

BRINKS CO  
Form 10-K  
February 27, 2008

---

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-9148

THE BRINK'S COMPANY

(Exact name of registrant as specified in its charter)

Virginia  
(State or other jurisdiction of  
incorporation or organization)

54-1317776  
(I.R.S. Employer  
Identification No.)

P.O. Box 18100,  
1801 Bayberry Court  
Richmond, Virginia  
(Address of principal executive offices)

23226-8100  
(Zip Code)

Registrant's telephone number, including area  
code

(804) 289-9600

Securities registered pursuant to Section 12(b)  
of the Act:

Title of each class  
The Brink's Company Common Stock, Par  
Value \$1

Name of each exchange on  
which registered  
New York Stock Exchange

Securities registered pursuant to Section 12(g)  
of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Edgar Filing: BRINKS CO - Form 10-K

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of February 22, 2008, there were issued and outstanding 48,056,236 shares of common stock. The aggregate market value of shares of common stock held by nonaffiliates as of June 30, 2007, was \$2,557,760,646.

Documents incorporated by reference: Part III incorporates information by reference from portions of the Registrant's definitive 2008 Proxy Statement to be filed pursuant to Regulation 14A.

---

---

---

THE BRINK'S COMPANY  
FORM 10-K  
FOR THE YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS

PART I

	Page
Item 1. Business	3
Item 1A. Risk Factors	15
Item 1B. Unresolved Staff Comments	20
Item 2. Properties	20
Item 3. Legal Proceedings	20
Item 4. Submission of Matters to a Vote of Security Holders	20

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	22
Item 6. Selected Financial Data	24
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	25
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	71
Item 8. Financial Statements and Supplementary Data	72
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	119
Item 9A. Controls and Procedures	119
Item 9B. Other Information	119

PART III

Item 10. Directors, Executive Officers and Corporate Governance	120
Item 11. Executive Compensation	120
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	120
Item 13. Certain Relationships and Related Transactions, and Director Independence	120
Item 14. Principal Accountant Fees and Services	120

PART IV

Item 15. Exhibits and Financial Statement Schedules	121
---	-----

## PART I

### ITEM 1. BUSINESS

#### The Brink's Company

The Brink's Company (the "Company") conducts business in the security industry through two wholly owned subsidiaries: Brink's, Incorporated ("Brink's") and Brink's Home Security, Inc. ("BHS"). We employ approximately 57,500 people, with approximately 53,900 at Brink's and 3,600 at BHS.

Over the past several years, the Company has changed from a conglomerate (with operations in the security, heavy-weight freight transportation, coal and other natural resource industries) into a company focused solely on the security industry.

On February 25, 2008, the board of directors approved a strategic decision to spin-off BHS in a tax-free stock distribution to the shareholders of the Company. Immediately after the spin-off, BHS will be owned directly by the shareholders receiving shares in the distribution. In addition, these shareholders will retain their shares in the Company, whose operations will consist primarily of Brink's, its secure transportation and cash management services unit. The distribution, which is expected to be completed in the fourth quarter of 2008, is subject to a number of customary conditions, including execution of appropriate inter-company agreements, filing of required documents with the Securities and Exchange Commission and receipt of an opinion of counsel or a private letter ruling from the Internal Revenue Service that the spin-off will be tax-free to the Company's shareholders.

Total revenues were \$3.2 billion and segment operating profit was \$337.5 million in 2007. Of these amounts, Brink's generated \$2.7 billion in revenues and \$223 million of operating profit. BHS had revenues of \$484 million and operating profit of \$114 million.

Financial information related to The Brink's Company, our two operating segments (Brink's and BHS), and former operations is included in the consolidated financial statements on pages 76 – 80 and in notes to consolidated financial statements on pages 81 – 118.

A significant portion of our business (approximately 57% of revenue) is conducted outside North America. Our financial results are reported in U.S. dollars and are affected by fluctuations in the relative value of foreign currencies. Our business is also subject to other risks customarily associated with operating in foreign countries including changing labor and economic conditions, political instability, restrictions on repatriation of earnings and capital, as well as nationalization, expropriation and other forms of restrictive government actions. The future effects of these risks cannot be predicted.

We continue to have significant liabilities associated with our former coal business, a substantial portion of which has been funded with cash contributions to a Voluntary Employees' Beneficiary Association trust ("VEBA"). For more information on these liabilities and the VEBA, see pages 41 – 44.

Additional risk factors are described on pages 15 – 18.

Available Information and Corporate Governance Documents

The following items are available free of charge on our website ([www.brinkscompany.com](http://www.brinkscompany.com)) as soon as reasonably possible after filing or furnishing them with the Securities and Exchange Commission:

- Annual reports on Form 10-K
- Quarterly reports on Form 10-Q
- Current reports on Form 8-K and amendments to those reports

In addition, the following documents are also available free of charge on our website:

- Corporate governance policies
- Business Code of Ethics
- The charters of the following Board Committees: Audit and Ethics, Compensation and Benefits, and Corporate Governance, Nominating and Management Development.

Printed versions of these items will be mailed free of charge to shareholders upon request. Such requests can be made by contacting the Corporate Secretary at 1801 Bayberry Court, P. O. Box 18100, Richmond, Virginia 23226-8100.

Brink's, Incorporated ("Brink's")

Executive Summary

Brink's is a leading provider of secure transportation, cash logistics and other security-related services to banks and financial institutions, retailers, government agencies, mints, jewelers and other commercial operations around the world. Brink's international network serves customers in more than 50 countries and employs approximately 53,900 people. Our operations include approximately 800 facilities and 9,100 vehicles. We believe Brink's brand, global infrastructure and logistics expertise are important competitive advantages.

Brink's 2007 operating profit was \$223 million on revenues of \$2.7 billion, resulting in an operating profit margin of 8.2%.

General

Brink's is the oldest and largest secure transportation and cash logistics company in the U.S., and is a market leader in many other countries. Reported revenues and operating profit are disclosed as "North America" and "International" operations.

North American operations has 182 branches in the U.S. and 55 branches in Canada. North American operations generated 2007 revenues of \$886.3 million (32% of Brink's total revenues) and operating profit of \$70.4 million (32% of Brink's total operating profit).

International operations has three regions: Europe, Middle East, and Africa ("EMEA"), Latin America and Asia Pacific. On a combined basis, International operations generated 2007 revenues of \$1.8 billion (68% of Brink's total revenues) and operating profit of \$152.9 million (68% of total Brink's operating profit). Over the past three years, Brink's has acquired security operations in numerous countries in EMEA and Latin America.

Brink's EMEA, which generated \$1.2 billion or 44% of Brink's total 2007 revenues, operates 249 branches in 21 countries. Its largest operations are in France, the Netherlands and Germany. In 2007, France accounted for \$629 million or 53% of EMEA revenues (23% of total Brink's revenues).

Brink's Latin America, which generated \$594 million or 22% of Brink's total 2007 revenues, operates 211 branches in 7 countries. Its largest operations are in Venezuela, Brazil and Colombia. In 2007, Venezuela accounted for \$225 million or 38% of Latin American revenues (8% of total Brink's revenues).

Brink's Asia-Pacific operates 32 branches in 9 countries, and accounted for \$63 million or 2% of total Brink's 2007 revenues.

In 2007, Brink's operations in France, Venezuela, Brazil, the Netherlands, Colombia and Germany accounted for \$1,303 million or 70% of Brink's revenues from International operations (48% of total Brink's revenues).

(In millions)	2007	% total	% change	2006	% total	% change	2005	% total	% change
Revenues by region:									
North America	\$ 886.3	32	7	\$ 830.0	35	7	\$ 778.2	37	6
EMEA:									
France	628.8	23	15	546.5	23	8	508.1	24	9
Other	562.7	21	23	456.6	20	14	400.3	19	23
Total	1,191.5	44	19	1,003.1	43	10	908.4	43	15
Latin America:									
Venezuela	224.9	8	31	171.7	7	33	129.0	6	15
Other	369.3	14	31	282.5	12	25	226.1	11	18
Total	594.2	22	31	454.2	19	28	355.1	17	17
Asia Pacific	62.6	2	(7)	67.0	3	(6)	71.6	3	5
Total International	1,848.3	68	21	1,524.3	65	14	1,335.1	63	15
Total Revenues	\$ 2,734.6	100	16	\$ 2,354.3	100	11	\$ 2,113.3	100	11



Brink's ownership interests in subsidiaries and affiliated companies ranged from 10% to 100% at December 31, 2007. In some instances, local laws limit the extent of Brink's ownership interest.

#### Growth Strategy

Over the past several years we have expanded the Brink's business largely through internal growth which has been supplemented by acquisitions. For example, the growth in revenue in the last three years from existing operations and acquisitions is as follows:

(In percentages)	2007	2006	2005
Organic (a)	15%	9%	6%
Acquisitions	1%	2%	5%

(a) Including the effects of changes in currency exchange rates. See reconciliation of non-GAAP measure on pages 33 and 35.

We intend to continue to pursue growth through acquisitions as long as we are able to acquire businesses that meet our internal metrics for projected growth, profitability and return on investment. We are interested in growth in both new and existing markets and in both core and value-added services. Although there are risks and start-up expenses when entering new markets, we believe that growth through a combination of organic and acquisition is the best long-term strategy.

## Services

Our primary services include:

- Cash-in-transit (“CIT”) armored car transportation
- Automated teller machine (“ATM”) replenishment and servicing
- Global Services – arranging secure long-distance transportation of valuables
- Cash Logistics – supply chain management of cash
- Guarding services, including airport security
- Secure Data Solutions – transporting, storing and destroying sensitive information

Brink’s typically provides individualized services under separate contracts designed to meet the distinct needs of our customers. Contracts usually cover an initial term of at least one year, and in many cases, multiple years, and generally remain in effect thereafter until canceled by either party.

## Core Services

CIT and ATM Services are core services we provide to customers throughout the world.

**CIT** We have been servicing customers since 1859. Our success in CIT is driven by a combination of rigorous security practices, high quality customer service, risk management expertise and logistics expertise. CIT services generally include the secure transportation of:

- cash between businesses and banks
- cash, securities and other valuables between commercial banks, central banks, and investment banking and brokerage firms
- new currency, coins and precious metals for central banks

**ATM Services** Brink’s manages nearly 72,000 ATM units worldwide for banks and other cash dispensing operators. We provide cash replenishment, cash monitoring and forecasting capabilities, deposit pick-up and processing services. Advanced online tools deliver consolidated electronic reports for simplified reconciliation.

## Value-Added Services

Our core services, combined with our brand and global infrastructure, provide a substantial platform from which we offer additional value-added services to our customers.

**Global Services** With operations spanning approximately 50 countries, Brink’s is a leading global provider of secure long-distance logistics for valuables including diamonds, jewelry, precious metals, securities, currency, high-tech devices, electronics and pharmaceuticals. We typically employ a combination of armored car and secure air transportation to leverage our extensive global network. Our specialized diamond and jewelry operation has offices in the major diamond and jewelry centers of the world.

Cash Logistics Brink's offers a fully integrated approach to managing the supply chain of cash, from point-of-sale through transport, vaulting and bank deposit and related credit. Cash Logistics services include:

- money processing and cash management services
- deploying and servicing safes and safe control devices, including our patented CompuSafe® service
- integrated check and cash processing services ("Virtual Vault")
- check imaging services

Money processing services include counting, sorting and wrapping currency. Other currency management services include cashier balancing, checking for counterfeit currency, account consolidation and electronic reporting. Retail and bank customers use Brink's to count and reconcile coins and currency in a secure environment, to prepare bank deposit information, and to replenish coins and currency in specific denominations.

Brink's offers a variety of advanced technology applications including online cash tracking, cash inventory management, check imaging for real-time deposit processing, and a variety of other web-based information tools that enable banks and other customers to reduce costs while improving service.

CompuSafe® service offers customers an integrated, closed-loop system for preventing theft and managing cash. We market CompuSafe® services to a variety of cash-intensive customers such as convenience stores, gas stations, restaurants, retail chains and entertainment venues. Our service includes the installation of a specialized safe in the customer's facility. The customer's employees deposit currency into the safe's cassettes, which can only be removed by Brink's personnel. Upon removal, the cassettes are transported to a secure location where contents are verified and transferred for deposit. For added security and ease of use, our CompuSafe® service system features currency-recognition technology, multi-language touch screens and electronic interface between point-of-sale and back-office systems.

Virtual Vault services combine CIT, Cash Logistics, vaulting and electronic reporting technologies to help banks expand into new markets while minimizing investment in vaults and branch facilities. In addition to secure storage, we process deposits, provide check imaging and reconciliation services, and electronically transmit debits and credits.

We believe the quality and scope of our cash processing and information systems differentiate our Cash Logistics services from competitive offerings.

In 2007, Cash Logistics generated \$434 million (16% of Brink's revenues). This figure includes coin and currency processing.

#### Other Security Services

**Security and Guarding** We protect airports, offices, warehouses, stores, and public venues with electronic surveillance, access control, fire prevention and highly trained patrolling personnel. Our guarding services are generally offered in European markets including France, Germany, Luxembourg and Greece. A significant portion of this business involves long-term contracts related primarily to guarding services at airports. Generally, other guarding contracts are for a one-year period, the majority of which are extended. Our security officers are typically stationed at customer sites, and responsibilities include detecting and deterring specific security threats.

**Secure Data Solutions** Our CIT, Global Services and document destruction services provide secure transportation, storage and shredding services for confidential records, back-up data tapes, product overruns and other sensitive information and media.



### Industry and Competition

Brink's competes with large multinational, regional and smaller companies throughout the world. Our largest multinational competitors are Group 4 Securicor plc (headquartered in the U.K.), Securitas AB (Sweden), Prosegur, Compania de Seguridad, S.A. (Spain) and Garda World Security Corporation (Canada).

We believe the primary factors in attracting and retaining customers are security expertise, service quality and price. We believe our competitive advantages include:

- brand name recognition
- reputation for a high level of service and security
- proprietary cash processing and information systems
- high-quality insurance coverage and general financial strength
- risk management capabilities
- global infrastructure and customer base

We believe our cost structure is generally competitive, although certain competitors may have lower costs due to a variety of factors including lower wages, less costly employee benefits, or less stringent security and service standards.

Although Brink's faces competitive pricing pressure in many markets, we resist competing on price alone. We believe our high levels of service and security differentiate us from competitors.

The availability of high-quality and reliable insurance coverage is an important factor in our ability to attract and retain customers and to manage the risks inherent in our business. Brink's is self-insured for much of the liability related to potential losses of cash or valuables while such items are in our possession. However, we purchase insurance coverage for losses in excess of what we consider to be prudent levels of self insurance. Our insurance policies cover losses from most causes, with the exception of war, nuclear risk and certain other exclusions typical in such policies.

Insurance for security is provided by different groups of underwriters at negotiated rates and terms. Premiums fluctuate depending on market conditions. The security loss experience of Brink's and, to a limited extent, other armored carriers affects our premium rates.

Revenues are generated from charges per service performed or based on the value of goods transported. As a result, revenues are affected by the level of economic activity in our various markets as well as the volume of business for specific customers. Contracts generally run for a period of one year. Costs are incurred in preparing to service a new customer or to transition away from an existing customer. Our operating profit is generally stronger in the second half of the year, particularly in the fourth quarter, as economic activity is stronger during this period.

### Service Mark and Patents

BRINKS is a registered service mark in the U.S. and certain foreign countries. The BRINKS mark, name and related marks are of material significance to our business. We own patents expiring in 2008 and 2009 for certain coin sorting and counting machines. We also own patents for safes, including our integrated CompuSafe® service, that expire between 2015 and 2018. These patents provide important advantages to Brink's. However, Brink's operations are not dependent on the existence of these patents.

We have entered into certain agreements to license the Brink's and the Brink's Home Security names. Examples include licenses to distributors of security products (padlocks, door hardware, etc.) offered for sale to consumers through major retail chains.

#### Government Regulation

Our U.S. operations are subject to regulation by the U.S. Department of Transportation with respect to safety of operations, equipment and financial responsibility. Intrastate operations in the U.S. are subject to state regulation. Intraprovince operations in Canada are subject to federal and provincial regulations. Brink's International operations are regulated to varying degrees by the countries in which they operate.

#### Employee Relations

At December 31, 2007, Brink's and its subsidiaries had approximately 53,900 employees, including 11,500 employees in North America (of whom 1,800 were classified as part-time employees) and 42,400 employees outside North America. At December 31, 2007, Brink's was a party to 11 collective bargaining agreements in North America with various local unions covering approximately 2,200 employees, almost all of whom are employees in Canada and members of unions affiliated with the International Brotherhood of Teamsters. Two agreements will expire in 2008 and are expected to be renegotiated. The remaining agreements have various expiration dates after 2008 and extending through 2011. Outside of North America, approximately 63% of branch employees are members of labor or employee organizations. We believe our employee relations are satisfactory.

## Brink's Home Security

### Executive Summary

Brink's Home Security ("BHS") markets, installs, services and monitors security alarm systems for approximately 1.2 million customers throughout North America, covering more than 250 metropolitan areas in all 50 states and two Canadian provinces. Based on revenues, we believe BHS is the second largest provider of security alarm monitoring services for residential and commercial properties in North America. Our primary customers are residents of single-family homes, which comprise more than 90% of our subscriber base. New home construction is a relatively small market for BHS, accounting for approximately 7% of new subscribers in 2007 and approximately 6% of our total customer base. Our small but growing presence in the commercial market includes more than 58,000 business customers, about 5% of our total customer base.

In 2007, BHS reported operating profit of \$114 million on revenues of \$484 million, resulting in an operating profit margin of 24%. At the end of 2007, our monthly recurring revenue ("MRR") was \$37.2 million. See reconciliation of non-GAAP measure on page 40.

### General

BHS monitors signals originating from our alarm systems, which can be designed to detect intrusion, fire (heat and smoke), medical and environmental conditions. A typical BHS security system consists of sensors (both hardwired and wireless) and other devices that are installed at a subscriber's home or commercial location. When an alarm is triggered, a signal is sent to an operator at one of our two monitoring stations. Signals can be originated over standard telephone lines, Digital Subscriber Lines ("DSL"), wireless services, fiber telephony, and Voice over Internet Protocol ("VoIP"). Wireless devices can serve as the primary method of alarm communication or as a backup to land-line telephone services.

Monitoring services and a large portion of maintenance services are generally governed by three-year contracts with automatic renewal provisions on an annual basis after the initial term has expired. More than 50% of new customers purchase extended service protection that covers most repair costs.

For the last several years, BHS' average up-front cash investment per installation, including amounts expensed and capitalized, has ranged between \$1,250 and \$1,450. This amount excludes customer down payments, which generally range between \$280 and \$340 per site. Including these payments, our net cost per new installation in 2007 was approximately \$1,100. Our cash break-even point per site is reached in less than 4 years after installation.

#### Monitoring Facilities

Our monitoring facilities are located in Irving, Texas, and Knoxville, Tennessee. Both facilities hold Underwriters' Laboratories ("UL") listings as protective signaling services stations. UL specifications for monitoring centers cover building integrity, back-up computer and power systems, staffing and standard operating procedures. Many jurisdictions have laws requiring that security alarms for certain buildings be monitored by UL-listed facilities. In addition, a UL listing is required by insurers of certain commercial customers as a condition of coverage.

Our monitoring facilities operate 24 hours a day on a year-round basis. The facilities employ communications and computer systems that route incoming alarm signals to the next available operator in either facility. Operators use a customized computer system to determine the nature of the alarm signal and to identify the customer by name and location. Our system automatically processes non-emergency administrative signals, which can be generated by a variety of conditions including test signals, low batteries, and the intentional or unintentional arming and disarming of sites by customers. Depending upon the type of service specified by the customer contract, operators respond to emergency-related alarms by calling the customer by phone and relaying information to local fire or police departments. Other actions may be taken as appropriate.

In the event of an emergency at one of our two monitoring facilities (i.e., fire, tornado, major interruption in telephone or computer service, or any other event affecting the functionality of the facility), all monitoring operations can be absorbed by the other facility. If additional operators are required in an emergency situation, employees assigned to other departments at each facility are cross-trained to handle monitoring signals.

#### Marketing and Sales

BHS markets its alarm systems primarily through television, direct mail, yellow pages and internet advertising, alliances with other service companies, inbound telemarketing and field sales employees. Our "direct response" marketing efforts are designed to direct telephone calls and internet traffic into our centralized inbound telemarketing sales group. Sales are closed by this group or by field personnel at on-site consultations with prospective customers.

#### Branch Operations

Most of our security systems are installed and serviced by BHS technicians. Subcontractors are occasionally used in some markets if demand exceeds internal staffing levels. Each branch provides sales, installation and service support for a market area defined by specific zip codes.

Our technical staff operates in 68 branch locations, which also provide space for the field sales force. Branch offices are staffed to handle a steady flow of sales opportunities, installations and service calls. We coordinate staffing of sales and technical personnel at individual branch locations, based on near-term activity forecasts for each market.

BHS does not manufacture the equipment used in its security systems. Equipment is purchased from a limited number of suppliers and distributors. We maintain minimal inventories of equipment at each branch office. Certain key items are maintained as safety stock by third-party distributors to cover minor supply chain disruptions. We do not anticipate any major interruptions in our supply chain.



#### Dealers

To expand geographic coverage and leverage national advertising, BHS has an authorized dealer program. In 2007, the dealer program accounted for 20% of new customer installations and 11% of the subscriber base. At year-end, approximately 150 dealers covering all 50 states were authorized to participate in the program. Dealers install equipment and initiate service for both residential and commercial customers. All BHS dealers are required to install the same type of equipment installed by our branches and are required to adhere to the same quality standards.

BHS purchases security system installations and related monitoring contracts from its dealers. We conduct thorough due diligence on each dealer to ensure reliability and consistently high-quality installations. Subscribers secured by our dealers are geographically diversified and are primarily single-family homeowners. Approximately 6% of 2007 dealer installations were in commercial businesses.

BHS typically has a right of first refusal to purchase sites and related customer relationships sold by authorized dealers. Subscriber contracts are typically three years in duration and generally have automatic renewal provisions. If a contract is canceled during an initial guarantee period, the dealer must compensate BHS for the lost revenue stream by either replacing the site and contract or by refunding the purchase price. To help ensure the dealers' obligations, we typically withhold a portion of the purchase price for each site and contract that we purchase.

We provide dealers with a full range of services designed to assist them in all aspects of their business including forwarding sales opportunities, sales training, detailed weekly account summaries, sales support materials, and discounts on security system hardware and installation supplies purchased through our third-party distributor. We also provide comprehensive on-line account access.

#### Brink's Home Technologies

To supplement our branch operations and dealer programs, we also obtain residential subscribers through our Brink's Home Technologies ("BHT") division. Working directly with major national, regional and local home builders, BHT markets and installs residential security systems, as well as a variety of low-voltage security, home networking, communications and entertainment options, into homes under construction. BHT currently does business with all of the top 10 and 15 of the top 20 residential home builders in the U.S.

The BHT activation process consists of three phases:

- Early construction wiring for security systems and potential non-security-low voltage applications in certain markets.
- Installation of systems equipment near the end of construction.
- Activation of security service contracts.

In 2007, BHT accounted for 7% of new BHS subscribers. BHT operations are currently conducted in 22 markets located in most regions of the U.S.

#### Brink's Business Security (Commercial)

BHS also installs and monitors commercial security systems. Expansion of our commercial customer base is a significant growth opportunity. In addition to the typical intrusion detection offerings, products and services currently offered to commercial customers include installation of non-monitored closed circuit television ("CCTV") systems, enhanced event reporting and in selected markets where applicable certifications and licenses have been obtained, commercial-grade fire detection systems. We are continuing to develop additional capabilities in commercial security, including installation of access control systems. Commercial installation volume grew approximately 12% in 2007. Commercial customers represented approximately 5% of subscribers at year-end and 8% of new customer installations in 2007.

#### Multifamily

BHS provides monitored security to owners and managers of multifamily apartment and condominium complexes, who then offer monitoring security service to tenants. Installations are handled by subcontractors or our branch network. At year-end, multifamily customers represented approximately 2% of total subscribers. We are no longer actively pursuing installation growth in this market segment.

#### Customer Care

We strive to maintain high levels of customer satisfaction and retention by directly controlling customer and technical service. Customer care specialists answer non-emergency telephone calls regarding service, billing and alarm activation issues. Our two monitoring centers provide telephone and internet coverage 24 hours a day on a year-round basis. To ensure that technical service requests are handled promptly and professionally, all requests are routed through our customer contact center. Customer care specialists help customers resolve minor service and operating issues related to security systems. In many cases, the customer care specialist is able to remotely resolve technical issues. When an issue is not able to be resolved by the customer contact center, our specialists schedule a field technician service appointment during the same phone call.

BHS employees are trained to provide high-quality service through prompt handling of calls and quick resolution of most subscriber issues. We use a customized information system that quickly and accurately provides our customer care specialists with technical and administrative information regarding customers and their security systems, including detailed account and site history. This system enables BHS to resolve most customer issues in one telephone call. Our emphasis on customer service results in fewer false alarms, more satisfied customers, and longer retention rates.

#### Customer Retention

The annual customer disconnect rate at BHS was 7.0% in 2007, and has ranged between 6.4% and 7.2% over the last five years. Our success in retaining customers is driven in part by our discipline in accepting new customers with generally stronger credit backgrounds, and by providing high-quality equipment, installation, monitoring, and customer service. Additionally, in order to enhance customer service and customer loyalty, our system control panel and keypads are designed to be user-friendly and to minimize false alarms.

Our disconnect rates are typically higher in the second and third calendar quarters of the year because of the normal increase in residential moves during summer months. More than 50% of annual gross disconnect activity is caused by household and business relocations. Another 20% to 30% of disconnects occur for financial reasons (including accounts disconnected for non-payment).

The strength of our economic model is highly dependent on customer retention, and we believe that the reductions achieved in our annual disconnect rate have strengthened our economic returns. We do not expect disconnects rates to increase or decline materially in the foreseeable future.

(a) The disconnect rate is a ratio, the numerator of which is the number of customer cancellations during the period and the denominator of which is the average number of customers during the period. The gross number of customer cancellations is reduced for customers who move from one location and then initiate a new monitoring agreement at a new location, accounts charged back to the dealers because the customers cancelled service during the specified contractual term, and inactive sites that are returned to active service during the period.



### Industry and Competition

According to industry estimates, the market for electronic security system sales, leasing, installation, monitoring and service was approximately \$30 billion in 2006. Factors driving industry growth include heightened security awareness, demographic changes, an increase in dual income households, and higher capital spending by businesses.

BHS competes in most major metropolitan markets in the U.S. and several markets in western Canada through branch and dealer operations. The monitored security alarm industry has many competitors including more than 14,000 local and regional companies, the vast majority of which generate annual revenue of less than \$500,000. We believe our primary competitors with national scope include:

- ADT Security Services, Inc., a part of Tyco International, Ltd.
- Protection One, Inc.
- Monitronics International, Inc.

BHS is generally recognized as the second largest provider (behind ADT Security Services) of monitored security services to residential and commercial properties in North America. Our key competitive advantages include brand name recognition and service quality.

Success in this market depends on a variety of factors including company reputation, market visibility, service quality, product quality, price and the ability to identify and solicit prospective customers. There is substantial competitive pressure on installation fees. Several significant competitors offer installation prices that match or are lower than our prices. Other competitors charge significantly more for installation but, in many cases, less for monitoring. Competitive pressure on monitoring and service rates is significant. We believe that the monitoring and service rates offered by BHS are generally comparable to rates offered by other major security companies.

### Government Regulation and Other Regulatory Matters

Our U.S. operations are subject to various federal, state and local consumer protection laws, licensing laws, and other laws and regulations. Most states have licensing laws that apply specifically to the alarm industry. In certain jurisdictions, BHS must obtain licenses or permits in order to comply with standards governing employee selection, training and business conduct.

Our business relies primarily on the use of standard wire telephone service to transmit alarm signals. Wire telephone companies, the cost of telephone lines, and the type of equipment used in telephone line transmission are regulated by the federal and state governments. The Federal Communications Commission and state public utilities commissions regulate the operation and use of wireless telephone and radio frequencies.

Our advertising and sales practices are regulated by the U.S. Federal Trade Commission and state consumer protection laws. In addition, BHS is subject to certain administrative requirements and laws of the jurisdictions in which we operate. These laws and regulations include restrictions on the manner in which we promote the sale of our security alarm services and require us to provide purchasers of our services with rescission rights.

Our Canadian operations are subject to the national laws of Canada, and local laws of British Columbia and Alberta.

Some local government authorities have adopted or are considering various measures aimed at reducing false alarms. Such measures include requiring permits for individual alarm systems; revoking such permits following a specified number of false alarms; imposing fines on alarm customers or alarm monitoring companies for false alarms; limiting the number of times police will respond to alarms at a particular location after a specified number of false alarms; and requiring additional verification of an alarm signal before the police response.

The alarm industry is also subject to requirements imposed by various insurance, approval, listing and standards organizations. Depending upon the type of customer served, the type of security service provided, and the requirements of the applicable local governmental jurisdiction, adherence to the requirements and standards of such organizations is mandatory in some instances and voluntary in others.

#### Employees

BHS employs approximately 3,600 people, none of whom are currently covered by a collective bargaining agreement. We believe our employee relations are satisfactory.

#### DISCONTINUED OPERATIONS

##### Former Coal Business

The Company has significant liabilities and expenses related to postretirement medical plans and black lung benefits of our former coal operations. The Company established a Voluntary Employees' Beneficiary Associate trust ("VEBA") to finance its postretirement medical plan obligations. The Company expects to have ongoing expense and cash outflow for these liabilities. See notes 4, 17 and 21 to the consolidated financial statements.

## ITEM 1A. RISK FACTORS

The Brink's Company is exposed to risk in the operation of its businesses. Some of these risks are common to all companies doing business in the industries in which we operate and some are unique to The Brink's Company. In addition, there are risks associated with investing in the common stock of The Brink's Company. These risk factors should be considered carefully when evaluating the company and its businesses.

We may not be able to complete the tax-free stock distribution of BHS to our shareholders. Our plan is to distribute the shares of BHS (the "spin-off") to the shareholders of The Brink's Company in the fourth quarter of 2008. The spin-off is subject to a number of conditions, and there may be reasons why the spin-off is not able to be completed within our anticipated time frame or at all, including not receiving appropriate assurances that the distribution will be tax free to the shareholders of The Brink's Company. If the spin-off is not completed, or is not completed within our anticipated time frame, the share price of The Brink's Company could be adversely affected.

The Company has not yet determined certain significant characteristics of the contemplated spin-off of BHS to our shareholders. The spin-off is subject to a number of conditions, including execution of appropriate inter-company agreements between the Company and BHS. These agreements will address a number of significant matters, among other things, the allocation of assets and liabilities between the Company and BHS and other similar matters. In particular, the Company has not yet determined whether the BRINKS brand will be shared by BHS and the Company, or if BHS will be rebranded. The alternative branding possibilities include BHS paying royalties to The Brink's Company, BHS rebranding itself without using the BRINKS brand, or other possibilities. The decisions regarding the manner in which BHS will be separated from the Company in the spin-off could affect the future results of operations of the Company and the prospective BHS company. For example, the Company may not fully control the use of the BRINKS brand in the future, which could also affect the long-term value of the brand, and, accordingly, the long-term value of the Company.

Completing the spin-off will require significant resources. The contemplated spin-off of BHS to our shareholders will require significant Company resources, and the Company expects corporate expense in 2008 to be higher as a result of professional fees associated with the spin-off. In addition, completing the spin-off will require significant attention from our management, which could divert focus from other aspects of the Company's business and adversely affect the Company's results of operations.

The Company has significant operations outside the United States. We currently operate in approximately 50 countries. Revenue outside the U.S. was over 60% of total revenue in 2007. We expect revenue outside the U.S. to continue to represent a significant portion of total revenue. Business operations outside the U.S. are subject to political, economic and other risks inherent in operating in foreign countries, such as:

- the difficulty of enforcing agreements, collecting receivables and protecting assets through foreign legal systems
  - trade protection measures and import or export licensing requirements
  - difficulty in staffing and managing widespread operations
  - required compliance with a variety of foreign laws and regulations
- changes in the general political and economic conditions in the countries where we operate, particularly in emerging markets
  - threat of nationalization and expropriation
  - higher costs and risks of doing business in a number of foreign jurisdictions
  - limitations on the repatriation of earnings
- fluctuations in equity and revenues due to changes in foreign currency exchange rates

We try to effectively manage these risks by monitoring current and anticipating future political and economic developments and adjusting operations as appropriate. Changes in the political or economic environments in the

countries in which we operate could have a material adverse effect on our business, financial condition and results of operations.

We operate in highly competitive industries. We compete in industries that are subject to significant competition and pricing pressures. Brink's faces significant pricing pressures from competitors in most markets. BHS experiences competitive pricing pressures on installation and monitoring rates. Because we believe we have competitive advantages such as brand name recognition and a reputation for a high level of service and security, we resist competing on price alone. However, continued pricing pressure could impact our customer base or pricing structure and have an adverse effect on results of operations.

Weak economies could reduce demand for our services and increase BHS' disconnect rate. If economies weaken in regions where we provide our Brink's and BHS services, demand for our services may lessen. In addition, current home security customers may decide to disconnect our services in an effort to reduce their household spending. If this happens, our revenues, operating profit and cash flow could decline, and subscriber growth at BHS could suffer.



Brink's earnings and cash flow could be materially affected by increased losses of customer valuables. Brink's purchases insurance coverage for losses of customer valuables for amounts in excess of what it considers prudent deductibles and/or retentions. Insurance is provided by different groups of underwriters at negotiated rates and terms. Coverage is available to Brink's in major insurance markets, although premiums charged are subject to fluctuations depending on market conditions. The loss experience of Brink's and other armored carriers affects premium rates charged to Brink's. Brink's is self-insured for losses below its coverage limits and recognizes expense up to these limits for actual losses. Brink's insurance policies cover losses from most causes, with the exception of war, nuclear risk and various other exclusions typical for such policies. The availability of high-quality and reliable insurance coverage is an important factor in order for Brink's to obtain and retain customers and to manage the risks of its business. If our losses increase, or if we are unable to obtain adequate insurance coverage at reasonable rates, our financial condition and results of operations could be materially and adversely affected.

Restructuring charges may be required in the future. There is a possibility we will take restructuring actions in one of our markets in the future to reduce expenses if a major customer is lost or if recurring operating losses continue. These actions could result in significant restructuring charges at these subsidiaries, including recognizing impairment charges to write down assets, and recording accruals for employee severance and operating leases. These charges, if required, could significantly affect results of operations and cash flows.

The Company depends heavily on the availability of fuel and the ability to pass higher fuel costs to customers. Fuel prices have fluctuated significantly in recent years. In some periods, the Company's operating profit has been adversely affected because it is not able to immediately fully offset the impact of higher fuel prices through increased prices or fuel surcharges. The Company does not have any long-term fuel purchase contracts, and has not entered into any other hedging arrangements that protect against fuel price increases. Volatile fuel prices and potential increases in fuel taxes will continue to affect the Company. A significant increase in fuel costs and an inability to pass increases on to customers or a shortage of fuel could adversely affect the Company's results of operations.

BHS may not be able to sustain the expansion of its subscriber base at recently achieved growth rates. BHS has a history of significantly increasing its subscriber base each year as a result of growth in new installations and a relatively low number of subscriber disconnects. The majority of our subscribers are residents of single-family households and we intend to continue to grow our subscriber base through a number of sales channels, including relationships with new home builders. As a result, BHS' business benefited from strong growth in the housing market through 2005. The housing market experienced a downturn in 2006 and 2007, and a continued downturn in the housing market (new construction and/or resale of existing houses) could have an impact on our ability to continue to maintain strong growth in the subscriber base. In addition, our disconnect rate has been favorably affected in the past several years by the cumulative effect of improved subscriber selection and retention processes and high-quality customer service. A substantial number of disconnects cannot be prevented, including, for example, disconnects that occur because of customer moves. If we fail to continue to provide high-quality service or take other actions that have improved the disconnect rates in the past, the disconnect rate could increase, and the subscriber base growth rate could suffer. Slower growth in the subscriber base from materially lower installations and/or materially higher disconnects could adversely affect results of operations.

The Company has significant obligations and liabilities related to its former coal operations. The Company has substantial pension and retiree medical obligations, many of which arose during its long history of operating in the coal industry. The Company has contributed cash to segregated trusts that pay benefits to satisfy these obligations. The Company may have to make additional contributions to fund the obligations. The amount of these obligations is significantly impacted by factors that are not in the Company's control, including interest rates used to determine the present value of future payment streams, investment returns, medical inflation rates, participation rates and changes in laws and regulations. Changes in any of these factors could have a significant effect on the amount of

the Company's obligations and could materially and adversely affect the Company's financial condition, results of operations and cash flows. The Company also has ongoing reclamation and remediation obligations, the future cost of which is from time to time reviewed and adjusted, as necessary. The Company may also incur future environmental and other liabilities that are presently unknown in connection with these former operations.

BHS intends to grow new lines of business and operating margins may suffer. BHS intends to expand its presence in commercial alarm installation and monitoring. As a result, the cost of investment in new subscribers may continue to grow faster than installations and related revenue as BHS develops the resources needed to achieve its objectives. If BHS is unable to increase the subscriber base while incurring the additional investment costs, BHS' results of operations would be adversely affected.

BHS' earnings and cash flow could be materially affected by a sudden shift in its customers' selection of voice and data communications services. BHS' operating model relies on its customers' selection and continued payment for high quality, reliable telecommunications services. In recent years, a small but increasing number of existing customers and prospective new customers exclusively use wireless telephone service within their homes. Although BHS monitoring service can be connected using wireless telephone service, its solution is more expensive to the customer than its traditional product and service package that uses wire-line telecommunications. In this scenario, customer dissatisfaction could increase, driving up BHS' disconnect rate, as wireless service may be less reliable depending on the performance of the wireless service provider. If there were a sudden shift to such wireless services by a significant portion of BHS' existing subscriber base, BHS' results of operations and cash flows could be adversely affected.

BHS' earnings and cash flow could be materially affected by penalties assessed for false alarms. BHS believes its false alarm rate compares favorably to many other companies' rates. Some local governments impose assessments, fines, penalties and limitations on either subscribers or the alarm companies for false alarms. A few municipalities have adopted ordinances under which both permit and alarm dispatch fees are charged directly to the alarm companies. BHS' alarm service contracts generally allow BHS to pass these charges on to customers. If more local governments were to impose assessments, fines or penalties, and BHS was not able to pass the increase in costs to its customers, the growth of BHS' subscriber base could be adversely affected.

BHS' earnings and cash flow could be materially affected by the refusal of police departments to automatically respond to calls from monitored security service companies. Police departments in a limited number of U.S. cities are not required to automatically respond to calls from monitored security service companies unless an emergency has been visually verified. BHS has offered affected customers the option of receiving response from private guard companies, which in most cases have contracted with BHS. This increases the overall cost to customers. If more police departments were to refuse to automatically respond to calls from monitored security service companies without visual verification, BHS' ability to retain subscribers could be negatively impacted and results of operations and cash flow could be materially and adversely affected.

BHS relies on third party providers for the components of its security systems. The components for the security systems that BHS installs are manufactured by third parties. BHS is therefore susceptible to interruptions in supply and to the receipt of components that do not meet BHS' high standards. BHS mitigates these risks through the selection of vendors with strong reputations for producing quality products. However, any interruption in supply could cause delays in installations and repairs and the loss of current and potential customers. Also, if a previously installed component were found to be defective, BHS might not be able to recover the costs associated with its repair or replacement and the diversion of BHS' technical force to address such an issue could affect subscriber and revenue growth.

BHS is exposed to greater risks of liability for employee acts or omissions, or system failure, than may be inherent in other businesses. Substantially all of BHS' alarm monitoring product sales or services agreements contain provisions limiting liability to customers in an attempt to reduce this risk. However, in the event of litigation with respect to such matters, there can be no assurance that these limitations will be enforced.

BHS carries insurance of various types, including general liability and professional liability insurance in amounts management considers adequate and customary for the industry. Some of BHS' insurance policies, and the laws of some states, may limit or prohibit insurance coverage for punitive or certain other types of damages, or liability arising from gross negligence. If the Company incurs increased losses related to employee acts or omissions, or system failure, or if the Company is unable to obtain adequate insurance coverage at reasonable rates, or if the Company is unable to receive reimbursements from insurance carriers, the Company's financial condition and results of operations could be materially and adversely affected.

The Company's business operates in regulated industries. The U.S. operations of Brink's are subject to regulation by the U.S. Department of Transportation with respect to safety of operations and equipment and financial responsibility. Intrastate operations in the U.S. are subject to regulation by state regulatory authorities and intraprovince operations in Canada are subject to regulation by Canadian and provincial regulatory authorities. Brink's International operations are regulated to varying degrees by the countries in which they operate.

BHS and its employees are subject to various U.S. federal, state and local consumer protection, licensing and other laws and regulations. Most states in which BHS operates have licensing laws directed specifically toward the monitored security services industry. BHS' business relies heavily upon wireline telephone service to communicate signals. Wireline telephone companies are currently regulated by both the federal and state governments. BHS' Canadian operation is subject to the laws of Canada, British Columbia and Alberta.

Changes in laws or regulations could require the Company to change the way it operates, which could increase costs or otherwise disrupt operations. In addition, failure to comply with any applicable laws or regulations could result in substantial fines or revocation of the Company's operating permits and licenses. If laws and regulations were to change or the Company failed to comply, the Company's business, financial condition and results of operations could be materially and adversely affected.

The Company could be materially affected by an unfavorable outcome related to non-payment of value-added taxes and custom duties. During 2004, the Company determined that one of its non-U.S. Brink's business units had not paid foreign customs duties and value-added taxes with respect to the importation of various goods and services. The Company has been advised that there could be civil and criminal penalties asserted for the non-payment of these customs duties and value-added taxes. To date no penalties have been asserted. The Company believes that the range of reasonably possible losses related to customs duties penalties is between \$0 and approximately \$35 million. These penalties could be asserted at any time. The business unit has discussed this matter with the appropriate government authorities, provided an accounting of unpaid customs duties and taxes and made payments covering its calculated unpaid value added taxes. An adverse outcome in this matter could materially affect the Company's financial condition, results of operations and cash flows.

The Company has retained obligations from the sale of BAX Global. In January 2006 the Company sold BAX Global. The Company retained some of the obligations related to these operations, primarily for taxes owed prior to the date of sale and for any amounts paid related to one pending litigation matter for which losses could be between \$0 and \$11 million at the date of sale. In addition, the Company provided indemnification customary for these sorts of transactions. Future unfavorable developments related to these matters could require the Company to record additional expenses or make cash payments in excess of recorded liabilities. The occurrence of these events could have a material adverse affect on the Company's financial condition, results of operations and cash flows.

The Company is subject to covenants for credit facilities. The Company has credit facilities with financial covenants, including a limit on the ratio of debt to earnings before interest, taxes, depreciation, and amortization, limits on the ability to pledge assets, limits on the use of proceeds of asset sales and minimum coverage of interest costs. Although the Company believes none of these covenants are presently restrictive to operations, the ability to meet the financial covenants can be affected by changes in the Company's results of operations or financial condition. The Company cannot provide assurance that it will meet these covenants. A breach of any of these covenants could result in a default under existing credit facilities. Upon the occurrence of an event of default under any of our credit facilities, the lenders could cause amounts outstanding to be immediately payable and terminate all commitments to extend further credit. The occurrence of these events would have a significant impact on the Company's liquidity and cash flows.

The Company's effective income tax rate could change. The Company operates in approximately 50 countries, all of which have different income tax laws and associated income tax rates. The Company's effective income tax rate can be significantly affected by changes in the mix of pretax earnings by country and the related income tax rates in those countries. In addition, the Company's effective income tax rate is significantly affected by its estimate of its ability to realize deferred tax assets, including those associated with net operating losses. Changes in income tax laws, income apportionment, or estimates of the ability to realize deferred tax assets, could significantly affect the Company's effective income tax rate, financial position and results of operations.

#### Forward-Looking Information

This document contains both historical and forward-looking information. Words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes," "may," "should" and similar expressions may identify forward-looking information. Forward-looking information in this document includes, but is not limited to, statements regarding the strategic decision to spin-off BHS, the tax free nature and other expected characteristics of the spin-off, competitive advantages at Brink's and BHS, expected revenue growth, cash flow and earnings for The Brink's Company and its subsidiaries in 2008 and through 2010, including revenue growth and operating profit margin at Brink's and revenue, profit and subscriber growth at BHS, Brink's pursuit of growth through acquisitions in new and existing markets, the differentiation of Cash Logistics services, Brink's cost structure, the seasonality of Brink's operating profit, employee relations, the lack of interruptions in the BHS supply chain, BHS' dealer due diligence process, BHS' continued

expansion into the commercial market, the effectiveness of BHS' customer care efforts on false alarms, customer satisfaction and retention, the disconnect rate at BHS, monitoring and service rates offered by BHS, significant liabilities and ongoing expenses and cash outflows related to former coal operations, the anticipated effective tax rate for 2008 and the Company's future tax position, expected improved Brink's performance in EMEA, actions to improve long-term performance, Brink's expected revenue increases in Venezuela and the increased risk of operational issues, the effect of the U.S. economy on BHS' performance, the future disconnect rate at BHS, instability in the housing and credit markets, anticipated difficulties in the BHT business, increased market share through expanded relationships with major home builders, possible increases in BHS' investment per new subscriber, expected additional professional, legal and advisory fees in 2008, expenses and cash outflows related to former coal operations, expenses in continuing operations, future contributions to and use of the VEBA and expected investment returns on funds held by the VEBA, expected, future cash payments and expense levels for black lung obligations, projected payments and expense for the primary U.S. pension plan and its expected long-term rate of return, future pension plan contributions, anticipated dividends from a real estate investment, the assumption of additional liability by the buyer of Brink's United Kingdom domestic cash handling operations, the impact of exchange rates, the possibility that Venezuela may be considered highly inflationary again, the possibility that Brink's Venezuela may be subject to less favorable exchange rates on dividend remittances, capital expenditures in 2008, the adequacy of sources of liquidity to meet the Company's near term requirements, estimated contractual obligations for the next five years, the Company's borrowing capacity under the Letter of Credit Facility and the Revolving Facility, the Company's provision for contingent income tax liabilities and interest, the outcome of pending litigation, the outcome of the issue relating to the non-payment of customs duties and value-added tax by a non-U.S.

subsidiary of Brink's, Incorporated, future realization of deferred tax assets, the carrying value of Brink's goodwill, estimates of future reconnection experience at BHS and the impact of any change in estimates on BHS' impairment charges, estimated discount rates, the assumed inflation rate for a number of the Company's benefit plans, the impact of recent and future accounting rule changes, the likelihood of losses due to non-performance by parties to hedging instruments, the use of earnings from foreign subsidiaries and equity affiliates, future recognition of unrecognized tax benefits and uncertain tax positions, and the contractual indemnities associated with the sale of BAX Global, involve forward-looking information which is subject to known and unknown risks, uncertainties, and contingencies, which could cause actual results, performance or achievements, to differ materially from those that are anticipated.

These risks, uncertainties and contingencies, many of which are beyond the control of The Brink's Company and its subsidiaries, include, but are not limited to the ability of the Company to complete a successful spin-off of BHS, the satisfaction of all conditions in order to complete a spin-off of BHS, demand for the products and services of Brink's and BHS, the ability to identify and execute further cost and operational improvements and efficiencies in the core businesses, the impact of continuing initiatives to control costs and increase profitability, the ability of the businesses to cost effectively match customer demand with appropriate resources, the willingness of Brink's and BHS' customers to absorb future price increases and the actions of competitors, the Company's ability to identify strategic opportunities and integrate them successfully, acquisitions and dispositions made in the future, Brink's ability to integrate recent acquisitions, corporate expenses due to the implementation of the spin-off decision and shareholder initiatives, decisions by the Company's Board of Directors, Brink's ability to perform currency conversion cash handling services in Venezuela successfully and without adverse operational issues, regulatory and labor issues and higher security threats in European countries, the impact of restructuring and other actions responding to current market conditions in European countries, the assumption of certain contractual obligations by the buyer of Brink's United Kingdom domestic cash handling operations, the return to profitability of operations in jurisdictions where Brink's has recorded valuation adjustments, the input of governmental authorities regarding the non-payment of customs duties and value-added tax, the stability of the Venezuelan economy and changes in Venezuelan policy regarding exchange rates for dividend remittances, variations in costs or expenses and performance delays of any public or private sector supplier, service provider or customer, the ability of the Company and its subsidiaries to obtain appropriate insurance coverage at reasonable prices, positions taken by insurers with respect to claims made and the financial condition of insurers, safety and security performance, Brink's loss experience, changes in insurance costs, risks customarily associated with operating in foreign countries including changing labor and economic conditions, political instability, restrictions on repatriation of earnings and capital, nationalization, expropriation and other forms of restrictive government actions, costs associated with information technology and other ongoing contractual obligations, BHS' ability to maintain subscriber growth, the number of household moves, the level of home sales or new home construction, potential instability in housing credit markets, the performance of BHS' equipment suppliers and dealers, BHS' ability to cost-effectively develop or incorporate new systems in a timely manner, decisions regarding continued support of the developing commercial business, the ability of the home security industry to dissuade law enforcement and municipalities from refusing to respond to alarms, the willingness of BHS' customers to pay for private response personnel or other alternatives to police responses to alarms, estimated reconnection experience at BHS, costs associated with the purchase and implementation of cash processing and security equipment, changes in the scope or method of remediation or monitoring of the Company's former coal operations, the timing of the pass-through of certain costs to third parties and the timing of approvals by governmental authorities relating to the disposal of the coal assets, changes to estimated liabilities and assets in actuarial assumptions due to payments made, investment returns, annual actuarial revaluations, and periodic revaluations of reclamation liabilities, the funding levels, accounting treatment, investment performance and costs of the company's pension plans and the VEBA, whether the Company's assets or the VEBA's assets are used to pay benefits, projections regarding the number of participants in and beneficiaries of the Company's employee and retiree benefit plans, black lung claims incidence, the number of dependents of mine workers for whom benefits are provided, actual retirement experience of the former coal operation's employees, actual medical and legal expenses relating to benefits, changes in inflation rates (including

medical inflation) and interest rates, changes in mortality and morbidity assumptions, mandatory or voluntary pension plan contributions, discovery of new facts relating to civil suits, the addition of claims or changes in relief sought by adverse parties, the cash, debt and tax position and growth needs of the Company, the demand for capital by the Company and the availability and cost of such capital, the satisfaction or waiver of limitations on the use of proceeds contained in various of the Company's financing arrangements, the nature of the Company's hedging relationships, the financial performance of the Company, utilization of third-party advisors and the ability of the Company to hire and retain corporate staff, changes in employee obligations, overall domestic and international economic, political, social and business conditions, capital markets performance, the strength of the U.S. dollar relative to foreign currencies, foreign currency exchange rates, changes in estimates and assumptions underlying the Company's critical accounting policies, as more fully described in the section "Application of Critical Accounting Policies" but including the likelihood that net deferred tax assets will be realized, discount rates, expectations of future performance, the timing of deductibility of expenses, inflation, and the promulgation and adoption of new accounting standards and interpretations, including SFAS 157, SFAS 159, SFAS 141(R), and SFAS 160, anticipated return on assets, inflation, the promulgation and adoption of new accounting standards and interpretations, seasonality, pricing and other competitive industry factors, labor relations, fuel and copper prices, new government regulations and interpretations of existing regulations, legislative initiatives, judicial decisions, issuance of permits, variations in costs or expenses and the ability of counterparties to perform. The information included in this document is representative only as of the date of this document, and The Brink's Company undertakes no obligation to update any information contained in this document.



## ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

## ITEM 2. PROPERTIES

Brink's

Brink's has property and equipment in locations throughout the world. Branch facilities generally have office space to support operations, a vault to securely process and store valuables and a garage to house armored vehicles and serve as a vehicle terminal. Many branches have additional space to repair and maintain vehicles.

Brink's owns or leases armored vehicles, panel trucks and other vehicles that are primarily service vehicles. Brink's armored vehicles are of bullet-resistant construction and are specially designed and equipped to provide security for the crew and cargo.

The following table discloses leased and owned facilities and vehicles for Brink's most significant operations as of December 31, 2007.

Region	Leased	Facilities Owned	Total	Leased	Vehicles Owned	Total
U. S.	173	24	197	1,972	361	2,333
Canada	42	13	55	435	73	508
EMEA (a)	255	26	281	694	2,508	3,202
Latin America	183	50	233	241	2,649	2,890
Asia Pacific	33	-	33	2	130	132
Total	686	113	799	3,344	5,721	9,065
(a)	Europe, Middle East, and Africa					

As of December 31, 2007, the Company had approximately 6,500 Brink's-owned CompuSafe® devices located on customers' premises, of which 6,400 are in North America.

## BHS

BHS has 67 leased field office facilities located throughout the U.S. and one leased office in Canada. BHS' headquarters are located in Irving, Texas. This owned facility houses many administrative and technical support personnel. Additional administrative personnel are located in portions of two nearby buildings in office spaces that are leased for terms ending in 2010 and 2012. The primary Irving facility also serves as one of two central monitoring facilities. The second owned monitoring and service center is located near Knoxville, Tennessee.

BHS leases approximately 1,600 vehicles which are used in the process of installing and servicing its security systems.

BHS retains ownership of most of the approximately 1.2 million systems currently being monitored. When a customer cancels monitoring services, BHS typically disables the system. In a limited number of cases, BHS removes the equipment. When a customer cancels monitoring services because of an impending household move or business relocation, the retention of the BHS system at the site facilitates the marketing of monitoring services to the subsequent homeowner or business.

ITEM 3. LEGAL PROCEEDINGS

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.