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June 29, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – *Securities Act* ss. 48, 76 – Corp Acquisitions and Reorgs - Exemption from registration and prospectus requirements - Trades by an issuer to its shareholders in securities of another company that it owns (e.g. spin-off transactions) - The issuer will distribute the shares of the other company as a dividend to the issuer's shareholders; the other company is not a reporting issuer; the issuer has a *de minimis* connection to Canada; as a result of the transfer, the shareholders of the issuer will hold their interests in the subsidiary directly as opposed to indirectly through their shareholdings of the issuer

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61 and 76

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New
Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Tyco International Ltd. (Tyco)

MRRS Decision Document

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from Tyco requesting a decision under the securities legislation of the Jurisdictions (the Legislation) for:
 - 1.1. An exemption from the prospectus and dealer registration requirements of the Legislation (respectively, the Prospectus Requirements and the Registration Requirements) in respect of the proposed distribution of common shares (the Tyco Electronics Shares) of Tyco Electronics Ltd.

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(Tyco Electronics) to holders of common shares of Tyco resident in Canada (Tyco Canadian Shareholders) by way of a pro rata dividend in kind;

- 1.2. An exemption from the Prospectus Requirements and the Registration Requirements in respect of the proposed distribution of common shares (the Covidien Shares) of Covidien Ltd. (Covidien) to Tyco Canadian Shareholders by way of a pro rata dividend in kind (collectively, the distribution by dividend of the Tyco Electronics Shares and the Covidien Shares is referred to as the Spin-Off);
- 1.3. An exemption from the Prospectus Requirements and Registration Requirements in respect of the distribution by Tyco, Tyco Electronics or Covidien of options (the Options):
 - 1.3.1. to acquire common shares of Tyco (Tyco Shares), Tyco Electronics Shares and Covidien Shares, to existing employees resident in Canada of the corporate division of Tyco in exchange for Options to purchase Tyco Shares;
 - 1.3.2. to acquire Tyco Shares to existing employees resident in Canada of the fire and safety division or of the engineered products and services division of Tyco or of its affiliates, in exchange for Options to purchase Tyco Shares;
 - 1.3.3. to acquire Tyco Electronics Shares to existing employees resident in Canada of the electronics division of Tyco or of its affiliates, in exchange for Options to purchase Tyco Shares;
 - 1.3.4. to acquire Covidien Shares, to existing employees resident in Canada of the healthcare division of Tyco or of its affiliates, in exchange for Options to purchase Tyco Shares (collectively, holders of Options to purchase Tyco Shares resident in Canada and employed by any of the divisions of Tyco or of its affiliates are referred to as Canadian Optionholders); and
- 1.4. An exemption from the Prospectus Requirements and Registration Requirements in respect of the distribution by Tyco, Tyco Electronics or Covidien of restricted stock, restricted stock units, restricted units or deferred stock units of Tyco, Tyco Electronics and Covidien (collectively the Incentive Securities), to existing holders resident in Canada (the Canadian Incentive Securityholders) of and in exchange for restricted

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stock, restricted stock units, restricted units or deferred stock units of Tyco;

(collectively, the Requested Relief).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications:
 - 2.1. The Ontario Securities Commission is the Principal Regulator for this application; and
 - 2.2. This MRRS decision document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are otherwise defined in this decision.

Representations

4. This decision is based on the following facts represented by Tyco:
 - 4.1. Tyco is a corporation constituted pursuant to the laws of Bermuda with its headquarters in Pembroke, Bermuda. It is a diversified company that provides products and services to customers in four principal business segments: electronics, fire and security, healthcare and engineered products and services.
 - 4.2. Tyco Electronics and Covidien, each currently a wholly-owned subsidiary of Tyco, will, upon completion of the Spin-Off, cease to be subsidiaries and are intended to be separate, publicly-traded companies which will operate Tyco's existing electronics business and healthcare business, respectively. Following completion of the Spin-Off, Tyco will operate the fire and security and engineered products and services businesses.
 - 4.3. Tyco is a reporting issuer under the Legislation in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia.
 - 4.4. The Tyco Shares are listed on the New York Stock Exchange (the NYSE) and the Bermuda Stock Exchange (the BSX). The Tyco Shares

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are not listed on any Canadian stock exchange and Tyco has no intention of listing its securities on any Canadian stock exchange.

- 4.5. As of March 1, 2007, Tyco had approximately 958 registered Tyco Canadian Shareholders. There are registered and beneficial Tyco International Canadian Shareholders resident in each province of Canada. The Tyco Canadian Shareholders constituted less than 1.9% of the approximately 50,517 holders of record of Tyco Shares worldwide on March 1, 2007. As of March, 2007, Tyco Canadian Shareholders collectively held approximately 125,421 Tyco Shares, constituting less than 0.006% of the approximately 1,900,000,000 issued and outstanding Tyco Shares.
- 4.6. As of December 31, 2006, there were approximately 450 Canadian Optionholders. The Canadian Optionholders constituted approximately 3.4% of the approximately 13,233 worldwide holders of Options to acquire Tyco Shares on December 31, 2006. As of that date, Canadian Optionholders collectively held Options to acquire approximately 2,029,649 Tyco Shares (Tyco Options), constituting approximately 1.6% of the approximately 126,853,063 outstanding Options to purchase Tyco Shares.
- 4.7. As of December 31, 2006, there were approximately 252 Canadian Incentive Securityholders. The Canadian Incentive Securityholders constituted less than 3% of the approximately 8,535 total number of holders of Incentive Securities as at December 31, 2006. As of that date, Canadian Incentive Securityholders held approximately 239,772 Incentive Securities or approximately 1.5% of the approximately 15,984,800 Incentive Securities outstanding.
- 4.8. Subject to obtaining necessary approvals, including that of the United States Securities and Exchange Commission (the SEC) in respect of registration statements filed with the SEC, on a distribution date to be fixed by Tyco Board of Directors and expected to be prior to the end of June 2007, the separation of Tyco Electronics and Covidien from Tyco will be accomplished through the Spin-Off. The Spin-Off will be effected by the following principal steps:
 - 4.8.1. By means of a tax-free stock dividend, each Tyco Shareholder will receive Tyco Electronics Shares and Covidien Shares for each Tyco Share held by such Tyco Shareholder at a rate to be determined by the Board of Directors of Tyco prior to the distribution date for the Spin-Off;

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- 4.8.2. Shareholders of Tyco will not be required to pay any consideration for the Tyco Electronics Shares and the Covidien Shares received in the Spin-Off or to surrender or exchange Tyco Shares in order to receive Tyco Electronics Shares and Covidien Shares or to take any other action in connection with the Spin-Off;
- 4.8.3. Fractional Tyco Electronics Shares and Covidien Shares will not be issued to Tyco Shareholders as part of the Spin-Off but in lieu thereof, Tyco Shareholders who would otherwise be entitled to receive a fractional Tyco Electronics Share or a fractional Covidien Share will receive a cash payment;
- 4.8.4. Existing employees of the corporate division of Tyco who hold Options to purchase Tyco Shares will in exchange receive economically equivalent Options to acquire Tyco Shares (post-Spin-Off), Tyco Electronics Shares and Covidien Shares;
- 4.8.5. Existing employees of the fire and safety division or the engineered products and services division of Tyco or its affiliates who hold Options to purchase Tyco Shares will receive in exchange economically equivalent Options to acquire Tyco Shares (post-Spin-Off);
- 4.8.6. Existing employees of the healthcare division of Tyco or its affiliates who hold Options to purchase Tyco Shares will receive in exchange economically equivalent Options to purchase Covidien Shares;
- 4.8.7. Existing employees of the electronics division of Tyco or its affiliates who hold Options to purchase Tyco Shares will receive in exchange economically equivalent Options to purchase Tyco Electronics Shares;
- 4.8.8. Existing employees of Tyco who hold restricted stock, restricted stock units, restricted units or deferred stock units of Tyco will receive in exchange, economically equivalent Incentive Securities of each of Tyco (post-Spin-Off), Tyco Electronics and Covidien; and

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- 4.8.9. Holders of Options and Incentive Securities will not pay any additional consideration for the Options and Incentive Securities of Tyco (post-Spin-Off), Tyco Electronics or Covidien.
- 4.9. The Board of Directors of Tyco believes that the Spin-Off will enhance the success of Tyco, Tyco Electronics and Covidien, and thereby maximize stockholder value in both the short and over the longer term for each company. The Spin-Off will allow Tyco to concentrate on enhancing its position as a leading company in the provision of products and services in the fire and security and the engineered products and services markets and the Spin-Off will allow Tyco Electronics and Covidien to focus their attention and resources on their respective core businesses.
- 4.10. After the Spin-Off, Tyco Shares will continue to be listed and traded on the NYSE and the BSX. It is expected that the Tyco Electronics Shares and Covidien Shares will be listed and traded on the NYSE and the BSX.
- 4.11. It is not intended that Tyco Electronics or Covidien will list any of their securities on any stock exchange in Canada. It is not intended that Tyco Electronics or Covidien will become a reporting issuer in any Jurisdiction.
- 4.12. The Spin-Off will be effected in compliance with the laws of Bermuda. Because the Spin-Off of Tyco Electronics Shares and Covidien Shares will be by way of dividend to the Tyco Shareholders, no shareholder approval of the proposed transaction is required under the laws of Bermuda.
- 4.13. On January 18, 2007, each of Tyco, Tyco Electronics and Covidien filed a Form 10 registration statement with the SEC (each a Form 10) detailing the planned Spin-Off.
- 4.14. After the SEC has completed its review, Tyco Shareholders will receive a copy of the information statement (the Information Statement) included in each Form 10. All materials relating to the Spin-Off and the dividend sent by or on behalf of Tyco, Tyco Electronics or Covidien in the United States (including the Information Statement) will be sent concurrently to the Tyco Canadian Shareholders.
- 4.15. Following completion of the Spin-Off, each of Tyco Electronics, Covidien and Tyco, respectively, will send, concurrently to their respective shareholders resident in Canada, the same disclosure materials

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that it sends to holders of Tyco Electronics Shares, Covidien Shares and Tyco Shares resident in the United States.

- 4.16. The Tyco Canadian Shareholders who receive Tyco Electronics Shares and Covidien Shares as a dividend pursuant to the Spin-Off will have the benefit of the same rights and remedies in respect of the disclosure documentation received on connection with the Spin-Off that are available under the laws of the United States to shareholders of Tyco resident in the United States.
- 4.17. The issuance of Tyco Shares, Tyco Electronics Shares and Covidien Shares on the exercise, conversion or exchange of the Options and Incentive Securities by the holders thereof will be made in accordance with all applicable laws of the United States. Because there will be no active trading market for the Tyco Shares, the Tyco Electronics Shares and the Covidien Shares in Canada and none is expected to develop, it is expected that any resale of the Tyco Shares, Tyco Electronics Shares and the Covidien Shares issued on exercise, conversion or exchange of the Options and Incentive Securities by the Canadian Optionholders and Canadian Incentive Securityholders or distributed in the Spin-Off, will occur through the facilities of the NYSE and the BSX. Tyco expects that Tyco Electronics Shares and Covidien Shares underlying the Options, restricted stock, restricted stock units, restricted units and deferred stock units of Tyco Electronics and Covidien will be qualified for public distribution in the United States.

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.
6. The decision of the Decision Makers under the Legislation is that:
 - 6.1. the Requested Relief is granted; and
 - 6.2. the first trade in a Jurisdiction of Tyco Shares, Tyco Electronics Shares or Covidien Shares acquired in the Spin-Off or on the exercise, conversion or exchange of the Options or Incentive Securities will be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction unless the conditions in section 2.6 or section 2.14 of National Instrument 45-102 - Resale of Securities are satisfied.

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