue.

ADVERTISING--Advertising costs are expensed when incurred and are included in selling, general, administrative and other costs and expenses.

SALE OF COMMON SHARES OF A SUBSIDIARY--Gains on the sale by a subsidiary of its common shares are included in the Consolidated Statement of Operations.

TRANSLATION OF FOREIGN CURRENCY--Assets and liabilities of the Company's subsidiaries operating outside the United States which account in a functional currency other than U.S. dollars, other than those operating in highly inflationary environments, are translated into U.S. dollars using year-end exchange rates. Revenues and expenses are translated at the average exchange rates effective during the year. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive (loss) income within shareholders' equity. For subsidiaries operating in highly inflationary environments, inventories and property, plant and equipment, including related expenses, are translated at the rate of exchange in effect on the date the assets were acquired, while other assets and liabilities are translated at year-end exchange rates. Translation adjustments for the assets and liabilities of these subsidiaries are included in net income.

Gains and losses resulting from foreign currency transactions, the amounts of which are not material, are included in net income.
the derivative and of the hedged item attributable to the hedged risk are recognized as a charge or credit to earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive (loss) income and are recognized in the Consolidated Statement of Operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized as a charge or credit to earnings.

The fair value estimates are based on relevant market information, including current interest rates, and information about the financial instrument, assuming adequate market liquidity. Fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of the financial instruments, and other factors.

The Company uses derivative instruments to manage exposures to foreign currency, commodity price, and interest rate risks. The Company's objectives for holding derivatives are to minimize these risks using the most effective methods to eliminate or reduce the impacts of these exposures. The Company documents relationships between hedging instruments and hedged items, and links derivatives designated as fair value, cash flow or foreign currency hedges to specific assets and liabilities on the Consolidated Balance Sheet or to specific firm commitments or forecasted transactions. The Company also assesses and documents, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows associated with the hedged items.

As part of managing the exposure to changes in market interest rates, the Company, as an end-user, enters into various interest rate swap transactions, all of which are transacted in over-the-counter markets, with other financial institutions acting as principal counterparties. To ensure both appropriate use as a hedge and hedge accounting treatment, all derivatives entered into are designated according to a hedge objective against specified liabilities including commercial paper, or a specifically underwritten debt issue. The Company's primary hedge objectives include the conversion of variable-rate liabilities to fixed rates, and the conversion of fixed-rate liabilities to variable rates. The derivatives associated with these objectives are classified as cash flow hedges and fair value hedges, respectively. The notional amounts, rates, indices and maturities of Tyco Capital's derivatives are required to closely match the related terms of Tyco Capital's hedged liabilities.

The Company's financial instruments present certain market and credit risks; however, concentration of credit risk is mitigated as Tyco deals with a variety of major banks worldwide and its accounts receivable are spread among a number of major industries, customers and geographic areas. None of the Company's financial instruments would result in a significant loss to the Company if a counterparty failed to perform according to the terms of its agreement. The Company does not require collateral or other security to be furnished by the counterparties to its financial instruments. The Company does, however, maintain reserves for potential credit losses on financial instruments.

USE OF ESTIMATES--The preparation of consolidated financial statements in conformity with GAAP requires management to make extensive use of estimates and assumptions that affect the reported

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<Page>

TYCO INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

amount of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant
estimates in these Consolidated Financial Statements include merger, restructuring and other non-recurring charges (credits), purchase accounting reserves, allowances for doubtful accounts receivable, reserve for credit losses, estimates of future cash flows associated with assets, asset impairments, useful lives for depreciation and amortization, loss contingencies, net realizable value of inventories, fair values of financial instruments, estimated contract revenues and related costs, environmental liabilities, income taxes and tax valuation reserves, and the determination of discount and other rate assumptions for pension and post-retirement employee benefit expenses. Actual results could differ from these estimates.

ACCOUNTING PRONOUNCEMENTS--In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. In addition, companies are required to review goodwill and intangible assets reported in connection with prior acquisitions, possibly disaggregate and report separately previously identified intangible assets and possibly reclassify certain intangible assets into goodwill. SFAS No. 142 establishes new guidelines for accounting for goodwill and other intangible assets. In accordance with SFAS No. 142, goodwill associated with acquisitions consummated after June 30, 2001 is not amortized. The Company implemented the remaining provisions of SFAS No. 142 on October 1, 2001. Since adoption, existing goodwill is no longer amortized but instead will be assessed for impairment at least annually. The Company is currently determining the impact of adopting this standard under the transition provisions of SFAS No. 142. Goodwill amortization expense for Fiscal 2001 was $597.2 million.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143, addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for fiscal years beginning after June 15, 2002. The Company is currently assessing the impact of this new standard.

In July 2001, the FASB issued SFAS No. 144, "Impairment or Disposal of Long-Lived Assets," which is effective for fiscal years beginning after December 15, 2001. The provisions of this statement provide a single accounting model for impairment of long-lived assets. The Company is currently assessing the impact of this new standard.

RECLASSIFICATIONS--Certain prior year amounts have been reclassified to conform with current year presentation.

STOCK SPLITS--Per share amounts and share data have been retroactively restated to give effect to the two-for-one stock split on October 21, 1999, effected in the form of a 100% stock dividend (see Note 13).

2. ACQUISITIONS AND DIVESTITURES

FISCAL 2001

During Fiscal 2001, the Company purchased businesses for an aggregate cost of $19,554.2 million, consisting of $8,800.2 million in cash, net of cash acquired, and the issuance of approximately 211.2 million common shares valued at $10,753.4 million, plus the fair value of options assumed of 37
$318.6 million. In addition, $894.4 million of cash was paid during the year for purchase accounting liabilities related to current and prior years' acquisitions, which includes approximately $105.7 million relating to purchase price adjustments and earn-out liabilities on certain acquisitions and $51.5 million in transaction costs paid related to the acquisition of CIT. The cash portions of the acquisition costs were funded utilizing net proceeds from the issuance of long-term debt and Tyco common shares and net proceeds from the disposal of businesses. Debt of acquired companies aggregated $40,643.2 million, including $39,050.9 million of debt of CIT. Each acquisition was accounted for as a purchase, and the results of operations of the acquired companies have been included in the Company's consolidated results from their respective acquisition dates.

In connection with these acquisitions, the Company recorded purchase accounting liabilities of $1,120.0 million for the costs of integrating the acquired companies and transaction costs. Details regarding these purchase accounting liabilities are set forth below. In Fiscal 2001, the Company spent a total of $9,694.6 million in cash related to the acquisition of businesses, consisting of $8,800.2 million of cash in purchase price for these businesses (net of cash acquired) plus $894.4 million of cash paid out during the year for purchase accounting liabilities related to current and prior years' acquisitions.

At the time each purchase acquisition is made, the Company records each asset acquired and each liability assumed at its estimated fair value, which amount is subject to future adjustment when appraisals or other valuation data are obtained. The excess of (i) the total consideration paid for the acquired company over (ii) the fair value of tangible and intangible assets acquired less liabilities assumed and purchase accounting liabilities recorded is recorded as goodwill. As a result of acquisitions completed in Fiscal 2001, and adjustments to the fair values of assets and liabilities and purchase accounting liabilities recorded for acquisitions completed prior to Fiscal 2001, the Company recorded approximately $19,902.1 million in goodwill and other intangible assets in Fiscal 2001.

The following table shows the fair values of assets and liabilities and purchase accounting liabilities recorded for purchase acquisitions completed in Fiscal 2001, adjusted to reflect changes in fair values
Fiscal 2001 purchase acquisitions include, among others, Mallinckrodt Inc. ("Mallinckrodt") and CIGI Investment Group, Inc. ("CIGI") in October 2000, InnerDyne, Inc. ("InnerDyne") and Lucent Technologies' Power Systems business unit ("LPS") in December 2000, Simplex Time Recorder Co. ("Simplex") in January 2001, Scott Technologies, Inc. ("Scott") in May 2001, CIT in June 2001 and the electronic security systems businesses of Cambridge Protection Industries, L.L.C. ("SecurityLink") in July 2001. Mallinckrodt, a global healthcare company with products used primarily for respiratory care, diagnostic imaging and pain relief, was purchased for approximately 65.2 million Tyco common shares valued at $3,096.9 million and has been integrated within the Healthcare and Specialty Products segment. CIGI, a designer and manufacturer of inductors and isolation transformers for telecommunications applications, primarily modems, Digital Subscriber Lines (DSL) and network equipment, was purchased for approximately 2.3 million Tyco common shares valued at $118.9 million, plus cash of $29.6 million, and has been integrated within the Electronics segment. InnerDyne, a manufacturer and distributor of patented radial dilating access devices used in minimally invasive medical surgical procedures, was purchased for approximately 3.2 million Tyco common shares valued at $178.0 million and has been integrated within the Healthcare and Specialty Products segment. LPS, a provider of a full line of energy solutions and power products for telecommunications service providers and for the computer industry, was purchased for approximately $2,501.0 million in cash and has been integrated within the Electronics segment. Simplex, a manufacturer of fire and security products and communications systems including control panels, detection devices and system software, was purchased for approximately $1,094.7 million in cash and has been integrated within the Fire and Security Services segment. Scott, a designer and manufacturer of respiratory systems and other life-saving devices for the firefighting and aviation markets, was purchased for approximately 7.5 million Tyco common shares valued at $391.1 million and has been integrated within the Fire and Security Services segment. CIT was purchased for $9,455.5 million, consisting of: the issuance of approximately 133.0 million Tyco
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. ACQUISITIONS AND DIVESTITURES (CONTINUED)
common shares, valued at $6,650.5 million, for approximately 73% of the outstanding shares of CIT; a cash payment of $2,486.4 million to Dai-Ichi Kangyo Bank, Limited for the purchase of approximately 27% of the outstanding shares of CIT; and options assumed valued at $318.6 million. The $9,455.5 million purchase price plus $29.2 million in acquisition related costs incurred by Tyco Industrial have been reflected on Tyco Capital's Consolidated Balance Sheet as a contribution by Tyco, in accordance with "push-down" accounting for business combinations. In addition, $22.3 million was paid by Tyco Industrial for acquisition related costs and have been reflected on Tyco Capital's Consolidated Balance Sheet as an additional capital contribution. SecurityLink, a provider of electronic security systems to residential, commercial and government customers, was purchased for cash of approximately $1,000.0 million and has been integrated within the Fire and Security Services segment.

In connection with the acquisition of Mallinckrodt, the Company obtained an appraisal from an independent appraiser of the fair value of its intangible assets. This appraisal valued purchased in-process research and development ("IPR&D") of various projects for the development of new products and technologies at $184.3 million. The purchased IPR&D was written off during the quarter ended December 31, 2000. The value of the purchased IPR&D was based on the value of the various projects utilizing the discounted cash flow method. This valuation included consideration of (i) the stage of completion of each of the projects, (ii) the technological feasibility of each of the projects, (iii) whether the projects had an alternative future use, and (iv) the estimated future residual cash flows that could be generated from the various projects and technologies over their respective projected economic lives.

As of the Mallinckrodt acquisition date, there were several projects under development at different stages of completion. The primary basis for determining the technological feasibility of these projects was obtaining Food and Drug Administration ("FDA") approval. As of the acquisition date, none of the IPR&D projects had received FDA approval. In assessing the technological feasibility of a project, consideration was also given to the level of complexity and future technological hurdles that each project had to overcome prior to being submitted to the FDA for approval. As of the acquisition date, none of the IPR&D projects was considered to be technologically feasible or to have any alternative future use.

Future residual cash flows that could be generated from each of the projects were determined based upon management's estimate of future revenue and expected profitability of the various products and technologies involved. These projected cash flows were then discounted to their present values taking into account management's estimate of future expenses that would be necessary to bring the projects to completion. The discount rates include a rate of return, which accounts for the time value of money, as well as risk factors that reflect the economic risk that the cash flows projected may not be realized. The cash flows were discounted at discount rates ranging from 14% to 25% per annum, depending on the project's stage of completion and the type of FDA approval needed. This discounted cash flow methodology for the various projects included in the purchased IPR&D resulted in a total valuation of $184.3 million.

The following table summarizes the purchase accounting liabilities recorded in connection with the Fiscal 2001 purchase acquisitions ($ in millions):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$9,455.5 million</td>
</tr>
<tr>
<td>Cash payment</td>
<td>$2,486.4 million</td>
</tr>
<tr>
<td>Acquisition related costs</td>
<td>$22.3 million</td>
</tr>
<tr>
<td>Total</td>
<td>$29.2 million</td>
</tr>
</tbody>
</table>

Disclosure Page 46
<table>
<thead>
<tr>
<th></th>
<th>SEVERANCE</th>
<th>FACILITIES</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER OF EMPLOYEES</td>
<td>NUMBER OF FACILITIES</td>
<td>NUMBER OF RESERVE</td>
</tr>
<tr>
<td>Original reserve established</td>
<td>10,270</td>
<td>349</td>
<td>349</td>
</tr>
<tr>
<td>Fiscal 2001 utilization</td>
<td>(8,201)</td>
<td>(172)</td>
<td>(172)</td>
</tr>
<tr>
<td>Ending balance at September 30, 2001</td>
<td>2,069</td>
<td>177</td>
<td>177</td>
</tr>
</tbody>
</table>

(1) Included within the $1,120.0 million reserve established is $98.7 million in purchase accounting liabilities recorded by Tyco Industrial related to the acquisition of CIT and reported as a liability of Tyco Capital.

Purchase accounting liabilities recorded during Fiscal 2001 consist of $367.9 million for severance and related costs; $393.6 million for costs associated with the shut down and consolidation of certain acquired facilities, including unfavorable leases, lease terminations and other related fees and other costs; and $358.5 million for transaction and other costs. These purchase accounting liabilities relate primarily to the acquisitions of Mallinckrodt, LPS, CIT, Simplex and SecurityLink.

In connection with the Fiscal 2001 purchase acquisitions, the Company began to formulate plans at the date of each acquisition for workforce reductions and the closure and consolidation of an aggregate of 349 facilities. The costs of employee termination benefits relate to the elimination of 6,651 positions in the United States, 1,559 positions in Europe, 1,354 positions in the Asia-Pacific region and 706 positions in Canada and Latin America, consisting primarily of manufacturing and distribution, administrative, technical, and sales and marketing personnel. Facilities designated for closure include 226 facilities in the United States, 54 facilities in Europe, 48 facilities in the Asia-Pacific region and 21 facilities in Canada and Latin America, consisting primarily of manufacturing plants, distribution facilities, sales offices, corporate administrative facilities and research and development facilities. At September 30, 2001, 8,201 employees had been terminated and 172 facilities had been closed or consolidated.

In connection with the purchase acquisitions consummated during Fiscal 2001, liabilities for approximately $151.5 million for severance and related costs, $330.9 million for the shutdown and consolidation of acquired facilities and $108.9 million in transaction and other direct costs remained on the Consolidated Balance Sheet at September 30, 2001. The Company expects that the termination of employees and consolidation of facilities related to all such acquisitions will be substantially complete within one year of plan finalization, except for certain long-term contractual obligations.

During Fiscal 2001, the Company reduced its estimate of purchase accounting liabilities recorded in prior years by $68.9 million primarily because costs were less than originally anticipated. Goodwill and related deferred tax assets were reduced by an equivalent amount. In addition, the Company finalized its business plans for the exiting of businesses and the termination of employees in connection with the Fiscal 2000 acquisitions and integration of the electronic OEM business of Thomas & Betts, AFC Cable Systems, Inc., Critchley Group PLC and Siemens Electromechanical Components GmbH & Co. KG, and as a result recorded $103.7 million of additional purchase accounting liabilities. The Company has not yet finalized its business integration plans for recent acquisitions and, accordingly, purchase accounting liabilities are subject to revision in future.
quarters. In addition, the Company is

In October 2000, the Company sold its ADT Automotive business to Manheim Auctions, Inc., a wholly-owned subsidiary of Cox Enterprises, Inc., for approximately $1.0 billion in cash. The Company recorded a net gain on the sale of businesses and investments of $406.5 million, principally related to the sale of ADT Automotive.

The following unaudited pro forma data summarize the results of operations for the periods indicated as if the Fiscal 2001 acquisitions and divestitures had been completed as of the beginning of the periods presented. The pro forma data give effect to actual operating results prior to the acquisitions and divestitures and adjustments to interest expense, goodwill amortization and income taxes. No effect has been given to cost reductions or operating synergies in this presentation. These pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisitions and divestitures had occurred as of the beginning of the periods presented or that may be obtained in the future.

<table>
<thead>
<tr>
<th>($ IN MILLIONS, EXCEPT PER SHARE DATA)</th>
<th>2001(1)</th>
<th>2000(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$42,203.8</td>
<td>$43,003.9</td>
</tr>
<tr>
<td>Income before extraordinary items and cumulative effect of accounting changes</td>
<td>4,740.1</td>
<td>4,640.8</td>
</tr>
<tr>
<td>Net income</td>
<td>3,987.7</td>
<td>4,600.4</td>
</tr>
<tr>
<td>Net income per common share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>2.10</td>
<td>2.42</td>
</tr>
<tr>
<td>Diluted</td>
<td>2.07</td>
<td>2.39</td>
</tr>
</tbody>
</table>

(1) Includes a net gain on sale of businesses and investments of $276.6 million and a net gain on sale of common shares of a subsidiary of $64.1 million, partially offset by a decrease of $241.1 million related to a change in revenue recognition policies to conform to SAB 101. Income also includes net restructuring and other non-recurring and impairment charges of $538.6 million.

(2) Includes a non-recurring gain of $1,760.0 million on the sale of a subsidiary of its common shares. Income also includes net non-recurring and impairment charges of $275.3 million.

On May 30, 2001, a subsidiary of the Company entered into a definitive agreement to acquire C.R. Bard, Inc. ("Bard"), a multinational developer, manufacturer and marketer of healthcare products used for vascular, urological and oncological diagnosis and intervention, as well as surgical specialties, in a tax-free stock-for-stock merger, in exchange for approximately 58 million Tyco common shares. The transaction is valued at approximately $3,200.0 million.
including the assumption of net debt of $72.9 million. The merger has been approved by Bard shareholders but is still contingent on regulatory clearance under United States anti-trust laws. If consummated, Bard would be integrated within the Company's Healthcare and Specialty Products segment and the transaction will be accounted for as a purchase.

FISCAL 2000

During Fiscal 2000, the Company purchased businesses for an aggregate cost of $4,917.9 million, consisting of $4,246.5 million in cash, net of cash acquired, and the issuance of approximately 15.6 million common shares valued at $671.4 million. In addition, $544.2 million of cash was paid during Fiscal 2000 for purchase accounting liabilities related to 2000 and prior years' acquisitions. The cash portions of the acquisition costs were funded utilizing cash on hand, the issuance of long-term debt and borrowings under the Company's commercial paper program. Debt of acquired companies aggregated $244.1 million. Each of these acquisitions was accounted for as a purchase, and the results of operations of the acquired companies have been included in the consolidated results of the Company from their respective acquisition dates. As a result of acquisitions completed in Fiscal 2000, and adjustments to the fair values of assets and liabilities and purchase accounting liabilities recorded for acquisitions completed prior to Fiscal 2000, the Company recorded approximately $5,206.8 million in goodwill and other intangible assets.

In connection with these acquisitions, the Company recorded purchase accounting liabilities of $426.2 million for transaction costs and the costs of integrating the acquired companies within our various business segments. Details regarding these purchase accounting liabilities are set forth below. During Fiscal 2000, the Company spent a total of $4,790.7 million in cash related to the acquisition of businesses, consisting of $4,246.5 million of purchase price (net of cash acquired) plus $544.2 million of cash paid out during Fiscal 2000 for purchase accounting liabilities related to 2000 and prior years' acquisitions.

The following table summarizes the purchase accounting liabilities recorded in connection with the Fiscal 2000 purchase acquisitions ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>SEVERANCE</th>
<th>FACILITIES</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER OF</td>
<td>NUMBER OF</td>
<td>RESERVE</td>
</tr>
<tr>
<td></td>
<td>EMPLOYEES</td>
<td>FACILITIES</td>
<td>RESERVE</td>
</tr>
<tr>
<td>Original reserve established...</td>
<td>7,215</td>
<td>102</td>
<td>$243.0</td>
</tr>
<tr>
<td>Fiscal 2000 utilization........</td>
<td>(4,023)</td>
<td>(53)</td>
<td>(146.2)</td>
</tr>
<tr>
<td>Fiscal 2001 utilization........</td>
<td>(4,962)</td>
<td>(65)</td>
<td>(89.3)</td>
</tr>
<tr>
<td>Changes in estimates...........</td>
<td>3,537</td>
<td>64</td>
<td>35.6</td>
</tr>
<tr>
<td>Reversal to goodwill in Fiscal 2001...</td>
<td>(515)</td>
<td>(9)</td>
<td>(8.3)</td>
</tr>
<tr>
<td>Ending balance at September 30, 2001...</td>
<td>1,252</td>
<td>39</td>
<td>$34.8</td>
</tr>
</tbody>
</table>

Purchase accounting liabilities recorded during Fiscal 2000 consist of
$243.0 million for severance and related costs, $87.6 million for costs associated with the shut down and consolidation of certain acquired facilities and $95.6 million for transaction and other direct costs. The $243.0 million of severance and related costs covers employee termination benefits for approximately 7,215 employees located throughout the world, consisting primarily of manufacturing and distribution employees to be terminated as a result of the shut down and consolidation of production facilities and, to a lesser extent, administrative, technical and sales and marketing personnel. At September 30, 2001, 8,985 employees had been terminated and $34.8 million in severance and related costs remained on the Consolidated Balance Sheet. The Company expects that the remaining employee terminations will be completed in Fiscal 2002.

The $87.6 million of exit costs are associated with the closure and consolidation of 102 facilities located primarily in the Asia-Pacific region and the United States. These facilities include manufacturing plants, sales offices, corporate administrative facilities and research and development facilities. Included within these costs are accruals for non-cancelable leases associated with certain of these facilities. Approximately 118 facilities had been closed or consolidated at September 30, 2001. The remaining facilities are primarily small manufacturing plants, which are expected to be shut down in Fiscal 2002. Expenses in connection with the closure of these remaining facilities, as well as the rental payments under non-cancelable leases (less any expected sublease income for facilities already closed), comprise the approximately $32.5 million for facility related costs remaining on the Consolidated Balance Sheet at September 30, 2001.

During Fiscal 2001, the Company reduced its estimate of purchase accounting liabilities relating primarily to Fiscal 2000 acquisitions by $33.3 million and, accordingly, goodwill and related deferred tax assets were reduced by an equivalent amount. These reductions resulted primarily from costs being less than originally anticipated.

During Fiscal 2000, the Company sold certain of its businesses, primarily within the Healthcare and Specialty Products segment, for net proceeds of approximately $74.4 million in cash.

FISCAL 1999

During Fiscal 1999, the Company acquired companies for an aggregate cost of $5,996.4 million, consisting of $4,546.8 million in cash and the issuance of 32.4 million common shares valued at $1,449.6 million. The cash portions of the acquisition costs were funded utilizing cash on hand, the issuance of long-term debt and borrowings under the Company's commercial paper program. Debt of acquired companies aggregated $926.9 million. Each of these acquisitions was accounted for as a purchase, and the results of operations of the acquired companies were included in the consolidated results of the Company from their respective acquisition dates. As a result of the acquisitions, the Company recorded approximately $5,807.9 million in goodwill and other intangible assets. At September 30, 2001, there remained on the Consolidated Balance Sheet purchase accounting liabilities of $34.5 million for employee severance (principally for payments to employees already terminated), facility related costs (principally for rents under non-cancelable leases for vacated premises) and other costs.

3. POOLING OF INTERESTS TRANSACTIONS

During Fiscal 1999, subsidiaries of Tyco merged with U.S. Surgical and AMP.
A total of approximately 118.4 million and 329.2 million Tyco common shares, respectively, were issued to the former shareholders of these companies. Both these merger transactions were accounted for under the pooling of interests accounting method, which presents as a single interest common shareholder interests that were previously independent. The historical consolidated financial statements for periods prior to the consummation of the mergers are restated as though the companies had been combined during such periods.

Aggregate fees and expenses related to the mergers and to the integration of the combined companies have been expensed in the Consolidated Statements of Operations in the periods in which

3. POOLING OF INTERESTS TRANSACTIONS (CONTINUED)
the mergers were consummated, as required under the pooling of interests method of accounting (see Notes 16 and 21).

In connection with the U.S. Surgical merger, the Company assumed an operating lease for U.S. Surgical's North Haven facilities. In December 1998, the Company assumed the debt related to the North Haven property of approximately $211 million. The assumption of the debt combined with the settlement of certain other obligations in the amount of $23 million resulted in the Company acquiring ownership of the North Haven property for a total cost of $234 million.

Combined and separate results of the Company and AMP for the period preceding the merger are as follows ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>TYCO</th>
<th>AMP</th>
<th>ADJUSTMENTS</th>
<th>COMBINED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six Months Ended March 31, 1999 (unaudited)(1)</td>
<td>$7,776.8</td>
<td>$2,675.5</td>
<td>$ --</td>
<td>$10,452.3</td>
</tr>
<tr>
<td>Total revenues</td>
<td>906.1</td>
<td>(405.2)</td>
<td>--</td>
<td>500.9</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(44.9)</td>
<td>--</td>
<td>(44.9)</td>
<td>29.8</td>
</tr>
<tr>
<td>Extraordinary items, net of taxes</td>
<td>(408.8)</td>
<td>(376.0)</td>
<td>(3.0)(2)</td>
<td>29.8</td>
</tr>
</tbody>
</table>

(1) Includes merger, restructuring and other non-recurring charges of $414.6 million and impairment charges of $76.0 million related primarily to the merger with U.S. Surgical, and restructuring and other non-recurring charges of $275.3 million, of which $55.2 million is included in cost of revenue, and impairment charges of $236.7 million related to AMP's profit improvement plan. Also includes a credit of $8.3 million representing a revision of estimates related to the Company's 1997 merger, restructuring and other non-recurring accruals.

(2) As a result of the combination of the Company and AMP, an income tax adjustment was recorded to conform tax accounting.

4. FINANCE RECEIVABLES, NET
The following table presents the details of Tyco Capital's finance receivables, net ($ in millions):
### Finance Receivables, Net

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>$23,590.9</td>
</tr>
<tr>
<td>Lease receivables</td>
<td>8,288.5</td>
</tr>
<tr>
<td><strong>Finance receivables</strong></td>
<td><strong>31,879.4</strong></td>
</tr>
<tr>
<td>Less: reserve for credit losses</td>
<td>(492.9)</td>
</tr>
<tr>
<td><strong>Finance receivables, net</strong></td>
<td><strong>31,386.5</strong></td>
</tr>
</tbody>
</table>

Included in finance receivables at September 30, 2001 are leveraged lease receivables of $1.0 billion. Leveraged lease receivables exclude the portion funded by third-party, non-recourse debt payable of $2.4 billion at September 30, 2001. Net finance receivables exclude $10.1 billion of finance receivables previously securitized and managed by Tyco Capital.

### Finance Receivables Maturities

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td>$14,212.6</td>
</tr>
<tr>
<td>Due within one to two years</td>
<td>5,233.5</td>
</tr>
<tr>
<td>Due within two to four years</td>
<td>4,515.2</td>
</tr>
<tr>
<td>Due after four years</td>
<td>7,918.1</td>
</tr>
<tr>
<td><strong>Total finance receivables</strong></td>
<td><strong>31,879.4</strong></td>
</tr>
<tr>
<td>Reserve for credit losses</td>
<td>(492.9)</td>
</tr>
<tr>
<td><strong>Total finance receivables, net</strong></td>
<td><strong>31,386.5</strong></td>
</tr>
</tbody>
</table>

### Reserve for Credit Losses

<table>
<thead>
<tr>
<th>Description</th>
<th>September 30, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, June 1, 2001</td>
<td>$462.7</td>
</tr>
<tr>
<td>Provision for credit losses</td>
<td>116.1</td>
</tr>
<tr>
<td>Net credit losses</td>
<td>(86.8)</td>
</tr>
<tr>
<td>Acquisitions and other</td>
<td>(0.9)</td>
</tr>
<tr>
<td><strong>Balance, September 30, 2001</strong></td>
<td><strong>492.9</strong></td>
</tr>
</tbody>
</table>
| Reserve for credit losses as a percentage of finance receivables at September 30, 2001 | 1.55%
Total non-performing assets of Tyco Capital were $969.7 million at September 30, 2001. Non-performing assets reflect both finance receivables on non-accrual status (primarily loans that are ninety days or more delinquent) and assets received in satisfaction of loans.

The fair value of finance receivable loans for Tyco Capital was approximately $23,683.9 million (book value of $23,226.2 million) at September 30, 2001, based on discounted cash flow analysis using interest rates that were being offered at the end of the period for loans with similar terms to borrowers of similar credit quality. The net carrying value of lease finance receivables not subject to fair value disclosure totaled $8.2 billion.

5. INVESTMENTS IN DEBT AND EQUITY SECURITIES

At September 30, 2001 and 2000, Tyco Industrial had available-for-sale equity investments with a fair market value of $84.4 million and $1,320.3 million and a cost basis of $205.6 million and $218.7 million, respectively. The gross unrealized losses of $149.6 million and $16.4 million and gross unrealized gains of $28.4 million $1,118.0 million at September 30, 2001 and 2000 have been recorded net of deferred taxes of $2.5 million and $18.1 million, respectively. These amounts have been included as a separate component of shareholders' equity.

At September 30, 2001, Tyco Capital's investments in debt and equity securities designated as available-for-sale totaled $972.6 million and have been included in other assets on the Consolidated Balance Sheet.

5. INVESTMENTS IN DEBT AND EQUITY SECURITIES (CONTINUED)

Included in Tyco Capital's investments in debt and equity securities are retained interests in commercial securitized assets of $843.6 million and consumer securitized assets of $126.5 million at September 30, 2001. Retained interests include interest-only strips, retained subordinated securities, and cash reserve accounts related to securitizations. The carrying value of the retained interests in securitized assets is reviewed at least quarterly for valuation impairment.

The securitization programs cover a wide range of products and collateral types with significantly different prepayment and credit risk characteristics.

The prepayment speed, in the tables below, is based on Constant Prepayment Rate ("CPR"), which expresses payments as a function of the declining amount of loans at a compound annual rate. Expected credit losses are based upon annual loss rates. The key economic assumptions used in measuring the retained interests at the date of securitization for transactions completed during the period from June 2 through September 30, 2001 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>COMMERCIAL</th>
<th>EQUIPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayment speed</td>
<td>6.98%</td>
<td>56.74%</td>
</tr>
<tr>
<td>Expected credit losses</td>
<td>0.00%</td>
<td>6.14%</td>
</tr>
<tr>
<td>Weighted average discount rate</td>
<td>9.00%</td>
<td>16.00%</td>
</tr>
<tr>
<td>Weighted average life (in years)</td>
<td>0.90</td>
<td>2.50</td>
</tr>
</tbody>
</table>
Ranges of key economic assumptions used in calculating the fair value of the retained interests in securitized assets by product type at September 30, 2001 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Consumer</th>
<th>Commercial Equipment</th>
<th>Manufactured Housing &amp; Home Equity</th>
<th>Recreational Vehicle &amp; Boat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayment speed</td>
<td>6.00%</td>
<td>-</td>
<td>15.60%</td>
<td>-</td>
</tr>
<tr>
<td>Expected credit losses</td>
<td>0.00%</td>
<td>-</td>
<td>0.24%</td>
<td>-</td>
</tr>
<tr>
<td>Weighted average discount rate</td>
<td>9.00%</td>
<td>-</td>
<td>13.00%</td>
<td>-</td>
</tr>
<tr>
<td>Weighted average life (in years)</td>
<td>0.22</td>
<td>-</td>
<td>1.88</td>
<td>-</td>
</tr>
</tbody>
</table>

The impact of 10 percent and 20 percent adverse changes to the key economic assumptions on the fair value of retained interests as of September 30, 2001 is as follows ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>Consumer</th>
<th>Commercial Equipment</th>
<th>Manufactured Housing &amp; Home Equity</th>
<th>Recreational Vehicle &amp; Boat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayment speed:</td>
<td></td>
<td>$ (3.2)</td>
<td>$ 0.9</td>
<td>$ (2.5)</td>
</tr>
<tr>
<td>10 percent adverse change</td>
<td></td>
<td>(5.0)</td>
<td>(1.8)</td>
<td>(4.9)</td>
</tr>
<tr>
<td>20 percent adverse change</td>
<td></td>
<td>(25.0)</td>
<td>(0.2)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Expected credit losses:</td>
<td></td>
<td></td>
<td>(50.0)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>10 percent adverse change</td>
<td></td>
<td>(13.4)</td>
<td>(0.8)</td>
<td>(2.5)</td>
</tr>
<tr>
<td>20 percent adverse change</td>
<td></td>
<td>(26.5)</td>
<td>(1.5)</td>
<td>(4.8)</td>
</tr>
</tbody>
</table>

These sensitivities are hypothetical and should be used with caution. Changes in fair value based on a 10 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

Static pool credit losses represent the sum of actual and projected future credit losses divided by the original balance of each pool of the respective assets. At September 30, 2001, actual and projected losses were 1.92% on a weighted-average basis for commercial equipment securitizations during Fiscal 2001.

The following table summarizes certain cash flows received from and paid to
securitization trusts for the period from June 2 through September 30, 2001 ($ in millions):

```
<Table>
Proceeds from new securitizations...........................  $2,229.1
Other cash flows received on retained interests.............     105.2
Servicing fees received.....................................      22.2
Repurchases of ineligible contracts............................     (83.4)
Reimbursable servicing advances, net...........................      (4.2)
---------------
Total, net..................................................  $2,268.9
</Table>
```

Charge-offs for the period from June 2 through September 30, 2001 and receivables past due 60 days or more at September 30, 2001 are set forth below, for both finance receivables and managed receivables. In addition to finance receivables, managed receivables include finance receivables previously securitized and still managed by Tyco Capital, but exclude operating leases and equity investments ($ in millions).

```
<Table>

<table>
<thead>
<tr>
<th>CHARGE-OFFS FOR THE PERIOD JUNE 2 THROUGH SEPTEMBER 30, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCE RECEIVABLES</td>
</tr>
<tr>
<td>AMOUNT          PERCENT           AMOUNT          PERCENT</td>
</tr>
<tr>
<td>--------         --------         --------         --------</td>
</tr>
<tr>
<td>Commercial................................. $ 68.0 0.73% $ 115.9 0.81%</td>
</tr>
<tr>
<td>Consumer................................. 18.8 1.61 29.1 1.35</td>
</tr>
<tr>
<td>Total................................. $ 86.8 0.83 $ 145.0 0.88</td>
</tr>
</tbody>
</table>

</Table>
```

```
<Table>

<table>
<thead>
<tr>
<th>PAST DUE 60 DAYS OR MORE AT SEPTEMBER 30, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCE RECEIVABLES</td>
</tr>
<tr>
<td>AMOUNT          PERCENT           AMOUNT          PERCENT</td>
</tr>
<tr>
<td>--------         --------         --------         --------</td>
</tr>
<tr>
<td>Commercial................................. $ 915.7 3.18% $1,386.6 3.62%</td>
</tr>
<tr>
<td>Consumer................................. 188.2 6.01 253.1 4.35</td>
</tr>
<tr>
<td>Total................................. $1,103.9 3.46 $1,639.7 3.72</td>
</tr>
</tbody>
</table>

</Table>
```
6. DEBT

Short-term debt is as follows ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 30, 2001</th>
<th>SEPTEMBER 30, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AMOUNT</td>
<td>INTEREST RATE</td>
</tr>
<tr>
<td>TYCO INDUSTRIAL</td>
<td>$ 1,347.2</td>
<td>6.81%</td>
</tr>
<tr>
<td>Variable-rate senior notes</td>
<td>$ 499.7</td>
<td>7.47%</td>
</tr>
<tr>
<td>Fixed-rate senior notes</td>
<td>200.0</td>
<td>--</td>
</tr>
<tr>
<td>Note payable to Tyco Capital</td>
<td>475.8</td>
<td>3.11%</td>
</tr>
<tr>
<td>Other</td>
<td>2,023.0</td>
<td>5.27%</td>
</tr>
</tbody>
</table>

TYCO CAPITAL(1)

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 30, 2001</th>
<th>SEPTEMBER 30, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AMOUNT</td>
<td>INTEREST RATE</td>
</tr>
<tr>
<td>U.S.</td>
<td>8,515.1</td>
<td>3.32%</td>
</tr>
<tr>
<td>Non-U.S.</td>
<td>5,725.0</td>
<td>3.47%</td>
</tr>
<tr>
<td>Fixed-rate senior notes</td>
<td>2,356.4</td>
<td>6.38%</td>
</tr>
<tr>
<td>Fixed-rate subordinated notes</td>
<td>17,050.6</td>
<td>3.85%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(200.0)</td>
<td></td>
</tr>
</tbody>
</table>

CONSOLIDATED LOANS PAYABLE AND CURRENT MATURITIES

OF LONG-TERM DEBT........................................ $18,873.6

Long-term debt is as follows ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 30, 2001</th>
<th>SEPTEMBER 30, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MATURITIES</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>TYCO INDUSTRIAL</td>
<td>2002, 2006</td>
<td>$ 3,909.5</td>
</tr>
<tr>
<td>Commercial paper</td>
<td>2003</td>
<td>498.4</td>
</tr>
<tr>
<td>U.S.</td>
<td>2003-2030</td>
<td>8,902.4</td>
</tr>
<tr>
<td>Fixed-rate senior notes</td>
<td>2020-2021</td>
<td>5,771.8</td>
</tr>
<tr>
<td>Fixed-rate debentures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2003-2017</td>
<td>402.4</td>
</tr>
<tr>
<td></td>
<td>(200.0)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19,596.0</td>
<td>4.17%</td>
</tr>
</tbody>
</table>

TYCO CAPITAL(1)

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 30, 2001</th>
<th>SEPTEMBER 30, 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MATURITIES</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>Variable-rate senior notes</td>
<td>2003</td>
<td>3,889.6</td>
</tr>
<tr>
<td>Fixed-rate senior notes</td>
<td>2003-2028</td>
<td>14,757.5</td>
</tr>
<tr>
<td></td>
<td>18,647.1</td>
<td>6.17%</td>
</tr>
</tbody>
</table>

CONSOLIDATED LONG-TERM DEBT........................................ $38,243.1

---

(1) Tyco Capital Corporation's senior notes and commercial paper have a priority position over its other debt obligations. Tyco Capital Corporation's debt is not an obligation of Tyco Industrial, and Tyco International Ltd. has not guaranteed this debt.

(2) Tyco Industrial plans to use its long-term credit facilities to support borrowings under its commercial paper program.
6. DEBT (CONTINUED)

TYCO INDUSTRIAL

In November 2000, Tyco Industrial completed a private placement offering of $4,657,500,000 principal amount at maturity of zero coupon convertible debentures due 2020 for aggregate net proceeds of approximately $3,374,000,000. In December 2000, Tyco filed a registration statement registering the securities for resale by the holders. Each $1,000 principal amount at maturity debenture was issued at 74.165% of principal amount at maturity, accretes at a rate of 1.5% per annum and is convertible into 10.3014 Tyco common shares if certain conditions are met. The Company may be required to repurchase the securities at the accreted value at the option of the holders on November 17, 2003, 2005, 2007 or 2014. The net proceeds were used to finance acquisitions and to repay borrowings under the commercial paper program of Tyco International Group S.A. ("TIG"), a wholly-owned subsidiary of Tyco and Tyco's corporate finance subsidiary, which is included as part of Tyco Industrial.

In December 2000, in accordance with the terms of the original issuance, TIG exchanged its 6.125% euro denominated private placement notes due 2007 for public notes. The form and terms of the public notes are identical in all material respects to the form and terms of the outstanding private placement notes of the corresponding series, except that the public notes are not subject to restrictions on transfer under United States securities laws.

In February 2001, TIG issued $1.0 billion 6.375% notes due 2006 and $1.0 billion 6.75% notes due 2011 in a public offering. The notes are fully and unconditionally guaranteed by Tyco. The net proceeds of approximately $1,982.1 million were used primarily to repay borrowings under TIG's commercial paper program.

In February 2001, TIG completed a private placement offering of $3,035,000,000 principal amount at maturity of zero coupon convertible debentures due 2021, which are guaranteed by Tyco, for aggregate net proceeds of approximately $2,203,400,000. In April 2001, Tyco filed a registration statement registering the securities for resale by the holders. Each $1,000 principal amount at maturity debenture was issued at 74.165% of principal amount at maturity, accretes at a rate of 1.5% per annum and is convertible into 8.6916 Tyco common shares if certain conditions are met. TIG may be required to repurchase the securities at the accreted value at the option of the holders on February 12, 2003, 2005, 2007, 2009 or 2016. If the February 12, 2003 option is exercised, TIG may elect to repurchase the securities for cash, Tyco common shares, or some combination thereof. The net proceeds were used primarily to repay borrowings under TIG's commercial paper program.

In February 2001, TIG replaced its $4.5 billion and $0.5 billion revolving credit facilities with a $3.855 billion facility expiring on February 6, 2002, with an option to extend to February 6, 2003, and a $2.0 billion facility expiring on February 6, 2006. These credit facilities are guaranteed by Tyco. Under the terms of the facilities, the Company is required to meet certain covenants, none of which is considered restrictive to its operations. Also, in May 2001, TIG increased the borrowing capacity under its commercial paper program from $5.0 billion to $5.855 billion. TIG plans to use the credit facilities to support borrowings under its commercial paper program and therefore expects these facilities to remain largely undrawn.

In July 2001, TIG issued $500 million floating rate notes due 2003, $600 million 4.95% notes due 2003 and $700 million 5.8% notes due 2006 in a public offering. The notes are fully and unconditionally guaranteed by Tyco. The net proceeds of approximately $1,787.9 million were used to repay borrowings under TIG's commercial paper program.
6. DEBT (CONTINUED)

In August 2001, Tyco and TIG filed a shelf registration statement to enable TIG to offer from time to time unsecured debt securities guaranteed by Tyco at an aggregate initial offering price not to exceed $6.0 billion.

The fair value of debt of Tyco Industrial was approximately $21,895.0 million (book value of $21,619.0 million) and $10,851.6 million (book value of $10,999.0 million) at September 30, 2001 and 2000, respectively, based on discounted cash flow analyses using current market interest rates.

The impact of Tyco Industrial's interest rate swap activities on its weighted-average borrowing rate was not material in any year. The impact on Tyco Industrial's reported interest expense was a reduction of $9.7 million, $6.6 million and $0.9 million for Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively.

TYCO CAPITAL

In June 2001, Tyco Capital Corporation filed a shelf registration statement to enable it to offer from time to time debt securities at an aggregate initial offering price not to exceed $16.2 billion. In August 2001, Tyco Capital sold $1,000.0 million of debt in a public offering under this registration statement. The fair value of debt of Tyco Capital (including accrued interest) was approximately $36,465.6 million (book value of $36,013.5 million including accrued interest of $315.8 million) at September 30, 2001, based on discounted cash flow analyses using current market interest rates.

The aggregate amounts of total debt maturing during the next five years are as follows ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyco Industrial</td>
<td>$ 2,023.0</td>
<td>$ 3,190.5</td>
<td>$ 99.4</td>
<td>$1,253.2</td>
<td>$3,785.5</td>
</tr>
<tr>
<td>Tyco Capital</td>
<td>$17,050.6</td>
<td>$ 6,778.6</td>
<td>$ 4,391.9</td>
<td>$ 4,593.6</td>
<td>$ 1,175.8</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(200.0)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>$18,873.6</td>
<td>$ 9,969.1</td>
<td>$ 4,491.3</td>
<td>$ 5,846.8</td>
<td>$ 4,961.3</td>
</tr>
</tbody>
</table>

7. SALE OF ACCOUNTS RECEIVABLE

Tyco Industrial has an agreement under which several of its operating subsidiaries sell a defined pool of trade accounts receivable to a limited purpose subsidiary of the Company. The subsidiary, a separate corporate entity, holds these receivables and sells participating interests in such accounts receivable to financiers who, in turn, purchase and receive ownership and security interests in those receivables. As collections reduce accounts receivable included in the pool, the operating subsidiaries sell new receivables to the limited purpose subsidiary. The limited purpose subsidiary has the risk of credit loss on the receivables and, accordingly, the full amount of the allowance for doubtful accounts has been retained on the Consolidated Balance Sheets. The availability under the program is $500 million. At September 30, 2001 and 2000, $466 million and $450 million, respectively, was utilized under the program. The proceeds from the sales were used to reduce borrowings under TIG's commercial paper program and are reported as operating cash flows in the
Consolidated Statements of Cash Flows. The proceeds of sale are less than the face amount of accounts receivable sold by an amount that approximates the cost that the limited purpose subsidiary would incur if it were to issue commercial paper backed by these accounts receivable. The discount from the face amount is accounted for as a loss on the sale of receivables and has been included in selling, general, administrative and other costs and expenses in the Consolidated Statements of Operations. Such discount aggregated $25.3 million, $25.7 million, and $15.7 million, or 5.3%, 6.6% and 5.6% of the weighted-average balance of the receivables outstanding, during Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively. The operating subsidiaries retain collection and administrative responsibilities for the participating interests in the defined pool.

In September 2001, TIG entered into a separate agreement to sell a defined pool of trade accounts receivable from time to time to a financial institution in Europe. The terms and conditions of the agreement are substantially similar to the program discussed above, although in this case there is no limited purpose subsidiary acting as an intermediary. The availability under this program is $175.0 million. TIG sold certain accounts receivable under this program for net proceeds of $160.0 million, which is net of a discount of $1.4 million.

Also in September 2001, Tyco Industrial sold certain accounts receivable to Tyco Capital for net proceeds of approximately $297.8 million, which is net of a discount of $4.3 million. This sale is eliminated as an intercompany transaction in Tyco’s Consolidated Financial Statements.

8. FINANCIAL INSTRUMENTS

The Company’s financial instruments consist primarily of cash and cash equivalents, accounts receivable, finance receivables, retained interest in securitizations, long-term investments, accounts payable, debt, derivative financial instruments and mandatorily redeemable preferred securities. The fair value of cash and cash equivalents, accounts receivables, retained interests in securitizations, long-term investments, accounts payable and mandatorily redeemable preferred securities approximated book value at September 30, 2001 and 2000. See Notes 4 and 6 for the fair value estimates of finance receivables and debt, respectively.

In accordance with SFAS No. 133, all derivative financial instruments are reported on the Consolidated Balance Sheet at fair value, and changes in a derivative’s fair value are recognized currently in earnings unless specific hedge criteria are met. While it is not the Company’s intention to terminate its derivative financial instruments, based on their estimated fair values the termination of forward foreign currency exchange contracts, cross-currency swap agreements, forward commodity contracts and interest rate swaps at September 30, 2001 would have resulted in a $120.4 million gain, a $93.2 million gain, a $6.8 million loss and a $103.9 million loss, respectively, and at September 30, 2000 would have resulted in a $279.0 million gain, a $15.3 million loss, an $11.1 million gain and a $95.7 million loss, respectively. At September 30, 2001 and 2000, the book values of derivative financial instruments recorded on the Consolidated Balance Sheets equaled fair values.

INTEREST RATE EXPOSURES
The Company uses interest rate swaps to hedge its exposure to interest rate risk by exchanging fixed rate interest on certain of its debt for variable rate amounts. These interest rate swaps are designated as fair value hedges. Certain of the Company's interest rate swaps entered into during Fiscal 2001, as assessed using the short-cut method under SFAS No. 133, were highly effective. The ineffective element of the gains and losses on certain other interest rate swaps during Fiscal 2001, totaling a net gain of $19.7 million, has been recognized in interest and other financial charges, along with the effective element of the change in fair value of the interest rate swaps and the related hedged debt.

Tyco Capital also exchanges variable rate interest on certain of its debt for fixed rate amounts. These interest rate swaps are designated as cash flow hedges. Unrealized gains and losses on the effective portion of derivatives designated as cash flow hedges are recorded in accumulated other comprehensive income within the Consolidated Statements of Shareholders' Equity. Assuming no change in interest rates, $13.5 million would be credited to earnings in Fiscal 2002 as contractual cash payments are made. For the period June 2 through September 30, 2001, the ineffective portion of changes in the fair value of cash flow hedges amounted to $3.9 million and has been recorded as a reduction to interest expense.

NET INVESTMENTS

Tyco Industrial uses cross currency swaps and designated portions of foreign-currency denominated debt to hedge the foreign-currency exposure of certain net investments in foreign operations. A net unrealized loss of $39.4 million was included in the cumulative translation adjustment during Fiscal 2001 in connection with these hedges.

Tyco Capital uses foreign exchange forward contracts and cross-currency swaps to hedge its net investments in foreign operations. A net unrealized loss of $13.4 million was included in the cumulative translation adjustment during the period from June 2 through September 30, 2001 in connection with these hedges.

OTHER

Tyco Industrial uses various options, swaps and forwards not designated as hedging instruments under SFAS No. 133 to hedge the impact of the variability in the price of raw materials, such as copper and other commodities, and the impact of the variability in foreign exchange rates on accounts and notes receivable, intercompany loan balances and subsidiary earnings denominated in certain foreign currencies.

9. INCOME TAXES

The provision for income taxes and the reconciliation between the notional United States federal income taxes at the statutory rate on consolidated income before taxes and the Company's income tax provision are as follows ($ in millions):
The provisions for Fiscal 2001, Fiscal 2000, and Fiscal 1999 include $629.2 million, $648.6 million and $263.9 million, respectively, for non-U.S. income taxes. The non-U.S. component of income before income taxes was $4,398.8 million, $3,343.6 million and $1,376.3 million for Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively.
Deferred tax assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued liabilities and reserves</td>
<td>$1,522.6</td>
<td>$  658.6</td>
</tr>
<tr>
<td>Tax loss and credit carryforwards</td>
<td>851.8</td>
<td>474.6</td>
</tr>
<tr>
<td>Capitalized research and development and interest</td>
<td>139.6</td>
<td>148.9</td>
</tr>
<tr>
<td>Other</td>
<td>135.8</td>
<td>56.1</td>
</tr>
<tr>
<td><strong>Total deferent tax assets before valuation allowance</strong></td>
<td><strong>2,649.8</strong></td>
<td><strong>1,338.2</strong></td>
</tr>
</tbody>
</table>

Deferred tax liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>(844.8)</td>
<td>(281.9)</td>
</tr>
<tr>
<td>Intangibles</td>
<td>(654.5)</td>
<td>(251.6)</td>
</tr>
<tr>
<td>Undistributed earnings of subsidiaries</td>
<td>(126.1)</td>
<td>(155.1)</td>
</tr>
<tr>
<td>Other</td>
<td>(100.9)</td>
<td>(163.6)</td>
</tr>
<tr>
<td><strong>Total deferred tax liabilities</strong></td>
<td><strong>(1,726.3)</strong></td>
<td><strong>(852.2)</strong></td>
</tr>
</tbody>
</table>

Net deferred income tax asset before valuation allowance:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net deferred income tax asset before valuation allowance</td>
<td>923.5</td>
<td>486.0</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(127.1)</td>
<td>(122.4)</td>
</tr>
<tr>
<td><strong>Total deferred income tax asset</strong></td>
<td><strong>$ 796.4</strong></td>
<td><strong>$ 363.6</strong></td>
</tr>
</tbody>
</table>

At September 30, 2001, the Company had approximately $586 million of net operating loss carryforwards in certain non-U.S. jurisdictions. Of these, $222 million have no expiration, and the remaining $364 million will expire in future years through 2011. U.S. operating loss carryforwards at September 30, 2001 were approximately $1,605 million and will expire in future years through 2021. A valuation allowance has been provided for operating loss carryforwards that are not expected to be utilized.

In the normal course, the Company and its subsidiaries' income tax returns are examined by various regulatory tax authorities. In connection with such examinations, substantial tax deficiencies have been proposed. However, the Company is contesting such proposed deficiencies, and ultimate resolution of such matters is not expected to have a material adverse effect on the Company's financial position, results of operations or liquidity.

10. KEY EMPLOYEE LOAN PROGRAM

Loans are made to employees under the Company's Key Employee Loan Program for the payment of taxes upon the vesting of shares granted under our Restricted Share Ownership Plans. The loans are unsecured and bear interest, payable annually, at a rate which approximates the Company's incremental short-term borrowing rate. Loans are generally repayable in ten years, except that earlier payments are required under certain circumstances. During Fiscal 2001, the maximum amount outstanding under this program was $29.5 million. Loans receivable under this program were $11.2 million and $11.4 million at September 30, 2001 and 2000, respectively.
11. MANDATORY REDEEMABLE PREFERRED SECURITIES

In connection with the acquisition of CIT, the Company assumed $260.0 million of 7.70% Preferred Capital Securities (the "Capital Securities"), which were originally issued in February 1997. A subsidiary of Tyco Capital, Capital Trust I ("The Trust"), invested the offering proceeds in Junior Subordinated Debentures (the "Debentures") of Tyco Capital, having identical rates of return and payment dates. The Debentures of Tyco Capital represent the sole assets of the Trust. Holders of the Capital Securities are entitled to receive cumulative distributions at an annual rate of 7.70% through either the redemption date or maturity of the Debentures (February 15, 2027). Both the Capital Securities issued by the Trust and the Debentures of Tyco Capital owned by the Trust are redeemable in whole or in part on or after February 15, 2007 or at any time in whole upon changes in specific tax legislation, bank regulatory guidelines or securities law. Distributions by the Trust are guaranteed by Tyco Capital to the extent that the Trust has funds available for distribution. Distributions payable on the Capital Securities are recorded as minority interest expense in the Consolidated Statements of Operations.

12. PREFERENCE SHARES

Tyco has authorized 125,000,000 preference shares, par value of $1 per share, none of which was issued or outstanding at September 30, 2001 or 2000. Rights as to dividends, return of capital, redemption, conversion, voting and otherwise may be determined by Tyco's Board of Directors on or before the time of issuance. In the event of the liquidation of the Company, the holders of any preference shares then outstanding would be entitled to payment to them of the amount for which the preference shares were subscribed and any unpaid dividends prior to any payment to the common shareholders.

13. SHAREHOLDERS' EQUITY

Tyco has authorized 2,500,000,000 common shares, par value of $.20 per share, 1,935,464,840 and 1,684,511,070 of which were outstanding, net of 17,026,256 and 31,551,310 shares owned by subsidiaries, at September 30, 2001 and 2000, respectively. Shares owned by subsidiaries are treated as treasury shares and are recorded at cost. Included within Tyco's outstanding common shares at September 30, 2001 are 4,243,108 common shares representing the assumed exchange of 6,143,199 exchangeable shares (at 0.6907 of a Tyco common share per exchangeable share). Exchangeable shares of CIT Exchangeco Inc., a wholly-owned subsidiary of Tyco Capital Corporation were issued by CIT prior to CIT's acquisition by Tyco. In connection with the acquisition of CIT, each outstanding exchangeable share, which was exchangeable prior to the merger for one share of CIT common stock, became exchangeable for 0.6907 of a Tyco common share. The holders of these exchangeable shares have dividend, liquidation and voting rights equivalent to those of Tyco common shareholders, except that each exchangeable share is equivalent to 0.6907 of a Tyco common share. These shares may be exchanged for Tyco common shares at any time at the option of the holder. The Company may redeem these shares for Tyco common shares at any time on or after November 1, 2004.

Contributed Surplus includes $85.3 million and $59.4 million in deferred compensation at September 30, 2001 and 2000, respectively.

During the last quarter of Fiscal 1999, Tyco's Board of Directors declared a two-for-one stock split in the form of a 100% stock dividend on its common shares. The split was payable on October 21, 1999 to shareholders of record on October 1, 1999. Per share amounts and share data have been retroactively adjusted to reflect the stock split. There was no change in the par value or the number of authorized shares as a result of the stock split.
13. SHAREHOLDERS' EQUITY (CONTINUED)

On June 6, 2001, Tyco sold 39 million common shares for approximately $2,198.0 million in an underwritten public offering. Net proceeds from the offering were $2,196.6 million and were used to repay debt incurred to finance a portion of the acquisition of CIT.

Information with respect to U.S. Surgical and AMP common shares and options has been retroactively restated in connection with their mergers with the Company to reflect their applicable merger per share exchange ratios of 0.7606 and 0.7507, respectively (1.5212 and 1.5014, respectively, after giving effect to the subsequent split).

The total compensation cost expensed for all stock-based compensation awards discussed below was $116.8 million, $137.4 million and $96.9 million for Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively.

RESTRICTED SHARES--The Company maintains a restricted share ownership plan, which provides for the award of an initial amount of common shares plus an amount equal to one-half of one percent of the total shares outstanding at the beginning of each fiscal year. At September 30, 2001, there were 39,978,168 shares authorized under the plan, of which 13,796,851 shares had been granted. Common shares are awarded subject to certain restrictions with vesting varying over periods of up to ten years.

For grants which vest based on certain specified performance criteria, the fair market value of the shares at the date of vesting 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 shares at the time of the grant is amortized (net of tax benefit) to expense over the period of vesting. The unamortized portion of deferred compensation expense is recorded as a reduction of shareholders' equity. Recipients of all restricted shares have the right to vote such shares and receive dividends. Income tax benefits resulting from the vesting of restricted shares, including a deduction for the excess, if any, of the fair market value of restricted shares at the time of vesting over their fair market value at the time of the grants and from the payment of dividends on unvested shares, are credited to contributed surplus.

EMPLOYEE STOCK PURCHASE PLAN--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 an employee share purchase plan. Eligible employees authorize payroll deductions to be made for the purchase of shares. The Company 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.

SHARE OPTIONS--Tyco has granted employee share options which were issued under two fixed share option plans which reserve common shares for issuance to Tyco's directors, executives and managers. The majority of options have been granted under the Tyco International Ltd. Long-Term Incentive Plan (the "Incentive Plan"). The Incentive Plan is administered by the Compensation Committee of the Board of Directors of the Company, which consists exclusively of independent directors of the Company. Options are granted to purchase 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. Options which have been granted under the Incentive Plan to date have generally vested and become exercisable over periods of up to five years from the date of grant and have a maximum term of ten years. Tyco has reserved 140.0 million common shares for issuance under the Incentive Plan. Awards which Tyco becomes obligated to make through the assumption of, or in substitution for, outstanding awards previously granted by an acquired company are treated as if they were options granted under the Incentive Plan. The total compensation cost expensed for all stock-based compensation awards discussed below was $116.8 million, $137.4 million and $96.9 million for Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively.
company are assumed and administered under the Incentive Plan but do not count against this limit. At September 30, 2001, there were approximately 32.8 million shares available for future grant under the Incentive Plan. During October 1998, a broad-based option plan for non-officer employees, the Tyco Long-Term Incentive Plan II ("LTIP II"), was approved by the Board of Directors. Tyco has reserved 100.0 million common shares for issuance under the LTIP II. The terms and conditions of this plan are similar to the Incentive Plan. At September 30, 2001, there were approximately 43.4 million shares available for future grant under the LTIP II.

Options assumed as part of business combination transactions are administered under the Incentive Plan but retain all the rights, terms and conditions of the respective plans under which they were originally granted.

Share option activity for all Tyco plans since September 30, 1998 is as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>OUTSTANDING</th>
<th>WEIGHTED-AVERAGE EXERCISE PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>At September 30, 1998</td>
<td>94,451,156</td>
<td>$24.83</td>
</tr>
<tr>
<td>Assumed from acquisition</td>
<td>8,982,160</td>
<td>37.44</td>
</tr>
<tr>
<td>Granted</td>
<td>30,313,362</td>
<td>38.44</td>
</tr>
<tr>
<td>Exercised</td>
<td>(43,180,390)</td>
<td>22.79</td>
</tr>
<tr>
<td>Canceled</td>
<td>(4,476,021)</td>
<td>47.83</td>
</tr>
<tr>
<td>At September 30, 1999</td>
<td>85,991,267</td>
<td>27.91</td>
</tr>
<tr>
<td>Granted</td>
<td>30,355,027</td>
<td>44.30</td>
</tr>
<tr>
<td>Exercised</td>
<td>(17,240,959)</td>
<td>20.72</td>
</tr>
<tr>
<td>Canceled</td>
<td>(4,090,184)</td>
<td>37.25</td>
</tr>
<tr>
<td>At September 30, 2000</td>
<td>95,015,151</td>
<td>32.01</td>
</tr>
<tr>
<td>Assumed from acquisition</td>
<td>19,094,534</td>
<td>33.27</td>
</tr>
<tr>
<td>Granted</td>
<td>33,731,727</td>
<td>50.53</td>
</tr>
<tr>
<td>Exercised</td>
<td>(21,543,189)</td>
<td>25.32</td>
</tr>
<tr>
<td>Canceled</td>
<td>(6,051,186)</td>
<td>41.06</td>
</tr>
<tr>
<td>At September 30, 2001</td>
<td>120,247,037</td>
<td>39.44</td>
</tr>
</tbody>
</table>

The following table summarizes information about outstanding and exercisable Tyco options at September 30, 2001:
<table>
<thead>
<tr>
<th>RANGE OF EXERCISE PRICES</th>
<th>NUMBER OUTSTANDING</th>
<th>WEIGHTED-AVERAGE EXERCISE PRICE</th>
<th>WEIGHTED-AVERAGE CONTRACTUAL LIFE--YEARS</th>
<th>NUMBER EXERCISABLE</th>
<th>WEIGHTED-AVERAGE EXERCISE PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0.00 to $4.99..........</td>
<td>385,068</td>
<td>$ 4.16</td>
<td>2.0</td>
<td>385,068</td>
<td>$ 4.16</td>
</tr>
<tr>
<td>5.00 to 7.99............</td>
<td>3,280,806</td>
<td>6.62</td>
<td>3.6</td>
<td>3,280,806</td>
<td>6.62</td>
</tr>
<tr>
<td>8.00 to 11.77............</td>
<td>1,626,775</td>
<td>9.63</td>
<td>4.4</td>
<td>1,519,735</td>
<td>9.54</td>
</tr>
<tr>
<td>11.78 to 14.88...........</td>
<td>1,806,165</td>
<td>14.15</td>
<td>4.9</td>
<td>1,449,285</td>
<td>14.13</td>
</tr>
<tr>
<td>14.89 to 19.69............</td>
<td>5,478,226</td>
<td>18.81</td>
<td>5.8</td>
<td>5,397,426</td>
<td>18.85</td>
</tr>
<tr>
<td>19.70 to 24.94............</td>
<td>8,926,181</td>
<td>21.41</td>
<td>6.4</td>
<td>8,888,581</td>
<td>21.41</td>
</tr>
<tr>
<td>24.95 to 29.87............</td>
<td>8,857,313</td>
<td>28.11</td>
<td>6.5</td>
<td>6,273,801</td>
<td>28.19</td>
</tr>
<tr>
<td>29.88 to 34.93............</td>
<td>6,362,446</td>
<td>31.99</td>
<td>6.8</td>
<td>6,228,459</td>
<td>31.97</td>
</tr>
<tr>
<td>34.94 to 36.97............</td>
<td>15,893,795</td>
<td>36.28</td>
<td>7.7</td>
<td>1,791,910</td>
<td>36.51</td>
</tr>
<tr>
<td>36.98 to 40.95............</td>
<td>3,771,360</td>
<td>38.80</td>
<td>5.4</td>
<td>3,711,630</td>
<td>38.79</td>
</tr>
<tr>
<td>40.96 to 44.87............</td>
<td>20,298,911</td>
<td>43.55</td>
<td>8.5</td>
<td>2,518,148</td>
<td>43.13</td>
</tr>
<tr>
<td>44.88 to 49.48............</td>
<td>2,746,355</td>
<td>48.36</td>
<td>7.1</td>
<td>1,798,363</td>
<td>48.28</td>
</tr>
<tr>
<td>49.49 to 52.96............</td>
<td>23,936,138</td>
<td>50.56</td>
<td>8.6</td>
<td>8,794,258</td>
<td>50.38</td>
</tr>
<tr>
<td>52.97 to 56.83............</td>
<td>11,949,523</td>
<td>55.73</td>
<td>8.9</td>
<td>5,812,589</td>
<td>55.41</td>
</tr>
<tr>
<td>56.84 to 98.77............</td>
<td>4,927,975</td>
<td>63.97</td>
<td>7.8</td>
<td>3,504,561</td>
<td>63.13</td>
</tr>
<tr>
<td>Total....................</td>
<td>120,247,037</td>
<td></td>
<td></td>
<td>61,354,620</td>
<td></td>
</tr>
</tbody>
</table>

As a result of the mergers with U.S. Surgical and AMP, approximately 22.0 million options, which had not previously been exercisable, became immediately exercisable when the mergers were consummated.

TyCom has two option plans and an employee share purchase plan. The exercise price of options granted under the plans is equal to the fair market value at the date of grant of TyCom common shares. TyCom has reserved 51.9 million common shares for issuance under its option plans. At September 30, 2001, there were approximately 22.3 million shares available for future grant. TyCom options outstanding and exercisable at September 30, 2001 were 29,559,490 and 6,170,984, respectively, at prices ranging from $12.92 to $44.62 per share. TyCom options outstanding and exercisable at September 30, 2000 were 21,607,050 and 26,250, respectively, at prices ranging from $32.00 to $44.62 per share.

STOCK-BASED COMPENSATION--SFAS No. 123, "Accounting for Stock-Based Compensation," allows companies to measure compensation cost in connection with employee share option plans using a fair value based method, or to continue to use an intrinsic value based method, which generally does not result in a compensation cost. Tyco and TyCom continue to use the intrinsic value based method and do not recognize compensation expense for the issuance of options with an exercise price equal to or greater than the market price at the time of grant. Had the fair value based method been adopted by Tyco and TyCom, the Company's pro forma net income and pro forma net income per common share for Fiscal 2001, Fiscal 2000 and Fiscal 1999 would have been as follows:
On the dates of grant using the Black-Scholes option-pricing model and assumptions set forth below, the estimated weighted-average fair value of Tyco and TyCom options granted during Fiscal 2001 was $19.72 and $9.11, respectively; the estimated weighted-average fair value of Tyco and TyCom options granted during Fiscal 2000 was $16.26 and $17.47, respectively; and the estimated weighted-average fair value of Tyco and TyCom options granted during Fiscal 1999 was $12.13 and $7.11, respectively.

The following weighted-average assumptions were used for Fiscal 2001:

<table>
<thead>
<tr>
<th></th>
<th>TYCO</th>
<th>TYCOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected stock price volatility</td>
<td>39%</td>
<td>80%</td>
</tr>
<tr>
<td>Risk free interest rate</td>
<td>5.18%</td>
<td>4.71%</td>
</tr>
<tr>
<td>Expected annual dividend yield per share</td>
<td>$0.05</td>
<td>--</td>
</tr>
</tbody>
</table>

The following weighted-average assumptions were used for Fiscal 2000:

<table>
<thead>
<tr>
<th></th>
<th>TYCO</th>
<th>TYCOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected stock price volatility</td>
<td>36%</td>
<td>60%</td>
</tr>
<tr>
<td>Risk free interest rate</td>
<td>6.35%</td>
<td>6.19%</td>
</tr>
<tr>
<td>Expected annual dividend yield per share</td>
<td>$0.05</td>
<td>--</td>
</tr>
</tbody>
</table>

The following weighted-average assumptions were used for Fiscal 1999:

<table>
<thead>
<tr>
<th></th>
<th>TYCO</th>
<th>AMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected stock price volatility</td>
<td>30%</td>
<td>27%</td>
</tr>
<tr>
<td>Risk free interest rate</td>
<td>5.15%</td>
<td>5.07%</td>
</tr>
<tr>
<td>Expected annual dividend yield per share</td>
<td>$0.05</td>
<td>1.25%</td>
</tr>
<tr>
<td>Expected life of options</td>
<td>4.2 years</td>
<td>6.5 years</td>
</tr>
</tbody>
</table>

The effects of applying SFAS No. 123 in this pro forma disclosure are not indicative of what the effects may be in future years. SFAS No. 123 does not apply to awards prior to 1995. Additional awards in future years are anticipated.

DIVIDENDS--Tyco has paid a quarterly cash dividend of $0.0125 per common
share since July 1997. AMP paid dividends of $0.27 per share in the first two quarters of Fiscal 1999.

14. COMPREHENSIVE (LOSS) INCOME

The purpose of reporting comprehensive (loss) income is to report a measure of all changes in equity, other than transactions with shareholders. Total comprehensive (loss) income is included in the Consolidated Statements of Shareholders' Equity. The components of accumulated other comprehensive (loss) income are as follows ($ in millions):

<Table>
<Caption>
<table>
<thead>
<tr>
<th>CURRENCY TRANSLATION ITEMS</th>
<th>UNREALIZED (LOSS) GAIN ON SECURITIES</th>
<th>UNREALIZED LOSS ON DERIVATIVE INSTRUMENTS</th>
<th>MINIMUM PENSION LIABILITY</th>
<th>ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at September 30, 1998....</td>
<td>$ (173.8)</td>
<td>$ (4.8)</td>
<td>$ --</td>
<td>$ (25.3)</td>
</tr>
<tr>
<td>Current period change, gross...</td>
<td>(277.8)</td>
<td>18.6</td>
<td>--</td>
<td>5.2</td>
</tr>
<tr>
<td>Income tax benefit (expense)...</td>
<td>19.5</td>
<td>(6.0)</td>
<td>--</td>
<td>(5.7)</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
<td>--------</td>
</tr>
<tr>
<td>Balance at September 30, 1999....</td>
<td>(432.1)</td>
<td>7.8</td>
<td>--</td>
<td>(25.8)</td>
</tr>
<tr>
<td>Current period change, gross...</td>
<td>(384.0)</td>
<td>1,094.8</td>
<td>--</td>
<td>11.5</td>
</tr>
<tr>
<td>Income tax expense.............</td>
<td>--</td>
<td>(19.1)</td>
<td>--</td>
<td>(4.0)</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
<td>--------</td>
</tr>
<tr>
<td>Balance at September 30, 2000....</td>
<td>(816.1)</td>
<td>1,083.5</td>
<td>--</td>
<td>(18.3)</td>
</tr>
<tr>
<td>Current period change, gross...</td>
<td>(199.7)</td>
<td>(1,227.0)</td>
<td>(103.3)</td>
<td>(401.6)</td>
</tr>
<tr>
<td>Income tax benefit.............</td>
<td>--</td>
<td>24.8</td>
<td>37.6</td>
<td>140.6</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
<td>--------</td>
</tr>
<tr>
<td>Balance at September 30, 2001....</td>
<td>$(1,015.8)</td>
<td>$(118.7)</td>
<td>$(65.7)</td>
<td>$(279.3)</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>-------</td>
<td>--------</td>
</tr>
</tbody>
</table>
</Table>

15. OTHER INCOME

Other income of Tyco Capital was $335.1 million for the period from June 2 through September 30, 2001, as set forth in the following table ($ in millions):

<Fees and other income> ................................................. $212.3
Gains on securitizations ................................. 59.0
Factoring commissions .................................. 50.7
Gains on sales of leasing equipment ...................... 14.2
Losses on venture capital investments ..................... (1.1) |
Total ................................................................. $335.1
</Table>

Included in fees and other income are miscellaneous fees, syndication fees and gains from receivable sales.

16. CHARGES FOR THE IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews the recoverability of the carrying value of long-lived assets, primarily property, plant and equipment and related goodwill and other intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable.
Impairment losses are recognized when the fair value is less than the asset's carrying value. When indicators of impairment are present, the carrying values of the assets are evaluated in relation to the operating performance and future undiscounted cash flows of the underlying business. The net book value of the underlying assets is adjusted to fair value if the sum of expected future undiscounted cash flows is less than book value. Fair values are based on quoted market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

16. CHARGES FOR THE IMPAIRMENT OF LONG-LIVED ASSETS (CONTINUED)

2001 CHARGES

During Fiscal 2001, the Electronics, Healthcare and Specialty Products and Fire and Security Services segments recorded charges of $98.6 million, $15.4 million and $6.1 million, respectively, related primarily to the impairment of property, plant and equipment associated with the closure of facilities.

2000 CHARGES

The Healthcare and Specialty Products segment recorded a charge of $99.0 million in Fiscal 2000 primarily related to an impairment in goodwill and other intangible assets associated with the Company exiting the interventional cardiology business of U.S. Surgical.

1999 CHARGES

The Electronics segment recorded a charge of $431.5 million in Fiscal 1999, which includes $350.1 million related to the write-down of property, plant and equipment, primarily manufacturing and administrative facilities, associated with facility closures throughout AMP's worldwide operations in connection with its profit improvement plan and the combination of facilities as a result of its merger with the Company, approximately $143.6 million of which was taken as part of the AMP profit improvement plan prior to its acquisition by the Company. It also includes an impairment in the value of goodwill and other intangible assets of $81.4 million. The Company evaluated the profitability and products and found that certain product lines were underperforming relative to expectations. As a result of this analysis, which was performed in connection with AMP's profit improvement plan, the book value of goodwill and other intangible assets was deemed impaired and written down to fair value.

The Healthcare and Specialty Products segment recorded a charge of $76.0 million in Fiscal 1999 relating primarily to the write-down of property, plant and equipment, principally administrative facilities, associated with the consolidation of facilities in U.S. Surgical's operations in the United States and Europe as a result of its merger with the Company.

17. EXTRAORDINARY ITEMS

Tyco Industrial recorded an extraordinary item of $17.1 million, net of tax benefit of $9.2 million, in Fiscal 2001 relating to the early extinguishment of debt. The extraordinary item in Fiscal 2000 of $0.2 million, net of tax benefit of $0.1 million, and the extraordinary item in Fiscal 1999 of $45.7 million, net of tax benefit of $18.0 million, related primarily to the write-off of unamortized deferred financing costs related to the early extinguishment of debt.
18. CUMULATIVE EFFECT OF ACCOUNTING CHANGES

In December 1999, the SEC issued SAB 101, in which the SEC Staff expressed its views regarding the appropriate recognition of revenue with respect to a variety of circumstances, some of which are relevant to the Company. As required under SAB 101, the Company modified its revenue recognition policies with respect to the installation of electronic security systems (see "REVENUE RECOGNITION" within Note 1). In addition, in response to SAB 101, the Company undertook a review of its revenue recognition practices and identified certain provisions included in a limited number of sales arrangements that delayed the recognition of revenue under SAB 101. During the fourth quarter of Fiscal 2001, the Company changed its method of accounting for these items retroactive to the beginning of the fiscal year to conform to the requirements of SAB 101. This was reported as a $653.7 million after-tax ($1,005.6 million pre-tax) charge for the cumulative effect of change in accounting principle in the Fiscal 2001 Consolidated Statement of Operations.

The impact of SAB 101 on total revenues in Fiscal 2001 was a net decrease of $241.1 million, reflecting the deferral of $520.5 million of Fiscal 2001 revenues, partially offset by the recognition of $279.4 million of revenue that is included in the cumulative effect adjustment as of the beginning of the fiscal year. The Company restated each of the first three quarters of Fiscal 2001 in the Consolidated Statement of Operations to reflect the adoption of SAB 101 (see Note 29). Pro forma amounts for the periods prior to Fiscal 2001 have not been presented since the effect of the change in accounting principle for these periods could not be reasonably determined.

The Company recorded a cumulative effect adjustment, a $29.7 million loss, net of tax, in Fiscal 2001 in accordance with the transition provisions of SFAS No. 133 (see Note 1).

19. EARNINGS PER COMMON SHARE

The reconciliations between basic and diluted earnings per common share are as follows ($ in millions, except per share data):

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME</td>
<td>SHARES</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>--------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>BASIC EARNINGS PER COMMON SHARE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations...</td>
<td>$4,671.1</td>
<td>1,806.9</td>
</tr>
<tr>
<td>Stock options and warrants...........</td>
<td>--</td>
<td>21.4</td>
</tr>
<tr>
<td>Exchange of convertible debt due 2010</td>
<td>1.1</td>
<td>3.3</td>
</tr>
<tr>
<td>DILUTED EARNINGS PER COMMON SHARE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations, giving effect to dilutive adjustments...</td>
<td>$4,672.2</td>
<td>1,831.6</td>
</tr>
</tbody>
</table>

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The computation of diluted earnings per common share in Fiscal 2001, Fiscal 2000 and Fiscal 1999 excludes the effect of the assumed exercise of approximately 12.2 million, 7.3 million and 3.1 million stock options, respectively, that were outstanding as of September 30, 2001, 2000 and 1999, respectively, because the effect would be anti-dilutive. Dilutive earnings per common share also excludes 48.0 million and 26.4 million shares related to Tyco Industrial's zero coupon convertible debentures due 2020 and 2021, respectively, because conversion conditions were not met.

20. TYCOM LTD.

During Fiscal 2000, TyCom Ltd., a majority-owned subsidiary of the Company, completed an initial public offering (the "TyCom IPO") of 70,300,000 of its common shares at a price of $32.00 per share. Net proceeds to TyCom from the TyCom IPO, after deducting the underwriting discount, commissions and other direct costs, were approximately $2.1 billion. Of that amount, TyCom paid $200 million as a dividend to the Company. Prior to the TyCom IPO, the Company's ownership in TyCom's outstanding

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. TYCOM LTD. (CONTINUED)

common shares was 100%, and at September 30, 2001 the Company's ownership in TyCom's outstanding common shares was approximately 89%. As a result of the TyCom IPO, the Company recognized a pre-tax gain on its investment in TyCom of approximately $1.76 billion ($1.01 billion, after-tax), which has been included in net gain on sale of common shares of subsidiary in the Fiscal 2000 Consolidated Statement of Operations.

21. MERGER, RESTRUCTURING AND OTHER NON-RECURRING CHARGES, NET

Merger, restructuring and other non-recurring charges, net, are as follows ($ in millions):
The Electronics segment recorded restructuring and other non-recurring charges of $334.7 million, of which charges of $74.6 million are included in cost of revenue, related primarily to facility closures within the computer and consumer electronics and communications industries. The following table provides information about the restructuring and other non-recurring charges related to the Electronics segment recorded in Fiscal 2001 ($ in millions):

<table>
<thead>
<tr>
<th>SEVERANCE</th>
<th>FACILITIES-RELATED</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF EMPLOYEES</td>
<td>RESERVE</td>
<td>NUMBER OF FACILITIES</td>
</tr>
<tr>
<td>Fiscal 2001 charges</td>
<td>10,453</td>
<td>$178.2</td>
</tr>
<tr>
<td>Fiscal 2001 utilization</td>
<td>(6,096)</td>
<td>(71.4)</td>
</tr>
<tr>
<td>Ending balance at September 30, 2001</td>
<td>4,357</td>
<td>$106.8</td>
</tr>
</tbody>
</table>

The cost of announced workforce reductions of $178.2 million includes the elimination of 10,453 positions primarily in the United States and Latin America consisting primarily of manufacturing personnel. Facilities-related costs include the shut-down of 42 facilities primarily in the United States consisting...
primarily of manufacturing plants and the write-down of the related inventory. At September 30, 2001, 6,096 employees had been terminated and 14 facilities had been shut down.

The other charges of $36.5 million consist primarily of vendor commitment cancellations and payments on non-cancelable machinery and equipment leases. In addition to the charges above, the Electronics segment recorded a non-recurring charge of $51.7 million related to the sale of inventory which had been written-up under purchase accounting. The $51.7 million non-recurring charge has been included in cost of revenue.

The Fire and Security Services segment recorded restructuring and other non-recurring charges of $138.8 million, of which charges of $14.6 million are included in cost of revenue, related primarily to the restructuring of the existing U.S. security business and U.S. fire protection business in connection with the acquisitions of SecurityLink and Simplex and, to a lesser extent, a restructuring of the valves and controls business. The following table provides information about the restructuring and other non-recurring charges related to the Fire and Security Services segment recorded in Fiscal 2001 ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>Severance</th>
<th>Facilities-related</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of employees</strong></td>
<td><strong>Reserve</strong></td>
<td><strong>Number of facilities</strong></td>
<td><strong>Reserve</strong></td>
</tr>
<tr>
<td>Fiscal 2001 charges</td>
<td>1,864</td>
<td>$26.0</td>
<td>196</td>
</tr>
<tr>
<td>Fiscal 2001 utilization</td>
<td>(862)</td>
<td>(9.3)</td>
<td>(69)</td>
</tr>
<tr>
<td>Ending balance at September 30, 2001</td>
<td>1,002</td>
<td>$16.7</td>
<td>127</td>
</tr>
</tbody>
</table>

The cost of announced workforce reductions of $26.0 million includes the elimination of 1,864 positions primarily in the United States and Europe consisting primarily of manufacturing, general and administrative and sales and marketing personnel. The cost of facility closures of $62.9 million consists of the shut-down of 196 facilities in the United States, Europe and Canada consisting primarily of sales offices and manufacturing plants. At September 30, 2001, 862 employees had been terminated and 69 facilities had been shut down.

The other charges of $49.9 million consist primarily of contract cancellation costs and non-recurring charges relating to an environmental remediation project.

The Healthcare and Specialty Products segment recorded restructuring and other non-recurring charges of $21.7 million, of which charges of $9.0 million are included in cost of revenue, related primarily to the closure of manufacturing plants. The following table provides information about the restructuring and other non-recurring charges related to the Healthcare and Specialty Products segment recorded in Fiscal 2001 ($ in millions):
| Fiscal 2001 charges | 1,100 | $15.2 | 5 | $ 5.4 | $ 1.1 | $ 21.7 |
| Fiscal 2001 utilization | (444) | (4.2) | (2) | (0.2) | -- | (4.4) |
| Ending balance at September 30, 2001 | 656 | $11.0 | 3 | $ 5.2 | $ 1.1 | $ 17.3 |

The cost of announced workforce reductions of $15.2 million includes the elimination of 1,100 positions primarily in the United States consisting primarily of manufacturing and sales personnel. The cost of facility closures of $5.4 million consists of the shut-down of 5 manufacturing and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. MERGER, RESTRUCTURING AND OTHER NON-RECURRING CHARGES, NET (CONTINUED)

The other charges of $1.1 million consist primarily of the cost for lease buyouts and distributor termination fees. In addition to the charges above, the Healthcare and Specialty Products segment recorded a non-recurring charge of $35.0 million related to the sale of inventory, which had been written-up under purchase accounting. The $35.0 million non-recurring charge has been included in cost of revenue.

In addition to segment charges, the Company recorded a net credit of $163.4 million, consisting of a non-recurring credit of $166.8 million related to the settlement of litigation in which the Company was provided with an ongoing OEM arrangement valued at $166.8 million and a non-recurring charge of $3.4 million related to severance. At September 30, 2001, $35.5 million of the $275.0 million litigation reserve established in Fiscal 2000 remains in accrued expenses and other current liabilities on the Consolidated Balance Sheet, and $1.4 million relating to the $3.4 million severance charge remains in accrued expenses and other current liabilities on the Consolidated Balance Sheet.

2000 CHARGES AND CREDITS

In Fiscal 2000, the Electronics segment recorded a net merger, restructuring and other non-recurring credit of $90.9 million, which consists of credits of $107.8 million and charges of $16.9 million. The merger, restructuring and other non-recurring credit of $107.8 million, of which a credit of $6.3 million is included in cost of revenue, is related to the merger with AMP and costs associated with AMP's profit improvement plan. The $107.8 million credit consists of a revision in estimates of severance reserves of $55.2 million, facility reserves of $7.8 million and other reserves of $44.8 million. The restructuring and other non-recurring charges of $16.9 million, of which $0.9 million is included in cost of revenue, is related to restructuring activities in AMP's Brazilian operations and wireless communications business.

Included in the $16.9 million restructuring and other non-recurring charges are the cost of announced workforce reductions of $4.9 million for the elimination of 941 positions primarily in Brazil; the cost of facility closures of $4.8 million for the shut-down and consolidation of 3 facilities; and other
charges of $7.2 million consisting of the write-off of non-facility assets and other direct costs. At September 30, 2001, substantially all of these restructuring activities were completed. The remaining balance at September 30, 2001 of $4.2 million, of which $1.0 million is included in accrued expenses and other current liabilities and $3.2 million is included in other long-term liabilities on the Consolidated Balance Sheet, is primarily for payments on non-cancelable lease obligations.

In Fiscal 2000, the Fire and Security Services segment recorded restructuring and other non-recurring credits of $11.2 million related to revisions in estimates of the Company's 1997 restructuring activities for amounts lower than originally recorded. Actions under the Company's 1997 restructuring plans have been completed.

In Fiscal 2000, the Healthcare and Specialty Products segment recorded a net merger, restructuring and other non-recurring credit of $10.9 million. The $10.9 million net credit consists of charges of $11.1 million related to U.S. Surgical's suture business and charges of $7.9 million, of which charges of $6.4 million are included in cost of revenue, related to exiting U.S. Surgical's interventional cardiology business. All of these restructuring activities have been completed. Also recorded was a credit of $29.9 million representing a revision in estimates of prior years' merger, restructuring and other non-recurring accruals, of which $19.7 million related primarily to the merger with U.S. Surgical and $10.2 million related to the Company's 1997 restructuring accruals. The $19.7 million credit relates to a revision in estimates of severance reserves of $4.2 million, facility reserves of $4.5 million and other reserves of $11.0 million.

In Fiscal 2000, the Telecommunications segment recorded a non-recurring charge of $13.1 million incurred in connection with the TyCom IPO.

In addition to segment charges (credits), the Company recorded non-recurring charges of $275.0 million in Fiscal 2000 as a reserve for certain claims relating to a merged company in the Healthcare business and $1.2 million for other non-recurring charges. In Fiscal 2001, the Company recorded a credit of $166.8 million related to the settlement of litigation in which the Company was provided with an ongoing OEM arrangement valued at $166.8 million. At September 30, 2001, $35.5 million of the $275.0 million non-recurring charge remains in accrued expenses and other current liabilities on the Consolidated Balance Sheet.

1999 CHARGES AND CREDITS

In Fiscal 1999, the Electronics segment recorded net merger, restructuring and other non-recurring charges of $643.3 million, of which charges of $106.4 million are included in cost of revenue, related primarily to the merger with AMP and costs associated with AMP's profit improvement plan. These charges include the cost of workforce reductions of $433.7 million for the elimination of 16,139 positions primarily in the United States and Europe, consisting primarily of manufacturing and distribution, administrative, research and development and sales and marketing personnel, and the cost of facility closures of $68.6 million relating to the shut-down and consolidation of 87 facilities primarily in the United States and Europe. It also includes other charges of $141.0 million consisting of $88.1 million related to the write-down of inventory; transaction costs of $67.9 million for direct expenses related to the
AMP merger; other costs of $25.4 million relating primarily to the consolidation of certain product lines and other non-recurring charges related to the AMP merger; lease termination costs following the merger of $9.6 million; and a credit of $50.0 million related to a litigation settlement with AlliedSignal Inc. At September 30, 2001, these restructuring activities were substantially completed. The remaining balance of $13.6 million at September 30, 2001 relates to payments on non-cancelable lease obligations and is included in other long-term liabilities on the Consolidated Balance Sheet.

In Fiscal 1999, the Healthcare and Specialty Products segment recorded net merger, restructuring and other non-recurring charges of $419.1 million, consisting of a $423.8 million charge related primarily to the merger with U.S. Surgical and a $4.7 million credit representing a revision of estimates related to the Company's 1997 restructuring and other non-recurring accruals. The $423.8 million charge includes workforce reductions of $124.8 million for the elimination of 1,467 positions primarily in the United States and Europe, consisting primarily of manufacturing and distribution, sales and marketing, administrative and research and development personnel. In addition, these charges include the cost of facility closures of $51.8 million for the shut-down and consolidation of 45 facilities primarily in Europe and the United States. The charges also include other charges of $247.2 million consisting of lease termination costs following the merger of $156.8 million relating to the U.S. Surgical North Haven facility that was purchased by the Company subsequent to the merger (see Note 3); transaction costs of $53.3 million related to the U.S. Surgical merger; and other costs of $37.1 million relating to the consolidation of certain product lines and other non-recurring charges related primarily to the U.S. Surgical merger. At September 30, 2001, these restructuring activities were completed.
TYCO INDUSTRIAL

Tyco Industrial 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. Based upon Tyco Industrial's experience with environmental remediation matters, Tyco Industrial has concluded that there is at least a reasonable possibility that we will incur remedial costs in the range of $186.0 million to $492.1 million. As of September 30, 2001, Tyco Industrial concluded that the best estimate within this range is $268.5 million, of which $206.2 million is included in accrued expenses and other current liabilities and $62.3 million is included in other long-term liabilities on the Consolidated Balance Sheet. The increase in the environmental remediation reserve at September 30, 2001 compared to the $68.3 million reserve at September 30, 2000 is due to the acquisition of Mallinckrodt. In view of the Company's financial position and reserves for environmental matters of $268.5 million, the Company has concluded that any potential payment of such estimated amounts will not have a material adverse effect on its financial position, results of operations or liquidity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. COMMITMENTS AND CONTINGENCIES (CONTINUED)

TYCO CAPITAL

The following table summarizes Tyco Capital's contractual amounts of credit-related commitments ($ in millions).

<table>
<thead>
<tr>
<th>AT SEPTEMBER 30, 2001</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DUE TO EXPIRE</td>
<td>TOTAL OUTSTANDING</td>
</tr>
<tr>
<td></td>
<td>WITHIN ONE YEAR</td>
<td>AFTER ONE YEAR</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>Unused commitments to extend credit:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing and leasing assets</td>
<td>$1,997.4</td>
<td>$ 389.4</td>
</tr>
<tr>
<td>Letters of credit and acceptances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standby letters of credit</td>
<td>267.3</td>
<td>--</td>
</tr>
<tr>
<td>Other letters of credit</td>
<td>365.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Acceptances</td>
<td>9.1</td>
<td>--</td>
</tr>
<tr>
<td>Guarantees</td>
<td>714.5</td>
<td>--</td>
</tr>
</tbody>
</table>

In the normal course of meeting the financing needs of its customers, Tyco Capital enters into various credit-related commitments. These financial instruments generate fees and involve, to varying degrees, elements of credit risk in excess of the amounts recognized on the Consolidated Balance Sheet. To minimize potential credit risk, Tyco Capital generally requires collateral and other credit-related terms and conditions from the customer. It is Tyco Capital's policy that, at the time credit-related commitments are granted, the fair value of the underlying collateral and guarantee must approximate or exceed the contractual amount of the commitment. In the event a customer defaults on the underlying transaction, the maximum potential loss to Tyco Capital will be the contractual amount outstanding less the value of all underlying collateral and guarantees.
During 2001, Tyco Capital entered into an agreement with The Boeing Company to purchase 25 aircraft with a list price of more than $1.3 billion, with options to purchase an additional five units. Deliveries are scheduled to take place from 2003 through 2005. In prior years, Tyco Capital entered into agreements with both Airbus Industrie and The Boeing Company to purchase a total of 88 aircraft (at an estimated cost of approximately $5 billion), with options to acquire additional units, and with the flexibility to delay or terminate certain positions. Deliveries of these new aircraft are scheduled to take place over a five-year period, which started in the first quarter of Fiscal 2001. Outstanding commitments to purchase aircraft, rail and other equipment to be placed on operating lease totaled approximately $5.3 billion at September 30, 2001. Outstanding commitments relating to Fiscal 2002 totaled $901.2 million, of which $840.2 million have agreements in place to lease to third parties.

23. RETIREMENT PLANS

DEFINITE BENEFIT PENSION PLANS--The Company has a number of noncontributory and contributory defined benefit retirement plans covering certain of its U.S. and non-U.S. employees, designed in accordance with conditions and practices in the countries concerned. Contributions are based on periodic actuarial valuations which use the projected unit credit method of calculation and are charged to the Consolidated Statements of Operations on a systematic basis over the expected average remaining service lives of current employees. The net pension expense is assessed in accordance with the advice of professionally qualified actuaries in the countries concerned or is based on subsequent formal reviews for the purpose. The Company's funding policy is to make annual contributions to the extent such contributions are tax deductible as actuarially determined. The benefits under the defined benefit plans are based on years of service and compensation.

23. RETIREMENT PLANS (CONTINUED)

The net periodic pension (income) cost for all U.S. and non-U.S. defined benefit pension plans includes the following components ($ in millions):

<Page>

TYCO INTERNATIONAL LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. RETIREMENT PLANS (CONTINUED)

The net periodic pension (income) cost for all U.S. and non-U.S. defined benefit pension plans includes the following components ($ in millions):

Disclosure Page 78
### U.S. PLANS

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$32.3</td>
<td>$12.1</td>
<td>$37.8</td>
</tr>
<tr>
<td>Interest cost</td>
<td>$131.9</td>
<td>$84.6</td>
<td>$86.2</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>$(175.2)</td>
<td>$(112.8)</td>
<td>$(96.1)</td>
</tr>
<tr>
<td>Recognition of initial net asset</td>
<td>$(1.0)</td>
<td>$(1.0)</td>
<td>$(0.9)</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>$0.6</td>
<td>$0.7</td>
<td>$3.0</td>
</tr>
<tr>
<td>Recognized net actuarial gain</td>
<td>$(11.2)</td>
<td>$(6.4)</td>
<td>$(0.6)</td>
</tr>
<tr>
<td>Curtailment/settlement gain</td>
<td>$(56.8)</td>
<td>$(4.6)</td>
<td>$(102.6)</td>
</tr>
<tr>
<td>Net periodic benefit income</td>
<td>$(79.4)</td>
<td>$(27.4)</td>
<td>$(73.2)</td>
</tr>
</tbody>
</table>

### NON-U.S. PLANS

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost</td>
<td>$65.5</td>
<td>$60.9</td>
<td>$47.4</td>
</tr>
<tr>
<td>Interest cost</td>
<td>$79.4</td>
<td>$75.1</td>
<td>$48.0</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>$(97.0)</td>
<td>$(85.3)</td>
<td>$(56.8)</td>
</tr>
<tr>
<td>Recognition of initial net obligation</td>
<td>$0.2</td>
<td>$0.2</td>
<td>$0.1</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>$1.7</td>
<td>$0.8</td>
<td>$0.6</td>
</tr>
<tr>
<td>Recognized net actuarial loss</td>
<td>$0.5</td>
<td>$2.3</td>
<td>$1.1</td>
</tr>
<tr>
<td>Curtailment/settlement loss (gain)</td>
<td>$3.0</td>
<td>$(2.7)</td>
<td>$1.2</td>
</tr>
<tr>
<td>Net periodic benefit cost</td>
<td>$53.3</td>
<td>$51.3</td>
<td>$41.6</td>
</tr>
</tbody>
</table>

The curtailment/settlement gain in Fiscal 2001 relates partially to the freezing of certain pension plans. The curtailment/settlement gains in Fiscal 1999 relate primarily to the termination of employees at AMP and the freezing of AMP's pension plan. These curtailment/settlement gains have been recorded in selling, general, administrative and other costs and expenses in the Consolidated Statements of Operations.

23. RETIREMENT PLANS (CONTINUED)

The net pension cost recognized at September 30, 2001 and 2000 for all U.S. and non-U.S. defined benefit plans is as follows ($ in millions):
## CHANGE IN BENEFIT OBLIGATION

<table>
<thead>
<tr>
<th></th>
<th>U.S. PLANS</th>
<th></th>
<th>NON-U.S. PLANS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation at beginning of year</td>
<td>$1,085.8</td>
<td>$1,142.5</td>
<td>$1,367.6</td>
<td>$1,339.9</td>
</tr>
<tr>
<td>Service cost</td>
<td>28.7</td>
<td>9.6</td>
<td>63.8</td>
<td>59.6</td>
</tr>
<tr>
<td>Interest cost</td>
<td>131.9</td>
<td>84.6</td>
<td>79.4</td>
<td>75.1</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>--</td>
<td>--</td>
<td>9.5</td>
<td>8.7</td>
</tr>
<tr>
<td>Plan amendments</td>
<td>2.8</td>
<td>0.1</td>
<td>2.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Actuarial loss (gain)</td>
<td>88.7</td>
<td>(15.1)</td>
<td>34.6</td>
<td>(55.1)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(97.0)</td>
<td>(77.0)</td>
<td>(41.1)</td>
<td>(44.1)</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>957.2</td>
<td>19.2</td>
<td>110.4</td>
<td>132.3</td>
</tr>
<tr>
<td>Plan curtailments</td>
<td>(54.6)</td>
<td>(9.0)</td>
<td>(11.4)</td>
<td>(2.9)</td>
</tr>
<tr>
<td>Plan settlements</td>
<td>(136.9)</td>
<td>(71.0)</td>
<td>(43.2)</td>
<td>(10.1)</td>
</tr>
<tr>
<td>Special termination benefits</td>
<td>0.6</td>
<td>1.9</td>
<td>16.2</td>
<td>3.0</td>
</tr>
<tr>
<td>benefit</td>
<td>--</td>
<td>--</td>
<td>(6.9)</td>
<td>(139.4)</td>
</tr>
<tr>
<td>Benefit obligation at end of year</td>
<td>$2,007.2</td>
<td>$1,085.8</td>
<td>$1,581.7</td>
<td>$1,367.6</td>
</tr>
</tbody>
</table>

## CHANGE IN PLAN ASSETS

<table>
<thead>
<tr>
<th></th>
<th>U.S. PLANS</th>
<th></th>
<th>NON-U.S. PLANS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets at beginning of year</td>
<td>$1,304.2</td>
<td>$1,165.8</td>
<td>$1,253.1</td>
<td>$1,175.2</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>(328.8)</td>
<td>258.7</td>
<td>(204.7)</td>
<td>121.7</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>46.1</td>
<td>23.9</td>
<td>88.7</td>
<td>55.6</td>
</tr>
<tr>
<td>Employee contributions</td>
<td>--</td>
<td>--</td>
<td>9.5</td>
<td>8.7</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>790.6</td>
<td>7.7</td>
<td>67.0</td>
<td>74.7</td>
</tr>
<tr>
<td>Plan settlements</td>
<td>(136.9)</td>
<td>(71.0)</td>
<td>(43.2)</td>
<td>(9.9)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(97.0)</td>
<td>(77.0)</td>
<td>(41.1)</td>
<td>(44.1)</td>
</tr>
<tr>
<td>Administrative expenses paid</td>
<td>(5.3)</td>
<td>(3.9)</td>
<td>(2.6)</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Currency translation adjustment</td>
<td>--</td>
<td>--</td>
<td>(9.4)</td>
<td>(127.1)</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>$1,572.9</td>
<td>$1,304.2</td>
<td>$1,117.3</td>
<td>$1,253.1</td>
</tr>
<tr>
<td>Funded status</td>
<td>$ (434.3)</td>
<td>$ 218.4</td>
<td>$ (464.4)</td>
<td>$ (114.5)</td>
</tr>
<tr>
<td>Unrecognized net actuarial loss (gain)</td>
<td>323.3</td>
<td>(284.7)</td>
<td>319.2</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>6.4</td>
<td>4.4</td>
<td>6.1</td>
<td>5.3</td>
</tr>
<tr>
<td>Unrecognized transition asset</td>
<td>(3.0)</td>
<td>(4.0)</td>
<td>(4.3)</td>
<td>(3.8)</td>
</tr>
<tr>
<td>Net amount recognized</td>
<td>$ (107.6)</td>
<td>(65.9)</td>
<td>$ (143.4)</td>
<td>$ (115.3)</td>
</tr>
</tbody>
</table>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. RETIREMENT PLANS (CONTINUED)
The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for U.S. pension plans with accumulated benefit obligations in excess of plan assets were $1,986.3 million, $1,921.6 million and $1,550.8 million, respectively, at September 30, 2001 and $30.3 million, $29.3 million and $9.3 million, respectively, at September 30, 2000.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for non-U.S. pension plans with accumulated benefit obligations in excess of plan assets were $1,078.8 million, $938.7 million and $603.9 million, respectively, at September 30, 2001 and $543.8 million, $464.0 million and $256.1 million, respectively, at September 30, 2000.

The Company also participates in a number of multi-employer defined benefit plans on behalf of certain employees. Pension expense related to multi-employer plans was $6.4 million, $8.2 million and $7.5 million for Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively.

DEFINED CONTRIBUTION RETIREMENT PLANS--The Company maintains several defined contribution retirement plans, which include 401(k) matching programs, as well as qualified and nonqualified profit sharing and share bonus retirement plans. Pension expense for the defined contribution plans is computed as a percentage of participants’ compensation and was $157.4 million, $132.7 million and $73.2 million for Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively. The Company also maintains an unfunded Supplemental Executive Retirement Plan ("SERP"). This plan is nonqualified and restores the employer match that certain employees lose due to IRS limits on eligible compensation under the defined contribution plans. Expense related to the SERP was $9.0 million, $10.8 million and $6.9 million in Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively.

POSTRETIREMENT BENEFIT PLANS--The Company generally does not provide postretirement benefits other than pensions for its employees. Certain of the Company’s acquired operations provide these benefits to employees who were eligible at the date of acquisition.

AMP provides postretirement health care coverage to qualifying U.S. retirees. As a result of the merger with the Company, a $13.7 million adjustment was recorded to conform AMP’s accounting method for postretirement benefits to the Company’s method regarding the initial recognition of such benefits upon
adoption of SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions."

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TYCO INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. RETIREMENT PLANS (CONTINUED)

In the second quarter of Fiscal 1999, AMP offered enhanced postretirement benefits to terminated employees totaling $16.0 million, which was recorded as part of AMP's second quarter restructuring charge. This amount has not been included in the determination of net periodic benefit cost presented below.

Net periodic postretirement benefit cost reflects the following components ($ in millions):

<Table>
<Caption>

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost (with interest)</td>
<td>$3.7</td>
<td>$1.1</td>
<td>$3.5</td>
</tr>
<tr>
<td>Interest cost</td>
<td>23.6</td>
<td>12.7</td>
<td>12.0</td>
</tr>
<tr>
<td>Expected return on assets</td>
<td>(0.3)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>(2.5)</td>
<td>(1.9)</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Amortization of net gain</td>
<td>(1.6)</td>
<td>(1.6)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Curtailment loss (gain)</td>
<td>0.4</td>
<td>(3.2)</td>
<td>(5.8)</td>
</tr>
<tr>
<td>Net periodic postretirement benefit cost</td>
<td>$23.3</td>
<td>$7.1</td>
<td>$6.8</td>
</tr>
</tbody>
</table>

The components of the accrued postretirement benefit obligation, all of which are generally unfunded, are as follows ($ in millions):

<Table>
<Caption>SEPTEMBER 30, 2001, 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit obligation at beginning of year</td>
<td>$167.6</td>
<td>$168.2</td>
</tr>
<tr>
<td>Service cost</td>
<td>3.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Interest cost</td>
<td>23.6</td>
<td>12.7</td>
</tr>
<tr>
<td>Amendments</td>
<td>(19.5)</td>
<td>(3.1)</td>
</tr>
<tr>
<td>Actuarial loss (gain)</td>
<td>42.4</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Acquisition</td>
<td>184.7</td>
<td>8.4</td>
</tr>
<tr>
<td>Curtailment loss</td>
<td>0.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Expected net benefits paid</td>
<td>(30.4)</td>
<td>(19.6)</td>
</tr>
<tr>
<td>Currency fluctuation gain</td>
<td>(0.3)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Benefit obligation at end of year</td>
<td>$372.2</td>
<td>$167.6</td>
</tr>
</tbody>
</table>

CHANGE IN PLAN ASSETS

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual return on plan assets</td>
<td>$0.3</td>
<td>$--</td>
</tr>
<tr>
<td>Acquisition</td>
<td>4.9</td>
<td>--</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>$5.2</td>
<td>$--</td>
</tr>
<tr>
<td>Funded status</td>
<td>$(367.0)</td>
<td>$(167.6)</td>
</tr>
<tr>
<td>Unrecognized net loss (gain)</td>
<td>14.3</td>
<td>(29.6)</td>
</tr>
<tr>
<td>Unrecognized prior service cost</td>
<td>(28.2)</td>
<td>(11.1)</td>
</tr>
<tr>
<td>Accrued postretirement benefit cost</td>
<td>$(380.9)</td>
<td>$(208.3)</td>
</tr>
</tbody>
</table>

</Table>
For measurement purposes, in Fiscal 2001, a 9.0% composite annual rate of increase in the per capita cost of covered health care benefits was assumed. The rate was assumed to decrease gradually to 5.0% by the year 2008 and remain at that level thereafter. The health care cost trend rate assumption may have a significant effect on the amounts reported. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects ($ in millions):

| Effect on total of service and interest cost components | $ 1.6 | $ (1.4) |
| Effect on postretirement benefit obligation | 16.2 | (14.0) |

The combined weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.5% at September 30, 2001 (8.0% at September 30, 2000).

23. RETIREMENT PLANS (CONTINUED)

24. CONSOLIDATED SEGMENT DATA
<table>
<thead>
<tr>
<th>REVENUES:</th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyco Industrial segments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronics</td>
<td>$13,107.5(1)</td>
<td>$11,417.7</td>
<td>$7,043.5</td>
</tr>
<tr>
<td>Fire and Security Services</td>
<td>10,253.2(2)</td>
<td>8,506.6</td>
<td>8,086.5</td>
</tr>
<tr>
<td>Healthcare and Specialty Products</td>
<td>8,812.7(3)</td>
<td>6,467.9</td>
<td>5,742.7</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>1,863.2</td>
<td>2,539.7</td>
<td>1,623.8</td>
</tr>
<tr>
<td>Tyco Capital segment</td>
<td>2,011.6</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Corporate items</td>
<td>340.7(4)</td>
<td>1,760.0(5)</td>
<td>--</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(0.4)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>CONSOLIDATED REVENUES</td>
<td>$36,388.5</td>
<td>$30,691.9</td>
<td>$22,496.5</td>
</tr>
</tbody>
</table>

(1) Includes an increase of $55.4 million relating to the adoption of SAB 101.

(2) Includes a decrease of $275.9 million relating to the adoption of SAB 101.

(3) Includes a decrease of $20.6 million relating to the adoption of SAB 101.

(4) Consists of a net gain on sale of businesses and investments of $276.6 million, which includes a $406.5 million net gain related primarily to the sale of ADT Automotive, partially offset by a loss of $129.9 million related to the permanent impairment of an equity investment. Also includes a net gain of $64.1 million on the sale of common shares of a subsidiary.

(5) Consists of gain on the sale by a subsidiary of its common shares.
<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEGMENT PROFIT:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tyco Industrial segments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronics</td>
<td>$2,848.4(1)</td>
<td>$2,850.8(5)</td>
<td>$(22.3)(10)</td>
</tr>
<tr>
<td>Fire and Security Services</td>
<td>1,690.6(2)</td>
<td>1,475.2(6)</td>
<td>1,336.1(11)</td>
</tr>
<tr>
<td>Healthcare and Specialty Products</td>
<td>1,804.4(3)</td>
<td>1,439.8(7)</td>
<td>890.9(12)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>414.6</td>
<td>516.6(8)</td>
<td>325.1</td>
</tr>
<tr>
<td><strong>Total Tyco Industrial operating profit</strong></td>
<td>6,758.0</td>
<td>6,282.4</td>
<td>2,529.8</td>
</tr>
<tr>
<td>Tyco Capital segment earnings before income taxes</td>
<td>505.6</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total segment profits</strong></td>
<td>7,263.6</td>
<td>6,282.4</td>
<td>2,529.8</td>
</tr>
<tr>
<td>Corporate expenses</td>
<td>312.2(4)</td>
<td>1,296.4(9)</td>
<td>(122.9)</td>
</tr>
<tr>
<td>Goodwill amortization expense</td>
<td>(597.2)</td>
<td>(344.4)</td>
<td>(216.1)</td>
</tr>
<tr>
<td>Tyco Industrial interest expense, net</td>
<td>(776.5)</td>
<td>(769.6)</td>
<td>(485.6)</td>
</tr>
<tr>
<td>Consolidated provision for income taxes</td>
<td>(1,479.9)</td>
<td>(1,926.0)</td>
<td>(637.5)</td>
</tr>
<tr>
<td>Consolidated minority interest</td>
<td>(51.1)</td>
<td>(18.7)</td>
<td>--</td>
</tr>
<tr>
<td><strong>CONSOLIDATED INCOME BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES</strong></td>
<td>$4,671.1</td>
<td>$4,520.1</td>
<td>$1,067.7</td>
</tr>
</tbody>
</table>

(1) Includes restructuring and other non-recurring charges of $334.7 million, of which charges of $74.6 million are included in cost of revenue, primarily related to the closure of facilities within the computer and consumer electronics and communications industries, and a non-recurring charge of $51.7 million related to the sale of inventory which had been written-up under purchase accounting, which is included in cost of revenue. Also includes a charge of $98.6 million related to the impairment of property, plant and equipment associated with the closure of these facilities and an increase of $22.5 million relating to the adoption of SAB 101.

(2) Includes a restructuring and other non-recurring charge of $138.8 million, of which $14.6 million is included in cost of revenue, related primarily to the closure of manufacturing plants, warehouses, sales offices and administrative offices. Also includes a charge of $6.1 million related primarily to the impairment of property, plant and equipment associated with the closure of these facilities and a decrease of $183.8 million relating to the adoption of SAB 101.

(3) Includes the write-off of purchased in-process research and development of $184.3 million, a non-recurring charge of $35.0 million related to the sale of inventory which had been written-up under purchase accounting, and restructuring and other non-recurring charges of $21.7 million, of which $9.0 million is included in cost of revenue, related to the closure of several manufacturing plants. Also includes a charge of $15.4 million related primarily to the impairment of property, plant and equipment associated with the closure of these plants and a decrease of $9.8 million relating to the adoption of SAB 101.

(4) Includes a net gain on sale of businesses and investments of $276.6 million, consisting of a $406.5 million net gain related primarily to the sale of ADT Automotive, partially offset by a loss of $129.9 million related to the permanent impairment of an equity investment. Also includes a net gain of $64.1 million on the sale of a subsidiary's common shares, a non-recurring credit of $166.8 million related to the settlement of litigation and a non-recurring charge of $3.4 million related to severance.

(5) Includes a restructuring charge of $16.9 million, of which $0.9 million is included in cost of revenue, related to AMP's Brazilian operations and wireless communications businesses and a credit of $107.8 million, of which $6.3 million is included in
Notes to Consolidated Financial Statements (Continued)

24. Consolidated Segment Data (Continued)

Cost of revenue, representing primarily a revision of estimates of merger, restructuring and other non-recurring accruals related to the merger with AMP and AMP's profit improvement plan.

(6) Includes a merger, restructuring and other non-recurring credit of $11.2 million representing a revision in estimates related to the Company's 1997 restructuring accruals.

(7) Includes charges for the impairment of long-lived assets of $99.0 million and restructuring and other non-recurring charges of $7.9 million, of which $6.4 million is included in cost of revenue, related to exiting U.S. Surgical's interventional cardiology business. Includes restructuring and other non-recurring charges of $11.1 million related to U.S. Surgical's suture business. Also includes a credit of $29.9 million representing a revision in estimates of merger, restructuring and other non-recurring accruals consisting of $19.7 million related primarily to the merger with U.S. Surgical and $10.2 million related to the Company's 1997 restructuring accruals.

(8) Includes a non-recurring charge of $13.1 million incurred in connection with the TyCom IPO.

(9) Includes a non-recurring gain on the sale by a subsidiary of its common shares of $1,760.0 million. Also includes charges of $275.0 million as a reserve for certain claims relating to a merged company in the Healthcare business and other non-recurring charges of $1.2 million.

(10) Includes merger, restructuring and other non-recurring charges of $643.3 million, of which $106.4 million is included in cost of revenue, and charges for the impairment of long-lived assets of $431.5 million related primarily to the merger with AMP and AMP's profit improvement plan.

(11) Includes a credit of $27.2 million representing a revision of estimates related to the Company's 1997 restructuring and other non-recurring accruals.

(12) Includes merger, restructuring and other non-recurring charges of $423.8 million and charges for the impairment of long-lived assets of $76.0 million, related primarily to the merger with U.S. Surgical, and a credit of $4.7 million representing a revision of estimates related to the Company's 1997 restructuring and other non-recurring accruals.
## TOTAL ASSETS:

<table>
<thead>
<tr>
<th>Tyco Industrial segments</th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics</td>
<td>$18,259.4</td>
<td>$13,941.2</td>
<td>$9,413.6</td>
</tr>
<tr>
<td>Fire and Security Services</td>
<td>20,388.4</td>
<td>13,353.8</td>
<td>10,991.3</td>
</tr>
<tr>
<td>Healthcare and Specialty Products</td>
<td>15,238.8</td>
<td>8,925.6</td>
<td>8,696.2</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>4,946.8</td>
<td>2,029.9</td>
<td>2,392.2</td>
</tr>
<tr>
<td>Corporate</td>
<td>1,591.2</td>
<td>2,153.8</td>
<td>851.0</td>
</tr>
<tr>
<td></td>
<td>60,424.6</td>
<td>40,404.3</td>
<td>32,344.3</td>
</tr>
</tbody>
</table>

Tyco Capital segment           | 51,090.1 | --       | --       |
Eliminations                   | (227.4)  | --       | --       |

### CONSOLIDATED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONSOLIDATED ASSETS</td>
<td>$111,287.3</td>
<td>$40,404.3</td>
<td>$32,344.3</td>
</tr>
<tr>
<td></td>
<td>==========</td>
<td>=========</td>
<td>=========</td>
</tr>
</tbody>
</table>

-------------------

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

24. CONSOLIDATED SEGMENT DATA (CONTINUED)
**FOR THE YEAR ENDED SEPTEMBER 30,**

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DEPRECIATION AND AMORTIZATION:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tyco Industrial segments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electronics</td>
<td>$670.0</td>
<td>$609.9</td>
<td>$446.7</td>
</tr>
<tr>
<td>Fire and Security Services</td>
<td>842.7</td>
<td>629.4</td>
<td>521.8</td>
</tr>
<tr>
<td>Healthcare and Specialty Products</td>
<td>518.0</td>
<td>330.1</td>
<td>287.6</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>98.8</td>
<td>67.4</td>
<td>47.1</td>
</tr>
<tr>
<td>Corporate</td>
<td>11.1</td>
<td>7.6</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,140.6</td>
<td>$1,644.4</td>
<td>$1,311.2</td>
</tr>
<tr>
<td>Tyco Capital segment</td>
<td>521.3</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>CONSOLIDATED DEPRECIATION AND AMORTIZATION</strong></td>
<td>$2,661.9</td>
<td>$1,644.4</td>
<td>$1,311.2</td>
</tr>
</tbody>
</table>

| **CAPITAL EXPENDITURES:** |               |               |               |
| Tyco Industrial segments |               |               |               |
| Electronics              | $587.8        | $333.3        | $417.3        |
| Fire and Security Services | 897.1        | 866.9        | 855.2        |
| Healthcare and Specialty Products | 159.6        | 251.1        | 235.9(5)     |
| Telecommunications       | 113.0(1)      | 204.9(3)     | 97.4          |
| Corporate                | 40.0          | 47.6          | 26.7          |
| **Total**                | $1,797.5(2)   | $1,703.8(4)   | $1,632.5      |
| Tyco Capital segment     | (3.2)(6)      | --            | --            |
| **CONSOLIDATED CAPITAL EXPENDITURES** | $1,794.3      | $1,703.8      | $1,632.5      |

---

(1) Excludes $2,247.7 million in spending for construction of the TGN.

(2) Includes $427.7 million received in sale-leaseback transactions.

(3) Excludes $111.1 million in spending for construction of the TGN.

(4) Includes $172.0 million received in sale-leaseback transactions.

(5) Excludes $234.0 million related to the purchase of property previously leased by U.S. Surgical.

(6) Excludes amounts related to Tyco Capital's equipment to be leased to others.
### TOTAL REVENUES:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas (primarily U.S.)</td>
<td>$23,786.7</td>
<td>$18,457.5</td>
<td>$14,409.0</td>
</tr>
<tr>
<td>Europe</td>
<td>7,719.8</td>
<td>6,610.1</td>
<td>5,362.4</td>
</tr>
<tr>
<td>Asia--Pacific</td>
<td>4,541.3</td>
<td>3,864.3</td>
<td>2,725.1</td>
</tr>
<tr>
<td>Corporate (1)</td>
<td>340.7(1)</td>
<td>1,760.0(2)</td>
<td>--</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$36,388.5</strong></td>
<td><strong>$30,691.9</strong></td>
<td><strong>$22,496.5</strong></td>
</tr>
</tbody>
</table>

---

(1) Includes net gain on sale of business and investments of $276.6 million, consisting of a $406.5 net gain primarily related to the sale of ADT Automotive, partially offset by a loss of $129.9 million related to the permanent impairment of an equity investment. Also includes a net gain of $64.1 million on the sale of common shares of a subsidiary.

(2) Includes a gain on the sale by a subsidiary of its common shares of $1,760.0 million.

### LONG-LIVED ASSETS:

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas (primarily U.S.)</td>
<td>$13,345.1</td>
<td>$5,779.8</td>
<td>$4,964.4</td>
</tr>
<tr>
<td>Europe</td>
<td>5,127.6</td>
<td>2,035.9</td>
<td>1,685.1</td>
</tr>
<tr>
<td>Asia--Pacific</td>
<td>1,186.0</td>
<td>751.5</td>
<td>986.3</td>
</tr>
<tr>
<td>Corporate</td>
<td>620.1</td>
<td>395.5</td>
<td>289.0</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Total Long-Lived Assets</strong></td>
<td><strong>$20,278.8</strong></td>
<td><strong>$8,962.7</strong></td>
<td><strong>$7,924.8</strong></td>
</tr>
</tbody>
</table>

### SUPPLEMENTARY BALANCE SHEET INFORMATION

Selected supplementary balance sheet information is presented below ($ in millions).

Tyco Industrial's inventories are classified as follows:

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td><strong>Purchased materials and manufactured parts</strong></td>
<td><strong>$1,552.0</strong></td>
</tr>
<tr>
<td><strong>Work in process</strong></td>
<td><strong>1,110.2</strong></td>
</tr>
<tr>
<td><strong>Finished goods</strong></td>
<td><strong>2,439.1</strong></td>
</tr>
<tr>
<td><strong>Total Inventories</strong></td>
<td><strong>$5,101.3</strong></td>
</tr>
</tbody>
</table>
26. SUPPLEMENTARY BALANCE SHEET INFORMATION (CONTINUED)

Net property, plant and equipment (including equipment leased to others) is as follows ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td></td>
<td>--------</td>
</tr>
<tr>
<td>TYCO INDUSTRIAL</td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 534.1</td>
</tr>
<tr>
<td>Buildings</td>
<td>2,557.7</td>
</tr>
<tr>
<td>Subscriber systems</td>
<td>3,998.5</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>8,226.6</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>325.0</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>920.4</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(6,592.0)</td>
</tr>
<tr>
<td></td>
<td>9,970.3</td>
</tr>
<tr>
<td>TYCO CAPITAL</td>
<td></td>
</tr>
<tr>
<td>Buildings and equipment, net</td>
<td>100.8</td>
</tr>
<tr>
<td>Equipment leased to others, net</td>
<td></td>
</tr>
<tr>
<td>Commercial aircraft</td>
<td>2,017.2</td>
</tr>
<tr>
<td>Railcars and locomotives</td>
<td>1,242.5</td>
</tr>
<tr>
<td>Communications</td>
<td>799.5</td>
</tr>
<tr>
<td>Information technology</td>
<td>702.1</td>
</tr>
<tr>
<td>Business aircraft</td>
<td>359.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>315.7</td>
</tr>
<tr>
<td>Other</td>
<td>966.2</td>
</tr>
<tr>
<td></td>
<td>6,503.6</td>
</tr>
<tr>
<td>CONSOLIDATED</td>
<td>$16,473.9</td>
</tr>
<tr>
<td></td>
<td>=============</td>
</tr>
</tbody>
</table>
| Accrued expenses and other current liabilities include the following ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>SEPTEMBER 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001</td>
</tr>
<tr>
<td></td>
<td>--------</td>
</tr>
<tr>
<td>Accrued payroll and payroll related costs (including bonuses)</td>
<td>$1,000.4</td>
</tr>
</tbody>
</table>

27. SUPPLEMENTARY INCOME STATEMENT INFORMATION

Selected supplementary income statement information is presented below ($ in
### TYCO INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. SUPPLEMENTARY CASH FLOW INFORMATION

Selected supplementary cash flow information is presented below ($ in millions).

Tyco Industrial's net proceeds from debt consist of the following:

<table>
<thead>
<tr>
<th>FOR THE YEAR ENDED SEPTEMBER 30,</th>
<th>2001</th>
<th>2000</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (repayments of) proceeds from short-term debt</td>
<td>(1,947.7)</td>
<td>(736.0)</td>
<td>162.3</td>
</tr>
<tr>
<td>Proceeds from issuance of long-term debt.........</td>
<td>11,794.7</td>
<td>1,793.2</td>
<td>4,839.3</td>
</tr>
<tr>
<td>Repayment of long-term debt, including debt tenders</td>
<td>(1,311.4)</td>
<td>(376.8)</td>
<td>(2,057.8)</td>
</tr>
<tr>
<td>$ 8,535.6</td>
<td>$ 680.4</td>
<td>$ 2,943.8</td>
<td></td>
</tr>
</tbody>
</table>

Tyco Capital's net decrease in financing and leasing assets consist of the following:

<table>
<thead>
<tr>
<th>FOR THE PERIOD JUNE 2 THROUGH SEPTEMBER 30, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans extended........................................</td>
</tr>
<tr>
<td>Collections on loans..................................</td>
</tr>
<tr>
<td>Proceeds from asset and receivable sales............</td>
</tr>
<tr>
<td>Purchases of assets to be leased....................</td>
</tr>
<tr>
<td>Net increase in short-term factoring receivables...</td>
</tr>
<tr>
<td>Net repayment of non-recourse leverage lease debt...</td>
</tr>
<tr>
<td>$ 1,215.8</td>
</tr>
</tbody>
</table>
Tyco Capital’s net repayments of debt consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayments of variable and fixed-rate notes</td>
<td>$(3,272.2)</td>
</tr>
<tr>
<td>Proceeds from issuance of variable rate notes</td>
<td>1,000.0</td>
</tr>
<tr>
<td>Net decrease in commercial paper</td>
<td>$(1,007.8)</td>
</tr>
<tr>
<td>Total</td>
<td>$(3,280.0)</td>
</tr>
</tbody>
</table>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. SUMMARIZED QUARTERLY FINANCIAL DATA (UNAUDITED)

During the fourth quarter of Fiscal 2001, the Company adopted SAB 101, retroactive to the beginning of the fiscal year. Summarized quarterly financial data for the year ended September 30, 2001 on an as reported basis and restated for the adoption of SAB 101 are included in the table below ($ in millions, except per share data).

<table>
<thead>
<tr>
<th>FOR THE YEAR ENDED SEPTEMBER 30, 2001</th>
<th>1ST QTR. (1)</th>
<th>2ND QTR. (2)</th>
<th>3RD QTR. (3)</th>
<th>4TH QTR. (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues as previously reported</td>
<td>$8,430.7</td>
<td>$8,894.5</td>
<td>$9,224.5</td>
<td>$10,014.8</td>
</tr>
<tr>
<td>Impact of SAB 101</td>
<td>8.7</td>
<td>(88.6)</td>
<td>(96.1)</td>
<td>--</td>
</tr>
<tr>
<td>Restated revenues</td>
<td>$8,439.4</td>
<td>$8,805.9</td>
<td>$9,128.4</td>
<td>$10,014.8</td>
</tr>
<tr>
<td>Consolidated income before extraordinary items and cumulative effect of accounting changes as previously reported</td>
<td>$1,009.2</td>
<td>$1,147.3</td>
<td>$1,220.2</td>
<td>$1,379.5</td>
</tr>
<tr>
<td>Impact of SAB 101</td>
<td>(8.4)</td>
<td>(36.9)</td>
<td>(39.8)</td>
<td>--</td>
</tr>
<tr>
<td>Restated income before extraordinary items and cumulative effect of accounting changes</td>
<td>$1,000.8</td>
<td>$1,110.4</td>
<td>$1,180.4</td>
<td>$1,379.5</td>
</tr>
<tr>
<td>Consolidated net income as previously reported</td>
<td>$979.5</td>
<td>$1,137.0</td>
<td>$1,216.8</td>
<td>$1,376.1</td>
</tr>
<tr>
<td>Impact of SAB 101</td>
<td>(662.1)</td>
<td>(36.9)</td>
<td>(39.8)</td>
<td>--</td>
</tr>
<tr>
<td>Restated net income</td>
<td>$317.4</td>
<td>$1,100.1</td>
<td>$1,177.0</td>
<td>$1,376.1</td>
</tr>
</tbody>
</table>

BASIC EARNINGS PER COMMON SHARE:

Income before extraordinary items and cumulative effect of accounting changes as previously reported | $0.58         | $0.66        | $0.67        | $0.71        |
Impact of SAB 101                                   | --            | (0.02)       | (0.02)       | --           |
Restated                                           | 0.58          | 0.63         | 0.65         | 0.71         |
Net income as previously reported                   | 0.56          | 0.65         | 0.67         | 0.71         |
Impact of SAB 101                                   | (0.38)        | (0.02)       | (0.02)       | --           |
Restated                                           | 0.18          | 0.63         | 0.65         | 0.71         |

DILUTED EARNINGS PER COMMON SHARE:

Income before extraordinary items and cumulative effect of accounting changes as previously reported | $0.57         | $0.65        | $0.67        | $0.71        |
Impact of SAB 101                                   | --            | (0.02)       | (0.02)       | --           |
Restated                                           | 0.57          | 0.63         | 0.64         | 0.71         |
Net income as previously reported                   | 0.56          | 0.64         | 0.66         | 0.70         |
Impact of SAB 101                                   | (0.38)        | (0.02)       | (0.02)       | --           |
Restated                                           | 0.18          | 0.62         | 0.64         | 0.70         |
(1) Includes a net restructuring and other non-recurring credit of $175.6 million, of which a charge of $25.0 million is included in cost of revenue. The net credit consists of a net gain on the sale of businesses of $410.4 million principally related to the sale of ADT Automotive; a write-off of purchased in-process research and development of $184.3 million; a non-recurring charge of $25.0 million related to the sale of inventory, which had been written-up under purchase accounting; restructuring and other non-recurring charges of $18.1 million primarily related to an environmental remediation project and the closure of a manufacturing plant; and a charge of $7.4 million primarily related to the impairment of property, plant and equipment associated with the closure of a manufacturing plant.

(2) Includes a net restructuring and other non-recurring charge of $15.2, of which a charge of $46.4 million is included in cost of revenue. The net charge consists of a non-recurring credit of $166.8 million related to the settlement of litigation, a non-recurring charge of $46.4 million, which is included in cost of revenue, primarily related to the sale of inventory, which had been written-up under purchase accounting; a non-recurring charge of $114.0 million primarily related to the closure of facilities; charges of $17.7 million related to the impairment of property, plant and equipment associated with the closure of these facilities; and a net loss on the sale of businesses and investments of $3.9 million primarily related to the sale of ADT Automotive.

(3) Includes a net restructuring and other non-recurring charge of $118.8 million, of which charges of $7.4 million are included in cost of revenue. The net charge consists of a net loss on sale of investments of $129.9 million and restructuring and other non-recurring and impairment charges totaling $53.0 million, related to certain Fire and Security Services businesses, partially offset by a $64.1 million net gain on the sale of shares of a subsidiary.

(4) Includes a restructuring and other non-recurring charge of $423.8 million, of which charges of $106.1 million are included in cost of revenue. The charge consists of restructuring and other non-recurring charges of $283.9 million, of which charges of $58.4 million are included in cost of revenue, primarily related to the closure of manufacturing facilities within the Electronics and Fire and Security Services segments; charges of $92.2 million related to the impairment of property, plant and equipment associated with the facilities closures; and a non-recurring charge of $47.7 million, which is included in cost of revenue, related to the sale of inventory, which had been written-up under purchase accounting.

(5) Extraordinary items relate principally to the early extinguishment of debt. Cumulative effect of accounting changes relate to the adoption of SAB 101 and SFAS No. 133.

Summarized quarterly financial data for Fiscal 2000 are presented below ($ in millions, except per share data).
### FOR THE YEAR ENDED SEPTEMBER 30, 2000

<table>
<thead>
<tr>
<th></th>
<th>1ST QTR. (1)</th>
<th>2ND QTR. (2)</th>
<th>3RD QTR. (3)</th>
<th>4TH QTR. (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$6,638.8</td>
<td>$7,070.0</td>
<td>$7,417.8</td>
<td>$9,565.3</td>
</tr>
<tr>
<td>Income before</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>extraordinary items</td>
<td>$757.2</td>
<td>$855.5</td>
<td>$997.3</td>
<td>$1,910.1</td>
</tr>
<tr>
<td>Net income (5)</td>
<td>$757.0</td>
<td>$855.5</td>
<td>$997.3</td>
<td>$1,910.1</td>
</tr>
<tr>
<td><strong>BASIC INCOME PER COMMON SHARE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before</td>
<td>$0.45</td>
<td>$0.51</td>
<td>$0.59</td>
<td>$1.13</td>
</tr>
<tr>
<td>extraordinary items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income per</td>
<td>0.45</td>
<td>0.51</td>
<td>0.59</td>
<td>1.13</td>
</tr>
<tr>
<td>common share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DILUTED INCOME PER COMMON SHARE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income before</td>
<td>$0.44</td>
<td>$0.50</td>
<td>$0.58</td>
<td>$1.12</td>
</tr>
<tr>
<td>extraordinary items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income per</td>
<td>0.44</td>
<td>0.50</td>
<td>0.58</td>
<td>1.12</td>
</tr>
<tr>
<td>common share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1. Includes charges for the impairment of long-lived assets of $99.0 million and restructuring and other non-recurring charges of $7.9 million, of which charges of $6.4 million are included in cost of revenue, related to exiting U.S. Surgical's interventional cardiology business; restructuring and other non-recurring charges of $7.7 million related to U.S. Surgical's suture business; and restructuring charges of $6.5 million related to AMP's Brazilian operations. Also includes a credit of $94.7 million representing a revision in estimates of merger, restructuring and other non-recurring accruals, consisting of $57.8 million related to the merger with AMP and AMP's profit improvement plan, $15.5 million related primarily to the merger with U.S. Surgical and $21.4 million related to the Company's 1997 restructuring accruals.

2. Includes merger, restructuring and other non-recurring charges of $10.4 million, of which charges of $0.9 million are included in cost of revenue, primarily related to activities in AMP's wireless communications business and restructuring and other non-recurring charges of $0.5 million related to U.S. Surgical's suture business. Also includes a credit of $12.7 million, of which a credit of $6.3 million is included in cost of revenue, primarily representing a revision of estimates of merger, restructuring and other non-recurring accruals related to the merger with AMP and AMP's profit improvement plan.

3. Includes restructuring and other non-recurring charges of $2.9 million related to U.S. Surgical's suture business. Also includes a merger, restructuring and other non-recurring credit of $9.8 million representing a revision of estimates of merger, restructuring and other non-recurring accruals related to the merger with AMP and AMP's profit improvement plan.

4. Includes a non-recurring gain on issuance of common shares by subsidiary of $1,760.0 million. Also includes charges of $275.0 million as a reserve for certain claims relating to a merged company in the Healthcare business, a non-recurring charge of $13.1 million incurred in connection with the TyCom IPO and other non-recurring charges of $1.2 million. Also includes credits of $27.5 million and $4.2 million representing a revision of estimates of merger, restructuring and other non-recurring accruals related to the merger with AMP and AMP's profit improvement plan and the merger with U.S. Surgical, respectively.

5. Extraordinary items relate principally to the early extinguishment of debt.

---

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
30. TYCO INTERNATIONAL GROUP S.A.

During Fiscal 2001 and Fiscal 2000, Tyco International Group S.A. ("TIG"), a wholly-owned subsidiary of the Company, issued public debt securities (see Note 6) which are fully and unconditionally guaranteed by Tyco. The following presents condensed consolidating financial information for TIG and its subsidiaries as if TIG and its current organizational structure were in place for all periods presented. Condensed financial information for Tyco and TIG on a stand-alone basis are presented using the equity method of accounting for subsidiaries in which it owns or controls twenty percent or more of the voting shares.

CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2001

<table>
<thead>
<tr>
<th>($ IN MILLIONS)</th>
<th>TYCO INTERNATIONAL LTD.</th>
<th>TYCO INTERNATIONAL GROUP S.A.</th>
<th>OTHER SUBSIDIARIES</th>
<th>CONSOLIDATING ADJUSTMENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1.4</td>
<td>$ 37.0</td>
<td>$ 2,548.8</td>
<td>$ --</td>
<td>$ 2,587.2</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>4.2</td>
<td>--</td>
<td>7,368.3</td>
<td>--</td>
<td>7,372.5</td>
</tr>
<tr>
<td>Inventories</td>
<td>--</td>
<td>--</td>
<td>5,101.3</td>
<td>--</td>
<td>5,101.3</td>
</tr>
<tr>
<td>Finance receivables, net</td>
<td>--</td>
<td>--</td>
<td>31,386.5</td>
<td>--</td>
<td>31,386.5</td>
</tr>
<tr>
<td>Intercompany receivables</td>
<td>520.5</td>
<td>8.3</td>
<td>5,035.3</td>
<td>(5,564.1)</td>
<td>--</td>
</tr>
<tr>
<td>Construction in progress—TyCom Global Network</td>
<td>--</td>
<td>--</td>
<td>1,643.8</td>
<td>--</td>
<td>1,643.8</td>
</tr>
<tr>
<td>TyCom Global Network placed in service, net</td>
<td>--</td>
<td>--</td>
<td>698.6</td>
<td>--</td>
<td>698.6</td>
</tr>
<tr>
<td>Property, plant and equipment (including equipment leased to others)</td>
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<td>0.7</td>
<td>16,466.8</td>
<td>--</td>
<td>16,473.9</td>
</tr>
<tr>
<td>Goodwill and other intangible assets, net</td>
<td>--</td>
<td>0.7</td>
<td>35,309.7</td>
<td>--</td>
<td>35,310.4</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>55,841.9</td>
<td>18,792.3</td>
<td>--</td>
<td>(74,634.3)</td>
<td>--</td>
</tr>
<tr>
<td>Intercompany loans receivable</td>
<td>218.3</td>
<td>16,672.3</td>
<td>9,610.1</td>
<td>(26,500.7)</td>
<td>--</td>
</tr>
<tr>
<td>Other assets</td>
<td>97.6</td>
<td>80.8</td>
<td>11,300.5</td>
<td>(765.8)</td>
<td>10,534.7</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$56,690.3</td>
<td>$35,592.2</td>
<td>$126,469.7</td>
<td>$(107,464.9)</td>
<td>$111,287.3</td>
</tr>
<tr>
<td>LIABILITIES AND SHAREHOLDERS' EQUITY</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans payable and current maturities of long-term debt</td>
<td>--</td>
<td>$1,106.5</td>
<td>$17,767.1</td>
<td>$--</td>
<td>$18,873.6</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>--</td>
<td>0.2</td>
<td>4,145.7</td>
<td>--</td>
<td>4,145.9</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>30.1</td>
<td>127.3</td>
<td>10,442.1</td>
<td>--</td>
<td>10,599.5</td>
</tr>
<tr>
<td>Intercompany payables</td>
<td>4,296.2</td>
<td>739.1</td>
<td>528.8</td>
<td>(5,564.1)</td>
<td>--</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>3,499.4</td>
<td>14,843.3</td>
<td>19,900.4</td>
<td>--</td>
<td>38,243.1</td>
</tr>
<tr>
<td>Intercompany loans payable</td>
<td>9,610.1</td>
<td>--</td>
<td>16,890.6</td>
<td>(26,500.7)</td>
<td>--</td>
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<tr>
<td>Other liabilities</td>
<td>--</td>
<td>5.4</td>
<td>6,461.2</td>
<td>659.8</td>
<td>7,120.5</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$17,435.8</td>
<td>$16,821.8</td>
<td>$76,135.9</td>
<td>$(31,405.0)</td>
<td>$78,988.5</td>
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<tr>
<td>Mandatorily redeemable preferred securities</td>
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<td>--</td>
<td>260.0</td>
<td>--</td>
<td>260.0</td>
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<tr>
<td>Minority interest</td>
<td>--</td>
<td>--</td>
<td>301.4</td>
<td>--</td>
<td>301.4</td>
</tr>
<tr>
<td>Shareholders' Equity:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary preference shares</td>
<td>--</td>
<td>--</td>
<td>1,710.0</td>
<td>(1,710.0)</td>
<td>--</td>
</tr>
<tr>
<td>Common shares</td>
<td>390.3</td>
<td>--</td>
<td>27.2</td>
<td>(30.4)</td>
<td>378.1</td>
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<tr>
<td>Capital in excess:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td>15,691.4</td>
<td>--</td>
<td>--</td>
<td>(7,728.6)</td>
<td>7,962.8</td>
</tr>
<tr>
<td>Contributed surplus</td>
<td>18,779.0</td>
<td>12,665.0</td>
<td>30,015.3</td>
<td>(48,898.0)</td>
<td>12,516.3</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>4,393.8</td>
<td>6,105.4</td>
<td>19,499.4</td>
<td>(17,692.9)</td>
<td>12,305.7</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>--</td>
<td>--</td>
<td>1,710.0</td>
<td>(1,710.0)</td>
<td>--</td>
</tr>
<tr>
<td><strong>TOTAL SHAREHOLDERS' EQUITY</strong></td>
<td>$39,254.5</td>
<td>$18,770.4</td>
<td>$49,772.4</td>
<td>$(76,059.9)</td>
<td>$31,737.4</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</strong></td>
<td>$56,690.3</td>
<td>$35,592.2</td>
<td>$126,469.7</td>
<td>$(107,464.9)</td>
<td>$111,287.3</td>
</tr>
</tbody>
</table>

TYCO INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
## CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 2000

<table>
<thead>
<tr>
<th></th>
<th>TYCO INTERNATIONAL LTD.</th>
<th>TYCO INTERNATIONAL S.A.</th>
<th>OTHER SUBSIDIARIES</th>
<th>CONSOLIDATING ADJUSTMENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$34.2</td>
<td>$3.6</td>
<td>$1,227.0</td>
<td>--</td>
<td>$1,264.8</td>
</tr>
<tr>
<td>Receivables, net</td>
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<td>--</td>
<td>5,629.2</td>
<td>--</td>
<td>5,630.4</td>
</tr>
<tr>
<td>Inventories</td>
<td>--</td>
<td></td>
<td>3,845.1</td>
<td>--</td>
<td>3,845.1</td>
</tr>
<tr>
<td>Intercompany receivables</td>
<td>802.4</td>
<td>51.3</td>
<td>3,661.3</td>
<td>(4,515.0)</td>
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</tr>
<tr>
<td>Construction in progress—TyCom Global Network</td>
<td>--</td>
<td>--</td>
<td>111.1</td>
<td>--</td>
<td>111.1</td>
</tr>
<tr>
<td>Property, plant and equipment (including equipment leased to others), net</td>
<td>6.7</td>
<td>--</td>
<td>8,211.7</td>
<td>--</td>
<td>8,218.4</td>
</tr>
<tr>
<td>Goodwill and other intangible assets, net</td>
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<td>0.7</td>
<td>16,331.9</td>
<td>--</td>
<td>16,332.6</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>31,307.9</td>
<td>16,133.2</td>
<td>--</td>
<td>(47,441.1)</td>
<td>--</td>
</tr>
<tr>
<td>Intercompany loans receivable</td>
<td>269.2</td>
<td>10,678.8</td>
<td>--</td>
<td>(10,948.0)</td>
<td>--</td>
</tr>
<tr>
<td>Other assets</td>
<td>1.4</td>
<td>23.6</td>
<td>6,585.8</td>
<td>(1,608.9)</td>
<td>5,001.9</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$32,423.0</td>
<td>$26,891.2</td>
<td>$45,603.1</td>
<td>$(64,513.0)</td>
<td>$40,404.3</td>
</tr>
<tr>
<td></td>
<td>-----------------------</td>
<td>-----------------------</td>
<td>--------------------</td>
<td>--------------------------</td>
<td>------------</td>
</tr>
<tr>
<td><strong>LIABILITIES AND SHAREHOLDERS' EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans payable and current maturities of long-term debt</td>
<td>$ --</td>
<td>$1,248.9</td>
<td>$288.3</td>
<td>--</td>
<td>$1,537.2</td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
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<td>0.2</td>
<td>3,291.4</td>
<td>--</td>
<td>3,291.9</td>
</tr>
<tr>
<td>Intercompany payables</td>
<td>2,447.8</td>
<td>1,213.5</td>
<td>853.7</td>
<td>(4,515.0)</td>
<td>--</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>4,144.3</td>
<td>1,317.5</td>
<td>9,461.8</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Intercompany loans payable</td>
<td>--</td>
<td>--</td>
<td>10,948.0</td>
<td>(10,948.0)</td>
<td>--</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>4.4</td>
<td>3,159.6</td>
<td>3,597.8</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>2,473.4</td>
<td>10,729.6</td>
<td>24,853.8</td>
<td>(15,029.2)</td>
<td>23,027.6</td>
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<td>Minority interest</td>
<td>--</td>
<td>--</td>
<td>343.5</td>
<td>--</td>
<td>343.5</td>
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<tr>
<td><strong>SHAREHOLDERS' EQUITY</strong></td>
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<td></td>
</tr>
<tr>
<td>Common shares</td>
<td>345.0</td>
<td>--</td>
<td>5.1</td>
<td>(13.2)</td>
<td>336.9</td>
</tr>
<tr>
<td>Capital in excess:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share premium</td>
<td>16,031.2</td>
<td>--</td>
<td></td>
<td>(10,797.9)</td>
<td>5,233.3</td>
</tr>
<tr>
<td>Contributed surplus</td>
<td>5,973.3</td>
<td>12,665.0</td>
<td>14,365.6</td>
<td>(30,217.6)</td>
<td>2,786.3</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>7,600.1</td>
<td>3,496.6</td>
<td>5,786.0</td>
<td>(8,455.1)</td>
<td>8,427.6</td>
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<tr>
<td>Accumulated other comprehensive income</td>
<td>--</td>
<td>--</td>
<td>249.1</td>
<td>--</td>
<td>249.1</td>
</tr>
<tr>
<td><strong>TOTAL SHAREHOLDERS' EQUITY</strong></td>
<td>29,949.6</td>
<td>16,161.6</td>
<td>20,405.8</td>
<td>(49,483.8)</td>
<td>17,033.2</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</strong></td>
<td>$32,423.0</td>
<td>$26,891.2</td>
<td>$45,603.1</td>
<td>$(64,513.0)</td>
<td>$40,404.3</td>
</tr>
</tbody>
</table>

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TYCO INTERNATIONAL LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. TYCO INTERNATIONAL GROUP S.A. (CONTINUED)

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2001
<table>
<thead>
<tr>
<th>($ IN MILLIONS)</th>
<th>TYCO INTERNATIONAL LTD.</th>
<th>TYCO INTERNATIONAL GROUP S.A.</th>
<th>OTHER SUBSIDIARIES</th>
<th>CONSOLIDATING ADJUSTMENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue</td>
<td>$ --</td>
<td>$ --</td>
<td>$34,036.6</td>
<td>$ --</td>
<td>$ 34,036.6</td>
</tr>
<tr>
<td>Equity in net income of unconsolidated subsidiaries</td>
<td>4,365.8</td>
<td>2,608.8</td>
<td>--</td>
<td>(6,974.6)</td>
<td>--</td>
</tr>
<tr>
<td>Finance income</td>
<td>--</td>
<td>--</td>
<td>1,676.5</td>
<td>(0.2)</td>
<td>1,676.3</td>
</tr>
<tr>
<td>Other income</td>
<td>--</td>
<td>--</td>
<td>335.1</td>
<td>(0.2)</td>
<td>334.9</td>
</tr>
<tr>
<td>Net gain on sale of common shares of subsidiary</td>
<td>--</td>
<td>--</td>
<td>64.1</td>
<td>--</td>
<td>64.1</td>
</tr>
<tr>
<td>Net gain on sale of businesses and investments</td>
<td>--</td>
<td>--</td>
<td>276.6</td>
<td>--</td>
<td>276.6</td>
</tr>
</tbody>
</table>

| Total revenues | 4,365.8                | 2,608.8                       | 36,388.9          | (6,975.0)                | 36,388.5 |

| COSTS AND EXPENSES |                        |                               |                   |                          |       |
| Cost of revenue    | --                     | --                            | 20,950.3          | --                       | 20,950.3 |
| Selling, general, administrative and other costs and expenses | 13.9                  | (4.4)                         | 7,199.3           | (0.4)                    | 7,208.4 |
| Interest and other financial charges, net              | 51.4                   | 724.2                         | 598.0             | --                       | 1,373.6 |
| Provision for credit losses                            | --                     | --                            | 116.1             | --                       | 116.1  |
| Restructuring and other non-recurring charges, net      | --                     | --                            | 233.6             | --                       | 233.6  |
| Write-off of purchased in-process research and development | --                     | --                            | 184.3             | --                       | 184.3  |
| Charges for the impairment of long-lived assets        | --                     | --                            | 120.1             | --                       | 120.1  |
| Intercompany dividends, interest and fees              | 103.9                  | (749.9)                       | 646.0             | --                       | --     |

| Total costs and expenses | 169.2                 | (30.1)                        | 30,047.7          | (0.4)                    | 30,186.4 |

| INCOME BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES |        |                               |                   |                          |       |
| Income before extraordinary items and cumulative effect of accounting changes | 4,196.6| 2,638.9                       | 6,341.2           | (6,974.6)                | 6,202.1 |
| Income taxes                                              | --       | (0.4)                         | (1,253.5)         | (226.0)                  | (1,479.9)|
| Minority interest                                        | --       | (51.1)                        | --                | (51.1)                   | --     |

<table>
<thead>
<tr>
<th>Net income</th>
<th>$ 4,196.6</th>
<th>$ 2,608.8</th>
<th>$ 4,365.8</th>
<th>$(7,200.6)</th>
<th>$ 3,970.6</th>
</tr>
</thead>
</table>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**30. TYCO INTERNATIONAL GROUP S.A. (CONTINUED)**

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2000
## TYCO INTERNATIONAL LTD.

<table>
<thead>
<tr>
<th>($ IN MILLIONS)</th>
<th>TYCO INTERNATIONAL LTD.</th>
<th>TYCO INTERNATIONAL GROUP S.A.</th>
<th>OTHER SUBSIDIARIES</th>
<th>CONSOLIDATING ADJUSTMENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue</td>
<td>$ --</td>
<td>$ --</td>
<td>$28,931.9</td>
<td>$ --</td>
<td>$28,931.9</td>
</tr>
<tr>
<td>Equity in net income of unconsolidated subsidiaries</td>
<td>4,672.1</td>
<td>2,556.1</td>
<td>--</td>
<td>(7,228.2)</td>
<td>--</td>
</tr>
<tr>
<td>Gain on sale of common shares by subsidiary</td>
<td>--</td>
<td>--</td>
<td>1,760.0</td>
<td>--</td>
<td>1,760.0</td>
</tr>
<tr>
<td>Total revenues</td>
<td>4,672.1</td>
<td>2,556.1</td>
<td>30,691.9</td>
<td>(7,228.2)</td>
<td>30,691.9</td>
</tr>
<tr>
<td>COSTS AND EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>--</td>
<td>--</td>
<td>17,931.2</td>
<td>--</td>
<td>17,931.2</td>
</tr>
<tr>
<td>Selling, general, administrative and other costs and expenses</td>
<td>12.5</td>
<td>9.9</td>
<td>5,229.6</td>
<td>--</td>
<td>5,252.0</td>
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<td>Interest and other financial charges, net...</td>
<td>(3.5)</td>
<td>698.9</td>
<td>74.2</td>
<td>--</td>
<td>769.6</td>
</tr>
<tr>
<td>Merger, restructuring and other non-recurring charges, net...</td>
<td>--</td>
<td>--</td>
<td>175.3</td>
<td>--</td>
<td>175.3</td>
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<tr>
<td>Charges for the impairment of long-lived assets</td>
<td>--</td>
<td>--</td>
<td>99.0</td>
<td>--</td>
<td>99.0</td>
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<tr>
<td>Intercompany dividends, interest and fees...</td>
<td>(29.8)</td>
<td>(709.0)</td>
<td>694.6</td>
<td>44.2</td>
<td>--</td>
</tr>
<tr>
<td>Total costs and expenses...</td>
<td>(20.8)</td>
<td>(0.2)</td>
<td>24,203.9</td>
<td>44.2</td>
<td>24,227.1</td>
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<tr>
<td>INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND EXTRAORDINARY ITEMS...</td>
<td>4,692.9</td>
<td>2,556.3</td>
<td>6,488.0</td>
<td>(7,272.4)</td>
<td>6,464.8</td>
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<tr>
<td>Income taxes...</td>
<td>--</td>
<td>(0.2)</td>
<td>(1,797.0)</td>
<td>(128.8)</td>
<td>(1,925.8)</td>
</tr>
<tr>
<td>Minority interest...</td>
<td>--</td>
<td>--</td>
<td>(18.7)</td>
<td>--</td>
<td>(18.7)</td>
</tr>
<tr>
<td>Income before extraordinary items...</td>
<td>4,692.9</td>
<td>2,556.1</td>
<td>4,672.3</td>
<td>(7,401.2)</td>
<td>4,520.1</td>
</tr>
<tr>
<td>Extraordinary items, net of tax...</td>
<td>--</td>
<td>--</td>
<td>(0.2)</td>
<td>--</td>
<td>(0.2)</td>
</tr>
<tr>
<td>NET INCOME...</td>
<td>$4,692.9</td>
<td>$2,556.1</td>
<td>$4,672.1</td>
<td>$(7,401.2)</td>
<td>$4,519.9</td>
</tr>
</tbody>
</table>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. TYCO INTERNATIONAL GROUP S.A. (CONTINUED)

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 1999
## TYCO INTERNATIONAL LTD BERMUDA - 10-K  Filing Date: 09/30/01

### Table

<table>
<thead>
<tr>
<th>($ IN MILLIONS)</th>
<th>TYCO INTERNATIONAL LTD.</th>
<th>TYCO INTERNATIONAL GROUP S.A.</th>
<th>OTHER SUBSIDIARIES</th>
<th>CONSOLIDATING ADJUSTMENTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue</td>
<td>$ --</td>
<td>$ --</td>
<td>$22,496.5</td>
<td>$ --</td>
<td>$22,496.5</td>
</tr>
<tr>
<td>Equity in net income of unconsolidated subsidiaries</td>
<td>663.0</td>
<td>244.7</td>
<td>--</td>
<td>(907.7)</td>
<td>--</td>
</tr>
<tr>
<td>Total revenues</td>
<td>663.0</td>
<td>244.7</td>
<td>22,496.5</td>
<td>(907.7)</td>
<td>22,496.5</td>
</tr>
<tr>
<td>COSTS AND EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>--</td>
<td>--</td>
<td>14,433.1</td>
<td>--</td>
<td>14,433.1</td>
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<tr>
<td>Selling, general, administrative and other costs and expenses</td>
<td>2.9</td>
<td>1.1</td>
<td>4,432.3</td>
<td>--</td>
<td>4,436.3</td>
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<tr>
<td>Interest and other financial charges, net</td>
<td>(3.0)</td>
<td>401.9</td>
<td>86.7</td>
<td>--</td>
<td>485.6</td>
</tr>
<tr>
<td>Merger, restructuring and other non-recurring charges, net</td>
<td>--</td>
<td>--</td>
<td>928.8</td>
<td>--</td>
<td>928.8</td>
</tr>
<tr>
<td>Charges for the impairment of long-lived assets</td>
<td>--</td>
<td>--</td>
<td>507.5</td>
<td>--</td>
<td>507.5</td>
</tr>
<tr>
<td>Intercompany dividends, interest and fees</td>
<td>(1,656.0)</td>
<td>(403.2)</td>
<td>999.7</td>
<td>1,059.5</td>
<td>--</td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>(1,656.1)</td>
<td>(0.2)</td>
<td>21,388.1</td>
<td>1,059.5</td>
<td>20,791.3</td>
</tr>
<tr>
<td>INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS</td>
<td>2,319.1</td>
<td>244.9</td>
<td>1,108.4</td>
<td>(1,967.2)</td>
<td>1,705.2</td>
</tr>
<tr>
<td>Income taxes</td>
<td>--</td>
<td>(0.2)</td>
<td>(399.7)</td>
<td>(237.6)</td>
<td>(637.5)</td>
</tr>
<tr>
<td>Income before extraordinary items</td>
<td>2,319.1</td>
<td>244.7</td>
<td>708.7</td>
<td>(2,204.8)</td>
<td>1,067.7</td>
</tr>
<tr>
<td>Extraordinary items, net of tax</td>
<td>--</td>
<td>--</td>
<td>(45.7)</td>
<td>--</td>
<td>(45.7)</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>$2,319.1</td>
<td>$ 244.7</td>
<td>$ 663.0</td>
<td>($2,204.8)</td>
<td>$ 1,022.0</td>
</tr>
</tbody>
</table>

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TYCO INTERNATIONAL LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. TYCO INTERNATIONAL GROUP S.A. (CONTINUED)

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

---

Disclosure Page 99
<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Tyco International Ltd.</th>
<th>Tyco International Group S.A.</th>
<th>Other Subsidiaries</th>
<th>Consolidating Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>$2,090.5</td>
<td>$(291.1)</td>
<td>$4,865.9</td>
<td>$</td>
<td>$6,665.3</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net decrease in Tyco Capital financing and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>leasing assets</td>
<td>--</td>
<td>--</td>
<td>1,513.6</td>
<td>--</td>
<td>1,513.6</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment, net.</td>
<td>(0.2)</td>
<td>(0.1)</td>
<td>(1,794.0)</td>
<td>--</td>
<td>(1,794.3)</td>
</tr>
<tr>
<td>Construction in progress—TyCom Global Network</td>
<td>--</td>
<td>(2,247.7)</td>
<td>(2,247.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of businesses, net of cash acquired.</td>
<td>--</td>
<td>--</td>
<td>5,938.7</td>
<td>--</td>
<td>5,938.7</td>
</tr>
<tr>
<td>Disposal of businesses, net of cash sold.</td>
<td>--</td>
<td>904.4</td>
<td>904.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net decrease (increase) in investments</td>
<td>5.9</td>
<td>(148.7)</td>
<td>(148.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in intercompany loans.</td>
<td>54.8</td>
<td>(5,993.5)</td>
<td>(5,993.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Increase) decrease in investment in</td>
<td>(10,621.3)</td>
<td>(2.8)</td>
<td>8,985.0</td>
<td>1,639.1</td>
<td></td>
</tr>
<tr>
<td>subsidiaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>--</td>
<td>--</td>
<td>(177.2)</td>
<td>--</td>
<td>(177.2)</td>
</tr>
<tr>
<td><strong>Total cash used in investing activities</strong></td>
<td>(10,560.8)</td>
<td>(5,996.4)</td>
<td>(2,659.2)</td>
<td>7,577.8</td>
<td>(11,638.6)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net proceeds from (repayments of) debt</td>
<td>3,374.9</td>
<td>6,320.9</td>
<td>(4,440.2)</td>
<td>--</td>
<td>5,255.6</td>
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<tr>
<td>Proceeds from sale of common shares</td>
<td>2,196.6</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>2,196.6</td>
</tr>
<tr>
<td>Proceeds from sale of common shares for</td>
<td>2,729.4</td>
<td>--</td>
<td>2,729.4</td>
<td>--</td>
<td>2,729.4</td>
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<td>acquisitions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>226.6</td>
<td>--</td>
<td>318.4</td>
<td>--</td>
<td>545.0</td>
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<tr>
<td>Repurchase of common shares by subsidiary</td>
<td>--</td>
<td>(1,326.1)</td>
<td>--</td>
<td>(1,326.1)</td>
<td></td>
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<tr>
<td>Financing from parent, net.</td>
<td>--</td>
<td>5,938.7</td>
<td>(5,938.7)</td>
<td>--</td>
<td></td>
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<tr>
<td>Capital contributions</td>
<td>--</td>
<td>1,639.1</td>
<td>(1,639.1)</td>
<td>--</td>
<td></td>
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<tr>
<td>Repurchase of common shares of subsidiary</td>
<td>--</td>
<td>(270.0)</td>
<td>(270.0)</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>--</td>
<td>(15.4)</td>
<td>(15.4)</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>**Net cash provided by (used in) financing</td>
<td>9,437.5</td>
<td>6,320.9</td>
<td>(884.9)</td>
<td>(7,577.8)</td>
<td>6,285.7</td>
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<tr>
<td>activities**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**NET (DECREASE) INCREASE IN CASH AND CASH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQUivalents**</td>
<td>(32.8)</td>
<td>33.4</td>
<td>1,321.8</td>
<td>--</td>
<td>1,322.4</td>
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<tr>
<td>**CASH AND CASH EQUivalents AT BEGINNING OF</td>
<td>34.2</td>
<td>3.6</td>
<td>1,227.0</td>
<td>--</td>
<td>1,264.8</td>
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<tr>
<td>PERIOD**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUivalents AT END OF PERIOD</strong></td>
<td>$ 1.4</td>
<td>$ 37.0</td>
<td>$2,558.8</td>
<td>$</td>
<td>$2,587.2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 1.4</strong></td>
<td><strong>$ 37.0</strong></td>
<td><strong>$2,558.8</strong></td>
<td><strong>$</strong></td>
<td><strong>$2,587.2</strong></td>
</tr>
<tr>
<td>($ IN MILLIONS)</td>
<td>TYCO INTERNATIONAL LTD.</td>
<td>TYCO INTERNATIONAL GROUP S.A.</td>
<td>OTHER SUBSIDIARIES</td>
<td>CONSOLIDATING ADJUSTMENTS</td>
<td>TOTAL</td>
</tr>
<tr>
<td>----------------</td>
<td>------------------------</td>
<td>-----------------------------</td>
<td>-------------------</td>
<td>------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by operating activities...</td>
<td>$893.7</td>
<td>$1,201.3</td>
<td>$3,180.0</td>
<td>$</td>
<td>$5,275.0</td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment, net.</td>
<td>(6.4)</td>
<td>--</td>
<td>(1,808.5)</td>
<td>--</td>
<td>(1,814.9)</td>
</tr>
<tr>
<td>Acquisition of businesses, net of cash acquired.</td>
<td>--</td>
<td>--</td>
<td>(4,790.7)</td>
<td>--</td>
<td>(4,790.7)</td>
</tr>
<tr>
<td>Disposal of businesses, net of cash sold.</td>
<td>--</td>
<td>--</td>
<td>74.4</td>
<td>--</td>
<td>74.4</td>
</tr>
<tr>
<td>Net decrease (increase) in investments.</td>
<td>16.4</td>
<td>--</td>
<td>(369.8)</td>
<td>--</td>
<td>(353.4)</td>
</tr>
<tr>
<td>(Increase) in intercompany loans.</td>
<td>--</td>
<td>(2,421.8)</td>
<td>--</td>
<td>2,421.8</td>
<td>--</td>
</tr>
<tr>
<td>(Increase) in investment in subsidiaries.</td>
<td>(900.7)</td>
<td>--</td>
<td>--</td>
<td>900.7</td>
<td>--</td>
</tr>
<tr>
<td>Other.</td>
<td>--</td>
<td>(0.7)</td>
<td>(52.2)</td>
<td>--</td>
<td>(52.9)</td>
</tr>
<tr>
<td>Net cash used in investing activities...</td>
<td>(890.7)</td>
<td>(2,422.5)</td>
<td>(6,946.8)</td>
<td>3,322.5</td>
<td>(6,937.5)</td>
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<tr>
<td>CASH FLOWS FROM FINANCING ACTIVITIES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net proceeds from (repayments of) debt.</td>
<td>--</td>
<td>1,209.4</td>
<td>(529.0)</td>
<td>--</td>
<td>680.4</td>
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<tr>
<td>Proceeds from exercise of options.</td>
<td>64.6</td>
<td>--</td>
<td>290.7</td>
<td>--</td>
<td>355.3</td>
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<tr>
<td>Net proceeds from issuance of common shares by subsidiary.</td>
<td>--</td>
<td>--</td>
<td>2,130.7</td>
<td>--</td>
<td>2,130.7</td>
</tr>
<tr>
<td>Dividends paid.</td>
<td>(86.2)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>(86.2)</td>
</tr>
<tr>
<td>Intercompany dividends received (paid).</td>
<td>30.0</td>
<td>--</td>
<td>(30.0)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Repurchase of common shares by subsidiary.</td>
<td>--</td>
<td>--</td>
<td>(1,885.1)</td>
<td>--</td>
<td>(1,885.1)</td>
</tr>
<tr>
<td>Financing from parent, net.</td>
<td>--</td>
<td>--</td>
<td>2,421.8</td>
<td>(2,421.8)</td>
<td>--</td>
</tr>
<tr>
<td>Capital contributions.</td>
<td>--</td>
<td>--</td>
<td>900.7</td>
<td>(900.7)</td>
<td>--</td>
</tr>
<tr>
<td>Other.</td>
<td>--</td>
<td>--</td>
<td>(29.8)</td>
<td>--</td>
<td>(29.8)</td>
</tr>
<tr>
<td>Net cash provided by financing activities...</td>
<td>8.4</td>
<td>1,209.4</td>
<td>3,270.0</td>
<td>(3,322.5)</td>
<td>1,165.3</td>
</tr>
<tr>
<td>NET INCREASE (DECREASE) IN CASH AND CASH EQUivalENTS...</td>
<td>11.4</td>
<td>(11.8)</td>
<td>(496.8)</td>
<td>--</td>
<td>(497.2)</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD.</td>
<td>22.8</td>
<td>15.4</td>
<td>1,723.8</td>
<td>--</td>
<td>1,762.0</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT END OF PERIOD.</td>
<td>$ 34.2</td>
<td>$ 3.6</td>
<td>$1,227.0</td>
<td>$</td>
<td>$1,264.8</td>
</tr>
</tbody>
</table>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. TYCO INTERNATIONAL GROUP S.A. (CONTINUED)

CONSOLIDATING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 1999
31. SUBSEQUENT EVENTS

On October 26, 2001, TIG sold $1,500.0 million 6.375% notes due 2011 under its $6.0 billion shelf registration statement in a public offering. The notes are fully and unconditionally guaranteed by Tyco. The net proceeds of approximately $1,487.8 million were used to repay borrowings under TIG's commercial paper program.

On November 13, 2001, Tyco completed the acquisition of Sensormatic Electronics Corporation ("Sensormatic"), a leading supplier of electronic security solutions to the retail, commercial and industrial market-places. The acquisition was accomplished through an exchange offer followed by a short-form merger and is valued at approximately $2.3 billion, including the assumption of $116 million of net debt. An aggregate of approximately 48 million common shares of Tyco were issued for all the outstanding capital stock of Sensormatic.

On November 19, 2001, TIG issued €500 million 4.375% notes due 2005, €685 million 5.5% notes due 2009, L200 million 6.5% notes due 2012 and L285 million 6.5% notes due 2032, utilizing the capacity available under TIG's European Medium Term Note Programme established in September 2001. The notes are fully and unconditionally guaranteed by Tyco.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. SUBSEQUENT EVENTS (CONTINUED)
The net proceeds of $1,726.6 million were used to repay borrowings under TIG's commercial paper program.

On December 18, 2001, the Company completed its amalgamation with TyCom and each of the approximately 56 million TyCom common shares not owned by Tyco were converted into the right to receive 0.3133 of a Tyco common share. Upon completion of the amalgamation, TyCom became a wholly-owned subsidiary of Tyco, and each outstanding option to purchase TyCom common shares is exercisable for Tyco common shares, with the number of Tyco shares equal to the number of TyCom common shares issuable upon exercise immediately prior to the consummation multiplied by the exchange ratio of 0.3133. The per share exercise price for the Tyco common shares issuable upon the exercise of TyCom options equals the exercise price per TyCom common share, at the price such options were exercisable prior to the amalgamation, divided by the exchange ratio. In addition, each outstanding TyCom restricted share was converted into a restricted Tyco common share based on the exchange ratio. The options and restricted shares are subject to the same terms and conditions that were applicable immediately prior to the amalgamation.
information to reflect this change.

In Fiscal 1999, we consummated two mergers that were accounted for under the pooling of interests method of accounting: the merger with United States Surgical Corporation ("U.S. Surgical") and the merger with AMP Incorporated ("AMP"). As required by generally accepted accounting principles in the United States ("GAAP"), we restated our financial statements as if U.S. Surgical and AMP had always been a part of Tyco.

Tyco Industrial segment revenues increased 17.6% during Fiscal 2001 to $34,036.6 million compared to $28,931.9 million in Fiscal 2000. Fiscal 2001 revenues reflect a decrease of $241.1 million resulting from the adoption of Staff Accounting Bulletin No. 101 ("SAB 101"). Tyco Industrial segment revenues increased 28.6% during Fiscal 2000 to $28,931.9 million from $22,496.5 million in Fiscal 1999.

Income before extraordinary items and cumulative effect of accounting changes was $4,671.1 million in Fiscal 2001 as compared to $4,520.1 million in Fiscal 2000 and $1,067.7 million in Fiscal 1999. Income before extraordinary items and cumulative effect of accounting changes for Fiscal 2001 included a net charge of $382.2 million ($366.8 million after-tax) consisting of the following: (i) restructuring and other non-recurring charges and impairment charges totaling $705.4 million related primarily to the closure of facilities within the Electronics and Fire and Security Services segments; (ii) $184.3 million write-off of purchased in-process research and development related to the acquisition of Mallinckrodt Inc. ("Mallinckrodt"); (iii) a non-recurring credit of $166.8 million related to the settlement of litigation; (iv) a net gain on sale of businesses and investments of $276.6 million principally related to the sale of ADT Automotive, partially offset by the permanent impairment of an equity investment; and (v) a $64.1 million net gain on the sale of common shares of a subsidiary. Income before extraordinary items and cumulative effect of accounting changes for Fiscal 2001 also reflects a $111.2 million decrease resulting from the Fiscal 2001 impact of the adoption of SAB 101. Income before extraordinary items for Fiscal 2000 included a net credit of $1,484.7 million ($793.7 million after-tax) consisting of the following: (i) a gain of $1,760.0 million on the sale by a subsidiary of its common shares in connection with TyCom's initial public offering; (ii) restructuring, non-recurring and impairment charges of $424.2 million primarily for non-recurring claims related to a merged company and the exiting of U.S. Surgical's interventional cardiology business; and (iii) a credit of $148.9 million representing a revision of estimates of merger, restructuring and other non-recurring accruals. Income before extraordinary items for Fiscal 1999 included a net charge of $1,542.7 million ($1,304.8 million after-tax) related primarily to the mergers with U.S. Surgical and AMP and costs associated with AMP's profit improvement plan.

The following table details Tyco Industrial's net revenue and earnings in Fiscal 2001, Fiscal 2000 and Fiscal 1999 ($ in millions):
Tyco Industrial segment revenues before accounting change... $34,277.7  $28,931.9  $22,496.5
Impact of SAB 101........................................... (241.1) -- --

TYCO INDUSTRIAL SEGMENT REVENUES AFTER ACCOUNTING CHANGE.... $34,036.6  $28,931.9  $22,496.5

Tyco Industrial operating income, before certain charges (credits) and accounting change(l)........................ $ 7,623.5  $ 6,094.1  $ 3,949.6
Merger, restructuring and other non-recurring charges, net............................................... (418.5) (176.3) (1,035.2)
Write-off of purchased in-process research and development................................................. (184.3) -- --
Charges for the impairment of long-lived assets................................................................. (120.1) (99.0) (507.5)
Amortization of goodwill......................................................... (537.4) (344.4) (216.1)
Impact of SAB 101........................................... (171.1) -- --
Corporate expense allocated to Tyco Capital.................        (5.3) -- --

Tyco Industrial operating income............................     6,186.8       5,474.4       2,190.8
Net gain on sale of businesses and investments............ 276.6 -- --
Net gain on sale of common shares of a subsidiary........ 64.1 1,760.0 --
Tyco Capital net earnings (from June 2, 2001).............. 252.5 -- --
Interest expense, net........................................... (776.5) (769.6) (485.6)

Income before income taxes, minority interest, extraordinary items and cumulative effect of accounting changes...... 6,003.5 6,464.8 1,705.2
Income taxes.................................................... (1,284.9) (1,926.0) (637.5)
Minority interest...........................................       (47.5)        (18.7)           --

INCOME BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES.............................. 4,671.1 4,520.1 1,067.7
Extraordinary items, net of tax.................................. (17.1) (0.2) (45.7)
Cumulative effect of accounting changes, net of tax........ -- -- --

TYCO INDUSTRIAL NET INCOME.................................. $ 3,970.6  $ 4,519.9  $ 1,022.0

(1) This amount is the sum of the operating income of Tyco Industrial's four business segments set forth in the segment discussion below, less certain corporate expenses, and is before merger, restructuring and other non-recurring charges (credits), the write-off of purchased in-process research and development, charges for the impairment of long-lived assets, amortization of goodwill and the adoption of SAB 101. Merger, restructuring and other non-recurring charges, net, in the amount of $184.9 million, $1.0 million and $106.4 million related to inventory have been deducted as part of cost of revenue in the Consolidated Statements of Operations for Fiscal 2001, 2000 and 1999, respectively. However, they have not been deducted as part of cost of revenue for the purpose of calculating operating income before certain charges (credits) in this table. These charges are instead included in merger, restructuring and other non-recurring charges.

During Fiscal 2001, we recorded merger, restructuring and other non-recurring charges and charges for the impairment of long-lived assets related primarily to cost reduction actions and acquisitions. Under our restructuring and integration programs, we terminate employees and close facilities made redundant. The reduction in manpower and facilities comes from the manufacturing, sales and administrative functions. In addition, we discontinue or dispose of product lines which do not fit the long-term strategy of the respective businesses. We do not separately track the impact on financial...
results of the restructuring and integration programs. However, we estimate that our overall cost structure has been reduced by approximately $300.0 million on an annualized basis due to the impact associated with these charges. The significant decreases have been to selling, general and administrative expenses and to cost of revenue.

Operating income and margins for Tyco Industrial's four business segments, which are presented in accordance with GAAP in the following discussion, are supplemented by a discussion of operating income and margins stated before deductions for merger, restructuring and other non-recurring charges, charges for impairment of long-lived assets and the adoption of SAB 101. This supplemental discussion of operating results before certain charges (credits) and accounting change should not be considered an alternative to operating or net income as an indicator of the performance of our business, or as an alternative to cash flows from operating activities as a measure of liquidity, in each case determined in accordance with GAAP.

Operating income, before certain (charges) credits and accounting change, improved in all segments in each of Fiscal 2001 and Fiscal 2000, with the exception of the Telecommunications segment as discussed below. The operating improvements are the result of both increased revenues in all but our Telecommunications segment and enhanced margins in all but our Healthcare and Specialty Products segment. Increased revenues resulted from acquisitions that are accounted for under the purchase method of accounting and from organic growth. We enhanced our margins through improved productivity and cost reductions in the ordinary course of business, unrelated to acquisition or divestiture activities. We regard charges that we incurred to reduce costs in the ordinary course of business as recurring charges, which are reflected in cost of revenue and in selling, general, administrative and other costs and expenses in the Consolidated Statements of Operations.

When we make an acquisition, the acquired company is immediately integrated with our existing operations. Consequently, we do not separately track the financial results of acquired companies. The discussions following the tables below include estimates of year-to-year revenue growth that exclude the effects of indicated acquisitions. These estimates assume that the acquisitions were made at the beginning of the relevant fiscal periods.

REVENUE AND OPERATING INCOME AND MARGINS

 ELECTRONICS

Electronics' products and services include:

- designing, engineering and manufacturing of electronic connector systems, fiber optic components, wireless devices, heat shrink products, power components, wire and cable, relays, sensors, touch screens, smart card components, identification and labeling products, energy solutions, power products, switches and battery assemblies.

The AMP merger occurred in April 1999, but, as required under the pooling of interests method of accounting, Fiscal 1999 results are presented as though the companies had been combined since the beginning of Fiscal 1999. The following table sets forth revenue and operating income (loss) and margins for the Electronics segment ($ in millions):

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The 14.3% increase in revenue, before accounting change, in Fiscal 2001 over Fiscal 2000 resulted primarily from acquisitions. These acquisitions included: Siemens Electromechanical Components GmbH & Co. KG ("Siemens") and AFC Cable Systems, Inc. ("AFC Cable") in November 1999; Praegitzer Industries, Inc. ("Praegitzer") in December 1999; Critchley Group PLC ("Critchley") in March 2000; the electronic OEM business of Thomas & Betts in July 2000; CIGI Investment Group, Inc. ("CIGI") in October 2000; and Lucent Technologies' Power Systems business unit in December 2000. Excluding the impact of these acquisitions, revenue increased an estimated 0.3%, which reflects an economic slowdown in the computer and consumer electronics and communications industries and, to a lesser extent, the effect of foreign exchange rates.

The 62.1% increase in revenue in Fiscal 2000 over Fiscal 1999 was predominantly due to acquisitions and, to a lesser extent, organic growth. These acquisitions included: Glynwed International, plc in March 1999; Raychem Corporation ("Raychem") in August 1999; Siemens and AFC Cable in November 1999; Praegitzer in December 1999; Critchley in March 2000; and the electronic OEM business of Thomas & Betts in July 2000. Excluding the impact of these acquisitions, revenue increased an estimated 13.1%.

The 20.0% increase in operating income and the increase in margins, before certain (charges) credits and accounting change, in Fiscal 2001 compared with Fiscal 2000 was primarily due to acquisitions and improved margins at both Tyco Printed Circuit Group and AMP. These increases were somewhat offset by decreased operating income and margins at Allied Tube and Conduit resulting from higher raw material prices.

Operating income and margins, after certain (charges) credits and accounting change, include restructuring and other non-recurring and impairment charges of $485.0 million, partially offset by an increase of $22.5 million relating to the adoption of SAB 101 in Fiscal 2001, as compared to a net merger, restructuring and other non-recurring credit of $90.9 million in Fiscal 2000.

The substantial increase in operating income and margins, before certain (charges) credits, in Fiscal 2000 compared with Fiscal 1999 was primarily due to the acquisitions of Raychem and Siemens and improved margins at both AMP and Tyco Printed Circuit Group. The improved operating margins, before certain (charges) credits, in Fiscal 2000 compared with Fiscal 1999 resulted from increased volume, improved pricing and continuing cost reduction programs following the AMP merger.

In addition to the items discussed above, the substantial increase in operating income and margins, after certain (charges) credits, was due to a merger, restructuring and other non-recurring net credit of $90.9 million in Fiscal 2000 compared with a restructuring and other non-recurring charge of $1,074.8 million in Fiscal 1999.
FIRE AND SECURITY SERVICES

Fire and Security Services' products and services include:

- designing, installing and servicing a broad line of fire detection, prevention and suppression systems, and manufacturing and servicing of fire extinguishers and related products;
- designing, installing, monitoring and maintaining electronic security systems;
- designing and manufacturing valves and related products; and
- providing a broad range of consulting, engineering and construction management and operating services for water, wastewater, environmental, transportation and infrastructure markets.

The following table sets forth revenue and operating income and margins for the Fire and Security Services segment ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>FISCAL 2001</th>
<th>FISCAL 2000</th>
<th>FISCAL 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, before accounting change</td>
<td>$10,529.1</td>
<td>$8,506.6</td>
<td>$8,086.5</td>
</tr>
<tr>
<td>Operating income, before certain (charges) credits and accounting change</td>
<td>$2,019.3</td>
<td>$1,464.0</td>
<td>$1,308.9</td>
</tr>
<tr>
<td>Operating margins, before certain (charges) credits and accounting change</td>
<td>19.2%</td>
<td>17.2%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Revenue, after accounting change</td>
<td>$10,253.2</td>
<td>$8,506.6</td>
<td>$8,086.5</td>
</tr>
<tr>
<td>Operating income, after certain (charges) credits and accounting change</td>
<td>$1,690.6</td>
<td>$1,475.2</td>
<td>$1,336.1</td>
</tr>
<tr>
<td>Operating margins, after certain (charges) credits and accounting change</td>
<td>16.5%</td>
<td>17.3%</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

The 23.8% increase in revenue, before accounting change, in Fiscal 2001 over Fiscal 2000 resulted primarily from higher sales volume and increased service revenue in fire protection in North America and Asia and higher revenues in the worldwide electronic security services business. The increases were due primarily to a higher volume of recurring service revenues and, to a lesser extent, the effects of acquisitions. These acquisitions included: Flow Control Technologies ("FCT") in February 2000; Simplex Time Recorder Co. in January 2001; Scott Technologies, Inc. ("Scott") in May 2001; and the electronic security systems businesses of Cambridge Protection Industries, L.L.C. ("SecurityLink") in July 2001. Excluding the impact of these acquisitions, revenue increased an estimated 9.9%.

The 5.2% increase in revenue in Fiscal 2000 over Fiscal 1999 resulted primarily from increased sales in the worldwide electronic security services business and higher sales volume in fire protection operations in North America, Asia and Australia. The increases were due primarily to a higher volume of recurring service revenues and, to a lesser extent, the effects of acquisitions in the security services business. These acquisitions included: Entergy Security Corporation in January 1999; Alarmguard Holdings in February 1999; Central Sprinkler Corporation in August 1999; and FCT in February 2000. In August 1999, we sold certain businesses within this segment, including The Mueller Company and portions of Grinnell Supply Sales and Manufacturing. Excluding the impact of these acquisitions and divestitures, revenue increased an estimated 11.9%.

The 37.9% increase in operating income, before certain (charges) credits and
accounting change, in Fiscal 2001 over Fiscal 2000 was primarily due to acquisitions and increased service volume in the fire protection business in North America and Asia and worldwide security business. The increase in operating margins, before certain (charges) credits and accounting change, was primarily due to increased service revenues in fire protection and improved margins at both the valve operations and at Tyco Infrastructure (formerly known as Earth Tech).

Operating income and margins, after certain (charges) credits and accounting change, include restructuring and other non-recurring and impairment charges of $144.9 million, as well as a decrease of $183.8 million relating to the adoption of SAB 101, in Fiscal 2001, as compared to a restructuring and other non-recurring credit of $11.2 million in Fiscal 2000. As required under SAB 101, we modified our revenue recognition policies with respect to the installation of electronic security systems as of the beginning of the fiscal year. See Consolidated Items--CUMULATIVE EFFECT OF ACCOUNTING CHANGES.

The 11.8% increase in operating income, before certain (charges) credits, in Fiscal 2000 over Fiscal 1999 reflects increased service volume in security operations in the United States and fire protection businesses in North America and Asia. The increase in operating margins, before certain credits, was due to increased sales volume in both security services and fire protection offset slightly, in the case of security services, by the costs of the reorganization of the security services' dealer program and internal sales force during the first two quarters of Fiscal 2000.

In addition to the items discussed above, operating income and margins, after certain (charges) credits, reflect restructuring and other non-recurring credits of $11.2 million in Fiscal 2000 and $27.2 million in Fiscal 1999.

HEALTHCARE AND SPECIALTY PRODUCTS

Healthcare and Specialty Products include:

- a wide variety of disposable medical products, including wound care and closure products, syringes and needles, sutures and surgical staplers, products used for vascular therapy and respiratory care, infant medical accessories, incontinence products, anesthetic supplies, electrosurgical instruments and laparoscopic instruments;

- polyethylene film and film products such as flexible plastic packaging, plastic bags and sheeting, coated and laminated packaging materials, tapes and adhesives, plastic garment hangers and pipeline coatings for the oil, gas and water distribution industries; and

- ADT Automotive's auto redistribution services, which was sold on October 6, 2000.

The following table sets forth revenue and operating income and margins for the Healthcare and Specialty Products segment ($ in millions):
<table>
<thead>
<tr>
<th></th>
<th>FISCAL 2001</th>
<th>FISCAL 2000</th>
<th>FISCAL 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, before accounting change</td>
<td>$8,833.3</td>
<td>$6,467.9</td>
<td>$5,742.7</td>
</tr>
<tr>
<td>Operating income, before certain (charges) credits and accounting change</td>
<td>$2,070.6</td>
<td>$1,527.9</td>
<td>$1,386.0</td>
</tr>
<tr>
<td>Operating margins, before certain (charges) credits and accounting change</td>
<td>23.4%</td>
<td>23.6%</td>
<td>24.1%</td>
</tr>
<tr>
<td>Revenue, after accounting change</td>
<td>$8,812.7</td>
<td>$6,467.9</td>
<td>$5,742.7</td>
</tr>
<tr>
<td>Operating income, after certain (charges) credits and accounting change</td>
<td>$1,804.4</td>
<td>$1,439.8</td>
<td>$890.9</td>
</tr>
<tr>
<td>Operating margins, after certain (charges) credits and accounting change</td>
<td>20.5%</td>
<td>22.3%</td>
<td>15.5%</td>
</tr>
</tbody>
</table>

The 36.6% increase in revenue, before accounting change, in Fiscal 2001 over Fiscal 2000 resulted primarily from acquisitions and, to a lesser extent, organic growth. These acquisitions included: General Surgical Innovations, Inc. ("GSI") in November 1999; Radionics in January 2000; Fiber-Lam in March 2000; Mallinckrodt Inc. ("Mallinckrodt") in October 2000; and InnerDyne, Inc. ("InnerDyne") in December 2000. The revenue increase was somewhat offset by the sale of our ADT Automotive business. Excluding the impact of these acquisitions and this divestiture, revenue increased an estimated 5.9%.

The 12.6% increase in revenue in Fiscal 2000 over Fiscal 1999 was primarily the result of increased sales at Tyco Plastics and Adhesives and Tyco Healthcare and, to a lesser extent, ADT Automotive. The increases for Tyco Healthcare were due to organic growth and, to a lesser extent, acquisitions. These acquisitions included: Graphic Controls Corporation and Sunbelt Plastics, both in November 1998; Batts, Inc. in April 1999; GSI in November 1999; Radionics in January 2000; and Fiber-Lam in March 2000. Excluding the impact of these acquisitions, revenue for the segment increased an estimated 8.2% in Fiscal 2000 over Fiscal 1999.

The 35.5% increase in operating income, before certain (charges) credits and accounting change, and the slight decrease in operating margins, before certain (charges) credits and accounting change, in Fiscal 2001 compared to Fiscal 2000 was due to the acquisition of Mallinckrodt, which generally has lower operating margins than other businesses in this segment.

Operating income and margins, after certain (charges) credits and accounting change, include restructuring and other non-recurring and impairment charges of $256.4 million, as well as a decrease of $9.8 million relating to the adoption of SAB 101, in Fiscal 2001, as compared to net merger, restructuring and other non-recurring and impairment charges of $88.1 million in Fiscal 2000.

The 10.2% increase in operating income, before certain (charges) credits and accounting change, in Fiscal 2000 over Fiscal 1999 was due to increased sales volume at Tyco Healthcare, Tyco Plastics and Adhesives and, to a lesser extent, ADT Automotive, slightly offset by a lower operating margin percentage at Tyco Healthcare principally due to higher raw materials costs.

In addition to the items discussed above, the substantial increase in operating income and margins, after certain (charges) credits in Fiscal 2000 over Fiscal 1999, was due to net merger, restructuring and other non-recurring and impairment charges of $88.1 million in Fiscal 2000 compared with net merger, restructuring and other non-recurring charges of $495.1 million in Fiscal 1999.
TELECOMMUNICATIONS

Tyco's subsidiary, TyCom Ltd. ("TyCom"), is a leading independent provider of undersea fiber optic networks and services, and its products and services include:

- designing, engineering, manufacturing and installing undersea cable communications systems; and
- servicing and maintaining major undersea cable networks.

Beginning in the fourth quarter of Fiscal 2000, TyCom began the design, manufacture and installation of a global undersea fiber optic network, known as the TyCom Global Network-TM- ("TGN"). In the third quarter of Fiscal 2001, TyCom began operating, maintaining and selling bandwidth capacity on the TGN.

The following table sets forth revenue and operating income and margins for the Telecommunications segment ($ in millions):

<table>
<thead>
<tr>
<th></th>
<th>FISCAL 2001</th>
<th>FISCAL 2000</th>
<th>FISCAL 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,863.2</td>
<td>$2,539.7</td>
<td>$1,623.8</td>
</tr>
<tr>
<td>Operating income, before certain charges</td>
<td>$  414.6</td>
<td>$  529.7</td>
<td>$  325.1</td>
</tr>
<tr>
<td>Operating margins, before certain charges</td>
<td>22.3%</td>
<td>20.9%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Operating income, after certain charges</td>
<td>$  414.6</td>
<td>$  516.6</td>
<td>$  325.1</td>
</tr>
<tr>
<td>Operating margins, after certain charges</td>
<td>22.3%</td>
<td>20.3%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Since the fourth quarter of Fiscal 2000, when we began construction of the transatlantic portion of the TGN, TyCom's revenues have decreased due to lower third-party contract sales, while fixed costs have generally increased due to our building the infrastructure to support the TGN, including network operations, sales and marketing, research and development and administration. The 26.6% decrease in revenue in Fiscal 2001 as compared to Fiscal 2000 reflects generally the downturn in the telecommunications industry and specifically a decrease in third-party contract sales for undersea communications systems. In addition, certain revenues were deferred pending customer financing. TyCom may continue to experience softness in demand if the current downturn in the telecommunications industry continues. However, TyCom believes that its technological capabilities and contraction in the number of competitors should mitigate the negative effects of industry trends on its results in the longer term.

The 56.4% increase in revenue in Fiscal 2000 over Fiscal 1999 resulted primarily from increased demand for third-party sales of undersea communications systems and, to a much lesser extent, the acquisition in May 1999 of Telecomunicaciones Marinas, S.A. ("Temasa"). Excluding the effect of Temasa, the revenue increase for the segment in Fiscal 2000 was an estimated 54.0%.

The 21.7% decrease in operating income, before certain charges, in Fiscal 2001 compared with Fiscal 2000 was principally due to the decrease in the volume of undersea cable communications systems sales and services to others. The increase in operating margins was primarily due to project completions and certain reduced accruals due to lower profitability levels for Fiscal 2001 and certain contractual settlements.

The substantial increase in operating income, before and after certain charges, in Fiscal 2000 compared with Fiscal 1999 was primarily due to higher
sales volume, and to a lesser extent, the Temasa acquisition. The increase in operating income, after certain charges, was offset by a non-recurring charge of $13.1 million incurred in connection with the TyCom initial public offering.

FOREIGN CURRENCY

The effect of changes in foreign exchange rates for Fiscal 2001 compared to Fiscal 2000 was a decrease in revenue of approximately $1,053.6 million and a decrease in operating income of approximately $199.5 million. The effect of changes in foreign exchange rates for Fiscal 2000 compared to Fiscal 1999 was a decrease in revenue of approximately $528.6 million and a decrease in operating income of approximately $105.9 million.

CORPORATE EXPENSES

Corporate expenses, excluding a net gain on sale of businesses and investments of $276.6 million, a net non-recurring credit of $163.4 million, primarily for the settlement of litigation, and a net gain of $64.1 million on the sale of common shares of a subsidiary, were $191.9 million in Fiscal 2001 as compared to $187.4 million in Fiscal 2000 and $122.9 million in Fiscal 1999. These increases were due principally to higher compensation expense under our equity-based incentive compensation plans and an increase in corporate staffing and related costs to support and monitor our expanding businesses and operations.

AMORTIZATION OF GOODWILL

Amortization of goodwill, a non-cash charge, increased $193.0 million to $537.4 million in Fiscal 2001 compared with Fiscal 2000. Fiscal 2000 amortization of goodwill increased to $344.4 million from $216.1 million in Fiscal 1999. The increases in goodwill amortization expenses were due to net increases in goodwill balances of $10,066.2 million in Fiscal 2001 and $3,764.4 million in Fiscal 2000, all due to acquisitions. In accordance with recently adopted accounting rule changes, goodwill will no longer be amortized beginning with our Fiscal 2002 year. See ACCOUNTING AND TECHNICAL PRONOUNCEMENTS within Note 1 to our Consolidated Financial Statements for a discussion of these accounting rule changes.

INTEREST EXPENSE, NET

Interest expense, net, increased $6.9 million to $776.5 million in Fiscal 2001, as compared to Fiscal 2000, and increased $284.0 million to $769.6 million in Fiscal 2000, as compared to Fiscal 1999. These increases were due primarily to higher average debt balances, resulting from borrowings to finance acquisitions and our share repurchase program, offset by lower interest rates during Fiscal 2001. The increase in borrowings was mitigated in part by the generation of a substantial amount of free cash flow. The weighted-average rates of interest on Tyco Industrial's long-term debt outstanding at September 30, 2001 and 2000 were 4.2% and 6.6%, respectively.

On June 1, 2001, a subsidiary of Tyco acquired The CIT Group, Inc., an independent commercial finance company, now Tyco Capital Corporation. The discussion herein is only for the period June 2 through September 30, 2001 (the "Four Month Period"). The results for the Four Month Period are not indicative of results which would have been achieved for an entire year. Tyco Capital's services include:
- commercial financing and leasing--offering equipment, commercial factoring and structured financing; and
- specialty financing and leasing--consumer lending and retail sales and vendor financing.

The following table sets forth operating results of Tyco Capital:

<table>
<thead>
<tr>
<th>($ IN MILLIONS)</th>
<th>FOR THE PERIOD</th>
<th>JUNE 2 THROUGH SEPTEMBER 30, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance income</td>
<td>$ 1,676.5</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>597.1</td>
<td></td>
</tr>
<tr>
<td>Net finance income</td>
<td>1,079.4</td>
<td></td>
</tr>
<tr>
<td>Depreciation on operating lease equipment</td>
<td>448.6</td>
<td></td>
</tr>
<tr>
<td>Net finance margin</td>
<td>630.8</td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>335.1</td>
<td></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>965.9</td>
<td></td>
</tr>
<tr>
<td>Selling, general, administrative and other costs and expenses less depreciation on operating lease equipment</td>
<td>(398.7)</td>
<td></td>
</tr>
<tr>
<td>Provision for credit losses</td>
<td>(116.1)</td>
<td></td>
</tr>
<tr>
<td>Income before income taxes and minority interest</td>
<td>$ 451.1</td>
<td></td>
</tr>
<tr>
<td>Average earning assets (&quot;AEA&quot;)</td>
<td>$39,159.2</td>
<td></td>
</tr>
<tr>
<td>Net finance margin as a percent of AEA (annualized)</td>
<td>4.83%</td>
<td></td>
</tr>
<tr>
<td>Operating revenue as a percent of AEA (annualized)</td>
<td>7.40%</td>
<td></td>
</tr>
</tbody>
</table>

(1) Depreciation on operating lease equipment has been included within selling, general, administrative and other costs and expenses in the Consolidated Statements of Operations.

(2) Average earning assets is the average of finance receivables, operating lease equipment, finance receivables held for sale and certain investments, less credit balances of factoring clients.

Tyco Capital's revenues were $2,011.6 million for the Four Month Period. Finance income totaled $1,676.5 million for the Four Month Period. As a percentage of AEA, finance income (excluding interest income related to short-term interest-bearing deposits) was 12.70%.

Interest expense totaled $597.1 million for the Four Month Period. As a percentage of AEA, interest expense (excluding interest related to short-term interest-bearing deposits and dividends related to preferred capital securities) was 4.43%.

Other income for Tyco Capital was $335.1 million for the Four Month Period as set forth in the following table ($ in millions):
FOR THE PERIOD
JUNE 2 THROUGH
SEPTEMBER 30, 2001

Fees and other income.......................................  $212.3
Gains on securitizations....................................  59.0
Factoring commissions.......................................  50.7
Gains on sales of leasing equipment.........................  14.2
Losses on venture capital investments....................... (1.1)
-----
Total.....................................................  $335.1

Included in fees and other income are miscellaneous fees, syndication fees and gains from receivable sales.

The provision for credit losses was $116.1 million for the Four Month Period, while charge-offs were $86.8 million. Managed assets were $50.9 billion at September 30, 2001, while financing and leasing portfolio assets totaled $40.7 billion. Managed assets include finance receivables, operating lease equipment, finance receivables held for sale, certain investments, and finance receivables previously securitized and still managed by Tyco Capital.

CONSOLIDATED ITEMS

CONSOLIDATED INCOME TAX EXPENSE

The effective income tax rate, excluding the impact of purchased in-process research and development, merger, restructuring and other non-recurring (charges) credits, charges for the impairment of long-lived assets, net gain on the sale of businesses and investments, net gain on the sale of common shares of a subsidiary and accounting change, was 23.0% during Fiscal 2001, as compared to 24.8% in Fiscal 2000 and 27.0% in Fiscal 1999. The decrease in the effective income tax rate was primarily due to higher earnings in tax jurisdictions with lower income tax rates. We believe that we will generate sufficient future income to realize the tax benefits related to our deferred tax assets. A valuation allowance has been maintained due to continued uncertainties of realization of certain tax benefits, primarily tax loss carryforwards (see Note 9 to our Consolidated Financial Statements).

EXTRAORDINARY ITEMS

Extraordinary items in Fiscal 2001, Fiscal 2000 and Fiscal 1999 included after-tax losses amounting to $17.1 million, $0.2 million and $45.7 million, respectively, relating primarily to the early extinguishment of debt (see Note 17 to our Consolidated Financial Statements).

CUMULATIVE EFFECT OF ACCOUNTING CHANGES

In December 1999, the Securities and Exchange Commission ("SEC") issued SAB 101, in which the SEC Staff expressed its views regarding the appropriate recognition of revenue in a variety of circumstances, some of which are relevant to us. As required under SAB 101, we modified our revenue recognition policies with respect to the installation of electronic security systems (see "REVENUE RECOGNITION" within Note 1 to our Consolidated Financial Statements). In addition, in response to SAB 101, we undertook a review of our revenue
recognition practices and identified certain provisions included in a limited number of sales arrangements that delayed the recognition of revenue under SAB 101. During the fourth quarter of Fiscal 2001, we changed our method of accounting for these items retroactive to the beginning of the fiscal year to conform to the requirements of SAB 101. This was reported as a $653.7 million after-tax ($1,005.6 million pre-tax) charge for the cumulative effect of change in accounting principle in the Fiscal 2001 Consolidated Statement of Operations.

The impact of SAB 101 on total revenues in Fiscal 2001 was a net decrease of $241.1 million, reflecting the deferral of $520.5 million of Fiscal 2001 revenues, partially offset by the recognition of $279.4 million of revenue that is included in the cumulative effect adjustment as of the beginning of the fiscal year. We restated each of the first three quarters of Fiscal 2001 in the Consolidated Statement of Operations to reflect the adoption of SAB 101 (see Note 29 to our Consolidated Financial Statements). Pro forma amounts for the periods prior to Fiscal 2001 have not been presented since the effect of the change in accounting principle for these periods could not be reasonably determined.

We recorded a cumulative effect adjustment, a $29.7 million loss, net of tax, in Fiscal 2001 in accordance with the transition provisions of SFAS No. 133 (see Note 1 to our Consolidated Financial Statements).

LIQUIDITY AND CAPITAL RESOURCES

TYCO INDUSTRIAL

The following table shows the sources of our cash flow from operating activities and the use of a portion of that cash in our operations in Fiscal 2001, Fiscal 2000 and Fiscal 1999. We refer to the net amount of cash generated from operating activities less capital expenditures and dividends as "free cash flow."
### Tyco International Operating Income, Before Certain Charges and Accounting Change

<table>
<thead>
<tr>
<th></th>
<th>Fiscal 2001</th>
<th>Fiscal 2000</th>
<th>Fiscal 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyco Industrial</td>
<td>$7,623.5</td>
<td>$6,094.1</td>
<td>$3,949.6</td>
</tr>
<tr>
<td>Depreciation and</td>
<td>1,603.2</td>
<td>1,300.0</td>
<td>1,095.1</td>
</tr>
<tr>
<td>amortization of</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in</td>
<td>219.0</td>
<td>507.8</td>
<td>351.6</td>
</tr>
<tr>
<td>deferred income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net increase in</td>
<td>(466.0)</td>
<td>(64.9)</td>
<td>(122.6)</td>
</tr>
<tr>
<td>working capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense,</td>
<td>(776.5)</td>
<td>(769.6)</td>
<td>(485.6)</td>
</tr>
<tr>
<td>net</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(1,284.9)</td>
<td>(1,926.0)</td>
<td>(637.5)</td>
</tr>
<tr>
<td>expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>(215.5)</td>
<td>(155.2)</td>
<td>(633.6)</td>
</tr>
<tr>
<td>expenditures(4)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td>222.7</td>
<td>288.8</td>
<td>32.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from</td>
<td>6,925.5</td>
<td>5,275.0</td>
<td>3,549.8</td>
</tr>
<tr>
<td>operating activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(1,797.5)</td>
<td>(1,703.8)</td>
<td>(1,632.5)</td>
</tr>
<tr>
<td>Tyco Capital</td>
<td>(297.8)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>factoring receivables</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(90.0)</td>
<td>(86.2)</td>
<td>(187.9)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$4,740.2</td>
<td>$3,485.0</td>
<td>$1,729.4</td>
</tr>
</tbody>
</table>

(1) This amount is the sum of the operating income of the four Tyco Industrial business segments as set forth above, less certain corporate expenses, and is before merger, restructuring and other non-recurring charges (credits), a charge for the write-off of purchased in-process research and development, charges for the impairment of long-lived assets, goodwill amortization and the adoption of SAB 101.

(2) This amount is the sum of depreciation of tangible property ($1,243.1 million, $1,095.0 million and $979.6 million in Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively) and amortization of intangible assets other than goodwill ($360.1 million, $205.0 million and $115.5 million in Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively).

(3) This amount includes $490.6 million (of which $297.8 million relates to sales to Tyco Capital), $100.0 million and $50.0 million received on the sale of accounts receivable in Fiscal 2001, Fiscal 2000 and Fiscal 1999, respectively.

(4) This amount is cash paid for merger, restructuring and other non-recurring charges.

(5) This amount excludes expenditures related to construction of the TGN of $2,247.7 million and $111.1 million for the years ended September 30, 2001 and 2000, respectively. This amount includes $427.7 million and $172.0 million received in sale-leaseback transactions for the years ended September 30, 2001 and 2000, respectively.

In addition, in Fiscal 2001, Fiscal 2000 and Fiscal 1999 we paid out $737.2 million, $544.2 million and $354.4 million, respectively, in cash that was charged against reserves established in connection with acquisitions accounted for under the purchase accounting method. This amount is included in "Acquisition of businesses, net of cash acquired" in the Consolidated Statements of Cash Flows.

Reserves for restructuring and other non-recurring items are taken as a charge against current earnings at the time the reserves are established. Amounts expended for restructuring and other non-recurring costs are charged against the reserves as they are paid out. If the amount of the reserves proves to be greater than the costs actually incurred, any excess is credited against...
restructuring and other non-recurring charges in the Consolidated Statement of Operations in the period in which that determination is made.

In Fiscal 2001, we recorded net restructuring and other non-recurring charges of $331.8 million, of which charges of $98.2 million are included in cost of revenue, consisting of charges of $498.6 million, related primarily to the closure of manufacturing plants, sales offices, warehouses and administrative offices in the Electronics and Fire and Security Services segments, partially offset by a $166.8 million credit to litigation reserves established in the prior year. In addition, we incurred a non-recurring charge of $86.7 million related to the sale of inventory which had been written-up under purchase accounting, which has been included in cost of revenue. At September 30, 2000, there existed merger, restructuring and other non-recurring reserves of $365.9 million. During Fiscal 2001, we paid out $215.5 million in cash and incurred $228.7 million in non-cash charges that were charged against these reserves. At September 30, 2001, there remained $340.2 million of merger, restructuring and other non-recurring reserves on Tyco Industrial's Consolidated Balance Sheet, of which $304.9 million is included in accrued expenses and other current liabilities and $35.3 million is included in other long-term liabilities.

All business combinations completed in Fiscal 2001 were accounted for under the purchase accounting method. At the time each purchase acquisition is made, we establish a reserve for transaction costs and the costs of integrating the purchased company within the relevant Tyco business segment. The amounts of such reserves established in Fiscal 2001 are detailed in Note 2 to the Consolidated Financial Statements. These amounts are not charged against current earnings but are treated as additional purchase price consideration and have the effect of increasing the amount of goodwill recorded in connection with the respective acquisition. We view these costs as the equivalent of additional purchase price consideration when we consider making an acquisition. If the amount of the reserves proves to be in excess of costs actually incurred, any excess is used to reduce the goodwill account that was established at the time the acquisition was made.

In Fiscal 2001, Tyco Industrial made acquisitions that were accounted for under the purchase accounting method at an aggregate cost of $14,741.5 million. Of this amount, $10,956.6 million was paid in cash, net of cash acquired (excluding $2,156.4 million of cash acquired from Tyco Capital), and $3,784.9 million was paid in the form of Tyco common shares. Debt of acquired companies aggregated $1,592.3 million. In connection with these acquisitions, we established purchase accounting reserves of $1,021.3 million for transaction and integration costs. In addition, purchase accounting liabilities of $103.7 million and a corresponding increase to goodwill and deferred tax assets were recorded during Fiscal 2001. Changes in estimates related to acquisitions consummated prior to Fiscal 2001, primarily related to revisions associated with finalizing the exit plans of the electronic OEM business of Thomas & Betts, AFC Cable, Critchley and Siemens, all acquired during Fiscal 2000. At the beginning of Fiscal 2001, purchase accounting reserves were $372.6 million as a result of purchase accounting transactions made in prior years. During Fiscal 2001, we paid out $894.4 million in cash (including approximately $105.7 million relating to purchase price adjustments and earn-out liabilities on certain acquisitions and $51.5 million relating to the acquisition of Tyco Capital) and incurred $7.2 million in non-cash charges against the reserves established during and prior to Fiscal 2001. Also, in Fiscal 2001, we determined that $68.9 million of purchase accounting reserves related primarily to acquisitions prior to Fiscal 2001 were not needed and reversed that amount against goodwill. At September 30, 2001, there remained $702.1 million in purchase accounting reserves on Tyco Industrial's Consolidated Balance Sheet, of which $583.1 million is included in accrued expenses and other current liabilities and $119.0 million is included in other long-term liabilities.
The following details the Fiscal 2001 capital expenditures and depreciation by segment for Tyco Industrial ($ in millions):

<table>
<thead>
<tr>
<th>Segment</th>
<th>Capital Expenditures</th>
<th>Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronics</td>
<td>$587.8</td>
<td>$429.0</td>
</tr>
<tr>
<td>Fire and Security Services</td>
<td>897.1</td>
<td>456.9</td>
</tr>
<tr>
<td>Healthcare and Specialty Products</td>
<td>159.6</td>
<td>257.0</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>113.0 (1)</td>
<td>89.1</td>
</tr>
<tr>
<td>Corporate</td>
<td>40.0</td>
<td>11.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,797.5 (2)</strong></td>
<td><strong>$1,243.1</strong></td>
</tr>
</tbody>
</table>

(1) Excludes $2,247.7 million in spending for construction of the TGN.
(2) Includes $427.7 million received in sale-leaseback transactions.

We continue to fund capital expenditures to improve the cost structure of our businesses, to invest in new processes and technology, and to maintain high quality production standards. The level of capital expenditures for the Fire and Security Services segment significantly exceeded, and is expected to continue to significantly exceed, depreciation due to the substantial growth in the number of new security system installations. The level of capital expenditures in the other segments is expected to increase moderately in Fiscal 2002. During Fiscal 2001, TyCom spent $2,247.7 million on construction of the TGN. We expect our expenditures on construction of the TGN to be approximately $1,500.0 million in Fiscal 2002. The source of funds for capital expenditures and construction of the TGN is expected to be cash from operating activities.

The provision for income taxes in the Consolidated Statement of Operations for Fiscal 2001 was $1,284.9 million, but the amount of income taxes paid (net of refunds) during the year was $722.9 million. The difference is due to timing differences, as well as the tax benefits related to the exercise of share options. The current income tax liability at September 30, 2001 was $1,845.0 million, as compared to $1,650.3 million at September 30, 2000.

The net change in working capital, net of the effects of acquisitions and divestitures, was an increase of $466.0 million in Fiscal 2001. The components of this change are set forth in detail in Tyco Industrial's Consolidated Statement of Cash Flows. The increase in working capital accounts is attributable to the higher level of business activity in Fiscal 2001 as reflected in the increased revenue over the prior year. We focus on maximizing the cash flow from our operating businesses and attempt to keep the working capital employed in the businesses to the minimum level required for efficient operations.

During Fiscal 2001, we used $1,326.1 million to repurchase our own common shares under our ongoing share buyback program. We repurchase our own shares from time to time in the open market to satisfy certain stock-based compensation arrangements, such as the exercise of share options, or to use for acquisitions.

During Fiscal 2001, Tyco sold 39 million common shares for approximately $2,198.0 million in an underwritten public offering. Net proceeds from the offering were $2,196.6 million and were used to repay debt incurred to finance a
portion of the acquisition of CIT.

During Fiscal 2001, we received proceeds of $545.0 million from the exercise of common share options. In addition, during Fiscal 2001, we received proceeds of $904.4 million, net of cash sold, primarily from the sale of our ADT Automotive business.

The source of the cash used for acquisitions in Fiscal 2001 was primarily through the issuance of debt, free cash flow, the sale of common shares and proceeds on the sale of businesses. Goodwill and other intangible assets were $28,740.9 million at September 30, 2001, compared to $16,332.6 million at September 30, 2000. At September 30, 2001, Tyco Industrial's total debt was $21,619.0 million, as compared to $10,999.0 million at September 30, 2000. This increase resulted principally from net proceeds of approximately $3,374.0 million and $2,203.4 million from the sale of zero coupon convertible debentures due 2020 and 2021, respectively; $1,982.1 million from the sale of notes due 2006 and 2011; $1,787.9 million from the sale of notes due 2003 and 2006; and borrowings under Tyco International Group S.A.'s ("TIG") commercial paper program. For a full discussion of debt activity, see Note 6 to the Consolidated Financial Statements.

Shareholders' equity was $31,737.4 million, or $16.40 per share, at September 30, 2001, compared to $17,033.2 million, or $10.11 per share, at September 30, 2000. The increase in shareholders' equity was due primarily to the issuance of approximately 211.2 million common shares valued at $10,435.3 million for the acquisitions of Mallinckrodt and CIGI in October 2000, InnerDyne in December 2000, Scott in May 2001 and CIT in June 2001; net income of $3,970.6 million; and the sale of 39 million common shares for net proceeds of $2,196.6 million as discussed above. This increase was partially offset by the repurchase of our common shares for approximately $1,326.1 million and an unrealized loss on available for sale securities of $1,267.9 million. Total debt as a percent of total capitalization (total debt and shareholders' equity) was 41% at September 30, 2001 and 39% at September 30, 2000. Net debt (total debt less cash and cash equivalents) as a percent of total capitalization was 37% at September 30, 2001 and 35% at September 30, 2000.

On October 26, 2001, TIG sold $1,500.0 million 6.375% notes due 2011 under its $6.0 billion shelf registration statement in a public offering. The notes are fully and unconditionally guaranteed by Tyco. The net proceeds of approximately $1,487.8 million were used to repay borrowings under TIG's commercial paper program.

On November 13, 2001, Tyco completed the acquisition of Sensormatic Electronics Corporation ("Sensormatic"), a leading supplier of electronic security solutions to the retail, commercial and industrial market-places. The acquisition is valued at approximately $2.3 billion, including the assumption of $116 million of net debt. An aggregate of approximately 48 million common shares of Tyco were issued in exchange for all the outstanding capital stock of Sensormatic.

On November 19, 2001, TIG issued E500 million 4.375% notes due 2005, E685 million 5.5% notes due 2009, L200 million 6.5% notes due 2012 and L285 million 6.5% notes due 2032, utilizing the capacity available under TIG's European Medium Term Note Programme established in September 2001. The notes are fully and unconditionally guaranteed by Tyco. The net proceeds of $1,726.6 million were used to repay borrowings under TIG's commercial paper program.

On December 18, 2001, we completed our amalgamation with TyCom and each of the approximately 56 million TyCom common shares not owned by Tyco were converted into the right to receive 0.3133 of a Tyco common share. Upon
completion of the amalgamation, TyCom became a wholly-owned subsidiary of Tyco.

We believe that our cash flow from Tyco Industrial’s operations, together with our existing credit facilities and other credit arrangements, is adequate to fund Tyco Industrial’s operations.

TYCO INDUSTRIAL BACKLOG

At September 30, 2001, Tyco Industrial had a backlog of unfilled orders of $10,999.1 million, compared to a backlog of $10,418.2 million as of September 30, 2000. We expect that approximately 76% of our backlog at September 30, 2001 will be filled during Fiscal 2002. Backlog by reportable industry segment is as follows ($ in millions):

<table>
<thead>
<tr>
<th>Industry Segment</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire and Security Services</td>
<td>$8,010.9</td>
<td>$4,888.3</td>
</tr>
<tr>
<td>Electronics</td>
<td>1,943.9</td>
<td>2,497.1</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>865.9</td>
<td>2,941.7</td>
</tr>
<tr>
<td>Healthcare and Specialty Products</td>
<td>178.4</td>
<td>91.1</td>
</tr>
</tbody>
</table>

$10,999.1  $10,418.2

Backlog for Fire and Security Services includes recurring "revenue in force," which represents one year's fees for security monitoring and maintenance services under contract. The amount of backlog as of September 30, 2000 has been restated to include recurring revenue in force at that date of $2,203.4 million. The amount of recurring revenue in force at September 30, 2001 is $3,099.6 million. Within the Fire and Security Services segment, backlog increased due to the following: the deferral of $1,453.5 million of net revenue as a result of the adoption of SAB 101, an increase in services contracts of the security business, an increase in contract bookings at Tyco Infrastructure and, to a lesser extent, the effect of acquisitions.

Within the Electronics segment, backlog decreased due to the cancellation and/or delay of orders by customers in certain end-markets, such as the computer and consumer electronics and communications industries. The decrease in backlog within the Telecommunications segment reflects generally the downturn in the telecommunications industry and specifically a decrease in third-party contracts for undersea communications systems, partially offset by contracts signed for capacity sales on the TGN. In addition, a $710.5 million contract previously booked was removed from backlog pending customer financing. The increase in backlog in Healthcare and Specialty Products is due to the deferral of $71.6 million of net revenue as a result of the adoption of SAB 101. Backlog in the Healthcare and Specialty Products segment represents unfilled orders which, in the nature of the business, are normally shipped shortly after purchase orders are received. We do not view backlog in the healthcare industry to be a significant indicator of the level of future sales activity.

TYCO CAPITAL

Tyco Capital maintains committed bank lines of credit aggregating $8.5 billion to provide back-stop support of its commercial paper borrowings and...
approximately $252.4 million of local bank lines to support international operations. Tyco Capital's primary bank line agreements include a minimum equity requirement of $3.8 billion. Included as part of Tyco Capital's securitization programs are committed asset-backed commercial paper programs in the U.S. and Canada aggregating approximately $4.6 billion. To ensure uninterrupted access to capital at competitive interest rates, Tyco Capital maintains strong investment grade ratings.

As part of Tyco Capital's continuing program of accessing the public and private asset-backed securitization markets as an additional liquidity source, general equipment finance receivables of $2.2 billion were securitized during the Four Month Period.

As part of Tyco Capital's initiative to address businesses that did not fit strategically, or portfolios that did not meet profitability requirements, during the Four Month Period, approximately $1.8 billion of assets were sold and a total of $3.6 billion of managed assets were either sold, liquidated or placed in liquidation status. In addition, Tyco Capital received $898.3 million in capital contributions from Tyco Industrial to partially offset the impact to tangible capital from push-down accounting. As a result, tangible equity to managed assets and total debt to tangible equity were 8.55% and 8.13x, respectively.

<Page>

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

TYCO INDUSTRIAL

We are subject to market risk associated with changes in interest rates, foreign currency exchange rates and certain commodity prices. In order to manage the volatility relating to our more significant market risks, we enter into forward foreign currency exchange contracts, cross-currency swaps, foreign currency options, commodity swaps and interest rate swaps. We do not anticipate any material changes in our primary market risk exposures in Fiscal 2002.

We utilize risk management procedures and controls in executing derivative financial instrument transactions. We do not execute transactions or hold derivative financial instruments for trading purposes. Derivative financial instruments related to interest rate sensitivity of debt obligations, intercompany cross-border transactions and anticipated non-functional currency cash flows, as well as commodity price exposures, are used with the goal of mitigating a significant portion of these exposures when it is cost effective to do so. Counter-parties to derivative financial instruments are limited to financial institutions with at least an AA long-term credit rating.

INTEREST RATE SENSITIVITY

The table below provides information about Tyco Industrial's financial instruments that are sensitive to changes in interest rates, including long-term investments, debt obligations, interest rate swaps and cross-currency swaps. For long-term investments, the table presents cash flows of principal payments related to a subordinated, non-collateralized zero coupon loan note, based on the amortized cost of the investment at September 30, 2001, and the associated fair value interest rate discount. For debt obligations, the table presents cash flows of principal repayment and weighted-average interest rates. For interest rate swaps and cross-currency swaps, the table presents notional amounts and weighted-average interest rates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. The amounts included in the table below are in U.S. dollars ($ in millions).
## Exchange Rate Sensitivity

The table below provides information about Tyco International's financial instruments that are sensitive to foreign currency exchange rates. These instruments include long-term investments, debt obligations, cross-currency swaps and forward foreign currency exchange contracts. For long-term investments, the table presents cash flows of principal payments related to a subordinated, non-collateralized zero coupon loan note, based on the amortized cost of the investment at September 30, 2001, and the associated fair value interest rate discount. For debt obligations, the table presents cash flows of principal repayment and weighted-average interest rates. For cross-currency swaps and forward foreign currency exchange contracts, the table presents notional amounts and weighted-average contractual exchange rates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. The amounts included in the table below are in U.S. dollars ($ in millions).

<table>
<thead>
<tr>
<th>FISCAL</th>
<th>FISCAL</th>
<th>FISCAL</th>
<th>FISCAL</th>
<th>FISCAL</th>
<th>THEREAFTER</th>
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<td>--------</td>
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<td>Fixed rate (British Pound)</td>
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<td>--</td>
<td>134.8</td>
<td>--</td>
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<td>134.8</td>
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<tr>
<td>Total debt:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
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<td>1,688.0</td>
<td>10,355.9</td>
<td>15,594.3</td>
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<td>5.0%</td>
<td>6.4%</td>
<td>6.2%</td>
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<td>3.8%</td>
<td></td>
</tr>
<tr>
<td>Fixed rate (Euro)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>550.1</td>
<td>550.1</td>
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<tr>
<td>Average interest rate</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Fixed rate (Yen)</td>
<td>74.5</td>
<td>39.9</td>
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<td>3.5</td>
<td>306.1</td>
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<td>1.9%</td>
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<td>1.7%</td>
<td>1.9%</td>
<td>3.8%</td>
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</tr>
<tr>
<td>Fixed rate (British Pound)</td>
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<td>--</td>
<td>--</td>
<td>13.7</td>
<td>65.5</td>
<td>--</td>
<td>79.2</td>
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<td>Average interest rate</td>
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<tr>
<td>Variable rate (US$)</td>
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<td>2,444.3</td>
<td>9.4</td>
<td>5.0</td>
<td>2,017.8</td>
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<td>Average interest rate (1)</td>
<td>4.0%</td>
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<td>2.6%</td>
<td>2.8%</td>
<td>3.3%</td>
<td>2.9%</td>
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<tr>
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<td>89.7</td>
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<td>3.7</td>
<td>5.7</td>
<td>203.6</td>
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<td>Average interest rate (1)</td>
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<td>4.7%</td>
<td>4.5%</td>
<td>4.4%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Variable rate (French Franc)</td>
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<td>5.0</td>
<td>5.3</td>
<td>5.9</td>
<td>7.0</td>
<td>26.8</td>
<td>54.2</td>
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<tr>
<td>Average interest rate (1)</td>
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<td>4.9%</td>
<td>4.9%</td>
<td>4.9%</td>
<td>4.9%</td>
<td>4.9%</td>
<td></td>
</tr>
<tr>
<td>Interest rate swap:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed to variable (US$)</td>
<td>1,000.0</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>600.0</td>
<td>1,800.0</td>
<td>3,400.0</td>
</tr>
<tr>
<td>Average pay rate (1)</td>
<td>5.2%</td>
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<td></td>
<td></td>
<td></td>
<td>4.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Average receive rate</td>
<td>6.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Cross-currency swap:</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receive US$/Pay Yen</td>
<td>--</td>
<td>150.0</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>150.0</td>
</tr>
<tr>
<td>Pay Yen interest</td>
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<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>0.1</td>
</tr>
<tr>
<td>Pay rate</td>
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<td></td>
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<td>0.1%</td>
</tr>
<tr>
<td>Receive rate</td>
<td>3.5%</td>
<td>3.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1. Weighted-average variable interest rates are based on applicable rates at September 30, 2001 per the terms of the contracts of the related financial instruments.

2. The fair value of the cross-currency swap included in the table reflects the portion of the fair value of the contract that is attributable to the interest component of the contract.
Long-term investment:
- **Fixed rate (British Pound)**
  - 134.8
- **Interest rate**
  - 11.5%

Long-term debt:
- **Fixed rate (Euro)**
  - 550.1
- **Average interest rate**
  - 6.1%
- **Fixed rate (Yen)**
  - 306.1
  - 3.8%
- **Average interest rate**
  - 1.9%
- **Variable rate (Euro)**
  - 203.6
  - 5.0%
- **Variable rate (French Franc)**
  - 54.2
  - 3.8%
- **Variable rate (British Pound)**
  - 79.2
  - 4.4%

Cross-currency swap:
- **Receive US$/Pay Yen**
  - 150.0
- **Contractual exchange rate (Yen/US$)**
  - 119.65

Forward contracts:
- **Copper**
  - 28.3
  - 20.4
- **Gold**
  - 4.8
  - 4.2
- **Silver**
  - 17.0
  - 5.1
- **Zinc**
  - 3.9
  - 3.7

(1) Weighted-average variable interest rates are based on applicable rates at September 30, 2001 per the terms of the contracts of the related financial instruments.

(2) The fair value of cross-currency swap included in the table reflects the portion of the fair value of the contract that is attributable to the foreign currency component of the contracts.
TYCO INTERNATIONAL LTD BERMUDA - 10-K  Filing Date: 09/30/01

TYCO CAPITAL RISK MANAGEMENT

Tyco Capital's business activities contain various elements of risk. Tyco Capital considers the principal types of risk to be credit risk (including credit, collateral and equipment risk) and market risk (including interest rate, foreign currency and liquidity risk).

CREDIT RISK MANAGEMENT

Tyco Capital has developed and maintains systems specifically designed to manage credit risk in each of its business segments. Tyco Capital evaluates financing and leasing assets for credit and collateral risk during the credit granting process and periodically after the advancement of funds.

Each of Tyco Capital's strategic business units has developed and maintains a formal credit management process in accordance with formal uniform guidelines established by Tyco Capital's corporate credit risk management group. These guidelines set forth risk acceptance criteria for:

- acceptable maximum credit line;
- selected target markets and products;
- creditworthiness of borrowers, including credit history, financial condition, adequacy of cash flow and quality of management; and
- the type and value of underlying collateral and guarantees (including recourse from dealers and manufacturers).

Tyco Capital also employs a risk adjusted pricing process where the perceived credit risk is a factor in determining the interest rate and/or fees charged for its financing and leasing products. As economic and market conditions change, credit risk management practices are reviewed and modified, if necessary, to seek to minimize the risk of credit loss.

EQUIPMENT/RESIDUAL RISK MANAGEMENT

Tyco Capital has developed systems, processes and expertise to manage the equipment and residual risk in its commercial businesses. The Tyco Capital process consists of the following: (i) residual setting and valuation at deal inception, (ii) systematic residual reviews, and (iii) monitoring of residual realizations. Reviews for impairment are performed at least annually. Residual realizations, by business unit and product, are reviewed as part of Tyco Capital's ongoing financial and asset quality review, both within the business units and by corporate management.

COMMERCIAL

Tyco Capital has developed systems specifically designed to effectively manage credit risk in its commercial businesses. The process starts with the initial evaluation of credit risk and underlying collateral at the time of origination and continues over the life of the finance receivable or operating lease, including collecting past due balances and liquidating underlying collateral.

CONSUMER AND SMALL-TICKET LEASING

Tyco Capital has developed proprietary automated credit scoring models by loan type that include both customer demographics and credit bureau characteristics. The profiles emphasize, among other things, occupancy status, length of residence, length of employment, debt to income ratio (ratio of total
installment debt and housing expenses to gross monthly income), bank account references, credit bureau information and combined loan to value ratio. The models are used to assess a potential borrower's credit standing and repayment ability considering the value or adequacy of property offered as collateral. Tyco Capital's credit criteria include reliance on credit scores, including those based upon both its proprietary internal credit scoring model and external credit bureau scoring, combined with judgment.

MARKET RISK MANAGEMENT

Market risk is the risk of loss arising from changes in values of financial instruments, including interest rate risk, foreign exchange risk, derivative credit risk and liquidity risk. Tyco Capital engages in transactions in the normal course of business that expose it to market risks, and maintains what it believes are conservative management practices and policies designed to effectively mitigate such risks. The objectives of Tyco Capital's market risk management efforts are to preserve company value by hedging changes in future expected net cash flows and to decrease the cost of capital. Strategies for managing market risks associated with changes in interest rates and foreign exchange rates are an integral part of the process, because those strategies affect Tyco Capital's future expected cash flows, as well as its cost of capital.

INTEREST RATE AND FOREIGN EXCHANGE RISK MANAGEMENT

Tyco Capital offers a variety of financing products to its customers including fixed and floating-rate loans of various maturities and currency denominations, and a variety of leases, including operating leases. Changes in market interest rates, or in the relationships between short-term and long-term market interest rates, or in the relationships between different interest rate indices (i.e., basis risk) can affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities, which can result in an increase in interest expense relative to finance income. Tyco Capital measures its asset/liability position in economic terms through duration measures and value at risk analysis, and measures its periodic effect on earnings using maturity gap analysis.

A substantially matched asset/liability position is generally achieved through a combination of financial instruments, including issuing commercial paper, medium-term notes, long-term debt, interest rate and currency swaps, foreign exchange contracts, and through asset syndication and securitization. Tyco Capital does not speculate on interest rates or foreign exchange rates, but rather seeks to mitigate the possible impact of such rate fluctuations encountered in the normal course of business. This process is ongoing due to prepayments, refinancings and actual payments varying from contractual terms, as well as other portfolio dynamics.

Tyco Capital periodically enters into structured financings (involving both the issuance of debt and an interest rate swap with corresponding notional principal amount and maturity) to manage liquidity and reduce interest rate risk at a lower overall funding cost than could be achieved by solely issuing debt.

Interest rate swaps with notional principal amounts of $6.9 billion at September 30, 2001 were designated as hedges against outstanding debt and were principally used to convert the interest rate on variable-rate debt to a fixed-rate, establishing a fixed-rate term debt borrowing cost for the life of the swap. These hedges reduce Tyco Capital's exposure to rising interest rates, but also reduce the benefits from lower interest rates.

Tyco Capital's foreign operations include Canada, Latin America, Europe, Asia and Australia and are funded through both local currency borrowings and U.S. dollar borrowings which are converted to local currency through the use of
foreign exchange forward contracts or cross-currency swaps. At September 30, 2001, $2.5 billion in notional principal amount of foreign exchange forwards and $1.7 billion in notional principal amount of cross-currency swaps were designated as currency-related debt hedges.

Tyco Capital also utilizes foreign exchange forward contracts to hedge its net investments in foreign operations. Translation gains and losses of the underlying foreign net investment, as well as offsetting derivative gains or losses on designated hedges, are reflected in other comprehensive income. At September 30, 2001, $0.8 billion in notional principal of foreign exchange forwards were designated as hedges of net investments in foreign operations.

DERIVATIVE RISK MANAGEMENT

Tyco Capital enters into interest rate and currency swaps and foreign exchange forward contracts as part of its overall market risk management practices.

The primary external risk of derivative instruments is counterparty credit exposure, which is defined as the ability of a counterparty to perform its financial obligations under a derivative contract. Tyco Capital controls the credit risk of its derivative agreements through counterparty credit approvals, pre-established exposure limits and monitoring procedures.

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of Tyco Capital being unable to meet potential cash outflows promptly and cost effectively. Factors that could cause such a risk to arise might be a disruption of a securities market or the unavailability of funds. Tyco Capital actively manages and mitigates liquidity risk by maintaining diversified sources of funding. The primary funding sources are commercial paper (U.S., Canada and Australia), medium-term notes (U.S., Canada and Europe) and asset-backed securities (U.S. and Canada). Included as part of Tyco Capital's securitization programs are committed asset-backed commercial paper programs in the U.S. and Canada. Tyco Capital also maintains committed bank lines of credit to provide back-stop support of commercial paper borrowings and local bank lines to support our international operations. Additional sources of liquidity are loan and lease payments from customers, whole loan asset sales and loan syndications.

The following tables provide information regarding Tyco Capital's financial instruments which are sensitive to interest rates and foreign currency exchange rates, and is based upon the contractual rates of Tyco Capital's financial instruments at September 30, 2001. The amounts included in the table below are in U.S. dollars ($ in millions).

INTEREST RATE SENSITIVITY
<table>
<thead>
<tr>
<th></th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Fiscal</th>
<th>Thereafter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2003</td>
<td>2004</td>
<td>2005</td>
<td>2006</td>
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<tr>
<td>Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>2,641.9</td>
<td>4,266.3</td>
<td>3,898.8</td>
<td>1,145.3</td>
<td>1,614.9</td>
<td>15,907.8</td>
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<td>6.95%</td>
<td>6.33%</td>
<td>7.12%</td>
<td>6.45%</td>
<td>7.82%</td>
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</tr>
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<td>1.9</td>
<td>2.1</td>
<td>92.3</td>
<td>414.6</td>
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<td>6.63%</td>
<td>6.66%</td>
<td>11.03%</td>
<td>11.20%</td>
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<td>6.81%</td>
</tr>
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<td>Fixed rate (Euro)</td>
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<tr>
<td>Fixed rate (Yen)</td>
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<td>9,614.6</td>
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<td>3.64%</td>
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<td>Commercial Paper (US$)</td>
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<td>8,515.1</td>
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<td>136.9</td>
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<td>Commercial Paper (Australian Dollar)</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<td>2,035.0</td>
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<td>384.8</td>
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<td>103.7</td>
<td>859.2</td>
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<td>6.35%</td>
<td>6.52%</td>
<td>5.73%</td>
<td>5.23%</td>
<td>5.18%</td>
<td>5.67%</td>
<td>6.17%</td>
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<tr>
<td>Average receive rate</td>
<td>3.03%</td>
<td>3.09%</td>
<td>3.28%</td>
<td>2.92%</td>
<td>2.95%</td>
<td>3.02%</td>
<td>3.06%</td>
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<td>257.8</td>
<td>205.0</td>
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<td>1,220.7</td>
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<tr>
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<td>4.79%</td>
<td>2.52%</td>
<td>3.97%</td>
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</tr>
<tr>
<td>Average receive rate</td>
<td>7.54%</td>
<td>6.87%</td>
<td>7.15%</td>
<td>6.92%</td>
<td></td>
<td>6.81%</td>
<td></td>
</tr>
<tr>
<td>Variable to fixed (Canadian Dollar)</td>
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<td>61.5</td>
<td>132.5</td>
<td>65.0</td>
<td>0.5</td>
<td>2.4</td>
<td>371.2</td>
</tr>
<tr>
<td>Average pay rate</td>
<td>6.07%</td>
<td>6.15%</td>
<td>6.29%</td>
<td>6.34%</td>
<td>6.43%</td>
<td>6.43%</td>
<td>6.21%</td>
</tr>
<tr>
<td>Average receive rate</td>
<td>4.13%</td>
<td>4.11%</td>
<td>3.99%</td>
<td>4.20%</td>
<td>4.01%</td>
<td>4.01%</td>
<td>4.09%</td>
</tr>
<tr>
<td>Variable to fixed (Australian Dollar)</td>
<td>50.7</td>
<td>33.6</td>
<td>9.8</td>
<td></td>
<td></td>
<td></td>
<td>94.1</td>
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<tr>
<td>Average pay rate</td>
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<td></td>
<td></td>
<td></td>
<td>6.40%</td>
</tr>
<tr>
<td>Average receive rate</td>
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<td>4.89%</td>
<td>4.96%</td>
<td></td>
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<td>4.89%</td>
</tr>
<tr>
<td>Variable to fixed (British Pound)</td>
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<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
<td>12.9</td>
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<td>5.43%</td>
<td>5.43%</td>
<td>5.43%</td>
<td>5.43%</td>
<td>5.43%</td>
</tr>
<tr>
<td>Average receive rate</td>
<td>4.48%</td>
<td>4.48%</td>
<td>4.48%</td>
<td>4.48%</td>
<td>4.48%</td>
<td>4.48%</td>
<td>4.48%</td>
</tr>
<tr>
<td>Variable to fixed (Italian Lira)</td>
<td>3.56%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td>4.31%</td>
</tr>
</tbody>
</table>

Exchange Rate Sensitivity
In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. In addition, companies are required to review goodwill and intangible assets reported in connection with prior acquisitions, possibly disaggregate and report separately previously identified intangible assets and possibly reclassify certain intangible assets into goodwill. SFAS No. 142 establishes new guidelines for accounting for goodwill and other intangible assets. In accordance with SFAS No. 142, goodwill associated with acquisitions consummated after June 30, 2001 is not amortized. The Company implemented the remaining provisions of SFAS No. 142 on October 1, 2001. Since adoption, existing goodwill is no longer amortized. The Company implemented the remaining provisions of SFAS No. 142 on October 1, 2001. Since adoption, existing goodwill is no longer amortized.
amortized but instead will be assessed for impairment at least annually. We are currently determining the impact of adopting this standard under the transition provisions of SFAS No. 142. Goodwill amortization expense for Fiscal 2001 was $597.2 million.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143, addresses accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for fiscal years beginning after June 15, 2002. We are currently assessing the impact of this new standard.

In July 2001, the FASB issued SFAS No. 144, "Impairment or Disposal of Long-Lived Assets," which is effective for fiscal years beginning after December 15, 2001. The provisions of this statement provide a single accounting model for impairment of long-lived assets. We are currently assessing the impact of this new standard.

FORWARD-LOOKING INFORMATION

Certain statements in this report are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "expect," "estimate" and similar expressions are generally intended to identify forward-looking statements. Any forward-looking statement contained herein, in press releases, written statements or other documents filed with the Securities and Exchange Commission, or in Tyco's communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls, regarding the consummation and benefits of future acquisitions, as well as expectations with respect to future sales, earnings, cash flows, operating efficiencies, product expansion, backlog, financings and share repurchases, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond our control, which may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward-looking statements include, among other things, overall economic and business conditions; the demand for Tyco's goods and services; competitive factors in the industries in which Tyco competes; changes in government regulations; changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); results of litigation; interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders; Tyco Capital's ability to access funding sources on a cost-effective basis, its credit loss experience and the adequacy of its credit loss reserve; the timing of construction and the successful operation of the TyCom Global Network; the ability to achieve anticipated synergies and other cost savings in connection with acquisitions; and the timing, impact and other uncertainties of future acquisitions.
### Allowances for Doubtful Accounts:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance at Beginning of Year</th>
<th>Additions Charged to Income</th>
<th>Acquisitions, Disposals, and Other</th>
<th>Deductions</th>
<th>Balance at End of Year</th>
</tr>
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<tr>
<td>Fiscal Year Ended September 30, 1999</td>
<td>$317.6</td>
<td>$141.8</td>
<td>$(9.2)</td>
<td>$(120.4)</td>
<td>$329.8</td>
</tr>
<tr>
<td>Fiscal Year Ended September 30, 2000</td>
<td>329.8</td>
<td>226.1</td>
<td>29.5</td>
<td>(143.3)</td>
<td>442.1</td>
</tr>
<tr>
<td>Fiscal Year Ended September 30, 2001</td>
<td>442.1</td>
<td>196.6</td>
<td>93.4</td>
<td>(181.7)</td>
<td>550.4</td>
</tr>
</tbody>
</table>

Exhibit 2.3

**AMENDMENT NO. 1**

**TO**

**AGREEMENT FOR THE PURCHASE AND SALE OF ASSETS**

THIS AMENDMENT NO. 1 TO AGREEMENT FOR THE PURCHASE AND SALE OF ASSETS (this "AMENDMENT") is made as of December 29, 2000 by and between LUCENT TECHNOLOGIES INC., a Delaware corporation ("SELLER" or "LUCENT"), and TYCO GROUP S.A.R.L., a company organized under the laws of Luxembourg ("BUYER").

**RECATALS**

A. WHEREAS, Seller and Buyer have entered into that certain Agreement for the Purchase and Sale of Assets dated as of November 13, 2000 (the "AGREEMENT");

B. WHEREAS, Seller and Buyer desire to enter into this Amendment to amend the Agreement; and

C. WHEREAS, capitalized terms used in this Amendment but not defined have the meanings ascribed to them in the Agreement.

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and intending to be legally bound hereby, the parties hereto hereby agree as follows:

1. **AMENDMENTS TO THE AGREEMENT**

a. Section 1.1 of the Agreement shall be amended to add the following definitions:

"SECONDED EMPLOYEES" has the meaning assigned in Section 5.4(c).

"EMPLOYEE TRANSITION PERIOD" has the meaning assigned in Section 5.4(c).

"LUCENT MEXICAN COMPANY" has the meaning assigned in Section 2.1(k).

"PAST SERVICE TRANSITION BENEFIT FORMULA" is 2000 W2 compensation (but not any compensation attributable to the exercise of stock options or
in excess of Section 401(a)(17) of the Code) times a factor equal to 3% + 0.3% *(age-40,

not less than zero) + 0.3%*(age-45, not less than zero) + 0.3%*(age-50, not less than zero).

"PRIMARY CLOSING" has the meaning assigned in Section 8.4.

"SUBSEQUENT CLOSING" has the meaning assigned in Section 8.4.

"TRANSFERRED RETIREE NONREPRESENTED EMPLOYEES" shall have the meaning assigned in Section 5.4(p)."

b. Section 2.1(k) of the Agreement shall be deleted in its entirety and replaced with the following:

"(k) the quotas of Lucent Inepar Sistemas de Energia Ltda. (the "BRAZILIAN JV COMPANY"), the shares of Lucent Technologies Microelectronica de Mexico S.A. de C.V. (the "LUCENT MEXICAN COMPANY")."

c. Section 2.3(c) of the Agreement shall be deleted in its entirety and replaced with the following:

"(c) Within sixty (60) days after the Closing Date, Buyer shall pay to Seller as an addition to the Purchase Price an amount equal to the Dallas Receivables (net of allowance for doubtful accounts allocable to the Dallas Receivables) minus (a) the Warranty Liability of $14,700,000 as of September 30, 2000, and minus (b) the amount attributable to GR/IR (goods received/invoices not received) in the United States. Any disagreements related to this provision shall be handled as set forth in Section 2.3(b)."

d. Two new Sections 2.3(e) and (f) shall be added to the Agreement to read as follows:

"(e) If there shall occur a Primary Closing (as defined below) and one or more Subsequent Closings (as defined below) as contemplated by Section 8.4, for purposes of this Section 2.3(b) the "Closing Date" shall be the date of the Primary Closing (as defined below), and the calculations required hereunder shall be made with respect to the entirety of the Business as of such date.

(f) Seller agrees to engage PricewaterhouseCoopers LLP to perform an audit of the total sales revenue of the Business for the fiscal year ended September 30, 2000 (the "FISCAL YEAR AUDIT"), and for the two months ended November 30, 2000 (the "INTERIM PERIOD AUDIT"), within forty five (45) days after the Closing Date. On or before the end of such 45-day period, Seller shall deliver to Buyer the results of the Fiscal Year Audit and the Interim Period Audit. To the extent that the total sales revenue for the fiscal year ended September 30, 2000 as shown in the Fiscal Year Audit results (the "AUDITED FISCAL REVENUE") is less than One Billion Five Hundred Sixty Four Million Dollars ($1,564,000,000) (the "REPRESENTED FISCAL REVENUE"), then Seller shall pay to Buyer an amount equal to the product of: (x) the Represented Fiscal Revenue minus the Audited Fiscal
Revenue, multiplied by (y) a factor of 1.60. To the extent that the total sales revenue for the two month period ended November 30, 2000 as shown in the Interim Period Audit results (the "AUDITED INTERIM REVENUE") is less than Two Hundred Sixty Two Million Dollars ($262,000,000) (the "REPRESENTED INTERIM REVENUE"), then Seller shall pay to Buyer an amount equal to the product of: (x) the Represented Interim Revenue minus the Audited Interim Revenue, multiplied by (y) a factor of 1.60. Any payments due to Buyer under this Section 2.3(e) shall be paid to Buyer by wire transfer in immediately available funds to an account specified by Buyer, within five (5) days after Seller provides the audit results to Buyer."

e. Section 5.4(c) of the Agreement shall be deleted in its entirety and replaced with the following:

"(c) (i) Employment with Buyer of Transferred Employees shall be effective as of the Business Day following the close of business on the Closing Date, except that the employment of individuals (1) receiving short-term disability benefits on the Closing Date, (2) on approved leave of absence on the Closing Date or (3) for whom required Governmental Approvals for the transfer of any such individuals has not yet been approved as of the Closing Date (the "SECONDED EMPLOYEES") will become effective as of the date they present themselves for work with the Buyer in the case of (1) and (2) or as soon as practicable after the Governmental Approvals are received in the case of (3).

(ii) The Seconded Employees will remain in the employment of Seller or a Seller Subsidiary until all required Governmental Approvals are obtained for their transfer to Buyer or a Buyer Designee (the "EMPLOYMENT TRANSITION PERIOD") but will perform services and continue to devote all of their time to the Business until such time as they transfer to Buyer or a Buyer Designee to the extent permitted by law. Buyer or the applicable Buyer Designee agrees to reimburse Seller or the applicable Seller Subsidiary in connection with any such Seconded Employee during this Employment Transition Period."

f. Section 5.4(h) of the Agreement shall be deleted in its entirety and replaced with the following:

"(h) For purposes of this Section 5.4, "PENSION TRANSFER AMOUNT" shall mean the greater of (A) and (B), where (A) shall be the minimum required transfer amount determined in accordance with the terms of Seller's pension plans and the requirements of Section 414(i) of the Code, utilizing the "safe harbor" rates and assumptions set forth in the regulations promulgated under Section 4044 of ERISA as of the Closing Date, except that the termination and retirement rate assumptions utilized for purposes of this Section 5.4(h) shall be the assumptions used by Seller to determine the funding requirements for the 2000 plan year and that no expense load, including any loading charge determined under the Loading Assumptions set forth in Appendix C to Part 4044 of the PBGC Regulations, shall be charged, and (B) shall be the sum of (I) and (II) less (III), where (I) is the accumulated benefit obligation under FAS 87 as of the Closing Date with respect to Represented Transferred Employees, (II) is the accumulated postretirement benefit obligation for post-retirement medical and dental plans under FAS 106 as of the Closing Date with respect to Represented Transferred Employees, and (III) is the amount transferred under Section 5.4(i) with respect to the postretirement medical and
dental plans for Represented Transferred Employees. For purposes of the preceding sentence, such accumulated benefit obligation and accumulated postretirement benefit obligation shall be determined on the basis of the plan provisions in effect on the Closing Date and the actuarial methods and assumptions (based on the terms and conditions of the United States collective bargaining agreement in effect as of September 30, 2000) utilized for purposes of Seller's financial disclosures under FAS 87 and 106 for such plans as of September 30, 2000."

g. Two new Sections 5.4(o) and (p) shall be added to the Agreement to read as follows:

"(o) Buyer shall provide to any U.S. Non-Represented Transferred Employee who, as of the Closing Date, is forty or more years of age and has three or more years of service with Seller, a lump sum payment (either in the form of a contribution into a retirement account or a cash payment), which payment shall be determined by Buyer in accordance with the Past Service Transition Benefit Formula.

(p) Seller and Buyer acknowledge that certain employees of the Business who retire prior to or on the Closing Date in contemplation of the Transaction will not be included in the list of Business Employees to be provided to Buyer, and therefore will not become Transferred Employees. In the case of such U.S. employees who are not represented by the Communications Workers of America (the "Transferred Retiree Nonrepresented Employees"), Buyer agrees to hire such employees effective as of the day after the Closing Date and to treat them for all purposes in accordance with Section 5.4 as if they were Transferred Employees."

h. Section 5.8(c) of the Agreement shall be deleted in its entirety and replaced with the following:

"(c) As soon as reasonably practicable after the Closing Date, but in no event later than three (3) months following the Closing Date, Buyer shall change the name of the Brazilian JV Company and the Lucent Mexican Company to delete any references to "Lucent".

i. A new Section 8.4 shall be added to the Agreement to read as follows:

"8.4 SUBSEQUENT CLOSINGS

Notwithstanding the foregoing, in the event that all of the conditions set forth in Section 8.1 hereof are satisfied with respect to Mexico and the United States, but such conditions are not satisfied with respect to one or more other jurisdictions, Seller and Buyer agree to consummate the Closing with respect to those assets and liabilities of the Business for which (i) all required approvals and consents described in Section 8.1 have been obtained, or (ii) no approvals or consents are required (a "Primary Closing"). In the event of a Primary Closing, Seller shall transfer and assign to Buyer or a Buyer Designee, and Buyer or a Buyer Designee shall purchase and accept from Seller, those Purchased Assets and Assumed Liabilities constituting that part of the Business for which consents or approvals described in Section 8.1 have been obtained or are not required, and Buyer shall pay such amount of the Purchase Price (as set forth on Schedule 2.3(d)) to be allocated to such part of the Business being so transferred. The closing or closings with respect to the Purchased Assets and Assumed Liabilities not transferred, assigned, purchased and
accepted at the Primary Closing (each, a "Subsequent Closing") shall 
occur as promptly as practical after receipt of the remaining approvals 
and consents referred to in Section 8.1. At each Subsequent Closing, 
Buyer shall pay to Seller such amount of the Purchase Price (as set 
forth on Schedule 2.3(d)) to be allocated to such part of the Business 
being so transferred. From the Primary Closing, the entirety of the 
Business shall be operated for the benefit and detriment of Buyer. 
Buyer and Seller agree to negotiate in good faith any appropriate 
modifications to this Agreement to effectuate the foregoing."

j. Section 9.2 of the Agreement shall be deleted in its entirety and 
replaced with the following:

"The representations and warranties of Buyer and Seller contained in 
this Agreement shall survive the Closing for eighteen (18) months 
provided, however, that (i) the representations and warranties in 
Sections 3.5(a), the second sentence of Section 3.7(b) and Section 
3.13(a), in each case relating to title matters shall survive the 
Closing and shall not terminate and (ii) the representations and 
warranties in Section 3.11 relating to environmental matters shall 
survive the Closing and shall terminate at the close of business on the 
120th day following the expiration of the applicable statute of 
limitations with respect to the environmental liabilities in question. 
Neither Seller nor Buyer shall have any liability whatsoever with 
respect to any such representations or warranties after the survival 
period for such representation or warranty expires."

2. REPRESENTATIONS AND WARRANTIES

2.1 SELLER'S REPRESENTATION AND WARRANTY

Seller represents and warrants to Buyer that Seller has all requisite 
corporate power and authority to execute and deliver this Amendment and to 
effect the transactions contemplated hereby and has duly authorized the 
execution, delivery and performance of this Amendment by all requisite corporate 
action. This Amendment has been duly executed and delivered by Seller and this 
Amendment is a valid and legally binding obligation of Seller, enforceable 
against it in accordance with its terms, except to the extent that enforcement 
of the rights and remedies created hereby may be affected by bankruptcy, 
reorganization, moratorium, insolvency and similar laws of general application 
effecting the rights and remedies of creditors and by general equity principles.

2.2 BUYER'S REPRESENTATION AND WARRANTY

Buyer represents and warrants to Seller that Buyer has all requisite 
corporate power and authority to execute and deliver this Amendment and to 
effect the transactions contemplated hereby and has duly authorized the 
execution, delivery and performance of this Amendment by all requisite corporate 
action. This Amendment has been duly executed and delivered by Buyer and this 
Amendment is a valid and legally binding obligation of Buyer, enforceable 
against it in accordance with its terms, except to the extent that enforcement 
of the rights and remedies created hereby may be affected by bankruptcy, 
reorganization, moratorium, insolvency and similar laws of general application 
effecting the rights and remedies of creditors and by general equity principles.

3. MISCELLANEOUS PROVISIONS
3.1 GOVERNING LAW

THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAW.

3.2 EXECUTION IN COUNTERPARTS

This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.3 AGREEMENT AS AMENDED

This Amendment is limited as specified herein and shall not constitute a modification, acceptance or waiver of any other provision of the Agreement. From and after the date hereof, all references to the Agreement shall be deemed references to the Agreement as amended and supplemented hereby.

IN WITNESS WHEREOF, each of Seller and Buyer has caused this Amendment to be duly executed on its behalf by a duly authorized representative as of the date first written above.

LUCENT TECHNOLOGIES INC.

By:
-----------------------------
Name:
Title:

TYCO GROUP S.A.R.L.

By:
-----------------------------
Name:
Title:

AMENDMENT NO. 1 TO 364-DAY CREDIT AGREEMENT

AMENDMENT dated as of May 25, 2001 to the 364-Day Credit Agreement dated as of February 7, 2001 (the "CREDIT AGREEMENT") among Tyco International Group S.A. (the "BORROWER"), Tyco International Ltd. (the "Guarantor"), the Banks party thereto (the "BANKS") and The Chase Manhattan Bank, as Agent (the "AGENT").
WHEREAS, the parties hereto desire to amend the Credit Agreement to modify certain of the covenants to exclude the effect of the acquisition of The CIT Group, Inc., a Delaware corporation, and its Subsidiaries by a Subsidiary of the Guarantor;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. DEFINED TERMS; REFERENCES. (a) Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall, after this Amendment becomes effective, refer to the Credit Agreement as amended hereby.

(b) The following definitions are added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

"CIT" means The CIT Group, Inc., a Delaware corporation, and its successors.

"CONSOLIDATED RESTRICTED SUBSIDIARY" means, at any date, any Restricted Subsidiary or other entity the accounts of which would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

"RESTRICTED SUBSIDIARY" means, at any date, a Subsidiary of the Guarantor other than CIT and its Subsidiaries.

"WHOLLY-OWNED CONSOLIDATED RESTRICTED SUBSIDIARY" means any Consolidated Restricted Subsidiary all of the shares of capital stock or other ownership interests of which (except directors' qualifying shares and investments by foreign nationals mandated by applicable law) are at the time beneficially owned, directly or indirectly, by the Guarantor.

(c) The definitions of "Consolidated Assets", "Consolidated Debt", "Consolidated Interest Expense", "Consolidated Net Income", "Consolidated Net Worth", "Consolidated Tangible Assets", "Intangible Assets" and "Material Adverse Effect" are amended to replace (i) each reference to "Consolidated Subsidiary" with "Consolidated Restricted Subsidiary" and (ii) each reference to "Consolidated Subsidiaries" with "Consolidated Restricted Subsidiaries".

(d) The definitions of "Permitted Acquired Debt" and "Permitted Receivables Transaction" are amended to replace (i) each reference to "Subsidiary" with "Restricted Subsidiary" and (ii) each reference to "Subsidiaries" with "Restricted Subsidiaries".

Section 2. AMENDMENTS TO REPRESENTATIONS AND WARRANTIES. (a) Sections 4.05, 4.07 and 4.09 of the Credit Agreement are amended to replace (i) each reference to "Subsidiary" with "Restricted Subsidiary", (ii) each reference to "Subsidiaries" with "Restricted Subsidiaries" and (iii) each reference to "Consolidated Subsidiaries" with "Consolidated Restricted Subsidiaries".

(b) Section 4.06 of the Credit Agreement is amended to add "(other than CIT and its Subsidiaries)" after each reference to "ERISA Group".

(c) Section 4.08 of the Credit Agreement is amended to (i) replace the reference to "Significant Subsidiaries that is a Significant Subsidiary", (ii) add "such"
before "Significant Subsidiary" in the fourth line and (iii) replace the reference to "Subsidiaries" in the sixth line with "Restricted Subsidiaries".

Section 3. AMENDMENTS TO COVENANTS. Article 5 of the Credit Agreement is amended to replace (i) each reference to "Subsidiary" with "Restricted Subsidiary", (ii) each reference to "Subsidiaries" with "Restricted Subsidiaries" (except in Section 5.04(a)), (iii) each reference to "Consolidated Subsidiary" with "Consolidated Restricted Subsidiary", (iv) each reference to "Consolidated Subsidiaries" with "Consolidated Restricted Subsidiaries" (except in Section 5.01) and (v) each reference to "Wholly-Owned Consolidated Subsidiary with "Wholly-Owned Consolidated Restricted Subsidiary".

Section 4. REPRESENTATIONS OF PRINCIPAL OBLIGORS. Each Principal Obligor represents and warrants that (i) the representations and warranties of such Principal Obligor set forth in Article 4 of the Credit Agreement will be true on and as of the Amendment Effective Date and (ii) no Default will have occurred and be continuing on such date.

Section 5. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

Section 6. COUNTERPARTS. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 7. EFFECTIVENESS. This Amendment shall become effective on the date (the "AMENDMENT EFFECTIVE DATE") when the Agent shall have received from each Principal Obligor and the Required Banks a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Agent) that such party has signed a counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

TYCO INTERNATIONAL GROUP S.A.
By: /s/ Michelangelo Stefani
--------------------------------------
Title: Managing Director

TYCO INTERNATIONAL LTD
By: /s/ Mark H. Swartz
--------------------------------------
Title: Chief Financial Officer and Executive Vice President

THE CHASE MANHATTAN BANK

By: /s/ Gail Weiss
Title: Vice President

BANK OF AMERICA, N.A.

By: /s/ John W. Pocalyko
Title: Managing Director

CITIBANK, N.A.

By: /s/ Diane L. Pockaj
Title: Vice President

COMMERZBANK AG, NEW YORK
AND GRAND CAYMAN BRANCHES

By: /s/ Robert Donohue
Title: Senior Vice President

By: /s/ Peter Doyle
Title: Vice President

ABN AMRO BANK N.V.

By: /s/ Dean P. Giglio
Title: Vice President

By: /s/ Helen Clarke-Hepp
Title: Vice President

BANCA NAZIONALE DEL LAVORO S.P.A.,
NEW YORK BRANCH

By:
Title:
THE BANK OF NOVA SCOTIA
By: /s/ William E. Zarrett
Title: Managing Director

BARCLAYS BANK PLC
By: /s/ L. Peter Yetman
Title: Director

BAYERISCHE HYPO- UND VEREINSBANK AG,
NEW YORK BRANCH
By: /s/ John T. Murphy
Title: Director
By: /s/ Tricia Grieve
Title: Director

BNP PARIBAS
By: /s/ Richard Pace
Title: Vice President
By: /s/ Nanette Baudon
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH
By: /s/ Rod Hurst
Title: Vice President

CREDIT SUISSE FIRST BOSTON
By: /s/ David W. Kratovil
Title: Director
By: /s/ Jeffrey Bernstein
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By: /s/ Jean M. Hannigan
Title: Director

By: /s/ Stephanie Strohe
Title: Vice President

DRESDNER BANK AG, NEW YORK
AND GRAND CAYMAN BRANCHES

By: /s/ Joanna M. Solowski
Title: Vice President

By: /s/ Vincent Carotenuto
Title: Assistant Vice President

FIRST UNION NATIONAL BANK

By: /s/ George L. Woolsey
Title: Vice President

HSBC BANK USA

By: /s/ Rochelle Forster
Title: Senior Vice President

MERRILL LYNCH BANK USA

By: /s/ D. Kevin Imlay
Title: Senior Lending Officer
WESTDEUTSCHE LANDESBank GIROZENTRALE,
NEW YORK BRANCH

By: /s/ Barry S. Wadler
Title: Associate Director

By: /s/ Lisa Walker
Title: Associate Director

BAYERISCHE LANDESBank GIROZENTRALE

By: /s/ Hereward Drummond
Title: Senior Vice President

By: /s/ James H. Boyle
Title: Vice President

FLEET NATIONAL BANK

By:
Title:

MELLON BANK, N.A.

By: /s/ Daniel J. Lenckos
Title: Vice President

SAN PAOLO IMI S.P.A.

By: /s/ Luca Sacchi
Title: Vice President

By: /s/ Carlo Persico
Title: Deputy General Manager

THE TORONTO-DOMINION BANK

By:
Title:

INTESAHCI S.P.A. NEW YORK BRANCH
By: /s/ Frank Maffei  
Title: Vice President

By: /s/ Charles Dougherty  
Title: Vice President

THE BANK OF NEW YORK

By: /s/ Roger Grossman  
Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: /s/ Thomas Fennessey  
Title: Vice President

BBL INTERNATIONAL (U.K.) LIMITED

By: 
Title:

By: 
Title:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Frank J. Jancar  
Title: Vice President

LEHMAN COMMERCIAL PAPER INC.

By: /s/ Michael E. O'Brien  
Title: Authorized Signatory
NATIONAL AUSTRALIA BANK LIMITED,
A.C.N. 004044937

By: /s/ Justin F. McCarty III
--------------------------------------
Title: Vice President

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH

By: /s/ M. Jones
--------------------------------------
Title: Senior Corporate Manager

NATIONAL WESTMINSTER BANK PLC
NASSAU BRANCH

By: /s/ M. Jones
--------------------------------------
Title: Senior Corporate Manager

SOCIETE GENERALE

By: /s/ Ambrish D. Thanawala
--------------------------------------
Title: Director, Corporate Banking

THE FUJI BANK, LIMITED

By: 
--------------------------------------
Title:

THE DAI-ICHI KANGYO BANK, LTD.,
NEW YORK BRANCH

By: 
--------------------------------------
Title:

STANDARD CHARTERED BANK

By: /s/ John Biscette
--------------------------------------
Title: Vice President

By: /s/ Andrew Y. Ng
--------------------------------------
Title: Vice President

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
BANK OF IRELAND

By:  
Title:  

NORDDEUTSCHE LANDESBANK GIROZENTRALE
NEW YORK BRANCH AND/OR CAYMAN
ISLANDS BRANCH

By:  
Title:  

THE NORTHERN TRUST COMPANY

By:  /s/ John A. Konstantos
Title:  Vice President

PNC BANK, NATIONAL ASSOCIATION

By:  /s/ Donald V. Davis
Title:  Vice President

UNICREDITO ITALIANO S.P.A.

By:  /s/ Gianfranco Bisagni
Title:  First Vice President

By:  /s/ Charles Michael
Title:  Vice President

Disclosure Page 144
WESTPAC BANKING CORPORATION
By: /s/ Lisa Porter
--------------------------------------
Title: Relationship Manager

BANCA POPOLARE DI MILANO, NEW YORK BRANCH
By:
--------------------------------------
Title:
By:
--------------------------------------
Title:

ARAB BANK PLC, GRAND CAYMAN BRANCH
By: /s/ Samer Tamimi
--------------------------------------
Title: Vice President

BANCO BILBAO VIZCAYA
By: /s/ Alberto Conde
--------------------------------------
Title: Vice President, Corporate Banking
By: /s/ Santiago Hernandez Monsalve
--------------------------------------
Title: Vice President Global Corporate Banking

THE BANK OF N.T. BUTTERFIELD & SON LIMITED
By: /s/ J. W. Raynor
--------------------------------------
Title: Manager, Corporate Banking
By: /s/ M. A. McWatt
--------------------------------------
Title: Senior Vice President

ALLFIRST BANK
By: /s/ Kellie M. Matthews
--------------------------------------
Title: Senior Vice President
AMENDMENT NO. 1 TO FIVE-YEAR CREDIT AGREEMENT

AMENDMENT dated as of May 25, 2001 to the Five-Year Credit Agreement dated as of February 7, 2001 (the "CREDIT AGREEMENT") among Tyco International Group S.A. (the "BORROWER"), Tyco International Ltd. (the "GUARANTOR"), the Banks party thereto (the "BANKS") and The Chase Manhattan Bank, as Agent (the "AGENT").

WHEREAS, the parties hereto desire to amend the Credit Agreement to modify certain of the covenants to exclude the effect of the acquisition of The CIT Group, Inc., a Delaware corporation, and its Subsidiaries by a Subsidiary of the Guarantor;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. DEFINED TERMS; REFERENCES. (a) Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall, after this Amendment becomes effective, refer to the Credit Agreement as amended hereby.

(b) The following definitions are added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

"CIT" means The CIT Group, Inc., a Delaware corporation, and its successors.

"CONSOLIDATED RESTRICTED SUBSIDIARY" means, at any date, any Restricted Subsidiary or other entity the accounts of which would be consolidated with those of the Guarantor in its consolidated financial statements if such statements were prepared as of such date.

"RESTRICTED SUBSIDIARY" means, at any date, a Subsidiary of the Guarantor other than CIT and its Subsidiaries.

"WHOLLY-OWNED CONSOLIDATED RESTRICTED SUBSIDIARY" means any Consolidated Restricted Subsidiary all of the shares of capital stock or other ownership interests of which (except directors' qualifying shares and investments by foreign nationals mandated by applicable law) are at the time beneficially owned, directly or indirectly, by the Guarantor.

(c) The definitions of "Consolidated Assets", "Consolidated Debt", "Consolidated Interest Expense", "Consolidated Net Income", "Consolidated Net
Section 2. AMENDMENTS TO REPRESENTATIONS AND WARRANTIES. (a) Sections 4.05, 4.07 and 4.09 of the Credit Agreement are amended to replace (i) each reference to "Subsidiary" with "Restricted Subsidiary", (ii) each reference to "Subsidiaries" with "Restricted Subsidiaries" and (iii) each reference to "Consolidated Subsidiaries" with "Consolidated Restricted Subsidiaries".

(b) Section 4.06 of the Credit Agreement is amended to add "(other than CIT and its Subsidiaries)" after each reference to "ERISA Group".

(c) Section 4.08 of the Credit Agreement is amended to (i) replace the reference to "Significant Subsidiaries" in the first line with "each of its Restricted Subsidiaries that is a Significant Subsidiary", (ii) add "such" before "Significant Subsidiary" in the fourth line and (iii) replace the reference to "Subsidiaries" in the sixth line with "Restricted Subsidiaries".

Section 3. AMENDMENTS TO COVENANTS. Article 5 of the Credit Agreement is amended to replace (i) each reference to "Subsidiary" with "Restricted Subsidiary", (ii) each reference to "Subsidiaries" with "Restricted Subsidiaries" (except in Section 5.04(a)), (iii) each reference to "Consolidated Subsidiary" with "Consolidated Restricted Subsidiary", (iv) each reference to "Consolidated Subsidiaries" with "Consolidated Restricted Subsidiaries" (except in Section 5.01) and (v) each reference to "Wholly-Owned Consolidated Subsidiary" with "Wholly-Owned Consolidated Restricted Subsidiary".

Section 4. REPRESENTATIONS OF PRINCIPAL OBLIGORS. Each Principal Obligor represents and warrants that (i) the representations and warranties of such Principal Obligor set forth in Article 4 of the Credit Agreement will be true on and as of the Amendment Effective Date and (ii) no Default will have occurred and be continuing on such date.

Section 5. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

Section 6. COUNTERPARTS. This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 7. EFFECTIVENESS. This Amendment shall become effective on the date (the "AMENDMENT EFFECTIVE DATE") when the Agent shall have received from each Principal Obligor and the Required Banks a counterpart hereof signed by such party or facsimile or other written confirmation (in form satisfactory to the Agent) that such party has signed a counterpart hereof.
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

TYCO INTERNATIONAL GROUP S.A
By: /s/ Michelangelo Stefani
Title: Managing Director

TYCO INTERNATIONAL LTD.
By: /s/ Mark H. Swartz
Title: Chief Financial Officer and Executive Vice President

THE CHASE MANHATTAN BANK
By: /s/ Gail Weiss
Title: Vice President

BANK OF AMERICA, N.A.
By: /s/ John W. Pocalyko
Title: Managing Director

CITIBANK, N.A.
By: /s/ Diane L. Pockaj
Title: Vice President

COMMERZBANK AG, NEW YORK AND GRAND CAYMAN BRANCHES
By: /s/ Robert Donohue
Title: Senior Vice President

By: /s/ Peter Doyle
Title: Vice President

ABN AMRO BANK N.V.
By: /s/ Dean P. Giglio
Title: Vice President

By: /s/ John Hennessy
Title: Senior Vice President

BANCA NAZIONALE DEL LAVORO S.P.A.,
NEW YORK BRANCH

By:
Title:

By:
Title:

THE BANK OF NOVA SCOTIA

By: /s/ William E. Zarrett
Title: Managing Director

BARCLAYS BANK PLC

By: /s/ L. Peter Yetman
Title: Director

BAYERISCHE HYPO- UND VEREINSBANK AG,
NEW YORK BRANCH

By: /s/ John T. Murphy
Title: Director

By: /s/ Tricia Grieve
Title: Director

BNP PARIBAS

By: /s/ Richard Pace
Title: Vice President

By: /s/ Nanette Baudon
Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Rod Hurst
Title: Vice President

CREDIT SUISSE FIRST BOSTON

By: /s/ David W. Kratovil
Title: Director

By: /s/ Jeffrey Bernstein
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH

By: /s/ Jean M. Hannigan
Title: Director

By: /s/ Stephanie Strohe
Title: Vice President

DRESDNER BANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES

By: /s/ Joanna M. Solowski
Title: Vice President

By: /s/ Vincent Carotenuto
Title: Assistant Vice President

FIRST UNION NATIONAL BANK

By: /s/ George L. Woolsey
-----------------------------
Title: Vice President

HSBC BANK USA

By: /s/ Rochelle Forster
-----------------------------
Title: Senior Vice President

MERRILL LYNCH BANK USA

By: /s/ D. Kevin Imlay
-----------------------------
Title: Senior Lending Officer

WESTDEUTSCHE LANDES BANK GIROZENTRALE,
NEW YORK BRANCH

By: /s/ Barry S. Wadler
-----------------------------
Title: Associate Director

By: /s/ Lisa Walker
-----------------------------
Title: Associate Director

BAYERISCHE LANDES BANK GIROZENTRALE

By: /s/ Hereward Drummond
-----------------------------
Title: Senior Vice President

By: /s/ James H. Boyle
-----------------------------
Title: Vice President

FLEET NATIONAL BANK
By: ________________________________  
   Title: ________________________________

MELLON BANK, N.A.

By: /s/ Daniel J. Lenckos  
   ________________________________  
   Title: Vice President

SAN PAOLO IMI S.P.A.

By: /s/ Luca Sacchi  
   ________________________________  
   Title: Vice President

By: /s/ Carlo Persico  
   ________________________________  
   Title: Deputy General Manager

THE TORONTO-DOMINION BANK

By: ________________________________  
   Title: ________________________________

INTESABCI S.P.A. NEW YORK BRANCH

By: /s/ Frank Maffei  
   ________________________________  
   Title: Vice President

By: /s/ Charles Dougherty  
   ________________________________  
   Title: Vice President

THE BANK OF NEW YORK

By: /s/ Roger Grossman  
   ________________________________  
   Title: Vice President

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: /s/ Thomas Fennessey
Title: Vice President

BBL INTERNATIONAL (U.K.) LIMITED
By:

Title:

By:

Title:

KEYBANK NATIONAL ASSOCIATION
By: /s/ Frank J. Jancar

Title: Vice President

LEHMAN COMMERCIAL PAPER INC.
By: /s/ Michael E. O'Brien

Title: Authorized Signatory

NATIONAL AUSTRALIA BANK LIMITED,
A.C.N. 004044937
By: /s/ Justin F. McCarty III

Title: Vice President

NATIONAL WESTMINSTER BANK PLC
NEW YORK BRANCH
By: /s/ M. Jones

Title: Senior Corporate Manager
NASSAU BRANCH
By: /s/ M. Jones
Title: Senior Corporate Manager

SOCETE GENERALE
By: /s/ Ambrish D. Thanawala
Title: Director, Corporate Banking

THE FUJI BANK, LIMITED
By: 
Title:

THE DAI-ICHI KANGYO BANK, LTD.,
NEW YORK BRANCH
By: 
Title:

STANDARD CHARTERED BANK
By: /s/ John Biscette
Title: Vice President

By: /s/ Andrew Y. Ng
Title: Vice President

AUSTRALIA AND NEW ZEALAND BANKING
GROUP LIMITED
By: 
Title:
BANK OF IRELAND
By: ________________________________
    ________________________________
    Title:

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NORDDEUTSCHE LANDES BANK GIROZENTRALE
NEW YORK BRANCH AND/OR CAYMAN ISLANDS BRANCH
By: ________________________________
    ________________________________
    Title:
By: ________________________________
    ________________________________
    Title:

THE NORTHERN TRUST COMPANY
By: /s/ John A. Konstantos
    ________________________________
    Title: Vice President

PNC BANK, NATIONAL ASSOCIATION
By: /s/ Donald V. Davis
    ________________________________
    Title: Vice President

UNICREDITO ITALIANO S.P.A.
By: /s/ Gianfranco Bisagni
    ________________________________
    Title: First Vice President
By: /s/ Charles Michael
    ________________________________
    Title: Vice President

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WESTPAC BANKING CORPORATION
By: /s/ Lisa Porter
__________________________
Title: Relationship Manager

BANCA POPOLARE DI MILANO, NEW YORK BRANCH

By: __________________________
__________________________
Title: 

By: __________________________
__________________________
Title: 

ARAB BANK PLC, GRAND CAYMAN BRANCH

By: /s/ Samer Tamimi
__________________________
Title: Vice President

BANCO BILBAO VIZCAYA ARGENTARIA S.A.

By: /s/ Alberto Conde
__________________________
Title: Vice President, Corporate Banking

By: /s/ Santiago Hernandez Monsalve
__________________________
Title: Vice President Global Corporate Banking

THE BANK OF N.T. BUTTERFIELD & SON LIMITED

By: /s/ J. W. Raynor
__________________________
Title: Manager, Corporate Banking

By: /s/ M. A. McWatt
__________________________
Title: Senior Vice President

ALLFIRST BANK
RETENTION AGREEMENT

AGREEMENT by and between Tyco International Ltd., a Bermuda corporation (the "Company") and L. Dennis Kozlowski (the "Executive"), effective as of January 22, 2001, the Effective Date (as hereinafter defined).

WHEREAS, in recognition of Executive's significant contribution to the creation of shareholder value and leadership during his tenure as Chairman of the Board of Directors, President and Chief Executive Officer of the Company, the Compensation Committee of the Board of Directors of the Company (the "Committee") wishes to obtain his commitment to serve as Chairman of the Board, President and Chief Executive Officer of the Company until his 62nd birthday on November 16, 2008 and his commitment to serve after his retirement as a consultant to the Company, at the direction of the then Chief Executive Officer of the Company; and

WHEREAS, the Committee has determined to offer Executive the benefits described in this Agreement to provide an incentive to encourage Executive to remain in the employ of the Company so that the Company may receive his continued dedication and assure the continued availability of his advice and counsel and to assure that he will not provide services for a competing business in accordance with the terms hereof; and

WHEREAS, Executive has agreed to serve the Company pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Company and Executive hereby agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Cause" means Executive's conviction of a felony that is materially and demonstrably injurious to the Company or any of its subsidiaries or affiliates, monetarily or otherwise. Notwithstanding the foregoing, Executive
shall not be deemed to have been terminated for Cause for purposes of this Agreement unless and until there shall have been delivered to him a copy of a resolution, duly adopted by a vote of three-quarters (3/4) of the entire Board of Directors of the Company (the "Board") at a meeting of the Board called and held (after reasonable notice to Executive and an opportunity for Executive and his counsel to be heard before the Board) for the purpose of considering whether Executive has been convicted of a felony as justifies termination for Cause hereunder and specifying the particulars thereof. The Company must notify Executive of an event constituting Cause within 90 days following the Board's knowledge of its existence or such event shall not constitute Cause under this Agreement.

(b) "Change in Control" means the first to occur of any of the following events:

(1) Any "person" (as that term is used in Sections 13 and 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act")) becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of 30% or more of the Company's capital stock entitled to vote in the election of directors;

(2) Persons who, as of the Effective Date constitute the Board (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority thereof, provided that any person becoming a director of the Company subsequent to the Effective Date shall be considered an Incumbent Director if such person's election or nomination for election was approved by a vote of at least three-quarters of the Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as that term is used in Sections 13 and 14(d)(2) of the Exchange Act) other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director;

(3) The shareholders of the Company approve any consolidation or merger of the Company, other than a merger of the Company in which the holders of the common stock of the Company immediately prior to the merger hold more than 50% of the common stock of the surviving corporation immediately after the merger;

(4) The shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or

(5) Substantially all of the assets of the Company are sold or otherwise transferred to parties that are not within a "controlled group of corporations" (as defined in Section 1563 of the Internal Revenue Code of 1986, as amended (the "Code")) in which the Company is a member.

(c) "Company" means Tyco International Ltd., a Bermuda corporation, and, the successor to, or transferee of all or substantially all of the assets of, the Company.

(d) "Date of Termination" means (1) the effective date on which Executive's employment by the Company terminates as specified in a Notice of Termination by the Company or Executive, as the case may be, or (2) if Executive's employment by the Company terminates by reason of death, the date of
death of Executive. Notwithstanding the previous sentence, (i) if Executive's employment is terminated for Disability (as defined in Section 4(d)), then such Date of Termination shall be no earlier than 30 days following the date on which a Notice of Termination is received, and (ii) if Executive's employment is terminated by the Company other than for Cause or by Executive other than for Good Reason, then such Date of Termination shall be no earlier than 30 days following the date on which a Notice of Termination is received.

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(e) "Effective Date" means January 22, 2001.

(f) "Good Reason" means, without Executive's express written consent, the occurrence of any of the following events on or after a Change in Control:

(1) (i) the assignment to Executive of any duties or responsibilities (including reporting responsibilities) inconsistent in any material and adverse respect with Executive's duties and responsibilities with the Company immediately prior to the Effective Date (including any material and adverse diminution of such duties or responsibilities), or (ii) a material and adverse change in Executive's titles or offices with the Company as in effect immediately prior to the Effective Date;

(2) a reduction by the Company in Executive's rate of annual base salary or annual or long-term incentive compensation opportunity as in effect immediately prior to the Effective Date or as the same may be increased from time to time thereafter;

(3) the failure of the Company to (i) continue in effect any employee benefit plan or compensation plan in which Executive is participating immediately prior to the Effective Date (including the taking of any action by the Company which would adversely affect Executive's participation in or reduce Executive's benefits under any such plan), unless Executive is permitted to participate in other plans providing Executive with substantially comparable benefits, (ii) provide Executive and Executive's dependents with welfare benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for Executive immediately prior to the Effective Date or provide substantially comparable benefits at a substantially comparable cost to Executive, (iii) provide fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for Executive immediately prior to the Effective Date, or provide substantially comparable fringe benefits, or (iv) provide Executive with paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for Executive immediately prior to the Effective Date, unless the failure to provide such paid vacation is a result of a policy uniformly applied by the Company to its employees;

(4) the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 14; or

(5) the relocation of Executive's principal place of employment to a location more than 25 miles from Executive's principal place of employment immediately prior to the Effective Date or the Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except
for required travel on the Company's business to an extent substantially consistent with Executive's present business travel obligations.

Notwithstanding the foregoing, an isolated and inadvertent action taken in good faith and which is remedied by the Company within ten days after receipt of notice thereof given by Executive shall not constitute Good Reason.

(g) "Notice of Termination" means the written notice as described in Section 15(b).

2. RETENTION PERIOD.

(a) POSITION. Executive agrees to continue to serve as Chairman of the Board, President and Chief Executive Officer of the Company from the Effective Date until his 62nd birthday on November 16, 2008, or, if earlier, the Date of Termination, on terms no less favorable to him than his conditions of employment immediately prior to the Effective Date.

(b) CERTAIN EQUITY COMPENSATION. In recognition of Executive's agreement to continue in the employ of the Company and not seek employment elsewhere, and as consideration for Executive's agreements contained in Sections 8, 9 and 10 hereof, Executive has been granted, as of the Effective Date, 800,000 restricted common shares of the Company ("Restricted Stock Award") pursuant to the Company's 1994 Restricted Stock Ownership Plan for Key Employees. The restrictions on such shares shall lapse with respect to one-eighth (1/8th) of the shares underlying the Restricted Stock Award on each anniversary date of the Effective Date, beginning with January 22, 2002, and shall lapse with respect to all such shares underlying the Restricted Stock Award on Executive's 62nd birthday, in each case conditioned on Executive's employment with the Company on each such date except as otherwise provided herein. The shares included in the Restricted Stock Award may not be transferred by Executive until such time as the restrictions on such shares lapse. Executive (or the event of death, his estate or beneficiary) may choose to sell to the Company or any of its subsidiaries or affiliates (and the Company or a subsidiary or affiliate shall be obligated to purchase from Executive (or the event of death, his estate or beneficiary)) any such shares that become fully vested and nonforfeitable at a per share price equal to the average weighted volume share price of the Company's shares on the New York Stock Exchange on the date Executive (or in the event of death, his estate or beneficiary) notifies the Company of his intention to sell such shares to the Company (which notice shall not be effective until such time as the restrictions on such shares have lapsed).

(c) PROVISIONS RELATING TO RESTRICTED STOCK AWARD. The Company represents and warrants to Executive that all actions necessary to exempt the grant of the Restricted Stock Award under Rule 16b-3(d) under the Securities Exchange Act of 1934, as amended, were taken by the Company. The Company shall, at its sole expense, cause the common shares included in the Restricted Stock Award to be registered under the Securities Act of 1933, as amended and registered or qualified under applicable state securities laws, so that such common shares shall be freely tradable. The Company shall thereafter maintain the continuing effectiveness of such registration and qualification for so long as Executive holds any of the common shares in the Restricted Stock Award (whether or not the restrictions thereon have lapsed), or until such earlier date as counsel to the Company, reasonably acceptable to Executive, provides the Company a written opinion (a copy of which shall promptly be provided to Executive) satisfactory to Executive to the effect that all such common shares may otherwise be freely sold under United States federal and other applicable law once the restrictions have lapsed. As soon as practicable after the
Effective Date, the Company shall, at its sole expense, cause the common shares included in the Restricted Stock Award to be listed on all exchanges on which the common shares are from time to time listed. The Company shall thereafter maintain the continued listing of such common shares for so long as Executive holds any of the Restricted Stock Award (whether or not the restrictions thereon have lapsed).

3. CONSULTING.

Executive agrees that, following his retirement from the Company (other than a termination due to Executive's death, a termination by the Company for Cause or a termination by Executive other than for Good Reason), and when and as requested by the Chief Executive Officer of the Company, subject to his reasonable availability, he will provide consulting and advice to the Company up to 30 days per year for the remainder of his life (the "Consulting Period"). During the Consulting Period Executive shall be paid an annual consulting fee equal to 1/36th of the amount set forth in Section 5(b)(i). Subject to the provisions of Section 11(e) hereof, during the Consulting Period the Company shall provide Executive with all welfare and fringe benefits provided to Executive immediately prior to the Date of Termination, including but not limited to relocation benefits, security, sponsorships and events, grossed-up payments for New York state and city taxes, if applicable, health insurance coverage (including coverage for spouse (or domestic partner)), life insurance coverage and continued access to Company facilities and services, including access to Company aircraft, cars, office (with secretarial and administrative support), apartments and financial planning (tax, accounting and legal) services (hereinafter, the "Continuing Benefits"). For three years following the Date of Termination, Executive shall also continue to receive contribution credits under the Company's Supplemental Executive Retirement Plan and shall be eligible to participate in the Company's Deferred Compensation Plan. The Consulting Period shall end upon Executive's death during the Consulting Period (in which case Section 5(d) hereof shall not apply) and, in the event of Executive's death during the Consulting Period, the Company shall continue to provide health insurance coverage to Executive's spouse (or domestic partner) for her life or until she is eligible to be covered under another employer-provided health plan, if earlier. Subject to the provisions of Section 10 hereof, during the Consulting Period Executive shall be permitted to engage in any employment, business or other activities he may choose, so long as such activities do not unreasonably interfere with the performance of his duties under this Section 3.

4. TERMINATION OF EMPLOYMENT.

Executive's employment hereunder may be terminated under the following circumstances:

(a) NORMAL RETIREMENT. Executive may retire at any time after attaining his 62nd birthday.

(b) EARLY RETIREMENT. Executive may retire at any time before his 62nd birthday provided that he (1) obtains the consent of the Board, (2) provides a viable successor nomination for Board consideration, and (3) provides advance notice of at least 90 days of his intention to retire. Notwithstanding the foregoing, the Board, in its sole discretion, may waive the requirement of (2) and/or (3).

(c) DEATH. Executive's employment with the Company shall terminate upon his death.
(d) DISABILITY. If, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from his duties for the Company on a full-time basis for 180 calendar days in the aggregate in any 12-month period, the Company may terminate Executive's employment with the Company for Disability. Any question as to the existence of any physical or mental illness referred to above which the Company and Executive cannot agree shall be determined by a qualified independent physician selected by the Company and reasonably acceptable to Executive. The determination of such a physician made in writing to the Company and to Executive shall be final and conclusive for purposes of this Agreement.

(e) TERMINATION BY COMPANY FOR CAUSE. Subject to the provisions of Section 1(b) hereof and upon a Notice of Termination to Executive, the Company may terminate Executive's employment with the Company for Cause.

(f) TERMINATION BY COMPANY WITHOUT CAUSE. Upon a Notice of Termination to Executive, the Company may terminate Executive's employment with the Company without Cause.

(g) TERMINATION BY EXECUTIVE. Upon a Notice of Termination to the Company, Executive may terminate his employment with the Company for any reason, including but not limited to Good Reason.

5. COMPENSATION UPON TERMINATION.

(a) TERMINATION GENERALLY. If Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to Executive (or to his authorized representatives or estate) any earned but unpaid base salary, incentive compensation earned but not yet paid, unpaid expense reimbursements, accrued but unused vacation and any vested benefits that Executive may have under any employee benefit plan of the Company, including without limitation, executive compensation, insurance and retirement plans or arrangements (the "Accrued Benefits").

(b) TERMINATION BY THE COMPANY WITHOUT CAUSE OR UPON EXECUTIVE'S DISABILITY, BY EXECUTIVE FOR GOOD REASON OR UPON EXECUTIVE'S NORMAL OR EARLY RETIREMENT. In the event of a termination of Executive's employment by the Company without Cause or upon Executive's Disability, by Executive for Good Reason, or upon Executive's normal or early retirement pursuant to Section 4(a) or (b), the Company shall pay to Executive (in addition to the Accrued Benefits) not later than ten (10) days following the Date of Termination, (i) an amount equal to three times the sum of (x) Executive's then current annual base salary (without giving effect to any reductions thereof following the Effective Date) plus (y) the highest annual proxy cash bonus earned by Executive with respect to the eight fiscal years preceding the year in which the Date of Termination occurs (or an amount equal to the proxy cash bonus earned by Executive with respect to the Company's 2000 fiscal year, if higher); and (ii) an amount equal to the product of (A) the maximum annual bonus that Executive would have been eligible to earn under the Company's annual bonus plan for the bonus measurement period during which the Date of Termination occurs, and (B) a fraction, the numerator of which is the number of days from the first day of such period through the Date of Termination and the denominator of which is the total number of days in such measurement period, together with a similarly pro rated bonus with respect to any applicable long term incentive plan then in effect. Notwithstanding the preceding provisions of this Section 5(b), Executive may elect prior to the receipt of
such payments (X) to receive the foregoing cash payments over a three year period commencing upon the Date of Termination or (Y) to defer the receipt of such payments in a manner consistent with the manner in which deferrals are made under the Company's deferred compensation plan for executives (in which case the deferred amounts shall be treated in a manner consistent with amounts deferred under such plan, including but not limited to accrual of interest thereon).

(c) TREATMENT OF EQUITY UPON TERMINATION. Immediately upon the occurrence of any termination of Executive's employment with the Company (other than a termination by the Company for Cause or a termination by Executive without Good Reason), (i) any remaining restrictions on the Restricted Stock Award granted under Section 2(b) shall immediately lapse and all shares underlying the Restricted Stock Award shall become fully vested and nonforfeitable, (ii) all outstanding options to acquire common shares of the Company held by Executive shall become immediately exercisable and shall remain outstanding for their full terms notwithstanding the termination of Executive's employment and (iii) all other shares of common stock of the Company held by Executive that are subject to risk of forfeiture shall become fully vested and nonforfeitable.

(d) DEATH. If Executive's employment is terminated by reason of his death, the Company shall pay Executive's estate the Accrued Benefits. In the event Executive is survived by a surviving spouse (or domestic partner) who is provided health benefits by the Company or any of its affiliates at the time of his death, such surviving spouse (or domestic partner) shall be provided with health benefits, based on a health plan of the Company or any of its affiliates made available to Executive immediately prior to the date of death, for her life or until she is eligible to be covered under another employer-provided health plan.

(e) TERMINATION BY COMPANY WITH CAUSE OR BY EXECUTIVE WITHOUT GOOD REASON. If Executive's employment is terminated by the Company with Cause under Section 4(e) or by Executive without Good Reason under Section 4(g), the Company shall have no further obligation to Executive other than the Accrued Benefits.

6. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) GROSS-UP PAYMENT. If it shall be determined that any payment or distribution of any type to or in respect of Executive, by the Company or any other person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), is or will be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments.

(b) DETERMINATION BY ACCOUNTANT.

(1) All computations and determinations relevant to this Section shall be made by a national accounting firm selected by the Company from among the five (5) largest accounting firms in the United States (the "Accounting Firm"), and reasonably acceptable to Executive, which firm may be the Company's accountants. All fees and expenses of the Accounting Firm shall be borne solely by the Company.
Such determinations shall include whether any of the Total Payments are "parachute payments" (within the meaning of Section 280G of the Code). In making the initial determination hereunder as to whether a Gross-Up Payment is required, the Accounting Firm shall be required to determine that no Gross-Up Payment is required if, but only if, the Accounting Firm (A) concludes that (i) there has not occurred a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company (as such terms are defined in Section 280G of the Code) or (ii) no portion of the Total Payments constitutes "parachute payments" (within the meaning of said Section 280G), in either case on the basis of "substantial authority" (within the meaning of Section 6230 of the Code), and (B) provides an opinion to that effect to both the Company and Executive, including the reasons therefor and an opinion that Executive has substantial authority not to report any Excise Tax on his federal income tax return. If the Accounting Firm determines that a Gross-Up Payment is required, the Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations regarding the amount of any Gross-Up Payment and any other relevant matter both to the Company and Executive by no later than ten (10) days following the Date of Termination, or such earlier time as is requested by the Company or Executive (if Executive reasonably believes that any of the Total Payments may be subject to the Excise Tax).

(2) If a Gross-Up Payment is determined to be payable, it shall be paid to Executive within 20 days after the Determination is delivered to the Company by the Accounting Firm. Any determination by the Accounting Firm shall be binding upon the Company and Executive, absent manifest error. Notwithstanding the foregoing, a Gross-up Payment shall be made as soon as practicable following a determination by the Internal Revenue Service that any portion of the Total Payments is subject to the Excise Tax.

(3) As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments not made by the Company should have been made ("Underpayment"), or that Gross-Up Payments will have been made by the Company which should not have been made ("Overpayments"). In either such event, the Accounting Firm shall determine the amount of the Underpayment or Overpayment that has occurred. In the case of an Underpayment, the amount of such Underpayment (together with any interest and penalties payable by Executive as a result of such Underpayment) shall be promptly paid by the Company to or for the benefit of Executive.

(4) In the case of any Overpayment, Executive shall, at the direction and expense of the Company, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures established by, the Company, and otherwise reasonably cooperate with the Company to correct such Overpayment, provided, however, that (i) Executive shall not in any event be obligated to return to the Company an amount greater than the net after-tax portion of the Overpayment that he has retained or has recovered as a refund from the applicable taxing authorities and (ii) this provision and all other provisions in this Agreement shall be interpreted in a manner consistent with the intent of this Section, which is to make Executive whole, on an after-tax basis, from the application of the Excise Taxes, it being acknowledged and understood that the correction of an Overpayment may result in Executive repaying to the Company an amount which is less
than the Overpayment.

(5) Executive shall notify the Company in writing of any claim by the Internal Revenue Service relating to the possible application of the Excise Tax under Section 4999 of the Code to any of the payments and amounts referred to herein and shall afford the Company, at its expense, the opportunity to control the defense of such claims.

(6) Executive shall cooperate with any reasonable requests by the Company in connection with any contests or disputes with the Internal Revenue Service in connection with the Excise Tax and shall be reimbursed by the Company, on an after-tax basis, for all costs, expenses, interest and penalties incurred by Executive in connection with any such contest or dispute.

7. WITHHOLDING TAXES.

The Company may withhold from all payments due to Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

8. CONFIDENTIAL INFORMATION.

Executive agrees that he shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of Executive's assigned duties and for the benefit of the Company, either during the period of Executive's employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which shall have been obtained by Executive during Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to Executive; (ii) becomes known to the public subsequent to disclosure to Executive through no wrongful act of Executive or any representative of Executive; or (iii) Executive is required to disclose by applicable law, regulation or legal process (provided that Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.

9. NON-SOLICITATION AGREEMENT.

During Executive's employment with the Company and continuing for the period for which compensation or benefits are payable under Section 3 or 5, Executive agrees that he will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce (a) any managerial level employee of the Company or any of its subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee or (b) any customer of the Company or any of its subsidiaries or affiliates to purchase goods or services then sold by the Company or any of its subsidiaries or affiliates from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer.
10. NONCOMPETITION AGREEMENT.

Executive acknowledges that he performs services of a unique nature for the Company that are irreplaceable, and that his performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, during Executive's employment hereunder, and continuing for the period for which compensation or benefits are payable under Section 3 or 5, Executive agrees that Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in any business of the same type as any business in which the Company or any of its subsidiaries or affiliates is engaged on the Date of Termination or in which they have proposed, on or prior to such date, to be engaged in on or after such date and in which Executive has been involved to any extent (other than DE MINIMIS) at any time during the 12-month period ending with the Date of Termination, in any locale of any country in which the Company conducts business. This Section 10 shall not prevent Executive from owning not more than one percent of the total shares of all classes of stock outstanding of any publicly held entity engaged in such business, nor will it restrict Executive from rendering services to charitable organizations, as such term is defined in Section 501(c) of the Code.

11. ACKNOWLEDGEMENTS RESPECTING RESTRICTIVE COVENANTS

(a) NO ADEQUATE REMEDY AT LAW. Executive acknowledges that it is impossible to measure in money the damages that will accrue to the Company in the event that Executive breaches any of the restrictive covenants and that any such damages, in any event, would be inadequate and insufficient. Therefore, if Executive breaches any restrictive covenant, the Company and any of its subsidiaries or affiliates shall be entitled to an injunction restraining Executive from violating such restrictive covenant. If the Company or any of its subsidiaries or affiliates shall institute any action or proceeding to enforce a restrictive covenant, Executive hereby waives, and agrees not to assert in any such action or proceeding, the claim or defense that the Company or any of its respective subsidiaries or affiliates have an adequate remedy at law.

(b) INJUNCTIVE RELIEF NOT EXCLUSIVE REMEDY. In the event of a breach of any of the restrictive covenants, Executive agrees that, in addition to any injunctive relief as described in Section 11(b), the Company shall be entitled to any other appropriate legal or equitable remedy.

(c) THIS SECTION REASONABLE, FAIR AND EQUITABLE. Executive agrees that this Section 11 is reasonable, fair and equitable in light of his duties and responsibilities under this Agreement and the benefits to be provided to him under this Agreement and that it is necessary to protect the legitimate business interests of the Company and that Executive has had independent legal advice in so concluding.

(d) CONSTRUCTION. If any of the restrictions contained in Sections 8, 9 or 10 hereof are deemed by a court of competent jurisdiction to be unenforceable by reason of their extent, duration or geographical scope or otherwise, Executive and Company contemplate that the court shall revise such extent, duration, geographical scope or other provision but only to the extent required in order to render such restrictions enforceable, and enforce any such restriction in its revised form for all purposes in the manner contemplated hereby.

(e) CHANGE IN CONTROL. The parties hereto agree that the restrictive covenants contained in Sections 9, 10 and 12 of this Agreement shall
be null and void and shall not be enforceable against Executive following any termination of Executive's employment on or after a Change in Control of the Company. Notwithstanding anything to the contrary contained herein, in the event that Executive's employment with the Company is terminated following a Change in Control, each Continuing Benefit shall be provided to him at a level no less favorable that provided to him immediately prior to the Change in Control.

12. NONDISPARAGEMENT.

Each of Executive and the Company (for purposes hereof, the Company shall mean only the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party or, in the case of the Company, its respective affiliates, employees, officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) shall not be subject to this Section 12.

13. INDEMNIFICATION.

To the fullest extent permitted by law, the Company shall indemnify Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred by Executive in connection with the defense of any lawsuit or other claim to which he is made a party by reason of being an officer, director, employee or consultant of the Company or any of its subsidiaries or affiliates. For at least three years following Executive's ceasing to be employed by or a consultant for the Company, the Company shall make every reasonable effort to maintain customary director and officer liability insurance covering Executive for acts and omissions prior to Executive's ceasing to be employed by, or a consultant to, the Company. The provisions of this Section 13 shall survive the termination of this Agreement.

14. SUCCESSORS; BINDING AGREEMENT.

(a) The provisions of this Agreement shall be binding upon the surviving or resulting corporation in any merger, consolidation, recapitalization or similar corporate transaction or the person or entity to which all or substantially all of the Company's assets are transferred.

(b) In addition to any obligations imposed by law upon any successor to the Company, the Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts would be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

15. NOTICE.

(a) For purposes of this Agreement, all notices and other
communications required or permitted hereunder shall be in writing and shall be
deemed to have been duly given when delivered or five days after deposit in the
United States mail, certified and return receipt requested, postage prepaid,
addressed as follows:

If to Executive:

To the most recent address set forth in the personnel records of the Company;

If to the Company:

Tyco International Ltd.
The Zurich Centre
Second Floor
90 Pitts Bay Road
Pembroke, HM08, Bermuda

Attention: Corporate Secretary

or to such other address as either party may have furnished to the other in
writing in accordance herewith, except that notices of change of address shall
be effective only upon receipt.

(b) A written notice of Executive's Date of Termination by the
Company or Executive, as the case may be, to the other, shall (i) indicate the
specific termination provision in this Agreement relied upon, (ii) to the extent
applicable, set forth in reasonable detail the facts and circumstances claimed
to provide a basis for termination of Executive's employment under the provision
so indicated and (iii) specify the Date of Termination. Except as provided in
Section 1(b) hereof the failure by Executive or the Company to set forth in such
notice any fact or circumstance which contributes to a showing of Good Reason or
Cause shall not waive any right of Executive or the Company hereunder or
preclude Executive or the Company from asserting such fact or circumstance in
enforcing Executive's or the Company's rights hereunder.

16. FULL SETTLEMENT.

The Company's obligation to make any payments provided for in this
Agreement and otherwise to perform its obligations hereunder shall not be
affected by any set-off, counterclaim, recoupment, defense or other claim, right
or action which the Company may have against Executive or others. In no event
shall Executive be obligated to seek other employment or take other action by
way of mitigation of the amounts payable to Executive under any of the
provisions of this Agreement, and such amounts shall not be reduced whether or
not Executive obtains other employment.

17. GOVERNING LAW; VALIDITY.

The validity, interpretation, and enforcement of this Agreement shall
be governed by the laws of the State of New York. The invalidity or
unenforceability of any provision of this Agreement shall not affect the
validity or enforceability of any other provision of this Agreement, which other
provisions shall remain in full force and effect.

18. ARBITRATION; LEGAL FEES.

Any dispute or controversy under this Agreement shall be settled
exclusively by arbitration in accordance with the rules of the American
Arbitration Association then in effect. Judgment may be entered on the
arbitration award in any court having jurisdiction. The Company shall bear all
costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 18 (including, without limitation, all reasonable legal fees incurred by Executive in connection with such arbitration). Promptly following the execution of this Agreement, the Company shall reimburse Executive for all legal fees and expenses incurred by Executive in negotiating and entering into this Agreement.

19. STATUS POST-RETIREMENT

During the Consulting Period, Executive shall be an independent contractor under this Agreement, and, except as otherwise provided herein no provision of, or action under, this Agreement shall affect in any way Executive's rights under any Company compensation, employee benefit and welfare plans, programs or practices, including, without limitation, Company executive compensation, insurance and retirement plans or arrangements.

20. AMENDMENT.

No provision of this Agreement may be amended, waived or discharged except by the mutual written agreement of the parties.

21. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 22nd day of January, 2001.

THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

EXECUTIVE

/s/ L. Dennis Kozlowski
L. Dennis Kozlowski

TYCO INTERNATIONAL LTD.

By: /s/ Philip M. Hampton
Philip M. Hampton, Director

By: /s/ Stephen W. Foss
Stephen W. Foss, Director

By: /s/ James S. Pasman
James S. Pasman, Director

By: /s/ W. Peter Slusser
W. Peter Slusser, Director
AMENDMENT TO RETENTION AGREEMENT

A. The Retention Agreement dated January 22, 2001 by and between Tyco International Ltd., a Bermuda corporation, and L. Dennis Kozlowski is hereby amended as follows:

1. By deleting clause (y) of Section 5(b)(i) and substituting therefor the following new clause (y):

"(y) the highest annual bonus (including cash, shares and other forms of consideration) earned by Executive with respect to the eight fiscal years preceding the year in which the Date of Termination occurs (or an amount equal to the annual bonus including cash, shares and other forms of consideration earned by Executive with respect to the Company's 2000 fiscal year, if higher); and"

2. By deleting the first two sentences of Section 2(b) and substituting the following:

"In recognition of Executive's agreement to continue in the employ of the Company and not seek employment elsewhere, and as consideration for Executive's agreements contained in Sections 8, 9 and 10 hereof, Executive will be granted, as of January 22, 2002, 800,000 restricted common shares of the Company ('Restricted Stock Award') pursuant to the Company's 1994 Restricted Stock Ownership Plan for Key Employees (the 'Plan'). The Restricted Stock Award shall be subject to the terms of this Agreement and the Plan. The restrictions on such shares shall lapse with respect to one-eighth (1/8th) of the shares underlying the Restricted Stock Award beginning with January 22, 2002 and each anniversary thereof and shall lapse with respect to all such shares underlying the Restricted Stock Award on the Executive's 62nd birthday, in each case conditioned on Executive's employment with the Company on each such date except as otherwise provided herein."

B. Except as otherwise amended herein, the Retention Agreement is hereby confirmed in all other respects.

THIS AGREEMENT MAY BE EXECUTED IN COUNTERPARTS, EACH OF WHICH SHALL BE DEEMED TO BE AN ORIGINAL AND ALL OF WHICH TOGETHER SHALL CONSTITUTE ONE AND THE SAME INSTRUMENT.

IN WITNESS WHEREOF, the parties have executed this Amendment as of this 1st day of August, 2001.

EXECUTIVE                                      TYCO INTERNATIONAL LTD.

/s/ L. Dennis Kozlowski                        By: /s/ Stephen W. Foss

L. Dennis Kozlowski                                ----------------------------

By: /s/ Stephen W. Foss

Stephen W. Foss, Director
AGREEMENT by and between Tyco International Ltd., a Bermuda corporation (the "Company") and Mark H. Swartz (the "Executive"), effective as of the Effective Date (as hereinafter defined).

WHEREAS, in recognition of Executive's significant contribution to the creation of shareholder value during his tenure as Executive Vice President and Chief Financial Officer of the Company, the Compensation Committee of the Board of Directors of the Company (the "Committee") wishes to obtain his commitment to serve as Chief Financial Officer of the Company through January 22, 2006 and his commitment to serve after his termination of employment as a consultant to the Company for three years, at the direction of the then Chief Executive Officer of the Company; and

WHEREAS, the Committee has determined to offer Executive the benefits described in this Agreement to provide an incentive to encourage Executive to remain in the employ of the Company so that the Company may receive his continued dedication and assure the continued availability of his advice and counsel and to assure that he will not provide services for a competing business in accordance with the terms hereof; and

WHEREAS, Executive has agreed to serve the Company pursuant to the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Company and Executive hereby agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Cause" means Executive's conviction of a felony that is materially and demonstrably injurious to the Company or any of its subsidiaries or affiliates, monetarily or otherwise. Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause for purposes of this Agreement unless and until there shall have been delivered to him a copy of a resolution, duly adopted by a vote of three-quarters (3/4) of the entire Board of Directors of the Company (the "Board") at a meeting of the Board called and held (after reasonable notice to Executive and an opportunity for Executive and his counsel to be heard before the Board) for the purpose of considering whether Executive has been convicted of a felony as justifies termination for Cause hereunder and specifying the particulars thereof. The Company must notify Executive of an event constituting Cause within 90 days following the Board's
knowledge of its existence or such event shall not constitute Cause under this Agreement.

(b) "Change in Control" means the first to occur of any of the following events:

1. Any "person" (as that term is used in Sections 13 and 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act")) becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of 30% or more of the Company's capital stock entitled to vote in the election of directors;

2. Persons who, as of the Effective Date constitute the Board (the "Incumbent Directors") cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority thereof, provided that any person becoming a director of the Company subsequent to the Effective Date shall be considered an Incumbent Director if such person's election or nomination for election was approved by a vote of at least three-quarters of the Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as that term is used in Sections 13 and 14(d)(2) of the Exchange Act) other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director;

3. The shareholders of the Company approve any consolidation or merger of the Company, other than a merger of the Company in which the holders of the common stock of the Company immediately prior to the merger hold more than 50% of the common stock of the surviving corporation immediately after the merger;

4. The shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company; or

5. Substantially all of the assets of the Company are sold or otherwise transferred to parties that are not within a "controlled group of corporations" (as defined in Section 1563 of the Internal Revenue Code of 1986, as amended (the "Code")) in which the Company is a member.

(c) "Change in Reporting Relationship" means if Executive is required during the Retention Period to (i) report to anyone other than the Chief Executive Officer of the Company or (ii) report to a Chief Executive Officer who is other than L. Dennis Kozlowski.

(d) "Company" means Tyco International Ltd., a Bermuda corporation, and, the successor to, or transferee of all or substantially all of the assets of, the Company.

(e) "Date of Termination" means (1) the effective date on which Executive's employment by the Company terminates as specified in a Notice of Termination by the Company or Executive, as the case may be, or (2) if Executive's employment by the Company terminates by reason of death, the date of death of Executive. Notwithstanding the previous sentence, (i) if Executive's employment is terminated for Disability (as defined in Section 4(b)), then such Date of Termination shall be no earlier than 30 days following the date on which a Notice of
Termination is received, and (ii) if Executive's employment is terminated by the Company other than for Cause or by Executive other than for Good Reason, then such Date of Termination shall be no earlier than 30 days following the date on which a Notice of Termination is received.

(f) "Effective Date" means January 22, 2001.

(g) "Good Reason" means, without Executive's express written consent, the occurrence of any of the following events:

1. (i) the assignment to Executive of any duties or responsibilities inconsistent in any material and adverse respect with Executive's duties and responsibilities with the Company immediately prior to the Effective Date (including any material and adverse diminution of such duties or responsibilities); (ii) a material and adverse change in Executive's titles or offices with the Company as in effect immediately prior to the Effective Date or (iii) a Change in Reporting Relationship described in Section 1(c)(i);

2. a reduction by the Company in Executive's rate of annual base salary or annual or long-term incentive compensation opportunity as in effect immediately prior to the Effective Date or as the same may be increased from time to time thereafter;

3. the failure of the Company to (i) continue in effect any employee benefit plan or compensation plan in which Executive is participating immediately prior to the Effective Date (including the taking of any action by the Company which would adversely affect Executive's participation in or reduce Executive's benefits under any such plan), unless Executive is permitted to participate in other plans providing Executive with substantially comparable benefits, (ii) provide Executive and Executive's dependents with welfare benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for Executive immediately prior to the Effective Date, or provide substantially comparable benefits, or (iii) provide Executive with paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for Executive immediately prior to the Effective Date, unless the failure to provide such paid vacation is a result of a policy uniformly applied by the Company to its employees;

4. the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 14;

5. the relocation of Executive's principal place of employment to a location more than 25 miles from Executive's principal place of employment immediately prior to the Effective Date or the Company's requiring Executive to be based anywhere other than such principal place of employment (or permitted relocation thereof) except for required travel on the Company's business to an
extent substantially consistent with Executive's present business travel obligations; or

(6) the first anniversary of a Change in Reporting Relationship described in Section 1(c)(ii) (or such shorter period as may be permitted by the Board).

Notwithstanding the foregoing, an isolated and inadvertent action taken in good faith and which is remedied by the Company within ten days after receipt of notice thereof given by Executive shall not constitute Good Reason.

Notwithstanding anything to the contrary contained herein, if Executive remains employed with the Company until January 22, 2006 and Executive and the Company have not entered into a new agreement providing for the continued employment of Executive by the Company, Executive's employment shall be deemed to have terminated, effective as of January 22, 2006 and Executive shall be treated as having terminated employment for Good Reason for purposes of Section 5 hereof.

(h) "Notice of Termination" means the written notice described in Section 15(b).

2. RETENTION PERIOD.

(a) POSITION. Executive agrees to continue to serve as Chief Financial Officer of the Company from the Effective Date until January 22, 2006 or, if earlier, the Date of Termination (the "Retention Period"), on terms no less favorable to him than his conditions of employment immediately prior to the Effective Date.

(b) CERTAIN EQUITY COMPENSATION. In recognition of Executive's agreement to continue in the employ of the Company and not seek employment elsewhere, and as consideration for Executive's agreements contained in Sections 8, 9 and 10 hereof, Executive has been granted, as of the Effective Date, 500,000 restricted common shares of the Company ("Restricted Stock Award") pursuant to the Company's 1994 Restricted Stock Ownership Plan for Key Employees (the "Plan"). The Restricted Stock Award shall be subject to the terms of this Agreement and the Plan. The restrictions on such shares shall lapse with respect to all of the shares underlying the Restricted Stock Award on the fifth anniversary date of the Effective Date conditioned on Executive's employment with the Company on such date except as otherwise provided herein. The shares included in the Restricted Stock Award may not be transferred by Executive until such time as the restrictions on such shares lapse. Executive (or in the event of death, his estate or beneficiary) may choose to sell to the Company or any of its subsidiaries or affiliates (and the Company or a subsidiary or affiliate shall be obligated to purchase from Executive (or in the event of death, his estate or beneficiary)) any such shares that become fully vested and nonforfeitable at a per share price equal to the average weighted volume share price of the Company's shares on the New York Stock Exchange on the date Executive (or in the event of death, his estate or beneficiary) notifies the Company of his intention to sell such shares to the Company (which notice shall not be effective until such time as the restrictions on such shares have lapsed).

(c) PROVISIONS RELATING TO RESTRICTED STOCK AWARD. The Company represents and warrants to Executive that all actions necessary to exempt the grant of the Restricted Stock Award under Rule 16b-3(d) under the Securities Exchange Act of 1934, as amended, were taken by the Company. The Company shall, at its sole expense, cause the common shares included in the Restricted Stock Award to be registered under the Securities Act of 1933, as amended and registered or qualified under applicable
state securities laws, so that such common shares shall be freely tradable. The
Company shall thereafter maintain the continuing effectiveness of such
registration and qualification for so long as Executive holds any of the common
shares in the Restricted Stock Award (whether or not the restrictions thereon
have lapsed), or until such earlier date as counsel to the Company, reasonably
acceptable to Executive, provides the Company a written opinion (a copy of which
shall promptly be provided to Executive) satisfactory to Executive to the effect
that all such common shares may otherwise be freely sold under United States
federal and other applicable law once the restrictions have lapsed. As soon as
practicable after the Effective Date, the Company shall, at its sole expense,
cause the common shares included in the Restricted Stock Award to be listed on
all exchanges on which the common shares are from time to time listed. The
Company shall thereafter maintain the continued listing of such common shares
for so long as Executive holds any of the Restricted Stock Award (whether or not
the restrictions thereon have lapsed).

3. CONSULTING.

Executive agrees that, following his termination of employment from the
Company (other than a termination due to Executive's death, a termination by the
Company for Cause or a termination by Executive other than for Good Reason), and
when and as requested by the Chief Executive Officer of the Company (subject to
his reasonable availability), he will provide consulting and advice to the
Company for up to 30 days per year for a period of three years from the Date of
Termination (the "Consulting Period"). During the Consulting Period Executive
shall be paid an annual consulting fee equal to 1/36th of the amount set forth
in Section 5(b)(i). Subject to the provisions of Section 11(e) hereof, during
the Consulting Period the Company shall provide Executive with all welfare and
fringe benefits provided to Executive immediately prior to the Date of
Termination, including but not limited to relocation benefits, security,
sponsorships and events, grossed-up payments for New York state and city taxes,
if applicable, health insurance coverage (including coverage for spouse (or
domestic partner) and eligible dependents), life insurance coverage and
continued access to Company facilities and services, including access to Company
aircraft, cars, office (with secretarial and administrative support), apartments
and financial planning (tax, accounting and legal) services (hereinafter, the
"Continuing Benefits"). Executive shall also continue to receive contribution
credits under the Company's Supplemental Executive Retirement Plan during the
Consulting Period and shall be eligible to participate in the Company's Deferred
Compensation Plan during such period. The Consulting Period shall end upon
Executive's death during the Consulting Period (in which case Section 5(d)
hereof shall not apply) and, in the event of Executive's death during the
Consulting Period, the Company shall continue to provide health insurance
coverage to Executive's spouse (or domestic partner) and eligible dependents,
based on the coverage that was in effect as of the date of Executive's death,
for the greater of (i) the period of time which would otherwise have remained in
the Consulting Period and (ii) 18 months from the date of Executive's death.
After such period, the Company shall cause Executive's surviving spouse (or
domestic partner) or dependents to be able to acquire from the Company such
health insurance coverage at a cost based upon the incremental cost to the
Company of providing coverage to Executive's spouse (or domestic partner) and
dependents immediately prior to his death. Subject to the provisions of

Section 10 hereof, during the Consulting Period Executive shall be permitted to
engage in any employment, business or other activities he may choose, so long as
such activities do not unreasonably interfere with the performance of his duties
under this Section 3.

4. TERMINATION OF EMPLOYMENT.
Executive's employment hereunder may be terminated on or prior to January 22, 2006 under the following circumstances:

(a) DEATH. Executive's employment with the Company shall terminate upon his death.

(b) DISABILITY. If, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from his duties for the Company on a full-time basis for 180 calendar days in the aggregate in any 12-month period, the Company may terminate Executive's employment with the Company for Disability. Any question as to the existence of any physical or mental illness referred to above which the Company and Executive cannot agree shall be determined by a qualified independent physician selected by the Company and reasonably acceptable to Executive. The determination of such a physician made in writing to the Company and to Executive shall be final and conclusive for purposes of this Agreement.

(c) TERMINATION BY COMPANY FOR CAUSE. Subject to the provisions of Section 1(b) hereof and upon a Notice of Termination to Executive, the Company may terminate Executive's employment with the Company for Cause.

(d) TERMINATION BY COMPANY WITHOUT CAUSE. Upon a Notice of Termination to Executive, the Company may terminate Executive's employment with the Company without Cause.

(e) TERMINATION BY EXECUTIVE. Upon a Notice of Termination to the Company, Executive may terminate his employment with the Company for any reason, including but not limited to Good Reason.

5. COMPENSATION UPON TERMINATION.

(a) TERMINATION GENERALLY. If Executive's employment with the Company is terminated for any reason on or prior to January 22, 2006, the Company shall pay or provide to Executive (or to his authorized representatives or estate) any earned but unpaid base salary, incentive compensation earned but not yet paid, unpaid expense reimbursements, accrued but unused vacation and any vested benefits that Executive may have under any employee benefit plan of the Company, including without limitation, executive compensation, insurance and retirement plans or arrangements (the "Accrued Benefits").

(b) TERMINATION BY THE COMPANY WITHOUT CAUSE OR UPON EXECUTIVE'S DISABILITY OR BY EXECUTIVE FOR GOOD Reason. In the event of a termination of Executive's employment by the Company on or prior to January 22, 2006 without Cause or upon Executive's Disability or by Executive for Good Reason, the Company shall pay to Executive (in addition to the Accrued Benefits) not later than ten (10) days following the Date of Termination, (i) an amount equal to three times the sum of (x) Executive's then current annual base salary (without giving effect to any reductions thereof following the Effective Date) plus (y) the highest annual proxy cash bonus earned by Executive with respect to the six fiscal years preceding the year in which the Date of Termination occurs, and (ii) an amount equal to the product of (A) the maximum annual bonus that Executive would have been eligible to earn under the Company's annual bonus plan for the bonus measurement period during which the Date of Termination occurs, and (B) a fraction, the numerator of which is the number of days from the first day of such period through the Date of Termination and the denominator of which is the total number of days in such measurement period, together with a similarly pro rated bonus with respect to any applicable long term incentive plan then in effect. Notwithstanding the preceding provisions of this Section 5(b), Executive may elect (X) to receive the foregoing cash...
payments over a three year period commencing upon the Date of Termination or (Y) to defer the receipt of such payments in a manner consistent with the manner in which deferrals are made under the Company's deferred compensation plan for executives (in which case the deferred amounts shall be treated in a manner consistent with amounts deferred under such plan, including but not limited to accrual of interest thereon).

(c) TREATMENT OF EQUITY UPON TERMINATION. Immediately upon the occurrence of any termination of Executive's employment with the Company on or prior to January 22, 2006 (other than a termination by the Company for Cause or a termination by Executive without Good Reason), (i) any remaining restrictions on the Restricted Stock Award granted under Section 2(b) shall immediately lapse and all shares underlying the Restricted Stock Award shall become fully vested and nonforfeitable, (ii) all outstanding options to acquire common shares of the Company held by Executive shall become immediately exercisable and shall remain outstanding for their full terms notwithstanding the termination of Executive's employment and (iii) all other shares of common stock of the Company held by Executive that are subject to risk of forfeiture shall become fully vested and nonforfeitable.

(d) DEATH. If Executive's employment is terminated by reason of his death on or prior to January 22, 2006, the Company shall pay Executive's estate the Accrued Benefits. In the event Executive is survived by a surviving spouse (or domestic partner) or eligible dependents who are provided health benefits by the Company or any of its affiliates at the time of his death, such surviving spouse (or domestic partner) and eligible dependents shall be provided with health benefits, based on a health plan of the Company or any of its affiliates made available to Executive immediately prior to the date of death, for a three-year period following his death and in the case of the dependents, until such dependents cease to be eligible because of attained ages, if earlier. After such period, the Company shall cause Executive's surviving spouse (or domestic partner) or dependents to be able to acquire from the Company such health insurance coverage at a cost based upon the incremental cost to the Company of providing coverage to Executive's spouse and dependents immediately prior to his death.

(e) TERMINATION BY COMPANY WITH CAUSE OR BY EXECUTIVE WITHOUT GOOD REASON. If Executive's employment is terminated on or prior to January 22, 2006 by the Company with Cause under Section 4(c) or by Executive without Good Reason under Section 4(e), the Company shall have no further obligation to Executive other than for the Accrued Benefits.

(f) BENEFITS FOLLOWING CONSULTING PERIOD. For a period of three years following the end of the Consulting Period, the Company shall provide Executive with the Continuing Benefits. At the end of the three-year period, Executive may acquire from the Company life and health insurance coverage and any of the other Continuing Benefits at a cost based upon the incremental cost to the Company of providing such benefits to Executive immediately prior to the termination of the Consulting Period. In the event of Executive's death during the three-year period following the end of the Consulting Period, if Executive is survived by a surviving spouse (or domestic partner) or eligible dependents who are provided health benefits by the Company or any of its affiliates at the time of Executive's death, such surviving spouse (or domestic partner) and eligible dependents shall be provided with such health benefits under a health plan of the Company or any of its affiliates for the remainder of the three-year period and in the case of the dependents, until such dependents cease to be eligible because of attained ages, if earlier. After such period, the Company shall cause Executive's surviving spouse (or domestic partner) or dependents to be able to acquire from the Company such health insurance coverage at a cost based upon the incremental cost to the Company of
providing coverage to Executive's spouse and dependents immediately prior to his death.

6. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

(a) GROSS-UP PAYMENT. If it shall be determined that any payment or distribution of any type to or in respect of Executive, by the Company or any other person, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments"), is or will be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to as the "Excise Tax") then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments.

(b) DETERMINATION BY ACCOUNTANT.

(1) All computations and determinations relevant to this Section shall be made by a national accounting firm selected by the Company from among the five (5) largest accounting firms in the United States (the "Accounting Firm"), and reasonably acceptable to Executive, which firm may be the Company's accountants. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Such determinations shall include whether any of the Total Payments are "parachute payments" (within the meaning of Section 280G of the Code). In making the initial determination hereunder as to whether a Gross-Up Payment is required, the Accounting Firm shall be required to determine that no Gross-Up Payment is required if, but only if, the Accounting Firm (A) concludes that (i) there has not occurred a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company (as such terms are defined in Section 280G of the Code) or (ii) no portion of the Total Payments constitutes "parachute payments" (within the meaning of said Section 280G), in either case on the basis of "substantial authority" (within the meaning of Section 6230 of the Code), and (B) provides an opinion to that effect to both the Company and Executive, including the reasons therefor and an opinion that Executive has substantial authority not to report any Excise Tax on his federal income tax return. If the Accounting Firm determines that a Gross-Up Payment is required, the Accounting Firm shall provide its determination (the "Determination"), together with detailed supporting calculations regarding the amount of any Gross-Up Payment and any other relevant matter both to the Company and Executive by no later than ten (10) days following the Date of Termination, or such earlier time as is requested by the Company or Executive (if Executive reasonably believes that any of the Total Payments may be subject to the Excise Tax).

(2) If a Gross-Up Payment is determined to be payable, it shall be paid to Executive within 20 days after the Determination is delivered to the Company by the Accounting Firm. Any determination by the Accounting Firm shall be binding upon the Company and Executive, absent manifest error. Notwithstanding the foregoing, a Gross-up Payment shall be made as soon as practicable following a determination by the Internal Revenue Service that any portion of the Total Payments is subject to the Excise Tax.
(3) As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments not made by the Company should have been made ("Underpayment"), or that Gross-Up Payments will have been made by the Company which should not have been made ("Overpayments"). In either such event, the Accounting Firm shall determine the amount of the Underpayment or Overpayment that has occurred. In the case of an Underpayment, the amount of such Underpayment (together with any interest and penalties payable by Executive as a result of such Underpayment) shall be promptly paid by the Company to or for the benefit of Executive.

(4) In the case of any Overpayment, Executive shall, at the direction and expense of the Company, take such steps as are reasonably necessary (including the filing of returns and claims for refund), follow reasonable instructions from, and procedures established by, the Company, and otherwise reasonably cooperate with the Company to correct such Overpayment, provided, however, that (i) Executive shall not in any event be obligated to return to the Company an amount greater than the net after-tax portion of the Overpayment that he has retained or has recovered as a refund from the applicable taxing authorities and (ii) this provision and all other provisions in this Agreement shall be interpreted in a manner consistent with the intent of this Section, which is to make Executive whole, on an after-tax basis, from the application of the Excise Taxes, it being acknowledged and understood that the correction of an Overpayment may result in Executive repaying to the Company an amount which is less than the Overpayment.

(5) Executive shall notify the Company in writing of any claim by the Internal Revenue Service relating to the possible application of the Excise Tax under Section 4999 of the Code to any of the payments and amounts referred to herein and shall afford the Company, at its expense, the opportunity to control the defense of such claims.

(6) Executive shall cooperate with any reasonable requests by the Company in connection with any contests or disputes with the Internal Revenue Service in connection with the Excise Tax and shall be reimbursed by the Company, on an after-tax basis, for all costs, expenses, interest and penalties incurred by Executive in connection with any such contest or dispute.

7. WITHHOLDING TAXES.

The Company may withhold from all payments due to Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

8. CONFIDENTIAL INFORMATION.

Executive agrees that he shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of Executive's assigned duties and for the benefit of the Company, either during the period of Executive's employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which shall have been obtained by Executive during Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to Executive; (ii) becomes known
to the public subsequent to disclosure to Executive through no wrongful act of Executive or any representative of Executive; or (iii) Executive is required to disclose by applicable law, regulation or legal process (provided that Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.

9. NON-SOLICITATION AGREEMENT.

During Executive's employment with the Company and continuing for the three-year period following the Date of Termination, Executive agrees that he will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce (a) any managerial level employee of the Company or any of its subsidiaries or affiliates to leave such employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee or (b) any customer of the Company or any of its subsidiaries or affiliates to purchase goods or services then sold by the Company or any of its subsidiaries or affiliates from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer.

10. NONCOMPETITION AGREEMENT.

Executive acknowledges that he performs services of a unique nature for the Company that are irreplaceable, and that his performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, during Executive's employment hereunder, and continuing for the three-year period following the Date of Termination, Executive agrees that Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in any business of the same type as any business in which the Company or any of its subsidiaries or affiliates is engaged on the Date of Termination or in which they have proposed, on or prior to such date, to be engaged in or on after such date and in which Executive has been involved to any extent (other than DE MINIMIS) at any time during the 12-month period ending with the Date of Termination, in any locale of any country in which the Company conducts business. This Section 10 shall not prevent Executive from owning not more than one percent of the total shares of all classes of stock outstanding of any publicly held entity engaged in such business, nor will it restrict Executive from rendering services to charitable organizations, as such term is defined in Section 501(c) of the Code.

11. ACKNOWLEDGEMENTS RESPECTING RESTRICTIVE COVENANTS.

(a) NO ADEQUATE REMEDY AT LAW. Executive acknowledges that it is impossible to measure in money the damages that will accrue to the Company in the event that Executive breaches any of the restrictive covenants and that any such damages, in any event, would be inadequate and insufficient. Therefore, if Executive breaches any restrictive covenant, the Company and any of its subsidiaries or affiliates shall be entitled to an injunction restraining Executive from violating such restrictive covenant. If the Company or any of its
subsidiaries or affiliates shall institute any action or proceeding to enforce a restrictive covenant, Executive hereby waives, and agrees not to assert in any such action or proceeding, the claim or defense that the Company or any of its respective subsidiaries or affiliates have an adequate remedy at law.

(b) INJUNCTIVE RELIEF NOT EXCLUSIVE REMEDY. In the event of a breach of any of the restrictive covenants, Executive agrees that, in addition to any injunctive relief as described in Section 11(b), the Company shall be entitled to any other appropriate legal or equitable remedy.

(c) THIS SECTION REASONABLE, FAIR AND EQUITABLE. Executive agrees that this Section 11 is reasonable, fair and equitable in light of his duties and responsibilities under this Agreement and the benefits to be provided to him under this Agreement and that it is necessary to protect the legitimate business interests of the Company and that Executive has had independent legal advice in so concluding.

(d) CONSTRUCTION. If any of the restrictions contained in Sections 8, 9 or 10 hereof are deemed by a court of competent jurisdiction to be unenforceable by reason of their extent, duration or geographical scope or otherwise, Executive and Company contemplate that the court shall revise such extent, duration, geographical scope or other provision but only to the extent required in order to render such restrictions enforceable, and enforce any such restriction in its revised form for all purposes in the manner contemplated hereby.

(e) CHANGE IN CONTROL. The parties hereto agree that the restrictive covenants contained in Sections 9, 10 and 12 of this Agreement shall be null and void and shall not be enforceable against Executive following any termination of Executive's employment on or after a Change in Control of the Company. Notwithstanding anything to the contrary contained herein, in the event that Executive's employment with the Company is terminated following a Change in Control, each Continuing Benefit shall be provided to him at a level no less favorable that provided to him immediately prior to the Change in Control.

12. NONDISPARAGEMENT.

Each of Executive and the Company (for purposes hereof, the Company shall mean only the executive officers and directors thereof and not any other employees) agrees not to make any public statements that disparage the other party or, in the case of the Company, its respective affiliates, employees, officers, directors, products or services. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) shall not be subject to this Section 12.

13. INDEMNIFICATION.

To the fullest extent permitted by law, the Company shall indemnify Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, incurred by Executive in connection with the defense of any lawsuit or other claim to which he is made a party by reason of being an officer, director, employee or consultant of the Company or any of its subsidiaries or affiliates. For at least three years following Executive's ceasing to be employed by or a consultant for the Company, the Company shall make every reasonable effort to maintain customary director and officer liability insurance covering Executive for acts and omissions prior to Executive's ceasing to be employed by, or a consultant to, the Company. The provisions of this Section 13 shall survive the termination of this Agreement.
14. SUCCESSORS; BINDING AGREEMENT.

(a) The provisions of this Agreement shall be binding upon the surviving or resulting corporation in any merger, consolidation, recapitalization or similar corporate transaction or the person or entity to which all or substantially all of the Company's assets are transferred.

(b) In addition to any obligations imposed by law upon any successor to the Company, the Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

(c) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If Executive shall die while any amounts would be payable to Executive hereunder had Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by Executive to receive such amounts or, if no person is so appointed, to Executive's estate.

15. NOTICE.

(a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed as follows:

If to Executive:

To the most recent address set forth in the personnel records of the Company;

If to the Company:

Tyco International Ltd.
The Zurich Centre
Second Floor
90 Pitts Bay Road
Pembroke, HM08, Bermuda

Attention: Corporate Secretary

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of Executive's Date of Termination by the Company or Executive, as the case may be, to the other, shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated and (iii) specify the Date of Termination. Except as provided in Section 1(b) hereof, the failure by Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder
or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

16. FULL SETTLEMENT.

The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others. In no event shall Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not Executive obtains other employment.

17. GOVERNING LAW; VALIDITY.

The validity, interpretation, and enforcement of this Agreement shall be governed by the laws of the State of New York. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which other provisions shall remain in full force and effect.

18. ARBITRATION; LEGAL FEES.

Any dispute or controversy under this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitration award in any court having jurisdiction. The Company shall bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 18 (including, without limitation, all reasonable legal fees incurred by Executive in connection with such arbitration). Promptly following the execution of this Agreement, the Company shall reimburse Executive for all legal fees and expenses incurred by Executive in negotiating and entering into this Agreement.

19. STATUS POST-EMPLOYMENT.

During the Consulting Period, Executive shall be an independent contractor under this Agreement, and, except as otherwise provided herein, no provision of, or action under, this Agreement shall affect in any way Executive's rights under any Company compensation, employee benefit and welfare plans, programs or practices, including, without limitation, Company executive compensation, insurance and retirement plans or arrangements.

20. AMENDMENT.

No provision of this Agreement may be amended, waived or discharged except by the mutual written agreement of the parties.

21. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 22nd day of January, 2001.
AMENDMENT TO RETENTION AGREEMENT

A. The Retention Agreement dated January 22, 2001 by and between Tyco International Ltd., a Bermuda corporation, and Mark H. Swartz is hereby amended as follows:

1. By deleting clause (y) of Section 5(b)(i) and substituting therefor the following new clause (y):

"(y) the highest annual bonus (including cash, shares and other forms of consideration) earned by Executive with respect to the six fiscal years preceding the year in which the Date of Termination occurs; and"

2. By deleting the first three sentences of Section 2(b) and substituting the following:

"In recognition of Executive's agreement to continue in the employ of the Company and not seek employment elsewhere, and as consideration for Executive's agreements contained in Sections 8, 9 and 10 hereof, Executive will be granted, as of January 22, 2002, 500,000 restricted common shares of the Company ("Restricted Stock Award") pursuant to the Company's 1994 Restricted Stock Ownership Plan for Key Employees (the 'Plan'). The Restricted Stock Award shall be subject to the terms of this Agreement and the Plan. The restrictions on
such shares shall lapse with respect to all of the shares underlying the Restricted Stock Award on January 22, 2006, conditioned on Executive's employment with the Company on such date except as otherwise provided herein."

B. Except as otherwise amended herein, the Retention Agreement is hereby confirmed in all other respects.

THIS AGREEMENT MAY BE EXECUTED IN COUNTERPARTS, EACH OF WHICH SHALL BE DEEMED TO BE AN ORIGINAL AND ALL OF WHICH TOGETHER SHALL CONSTITUTE ONE AND THE SAME INSTRUMENT.

IN WITNESS WHEREOF, the parties have executed this Amendment as of this 1st day of August, 2001.

EXECUTIVE

/s/ Mark H. Swartz

Mark H. Swartz

TYCO INTERNATIONAL LTD.

By: /s/ Stephen W. Foss

Stephen W. Foss, Director

By: /s/ James S. Pasman

James S. Pasman, Director

By: /s/ W. Peter Slusser

W. Peter Slusser, Director

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Exhibit 10.10

RETENTION AGREEMENT

AGREEMENT by and among Tyco Acquisition Corp. XIX (NV), a Nevada corporation ("Acquiror"), The CIT Group, Inc., a Delaware corporation (the "Company") and Albert R. Gamper, Jr. (the "Executive") dated as of the 12th day of March, 2001.

Acquiror has determined that because of the unique nature of the Executive's services to the Company it is in the best interests of Acquiror and its parent company, Tyco International Ltd., a Bermuda company ("Parent") and Parent's shareholders to assure that the Company will have the continued dedication of the Executive and his critical assistance pending the completion of the acquisition by Acquiror of the Company (the "Acquisition") pursuant to the Agreement and Plan of Merger dated as of March 12, 2001, and to provide the Company with the continuity of management Acquiror considers crucial to ensuring the Company's continued success. Therefore, in order to accomplish these objectives, the Boards of Directors of Acquiror and the Company have caused Acquiror and the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:
1. EFFECTIVE DATE. The "Effective Date" shall mean the effective date of the Acquisition.

2. RETENTION PERIOD. The Company hereby agrees to employ the Executive, and the Executive hereby agrees to be employed by the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary thereof (the "Retention Period").

3. TERMS OF EMPLOYMENT. (a) POSITION AND DUTIES. (i) During the Retention Period (A) the Executive shall serve as the Chief Executive Officer of the Company with such authority, duties and responsibilities as are commensurate with such position and as may be consistent with such position, reporting directly to the Chief Executive Officer of Parent, (B) the Executive's services shall be performed in Livingston, New Jersey, and (C) the Executive shall be appointed to serve as a member of the Board of Directors of Parent (the "Board") as soon as permitted by Parent's by-laws and until such appointment shall attend the meetings of Parent's Board of Directors as an observer.

(ii) During the Retention Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote substantially all of his attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Retention Period, it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) COMPENSATION. (i) BASE SALARY. During the Retention Period, the Executive shall receive an annual base salary ("Annual Base Salary") of no less than $1,000,000. During the Retention Period, the Annual Base Salary shall be reviewed at the time that the salaries of all of the executive officers of the Company are reviewed. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) ANNUAL BONUS. For each complete fiscal year during the Retention Period, the Executive shall receive an annual cash bonus ("Annual Bonus") based upon performance targets with respect to the Company that are mutually established by and acceptable to the Executive and the Chief Executive Officer of Parent. In addition, the Executive shall receive a cash bonus in the amount of $1,000,000 on September 30, 2001, provided that the Company has achieved by such date the mutually agreed-upon target financial projections established by the Executive and the Chief Executive Officer of Parent on or prior to the Effective Date.

(iii) SPECIAL CASH BONUS. On September 30, 2002, the Executive
shall receive a cash payment of $3,000,000 (the "Special Cash Bonus"), provided that the Company has achieved at least fifteen percent (15%) growth in its net income from the prior annual period.

(iv) INCENTIVE AWARDS. On the Effective Date, Parent shall grant to the Executive 300,000 restricted shares of Parent's common stock (the "Restricted Stock") pursuant to the terms of Parent's stock incentive plan. Except as otherwise provided herein, all restrictions on the shares of Restricted Stock shall lapse, and the shares shall be fully vested, on the third anniversary of the Effective Date. On the Effective Date, Parent shall also grant to the Executive an option to acquire 1,200,000 shares of Parent's common stock (the "Option"). The Option will have an exercise price equal to the fair market value of the stock subject thereto on the date of grant (determined in accordance with the terms of and standard practice under Parent's stock incentive plan) and shall remain exercisable for a term not to extend beyond the earlier of the tenth anniversary of the date of grant or the third anniversary of the Executive's Date of Termination, whether or not the Executive remains employed by the Company. Except as otherwise provided herein, the Option shall vest with respect to one third (1/3) of the Option shares on the first anniversary of the date of grant, one third (1/3) of the Option shares on the second anniversary of the date of grant, and one third (1/3) of the Option shares on the third anniversary of the date of grant. As soon as practicable following the Effective Date, Parent and the Executive shall enter into a written stock option and restricted stock agreement under the terms of Parent's stock incentive plan containing the terms and provisions not inconsistent with those set forth herein. Without limiting the generality of Section 3(b)(v) hereof, the Executive shall also be eligible for additional equity and non-equity awards under Parent's stock incentive and other long-term incentive compensation plans during the Retention Period as determined by the Board or its delegate in its (or its delegate's) sole discretion.

(v) OTHER BENEFITS. During the Retention Period, the Executive shall be entitled to participate in all employee pension, welfare, perquisites, fringe benefit, and other benefit plans, practices, policies and programs generally applicable to the most senior executives of the Company on a basis and on terms no less favorable than that provided to the Executive immediately prior to the Effective Date. In addition, the Executive shall receive during the Retention Period all "expense reimbursement" and "additional benefits" specifically provided to the Executive pursuant to Section 3(c) and (e) of the Employment Agreement between the Executive and the Company dated as of November 1, 1999 (the "Prior Agreement"), which shall be provided by the Company to the Executive on the same basis as such benefits were provided to the Executive immediately prior to the Effective Date. In addition, the Executive shall be entitled to continued participation in the Company's Executive Retirement Program and all other supplemental and excess retirement plans existing on the date of this Agreement during the Retention Period, at economic levels at least equal to the levels of Executive's participation in such plans or programs as of the date immediately prior to the Effective Date. In addition, the Executive and his spouse shall be eligible to receive benefits under the current Company retiree medical and life insurance plan (as existing on the date of this Agreement) for the remainder of the lives of the Executive and his spouse provided that the Company may substitute coverage on a no less favorable basis under another plan covering employees and former employees of Parent or its subsidiaries in the event the medical and/or life insurance plan of the Company is terminated. The Company shall not withhold its consent to the Executive's "retirement" at any time after the Effective Date for purposes of any such plans and programs.

(vi) EXPENSES. During the Retention Period, the Executive shall be entitled to receive prompt reimbursement for all expenses incurred by
the Executive in accordance with the Company's expense reimbursement policies.

(vii) VACATION. During the Retention Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company as in effect with respect to the senior executives of the Company.

4. TERMINATION OF EMPLOYMENT. (a) DEATH OR DISABILITY. The Executive's employment shall terminate automatically upon the Executive's death during the Retention Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Retention Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 11(a) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) CAUSE. The Company may terminate the Executive's employment during the Retention Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Company or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of Parent which specifically identifies the manner in which the Board or Chief Executive Officer of Parent believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company or its affiliates, or

(iii) conviction of a felony or guilty or nolo contendere plea by the Executive with respect thereto; or

(iv) a material breach of Section 9 of this Agreement.

For purposes of this provision, no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon express authority given pursuant to a resolution duly adopted by the Board with respect to such act or omission or upon the instructions of the Chief Executive Officer of Parent or a senior officer of Parent or based upon the advice of counsel for Parent or the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(c) GOOD REASON. The Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean in the absence of a written consent of the Executive:
(i) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) of this Agreement, or any other action by the Company which results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose and an action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 3(b) of this Agreement, other than failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location more than 50 miles from that provided in Section 3(a)(i)(B) hereof, provided that reasonable travel required in connection with Executive's reporting relationships and responsibilities to the Board shall not be deemed a breach hereof;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement;

(v) any failure by the Company to comply with and satisfy Section 10(b) of this Agreement.

(d) NOTICE OF TERMINATION. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(a) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) DATE OF TERMINATION. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein within 30 days of such notice, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

5. OBLIGATIONS OF THE COMPANY UPON TERMINATION. (a) GOOD REASON; OTHER THAN FOR CAUSE. If, during the Retention Period, the Company shall terminate the Executive's employment other than for Cause or the Executive shall terminate employment for Good Reason:
(i) except as specified below, the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, and (2) the product of (x) the $1,000,000 and (y) a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs through the Date of Termination, and the denominator of which is 365, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1) and (2), shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (x) three (3) and (y) the sum of (I) the Executive's Annual Base Salary and (II) $1,000,000 which shall be paid in accordance with Executive's normal payroll periods immediately prior to the Date of Termination in equal installments for a period of three (3) years, subject to Section 9; and

(ii) to the extent not previously paid, the Company shall pay to the Executive the Special Cash Bonus (without regard to the financial performance of the Company) in a lump sum in cash within 30 days of the Date of Termination; and

(iii) the Options and the Restricted Stock and any other stock incentives held by the Executive shall vest immediately; and

(iv) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliates, including but not limited to provision of benefits under the Company's retiree medical plan as provided in Section 3(b)(v) hereof (such amounts and benefits, the "Other Benefits") in accordance with the terms and normal procedures of each such plan, program, policy or practice; and

(v) to the extent permitted by applicable law, the Executive shall be credited with age and service credit under all relevant Company retirement plans (including qualified, supplemental and excess plans) through the third anniversary of the Effective Date (the "Retirement Benefit").

(b) CAUSE; OTHER THAN FOR GOOD REASON. If the Executive's employment shall be terminated for Cause or the Executive terminates his employment without Good Reason during the Retention Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay or provide to the Executive an amount equal to the amount set forth in clause (1) of Section 5(a)(i)(A) above, and the timely payment or provision of the Other Benefits, in each case to the extent theretofore unpaid. In the event the Executive's employment terminates after the expiration of the Retention Period, the Company shall provide the Executive (and his spouse, as applicable) with the Other Benefits.

(c) DEATH. If the Executive's employment is terminated by reason of the Executive's death during the Retention Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations, and the timely payment or provision of the Other Benefits. In addition, the Restricted Stock and Options shall vest immediately. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination.
(d) DISABILITY; RETIREMENT. If the Executive's employment is terminated by reason of the Executive's Disability or his retirement under the terms of the applicable Company or Company retirement plan during the Retention Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations, the Retirement Benefit, and the timely payment or provision of Other Benefits. In addition, in the case of Disability (but not for retirement) the Restricted Stock and Options shall vest immediately, and the Executive shall continue to accrue age and service credit through retirement under the Company's qualified and nonqualified retirement plans and shall be paid a lump sum cash payment equal to three times the Executive's Annual Base Salary. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

6. NON-EXCLUSIVITY OF RIGHTS. Except as specifically provided, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company, or any of its affiliates and for which the Executive may qualify, nor, subject to Section 11(e), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company, or its affiliates. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program or any contract or agreement with the Company or its affiliates at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. As used in this Agreement, the terms "affiliated companies" and "affiliates" shall include any company controlled by, controlling or under common control with the Company.

7. FULL SETTLEMENT. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), if the Executive prevails on any material claim made by him, and disputed by the Company or Acquiror under the terms of this Agreement.

8. CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY.

If at any time for any reason any payment or distribution (a "Payment") by the Company or any other person or entity to or for the benefit of the Executive is determined to be a "parachute payment" (within the meaning of Section 280G (b) (2) of the Code), whether paid or copayable or distributed or distributable pursuant to the terms of this Agreement or otherwise in connection with or arising out of his employment with the Company or a change in ownership or excise tax imposed by Section 4999 of the Code (the "Excise Tax"), within a reasonable period of time after such determination is reached the Company shall pay to the executive an additional payment (the "Gross-Up Payment") in an amount such that the net amount retained by the Executive, after deduction of any Excise Tax on such Payment and any federal, state or local income or employment
tax or other taxes and Excise Tax on the Gross-Up Payment, shall equal the amount of such Payment (including any interest or penalties with respect to any of the foregoing). All determinations concerning the application of the foregoing shall be made by a nationally recognized firm of independent accountants (together with legal counsel of its choosing), selected by the Company after consultation with the Executive (which may be the Company's independent auditors), whose determination shall be conclusive and binding on all parties. The fees and expenses of such accountants and counsel shall be borne by the Company. If the

Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with an opinion that the Executive has substantial authority not to report any Excise Tax on his Federal income tax return. In the event the Internal Revenue Service assesses the Executive an amount of Excise Tax in excess of that determined in accordance with the foregoing, the Company shall pay to the Executive an additional Gross-Up Payment, calculated as described above in respect of such excess Excise Tax, including a Gross-Up Payment in respect of any interest or penalties imposed by the Internal Revenue Service with respect to such excess Excise Tax.

9. CONFIDENTIALITY AND COMPETITIVE ACTIVITY.

(a) The Executive acknowledges that he has acquired and will continue to acquire during the Retention Period confidential information regarding the business of the Company and its respective affiliates. Accordingly, the Executive agrees that, without the written consent of the Board, he will not, at any time, disclose to any unauthorized person or otherwise use any such confidential information. For this purpose, confidential information means non-public information concerning the financial data, business strategies, product development (and proprietary product data), customer lists, marketing plans, and other proprietary information concerning the Company and its respective affiliates, except for specific items which have become publicly available other than as a result of the Executive's breach of this agreement.

(b) During the Retention Period and for two years after the Date of Termination (three years in the case of a termination by the Company without Cause or by the Executive for Good Reason), the Executive will not, without the written consent of the Board, directly or indirectly, (A) knowingly engage or be interested in (as owner, partner, stockholder, employee, director, officer, agent, consultant or otherwise), with or without compensation, any business in the United States which is in competition with any line of business actively being conducted on the Date of Termination by the Company; (B) whether or not the Executive's termination of employment occurred without Cause or for Good Reason, hire any person who was employed by the Company or any of its subsidiaries or affiliates (other than persons employed in a clerical or other non-professional position) within the six-month period preceding the date of such hiring, or solicit, entice, persuade or induce any person or entity doing business with the Company or its respective affiliates, to terminate such relationship or to refrain from extending or renewing the same, and (C) disparage or publicly criticize Parent, Acquiror, the Company or any of their affiliates. Nothing herein, however, will prohibit the Executive from acquiring or holding not more than one percent of any class of publicly traded securities of any such business; provided that such securities entitle the Executive to not more than one percent of the total outstanding votes entitled to be cast by securityholders of such business in matters on which such securityholders are entitled to vote.

(c) The Executive hereby acknowledges that the provisions of this Section 9 are reasonable and necessary for the protection of the Company and its respective affiliates. In addition, he further acknowledges that the Company and

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its respective affiliates will be irrevocably damaged if such covenants are not specifically enforced. Accordingly, the Executive agrees that, in addition to any other relief to which the Company may be entitled, the Company will be entitled to seek and obtain injunctive relief (without the requirement of any bond) from a court of competent jurisdiction for the purposes of restraining him from an actual or threatened breach of

such covenants. In addition, and without limiting the Company's other remedies, in the event of any breach by the Executive of such covenants, the Company will have no obligation to pay any of the amounts that continue to remain payable to the Executive after the date of such breach under Section 5 hereof.

10. SUCCESSORS. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and Acquiror and its respective successors and assigns.

(b) Acquiror and the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Acquiror or the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that Acquiror and the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Acquiror" and "Company" shall mean the Company as hereinbefore defined and any successor to their respective business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. MISCELLANEOUS. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. The parties hereto irrevocably agree to submit to the jurisdiction and venue of the courts of the State of New York, in the City of New York, in any action or proceeding brought with respect to or in connection with this Agreement. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives. (b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

IF TO THE EXECUTIVE:

At the most recent address on file for the Executive at the Company:

IF TO ACQUIROR:

1 Tyco Park
Exeter, New Hampshire 03833
Attention: General Counsel

IF TO THE COMPANY:
650 CIT Drive
Livingston, New Jersey 07039

Attention:

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(b) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(c) The Company may withhold from any amounts payable under this Agreement such Federal, state, or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(d) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 4 of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(e) From and after the Effective Date this Agreement shall supersede any other employment, severance or change of control agreement between the parties (including, for this purpose, between the Executive and the Company) with respect to the subject matter hereof, including, without limitation, the Prior Agreement, except as expressly provided herein. The Executive acknowledges and agrees that the benefits provided to him pursuant to this Agreement are made to the Executive in lieu of and in substitution for his receipt of any such "change of control" bonus or other "special" cash payment pursuant to the Prior Agreement.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from their respective Boards of Directors, Acquiror and the Company have caused these presents to be executed in their name and on their behalf, all as of the day and year first above written.

/s/ Albert R. Gamper, Jr.

ALBERT R. GAMPER, JR.

TYCO ACQUISITION CORP. XIX (NV)

By /s/ Jeffrey D. Mattfolk

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ADT Security Pty. Ltd.
Auto Suture Holdings Pty. Limited
Banool Investments (VIC) Pty Ltd.
Bonvilla Holdings Pty Ltd
CIT Aerospace (Australia) Pty Ltd
CIT Financial (Australia) Ltd
CIT Funding Pty Limited
Clarebury Pty Ltd
Coastline Foundry (Qld) Pty Limited
Complete Engineering Group Pty. Limited
Computer Associates Financial Services Pty Ltd
Critchley Electrical Products Pty Limited
Danby Pty Limited
Dell Financial Services (Australia) Pty Ltd
Dell Financial Services (New Zealand) Pty Ltd
Dulmison Australia Pty Ltd
Dulmison Pty Ltd
Earth Tech Engineering Pty Limited
Egan Bros. Building Services Pty Limited
Electrostrut Australia Pty Limited
Environ Pty. Limited
ETE Coliban Pty Limited
Fire Control Pty Limited
Firefair Pty Limited
Firepipe Protection Pty Limited
Firmagroup Operations Holdings Pty Limited
Fuelquip Pty Limited
Gold Energy (Aust) Pty. Limited
Grangehurst Enterprises Pty Ltd.
Greenspan Environmental Technology Pty Ltd
Greenspan Technology Pty Ltd
Haden Engineering Pty Limited
Haden F M Pty Limited
Haden Staff Superannuation Fund Pty Limited
Hunter Leasing Limited

Kalanda Enterprises Pty Ltd
Keystone Asia Pacific Pty. Ltd.
Lafayette Pharmaceuticals Pty, Ltd.
M.B. John Limited
M/A Com Private Radio Systems Pty Ltd
Mallinckrodt Australia Pty. Ltd.
Mather & Platt Pty. Ltd.
Medefield Pty, Ltd.
Metropolitan Fire Services Pty Limited
Metropolitan Fire Systems Pty Limited
MFS Holdings Pty Limited
Microwave Associates Australia Pty. Limited
Morlynn Ceramics Pty Ltd.
Nationguard Security Pty Limited
Newcourt Financial (Australia) Pty Ltd.
Optical Networks Pty Limited
P A Pacific Pty Limited
Panmedica Pty. Ltd.
Paradiem Pty Limited
Prindon Holdings Pty Limited
Raychem (Australia) Pty Ltd.
Raychem Superannuation Fund Pty Limited
Reid Crowther (Australia) Pty. Limited
Rel Corp Management Services Pty Ltd
Resolve Engineering Pty. Ltd.
Rindin Enterprises Pty. Ltd.
Sherwood Medical Industries Pty. Limited
Simplex International Pty Limited
Steel Mains Pty. Limited
Super Nominees Pty Limited
Swan Metal Skirtings Pty Limited
TISP Pty Limited
Tyco Asia Pacific Pty Limited
Tyco Australia Pty. Ltd.
Tyco Building Products Pty Limited
Tyco Electronics Networks Pty. Limited
Tyco Electronics Pty Limited
Tyco Electronics Pty Limited
Tyco Engineering and Construction (Asia) Pty. Ltd.
Tyco Flow Control Pacific Pty. Limited
Tyco Healthcare Pty Limited
Tyco International Pty Limited
Tyco Lambda (Australia) Pty Limited Tyco Projects (Australia) Pty Limited Tyco Projects (Australia) Pty Limited Tyco Water Pty Ltd.
TyCom Networks (Australia) Pty Limited
Unistrut (New Zealand) Holdings Pty Limited
Unistrut Australia Pty Limited
Valleylab (Australia) Pty Limited
Viking Fire Systems Pty Limited
Western Star Finance (Australia) Pty Ltd.
Yarway Australia Pty Limited
YMAF Pty Limited

AUSTRIA:
AMP Osterreich Handelgesellschaft M.B.H.
EH-Schrack Anlagenverwaltungs GmbH
EH-Schrack Components GmbH
Mallinckrodt Vertriebs-GmbH
Newcourt Financial Leasing GmbH
Total Walther Feuerschutz und Sicherheit GmbH
Tyco Electronics Austria GmbH
Tyco Healthcare Austria GmbH
Tyco Projects GmbH

BAHAMAS:
Newington Limited
Tyco Global Exchange Inc.
TyCom Services Inc.
TyCom Shares Ltd.
USSC FSC, Inc.
World Services Inc.

BARBADOS:
Adams Capital Limited
AMP Exports Limited
Barrow Capital Limited
C.I.T. Foreign Sales Corporation One, Ltd.
CCG Capital Limited
CCG Trust Corporation
CICL Caribbean International Capital Limited
CIEL Caribbean International Equipment Ltd.
C.I.T. Foreign Sales Corporation One, Ltd.
CIT Holdings (Barbados) SRL
CMG Capital Limited
Cummins Capital Limited
Durham Capital Limited
Erie Capital Limited
Essex Capital Limited
Exeter Holdings Limited
Frontenac Capital Limited
Graphic Controls (Barbados), Ltd.
Grey Capital Limited
Haliburton Capital Limited
Highlands Insurance Company Limited
Ironbridge Capital Limited
Iroquois Capital Limited
Joly Capital Limited
Kanata Capital Limited
MaCom Holdings Ltd.
Mallinckrodt FSC Inc.
MCC Capital Limited
Newcourt Services Barbados SFL
Reid Crowther Engineering Ltd.
TSSL Foreign Sales Corporation
Tyco Electronics Holdings Ltd.
Tyco International Holdings Ltd.
Tyco International Sales Corp.
Tyco Worldwide Holdings Ltd.
TyCom Holdings (Barbados) Ltd.
USSC FSC, Inc.

Wellington Capital Limited
Worrell Capital Limited

BELGIUM:
ADT Europe N.V.
ADT Security Services S.A.
Airvans Belgium S.A.
Alarm Centrale
AMP Belgium
Auto Suture Belgium B.V.
CIPE Belgium S.A.
Intervalve B.V.
Newcourt Financial (Belgium) NV
Raychem European Head Office (Belgium)
Raychem Industries NV
Tyco Adhesives BVBA
Tyco Electronics Belgium EC N.V.
Tyco Europe Security N.V.
Tyco Electronics Raychem NV
Tyco Flow Control Europe S.A.
Tyco Healthcare Belgium S.A.
Tyco Integrated Systems BVBA
TyCom Contracting B.V.B.A.
TyCom Networks B.V.B.A.
Vonk Enschede BV
WHICH Belgium S.A.
Wormald S.A.

BERMUDA:
AMP Exports Limited
Asset Finance (Bermuda) Limited
Bunga Bebaru, Ltd.
Camron (Bermuda) Insurance, Ltd.
Camron Finance (Bermuda) Limited
Carnforth Limited
Cawich Limited
CIT FSC Eight, Ltd.
CIT FSC Eighteen, Ltd.
CIT FSC Eleven, Ltd.
CIT FSC Fifteen, Ltd.
CIT FSC Five, Ltd.
CIT FSC Four, Ltd.
CIT FSC Fourteen, Ltd.
CIT FSC Nine, Ltd.
CIT FSC Nineteen, Ltd.
CIT FSC Seven, Ltd.
CIT FSC Six, Ltd.
CIT FSC Sixteen, Ltd.
CIT FSC Ten, Ltd.
CIT FSC Thirty, Ltd.
CIT FSC Three, Ltd.
CIT FSC Twelve, Ltd.
CIT FSC Twenty, Ltd.
CIT FSC Twenty-Eight, Ltd.
CIT FSC Twenty-Five, Ltd.
CIT FSC Twenty-Four, Ltd.
CIT FSC Twenty-Nine, Ltd.
CIT FSC Twenty-One, Ltd.
CIT FSC Twenty-Seven, Ltd.
CIT FSC Twenty-Six, Ltd.
CIT FSC Twenty-Three, Ltd.
CIT FSC Twenty-Two, Ltd.
CIT FSC Two, Ltd.
CIT Leasing (Bermuda), Ltd.
CIT Leasing Two (Bermuda) Ltd.
Electro-Protective Limited
Kral Steel, Ltd.
MaCom Ltd.
Nellcor Puritan Bennett Foreign Sales Corporation
TGN Holdings Ltd.
Tyco (Bermuda) Unlimited No. 1
Tyco (Bermuda) Unlimited No. 10
Tyco (Bermuda) Unlimited No. 2
Tyco (Bermuda) Unlimited No. 3
Tyco (Bermuda) Unlimited No. 4
Tyco (Bermuda) Unlimited No. 5
Tyco (Bermuda) Unlimited No. 6
Tyco (Bermuda) Unlimited No. 7
Tyco (Bermuda) Unlimited No. 8
Tyco (Bermuda) Unlimited No. 9
Tyco Alpha Limited
Tyco Beta Limited
Tyco Delta Limited
Tyco Epsilon Limited
Tyco Eta Limited
Tyco Gamma Limited
Tyco Holdings (Bermuda) No. 10 Limited
Tyco Holdings (Bermuda) No. 11 Limited
Tyco Holdings (Bermuda) No. 12 Limited
Tyco Holdings (Bermuda) No. 13 Limited
Tyco Holdings (Bermuda) No. 14 Limited
Tyco Holdings (Bermuda) No. 15 Limited
Tyco Holdings (Bermuda) No. 4 Limited
Tyco Holdings (Bermuda) No. 5 Limited
Tyco Holdings (Bermuda) No. 6 Limited
Tyco Holdings (Bermuda) No. 7 Limited
Tyco Holdings (Bermuda) No. 9 Limited
Tyco Holdings Limited
Tyco International Ltd.
Tyco Iota Limited
Tyco Kappa Limited
Tyco Lambda
Tyco Omega Limited
Tyco Rho Limited
Tyco Sigma Limited
Tyco Zeta
TyCom Asia Networks Ltd.
TyCom Cablesip Charters Ltd.
TyCom Contracting Ltd.
TyCom Global Marketing Ltd.
TyCom Holding Ltd.
TyCom Ltd.

TyCom Networks Limited
Willoughby Assurance Ltd.

BRAZIL:
A&E Products do Brasil Ltda.
Aguas de Cajamar S.A. (25%)
Aguas de Esmeralda Ltda. (15%)
Aguas de Mandaguahy S.A. (23%)
Auto Suture do Brasil Ltda.
CIT Brasil Arrendamento Mercantil S/A
CIT do Brasil
CIT Leasing Brasil Arrendamento Mercantil S/A
Concessionaria de Aguas E Esgotos de Nova Friburgo Ltda.
Crosslink-Industria E Comercio Ltda.
Dinaco Industria E Comercio de Ferro E Acco Ltda.
Earth Tech Brasil Ltda.
Empresa de Transmissao de Energia do Oeste Ltda.
Kaiser Infraestrutura do Brasil Ltda.
Mallinckrodt do Brasil, Ltda.
Raychem Productos Irradiados Ltda.
Saneamento de Jau Ltda.
Sanear Saneamento de Aracatuba S.A. (41%)
The Capita Corporation do Brasil Ltda
Tyco Electronics Brasil S.A.
Tyco Electro-Eletronica Ltda.
Tyco Fire & Security Equipamentos Ltda. (Brazil)
Tyco Flow Control do Brasil Ltda.
Tyco Submarine Systems Brasil Ltda.
Tyco Valves & Controls Brasil Ltda.
Valvulas Crosby Industria e Commercio Ltd.
Westlock Controls Equipamentos de Controle Ltda

BRITISH VIRGIN ISLANDS:
Praegitzer Industries (B.V.I.) Inc.
Praegitzer Industries Scotland (B.V.I.) Inc.
Somerset Holdings Ltd.
STI Foreign Sales Corporation
The Capital Leasing Corporation

BRUNEI DARUSSALAM:
Indeco Services Sdn Bhd
Tyco Services (B) Sdn. Bhd.

CANADA:
2705 Parkhill Drive Limited Partnership
1057673 Ontario Inc.
1143986 Ontario Limited
1145820 Ontario Limited
1181922 Ontario Inc.
1244773 Ontario Limited
1302839 Ontario Limited
1328327 Ontario Limited
1347395 Ontario Limited
1385224 Ontario Limited
2630-3958 Quebec Inc.
3026192 Nova Scotia Company

3918041 Canada Inc.
3931307 Canada Inc.
416658 B.C. Ltd.
495649 Ontario Limited
544211 Alberta Ltd.
552479 Ontario Inc.
555565 Alberta Ltd.
555566 Alberta Ltd.
667825 Alberta Ltd.
705027 Ontario Inc.
911510 Ontario Inc.
921150 Ontario Inc.
ADT Canada Holdings Limited (72.84%)
ADT Finance Inc. (Canada)
Alarmex Ltd.
Anford Inc.
Ansol Canada Limited
APS Land Developments Inc.
Aquatrol Technologies Ltd.
ASL Alarm Suppliers Ltd.
Batts Enterprises (Canada) Ltd.
Canada Limited (50%)
CCG International Finance Corp.
CCG Limited
Centralarme Inc.
Century Industries Company
CIBC Equipment Finance Limited/Financement D'Equipement CIBC Limitee (25%)
CIEL Inter Finance Corp.
CIEL International Finance Corporation
CIEL LTD
CIT Business Credit Canada Inc. (50%)
CIT Credit Group (Alberta) Inc.
CIT Exchangeco Inc.
CIT Financial Ltd.
Citi-Page Answering & Secretarial Services, Ltd.
CMG International Finance Corp.
CMG Limited
Code Red Fire Services, Ltd.
Columbia-MBF Inc.
Dealeraccess Canada, Inc.
Dell Financial Services Canada Limited
Detron Safety Inc.
Drapeau Fire Protection Limited
Equipment Deals Credit Canada Inc. (51%)
F.N. Fenger & Associates Ltd.
Financialinx Corporation (90%)
Fire-Stop Systems Limited
Firecom Sales & Consulting
Firefighter Protection / Mobile Fire Extinguish Recharging Ltd.
Fireworks Fire Protection Ltd.
Foothills Fire Equipment Ltd.
Forward Safety Systems (Eastern) Inc.
Forward Safety Systems, Inc.
FSI Engineering Inc.

GATX Asset Residual Management Canada Limited (50%)
Gestion J.R.S.S. Inc.
Golan Security Systems Limited
Groupe Financier Laplante (1997) Inc. (50%)
Guerdon Investments Ltd.
Hawley Group Canada Limited
Health-Group Funding Ltd. (51%)
Hygieia Holdings (Canada) Inc.
Icon Systems Limited
Image Financial Services Inc. (50%)
Inbrand Corporation (Canada) Inc.
Iroquois Limited
Jentek Controls Ltd.
Keystone Canada, Co.
Lafayette Pharmaceuticals (Canada) Inc.
Ludlow Canada, Inc.
Mallinckrodt Canada Inc.
MCC International Finance Corp.
MCC Limited
M.D.P. Services Inc.
M.D.P. Services (ALTA) Inc.
MGM International Finance Corp.
Minervatech Inc.
Misener Financial Corporation
Mitec Fire & Security Ltd.
Murphy Fire Systems Ltd.
Nellcor Puritan Bennett (Melville) Ltd.
Newcourt Capital Inc.
Newcourt Funds Inc.
Newcourt International Inc.
Newcourt Investments Inc.
Newcourt Leaseco Four Ltd.
Newcourt Mercantile Financial Ltd.
Newcourt National Lease Inc.
Newcourt Securities Inc.
Niagara Fire Extinguisher Co. Ltd.
P.A.L. Enterprises Inc.
Parkwood Security Systems Inc.
Pol-Gart International Finance Corp.
Proctor & Redfern International Limited
Professional Capital Inc.
Promed Leasing Inc./Credit-Bail Promed Inc.
Reid Crowther & Partners Limited
Reid Crowther Business Consultants Ltd.
Reid Crowther Holdings Inc.
Reid Crowther International Ltd.
Reid Crowther Structures Inc.
Reid Crowther Surveys Ltd.
Rovalve Canada Ltd.
SecurityLink from Ameritech Ltd. (Canada)
Serv-Alarm Limited
Serv-Alarm Niagara Ltd.
Serv-Alarm Toronto Ltd.
SKS Fire & Communications Inc.
Spanguard Devices, Inc.
Surgical Dynamics Canada Inc.

The CIT Financial Group Canada Ltd.
Thomas Credit Corporation Inc.
Tracer Industries Canada Limited
Tyco Electronics Canada Ltd.
Tyco Healthcare Group Canada Inc.
Tyco International of Canada Ltd.
Tyco Plastics Canada Ltd.
Tyco Thermal Controls Canada Inc.
Tyco Valves & Controls Canada Inc.
TyCom Networks (Canada) Ltd. - Reseaux TyCom (Canada) Ltee.
Unistrut Canada Limited
Universal Electronic Protection Inc.

CAYMAN ISLANDS:
  CIT Cayman Blue Lagoon Leasing, Ltd.
  CIT Cayman Coconut Palm Leasing, Ltd.
  CIT Cayman Sandy Keys Leasing, Ltd.
  Davis & Geck Caribe Limited
  Davis & Geck Limited
  Raychem International

CHILE:
  AMP de Chile Conectores Electricos Y Electronicos Ltda.
  CIT Leasing Chile Limitada
  Comercial Kendall (Chile) Limitada
  General Security S.A.
  Grinnell Sistemas de Proteccion Contra Incendios, S.A.
  Simplex S.A.
  Tyco Electronics Industrial Y Comercial Chile Limitada
  Tyco Flow Control Chile S.A.
  Tyco Submarine Systems Chile S.A.
  TyCom Networks (Chile) S.A.
  Unistrut Chile Comercial E. Industrial Limitada (60%)

CHINA, PEOPLE'S REPUBLIC OF:
  Alpha Max Actuator Manufacturing Co. Ltd. (49%)
  AMP (China) Investment Co. Ltd.
  AMP Shanghai, Ltd.
  AMP Shunde Connector Limited
  AMP Suzhou Connector Tool, Ltd.
  AMP Trading (Shanghai) Company Limited
  Beijing Keystone Valve Co. Ltd.
  Dulmision Zibo Insulators Co., Ltd.
  Earth Tech, Inc.- Beijing Branch Office
  Kendall-Yantai Medical Products Company, Ltd.
  Keystone (Jingmen) Valve Co. Ltd.
  Keystone Valve (China) Ltd.
  KTM Ball Valve Making (Sichuan) Co., Ltd. (44%)
  Newcourt Leasing Corporation (55%)
  Qinhuangdao Pacific Water Company Limited (80%)
Raychem (Shanghai) Trading Ltd.
Raychem Electronics (Shanghai) Ltd.
Raychem Electronics (Shenzhen) Ltd.
Raychem Shanghai Cable Accessories Ltd.
Shanghai Eagle Safety Equipment Ltd
Shanghai Ouli Trading Co. Ltd.

Shanghai Reid Crowther Engineering Consulting Ltd. (48%)
Shenyang OYT-Grinnell Fire Door Manufacturing Company Limited
Shenyang Yarway Valve Co. Ltd.
Shenzhen Original Electric Co Ltd
Spraysafe Beijing
Tyco Electronics AMP Qingdao Co. Ltd.
Tyco Electronics (Shanghai) Co., Ltd
Tyco Healthcare International Trading (Shanghai) Co. Ltd.
Tyco Packaging Systems (Shanghai) Limited

COLOMBIA:
- CIT Capita Colombia S.A.
- Global Vendor Services S.A.
- Kendall Colombia, S.A.
- Raychem S.A. (Colombia)
- Tyco Electronics Colombia Ltda.
- Tyco Services Ltda. (Colombia)

COSTA RICA:
- A&E Productos de Costa Rica, S.A.
- ADT Security Services Sociedad Anonima
- Kendall Innovadores en Cuidados al Paciente S.A.

CYPRUS:
- Raychem Technologies Limited
- TyCom Contracting (Cyprus) Limited
- TyCom Networks (Cyprus) Limited

CZECH REPUBLIC:
- A.S.S. Allgemeine Sicherheitssysteme GmbH
- Capita Global Finance Corporation (Branch)
- Manibs Brno Spol. s.r.o. (99%)
- Raychem s.r.o.
- SET EC s.r.o.
- Siemens Elektropristroje s.r.o.
- Tyco Electronics Czech s.r.o.
- Wormald CZ s.r.o.
- Zettler C.R. Spol. s.r.o.
- Zettler CR, Ltd.

DENMARK:
- AMP Danmark
- CIPE Holding (Denmark) ApS
- CIPE Holding ApS
- KBIL 38 NR 2201 ApS
- K.S. Kaalund A/S International
- TSD
- Tyco Electronics Denmark
- Tyco Electronics Far East Holdings ApS
- Tyco Electronics Far East Holdings ApS
- Tyco Holding I (Denmark) ApS
- Tyco Holding I ApS
Tyco Holding II (Denmark) ApS
Tyco Holding III (Denmark) ApS
Tyco Holding IV (Denmark) ApS

Tyco Holding IX (Denmark) ApS
Tyco Holding V (Denmark) ApS
Tyco Holding VI (Denmark) ApS
Tyco Holding VII (Denmark) ApS
Tyco Holding VIII (Denmark) ApS
Tyco Holding X (Denmark) ApS
Tyco Holding XI (Denmark) ApS
Tyco Holding XII (Denmark) ApS
Tyco Holding XIII (Denmark) ApS
Tyco Holding XIV (Denmark) ApS
Tyco Holding XV (Denmark) ApS
Tyco Holding XVI (Denmark) ApS
Tyco Holding XVII (Denmark) ApS
Tyco Integrated Systems (Denmark) ApS
TyCom Contracting (Denmark) ApS
TyCom Networks (Denmark) ApS
Water Holding (Denmark) ApS
Wormald A/S

DOMINICAN REPUBLIC:
Raychem Dominicana S.A.

ECUADOR:
Grinnell Sistemas de Proteccion Contra Incendios S.A.

EGYPT:
Raychem Egypt Limited
Raychem Technologies Limited, Egypt Branch, Rep. Office
TyCom Networks Egypt Ltd.

ESTONIA:
AMP EESTI AS

FIJI:
Armourguard Fiji Limited
Fire Control Fiji Limited
Security Systems (Fiji) Limited
Tyco Fiji Limited

FINLAND:
Mallinckrodt Finland Oy
Oy Electro-Heat Ab
Scott Health & Safety Oy
Scott Technologies Health & Safety Oy
TSA Gap Prive
Tyco Electronics Finland Oy
Tycom Networks Oy

FRANCE:
Acroba S.A.
ADT Provider SA
ADT Securite Services S.A.
Aerolic Industries S.A.
Alarmes Conseils Services SARL
Alte
AMP-SIMEL SA
Antia S.A.
ASE Continuing Education Center S.A.
ASE Partners S.A.
Auto Suture Europe Holdings, Inc. (French Branch)
Auto Suture Europe S.A.
Auto Suture European Services Center, S.A.
Auto Suture France S.A.
Bayard SA
CAP Services
CEDI Securite SA
Ceditel SA
CEDP
CEPA
CIPE France S.A.
Cormerais Electronique S.A.
CPS Alarme
CPS Surveillance
Descote SA
DIS
Earth Tech France S.a.r.l.
Equitec
Europ Telesecureit SAS
Euroville France
Fibaly SA
FINASUR
Fingerkey S.A.
Firent S.A.
First Alarme
Flow Control Technologies SA
GWC SARL
Graphic Controls France S.A.R.L.
Grinnell Distribution France Sarl
Inbrand France SA
Isopad, SA
Karner-Batts SARL
Kendall Incontinence
Kendall SA Klein S.A.
La Commande Numerique
Laborotoires Sherwood, Davis & Geck
Laje S.A.
Lindapter S.A.
Mallinckrodt Developpement France S.A.
Mallinckrodt France SARL
Mather & Platt Wormald, S.A.
Nellcor Puritan Bennett France Holdings SAS
Newcourt Finance (France) SNC
Newcourt Holdings (France) SA
Newcourt Location France SAS
Nomos SA
Prefi S.A.
Protel S.A.
Raychem SA (France)
Saint-Paul Securite SARL
Sapag S.A.

Sayag Electronique International (S.E.I.)
Sci Alain Martin
Sci Becaro
Sci Chanle
Sci Mazal
Sci Tov
Societe de Communication et Telesurveillance (S.C.T.)
Societe Europeene de Protection Contre L'Incendie S.A.
STPE (94%)
STRATE S.a.r.l. (95%)
Swair
T.S. France SA
Telesix
TEP France SA
TGH Euro Link, S.A.
Tyco Electronics EC France
Tyco Electronics Export
Tyco Electronics France SAS
Tyco Electronics Holding France S.A.S.
Tyco Electronics MPI France SA
Tyco Electronics SIMEL SAS
Tyco Europe S.A.
Tyco European Security Holdings SA
Tyco Fermertures Coupe-Feu S.A.
Tyco Flow Control Holding S.A.
Tyco France Security S.A.
Tyco Healthcare France SAS
Tyco Healthcare SA
Tyco Projects France SARL
Tyco Submarine Systems SARL
Tyco Valves & Controls Distribution (France) S.C.A.
TyCom Contracting (France) SAS
TyCom Networks (France) SAS

GERMANY:
ADT Security Deutschland GmbH
ADT Sicherheit Service-Center GmbH
AOST Malen Ltd. (50%) Armaturen Technik Magdeburg GmbH
ASP Armaturen Schilling Puspas GmbH
ATR Armaturen Technik Remscheid GmbH & Co. KG
ATR Armaturen Technik Remscheid GmbH
Axel Johnson Engineering GmbH
AZ Elektroanlagenbau GmbH
AZ Immobilien GbR
B. Braun-Dexon GmbH (50%)
Babcock Sempell AG
Babcock Sennell Armaturen-Service GmbH
B.U.T. Diestel Umwelt Technik GmbH
CDK Holding Deutschland GmbH
Chemat GmbH Armaturen fur Industrie
Chemische Fabrik Pirna-Copitz GmbH
CIPE France (Deutschland) GmbH
CKS Systeme GmbH (Germany)
DA Export International GmbH
DA Kunststoff GmbH

Descote GmbH
Dexide (Germany) GmbH
Dritte CORSA Verwaltungsgesellschaft GmbH
Earth Tech GmbH
EHD Waldenmaier GmbH & Co. KG
Elo TouchSystems GmbH & Co KG
Elo TouchSystems Verwaltungs GmbH
Erhard GmbH & Co. KG
Erhard Verwaltungsgesellschaft GmbH
Erika-Stiftung e.V.
Ernst Schmieding GmbH & Co. KG
Erwin Burbach Maschinenfabrik GmbH
Flow Control Technologies GmbH
Frischhut Immobilien GmbH
Geratebau Beteiligungsgesellschaft mbH Berlin
Grinnell Flow Control GmbH
Grinnell Flow Control GmbH & Co. Distribution OHG
Helmut Geissler Glasinstrumente GmbH
HOT Hochdruck-Technik GmbH
IAP Industriearmaturen POLTE Vertriebs GmbH
IKA Industrie-und Kraftwerks-Armaturen GmbH
Indusha Industrie-und Handelsbedarf GmbH
Indusha Industrie-und Handelsbedarf GmbH & Co. KG
JALEX Gesellschaft fur elektronische Zahlungsverwaltung mbH
Karner-Batts GmbH
Kendall-Medizinische Erzeugnisse
KSK Kunststoff-StraBenkappen GmbH
Mallinckrodt Chemical GmbH
Mallinckrodt Chemical Holdings GmbH
Mallinckrodt Vertriebs GmbH
Mallinckrodt Medical GmbH
Mallinckrodt Medical Holdings GmbH
Manibs Sarl France (99%)
Manibs Spezialarmaturen GmbH & Co. KG
Manibs Spezialarmaturen Verwaltungs GmbH
Medolas Gesellschaft Fur Medizintechnik MBH (80%)
MARVIK-Yarway GmbH
Newcourt AG & Co. OHG
Newcourt Credit Group GmbH
Newcourt Financial Beteiligungs AG
Newcourt Holding Germany GmbH
NiMa Maschinenfabrik GmbH
OFA Bamberg Otto Fankhanel & Sohn GmbH
Praekon Sandermaschinen, GmbH
Precision Interconnect GmbH
SABO-Armaturen Service GmbH
Schmieding-Armaturen GmbH
Schmieding Verwaltungs GmbH
Schumacher GmbH & Co. Kommanditgesellschaft
Schumacher Medizinprodukte GmbH
Sempell AG
SHG Vermogensverwaltungsgesellschaft Ilshart GmbH
Sigmaform GmbH
STRATE Technologie fur Abwasser GmbH
TEP Gesellschaft fur Technologische und Elektronische Protektion mit beschrankter Haftung
Thorn Sicherheits GmbH

Tillman-Armaturen GmbH
Total Walther Feuerschutz Loschmittel GmbH
Total Walther GmbH
Tyco Electromechanical Components Verwaltung GmbH
Tyco Electronics AMP GmbH
Tyco Electronics EC GmbH & Co. KG
Tyco Electronics EC Verwaltungsgesellschaft mbH
Tyco Electronics Holding GmbH
Tyco Electronics Raychem GmbH
Tyco Healthcare Deutschland GmbH
Tyco Healthcare Deutschland Manufacturing GmbH
Tyco Holding GmbH
Tyco International Armaturen Holding GmbH
Tyco Valves & Controls Distribution GmbH
Tycom Networks Germany GmbH
USSC (Deutschland) GmbH
USSC Medical GmbH Waldenmaier GmbH
Walter Rose GmbH
Waterlink AB
Wellcom International Sales and Services GmbH
Wellcom International Sales and Services GmbH & Co. Betriebs KG
WHICH Deutschland GmbH
WOPF Befestigungselemente GmbH
Zettler Hilfe e.V.

GIBRALTAR:
Espion (International) Limited
Silver Avenue Holdings Limited
Stralen Investments Limited
Tyco Holdings S.a.r.l.
Velum 1998 Limited
Verdana Holdings Limited

GREECE:
ADT Greece S.A. (ADT Hellas) (82.5%)
Earth Tech (Hellas) Limited Liability Company
Greene Insurance Limited
Raychem Hellas E.P.E.
Tyco Electronics Hellas MEPE
Tyco Hellas S.A.
TyCom Networks SA

GUAM:
TyCom Contracting (Guam) L.L.C.
TyCom Networks (Guam), L.L.C.

GUATEMALA:
ADT Sistemas de Seguridad, S.A. (Costa Rica)
ADT Sistemas de Seguridad S.A. (Guatemala)
Grinnell Sistemas de Proteccion Contra Incendio, S.A. (Guatemala)
Incendio, S.A. de C.V. (Guatemala)
Tyco Ingenieria y Construccion S.A. (Guatemala)
Tyco Submarine Systems, Sociedad Anonima

HONDURAS:
A&E Hangers S.A.

HONG KONG:
A&E Products (Far East) Limited
AMP Products Pacific Limited
ATS Technology (Hong Kong) Limited
Batts Far East Limited
Central Spraysafe Company (Hong Kong) Limited
CIT Financial (Hong Kong) Limited
Crichley Asia Limited
Crown Nation International Limited (50%)
Dawson Engineering Limited (50%)
F.A.I. Technology (Hong Kong) Limited
Madison Cable Asia Limited
Mallinckrodt Hong Kong Limited
Original Electromechanical (HK) Limited
Pioneer Faith International Limited (50%)
Praegitzer International (HK) Limited (99%)
Raychem (HK) Limited
Raychem China Limited NV
Raychem China Marketing Services Limited
Simplex Asia Limited
Simplex Sino Limited
Tak Cheong (Yau Kee) Engineering Ltd.
TEC HK Limited
The CIT Group/Commercial Services (Asia), Limited
Thorn Security (Hong Kong) Limited
Tyco Electronics H.K. Limited
Tyco Engineering & Construction (HK) Limited
Tyco Flow Control Hong Kong Limited
Tyco Healthcare (HK) Co., Ltd.
Tyco Healthcare (HKSAR) Limited
Tyco/Tudawe Trading Corporation
TyCom Networks (Hong Kong) Limited
Unistrut Service Centre (Hong Kong) Limited
Wormald Engineering Services Ltd.

HUNGARY:
AKG Rt. (31.13%)
AMP Hungary Trading Co. Ltd.
Duna Armatura Kft (45%)
Manibs Kft, Ungarn (99%)
Newcourt Hungary Financial Servicing Ltd.
Raychem GmbH (Hungary Branch)
Raychem Sales and Marketing Kft.
Siemens EC Electromechanical Components Production Limited Liability Company
Sprinkler 2000 Fire Protection Limited Liability Company
Total Walther Contractor and Engineer Ltd.
Total Walther Kft.
Tyco Electronics EC Electromechanical Components Production Ltd Liability Co.
Tyco Electronics EC Ltd.
Tyco Electronics Hungary Manufacturing Ltd.
Tyco Electronics MPI Automotive Components Limited Liability Company
Tyco Electronics MPI Kft.

INDIA:
A&E India Private Limited
Automotive Wiring Systems Private Limited
Keystone India Pvt. Ltd.
Modern Alarma & Electronics Pvt Ltd.
Precision Interconnect India Private Limited
Raychem (Delaware) Ltd. (Indian Branch)
Raychem RPG Limited
Sanmar Holdings, Ltd.
Sempell Valves (Pvt) Ltd.
Simplex Building Systems Private Limited
TEI Technologies Private Limited (50%)
Tyco Electronics Corporation India Private Limited
Tyco Electronics Systems India Private Limited
Tyco Electronics Tools (India) Pvt. Ltd.
Tyco Engineering & Construction Private Limited
Tyco Engineering and Construction Private Limited
Tyco Sanmar Limited (40%)
Tyco Submarine Systems Ltd. - India Branch

INDONESIA:
P.T. ODG Wormald Indonesia
P.T. Reid Crowther Indonesia
PT. Dulmison Indonesia
PT Kujang Eurapipe
PT. ODG Wormald Indonesia
Pt. Siemens Precision Electronics
Raychem Indonesia Representative Office

IRELAND:
AG Marvac Limited
Abel Alarms (Ireland) Limited.
ACE Alarm Systems Limited
ADT Limited
Allied Alarms & Safes Ltd.
Allied Alarms Limited
Allied Metal Products Limited
Allied Security Products Ltd.
AMP Reinsurance Company Limited (ARCL)
Audio Education Limited
B & B Electronics Limited
Brangate Limited
CCG Ireland
CIT Brisk Winds Aircraft Leasing, Limited
CIT Emerald Isle Leasing, Limited
CIT Finance No.1 (Ireland) Limited
CIT Finance No.2 (Ireland) Limited
CIT Holdings (Ireland) Limited
CIT Ireland Leasing Limited
Flo-Check Valves Limited
Fondermann & Co. (Ireland) Limited
TAMASCO Plc
Irish Building Services (Manufacturing Ltd)
Irish Building Services Ltd.
Jones Environmental (Ireland) Limited
Jones Environmental (UK) Limited
Jones Environmental Holdings Limited

Jones Environmental Limited
Mallinckrodt Holdings Ireland
Mallinckrodt International Financial Services Company
Mallinckrodt Medical
Mallinckrodt Medical Holdings Ireland
Mallinckrodt Medical Imaging - Ireland
Mallinckrodt Medical International Holdings
Mather & Platt Ireland Limited
Mather & Platt Ireland Manufacturing Limited
Modern Security Systems Limited
Nellcor Puritan Bennett Ireland
Nellcor Puritan Bennett Ireland Holdings
Newcourt Asset Finance International
Newcourt Financial Ireland Limited
Securitag Limited
Sherwood Medical Industries of Ireland Limited
Summerhouse Limited
Tyco Electronics Ireland Ltd.
Tyco Far East Holdings Limited
Tyco Healthcare Ireland Limited
Tyco International Finance Ireland
Tyco Ireland Limited
Tyco Tech Holdings Ireland
TyCom Networks (Ireland)
United States Surgical Corporation (Ireland) Limited
Witham

ISLE OF MAN:
Mallinckrodt Medical Isle of Man

ISRAEL:
Earth Tech (Israel) Ltd.
Raphael Mitzpe Ramon Ltd.
Raphael Valves Industries (1975) Ltd.
Raychem Limited
TCM CONTRACTING (ISRAEL) LTD.
TCM NETWORKS (ISRAEL) LTD.
Tyco Electronics Israel Ltd.
Tyco Healthcare (Israel) Ltd.

ITALY:
Belgicast Italia S.R.L.
Biffi Italia S.r.l.
Earth Tech (Italy) S.R.L.
Fasani S.p.A.
Fratelli Fasant S.R.L.
Karner-Batts SRL
Mallinckrodt DAR Srl
Mallinckrodt Italia Srl
Meditec s.r.l.
Newcourt Financial Italy SpA
Politermica Distribution S.r.l.
Raimondi International S.R.L.
Raimondi Valvole
Tyco Adhesives Italia S.p.A.
Tyco Electronics AMP Italia Products S.p.A.

JAPAN:
Ansul-Nissho, Inc.
Aomori Dry-Chemical Kabushiki Kaisha
Auto Suture Japan Inc.
Businessland Japan Co., Ltd.
Central Sprinkler Japan, Limited (40%)
Chiba Atsuryoku Youki Seizo Kabushiki Kaisha
Goto Valve K.K.
Hokkaido Dry-Chemical Kabushiki Kaisha
Kabushiki Kaisha Keiyo Shobo Hoshu Center
Kitamura Valve Giken Co., Ltd.
Kitamura Valve Mfg. Co., Ltd.
Mallinckrodt Japan Co. Ltd.
Nippon Dry-Chemical Kabushiki Kaisha (92.24%)
Nippon Keystone Corporation
Nippon Sherwood Medical Industries Ltd.
Precision Interconnect International Kabushiki Kaisha
Precision Interconnect International Ltd.
Surgical Dynamics Japan Inc.
Touch Panel Systems Corporation
Tyco Electronics AMP K.K.
Tyco Electronics EC KK
Tyco Electronics Raychem K.K.
Tyco Healthcare Japan Inc.
Tyco Healthcare Products (Japan) Co., Ltd.
Tyco Systems Japan Co., Ltd.
TyCom Contracting (Japan) KK
TyCom Networks (Japan) K.K.
Yamaguchi Tokushu Seiko K.K.

JERSEY:
Driftwood Limited
Exbury Limited
Itoba Limited
Labyrinth Investments Limited
Linksvie Limited
Tinwald Limited

LUXEMBOURG:
ADT Finance S.A.
ADT Luxembourg S.A.
Chessman S.a.r.l.

CIPE Luxembourg S.A.
CIC JV (33%)
CIT Luxembourg Cobblestone Leasing, SARL
Ocarina S.A.
TCN Holding (Luxembourg) S.a.r.l.
Tyco Electronics Luxembourg S.A.
Tyco Group S.a.r.l.
Tyco International Group S.A.
TyCom Holdings A Sarl
TyCom Holdings B Sarl
TyCom Holdings C Sarl
TyCom Holdings I Sarl
TyCom Holdings II SA
TyCom Networks (Luxembourg) S.a.r.l.
Valera Holdings S.a.r.l.

MALAYSIA:
ADT Alarm Research (M) Sdn. Bhd.
AMP Products (Malaysia) Sdn. Bhd.
Brunsfield Holdings Sdn. Bhd.
Brunsfield Thorn Technology Sdn. Bhd. (50%)
CIT Malaysia One, Inc.
Grinnell Supply Sales (Malaysia) Sdn. Bhd. (50%)
Innodouble (M) Sdn. Bhd. (51%)
Japan Original (M) Sdn Bhd
Kumpulan Injap Kebesan (M) Sdn. Bhd.
Machwolk Sdn. Bhd.
Mediquip Sdn. Bhd.
Newcourt Group (Malaysia) Sdn Bhd
Praegitzer Asia Sdn Bhd.
Raychem Sdn. Bhd.
Sigmaform (M) Sdn. Bhd.
TC Pipe Sdn Bhd
Tyco Electronics (M) Sdn. Bhd.
Tyco Engineering & Construction (Malaysia) Sdn Bhd. (70%)
Tyco Flow Control (Malaysia) Sdn. Bhd.
Tyco Grinnell KM Sdn. Bhd. (30%)
Tyco Manufacturing (Malaysia) Sdn. Bhd.
Tyco Services Malaysia Sdn. Bhd.
Tyco Valves & Controls (M) Sdn. Bhd.

MARSHALL ISLANDS:
C.S. Tyco Provider, Inc.
C.S. TyCom Decisive Inc.
C.S. TyCom Dependable Inc.
C.S. TyCom Durable Inc.
C.S. TyCom Reliance Inc.
C.S. TyCom Resolve Inc.
C.S. TyCom Responder Inc.
Coastal Cable Ship Co. Inc.

MAURITIUS:
Tyco Asia Investments Limited
TyCom Networks (Mauritius) Limited

MEXICO:
ADT Security Services, S.A. de C.V. (Mexico)
Aguas Tratadas de Cadereyta, S. de R.L. de C.V. (99.96%)
Aguas Tratadas de Madero, S. de R.L. de C.V. (99.96%)
Aguas Tratadas de Minatitlan, S. de R.L. de C.V. (45%)
Aguas Tratadas de Tula, S. de R.L. de C.V. (45%)
AMP Amermex, S.A. de C.V.
Ansul Mexico, S.A. de C.V.
Arrendadora Atlas, S.A.
Arrendadora Capita Corporation de Mexico S.A. de C.V. (30%)
Atlatec Ambiental, S.A. de C.V.
Atlatec Chihuahua, S.A. de C.V. (35%)
Batts de Mexico S.A. de C.V.
Capita Servicios, S.A. de C.V.
Carlisle Recycling de Mexico S.A. de C.V.
Cima de Acuna S.A. de C.V.
CoEv de Matamoros, S.A. de C.V.
CoEv Servicios de Matamoros, S.A. de C.V.
Construsser, S.A. de C.V.
Earth Tech Acquisition Entity, S.A. de C.V.
Earth Tech Mexican Holdings, S.A. de C.V.
Earth Tech Mexico S.A. de C.V.
Especialidades Medicas Kenmex, S.A.
Euro-Flex de Mexico, S.A. de C.V.
Gema Servicios Ambientales, S.A. de C.V.
Grinnell Sistemas de Proteccion Contra Incendio Mexico S.A. de C.V.
Grupo Empresarial de Mejoramiento Ambiental, S. de R.L. de C.V.
Kelsar S.A. de C.V.
Kendall de Mexico S.A. de C.V.
Kennedy Holding Company, S.A. de C.V.
Mallinckrodt Baker S.A. de C.V.
Mallinckrodt Medical S.A. de C.V.
Manufacturas y Conectores TYCO, S. de R.L. de C.V.
MMJ S.A. de C.V.
Mojonnier de Mexico S de RL de CV (49%)
Nellcor Puritan Bennett Mexico, S.A. de C.V.
Plasticos Bajacal, S.A. de C.V.
Plasticos Mexical S.A. de C.V.
Potter & Brumfield de Mexico, S.A. de C.V.
Productos de Atencion de Salud de Mexico, S.A.
Promotora Ecologica Potosina, S.A. de C.V. (18%)
Raychem Juarez, S.A. de C.V.
Raychem Servicos, S.A. de C.V.
Raychem Technologies, S.A. de C.V.
Raychem Tijuana Services, S.A. de C.V.
Rust Servicios Ambientales E Infraestructura, S.A. de C.V.
SecurityLink from Ameritech, S.A. de C.V. (Mexico)
Servicios de Aguas Nogales, S.A. de C.V.
Simplex Acsel S. de R.L. de C.V.
The Capita Corporation de Mexico, S.A. De C.V.
Tyco Electronicos Monterrey S. de R.L. de C.V.
Tyco Electronics Mexico, S.A.
Tyco Electronics Power Systems de Mexico, S.A. de C.V.

<Page>

Tyco Electronics Tecnologias S.A. de C.V.
Tyco Electronics Tijuana Servicios S.A. de C.V.
Tyco Engineering and Construction S.A. De C.V.
Tyco Submarine Systems, S.A. de C.V.
Tyco Valves & Controls de Mexico, S.A. de C.V.

NETHERLANDS:

ADT Canada B.V.
ADT Canada Holdings B.V.
ADT Finance B.V.
ADT Holdings B.V.
ADT Security Services N.V.
AMP Automotive Development Centre B.V.
AMP Laminates B.V.
AMP Taiwan B.V.
Ampliversal B.V.
Auto Suture Belgium B.V.
CIPE Nederland B.V.
CIT Holdings BV Decote Benelux B.V.
European Valves and Fittings BV
Glearth B.V.
Grinnell Sales & Distribution B.V.
Hovap Beheer B.V.
Hovap Consolidated B.V.
Hovap Holding B.V.
Hovap International (Holland) B.V.
Isopad B.V.
Karner-Batts Benelux
Keystone Valve (Europa) B.V.
M/A-COM Eurotec B.V.
Mallinckrodt Baker B.V.
Mallinckrodt Belgium N.V./S.A.
Mallinckrodt Benelux B.V.
Mallinckrodt Europe B.V.
Mallinckrodt Holdings B.V.
Mallinckrodt Medical B.V.
Mallinckrodt Operations B.V.
Mallinckrodt Services B.V.
MDC Meldkamer B.V.
Narvik-Yarway B.V.
Newcourt Financial Holdings BV
Newcourt Financial Nederland BV
Pompenfabriek Anema B.V.
Pritchard Services Group BV
Raychem (Nederland) BV
Sherwood Medical Nederland B.V.
STRATE B.V.
TEP Security B.V.
Thorn Security Nederland BV
Total Walther B.V.
Tyco Electronics Nederland B.V.
Tyco Electronics Trading B.V.
Tyco Healthcare Nederland BV
Tyco Labs Holland I.B.V.
Tyco International Netherlands B.V.

Tyco Systems Nederland B.V.
Tyco Waterworks B.V.
TyCom Contracting (Netherlands) B.V.
TyCom Networks (Netherlands) B.V.
Unirax B.V.
Uni Helden Holding BV (14.29%)
Uni Joint BV (94.08%)
Unistrut (Benelux) B.V.
Vonk Chokes B.V.
Waterlink Benelux BV
Wormald B.V.
Zettler Netherlands N.V.

NETHERLANDS ANTILLES:
DE20 N.V.

NEW ZEALAND:
A.F.A. Monitoring Limited
Armourguard Security Limited
CIT Financial (New Zealand) Limited
Danks Bros. Limited
Dell Financial Services (New Zealand) Ltd
Dulmison (NZ) Limited
Fire Protection Inspection Services Ltd.
Group 4 Security (NZ) Limited
Haden Engineering Limited
Inacro Limited
Keystone New Zealand Limited
New Zealand Valve Company Limited
Nortrac Engineering Limited
Tyco Electronics NZ Limited
Tyco Healthcare Limited
Tyco New Zealand Limited
NIGERIA:
  Reid Crowther (Nigeria) Limited

NORWAY:
  Raychem A/S (Norway)
  Tyco Electronics Norge AS
  TyCom Networks Norway AS
  Wormald Signalco A/S

PAKISTAN:
  Raychem Technologies Limited Cypress (Pakistan)
  Tyco Fire & Security Pakistan (PVT) LTD.

PANAMA:
  Kendall de Panama S.A.
  Tyco Submarine Systems, Inc.

PERU:
  ADT Security Services S.A.
  Tyco Electronics Del Peru S.A.C.
  Tyco Services S.A. (Peru)
  Tyco Submarine Systems Del Peru S.A.

PHILIPPINES:
  Carlisle Philippines, Inc.
  Earth Tech Consulting Services (Philippines) Inc.
  Tyco Electronics Philippines, Inc.
  Tyco Integrated Systems Philippines, Inc.

POLAND:
  Armaturen Schilling Polska
  ASP Armaturen Schilling Puspas Sp. Z.o.o. (90%)
  Erhard Armatura Sp.z.o.o.
  M/A-COM Poland Sp. z.o.o.
  Mallinckrodt Polska Sp.zo.o.
  Mercomp Ltd (10%)
  Newcourt Financial Polska Sp.z o o
  Raychem Polska Sp. z.o.o
  Schmieding-Armaturen Sp.Zo.o.
  STRATE Sp.Z.o.o.
  TYCO Electronics Polska Sp.z.o.o.
  Tyco Integrated Systems S.R.O. (Czech)
  Tyco Integrated Systems Sp.z o.o.
  Tyco Polska Sp.z.o.o.
  TyCom Contracting Poland Spolka z ograniczona odpowiedzialnoscia
  Tycom Networks Poland Spolka z ograniczona odpowiedzialnoscia

PORTUGAL:
  AMP Portugal - Conectores Electricos E Electronicos LDA
  B. Braun-Dexon (Portugal) Produtos Hospitalares Ltda. (50%)
  Industra - Comercio de Equipamentos Industrias, Norte, Lda.
  Industra-Comercio de Equipamentos Industriais, SA
  Karner-Batts, Lda.
  Mallinckrodt Medical Limitada
  Matherplatt - Projectos de Sistemas de Instalacoes Especiais de Baixa
    Tensao, Unipessoal Lda.
  Pressini-Prestacao de Servicos de Electricidade Naval de Indistria, Lda.
  Raychem (Portugal) Productos Quimicos Limited
TCC (Portugal) - Instalacao E Manutencao De Redes, Unipessoal Lda.
TCN (Portugal) - Instalacao E Manutencao De Redes, Unipessoal Lda.
Tyco Electronics Componentes Electromecanicos, S.A.
Tyco Tech - Engenharia, Unipessoal, Lda.

PRINCE EDWARD'S ISLAND:
- CCG Limited
- CIEL Ltd.
- CMG Limited
- Iroquois Limited
- MCC Limited

PUERTO RICO:
- SecurityLink from Ameritech of Puerto Rico, Inc.
- Tyco Electronics Puerto Rico Inc.
- Tyco Submarine Systems Puerto Rico Corp.

REPUBLIC OF SLOVENIA:
- Capita Global Finance Corporation (Branch)
- Total Walther - Stabilne hasiace zariadenia s.r.o.
- Tyco Electronics d.o.o.

ROMANIA:
- Duna Armatura Bucuresti S.R.L.
- Robinete Raf Campina, S.A.

RUSSIA:
- Auto Suture Surgical Instruments
- Moscow Representative Office of Raychem GmbH
- Newcourt Financial CIS, LLC
- Rayenergo (ZAO Rayenergo)
- Tycom Networks Russia

SAUDI ARABIA:
- Abahsain-Cope, S.A. Ltd.
- Raychem Saudi Arabia Limited

SCOTLAND:
- Alexander McKay Limited
- F.C.T. Services (UK) Limited
- Firewise Equipment Limited
- Madison Cable Limited
- Manton Plastics Limited
- Prestaroy Limited
- Saranne Packaging Limited
- WM Fire Systems Ltd.

SINGAPORE:
- Alpha Max Actuator Manufacturing Co. Ltd
- AMP Singapore Pte. Ltd.
- ATS Traffic Pte Ltd
- Central Spraysafe Company PTE Limited
- Crosby Valve Pte Ltd
- Grinnell Supply Sales Asia PTE Ltd.
- Indeco Engineers (Pte.) Ltd
- Indeco M & E Engineering Pte Ltd
- Junitash Pacific Pte. Ltd. (40%)
- Mallinckrodt Asia Pacific Pte. Ltd.
- Newcourt Financial (Singapore) Pte Limited
- Newcourt Holdings (Singapore) Limited
Raychem Singapore Pte. Limited
Senvisa Trading
Simplex Fire & Security Systems Pte Ltd
Tyco Building Services Pte. Ltd.
Tyco Electronics AMP Manufacturing (S) Pte Ltd
Tyco Electronics Manufacturing Singapore Pte. Ltd.
Tyco Electronics Singapore Pte Ltd
Tyco EPG Pte Ltd
Tyco Flow Control Asia Inc.
Tyco Flow Control Pte. Ltd.
Tyco Healthcare Pte. Ltd
Tyco International Asia, Inc. (Singapore Branch)
Tyco Pipe Singapore
Tyco Services Singapore Pte. Ltd.

TyCom Networks (Singapore) PTE LTD
Ujistrut Service Centre of Singapore

SLOVAK REPUBLIC:
Stabilni Hasici Zarizeni spol s.r.o.
TATRA Armatura s.r.o. (80%)

SLOVENIA:
Total Walther - Stabilne Hasiace Zariadenia S.R.O.

SOUTH AFRICA:
A&E Products South Africa (Proprietary) Limited
Accucomp (Pty.) Ltd.
Accufusion (Pty.) Ltd.
Baron Armed Reaction (Pty) Ltd
Belgicast (PTY)
Czechtech (Pty) Ltd.
Good Hope Security (Pty) Ltd
Intevalve (Pty) Ltd.
Kendall Company of South Africa (Pty) Limited, The
Klipton Properties (Pty)
Ltd MeasureTech (PTY) Ltd.
Nestivad Investments (Pty) Ltd
Paramed Corporate Security (Pty) Ltd (55%)
Paramed Security North (Pty) Ltd
Paramed Security West (Pty) Ltd
Pararent (Pty) Ltd
PMED Investments (Pty) Ltd
Raychem (South Africa) (Pty) Limited
Reaction Force Guards (Pty) Ltd
Sentry Security (Pty) Ltd
Sentry Security Cape (Pty) Ltd
Sentry Security Financial Services (Pty) Ltd
Sentry Security Guarding (Pty) Ltd
Sentry Security KwaZulu-Natal (Pty) Ltd
Solution 22 (Pty) Ltd
Strikeforce Security (Pty) Ltd
TM Monitoring (Pty) Ltd
Trigate (Pty.) Ltd.
Trigate Umndeni (Pty.) Ltd. (50%)
Trinance (Pty.) Ltd.
Tyco Electronics South Africa (Proprietary) Ltd.
Tyco Healthcare (Proprietary) Limited
Tyco Waterworks (Pty) Ltd.
Vadigor Investments (Pty) Ltd
Volberay Investments (Pty) Ltd

SOUTH KOREA:
AMP Korea
Auto Suture Korea, Inc.
Batts Korea Ltd. (50%)
Caps Co. Ltd.
CIT Financial (Korea) Ltd.
Dong Bang Electronic Industrial Co. Ltd. (98.5%)
Kendall Medical Ltd.
Keystone Valve (Korea) Limited

Original Electromechanical (Korea) Ltd
Raychem HTS Korea Ltd
Raychem Korea Ltd.

SPAIN:
ADT Espana S.L.
ADT Espana Servicios de Seguridad, S.L.
Automated Security International, S.A.
B. Braun-Dexon Surgical S.A.
B. Braun-Dexon, S.A. (50%)
Belgicast Iprosa, S.L.
CIPE Espana
Controles Graphicos Ibericos, S.A.
Earth Tech (Spain), S.L.
Europuspas S.L. (90%)
Ingenieros Promotores, S.L.
Kendall Espana S.A.
Mallinckrodt Medical S.A.
Mondragon Telecommunications S.L.
Newcourt Financial Limited Sucursal en Espana (Branch)
Newcourt Finance (France) SNC Sucursal en Espana (Branch)
Nordic Water Products SL
Raychem SA (Spain)
Raychem Telco S.L.
Segurmatica, S.A.
Tyco Electronics AMP Espana, S.A.
Tyco Healthcare Spain SL
Tyco Iberia, S.L.
TyCom Contracting Iberica, S.L.
TyCom Marine, S.A.
TyCom Networks Iberica, S.L.
Wormald Mather & Platt Espana, S.A.

SRI LANKA:
A&E Products Lanka (PVT) Ltd

SWEDEN:
DISAB Diagnostic Imaging Holding AB
Dissolve AB
Karner-Batts AB
Mallinckrodt Sweden AB
Modern Prefabspecialisten Sprinkler i Lammhult Aktiebolag
Nordic Water Products AB
Prefabspecialisten Sprinkler i Lammhult Aktiebolag
Raychem Aktiebolag
Svenska Skum International AB
Svenska Skumslacknings AB
Thorin & Thorin AB
Tyco Electronics Svenska AB
Tyco Healthcare Norden AB
TyCom Contracting AB
TyCom Networks AB
Waterlink Sweden AB
Wormald Fire Systems A.B.
Zickert Products AB

SWITZERLAND:
ADT Franchising AG
ADT Services AG
Ammo AG
Axicom AG
CIPE (Suisse) SA
Confab Services AG
Decolletage SA St. Maurice (DSM)
Mallinckrodt Switzerland Limited
Neotecha AG
Newcourt Financial Beteiligungs AG
Newcourt Financial (Switzerland) AG
Robatel SA in liquidation
Sherwood Services AG
Sirat SA
TCN Holding (Luxembourg) Sarl, Schaffhausen branch
TerraWorx Services AG
Total Walther Feuerschutz AG
Tyco Delta Services AG
Tyco Electronics (Schweiz) AG
Tyco Electronics (Schweiz) HFI AG
Tyco Electronics (Schweiz) Produktions AG
Tyco Electronics Augat AG
Tyco Electronics Logistics AG
Tyco Flow Services AG
Tyco Gamma Services AG
Tyco Group S.a.r.l., Luxemburg (L), (Schaffhausen branch)
Tyco Healthcare Group AG
Tyco Healthcare Retail Services AG
Tyco Healthcare Schweiz AG
Tyco Holdings Sarl, Luxemburg (L), (Schaffhausen branch)
Tyco Integrated Systems AG
Tyco International Finance AG
Tyco International Finance Alpha GmbH
Tyco International Holding AG
Tyco International Services AG
Tyco Plastics Services AG
Tyco Zeta Services AG
TyCom AG
TyCom Finance AG
TyCom Finance Beta GmbH (90%)
TyCom Holding AG; TyCom Networks AG
TyCom Services AG
WHICH (Suisse) SA

TAIWAN:
A&E Hangers Taiwan Co., Ltd.
AMP Manufacturing Taiwan Ltd
Carlisle Taiwan, Inc.
Descote Asia Co., Ltd
Newcourt Taiwan Company Ltd
Raychem Pacific Corporation (50%)
Raychem Taiwan Limited
Taiwan Superior Electric Co., Ltd.
Taiwan Valve Company Ltd

Taliq Taiwan Limited
Tyco Electronics Taiwan Co., Ltd.
Tyco Healthcare (Taiwan) Ltd.
Tyco Valves & Controls (Taiwan) Limited
TyCom Networks Taiwan Co., Ltd
Wormald Engineering Systems Taiwan Ltd.

THAILAND:
ACS Asia (1996) Company Ltd.
AMP (Thailand) Limited
Kendall Gammatron Limited (85%)
Keystone Valve (Thailand) Co., Ltd.
M/A-COM Private Radio Systems Asia Pacific Ltd.
Raychem Thai Limited
TEAC Services Limited
Tyco Earth Tech (Thailand) Limited
Tyco Healthcare (Thailand) Limited
Tyco International (Thailand) Limited
Tyco Valves & Controls (Thailand) Limited
WHC Holdings Limited
Windmill Street Limited

TURKEY:
AMP Elektrik-Elektronik Baglanti Sistemleri Ticaret Limited Sirketi
Earth Tech Engineering Construction Trade
Karner-Batts Turkey
Raychem Elektro Yalitim Sistemleri Limited Sirketi
Raychem N.V. (Irtibat Burosu)
Tibset Steril Tibbi Aletler Sanayi ve Ticaret Anonim Sirketi
TyCom Network Ve Telekomunikasyon Sistemleri Insaat Tesis Hizmetleri Ve
Ticaret Limited Sirketi
Yapi ICF Kaiser Engineering and Consultancy

UKRAINE:
Kiev Representative Office of Raychem GmbH

UNITED ARAB EMIRATES:
Ansul Incorporated - UAE (Branch Office)
DA Export International FZE
Tyco Electronics Middle East FZE

UNITED KINGDOM:
A G Marvac Limited
A.E. Silver Limited
A.R.C. Fire Protection Ltd.
A.V.S. Systems Limited
Abbey Security International Limited.
Able Arts Holdings Ltd.
ADT (UK) Holdings plc
ADT (UK) Limited
ADT Aviation Limited
ADT Finance PLC
ADT Fire and Security plc
ADT Group PLC ADT Linen Services Limited
ADT Pension Fund Limited
<table>
<thead>
<tr>
<th>Company Name</th>
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<tbody>
<tr>
<td>ADT Securities Limited</td>
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<tr>
<td>ADT Security Systems Limited</td>
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<tr>
<td>ADT Travel Group Limited</td>
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<td>ADT Travel Limited</td>
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<tr>
<td>ADT Trustees Limited</td>
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<tr>
<td>ADT UK Investments Limited</td>
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<tr>
<td>Advanced Absorbent Products Holdings Limited</td>
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<tr>
<td>Advanced Security Installations Limited</td>
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<td>APA-MINERVA Limited</td>
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<td>Agilent Financial Services Limited</td>
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<td>American District Telegraph Services International Limited</td>
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<td>AMP Finance Limited</td>
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<td>AMP of Great Britain Limited</td>
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<tr>
<td>Ancon (MBT) Couplers Limited</td>
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<td>Ansell Jones Limited</td>
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<td>Argus Fire &amp; Security Group Plc</td>
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<td>Argus Fire Systems Limited</td>
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<td>Argus Group Plc Argus House Limited</td>
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<td>Argyle Medical Industries (U.K.) Limited</td>
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<td>Ash Capital Finance (Jersey) Limited</td>
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<td>Ash Group Services Limited</td>
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<td>Atlanta Engineering Limited</td>
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<td>Atlantic Plastics Limited</td>
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<td>Atlas Fire Engineering Limited</td>
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<tr>
<td>Auto Auctions Limited</td>
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<td>Auto Suture U.K. Limited</td>
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<td>Auto Suture UK Export Limited</td>
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<tr>
<td>Automated Loss Prevention Systems International Limited</td>
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<tr>
<td>Automated Loss Prevention Systems Limited</td>
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<tr>
<td>Automated Security (Holdings)</td>
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<tr>
<td>PLC Automated Security (International) Limited</td>
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<td>Automated Security (Investments) Limited</td>
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<td>Automated Security (Properties) Ltd.</td>
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<td>Automated Security Information Systems Technology Limited</td>
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<td>Automated Security Limited</td>
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<td>Avalon Emergency Systems Limited</td>
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<td>Banord Limited</td>
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<td>Bastion Security Systems Limited</td>
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<tr>
<td>BCA (Auctions) Limited</td>
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<tr>
<td>BCA Holdings Limited (10%)</td>
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<tr>
<td>BGP-Reid Crowther Limited</td>
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<tr>
<td>Bissell Healthcare Limited</td>
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<tr>
<td>Britannia Monitoring Services Limited</td>
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<td>Britannia Security Group (C.I.) Limited</td>
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<td>Britannia Security Group Limited</td>
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<td>Britannia Security Systems (Midlands) Limited</td>
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<td>Britannia Security Systems Limited</td>
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<td>Brocks Alarms Limited</td>
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<td>Brook Security Services Limited</td>
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<td>Business Technology Finance Limited</td>
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<td>Camp Limited</td>
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<td>Campeire Limited</td>
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<td>Capitol Alarms Limited</td>
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<td>CAS Security Limited</td>
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<tr>
<td>Cast Iron Services Limited</td>
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<tr>
<td>CDK U.K. Limited</td>
</tr>
</tbody>
</table>
Central Spraysafe Company Limited
Certes Security Plc
Charles Winn (Valves) Limited
Cheshire Alarm Services Ltd.
CIS Wilson Limited
CIS Wilson Pipe Fittings Limited
Clarion Security Systems Limited
Cleaners Limited
Clen Group Limited
Coin Machine Sales Limited
Collmain Customer Installations Limited
Collmain Customer Services (C.I.) Limited
Collmain Plc Collmain Services Limited
Comfora Healthcare Ltd. (UK)
Communication & Tracking Services Limited
Confab International Limited
Countryside Security Limited
Countrywide Leisure Holdings Limited
Crime Seen Ltd.
Crichtley Group Plc
Crosby Valve and Engineering Company Limited
Crosby Valves & Engineering Company Ltd.
D.J. Security Alarms Limited
Danka Equipment Rentals Limited
Descote Limited
Discreet Disposables Ltd.
Distribution and Transmission Equipment Limited
Donald Campbell Associates Limited
Dong Bang Minerva (UK) Limited
Ductile Steel Processors Limited
Dulmision (UK) Ltd.
Earth Tech Engineering Limited
Edward Barber & Company Limited
Edward Barber (U.K.) Limited
Electra Systems Limited
Ellis Son & Paramore Limited
EMOS Information Systems Limited
EMOS Rentals Limited
ERF Finance Limited
ERF Leasing Limited
Erhard Valves Ltd.
Ever Three Limited
Ever Four Limited
Excelsior Security Services Limited
Exeter Insurance Company Limited
Farnham Limited Fire Alarms Services (UK) Limited
Fire Defender (U.K.) Ltd. (50%)
Fire Safety Inspection Company Limited
Ford Electronic Services Limited
Freedom Systems Limited
Galequest (Electronics) Limited
Gammill Limited
Gardner Merchant Rentals Limited
Gardner Security

General Cleaning Contractors Limited
Grinnell (U.K.) Ltd.
Grinnell Sales & Distribution (U.K.) Ltd.
Group Sonitrol Security Systems Limited
Hamilton Leasing Limited
Hawley International Finance Limited
Hindle Cockburns Limited
Hygood Limited
Image Surveillance Systems Limited
Inbrand Holdings Limited
Inbrand Limited
Inbrand UK Limited
Independent Valve & Pipeline Services Limited
Industrial Cleaners (UK) Limited
Integrated (Fire & Safety) Services Limited
Isopad Limited
James Deacon Security Limited
JEL Building Management Limited
JEL Building Management Systems Limited
JMC Rehab Limited
Karner Europe (UK) Ltd.
Karner Europe Ltd.
Kean and Scott Limited
Kendall Company (UK) Limited, The
Kendall-Camp Pension Trustees Limited
Keystone Valve (U.K.) Ltd.
KS Lift Services Limited
Lafayette Healthcare Limited (UK)
M/A-COM (UK) Ltd.
M/A-COM Greenpar Ltd.
M/A-COM Ltd
Macron Fireater Limited
Macron Safety Systems (UK) Ltd
Maidstone Fire Protection Limited
Malgor Security Plc
Mallinckrodt Chemical Holdings (U.K.) Ltd.
Mallinckrodt Chemical Limited
Mallinckrodt
Medical Argentina Limited
Mallinckrodt Medical Holdings (U.K.) Limited
Mallinckrodt U.K. Ltd.
Management and Control Systems Limited
Markden No. 7 Limited
Masco Holdings Limited
Masco Security Systems Limited
Mather & Platt (Exports) Ltd.
Mather & Platt Fire Protection Limited
McMillan Fire Alarms Limited
McMillan Maintenance Limited
Meridian Fire Protection Limited
Microwave Associates Ltd.
Mid-Ulster Alarms Limited
Minerva Fire Defence Limited
MKG Medical U.K. Ltd
Modern Alarms (Scotland) Limited
Modern Alarms Limited
Modern Automatic Alarms Limited

Modern Integrated Systems Limited
Modern Security Systems
Modern Security Systems (IOM) Ltd.
Modern Security Systems (Products) Limited
Monitor Security Systems Limited
Motor Auctions Group Limited, The
Mountwest 81 Limited
NCT Capital Limited
NCT Funding Public Limited Company
Newcourt Capital Inc. (Branch)
Newcourt Capital (UK) Limited
Newcourt Capital (UK) of Canada Limited
Newcourt Capital Securities Limited
Newcourt Credit Limited
Newcourt Credit of Canada Services Limited
Newcourt Financial (Vendor Services) Limited
Newcourt Financial Limited
Newcourt Healthcare Finance of Canada Limited
Newcourt Holdings UK Limited
Newcourt Transportation Finance of Canada Ltd
Newmans Tubes Limited
OCYT 1 Limited
OCYT 2 Limited
OCYT 3 Limited
OCYT 5 Limited
OCYT 6 Limited
ODL Limited
OKD Limited
OMK Limited
Omni Spectra Ltd.
Orbis Security Systems Limited
P.M.H. Electronics Limited
Paul Fabrications Limited
Pritchard Services Group Investments Limited
Progressive Securities Investment Trust Limited
Protec Systems Limited
Protection One (UK) plc
Fryor & Howard (1980) Limited
Pyrotenax Cables Limited
Raychem International Limited, Cayman Islands (Ireland Branch)
Raychem Limited
Raychem UK
Realm Security Systems Limited
Reid Crowther Consulting Limited
Remote Facilities Management Limited
S.L.S. Engineering Limited
Sabre Supply Management Limited
SAFE Limited
Safeguard Electronics Limited
Saffire Alarm Systems Limited
Saffire Extinguishers Limited
Samaritan Integrated Systems Limited
Samaritan Security Systems Limited
Secure-It (UK) Limited
Securitag International Limited
Security Centres (Scotland) Limited
Security Centres (UK) Holdings Limited
Security Centres (UK) Limited
Security Centres Holdings International Ltd.
Security Centres Holdings Limited
Security Centres Investments Limited
Security Surveyors Group Plc
Sharp Rentals Limited
Shepton Holdings Limited
Sigmaform UK Limited
Sound and Vision Technologies Limited
Spector Lumenex Limited
Spensall Engineering Limited
Splendor Cleaning
Services Limited
Spraysafe Automatic
Sprinklers Limited
STRATE UK Ltd.
Steel Support
Systems Limited
Steepleck Limited
Stocks Security
Systems Limited
Surveillance and Fire Equipment Limited
Tannoy Audix Systems Limited
TDI Batteries (Europe) Limited
Telecom Security Limited
Ten Acre Securities Ltd.
Thorn Security Group Limited
Thorn Security International Limited
Thorn Security Limited
Thorn Security Pension
Trustees Limited
Thornfire Limited
Tomorrows Telecom Limited
Toronto Sudden Limited
Total Lift Services Limited
Trade Fire Limited
Triangle Controls Ltd.
TSG Trustees Limited
Tyco Electronics UK Ltd.
Tyco Electronics Holdings Limited
Tyco Energy (UK) Limited
Tyco Engineered Products (UK) Ltd
Tyco European Metal Framing Limited
Tyco European Steel Strip Limited
Tyco European Tubing Limited
Tyco Fire Products Manufacturing Ltd.
Tyco Flow Control (UK) Limited
Tyco Healthcare (UK) Commercial Limited
Tyco Healthcare (UK) Manufacturing Limited
Tyco Healthcare UK Limited
Tyco Holdings (UK) Limited
Tyco Integrated Systems Limited
Tyco International Ltd. (UK)
Tyco Plastics Limited
Tyco Printed Circuit Group Dublin Division
Tyco Tech Limited
Tyco Tubing Ltd.
Tyco V Limited
Tyco Valves & Controls Distribution (UK) Limited
Tyco Valves Limited

Tyco VI
TyCom Cable Ship Company (UK) Limited
TyCom Contracting (UK) Limited
TyCom Networks (UK) Limited
Tyne Car Auction Limited
Ultra Security Alarms Limited
Unifast Systems Limited
Unipower Limited
Unirax Limited
Unistrut Europe Ltd.
Unistrut Holdings Ltd.
Unistrut Limited
Vital Communication International Ltd.
W&S Freeman Limited
Wajax Finance Ltd.
Wares Security Group Limited
Westec Security Limited
Western Star Finance Ltd.
Westlock Controls Limited
Whessoe Vapour Control Limited
Whessoe Varec Company, The
White Group Electronics Limited
Wilson Pipe Fittings Limited
WM Fire Protection Limited
Wormald Ansl Fittings Ltd.
Wormald Engineering Limited
Wormald Fire Systems Limited
Wormald Holdings (U.K.) Ltd.
Wormald Industrial Property Ltd.
Wrekin Welding & Fabrication Engineering Limited
YMCF Inc.
Zettler Limited

UNITED STATES OF AMERICA:
  650 Management Corp.
  A&E Construction Products, Inc.
  A&E GP Holding, Inc.
  A&E Hangers, Inc.
  A&E Holding GP
  A&E Products Group LP
  A&E Products Group, Inc.
  A-G Holding, Inc. I
  Activation Technologies, LLC
  Adhesive Technologies, Inc.
  Adhesives Holding GP
  ADT General Holdings, Inc.
  ADT Holdings, Inc.
  ADT Investments II, Inc.
  ADT Investments, Inc.
  ADT Maintenance Services, Inc.
  ADT Operations, Inc.
  ADT Property Holdings, Inc.
  ADT Security Services, Inc.
  ADT Security Systems, West, Inc
  ADT Services, Inc.
  ADT Title Holding Company I

ADT Title Holding Company II
Advanced Communication Systems, Inc.
Advanced Services Corporation
AEPG, Inc.
AET Acquisition Corp.
AFC Cable Systems, Inc.
AFC Realty Holding Corp.
AFP Property Holding
Agilent Financial Services, Inc.
Alert Centre (Name Saver / Assumed Name Corp)
Alliance Cable Corp.
Alliance Integrated Systems, Inc.
Allied Safety Equipment, Inc.
Allied Tube & Conduit Corporation
AlphaGen Power LLC
American Electrical Terminal Company, Inc.
Ameritech SecurityLink, Inc.
AMP Building Technology, Inc.
AMP China Incorporated
AMP International Enterprises Limited
AMP Investments, Inc.
AMP Services, Ltd.
AMP Technologies, Inc.
Amtech Security Corporation
Anderson, Greenwood & Co.
An sul, Incorporated
Antigua Funding Corporation
API Security, Inc.
AppServ, Inc.
APS Group Holding, Inc.
ARR, Inc.
Assurers Exchange, Inc.
AT&T Automotive Services, Inc.
ATC Sales Company
Atcor, Inc.
ATMOR Properties Inc.
Audio-Video, Inc.
Auto Suture Company, Australia
Auto Suture Company, Canada
Auto Suture Company, Netherlands
Auto Suture Company, U.K.
Auto Suture Eastern Europe, Inc.
Auto Suture Europe Holdings, Inc.
Auto Suture International, Inc.
Auto Suture Norden Co.
Auto Suture Puerto Rico, Inc.
Auto Suture Russia, Inc.
Automated Security Corp.
Automated Security Holdings, Inc.
Automatic Fire Systems Ltd.
AV-OX, Inc.
Baffin Shipping Co., Inc.
Batts Holdings, Inc.
Batts, Inc.
Beaumont Fire Extinguisher Service, Inc.
BEMCO, Inc.

Beta Acquisition Corp.
Big Sky Acquisition Co., Inc.
Boat Dealers' Acceptance Company, L.L.C.
Broad River OL-1 LLC
Broad River OL-2 LLC
Broad River OL-3 LLC
Broad River OL-4 LLC
BST Security Systems, Inc.
Burton, Adams, Kemp & King, Inc.
C.S. Charles L. Brown, L.P. (75%)
C.S. Global Link, L.P. (75%)
C.S. Global Mariner, L.P. (55%)
C.S. Global Sentinel, L.P. (55%)
C.S. Long Lines, L.P. (75%)
Cambridge Alarm Company, Inc.
Cambridge Alarm Holdings, Inc.
Cambridge Protection Industries Holdings, Inc.
Cambridge Security Systems, Inc.
Capita Columbia Holdings Corp.
Capita Corporation
Capita Global Finance Corporation
Capita International L.L.C.
Capita Premium Corporation
Capital Resources, Inc.
Capital Syndication Corporation
Caprock Fire Alarm, Inc.
Caribbean Shipping Co.
Carlisle Plastics Holding LLC
Carroll Touch International Ltd.
CASS Water Engineering, Inc.
Catamount Investment Company, LLC (33%)
CCTC International, Inc.
Central Castings Corporation
Central CPVC Corporation
Central Sprinkler Company
Central Sprinkler Corporation
Central Sprinkler Holdings, Inc.
Chagrin H.Q. Venture Ltd. (50%)
Chagrin Highlands Inc.
Chagrin Highlands Ltd. (50%)
Chemgene Corporation
C.I.T. Corporation
C.I.T. Financial Management Inc.
C.I.T. Leasing Corporation
C.I.T. Realty Corporation
CIT Aerospace, Inc.
CIT Bus Corporation
CIT Capital Trust I
CIT China 1, Inc.
CIT China 2, Inc.
CIT China 3, Inc.
CIT China 4, Inc.
CIT China 5, Inc.
CIT China 6, Inc.
CIT China 7, Inc.
CIT China 8, Inc.
CIT China 9, Inc.
CIT China 10, Inc.
CIT China 11, Inc.
CIT Communications Finance Corporation
CIT Financial Ltd. of Puerto Rico
CIT Financial USA, Inc.
CIT Holdings, LLC
CIT Insurance Services, Inc.
CIT Lending Services Corporation
CIT Lending Services Corporation (IL)
CIT Millbury Inc.
CIT OnLine Bank CIT Remarco, Inc.
CIT Small Business Lending Corporation
CIT STS, Inc.
CIT Technologies Corporation
CIT Technology Financing Services, Inc.
CIT Venture Leasing Fund, LLC
Coated Products Holdings, Inc.
CoEv Holding, Inc.
CoEv, Inc.
Commercial Investment Trust Corporation
Comstar Systems, Inc.
ComTech, Inc.
Confab Holding Corp.
Confab International L.P.
Crestpointe Financial Corp.
Critchley Group, Inc.
Crosby GP Holding, Inc.
Crosby Holding, Inc. I
Crosby Valve International Ltd.
Crosby Valve Sales & Services Corporation
Crosby Valve, Inc.
Crystech, LLC (50%)
CSW Leasing Inc. (20%)
CV Holding Inc.
CVG Holding Corp.
D.A.S. International, Ltd.
Dealer Access Inc. (40%)
Dell Credit Company LLC (50%)
Dell Financial Services L.P. (30%)
Dental Advantage (20%)
Descote, Inc.
Detect, Inc.
DFS-GP, Inc. (30%)
DFS-SPV, L.P. (30%)
Dixie Burglar Alarm, Inc.
Earth Tech (Infrastructure) Inc.
Earth Tech Architecture Inc.
Earth Tech EMS Holdings, Inc.
Earth Tech Engineers of New York, P.C.
Earth Tech Environment & Infrastructure Inc.
Earth Tech Holdings TAC, Inc.
Earth Tech Holdings, Inc.
Earth Tech of Michigan Inc.
Earth Tech of New York Inc.

Earth Tech of North Carolina, Inc.
Earth Tech of Ohio Inc.
Earth Tech Water Engineering LP
Earth Tech WE Holding Inc.
Earth Tech, Inc.
Earth Technology Corporation (USA), The
Ebert & Hinson Fire Protection, Inc.
Ebert & Hinson Fire Protection, Inc.
EDCO Insurance Services, Inc.
Edison Home Protection Company
Edison Security Corp.
Edison Select
Electro Signal Lab, Inc.
Electro-Trace Corporation
Elkay Services LLC
Elo TouchSystems, Inc.
Equipment Acceptance Corporation
Equipment Credit Services, Inc.
Equipment Dealers Credit Company LLC (51%)
EVM Merger Corp.
F.A.I. Technology Inc.
FAI Tech Link Inc.
FAI Technology (Holding), Inc.
FCI Liquidations, Inc.
Figgie Communications, Inc.
Figgie Leasing Corporation
Fire Products GP Holding, Inc.
Fire Products Holding GPS
Fire Safety Sales & Service, Inc.
Fire Services, Inc.
First Lafayette Holdings, Inc.
Firth Cleveland Steels, Inc.
Fisk Corporation
Fisk Electric Company
Fisk Electric Holdings, Inc.
Forever Hangers, Inc.
Franklin Fire & Safety Company, Inc.
FRM Services, Inc.
GC Holding, Inc. I
GC Holdings, Inc.
General Sub Acquisition Corp.
General Surgical Holdings, Inc.
General Surgical Innovations, Inc.
Georgia Packaging, Inc.
Georgia Pipe Company
GF&S Inc.
GFS Holding GP
GFSC Aircraft Acquisition Financing Corporation
Glynwed Holdings, Inc.
Graphic Controls Corporation
Graphic Holdings, Inc.
Graybar Financial Services, LLC (75%)
Grinnell Building Services Corporation
Grinnell Corporation
Holmes Protection, Inc. (Name Saver Corp.)
Hudson Shipping Co., Inc.

Image Scan, Inc.
IMB, A Simplex Company, L.L.C.
IMC Exploration Company
Infrasonics Technologies, Inc.
InnerDyne Holdings, Inc.
InnerDyne, Inc.
Interamics
International Quality and Environmental Services, LLC
Ittelson-Beaumont Fund
JAM Funding Corp.
J.B. & S. Lees Inc.
JCB Finance LLC (50%)
J.R. Clarkson Company, The
J.R. Clarkson Holdings, Inc.
Kaf-Tech, Inc.
Kaiser Engineers Corporation
Kendall Holding Company
Keystone France Holdings Corp.
Keystone Germany Holdings Corp.
Keystone Kuwait, Inc.
Keystone Saudi, Inc.
Keystone Valve-Middle East, Inc.
KHPC Holding GP
Lafayette Pharmaceuticals, Incorporated
Laser Diode Holdings, Inc.
Laser Diode Incorporated
Liebel-Flarsheim Company
Life Design Systems, Inc.
Ludlow Building Products, Inc.
Ludlow Company LP, The
Ludlow Corporation
Ludlow Jute Company Limited
Ludlow Services LLC
M/A Com Ceram, Inc.
M/A-COM Food Share, Inc.
M/A-COM Tech Holdings, Inc.
M/A-COM Tech, Inc.
M/A-COM, Inc.
Madison Cable Corporation
Madison Equipment Co., Inc.
Mallinckrodt Athlone Holdings, Inc.
Mallinckrodt Baker International, Inc.
Mallinckrodt Baker, Inc.
Mallinckrodt Caribe, Inc.
Mallinckrodt Foundation, Inc.
Mallinckrodt Holdings, Inc.
Mallinckrodt Holdings, LLC
Mallinckrodt Inc. (Delaware)
Mallinckrodt Inc. (New York)
Mallinckrodt International Corporation
Mallinckrotd Medical PMC
Mallinckrodt Respiratory Acquisition I, Inc.
Mallinckrodt TMH
Mallinckrodt Veterinary, Inc.
Management Association of M/A-COM, Inc., The
Meinhard-Commercial Corporation

Mid-Atlantic Security, Inc.
Midwest Properties Holding, LLC (56.8%)
Millenium Leasing Company I, LLC (49.5%)
MMHC, Inc.
MMI, LLC
Mobile Security Communications, Inc. (19%)
Mode Plastics, Inc.
Montana OLL LLC
Montana OLL2 LLC
Montana OPL LLC
Montana OPL2 LLC
Montana OPM1A LLC
Montana OPM1B LLC
Montana OPM2A LLC
Montana OPM2B LLC
Montclair Molding, Inc.
MSCH Company
MultiGen LLC
Municipal Emergency Holdings, Inc.
Municipal Emergency Services, Inc.
Nameholders LP (99%)
Namekeepers LLC
National Alarm Computer Center, Inc.
National Catheter Corporation
National Guardian Security Services Corp.
National Integration Services, Inc.
National Tape Corporation
National Tape Holdings, Inc.
NCT Capital Inc.
NCT Funding Company, L.L.C.
NCT Receivables LLC
NCU Railcar Holdings LLC
Nellcor Puritan Bennett Export Inc.
Nellcor Puritan Bennett Incorporated
Nellcor Puritan Bennett International Corporation
New England Fire Equipment Company, Inc.
New Creditcorp. SPC LLC (50%)
Newcourt Aerospace Finance, Inc.
Newcourt Capital Securities, Inc.
Newcourt Capital USA Inc.
Newcourt Credit Group USA Inc.
Newcourt DCC Inc.
Newcourt DFS Inc.
Newcourt Equipment Receivables Corp.
Newcourt Financial Receivables Corp. I
Newcourt Financial Receivables Corp. II
Newcourt Funding Services, L.L.C.
Newcourt Insurance Services Inc., of Alabama
Newcourt Insurance Services Inc., of Delaware
Newcourt Insurance Services Inc., of Kentucky
Newcourt Insurance Services Inc., of Mississippi
Newcourt Insurance Services Inc. of New Mexico
Newcourt Inventory Finance Corporation
Newcourt LINC Receivables Corporation
Newcourt Premium Finance, Inc.
Newcourt Project Finance LLC (7.4% Class A; 33.4% Class B)

Newcourt Rail Holdings Inc.
Newcourt Rail, L.L.C. (32.57%)
Newcourt Receivables Corporation
Newcourt Receivables Corporation II
Newtown Specialty Glass, Inc.
Nobel Electronics, Inc.
Nobrega Gas Storage LLC
North American Exchange, Inc.
North Romeo Storage Corporation
Oleans Fire and Safety Equipment Service, Inc.
Omni Financial Services of America, Inc.
OTTO, L.L.P. (25%)
Owner-Operator Finance Company
Palomar Precision Tubes, Inc.
Pasadena Fire & Safety Inc.
Pasadena Owner Participant LP
Paul Scott Security Systems, Inc.
PI Holding
Picker Financial Group, L.L.C. (50%)
Polyken Technologies Europe, Inc.
Power Systems Holdings, Inc.
Precision Interconnect, Inc.
Printed Circuits, Inc.
Private Products, Inc.
Professional Registrar Organization, Inc.
Puritan-Bennett Corporation
Quantum Instrument Corporation
R1 Mergersub, Inc.
Raychem (Delaware) Ltd.
Raychem Asia / Pacific Management Services, Inc.
Raychem Colombia, Inc.
Raychem Colombia, Inc.
Raychem Corporation of Arizona
Raychem Foundation
Raychem Gulf Coast, Inc.
Raychem International Corporation
Raychem International Manufacturing Corporation
Raychem Radiation Technologies, Inc.
Raychem Ventures, Inc.
Rayshrink Corporation
Raythene Systems Corporation
Remtek International, Inc.
Remtek Sales Corporation
Ri-Conn Fire Systems, Inc.
Rochester Corporation, The
RockGen OL-1 LLC
RockGen OL-2 LLC
RockGen OL-3 LLC
RockGen OL-4 LLC
Ross Shipping Co., Inc.
RTP Development Corporation
Sawyer Signal, Inc.
SBR OP-1, LLC
SBR OP-2 LLC
SBR OP-3, LLC
SBR OP-4 LLC

SCL Holding Company
Scott Alarm, Inc.
Scott Technologies Holdings, Inc.
Scott Technologies, Inc.
Scott/Bacharach Instruments, LLC (51%)
SecurityLink from Ameritech of Puerto Rico, Inc.
SecurityLink Holdings, Inc.
SecurityLink, Inc.
Select Home Warranty Company
Sensormatic Holding Corporation
Sherwood Medical Company
Sherwood Medical Company I
Sherwood-Accurate Inc.
Sigma Circuits, Inc.
Sigma GP Holding, Inc.
Sigma Holding Corp.
Sigma Research Corporation
Sigmaform Corporation
Sigmaform International Corporation
Sigmaform Pacific Sales Corporation
Sigmaform Pacific Sales Corporation (Sing Branch)
Simplex Argentina, L.L.C.
Simplex Asia Holding, L.L.C.
Simplex Asia, I Inc.
Simplex Asia, L.L.C.
Simplex Beijing Holding, L.L.C.
Simplex Europe, L.L.C.
Simplex India, L.L.C.
Simplex Malaysia, L.L.C.
Simplex Mexico, L.L.C.
Simplex Singapore, L.L.C.
Simplex Sino Holding, L.L.C.
Simplex South Africa, L.L.C.
Simplex Thailand, L.L.C.
Simplex Time Recorder Co.
SimplexGrinnell Holdings, Inc.
SimplexGrinnell LP
Snap-On Credit LLC (50%)
Sonitrol Corporation
Sonitrol Management Corporation
Sonitrol of Chattanooga, Inc.
South Point OL-1 LLC
South Point OL-2 LLC
South Point OL-3 LLC
South Point OL-4 LLC
Spiraduct, Inc.
Star Holding Inc.
Star Sprinkler, Inc.
Starion Instruments Corp.
STI Licensing Corporation
STI Properties, Inc.
STI Properties, Ltd.
STI Risk Management Co. (85%)
STR Grinnell GP Holding, Inc.
STR Realty Holdings LLC
Sunbelt Holding LLC

Sunbelt Holding, Inc. I
Sunbelt Holdings, Inc.
Sunbelt Manufacturing, Inc.
Surgical Dynamics, Inc.
Surgical Service Corporation
SWD Holding, Inc.
SWD Holding, Inc. I
T Merger Corp.
T-Sub Inc.
T.J. Cope Inc.
T15 Acquisition Corp.
T16 Acquisition Corporation
TA, Inc.
Talisman Partners, Ltd.
Tech-Ceram Corporation
Techcon International Ltd.
Terraworx Inc.
The CIT GP Corporation
The CIT Corporation II
The CIT GP Corporation III
The CIT GP Corporation V
The CIT Group/Asset Management, Inc.
The CIT Group/BC Securities Investment, Inc.
The CIT Group/BCC, Inc. (ILL.)
The CIT Group/Business Credit, Inc.
The CIT Group/Capital Finance, Inc.
The CIT Group/Capital Transportation, Inc.
The CIT Group/CmS Securities Investment, Inc.
The CIT Group/Commercial Services, Inc.
The CIT Group/Commercial Services, Inc. (ILL)
The CIT Group/Commercial Services, Inc. (VA)
The CIT Group/Consumer Finance, Inc.
The CIT Group/Consumer Finance, Inc. (NY)
The CIT Group/Consumer Finance, Inc. (TN)
The CIT Group/Corporate Aviation, Inc.
The CIT Group/CrF Securities Investment, Inc.

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The CIT Group/El Paso Refinery, Inc.
The CIT Group/Equipment Financing, Inc.
The CIT Group/Equity Investments, Inc.
The CIT Group/Factoring One, Inc.
The CIT Group/FM Securities Investment, Inc.
The CIT Group/LeaseCo Securities Investment, Inc.
The CIT Group/Sales Financing, Inc.
The CIT Group/Securities Investment, Inc.
The CIT Group/Venture Capital, Inc.
The CIT Group Foundation, Inc.
The CIT Group Holdings, Inc.
The CIT Group, Inc. (NJ)
The CIT Group Securitization Corporation
The CIT Group Securitization Corporation II
The CIT Group Securitization Corporation III
The CIT Group Securitization Corporation IV
The Equipment Insurance Company
The Lease Factor, Inc.
Thermacon, Inc.
Thermo Capital Company LLC (50%)

Thos. F. Hornaday, Inc.
TKC Holding Corp.
TKN, Inc.
TME Management Corp.
TPCG Holding GP
Tracer Construction Company
Tracer Field Services, Inc.
Tracer Industries Finance Co., Inc.
Tracer Industries Holdings, Inc.
Tracer Industries International, Inc.
Tracer Industries Management Co., Inc.
Tracer Industries, Inc.
Tracer Licensing, L.P.
Transoceanic Cable Ship Company, Inc.
Tri-Systems, Inc.
TSSL Holding Corp.
TV&C GP Holding, Inc.
TVC Holding GP
TVC, Inc.
TVM Group, Inc.
TVM, Inc.
Tyco (US) Holdings, Inc.
Tyco Acquisition Corp. 26
Tyco Acquisition Corp. 27
Tyco Acquisition Corp. 28
Tyco Acquisition Corp. 29
Tyco Acquisition Corp. 30
Tyco Acquisition Corp. 32
Tyco Acquisition Corp. 33
Tyco Acquisition Corp. 34
Tyco Acquisition Corp. 35
Tyco Acquisition Corp. XII
Tyco Acquisition Corp. XIV
Tyco Acquisition Corp. XX
Tyco Acquisition Corp. XXI
Tyco Acquisition Corp. XXII (NV)
Tyco Acquisition Corp. XXIV (NV)
Tyco Acquisition Corp. XXV (NV)
Tyco Adhesives GP Holding, Inc.
Tyco Adhesives LP
Tyco Adhesives, Inc.
Tyco Capital Corporation
Tyco Capital Holding, Inc.
Tyco Electronics Corporation
Tyco Electronics Installation Services, Inc.
Tyco Electronics Integrated Technologies
Tyco Electronics Power Systems de Mexico, S.A. de C.V.
Tyco Electronics Power Systems, Inc.
Tyco Electronics Puerto Rico Inc.
Tyco Electronics Raychem NV
Tyco Finance Corp.
Tyco Fire (NV) Inc.
Tyco Fire Products LP
Tyco Flow Control Company LLC
Tyco Flow Control, Inc.
Tyco Healthcare Group LP

Tyco Healthcare Services LLC
Tyco Holding Corp.
Tyco Holdings of Nevada, Inc.
Tyco Holdings, Inc.
Tyco International (NV) Inc.
Tyco International (PA) Inc.
Tyco International (US) Inc.
Tyco International (US) Inc. Employment Transition Benefits Trust, The
Tyco International Asia, Inc.
Tyco Merger Sub (NJ) Inc.
Tyco Plastics LP
Tyco Printed Circuit Group LP
Tyco Receivables Corp.
Tyco Receivables Funding LLC
Tyco Sailing, Inc.
Tyco SPC, Inc.
Tyco Submarine Systems Projects, Inc.
Tyco Technology Resources, Inc.
Tyco Telecom Cable Systems, Inc.
Tyco Telecom OSP Group LP
Tyco Telecom OSP Holding Corp.
Tyco Telecom OSP, Inc.
Tyco Thermal Controls LLC
Tyco Valves & Controls LP
Tyco Valves & Controls, Inc.
Tyco Valves and Controls Middle East, Inc.
Tyco Worldwide Services, Inc.
TyCom (US) Holdings, Inc.
TyCom (US) Inc.
TyCom Acquisition Co. I, Inc.
TyCom Finance Company, Inc.
TyCom Integrated Cable Systems Inc.
TyCom Management Inc.
TyCom Networks (Solutions) Inc.
TyCom Networks (US) Inc.
TyCom Simplex Holdings Inc.
U.S. Capital Corporation
U.S.S.C. Puerto Rico, Inc.
Uni-Star Industries, Inc.
Unistrut Corporation
United States Construction Co.
United States Surgical Corporation
USS Acquisition Corp.
USSC Acquisition Corporation
USSC Cal Med, Inc.
USSC Financial Services Inc.
USSC Tex Med, Inc.
Valley Burglar and Fire Alarm Co., Inc.
Valleylab Holding Corporation
Valleylab Inc.
W.A.F. Group, Inc.
Wajax Finance, Inc.
Walter Rose Company
Waste to Energy II LLC (50%)
Water Holdings Corp.
Waverly Group LLC, The

Westec Business Security, Inc.
Western Star Finance Inc.
Western Star Insurance Services, Inc.
Westlock Controls Corporation
Westlock Controls Holdings, Inc.
Whitaker Corporation, The
William Iselin & Co., Inc.
Willoughby Holdings Inc.
Wormald Americas, Inc.
WPFY, Inc.
Yarway Corporation

URUGUAY:
Bethany Trading Company
Tyco Flow Control del Uruguay S.A.

VENEZUELA:
Aguas Industriales de Jose, C.A. (75%)
Ansul de Venezuela C.A.
Earth Tech Venezuela, C.A.
Global Vendor Services S.A. (Branch)
Grinnell Sistemas de Proteccion Contra Incendio, S.A. (Venezuela)
Grupo Rust International Di Venezuela C.A.
Kendall de Venezuela, C.A.
Tyco Electronics de Venezuela, C.A.
Tyco Flow Control de Venezuela, CA
Tyco Submarine Systems, C.A.

VIET NAM:
Tyco Engineering (Vietnam) Ltd.
Tyco-PIECO Corporation, Inc. (80%)

VIRGIN ISLANDS:
Rail Car Leasing Inc.
RSTI Foreign Sales Corporation

EXHIBIT 23.1
CONSENT OF INDEPENDENT ACCOUNTANTS


PRICewaterhousecoopers

Hamilton, Bermuda
December 26, 2001