

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW HAMPSHIRE**

IN RE TYCO INTERNATIONAL LTD.,)	MDL Docket No. 02-1335-PB
SECURITIES LITIGATION)	
)	This document relates to:
)	Securities Action
)	Civil Action No. 02-266-PB
)	

STIPULATION OF SETTLEMENT WITH TYCO INTERNATIONAL LTD., MICHAEL A. ASHCROFT, MARK A. BELNICK AND PRICEWATERHOUSECOOPERS LLP

This Stipulation of Settlement with Tyco International Ltd. ("Tyco"), Michael A. Ashcroft ("Ashcroft"), Mark A. Belnick ("Belnick") and PricewaterhouseCoopers LLP ("PwC"), is an agreement between the Class Representatives, on behalf of themselves and the Class (all as defined below) on the one hand, and defendants Tyco, PwC, Ashcroft and Belnick (collectively, the "Settling Defendants") on the other hand (the "Settlement Agreement"). The Class Representatives and the Settling Defendants are collectively referred to as the "Settling Parties."

WHEREAS, starting in February 2002, over twenty putative class actions alleging securities law violations were filed against Tyco and certain of its current and former officers, directors and employees in multiple federal courts;

WHEREAS, by various orders, the Judicial Panel on Multidistrict Litigation centralized all of these actions in the United States District Court for the District of New Hampshire, before the Honorable Paul Barbadoro, for coordinated or consolidated pretrial proceedings;

WHEREAS, by order dated November 20, 2002 (Practice and Procedure Order No. 3), Judge Barbadoro appointed Lead Plaintiffs to pursue claims for alleged violations of the federal securities laws;

WHEREAS, by the same November 20, 2002 order, Judge Barbadoro approved Lead Plaintiffs' choice of counsel – the firms Grant & Eisenhofer P.A., Milberg Weiss & Bershad, LLP and Schiffrin Barroway Topaz & Kessler, LLP, as Co-Lead Counsel;¹

WHEREAS, pursuant to Practice and Procedure Order No. 3, on January 28, 2003, Lead Plaintiffs filed a Consolidated Securities Class Action Complaint alleging violations of federal securities laws against Tyco, PwC, Ashcroft, Belnick, L. Dennis Kozlowski, Mark H. Swartz and Frank E. Walsh, Jr. in the MDL Securities Action (the "Complaint");

WHEREAS, in March and April, 2003, the Settling Defendants and other defendants filed motions to dismiss the Complaint;

WHEREAS, on October 14, 2004, Judge Barbadoro denied the motions to dismiss the Complaint (granting Tyco's motion only with respect to the claims under Section 14(a) and granting Ashcroft's motion with respect to all claims other than claims brought under Section 11 and Section 12(a)(2));

WHEREAS, the Settling Defendants thereafter filed answers to the Complaint denying the material allegations of the Complaint;

WHEREAS, in the course of this litigation, Tyco produced and made available to Co-Lead Counsel for review and Co-Lead Counsel analyzed over eighty million pages of documents and PwC produced and made available to Co-Lead Counsel for review and Co-Lead Counsel reviewed over two million five hundred thousand pages of documents;

¹ Two of the appointed Co-Lead Counsel, Schiffrin & Barroway, LLP and Milberg Weiss Bershad Hynes & Lerach LLP, have changed their names, and are now known as Schiffrin Barroway Topaz & Kessler, LLP and Milberg Weiss & Bershad LLP, respectively.

WHEREAS, Co-Lead Counsel have monitored the two criminal trials of Kozlowski and Swartz, and the criminal trial of Belnick and additional proceedings and enforcement actions;

WHEREAS, Co-Lead Counsel have issued over 75 subpoenas to non-parties and reviewed the resulting productions;

WHEREAS, Co-Lead Counsel have consulted with forensic accountants, investment bankers, economists and other experts and located and interviewed former Tyco employees to develop the case and evidence;

WHEREAS, in the course of this litigation, the Settling Parties have deposed over 215 witnesses in over 20 states;

WHEREAS, after briefing and argument on Class Representatives' motion for class certification, on June 12, 2006, Judge Barbadoro certified a class consisting of all persons and entities who purchased or otherwise acquired Tyco securities during the Class Period, and who were damaged thereby, excluding defendants, all of the officers, directors and partners thereof, members of their immediate families and their legal representatives, heirs, successors or assigns, and any entity in which any of the foregoing have or had a controlling interest;

WHEREAS, on September 22, 2006, after the parties filed appellate briefs, the United States Court of Appeals for the First Circuit denied Tyco's Rule 23(f) request for leave to appeal the class certification decision;

WHEREAS, the Settling Parties have participated in over 40 hearings with the Court in the MDL Securities Action and additional hearings in the Related Actions;

WHEREAS, for more than five years following the filing of the initial putative class actions, the Settling Parties have been vigorously litigating this action;

WHEREAS, the litigation has resulted in numerous rulings by both the trial and appellate courts;

WHEREAS, the Settling Defendants expressly deny that they have committed any act or omission giving rise to any liability and/or violation of law, and state that they are entering into this settlement solely to eliminate the uncertainties, burden and expense of further protracted litigation; and

WHEREAS, without admitting the strengths or weaknesses of any claims or defenses, the Settling Parties have agreed to a settlement of the Action as set forth herein (the "Settlement");

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the Class Representatives and the Settling Defendants, by and through their duly authorized counsel, that the MDL Securities Action (as defined herein) and the Released Claims (as defined herein) hereby are settled and compromised with respect to the Settling Defendants, and that the MDL Securities Action will be dismissed as against the Settling Defendants only, on the merits and with prejudice, and that the Released Claims will be released as against the Tyco Settling Defendants' Releasees and the PwC Releasees based upon the terms and conditions set forth in this Settlement Agreement, subject to, with respect to the Tyco Settling Defendants, the occurrence of the Tyco Settlement Effective Date and with respect to PwC, the occurrence of the PwC Settlement Effective Date. In addition, this Settlement, as described herein, will be expressly conditioned upon the dismissal with prejudice of all the Related Actions (as defined herein) as to the Settling Defendants only.

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I. DEFINITIONS

A. As used in this Settlement Agreement, the following terms have the following meanings:

1. "Actions" means the MDL Securities Action and the Related Actions (both as defined herein).
2. "Administrator" means The Garden City Group, Inc., or such other entity as shall be appointed by the Court in the Hearing Order to assist in implementing this Settlement Agreement.
3. "Alternative Judgment" means a form of final judgment that may be entered by the Court herein but in a form other than the form of Final Judgment provided for in this Settlement Agreement and where none of the parties hereto elect to terminate this Settlement by reason of such variance.
4. "Ashcroft" means Defendant Michael A. Ashcroft. Ashcroft is one of the Settling Defendants.
5. "Attorneys' Fees and Expenses Application" means the application for fees and expenses to be made by Co-Lead Counsel pursuant to Section VII below.
6. "Attorneys' Fees and Expenses Award" means the amounts awarded to Co-Lead Counsel to compensate them for their fees and expenses in connection with investigating, prosecuting and/or settling the MDL Securities Action and Related Actions as provided for in Section VII below.
7. "Authorized Claimant" means a Claimant whose Proof of Claim is allowed by the Court.
8. "Belnick" means Defendant Mark A. Belnick. Belnick is one of the Settling Defendants.

9. "Cash Settlement Accounts" means segregated interest-bearing escrow accounts established pursuant to the terms of escrow agreements dated May 30, 2007 or any successor escrow agreements entered into by the Class Representatives on behalf of themselves and the Class and Tyco (collectively the "Tyco Escrow Agreements") and segregated interest-bearing escrow accounts to be established pursuant to the terms of an escrow agreement to be entered into by the Class Representatives on behalf of themselves and the Class and PwC (the "PwC Escrow Agreements" and collectively along with the Tyco Escrow Agreements, the "Settlement Escrow Agreements"). All disbursements from the Cash Settlement Accounts shall be pursuant to the terms of the Settlement Escrow Agreements. Each of the Cash Settlement Accounts shall be maintained as a Qualified Settlement Fund, as defined below. All monies in the Cash Settlement Accounts, including all interest accruing thereon, shall be deemed to be in the custody of the Court and will remain subject to the jurisdiction of the Court until such time as they are paid out as: (i) Notice and Administrative Expenses, (ii) Attorneys' Fees and Expense Award, (iii) Tax Expenses on the Cash Settlement Accounts or (iv) distributions to Authorized Claimants after the Effective Date of this Settlement.

10. "Claim" or "Claims" (together "Claims") means any and all legal and equitable actions, causes of action, proceedings, adjustments, executions, offsets, contracts, judgments, obligations, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, variances, covenants, trespasses, damages, demands (whether written or oral), agreements, promises, liabilities, controversies, costs, expenses, attorneys' fees and losses whatsoever, whether in law, in admiralty or in equity and whether based on any federal law, state law, foreign law or common law right of action or otherwise, foreseen or unforeseen, matured or

unmatured, known or unknown, accrued or not accrued, existing now or to be created in the future. Claims include Unknown Claims.

11. "Claimant" means any Class Member (or the representative of such Class Member 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 submits a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.

12. "Class" means the Class certified by the Court for litigation purposes consisting of all Persons who purchased or otherwise acquired Tyco Securities during the Class Period and who were damaged thereby, excluding all of the Defendants, all the officers, directors and partners thereof, members of their immediate families (parents, spouses, siblings, and children) and their legal representatives, heirs, successors and assigns, and any entity in which any of the foregoing have or had a Controlling Interest. Also excluded from the Class are Edward Federman, Richard J. Heger, Richard D. Power and Raymond Scott Stevenson. Also excluded from the Settlement will be any Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in the Notice.

13. "Class Member" means a member of the Class.

14. "Class Period" means the period of time from December 13, 1999 through June 7, 2002, inclusive.

15. "Class Representatives" mean the Plumbers and Pipefitters National Pension Fund, United Association General Officers Pension Plan, United Association Office Employees Pension Plan, United Association Local Union Officers & Employees Pension Fund, Teachers' Retirement System of Louisiana, and Louisiana State Employees' Retirement System, in their individual capacity and in their capacity as representatives of the Class.

16. "Co-Lead Counsel" mean the law firms of Grant & Eisenhofer P.A., Milberg Weiss & Bershad LLP, and Schiffrin Barroway Topaz & Kessler, LLP.

17. "Complaint" means the Consolidated Securities Class Action Complaint filed in the Action on January 28, 2003.

18. "Controlling Interest" means a legal or beneficial ownership interest, directly or indirectly, in more than Fifty Percent (50%) of the outstanding voting power of any class or classes of capital stock that entitle the holders thereof to vote in the election of the Board of Directors of such entity (or equivalent decision-making authority in a non-corporate entity). For purposes of this Settlement, without limitation, at least the following Persons are considered to be subject to a "Controlling Interest" by Persons excluded from the Class, and are also excluded from the Class: K&D Trust, Kozlowski Family Partnership, L.P., Kozlowski Family 1998 Trust, Kozlowski Family Foundation, L. Dennis Kozlowski 1997 Foundation Trust, KMS Partnership, L.P., KMS Family Partnership L.P., KMS Family 1999 Trust, KMS Trust, KMS Family Corp., SFFP Trust, Swartz Family Foundation, Swartz Family Partnership, Mayo Realty Trust LLC, K Corp. LLC, DCS Family Partnership L.P., Endeavour Forever Corp., KFT Family Partnership, L.P., KFT Trust, Kozma Ltd., KD Nominee Trust, Whitehall Street Real Estate Ltd. Partnership, SEA, SEA Holdings LLC, 850 Lake Drive, LLC, 2365 South Ocean Blvd. Realty Trust, 447 Primavera Way, LLC, 24 Straw's Point Realty Trust, and GV Realty Trust.

19. "Court" means the United States District Court for the District of New Hampshire.

20. "Defendants" means the Settling Defendants and the Non-Settling Defendants (defined below).

21. "Distribution Amount" means the Total Cash Settlement Amount, plus all interest or other income earned thereon, less any Tax Expenses, less all Notice and Administrative Expenses, less the Attorneys' Fees and Expense Award, and less any other payment authorized by the Court to be paid from those funds.

22. "Execution Date" means the date on which this Settlement Agreement has been executed by all of the Settling Parties.

23. "Fairness Hearing" means the hearing to be held by the Court to make a final decision pursuant to Fed. R. Civ. P. 23 as to whether this Settlement Agreement is fair, reasonable and adequate and, therefore, should be approved by the Court.

24. "Final Judgment" means the order and the judgment to be entered by the Court pursuant to Fed. R. Civ. Pro. 58(a) (substantially in the form attached hereto as Exhibit B or an Alternate Judgment which reflects any Partial Termination) finally approving this Settlement and the Settlement Agreement, and dismissing the MDL Securities Action and such of the Related Actions as are before the Court, as to the Settling Defendants on the merits and with prejudice as contemplated by Section VI.A.1.g. of this Settlement Agreement.

25. "Hearing Order" means the proposed order preliminarily approving the Settlement and directing notice thereof to the Class substantially in the form attached hereto as Exhibit A.

26. "Initial Payment" means the amount of Sixteen Million One Hundred Thirty-Four Thousand, Four Hundred and Fifty-Three Dollars (\$16,134,453), of which Fifteen Million Dollars (\$15,000,000) was paid into a Cash Settlement Account by Tyco on or about May 30, 2007, and of which One Million One Hundred Thirty-Four Thousand, Four Hundred

and Fifty-Three Dollars (\$1,134,453)¹ will be paid into a Cash Settlement Account by PwC on or before July 20, 2007, and which payment may be used by Co-Lead Counsel to pay Notice and Administrative Expenses. Notice and Administrative Expenses not covered by the Initial Payment shall be paid out of the Net Cash Settlement Amount, after receiving authorization from Tyco and PwC, such authorization not to be unreasonably withheld.

27. "Kozłowski" means Defendant L. Dennis Kozłowski. Kozłowski is a Non-Settling Defendant.

28. "MDL Securities Action" means *In re Tyco International Ltd. Securities Litigation*, Case No. 02-1335-B.

29. "Net Cash Settlement Amount" means the Total Cash Settlement Amount (Two Billion Nine Hundred Seventy Five Million Dollars (\$2,975,000,000) of which was paid into the Cash Settlement Accounts by Tyco on or about May 30, 2007 and Two Hundred Twenty Five Million Dollars (\$225,000,000) of which will be paid into the Cash Settlement Accounts by PwC on or before July 20, 2007) less the Initial Payment.

30. "Non-Settling Defendants" means Kozłowski, Swartz and Walsh.

31. "Notice" means the Notice of Proposed Settlement, Motion for Attorneys' Fees and Fairness Hearing, which is to be sent to Class Members substantially in the form attached hereto as Exhibit A-1.

32. "Notice and Administrative Expenses" means all expenses associated with giving notice to Class Members and the administration of the Settlement contemplated by this

¹ PwC's portion of the Initial Payment Amount represents approximately 0.5042% of the Two Hundred Twenty Five Million Dollars (\$225,000,000) to be contributed by PwC to the Settlement on or before July 20, 2007, which approximates the division of the Total Cash Settlement Amount paid by Tyco between Initial Payment and Cash Settlement Amount.

Settlement Agreement, including, but not limited to, the expenses associated with: printing and mailing the Notice to Class Members; publishing the Summary Notice; reimbursements to brokers and other nominees for identifying and forwarding notice to beneficial owners, and assisting Class Members with filing Proofs of Claim; processing Proofs of Claim; setting up and maintaining the toll-free telephone number; *provided however*, that Notice and Administrative Expenses shall not include the amount of the Attorneys' Fees and Expenses Award.

33. "Person" or "Persons" means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability corporation, association, joint stock company, state, legal representative, trust, trustee, unincorporated association, any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assigns.

34. "Plaintiff-Related Releasees" means the Lead Plaintiffs, the Class Representatives and all other Class Members, and plaintiffs' counsel and each of their heirs, executors, administrators, predecessors, successors and assigns.

35. "Plan of Allocation" means the terms and procedures for allocating the Distribution Amount among, and distributing the Distribution Amount to, Authorized Claimants, as proposed in the Notice, or such other Plan of Allocation as the Court shall approve.

36. "Preliminary Approval Hearing" means the hearing at which the Court will consider preliminarily approving this Settlement Agreement. At the discretion of the Court, the Preliminary Approval Hearing may be held in person or by telephone.

37. "Proof of Claim" means the form which is to be sent to Class Members substantially in the form attached hereto as Exhibit A-2.

38. "PSLRA" means the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, *et seq.*, as amended.

39. "PwC Related Actions" means the following cases: Jim Myers v. Tyco International, CA 02-15009 AF (Palm Beach Co. Circuit Court, Fla.); Ray Rappold v. Tyco International, CA 02-15008 AI (Palm Beach Co. Circuit Court, Fla.); and H. George Mandel v. Tyco International, CA 03-0295 AB (Palm Beach Co. Circuit Court, Fla.).

40. "PwC Releasees" means PwC, its present and former parents, subsidiaries, divisions and affiliates; PricewaterhouseCoopers International Limited, any member firm of PricewaterhouseCoopers International Limited, and any other entity or partnership (whether or not incorporated) which carries on business under a name which includes all or part of the PricewaterhouseCoopers name or is otherwise within (or associated or connected with an entity within) the worldwide network of PricewaterhouseCoopers firms (including, without limitation, the Bermuda firm of PricewaterhouseCoopers); the present and former employees, members, partners (including, without limitation, Richard P. Scalzo), principals, officers and directors, attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors, insurers, and agents of each of them; the predecessors, estates, heirs, executors, trusts, trustees, administrators, successors and assigns of each of them, and any Person which is or was related to or affiliated with any of the foregoing or in which any of them has or had a Controlling Interest, *provided however*, that the PwC Releasees do not include any or all of the Non-Settling Defendants.

41. "PwC Settlement Effective Date" means, with respect to PwC, the day on which all of the following conditions shall have occurred:

- a. payment of PwC's portion of the Cash Settlement Amount;

b. entry of the Final Judgment, except that in the event the Settlement is terminated with respect to the Tyco Settling Defendants, the Final Judgment shall not release or dismiss the Tyco Settling Defendants' Releasees;

c. dismissal with prejudice of the PwC Related Actions as against PwC; and

d. the expiration of the time for appeal from the Final Judgment or the orders or judgments dismissing the PwC Related Actions as against PwC, or, if any such appeal is taken, after final affirmance of the Final Judgment or judgment in the PwC Related Actions, and expiration of the time for further review, appeal or petition for rehearing, of any such appeal by the highest court before which appellate review is or could be sought as against PwC. For purposes of this Settlement Agreement, "appeal" includes a petition for writ of certiorari filed with the United States Supreme Court that seeks review of any order entered in connection with the Settlement, any further proceedings in the Supreme Court, and any valid procedure by which appellate review of the United States District Court for the District of New Hampshire entered in connection with this Settlement may be sought.

42. "Qualified Settlement Fund" means a fund within the meaning of Treasury Regulations § 1.468B-1.

43. "Related Actions" means the Tyco Related Actions and the PwC Related Actions.

44. "Release" means the releases and waivers set forth in Section VI of this Settlement Agreement.

45. "Released Claims" means any and all Claims, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or

contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, including both known claims and Unknown Claims, (i) that have been asserted in the MDL Securities Action by Class Representatives or any or all Class Members against any of the Tyco Settling Defendants' Releasees or PwC Releasees; and (ii) that could have been asserted in the MDL Securities Action or in any other forum by Class Representatives or any or all Class Members against any of the Tyco Settling Defendants' Releasees or PwC Releasees which arise out of, relate to, or are based upon the subject matter, allegations, transactions, facts, matters, occurrences, representations or omissions involved, set forth, or referred to in the Complaint and which relate to the purchase, acquisition, sale or retention of Tyco Securities. "Released Claims" includes Claims that relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences or oral or written statements or representations in connection with, or directly or indirectly relating to, the prosecution, defense or settlement of the Actions, except claims to enforce the Settlement. "Released Claims" does not mean or include claims, if any, against the Tyco Settling Defendants' Releasees or PwC Releasees arising under the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.* ("ERISA") which are not common to all Class Members. Claims brought against the Settling Defendants, the Tyco Settling Defendants' Releasees and the PwC Releasees in any other actions filed prior to the Execution Date other than the Actions (as defined herein) are specifically carved out from the Settlement and shall not be released by this Settlement.

46. "Released PwC Claims" means all Claims of PwC against any or all Class Representatives, Co-Lead Counsel or any or all Class Members, including both known and Unknown Claims, that relate in any way to any or all acts, omissions, nondisclosures, facts,

matters, transactions, occurrences or oral or written statements or representations in connection with or directly or indirectly relating to the institution, prosecution, or settlement of the Actions, except claims to enforce the Settlement.

47. “Released Settling Defendants’ Claims” means Released PwC Claims and Released Tyco Settling Defendants’ Claims.

48. “Released Tyco Settling Defendants’ Claims” means all Claims of the Tyco Settling Defendants against any or all Class Representatives, Co-Lead Counsel or any or all Class Members, including both known and Unknown Claims, that relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences or oral or written statements or representations in connection with or directly or indirectly relating to the institution, prosecution, or settlement of the Actions, except claims to enforce the Settlement.

49. “Releasee” means each and any of the Tyco Settling Defendants’ Releasees, the PwC Releasees and the Plaintiff-Related Releasees.

50. “Releasees” means, collectively, all of the Tyco Settling Defendants’ Releasees, the PwC Releasees and the Plaintiff-Related Releasees.

51. “Settlement Agreement” means this Stipulation of Settlement with Tyco International Ltd., Michael A. Ashcroft, Mark A. Belnick, and PricewaterhouseCoopers LLP and the exhibits hereto, including any subsequent amendments thereto and any exhibits to such amendments.

52. “Settlement Amount” means the Initial Payment and the Net Cash Settlement Amount.

53. “Summary Notice” means the summary notice of proposed Settlement and hearing for publication substantially in the form attached as Exhibit A-3.

54. "Swartz" means Defendant Mark H. Swartz. Swartz is a Non-Settling Defendant.

55. "Tax Expenses" means (i) all taxes on the income earned in the Cash Settlement Accounts, and (ii) expenses and costs incurred in connection with such taxation (including, without limitation, expenses of tax attorneys and accountants).

56. "Total Cash Settlement Amount" means the Initial Payment and Net Cash Settlement Amount, both inclusive of any interest earned thereon.

57. "Tyco" means Defendant Tyco International Ltd. and each and all of Tyco's and any or all of its respective predecessors, successors, affiliates (as defined in 17 C.F.R. Part 210.1-02.b), divisions, business units, subsidiaries and entities in which it has or had a Controlling Interest. As used herein, Tyco does not mean or include the Non-Settling Defendants. Tyco specifically includes Covidien Ltd. and Tyco Electronics Ltd. which were spun off from Tyco pursuant to a plan of separation approved by the Board of Directors of Tyco International Ltd. on January 13, 2006 ("Spun-Off Companies"). Each of the Spun-Off Companies shall be jointly and severally liable for each of Tyco's obligations and liabilities under this Settlement Agreement.

58. "Tyco Related Actions" means the following cases: Williams, et al. v. Tyco International, et al., 1:02-cv-00266-PB (D.N.H.); Brazen v. Tyco International, et al., 02-CH-11837 (Cook County, Ill.); Philip Cirella v. Tyco International, 1:03-cv-01348-PB (D.N.H.); Jim Myers v. Tyco International, CA 02-015009 AB (Palm Beach Co. Circuit Court, Fla.); Irving Goldfarb v. Tyco International, CA 02-015007 AB (Palm Beach Co. Circuit Court, Fla.); Ray Rappold v. Tyco International, CA 02-015008 AB (Palm Beach Co. Circuit Court, Fla.); H. George Mandel v. Tyco International, CA 03-000295 AB (Palm Beach Co. Circuit Court, Fla.);

Schuldt Ltd. Partnership v. Tyco International, CA 02-013887 AB (Palm Beach Co. Circuit Court, Fla.); Abowitz v. Tyco International; 02-CV-1033 (S.D.N.Y.); Ament v. Tyco International, 02-CV-3402 (S.D.N.Y.); Brody v. Tyco International, 02-CV-2190 (S.D.N.Y.); Carlin v. Tyco International, 02-CV-0878 (S.D.N.Y.); Casey v. Tyco International, 02-80164 (S.D. Fla.); Chambers v. Tyco International, 02-CV-2607 (S.D.N.Y.); Danforth v. Tyco International, 02-1365-B (S.D. Fla.); Engel v. Tyco International, 02-CV-1150 (S.D.N.Y.); Fagan v. Tyco International, 02-80118 (S.D. Fla.); Fink v. Tyco International, 02-CV-2260 (S.D.N.Y.); Fischbein v. Tyco International, 02-1364-B (S.D. Fla.); Garcia v. Tyco International, 02-CV-1464 (S.D.N.Y.); Goldstein v. Tyco International, 02-1034 (S.D.N.Y.); Hoyt v. Tyco International, 02-780152 (S.D. Fla.); Jaffee v. Tyco International, 02-21048 (S.D. Fla.); Kelley v. Tyco International, 02-80120 (S.D. Fla.); Leone v. Tyco International, 02-CV-2056 (S.D.N.Y.); Lock v. Tyco International, 02-CV-2080 (S.D.N.Y.); Meran v. Tyco International, 02-80189 (S.D. Fla.); Murphy v. Tyco International, 02-CV-2356 (S.D.N.Y.); Rappaport v. Tyco International, 02-CV-1393 (S.D.N.Y.); Smith v. Tyco International, 02-CV-1288 (S.D.N.Y.); and Sved v. Tyco International, 02-CV-1293 (S.D.N.Y.).

59. "Tyco Securities" means any securities (i) issued by Tyco, including, but not limited to, stock, bonds, notes or (ii) that trade in whole or in part based on the price or value of any security issued by Tyco, including, but not limited to, put and call options.

60. "Tyco Settlement Effective Date" means, with respect to Tyco, Ashcroft and Belnick, the day on which all of the following conditions shall have occurred:

(a) entry of the Final Judgment, except that in the event the Settlement is terminated with respect to PwC, the Final Judgment shall not release or dismiss the PwC Releasees;

(b) dismissal with prejudice of all Tyco Related Actions as against the Tyco Settling Defendants; and

(c) the expiration of the time for appeal from the Final Judgment or the orders or judgments dismissing the Tyco Related Actions as against the Tyco Settling Defendants, or, if any such appeal is taken, after final affirmance of the Final Judgment or judgment in the Tyco Related Actions, and expiration of the time for further review, appeal or petition for rehearing, of any such appeal by the highest court before which appellate review is or could be sought as against the Tyco Settling Defendants. For purposes of this Settlement Agreement, "appeal" includes a petition for writ of certiorari filed with the United States Supreme Court that seeks review of any order entered in connection with the Settlement, any further proceedings in the Supreme Court, and any valid procedure by which appellate review of the United States District Court for the District of New Hampshire entered in connection with this Settlement may be sought.

61. "Tyco Settling Defendants" means Tyco, Ashcroft and Belnick.

62. "Tyco Settling Defendants' Releasees" means Tyco, Ashcroft and Belnick, their respective present and former parents, subsidiaries, divisions and affiliates; the Spun-Off Companies; the present and former employees, members, partners, principals, officers and directors, attorneys, advisors, trustees, administrators, fiduciaries, consultants, representatives, accountants and auditors (except PwC), insurers, and agents of each of them; the predecessors, estates, heirs, executors, trusts, trustees, administrators, successors and assigns of each of them, and any Person which is or was related to or affiliated with any of the foregoing or in which any of them has or had a Controlling Interest, *provided however*, that the Tyco Settling Defendants' Releasees does not include any or all of the Non-Settling Defendants. The Tyco

Settling Defendants' Releasees specifically include Joshua M. Berman, Richard S. Bodman, John F. Fort, III, Stephen W. Foss, Richard Gilleland, Philip M. Hampton, Wendy E. Lane, James S. Pasman, Jr., W. Peter Slusser and Joseph F. Welch.

63. "Unknown Claims" means any and all Released Claims that any Class Member does not know or suspect to exist in his, her or its favor at any time on or before the date that such Class Member's release becomes effective, including any Released Claims for new or additional damages or injuries, and that, if known by him, her or it, might have affected his, her or its settlement with any of the Tyco Settling Defendants' Releasees or PwC Releasees or might have affected his, her or its decision not to request exclusion from the Settlement or not to object to this Settlement Agreement, including any Released Claims for new or additional damages or injuries, and any and all Released Settling Defendants' Claims that any Tyco Settling Defendants' Releasees or any PwC Releasees does not know or suspect to exist in his, her or its favor at any time on or before the date that such Tyco Settling Defendants' Releasees' or PwC Releasees' release becomes effective, including any Released Settling Defendants' Claims for new or additional damages or injuries, that, if known by him, her or it, might have affected his, her or its decision to enter this Settlement Agreement. The Class and every Class Member, and the Settling Defendants and every Tyco Settling Defendants' Releasee and PwC Releasee, relinquishes and waives, to the full extent permitted by law, including pursuant to §3268 of the California Civil Code (to the extent state law is applicable), the provisions, rights and benefits of §1542 of the California Civil Code which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
WHICH THE CREDITOR DOES NOT KNOW OR
SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE
TIME OF EXECUTING THE RELEASE WHICH, IF
KNOWN BY HIM OR HER MUST HAVE MATERIALLY**

AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Class Representatives and Settling Defendants shall expressly, and each of the Class Members and each of the Tyco Settling Defendants' Releasees and PwC Releasees shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. The Class Representatives and Class Members, and Settling Defendants and the Tyco Settling Defendants' Releasees and PwC Releasees, may hereafter discover facts in addition to or different from those that he, she, or it, or they now know or believe to exist or to be true with respect to the subject matter of the Released Claims or Released Settling Defendants' Claims, but the Class Representatives and Settling Defendants, shall have, and each Class Member and each of the Tyco Settling Defendants' Releasees and PwC Releasees, with respect to the Tyco Settling Defendants, upon the occurrence of the Tyco Settlement Effective Date and with respect to PwC, upon the occurrence of the PwC Settlement Effective Date, and by operation of the Final Judgment, shall be deemed to have, fully, finally, and forever settled and released any and all Released Claims and Released Settling Defendants' Claims, respectively, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Class Representatives and Settling Defendants acknowledge, and the Class Members and the Tyco Settling Defendants' Releasees

and the PwC Releasees shall be deemed by operation of the Final Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a material element of the Settlement Agreement of which this release of Unknown Claims is a part.

64. "Walsh" means Defendant Frank E. Walsh, Jr. Walsh is a Non-Settling Defendant.

II. TERMS AND CONDITIONS OF THE SETTLEMENT

A. Payments:

1. Initial Payment and Net Cash Settlement Amount

a. On or about May 30, 2007, Tyco paid its portion of the Initial Payment (Fifteen Million Dollars (\$15,000,000)) and the Net Cash Settlement Amount (Two Billion Nine Hundred Sixty Million Dollars (\$2,960,000,000)) into Cash Settlement Accounts designated by Co-Lead Counsel pursuant to the Escrow Agreements.

b. On or before July 20, 2007, PwC shall pay its portion of the Initial Payment (One Million One Hundred Thirty-Four Thousand, Four Hundred and Fifty-Three Dollars (\$1,134,453)) and the Net Cash Settlement Amount (Two Hundred Twenty Three Million Eight Hundred Sixty Five Thousand Five Hundred Forty Seven Dollars (\$223,865,547)) into the Cash Settlement Accounts designated by Co-Lead Counsel.

2. It is expressly understood that any payment contemplated by this Settlement Agreement paid by either Tyco or PwC into a Cash Settlement Account held at a particular financial institution may thereafter be transferred to one or more other financial institutions in accordance with the terms of the respective Escrow Agreements.

3. If the Class Representatives, on the one hand, or Tyco and PwC jointly on the other hand, exercise the option to Completely Terminate this Settlement Agreement, as such term is defined in accordance with Section X.B.1.a. hereof then (i) the Two Billion Nine

Hundred Seventy Five Million Dollars (\$2,975,000,000) paid by Tyco, less 92.96875%² of the Notice and Administrative Expenses paid or incurred prior to such Partial Termination, plus any accrued interest earned in any Cash Settlement Accounts funded by Tyco, less any Tax Expenses relating to such Cash Settlement Accounts funded by Tyco, shall be returned promptly to Tyco, and (ii) presuming that PwC has already paid its share of the Total Cash Settlement Amount, the Two Hundred Twenty Five Million Dollars (\$225,000,000) paid by PwC, less 7.03125%³ of the Notice and Administrative Expenses paid or incurred prior to such Partial Termination, plus any accrued interest earned in any Cash Settlement Accounts funded by PwC, less any Tax Expenses relating to such Cash Settlement Accounts funded by PwC, shall be returned promptly to PwC.

4. If Tyco exercises its option to Partially Terminate this Settlement Agreement (as such term is defined in accordance with Sections X.B.1. and X.B.2. hereof), the Two Billion Nine Hundred Seventy Five Million Dollars (\$2,975,000,000) paid by Tyco, less 92.96875% of the Notice and Administrative Expenses paid or incurred prior to such Partial Termination, plus any accrued interest earned in any Cash Settlement Accounts funded by Tyco, less any Tax Expenses related to such Cash Settlement Accounts funded by Tyco, shall be returned promptly to Tyco and the Tyco Settling Defendants shall be treated as Non-Settling Defendants for all purposes of this Settlement Agreement, the Tyco Settling Defendants' Releasees shall not receive the Release contemplated herein and the remainder of the Settlement Agreement shall survive and be operable with respect to the Class Representatives, the Class, PwC and the PwC Releasees.

² $\$2,975,000,000 / \$3,200,000,000 = 92.96875\%$

³ $\$225,000,000 / \$3,200,000,000 = 7.03125\%$

5. If, after PwC has paid its share of the Total Cash Settlement Amount, PwC exercises its option to Partially Terminate this Settlement Agreement (as such term is defined in accordance with Sections X.B.1. and X.B.2. hereof), the Two Hundred Twenty Five Million Dollars (\$225,000,000) paid by PwC, less 7.03125% of the Notice and Administrative Expenses, paid or incurred prior to such Partial Termination, plus any accrued interest earned in any Cash Settlement Accounts funded by PwC, less any Tax Expenses related to such Cash Settlement Accounts funded by PwC shall be returned promptly to PwC and PwC shall be treated as a Non-Settling Defendant for all purposes of this Settlement Agreement, the PwC Releasees shall not receive the Release contemplated herein and the remainder of the Settlement Agreement shall survive and be operable with respect to the Class Representatives, the Class, the Tyco Settling Defendants and the Tyco Settling Defendants' Releasees.

B. Qualified Settlement Fund

1. The parties hereto agree that the Cash Settlement Accounts are intended to be a single Qualified Settlement Fund within the meaning of Treasury Regulation §1.468B-1 and that the Administrator shall be the "administrator" of the Cash Settlement Accounts within the meaning of Treasury Regulation § 1.468B-2(k)(3), and shall be responsible for filing tax returns for the Cash Settlement Accounts and paying from the Cash Settlement Accounts any Taxes owed with respect to the Cash Settlement Accounts. The parties hereto agree that each of the Cash Settlement Accounts shall all be treated as a single Qualified Settlement Fund from the earliest date possible, and agree to any relation-back election required to treat any and all of the Cash Settlement Accounts as a Qualified Settlement Fund from the earliest date possible. Counsel for Tyco and Counsel for PwC agree to provide promptly to the Administrator the statement described in Treasury Regulation § 1.468B-3(e).

C. Distribution of the Net Cash Settlement Amount

1. In the event that neither Tyco nor PwC exercises its right of Partial Termination of this Settlement Agreement, the entire Distribution Amount shall be distributed pursuant to the Plan of Allocation, as described below, provided, however, that no amounts shall be distributed to the Class prior to the later of the Tyco Settlement Effective Date or the PwC Settlement Effective Date. In the event that either Tyco or PwC, but not both, exercises its right of Partial Termination of this Settlement Agreement, and funds are required to be returned to the Terminating Defendant under Section II.A.4. or II.A.5. above, then the Distribution Amount shall be the amounts remaining in the Cash Settlement Accounts after the payment of all Notice and Administrative Expenses, and the Tax Expenses and the Attorneys' Fees and Expense Award applicable to the surviving Settlement.

2. In the event that a Tyco Settlement Effective Date does not occur due to the failure of any of the Tyco Related Actions to be dismissed with prejudice as to the Tyco Settling Defendants, the Tyco Settling Defendants and the Class Representatives, on behalf of themselves and the Class, may return to the Court with a proposal if the distribution is being unduly delayed.

3. In the event that a PwC Settlement Effective Date does not occur due to the failure of any of the PwC Related Actions to be dismissed with prejudice as to PwC, PwC and the Class Representatives, on behalf of themselves and the Class, may return to the Court with a proposal if the distribution is being unduly delayed.

4. No Person shall have any claim against Class Representatives, Co-Lead Counsel, the Administrator or any of their agents, or against the Settling Defendants, the Tyco Settling Defendants' Releasees, the PwC Releasees and/or their respective counsel, with respect to

or arising out of any distributions or lack thereof made under the Plan of Allocation, this Settlement Agreement or orders of the Court.

5. It is understood and agreed to by the Settling Parties that, notwithstanding any other provision of this Settlement Agreement, the proposed Plan of Allocation is not a part of this Settlement Agreement, no order or proceedings relating to the Plan of Allocation shall operate to modify, terminate or cancel this Settlement Agreement or affect the finality of the Final Judgment and in the event of either Complete Termination or Partial Termination of this Settlement, the Class Representatives shall not be bound by the Estimated Inflation Amounts used in connection with the Plan of Allocation.

6. The Settling Defendants and/or their respective counsel shall have no role in, responsibility for, or liability with respect to the Plan of Allocation, the form, substance, method or manner of allocation, administration, or distribution of the Distribution Amount, any tax liability that a Class Member may incur as a result of this Settlement Agreement or as a result of any action taken pursuant to this Settlement Agreement, the administration or processing of claims, including, without limitation, determinations as to the validity of any Proof of Claim, the amounts of claims or distribution of the Distribution Amount, or the maintenance of the Cash Settlement Accounts as a Qualified Settlement Fund.

7. In the event that neither Tyco nor PwC exercises its right of Partial Termination of this Settlement Agreement, Class Members shall look solely to the Distribution Amount for settlement and satisfaction of all Released Claims. Except as expressly provided by this Settlement Agreement, the Plan of Allocation, or an order of the Court, no Class Member shall have any interest in the Cash Settlement Accounts.

8. To the extent that any monies remain in the Net 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 Net 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 Net Cash Settlement Accounts for such re-distribution. If six months after such re-distribution, funds shall remain in the Net 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 Net Cash Settlement Accounts for such re-distribution. The redistributions shall continue until such a small amount, in Co-Lead Counsel's discretion, remains in the Net Cash Settlement Account such that redistribution would be too costly to execute, after which such balance shall be contributed to a 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.

D. Plan of Allocation

1. Class Representatives shall propose in the Notice a Plan of Allocation pursuant to which the Distribution Amount shall be distributed to Authorized Claimants, and shall seek approval of the Court for such Plan of Allocation at the Fairness Hearing. Approval of the proposed Plan of Allocation set forth in the Notice is not a condition to either the Tyco Settlement Effective Date or the PwC Settlement Effective Date.

2. All cash distributions to Authorized Claimants shall be from the Distribution Amount pursuant to an approved Plan of Allocation.
3. To receive a cash distribution from the Distribution Amount, a Class Member must be an Authorized Claimant.
4. Each Class Member who wishes to receive a distribution from the Distribution Amount must complete and submit a Proof of Claim (i) by first-class mail, such that it is postmarked no later than the date set forth in the Notice, or (ii) so that it is actually received at the address on the Proof of Claim form by the date stated in the Notice, unless that date is extended by order of the Court. The address to which the Proof of Claim must be mailed shall be stated in the Proof of Claim form itself and shall also be printed in the Notice.
5. Co-Lead Counsel shall have the right, but not the obligation, to advise the Administrator to waive what Co-Lead Counsel deem to be *de minimis* or formal or technical defects in any Proofs of Claim submitted. All Proof of Claim forms must be supported by such documents and other information as called for in the Proof of Claim, unless this requirement is waived as to specific Proof of Claims by the Claims Administrator in consultation with Co-Lead Counsel.
6. The Proof of Claim shall be substantially in the form of [Exhibit 2 to Exhibit A] hereto and shall include an individual release in favor of the Settling Defendants which must be executed by all Authorized Claimants who purchased One Thousand shares (1,000) or more shares of Tyco common stock during the Class Period in order to receive a distribution in accordance with the Plan of Allocation. Any Class Member who fails to execute the individual release referred to herein shall nevertheless be bound by the Release.

7. The validity of each Proof of Claim filed will be initially determined by the Administrator in accordance with the Plan of Allocation approved by the Court. The Administrator shall promptly advise the claimant in writing if it determines to reject the claim. Neither Co-Lead Counsel, nor its designees or agents, Class Representatives, the Settling Defendants, and/or their respective counsel shall have any liability arising out of such determination. If any claimant whose claim has been rejected in whole or in part desires to contest such rejection, the claimant must, within twenty (20) days after the date of the Administrator's mailing of the writing rejecting the claimant's claim, serve upon the Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Co-Lead Counsel shall thereafter present the request for review to the Court for summary resolution, without any right of appeal or review. Any such claimant shall be responsible for his, her or its own costs, including, without limitation, attorneys' fees, incurred in pursuing any dispute.

8. All initial determinations as to the validity of a Proof of Claim, the amount of any claims and the calculation of the extent to which each Authorized Claimant will participate in the Distribution Amount, the preparation and mailing of distributions to Authorized Claimants, and the distribution of the Distribution Amount shall be made by the Administrator. The administration of the Distribution Amount, and decisions on all disputed questions of law and fact with respect to the validity of any Proof of Claim or regarding the rejection or amount of any claim, shall remain under the jurisdiction of the Court. All Class Members and Settling Parties expressly waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.