



**U.S. Department of Justice**

Criminal Division

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September 20, 2012

Martin J. Weinstein  
Willkie Farr & Gallagher LLP  
1875 K Street, N.W.  
Washington, D.C. 20006

Re: Tyco International, Ltd.

Dear Mr. Weinstein:

On the understandings specified below, the United States Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Eastern District of Virginia (the "Department") will not criminally prosecute Tyco International, Ltd. (the "Company" or "TIL") or any of its present or former parents, subsidiaries, or affiliates for any crimes (except for criminal tax violations, as to which the Department does not make any agreement) related to violations of the books and records provisions of the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78m, arising from and related to the knowing and willful falsification of books, records, and accounts by a number of the Company's subsidiaries and affiliates, as described in Attachment A attached hereto, which is incorporated herein by reference, and any other conduct relating to false books and records and corrupt payments disclosed by the Company to the Department prior to the date on which this Agreement was signed. The Department enters into this Non-Prosecution Agreement based, in part, on the following factors: (a) the Company's timely, voluntary, and complete disclosure of the conduct; (b) the Company's global internal investigation concerning bribery and related misconduct; (c) the Company's extensive remediation, including the implementation of an enhanced compliance program, the termination of employees responsible for the improper payments and falsification of books and records, severing contracts with the responsible third-party agents, the closing of subsidiaries due to compliance failures, and the agreement to undertake further enhancements as described in Attachment B (Corporate Compliance Program); and (d) the Company's agreement to provide annual, written reports to the Department on its progress and experience in monitoring and enhancing its compliance policies and procedures, as described in Attachment C (Corporate Compliance Reporting).

It is understood that the Company admits, accepts, and acknowledges responsibility for the conduct set forth in Attachment A and agrees not to make any public statement contradicting Attachment A.

This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to the Company or any of its present or former

parents, subsidiaries, or affiliates as of the date of this agreement and not to any other entities or to any individuals. The Company expressly understands that the protections provided under this Agreement shall not apply to any acquirer or successor entity unless and until such acquirer or successor formally adopts and executes this Agreement.

This Agreement shall have a term of three (3) years from the date that this Agreement is executed, except as specifically provided in the following paragraph. It is understood that for the three-year term of this Agreement, the Company shall: (a) commit no felony under U.S. federal law; (b) truthfully and completely disclose non-privileged information with respect to the activities of the Company, its officers, directors, employees, and others concerning all matters related to corrupt payments or related false books and records about which the Department inquires of it, which information can be used for any purpose, except as otherwise limited in this Agreement; and (c) bring to the Department's attention all conduct by, or criminal investigations of, the Company, any of its employees, or its subsidiaries relating to any felony under U.S. federal law that come to the attention of the Company's senior management, as well as any administrative proceeding or civil action brought by any governmental authority that alleges fraud or corruption by or against the Company.

Until the date upon which all investigations and any prosecution arising out of the conduct described in this Agreement are concluded, whether or not they are concluded within the term of this Agreement, the Company shall, subject to applicable laws or regulations: (a) cooperate fully with the Department, the Federal Bureau of Investigation, and any other law enforcement agency designated by the Department regarding matters arising out of the conduct covered by this Agreement; (b) assist the Department in any investigation or prosecution arising out of the conduct covered by this Agreement by providing logistical and technical support for any meeting, interview, grand jury proceeding, or any trial or other court proceeding; (c) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, director, agent, or employee of the Company at any meeting or interview or before the grand jury or at any trial or other court proceeding regarding matters arising out of the conduct covered by this Agreement; and (d) provide the Department, upon request, all non-privileged information, documents, records, or other tangible evidence regarding matters arising out of the conduct covered by this Agreement about which the Department or any designated law enforcement agency inquires.

It is understood that the Company has agreed to pay a monetary penalty of \$13,680,000. The Company agrees to pay this sum to the United States Treasury within ten (10) days of the sentencing of TIL's wholly owned subsidiary, Tyco Valves & Controls Middle East, Inc. ("TVC ME"), in connection with its guilty plea and plea agreement entered into simultaneously herewith. The parties agree that any criminal penalties that might be imposed by the Court on TVC ME in connection with its guilty plea and plea agreement entered into simultaneously herewith will be deducted from the \$13,680,000 penalty agreed to under this Agreement. The parties have agreed to recommend to the Court that the criminal penalty imposed on TVC ME be \$2,100,000. The Company acknowledges that no tax deduction may be sought in connection with this payment.

It is understood that TIL intends to separate into three companies consisting of the following business units: (1) TIL's ADT North America residential security business, (2) TIL's Flow Control business (the "Flow Control Entity"), and (3) TIL's Commercial Fire and Security business (TIL's successor entity). On March 28, 2012, TIL announced that it has entered into a definitive agreement to combine the Flow Control Entity with Pentair, Inc. This separation or "spin-off" and this merger are both anticipated to take place sequentially on September 28, 2012. TIL agrees that if this separation and merger occur during the term of this Agreement, TIL shall, for any business entities, operations, or units involved in the conduct reflected in this Agreement and included in the spin-off and merger, include provisions in any separation agreement binding the relevant and culpable entities to the obligations described in this Agreement, except for the reporting requirements in Attachment C. Additionally, following such separation, TIL shall no longer be responsible for ensuring compliance by any separated entities, operations, or units with the obligations described in this Agreement.

It is understood that the Company will strengthen its compliance, bookkeeping, and internal control standards and procedures, as set forth in Attachment B. It is further understood that the Company will report to the Department periodically regarding remediation and implementation of the compliance program and internal controls, policies, and procedures, as described in Attachment C.

It is understood that, if the Department in its sole discretion determines that the Company has committed any felony under U.S. federal law after signing this Agreement, that the Company has deliberately given false, incomplete, or misleading testimony or information at any time in connection with this Agreement, or that the Company otherwise has violated any provision of this Agreement, the Company shall thereafter be subject to prosecution for any violation of federal law which the Department has knowledge, including perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date that this Agreement is executed may be commenced against the Company, notwithstanding the expiration of the statute of limitations during the term of this Agreement plus one year. Thus, by signing this agreement, the Company agrees that the statute of limitations with respect to any prosecution that is not time-barred as of the date this Agreement is executed shall be tolled for the term of this Agreement plus one year.

It is understood that, if the Department in its sole discretion determines that the Company has committed any felony under U.S. federal law after signing this Agreement, that the Company has given false, incomplete, or misleading testimony or information in connection with this Agreement, or that the Company otherwise has violated any provision of this Agreement: (a) all statements made by the Company to the Department or other designated law enforcement agents, including Attachment A hereto, and any testimony given by the Company before a grand jury or other tribunal, whether before or after the execution of this Agreement, and any leads from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against the Company; and (b) the Company shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom are inadmissible or should be suppressed. By signing this Agreement, the Company waives all rights in the foregoing respects.

In the event that the Department determines that the Company has breached this Agreement, the Department agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. The Company shall, within thirty (30) days of receipt of such notice, have the opportunity to respond to the Department in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Department shall consider in determining whether to institute a prosecution.

It is further understood that this Agreement does not bind any federal, state, local, or foreign prosecuting authority other than the Department. The Department will, however, bring the cooperation of the Company to the attention of other prosecuting and investigative offices, if requested by the Company.

It is further understood that the Company and the Department may disclose this Agreement to the public.

In the event that TVC ME does not complete its guilty plea allocution on or before September 27th, this Agreement and the TVC ME Plea Agreement are null and void.

With respect to this matter, from the date of execution of this Agreement forward, this Agreement supersedes all prior, if any, understandings, promises and/or conditions between the Department and the Company. No additional promises, agreements, or conditions have been entered into other than those set forth in this Agreement and none will be entered into unless in writing and signed by all parties.

Sincerely,

Neil H. McBride  
United States Attorney

Denis J. McInerney  
Chief, Fraud Section  
Criminal Division  
Department of Justice

By: \_\_\_\_\_  
CHARLES F. CONNOLLY  
Assistant Attorney U.S. Attorney

By: \_\_\_\_\_  
KATHLEEN M HAMANN  
Trial Attorney, Fraud Section

By: \_\_\_\_\_  
DANIEL S. KAHN  
Trial Attorney, Fraud Section

AGREED AND CONSENTED TO:

Tyco International, Ltd.

Date: \_\_\_\_\_

BY: \_\_\_\_\_  
Judith A. Reinsdorf  
General Counsel  
Tyco International, Ltd.

Date: 7/20/12

BY:   
MARTIN J. WEINSTEIN  
Willkie Farr & Gallagher LLP

Neil H. McBride  
United States Attorney

Sincerely,

Denis J. McNerney  
Chief, Fraud Section  
Criminal Division  
Department of Justice

By:   
CHARLES F. CONNOLLY  
Assistant Attorney U.S. Attorney

By:   
KATHLEEN M HAMANN  
Trial Attorney, Fraud Section

By:   
DANIEL S. KAHN  
Trial Attorney, Fraud Section

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Date: 7/20/12

BY:   
MARTIN J. WEINSTEIN  
Willkie Farr & Gallagher LLP

## ATTACHMENT A

### STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the non-prosecution agreement, dated September 19, 2012, between the United States Department of Justice, Criminal Division, Fraud Section, the U.S. Attorney's Office for the Eastern District of Virginia (the "Department") and Tyco International, Ltd. ("TIL" or the "Company"). The Department and the Company agree that the following facts are true and correct:

#### *Relevant Entities and Individuals*

1. TIL was incorporated in Switzerland in March 2009 and had its principal place of business in Switzerland. Prior to March 2009, TIL was incorporated in Bermuda. TIL issued and maintained a class of publicly traded securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 781), which traded on the New York Stock Exchange and, therefore, was an "issuer" within the meaning of the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. § 78dd-1(a). Prior to July 2007, TIL consisted of four business segments: (1) Tyco Healthcare; (2) Tyco Electronics; (3) Tyco Fire & Security; and (4) Tyco Engineered Products & Services.<sup>1</sup> In June 2007, two business segments, Tyco Healthcare and Tyco Electronics, were separated from TIL.<sup>2</sup> TIL currently consists of the following three business segments: (1) Security Solutions, (2) Flow Control, and (3) Fire Protection. TIL disclosed financial information, including financial information related to the entities identified in this agreement, to the public through various means, including through the electronic filing of periodic and annual reports on SEC Forms with the SEC. TIL electronically transmitted its

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<sup>1</sup> Prior to February 2006, TIL also had a business segment named Tyco Plastics and Adhesives. This entity was divested and was not implicated in any misconduct related to this matter.

<sup>2</sup> Tyco Healthcare was subsequently renamed Covidien plc ("Covidien") and Tyco Electronics Ltd. ("TEL") was subsequently renamed TE Connectivity.

filings to the SEC's Electronic Data Gathering, Analysis and Retrieval System ("EDGAR") at the Management Office of Information and Technology in Alexandria, Virginia within the Eastern District of Virginia.

2. Tyco Valves & Controls Middle East, Inc. ("TVC ME") was headquartered in Dubai, incorporated in Delaware, and, thus, was a "domestic concern," as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1)(B). TVC ME was an indirect, wholly-owned subsidiary of TIL. TVC ME sold and marketed valves and actuators throughout the Middle East for the oil, gas, petrochemical, commercial construction, water treatment, and desalination industries.

3. M/A-COM Inc. ("M/A-COM") was headquartered in Lowell, Massachusetts, incorporated in Florida, and, thus, was a "domestic concern," as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1)(B). M/A-COM was an indirect, wholly owned subsidiary of TIL. M/A-COM was organized within the Electronics segment of TIL until the split of TIL and TEL in or about June 2007, at which point M/A-COM became a unit of TEL. The SigInt division of M/A-COM provided radio frequency microwave receivers and related equipment and support to military organizations, intelligence agencies, and prime government contractors. SigInt was headquartered in Maryland. In or around 2008, TEL divested all of the assets of M/A-COM, including the SigInt business.

4. Earth Tech (Thailand) Ltd. ("ET Thailand") was a Thai corporation that was approximately 49 percent indirectly owned by TIL and headquartered in Bangkok. In or about 2002, Earth Tech, Inc., a wholly owned subsidiary of TIL, acquired Aquathai Company Ltd., an industrial and municipal water and wastewater treatment system contractor based in Bangkok, that formed the basis of ET Thailand's business. ET Thailand worked on a number of projects in



Thailand, including on the New Bangkok International Airport project (the “NBIA project”).

Tyco discontinued operations at ET Thailand in or about 2009.

5. Tyco Thermal Controls (Huzhou) Co., Ltd. (“TTC Huzhou”) and Tyco Thermal Controls (Shanghai) Co., Ltd. (“TTC Shanghai”) were indirect, wholly owned subsidiaries of TIL incorporated in China. TTC Huzhou was formed in or about October 2003, when Tyco acquired a company that manufactured electrical cables. Since TTC Huzhou did not have its own sales or marketing staff, TTC Shanghai was largely responsible for sales of TTC Huzhou’s products.

6. Tyco Flow Control Trading (Shanghai) Ltd. (“TFCT Shanghai”) was an indirect, wholly owned subsidiary of TIL incorporated in China. TFCT Shanghai reported into Tyco Fire & Building Products Asia Pte. Ltd. (“TFBP Asia”). TFBP Asia sold and marketed fire protection, mechanical, and metal framing products.

7. Tyco Waterworks Deutschland GmbH (“TWW Germany”) was an indirect, wholly owned subsidiary of TIL incorporated in Germany. Erhard Armaturen (“Erhard”) was a direct subsidiary of TWW Germany. Erhard, which was located in Heidenheim, Germany, manufactured, marketed, and sold industrial valves for the water, gas, sewage, chemical, and processing industries. Erhard products were sold worldwide through a network of sales representatives. Customers included government entities, such as municipal waterworks and private contractors. Tyco sold TWW Germany in or about 2010.

8. Tyco Flow Control Hong Kong Limited (“TFC HK”) and Beijing Valve Co. Ltd. (“Keystone”) were indirect, wholly owned subsidiaries of TIL incorporated under the laws of Hong Kong and China, respectively. TFC HK and Keystone sold valves and controls products to

commercial and government customers through direct sales and local distributors, including to China Petrochemical International Co. Ltd. (“Sinopec”).

9. Tatra Armatúra s.r.o. (“Tatra”) was a Slovakian joint venture that was approximately 90 percent indirectly owned by TIL and was headquartered in Bratislava. Tatra, a company within the Waterworks division of Tyco Flow Control, sold and distributed pipes, fittings, and valves for the water and sewage industry in Slovakia. TIL divested its interest in Tatra in or about 2010.

10. Tyco Eurapipe Indonesia Pt. (“Eurapipe”) was an indirect, wholly owned subsidiary of TIL incorporated in Indonesia. Eurapipe manufactured and distributed piping systems for the water, mining, and building industries, including in connection with a government water project in Banjarmasin, Indonesia (the “Banjarmasin Project”).

11. Tyco Fire & Integrated Solutions France (“TFIS France”) was an indirect, wholly owned subsidiary of TIL incorporated in France. Isogard was a branch of TFIS France that was acquired in or about 2002. TFIS France sold fire extinguishing and detection products to residential customers and commercial businesses.

12. ADT Sensormatic Thailand Ltd. (“ADT Thailand”) was an indirect, wholly owned subsidiary of TIL incorporated in Thailand. ADT Thailand designed, installed, and serviced mechanical, electrical, fire protection, security and traffic systems in Southeast Asia.

13. Tyco Healthcare International Trading (Shanghai) Co., Ltd. (“THC China”) was an indirect, wholly owned subsidiary of TIL incorporated in China. THC China was organized within the Healthcare segment of TIL until the split of TIL and Covidien in or about June 2007 when THC China became a unit of Covidien.

14. Tyco Healthcare Saudi Arabia (“THC Saudi Arabia”) was an operational entity within Tyco Healthcare AG, an indirect, wholly owned subsidiary of TIL incorporated in Switzerland. THC Saudi Arabia was organized within the Healthcare segment of TIL until the split of TIL and Covidien in or about June 2007 when THC Saudi Arabia became a unit of Covidien.

15. Tyco Electronics Dulmison (Thailand) Co., Ltd. (“TE Dulmison Thailand”) was a Thai corporation that was approximately 66.26 percent indirectly owned by TIL. PT Dulmison Indonesia was an Indonesian corporation that was approximately 99.99 percent indirectly owned by TIL. TE Dulmison Thailand and PT Dulmison Indonesia were organized within the Electronics segment of TIL until the split of TIL and TEL in or about June 2007, when they became units of TEL. Dulmison was also a product line which included pole line hardware and other products primarily used by public utilities, specifically for electrical transmission. One of PT Dulmison Indonesia’s customers was the state-owned electricity company in Indonesia, Perusahaan Listrik Negara (“PLN”). In or about 2009, TEL divested the Dulmison entities and product line (collectively, the “Dulmison Businesses”), including TE Dulmison Thailand and PT Dulmison Indonesia.

16. The conduct described below involving TVC ME, TTC Huzhou, TTC Shanghai, TWW Germany, TVC India, TFC HK, Keystone, TFC Singapore, TVC Malaysia, TVC Thailand, Tatra, and Eurapipe was related to TIL’s Flow Control business. All other conduct described below was related to other current or former TIL business segments.

#### ***Details of the Illegal Conduct***

17. From in or around 1999, and continuing through in or around 2009, certain TIL subsidiaries falsified books, records, and accounts in connection with transactions involving

customers of TIL's subsidiaries, including government customers, in order to secure business in various countries, including China, India, Thailand, Laos, Indonesia, Bosnia, Croatia, Serbia, Slovenia, Slovakia, Iran, Saudi Arabia, Libya, Syria, the United Arab Emirates, Mauritania, Congo, Niger, Madagascar, and Turkey.

18. During that time period, certain TIL subsidiaries made payments, both directly and indirectly, to government officials and falsely described the payments to government officials in TIL's corporate books, records, and accounts as legitimate charges, including as "consulting fees," "commissions," "unanticipated costs for equipment," "technical consultation and marketing promotion expenses," "conveyance expenses," "cost of goods sold," "promotional expenses," and "sales development" expenses.

19. As early as 2004, TIL alerted the Securities and Exchange Commission to payments at certain of TIL's subsidiaries that could violate the FCPA. In 2006, TIL acknowledged that, "[p]rior to 2003, [TIL] did not have a uniform, company-wide FCPA compliance program in place or a system of internal controls sufficient to detect and prevent FCPA misconduct at its globally dispersed business units" and that "[e]mployees at [two TIL subsidiaries in Brazil and South Korea] did not receive adequate instruction regarding compliance with the FCPA, despite [TIL's] knowledge and awareness that illicit payments to government officials were a common practice in the Brazilian and South Korean construction and contracting industries." However, despite TIL knowing of a high probability of the existence of improper payments and false books, records, and accounts, the improper payments and falsification of books, records, and accounts continued until 2009.

TVC ME

20. From in or about 2003 to in or about 2006, TVC ME made direct and indirect cash payments in the amount of approximately \$488,479 to employees of end-customers in Saudi Arabia, the United Arab Emirates, and Iran. The payments included payments to employees of Saudi Aramco, a Saudi Arabian government-owned oil and gas company.

21. TVC ME's local sponsor, a company in Saudi Arabia that acted as TVC ME's distributor and office in Saudi Arabia, created false documentation, including fictitious invoices for consultancy costs, bills for fictitious commissions, and bills for "unanticipated costs for equipment," to support the improper payments, and TVC ME inaccurately reported these payments in its books and records, including as consultancy costs, commissions, and equipment costs.

22. In connection with these improper transactions, TVC ME earned approximately \$1,153,500 in gross profit.

ET Thailand

23. Between in or about June 2004 and in or about October 2005, ET Thailand made payments in the amount of approximately \$292,286 to its consultant and recorded those amounts as fictitious disbursements related to the NBIA project.

24. In connection with these improper transactions, ET Thailand earned approximately \$879,258 in gross profit.

TTC Huzhou and TTC Shanghai

25. From in or about October 2003 through in or about April 2005, TTC Huzhou authorized approximately 112 payments in the amount of approximately \$196,267 to designers

at design institutes owned or controlled by the Chinese government, and falsely described the payments in company books, records, and accounts as “technical consultation” or “marketing promotion” expenses.

26. In or about June 2005, in connection with a contract with China’s Ministry of Public Security, TTC Huzhou paid a commission to one of its sales agents that was used, in part, to pay the “site project team” of a state-owned corporation, and that was improperly recorded in the company’s books and records.

27. In connection with these improper transactions, TTC Huzhou earned approximately \$3,470,180 in gross profit.

*TFCT Shanghai*

28. TFCT Shanghai made approximately eleven payments in the amount of approximately \$24,000 to employees of design institutes, engineering companies, subcontractors and distributors which were inaccurately described in its books and records.

29. In connection with these improper transactions, TFCT Shanghai earned approximately \$59,412 in gross profit.

*TWW Germany and Erhard*

30. From in or about October 2004 to in or about 2009, Erhard made payments in the amount of approximately \$2,371,094 to at least thirteen of its sales agents in China, Croatia, India, Libya, Saudi Arabia, Serbia, Syria, and the United Arab Emirates for the purpose of making payments to employees of government customers, and improperly booked the payments as “commissions.”

31. In connection with these improper transactions, TWW Germany earned approximately \$4,684,966 in gross profit.

TFC HK and Keystone

32. From in or about 2005 to in or about 2006, TFC HK and Keystone made payments in the amount of approximately \$137,000 to agencies owned by approximately eight Keystone sales employees, who in turn gave cash or gifts to employees of design institutes or commercial customers, and then improperly recorded those payments.

33. From in or about May 2005 to in or about August 2006, Keystone made payments to one of its sales agents in connection with sales to Sinopec, for which no legitimate services were actually provided, and then improperly recorded the payments as “commissions.”

34. In connection with these improper transactions, Keystone earned approximately \$378,088 in gross profit.

Tatra

35. From in or about December 2004 to in or about January 2006, Tatra made payments in the amount of approximately \$96,000 to one of its sales agents in exchange for the sales agent’s attempts to have Tatra products included in the specifications for tenders to a government customer, while at the same time the sales agent was getting paid by the government customer to draw up the technical specifications for the tenders. Tatra improperly recorded the payments to the sales agent as “commissions” in Tatra’s books and records.

36. In connection with these improper transactions, Tatra earned approximately \$226,863 in gross profit.

Eurapipe

37. From in or about 2003 to in or about 2005, Eurapipe made approximately eleven payments in the amount of approximately \$358,000 to a former employee of a Banjarmasin

provincial level public water company (“PDAM”) and two payments to the project manager for PDAM Banjarmasin in connection with the Banjarmasin Project.

38. During the same time period, Eurapipe made payments in the amount of approximately \$23,000 to sales agents who then passed some or all of the payments on to employees of government entities in connection with projects other than the Banjarmasin Project.

39. Eurapipe improperly recorded the payments as “commissions payable” in Eurapipe’s books and records.

40. In connection with these improper transactions, Eurapipe earned approximately \$1,298,453 in gross profit.

TFIS France

41. From in or about 2002 to in or about 2007, Isogard made payments to a security officer employed by a government-owned mining company in Mauritania involved in the technical aspects of sales projects for the purpose of introducing Isogard to local buyers in Africa.

42. Isogard made the payments to the security officer’s personal bank account in France without any written contract or invoice and improperly recorded the payments in Isogard’s books and records.

43. Isogard paid sham “commissions” to approximately twelve other intermediaries in Mauritania, the Democratic Republic of Congo, Niger, and Madagascar, half of which were to employees, or family members of employees, of Isogard customers.

44. In total, TFIS France made payments in the amount of approximately \$363,839 since 2005.



45. In connection with these improper transactions, Isogard earned approximately \$1,256,389 in gross profit.

ADT Thailand

46. From in or about 2000 to in or about 2006, ADT Thailand recorded payments in the amount of approximately \$78,000 to one of its subcontractors as payments for site surveys for a government traffic project in Laos, but the payments instead were channeled to other recipients in connection with ADT Thailand's business in Laos.

47. During that same time period, ADT Thailand made payments to one of its consultants related to a contract for the installation of a CCTV system in the Thai Parliament House, and ADT Thailand and the consultant created invoices that stated that the payments were for "renovation work" when no renovation work was actually performed.

48. During the same time period, ADT Thailand made three payments in connection with a design and traffic survey that ADT Thailand provided for the city of Pattaya, in Southern Thailand, but the payments were issued pursuant to falsified invoices without any evidence that work was ever performed.

49. In connection with these improper transactions, ADT Thailand earned approximately \$473,262 in gross profit.

THC China

50. From in or around 2001 to in or around 2002, THC China gave publicly-employed healthcare professionals ("HCPs") approximately \$250,000 in meals, entertainment, domestic travel, gifts, and sponsorships.

51. From in or about September 2004 to in or about January 2007, employees at THC China submitted expense claims related to entertaining public healthcare professionals HCPs that

were supported by fictitious receipts, including references to a non-existent company, in order to circumvent TIL's internal guidelines.

52. In connection with medical conferences involving public healthcare professionals, THC China employees submitted false itineraries and other documentation that did not properly identify trip expenses in order to circumvent internal controls and policies.

53. Approximately \$353,800 in expenses was improperly recorded as a result of the false documentation relating to these improper expenditures.

THC Saudi Arabia

54. From in or about December 2004 through in or about June 2006, Saudi Distributor maintained a "control account" from which a number of payments were made at THC Saudi Arabia's direction to Saudi hospitals and doctors, some of whom were publicly employed HCPs.

55. Several expenses from the control account were booked improperly as "promotional expenses" and "sales development" expenses.

56. In connection with these improper transactions, THC Saudi earned approximately \$1,900,600 in gross profit.

M/A-COM

57. Between in or about 2001 and in or about 2006, SigInt products were sold through a sales representative to government entities in Turkey. The sales representative sold the SigInt equipment in Turkey at an approximately twelve to forty percent mark-up over the price at which he purchased the equipment from M/A-COM and also received a commission on one of the sales. The sales representative transferred part of his commission and part of his mark-up to a government official in Turkey to obtain orders.

58. In connection with these improper transactions, M/A-COM earned approximately \$71,770 in gross profit.

*Dulmison Businesses*

59. Between in or about October 2001 and in or about August 2005, TE Dulmison Thailand made nine payments in the amount of approximately \$68,426, either directly or through intermediaries, to employees of a public utility owned by the government of Vietnam and recorded these payments in the books and records of the relevant subsidiaries as “cost of goods sold.”

60. From in or about 2002 through in or about 2005, PT Dulmison Indonesia made payments to third parties, a portion of which went to employees of PLN, including approximately seven payments to one of PT Dulmison’s sales agents, who in turn passed money on to the PLN employees. PT Dulmison Indonesia improperly recorded the payments in PT Dulmison Indonesia’s books, records, and accounts.

61. In addition, PT Dulmison Indonesia improperly recorded travel expenses in company books and records, including payments for non-business entertainment in connection with visits by PLN employees to TE Dulmison Thailand’s factory and paid hotel costs incurred as part of a social trip to Paris for PLN employees following a factory visit to Germany, as “cost of goods sold” in PT Dulmison Indonesia’s and TE Dulmison Thailand’s records.

62. In connection with these improper transactions, PT Dulmison Indonesia and TE Dulmison Thailand earned approximately \$109,249 in gross profit.

## ATTACHMENT B

### CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance program, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, Tyco International, Ltd. (the “Company”) agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, the Company agrees to adopt new or to modify existing internal controls, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that the Company makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program, policies, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Company’s existing internal controls, compliance program, policies, and procedures:

#### *High-Level Commitment*

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its code of conduct.

#### *Policies and Procedures*

2. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA and other applicable foreign law counterparts

(collectively, the “anti-corruption laws,”), which policy shall be memorialized in writing and referenced in the Company’s code of conduct.

3. The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Company’s code of conduct, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Company. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, “agents and business partners”). The Company shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the company. Such policies and procedures shall address:

- a. gifts;
- b. hospitality, entertainment, and expenses;
- c. customer travel;
- d. political contributions;
- e. charitable donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

4. The Company will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

a. transactions are executed in accordance with management's general or specific authorization;

b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;

c. access to assets is permitted only in accordance with management's general or specific authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

*Periodic Risk-Based Review*

5. The Company will develop these compliance policies and procedures on the basis of a risk assessment addressing the individual circumstances of the Company, in particular the foreign bribery risks facing the Company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the Company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. The Company shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

*Proper Oversight and Independence*

7. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's anti-corruption compliance program, policies, and procedures. Such corporate official(s) shall have direct reporting obligations to independent monitoring bodies, including internal audit, the Company's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

*Training and Guidance*

8. The Company will implement mechanisms designed to ensure that its anti-corruption policies and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) annual training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Company, and, where necessary and appropriate, agents and business partners; and (b) biannual certifications by all such directors, officers, and relevant employees certifying compliance with

training requirements and, where necessary and appropriate, similar certifications by its agents and business partners, certifying that they will comply with anti-corruption laws.

9. The Company will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Company's anti-corruption compliance program, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Company operates.

#### *Internal Reporting and Investigation*

10. The Company will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or the Company's anti-corruption policies and procedures.

11. The Company will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Company's anti-corruption policies and procedures.

#### *Enforcement and Discipline*

12. The Company will implement mechanisms designed to effectively enforce its policies and procedures, including appropriately incentivizing compliance and disciplining violations.

13. The Company will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Company's anti-corruption



compliance program, policies, and procedures by the Company's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Company shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance program, policies, and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

#### *Third-Party Relationships*

14. The Company will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

- a. properly documented risk-based due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;
- b. informing agents and business partners of the Company's commitment to abiding by anti-corruption laws, and of the Company's anti-corruption compliance program, policies, and procedures; and
- c. seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, the Company will include standard provisions in agreements, contracts, compliance certifications, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and

undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner related to their business with the Company to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws and regulations, or the representations and undertakings related to such matters.

#### *Mergers and Acquisitions*

16. The Company will develop and implement policies and procedures for mergers and acquisitions requiring that the Company conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel. If the Company discovers any corrupt payments or inadequate internal controls as part of its due diligence of newly acquired entities or entities merged with the Company, it shall report such conduct to the Department.

17. The Company will ensure that the Company's compliance program, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Company and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and the Company's compliance program, policies, and procedures regarding anti-corruption laws; and

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

*Monitoring and Testing*

18. The Company will conduct periodic reviews and testing of its anti-corruption compliance program, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Company's anti-corruption program, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

## ATTACHMENT C

### **REPORTING REQUIREMENTS**

Tyco International, Ltd. (the "Company") agrees that it will report to the Department periodically, at no less than twelve-month intervals during a three-year term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment B. Should the Company discover credible evidence that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any Company entity or person, or any entity or person working directly for the Company (including its affiliates and any agent), or that related false books and records have been maintained, the Company shall promptly report such conduct to the Department. During this three-year period, the Company shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two (2) follow-up reviews and reports, as described below:

a. By no later than one (1) year from the date this Agreement is executed, the Company shall submit to the Department a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the Company's internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Deputy Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Fourth Floor, Washington, DC 20530. The Company may extend the time period for issuance of the report with prior written approval of the Department.

b. The Company shall undertake at least two (2) follow-up reviews, incorporating the Department's views on the Company's prior reviews and reports, to further monitor and assess whether the Company's policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c. The first follow-up review and report shall be completed by no later than one (1) year after the initial review. The second follow-up review and report shall be completed by no later than one (1) year after the completion of the preceding follow-up review.

d. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation with the review and thus undermine the objectives of the reports. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Department determines in its sole discretion that disclosure would be in furtherance of the Department's discharge of its duties and responsibilities or is otherwise required by law.

e. The Company may extend the time period for submission of any of the follow-up reports with prior written approval of the Department.