

TYCO INTERNATIONAL: Receives Notice of Default from Bank of NY

Troubled Company Reporter , Nov 29, 2007 (Source: TCR)

In its annual report filed Tuesday with the Securities and Exchange Commission, Tyco International Ltd. said that on Nov. 8, 2007, The Bank of New York, bond holder, delivered to the company a notice of events of default.

The notice claims that the actions taken by the company in connection with its separation into three public entities constitute events of default under the indentures. The claims made in the notice of events of default are the same as those alleged by BONY in a litigation filed in the United States District Court for the Southern District of New York in June 2007.

The company continues to believe that no default or event of default has occurred.

The indentures provide for a 90-day cure period following delivery of the notice of default, after which BONY could declare any outstanding amounts under the indentures immediately due and payable. The company said it would contest the acceleration.

Tyco International Group SA, Tyco International Finance SA and Tyco continue to believe that the separation and the proposed supplemental indentures are permitted under the indentures and that no "make-whole" amount is payable. The company intends to vigorously defend the claims of default and believes it will prevail in legal proceedings.

The companies said that if it did not have liquidity available to repay the outstanding debt under the 1998 and 2003 indentures under our 364-day bridge facility, an acceleration of the outstanding notes would have permitted a majority of the lenders under each of their bank and letter of credit facilities to demand repayment of amounts outstanding under those facilities, and to terminate their commitments to extend additional credit thereunder.

Additional \$4 Billion Bridge Loan

As a result, on Nov. 27, 2007, the company secured additional firm commitments from certain of its lenders under the bridge facility, providing the company with additional borrowings of up to \$4.0 billion to repay such notes.

The additional commitments expire on, and any borrowings under the facility would mature on, Nov. 25, 2008. The facility may only be used to repay, settle or otherwise extinguish the amounts required to be paid in connection with the litigation with BONY.

As reported in the Troubled Company Reporter on May 18, 2007, on Jan. 13, 2006, Tyco's Board of Directors approved a plan to separate the company into three separate, publicly traded companies -- Tyco Healthcare, Tyco Electronics and a combination

of Tyco Fire and Security and Engineered Products and Services.

The company intended to accomplish the proposed separation through tax-free stock dividends to Tyco shareholders. Following the proposed separation, Tyco's shareholders will own 100% of the equity in all three companies.

On June 4, 2007, The Bank of New York, as indenture trustee under the indentures dated as of June 9, 1998 and Nov. 12, 2003, of TIGSA, a wholly-owned subsidiary of Tyco, commenced an action against TIGSA and Tyco in the U.S. District Court for the Southern District of New York. BONY served an amended complaint on Oct. 18, 2007, which added TIFSA as an additional defendant. As amended, the complaint alleges that the deparation breached the indentures and seeks damages on behalf of noteholders in excess of \$4.1 billion.

About Tyco

Based in Pembroke, Bermuda, Tyco International Ltd. (NYSE: TYC) (BSX: TYC) -- <http://www.tyco.com/> -- provides vital products and services to customers in four business segments: Electronics, Fire & Security, Healthcare, and Engineered Products & Services. With 2006 revenue of \$41 billion, Tyco employs approximately 240,000 people worldwide.