

TYCO SECURITIES PLAN OF ALLOCATION

1. The \$3,200,000,000 Total Cash Settlement Amount,¹ less all taxes, approved costs, fees and expenses (the "Distribution Amount") shall be distributed to Class Members (or the representative of such Class Members including, without limitation, agents, administrators, executors, heirs, predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b) and assigns) who submit a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe that are allowed by the Court ("Authorized Claimants").

2. The following proposed Plan of Allocation reflects the contention of the Settlement Class that because of misrepresentations and omissions about Tyco's financial condition and prospects, the prices of Tyco Securities were inflated artificially during the Class Period (December 13, 1999 through and including June 7, 2002).

3. The Settling Defendants have denied that they made any material misrepresentations or omitted to disclose any material information and further contend that even if liability were shown, the Class Members suffered no compensable damages, or that at most only a small percentage of the alleged artificial inflation could be attributed to the claims Plaintiffs asserted. The Settling Defendants assert that the prices of Tyco Securities were not inflated artificially during the Class Period and further contend that the decrease in the prices of Tyco Securities was explained and caused, in whole or substantial part, by other, non-actionable factors and causes outside of their control and not by any alleged fraud. For purposes of the proposed Plan of Allocation, the various schedules set forth in **Attachment A** annexed hereto or available on the internet at www.tycoclasssettlement.com or by request to the Claims Administrator, The Garden City Group, Inc., (one schedule for each Tyco Security referenced in this Plan), have been prepared listing the Class Representatives' contention of the Estimated Inflation per Tyco Security for each day of the Class Period (the "**Estimated Inflation**"). The formulas all utilize the Estimated Inflation amounts on the date of purchase and on the date of sale, if any, in the calculation of Recognized Claims.

4. The Court has not made any finding that the Settling Defendants are liable to the Class or that the Class has suffered any compensable damages, nor has the Court made any finding that the Estimated Inflation is an accurate measure of damages and if the Settlement is not approved, the Class Representatives are not bound by the Estimated Inflation amounts utilized in connection with this Plan of Allocation.

5. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Distribution Amount based upon each Authorized Claimant's "Recognized Claim" from transactions in Tyco Securities during the entire Class Period. **The Recognized Claim formulas set forth below are not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial; nor is the Recognized Claim an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement.** The Recognized Claim formulas are the basis upon which the Distribution Amount will be proportionately allocated to the Authorized Claimants.

6. An Authorized Claimant's total "Recognized Claim" shall constitute the sum of such claimant's "Recognized Claims" for each of the classes of Tyco Securities set forth below:

A. Tyco Common Stock Purchases:

(i) For each share of Tyco common stock purchased or otherwise acquired² during the Class Period that an Authorized Claimant continued to hold as of the close of trading on June 7, 2002 (the end of the Class Period), the "Recognized Claim" shall be equal to the Estimated Inflation on the date of purchase of the Tyco common stock³;

(ii) For each share of Tyco common stock purchased or otherwise acquired during the Class Period, which an Authorized Claimant sold prior to the close of trading on June 7, 2002, the Recognized Claim shall be equal to **the lesser of** (a) the difference between (x) the Estimated Inflation on the date of purchase of the share of Tyco common stock and (y) the Estimated Inflation on the date of sale of the share of Tyco common stock (as shown on Attachment A), **or** (b) the difference between (x) the purchase price paid (including commissions etc.) and (y) the proceeds received on sale (net of commissions etc.), but, in any event, where the Estimated Inflation on the date of purchase of the share of Tyco common stock is less than or equal to the Estimated Inflation on the date of sale of the share of Tyco common stock, or where the purchase price paid

¹ Capitalized terms not otherwise defined in this Plan of Allocation shall have the same meaning ascribed to them in the Settlement Agreement.

² Tyco Securities acquired as gifts, or as employee compensation, are not eligible transactions unless a recipient of a gift of Tyco Securities can trace the gifted securities to a purchase during the Class Period by the Donor. In such a case, the recipient may make a claim based on the Donor's purchase, unless the Donor also makes a claim on that purchase. In cases where both the Donor and the Gift Recipient both submit claims for the same securities the Donor's claim will be processed and the Gift Recipient shall be rejected. Tyco Securities acquired in exchange for securities of another company shall have a purchase price based on the fair value of the securities surrendered just prior to the exchange.

³ The tables setting forth the Estimated Inflation per share on a daily basis during the Class Period for each Tyco Security referenced in this plan are set forth under the name of such Tyco Security in Attachment A hereto or available on the internet at www.tycoclasssettlement.com or can be obtained from the Claims Administrator, The Garden City Group, Inc., upon request.

⁴As applied to loss figures herein, "lesser of" is the number closer to zero. Thus, for example, comparing a loss of \$5.00 to a loss of \$10.00, the \$5.00 loss is the lesser loss. As applied to loss figures here, a "negative loss," *i.e.* a gain (purchase inflation less than sale inflation or purchase price less than sale price), is "less" than any situation where there is a loss.

(including commissions etc.) is less than the proceeds received on sale (net of commissions etc.), the Recognized Claim shall be \$.01 per share ("Minimum Recognized Claim Per Share");

(iii) The Recognized Claim for shares of Tyco common stock obtained directly as a result of: (a) the October 17, 2000 Mallinckrodt acquisition; (b) the December 1, 2000 CIGI acquisition; (c) the December 1, 2000 InnerDyne acquisition; (d) the May 3, 2001 Scott acquisition; (e) the June 1, 2001 CIT acquisition; (f) the November 14, 2001 Sensormatic acquisition; or (g) the December 18, 2001 Tycom Amalgamation, otherwise calculated in accordance with paragraph 6.A.(ii) hereof, shall be multiplied by one hundred and ten percent (110%). In order to have "obtained directly" such shares of Tyco common stock, an Authorized Claimant must have exchanged shares of the aforementioned companies in connection with Tyco's acquisition of those companies. The Estimated Inflation per share of Tyco common stock acquired in the above exchanges shall be the amount of Estimated Inflation on the above-indicated dates of such acquisitions, and as reflected in the Estimated Inflation Tables.

(iv) The Recognized Claim for shares of Tyco common stock acquired in Tyco's June 6, 2001 secondary public offering of Tyco common stock ("SPO"), otherwise calculated in accordance with paragraph 6.A.(ii) hereof, shall be multiplied by one hundred and ten percent (110%). To have "acquired in" Tyco's SPO, an Authorized Claimant must have paid \$56.36 per share on June 6, 2001 and not paid any commissions on that purchase of Tyco common stock. The Estimated Inflation per share of Tyco common stock acquired in the June 6, 2001 secondary public offering is \$8.06 per share.

B. Notes Issued During The Class Period

(i) The following notes and/or debentures were issued during the Class Period and are collectively referred to herein as the "Class Period Notes":

- a. Tyco Zero Coupon, Expiration 11/2020
- b. Tyco Zero Coupon, Expiration 02/2021
- c. Tyco 6.375% Coupon, Expiration 10/2011
- d. Tyco 6.375% Coupon, Expiration 02/2006
- e. Tyco 6.75% Coupon, Expiration 02/2011
- f. Tyco 6.875% Coupon, Expiration 09/2002
- g. Tyco 5.8% Coupon, Expiration 08/2006
- h. Tyco 5.5% Coupon, Expiration 11/2008 (EUR)
- i. Tyco 4.95% Coupon, Expiration 08/2003
- j. Tyco 6.125% Coupon, Expiration 04/2007 (EUR)
- k. Tyco Floating Rate, Expiration 07/2003
- l. Tyco 4.375% Coupon, Expiration 11/2004 (EUR)
- m. Tyco 6.5% Coupon, Expiration 11/2031 (GBP)
- n. Tyco 6.5% Coupon, Expiration 11/2011 (GBP)

(ii) For each Class Period Note purchased or otherwise acquired during the Class Period which an Authorized Claimant continued to hold as of the close of trading on June 7, 2002 (the end of the Class Period), the "Recognized Claim" shall be equal to "The Estimated Percentage Inflation Per Note" on the date of purchase of the Class Period Note multiplied by the purchase price paid for the Note and further multiplied by one hundred and six percent (106%)⁵;

(iii) For each Class Period Note purchased or otherwise acquired during the Class Period which an Authorized Claimant sold prior to the close of trading on June 7, 2002, the Recognized Claim shall be equal to one hundred and six percent (106%) multiplied by **the lesser of** (a) the difference between (x) the Estimated Percentage Inflation Per Note multiplied by the purchase price paid on the date of purchase of the Class Period Note and (y) the Estimated Percentage Inflation Per Note multiplied by sale price received on the date of sale, **or** (b) the difference between (x) the purchase price paid (including commissions etc.) and (y) the proceeds received on sale (net of commissions etc.), but, in any event, where Estimated Percentage Inflation on the date of purchase of the Class Period Note is less than or equal to the Estimated Percentage Inflation on the date of sale of the Class Period Note **or** the purchase price paid (including commissions etc.) is less than or equal to the proceeds received on sale (net of commissions etc.), the Recognized Claim shall be \$0.25 per note ("Minimum Recognized Claim Per Note");

C. Pre-Class Period Notes:

(i) The following notes and/or debentures were issued prior to the Class Period, but were available for purchase during the Class Period and thus, will be accounted for in this Plan of Allocation (collectively the "Pre-Class Period Notes"):

- a. 6.875% public notes due 2002
- b. 6.875% public notes due 2029
- c. 6.25% public Dealer Remarketable Securities due 2013
- d. 6.125% public notes due 2001

⁵ Copies of the tables setting forth "The Estimated Percentage Inflation Per Note" for each respective Class Period Note during the Class Period are set forth under the name of each such Note at Attachment A hereto, are available on the Internet (at www.tycoclasssettlement.com), and may also be obtained by request to the Claims Administrator, The Garden City Group, Inc.

- e. 6.375% public notes due 2005
- f. Floating rate private placement notes due 2000
- g. Floating rate private placement notes due 2001
- h. 7.0% public notes due 2028
- i. 7.2% notes due 2008
- j. 5.875% public notes due 2004
- k. 6.125% public notes due 2008
- l. 6.125% public notes due 2009
- m. 6.5% public notes due 2001
- n. 6.375% public notes due 2004
- o. 0.57% Yen denominated private placement notes due 2000
- p. 8.0% public debentures due 2023
- q. Zero coupon Liquid Yield Option Notes due 2010
- r. 9.5% public debentures due 2022
- s. 8.125% public notes due 1999
- t. 8.25% senior notes due 2000
- u. 7.25% senior notes due 2008

(ii) For each Pre-Class Period Note purchased or otherwise acquired during the Class Period which an Authorized Claimant continued to hold as of the close of trading on June 7, 2002 (the end of the Class Period), the "Recognized Claim" shall be equal to "The Estimated Percentage Inflation Per Note" on the date of purchase of the Pre-Class Period Note multiplied by the purchase price paid for the Note,⁶

(iii) For each Pre-Class Period Note purchased or otherwise acquired during the Class Period which an Authorized Claimant sold prior to the close of trading on June 7, 2002, the Recognized Claim shall be equal to **the lesser of** (a) the difference between (x) the Estimated Percentage Inflation Per Note multiplied by the purchase price paid on the date of purchase of the Pre-Class Period Note and (y) the Estimated Percentage Inflation Per Note multiplied by sale price received on the date of sale, **or** (b) the difference between (x) the purchase price paid (including commissions etc.) and (y) the proceeds received on sale (net of commissions etc.), but, in any event, where Estimated Percentage Inflation on the date of purchase of the Pre-Class Period Note is less than or equal to the Estimated Percentage Inflation on the date of sale of the Pre-Class Period Note **or** the purchase price paid (including commissions etc.) is less than or equal to the proceeds received on sale (net of commissions etc.), the Recognized Claim shall be \$0.25 per note, the Minimum Recognized Claim Per Note;

D. Tyco Call Options

(i) The Recognized Claim for each call option contract on Tyco common stock purchased or otherwise acquired during the Class Period shall be **twenty-five percent (25%)⁷ of the lesser of (x)** the Estimated Inflation per share for all shares covered by the call option contract on the date the call option was purchased, less, if sold, the Estimated Inflation per share for all shares covered by the call option contract on the date the call option was sold, **or (y)** the difference between: (a) the amount paid per call option contract and: (b) the sale price received per option contract received when said call options were subsequently sold (if the option expired worthless while still owned by the Authorized Claimant, the sales price shall be deemed to be Zero (\$0.00));

(ii) Shares of Tyco common stock acquired during the Class Period through the exercise of a call option shall be treated as a purchase on the date of exercise for the exercise price plus the cost of the call option, and any Recognized Claim arising from such transaction shall be computed as provided for other purchases of Tyco common stock as set forth herein;

(iii) No Recognized Claim shall be calculated based upon the sale or writing of any call option that was subsequently repurchased.

E. Tyco Put Options

(i) The Recognized Claim for each put option contract on Tyco common stock sold or written during the Class Period, shall be **fifty percent (50%) of the lesser of (x)** the Estimated Inflation per share for all shares covered by the put option contract on the date the claimant sold or wrote the put contract, **or (y)** difference between: (a) the amount received per put option contract and (b) the purchase price paid per put option contract when said put options were subsequently repurchased at any time (including after the Class Period). For put options sold or written during the Class Period that expired worthless and unexercised, the Authorized Claimant's Recognized Claim shall be Zero (\$0.00);

⁶ Copies of the tables setting forth "The Estimated Percentage Inflation Per Note" for each respective Pre-Class Period Note during the Class Period are set forth under the name of each such Note at Attachment A hereto, are available on the Internet (at www.tycoclasssettlement.com), and may also be obtained by request to the Claims Administrator, The Garden City Group, Inc.

⁷ Losses from transactions in call options are discounted (i) because the purchase of a call option includes a time premium which is a wasting asset that the purchaser pays that will evaporate even if the stock price remains the same, and (ii) because the expected additional volatility of such derivative securities, makes it more difficult to prove that losses on such securities are causally related to the alleged wrongdoing, as opposed to non-actionable causes.

(ii) For Tyco put options that were sold or written during the Class Period, that were “put” to the Authorized Claimant (i.e. exercised) at any time, the Authorized Claimant’s Recognized Claim shall be calculated as a purchase of Tyco common stock as shown herein, and as if the sale of the put option were instead a purchase of Tyco common stock on the date of the sale or writing of the put option, and the “purchase price paid” shall be the strike price of the put option less the proceeds received from the sale of the put option;

(iii) No Recognized Claim shall be calculated based upon the sale of any put option that was previously purchased.

F. Other Instructions and Guidelines Applicable to All Recognized Claims and Classes of Tyco Securities

(i) For Class Members who held Tyco Securities before the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases and sales for purposes of calculating a Recognized Claim. Under the FIFO method, for each Tyco Security, each sale of that Tyco Security during the Class Period will be matched, in chronological order, first against that Tyco Security held at the beginning of the Class Period. Such holdings and sales will be included in the calculation of Recognized Claim as described above. For each Tyco Security, the remaining sales of such Tyco Security during the Class Period will then be matched, in chronological order, against purchases of such Tyco Securities during the Class Period.

(ii) A purchase or sale of Tyco Securities shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift, devise or operation of law of Tyco Securities during the Class Period shall not be deemed a purchase, acquisition, disposition or sale of Tyco Securities for the calculation of a Authorized Claimant’s Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such securities unless specifically provided in the instrument of gift or assignment.

(iii) Each Authorized Claimant shall be allocated a *pro rata* share of the Distribution Amount based on his, her or its Recognized Claim compared to the Total Recognized Claims of all Authorized Claimants. Each Authorized Claimant shall be paid an amount determined by multiplying the Distribution Amount by a fraction the numerator of which shall be his, her or its “Recognized Claim” and the denominator of which shall be the Total Recognized Claims of all Authorized Claimants.

(iv) The total recovery payable to Authorized Claimants from transactions in call or put options shall not exceed one percent (1%) of the Distribution Amount.

(v) Class Members who do not file acceptable Proofs of Claim will not share in the Distribution Amount. Class Members who do not submit an acceptable Proof of Claim will nevertheless be bound by the Tyco Settlement and Final Judgment of the Court dismissing this Action.

(vi) Bank drafts will be distributed to Authorized Claimants after the Effective Date of the Settlement and after all claims have been processed. To the extent that any monies remain in the Cash Settlement Accounts after the Administrator has caused distributions to be made to all Authorized Claimants, whether by reason of un-cashed distributions or otherwise, then, after the Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distributions, any balance remaining in the Cash Settlement Accounts one (1) year after the initial distribution of such funds shall be re-distributed to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Cash Settlement Accounts for such re-distribution. If six months after such re-distribution, funds remain in the Cash Settlement Accounts, then such funds shall be further re-distributed to Authorized Claimants who have cashed their most recent re-distribution and who would receive at least \$10.00 from such further re-distribution, after payment of any unpaid costs or fees incurred in administering the Cash Settlement Accounts for such re-distribution. The redistributions shall continue until it becomes economically unfeasible to continue re-distributions based upon the costs associated with such re-distributions, after which such balance shall be contributed to non-sectarian, not-for-profit 501(c)(3) organization(s) to be designated by Co-Lead Counsel with the consent of Tyco and PwC, such consent not to be unreasonably withheld.

(vii) No distributions or redistributions shall be made to any Authorized Claimant who would receive \$10.00 or less based on the initial allocation of the Distribution Amount.

(viii) The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.