January 23, 2015

Dear ADT Stockholder,

We closed the 2014 fiscal year making significant progress on each of our key performance measures, and delivered a strong second half performance after some challenges at the outset of the year. Our steady progress in delivering against our strategic initiatives was evidenced by a strong fourth fiscal quarter financial performance, driven by an increase in gross customer additions, a reduction in attrition, improvement in cost efficiencies, and strong margin performance. We enter the new fiscal year with a clear focus on execution and maintaining the positive momentum in our operating and financial performance to position ADT for continued growth.

Reflecting on our progress against our strategic initiatives, there were several significant achievements that put us on the path to continued growth as we seek to create long-term shareholder value—

- **Installed our 1 Millionth ADT Pulse® customer**. To put this milestone in context, if ADT Pulse® were an independent company, it would be the fourth largest security company in North America. Today, just four years after its initial launch, Pulse take rates are exceeding 50% across all channels, and approximately 70% of all direct new Residential ADT sales are interactive security systems – representing successful transformations of our technology expertise, product portfolio, and customer engagement.
- **Improved the customer experience and drove significant improvements in revenue and unit attrition**. We ended the fiscal year with fourth quarter attrition favorable to both our guidance and prior year. Enhanced customer experience initiatives across the service value chain, along with non-pay initiatives, enhanced resale efforts and tighter credit screening all contributed to lower attrition in 2014. Our plan is to drive attrition even lower in 2015.
- **Expanded our addressable market with the launch of ADT Business**. Upon the expiration of the non-competition agreement with our former parent company in late September 2014, we expanded our product and service offerings to the mid-size commercial market, tripling the addressable market for our business services. The newly rebranded “ADT Business” team will continue to serve small business owners while we begin to build the expertise and product capability to capture growth opportunities in this expanded market, where the strength of ADT’s trusted brand continues to be a competitive advantage.
- **Completed strategic acquisition and forged new partnerships**. In July, we successfully closed the acquisition of the second-largest security company in Canada, Reliance Protectron, that when combined with ADT Canada, creates a strong platform for future growth in that country. Over the course of 2014, we formed new relationships with technology companies such as Life360, McAfee and IFTTT, providing opportunities to expand our services and improve the customer experience.
- **Continued to optimize our cost structure**. In fiscal year 2014, we continued to make progress in driving down customer acquisition costs and lowering our overall net creation multiple despite higher Pulse take rates, which require a larger upfront investment. In 2015, we remain focused on driving creation costs even lower, through our cost efficiency programs and a solid pipeline of productivity initiatives including the launch of electronic contracts, the roll out of our new wireless Pulse panel, and other planned hardware cost efficiencies.
- **Added tremendous new talent to the management team**. Four executives joined our Executive Leadership Team in the last year: Chief Financial Officer Michael Geltzeiler; Chief Marketing Officer Jerri DeVard; Chief Human Resources Officer Laura Miller; and President of ADT Canada Andrea Martin. Each of these leaders brings deep expertise in their field, having led large functions at leading public companies such as the New York Stock Exchange, Verizon, and Coca-Cola. We also strengthened our sales leadership teams in Residential and Business.
- **Completed all post-separation transition activities with our former parent company**. After a three-year change effort that began pre-separation and touched all 200 of our facilities across North America and nearly every single IT platform, we completed all separation activities and freed up significant resources to focus on executing against ADT’s strategic and operational priorities.

ADT continues to lead in a market that is creating new opportunities for future growth. Those opportunities are being fueled by innovation, new services, and the potential demand for monitored security as an integral part of connected homes and businesses. Today only about 20% of homes in North America have a professionally monitored security system, and home automation services are only in their infancy, leaving 80% of the market without monitored security or automation. This represents a significant potential growth opportunity for ADT.

This is an exciting time for our industry, and we believe that ADT is in the right place, at the right time, with the right capabilities to capitalize on these opportunities and deliver meaningful value to our investors. We intend to strengthen our position as the #1 security company in North America, trusted by millions to meet their needs and provide peace of mind.

Thank you for your continued support and partnership as we forge ahead.

Regards,

Naren K. Gursahaney

Naren Gursahaney
President & Chief Executive Officer
The ADT Corporation

The ADT Corporation
1501 Yamato Road
Boca Raton, Florida 33431

January 23, 2015

Dear ADT Stockholder:

You are cordially invited to attend The ADT Corporation 2015 Annual Meeting of Stockholders (the "Annual Meeting"), which will be held at 8:30 a.m. Eastern Time, on Tuesday, March 17, 2015 at the Embassy Suites Boca Raton, 661 NW 53rd Street, Boca Raton, Florida. Details of the business to be conducted at the Annual Meeting are given in the accompanying Notice of Annual Meeting and Proxy Statement, which provides information required by applicable laws and regulations.

In accordance with U.S. Securities and Exchange Commission rules, we are sending stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") with instructions for accessing the proxy materials and voting via the Internet. This Notice also provides information on how stockholders may obtain paper copies of our proxy materials if they so choose. We believe use of the Internet makes the proxy distribution process more efficient, less costly and helps in conserving natural resources.

Your vote is important and we encourage you to vote whether you are a registered owner or a beneficial owner (because your shares are held in a stock brokerage account or by a bank or other nominee), and whether or not you plan to attend the Annual Meeting. If you are a registered owner of ADT common stock and do not plan to vote in person at the Annual Meeting, you may vote via the Internet, by telephone or, if you receive a paper proxy card in the mail, by mailing the completed proxy card. Voting by any of these methods will ensure your representation at the Annual Meeting. If you are a beneficial owner, the registered owner will communicate with you about how to vote your shares.

Thank you for your continued interest in ADT.

Yours sincerely,

Bruce Gordon
Chairman of the Board of Directors

The ADT Corporation

Notice of 2015 Annual Meeting of Stockholders

When: Tuesday, March 17, 2015 at 8:30 a.m. Eastern Time

Where: Embassy Suites Boca Raton, 661 NW 53rd Street, Boca Raton, Florida 33487

Who Can Vote: Stockholders of ADT common stock at the close of business on January 20, 2015.

Date of Mailing or Availability Date: Beginning on or about January 23, 2015, this Notice of Annual Meeting and the 2015 Proxy Statement are being mailed or made available, as the case may be, to stockholders of record on January 20, 2015.

Items of Business:

- To elect the members of our Board of Directors, each as named in the 2015 Proxy Statement.
- To ratify the appointment of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for fiscal year 2015.
- To approve, in a non-binding vote, the compensation of the Company's named executive officers.
- To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Proxy Voting: **Your vote is important.** Proxy voting permits stockholders unable to attend the Annual Meeting to vote their shares through a proxy. By appointing a proxy, your shares will be represented and voted in accordance with your instructions. Stockholders who do not receive paper copies of our proxy materials can vote their shares by following the voting instructions provided on the Notice of Internet Availability of Proxy Materials. If you are a registered owner and requested a paper copy of the proxy materials, you can vote your shares by proxy by completing and returning your proxy card or by following the Internet or telephone voting instructions provided on the proxy card. If you sign the proxy card and do not provide instructions on how to vote, the proxies will vote as recommended by the Board of Directors. Beneficial owners who received or requested a paper copy of the proxy materials may submit voting instructions by completing and returning their voting instruction form or by following the Internet or telephone voting instructions provided on the voting instruction form. You can change your voting instructions or revoke your proxy at any time prior to the Annual Meeting by following the instructions on page 2 of the 2015 Proxy Statement and on the proxy card.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on March 17, 2015. The Company's 2015 Proxy Statement and 2014 Annual Report are available online at *www.proxyvote.com*.

By Order of the Board of Directors,

N. David Bleisch
Senior Vice President, Chief Legal Officer and Corporate Secretary

January 23, 2015

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The ADT Corporation
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INFORMATION ABOUT THIS PROXY STATEMENT AND THE ANNUAL MEETING

Questions and Answers about Voting Your Shares

Why did I receive these proxy materials?

The ADT Corporation ("ADT" or the "Company") has sent a Notice of Internet Availability of Proxy Materials and/or Notice of Annual Meeting and Proxy Statement, together with a proxy card, because ADT's Board of Directors is soliciting your proxy to vote at the Annual Meeting of Stockholders scheduled to be held on March 17, 2015 (the "Annual Meeting"). This Proxy Statement contains information about the items being voted on at the Annual Meeting and important information about ADT. ADT's 2014 Annual Report on Form 10-K, which includes ADT's consolidated and combined financial statements for the fiscal year ended September 26, 2014 (the "Annual Report"), is enclosed with these materials**.** ADT has made these materials available to each person who is registered as a holder of its shares in its register of stockholders (such owners are often referred to as "holders of record" or "registered stockholders") as of the close of business on January 20, 2015, the record date for the Annual Meeting. Any ADT stockholder as of the record date who does not receive a paper copy of the Notice of the Annual Meeting and Proxy Statement, together with the enclosed proxy card or voting instruction form and the Annual Report, may obtain a copy at the Annual Meeting or by contacting ADT at (561) 322-4958 or investorrelations@adt.com.

ADT has requested those banks, brokerage firms and other nominees who hold ADT shares on behalf of the owners of the shares (such owners are often referred to as "beneficial owners," "beneficial stockholders" or "street name holders") as of the close of business on January 20, 2015 forward these materials, together with a voting instruction form, to those beneficial stockholders. ADT has agreed to pay the reasonable expenses of the banks, brokerage firms and other nominees for forwarding these materials.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials?

Pursuant to rules adopted by the U.S. Securities and Exchange Commission (the "SEC"), we have elected to provide stockholders access to our proxy materials over the Internet. We believe that this e-proxy process will expedite our stockholders' receipt of proxy materials, lower our costs in connection with our Annual Meeting and reduce the environmental impact of our Annual Meeting. Accordingly, we sent a Notice of Internet Availability of Proxy Materials (the "Notice") on or about January 23, 2015 to stockholders of record entitled to vote at the Annual Meeting. If you receive the Notice by mail, you will not receive a printed copy of the proxy materials unless you specifically request a printed copy.

All stockholders will have the ability to access the proxy materials on a website referred to in the Notice, to download printable versions of the proxy materials from our website or to request and receive a paper or email copy of the proxy materials from us. Instructions on how to access the proxy materials over the Internet or to request a printed copy from us may be found on the Notice. If you receive paper copies of the proxy materials, a proxy card will also be enclosed.

Who is entitled to vote?

January 20, 2015 is the record date for the Annual Meeting. On January 20, 2015, there were 171,152,219 shares outstanding and entitled to vote at the Annual Meeting. Stockholders registered in our share register at the close of business on January 20, 2015 are entitled to vote at the Annual Meeting.

How many votes do I have?

Every holder of a share of common stock on the record date will be entitled to one vote per share for each director to be elected at the Annual Meeting and to one vote per share on each other matter presented at the Annual Meeting.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those owned beneficially.

Stockholder of Record

If your shares are registered directly in your name, as registered shares entitled to voting rights in our share register operated by our transfer agent, Wells Fargo Shareowner Services, you are considered, with respect to those shares, the stockholder of record and the Notice or, if requested, paper or emails copies of these proxy materials are being sent to you directly by us. As the stockholder of record, you have the right to grant your voting proxy directly to the Company officers named in the proxy card, or to grant a written proxy to any person (who does not need to be a stockholder), or to vote in person at the Annual Meeting. If you have received paper copies of the proxy materials, we have enclosed a proxy card for you to use in which you can elect to appoint Company officers as proxies.

Beneficial Owner

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and the Notice or, if requested, paper copies of these proxy materials are being forwarded to you by your broker, bank or other nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares and are also invited to attend the Annual Meeting.

However, since you are not the stockholder of record, you may only vote these shares in person at the Annual Meeting if you follow the instructions described below under the headings "How do I attend the Annual Meeting?" and "How do I vote?" If you have received paper copies of the proxy materials, your broker, bank or other nominee has enclosed a voting instruction form for you to use in directing your broker, bank or other nominee as to how to vote your shares, which may contain instructions for voting by telephone or electronically.

How do I vote?

You can vote in the following ways:

- **By Mail:** If you are a holder of record and elect to receive a paper copy of your proxy materials, you can vote by marking, dating and signing the proxy card and returning it by mail in the enclosed postage-paid envelope. If you beneficially own your shares and receive a voting instruction form, you can vote by following the instructions on your voting instruction form. Please refer to information from your bank, broker or other nominee on how to submit voting instructions.
- **By Internet or Telephone:** You can vote over the Internet at ***www.proxyvote.com*** by following the instructions on the proxy card, voting instruction form or in the Notice previously sent to you. You can vote using a touchtone telephone by calling 1-800-690-6903.
- **At the Annual Meeting:** If you are a holder of record planning to attend the Annual Meeting and wish to vote your shares in person, we will give you a ballot at the meeting. Stockholders who own their shares in street name are not able to vote at the Annual Meeting unless they have a proxy, executed in their favor, from their broker, bank or other nominee, the holder of record of their shares.

Even if you plan to be present at the Annual Meeting, we encourage you to complete and mail the enclosed card to vote your shares by proxy or vote by phone or the Internet. Telephone and Internet voting facilities for stockholders will be available 24 hours a day and will close at 11:59 p.m. Eastern Time on March 16, 2015. Proxy cards mailed by holders of record must be received no later than March 16, 2015 in order to be counted in the vote.

How do I vote by proxy given to a Company officer if I am a holder of record?

If you properly fill in your proxy card appointing an officer of the Company as your proxy and submit it to us in time to vote, your proxy, meaning one of the individuals named on your proxy card, will vote your shares as you have directed.

If other matters are properly presented at the Annual Meeting and any adjournment or postponement thereof for consideration and you are a holder of record and have submitted a proxy, the persons named as proxies will have the discretion to vote on those matters for you.

At the time we began printing this Proxy Statement, we knew of no matters intended to be raised at the Annual Meeting other than those described in this Proxy Statement.

Whether or not you plan to attend the Annual Meeting, we urge you to submit your proxy. Returning the proxy card or submitting your vote electronically will not affect your right to attend the Annual Meeting.

How do I attend the Annual Meeting?

All stockholders as of January 20, 2015 are invited to attend and vote at the Annual Meeting. For admission to the Annual Meeting, if you are a stockholder of record, you should bring the admission ticket which is part of the proxy card and a form of photo identification to the Registered Stockholders check-in area, where your ownership will be verified. Those who beneficially own shares should come to the Beneficial Owners check-in area. To be admitted, if you are a beneficial owner, you must bring an account statement or letter from your bank, broker or nominee showing that you own ADT shares as of January 20, 2015 along with a form of photo identification. Registration will begin at 8:00 a.m., and the Annual Meeting will begin at 8:30 a.m.

What if I return my proxy card but do not mark it to show how I am voting?

Your shares will be voted according to the instructions you have indicated. If you sign and return your proxy card but do not indicate instructions for voting, your shares will be voted: "FOR" the election of all nominees to the Board of Directors named on the proxy card; "FOR" the ratification of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for fiscal year 2015 and "FOR" the approval, in a non-binding vote, of the compensation of ADT's named executive officers.

If other matters are properly presented at the Annual Meeting and any adjournment or postponement thereof for consideration and you are a holder of record and have submitted a proxy, the persons named as proxies will have the discretion to vote on those matters for you.

May I change or revoke my vote after I submit my vote via telephone or the Internet, or return my proxy or voting instruction form?

You may change your vote by:

- If you are a holder of record, by notifying our Corporate Secretary in writing before the Annual Meeting that you are revoking your proxy or, if you beneficially own your shares, following the instructions on the voting instruction form, each provided that such notice is received no later than March 16, 2015;
- Submitting another proxy card (or voting instruction form if you beneficially own your shares) with a later date that is received not later than March 16, 2015;
- If you are a holder of record, or a beneficial owner with a proxy from the holder of record, voting in person at the Annual Meeting; or
- If you voted by telephone or the Internet, submitting subsequent voting instructions through the telephone or Internet before the closing of those voting facilities at 11:59 p.m., Eastern Time on March 16, 2015.

What does it mean if I receive more than one proxy or voting instruction form?

It means you have multiple accounts at the transfer agent and/or with banks and stockbrokers. Please vote all of your shares. Beneficial owners sharing an address who are receiving multiple copies of the Proxy Statement and Annual Report will need to contact their broker, bank or other nominee to request that only a single copy of each document be mailed to all stockholders at the shared address in the future. In addition, if you are the beneficial owner, but not the record holder, of ADT's shares, your broker, bank or other nominee may deliver only one copy of the Proxy Statement and Annual Report to multiple stockholders who share an address unless that nominee has received contrary instructions from one or more of the stockholders. ADT will deliver promptly, upon written or oral request, a separate copy of the Proxy Statement and Annual Report to a stockholder at a shared address to which a single copy of the documents was delivered. Stockholders who wish to receive a separate printed copy of the Proxy Statement and Annual Report, now or in the future, should submit their request to ADT by telephone at (561) 322-4958, by email to investorrelations@adt.com or by submitting a written request to our Corporate Secretary at The ADT Corporation, 1501 Yamato Road, Boca Raton, Florida 33431.

What proposals are being presented at the Annual Meeting?

ADT intends to present proposals numbered 1 through 3 for stockholder consideration and voting at the Annual Meeting. These proposals are for:

1. Election of the nominees to the Board of Directors, each as named in this Proxy Statement.
2. Ratification of the appointment of Deloitte & Touche LLP as ADT's Independent Registered Public Accounting Firm for fiscal year 2015.
3. Approval, in a non-binding vote, of the compensation of the Company's named executive officers.

Other than matters incident to the conduct of the Annual Meeting and those set forth in this Proxy Statement, ADT does not know of any other business or proposals to be raised at the Annual Meeting. If any other business is proposed and properly presented at the Annual Meeting, the proxies received from our stockholders give the named proxies the authority to vote on the matter in their discretion, and such named proxies will vote in accordance with the recommendations of the Board of Directors.

How does a stockholder submit a proposal for the 2016 Annual Meeting?

Rule 14a-8 of the Securities Exchange Act of 1934, or the "Exchange Act," establishes the eligibility requirements and the procedures that must be followed for a stockholder proposal to be included in a public company's proxy materials. Under the rule, if a stockholder wants to include a proposal in ADT's proxy materials for its 2016 Annual Meeting, the proposal must be received by ADT at its principal executive offices on or before September 25, 2015 (120 calendar days before the date of this Proxy Statement's release to stockholders) and comply with specified eligibility requirements and procedures in Exchange Act Rule 14a-8. An ADT stockholder who wants to present a matter for action at the 2016 Annual Meeting, but chooses not to do so under Exchange Act Rule 14a-8 (i.e., is not requesting that the proposal be included in ADT's proxy materials), must deliver to the Corporate Secretary of ADT, at its principal executive offices, on or after November 18, 2015 and no later than December 18, 2015 (not less than 90 nor more than 120 days prior to the one-year anniversary of the Annual Meeting), a written notice to that effect; provided, however, in the event that the date of the 2016 Annual Meeting is convened more than 30 days prior to or delayed by more than 70 days after the anniversary date of the 2015 Annual Meeting, such notice must be received no earlier than 120 calendar days prior to the 2016 Annual Meeting and not later than the later of the 90th day before the 2016 Annual Meeting or the 10th day following the date on which public announcement of the date of the 2016 Annual Meeting is first made.

In either case, as well as for stockholder nominations for directors, the stockholder must also comply with the requirements in the Company's By-laws with respect to a stockholder properly bringing business before the Annual Meeting. (You can request a copy of the By-laws from our Corporate Secretary.)

Can a stockholder nominate director candidates?

The Company's By-laws permit stockholders to nominate directors at the Annual Meeting. To make a director nomination at the 2016 Annual Meeting, you must submit a notice with the name of the candidate on or after November 18, 2015 and no later than December 18, 2015 (not less than 90 nor more than 120 days prior to the one-year anniversary of the Annual Meeting) to the Corporate Secretary of ADT, at its principal executive offices. The nomination and notice must meet all other qualifications and requirements of the Company's Board Governance Principles, By-laws and Regulation 14A of the Exchange Act. The Nominating and Governance Committee of the Board of Directors evaluates all director nominee candidates in the same manner, regardless of the source of the recommendation. These standards are discussed in further detail below at page 13 under "Corporate Governance of the Company-Director Nomination Process." (You can request a copy of the nomination requirements from our Corporate Secretary.)

What constitutes a quorum?

In order to conduct business at the Annual Meeting, it is necessary to have a quorum. The holders of record of a majority of the voting power of the issued and outstanding shares of common stock of the Company entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the Annual Meeting.

How many votes are required to approve each item?

Election of each director nominee requires the affirmative vote of a majority of the votes cast with respect to the director at the Annual Meeting for the election of directors, provided that in a "contested election" of directors (that is, the number of shares voted "for" that nominee exceeds the number of votes cast "against" that nominee), directors shall be elected by the vote of a plurality of the votes cast. Proposals No. 2 and 3 require the affirmative vote of the holders of a majority of the voting power of the shares of stock present in person or represented by proxy and entitled to vote on the subject matter. Proposals No. 2 and 3 are advisory in nature and are non-binding.

What is the effect of broker non-votes and abstentions?

A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular agenda proposal because the broker does not have discretionary voting power for that particular proposal and has not received voting instructions from the beneficial owner. Under the current New York Stock Exchange ("NYSE") rules, although brokers have discretionary power to vote your shares with respect to "routine" matters, they do not have discretionary power to vote your uninstructed shares on "non-routine" matters. We believe the following proposals will be considered "non-routine" under the NYSE rules and therefore your broker will not be able to vote your shares with respect to these proposals unless the broker receives appropriate voting instructions from you: Proposal No. 1 (Election of Directors) and Proposal No. 3 (Non-Binding Advisory Vote on Compensation of the Named Executive Officers). Broker non-votes will have no effect on the outcomes of Proposal No. 1 or Proposal No. 3.

Shares owned by stockholders electing to abstain from voting and broker non-votes will be regarded as present at the meeting for purposes of determining whether a quorum is present. Votes cast shall exclude abstentions and therefore abstentions will have no effect on Proposal No. 1, but abstentions will have the effect of an "AGAINST" vote on Proposal No. 2 (Ratification of the appointment of Deloitte & Touche LLP as ADT's Independent Registered Public Accounting Firm for fiscal year 2015) and Proposal No. 3 (Non-Binding Advisory Vote on Compensation of the Named Executive Officers).

What happens if a nominee for director declines or is unable to accept election?

As of the mailing of this Proxy Statement, our Board of Directors does not know of any reason why any director nominee would be unable to serve as a director.

If any nominee is unable to serve, the Board can either nominate a different individual or reduce the size of the Board. If it nominates a different individual, the shares represented by all valid proxies will be voted for that nominee.

How will voting on any other business be conducted?

Other than matters incidental to the conduct of the Annual Meeting and those set forth in this Proxy Statement, we do not know of any other business or proposals to be considered at the Annual Meeting. If any other business is proposed and properly presented at the Annual Meeting, the proxies received from our stockholders give the proxy holders the authority to vote on the matter at their discretion and such proxy holders will vote in accordance with the recommendations of the Board of Directors.

Who will count the votes?

Broadridge Financial Solutions, Inc. ("Broadridge") will act as the inspector of elections and will tabulate the votes.

Costs of Solicitation

The costs of solicitation of proxies will be paid by ADT. ADT has engaged MacKenzie Partners, Inc. as the proxy solicitor for the Annual Meeting for an approximate fee of $10,000, plus reasonable out-of-pocket expenses. In addition to the use of the mails, certain directors, officers or employees of ADT may solicit proxies by telephone, electronic communication or personal contact. Upon request, ADT will reimburse brokers, dealers, banks and trustees or their nominees for reasonable expenses incurred by them in forwarding proxy materials to beneficial owners of our common stock.

Returning Your Proxy or Voting Instruction Form

ADT stockholders of record who have received paper copies of the proxy materials should complete and return the proxy card as soon as possible. In order to assure that your proxy is received in time to be voted at the Annual Meeting, the proxy card must be completed in accordance with the instructions on it and received at the address set forth below by the times (being local times) and dates specified therein:

Vote Processing c/o Broadridge
51 Mercedes Way
Edgewood, NY 11717

If your shares are held in street name and you have received paper copies of the proxy materials, you should return your voting instruction form in accordance with the instructions on that form or as provided by the bank, brokerage firm or other nominee who holds shares of ADT common stock on your behalf.

CORPORATE GOVERNANCE OF THE COMPANY

Overview

ADT's Board of Directors is responsible for directing, and providing oversight of, the management of ADT's business in the best interests of the stockholders and consistent with good corporate citizenship. In carrying out its responsibilities, the Board of Directors selects and monitors top management, provides oversight for financial reporting and legal compliance, determines ADT's governance principles and implements its governance policies. The Board of Directors, together with management, is responsible for establishing the firm's operating values and code of conduct and for setting strategic direction and priorities.

ADT believes that good governance requires not only an effective set of specific practices but also a culture of responsibility throughout the Company, and governance at ADT is intended to optimize both. ADT also believes that good governance ultimately depends on the quality of its leadership, and it is committed to recruiting and retaining directors and officers of proven leadership and personal integrity. To further these goals, the Board of Directors has adopted the ADT Board Governance Principles. The Board of Directors intends that these principles serve as a flexible framework within which the Board of Directors may conduct its business, and not as a set of binding legal obligations. The ADT Board Governance Principles are posted on our website at http://investors.adt.com. We will also provide a copy of the ADT Board Governance Principles to stockholders upon written request to our Corporate Secretary at The ADT Corporation, 1501 Yamato Road, Boca Raton, Florida 33431.

Board of Directors

The business of the Company is managed under the direction of its Board of Directors. The Board of Directors delegates its authority to management for managing the everyday affairs of the Company. The Board of Directors requires that senior management review major actions and initiatives with the Board prior to implementation.

Mission of the Board of Directors: What the Board Intends to Accomplish

The mission of the Board of Directors is to promote the long-term value and health of the Company in the interests of the stockholders, its employees and its other stakeholders and set an ethical "tone at the top." To this end, the Board of Directors provides management with strategic guidance, and also ensures that management adopts and implements procedures designed to promote both legal compliance and the highest standards of honesty, integrity and ethics throughout the organization.

Governance Principles: How the Board Oversees the Company

1. ***Active Board***: The directors are well informed about the Company and vigorous in their oversight of management.
2. ***Company Leadership***: The directors, together with management, set ADT's strategic direction, review financial objectives, and establish a high ethical tone for the management and leadership of the Company.
3. ***Compliance with Laws and Ethics***: The directors ensure that procedures and practices are in place and designed to prevent and identify illegal or unethical conduct and to permit appropriate and timely redress should such conduct occur.
4. ***Inform and Listen to Investors and Regulators***: The directors take steps to see that management discloses appropriate information fairly, fully, timely, and accurately to investors and regulators, and that the Company maintains a two-way communication channel with its investors and regulators.
5. ***Continuous Improvement***: The directors remain abreast of new developments in corporate governance, and they implement new procedures and practices as they deem appropriate.

Board Responsibilities

The Board of Directors is responsible for:

- Reviewing and approving management's strategic and business plans.
- Reviewing and approving financial plans, objectives, and actions including significant capital allocations and expenditures.
- Monitoring management execution of corporate plans and objectives.
- Advising management on significant decisions and reviewing and approving major transactions.
- Recommending director candidates for election by stockholders.
- Appraising the Company's major risks and overseeing that appropriate risk management and control procedures are in place.

- Selecting, monitoring, evaluating, compensating, and if necessary replacing the Chief Executive Officer and other senior executives, and seeing that management development and succession plans are maintained for these executive positions.
- Determining the Chief Executive Officer's compensation, and approving senior executives' compensation, based on performance in meeting pre-determined standards and objectives.
- Determining that procedures are in place and designed to promote compliance with laws and regulations and setting an ethical "tone at the top."
- Determining that procedures are in place designed to promote integrity and candor in the audit of the Company's financial statements and operations, and in all financial reporting and disclosure.
- Designing and assessing the effectiveness of its own governance practices and procedures.
- Periodically monitoring and reviewing stockholder communications sent to the Company.

Board Leadership Structure

The Board of Directors does not have a formal policy regarding the separation of the roles of Chairman and Chief Executive Officer, as it believes it is in the best interests of the Company to make that determination based on the direction of the Company and the membership of the Board at a given time. The Company has had an independent Chairman since its separation from Tyco International Ltd. ("Tyco"), the Company's former parent company, in September 2012, and the Board of Directors believes that having separate Chairman and Chief Executive Officer positions, and having an independent director serve as Chairman, continues to be the appropriate leadership structure for the Company at this time. The Board of Directors believes that the current leadership structure enables the Chief Executive Officer to focus on the operations of the Company's business, while the independent Chairman focuses on leading the Board in its responsibilities and helping the Board ensure that management is acting in the best interests of the Company and its stockholders.

Board Risk Management

Risk is an inherent part of ADT's business activities and risk management is critical to the Company's innovation and success. The Company's compensation programs are designed to motivate employees to take appropriate levels of risks that are aligned with the Company's strategic goals, without encouraging or rewarding excessive risk. The Board of Directors is responsible for evaluating the Company's major risks and for determining that appropriate risk management and control procedures are in place and that senior executives take the appropriate steps to manage all major risks.

As part of its enterprise risk management ("ERM") program, the Company conducts an annual risk assessment survey covering risks, among others, in finance, operations, strategy, compliance, information technology, human resources, environment, health, safety and welfare, brand reputation, innovation, litigation, risk management, public affairs and competition. The Board of Directors has delegated responsibility for the oversight of the ERM program to its Nominating and Governance Committee. The Company formed the Enterprise Risk Management Council (the "ERMC"), which is chaired by the Chief Legal Officer, and consists of other senior executives from Risk Management, Internal Audit, IT, Corporate Development, Operations, Finance, Innovation and Technology, EH&S and Marketing. The ERMC meets periodically to (i) review the results of the annual risk assessment survey and to identify the top enterprise risks, (ii) determine specified risk owners, (iii) monitor the implementation of mitigation plans, and (iv) update and obtain direction from the Nominating and Governance Committee on a regular basis.

Throughout the year, the Board of Directors dedicates a portion of their meetings to review and discuss specific risks and mitigation processes in greater detail. Oversight of certain specific risks is delegated to the following committees of the Board of Directors:

Audit Committee—oversees risks relating to the Company's major financial risk exposures including financial statements and financial reporting and controls, internal controls, cybersecurity risk oversight and legal, regulatory and compliance risks, and steps taken by management to monitor and control such exposures.

Compensation Committee—oversees risks arising from the Company's compensation policies and programs for all employees and the non-management directors.

Nominating and Governance Committee—oversees risks related to the Company's governance structure and process as well as oversee the ERMC as described above.

Board Capacities

The Board of Directors as a whole is constituted to be strong in its collective knowledge and diversity of accounting and finance, management and leadership, vision and strategy, business operations, business judgment, crisis management, risk assessment, industry knowledge, corporate governance, and global markets.

The culture of the Board of Directors is such that the Board can operate swiftly and effectively in making key decisions when facing major challenges. Board meetings are conducted in an environment of trust, open dialogue, mutual respect, and constructive commentary that are akin to those of a high-performance team.

The Board of Directors is informed, proactive, and vigilant in its oversight of the Company and protection of stockholder assets.

Director Independence

To maintain its objective oversight of management, the Board of Directors consists currently of all independent directors, with the exception of Mr. Gursahaney, the current Chief Executive Officer. The Board of Directors has adopted categorical standards designed to assist it in assessing director independence (the "Independence Standards"). The Independence Standards are included in our Board Governance Principles which can be found on our website at http://investors.adt.com. The Independence Standards have been designed to comply with the standards required by the NYSE. In addition, committee members are subject to any additional independence requirements that may be required by law, regulation or NYSE listing standards.

Based on an annual evaluation performed by, and recommendations made by, the Nominating and Governance Committee, our Board of Directors annually determines the independence of each director. Under our Board Governance Principles and NYSE listing standards, a director is not independent unless the Board of Directors makes an affirmative determination that such director has no material relationships with the Company (either directly or indirectly as a partner, stockholder or officer of an organization that has a relationship with the Company).

Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships, among others.

Our Board of Directors has affirmatively determined that each of Mr. Colligan, Mr. Daly, Mr. Donahue, Mr. Dutkowsky, Mr. Gordon, Ms. Heller, Ms. Hyle and Mr. Hylen has satisfied the Independence Standards as well as the independence requirements of the NYSE. Mr. Gursahaney, the current Chief Executive Officer, is not independent, because of his role as an executive officer of the Company.

In making its independence determinations, the Board of Directors considered and reviewed the various commercial and employment transactions and relationships known to the Board of Directors (including those identified through annual directors' questionnaires) that exist between us and our subsidiaries and the entities with which certain of our directors are, or have been, affiliated. Specifically, the Board's independence determinations included reviewing the following transactions:

On August 5, 2013, ADT Security Services Canada, Inc., a subsidiary of the Company ("ADTSS Canada") entered into a service contract for equipment, materials and services for approximately $16 million per year (the "Contract") with Tech Data Canada Corporation, a subsidiary of Tech Data Corporation ("Tech Data Canada"). As stated in his biography on page 16, Mr. Dutkowsky is the Chief Executive Officer and a member of the board of directors of Tech Data Corporation. During fiscal year 2014, ADT paid $9,487,913 to Tech Data Canada for purchases and warehousing of security equipment. Since these payments were less than the greater of $1 million or 2% of Tech Data Canada's consolidated gross revenues in any of the last three fiscal years, and were below the thresholds set forth under our Independence Standards, the Nominating and Governance Committee determined that Mr. Dutkowsky satisfied the Independence Standards, including the independence requirements of the NYSE.

On January 9, 2014, in connection with its recommendation to the Board of Directors to appoint Richard Daly to the Board of Directors, the Nominating and Governance Committee considered Mr. Daly's current position with Broadridge and the amounts paid by the Company or Tyco during each of the last three fiscal years for proxy processing and mailing services, including conduit payments to banks and brokers (collectively, the "ADT Proxy Payments"), provided by Broadridge to the Company. As stated in his biography on page 15, Mr. Daly is the Chief Executive Officer and President of Broadridge and a member of the board of directors of Broadridge. The ADT Proxy Payments totaled $300,085 in 2014 and since the ADT Proxy Payments were less than the greater of $1 million or 2% of Broadridge's consolidated gross revenues in any of the last three fiscal years, and were below the thresholds set forth under our Independence Standards, the Nominating and Governance Committee determined that Mr. Daly satisfied the Independence Standards, including the independence requirements of the NYSE.

On January 8, 2015, in connection with its recommendation to the Board of Directors to appoint Christopher Hylen to the Board of Directors, the Nominating and Governance Committee considered Mr. Hylen's current position with the Citrix SaaS Division ("Citrix") and the amounts paid by the Company during each of the last three fiscal years for telecom and IT support services and web collaboration, (collectively, the "Citrix Payments"), provided by Citrix to the Company. Mr. Hylen's biography is on page 17 of this Proxy Statement. During 2012, 2013 and 2014, ADT paid $40,877 to Citrix Online for pre- and post-Spin-off (as defined below on page 12 in "Certain Relationships and Related Party Transactions") telecom services and $521,941 to Citrix Systems, Inc. for server subscriptions and renewals. Since the Citrix Payments were less than the greater of $1 million or 2% of Citrix's consolidated gross revenues in any of the last three fiscal years, and were below the thresholds set forth under our Independence Standards, the Nominating and Governance Committee determined that Mr. Hylen satisfied the Independence Standards, including the independence requirements of the NYSE.

The Board of Directors determined that the transactions identified were not material and did not affect the independence of such director under our Independence Standards, including the independence requirements of the NYSE.

Board Committees

To conduct its business the Board of Directors maintains three standing committees: Audit, Compensation, and Nominating and Governance, and each of these committees is entirely composed of independent directors, as described below. The members of the Board of Directors serving on these committees are set forth in the following table and the functions of those committees are set forth below:

	Audit Committee	Compensation Committee	Nominating and Governance Committee
Bruce Gordon, Chairman			Chairman
Thomas Colligan	Chairman		✓
Richard Daly		✓	
Timothy Donahue		Chairman	✓
Robert Dutkowsky		✓	
Naren Gursahaney			
Bridgette Heller	✓		
Kathleen Hyle	✓		
Christopher Hylen (1)	✓		
Number of Meetings Held in Fiscal Year 2014	10	9	6

(1) Upon the recommendation of the Nominating and Governance Committee, on January 8, 2015, the Board of Directors appointed Mr. Hylen to the Company's Board of Directors for a term expiring at the 2015 Annual Meeting, or until his earlier resignation or removal, and to the Board's Audit Committee.

- Assignments to, and chairs of, the Audit and Compensation Committees are recommended by the Nominating and Governance Committee and selected by the Board of Directors. The independent directors as a group elect the members and the chair of the Nominating and Governance Committee. All committees report on their activities to the Board of Directors.
- The Chairman may convene a "special committee" to review certain material matters being considered by the Board of Directors. The special committee will report their activities to the Board of Directors.
- To ensure effective discussion and decision making while at the same time having a sufficient number of independent directors for its three standing committees, the Board of Directors is normally constituted of between seven and nine directors but may consist of as many as twelve directors as determined by the Board of Directors from time to time. Subject to ADT's certificate of incorporation, the number of directors shall be fixed by resolution by the Board of Directors, and vacancies occurring in the Board of Directors may be filled only by a majority of the vote of the remaining directors then in office.
- The Nominating and Governance Committee annually reviews the organization of the Board of Directors and recommends appropriate changes to the full Board of Directors.

Each of the committees operates under a written charter that is posted to our website at http://investors.adt.com. We will also provide a printed copy of the committee charters to stockholders upon written request to our Corporate Secretary at The ADT Corporation, 1501 Yamato Road, Boca Raton, Florida 33431.

Audit Committee

The Audit Committee was established in accordance with Section 3(a)(58)(A) and Rule 10A-3 under the Exchange Act. The Audit Committee met ten times during fiscal year 2014 and is responsible, among other things, for:

- overseeing the quality and integrity of our annual audited and quarterly unaudited financial statements, accounting practices and financial information that we provide to the SEC or the public;
- selecting our independent registered public accounting firm, such selection to be presented by our Board of Directors to our stockholders for their ratification at the annual meeting of stockholders;
- pre-approving all services to be provided to us by our independent registered public accounting firm;
- conferring with our independent registered public accounting firm to review the plan and scope of its proposed financial audits and quarterly reviews, as well as its findings and recommendations upon the completion of the audits and such quarterly reviews;
- reviewing the independence of the independent registered public accounting firm;
- overseeing our internal audit function;
- meeting with the independent registered public accounting firm, our appropriate financial personnel and internal auditor regarding our internal controls, critical accounting policies and other matters; and
- overseeing all of our compliance, internal controls, cybersecurity risk and risk management policies.

The Board of Directors has determined that all of the members of the Audit Committee meet the independence requirements set forth in the listing standards of the NYSE, our Board Governance Principles and in accordance with the Audit Committee charter, are "financially literate" as defined by the NYSE rules and have accounting or related financial management expertise as such terms are interpreted by the Board of Directors in its business judgment, and that the committee chairman, Mr. Colligan, and Ms. Hyle each qualify as an "audit committee financial expert" as defined by the rules of the SEC. None of our Audit Committee members simultaneously serves on more than two other public company audit committees.

Compensation Committee

The Compensation Committee oversees the Company's overall compensation structure, policies and programs, including strategic compensation programs for our executive officers that align the interests of our executive officers with those of our stockholders, and assesses whether the Company's compensation structure establishes appropriate incentives for management and employees. The Compensation Committee met nine times during fiscal year 2014 and is responsible, among other things, for:

- setting and reviewing our executive compensation philosophy and principles;
- proposing to our Board of Directors incentive compensation plans and equity-based plans, including performance objectives and metrics associated with these plans, on an annual basis for the Chief Executive Officer;
- reviewing annually the Chief Executive Officer's performance and proposing to our independent directors Chief Executive Officer compensation (including salary, bonus, equity-based grants and any other long-term cash compensation);
- reviewing annual performance of the other executive officers and approving their compensation (including salary, bonus, equity-based grants and any other long-term cash compensation);
- reviewing and approving the comparator group(s) for benchmarking compensation levels and pay practices, as well as performance, for the Chief Executive Officer and executive officers;
- reviewing annually talent development and succession plans for executive officers other than the Chief Executive Officer and making recommendations to our Board of Directors;
- reviewing and approving benefit and perquisite programs for executive officers;
- administering the Company's equity incentive plans, including the review and grant of stock option and other equity incentive grants to executive officers;
- overseeing the design, participation, adequacy, competitiveness, internal equity and cost effectiveness for the Company's broadly-applicable benefit programs;
- establishing, in collaboration with the Nominating and Governance Committee, compensation for non-management directors;
- monitoring compliance by officers and directors with the Company's stock ownership guidelines;
- conducting an annual risk assessment of the Company's compensation programs;
- administering the Company's pay recoupment policy;

- reviewing the Company's human resources strategy and controls, including Sarbanes-Oxley Section 404 compliance;
- assessing annually the performance of the Compensation Committee and its members and the adequacy of the Committee charter and recommending results and/or changes to our Board of Directors;
- recommending to our Board of Directors the Company's approach with respect to the stockholder advisory vote on executive compensation or "say-on-pay" and how frequently the Company should permit stockholders to have a vote on say-on-pay, taking into account the results of stockholder votes on the frequency of say-on-pay resolutions at the Company;
- overseeing our disclosure regarding executive compensation, including approving the report to be included in our annual proxy statement on Schedule 14A, which disclosure is included or incorporated by reference in our annual report on Form 10-K; and
- reviewing and approving employment, retirement, severance and change-in-control agreements/arrangements for our executive officers.

The Board of Directors has determined that all of the members of the Compensation Committee meet the independence requirements, including the heightened independence criteria set forth in the listing standards of the NYSE, our Board Governance Principles and in accordance with the Compensation Committee charter, are "non-employee directors" (within the meaning of Rule 16b-3 of the Exchange Act) and "outside directors" (within the meaning of Section 162(m) of the Internal Revenue Code (the "Code")). For more information on the Compensation Committee, please see the Compensation Discussion and Analysis in this Proxy Statement.

Nominating and Governance Committee

The Nominating and Governance Committee met six times during fiscal year 2014 and is responsible, among other things, for:

- developing and recommending to our Board of Directors our corporate governance principles and otherwise taking a leadership role in shaping our corporate governance;
- reviewing and evaluating the adequacy of and recommending to our Board of Directors amendments to our by-laws, certificate of incorporation, committee charters and other governance policies;
- reviewing and making recommendations to our Board of Directors regarding the purpose, structure and operations of our various board committees;
- identifying, reviewing and recommending to our Board of Directors individuals for election or re-election to the Board of Directors, consistent with criteria approved by the Board of Directors;
- overseeing the Chief Executive Officer succession planning process, including an emergency succession plan, and making recommendations to our Board of Directors;
- establishing, in collaboration with the Compensation Committee, compensation for non-management directors;
- establishing criteria and qualifications for board membership, including standards for assessing independence;
- overseeing the Company's Environmental, Health & Safety management program;
- ensuring the appropriate process is in place to perform and review the Company's enterprise-wide risk assessments;
- overseeing the Board of Directors' annual self-evaluation; and
- overseeing and monitoring general governance matters including communications with stockholders, regulatory developments relating to corporate governance and our corporate social responsibility activities.

The Board of Directors has determined that all members of the Nominating and Governance Committee meet the independence requirements set forth in the listing standards of the NYSE, our Board Governance Principles and in accordance with the Nominating and Governance Committee charter.

Experiences, Qualifications, Attributes and Skills of Director Nominees

When evaluating potential director nominees, the Nominating and Governance Committee utilizes a diverse group of experiences, qualifications, attributes and skills, including diversity in gender, ethnicity and race that the Nominating and Governance Committee believes enables a director nominee to make significant contributions to the Board of Directors, ADT and our stockholders. The Nominating and Governance Committee works with the Board of Directors to determine the appropriate mix of backgrounds and experiences in order to establish and maintain a Board that is strong in its collective knowledge and that can fulfill its responsibilities, perpetuate our long term success, and represent the interests of our stockholders. These experiences, qualifications, attributes and skills are more fully described in the following table:

	T. Colligan	R. Daly	T. Donahue	R. Dutkowsky	B. Gordon	N. Gursahaney	B. Heller	K. Hyle	C. Hylen
Management Experience Experience as a CEO, COO, President or Senior Vice President of a company or a significant subsidiary, operating division or business unit.	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independence Satisfy the independence requirements of the New York Stock Exchange and Board Governance Principles.	✓	✓	✓	✓	✓		✓	✓	✓
Financial Expertise Possess the knowledge and experience to be qualified as an "audit committee financial expert."	✓	✓						✓	
Technical; Research and Development; Information Technology Experience in, or experience in a senior management position responsible for, managing a significant technical, information technology or research and development function.		✓		✓		✓			✓
Marketing; Sales Experience in, or experience in a senior management position responsible for, managing a marketing and/or sales function.				✓	✓		✓	✓	
Consumer Brand Experience Substantial experience with building brand and product awareness and with business-to-consumer brand marketing.					✓		✓		
Current CEO Currently a sitting CEO of a publicity traded company.		✓		✓		✓			
Minority; Diversity Add perspective through diversity in gender, ethnic background, race, etc.					✓	✓	✓	✓	

Attendance at Meetings

The Board of Directors met twelve times during fiscal year 2014. ADT policy dictates that the Board of Directors meets at least five times a year, and additional meetings may be called in accordance with our By-laws. One of these meetings is scheduled in conjunction with the Company's annual meeting of stockholders, and Board members are required to be in attendance at the annual meeting of stockholders in person or, via exception, by telephone. No current director attended fewer than 75 percent of the meetings held, including meetings held by all committees of the Board of Directors on which such director served. All of the current directors attended the 2014 Annual Meeting of Stockholders, except for Mr. Hylen, who was not a director at that time.

Executive Sessions

The non-management directors of the Company meet in executive sessions without management on a regular basis. The Chairman presides at such executive sessions (the "Presiding Director"). In the absence of the Presiding Director, the non-management directors will designate another director to preside over such executive sessions.

Board Communication

Management speaks on behalf of the Company, and the Board of Directors normally communicates through management with outside parties, including stockholders, business journalists, equity analysts, rating agencies, and government regulators. Stockholders and all other interested parties can directly raise issues with the Board of Directors, including the non-employee directors as a group, via email at directors@adt.com. The Board of Directors periodically reviews all pertinent communications from stockholders and other interested parties.

Certain Relationships and Related Party Transactions

The Board of Directors has adopted certain Guidelines for Related Party Transactions. These Guidelines provide a process for compliance with the related party provisions of the Board Governance Principles, the Company's Code of Conduct, and the Company's Amended and Restated By-laws, as well as the disclosure obligations under the SEC rules. The Nominating and Governance Committee monitors, reviews and approves, if necessary, any material related party transactions between ADT and its subsidiaries (collectively, the "Company") and its senior officers and directors. ADT's Guidelines for Related Party Transactions state that on an annual basis, the Nominating and Governance Committee will receive a list of related parties (the "Related Party List") for each senior officer and director and such list will include any entity that employs a director, any entity (including charitable organizations) for which the director or executive officer serves on the board of directors, and any entity in which the senior officer or director owns more than a 10% interest. There are three types of material related party transactions covered by the Guidelines for Related Party Transactions with specific review procedures:

- Type 1—transactions involving the purchase by or from the Company of products or services in the ordinary course of business in arms-length transactions.
- Type 2—transactions involving the provision of consulting, legal, accounting or financial advisory services to the Company that could compromise a director's independence.
- Type 3—transactions in which a director or officer has a direct or indirect personal interest or that create a conflict of interest for the director or officer.

Ordinary course of business, arms-length transactions with entities on the Related Party List are deemed pre-approved by the Nominating and Governance Committee, in amounts in the aggregate for each such entity of less than 1% of the revenue of such entity or the Company. For Type 1, the Guidelines for Related Party Transactions provide that the Nominating and Governance Committee, prior to filing the Company's proxy statement, annually reviews the Related Party List, including the amount of payments to or from each related party, in comparison to the 1% threshold to ensure that the directors meet the director independence requirement. Any proposed related party transaction involving a member of the Board of Directors must be reviewed and approved by a majority of the disinterested members of the Board. All related party transactions involving potential conflicts of interest must be reported to the Nominating and Governance Committee and approved or ratified by such Committee.

On September 28, 2012, ADT became an independent, publicly traded company as a result of Tyco's distribution, on a pro rata basis, of all of the shares of ADT to Tyco stockholders (the "Spin-off").

In order to govern certain ongoing relationships between the Company, Pentair Ltd. ("Pentair") and Tyco after the Spin-off and to provide mechanisms for an orderly transition, the Company, Pentair and Tyco have entered into the Pentair Separation and Distribution Agreement, the Company and Tyco have entered into the ADT Separation and Distribution Agreement and the Company, Tyco or Pentair, as applicable, have entered into other agreements pursuant to which certain services and rights are provided for following the Spin-off, and the Company, Pentair and Tyco have agreed to indemnify each other against certain liabilities arising from their respective businesses.

The following is a summary list of the material agreements we have entered into with Tyco and Pentair:

- a tax sharing agreement with Tyco and Pentair that governs the rights and obligations of the Company, Tyco and Pentair for certain pre-separation tax liabilities, including Tyco's obligations under the tax sharing agreement among Tyco, Covidien Ltd., and TE Connectivity Ltd. entered into in 2007;
- a non-income tax sharing agreement with Tyco that governs the respective rights, responsibilities and obligations of Tyco and the Company after the distributions with respect to tax returns, tax liabilities, tax contests and other tax matters regarding non-income taxes related to specified legal entities;
- a trademark agreement with Tyco in connection with the Spin-off that governs each party's use of certain trademarks;
- a patent agreement with Tyco in connection with the Spin-off under which Tyco agreed to provide to the Company and its affiliates with a release and covenant not to sue under Tyco and Affiliates' pre-Spin-off patent portfolio (excluding certain patents from Tyco's businesses) for the continued manufacture, use and sale of pre-Spin-off products (and certain modifications thereof), whether manufactured internally or by the same pre-Spin-off suppliers;

The foregoing is not a complete description of the terms of these agreements we have entered into with Tyco and Pentair. For further information about the terms of these agreements, please see our Form 10-K for the fiscal year ended September 26, 2014 filed with the SEC on November 12, 2014 and other periodic reports and registration statements that have been filed by the Company with the SEC.

During fiscal year 2014, there were no related party transactions that exceeded the 1% threshold under the Company's Guidelines for Related Party Transactions, nor were there any related party transactions required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Director Service

ADT's Board Governance Principles provide the following:

- Directors are elected by an affirmative vote of a majority of the votes cast by stockholders at the annual meeting and they serve for one-year terms. Any nominee for director who does not receive a majority of votes cast from the stockholders is not elected to the Board of Directors, however, such nominee will remain in office until a new director is elected, which shall take place in a timely manner.
- Directors are not eligible to stand for re-election to the Board of Directors at the annual meeting following their 72nd birthday. However, the Board of Directors may ask the director to continue his or her service on the Board when it is deemed to be in the best interests of the Company.
- The Nominating and Governance Committee is responsible for the review of all directors, and where necessary will take action to remove a director for performance, which requires the unanimous approval of the Board of Directors. This unanimous approval does not include the approval of the director whose removal is sought.
- Directors inform the Nominating and Governance Committee of any significant change in their employment or professional responsibilities and will offer their resignation to the Board of Directors. This allows for discussion with the Nominating and Governance Committee to determine if it is in the mutual interest of both parties for the director to continue on the Board of the Directors.
- Committee chairs will serve in their respective roles for five years, and rotate at the time of the annual meeting of stockholders following the completion of their fifth year of service.
- When the Chairman of the Board of Directors steps down, he or she simultaneously resigns from the Board of Directors, unless the remaining members of the Board of Directors decides that his or her services are in the best interests of the Company. It is only in unusual circumstances that the Board of Directors decides that the retired Chairman continues to serve.

Code of Conduct

ADT's corporate culture is built on the premise that the Company seeks to draw the best from its employees, and that every employee, without exception, is responsible for the conduct and success of the enterprise. This includes full, accurate, candid, and timely disclosure of information and compliance with all laws and regulatory standards. The Board of Directors is responsible for setting the ethical tenor for management and the Company, and that ethical tenor works on the expectation that employees understand where the lines are that they should not cross and stay widely clear of these lines.

The Board of Directors has adopted a written Code of Conduct for directors, executive officers, managers and all other employees that is designed to deter wrongdoing and to promote, among other things:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with the SEC and other regulators and in our other public communications;
- compliance with applicable laws, rules and regulations, including insider trading compliance; and
- accountability for adherence to the Code of Conduct and prompt internal reporting of violations of the Code, including illegal or unethical behavior regarding accounting or auditing practices.

The Code of Conduct is reviewed periodically by all directors, executive officers, managers and employees, and they affirm in writing on an annual basis that they understand it and are fully in compliance with it. A copy of our Code of Conduct is posted on our website at http://investors.adt.com. We will also provide a copy of our Code of Conduct to stockholders upon written request to our Corporate Secretary at The ADT Corporation, 1501 Yamato Road, Boca Raton, Florida 33431.

Director Nomination Process

In accordance with our governance principles, the Nominating and Governance Committee seeks to create a Board of Directors that as a whole is strong in its collective knowledge and has a diversity of skills and experience with respect to vision and strategy, management and leadership, business operations, business judgment, crisis management, risk assessment, industry knowledge, accounting and finance, corporate governance and global markets. Our Board of Directors does not have a specific policy regarding diversity. Instead, the Nominating and Governance Committee considers the Board of Directors' overall composition when considering a potential new candidate, including whether the Board of Directors has an appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds in light of our current and expected future needs. We believe that it is desirable for new candidates to contribute to a variety of viewpoints on the Board of Directors, which may be enhanced by a mix of different professional and personal backgrounds and experiences.

General criteria specified in our governance principles for the nomination of director candidates include:

- the highest ethical standards and integrity;
- a willingness to act on and be accountable for board decisions;
- an ability to provide wise, informed and thoughtful counsel to top management on a range of issues;
- a history of achievement that reflects superior standards for themselves and others;
- loyalty and commitment to driving the success of ADT;
- an ability to take tough positions while at the same time working as a team player; and
- individual backgrounds that provide a portfolio of experience and knowledge commensurate with our needs.

Invitations to director nominees to become a member of the Board of Directors will be extended by the Chair of the Nominating and Governance Committee after discussion with the Chairman of the Board of Directors and the Chief Executive Officer and agreement by the other members of the Board of Directors. The Board of Directors will consider nominations submitted by stockholders.

PROPOSAL NUMBER ONE—ELECTION OF DIRECTORS

Upon the recommendation of the Nominating and Governance Committee, the Board of Directors has nominated for election at the 2015 Annual Meeting a slate of nine nominees, all of whom are currently serving on the Board. The nominees are Mses. Heller and Hyle and Messrs. Colligan, Daly, Donahue, Dutkowsky, Gordon, Gursahaney and Hylen.

Biographical information regarding each of the nominees is set forth below. Director nominees shall hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Our By-laws require that a director nominee will be elected only if he or she receives a majority of the votes cast with respect to his or her election in an uncontested election (that is, the number of shares voted “for” that nominee exceeds the number of votes cast “against” that nominee). Each of our director nominees currently serves on the Board of Directors. If a nominee who currently serves as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board as a “holdover director.” Under our By-laws, if a nominee for director who is an incumbent director is not elected and no successor has been elected at such meeting, the director is required to promptly tender his or her resignation to the Board of Directors. In that situation, our Nominating and Governance Committee would make a recommendation to the Board of Directors about whether to accept or reject the resignation, or whether to take other action. Within 90 days from the date that the election results were certified, the Board of Directors would act on the Nominating and Governance Committee’s recommendation and publicly disclose its decision and the rationale behind it. If such incumbent director’s resignation is not accepted by the Board of Directors, the director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director’s resignation is accepted by the Board of Directors, then the Board of Directors, in its sole discretion, may fill any resulting vacancy.

Current Directors Nominated for Re-Election

Thomas Colligan (age 70)—Mr. Colligan has been a member of our Board of Directors since September 2012. Mr. Colligan served as Vice Dean of the Wharton School’s Aresty Institute of Executive Education at the University of Pennsylvania, where he was responsible for the non- degree executive education programs from July 2007 until his retirement in June 2010. Prior to that he was a managing director at Duke Corporate Education for two years. From 2001 to 2004, Mr. Colligan was Vice Chairman of PricewaterhouseCoopers LLP (“PwC”) and he served PwC in other capacities, including Partner, from 1969 to 2004. Mr. Colligan has been a director of Targus, a private company, since 2010. He previously served on the boards of Schering Plough Corporation from 2005 to 2009; Educational Management Corporation from 2006 to 2007; Anesiva, Inc. from 2004 to 2008; CNH Global from 2010 to 2013; and Office Depot from 2010 to 2013. Mr. Colligan has a Bachelor of Science in Accounting from Fairleigh Dickinson University. Mr. Colligan is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

Director Qualifications: Mr. Colligan’s qualifications include his 38 years as a Certified Public Accountant, his PwC experience, his extensive experience with audit and financial issues and his past service on public company audit committees.

Richard Daly (age 61)—Mr. Daly has been a member of our Board of Directors since January 2014. Mr. Daly currently serves as Chief Executive Officer and President of Broadridge and as a member of the Broadridge board of directors. Prior to his current role, he served as Group President of the Brokerage Services Group of Automatic Data Processing (“ADP”). Prior to joining ADP in 1989, Mr. Daly served as Senior Vice President of Operations at Thomson McKinnon Securities and was a member of its board of directors. He is a member of the Advisory Board for the National Association of Corporate Directors and a founding member of the board of directors of the Make-A-Wish Foundation of Suffolk County, Inc. Mr. Daly is also a director of Fountain House, a New York City based charity. Mr. Daly has a Bachelor of Science in Accounting from New York Institute of Technology and was a Certified Public Accountant. He also attended the Harvard Business School’s Young President’s Program from 1996-2004, and completed its President’s Program in Leadership.

Director Qualifications: Mr. Daly’s qualifications include his experience as the chief executive officer of the largest independent processor of corporate governance related activities, his significant leadership experience and his extensive experience in the financial services industry.

Timothy Donahue (age 66)—Mr. Donahue has been a member of our Board of Directors since September 2012. Prior to his retirement, Mr. Donahue was Executive Chairman of Sprint Nextel Corporation from August 2005 to December 2006. He served as President and Chief Executive Officer of Nextel Communications, Inc. from 1999. He began his career with Nextel in January 1996 as President and Chief Operating Officer. Before joining Nextel, Mr. Donahue served as Northeast Regional President for AT&T Wireless Services operations from 1991 to 1996. Prior to that, he served as President for McCaw Cellular’s paging division in 1986 and was named McCaw’s President for the U.S. central region in 1989. Mr. Donahue is a director of NVR Inc., the non-executive chairman of UCT Coatings, Inc., a private company, and a director of Radius Networks, Inc. He previously served as a director of Tyco from 2008 to 2012; Covidien Ltd. from 2009 to 2012; and Eastman Kodak Company from 2003 to 2013. Mr. Donahue has a Bachelor of Arts in English Literature from John Carroll University.

Director Qualifications: Mr. Donahue’s qualifications include his extensive experience and demonstrated leadership in the wireless

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communications industry, his experience in service-oriented industries and as an executive and board member of several publicly traded companies.

Robert Dutkowsky (age 60)—Mr. Dutkowsky has been a member of our Board of Directors since September 2012. Mr. Dutkowsky has been the Chief Executive Officer and a member of the board of directors of Tech Data Corporation since October 2006. Prior to joining Tech Data Corporation, Mr. Dutkowsky served as President, CEO, and Chairman of the Board of Egenera, Inc. from 2004 until 2006, and served as President, CEO, and Chairman of the Board of J.D. Edwards & Co., Inc. from 2002 until 2004. He was President, CEO, and Chairman of the Board of GenRad, Inc. from 2000 until 2002. Beginning in 1997, Mr. Dutkowsky was Executive Vice President, Markets and Channels, at EMC Corporation before being promoted to President, Data General, in 1999. He began his career at IBM where he served in several senior management positions. Mr. Dutkowsky has a Bachelor of Science in Industrial and Labor Relations from Cornell University.

Director Qualifications: Mr. Dutkowsky's qualifications include his experience as a chief executive officer and extensive executive experience with technology companies and solutions providers.

Bruce Gordon (age 68)—Mr. Gordon has been the Chairman of our Board of Directors since September 2012. From August 2005 through April 2007, Mr. Gordon served as President and Chief Executive Officer of the NAACP. Until his retirement in December 2003, Mr. Gordon was the President of Retail Markets at Verizon Communications, Inc., a provider of wireline and wireless communications. Prior to the merger of Bell Atlantic Corporation and GTE, which formed Verizon in July 2000, Mr. Gordon filled a variety of positions at Bell Atlantic Corporation, including Group President, Vice President, Marketing and Sales, and Vice President, Sales. Mr. Gordon also serves as a director of CBS Corporation and Northrop Grumman Corporation. Previously, Mr. Gordon served as a director of Southern Company, an electricity generating company, from 1994 to 2006, and as a director of Tyco from 2003 to 2012. Mr. Gordon graduated from Gettysburg College and has a Master of Science from the Massachusetts Institute of Technology.

Director Qualifications: Mr. Gordon's qualifications include his significant leadership experience as the head of a large non-profit, his in-depth experience as an executive in the service-oriented communications industry and his corporate governance experience as a director of several publicly traded companies.

Naren Gursahaney (age 53)—Mr. Gursahaney is the Company's President and Chief Executive Officer. He also serves as a member of the Company's Board of Directors. Prior to the separation from Tyco in September 2012, Mr. Gursahaney served as President of Tyco's ADT North American Residential business segment. Prior to the restructuring of the segment in fiscal year 2012, he was the President of Tyco Security Solutions, the world's largest electronic security provider to residential, commercial, industrial and governmental customers and the largest operating segment of Tyco. Mr. Gursahaney joined Tyco in 2003 as Senior Vice President of Operational Excellence. He then served as President of Tyco Engineered Products and Services and President of Tyco Flow Control. Prior to joining Tyco, Mr. Gursahaney was President and Chief Executive Officer of GE Medical Systems Asia, where he was responsible for the company's $1.6 billion sales and services business in the Asia-Pacific region. During his 10-year career with GE, Mr. Gursahaney held senior leadership roles in services, marketing and information management. His career also includes positions with Booz Allen & Hamilton and Westinghouse Electric Corporation. Mr. Gursahaney has a Bachelor of Science in Mechanical Engineering from The Pennsylvania State University and a Master of Business Administration from the University of Virginia. Mr. Gursahaney is on the board of directors of NextEra Energy, Inc. and is a member of its Audit Committee.

Director Qualifications: Mr. Gursahaney's qualifications include his experience as a chief executive officer and extensive executive experience with Tyco and ADT in the security services industry and his leadership roles in services, marketing, operations and information management.

Bridgette Heller (age 53)—Ms. Heller has been a member of our Board of Directors since September 2012. Ms. Heller was Executive Vice President of Merck & Co, Inc. and President of Merck Consumer Care from February 2010 to October 2014. Prior to joining Merck, Ms. Heller was President, Johnson & Johnson, Global Baby Business Unit from 2007 to 2010 and President, Johnson & Johnson, Global Baby Kids and Wound Care from 2005 to 2007. Prior to joining Johnson & Johnson, she was the Founder and Managing Partner at Heller Associates from 2004 to 2005. She served as the Chief Executive Officer of Chung's Foods Inc. Ms. Heller spent 17 years with Kraft Foods, from September 1985 to September 2002, including as Executive Vice President and General Manager for the North American Coffee portfolio. She served as a Director of PCA International, Inc. from March 1998 until October 2005. Ms. Heller has a Bachelor of Arts from Northwestern University and a Master of Business Administration from Northwestern University's Kellogg School of Management.

Director Qualifications: Ms. Heller's qualifications include her significant experience in leadership positions at consumer products companies.

Kathleen Hyle (age 56)—Ms. Hyle has been a member of our Board of Directors since September 2012. From 2008 until its 2012 merger with Exelon, Ms. Hyle was Senior Vice President of Constellation Energy and Chief Operating Officer of Constellation Energy Resources. From June 2007 to November 2008, Ms. Hyle served as Chief Financial Officer for Constellation Energy Nuclear Group and for UniStar Nuclear Energy, LLC, a strategic joint venture between Constellation Energy and Électricité de France. Ms. Hyle held the position of Senior Vice President of Finance for Constellation Energy from 2005 to 2007 and Senior Vice President of Finance, Information Technology, Risk and Operations for Constellation New Energy from January to October 2005. Prior to joining Constellation Energy, Ms. Hyle served as the Chief Financial Officer of ANC Rental Corp., the parent company of Alamo Rent-A-Car and National Rent-A-Car; Vice President and Treasurer of AutoNation, Inc.; and Vice President and Treasurer of Black and Decker Corporation. Ms. Hyle has been a director of AmerisourceBergen, a pharmaceutical services provider, since 2010, where she chairs the Audit and Corporate Responsibility Committee and serves on the Finance and Executive Committees. Since 2012, Ms. Hyle has been a director for Bunge Limited, a leading international agribusiness and food company, where she chairs the Audit Committee and serves on the Risk Committee. Ms. Hyle currently serves on the Executive and Finance Committee of the Board of Trustees of Center Stage in Baltimore, Maryland and on the Board of Sponsors for the Loyola University

Maryland Sellinger School of Business and Management. Ms. Hyle has a Bachelor of Arts in Accounting from Loyola College.

Director Qualifications: Ms. Hyle's qualifications include her extensive experience as a leader in developing the business and financial strategy of retail divisions in various companies, as a Certified Public Accountant and service as chief financial officer in public companies.

Christopher Hylen (age 54) —Mr. Hylen has been a member of our Board of Directors since January 2015. Mr. Hylen is Senior Vice President and General Manager of the Citrix SaaS Division, a leader in mobile workspaces, providing virtualization, mobility management, networking and cloud services to enable ways to work better. Prior to joining Citrix in 2013, Mr. Hylen held various leadership positions at Intuit from September 2006 to July 2013, including Senior Vice President and General Manager of Payment Solutions at Intuit, Vice President of Small Business Marketing and Vice President of Growth. Before Intuit, he held executive roles at ADP from December 2001 to September 2005, Business.com from March 1999 to September 2002, and American Express. Mr. Hylen has a Bachelor of Science in Engineering from Widener University and a Master of Business Administration from Harvard Business School.

Director Qualifications: Mr. Hylen's qualifications include his more than 20 years of senior general management experience in leadership positions at technology companies.

The Board of Directors unanimously recommends that stockholders vote FOR the election of all of the above listed director nominees to serve until the 2016 Annual Meeting.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table provides information regarding the beneficial ownership of our common stock as of December 31, 2014 by (i) all directors and nominees, (ii) each of our named executive officers, and (iii) our directors and executive officers as a group.

Except as otherwise noted, each person identified in the table below has sole voting and investment power with respect to the shares listed. To the extent indicated in the table below, shares beneficially owned by a person include shares of which the person has the right to acquire beneficial ownership within 60 days after December 31, 2014. As of December 31, 2014, there were 171,754,119 shares of our common stock issued and outstanding.

Shares of Common Stock Beneficially Owned

Name of Beneficial Owner	Common Stock Beneficially Owned Directly or Indirectly	Common Stock Acquirable within 60-Days	Total Common Stock Beneficially Owned	% of Shares of Common Stock Outstanding
David Bleisch	33,142	117,835	150,977	*
Thomas Colligan	12,301	0	12,301	*
Richard Daly	3,000	522	3,522	*
Jerri DeVard	0	0	0	*
Timothy Donahue	10,263	0	10,263	*
Robert Dutkowsky	3,801	0	3,801	*
Alan Ferber	7,120	14,725	21,845	*
Michael Geltzeiler	11,970	23,000	34,970	*
Bruce Gordon	17,905	0	17,905	*
Naren Gursahaney	199,414	1,090,873	1,290,287	*
Bridgette Heller	3,801	0	3,801	*
Kathleen Hyle	3,801	0	3,801	*
Christopher Hylen	0	0	0	*
Directors and Executive Officers as a Group (20 persons)	365,189	1,401,660	1,766,849	1.03%

* *Less than 1.0%*

The following table sets forth the information indicated for persons or groups known to us to be beneficial owners of more than 5% of our outstanding common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	11,067,707(1)	6.44%
Dodge & Cox 555 California Street, 40th Floor San Francisco, CA 94104	28,008,568(2)	16.31%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	13,444,636(3)	7.83%

1) *Information shown is based on information reported on Schedule 13G filed with the SEC on February 10, 2014 in which BlackRock, Inc. reported that it has sole voting power over 9,156,992 shares of our common stock and sole dispositive power of 11,067,707 shares of our common stock.*

2) *Information shown is based on information reported on Schedule 13G filed with the SEC on February 14, 2014, in which Dodge and Cox reported that it has sole voting power over 26,861,356 shares of our common stock and sole dispositive power of 28,008,568 shares of our common stock.*

3) *Information shown is based on information reported on Schedule 13G filed with the SEC on February 10, 2014, in which The Vanguard Group reported that it has sole voting power over 326,251 shares of our common stock, sole dispositive power of 13,135,724 shares of our common stock and shared dispositive power over 308,912 shares of our common stock.*

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that the Company's directors, certain of its officers and any persons beneficially owning more than 10% of a registered class of the Company's equity securities, to file reports of their ownership of ADT common stock and of changes in such ownership with the SEC and the NYSE within specified time periods. Regulations also require ADT to identify in this Proxy Statement any person subject to this requirement who failed to file any such report on a timely basis. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and written representations from reporting persons that no other reports were required, we believe that all of our directors, officers, and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them during the fiscal year ended September 26, 2014.

EXECUTIVE OFFICERS

Naren Gursahaney

Age 53

Mr. Gursahaney, a member of the Board of Directors, is the President and Chief Executive Officer of the Company, and his biographical information is set forth above under "Proposal Number One – Election of Directors – Current Directors Nominated for Re-Election."

The following information is provided regarding the other executive officers of ADT:

N. David Bleisch

Age 55

Mr. Bleisch is the Company's Senior Vice President, Chief Legal Officer and Corporate Secretary. Prior to the separation from Tyco in September 2012, he served as Vice President and General Counsel of Tyco's ADT North American Residential business segment. Prior to the restructuring of the segment in fiscal year 2012, Mr. Bleisch was the Vice President and General Counsel of Tyco Security Solutions, the largest segment of Tyco. He also managed the intellectual property legal group for all of Tyco's operating segments worldwide. Mr. Bleisch joined Tyco in 2005 as Vice President and General Counsel of ADT North America and Deputy General Counsel of Tyco Fire & Security. Prior to joining Tyco, he was Senior Vice President, General Counsel and Corporate Secretary of The LTV Corporation in Cleveland, Ohio. Prior to joining LTV, Mr. Bleisch was a partner in the law firm of Jackson Walker LLP, where he served as a corporate transactional attorney before transitioning to commercial trial work. He holds a Bachelor of Arts from Carleton College and a Juris Doctor from Boston College Law School. He is a member of the State Bar of Texas.

Donald Boerema

Age 57

Mr. Boerema is the Company's Senior Vice President and Chief Corporate Development Officer. He leads the Health Business and is responsible for driving growth and enhancing customer experience for ADT's health services. He also directs ADT's corporate strategy and market and business development. Prior to the separation from Tyco in September 2012, Mr. Boerema served as Chief Marketing Officer for Tyco's ADT North American Residential and Commercial business segments, overseeing all strategic marketing and communications and leading all advertising and online interactive marketing initiatives across ADT North America. Prior to joining ADT in November 2007, he served as President and Chief Operating Officer for FDN Communications, a privately held telecommunications company, where he was responsible for all aspects of sales, marketing, network operations engineering and customer care. Mr. Boerema also served as Senior Vice President of Business Solutions for AT&T Wireless and led sales and marketing for a division of McCaw Cellular Communications. Before joining McCaw, he held management positions with PepsiCo, Inc. and began his career at The Procter & Gamble Company. Mr. Boerema holds a Bachelor of Science in Marketing and Finance and a Master of Business Administration from Eastern Illinois University.

Jerri DeVard

Age 56

Ms. DeVard was appointed the Company's Senior Vice President and Chief Marketing Officer in March 2014. She is responsible for all strategic, operational and financial aspects of the Company's integrated marketing programs including brand advertising, digital marketing, communications, lead generation, sponsorships, media, and other initiatives. Prior to joining ADT in March 2014, Ms. DeVard served as Nokia's first Chief Marketing Officer. As a member of Nokia's executive committee, she oversaw all global and local marketing, advertising, brand management, insights, retail, partnership, and sponsorship activities for consumer and small business. Before joining Nokia she held various marketing leadership positions in Fortune 100 organizations including Senior Vice President, Marketing and Brand Management for Verizon Communications, Inc. and Chief Marketing Officer, e-consumer for Citigroup. Ms. DeVard is a Director of Belk Stores and holds a Bachelor of Arts in Economics from Spelman College and a Master of Business Administration in Marketing from Atlanta University Graduate School of Business.

Mark Edoff

Age 56

Mr. Edoff is the Company's Senior Vice President of Business Operations Optimization. He is responsible for increasing efficiency and driving overall business process improvements in the Company. Prior to the separation from Tyco in September 2012, Mr. Edoff served as Vice President and Chief Financial Officer of Tyco Security Solutions from October 2010 until the restructuring of the segment in fiscal year 2012. He joined Tyco in 2003 as Vice President and Corporate Controller for the former Tyco Fire & Security business. In 2004, Mr. Edoff assumed the role of Chief Financial Officer for ADT North America, which included responsibility for the combined residential and commercial security business. Previously, he served as the Director of Finance and Principal Accounting Officer for The Gillette Company. Before joining Gillette, he had a 15-year career with KPMG, where he was a Partner in the Assurance practice. Mr. Edoff holds a Bachelor of Science in Business Administration from Northeastern University and is a Certified Public Accountant.

Alan Ferber

Age 47

Mr. Ferber was appointed the Company's President of the Residential Business in October 2013. He is responsible for driving growth in the residential market through marketing, sales and exceptional customer service. He joined ADT in April 2013 as Senior Vice President and Chief Customer Officer, responsible for developing strategies and executing programs designed to create and sustain a superior experience for ADT customers. Previously, Mr. Ferber served as Chief Strategy and Brand Officer at U.S. Cellular. During his 11-year career with U.S. Cellular, he held various senior leadership roles in sales, marketing and operations, including Executive Vice President of Operations, Chief Marketing Officer and Vice President of Marketing and Sales Operations. He joined U.S. Cellular from Traq Wireless, a start-up management software and service provider he co-founded and built into a 100-employee, venture capital-backed company. Earlier in his career, Mr. Ferber held positions with Ameritech Corporation and First Chicago Corporation (now part of JPMorgan Chase & Co.). He holds a Bachelor of Arts from the University of Michigan and a Master of Business Administration from Northwestern University's Kellogg School of Management.

Michael Geltzeiler

Age 56

Mr. Geltzeiler was appointed the Company's Senior Vice President and Chief Financial Officer in October 2013. He is responsible for all aspects of finance, treasury and investor relations and ADT's financial strategy to help grow its business operations and create stockholder value. Before joining ADT, Mr. Geltzeiler served as Chief Financial Officer and Group Executive Vice President at NYSE Euronext from 2008 to November 2013. From 2001 to 2008, he was an executive at The Reader's Digest Association, Inc., as Chief Financial Officer for six years, then as President of School and Educational Services. Previously, he served in financial leadership roles at ACNielsen Corporation, including Chief Financial Officer of Marketing Services and Corporate Controller and Chief Financial Officer, EMEA Region; and in a variety of senior finance positions both in the U.S. and abroad for Dun & Bradstreet. Mr. Geltzeiler holds a Bachelor of Science in Accounting from the University of Delaware, a Master of Business Administration in Finance from New York University's Stern School of Business, and a CPA certification in the State of New York.

Andrea Martin

Age 55

Ms. Martin was appointed the Company's President, Canada in January 2015. She is responsible for developing and executing the Company's strategy to grow the security and automation segment throughout Canada and lead the integration of ADT Canada and Reliance Protectron. Prior to joining ADT, Ms. Martin was Managing Director of Data Services for Royal Mail plc in London, United Kingdom from 2013 to 2014. Ms. Martin previously served on the Board of Directors of Biocean Canada, Inc., a private Canadian life sciences company, from October 2010 to October 2012, and as its President and CEO from April 2011 to October 2012. Ms. Martin also served as President and CEO of Reader's Digest Canada, a business unit of The Reader's Digest Association, Inc. from 2001 to 2010. Ms. Martin has extensive experience managing large subscription-based businesses, as well as successfully growing and transforming global business units. Ms. Martin holds a Bachelor in Commerce from Concordia University, as well as Advanced Executive Degrees from Queen's University and the University of Oxford Said Business School.

Kathleen McLean

Age 55

Ms. McLean was appointed the Company's Senior Vice President and Chief Information Officer in May 2013. She is responsible for developing and executing ADT's information technology strategy in support of its product development and business operations. Ms. McLean also serves as Chief Customer Officer of the Company and is responsible for defining and delivering a superior customer experience for monitoring and response, ordering, provisioning, billing and service. Ms. McLean has more than 30 years of business and strategic technology leadership experience, including service with world-leading consulting and telecommunications corporations. Before joining ADT, she served as Executive Vice President, Chief Revenue Officer and Chief Information Officer at FairPoint Communications, Inc. where, as a member of the executive committee, she was responsible for systems stability, operational excellence and revenue growth. Prior to FairPoint Communications, Inc., she spent nearly 12 years in several leadership positions at Verizon Communications, Inc., implementing people, process and systems strategies to improve operating performance and customer service across all sectors of the company. Earlier in her career, Ms. McLean worked for American Management Systems, Inc. (now part of CGI Group, Inc.) in leadership positions culminating as Vice President in the Telecom Industry Group. She holds a Bachelor of Science in International Economics from Georgetown University and did graduate work in information systems management at George Washington University.

Laura Miller

Age 49

Ms. Miller was appointed the Company's Senior Vice President and Chief Human Resources Officer in May 2014. She oversees all strategic human resources operations including human resources business partners, shared services, compensation and benefits, talent acquisition and management, and labor and employee relations. She also develops and directs ADT's change management strategy and implementation, including merger and acquisition activities. Prior to joining ADT, Ms. Miller served in various senior leadership roles within the Coca-Cola Company in Atlanta, most recently as Chief Human Resources Officer for Coca-Cola Refreshments. As a member of Coca-Cola's executive leadership team, she oversaw all areas of human resources, including HR business partners, shared services, and centers of expertise to include compensation and benefits, talent acquisition, talent management, labor and employee relations, and diversity and inclusion. Prior to Coca-Cola, Ms. Miller held various human resources leadership positions for Raytheon Company, a leading defense contractor and industrial corporation based in Waltham, MA. Ms. Miller holds a Bachelor of Science in Industrial and Labor Relations from Cornell University.

Luis Orbegoso

Age 44

Mr. Orbegoso was appointed the Company's President of Business in September 2014. He is responsible for developing and executing ADT's strategy to grow its share of security and automation customers in the small and mid-sized business market. He joined ADT in May 2013 as Senior Vice President of Small Business, and in October 2013 he was appointed as President of Small Business. Previously Mr. Orbegoso served as President of the Global Fire Detection and Alarm segment for United Technologies Corporation ("UTC") Climate, Controls and Security. He previously served as President of Lenel Systems International, a division of UTC's Fire and Security segment. Prior to joining UTC in 2008, Mr. Orbegoso spent 13 years with General Electric in a variety of sales, marketing and general management roles, culminating as Chief Marketing Officer of GE Equipment Services. He holds a Bachelor of Science in Mechanical Engineering from the University of Cincinnati and a Master of Business Administration from Northwestern University's Kellogg School of Management.

Arthur Orduña

Age 49

Mr. Orduña is the Company's Senior Vice President and Chief Innovation Officer, leading the Company's vision for innovation and product development. He is responsible for building the strategic roadmap for new and existing solutions, defining product architecture and positioning ADT as a partner of choice for key technology companies. Prior to joining ADT in October 2012, he worked for Canoe Ventures, LLC, a joint venture founded by the top six U.S. cable companies, first serving as Chief Technology Officer then Chief Product Officer. He was responsible for building a national data and interactive services platform, developing product and technology strategies, and launching new applications and services with key partners including Comcast Cable, NBC-Universal, Time Warner Cable and Cox Communications. Prior to joining Canoe Ventures, Mr. Orduña was Senior Vice President of Policy & Product for Advance/Newhouse—Bright House Networks. Earlier in his career, he served as Vice President of Product & Marketing for Canal+ Technology U.S./Vivendi-Universal, and also Vice President of Product & Marketing for Integrated Systems Inc./Diab-SDS before its acquisition by Wind River Systems/Intel. He holds a Bachelor of Arts from Cornell University.

Certain Legal Proceedings

On August 24, 2009, The Reader's Digest Association, Inc. and its U.S. subsidiaries filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. As such, Mr. Geltzeiler, our CFO, and Ms. Martin, our President, Canada, previously served as executive officers of a company that filed a petition under the federal bankruptcy laws at or within two years prior to the time of such filing.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

This section of the Proxy Statement describes in detail the Company's compensation philosophy and its compensation programs, and reviews compensation decisions for fiscal year 2014 for our Named Executive Officers (the "NEOs"). Our NEOs for fiscal year 2014 are listed below.

Name	Title
Naren Gursahaney	*President and Chief Executive Officer ("CEO")*
Michael Geltzeiler	*Senior Vice President and Chief Financial Officer ("CFO")*
Alan Ferber	*President, Residential Business*
N. David Bleisch	*Senior Vice President, Chief Legal Officer and Corporate Secretary*
Jerri DeVard	*Senior Vice President and Chief Marketing Officer*

The Compensation Discussion and Analysis also describes compensation programs that apply to executives, other than the NEOs, that report directly to the CEO (collectively, with the NEOs, the "Executive Officers" of the Company).

Executive Summary

The Company is a leading provider of monitored security, interactive home and business automation and related monitoring services in the United States and Canada, serving approximately 6.7 million residential, small business and commercial customers. ADT has one of the most trusted and well-known brands in the monitored security industry today. We deliver an integrated customer experience by maintaining the industry's largest sales, installation and service field force as well as a robust monitoring network, all backed by approximately 17,500 employees. Our broad and pioneering set of products and services, including ADT Pulse ® interactive home and business solutions and home health services, meet a range of customer needs for today's active and increasingly mobile lifestyles. We believe we are well positioned to continue to lead the large and growing residential and expanded business security market, and that our demonstrated expertise and established footprint will help us to become a leader in the evolving market for home health monitoring, lifestyle and business productivity solutions.

Fiscal Year 2014 Business Highlights

Following the first fiscal quarter of 2014, the Company delivered solid sequential improvements in our operational performance, resulting in strong financial results for fiscal year 2014, and made significant progress on a number of strategic initiatives – positioning the Company to drive further improvements in the coming year. Highlights of ADT's significant achievements for fiscal year 2014 include:

- Grew recurring revenue by 4% to $3.2 billion;
- Earned net income of $304 million compared with $421 million for fiscal year 2013;
- Increased EBITDA before special items* by 5% to $1.8 billion while improving EBITDA margins* by 70 basis points;
- Reduced revenue-based attrition from 13.9% to 13.5%;
- Added approximately 370,000 high quality residential and commercial customers (excluding approximately 30,000 wholesale contract monitoring accounts) via the acquisition of Reliance Protectron, Inc., nearly doubling our presence in Canada and positioning us for greater growth opportunities;
- Surpassed 1 million Pulse customers; Pulse now accounts for 16% of our existing customer base and for approximately 70% of new direct residential customer accounts; and
- Repurchased 35 million of our outstanding shares and returned $132 million to our stockholders in the form of dividends.

We made several key executive hires during fiscal year 2014 in order to better position the Company for future success, among them Michael Geltzeiler, our CFO, and Jerri DeVard, our Chief Marketing Officer ("CMO"), both of whom are NEOs. We also hired Laura Miller as our new Chief Human Resources Officer ("CHRO") during fiscal year 2014 and Andrea Martin as President for our Canadian operations during the first part of fiscal year 2015. We believe that all of these key hires have significantly strengthened our executive leadership team.

* *For a definition of these non-GAAP financial measures and a reconciliation to GAAP measures, see "Reconciliation of Non-GAAP Measures to GAAP Measures and Selected Definitions" on page 49 of this Proxy Statement.*

Overview of Compensation Programs

The Company's compensation programs are designed with the primary purpose of promoting long-term value creation for stockholders. Our compensation programs accomplish this objective by:

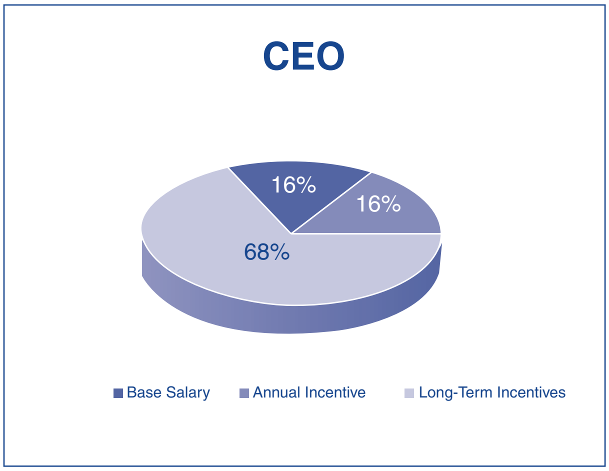
- promoting a pay-for-performance culture by linking total compensation to defined annual and long-term performance goals which are aligned with the interests of stockholders;
- attracting and retaining the executive talent necessary to execute the Company's business strategy and deliver sustained performance through market-competitive total compensation opportunities; and
- motivating appropriate risk taking without encouraging or rewarding excessive risk.

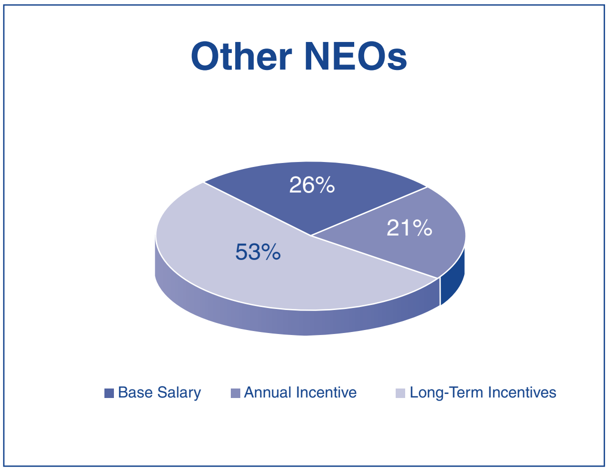
The table below summarizes the components of our executive compensation program and how each component aligns with the objective of creating long-term value for our stockholders:

Component	What it Rewards	How it Aligns with Our Objectives
Base Salary	• Sustained high level of performance • Demonstrated success in meeting or exceeding key objectives • Experience, skills and abilities key to the long-term success of the business	• Competitive base salaries allow us to attract and retain top talent • Merit-based salary increases are aligned to our pay-for-performance philosophy
Annual Incentive Compensation	• Company performance against key financial goals and objectives which are aligned to the interests of stockholders • Performance against individual goals and objectives which are aligned to the delivery of key operational and financial priorities	• Competitive annual incentive targets allow us to attract and retain top talent • Plan design, with annual awards ranging from 0% to 200% of target based upon performance against financial metrics and individual objectives, aligns to the interests of stockholders by linking payouts to those measures with the most significant impact on the long-term success of the business
Long-Term Incentive Compensation • **Performance Share Units** • **Stock Options** • **Restricted Stock Units**	• Increase in stock price • Meeting or exceeding performance targets • Relative Total Shareholder Return (TSR) • Continued service	• Competitive annual LTI targets allow us to attract and retain top talent • Most significant component of compensation aligns the interests of our executives with those of our stockholders by linking substantial portion of executives' total pay opportunity to stock price performance, both in the absolute and relative to the broader market • Variety of LTI vehicles balances focus on sustainable long-term stockholder interests, appropriate risk-taking and retention objectives • Vesting parameters support long-term focus and retention • Equity-based LTI assists executives in meeting ownership guidelines
Benefits	• Executives' contributions toward retirement savings • Behaviors consistent with a healthy lifestyle	• Promotes the health, wellness and financial well-being of our executives

We believe that executives with higher levels of responsibility and a greater ability to influence the results of the Company should have a greater percentage of their total compensation in the form of variable compensation, which is dependent upon performance. As a result, compensation for our NEOs is more heavily weighted toward variable compensation (both annual and long-term incentives), where actual amounts earned are based upon both Company and individual performance.

The chart below shows the distribution of targeted total direct pay for our CEO and the other NEOs (on average) for fiscal year 2014. This chart illustrates that 84% of CEO target annual compensation and, on average, 74% of target annual compensation for our other NEOs, is at risk based on Company and individual performance:





Note that the percentages shown in the chart above reflect target compensation, and are not reflective of actual compensation values presented in the Summary Compensation Table on page 35 of this Proxy Statement.

NEO compensation is reviewed annually by the Compensation Committee (and, in the case of the CEO, by the independent members of the Board of Directors) to ensure alignment with the Company's compensation objectives and market practice.

Fiscal Year 2014 Compensation Decisions

In fiscal year 2014, we made some changes to our incentive compensation programs which were designed to further align our incentive plans with the interests of our stockholders, including:

- Replaced the Adjusted Free Cash Flow metrics in our Officer Short-Term Bonus Plan ("Officer Bonus Plan"), Annual Incentive Plan ("AIP") and Long-Term Incentive Plan ("LTIP") with Steady State Free Cash Flow ("SSFCF") metrics. We believed that SSFCF more accurately captures the impact of the key value drivers of our business, and moves closer to an ongoing earnings measure.
- Modified the metrics utilized in the Performance Share Unit ("PSU") component of our LTIP. The PSUs granted in fiscal year 2014 will vest based upon our performance against Relative Total Shareholder Return ("TSR") and SSFCF metrics, which were weighted equally at 50%. We believed that replacing the Recurring Revenue metric previously in use in the LTIP with the TSR metric more appropriately captures the overall performance of the Company in comparison to the broader market, as reflected in stock price movement and adjusted for dividends. For purposes of the TSR metric, our stock performance is compared to the median performance of companies in the Standard & Poor's ("S&P") 500 Index.
- Adjusted the weighting of the equity mix for our Executive Officers to increase the weighting of PSUs and reduce the weighting of Stock Options. The equity mix for Executive Officers for awards granted in conjunction with the annual grant process was as follows: 50% PSUs, 25% Stock Options and 25% Restricted Stock Units ("RSUs"). The decision to increase the weighting of PSUs was made to further align the interests of our Executive Officers with those of our stockholders.

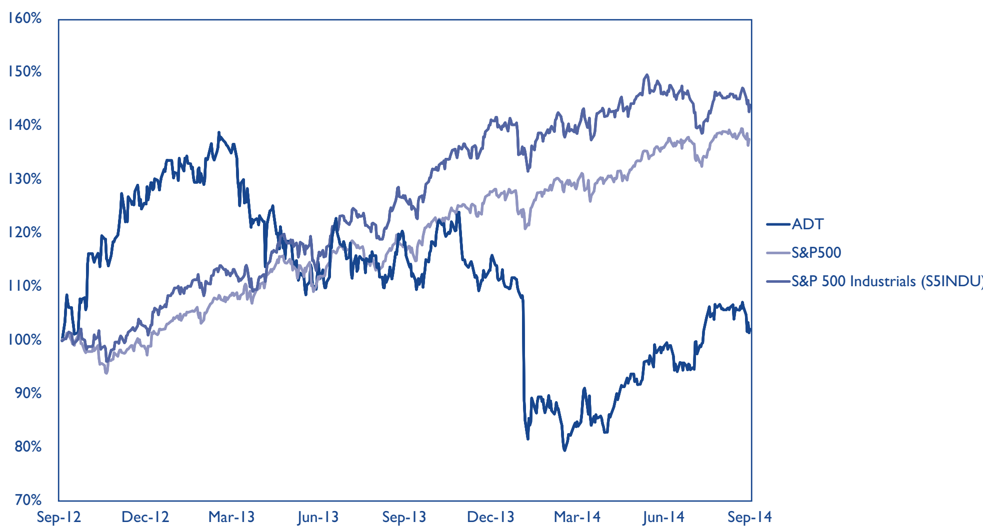
Pay for Performance

We strongly believe that a significant portion of our executives' compensation opportunity should be correlated with our performance. Annual incentive compensation and 50% of long-term equity incentive compensation (in the form of PSUs) is earned only when the NEOs attain specified goals (including, for our NEOs other than the CEO, certain individual objectives included as part of our annual incentive program), thereby placing a substantial portion of executive compensation at risk. The remaining 50% of our executives' long-term equity incentive compensation is awarded in Stock Options and time-vested RSUs, the value of each of which is dependent on our performance over an extended vesting period as exhibited in the performance of our stock price. We believe the design of our incentive compensation plans creates additional incentive for our executives to focus on sustainable, long-term growth.

Short-Term Incentives. The Compensation Committee set aggressive targets in our annual incentive plans for fiscal year 2014 to focus our executives on taking appropriate actions to ensure the Company is well-positioned for long-term success. In fiscal year 2014, the Company did not fully meet the aggressive targets set in our AIP (see the performance targets and actual performance in "Fiscal Year 2014 Annual Incentive Compensation Design Summary", as well as the discussion regarding our fiscal year 2014 performance, below). As a result, our CEO was awarded an annual incentive equal to 70% of his targeted annual payout. Our other NEOs received an average payout of 70.5% of their targeted awards, including the impact of their performance against individual objectives. The Compensation Committee believes these results reflect the proper alignment of pay and performance. The Compensation Committee continued to set aggressive targets for fiscal year 2015 to ensure the relationship with performance continues.

Long-Term Incentives. The fiscal year 2014 long-term incentive program was designed to reward management for performance directly related to increasing stockholder value. Our CEO and the other Executive Officers received 50% of their long-term incentive value in the form of PSUs, whose vesting is contingent upon achieving TSR and SSFCF goals over a three-year performance period. An additional 25% of long-term incentive value for our CEO and other Executive Officers was delivered in the form of Stock Options, which deliver value only when long-term stock price appreciation is achieved. The remaining 25% of long-term incentive value delivered to our CEO and other Executive Officers was awarded in the form of RSUs, which deliver higher value when there is long-term stock price appreciation.

The following graph provides a comparison of the cumulative TSR on the Company's common stock to the returns of the S&P 500 Index and the S&P 500 Industrial Index from October 1, 2012 (the first day of fiscal year 2013 and the inception of trading of ADT common stock as an independent, publicly traded company) through September 26, 2014 (the end of fiscal year 2014). From inception through the end of fiscal year 2014, our TSR is 2.2%. As an indicator of the solid sequential improvements in our operational performance during the last three quarters of fiscal year 2014, however, our TSR between January 30, 2014 (the date of release of the 10-Q for first fiscal quarter) and September 26, 2014 is approximately 15%. The graph is not, and is not intended to be, indicative of future performance of our common stock.



The above graph assumes the following:

(1) $100 invested at the close of business on October 1, 2012, in ADT common stock, S&P 500 Index, and the S&P 500 Industrial Index.

(2) The cumulative total return assumes reinvestment of dividends.

The Compensation Committee believes that the annual incentive awards earned by the NEOs, in comparison to the performance of the Company's stock relative to the S&P 500 Index and the S&P 500 Industrial Index, reflect a proper alignment of pay and performance.

Process for Determining Executive Officer Compensation (including NEOs)

Role of the Compensation Committee

The Compensation Committee consists exclusively of independent directors, the requirements of which are set forth in the NYSE listing rules, who are also considered "outside directors" as defined in Section 162(m) of the Code. The Compensation Committee is responsible for, among other things, reviewing the performance of and approving the compensation awarded to our Executive Officers, other "senior officers" subject to the filing requirements of Section 16 of the Securities Exchange Act of 1934, as amended, and "senior executives" (those executives who are not senior officers, but who have a base salary of $350,000 or greater). The Compensation Committee also reviews CEO performance and makes recommendations regarding his compensation to the independent members of the Board of Directors.

Role of Independent Compensation Consultant

The Compensation Committee regularly works with an independent compensation consultant in carrying out its duties. The Compensation Committee has the sole authority to retain, compensate and terminate the independent compensation consultant and any other advisors necessary to assist it in its evaluation of non-management director, CEO or other senior executive compensation. The Compensation Committee has engaged Farient Advisors LLC ("Farient") to provide advice regarding compensation practices for our executives. In fulfilling its duties to the Compensation Committee, Farient often works directly with management of the Company to prepare materials for the Committee's review. Farient regularly attends Compensation Committee meetings and in fiscal year 2014 advised the Committee on matters including, among others:

- an evaluation of our executives' base salaries and short- and long-term target incentive compensation relative to the Company's peer group and the broader market;
- insight and advice in connection with the design of our incentive plans, including the measures, goals, and leverage inherent in the performance plans;

- the composition of the Company's peer group;
- feedback regarding the total targeted compensation for our CEO;
- newly hired Executive Officer compensation packages; and
- an evaluation of whether the pay programs encourage our executives to take undue risks.

Farient provides no services to the Company other than consulting services provided to the Compensation Committee.

Role of Management

In making determinations with respect to executive compensation, the Compensation Committee considers input from a number of sources, including management. Specifically, the CEO and CHRO provide insight to the Compensation Committee on specific decisions and recommendations related to the compensation of our NEOs. The Compensation Committee believes that the input of the CEO and CHRO with respect to the assessment of individual performance, succession planning and retention is a key component of the process. The CHRO also supervises the development of materials for each Compensation Committee meeting, including individual and Company performance metrics, competitive market data and, in conjunction with the CEO, individual compensation recommendations for the Company's executives. No member of management, including the CEO, has a role in determining his or her own compensation.

Benchmarking

The Compensation Committee considers a number of factors in determining target total compensation for each of the Company's Executive Officers. These factors include, but are not limited to, position specific market data, the executive's experience and performance, and internal pay equity. While the Compensation Committee strives to generally target executive compensation at the median of the Company's competitive market (including both selected peer companies and the broader competitive market) in the aggregate, they also apply discretion based upon their review of the factors noted above to make individual compensation decisions for the Company's Executive Officers. In addition, the Compensation Committee may target above-median market compensation for specific individuals for a variety of reasons, including:

- specific organizational considerations, for example, because the role is considered critical to delivering on our overall business strategy;
- the need for specific expertise in building new or improving upon existing business functions, particularly in the process of hiring candidates from external sources; and
- the retention of key executives we believe are critical to our success.

Peer company data were utilized to benchmark pay levels for the CEO and CFO positions and to provide insights on pay practices at the executive level. General industry data from third party providers were used as secondary data sources for the CEO and CFO positions and as a primary source for the other executive positions. Neither the Compensation Committee nor management has any input into the companies included in these general industry surveys.

Peer Group Development

The Compensation Committee, with the assistance of our external advisor, Farient, has developed a peer group for compensation purposes that aligns with the Company's business model and size characteristics. Public companies were screened on whether they have a similar range of revenues and are generally focused on generating subscription-based recurring revenue, primarily in the business-to-consumer (B2C) arena, with a focus on operations and revenues primarily in the United States and Canada. The Compensation Committee reviews the peer group periodically to determine whether any significant changes to the business condition of the Company or any of its peers would warrant any changes to the peer group.

In its review of the peer group for use in reviewing the Company's fiscal year 2014 compensation programs and its determination of individual executive compensation decisions, the Compensation Committee approved a number of changes from the peer group utilized in fiscal year 2013. Those changes included:

- the removal of Equinix, Inc. and STARZ from the peer group;
- the addition of Allegion plc, Cincinnati Bell, Inc. and EarthLink Holdings Corp. to the peer group; and
- the addition of T-Mobile US, Inc. as a reference peer. Reference peers are utilized only for purposes of assessing compensation design and practices. While the companies in our reference peer group meet a number of our screening criteria, particularly the subscription-based recurring revenue business model and B2C focus, their annual revenues are outside of the range employed in the screening process for assessing CEO and CFO compensation levels. As a result, inclusion of specific compensation data would have the potential to skew comparative statistics.

Equinix and STARZ, which were both included in the original peer group developed prior to the Company's separation from Tyco, were removed from the peer group as neither primarily operates in the B2C space. Additionally, Equinix is focused primarily on enterprise solutions, while STARZ has a focus on selling programming to distributors, neither of which is a business model comparable to the Company's.

The three additions to the peer group all provide services to residential consumers: Allegion provides security and safety-related products and services, Cincinnati Bell offers voice and data services, as well as home security, and EarthLink provides network, communication and IT services. T-Mobile US was included as a reference peer due to its acquisition of a former member of the Company's peer group (MetroPCS), as well as its subscriber-based recurring revenue business model. Its revenue size, however, is outside the range of the screening criteria used to identify peer companies.

The table below represents the peer group utilized by the Compensation Committee for its use in reviewing fiscal year 2014 compensation programs and individual executive compensation decisions. All data in the table was provided by S&P Capital IQ.

Company Name [1]	Revenues [2]	Operating Income [2]	Total Assets [2]	Market Cap [2][3]
Allegion plc	$ 2,094	$ 385	$ 1,980	$ 5,028
Cablevision Systems Corp.	$ 6,232	$ 771	$ 6,591	$ 4,950
CenturyLink, Inc.	$18,095	$2,833	$51,787	$22,811
Charter Communications, Inc.	$ 8,155	$ 956	$17,295	$16,027
Cincinnati Bell	$ 1,257	$ 189	$ 2,107	$ 718
EarthLink Holdings Corp.	$ 1,241	$ 31	$ 1,007	$ 448
Frontier Communications Corp.	$ 4,762	$1,031	$16,635	$ 6,514
Netflix, Inc.	$ 4,375	$ 228	$ 5,413	$23,047
Rollins, Inc.	$ 1,337	$ 191	$ 739	$ 4,727
SIRIUS XM Radio, Inc.	$ 3,799	$1,047	$ 8,845	$19,258
Stanley Black & Decker, Inc.	$11,001	$1,089	$16,535	$15,012
Telephone & Data Systems, Inc.	$ 4,901	-$ 111	$ 8,904	$ 2,789
The Brink's Co.	$ 3,942	$ 183	$ 2,498	$ 1,039
Tyco International Ltd.	$10,340	$ 745	$11,809	$19,244
Windstream Corp.	$ 5,988	$1,048	$13,445	$ 5,732
25TH PERCENTILE	**$ 2,947**	**$ 190**	**$ 2,303**	**$ 3,758**
MEDIAN	**$ 4,762**	**$ 745**	**$ 8,845**	**$ 5,732**
75TH PERCENTILE	**$ 7,194**	**$1,039**	**$14,990**	**$17,636**
The ADT Corporation	**$ 3,408**	**$ 720**	**$10,549**	**$ 6,203**
PERCENTILE RANK	***27%***	***50%***	***61%***	***54%***

(1) *Three additional companies, DIRECTV, T-Mobile US and Ascent Capital Group, are utilized as "reference peers" for purposes of assessing compensation design and practices only. While these companies meet the subscription-based recurring revenue and primary B2C screening criteria, their annual revenues are outside the range used in the screening process.*

(2) *Data presented is as of each company's most recently reported fiscal year end. Figures presented are in millions of dollars.*

(3) *Data presented is as of November 11, 2014.*

PROXY STATEMENT

FY15 Peer Group Changes

In its recommendation to the Compensation Committee for fiscal year 2015, Farient included an additional criterion in its screening process. While companies with a significant B2B focus were previously given less consideration for inclusion in the peer group, Farient included companies with a significant B2B focus in its screening process for fiscal year 2015 due to the Company's expansion into the commercial security space.

Based on a review of recommendations made by Farient at the December 2014 Compensation Committee meeting, the Compensation Committee elected to make no changes to the peer group for fiscal year 2015. The Compensation Committee did, however, elect to add Diebold Inc., US Cellular Corporation and ServiceMaster as reference peers for fiscal year 2015. These companies will continue to be monitored for possible future inclusion in the Company's peer group.

Both the select peer group and the reference peers will be used to assist the Compensation Committee in reviewing compensation programs during fiscal year 2015. Only the select peer group will be utilized by the Compensation Committee in making individual pay decisions during fiscal year 2015.

Components of Compensation Programs

The target total compensation opportunity for each of our Executive Officers is comprised of both fixed (base salary) and variable (both annual and long-term incentives) compensation elements. In addition, each of our NEOs is eligible to participate in the Company's benefit plans that are generally available to all employees.

Base Salary

Base salaries are reviewed annually by the Compensation Committee. Base salaries may also be reviewed periodically in situations of promotion or other change in job responsibilities. These reviews and the associated compensation decisions are based upon market data, the criticality of the role, internal pay equity and the individual executive's performance, level of experience and level of responsibility.

Annual Incentive Compensation

Executive Officers of the Company are eligible to earn annual incentives under the Officer Bonus Plan. Under the Officer Bonus Plan, which is intended to comply with Section 162(m) of the Code, annual incentives are based upon achievement against an Operating Income target, which is determined annually by the Compensation Committee. For fiscal year 2014, each of the Company's Executive Officers was eligible for a maximum bonus under the Officer Bonus Plan equal to 0.5% of the Company's Operating Income.

After determining the Company's performance against the Operating Income criterion, the Compensation Committee applies negative discretion to the calculated maximum incentive amount. The Compensation Committee generally utilizes a guideline formula in applying its negative discretion. This guideline formula is based upon the Company's AIP, which is the plan upon which a majority of incentive-eligible employees' annual incentives are based.

The guideline formula for purposes of the Officer Bonus Plan in effect for fiscal year 2014 reflects the Company's focus as a subscriber-based business with significant recurring monthly revenues, and the metrics utilized in the AIP were selected to drive results in those categories which have the most significant impact on the success of our business. Officer Bonus Plan payouts are based upon the Company's performance against a variety of predetermined financial goals, as well as specific individual objectives (other than for the CEO).

The following table provides a basis for the rationale behind the selection of the AIP metrics:

Measure	Rationale for Inclusion in AIP
Recurring Revenue Growth	Supports our strategy of increasing recurring revenue through customer additions, retention of existing customers and increased Average Revenue Per User ("ARPU")
Steady State Free Cash Flow	Key measure in assessing the economic potential of the Company's existing subscriber base; also aligns to metrics reported by key industry competitors
Net Attrition	Focuses efforts on reducing customer attrition, which is a key value driver and significantly impacts our operations
Individual Objectives (excluding CEO)	Provide individual line-of-sight to employees in supporting the strategic goals of the Company

Fiscal 2014 Annual Incentive Compensation Design Summary

The financial performance measures and targets utilized in the fiscal year 2014 AIP and in the Officer Bonus Plan guideline formula, as well as the actual performance against the targets, are summarized in the table below. Actual Performance figures below exclude the impact of the acquisition of Reliance Protectron, Inc.

Performance Measure	Weighting	Performance Target	Actual Performance	% of Target Attained
Mr. Gursahaney				
*Recurring Revenue Growth**	37.5%	5.1%	2.7%	52.9%
*Steady State Free Cash Flow (1)**	37.5%	$ 1,050M	$ 948M	90.3%
Net Attrition	25%	13.9%	13.5%	102.9%
Messrs. Geltzeiler, Ferber and Bleisch and Ms. DeVard				
*Recurring Revenue Growth**	30%	see above	see above	see above
*Steady State Free Cash Flow (1)**	30%	see above	see above	see above
Net Attrition	20%	see above	see above	see above
Individual Objectives (2)	20%	various	various	various

(1) *For compensation purposes, SSFCF is adjusted to exclude the effects of events that the Compensation Committee deems would not reflect the performance of the NEOs. The categories of special items were identified at the time the performance measure was approved at the beginning of the fiscal year, although the Compensation Committee may in its discretion make adjustments during the fiscal year. For fiscal year 2014, the approved categories of adjustments included adjustments related to (i) business acquisitions and divestitures; (ii) debt refinancing; (iii) legacy legal and tax matters; (iv) goodwill and intangible asset impairments for business acquired prior to 2002; (v) certain unbudgeted capital expenditures and pension contributions; (vi) significant unbudgeted restructuring or other one-time charges; (vii) charges related to the separation into a stand-alone public company; and (viii) realignments of segment and corporate costs.*

(2) *Individual objectives typically vary by NEO, but in general are related to performance against key strategic goals and value drivers for the Company, including, but not limited to, growing the core business, improving customer attrition through the implementation of customer non-pay initiatives and improved credit screening, and strengthening of business platforms to support efficiencies and process improvements.*

* *For further definition of non-GAAP financial measures and a reconciliation to GAAP measures, see "Reconciliation of Non-GAAP Measures to GAAP Measures and Selected Definitions" on page 49 of this Proxy Statement.*

Description of Performance Measures: "*Recurring Revenue Growth*" is defined as the growth in revenue generated by monthly recurring fees related to electronic security, interactive home and business automation and related monitoring services. Revenues associated with the installation of our security and automation systems, along with other one-time revenues, are excluded from this calculation. From time to time, discretionary adjustments may be applied for AIP and Officer Bonus Plan purposes. "*Steady State Free Cash Flow*" is defined as a measure of pre-levered cash generated by the Company after the cost of replacing recurring revenue lost to attrition, but before the cost of new subscribers that drive recurring revenue growth. Steady State Free Cash Flow is calculated by subtracting both the Subscriber Acquisition Cost ("SAC") required to maintain recurring revenue and maintenance capex from EBITDA (pre-SAC). From time to time, discretionary adjustments may be applied for AIP and Officer Bonus Plan purposes. "*Net Attrition*" is the customer revenue attrition rate which is defined as recurring revenue lost resulting from customer attrition, net of dealer charge-backs and re-sales. The customer revenue attrition rate is a 52-week trailing ratio, the numerator of which is the recurring revenue lost during the period due to attrition, net of dealer charge-backs and re-sales, and the denominator of which is total annualized recurring revenue based on an average of recurring revenue under contract at the beginning of each month during the period.

In approving payouts for each of our NEOs in November 2014, the Compensation Committee (and, in the case of the CEO, the independent members of the Board of Directors) first determined the amount of the maximum bonus award each NEO was eligible to receive under the Officer Bonus Plan, based upon the Company's Operating Income performance. The Compensation Committee then determined the final awards for each of the NEOs through the exercise of negative discretion based upon both the achievement of the quantitative performance measures shown in the Fiscal 2014 Annual Incentive Compensation Design Summary table above and a Strategic Modifier.

The Strategic Modifier provides the Compensation Committee the ability to adjust the awards as calculated based upon the quantitative performance measures plus or minus twenty percent (+/- 20%). The Compensation Committee evaluated the overall strategic performance of the Company, which included Small Business Recurring Revenue Growth and Recurring Revenue Margin as well as other strategic factors and, based upon that overall assessment, made the determination that the overall pool of funds available to allocate for awards for the Executive Officers of the Company, including the NEOs, would be reduced by five (5) percentage points.

The table below shows the maximum and target annual incentive compensation opportunities, as well as the actual incentive payouts earned for fiscal year 2014, for each of our NEOs. These incentive payments earned are reported in the "Non-Equity Incentive Plan Compensation" column of the *Summary Compensation Table* on page 35 of this Proxy Statement.

Named Executive Officer	Maximum	Target	Actual
Naren Gursahaney	$1,800,000	$900,000	$630,000
Michael Geltzeiler	$1,500,000	$750,000	$538,125
Alan Ferber	$ 700,000	$350,000	$235,200
N. David Bleisch	$ 595,000	$297,500	$211,374
Jerri DeVard (1)	$ 700,000	$350,000	$126,594

(1) *Maximum and target amounts for Ms. DeVard represent annual amounts. Actual amount was pro-rated for the period from Ms. DeVard's hire date (March 31, 2014) through the end of the fiscal year.*

PROXY STATEMENT

Long-Term Incentive Program

The Company's LTIP is designed to provide a significant portion of executives' compensation opportunity in equity-based instruments. In so doing, the LTIP is a key component in aligning the long-term interests of executives with those of stockholders, thus promoting value creation for both our executives and stockholders. A majority of total equity granted under the LTIP is awarded during our annual grant process. This process occurs in conjunction with our annual assessment of individual performance and potential, and also takes into account a review of the competitive compensation landscape.

Awards of equity under the annual LTIP process are delivered to employees utilizing a mix of Stock Options, RSUs and PSUs. The weighting of the different components of the awards varies by employee level. In fiscal year 2014 we increased the weighting of PSUs while reducing the weighting of Stock Options. The value of awards granted to our CEO and the other NEOs during the annual LTIP process are based upon the following mix of equity:

Grant Type	Weighting
PSUs	50%
Stock Options	25%
RSUs	25%

The following table describes the general terms and conditions applicable to each of the equity-based grant type:

Grant Type	Vesting	Other Terms & Conditions
PSUs	100% on the 3rd anniversary of the grant date, subject to satisfaction of performance conditions	• Vesting subject to performance against Relative Total Shareholder Return (50% weighting) and Steady State Free Cash Flow Growth (50% weighting). • Accumulate dividend equivalent units with respect to dividends, which vest only to the extent of vesting of the underlying PSU award.
Stock Options	25% per year	• Granted with an exercise price equal to the closing price of the Company's common stock on the date of grant. • Expire on the 10th anniversary of the grant date unless forfeited earlier.
RSUs	25% per year	• Accumulate dividend equivalent units with respect to dividends, which vest in accordance with the vesting of the underlying RSU award.

We modified the PSU metrics for fiscal year 2014 in order to strengthen the alignment of our executives' interests and efforts with the interests of our stockholders. We implemented a TSR metric in order to capture our performance relative to the broader market. Additionally, we chose to focus on the importance of generating increased cash flows by utilizing a SSFCF metric.

In certain unusual circumstances, we make equity grants in addition to our normal annual grants and awards for new hires in order to recognize an individual's extraordinary contributions to the Company. In December 2013, we made a one-time RSU grant to Mr. Bleisch to recognize his extraordinary efforts in supporting our special governance needs in fiscal years 2013 and 2014. These RSUs vest in equal amounts on each of the first two anniversaries of the date of grant.

Fiscal Year 2015 Compensation Decisions

Base Salary

At the end of fiscal year 2014 we made the decision to postpone base salary increases for our Executive Officers for fiscal year 2015. Executive Officer compensation is generally reviewed on an annual basis near the end of the fiscal year, with recommendations for increases taking effect at the beginning of the next fiscal year. Based upon our overall performance in fiscal year 2014, the CEO elected not to recommend compensation increases for the Executive Officers (other than himself) effective at the beginning of fiscal year 2015. The Compensation Committee agreed with this recommendation and, in the case of the CEO, the independent members of the Board of Directors agreed not to increase the CEO's base salary. The Compensation Committee will review Executive Officer compensation during fiscal year 2015 and will determine whether to make any changes at such time.

Incentive Plan Design Changes

For fiscal year 2015, the Compensation Committee approved changes to the design of our AIP program. These changes were implemented in order to continue strengthening the alignment between our stockholders' interests and those of our executives and to further improve the line-of-sight for our employees. Among the plan design changes for fiscal year 2015:

- Replaced the SSFCF metric with an EBITDA metric for the AIP. We believe that EBITDA, as a measure of earnings, captures a greater level of impact of the value drivers of our business than SSFCF. Additionally, EBITDA is also a more commonly utilized metric in incentive plans in our peer group and the broader market, and is more easily understood by both investors and plan participants.
- Renamed the Net Attrition metric utilized in the AIP as Customer Retention. Customer Retention, which is the inverse of Net Attrition, provides our employees with a stronger positive focus of increasing the number of customers we retain, as opposed to the Net Attrition metric, which is focused on reducing the number of customers we lose.
- For those employees who support one of our Business Units (including certain of our Executive Officers), we introduced AIP metrics at the Business Unit level. Employees supporting the Business Units will have 50% of their incentive award funded by the performance of the Business Unit, with the other 50% of the award funded by the performance of the Company as a whole. This change will provide greater focus for those employees supporting Business Units toward driving the results which they are better able to impact, while still maintaining the focus on the results of the Company as a whole.
- Recurring Revenue and Customer Retention will be utilized as metrics for each of the Company's Business Units, as well as at the corporate level.
- A third Business Unit-specific metric will be utilized to focus the efforts of the employees supporting those Business Units on the specific priorities of those businesses.

The table below shows the metrics to be utilized and the weighting of those metrics in fiscal year 2015 for purposes of determining our performance for the AIP:

Metric	Weighting (Corporate Participants)	Weighting (Business Unit Participants)
Corporate Recurring Revenue	33 1/3%	16 2/3%
Corporate Customer Retention	33 1/3%	16 2/3%
Corporate EBITDA	33 1/3%	16 2/3%
Business Unit Recurring Revenue		16 2/3%
Business Unit Customer Retention		16 2/3%
Business Unit-specific metrics		16 2/3%

For fiscal year 2015, the Compensation Committee approved the following change to the design of the LTIP:

- Similar to the change made in the AIP, the SSFCF metric for determining our PSU performance has been replaced with an EBITDA metric. We believe that the EBITDA measure will provide a more accurate indication of the overall performance of the business and is better aligned with shareholder interests over the long-term. As a result, 75% of the PSU awards granted in fiscal year 2015 will be measured against our performance relative to the EBITDA metric. The remaining 25% weighting for the PSUs will remain Relative TSR.

Executive Benefits and Perquisites

Our Executive Officers, including the CEO and other NEOs, are eligible to participate in the benefit plans that are available to substantially all of our employees, including our defined contribution savings plans, which includes the 401(k) Retirement Savings and Investment Plan ("RSIP"), our medical, dental and life insurance plans and long-term disability plans. Additionally, the Company provides relocation benefits when a move is required. None of our NEOs participate in a defined benefit pension plan.

Supplemental Savings and Retirement Plan

Executive Officers (US-based) are eligible to participate in the Company's Supplemental Savings and Retirement Plan (the "SSRP"), a deferred compensation plan that permits the elective deferral of base salary and annual performance-based bonus for executives in certain career bands. The SSRP provides eligible employees the opportunity to:

- contribute retirement savings in addition to amounts permitted under the Company's RSIP;
- defer compensation on a tax-deferred basis and receive tax-deferred market-based growth; and
- receive any Company contributions that were reduced under the RSIP due to Internal Revenue Service compensation limits.

Executive Physical Program

The Company strongly believes in investing in the health and well-being of its executives as an important component in providing continued effective leadership for the Company. As such, we maintain an annual executive physical program, for which all of our Executive Officers are eligible. The program allows for expenses for an annual physical to be paid for by the Company, up to a total of $3,000 per year.

Policies and Practices

The Company maintains certain policies and practices to ensure that its compensation programs appropriately align the interests of its executives with the interests of stockholders. We believe that these policies and practices are aligned with best practices.

Change in Control and Severance Benefits

Our Executive Officers, including the CEO and other NEOs, may be eligible for certain benefits under either The ADT Corporation Severance Plan for U.S. Officers and Executives (the "Severance Plan") or The ADT Corporation Change in Control Severance Plan (the "CIC Severance Plan"), depending upon the circumstances leading to their termination of service of employment with the Company. In the case of the CIC Severance Plan, a "double trigger" is required before benefits become available to the executives covered by that plan. We believe that the benefits available to the NEOs under this plan are moderate in comparison to the broader market. Details with respect to the key provisions of the severance plans currently in effect and the payments and benefits that would be payable under the plans are set forth in the section titled "Potential Payments Upon Termination or Change in Control" below.

Stock Ownership and Retention Guidelines

The Compensation Committee believes that requiring executives to own and hold a significant amount of Company stock aligns the executives' interests with those of our stockholders. The Compensation Committee has established the following ownership guidelines:

Level	Ownership Guideline (as a multiple of base salary)
Chief Executive Officer	6x
Other Executive Officers	3x

The Compensation Committee reviews ownership levels annually. Executive Officers are generally expected to meet the ownership guidelines within a number of years equal to the base salary multiple (i.e., six years for the CEO and three years for other Executive Officers). In addition to the ownership guidelines, the Compensation Committee maintains a requirement that, until the ownership guidelines are met, all Executive Officers must retain a minimum of 75% of net (after-tax) shares acquired through the exercise of Stock Options or the vesting of RSUs. We believe that our stock ownership and retention guidelines are comparable to those found in the broader market.

Equity Grant Practices

The Company's practice is to grant annual equity awards to eligible employees on or after the second trading day after financial and other information about the Company has been widely released through a press release, news wire or report filed with the SEC. This timing ensures that annual equity grants are made at a time when the market has the greatest amount of information concerning the Company's performance, including its financial condition and results of operations, as is reasonably possible. All other equity grants during the year, which are generally comprised of new hire awards or other one-time grants, are made in conjunction with the timing of Compensation Committee meetings.

Insider Trading Policy

The Company maintains an insider trading policy, applicable to all employees and directors, which prohibits the Company's personnel from: (1) buying, selling or engaging in transactions in the Company's securities at any time while aware of material non-public information about the Company; (2) buying or selling securities of other companies while aware of material non-public information about those companies that they become aware of as a result of business dealings between the Company and those companies; (3) disclosing material non-public information to any unauthorized persons outside the Company; or (4) engaging in transactions in puts, calls, cashless collars, options or similar rights and obligations involving the Company's securities, other than the exercise of any Company-issued stock options. The policy also restricts trading for a limited number of Company employees (including the Executive Officers) and the members of the Company's Board of Directors to defined window periods that follow the timing of the filing of the Company's periodic reports with the SEC.

Pay Recoupment Policy

The Company's pay recoupment policy provides that, in addition to any other remedies available to it and subject to applicable law, the Company may recover any incentive compensation (whether in the form of cash or equity) paid by the Company to any Executive Officer that resulted from any financial result or operating metric that was impacted by the Executive Officer's fraudulent or illegal conduct. Our Board of Directors has the sole discretion to make any and all determinations under this policy. The Compensation Committee periodically reviews this policy to determine whether any changes are warranted.

Risk Mitigation in Compensation Program Design

The Company's compensation programs are designed to motivate employees to take appropriate levels of risk that are aligned with the Company's strategic goals, without encouraging or rewarding excessive risk. Among the program features which balance and guard against excessive risk-taking include:

- A mix of compensation components (fixed and variable pay, annual and long-term incentives, cash and equity) that encourage a focus on both the short and long-term interests of the Company and its stockholders;
- Incentive awards with payouts based upon a variety of financial and operational objectives, which minimizes the risk associated with any single performance measure;
- Incentive plans that cap maximum awards and which are not overly leveraged;
- Stock ownership guidelines that align executive and stockholder interests;
- A pay recoupment policy designed to deter excessive risk-taking; and
- An annual risk assessment of the Company's compensation programs by the Compensation Committee.

The Company has concluded that its compensation programs and policies are not reasonably likely to have a materially adverse effect on the Company. This conclusion is based on a risk assessment that was performed by management in conjunction with Farient and presented to and reviewed with the Compensation Committee at its September 2014 meeting.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed with management the Company's Compensation Discussion and Analysis for the year ended September 26, 2014 as required by Item 407(e)(5) of Regulation S-K promulgated by the SEC. Based on such review and discussions, the Compensation Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the Compensation Discussion and Analysis for the year ended September 26, 2014 in the Company's 2015 Proxy Statement and its incorporation by reference into the Company's Annual Report on Form 10-K for the year ended September 26, 2014.

Submitted by the Compensation Committee of the Board of Directors:

Timothy Donahue, Chair

Richard Daly

Robert Dutkowsky

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Messrs. Donahue (Chairman), Daly and Dutkowsky served as members of the Compensation Committee in fiscal year 2014, as did Mr. Dinesh Paliwal, who formerly served on the Board of Directors and was the former Chair of the Compensation Committee until March 12, 2014. None of such committee members or former committee members (i) was, during fiscal year 2014, an officer or employee of the Company or any of its subsidiaries; (ii) was formerly an officer of the Company or any of its subsidiaries; or (iii) had any relationship requiring disclosure by the Company pursuant to any paragraph of Item 404 of Regulation S-K promulgated by the SEC. No executive officer of the Company served as an executive officer, director or member of a compensation committee of any other entity of which an executive officer or director of such entity is a member of the Compensation Committee of the Company or the Company's Board of Directors.

FISCAL YEAR 2014 NEO COMPENSATION

Summary Compensation Table

The information set forth in the following table reflects compensation paid or earned by the NEOs for the fiscal years 2014, 2013 and 2012. The compensation shown for fiscal year 2012 was earned by each NEO, as applicable, under the compensation programs of Tyco which, prior to September 28, 2012, was the parent corporation of ADT. The table reflects total compensation earned beginning in the later of fiscal year 2012 or the year an individual first became an NEO.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (3) (d)	Stock/Unit Awards ($) (4) (e)	Option Awards ($) (4) (f)	Non-Equity Incentive Plan Compensation ($) (5) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (6) (i)	Total ($) (j)
Naren Gursahaney Chief Executive Officer	2014	900,026	—	2,716,602	1,148,360	630,000	—	70,400	5,465,388
	2013	900,000	—	2,708,100	2,602,377	693,000	—	267,286	7,170,763
	2012	610,000	290,000	1,747,016	1,698,545	451,300	—	152,957	4,949,818
Michael Geltzeiler SVP, Chief Financial Officer (1)	2014	661,953		1,853,414	1,186,135	538,125	—	102,057	4,341,684
Alan Ferber President, Residential Business Unit	2014	500,002	75,000	718,401	305,222	235,200	—	22,975	1,856,800
	2013	204,545	115,000	498,064	498,456	90,383	—	47,843	1,454,291
N. David Bleisch SVP, Chief Legal Officer & Corporate Secretary	2014	425,012	—	580,489	182,831	211,374	—	337,531	1,737,237
	2013	391,667	—	417,690	320,529	191,221	—	126,404	1,447,511
	2012	323,820	65,135	350,588	228,789	137,624	—	34,916	1,140,872
Jerri DeVard SVP, Chief Marketing Officer (2)	2014	251,924	—	520,078	665,952	126,594	—	90,552	1,655,100

(1) *Michael Geltzeiler was appointed by the Company's Board of Directors on October 14, 2013, with an effective start date of November 14, 2013.*

(2) *Jerri DeVard was appointed by the Company's Board of Directors on March 24, 2014, with an effective start date of March 31, 2014.*

(3) ***Bonus:*** *The amount shown in column (d) in fiscal years 2014 and 2013 for Mr. Ferber represent a portion of a sign-on bonus paid when he joined the Company in April 2013, and on the first anniversary of his hire. The amounts in fiscal year 2012 for Messrs. Gursahaney and Bleisch represent one-time lump sum payments in connection with their promotions into their new roles with ADT. The amount represents the difference between their fiscal year 2012 salary and target bonus and their post-separation salary and target bonus for the period from April 1, 2012 to September 28, 2012.*

(4) ***Stock/Unit Awards and Option Awards:*** *The amounts in columns (e) and (f) reflect the fair value of equity awards granted in fiscal years 2014, 2013 and 2012, which consisted of stock options, RSUs and PSUs. These amounts represent the fair value of the entire amount of the award calculated in accordance with Financial Accounting Standards Board ASC Topic 718 (ASC Topic 718), excluding the effect of estimated forfeitures. Amounts for fiscal years 2014 and 2013 were calculated based upon the price of the Company's common stock (including the impact on the value of options under the Black-Scholes option pricing model). Values for fiscal year 2012 were calculated based upon the price of Tyco common stock, as awards granted in fiscal year 2012 were made prior to the Company's separation from Tyco. For stock options, amounts are computed by multiplying the fair value of the award (as determined under the Black-Scholes option pricing model) by the total number of options granted. For RSUs, fair value is computed by multiplying the total number of shares subject to the award by the closing market price of the Company's common stock on the date of grant. For PSUs, fair value is based on a model that considers the closing market price of the Company's common stock on the date of grant, the range of shares subject to such stock award and the estimated probabilities of vesting outcomes. The value of PSUs included in the table assumes target performance. The following amounts represent the maximum potential performance share value by individual for fiscal year 2014, determined at the time of grant (200% of the target award): Mr. Gursahaney—$3,558,378; Mr. Geltzeiler—$1,779,190; Mr. Ferber—$943,890; and Mr. Bleisch—$568,004. Ms. DeVard did not receive PSUs in fiscal year 2014.*

Amounts in columns (e) and (f) for fiscal year 2014 for Mr. Geltzeiler include, in addition to the value of awards granted with respect to our annual long-term incentive plan, the value of awards representing grants of RSUs and stock options with respect to a sign-on equity award. The value of these sign-on grants included in columns (e) and (f) are $497,313 and $611,955, respectively.

Amounts in column (e) for fiscal year 2012 include the incremental fair value associated with the shortening of the performance period for outstanding PSUs. The shortening of the performance period was associated with ADT's separation from Tyco. Amounts in column (f) for fiscal year 2012 include the incremental fair value associated with the conversion of outstanding Tyco stock options into stock options of ADT. On July 12, 2012, in connection with the separation, the Tyco Board of Directors approved the conversion of all outstanding Tyco PSUs into RSUs based on performance achieved through June 29, 2012. On August 2, 2012, the Tyco Compensation Committee approved the conversion ratio based on its review and certification of performance results. On October 12, 2011 the Tyco Compensation Committee approved the methodology that would apply to convert outstanding Tyco equity awards upon completion of the separation into post-separation equity awards of ADT, or split into equity awards of Tyco, ADT and Pentair Ltd., in order to preserve intrinsic value.

(5) ***Non-Equity Incentive Plan Compensation:*** *The amounts reported in column (g) for each NEO reflect annual cash incentive compensation for the applicable fiscal year. Annual incentive compensation for fiscal year 2014 is discussed in further detail above under the heading "Annual Incentive Compensation." Amounts for fiscal year 2012 were earned pursuant to incentive plans designed and administered by Tyco.*

(6) ***All Other Compensation:*** *The amounts reported in column (i) for fiscal years 2014 and 2013 represent the Company's contributions to the 401(k) Retirement Savings and Investment Plan and Supplemental Savings and Retirement Plan, taxable relocation benefits and associated tax gross-ups, and the value of the executive physical, as applicable. The amounts reported for fiscal year 2012 were paid and/or earned with respect to similar programs administered by Tyco, as well as to cash perquisites and to insurance premiums paid by Tyco for the benefit of the officer (and, in some cases, the officer's spouse). Details with respect to the amounts in this column are set forth below, in the All Other Compensation table.*

Summary Compensation Table – All Other Compensation

The components of the "All Other Compensation" column in the *Summary Compensation Table* for each NEO are shown in the following table.

			Supplemental Executive Insurance Benefits							
Named Executive	Fiscal Year	Cash Perquisite (a)	Variable Universal Life (b)	Supplemental Disability (b)	Long-Term Care (b)	Tax Gross-Ups (c)	Retirement Plan Contributions (d)	Miscellaneous (e)	Total All Other Compensation
Naren Gursahaney	2014	—	—	—	—	—	68,400	2,000	70,400
	2013	—	—	—	—	52,165	53,607	161,514	267,286
	2012	15,250	10,109	15,008	19,274	—	70,225	23,091	152,957
Michael Geltzeiler	2014	—	—	—	—	20,391	17,972	63,694	102,057
Alan Ferber	2014	—	—	—	—	—	20,873	2,102	22,975
	2013	—	—	—	—	5,699	7,500	34,644	47,843
N. David Bleisch	2014	—	—	—	—	75,140	29,415	232,976	337,531
	2013	—	—	—	—	4,993	24,868	96,543	126,404
	2012	—	—	—	—	2,602	24,327	7,987	34,916
Jerri DeVard	2014	—	—	—	—	18,189	6,458	65,905	90,552

(a) *Cash Perquisites under Tyco programs reflect an annual cash perquisite payment equal to the lesser of 10% of the executive's base salary and $70,000. Payments were made quarterly and were adjusted to reflect changes in salary. This benefit was discontinued by Tyco as of January 1, 2012.*

(b) *Supplemental Executive Insurance Benefits reflect premiums paid by Tyco for insurance benefits for the executive and, in the case of long-term care, for the executive's spouse as well. These benefits were provided to certain executives of Tyco upon the approval of the Tyco Compensation Committee. Mr. Gursahaney was the only one of our NEOs who received these benefits in his role as an executive of Tyco. ADT discontinued this benefit for Mr. Gursahaney as of November 30, 2012.*

(c) *The amounts shown in this column as tax gross-up payments for Messrs. Gursahaney, Geltzeiler, Ferber and Bleisch and Ms. DeVard represent tax gross-up payments made with respect to taxable relocation expenses.*

(d) *For fiscal years 2014 and 2013, amounts represent matching contributions made by the Company on behalf of each executive to its tax-qualified 401(k) Retirement Savings and Investment Plan and to its non-qualified Supplemental Savings and Retirement Plan. Amounts for fiscal year 2012 represent contributions made by Tyco to similar plans it administered.*

(e) *Miscellaneous compensation in fiscal year 2014 includes the value of taxable relocation benefits for Messrs. Geltzeiler, Ferber and Bleisch and Ms. DeVard (totaling $63,244; $2,102; $232,976; and $65,905, respectively), as well as the value of an executive physical for Messrs. Gursahaney and Geltzeiler. In fiscal year 2013, miscellaneous compensation for Messrs. Gursahaney, Ferber and Bleisch includes the value of taxable relocation benefits, as well as the value of an executive physical for Mr. Bleisch. Amounts for fiscal year 2012 include matching charitable contributions Tyco made on behalf of Mr. Gursahaney, as well as the value of taxable relocation benefits for Messrs. Gursahaney and Bleisch.*

Grants of Plan Based Awards Table

The following table summarizes the number of RSUs and Stock Options granted to our NEOs in fiscal year 2014 pursuant to The ADT 2012 Stock and Incentive Plan (the "SIP"), as well as the grant date fair value of these awards. The table also summarizes the range of potential payouts for the NEOs under the Officer Short-Term Bonus Plan and the Performance Share Unit Awards granted under the SIP. Actual bonus awards under the Officer Short-Term Bonus Plan are reported in the Summary Compensation Table under the heading "Non-Equity Incentive Plan Awards." All numbers have been rounded to the nearest whole dollar, share or unit, with the exception of the exercise price of Stock Option awards.

Name (a)	Award Type	Grant Date (b)	Board or Committee Approval Date (c)	Estimated Possible Payouts under Non-Equity Incentive Plan Awards [1]: Threshold ($) (d)	Target ($) (e)	Maximum ($) (f)	Estimated Possible Payouts Under Equity Plan Awards [2]: Threshold (#) (g)	Target (#) (h)	Maximum (#) (i)	All Other Stock Awards: Number of Shares of Stock or Units (#) (j)	All Other Option Awards: Number of Securities Underlying Options (#) (k)	Exercise or Base Price of Option Awards ($/Sh) (l)	Grant Date Fair Value of Stock and Option Awards [3] ($) (m)
Naren Gursahaney	Performance Bonus	12/09/2013	12/09/2013	450,000	900,000	1,800,000							
	Performance Share Unit [4][5]	11/22/2013	11/22/2013				10,650	21,300	42,600				$ 845,397
	Performance Share Unit [4][6]	11/22/2013	11/22/2013				8,520	21,300	42,600				$ 933,792
	Restricted Stock Unit [4]	11/22/2013	11/22/2013							21,300			$ 937,413
	Stock Option [4]	11/22/2013	11/22/2013								76,000	$44.01	$1,148,360
Michael Geltzeiler	Performance Bonus	12/09/2013	12/09/2013	375,000	750,000	1,500,000							
	Performance Share Unit [4][5]	11/22/2013	11/22/2013				5,325	10,650	21,300				$ 422,699
	Performance Share Unit [4][6]	11/22/2013	11/22/2013				4,260	10,650	21,300				$ 466,896
	Restricted Stock Unit [4]	11/22/2013	11/22/2013							10,600			$ 466,506
	Restricted Stock Unit [7]	11/22/2013	11/22/2013							11,300			$ 497,313
	Stock Option [4]	11/22/2013	11/22/2013								38,000	44.01	$ 574,180
	Stock Option [7]	11/22/2013	11/22/2013								40,500	44.01	$ 611,955
Alan Ferber	Performance Bonus	12/09/2013	12/09/2013	175,000	350,000	700,000							
	Performance Share Unit [4][5]	11/22/2013	11/22/2013				2,825	5,650	11,300				$ 224,249
	Performance Share Unit [4][6]	11/22/2013	11/22/2013				2,260	5,650	11,300				$ 247,696
	Restricted Stock Unit [4]	11/22/2013	11/22/2013							5,600			$ 246,456
	Stock Option [4]	11/22/2013	11/22/2013								20,200	44.01	$ 305,222
N David. Bleisch	Performance Bonus	12/09/2013	12/09/2013	148,750	297,500	595,000							
	Performance Share Unit [4][5]	11/22/2013	11/22/2013				1,700	3,400	6,800				$ 134,946
	Performance Share Unit [4][6]	11/22/2013	11/22/2013				1,360	3,400	6,800				$ 149,056
	Restricted Stock Unit [4]	11/22/2013	11/22/2013							3,400			$ 149,634
	Restricted Stock Unit [8]	12/09/2013	12/09/2013							3,700			$ 146,853
	Stock Option [4]	11/22/2013	11/22/2013								12,100	44.01	$ 182,831
Jerri DeVard	Performance Bonus	03/31/2014	03/31/2014	175,000	350,000	700,000							
	Restricted Stock Unit [7]	05/07/2014	05/07/2014							5,500			$ 172,315
	Restricted Stock Unit [7]	05/07/2014	05/07/2014							11,100			$ 347,763
	Stock Option [7]	05/07/2014	05/07/2014								49,800	$31.33	$ 493,518
	Stock Option [7]	05/07/2014	05/07/2014								17,400	$31.33	$ 172,434

(1) Amounts reported in columns (d) through (f) represent potential annual performance bonuses that the named executive officers could have earned under the Company's Officer Short-Term Bonus Plan for fiscal year 2014. The range of potential payouts is based upon the Guideline Formula the Compensation Committee uses to exercise its available "negative discretion" under the plan. The Compensation Committee established a maximum payout of 200% of target. Threshold amounts assume minimum performance levels are achieved with respect to each performance measure. For Ms. DeVard, amounts represent the annualized threshold, target and maximum, although her actual bonus opportunity was pro-rated based upon her hire date as discussed above.

(2) Amounts in (g) through (i) represent potential share payouts with respect to PSU awards that were made in connection with the fiscal year 2014 long-term incentive grant. PSU awards will vest at the end of the three-year performance period, based upon the Company's performance against its Steady State Free Cash Flow Growth and Relative Total Shareholder Return targets. The threshold amounts shown above reflect the number of shares which would be delivered assuming that threshold attainment was met for the performance metrics. The maximum amounts shown assume maximum attainment against performance metrics. PSUs accrue dividend equivalent units, but these equivalents are ultimately delivered to the recipient only to the extent that the underlying awards vest based upon performance.

(3) Amounts in column (m) show the grant date fair value of the Stock Option, RSU and PSU awards granted to the NEOs. These amounts represent the fair value of the entire amount of the award calculated in accordance with ASC Topic 718, excluding the effect of estimated forfeitures. For grants of Stock Options, amounts are computed by multiplying the fair value of the award (as determined under the Black-Scholes option pricing model) by the total number of options granted. For grants of RSUs, fair value is computed by multiplying the total number of shares subject to the award by the closing price of the Company's common stock on the date of grant. For grants of PSUs, fair value is based on a model that considers the closing price of the Company's common stock on the date of grant, the range of shares subject to such stock award, and the estimated probabilities of vesting outcomes. The value of PSUs included in the table assumes target performance. However, the actual number of shares that will be delivered with respect to the PSUs will be determined based on performance through the end of the three-year performance period.

(4) Amounts represent grants of PSUs, RSUs and/or Stock Options with respect to our annual long-term incentive plan.

(5) PSUs which vest subject to the Company's SSFCF performance relative to target.

(6) PSUs which vest subject to the Company's TSR performance relative to target.

(7) Amounts represent grants of RSUs and Stock Options with respect to sign-on equity awards for Mr. Geltzeiler and Ms. DeVard.

(8) Amount represents one-time grant of RSUs for Mr. Bleisch to recognize his extraordinary efforts in supporting our special governance needs in fiscal years 2013 and 2014.

The Company made its annual grant of equity for fiscal year 2014 in November 2013. The annual award for each of our NEOs (excluding Ms. DeVard, whose grant of equity was not made as part of the annual grant process) consisted of a mix of PSUs, RSUs and Stock Options. For Stock Options (including those granted to Ms. DeVard), the exercise price equals the closing price of the Company's common stock on the date of grant. Stock Options granted as part of the annual award process generally vest in equal installments over a period of four years. Each option holder has 10 years to exercise his or her Stock Option from the date of grant, unless forfeited earlier. PSUs generally vest at the end of a three-year performance cycle, with the number of shares delivered dependent on the achievement of applicable performance criteria. Anywhere between zero and 200% of the target number shares may be delivered based on performance. PSUs generally accrue dividend equivalent units, which are subject to the same performance conditions applicable to the underlying award, but do not carry voting rights. RSUs granted as part of the annual award process generally vest in equal installments over four years, accrue dividend equivalent units subject to the same vesting restrictions as the underlying award, and do not carry voting rights.

Outstanding Equity Awards at Fiscal Year-End Table

The following table shows outstanding Stock Option awards classified as exercisable and unexercisable and the number and value of any unvested or unearned equity awards outstanding as of September 26, 2014 for each of the NEOs. The value of any unvested or unearned equity awards outstanding is calculated based on a market value of $35.61, which was the NYSE closing price per share of the Company's common stock on September 26, 2014.

	Option Awards (1)				Stock Awards			
Name	Number of Securities Underlying Unexercised Options: (#) Exercisable	Number of Securities Underlying Unexercised Options: (#) UnExercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3)
Naren Gursahaney	13,138	—	$36.4222	3/9/2015	51,115	$1,820,205	82,706	$2,945,161
	39,309	—	$29.5082	11/21/2015				
	14,741	—	$31.1718	1/11/2016				
	137,587	—	$30.8309	11/20/2016				
	110,850	—	$34.1771	7/2/2017				
	54,644	—	$28.4959	8/17/2018				
	201,873	—	$18.5745	10/6/2018				
	148,633	—	$21.6169	9/30/2019				
	92,973	30,992	$23.8843	10/11/2020				
	52,146	52,147	$28.3870	10/11/2021				
	32,850	98,550	$45.9000	11/29/2022				
	21,900	43,800	$45.9000	11/29/2022				
	—	76,000	$44.0100	11/21/2023				
Michael Geltzeiler	—	38,000	$44.0100	11/21/2023	22,293	$ 793,854	21,682	$ 772,096
	—	40,500	$44.0100	11/21/2023				
Alan Ferber	9,675	29,025	$44.4700	5/7/2023	14,318	$ 509,864	11,502	$ 409,586
	—	20,200	$44.0100	11/21/2023				
N David. Bleisch	11,792	—	$31.3397	6/19/2015	14,678	$ 522,684	11,362	$ 404,601
	8,352	—	$29.5082	11/21/2015				
	10,515	—	$30.8309	11/20/2016				
	11,491	—	$34.1771	7/2/2017				
	14,410	—	$18.5745	10/6/2018				
	10,523	—	$21.6169	9/30/2019				
	15,350	5,118	$23.8843	10/11/2020				
	9,039	9,040	$28.3870	10/11/2021				
	3,100	6,200	$45.9000	11/29/2022				
	3,750	11,250	$45.9000	11/29/2022				
	—	12,100	$44.0100	11/21/2023				
Jerri DeVard	—	49,800	$31.3300	5/6/2024	16,688	$ 594,260	—	—
	—	17,400	$31.3300	5/6/2024				

(1) *Stock Options granted to the NEOs generally vest and become exercisable one-fourth per year on each anniversary of the grant date, with the exception of certain one-time or sign-on grants. Stock Options granted to the NEOs expire on the day prior to the tenth anniversary of the grant date.*

(2) *The amounts shown in this column represent unvested awards of RSUs. Amounts include outstanding dividend equivalent units associated with the underlying RSU awards.*

(3) *The amounts in these columns represent the market value of the unvested RSU and PSU awards calculated using a price of $35.61, which was the closing price of the Company's Common Stock on the NYSE on September 26, 2014.*

(4) *The amounts shown in this column represent outstanding and unvested awards of PSUs. The number of PSUs is based on the number granted (target amount) and includes outstanding dividend equivalent units associated with the underlying award. Dividend equivalent units will vest only to the extent the underlying awards vest based upon the Company's performance against its performance targets. The three-year performance period for the fiscal year 2014 grant ends on the last day of fiscal year 2016. The three-year performance period for the fiscal year 2013 grant ends on the last day of fiscal year 2015.*

Vesting dates for each outstanding stock option award, as of September 26, 2014, for the NEOs are as follows:

		Number of Shares Underlying Vesting Awards				
Year	Exercise Price	Naren Gursahaney	Michael Geltzeiler	Alan Ferber	N. David Bleisch	Jerri DeVard
2014						
10/12/2014	$23.8843	30,992	—	—	5,118	—
10/12/2014	$28.3870	26,073	—	—	4,520	—
11/22/2014	$44.0100	19,000	23,000	5,050	3,025	—
11/30/2014	$45.9000	54,750	—	—	6,850	—
2015						
5/7/2015	$31.3300	—	—	—	—	20,950
5/8/2015	$44.4700	—	—	9,675	—	—
10/12/2015	$28.3870	26,074	—	—	4,520	—
11/22/2015	$44.0100	19,000	23,000	5,050	3,025	—
11/30/2015	$45.9000	54,750	—	—	6,850	—
2016						
5/7/2016	$31.3300	—	—	—	—	20,950
5/8/2016	$44.4700	—	—	9,675	—	—
11/22/2016	$44.0100	19,000	23,000	5,050	3,025	—
11/30/2016	$45.9000	32,850	—	—	3,750	—
2017						
5/7/2017	$31.3300	—	—	—	—	20,950
5/8/2017	$44.4700	—	—	9,675	—	—
11/22/2017	$44.0100	19,000	9,500	5,050	3,025	—
2018						
5/7/2018	$31.3300	—	—	—	—	4,350

Vesting dates for each outstanding RSU award, including outstanding dividend equivalent units, as of September 26, 2014, for the NEOs are as follows:

	Number of Shares Underlying Vesting Awards				
Year	**Naren Gursahaney**	**Michael Geltzeiler**	**Alan Ferber**	**N. David Bleisch**	**Jerri DeVard**
2014					
10/12/2014	5,137	—	—	1,757	—
11/22/2014	5,421	2,698	1,425	866	—
11/30/2014	980	—	—	542	—
12/9/2014	—	—	—	1,883	—
2015					
5/7/2015	—	—	—	—	1,383
5/8/2015	—	—	2,873	—	—
10/12/2015	3,697	—	—	1,281	—
11/22/2015	5,421	2,697	1,425	865	—
11/30/2015	19,618	—	—	3,330	—
12/9/2015	—	—	—	1,883	—
2016					
5/7/2016	—	—	—	—	1,382
5/8/2016	—	—	2,873	—	—
11/22/2016	5,421	14,201	1,425	865	—
11/30/2016	—	—	—	541	—
2017					
5/7/2017	—	—	—	—	12,541
5/8/2017	—	—	2,872	—	—
11/22/2017	5,420	2,697	1,425	865	—
2018					
5/7/2018	—	—	—	—	1,382

Vesting dates for each outstanding PSU award, including outstanding dividend equivalent units, as of September 26, 2014, for the NEOs are as follows:

	Number of Shares Underlying Vesting Awards				
Year	**Naren Gursahaney**	**Michael Geltzeiler**	**Alan Ferber**	**N. David Bleisch**	**Jerri DeVard**
2015					
11/30/2015	39,340	—	—	4,440	—
2016					
11/22/2016	43,366	21,682	11,502	6,922	—

Option Exercises and Stock Vested Table

The following table sets forth information regarding option awards exercised and stock awards vested during fiscal year 2014 for the NEOs. Values have been rounded to the nearest dollar, where applicable.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($) (1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (2)
Naren Gursahaney	18,000	$787,500	67,282	$2,429,890
Michael Geltzeiler	—	—	—	—
Alan Ferber	—	—	2,835	$ 89,614
N. David Bleisch	—	—	13,084	$ 476,206
Jerri DeVard	—	—	—	—

(1) *The amounts in this column reflect the value realized upon the exercise of vested stock options. The value realized is the difference between the sale price of the shares acquired via the exercise of the options and the exercise price of the options.*

(2) *The amounts shown in this column reflect the value of stock awards that vested based on the NYSE closing price per share of the Company's Common Stock on the date of vesting.*

Non-Qualified Deferred Compensation Table

The following table presents information related to the non-qualified deferred compensation accounts of each of our NEOs as of September 26, 2014.

Name	Executive Contributions in Last Fiscal Year ($) (1)	Registrant Contributions in Last Fiscal Year ($) (1)	Aggregate Earnings in Last Fiscal Year ($) (2)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
(a)	(b)	(c)	(d)	(e)	(f)
Naren Gursahaney	36,002	59,025	517,893	—	5,779,880
Michael Geltzeiler	—	—	—	—	—
Alan Ferber	17,917	8,246	503	—	26,666
N. David Bleisch	3,063	16,895	14,847	(9,891)	166,275
Jerri DeVard	—	—	—	—	—

(1) *The amounts in columns (b) and (c) reflect employee and Company contributions, respectively, under the SSRP, the Company's non-qualified retirement savings plan. All of the amounts in column (c) are included in the Summary Compensation Table under the column heading "All Other Compensation." Under the terms of the SSRP, an eligible executive may elect to defer up to 50% of his or her base salary and up to 100% of his or her performance bonus.*

(2) *The amounts in this column include earnings (or losses) on the NEO's notional account in the SSRP.*

Potential Payments Upon Termination or Change in Control

Our NEOs are eligible for certain payments and benefits upon a termination of employment under either the Severance Plan or the CIC Severance Plan, depending on the circumstances of their termination.

Severance Plan. Our NEOs would receive benefits under the Severance Plan upon an involuntary termination of employment other than for Cause, permanent disability, or death. Upon such termination, an NEO would be entitled to the following:

- A payment equal to one and a half times his or her base salary and one and a half times his or her target annual bonus (two times base salary and two times target annual bonus for Mr. Gursahaney).
- Continued participation in the Company's medical, dental and health care reimbursement account coverage for 12 months following termination of employment (or until the NEO commences employment by another company and becomes eligible for coverage under the new employer's plans), subject to the NEO's payment of the employee portion of such coverage.
- To the extent the NEO has not become eligible for medical, dental and health care reimbursement account coverage by a new employer after the 12-month period following termination of employment, a cash payment equal to the projected value of the employer portion of the premiums for such coverage for an additional period up to 12 months.
- At the Company's discretion and subject to the Officer Bonus Plan, a pro-rata bonus for the year of termination based on the actual performance of the Company and paid when bonuses are paid to other participants in the plan.
- At the Company's discretion, outplacement services for a period not to exceed 12 months.

Each NEO must execute a general release of claims in favor of the Company in order to receive these benefits. Following termination, each NEO is prohibited from soliciting customers and employees for a period of two years, and is prohibited from competing with the Company for a period of one year.

CIC Severance Plan. In connection with a Change in Control, our NEOs would receive benefits under the CIC Severance Plan only if they had a qualifying termination of employment (an involuntary termination of employment other than for Cause, permanent disability or death, or a Good Reason Resignation, within the period beginning 60 days prior to, and ending 24 months following, a Change in Control). Upon such termination, an NEO would be entitled to the following:

- A payment equal to two times his or her base salary and two times his or her target annual bonus.
- Continued participation in the Company's medical, dental and health care reimbursement account coverage for 12 months following termination of employment (or until the NEO commences employment by another company and becomes eligible for coverage under the new employer's plans), subject to the NEO's payment of the employee portion of such coverage.
- To the extent the NEO has not become eligible for medical, dental and health care reimbursement account coverage by a new employer after the 12-month period following termination of employment, a cash payment equal to the projected value of the employer portion of the premiums for such coverage for an additional period of 12 months.
- A pro-rata bonus for the year of termination based on the target bonus for the year of termination.
- Payment of the cost of outplacement services for 12 months following the termination of employment.

Each NEO must execute a general release of claims in favor of the Company in order to receive these benefits. The Company will not reimburse an NEO with respect to any excise tax triggered by Section 280G or 4999 of the Code, but any Change in Control payments will be capped at three times the NEO's "base amount" under Section 280G of the Code if the cap results in a greater after-tax payment to the NEO than if the payments were not capped.

Equity Awards. In addition, the individual award agreements for the outstanding equity awards provide for special treatment upon termination of employment, including termination of employment during the two-year period following a Change in Control.

- *Awards Granted Prior to October 12, 2011*. Other than in the case of a Change in Control, if an NEO is terminated without Cause, the NEO will continue to vest in unvested Stock Options for a period of one year from the date of termination. All other unvested Stock Options and all unvested RSUs and PSUs will be forfeited unless the NEO is retirement eligible, in which case all or a portion of the RSUs or Stock Options will vest and all or a portion of the PSUs will remain subject to the performance criteria and may vest upon the achievement of such performance criteria. With respect to Stock Options, the NEO will have 12 months following termination to exercise (or, for NEOs that are retirement eligible, 36 months), subject to the original term of the stock option.
- *Awards Granted On and After October 12, 2011*. Other than in the case of a Change in Control, if an NEO is terminated without Cause, the portion of Stock Options which would have vested within one year from the date of termination will immediately vest upon termination. All other unvested Stock Options and all unvested RSUs and PSUs will be forfeited unless the NEO is retirement eligible, in which case the RSUs or Stock Options will vest pro rata based on the number of full months of service completed from the date of grant through the termination date, and all or a portion of the PSUs will remain subject to the performance criteria and may vest upon the achievement of such performance criteria. With respect to Stock Options, the NEO will have 12 months following termination to exercise (or, for NEOs that are retirement eligible, 36 months), subject to the original term of the stock option.
- *Change in Control*. During the two year period following a Change in Control, if the NEO is terminated without Cause or has a Good Reason Resignation, all outstanding Stock Options and RSUs vest in full and all outstanding PSUs vest at the target level. Stock Options remain exercisable until the earlier of (i) the expiration of the remainder of their term and (ii) up to three years following the termination date.

The following table summarizes the severance benefits that would have been payable to each of our NEOs upon termination of employment or upon a qualifying termination in connection with a change in control, assuming that the triggering event or events occurred on September 26, 2014. Equity award amounts are calculated using a price of $35.61, which was the closing price of the Company's common stock on the NYSE on September 26, 2014.

	Change in Control		Other Termination			
Name/Form of Compensation	**Without Qualified Termination ($)**	**With Qualified Termination ($)**	**With Cause ($)**	**Without Cause ($)**	**Resignation/ Retirement ($)**	**Death or Disability ($)**
Naren Gursahaney						
Cash Severance	—	3,600,000	—	3,600,000	—	—
Benefit Continuation & Outplacement	—	21,199	—	21,199	—	—
Accelerated Vesting of Equity Awards	—	5,505,426	—	551,728	—	5,505,426
Total	—	9,126,625	—	4,172,927	—	5,505,426
Michael Geltzeiler						
Cash Severance	—	3,000,000	—	2,250,000	—	—
Benefit Continuation & Outplacement	—	16,619	—	16,619	—	—
Accelerated Vesting of Equity Awards	—	1,565,950	—	—	—	1,565,950
Total	—	4,582,569	—	2,266,619	—	1,565,950
Alan Ferber						
Cash Severance	—	1,700,000	—	1,275,000	—	—
Benefit Continuation & Outplacement	—	29,085	—	29,085	—	—
Accelerated Vesting of Equity Awards	—	919,450	—	—	—	919,450
Total	—	2,648,536	—	1,304,085	—	919,450
N. David Bleisch						
Cash Severance	—	1,445,000	—	1,083,750	—	—
Benefit Continuation & Outplacement	—	21,199	—	21,199	—	—
Accelerated Vesting of Equity Awards	—	1,052,592	—	92,660	—	1,052,592
Total	—	2,518,791	—	1,197,609	—	1,052,592
Jerri DeVard						
Cash Severance	—	1,700,000	—	1,275,000	—	—
Benefit Continuation & Outplacement	—	29,085	—	29,085	—	—
Accelerated Vesting of Equity Awards	—	881,876	—	89,666	—	881,876
Total	—	2,610,961	—	1,393,751	—	881,876

COMPENSATION OF NON-MANAGEMENT DIRECTORS

Compensation for our non-management directors consists of an annual cash retainer in the amount of $80,000 per year, paid on a quarterly basis, and an annual equity award of RSUs with a grant date fair value of approximately $120,000 and a one-year vesting term. In addition, the non-executive chairman of our Board of Directors receives an additional cash retainer in the amount of $150,000 per year, paid quarterly. The chair of the Audit Committee, beginning effective the third quarter of fiscal 2014, receives an additional cash retainer in the amount of $25,000 per year, paid quarterly. Prior to the third quarter of fiscal year 2014, the additional annual cash retainer for the chair of the Audit Committee was $20,000. The chair of the Compensation Committee receives an additional cash retainer in the amount of $20,000 per year and the chair of the Nominating and Governance Committee receives an additional cash retainer in the amount of $15,000 per year, each of which is paid on a quarterly basis.

The following table sets forth information concerning the fiscal year 2014 compensation paid to our non-management directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	All Other Compensation ($) (2)	Total ($)
Thomas Colligan	102,500	120,006	—	222,506
Timothy Donahue	90,879	120,006	697	211,582
Richard Daly (3)	64,863	140,008	—	204,871
Robert Dutkowsky	80,000	120,006	536	200,542
Bruce Gordon	245,000	120,006	—	365,006
Bridgette Heller	80,000	120,006	33	200,039
Kathleen Hyle	87,500	120,006	360	207,866
Keith Meister (4)	12,967	—	—	12,967
Dinesh Paliwal (5)	45,604	—	626	46,230

(1) *This column reflects the fair value of the awards granted to our non-management directors calculated in accordance with ASC Topic 718, excluding estimated forfeitures. The fair value of RSUs is computed by multiplying the total number of shares subject to the award by the closing price of the Company's common stock on the date of grant. RSUs granted to board members generally vest and the underlying units are converted to shares and delivered to board members on the first anniversary of the grant date. The value of dividend equivalent units granted in connection with dividends paid on the Company's common stock during fiscal year 2014 are excluded.*

(2) *This column reflects the value of the discount on security monitoring services provided by the Company, as well as the value of system installation, where applicable.*

(3) *The value of stock awards includes, in addition to the annual grant awarded to all directors in conjunction with the Company's Annual Meeting on March 13, 2014, the value of a "stub grant" made to Mr. Daly. This stub grant represented a pro-rated grant covering the period from the date of his appointment to the Board of Directors (January 9, 2014) until the 2014 Annual Meeting.*

(4) *Mr. Meister resigned from the Board of Directors on November 24, 2013.*

(5) *Mr. Paliwal elected not to stand for reelection at the Company's March 13, 2014 Annual Meeting, resigning from the Board of Directors on that date.*

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors oversees ADT's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. The Audit Committee meets separately with management, the senior internal auditor, the independent auditors and the Chief Legal Officer. The Audit Committee operates under a written charter approved by the Board of Directors, a copy of which is available on our website at www.adt.com. The charter, among other things, provides that the Audit Committee has direct responsibility to appoint, compensate, oversee, evaluate, and recommend termination when appropriate, the independent auditor. In this context, the Audit Committee:

- reviewed and discussed the audited financial statements in ADT's annual report on Form 10-K with management;
- reviewed with Deloitte & Touche LLP, ADT's independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality and acceptability of ADT's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards;
- received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding Deloitte & Touche LLP's communications with the Audit Committee concerning independence;
- discussed with Deloitte & Touche LLP its independence from management and ADT and considered whether Deloitte & Touche LLP could also provide non-audit services without compromising the firm's independence;
- discussed with Deloitte & Touche LLP the matters required to be discussed by statement on Auditing Standards No. 16, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; and
- discussed with ADT's internal auditors and Deloitte & Touche LLP the overall scope and plans for their respective audits, and then met with the internal auditors and Deloitte & Touche LLP, with and without management present, to discuss the results of their examinations, their evaluations of ADT's internal controls and the overall quality of ADT's financial reporting.

Based on the foregoing reviews and discussions, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended September 26, 2014 filed with the SEC.

Submitted by the Audit Committee of the Board of Directors:

Thomas Colligan, Chair

Bridgette Heller

Kathleen Hyle

PROPOSAL NUMBER TWO—RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee is directly responsible for the appointment, compensation, oversight and evaluation of performance of the work of our independent registered public accounting firm. On January 8, 2015, the Audit Committee appointed the firm of Deloitte & Touche LLP ("D&T"), as the Company's independent registered public accounting firm to audit ADT's financial statements for the fiscal year ending September 25, 2015. The Audit Committee and the Board of Directors recommend that stockholders ratify the appointment of D&T as the Company's independent registered public accounting firm to audit the Company's financial statements for the fiscal year ending September 25, 2015. Stockholder approval of the appointment of D&T is not required, but the Audit Committee and the Board of Directors are submitting the selection of D&T for ratification to obtain our stockholders' views. In the event the stockholders do not ratify the appointment of D&T as the independent auditors to audit our financial statements for fiscal year 2015, the Audit Committee and the Board of Directors will consider the voting results and evaluate whether to select a different independent auditor.

Representatives of D&T will attend the Annual Meeting and will be available to respond to appropriate questions. Although D&T has indicated that no statement will be made, an opportunity for a statement will be provided.

Set forth below are the aggregate audit and non-audit fees billed to the Company by D&T for fiscal years 2013 and 2014:

Audit and Non-Audit Fees

	2013	2014
Audit Fees	$2,837,000	$2,687,850
Audit-Related Fees	121,778	40,800
Tax Fees	499,545	128,945
All Other Fees	2,200	2,000
Total:	3,460,523	2,859,595

Audit Fees: These amounts represent fees of D&T for the audit of our annual consolidated financial statements, the review of financial statements included in our quarterly Form 10-Q reports, the audit of internal control over financial reporting, and the services that an independent auditor would customarily provide in connection with regulatory filings and similar engagements for the fiscal year.

Audit-Related Fees: Audit-related fees consist of fees billed for services performed by D&T that are reasonably related to the performance of the audit or review of the Company's financial statements, including the audits of employee benefit plans.

Tax Fees: Tax fees consist of fees billed for professional services performed by D&T with respect to tax compliance and tax planning and advice for US and Canadian operations.

All Other Fees: All Other Fees consist of permitted services other than those that meet the criteria above and relate to accounting research subscriptions.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

The Audit Committee adopted a pre-approval policy that provides guidelines for the audit, audit-related, tax and other permissible non-audit services that may be provided by the independent auditors. The policy identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that the auditors' independence is not impaired.

Under the policy, the Audit Committee annually pre-approves the audit engagement fees and terms of all audit and permitted non-audit services to be provided by the independent auditor.

The Audit Committee considered whether providing the non-audit services shown in the table above was compatible with maintaining D&T's independence and concluded that it was.

The Audit Committee and the Board of Directors unanimously recommend that stockholders vote FOR the ratification of Deloitte & Touche LLP as our Independent Registered Public Accounting Firm for fiscal year 2015.

PROPOSAL NUMBER THREE—NON-BINDING ADVISORY VOTE ON COMPENSATION OF THE NAMED EXECUTIVE OFFICERS

We request our stockholders' non-binding advisory vote on the compensation of our named executive officers as disclosed in accordance with the SEC's rules in the section of this Proxy Statement under "Compensation of Executive Officers" on pages 23 to 44.

The Company currently intends to hold such votes annually. The next such vote will be held at the Company's 2016 Annual Meeting of Stockholders.

In considering their vote, stockholders should review with care that our compensation objectives, policies, practices and programs are designed to attract and retain the talent needed to align with the strategic mission of ADT and to drive financial performance and incentivize execution of our business strategy. Our compensation programs and practices are intended to reward our named executive officers for their performance in implementing our strategy to grow our business and create long-term stockholder value. We believe our programs effectively link executive pay to the financial performance of the Company while also aligning our named executive officers' interests with the interests of our stockholders.

We are seeking our stockholders' support for our executive officer compensation as detailed in this Proxy Statement. This proposal conforms to SEC requirements and seeks our stockholders' views on our executive compensation, compensation philosophy, pay principles and pay practices as described in this Proxy Statement. The advisory vote is non-binding and it will not be binding on the Board of Directors or obligate it to take any compensation actions, or to adjust our executive compensation programs or policies, as a result of the vote. However, the Board of Directors will take into account the outcome of the vote when considering future executive compensation decisions for executive officers.

The Board of Directors unanimously recommends that stockholders support this proposal and vote FOR the following resolution:

"RESOLVED, that the compensation paid to The ADT Corporation's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

OTHER MATTERS

Registered and Principal Executive Offices

The registered and principal executive offices of The ADT Corporation are located at 1501 Yamato Road, Boca Raton, Florida 33431 and its telephone number is (561) 988-3600.

Householding of Proxy Materials

SEC rules permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and notices with respect to two or more stockholders sharing the same address by delivering a single proxy statement or a single notice addressed to those stockholders. This process, which is commonly referred to as "householding," provides cost savings for companies. Some brokers household proxy materials, delivering a single proxy statement or notice to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or notice, or if your household is receiving multiple copies of these documents and you wish to request that future deliveries be limited to a single copy, please notify your broker. You can request prompt delivery of a copy of the proxy materials by writing to: Broadridge, Attention Householding Dept., 51 Mercedes Way, Edgewood, NY 11711 or by calling 1-800-542-1061.

RECONCILIATION OF NON-GAAP MEASURES TO GAAP MEASURES AND SELECTED DEFINITIONS

Earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA Margin, EBITDA (pre-SAC), and steady-state free cash flow (SSFCF), in each case before special items, are non-GAAP measures that may be used from time to time and should not be considered replacements for GAAP results.

EBITDA is a useful measure of the Company's success in acquiring, retaining and servicing our customer base and ability to generate and grow recurring revenue while providing a high level of customer service in a cost-effective manner. The difference between Net Income (the most comparable GAAP measure) and EBITDA (the non-GAAP measure) is the exclusion of interest expense, the provision for income taxes, depreciation and amortization expense. Excluding these items eliminates the impact of expenses associated with our capitalization and tax structure as well as the impact of non-cash charges related to capital investments.

EBITDA (pre-SAC) is a useful measure of the Company's success in retaining and servicing our customer base while providing a high level of customer service in a cost-effective manner. The difference between Net Income (the most comparable GAAP measure) and EBITDA (pre-SAC) (the non-GAAP measure) is the exclusion of interest expense, the provision for income taxes, depreciation expense, amortization expense, and subscriber acquisition related revenue and expenses. Excluding these items eliminates the impact of expenses associated with our capitalization and tax structure, the impact of non-cash charges related to capital investments and the impact of growing our subscriber base.

In addition, from time to time, the Company may present EBITDA and EBITDA (pre-SAC) before special items and, when appropriate, excluding the results of recent acquisitions, which are the respective measures adjusted to exclude the impact of the items highlighted below. These numbers provide information to investors regarding the impact of certain items management believes are useful to identify, as described below.

There are material limitations to using EBITDA and EBITDA (pre-SAC). EBITDA and EBITDA (pre-SAC) may not be comparable to similarly titled measures reported by other companies. Furthermore, EBITDA and EBITDA (pre-SAC) do not take into account certain significant items, including depreciation and amortization, interest expense and tax expense, which directly affect our net income. Additionally, EBITDA (pre-SAC) does not take into account expenses related to acquiring new customers. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering EBITDA and EBITDA (pre-SAC) in conjunction with net income as calculated in accordance with GAAP. The EBITDA and EBITDA (pre-SAC) discussion above is also applicable to the respective margin measures.

SSFCF is a useful measure of pre-levered cash that is generated by the Company after the cost of replacing recurring revenue lost to attrition, but before the cost of new subscribers that drive recurring revenue growth. The difference between Net Income (the most comparable GAAP measure) and SSFCF (the non-GAAP measure) consists of the factors discussed above regarding EBITDA (pre-SAC), on a quarter-to-date basis. EBITDA (pre-SAC) is then annualized and adjusted for additional factors, described in the reconciliation below, required to maintain the steady-state. Certain components of these inputs are determined using trailing twelve month information or information from the most recent quarter.

In addition, from time to time, the Company may present SSFCF before special items, and when appropriate, excluding the results of recent acquisitions, which is SSFCF adjusted to exclude the impact of the items highlighted below. These numbers provide information to investors regarding the impact of certain items management believes are useful to identify, as described below.

The limitation associated with using SSFCF is that it adjusts for certain items that are ultimately within management's and the Board of Directors' discretion to direct and therefore may imply that there is less or more cash available than the most comparable GAAP measure. This limitation is best addressed by using SSFCF in combination with other GAAP financial measures.

SSFCF as presented herein may not be comparable to similarly titled measures reported by other companies. This measure should be used in conjunction with other GAAP financial measures. Investors are urged to read the Company's financial statements as filed with the SEC, as well as the accompanying reconciliations below that show the elements of the measure.

The Company has presented its EBITDA, EBITDA Margin, EBITDA (pre-SAC), SSFCF and other measures (such as recurring revenue) before special items and, when appropriate, excluding the results of recent acquisitions. Special items include charges and gains related to acquisitions, restructurings, impairments, and other income or charges that may mask the underlying operating results and/or business trends of the Company. The Company utilizes these measures to assess overall operating performance, as well as to provide insight to management in evaluating overall operating plan execution and underlying market conditions. These measures may be used as components in the Company's incentive compensation plans. These measures are useful for investors because they may permit more meaningful comparisons of the Company's underlying operating results and business trends between periods. The difference between the measures before and after special items and/or the results of recent acquisitions is the impact of those items. The limitation of these measures is that they exclude the impact (which may be material) of items that increase or decrease the Company's reported operating income, operating margin, net income and EPS. This limitation is best addressed by using the non-GAAP measures in combination with the most comparable GAAP measures in order to better understand the amounts, character and impact of any increase or decrease on reported results.

THE ADT CORPORATION
GAAP to Non-GAAP Reconciliations

(Unaudited)
EBITDA Before Special Items and EBITDA (pre-SAC) Before Special Items

($ in millions)	For the Quarter Ended September 26, 2014	For the Twelve Months Ended September 26, 2014	For the Twelve Months Ended September 27, 2013
Net Income (GAAP)	**$ 82**	**$ 304**	**$ 421**
Interest expense, net	50	192	117
Income tax expense	27	128	221
Depreciation and intangible asset amortization	273	1,040	942
Amortization of deferred subscriber acquisition costs	33	131	123
Amortization of deferred subscriber acquisition revenue	(40)	(151)	(135)
EBITDA	**$ 425**	**$ 1,644**	**$ 1,689**
Restructuring and other, net	2	17	(1)
Acquisition and integration costs	4	7	2
Radio conversion costs	17	44	—
Non-recurring separation costs	7	17	23
Separation related other expense (income)[1]	3	38	(23)
EBITDA before special items	**$ 458**	**$ 1,767**	**$ 1,690**
EBITDA margin before special items	51.9%	51.8%	51.1%
Subscriber acquisition cost expenses net of related revenue	108		
EBITDA before special items (pre-SAC)	**566**		
Impact of Reliance Protection on EBITDA before special items (pre-SAC)	(15)		
EBITDA before special items (pre-SAC), excluding Reliance Protection	**$ 551**		

(1) *Relates to the 2012 Tax Sharing Agreement between Tyco, ADT and Pentair.*

(Unaudited)
SSFCF Before Special Items, excluding Reliance Protectron and Discretionary Adjustments

($ in millions)	For the Quarter Ended September 26, 2014
Last quarter, annualized EBITDA before special items (pre-SAC), excluding Reliance Protectron	**$ 2,204**
SAC required to maintain recurring revenue[1]	(1,238)
Maintenance capital expenditures	(10)
SSFCF before special items, excluding Reliance Protectron	**956**
Discretionary adjustments	(8)
SSFCF before special items, excluding Reliance Protectron and discretionary adjustments	**$ 948**

(1) *SAC required to maintain recurring revenue excludes Reliance Protectron and is calculated as follows:*

($ in millions)	For the Quarter Ended September 26, 2014
Last quarter average recurring revenue under contract for the period	**$ 264**
Trailing twelve month disconnects net of price escalation[2]	14.7%
Last quarter gross recurring revenue creation multiple[3]	31.9
SAC required to maintain recurring revenue	**$ 1,238**

(2) *Average trailing twelve month recurring revenue disconnected net of price escalations. Disconnects account for dealer chargebacks.*
(3) *Gross creation cost includes amount held back from dealers for chargebacks.*

Recurring Revenue, excluding Reliance Protectron

($ in millions)	For the Twelve Months Ended September 26, 2014	For the Twelve Months Ended September 27, 2013	Change
Recurring revenue, excluding Reliance Protectron	$3,124	$3,041	2.7%
Reliance Protectron recurring revenue	28	—	N/A
Other revenue	256	268	(4.5)%
Total revenue	**$3,408**	**$3,309**	**3.0%**

INCORPORATION BY REFERENCE

The Report of the Compensation Committee and the Audit Committee Report are not deemed filed with the SEC and shall not be deemed incorporated by reference into any prior or future filings made by ADT under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that ADT specifically incorporates such information by reference. In addition, the website addresses contained in this Proxy Statement are intended to provide inactive, textual references only. The information on these websites is not part of this Proxy Statement.

WEBSITE ACCESS TO REPORTS AND OTHER INFORMATION

We file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and other documents electronically with the SEC under the Exchange Act. You may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800 SEC-0330. You may also obtain such reports from the SEC's website at www.sec.gov.

Our website is www.adt.com. We make available free of charge through the Investor Relations tab of our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our Board Governance Principles, Board committee charters, and the ADT Code of Conduct are also available on our website. We will provide, free of charge, a copy of any of our corporate documents listed above upon written request to our Corporate Secretary at The ADT Corporation, 1501 Yamato Road, Boca Raton, Florida 33431.

By order of the Board of Directors,

N. David Bleisch
Senior Vice President, Chief Legal
Officer and Corporate Secretary

Boca Raton, Florida
January 23, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 26, 2014
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: 001-35502

The ADT Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware	**45-4517261**
(State or Other Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification Number)**

1501 Yamato Road
Boca Raton, Florida 33431
(Address of Principal Executive Offices, including Zip Code)

(561) 988-3600
(Registrant's Telephone Number, including Area Code)

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	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. 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 whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of common equity held by non-affiliates of the registrant as of March 28, 2014 was approximately $5,238,565,262 (determined by subtracting from the number of shares outstanding on that date the number of shares held by affiliates of the registrant).

The number of outstanding shares of the registrant's common stock, $0.01 par value, was 174,527,463 as of November 5, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be filed within 120 days after the end of the registrant's fiscal year covered by this Form 10-K in connection with the registrant's 2015 annual meeting of stockholders are incorporated by reference into Part III of this Form 10-K.

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PART I

Item 1. Business.

Overview

The ADT Corporation (hereinafter referred to as "we", the "Company" or "ADT") is a leading provider of monitored security, interactive home and business automation and related monitoring services in the United States and Canada. ADT has one of the most trusted and well-known brands in the monitored security industry today. We currently serve approximately 6.7 million residential and small business customers, making us the largest company of our kind in both the United States and Canada. We deliver an integrated customer experience by maintaining the industry's largest sales, installation and service field force as well as a robust monitoring network, all backed by the support of approximately 17,500 employees. Our broad and pioneering set of products and services, including interactive home and business solutions and home health services, meet a range of customer needs for today's active and increasingly mobile lifestyles. We believe we are well positioned to continue to lead the large and growing residential and expanded business security market, and that our demonstrated expertise and established footprint will help us to become a leader in the evolving market for home automation, home health monitoring, lifestyle and business productivity solutions.

We originated in 1874 as the American District Telegraph Company, a consortium of 57 telegraph operators. During the early part of the 20th century, we began offering fire and burglar alarm solutions. Over the years, we engaged in a variety of communications related activities and by 1987 had become one of the leading electronic security services providers. In 1997, we were acquired by Tyco International Ltd. ("Tyco" or "Parent"). In 2010, we acquired our largest competitor, Broadview Security. The Company was incorporated in Delaware in 2012 as a wholly-owned subsidiary of Tyco.

On September 19, 2011, Tyco announced that its board of directors had approved a plan to separate Tyco into three separate, publicly traded companies, identifying the ADT North American Residential Security Business of Tyco as one of those three companies. In conjunction with this plan, prior to September 28, 2012, Tyco transferred the equity interests of the entities that held all of the assets and liabilities of its residential and small business security business in the United States and Canada to ADT. Effective on September 28, 2012 (the "Distribution Date"), Tyco distributed all of its shares of ADT to Tyco's stockholders of record as of the close of business on September 17, 2012 (the "Separation"). On the Distribution Date, each of the stockholders of Tyco received one share of ADT common stock for every two shares of common stock of Tyco held on September 17, 2012.

We conduct business through our operating entities and report financial and operating information in one operating segment. For the year ended September 26, 2014, our revenue was $3.4 billion and our operating income was $659 million, and as of September 26, 2014, our total assets were $10.5 billion. Information about revenues and long-lived assets by geographic area is presented in Note 12 to the Consolidated and Combined Financial Statements. Unless otherwise indicated, references in this Annual Report on Form 10-K to 2014, 2013 and 2012 are to our fiscal years ended September 26, 2014, September 27, 2013 and September 28, 2012, respectively.

In order to optimize the financial performance of our business, we focus on several key business drivers, including customer additions, costs to add a new customer, average revenue per customer, costs incurred to provide services to customers and customer tenure. We believe we have a proven track record of successfully balancing these key business drivers to optimize our returns. We use a structured customer acquisition process designed to generate new customers with attractive characteristics including, high adoption of automatic payment methods and strong credit scores, and interactive service contracts, which we believe results in long average customer tenure. We have made customer retention a top priority, and have partnered with J.D. Power and Associates, a global market research company, to collect and analyze feedback from new and existing customers, enabling us to focus our efforts on the aspects of customer experience that most strongly correlate to customer satisfaction and tenure.

The majority of the monitoring and home/business automation services and a large portion of the maintenance services we provide to our customers are governed by multi-year contracts with automatic renewal provisions. This provides us with significant recurring revenue, which for the year ended September 26, 2014, was approximately 92% of our revenue. We believe that the recurring nature of the majority of our revenue, combined with our large customer base and increasing average revenue per customer enables us to invest continuously in growing and optimizing our business. This includes investments in technologies to further enhance the attractiveness of our solutions to current and potential customers, to continue development and training to enable our direct sales, installation, customer service and field service personnel to more effectively deliver exceptional service to our customers, to expand our dealer and partner network and to make continued enhancements to operations efficiency.

Our business plan contemplates the achievement of sustained, profitable growth in the markets we serve today, as well as in adjacent markets, by executing against strategies that leverage our key assets and core competencies. Where appropriate, we plan to supplement our organic growth efforts with complementary acquisitions, leveraging our experience in effectively integrating acquired businesses.

We will continue to manage our business by optimizing the key business drivers noted above to maximize the value from and to our residential customers. We also believe there is significant opportunity to increase our share of monitored security and premises automation for an expanded business market, including small and mid-sized businesses. Therefore, we plan to grow our share of business customers by continuing to expand our business field sales force, supplemented with dedicated commercial sales professionals, and strengthen our business marketing support. We believe these actions will contribute to building a larger, more robust partner network and to assist in marketing additional value-added services, including ADT Pulse®, our remote monitoring and home/business automation system.

Additionally, we believe monitored security and home/business automation services remain underpenetrated in North America. The number of U.S. households with monitored security systems continues to be significantly lower than those with other home services such as video and Internet. We plan to increase penetration of security and automation services through the development of new solutions and enhanced offerings and marketing that attract new customers to enter the market. In addition, through our efficient operating model and potentially lower technology costs over time, we believe we can significantly reduce the cost of basic installation and services, opening up the potential for a much larger portion of households and businesses to purchase monitored security and home automation services.

Brands and Services

Our key brands are ADT® and ADT Pulse®. We believe our brands are among the most respected, trusted and well-known brands in the monitored security industry. The strength of our brands is built upon our long-standing record of providing quality, reliable monitored security services. Due to the importance that customers place on reputation and trust when purchasing home and business security and automation services, we believe the strength of our brands is a key contributor to our success.

Our monitored security and home/business automation offerings involve the installation and monitoring of residential and business security and premises automation systems designed to detect intrusion, control access and react to movement, smoke, carbon monoxide, flooding, temperature and other environmental conditions and hazards, as well as to address personal emergencies, such as injuries, medical emergencies or incapacitation. We believe the breadth of our solutions allows us to meet a wide variety of customer needs. Our monitored security systems connect, upon the occurrence of a triggering event, to one of our state-of-the-art monitoring centers. Depending upon the type of service contract and the response specified by the customer, our monitoring center personnel respond to alarms by relaying appropriate information to local fire or police departments and notifying the customer or others on the customer's emergency contact list. Additional action may be taken by call center associates as needed, depending on the specific situation and recorded customer preferences.

Through the introduction of ADT Pulse® in 2010, we pioneered interactive technologies that allow our customers to remotely monitor and manage their home and business environments by adding automation capabilities to our monitored security systems. This is done in a way that maintains the separate network integrity and redundancy of a customer's life safety and security signals. Depending on the service plan that customers purchase and the type and level of product installation, they can remotely access information regarding the security of their home or business, arm and disarm their security system, adjust lighting or thermostat levels or view real-time video from cameras covering different areas of their premises, all via secure access from web-enabled devices (such as smart phones, laptops and tablet computers) and a customized web portal. ADT Pulse® also allows customers to create customized schedules and automation for managing lights, thermostats and appliances, and can be programmed to perform certain functions, such as recording and viewing live video and sending text messages, based on triggering events. Additionally, in 2014 we introduced the industry's first voice authentication and control application for ADT Pulse®, which we believe improves the user experience and engagement for our customers.

Many of our customers are driven to purchase monitored security as a result of a perceived or actual increase in crime or other life safety concerns in their neighborhood, such as a break-in or fire nearby. Other triggers that drive the purchase of monitored security systems include moving to a new home, getting a new job, becoming a pet owner, getting married or divorced, having a baby and traveling. These life events tend to heighten interest in solutions which can enhance safety and security and provide customers with greater peace of mind. We believe many of our customers purchase security systems and monitoring services as a result of encouragement by their insurance carriers, who offer lower insurance premium rates if a security system is installed or may require that a system be installed as a condition of coverage.

The majority of our customers use traditional land-line telephone service as the primary communication method for alarm signals from their sites. However, as the use of land-line telephone service has decreased, the ability to provide alternative communication methods from a customer's control panel to our central monitoring centers has become increasingly important. We currently offer, and recommend, a variety of alternate and back-up alarm transmission methods including cellular and broadband Internet. See Risk Factors "Shifts in our customers' choice of, or telecommunications providers' support for, telecommunications services and equipment could adversely impact our business and require significant capital expenditures."

In our health business, we provide monitoring center supported personal emergency response system ("PERS") products and services which leverage our safety monitoring infrastructure to provide customers with solutions that help sustain independent living, encourage better self-care activities and improve communication of critical health information. Our core PERS offering consists of a console unit and a wireless transmitter generally worn as a necklace or wristband by the customer. In the event of an emergency, the transmitter allows the customer to summon assistance via a two-way voice system that connects to our emergency response center that is staffed with dedicated PERS monitoring specialists. The monitoring team relays information to the appropriate local emergency responders, including Emergency Medical Services (EMS), police and fire departments as well as family members. We offer PERS units for customers with and without traditional telephone service. The majority of PERS units are shipped directly to the customer for easy set-up, however, if required trained field support is available upon request.

In addition to monitoring services, we provide customer service for routine maintenance and the installation of upgraded or additional equipment. Approximately 75% of our customer base is enrolled in a service plan which provides additional value to the customer and generates incremental recurring monthly revenue for ADT. Purchasers of our monitored security and home/business automation systems typically contract for ongoing system monitoring and maintenance at the time of initial equipment installation.

Most of the monitoring services and a large portion of the maintenance services that we provide to our customers are governed by multi-year contracts with automatic renewal provisions that provide us with recurring monthly revenue. Under our typical service agreement, the customer pays an upfront fee and is then obligated to make monthly payments for the remainder of the initial contract term. The standard agreement term is three years (two years in California), with automatic renewals for successive 30-day periods unless canceled by either party. If a customer cancels or is otherwise in default under the contract prior to the end of the initial contract term, we have the right under the contract to receive a termination charge from the customer in an amount equal to a percentage of all remaining monthly payments. Monitoring services are generally billed monthly or quarterly in advance. More than half of our customers pay us through automated payment methods, with a significantly higher percentage of new customers opting for these payment methods. We periodically adjust the standard monthly monitoring rate charged to new and existing customers.

Customers and Marketing

We serve approximately 6.7 million residential and small business customers throughout the United States and Canada. Our residential customers are typically owners of single-family homes, while our small business customers include, among others, retail businesses, food and beverage service providers, medical offices and clinics, mechanical and auto-body shops, professional service providers and small-scale commercial facilities. We manage our existing customer base to maximize customer lifetime value, which includes continually evaluating our product offerings, pricing and service strategies, managing our costs to provide service to customers, upgrading existing customers to ADT Pulse® and achieving long customer tenure. Our ability to increase average revenue per customer is derived from, and largely dependent on, our continued introduction of additional features and services that increase the value of our offerings to customers. Additionally, on September 29, 2014 the non-competition and non-solicitation provisions associated with the Separation expired and, as a result, we are no longer prohibited from competing in the commercial security market and therefore intend to expand into the mid-sized commercial market.

To support the growth of our customer base and to improve awareness of our brands, we market our monitored security and home/business automation systems and services through national television advertisements, Internet advertising, including national search engine marketing, email, online video, local search, direct mail and social media. We continually work to optimize our marketing spend through a lead modeling process whereby we flex and shift our spending based on lead flow and measured marketing channel effectiveness. We utilize a variety of third-party referral providers who generate leads and sales referrals for both our direct sales team and our authorized dealers. Our partner lead generation methods include agreements with affinity organizations such as United Services Automobile Association (USAA), AARP and third-party referral companies.

We are constantly trialing new customer lead methods and channels in an effort to increase our customer base and drive greater penetration within homes and businesses without sacrificing customer quality. We continually explore opportunities to provide ADT-branded solutions through additional third parties, including telecommunications companies, broadband and cable companies, retailers, public and private utilities and software service providers.

Sales and Distribution Channels

We utilize a network of complementary distribution channels that includes a mix of direct and indirect. In fiscal year 2014, we generated approximately 60% of our new customers through our internal sales force, including our phone and field teams, supported by our direct response marketing efforts. We generated our remaining new customers in fiscal year 2014 through our authorized dealer program, acquisitions and, to a small extent, through agreements with leading homebuilders and related partners. As opportunities arise, we may also engage in selective bulk account purchases, which typically involve the purchase of a set of customer accounts from other security service providers, sometimes including competitors.

Our national sales call centers (inbound and outbound) close sales from prospective customers generated through national marketing efforts and lead generation channel partners. Our telephone sales associates work to understand customer needs and then direct customers to the most suitable sales approach. We close a sale over the phone if appropriate, while balancing the opportunity for up-sales and customer education that occurs when a sales representative works with the customer in their home or business to fully understand their individual needs. When the sale is best handled in the customer's home or business, the sales center associate can schedule a field sales consultant appointment in real-time.

Our field sales force of approximately 3,800 sales consultants generates sales from residential and business customers through company generated leads and leads generated by our field sales force as well as customer referrals and other lead "self-generation" methods. Our field sales consultants undergo an in-depth screening process prior to hire. Each sales consultant completes comprehensive centralized training prior to conducting customer sales presentations and participates in ongoing training in support of new offerings and the use of our structured model sales call. We utilize a highly structured sales approach, which includes, in addition to the structured model sales call, daily monitoring of sales activity and effectiveness metrics and regular coaching by our sales management teams.

Our extensive dealer network, which consists of approximately 415 authorized dealers, including one authorized premier provider, operating across the United States and Canada, extends our reach by aligning us with select independent security sales and installation companies. These authorized dealers generally agree to exclusivity with us for security related services. We train and monitor each dealer to help ensure the dealer's financial stability, use of sound and ethical business practices and delivery of reliable and consistent high-quality sales and installation methods. Authorized dealers are required to adhere to the same high quality standards for sales and installation as company-owned field offices. We provide dealers with a full range of services designed to assist them in all aspects of their business.

Typically, our authorized dealers are contractually obligated to offer exclusively to us all qualified security services accounts they generate, but we are not obligated to accept these accounts. We pay our authorized dealers for the services they provide in generating qualified monitored accounts. In those instances when we reject an account, we generally still provide monitoring services for that account by means of a monitoring services agreement with the authorized dealer. Like our direct sales contracts, dealer generated customer contracts typically have an initial term of three years (two years in California) with automatic renewals for successive 30-day periods unless canceled by either party. If an accepted security services account is canceled during the charge-back period, generally thirteen months, the dealer is required to provide an account with equivalent economic characteristics or to refund our payment for their services for generating the account.

Additions to our customer base typically require an upfront investment, consisting primarily of direct materials and labor to install the security and home/business automation systems, direct and indirect sales costs, marketing costs and administrative costs related to installation activities. The economics of our installation business varies slightly depending on the customer acquisition channel. We operate our business with the goal of retaining customers for long periods of time in order to recoup our initial investment in new customers, generally achieving cash flow break-even in approximately three years.

Field Operations

We serve our customer base from approximately 200 sales and service offices located throughout the United States and Canada. From these locations our staff of approximately 4,400 installation and service technicians provides monitored security and home/business automation system installations and field service and repair. We staff our field offices to efficiently and effectively make sales calls, install systems and provide service support based on customer needs and our evaluation of growth opportunities in each market and utilize third party subcontract labor when appropriate. We maintain the relevant and necessary licenses related to the provision of installation and security and related services in the jurisdictions in which we operate.

Monitoring Facilities and Support Services

We operate ten redundant monitoring facilities located across the United States and Canada. We employ approximately 4,100 monitoring center customer care professionals, who are required to complete extensive initial training and receive ongoing training and coaching. Most of our monitoring facilities are listed by Underwriters Laboratories, Inc. ("U.L.") as protective signaling services stations. To obtain and maintain a U.L. listing, a security system monitoring center must be located in a building meeting U.L.'s structural requirements, have back-up computer and power systems and meet U.L. specifications for staffing and standard operating procedures. Many jurisdictions have laws requiring that security systems for certain buildings be monitored by U.L. listed facilities. In addition, a U.L. listing is required by insurers of certain customers as a condition of insurance coverage. In the event of an emergency at one of our monitoring facilities (e.g., fire, tornado, major interruption in telephone or computer service or any other event affecting the functionality of the facility), all monitoring operations can be automatically transferred to another monitoring facility. All of our monitoring facilities operate 24 hours a day on a year-round basis.

Customer Care

We maintain a service culture aimed at "Creating Customers for Life" because developing customer loyalty and continually increasing customer tenure is an important value driver for our business. To maintain our high standard of customer service, we provide ongoing high quality training to call center and field employees and to dealer personnel. We also continually measure and monitor key operating and financial metrics, including customer satisfaction oriented metrics across each customer touch point.

Customer care specialists answer non-emergency inquiries regarding service, billing, alarm testing and support. Our monitoring centers provide customers with 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 centers. Customer care specialists help customers resolve minor service and operating issues related to monitored security and home/business automation systems and in many cases are able to remotely resolve customer concerns. We continue to implement new customer self-service tools via interactive voice response systems and the Internet, which will provide customers additional choices in managing their services.

Suppliers

We purchase equipment and components of our products from a limited number of suppliers and distributors. Inventory is held in our regional distribution center at levels we believe sufficient to meet current and anticipated customer needs. We also maintain inventory of equipment and components at each field office and in technicians' vehicles. Generally our third-party distributors maintain safety stock of certain key items to cover any minor supply chain disruptions. We also utilize dual sourcing methods to minimize the risk of a disruption from a single supplier. We do not anticipate any major interruptions in our supply chain.

Industry and Competition

We believe that technology trends are creating significant change in our industry. Innovation has lowered the barriers to entry in home automation, and new business models and competitors have emerged. We believe that a combination of increasing customer interest in lifestyle and business productivity and technology advancements will support the increasing penetration of interactive services and home/business automation. We are focused on extending our leadership position in the monitored security industry while also growing our share of the fast-growing home/business automation industry. The security systems market in the United States and Canada remains highly competitive and fragmented, with a number of major firms and thousands of smaller regional and local companies. The high fragmentation of the industry is primarily the result of relatively low barriers to entering the business in local geographies and the availability of wholesale monitoring (whereby smaller companies outsource their monitoring to operations that provide monitoring services but do not maintain the customer relationship). We believe that our principal competitors within the security systems market are Protection One, Inc., Monitronics International, Inc., Vivint, Inc., Comcast Corporation and AT&T, Inc.

Success in acquiring new customers in the residential and business security and home/business automation markets is dependent on a variety of factors, including company brand and reputation, market visibility, service and product capabilities, quality, price and the ability to identify and sell to prospective customers. Competition is often based primarily on price in relation to value of the solutions and service. Rather than compete purely on price, we emphasize the quality of our monitored security and home/business automation services, the reputation of our industry leading brands and our knowledge of customer needs, which together allow us to deliver an outstanding customer experience. In addition, we are increasingly offering added features and functionality, such as those in our ADT Pulse® interactive services offering, which provide new services and capabilities that serve to further differentiate our offering and support a pricing premium.

We believe our robust field sales force, including our nationwide team of in-home sales consultants, our solid reputation for and expertise in providing reliable security and monitoring services through our in-house network of fully redundant monitoring centers, our reliable product solutions and our highly skilled installation and service organization position us well to compete with traditional and new competitors.

Seasonality

Our business experiences a certain level of seasonality. Because more household moves take place during the second and third calendar quarters of each year, our disconnect rate is typically higher in those quarters than in the first and fourth calendar quarters. There is also a slight seasonal effect on our new customer installation volume and related cash expenses incurred in investment in new subscribers; however, other factors, such as the level of marketing expense and relevant promotional offers, can mitigate any seasonality effects. In addition, due to weather related incidences, we may see increased servicing costs related to higher alarm signals and customer service requests as a result of customer power outages and related issues.

Intellectual Property

Patents, trademarks, copyrights and other proprietary rights are important to our business, and we continuously refine our intellectual property strategy to maintain and improve our competitive position. We register new intellectual property to protect our ongoing technological innovations and strengthen our brand, and we take appropriate action against infringements or misappropriations of our intellectual property rights by others. We review third-party intellectual property rights to help avoid infringement and to identify strategic opportunities. We typically enter into confidentiality agreements to further protect our intellectual property.

We own a portfolio of patents that relate to a variety of security and home/business automation technologies utilized in our business, including security panels and sensors and video and information management solutions. We also own a portfolio of trademarks, including ADT®, ADT Pulse®, ADT *Always There*®, Companion Service® and Creating Customers for Life®, and are a licensee of various patents and trademarks, including from our third-party suppliers and technology partners. Due to the importance that customers place on reputation and trust when making a decision on a security provider, our brand is critical to our business. Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. Trademark rights may potentially extend for longer periods of time and are dependent upon national laws and use of the marks.

Government Regulation and Other Regulatory Matters

Our operations are subject to numerous federal, state, provincial and local laws and regulations in the United States and Canada in areas such as consumer protection, occupational licensing, environmental protection, labor and employment, tax, licensing and other laws and regulations. Most states and provinces in which we operate have licensing laws directed specifically toward the monitored security industry. In certain jurisdictions, we must obtain licenses or permits in order to comply with standards governing employee selection, training and business conduct.

We also currently rely extensively upon the use of both wireline and wireless telecommunications to communicate signals, and wireline and wireless telephone companies in the United States are regulated by federal, state and local governments. The U.S. Federal Communications Commission ("FCC") and state public utilities commissions regulate the operation and use of wireless telephone and radio frequencies. Although the use of wireline phone service has been decreasing, we believe we are well positioned to respond to these trends with alternate transmission methods that we already employ, including cellular and broadband Internet technologies. Our advertising and sales practices are regulated by the U.S. Federal Trade Commission ("FTC") and state consumer protection laws. In addition, we are subject to certain administrative requirements and laws of the jurisdictions in which we operate. These laws and regulations may include restrictions on the manner in which we promote the sale of our security services and require us to provide most purchasers of our services with three-day or longer rescission rights.

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 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, requiring additional verification of an alarm signal before the police respond or providing no response to residential system alarms. See risk factors "We could be assessed penalties for false alarms" and "Police departments could refuse to respond to calls from monitored security service companies."

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

Changes in laws and regulations can affect our operations, both positively and negatively, and impact the manner in which we conduct our business.

Employees

As of September 26, 2014, we employed approximately 17,500 people. Approximately 12% of our employees are covered by collective bargaining agreements. We believe that our relations with our employees and labor unions have generally been good.

Available Information

ADT is required to file annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission ("SEC"). Investors may read and copy any document that ADT files, including this Annual Report on Form 10-K, at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, from which investors can electronically access ADT's SEC filings.

We maintain a web site at www.adt.com. We make available free of charge on or through our web site our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, reports filed pursuant to Section 16 and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file or furnish such materials to the SEC. In addition, we have posted the charters for our Audit Committee, Compensation Committee, and Nominating and Governance Committee, as well as our Board Governance Principles and Code of Conduct, on our web site under the heading "Corporate Governance."

Executive Officers of the Registrant

The following information is provided regarding the executive officers of ADT. Information with respect to our directors is incorporated by reference to information included in the Proxy Statement for our 2015 Annual Meeting of Stockholders.

David Bleisch—55

Mr. Bleisch is the Company's Senior Vice President, Chief Legal Officer and Corporate Secretary. Prior to the separation from Tyco in September 2012, he served as Vice President and General Counsel of Tyco's ADT North American Residential business segment. Prior to the restructuring of the segment in fiscal year 2012, Mr. Bleisch was the Vice President and General Counsel of Tyco Security Solutions, the largest segment of Tyco. He also managed the intellectual property legal group for all of Tyco's operating segments worldwide. Mr. Bleisch joined Tyco in 2005 as Vice President and General Counsel of ADT North America and Deputy General Counsel of Tyco Fire & Security. Prior to joining Tyco, he was Senior Vice President, General Counsel and Corporate Secretary of The LTV Corporation in Cleveland, Ohio. Prior to joining LTV, Mr. Bleisch was a partner in the law firm of Jackson Walker LLP, where he served as a corporate transactional attorney before transitioning to commercial trial work. He holds a Bachelor of Arts from Carleton College and a Juris Doctor from Boston College Law School. He is a member of the State Bar of Texas.

Don Boerema—57

Mr. Boerema is the Company's Senior Vice President and Chief Corporate Development Officer. He leads the Health Business and is responsible for driving growth and enhancing customer experience for ADT's health services. He also directs ADT's corporate strategy and market and business development. Prior to the separation from Tyco in September 2012, Mr. Boerema served as Chief Marketing Officer for Tyco's ADT North American Residential and Commercial business segments, overseeing all strategic marketing and communications and leading all advertising and online interactive marketing initiatives across ADT North America. Prior to joining ADT in November 2007, he served as President and Chief Operating Officer for FDN Communications, a privately held telecommunications company, where he was responsible for all aspects of sales, marketing, network operations engineering and customer care. Mr. Boerema also served as Senior Vice President of Business Solutions for AT&T Wireless and led sales and marketing for a division of McCaw Cellular Communications. Before joining McCaw, he held management positions with PepsiCo, Inc. and began his career at The Procter & Gamble Company. Mr. Boerema holds a Bachelor of Science in Marketing and Finance and a Master of Business Administration from Eastern Illinois University.

Jerri DeVard—56

Ms. DeVard was appointed the Company's Senior Vice President and Chief Marketing Officer in March 2014. She is responsible for all strategic, operational and financial aspects of the Company's integrated marketing programs including brand advertising, digital marketing, communications, lead generation, sponsorships, media, and other initiatives. Prior to joining ADT in March 2014, Ms. DeVard served as Nokia's first chief marketing officer. As a member of Nokia's executive committee, she oversaw all global and local marketing, advertising, brand management, insights, retail, partnership, and sponsorship activities for consumer and small business. Before joining Nokia she held various marketing leadership positions in Fortune 100 organizations including senior vice president, marketing and brand management for Verizon Communications and chief marketing officer, e-consumer for Citigroup. Ms. DeVard is a Director of Belk Stores and holds a Master of Business Administration in Marketing from Atlanta University Graduate School of Business and a Bachelor of Arts in Economics from Spelman College.

Mark Edoff—56

Mr. Edoff is the Company's Senior Vice President of Business Operations Optimization. He is responsible for increasing efficiency and driving overall business process improvements in the Company. Prior to the separation from Tyco in September 2012, Mr. Edoff served as Vice President and Chief Financial Officer of

Tyco Security Solutions from October 2010 until the restructuring of the segment in fiscal year 2012. He joined Tyco in 2003 as Vice President and Corporate Controller for the former Tyco Fire & Security business. In 2004, Mr. Edoff assumed the role of Chief Financial Officer for ADT North America, which included responsibility for the combined residential and commercial security business. Previously, he served as the Director of Finance and Principal Accounting Officer for The Gillette Company. Before joining Gillette, he had a 15-year career with KPMG, where he was a Partner in the Assurance practice. Mr. Edoff holds a Bachelor of Science in Business Administration from Northeastern University and is a Certified Public Accountant.

Alan Ferber—47

Mr. Ferber was appointed the Company's President of the Residential Business in October 2013. He is responsible for driving growth in the residential market through marketing, sales and exceptional customer service. He joined ADT in April 2013 as Senior Vice President and Chief Customer Officer, responsible for developing strategies and executing programs designed to create and sustain a superior experience for ADT customers. Previously, Mr. Ferber served as Chief Strategy and Brand Officer at U.S. Cellular. During his 11-year career with U.S. Cellular, he held various senior leadership roles in sales, marketing and operations, including Executive Vice President of Operations, Chief Marketing Officer and Vice President of Marketing and Sales Operations. He joined U.S. Cellular from Traq Wireless, a start-up management software and service provider he co-founded and built into a 100-employee, venture capital-backed company. Earlier in his career, Mr. Ferber held positions with Ameritech Corporation and First Chicago Corporation (now part of JPMorgan Chase & Co.). He holds a Bachelor of Arts from the University of Michigan and a Master of Business Administration from Northwestern University's Kellogg School of Management.

Michael Geltzeiler—56

Mr. Geltzeiler was appointed the Company's Senior Vice President and Chief Financial Officer in November 2013. He is responsible for all aspects of finance, treasury and investor relations and ADT's financial strategy to help grow its business operations and create stockholder value. Before joining ADT, Mr. Geltzeiler served as Chief Financial Officer and Group Executive Vice President at NYSE Euronext from 2008 to November 2013. From 2001 to 2008, he was an executive at the Reader's Digest Association, as Chief Financial Officer for six years, then as President of School and Educational Services. Previously, he served in financial leadership roles at ACNielsen Corporation, including Chief Financial Officer of Marketing Services and Corporate Controller and Chief Financial Officer, EMEA Region; and in a variety of senior finance positions both in the U.S. and abroad for Dun & Bradstreet. Mr. Geltzeiler holds a Bachelor of Science in Accounting from the University of Delaware, a Master of Business Administration in Finance from New York University's Stern School of Business, and a CPA certification in the State of New York.

Naren Gursahaney—52

Mr. Gursahaney is the Company's President and Chief Executive Officer. He also serves as a member of the Company's Board of Directors. Prior to the separation from Tyco in September 2012, Mr. Gursahaney served as President of Tyco's ADT North American Residential business segment. Prior to the restructuring of the segment in fiscal year 2012, he was the President of Tyco Security Solutions, the world's largest electronic security provider to residential, commercial, industrial and governmental customers and the largest operating segment of Tyco. Mr. Gursahaney joined Tyco in 2003 as Senior Vice President of Operational Excellence. He then served as President of Tyco Engineered Products and Services and President of Tyco Flow Control. Prior to joining Tyco, Mr. Gursahaney was President and Chief Executive Officer of GE Medical Systems Asia, where he was responsible for the company's $1.6 billion sales and services business in the Asia-Pacific region. During his 10-year career with GE, Mr. Gursahaney held senior leadership roles in services, marketing and information management. His career also includes positions with Booz Allen & Hamilton and Westinghouse Electric Corporation. Mr. Gursahaney holds a Bachelor of Science in Mechanical Engineering from The Pennsylvania State University and a Master of Business Administration from the University of Virginia. Mr. Gursahaney is on the board of directors of NextEra Energy, Inc., where he serves on the Audit Committee.

Kathleen McLean—54

Ms. McLean was appointed the Company's Senior Vice President and Chief Information Officer in May 2013. She is responsible for developing and executing ADT's information technology strategy in support of its product development and business operations. Ms. McLean also serves as Chief Customer Officer of the Company and is responsible for defining and delivering a superior customer experience for monitoring and response, ordering, provisioning, billing and service. Ms. McLean has more than 30 years of business and strategic technology leadership experience, including service with world-leading consulting and telecommunications corporations. Before joining ADT, she served as Executive Vice President, Chief Revenue Officer and Chief Information Officer at FairPoint Communications, Inc. where, as a member of the executive committee, she was responsible for systems stability, operational excellence and revenue growth. Prior to FairPoint Communications, Inc., she spent nearly 12 years in several leadership positions at Verizon Communications, Inc., implementing people, process and systems strategies to improve operating performance and customer service across all sectors of the company. Earlier in her career, Ms. McLean worked for American Management Systems, Inc. (now part of CGI Group, Inc.) in leadership positions culminating as Vice President in the Telecom Industry Group. She holds a Bachelor of Science in International Economics from Georgetown University and did graduate work in information systems management at George Washington University.

Laura Miller—49

Ms. Miller was appointed the Company's Senior Vice President and Chief Human Resources Officer in May 2014. She oversees all strategic human resources operations including human resources business partners, shared services, compensation and benefits, talent acquisition and management, and labor and employee relations. She also develops and directs ADT's change management strategy and implementation, including merger and acquisition activities. Prior to joining ADT, Ms. Miller served in various senior leadership roles within the Coca-Cola Company in Atlanta, most recently as Chief Human Resources Officer for Coca-Cola Refreshments. As a member of Coca-Cola's executive leadership team, she oversaw all areas of human resources, including HR business partners, shared services, and centers of expertise to include compensation and benefits, talent acquisition, talent management, labor and employee relations, and diversity and inclusion. Prior to Coca-Cola, Ms. Miller held various human resources leadership positions for Raytheon Company, a leading defense contractor and industrial corporation based in Waltham, MA. Ms. Miller holds a Bachelor of Science in Industrial and Labor Relations from Cornell University.

Luis Orbegoso—44

Mr. Orbegoso was appointed the Company's President of Business in September 2014. He is responsible for developing and executing ADT's strategy to grow its share of security and automation customers in the small and mid-sized business market. He joined ADT in May 2013 as Senior Vice President of Small Business, and in October 2013 he was appointed as President of Small Business. Previously Mr. Orbegoso served as President of the Global Fire Detection and Alarm segment for United Technologies Corporation ("UTC") Climate, Controls and Security. He previously served as President of Lenel Systems International, a division of UTC's Fire and Security segment. Prior to joining UTC in 2008, Mr. Orbegoso spent 13 years with General Electric in a variety of sales, marketing and general management roles, culminating as Chief Marketing Officer of GE Equipment Services. He holds a Bachelor of Science in Mechanical Engineering from the University of Cincinnati and a Master of Business Administration from Northwestern University's Kellogg School of Management.

Arthur Orduña—49

Mr. Orduña is the Company's Senior Vice President and Chief Innovation Officer, leading the Company's vision for innovation and product development. He is responsible for building the strategic roadmap for new and existing solutions, defining product architecture and positioning ADT as a partner of choice for key technology companies. Prior to joining ADT in October 2012, he worked for Canoe Ventures, LLC, a joint venture founded by the top six U.S. cable companies, first serving as Chief Technology Officer then Chief Product Officer. He was responsible for building a national data and interactive services platform, developing product and technology strategies, and launching new applications and services with key partners including Comcast Cable, NBC-Universal, Time Warner Cable and Cox Communications. Prior to joining Canoe Ventures, Mr. Orduña was Senior Vice President of Policy & Product for Advance/Newhouse—Bright House Networks. Earlier in his career, he served as Vice President of Product & Marketing for Canal+ Technology U.S./Vivendi-Universal, and also Vice President of Product & Marketing for Integrated Systems Inc./Diab-SDS before its acquisition by Wind River Systems/Intel. He holds a Bachelor of Arts from Cornell University.

Item 1A. Risk Factors.

In addition to risks and uncertainties in the ordinary course of business that are common to all businesses, important factors that are specific to our industry and our Company could have a material and adverse impact on our business, financial condition, results of operations and cash flows. You should carefully consider the risks described below and in our subsequent periodic filings with the SEC. The following risk factors should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated and combined financial statements and related notes in this report.

Risks Relating to Our Business

We sell our products and services in highly competitive markets, including the home automation market, which may result in pressure on our profit margins and limit our ability to maintain or increase the market share of our products and services. We may not be able to continue to develop and execute a competitive yet profitable pricing structure.

The monitored security industry is highly fragmented and subject to significant competition and pricing pressures. We experience significant competitive pricing pressures on installation, monitoring and service fees. Several significant competitors offer installation fees that match or are lower than ours. Other competitors charge significantly more for installation but, in many cases, less for monitoring. In addition, cable and telecommunications companies are expanding into the monitored security industry and are bundling their existing offerings with monitored security services. In some instances, it appears that the monitored security services component of such bundled offerings is significantly underpriced and, in effect, subsidized by the rates charged for the other services offered by these companies. These pricing alternatives may influence customers' desire to subscribe to our services at rates and fees we consider appropriate. In many cases, we face competition for direct sales from our authorized dealers, who may offer installation for considerably less than we do in particular markets. We believe that the monitoring and service fees we offer are generally competitive with rates offered by other security service providers. We face competition from other providers such as cable and telecommunications companies that may have greater capital and resources than us, and may benefit from superior advertising, marketing and promotional resources which could have a material adverse effect on our ability to drive awareness and demand for our products and services. We also face potential competition from improvements in Do-It-Yourself (DIY) or self-monitoring systems which enable customers to monitor and control their environments without third-party involvement through the Internet, text messages, emails or similar communications, but with the disadvantage that alarm events may go unnoticed. It is possible that one or more of our competitors could develop a significant technological advantage over us that allows them to provide additional service or better quality service or to lower their price, which could put us at a competitive disadvantage. Continued pricing pressure or improvements in technology and shifts in customer preferences towards self-monitoring or DIY could adversely impact our customer base and/or pricing structure and have a material adverse effect on our business, financial condition, results of operations and cash flows.

We resist competing on price alone because we believe we have competitive advantage such as brand name recognition and a reputation for a high level of service and security. However, with cable and telecommunications companies actively targeting the home automation market and expanding into the monitored security space, and with large technology companies expanding into the connected home market through the development of their own solutions or the acquisition of other companies with home automation solution offerings, this increased competition could result in pricing pressure, a shift in customer preferences towards the services of these companies and reduce our market share. Continued pricing pressure from these competitors or failure to achieve pricing based on the competitive advantages previously identified above could prevent us from maintaining competitive price points for our products and services resulting in lost customers or in our inability to attract new customers and have an adverse effect on our business, financial condition, results of operations and cash flows.

Our future growth is dependent upon our ability to successfully compete with new and existing competitors by developing or acquiring new technologies that achieve market acceptance with acceptable margins.

Our business operates in markets that are characterized by rapidly changing technologies, evolving industry standards and potential new entrants. For example, a number of cable and other telecommunications companies and large technology companies with home automation solutions are offering interactive security services that are competitive with our products and services. If these services gain market acceptance and traction, our ability to grow our business, in particular our ADT Pulse® offering, could be materially and adversely affected. Accordingly, our future success depends in part on our ability to accomplish the following: identify emerging technological trends in our target end-markets; develop, acquire and maintain competitive products and services; enhance our products and services by adding innovative features that differentiate us from our competitors; and develop or acquire and bring products and services to market quickly and cost-effectively. Our ability to develop or acquire new products and services that are technologically innovative requires the investment of significant resources and can affect our competitive position. These acquisitions and development efforts divert resources from other potential investments in our businesses, and they may not lead to the development of new commercially successful technologies, products or services on a timely basis. Moreover, as we introduce new products and services, we may be unable to detect and correct defects in the product or in its installation, which could result in loss of sales or delays in market acceptance. New or enhanced products and services may not satisfy consumer preferences and potential product failures may cause consumers to reject our products. As a result, these products and services may not achieve market acceptance and our brand image could suffer. In addition, our competitors may introduce superior designs or business strategies, impairing our brand, our ability to charge a monthly service fee for our products or services and the desirability of our products and services, which may cause consumers to defer or forego purchases of our products and services. In addition, the markets for our products and services may not develop or grow as we anticipate. The failure of our technology, products or services to gain market acceptance, the potential for product defects or the obsolescence of our products and services could significantly reduce our revenue, increase our operating costs or otherwise adversely affect our business, financial condition, results of operations or cash flows.

In addition to developing and acquiring new technologies and introducing new offerings, we may need, from time to time, to phase out outdated and unsuitable technologies and services. If we are unable to do so on a cost-effective basis, we could experience reduced profits.

Expiration of non-competition agreements, including non-solicit restrictions, could allow the entry of potential competitors with deep knowledge of our business.

In connection with our Separation from Tyco in 2012, we entered into a Separation and Distribution Agreement with Tyco, which included (i) non-compete provisions pursuant to which Tyco was prohibited from competing with us in the residential and small business security markets in the United States and Canada, and (ii) non-solicitation provisions which prevented Tyco from soliciting our residential and small business customers in the United States and Canada. These provisions expired on September 29, 2014. Following the expiration of these restrictions, Tyco is free to compete with us in the residential and small business security markets in these jurisdictions.

We rely on a significant number of our customers remaining with us as customers for long periods of time.

We operate our business with the goal of retaining customers for long periods of time in order to recoup our initial investment in new customers, and we generally achieve cash flow break-even in approximately three years. Accordingly, our long-term profitability is dependent on long customer tenure. This requires that we minimize our rate of customer disconnects, or attrition. The primary reason for disconnects is when customers relocate and do not reconnect. Customer relocations are impacted by changes in the housing market. See risk factor "We are susceptible to downturns in the housing market and consumer discretionary income, which may inhibit our ability to sustain customer base growth rates." Some other factors that can increase disconnects include problems experienced with our product or service quality, unfavorable general economic conditions, and the preference for lower pricing of competitors' products and services over ours. If we fail to keep our customers for a sufficiently long period of time, our profitability, business, financial condition, results of operations and cash flows could be materially and adversely affected.

If we experience significantly higher rates of customer attrition, we may be required to change the estimated useful lives of assets related to our security monitoring customers, increasing our depreciation and amortization expense or impairing such assets.

We amortize the costs of our acquired and dealer-generated contracts and related customer relationships based on the estimated life of the customer relationships. We similarly depreciate the cost of our internally generated residential and business monitoring system assets. If attrition rates were to rise significantly, we may be required to accelerate the amortization of expenses related to such contracts and the depreciation of our subscriber system assets or to impair such assets, which could cause a material adverse effect on our financial condition and results of operations.

We are susceptible to changes in the housing market and consumer discretionary income, which may inhibit our ability to sustain customer base growth rates.

Demand for alarm monitoring services is affected by the turnover in the housing market. Downturns in the rate of the sale of new and existing homes, which we believe drives a substantial portion of our new customer volume in any given year, would reduce opportunities to make sales of new security and home automation systems and services and reduce opportunities to take over existing security and home automation systems. Recoveries in the housing market increase the occurrence of relocations which may lead to customers disconnecting service and not contracting with us in their new homes. In addition, because of personal economic circumstances, current security alarm and home automation customers may decide to disconnect our services in an effort to reduce their monthly spending and may default on their remaining contractual obligations to us. Our long-term revenue growth rate depends on installations exceeding disconnects. If customer disconnects and defaults increase, our business, financial condition, results of operations and cash flows could be materially and adversely affected. See risk factor "We rely on a significant number of our customers remaining with us as customers for long periods of time."

Shifts in our customers' choice of, or telecommunications providers' support for, telecommunications services and equipment could adversely impact our business and require significant capital expenditures.

Certain elements of our operating model have historically relied on our customers' continued selection and use of traditional land-line telecommunications to transmit alarm signals to our monitoring centers. There is a growing trend for customers to switch to the exclusive use of cellular, satellite or Internet communication technology in their homes and businesses, and telecommunication providers may discontinue their land-line services in the future. In addition, many of our customers who use cellular communication technology for their security and home/business automation systems use our products that rely on 2G cellular technology, and certain telecommunication providers have advised us that they will discontinue their 2G services in the future. Some older installed security systems use technology that is not compatible with the newer cellular, satellite or Internet communication technology, such as 3G and 4G networks, and will not be able to transmit alarm signals on these networks. The discontinuation of land-line, 2G cellular and any other services by telecommunications providers, and the switch by customers to the exclusive use of cellular, satellite or Internet communication technology may require system upgrades to alternative, and potentially more expensive, technologies to transmit alarm signals and for systems to function properly. This could increase our customer attrition rates and slow new customer generation. In order to maintain our customer base that uses security and home/business automation system components that are or could become obsolete, we implemented a three-year conversion program in fiscal 2013 to replace 2G cellular technology used in many of our security systems at no additional cost to our customers, and began incurring costs under this program in fiscal 2014. We may be required to upgrade or implement other new technologies, including offering to subsidize the replacement of customers' outdated systems, at our expense. Any technology upgrades or implementations could require significant capital expenditures and also divert management's attention and other important resources away from our customer service and sales efforts. In the future, we may not be able to successfully implement new technologies or adapt existing technologies to changing market demands. If we are unable to adapt timely to changing technologies, market conditions or customer preferences, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

In addition, we use broadband Internet access service, including video streaming services, to support our product offerings, and we may choose to implement broadband Internet access in our intrusion panels as a communications option for our services. Video streaming services use significantly more bandwidth than non-video Internet activity. As utilization rates and availability of these services increases, our high-speed customers may use more bandwidth than in the past. If this occurs, we could be required to make significant capital expenditures to increase network capacity in order to avoid service disruptions or reduced capacity for customers. See risk factor "Our future growth is largely dependent upon our ability to successfully compete with new and existing competitors by developing or acquiring new technologies that achieve market acceptance with acceptable margins."

Failure to maintain the security of our information and technology networks, including personally identifiable and other information could adversely affect us.

We are dependent on information technology networks and systems, including Internet and Internet-based or "cloud" computing services, to process, transmit and store electronic information. In the normal course of our business, we or our partners collect and retain significant volumes of certain types of personally identifiable and other information pertaining to our customers and employees, including video images of customer sites.

The legal, regulatory and contractual environment surrounding information security and privacy is constantly evolving and companies that collect and retain sensitive and confidential information are under increasing attack by cyber-criminals around the world. While we take security measures relating to our operations and systems, those measures may not prevent security breaches (including cyber security breaches), acts of vandalism, computer viruses, misplaced data or data loss that could be detrimental to our reputation, business, financial condition and results of operations. Third parties, including our partners and vendors, could also be a source of security risk to us in the event of a failure of their own security systems and infrastructure. In addition, we cannot be certain that advances in criminal capabilities, new discoveries in the field of cryptography or other developments will not compromise or breach the technology protecting the networks that access our products and services. A significant actual or perceived (whether or not valid) theft, loss, fraudulent use or misuse of customer, employee or other personally identifiable data, whether by us, our partners and vendors, or other third parties or as a result of employee error or malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could result in significant costs, fines, litigation or regulatory actions against us. Such an event could additionally result in unfavorable publicity and therefore adversely affect the market's perception of the security and reliability of our services, and our credibility and reputation with our customers, which may lead to customer dissatisfaction and could result in lost sales and increased customer attrition. In addition, we depend on our information technology infrastructure for business-to-business and business-to-consumer electronic commerce. Security breaches of, or sustained attacks against, this infrastructure could create system disruptions and shutdowns that could result in disruptions to our operations. Increasingly, our security and home/business automation products and services are accessed through the Internet, and security breaches in connection with the delivery of our services via the Internet may affect us and could be detrimental to our reputation, business, operating results and financial condition. We continue to invest in technology and other solutions to protect our network and information systems, however, there can be no assurance that these investments and solutions will prevent any of the risks described above. If any one of the foregoing risks materializes, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

While we maintain cyber liability insurance that provides both third party liability and first party insurance coverages, our insurance may not be sufficient to protect against all of our losses from any future breaches of our systems.

An event causing a disruption in the ability of our monitoring facilities to operate could adversely affect our business.

A disruption in our ability to provide security monitoring services and serve our customers could have a material adverse effect on our business. A disruption could occur for many reasons, including fire, natural disasters, weather, disease, transportation interruption, extended power outages, human or other error, terrorism or sabotage or as a result of disruptions to third-party transmission lines. Monitoring could also be disrupted by information systems and network-related events or cyber security attacks, such as computer hacking, computer viruses, worms or other malicious software, denial of service attacks, malicious social engineering or other destructive or disruptive activities that could also cause damage to our properties, equipment and data. While our monitoring systems are fully redundant, a failure of our back-up procedures or a disruption affecting multiple monitoring facilities could disrupt our ability to provide monitoring services. If we experience such disruptions, we may experience customer dissatisfaction and potential loss of confidence, and liabilities to customers or other third parties, each of which could harm our reputation and impact future revenues from these customers.

The market price of our stock has been and may continue to be volatile, and the value of an investment in our common stock may decline.

The market price at which our common stock has traded has fluctuated significantly. The market price may continue to be volatile due to a number of factors including the following, some of which are beyond our control:

- our operating results or forecasts;
- variations between our actual operating results and the expectations of securities analysts, investors and the financial community;
- competition, including the introduction of new competitors, their pricing strategies and services;
- recent securities class actions and other litigation against us;
- market volatility in general;
- changes in regulatory policy or interpretation;
- changes in the ratings of our debt or stock by rating agencies or securities analysts; or
- announcements of developments affecting our business.

As a result of these and other factors, investors in our common stock may not be able to resell their shares at or above their original purchase price.

We are subject to securities class actions which may harm our business and results of operations.

We are subject to securities class actions. Following certain periods of volatility in the market price of our securities, we became the subject of securities litigation as described in Item 3 “Legal Proceedings.” We may experience more such litigation following future periods of volatility. This type of litigation may be lengthy, and may result in substantial costs and a diversion of management's attention and resources. Results cannot be predicted with certainty and an adverse outcome in such litigation could result in monetary damages or injunctive relief that could harm our business, results of operations, financial condition or cash flows.

Our business strategy includes making acquisitions and investments that complement our existing business. These acquisitions and investments could be unsuccessful or consume significant resources, which could adversely affect our operating results.

We will continue to analyze and evaluate the acquisition of, or investment in strategic businesses or product lines with the potential to strengthen our industry position or enhance our existing set of products and service offerings. We cannot assure you that we will identify or successfully complete transactions with suitable acquisition candidates in the future. Nor can we assure you that completed acquisitions will be successful.

Acquisitions and investments may involve significant cash expenditures, debt incurrence, operating losses and expenses that could have a material adverse effect on our business, financial condition, results of operations and cash flows. Acquisitions involve numerous other risks, including:

- diversion of management time and attention from daily operations;
- difficulties integrating acquired businesses, technologies and personnel into our business or achieving anticipated operations efficiencies or cost savings;
- possibility of litigation or other claims in connection with, or as a result of, an acquisition, including claims from terminated employees, customers, former stockholders or other third parties;
- inability to obtain required regulatory approvals and/or required financing on favorable terms;
- potential loss of key employees, key contractual relationships or key customers of acquired companies or of us;
- assumption of the liabilities and exposure to unforeseen liabilities of acquired companies; and
- dilution of interests of holders of shares of our common stock through the issuance of equity securities or equity-linked securities.

It may be difficult for us to complete transactions quickly and to integrate acquired operations efficiently into our current business operations. Any acquisitions or investments may ultimately harm our business or financial condition, as such acquisitions or investments may not be successful and may ultimately result in impairment charges.

We may pursue business opportunities that diverge from our current business model, which may adversely affect our business results.

We may pursue business opportunities that diverge from our current business model, including expanding our products or service offerings, investing in new and unproven technologies, adding customer acquisition channels and forming new alliances with companies to market our services. We can offer no assurance that any such business opportunities will prove to be successful. Among other negative effects, our pursuit of such business opportunities could cause our cost of investment in new customers to grow at a faster rate than our recurring revenue and fees collected at the time of installation. Additionally, any new alliances or customer acquisition channels could require developmental investments or have higher cost structures than our current arrangements, which could reduce operating margins and require more working capital. In the event that working capital requirements exceed operating cash flow, we might be required to draw on our revolving credit facility or pursue other external financing, which may not be readily available. Any of these factors could materially and adversely affect our business, financial condition, results of operations and cash flows.

Our customer generation strategies through our authorized dealer and affinity marketing programs and the competitive market for customer accounts may affect our future profitability.

A principal element of our business strategy is the generation of new customer accounts through our authorized dealer program, which accounted for approximately 40% of our new customer accounts for our 2014 fiscal year. Our future operating results will depend in large part on our ability to continue to manage this business generation strategy effectively. Although we currently generate accounts through hundreds of authorized dealers, a significant portion of our accounts originate from a smaller number of authorized dealers. In particular, during fiscal year 2014, one of our authorized dealers signed a 5-year renewal agreement with us and accounted for approximately 18% of all our new accounts. We experience loss of authorized dealers from our authorized dealer program due to various factors, such as authorized dealers becoming inactive or discontinuing their electronic security business, non-renewal of our dealer contracts and competition from other alarm monitoring companies. If we experience a loss of authorized dealers representing a significant portion of our customer account generation from our authorized dealer program or if we are unable to replace or recruit authorized dealers or alternate distribution channel partners in accordance with our business strategy, our business, financial condition, results of operations and cash flows may be materially and adversely affected.

In addition, successful promotion of our brand depends on the effectiveness of our marketing efforts and on our ability to offer member discounts and special offers for our products and services. We have actively pursued affinity marketing programs, which provide members of participating organizations with discounts on our products and services. The organizations with which we have affinity marketing programs closely monitor their relationships with us, as well as their members' satisfaction with our products and services. These organizations may require us to pay higher fees to them, decrease our pricing for their members, introduce additional competitive options or otherwise alter the terms of our participation in their marketing programs in ways that are unfavorable to us. These organizations may also terminate their relationships with us if we fail to meet member satisfaction standards. If any of our important affinity or marketing relationships, such as our relationships with USAA or AARP, were terminated or altered in an unfavorable manner, we would lose a significant source of sales leads and our business, financial condition, results of operations and cash flows could be materially and adversely affected.

We face risks in acquiring and integrating customer accounts.

An element of our business strategy may involve the bulk acquisition of customer accounts. Acquisitions of customer accounts involve a number of special risks, including the possibility of unexpectedly high rates of attrition and unanticipated deficiencies in the accounts and systems acquired despite our investigations prior to acquisition. We face competition from other alarm monitoring companies, including companies that may offer higher prices and more favorable terms for customer accounts purchased, lower minimum financial qualifications requirements for purchased accounts or lower prices for monitoring services provided. This competition could reduce the acquisition opportunities available to us, slowing our rate of growth and/or increase the price we pay for such account acquisitions, thus reducing our return on investment and negatively impacting our revenue and results of operations. We cannot assure you that we will be able to purchase customer accounts on favorable terms in the future.

The purchase price we pay for customer accounts is affected by the recurring revenue historically generated by such accounts, as well as several other factors, including the level of competition, our prior experience with accounts purchased in bulk from specific sellers, the geographic location of accounts, the number of accounts purchased, the customers' credit scores and the type of security or home/business automation equipment or platform used by the customers. In purchasing accounts, we have relied on management's knowledge of the industry, due diligence procedures and representations and warranties of bulk account sellers. We cannot assure you that in all instances the representations and warranties made by bulk account sellers are true and complete or, if the representations and warranties are inaccurate, that we will be able to recover damages from bulk account sellers in an amount sufficient to fully compensate us for any resulting losses. If any of these risks materializes, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

Our authorized dealers may not be able to mitigate certain risks such as information technology breaches, data security breaches, product liability, errors and omissions and marketing compliance.

We generate a portion of our new customers through our authorized dealer network. We rely on our authorized dealers to implement mitigation plans for certain risks they may experience such as, including but not limited to, information technology breaches, data security breaches, product liability, errors and omissions and marketing compliance. If our authorized dealers experiences any of these risks, or fail to implement mitigation plans for their risks, or if such implemented mitigation plans fail, we may be susceptible to risks associated with our authorized dealers on which we rely to generate customers. Any interruption in the generation of customer accounts or services provided by our authorized dealers could adversely affect our cash flows, results of operations and financial condition.

Increasing government regulation of telemarketing, email marketing and other marketing methods may increase our costs and restrict the operation and growth of our business.

We rely on telemarketing and email marketing conducted internally and through third parties to generate a substantial number of leads for our business. The telemarketing and email marketing services industries are subject to an increasing amount of regulation in the United States and Canada. In the United States, the FTC and FCC have issued regulations that place restrictions on unsolicited automated telephone calls to residential and wireless telephone subscribers by means of automatic telephone dialing systems, prerecorded or artificial voice messages and telephone fax machines, and require us to maintain a "do not call" list and to train our personnel to comply with these restrictions. The FTC regulates both general sales practices and telemarketing specifically and has broad authority to prohibit a variety of advertising or marketing practices that may constitute "unfair or deceptive acts or practices." Most of the statutes and regulations in the United States allow a private right of action for the recovery of damages or provide for enforcement by the FTC and FCC, state attorneys general or state agencies permitting the recovery of significant civil or criminal penalties, costs and attorneys' fees in the event that regulations are violated. The Canadian Radio-Television and Telecommunications Commission ("CRTC") enforces rules regarding unsolicited communications using automatic dialing and announcing devices, live voice and fax. On July 1, 2014, the Canadian Anti-Spam Law ("CASL") regulations went into effect in Canada. The CRTC has enforcement authority under CASL. CASL prohibits the sending of commercial emails without prior consent of the consumer or an existing business relationship and sets forth rules governing the sending of commercial emails. CASL allows for a private right of action for the recovery of damages or provides for enforcement by CRTC permitting the recovery of significant civil penalties, costs and attorneys' fees in the event that regulations are violated. We are diligent in our efforts to comply with all such applicable regulations, but cannot assure you that we or third parties that we rely on for telemarketing, email marketing and other lead generation activities will be in compliance with all applicable regulations at all times. Although our contractual arrangements with such third parties expressly require them to comply with all such regulations and to indemnify us for their failure to do so, we cannot assure you that the FTC, FCC, private litigants or others will not attempt to hold us responsible for any unlawful acts conducted by such third parties or that we could successfully enforce or collect upon such indemnities. Additionally, changes in such regulations or the interpretation thereof that further restrict such activities could result in a material reduction in the number of leads for our business and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Unauthorized use of our brand name by third parties, and the expenses incurred in developing and preserving the value of our brand name, may adversely affect our business.

Our brand name is critical to our success. Unauthorized use of our brand name by third parties may adversely affect our business and reputation, including the perceived quality and reliability of our products and services. We rely on trademark law, company brand name protection policies and agreements with our employees, customers, business partners and others to protect the value of our brand name. Despite our precautions, we cannot provide assurance that those procedures are sufficiently effective to protect against unauthorized third-party use of our brand name. In particular, in recent years various third parties have used the

ADT® brand name to engage in fraudulent activities, including inducing customers to switch to competing monitoring service providers, generating leads for competitors and obtaining personal financial information. Third parties sometimes use ADT's name and trademarks, or other confusingly similar variance thereof, in other contexts that may impact our brand. We may not be successful in investigating, preventing or prosecuting all unauthorized third-party use of our brand name. Future litigation with respect to such unauthorized use could also result in substantial costs and diversion of our resources. These factors could adversely affect our reputation, business, financial condition, results of operations and cash flows.

We do not own the right to use certain of our trademarks, including the ADT® brand name, outside of the United States and Canada.

Following the Separation, Tyco owns the ADT® brand name outside of the United States and Canada and has licensed it to a third party in South Korea. Therefore, in order to expand our business outside the United States and Canada, we would need to either acquire or otherwise license the ADT® brand name from Tyco (to the extent not already used by Tyco in the applicable jurisdictions) or use an alternative brand name. This would put us at a distinct competitive disadvantage. Development of a new brand outside the United States and Canada could be costly and would also require us to market other brands as superior alternatives to the ADT® brand, which could undermine its value among customers within the United States and Canadian residential and business security markets. These factors may make it difficult for us to develop a business outside of the United States and Canada. These factors also expose us to the risk that the ADT® brand name could suffer reputational damage or devaluation for reasons outside of our control, including Tyco's business conduct outside of the United States and Canada. Any of these factors may materially and adversely affect our business, financial condition, results of operations and cash flows.

Infringement of our intellectual property rights could negatively affect us.

We rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality provisions and licensing arrangements to establish and protect our proprietary rights. We cannot guarantee, however, that the steps we have taken to protect our intellectual property will be adequate to prevent infringement of our rights or misappropriation of our technology. Adverse events affecting the use of our trademarks could affect our use of those trademarks and negatively impact our brands. In addition, if we expand our business outside of the United States and Canada in the future, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in some jurisdictions. Furthermore, while we enter into confidentiality agreements with certain of our employees and third parties to protect our intellectual property, such confidentiality agreements could be breached or otherwise may not provide meaningful protection for our trade secrets and know-how related to the design, manufacture or operation of our products. If it becomes necessary for us to resort to litigation to protect our intellectual property rights, any proceedings could be burdensome and costly, and we may not prevail. Further, adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets. If we fail to successfully enforce our intellectual property rights, our competitive position could suffer, which could adversely affect our business, financial condition, results of operations and cash flows.

Allegations that we have infringed the intellectual property rights of third parties could negatively affect us.

We may be subject to claims of intellectual property infringement rights by third parties. In particular, as our services have expanded into areas more heavily populated by intellectual property, we have become subject to claims alleging infringement of intellectual property, including litigation brought by special purpose or so-called "non-practicing" entities that focus solely on extracting royalties and settlements by enforcing patent rights. These companies typically have little or no business or operations and there are few effective deterrents available to prevent such companies from filing patent infringement lawsuits against us. In addition, we rely on licenses and other arrangements with third parties covering intellectual property related to the products and services that we market, including a patent agreement with Tyco covering the manufacture, use and sale of pre-Separation products. Notwithstanding these arrangements, we could be at risk for infringement claims from third parties, including Tyco. Although the patent agreement generally includes a covenant by Tyco not to sue us for products and services in existence as of the distribution date that may infringe Tyco patents, it does not protect us from infringement claims for future product or service expansions, or if we change third-party product suppliers or if an alleged infringement involves certain patents. In general, if a court determines that one or more of our services infringes on intellectual property owned by others, we may be required to cease marketing those services, to obtain licenses from the holders of the intellectual property at a material cost or to take other actions to avoid infringing the intellectual property. The litigation process is costly and subject to inherent uncertainties, and we may not prevail in litigation matters regardless of the merits of our position. Intellectual property lawsuits or claims may become extremely disruptive if the plaintiffs succeed in blocking the trade of our products and services and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business operates in a regulated industry.

Our operations and employees are subject to various federal, state, provincial and local laws and regulations in the United States and Canada in such areas as consumer protection, occupational licensing, environmental protection, labor and employment, tax and other laws and regulations. Most states and provinces in which we operate have licensing laws directed specifically toward the security services industry. Our business relies heavily upon the use of both wireline and wireless telecommunications to communicate signals, and telecommunications companies are regulated by federal, state and local governments.

In certain jurisdictions, we are required to obtain licenses or permits in order to comply with standards governing employee selection and training and to meet certain standards in the conduct of our business. The loss of such licenses or permits or the imposition of conditions to the granting or retention of such licenses or permits could have a material adverse effect on us. Furthermore, in certain jurisdictions, certain security systems must meet fire and building codes in order to be installed, and it is possible that our current or future products and service offerings will fail to meet such codes, which could require us to make costly modifications to our products and services or to forgo marketing in certain jurisdictions.

Changes in laws or regulations could require us to change the way we operate or to utilize resources to maintain compliance, 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 our operating permits and licenses. If laws and regulations were to change or if we or our products failed to comply with them, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

We could be assessed penalties for false alarms.

Some local governments impose assessments, fines, penalties and limitations on either customers 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. Our alarm service contracts generally allow us to pass these charges on to customers, but we may not be able to collect these charges if customers are unwilling or unable to pay them and such outcome may materially and adversely affect our operating results. Furthermore, our customers may elect to terminate or not renew our services if assessments, fines or penalties for false alarms become significant. If more local governments were to impose assessments, fines or penalties, our customer base, financial condition, results of operations and cash flows could be materially and adversely affected.

Police departments could refuse to respond to calls from monitored security service companies.

Police departments in a limited number of U.S. and Canadian jurisdictions do not respond to calls from monitored security service companies, either as a matter of policy or by local ordinance. In certain cases, in the U.S., we are seeing requirements for video verification or eyewitness accounts of suspicious activities and this will increase costs of some security systems which may increase costs to customers. As an alternative to video cameras, we have offered affected customers the option of receiving response from private guard companies, in most cases through contracts with us, which increases the overall cost to customers. If more police departments were to refuse to respond or be prohibited from responding to calls from monitored security service companies, our ability to attract and retain customers could be negatively impacted and our business, financial condition, results of operations and cash flows could be adversely affected.

Adoption of statutes and governmental policies purporting to characterize certain of our charges as unlawful may adversely affect our business.

If a customer cancels their contract with us prior to the end of the initial contract term, other than in accordance with the contract, we may charge the customer an early cancellation fee. Consumer protection policies or legal precedents could be proposed or adopted to restrict the charges we can impose upon contract cancellation. Such initiatives could compel us to increase our prices during the initial term of our contracts and consequently lead to less demand for our services and increased attrition. Adverse judicial determinations regarding these matters could cause us to incur legal exposure to customers against whom such charges have been imposed and expose us to the risk that certain of our customers may seek to recover such charges through litigation. In addition, the costs of defending such litigation and enforcement actions could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We depend on third party providers and suppliers for components of our security and home/business automation systems, and third-party software licenses for our products and services, and any failure or interruption in products or services provided by these third parties could harm our ability to operate our business.

The components for the security and home/business automation systems that we install are manufactured by third parties. We are therefore susceptible to interruptions in supply and to the receipt of components that do not meet our high standards. Any financial or other difficulties our providers face may have negative effects on our business. We exercise little control over our suppliers, which increases our vulnerability to problems with the products and services they provide. While we strive to utilize dual-sourcing methods to allow similar hardware components for our security systems to be interchangeable in order to minimize the risk of a disruption from a single supplier, 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, we might not be able to recover the costs associated with its repair or replacement across our installed customer base, and the diversion of technical personnel to address the defect could materially and adversely affect our business, financial condition, results of operations and cash flows.

We rely on third party software for key home automation features in our ADT Pulse® offering. We could experience service disruptions if customer usage patterns for our ADT Pulse® offering exceed, or are otherwise outside of, design parameters for the system and the ability for ADT or our third party provider to make corrections. Such interruptions in the provision of services could result in our inability to meet customer demand, damage our reputation and customer relationships and adversely affect our business. We also rely on certain software technology that we license from third parties and use in our products and services to perform key functions and provide critical functionality. For example, we license the software platform for our monitoring operations from third parties. Because a number of our products and services incorporate technology developed and maintained by third parties, we are, to a certain extent, dependent upon such third parties' ability to maintain or enhance their current products and services, to ensure that their products are free of defects or security vulnerabilities, to develop new products and services on a timely and cost-effective basis and to respond to emerging industry standards and other technological changes. Further, these third-party technology licenses may not always be available to us on commercially reasonable terms or at all. If our agreements with third-party vendors are not renewed or the third-party software becomes obsolete, is incompatible with future versions of our products or services or otherwise fails to address our needs, we cannot provide assurance that we would be able to replace the functionality provided by the third-party software with technology from alternative providers. Furthermore, even if we obtain licenses to alternative software products or services that provide the functionality we need, we may be required to replace hardware installed at our monitoring centers and at our customers' sites, including security system control panels and peripherals, in order to affect our integration of or migration to alternative software products. Any of these factors could materially and adversely affect our business, financial condition, results of operations and cash flows.

We are exposed to greater risks of liability for employee acts or omissions or system failure, than may be inherent in other businesses.

If a customer or third party believes that he or she has suffered harm to person or property due to an actual or alleged act or omission of one of our employees or security system failure, he or she (or their insurers) may pursue legal action against us, and the cost of defending the legal action and of any judgment against us could be substantial. In particular, because our products and services are intended to help protect lives and real and personal property, we may have greater exposure to litigation risks than businesses that provide other consumer and small business products and services. Substantially all of our customer contracts contain a series of risk-mitigation provisions that serve to limit our liability and/or limit a claimant's ability to pursue legal action; however, in the event of litigation with respect to such matters, it is possible that these risk-mitigation provisions may be deemed not applicable or unenforceable and, regardless of the ultimate outcome, we may incur significant costs of defense that could materially and adversely affect our business, financial condition, results of operations and cash flows.

Certain providers of Internet access may block our services or charge their customers more for using our services, or government regulations relating to the Internet could change, which could adversely affect our revenue and growth.

Our interactive and home automation services are accessed through the Internet and our security monitoring services, including those utilizing video streaming, are increasingly delivered using Internet technologies. Users who access our services through mobile devices, such as smart phones, laptops and tablet computers, must have a high-speed Internet connection, such as Wi-Fi, 3G or 4G, to use our services. Currently, this access is provided by companies that have significant and increasing market power in the broadband and Internet access marketplace, including telephone companies, cable companies and wireless companies. These providers could take measures that affect their customers' ability to use our products and services, such as degrading the quality of the data packets we transmit over their lines, giving those packets low priority, giving other packets higher priority than ours, blocking our packets entirely or attempting to charge their customers more for using our products and services. To the extent that Internet service providers implement usage based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks, we could incur greater operating expenses and customer acquisition and retention could be negatively impacted. Furthermore, to the extent network operators were to create tiers of Internet access service and either charge us for or prohibit us from being available through these tiers, our business could be negatively impacted. Some of these providers also offer products and services that directly compete with our own offerings, which could potentially give them a competitive advantage.

The adoption or modification of laws or regulations relating to Internet access could result in changes in how Internet service providers handle and charge for access to their networks. In January 2014, the U.S. Court of Appeals for the District of Columbia in Verizon v. FCC struck down major portions of the "net neutrality" rules adopted by the FCC in December 2010 that were intended, in part, to prevent broadband internet service providers from discriminating against legal Internet traffic. In May 2014, the FCC sought public comment on how it should ensure that the Internet remains open, and proposed new rules and enhancements to current rules. Many have interpreted the new proposal, however, as not banning the creation of fast lanes, in which a content provider might pay an Internet service provider a fee to give its content top priority for delivery to customers ("paid prioritization"). The FCC has received comments, held "Open Internet" roundtable discussions and is considering next steps. Within such an uncertain regulatory environment, we could experience interference or other discriminatory practices, such as those described above, that could cause us to lose customers and impede our growth, cause us to incur additional expense or otherwise negatively affect our business.

We have significant deferred tax assets, and any impairments of or valuation allowances against these deferred tax assets in the future could adversely affect our results of operations, financial condition and cash flows.

We are subject to income taxes in the United States and Canada and in various state, territorial, provincial and local jurisdictions. The amount of income taxes we pay is subject to our interpretation and application of tax laws in jurisdictions in which we file. Changes in current or future laws or regulations, the imposition of new or changed tax laws or regulations or new related interpretations by taxing authorities in the jurisdictions in which we file could materially and adversely affect our financial condition, results of operations and cash flows.

Our future consolidated federal and state income tax liability may be significantly reduced by tax credits and tax net operating loss ("NOL") carryforwards available to us under the applicable tax codes. Our ability to fully utilize these deferred tax assets, however, may be limited for various reasons, such as if projected future taxable income becomes insufficient to recognize the full benefit of our NOL carryforwards prior to their expirations. As part of the Separation of the ADT residential business from Tyco in July 2012, a separate return limitation year ("SRLY") event occurred as defined under relevant U.S. Income Tax Regulations (the "Regulations"). A SRLY event can limit a corporation's ability to utilize carryforward attributes should income attributable to specific subgroup members relative to total U.S. consolidated income be insufficient to allow for full utilization. In addition, if a corporation experiences an "ownership change," Internal Revenue Code (the "Code") Sections 382 and 383 provide annual limitations with respect to the ability of a corporation to utilize its net operating loss (as well as certain built-in losses) and tax credit carryforwards against future U.S. taxable income. In general an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of the corporation by more than 50 percentage points over a three-year testing period. During fiscal year 2013, we determined that the SRLY limitation was no longer applicable as an ownership change is deemed to have occurred upon Separation from Tyco on September 28, 2012 in accordance with Code Section 382. Therefore, pursuant to the Code Section 382 "overlap rule," the tax attributes as of the end of September 2012 are only subject to the limitations provided by Code Sections 382 and 383. We do not, however, expect that this limitation will impact our ability to utilize the tax attributes carried forward from pre-Separation periods.

In addition to the pre-Separation tax attributes, we generated a significant NOL in fiscal year 2013 along with tax credit carryforwards. Our ability to fully utilize these tax assets may also be affected if in the future we experience another "ownership change" within the meaning of Section 382 of the Code. Future changes in our stock ownership, depending on the magnitude, including the purchase or sale of our common stock by five percent stockholders, and issuances or redemptions of common stock by us could result in an ownership change that would trigger the imposition of limitations under Section 382 of the Code for these post-Separation tax attributes.

In addition, as a significant taxpayer, we are subject to regular audits by the U.S. Internal Revenue Service ("IRS") as well as state, territorial, provincial and local tax authorities. These audits, whether for periods before Separation or post-Separation, could subject us to tax liabilities if tax authorities make adverse determinations with respect to our NOLs or tax credits. Further, any future disallowance of some or all of our tax credits or NOL carryforwards as a result of legislative change could materially affect our tax obligations. Accordingly, there can be no assurance that in the future we will not be subject to increased taxation or experience limitations with respect to recognizing the benefits of our NOL carryforwards and other tax attributes. Any such increase in taxation or limitation of benefits could have a material adverse effect on our financial condition, results of operations or cash flows.

If we are unable to hire and retain key personnel, including an effective sales force, our ability to manage our business could be adversely affected.

Our success will depend in part upon the continued services of our management team and sales representatives. Our ability to retain and hire new key personnel for management positions and effective sales representatives could be impacted adversely by the competitive environment for management and sales talent. The loss, incapacity or unavailability for any reason of key members of our management team and the inability or delay in hiring new key employees including sales force personnel could adversely affect our ability to manage our business and our future operational and financial results.

Adverse developments in our relationship with our employees could adversely affect our business, results of operations and financial condition.

As of September 26, 2014, approximately 2,100 of our employees at various sites, or approximately 12% of our total workforce, were represented by unions and covered by collective bargaining agreements. Our relationships with these unions have generally been good. We are currently party to approximately 32 collective bargaining agreements in the United States and Canada. Almost one-third of these agreements are up for renewal in any given year. We cannot predict the outcome of negotiations of the collective bargaining agreements covering our employees. If we are unable to reach new agreements or renew existing agreements, employees subject to collective bargaining agreements may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services. New labor agreements or the renewal of existing agreements may impose significant new costs on us, which could adversely affect our financial condition and results of operations in the future.

We may be subject to liability for obligations of The Brink's Company under the Coal Act.

On May 14, 2010, we acquired Broadview Security, a business formerly owned by The Brink's Company. Under the Coal Industry Retiree Health Benefit Act of 1992, as amended (the "Coal Act"), The Brink's Company and its majority-owned subsidiaries as of July 20, 1992 (including certain legal entities acquired in the Broadview Security acquisition) are jointly and severally liable with certain of The Brink's Company's other current and former subsidiaries for health care coverage obligations provided for by the Coal Act. A Voluntary Employees' Beneficiary Associate ("VEBA") trust has been established by The Brink's Company to pay for these liabilities, although the trust may have insufficient funds to satisfy all future obligations. At the time of the Broadview Spin-Off, Broadview Security entered into an agreement pursuant to which The Brink's Company agreed to indemnify it for any and all liabilities and expenses related to The Brink's Company's former coal operations, including any health care coverage obligations. The Brink's Company has agreed that this indemnification survives our acquisition of Broadview Security. We have evaluated our potential liability under the Coal Act as a contingency in light of all known facts, including the funding of the VEBA and indemnification provided by The Brink's Company. We have concluded that no accrual is necessary due to the existence of the indemnification and our belief that The Brink's Company and VEBA will be able to satisfy all future obligations under the Coal Act. However, if The Brink's Company and the VEBA are unable to satisfy all such obligations, we could be held liable, which could have a material adverse effect on our financial condition, results of operations or cash flows.

Risks Relating to Our Liquidity

Disruptions in the financial markets or changes in our credit ratings could adversely affect us by reducing availability of credit or access to financing on favorable terms or at all and could adversely affect our suppliers by increasing funding costs or reducing availability of credit.

In the normal course of our business, we may access the capital markets for general corporate purposes, which may include repayment of indebtedness, acquisitions, additions to working capital, repurchase of common stock, capital expenditures and investments in our business. We rely on the capital markets, particularly for offerings of debt securities to meet our financial commitments and liquidity needs. Although we expect to have sufficient liquidity to meet our foreseeable needs, our access to and the cost of capital could be negatively impacted by disruptions in the financial markets or changes in our credit ratings. In recent years, the credit markets experienced significant dislocations and liquidity disruptions, and similar disruptions in the credit markets in the future could make financing terms for borrowers unattractive or unavailable. These factors may make it more difficult or expensive for us to access the capital markets if the need arises. In addition, these factors may make it more difficult for our suppliers to meet demand for their products or for potential strategic partners to commence new projects, as they may experience increased costs of debt financing or difficulties in obtaining debt financing. Disruptions in the financial markets have had adverse effects on other areas of the economy and have led to a slowdown in general economic activity that may continue to adversely affect our businesses. These disruptions may have other unknown adverse effects. One or more of these factors could adversely affect our business, financial condition, results of operations or cash flows.

In fiscal 2013, Standard and Poor's Rating Services, Moody's Investors Service, Inc. and Fitch Ratings downgraded the Company from BBB to BB-, from Baa2 to Ba2 and from BBB+ to BBB-, respectively. Our credit ratings are based upon information furnished by us or obtained by a rating agency from its own sources and are subject to revision, suspension or withdrawal by one or more rating agencies at any time. Rating agencies may review the ratings assigned to us due to developments that are beyond our control, including as a result of new standards requiring the agencies to reassess rating practices and methodologies. If further downgrades in our credit ratings were to occur, it could result in higher interest costs under our revolving credit facility. It could also cause our future borrowing costs to increase and reduce our access to capital.

Covenants in our debt instruments may adversely affect us.

Our revolving credit facility contains customary covenants, including a limit on the ratio of debt to earnings before interest, taxes, depreciation, and amortization ("EBITDA"), a minimum required ratio of EBITDA to interest expense and limits on incurrence of liens and subsidiary debt. In addition, the indenture governing our senior unsecured notes contains customary covenants including limits on liens and sale/leaseback transactions.

Our ability to meet our financial covenants can be affected by events beyond our control, and we cannot provide assurance that we will meet those tests. A breach of any of these covenants could result in a default under our revolving credit facility or our indenture. Upon the occurrence of an event of default under our revolving credit facility or our indenture, the lenders or trustees could elect to declare all amounts outstanding thereunder to be immediately due and payable and, in the case of credit facility lenders, terminate all commitments to extend further credit. If the lenders or trustees accelerate the repayment of borrowings, we cannot provide assurance that we will have sufficient assets to repay our revolving credit facility and our other indebtedness. Furthermore, acceleration of any obligation under any of our material debt instruments will permit the holders of our other material debt to accelerate their obligations, which could have a material adverse effect on our financial condition. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

We may continue to increase our debt or raise additional capital in the future, which could affect our financial health and may decrease our profitability.

We may continue to increase our debt or raise additional capital in the future, subject to restrictions in our revolving credit facility and indenture and any debt agreements covering debt incurred subsequent to the date of this report. If our cash flow from operations is less than we anticipate, or if our cash requirements are more than we expect, we may require more financing. However, debt or equity financing may not be available to us on terms acceptable to us, if at all. If we incur additional debt or raise equity through the issuance of additional capital stock, the terms of the debt or our capital stock issued may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. The terms of the debt may also impose additional and more stringent restrictions on our operations than we currently have. If we raise funds through the issuance of additional equity, your percentage ownership in us would decline. If we are unable to raise additional capital when needed, it could affect our financial health.

Material adverse legal judgments, fines, penalties or settlements could adversely affect our financial health and prevent us from fulfilling our obligations under our outstanding indebtedness.

We estimate that our available cash, our cash flow from operations and amounts available to us under our revolving credit facility will be adequate to fund our operations and service our debt over both the short term and the long term. However, material adverse legal judgments, fines, penalties or settlements arising from litigation and similar contingencies could require additional funding. If such developments require us to obtain additional funding, we cannot provide assurance that we will be able to obtain the additional funding that we need on commercially reasonable terms or at all, which could have a material adverse effect on our financial condition, results of operations and cash flows. Such an outcome could have important consequences to holders of shares of our common stock. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other corporate purposes, including dividend payments;
- increase our vulnerability to adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- restrict our ability to introduce new technologies or exploit business opportunities;
- make it more difficult for us to satisfy our payment obligations with respect to our outstanding indebtedness; and
- increase the difficulty and/or cost to us of refinancing our indebtedness.

See risk factor "We are subject to securities class actions which may harm our business and results of operations," and Part I, Item 3 Legal Proceedings.

We are exposed to counterparty risk in our hedging arrangements.

From time to time, we enter into arrangements with financial institutions to hedge exposure to fluctuations in currency and interest rates, including forward contracts, options and swap agreements. The failure of one or more counterparties to our hedging arrangements to fulfill their obligations could adversely affect our results of operations.

Risks Relating to Our Common Stock

Provisions in our certificate of incorporation and by-laws and of Delaware law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.

Our certificate of incorporation and by-laws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids more expensive to the acquiror and to encourage prospective acquirors to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings and the right of our board of directors to issue preferred stock without stockholder approval.

Delaware law also imposes some restrictions on mergers and other business combinations between any holder of 15% or more of our outstanding common stock and us. We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal.

These provisions are not intended to make us immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of our company and our stockholders. Accordingly, in the event that our board of directors determines that a potential business combination transaction is not in the best interests of our company and our stockholders but certain stockholders believe that such a transaction would be beneficial to our company and our stockholders, such stockholders may elect to sell their shares in our company and the trading price of our common stock could decrease.

In addition, a merger or acquisition may trigger change in control and severance benefits to certain executive employees under the terms of either our Severance Plan for U.S. Officers and Executives or Change in Control Severance Plan, thereby increasing the cost of such a transaction.

Risks Relating to our Separation from Tyco

We share responsibility for certain income tax liabilities of ADT, Tyco and Pentair Ltd., formerly Tyco Flow Control International Ltd. ("Pentair") for tax periods prior to and including September 28, 2012, and such liabilities may include a portion of Tyco's obligations under its tax sharing agreement with Covidien Ltd. ("Covidien") and TE Connectivity Ltd. ("TE Connectivity") for tax liabilities for tax periods prior to and including June 29, 2007.

In connection with the 2007 distributions of Covidien and TE Connectivity by Tyco (the "2007 Separation"), Tyco entered into a tax sharing agreement (the "2007 Tax Sharing Agreement") that governs the rights and obligations of each party with respect to certain pre-2007 Separation tax liabilities and certain tax liabilities arising in connection with the 2007 Separation. More specifically, Tyco, Covidien and TE Connectivity share 27%, 42% and 31%, respectively, of income tax liabilities that arise from adjustments made by tax authorities to Tyco's, Covidien's and TE Connectivity's U.S. and certain non-U.S. income tax returns and certain taxes attributable to internal transactions undertaken in anticipation of the 2007 Separation. In addition, in the event the 2007 Separation or certain related transactions is determined to be taxable as a result of actions taken after the 2007 Separation by Tyco, Covidien or TE Connectivity, the party responsible for such failure would be responsible for all taxes imposed on Tyco, Covidien or TE Connectivity as a result thereof. If none of the companies is responsible for such failure, then Tyco, Covidien and TE Connectivity would be responsible for such taxes, in the same manner and in the same proportions as other shared tax liabilities under the 2007 Tax Sharing Agreement. Costs and expenses associated with the management of these shared tax liabilities are generally shared equally among the parties.

In connection with the Separation from Tyco, we entered into a tax sharing agreement (the "2012 Tax Sharing Agreement") with Tyco and Pentair that governs the rights and obligations of ADT, Tyco and Pentair for certain pre-Separation tax liabilities, including Tyco's obligations under the 2007 Tax Sharing Agreement. The 2012 Tax Sharing Agreement provides that ADT, Tyco and Pentair will share (i) certain pre-Separation income tax liabilities that arise from adjustments made by tax authorities to ADT's, Tyco's, and Pentair's U.S. and certain non-U.S. income tax returns, and (ii) payments required to be made by Tyco in respect to the 2007 Tax Sharing Agreement (collectively, "Shared Tax Liabilities"). Tyco will be responsible for the first $500 million of Shared Tax Liabilities. ADT and Pentair will share 58% and 42%, respectively, of the next $225 million of Shared Tax Liabilities. ADT, Tyco and Pentair will share 27.5%, 52.5% and 20.0%, respectively, of Shared Tax Liabilities above $725 million.

With respect to years prior to and including the 2007 Separation, tax authorities have raised issues and proposed tax adjustments that are generally subject to the sharing provisions of the 2007 Tax Sharing Agreement and which may require Tyco to make a payment to a taxing authority, Covidien or TE Connectivity. Although Tyco has advised us that it has resolved a substantial number of these adjustments, a few significant items raised by the IRS remain open with respect to the audits of the 1997 through 2007 tax years. On July 1, 2013, Tyco announced that the IRS issued Notices of Deficiency to Tyco primarily related to the treatment of certain intercompany debt transactions (the "Tyco IRS Notices"). These notices assert that additional taxes of $883 million plus penalties of $154 million are owed based on audits of the 1997 through 2000 tax years of Tyco and its subsidiaries, as they existed at that time. Further, Tyco reported receiving Final Partnership Administrative Adjustments (the "Partnership Notices") for certain U.S. partnerships owned by its former U.S. subsidiaries, for which Tyco has informed that it estimates an additional tax deficiency of approximately $30 million will be asserted. The additional tax assessments related to the Tyco IRS Notices and the Partnership Notices exclude interest and do not reflect the impact on subsequent periods if the IRS challenge to Tyco's tax filings is proved correct. Tyco has filed petitions with the U.S. Tax Court to contest the IRS assessments. Consistent with its petitions filed with the U.S. Tax Court, Tyco has advised us that it strongly disagrees with the IRS position and believes (i) it has meritorious defenses for the respective tax filings, (ii) the IRS positions with regard to these matters are inconsistent with applicable tax laws and Treasury regulations, and (iii) the previously reported taxes for the years in question are appropriate. If the IRS should successfully assert its position, our share of the collective liability, if any, would be determined pursuant to the 2012 Tax Sharing Agreement. In accordance with the 2012 Tax Sharing Agreement, the amount ultimately assessed under the Tyco IRS Notices and the Partnership Notices would have to be in excess of $1.85 billion, including other assessments for unrelated historical tax matters Tyco has, or may settle in the future, before we would be required to pay any of the amounts assessed. We believe that our income tax reserves and the liabilities recorded in the Consolidated Balance Sheet for the 2012 Tax Sharing Agreement continue to be appropriate. No payments with respect to these matters would be required until the dispute is resolved in the U.S. Tax Court. A trial date has been set for February 2016. However, the ultimate resolution of these matters is uncertain, and if the IRS were to prevail, it could have a material adverse impact on our financial condition, results of operations and cash flows, potentially including a reduction in our available net operating loss carryforwards.

We are responsible for all of our own taxes that are not shared pursuant to the 2012 Tax Sharing Agreement's sharing formulae, and Tyco and Pentair are responsible for their tax liabilities that are not subject to the 2012 Tax Sharing Agreement's sharing formulae. We also have sole responsibility for any income tax liability arising as a result of our acquisition of Broadview Security in May 2010, including any liability of Broadview Security under the tax sharing agreement between Broadview Security and The Brink's Company dated October 31, 2008 (collectively, the "Broadview Tax Liabilities"). Costs and expenses associated with the management of Shared Tax Liabilities and Broadview Tax Liabilities are generally shared 20% by Pentair, 27.5% by ADT, and 52.5% by Tyco.

All the tax liabilities that are associated with our businesses, including liabilities that arose prior to the Separation, have become our tax liabilities. Although we have agreed to share certain of these tax liabilities with Tyco and Pentair pursuant to the 2012 Tax Sharing Agreement, we remain primarily liable for all of these liabilities. If Tyco and Pentair default on their obligations to us under the 2012 Tax Sharing Agreement, we would be liable for the entire amount of these liabilities. In addition, if another party to the 2012 Tax Sharing Agreement that is responsible for all or a portion of an income tax liability were to default in its payment of such liability to a taxing authority, we could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of our agreed-upon share of our, Tyco's and Pentair's tax liabilities.

We recognize potential liabilities and record tax liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on our estimate of whether, and the extent to which, additional income taxes will be due. These tax liabilities are reflected net of related tax loss carryforwards. We adjust these liabilities in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of tax liabilities. Under the 2012 Tax Sharing Agreement, Tyco has the right to administer, control and settle all U.S. income tax audits for periods prior to and including September 28, 2012. The timing, nature and amount of any settlement agreed to by Tyco may not be in our best interests. All other tax audits will be administered, controlled and settled by the party that would be responsible for paying the tax.

To the extent we are responsible for any liability under the 2012 Tax Sharing Agreement and if our estimate of tax liabilities proves to be less than the amount for which we are ultimately liable, we would incur additional income tax expense, which could have a material adverse impact on our financial condition, results of operations, cash flows or our effective tax rate in future reporting periods.

If the distribution of ADT or Pentair common shares by Tyco to its shareholders or certain internal transactions undertaken in anticipation of such distributions are determined to be taxable for U.S. federal income tax purposes, we, our stockholders that are subject to U.S. federal income tax and/or Tyco could incur significant U.S. federal income tax liabilities.

Tyco has received a private letter ruling from the IRS regarding the U.S. federal income tax consequences of the Separation and the distribution of Pentair common shares by Tyco to its shareholders (the "Pentair Distribution" and, together with the Separation, the "Distributions") to the effect that, for U.S. federal income tax purposes, the Separation will qualify as tax-free under Section 355 of the Code and the Pentair Distribution will qualify as tax-free under Sections 355 and 361 of the Code, except for cash received in lieu of a fractional share of our common stock and the Pentair common shares. The private letter ruling also provides that certain internal transactions undertaken in anticipation of the Distributions will qualify for favorable treatment under the Code. In addition to obtaining the private letter ruling, Tyco obtained an opinion from the law firm of McDermott Will & Emery LLP confirming the tax-free status of the Distributions for U.S. federal income tax purposes. The private letter ruling and the opinion rely on certain facts and assumptions and certain representations and undertakings from us, Pentair and Tyco regarding the past and future conduct of our respective businesses and other matters. Notwithstanding the private letter ruling and the opinion, the IRS could determine on audit that the Separation, the Pentair Distribution or the internal transactions should be treated as taxable transactions if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated, or that the Separation, the Pentair Distribution or the internal transactions should be taxable for other reasons, including as a result of significant changes in stock or asset ownership after the Distributions. An opinion of counsel represents counsel's best legal judgment, is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion. In addition, the opinion was based on current law, and cannot be relied upon if current law changes with retroactive effect. If the Separation ultimately is determined to be taxable, the Separation could be treated as a taxable dividend or capital gain to our stockholders as of the date of the Separation for U.S. federal income tax purposes, and those stockholders could incur significant U.S. federal income tax liabilities. In addition, Tyco would recognize gain in an amount equal to the excess of the fair market value of shares of our common stock and the Pentair common shares distributed to Tyco shareholders on the distribution date over Tyco's tax basis in such shares, but such gain, if recognized, generally would not be subject to U.S. federal income tax. However, we or Tyco could incur significant U.S. federal income tax liabilities if it ultimately is determined that certain internal transactions undertaken in anticipation of the Distributions are taxable.

In addition, under the terms of the 2012 Tax Sharing Agreement, in the event the Separation, the Pentair Distribution or the internal transactions were determined to be taxable as a result of actions taken after the Distributions by us, Pentair or Tyco, the party responsible for such failure would be responsible for all taxes imposed on us, Pentair or Tyco as a result thereof. Taxes resulting from the determination that the Separation, the Pentair Distribution, or any internal transaction that was intended to be tax-free is taxable are referred to herein as "Distribution Taxes." If such failure is not the result of actions taken after the Distributions by us, Pentair or Tyco, then we, Pentair and Tyco generally would be responsible for 27.5%, 20% and 52.5%, respectively, of any taxes imposed on us, Pentair or Tyco as a result of such determination. Such tax amounts could be significant. In the event that any party to the 2012 Tax Sharing Agreement defaults in its obligation to pay Distribution Taxes to another party that arise as a result of no party's fault, each non-defaulting party would be responsible for an equal amount of the defaulting party's obligation to make a payment to another party in respect of such other party's taxes. To the extent we are responsible for any liability under the 2012 Tax Sharing Agreement, there could be a material adverse impact on our financial condition, results of operations, cash flows or our effective tax rate in future reporting periods.

If the Separation is determined to be taxable for Swiss withholding tax purposes, we or Tyco could incur significant Swiss withholding tax liabilities.

Generally, Swiss withholding tax of 35% is due on dividends and similar distributions to our and Tyco's shareholders, regardless of the place of residency of the shareholder. As of January 1, 2011, distributions to shareholders out of qualifying contributed surplus (*Kapitaleinlage*) accumulated on or after January 1, 1997 are exempt from Swiss withholding tax, if certain conditions are met (*Kapitaleinlageprinzip*). Tyco obtained a tax ruling from the Swiss Federal Tax Administration confirming that the Separation qualifies as payment out of such qualifying contributed surplus and, therefore, no amount was withheld by Tyco when making the Separation.

This tax ruling relies on certain facts and assumptions and certain representations and undertakings from Tyco regarding the past conduct of its businesses and other matters. Notwithstanding this tax ruling, the Swiss Federal Tax Administration could determine on audit that the Separation should be treated as a taxable transaction for withholding tax purposes if it determines that any of these facts, assumptions, representations or undertakings is not correct or has been violated. If the Separation ultimately is determined to be taxable for withholding tax purposes, we and Tyco could incur material Swiss withholding tax liabilities that could significantly detract from or eliminate the benefits of the Separation. In addition, we could become liable to indemnify Tyco for part of any Swiss withholding tax liabilities to the extent provided under the 2012 Tax Sharing Agreement.

Our combined financial information for periods prior to September 28, 2012, is not necessarily representative of the results we could achieve as an independent, publicly-traded company and may not be a reliable indicator of our future results.

The combined financial information included in this report for periods prior to September 28, 2012 does not necessarily reflect the results of operations, financial condition and cash flows that we could achieve as an independent, publicly-traded company or those that we will achieve in the future. This is primarily because:

- Prior to the Separation, our business was operated by Tyco as part of its broader corporate organization, rather than as an independent, publicly-traded company. In addition, prior to the Separation, Tyco, or one of its affiliates, performed significant corporate functions for us, including tax and treasury administration and certain governance functions, including internal audit and external reporting. Our combined financial statements for periods prior to September 28, 2012 reflect allocations of corporate expenses from Tyco for these and similar functions.
- For periods prior to September 28, 2012, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, were satisfied as part of Tyco's company-wide cash management practices. As an independent, publicly-traded company, we no longer obtain funds from Tyco to finance our working capital or other cash requirements. Rather, we obtain financing from banks, through public offerings or private placements of debt or equity securities or other arrangements.
- Other significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as a company separate from Tyco.

For additional information about our past financial performance and the basis of presentation of our financial statements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated and Combined Financial Statements.

The ownership by some of our executive officers and directors of common shares, options or other equity awards of Tyco or Pentair may create, or may create the appearance of, conflicts of interest.

Because of their former positions with Tyco, some of our executive officers, including our chief executive officer and some of our non-employee directors, own common shares of Tyco and Pentair, options to purchase common shares of Tyco and Pentair or other equity awards in Tyco and Pentair. The individual holdings of common shares, options to purchase common shares or other equity awards of Tyco and Pentair may be significant for some of these persons compared to their total assets. These equity interests may create, or appear to create, conflicts of interest when these directors and officers are faced with decisions that could benefit or affect the equity holders of Tyco or Pentair in ways that do not benefit or affect us in the same manner.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We currently operate through a network of approximately 200 sales and service offices, ten monitoring facilities, four customer and field support locations, two national sales call centers and one regional distribution center, located throughout the United States, Puerto Rico and Canada, the majority of which are leased. Our corporate headquarters is located in Boca Raton, Florida and we lease this property under a long-term operating lease with a third party. We believe our properties are adequate and suitable for our business as presently conducted and are adequately maintained.

Item 3. Legal Proceedings.

On October 25, 2013, we were notified by subpoena that the Office of the Attorney General of California, in conjunction with the Alameda County District Attorney, is investigating whether certain of our waste disposal policies, procedures and practices are in violation of the California Business and Professions Code and the California Health and Safety Code. We are cooperating fully with the respective authorities. We are currently unable to predict the outcome of this investigation or reasonably estimate a range of possible loss.

On April 28, 2014, we and certain of our current and former officers and directors were named as defendants in a lawsuit filed in the United States District Court for the Southern District of Florida. The plaintiff alleges violations of the Securities Exchange Act of 1934 and SEC Rule 10b-5, and seeks monetary damages, including interest, and class action status on behalf of all plaintiffs who purchased our common stock during the period between November 27, 2012 and January 29, 2014, inclusive. The claims focus primarily on our statements concerning our financial condition and future business prospects for fiscal 2013 and the first quarter of fiscal 2014, our stock repurchase program in 2012 and 2013 and the buyback of stock from Corvex Management LP (“Corvex”) in November 2013. On June 27, 2014, another plaintiff filed a similar action in the same court. On July 14, 2014, the Court entered an order consolidating the two actions under the caption *Henningsen v. The ADT Corporation*, Case No. 14-80566-CIV-*DIMITROULEAS*, and appointing IBEW Local 595 Pension and Money Purchase Pension Plans, Macomb County Employees’ Retirement System and KBC Asset Management NV as Lead Plaintiffs in the consolidated action. In addition to ADT, the defendants named in the action are Naren Gursahaney, Kathryn A. Mikells, Michael S. Geltzeiler, Keith A. Meister, and Corvex. We intend to vigorously defend against the allegations in this action and are currently unable to predict the outcome or if legal damages will be awarded.

In May and June 2014, four derivative actions were filed against a number of our past and present officers and directors. Like the securities actions described above, the derivative actions focus primarily on our stock repurchase program in 2012 and 2013, the buyback of stock from Corvex in November 2013 and our statements concerning our financial condition and future business prospects for fiscal 2013 and the first quarter of fiscal 2014. Three of the derivative actions were filed in the United States District Court for the Southern District of Florida. On July 16, 2014, the Court consolidated those three actions under the caption In re The ADT Corporation Derivative Litigation, Lead Case No. 14-80570-CIV-DIMITROULEAS/SNOW. The fourth derivative action, entitled Seidl v. Colligan, Case No. 2014CA007529, was filed in the Circuit Court of the 15th

Judicial Circuit, Palm Beach County, Florida. On July 14, 2014, the parties agreed to stay that action pending resolution of motions to dismiss that are expected to be filed in the securities actions described above. The Court approved the stay on July 23, 2014. A fifth derivative action asserting similar claims was filed in the Delaware Court of Chancery on August 1, 2014. Defendants have moved to dismiss that action, which is entitled Ryan v. Gursahaney, C.A. No. 9992-VCP.

In March 2014, we also received a demand from a shareholder to initiate litigation against our officers and directors in connection with our stock repurchase program in 2012 and 2013 and the buyback of stock from Corvex in November 2013. Our Board of Directors investigated the matters with the assistance of an outside law firm and, on July 18, 2014, decided to reject the demand. In September 2014, we received a demand from another shareholder to initiate litigation with regard to the same matters raised in the March 2014 demand. On September 19, 2014, our Board of Directors decided to reject the demand.

See Note 7 to the Consolidated and Combined Financial Statements for a description of income tax matters.

In addition, we are subject to various claims and lawsuits in the ordinary course of our business, including from time to time contractual disputes, employment matters, product and general liability claims, claims that we have infringed the intellectual property rights of others, claims related to alleged security system failures and consumer and employment class actions. We have recorded accruals for losses that we believe are probable to occur and are reasonably estimable. See Note 7 to the Consolidated and Combined Financial Statements for further information. While the ultimate outcome of these matters cannot be predicted with certainty, we believe that the resolution of any such proceedings will not have a material adverse effect on our financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

As of the close of business on November 5, 2014, there were 18,426 holders of record of our common stock. Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "ADT." The following table sets forth the high and low sales prices of shares of ADT common stock as reported by the NYSE and the dividends declared on ADT common stock for the quarterly periods presented below.

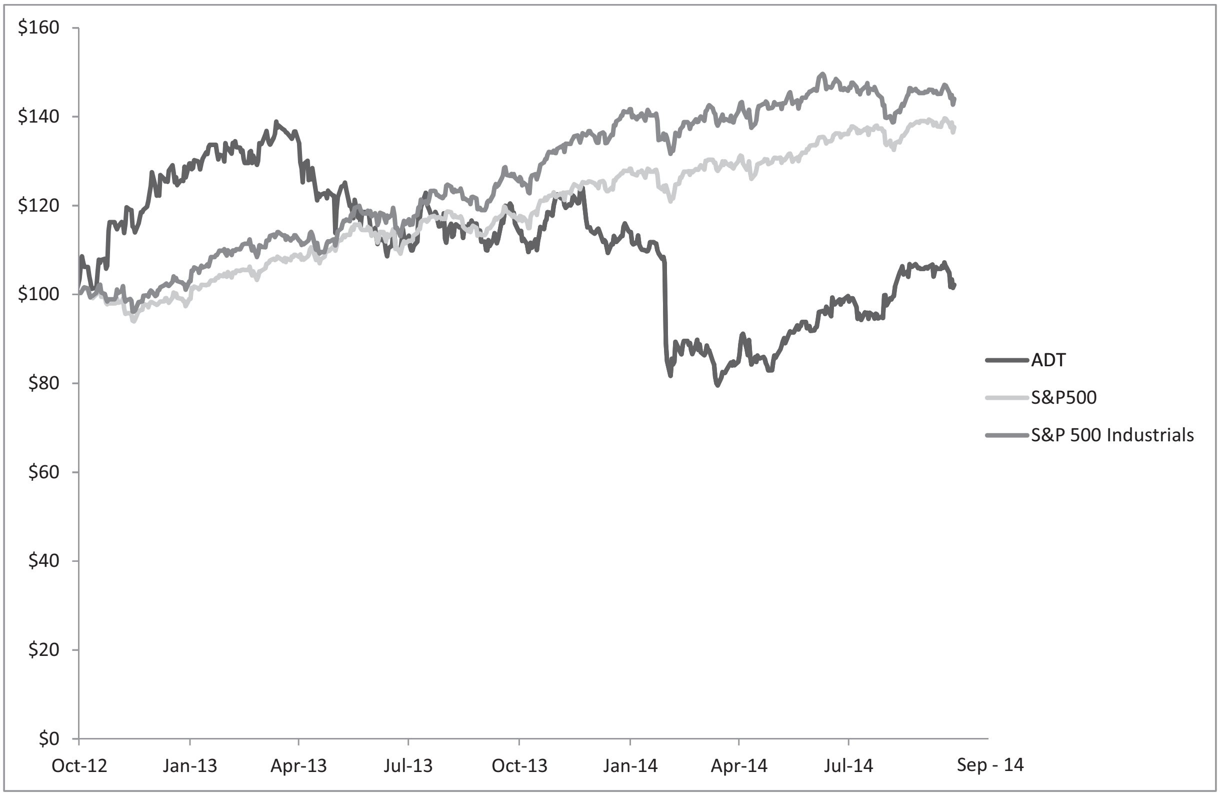
	Year Ended September 26, 2014			
	Market Price Range		Dividends Declared Per Common Share	Dividends Paid Per Common Share
Quarter	High	Low		
First	$44.01	$38.80	—	0.125
Second	40.58	28.08	0.400	0.200
Third	34.81	29.08	—	0.200
Fourth	37.36	33.00	0.400	0.200

	Year Ended September 27, 2013			
	Market Price Range		Dividends Declared Per Common Share	Dividends Paid Per Common Share
Quarter	High	Low		
First	$47.00	$35.38	0.125	0.125
Second	50.37	44.60	0.250	0.125
Third	48.86	38.09	—	0.125
Fourth	44.56	38.91	0.250	0.125

The timing, declaration and payment of future dividends to holders of our common stock fall within the discretion of our board of directors and will depend on our financial condition and results of operations, the capital requirements of our business, covenants associated with debt obligations, legal requirements, regulatory constraints, industry practice and other factors deemed relevant by our board of directors.

Performance Graph

The following graph provides a comparison of the cumulative total shareholder return on the Company's common stock to the returns of Standard & Poor's (S&P) 500 and the S&P 500 Industrial Index from October 1, 2012 (the first day of fiscal year 2013) through September 26, 2014. The graph is not, and is not intended to be, indicative of future performance of our common stock. This graph is not being filed with the SEC as part of this Annual Report on Form 10-K and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing).



The above graph assumes the following:

(1) $100 invested at the close of business on October 1, 2012, in ADT common stock, S&P 500 Index, and the S&P 500 Industrial Index.

(2) The cumulative total return assumes reinvestment of dividends.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
06/28/14 – 07/25/14	—	$—	—	$380,805,210
07/26/14 – 08/29/14	—	$—	—	$380,805,210
08/30/14 – 09/26/14	—	$—	—	$380,805,210
Total	—	$—	—	$380,805,210

On November 18, 2013, our board of directors authorized a $1 billion increase to the $2 billion, three-year share repurchase program that was previously approved on November 26, 2012 and expires on November 26, 2015.

During the quarter, the Company did not repurchase any shares as a part of the share repurchase program noted above.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of September 26, 2014 with respect to shares of ADT common stock issuable under its equity compensation plans:

	Equity Compensation Plan		
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders:			
2012 Stock and Incentive Plan[1]	5,933,656	$25.81	6,581,067
Equity compensation plans not approved by security holders	—		—
Total	5,933,656		6,581,067

(1) The ADT Corporation 2012 Stock and Incentive Plan (the "Plan") provides for the award of stock options, restricted stock units, performance share units and other equity and equity-based awards to officers and non-officer employees as well as members of our board of directors. Amounts shown in column (a) include 4,820,964 shares that may be issued upon the exercise of stock options, 37,617 deferred stock units ("DSU"), 733,573 shares that may be issued upon the vesting of restricted stock units and 341,502 shares that may be issued upon vesting of performance share units ("PSU"). The weighted-average exercise price in column (b) is inclusive of the outstanding DSUs, PSUs and restricted stock units, all of which can be exercised for no consideration. Excluding the DSUs, PSUs and restricted stock units, the weighted-average exercise price is equal to $31.77.

Item 6. Selected Financial Data.

The following table sets forth selected consolidated and combined financial data for fiscal years 2014, 2013, 2012, 2011 and 2010. The statement of operations data set forth below for fiscal years 2014, 2013 and 2012 and the balance sheet data as of September 26, 2014 and September 27, 2013 are derived from our audited financial statements included elsewhere in this Annual Report on Form 10-K. The statement of operations data for fiscal years 2011 and 2010 and the balance sheet data as of September 28, 2012, September 30, 2011 and September 24, 2010 are derived from our audited financial statements which are not included in this Annual Report on Form 10-K.

ADT has a 52- or 53-week fiscal year that ends on the last Friday in September. Fiscal year 2011 was a 53-week year. Fiscal years 2014, 2013, 2012 and 2010 were 52-week years.

This selected financial data should be read in conjunction with Item 8 "Consolidated and Combined Financial Statements and related Notes" and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K.

(in millions, except per share data)	2014	2013	2012	2011	2010
Consolidated and Combined Statements of Operations Data:					
Revenue	$ 3,408	$3,309	$3,228	$3,110	$2,591
Operating income[1]	659	735	722	693	504
Net income[1][2]	304	421	394	376	239
Net income per share[3]:					
Basic	$ 1.67	$ 1.90	$ 1.70	$ 1.62	$ 1.03
Diluted	$ 1.66	$ 1.88	$ 1.67	$ 1.59	$ 1.01
Weighted average number of shares[3]:					
Basic	182	222	232	232	232
Diluted	183	224	236	236	236
Cash dividends declared per common share	$ 0.80	$0.625	$ —	$ —	$ —
Consolidated and Combined Balance Sheet Data (End of Fiscal Year):					
Total assets	$10,549	$9,913	$9,260	$8,739	$8,692
Long-term debt[4]	5,096	3,373	2,525	1,506	1,326
Total liabilities[4]	7,421	5,591	4,103	3,508	3,526
Total stockholders' equity[5]	3,128	4,322	5,157	5,231	5,166

(1) Operating income and net income include $52 million, $67 million and $69 million of corporate expense allocated from Tyco for fiscal years 2012, 2011 and 2010, respectively.

(2) Net income includes allocated interest expense related to Tyco's external debt of $64 million, $87 million and $102 million for fiscal years 2012, 2011 and 2010, respectively.

(3) The Separation was completed on September 28, 2012, and we issued 231 million shares of common stock. This initial share amount has been used to calculate earnings per share for fiscal years 2012, 2011 and 2010. See Note 11 to the Consolidated and Combined Financial Statements for additional information on earnings per share.

(4) Long-term debt and total liabilities include $1,482 million and $1,301 million of allocated debt from Tyco as of September 30, 2011 and September 24, 2010, respectively. See Note 5 for discussion of fiscal 2014, 2013 and 2012 debt issuances.

(5) In fiscal year 2014 and 2013, we repurchased common shares under our share repurchase program for a total of $1.4 billion and $1.3 billion, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

The following discussion should be read in conjunction with our Consolidated and Combined Financial Statements and the notes thereto. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those provided in Item 1A. Risk Factors and under the heading "Cautionary Statement Regarding Forward-Looking Statements" below.

The Consolidated and Combined Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Unless otherwise indicated, references to 2014, 2013 and 2012 are to our fiscal years ended September 26, 2014, September 27, 2013 and September 28, 2012, respectively.

As part of a plan to separate into three independent companies, on or prior to September 28, 2012, Tyco transferred the equity interests of the entities that held all of the assets and liabilities of its residential and small business security business in the United States and Canada to ADT. Effective on September 28, 2012 (the "Distribution Date"), Tyco distributed all of its shares of ADT to Tyco's stockholders of record as of the close of business on September 17, 2012 (the "Separation"). On the Distribution Date, each of the stockholders of Tyco received one share of ADT common stock for every two shares of common stock of Tyco held on September 17, 2012. Our Consolidated Balance Sheets as of September 26, 2014 and September 27, 2013 reflect the consolidated financial position of ADT and its subsidiaries as an independent publicly-traded company. Additionally, our Consolidated Statements of Operations, Comprehensive Income and Cash Flows for fiscal years 2014 and 2013 reflect ADT's operations and cash flows as a standalone company. Prior to September 28, 2012, our financial position, results of operations and cash flows consisted of Tyco's residential and small business security business in the United States, Canada and certain U.S. territories and were derived from Tyco's historical accounting records and presented on a carve-out basis. As such, our Statements of Operations, Comprehensive Income and Cash Flows for fiscal year 2012 consist of the combined results of operations and cash flows of the ADT North American Residential Security Business of Tyco.

We conduct business through our operating entities and report financial and operating information in one reportable operating segment. We have a 52- or 53-week fiscal year that ends on the last Friday in September. Fiscal years 2014, 2013 and 2012 are 52-week years. Our next 53-week year will occur in fiscal year 2016.

Business Overview

ADT is a leading provider of monitored security, interactive home and business automation and related monitoring services. We currently serve approximately 6.7 million customers, making us the largest company of our kind in both the United States and Canada. With a 140-year history, the ADT® brand is one of the most respected, trusted and well-known brands in the monitored security industry today. Our broad and pioneering set of products and services, including interactive home and business solutions and our home health services, meet a range of customer needs for today's active and increasingly mobile lifestyles. Our partner network is the broadest in the industry, and includes independent authorized dealers, affinity organizations like USAA and AARP and third-party referral companies. ADT delivers an integrated customer experience by maintaining the industry's largest sales, installation and service field force as well as a robust monitoring network, all backed by the support of approximately 17,500 employees and about 200 sales and service offices.

For fiscal year 2014, our revenue was $3.4 billion and our operating income was $659 million. The majority of the monitoring services and a large portion of the maintenance services we provide to our customers are governed by multi-year contracts with automatic renewal provisions. This provides us with significant recurring revenue, which for fiscal year 2014 was approximately 92% of our revenue. We believe that the recurring nature of the majority of our revenue enables us to continuously invest in growing our business. This includes investments in technologies to further enhance the attractiveness of our solutions to current and potential customers, to continue development and training to enable our direct sales, installation, customer service and field service personnel to more effectively deliver exceptional service to our customers, to expand our dealer and partner network and to make continued enhancements to operations efficiency.

Factors Affecting Operating Results

Our subscriber-based business requires significant upfront investment to generate new customers, which in turn provide predictable recurring revenue generated from monthly monitoring fees. In any period, our business results will be impacted by a number of factors including: customer additions, costs associated with adding new customers, average revenue per customer, costs related to providing services to customers and customer tenure. We manage our business to optimize these factors. We focus on investing in each of our customer acquisition channels in order to grow our account base in a cost effective manner and generate positive future cash flows and attractive margins. We also focus on maintaining consistently high levels of customer satisfaction to increase customer tenure and improve profitability.

Our ability to add new accounts depends on the overall demand for our solutions, which is driven by a number of external factors. Growth in our customer base can be influenced by the overall state of the housing market in the geographies we serve. A significant factor is the rate of household moves, whether involving newly constructed housing or existing homes. Household moves may drive a majority of new customer volume in any given period, but as household moves increase, our attrition rate also tends to increase. The overall performance of the economies in geographies in which we operate may also affect our ability to attract new customers and grow our business. Another external factor that affects customer additions is the perceived level of crime in the communities we serve.

Our marketing efforts are designed to direct potential customers into one of our customer acquisition channels, where we work with the potential customers to identify the most appropriate set of solutions to meet their needs. We closely monitor and manage our costs associated with on-boarding new customers. We utilize a structured customer acquisition process that is designed to produce customers with attractive characteristics, including strong credit scores and high usage of automated payment methods, and interactive service contracts, which we believe results in longer average customer tenure.

The monthly fees that we generate from any individual customer depend primarily on the customer's level of service. We offer a wide range of services at various price points, from basic burglar alarm monitoring to our full suite of ADT Pulse® interactive services. Our ability to increase monthly average revenue per customer depends on a number of factors, including our ability to effectively introduce and market additional features and services that increase the value of our offerings to customers, which we believe drives customers to purchase higher levels of service and supports our ability to make periodic adjustments to pricing.

We focus on keeping customer service and monitoring costs as low as possible without detracting from the high-quality service levels for which we are known and that our customers have come to expect. We believe that our ability to retain customers for longer periods of time is driven in part by our disciplined customer selection practices and our delivery of a superior customer experience.

Key Performance Measures

We operate our business with the goal of retaining customers for long periods of time in order to recoup our initial investment in new customers, achieving cash flow break-even in approximately three years. We generate substantial recurring net operating cash flow from our customer base. In evaluating our financial results, we review the following key performance indicators:

Customer Growth. Growth of our customer base is crucial to drive our recurring customer revenue as well as to leverage costs of operations. To grow our customer base and improve awareness of our brands, we market our monitored security and home/business automation systems and services through national television advertisements, Internet advertising and through a direct sales force and an authorized dealer network. The key customer metrics that we use to track customer growth are gross customer additions and ending customers. Gross customer additions are new monitored customers installed or acquired during the period.

Customer Unit Attrition Rate. Our economic model is highly dependent on customer retention. Success in retaining customers is driven in part by our discipline in accepting new customers with favorable characteristics and by providing high quality equipment, installation, monitoring and customer service. Beginning with the second quarter of fiscal 2014, we began to provide customer unit attrition rate as a key performance measure as we believe that this metric supplements customer revenue attrition by providing additional information on the economic impact of the security investments we make in residential and small business sites and is also used internally, along with customer revenue attrition, to manage attrition.

Customer unit attrition measures residential and small business customer sites canceled, excluding health services and contracts monitored but not owned, net of dealer charge-backs and re-sales. Customer sites are considered canceled when all services are terminated. Dealer charge-backs represent customer cancellations charged back to the dealers because the customer canceled service during the charge-back period, generally 13 months. Re-sales are inactive customer sites that are returned to active service during the period. The customer unit attrition rate is a 52-week trailing ratio, the numerator of which is the trailing twelve month customer sites canceled during the period due to attrition, net of charge-backs and re-sales, and the denominator of which is the average of the customer base at the beginning of each month during the trailing twelve month period.

Customer Revenue Attrition Rate. We also evaluate our customer retention based upon the recurring revenue lost resulting from customer attrition, net of dealer charge-backs and re-sales, which we refer to as customer revenue attrition. The customer revenue attrition rate is a 52-week trailing ratio, the numerator of which is the annualized recurring revenue lost during the period due to attrition, net of dealer charge-backs and re-sales, and the denominator of which is total annualized recurring revenue based on an average of recurring revenue under contract at the beginning of each month during the period.

Recurring Customer Revenue. Recurring customer revenue is generated by contractual monthly recurring fees for monitoring and other recurring services provided to our customers. Our other revenue consists of revenue associated with the sale of equipment, amortization of deferred revenue related to upfront fees, non-routine repair and maintenance services and customer termination charges.

Average Revenue per Customer. Average revenue per customer measures the average amount of recurring revenue per customer per month and is calculated based on the recurring revenue under contract at the end of the period, divided by the total number of customers under contract at the end of the period.

Cost to Serve Expenses. Cost to serve expenses represent the cost of providing services to our customers reflected in our Consolidated and Combined Statements of Operations. These expenses include costs associated with service calls for customers who have maintenance contracts, costs of monitoring, call center customer service and guard response, partnership commissions and continuing equity programs, bad debt expense and general and administrative expenses. Recurring customer revenue less cost to serve expenses represents our recurring revenue margin.

Gross Subscriber Acquisition Cost Expenses. Gross subscriber acquisition cost expenses represent certain costs related to the acquisition of new customers reflected in our Consolidated and Combined Statements of Operations such as advertising, marketing, and both direct and indirect selling costs for all new customer accounts as well as sales commissions and installation equipment and labor costs associated with transactions where title to the security system is contractually transferred to the customer.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is a non-GAAP measure reflecting net income adjusted for interest, taxes and certain non-cash items which include depreciation of subscriber system assets and other fixed assets, amortization of deferred costs and deferred revenue associated with customer acquisitions, and amortization of dealer and other intangible assets. We believe EBITDA is useful to provide investors with information about operating profits, adjusted for significant non-cash items, generated from the existing customer base. A reconciliation of EBITDA to net income (the most comparable GAAP measure) is provided under "Results of Operations—Non-GAAP Measures."

Free Cash Flow ("FCF"). FCF is a non-GAAP measure that our management employs to measure cash that is available to repay debt, make other investments and return capital to stockholders through dividends and share repurchases. The difference between net cash provided by operating activities (the most comparable GAAP measure) and FCF is the deduction of cash outlays for capital expenditures, subscriber system assets, dealer generated customer accounts and bulk account purchases. A reconciliation of FCF to net cash provided by operating activities is provided under "Results of Operations—Non-GAAP Measures."

As reported in the first quarter of fiscal year 2014, we determined that a small number of customer upgrades in Canada were incorrectly reflected as customer additions in prior periods. As a result, historical ending number of customers, gross customer additions and average revenue per customer have been adjusted. These adjustments had no impact on our financial statements for any prior periods. The following table reflects the revisions for the fiscal years ended September 27, 2013 and September 28, 2012:

	Ending number of customers (thousands)[1]		Gross customer additions (thousands)[2]		Average revenue per customer (dollars)[1]	
	2013	2012	2013	2012	2013	2012
Previously reported metric	6,521	6,422	1,107	1,161	$40.31	$38.87
Effect of Canadian revision	(27)	(26)	(10)	(9)	$ 0.16	$ 0.16
Revised metric	6,494	6,396	1,097	1,152	$40.47	$39.03

(1) The ending number of customers and average revenue per customer are as of the respective years ended.
(2) Gross customer additions are for the respective years ended.

Historically, we have included contracts monitored but not owned in our ending number of customers. In the fourth quarter of fiscal year 2014, we acquired Reliance Protectron Inc. ("Protectron"), whose business practice is to exclude contracts monitored but not owned from its customer count. In order to harmonize our business practices, we elected to exclude contracts monitored but not owned from our ending number of customers starting in the fourth quarter of fiscal year 2014. Therefore, for comparative purposes, we are providing the impact of contracts monitored but not owned on the relevant metrics for historical quarters of fiscal year 2014 and for fiscal years ended September 27, 2013 and September 28, 2012:

	Ending number of customers (thousands)[1]				
	June 27, 2014	March 28, 2014	December 27, 2013	September 27, 2013	September 28, 2012
Previously reported/revised metric[2]	6,377	6,416	6,448	6,494	6,396
Effect of contracts monitored but not owned	(64)	(64)	(66)	(64)	(81)
Metric excluding contracts monitored but not owned	6,313	6,352	6,382	6,430	6,315

	Average revenue per customer (dollars)[1]				
	June 27, 2014	March 28, 2014	December 27, 2013	September 27, 2013	September 28, 2012
Previously reported/revised metric[2]	$41.85	$41.05	$40.63	$40.47	$39.03
Effect of contracts monitored but not owned	0.35	0.35	0.35	0.33	0.41
Metric excluding contracts monitored but not owned	$42.20	$41.40	$40.98	$40.80	$39.44

(1) The ending number of customers and average revenue per customer are as of the respective quarters ended.
(2) Includes Canadian revision described above for fiscal years ended 2013 and 2012.

Results of Operations

(in millions, except as otherwise indicated)	2014	2013	2012
Recurring customer revenue	$ 3,152	$ 3,041	$ 2,903
Other revenue	256	268	325
Total revenue	3,408	3,309	3,228
Operating income	659	735	722
Interest expense, net	(192)	(117)	(92)
Other (expense) income	(35)	24	—
Income tax expense	(128)	(221)	(236)
Net income	$ 304	$ 421	$ 394
Summary Cash Flow Data:			
Net cash provided by operating activities	$ 1,519	$ 1,666	$ 1,493
Net cash used in investing activities	(1,792)	(1,394)	(1,096)
Net cash provided by (used in) financing activities	202	(366)	(231)
Key Performance Indicators:			
Ending number of customers (thousands)[(1)(2)]	6,663	6,430	6,315
Gross customer additions (thousands)[(1)(2)]	995	1,097	1,152
Customer revenue attrition rate (percent)	13.5%	13.9%	13.5%
Customer unit attrition rate (percent)	13.2%	13.3%	12.9%
Average revenue per customer (dollars)[(2)]	$ 41.54	$ 40.80	$ 39.44
Cost to serve expenses	$ 1,102	$ 1,001	$ 961
Gross subscriber acquisition cost expenses	$ 442	$ 448	$ 523
EBITDA[(3)]	$ 1,644	$ 1,689	$ 1,584
FCF[(3)]	$ 251	$ 460	$ 406

(1) Gross customer additions for fiscal year 2013 exclude approximately 117,000 customer accounts acquired in connection with the acquisition of Devcon Security Holdings, Inc. in August 2013. These accounts are included in the 6.4 million ending number of customers as of September 27, 2013. Gross customer additions for fiscal year 2014 exclude approximately 373,000 customer accounts acquired in connection with the acquisition of Protectron in July 2014. These accounts are included in the 6.7 million ending number of customers as of September 26, 2014.

(2) The ending number of customers, gross customer additions and average revenue per customer for fiscal years 2012 and 2013 have been revised. See discussion under "Key Performance Measures" above for further information.

(3) EBITDA and FCF are non-GAAP measures. Refer to the "Non-GAAP Measures" section for the definitions thereof and a reconciliation to the most comparable GAAP measures.

As mentioned above, we manage our business to optimize a number of factors including: customer additions, costs associated with adding new customers, average revenue per customer, costs related to providing services to customers and customer tenure. In order to understand how these key factors impact our Consolidated and Combined Statements of Operations, we consider the following components of our expenses: cost to serve expenses, gross subscriber acquisition cost expenses and depreciation and amortization. The following tables reflect the location of these costs in our Consolidated and Combined Statements of Operations for fiscal years 2014, 2013 and 2012:

	2014			
(in millions)	**Cost of revenue**	**Selling, general and administrative expenses**	**Radio conversion costs**	**Total**
Cost to serve expenses	$ 411	$ 647	$ 44	$1,102
Gross subscriber acquisition cost expenses	61	381	—	442
Depreciation and amortization	968	203	—	1,171
Other	17	—	—	17
Total	$1,457	$1,231	$ 44	$2,732

	2013			
(in millions)	**Cost of revenue**	**Selling, general and administrative expenses**	**Radio conversion costs**	**Total**
Cost to serve expenses	$ 391	$ 610	$—	$1,001
Gross subscriber acquisition cost expenses	59	389	—	448
Depreciation and amortization	891	174	—	1,065
Other	37	—	—	37
Total	$1,378	$1,173	$—	$2,551

	2012			
(in millions)	**Cost of revenue**	**Selling, general and administrative expenses**	**Radio conversion costs**	**Total**
Cost to serve expenses	$ 364	$ 597	$—	$ 961
Gross subscriber acquisition cost expenses	146	377	—	523
Depreciation and amortization	831	151	—	982
Other	33	—	—	33
Total	$1,374	$1,125	$—	$2,499

Year Ended September 26, 2014 Compared with Year Ended September 27, 2013

Revenue

Revenue increased by $99 million, or 3.0%, to $3.4 billion for fiscal year 2014 as compared with fiscal year 2013, primarily as a result of growth in recurring customer revenue, which increased by $111 million, or 3.7%. This increase was primarily the result of higher average revenue per customer and $28 million of recurring revenue associated with Protectron.

Average revenue per customer increased by $0.74, or 1.8%, as of September 26, 2014 compared with September 27, 2013 primarily due to price escalations on our existing customer base and the addition of new customers at higher rates largely driven by an increase in ADT Pulse® customers compared to total customer additions, partially offset by lower average revenue per customer associated with customers acquired in the acquisition of Protectron.

Gross customer additions were approximately 1.0 million during fiscal year 2014, reflecting direct and dealer channel additions of 612,000 and 383,000, respectively. Additionally, we added approximately 373,000 customer accounts in conjunction with our acquisition of Protectron in July 2014 compared to approximately 117,000 customer accounts added in conjunction with our acquisition of Devcon Security Holdings, Inc. ("Devcon Security") in August 2013. Excluding these accounts, gross customer additions fell by 102,000, or 9.3%, during fiscal year 2014 as compared to fiscal year 2013, primarily due to lower dealer channel production, 29,000 fewer bulk account purchases and, to a lesser extent, lower levels of customer accounts generated through our direct channel. The decline in our dealer channel production was primarily due to a lower number of dealers for the majority of the year, in addition to dealers facing lead generation challenges as a result of the competitive environment and tighter enforcement of telemarketing regulations. We continue to add new dealers and to work closely with our existing dealers to help them strengthen their capabilities and better leverage ADT's marketing assets to grow their businesses, as evidenced by a 16% increase in dealer channel production from the quarter ended June 27, 2014 compared to the quarter ended September 26, 2014, excluding bulk purchases. The decline in customer accounts generated through our direct channel resulted from lead generation challenges partially due to the impact of the competitive environment, the implementation of more stringent credit policies for new subscribers and increased focus on ADT Pulse® upgrades for existing customers.

Our ending number of customers, net of attrition, increased by 233,000, or 3.6%, during fiscal year 2014 primarily due to the acquisition of Protectron during the fiscal fourth quarter. Our annualized customer unit attrition and annualized customer revenue attrition as of September 26, 2014 were 13.2% and 13.5%, respectively, compared with 13.3% and 13.9%, respectively, as of September 27, 2013. Attrition was impacted favorably by several new programs implemented to address voluntary, non-pay and relocation disconnects, offset by the impact of the competitive environment.

Operating Income

Operating income decreased by $76 million, or 10.3%, to $659 million for fiscal year 2014 as compared with fiscal year 2013. Operating margin was 19.3% for fiscal year 2014 compared with 22.2% for fiscal year 2013.

Operating expenses for fiscal year 2014 totaled $2.7 billion, up 6.8% or $175 million as compared to fiscal year 2013. Operating expenses included $17 million and $23 million of costs related to the Separation during fiscal years 2014 and 2013, respectively. The increase in operating expenses is partially a result of $106 million higher depreciation and amortization expense primarily related to increased depreciation of our subscriber system assets, which included higher costs associated with ADT Pulse® additions and upgrades, and greater amortization of dealer generated accounts and customer relationships. Additionally, there was a $101 million increase in cost to serve expenses which was largely a result of $44 million of costs associated with our three-year conversion program to replace 2G radios used in many of our security systems, an $18 million increase in restructuring and other expenses primarily related to severance and a loss on the sublease portion of our office space, $15 million of incremental costs associated with the operations of Protectron, and a $5 million increase in acquisition and integration costs. After considering these items, cost to serve expenses increased by $19 million which was primarily related to increased customer service and maintenance expenses from programs to improve customer retention, incremental investments to strengthen our business platforms and capabilities to support our business simplification, innovation and M&A opportunities and higher costs associated with being a stand-alone public company.

As discussed above, we implemented a three-year conversion program for the replacement of 2G radios used in many of our security systems which will continue to drive future incremental costs. We anticipate that we will incur approximately $60 million to $70 million in fiscal year 2015 in conjunction with this program.

Interest Expense, net

Interest expense, net is comprised primarily of interest on our long-term debt. Net interest expense was $192 million for fiscal year 2014 compared with $117 million for fiscal year 2013. Interest expense for fiscal year 2014 reflects an increase in borrowings related to the issuances of $1 billion in notes during October 2013 and $500 million in notes during March 2014.

Other (Expense) Income

Other expense was $35 million for fiscal year 2014 compared with other income of $24 million for fiscal year 2013. Other expense for fiscal year 2014 was primarily the result of a $38 million reduction in amounts owed to ADT by Tyco pursuant to the 2012 Tax Sharing Agreement largely due to the resolution of certain unrecognized tax benefits. Other income for fiscal year 2013 was primarily the result of $23 million in non-taxable income recorded pursuant to the 2012 Tax Sharing Agreement for amounts owed by Tyco and Pentair in connection with the exercise of ADT share based awards held by certain Tyco and Pentair employees. See Note 6 to the Consolidated and Combined Financial Statements for more information.

Income Tax Expense

Income tax expense was $128 million for fiscal year 2014 compared with $221 million for fiscal year 2013, and the effective tax rate fell to 29.6% from 34.4%. The effective tax rate for fiscal year 2014 reflects the net impact of a $42 million favorable adjustment resulting from the resolution of certain unrecognized tax benefits partially offset by the unfavorable deferred tax impact of $17 million from IRS audit adjustments. The effective tax rate for fiscal year 2014 also reflects the unfavorable impact resulting from $38 million in non-taxable other expense discussed in "Other (Expense) Income" above.

The effective tax rate can vary from period to period due to permanent tax adjustments, discrete items such as the settlement of income tax audits and changes in tax laws, as well as recurring factors such as changes in the overall effective state tax rate. See Note 6 to the Consolidated and Combined Financial Statements for more information on income taxes.

Year Ended September 27, 2013 Compared with Year Ended September 28, 2012

Revenue

Revenue increased by $81 million, or 2.5%, to $3.3 billion for fiscal year 2013 as compared with fiscal year 2012, primarily due to the growth in recurring customer revenue, which increased by $138 million, or 4.8%. This increase was primarily the result of higher average revenue per customer as well as growth in customer accounts, net of attrition. The growth in recurring customer revenue was partially offset by a decrease in other revenue, which went down by $57 million, or 17.5%, to $268 million for fiscal year 2013 as compared with fiscal year 2012. The reduction in other revenue was due to the mix shift toward more ADT-owned systems rather than outright system sales, resulting in higher deferred revenue and lower current period installation revenue.

Average revenue per customer increased by $1.36, or 3.4%, as of September 27, 2013 compared with September 28, 2012 primarily due to price escalations on our existing customer base and the addition of new customers at higher rates, including increased ADT Pulse® customers compared to total customer additions.

Gross customer additions were approximately 1.1 million during fiscal year 2013, reflecting customer account growth of 644,000 in the direct channel and 453,000 in the dealer channel. Additionally, we acquired approximately 117,000 customer accounts in conjunction with our acquisition of Devcon Security, which was completed in August 2013. Excluding these accounts, gross customer additions fell by 55,000, or 4.8%, during fiscal year 2013 as compared to fiscal year 2012, as increases in additions from our direct channel were not sufficient to offset lower dealer channel production.

Our ending number of customers, net of attrition, grew by 115,000, or 1.8%, during fiscal year 2013. Our annualized customer unit attrition and annualized customer revenue attrition as of September 27, 2013 were 13.3% and 13.9%, respectively, compared with 12.9% and 13.5%, respectively, as of September 28, 2012. The increase in customer unit and revenue attrition from September 28, 2012 was due primarily to relocation disconnects as a result of the continued recovery of the housing market. We continue to focus on high quality service and our disciplined customer selection process in order to limit customer attrition.

Operating Income

Operating income increased by $13 million, or 1.8%, to $735 million for fiscal year 2013 as compared with fiscal year 2012. Operating margin was 22.2% for fiscal year 2013 compared with 22.4% for fiscal year 2012.

Operating expenses for fiscal year 2013, which included $23 million of costs related to the Separation, totaled $2.6 billion, up 2.7% or $68 million as compared to fiscal year 2012. The increase in operating expenses includes $83 million in higher depreciation and amortization expense primarily related to our subscriber system assets and dealer generated accounts. Cost to serve expenses totaled $1.0 billion for fiscal year 2013 as compared to $961 million for fiscal year 2012. Cost to serve expenses for fiscal year 2012 include integration costs related to the acquisition of Broadview Security of $14 million and restructuring related expenses of approximately $4 million. After considering these items, cost to serve expenses increased by $58 million which was primarily a result of higher corporate costs and dis-synergies associated with the separation of our business from the commercial security business of Tyco and increased customer service and maintenance expenses driven by investments to improve customer retention. The increase was partially offset by a reduction in legal-related charges as certain costs incurred in fiscal year 2012 did not recur in fiscal year 2013. The increases in depreciation and amortization and cost to serve expenses were partially offset by a $75 million reduction in gross subscriber acquisition cost expenses, which resulted from the deferral of a higher proportion of upfront installation costs associated with the mix shift toward more ADT-owned systems.

Interest Expense, net

Interest expense, net was $117 million for fiscal year 2013 compared with $92 million for fiscal year 2012. Interest expense for fiscal year 2013 is comprised primarily of interest on our long-term debt, which reflects an increase in borrowings related to the issuance of $700 million in notes during January 2013. Interest expense for fiscal year 2012 includes $64 million of allocated interest expense related to Tyco's external debt, approximately $22 million of interest on our unsecured notes and $3 million of financing costs incurred in connection with a bridge facility.

Other (Expense) Income

During fiscal year 2013, we recorded $24 million of other income, which is comprised primarily of $23 million of non-taxable income recorded pursuant to the 2012 Tax Sharing Agreement. See Note 6 to the Consolidated and Combined Financial Statements for more information.

Income Tax Expense

Income tax expense was $221 million for fiscal year 2013 compared with $236 million for fiscal year 2012, and the effective tax rate fell slightly to 34.4% from 37.5%. The effective tax rate for fiscal year 2013 reflects the favorable impact of an adjustment to the state tax rate at which we expect to settle our net deferred tax liabilities. This adjustment resulted in a tax benefit of $7 million during the period. The effective tax rate for fiscal year 2013 also reflects the favorable impact resulting from $23 million in non-taxable other income. These favorable items were partially offset by the impact of discrete charges of approximately $7 million due to legislative changes in certain states.

The effective tax rate can vary from period to period due to permanent tax adjustments, discrete items such as the settlement of income tax audits and changes in tax laws, as well as recurring factors such as changes in the overall effective state tax rate.

Non-GAAP Measures

To provide investors with additional information in connection with our results as determined by GAAP, we also disclose non-GAAP measures which management believes provide useful information to investors. These measures consist of EBITDA and FCF. These measures are not financial measures calculated in accordance with GAAP and should not be considered as substitutes for net income, operating profit, cash from operating activities or any other operating performance measure calculated in accordance with GAAP, and they may not be comparable to similarly titled measures reported by other companies. We use EBITDA to measure the operational strength and performance of our business. We use FCF as an additional measure of our ability to service debt, make other investments and return capital to stockholders through dividends and share repurchases. These measures, or measures that are based on them, may also be used as components in our incentive compensation plans.

We believe EBITDA is useful because it measures our success in acquiring, retaining and servicing our customer base and our ability to generate and grow our recurring revenue while providing a high level of customer service in a cost-effective manner. EBITDA excludes interest expense and the provision for income taxes. Excluding these items eliminates the expenses associated with our capitalization and tax structure. Because EBITDA excludes interest expense, it does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. EBITDA also excludes depreciation and amortization, which eliminates the impact of non-cash charges related to capital investments. Depreciation and amortization includes depreciation of subscriber system assets and other fixed assets, amortization of deferred costs and deferred revenue associated with subscriber acquisitions and amortization of dealer and other intangible assets.

There are material limitations to using EBITDA. EBITDA does not take into account certain significant items, including depreciation and amortization, interest expense and tax expense, which directly affect our net income. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering EBITDA in conjunction with net income as calculated in accordance with GAAP.

FCF is defined as cash from operations less cash outlays related to capital expenditures, subscriber system assets, dealer generated customer accounts and bulk account purchases. Dealer generated customer accounts are accounts that are generated through our network of authorized dealers. Bulk account purchases represent accounts that we acquire from third parties outside of our authorized dealer network, such as other security service providers, on a selective basis. These items are subtracted from cash from operating activities because they represent long-term investments that are required for normal business activities. As a result, subject to the limitations described below, FCF is a useful measure of our cash available to repay debt, make other investments and return capital to stockholders through dividends and share repurchases.

FCF adjusts for cash items that are ultimately within management's and the board of directors' discretion to direct and therefore may imply that there is less or more cash that is available than the most comparable GAAP measure. FCF is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. This limitation is best addressed by using FCF in combination with the GAAP cash flow numbers.

The tables below reconcile EBITDA to net income and FCF to cash flows from operating activities.

EBITDA

(in millions)	2014	2013	2012
Net income	$ 304	$ 421	$ 394
Interest expense, net	192	117	92
Income tax expense	128	221	236
Depreciation and intangible asset amortization	1,040	942	871
Amortization of deferred subscriber acquisition costs	131	123	111
Amortization of deferred subscriber acquisition revenue	(151)	(135)	(120)
EBITDA	$1,644	$1,689	$1,584

For fiscal year 2014, EBITDA decreased $45 million, or 2.7%, as compared with the prior year, despite a $111 million increase in recurring revenue, due to increased cost to serve expenses, and a $59 million increase in other expense. The increase in cost to serve expenses includes $44 million of costs associated with our three-year conversion program to replace 2G radios used in many of our security systems, an $18 million increase in restructuring and other expenses, $15 million of incremental costs associated with the operations of Protectron and a $5 million increase in acquisition and integration costs. For further details, refer to the discussion above under "Results of Operations." The increase in other expense of $59 million was primarily driven by amounts recorded pursuant to the 2012 Tax Sharing Agreement.

For fiscal year 2013, EBITDA increased $105 million, or 6.6%, as compared with fiscal year 2012. This increase was primarily due to the impact of higher recurring customer revenue, partially offset by the impact of increased cost to serve expenses as discussed above. Additionally other income primarily related to the 2012 Tax Sharing Agreement increased EBITDA for fiscal year 2013 by $24 million. For further details, refer to the discussion above under "Results of Operations."

FCF

(in millions)	2014	2013	2012
Net cash provided by operating activities	$1,519	$1,666	$1,493
Dealer generated customer accounts and bulk account purchases	(526)	(555)	(648)
Subscriber system assets	(658)	(580)	(378)
Capital expenditures	(84)	(71)	(61)
FCF	$ 251	$ 460	$ 406

For fiscal year 2014, FCF decreased $209 million compared with fiscal year 2013. This decrease was primarily due to a $147 million decrease in net cash provided by operating activities, as well as a $78 million increase in cash outlays for subscriber system assets, partially offset by a $29 million decrease in cash paid for dealer generated accounts and bulk account purchases. The decrease in net cash provided by operating activities was driven primarily by a $64 million increase in cash paid for interest, a $63 million increase in taxes paid and the timing of other operating cash payments. The $78 million increase in cash paid for subscriber system assets resulted primarily from an increase in the average cost of installed systems, partially driven by an increase in new ADT Pulse® customers, higher volume of ADT Pulse® upgrades to existing customers and increased promotional activities. The $29 million decrease in cash paid for dealer generated accounts resulted from the lower levels of dealer account production and lower levels of bulk account purchases discussed above under "Results of Operations—Revenue."

For fiscal year 2013, FCF increased $54 million compared with fiscal year 2012. This increase was primarily due to an increase of $173 million in net cash provided by operating activities, which primarily resulted from higher EBITDA and improvements in working capital, and a decrease of $93 million in cash paid for dealer generated customer accounts and bulk account purchases. These factors were partially offset by an increase of $202 million in internally generated subscriber systems and an increase of $10 million in capital expenditures. Approximately $80 million of the increase in internally generated subscriber systems resulted from the mix shift toward more ADT-owned systems and is substantially offset by higher cash flows from operating activities related to increases in deferred subscriber acquisition revenue.

Liquidity and Capital Resources

Liquidity and Cash Flow Analysis

Significant factors driving our liquidity position include cash flows generated from operating activities and investments in internally generated subscriber systems and dealer generated customer accounts. Our cash flows from operations include cash received from monthly recurring revenue and upfront fees received from customers, less cash costs to provide services to our customers, including general and administrative costs and certain costs associated with acquiring new customers. Historically, we have generated and expect to continue to generate positive cash flow from operations. Prior to the Separation, our cash was regularly “swept” by Tyco at its discretion in conjunction with its centralized approach to cash management and financing of operations. For fiscal year 2012 transfers of cash both to and from Tyco’s cash management system are reflected as changes in parent company investment in the Consolidated and Combined Statements of Cash Flows.

Liquidity

At September 26, 2014, we had $66 million in cash and cash equivalents and another $375 million available under our $750 million revolving credit facility. Our primary future cash needs are centered on operating activities, working capital, capital expenditures, strategic investments and dividends. In addition, we may use cash to repurchase shares of our common stock under our $3 billion share repurchase program. We believe our cash position, amounts available under our revolving credit facility and cash provided by operating activities will be adequate to meet our operational and business needs in the next twelve months.

Revolving Credit Facility—At September 26, 2014, we had $375 million outstanding under our revolving credit facility at an interest rate of 1.606%. During fiscal year 2014, we borrowed $600 million under the revolving credit facility and repaid $375 million funded primarily with a portion of the cash proceeds from the debt issuances described below.

Long Term Debt—In addition to the indebtedness outstanding at September 27, 2013, we issued $1.5 billion aggregate principal amount of senior unsecured notes during fiscal 2014.

On October 1, 2013, we issued $1.0 billion aggregate principal amount of 6.250% senior unsecured notes due October 2021 to certain institutional investors pursuant to certain exemptions from registration under the Securities Act of 1933, as amended (the “October 2013 Debt Offering”). Net cash proceeds from the issuance of this term indebtedness totaled $987 million, of which $150 million was used to repay the outstanding borrowings under our revolving credit facility as of September 27, 2013. The remaining net proceeds were used primarily for repurchases of outstanding shares of our common stock. Interest is payable on April 15 and October 15 of each year, and commenced on April 15, 2014. We may redeem the notes, in whole or in part, at any time prior to the maturity date at a redemption price equal to the greater of the principal amount of the notes to be redeemed, or a make-whole premium, plus in each case, accrued and unpaid interest to, but excluding, the redemption date.

In connection with our October 2013 Debt Offering, we entered into an exchange and registration rights agreement with the initial purchasers of the notes. Under this agreement, we were obligated to file a registration statement for an offer to exchange the notes for a new issue of substantially identical notes registered under the Securities Act of 1933, as amended. Alternatively, we were required to file a shelf registration statement to cover resales of such notes if the exchange offer was not completed within 365 days after closing of the initial notes issuance and the offer to exchange the notes had not been completed within 30 business days of the effective time and date of the registration statement. On April 4, 2014, we commenced an offer to exchange the $1 billion notes issued in October 2013. This exchange offer was completed on May 9, 2014.

On March 19, 2014, we completed a public offering of $500 million of our 4.125% senior unsecured notes due April 2019 (the "March 2014 Debt Offering"). Net cash proceeds from the issuance of this term indebtedness totaled $493 million, of which $200 million was used to repay the majority of the outstanding borrowings under our revolving credit facility as of December 27, 2013. The remaining net proceeds were used primarily for general corporate purposes and for repurchases of outstanding shares of our common stock. Interest is payable on April 15 and October 15 of each year, and commenced on October 15, 2014. We may redeem the notes, in whole or in part, at any time prior to the maturity date at a redemption price equal to the greater of the principal amount of the notes to be redeemed, or a make-whole premium, plus in each case, accrued and unpaid interest to, but excluding, the redemption date.

As of September 26, 2014, we were in compliance with all financial covenants related to our debt issuances.

Share Repurchases

On November 18, 2013, our board of directors authorized a $1 billion increase to the $2 billion, three-year share repurchase program that was previously approved on November 26, 2012. This repurchase program expires November 26, 2015. Pursuant to this approval, we may enter into accelerated share repurchase plans as well as repurchase shares on the open market. During fiscal year 2014, we made open market repurchases of 14.0 million shares of our common stock at an average price of $35.72 per share. The total cost of open market repurchases for fiscal year 2014 was approximately $500 million, all of which was paid during the period.

On November 19, 2013, we entered into an accelerated share repurchase agreement under which we paid $400 million for an initial delivery of approximately 8 million shares of our common stock. This accelerated share repurchase program was completed on February 25, 2014. In total, we repurchased 10.9 million shares of our common stock at an average price of $36.86 per share under this accelerated share repurchase agreement.

On November 24, 2013, we entered into a Share Repurchase Agreement ("Share Repurchase Agreement") with Corvex. Pursuant to the Share Repurchase Agreement, we repurchased 10.2 million shares from Corvex for a price per share equal to $44.01, resulting in $451 million of cash paid during the quarter ended December 27, 2013.

As of September 26, 2014 we had $381 million remaining under the previously approved $3 billion share repurchase program.

Dividends

During fiscal year 2014 our board of directors declared the following four dividends on our common stock of $0.20 per share:

Dividend Declared Date	Dividend Paid Date	To Stockholders on Record as of
January 9, 2014	February 19, 2014	January 29, 2014
March 13, 2014	May 21, 2014	April 30, 2014
July 18, 2014	August 20, 2014	July 30, 2014
September 19, 2014	November 19, 2014	October 29, 2014

Whether our board of directors exercises its discretion to approve any dividends in the future will depend on many factors, including our financial condition, capital requirements of our business, covenants associated with debt obligations, legal requirements, regulatory constraints, industry practice and other factors that our board of directors deems relevant. Therefore, we can make no assurance that we will pay a dividend in the future.

Cash Flows from Operating Activities

For fiscal years 2014, 2013 and 2012, we reported net cash provided by operating activities of $1.5 billion, $1.7 billion and $1.5 billion, respectively. See discussion of changes in net cash provided by operating activities included in FCF under "Results of Operations—Non-GAAP Measures."

Cash Flows from Investing Activities

(in millions)	2014	2013	2012
Net cash used in investing activities	$(1,792)	$(1,394)	$(1,096)

In order to maintain and grow our customer base and to expand our infrastructure, we typically reinvest the cash provided by our operating activities into our business. These investments are intended to enhance the overall customer experience, improve productivity of our field workforce and support greater efficiency of our back office systems and our customer care centers. For fiscal years 2014, 2013 and 2012, our investing activities consisted of subscriber system asset additions and capital expenditures totaling $742 million, $651 million and $439 million, respectively. Additionally, during fiscal years 2014, 2013 and 2012, we paid $526 million, $555 million and $648 million, respectively, for customer contracts for electronic security services generated under the ADT dealer program and bulk account purchases. See discussion included in FCF under "Results of Operations—Non-GAAP Measures" for further information. During fiscal year 2014, we completed the acquisition of Protectron, resulting in cash paid, net of cash acquired, of $517 million. Additionally, during fiscal year 2013, we completed the acquisitions of Absolute Security and Devcon Security, resulting in cash paid, net of cash acquired, of $16 million and $146 million, respectively.

Cash Flows from Financing Activities

(in millions)	2014	2013	2012
Net cash provided by (used in) financing activities	$202	$(366)	$(231)

For fiscal year 2014, the net cash provided by financing activities was largely the result of the net proceeds from our $1 billion October 2013 Debt Offering and our $500 million March 2014 Debt Offering. This was partially offset by $1.4 billion in repurchases of our common stock under our approved share repurchase program, which were primarily funded with a portion of the net proceeds from our October 2013 Debt Offering and cash provided by operations. Other sources and uses of cash included net borrowings of $225 million on our revolving credit facility, $17 million in proceeds received from the exercise of stock options and $132 million in dividend payments on our common stock.

For fiscal year 2013, the net cash used in financing activities was primarily the result of $1.2 billion in repurchases of our common stock under our approved share repurchase program, which were partially funded with the net proceeds from our $700 million January 2013 Debt Offering. Also, during the fourth quarter of fiscal year 2013, we borrowed $150 million on our revolving credit facility. During fiscal year 2013, we paid $112 million in dividends on our common stock and $6 million for share repurchases related to shares purchased from employees to cover tax withholdings. We also received $85 million in proceeds from the exercise of stock options and $61 million in funds from Tyco and Pentair, which related to the allocation of funds between the companies as outlined in the Separation and Distribution Agreement between Tyco and ADT.

For fiscal year 2012, the net cash used in financing activities was primarily the result of changes in parent company investment of $1.1 billion and changes in balances due to (from) Tyco and affiliates of $63 million, which were substantially offset by the net proceeds received on our issuance of $2.5 billion in long-term debt and the removal of $1.5 billion in allocated debt from Tyco.

Commitments and Contractual Obligations

The following table provides a summary of our contractual obligations and commitments for debt, minimum lease payment obligations under non-cancelable leases and other obligations as of September 26, 2014.

(in millions)	2015	2016	2017	2018	2019	Thereafter	Total
Long-term debt(1)	$ 1	$ 1	$1,126	$—	$500	$3,450	$5,078
Interest payments(2)	205	203	202	184	184	1,216	2,194
Operating leases	65	52	39	33	21	45	255
Capital leases	6	6	6	6	6	14	44
Purchase obligations(3)	48	9	4	—	—	—	61
Total contractual cash obligations(4)	$325	$271	$1,377	$223	$711	$4,725	$7,632

(1) Long-term debt obligations consist primarily of our senior unsecured notes and revolving credit facility and exclude debt discount and interest.

(2) Interest payments consist primarily of interest on our fixed-rate debt.

(3) Purchase obligations consist of commitments for purchases of goods and services.

(4) Total contractual cash obligations in the table above exclude income taxes as we are unable to make a reasonably reliable estimate of the timing for the remaining payments in future years. As of September 26, 2014, we recorded gross unrecognized tax benefits of $49 million and gross interest and penalties of $2 million. See Note 6 to the Consolidated and Combined Financial Statements for further information.

As of September 26, 2014, standby letters of credit related to our insurance programs were immaterial.

Off-Balance Sheet Arrangements

As of September 26, 2014, we had no material off-balance sheet arrangements.

Critical Accounting Policies and Estimates

The preparation of the Consolidated and Combined Financial Statements in conformity with U.S. GAAP requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses. The following accounting policies are based on, among other things, judgments and assumptions made by management that include inherent risks and uncertainties. Management's estimates are based on the relevant information available at the end of each period.

Revenue Recognition

Substantially all of our revenue is generated by contractual monthly recurring fees received for monitoring services provided to customers. Revenue from monitoring services is recognized as those services are provided to customers. Customer billings for services not yet rendered are deferred and recognized as revenue as the services are rendered. The balance of deferred revenue is included in current liabilities or long-term liabilities, as appropriate.

For transactions in which we retain ownership of the security system, non-refundable fees (referred to as deferred subscriber acquisition revenue) received in connection with the initiation of a monitoring contract are deferred and amortized over the estimated life of the customer relationship. Transactions in which we transfer ownership of the security system to the customer occur only in certain limited circumstances.

Early termination of the contract by the customer results in a termination charge in accordance with the customer contract, which is recognized when collectability is reasonably assured.

Subscriber System Assets, Deferred Subscriber Customer Acquisition Costs and Dealer Intangibles

We record certain assets in connection with the acquisition of new customers depending on how the accounts are generated: subscriber system assets and related deferred subscriber acquisition costs for customer accounts generated internally, and dealer intangibles for customer accounts that are generated through the ADT dealer program. Subscriber system assets represent capitalized equipment and installation costs incurred in connection with transactions in which we retain ownership of the security system. Deferred subscriber acquisition costs represent direct and incremental selling expenses (i.e. commissions) related to acquiring the customer and do not exceed deferred subscriber acquisition revenue. Dealer intangibles represent contracts and related customer relationships generated through the ADT dealer program which are recorded upon acquisition at their contractually determined purchase price.

Dealer intangibles, subscriber system assets and related deferred subscriber acquisition costs and revenue are accounted for using pools based on the month and year of customer acquisition. We amortize these pooled assets using an accelerated method over the expected life of the customer relationship, which is 15 years. We periodically perform lifing studies to estimate the expected life of the customer relationship and the attrition pattern of our customers. The lifing studies are based on historical customer terminations and are used to establish the amortization rates of our customer account pools in order to reflect the pattern of future benefit. The results of the lifing studies indicate that we can expect attrition to be greatest in the initial years of asset life; therefore, an accelerated method best matches the future amortization cost with the estimated revenue stream from these customer pools.

Loss Contingencies

We record accruals for various contingencies including legal proceedings and other claims that arise in the normal course of business. The accruals are based on judgment, the probability of losses and, where applicable, the consideration of opinions of internal and/or external legal counsel and actuarially determined estimates. We record an accrual when a loss is deemed probable to occur and is reasonably estimable. Additionally, we record insurance recovery receivables from third-party insurers when recovery has been determined to be probable.

Acquisitions

We account for acquired businesses using the purchase method of accounting. Under the purchase method, our Consolidated and Combined Financial Statements reflect the operations of an acquired business starting from the completion of the acquisition. In addition, the assets acquired and liabilities assumed are recorded at the date of acquisition at their estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant items. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management, but are inherently uncertain.

Goodwill

We assess goodwill for impairment annually and more frequently if events or changes in business circumstances indicate that it is more likely than not that the carrying value of a reporting unit exceeds its fair value. In performing these assessments, management relies on various factors, including operating results, business plans, economic projections, anticipated future cash flows and other market data.

We recorded no goodwill impairments in conjunction with our annual goodwill impairment assessment, performed as of the first day of the fourth quarter of fiscal year 2014. While historical performance and current expectations have resulted in fair values of goodwill in excess of carrying values, if our assumptions are not realized, it is possible that in the future an impairment charge may need to be recorded. However, it is not possible at this time to determine whether an impairment charge would result or if such a charge would be material. We will continue to monitor the recoverability of our goodwill.

Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be accurate predictions of the future. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of the business may include such items as: a prolonged downturn in the business environment (i.e. sales volumes and prices), changes in economic conditions that significantly differ from our assumptions in timing or degree, volatility in equity and debt markets resulting in higher discount rates and unexpected regulatory changes.

Long-Lived Assets

We review long lived assets held and used by us, including property and equipment and amortizable intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the asset group may not be fully recoverable. If an impairment is determined to exist, we calculate any related impairment loss based on fair value.

Impairments on long-lived assets to be disposed of are determined based upon the fair value less cost to sell of the applicable assets. The calculation of the fair value of long-lived assets is based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk.

Income Taxes

For purposes of our Consolidated and Combined Financial Statements for periods prior to the Separation, income tax expense, deferred tax balances and tax carryforwards were recorded as if ADT filed tax returns on a standalone basis separate from Tyco ("Separate Return Method"). The Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for the periods prior to the Separation. The deferred tax balances reflected in our Consolidated Balance Sheets as of September 26, 2014 and September 27, 2013 have been recorded on a consolidated return basis. The calculation of income taxes for the Company requires a considerable amount of judgment and use of both estimates and allocations. Prior to the Separation, we primarily operated within a Tyco U.S. consolidated group and within a standalone Canadian entity. In certain instances, tax losses or credits generated by Tyco's other businesses continue to be available to us in periods after the Separation.

In determining taxable income for our Consolidated and Combined Financial Statements, we must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain of the deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenue and expense.

In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence including our past operating results, the existence of cumulative losses in the most recent years and our forecast of future taxable income. In estimating future taxable income, we develop assumptions including the amount of future pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage our underlying businesses.

We do not have any significant valuation allowances against our net deferred tax assets.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management records the effect of a tax rate or law change on our deferred tax assets and liabilities in the period of enactment. Future tax rate or law changes could have a material effect on our results of operations, financial condition or cash flows.

In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations in the United States and Canada. We recognize potential liabilities and record tax liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes will be due. These tax liabilities are reflected net of related tax loss carryforwards. We adjust these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. If our estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary.

Accounting Pronouncements

See Note 1 to the Consolidated and Combined Financial Statements for information about recent accounting pronouncements.

Cautionary Statement Regarding Forward-Looking Statements

This report contains certain information that may constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. While we have specifically identified certain information as being forward-looking in the context of its presentation, we caution you that all statements contained in this report that are not clearly historical in nature, including statements regarding business strategies, market potential, future financial performance, the effects of the separation of ADT from Tyco and other matters, are forward-looking. Without limiting the generality of the preceding sentence, any time we use the words “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and similar expressions, we intend to clearly express that the information deals with possible future events and is forward-looking in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

Forward-looking information involves risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements. Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. Much of the information in this report that looks towards future performance of the Company is based on various factors and important assumptions about future events that may or may not actually occur. As a result, our operations and financial results in the future could differ materially and substantially from those we have discussed in the forward-looking statements included in this report. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our operations include activities in the United States and Canada. These operations expose us to a variety of market risks, including the effects of changes in interest rates and foreign currency exchange rates. We monitor and manage these financial exposures as an integral part of our overall risk management program. Our policies allow for the use of specified financial instruments for hedging purposes only. Use of derivatives for speculation purposes is prohibited.

Interest Rate Risk

We have long term debt which includes fixed rate debt and a revolving credit facility that bears interest based on floating London Interbank Offered Rate ("LIBOR"). As a result, we are exposed to fluctuations in interest rates on our long term debt. Long term debt excluding capital lease and other long term obligations was $5.1 billion and $3.3 billion as of September 26, 2014 and September 27, 2013, respectively. See "Item 7. Liquidity and Capital Resources" for more information on our debt offerings and any outstanding debt. As of September 26, 2014, a hypothetical 10% increase or decrease in interest rates would change the fair value of our fixed rate debt by approximately $151 million and would not materially impact earnings or cash flows. As of September 26, 2014, the exposure associated with our variable rate borrowings to a hypothetical 10% increase or decrease in interest rates was not material to earnings, fair values or cash flows.

To help manage borrowing costs, we may from time to time enter into interest rate swap transactions with financial institutions acting as principal counterparties. During the year ended September 26, 2014, we entered into interest rate swap transactions to hedge $1 billion of our fixed rate debt. The interest rate swap transactions are designated as fair value hedges, with the objective of managing the exposure to interest rate risk by converting the interest rates on the fixed-rate notes to floating rates. As of September 26, 2014, our exposure to a hypothetical 10% increase or decrease in interest rates was not material to earnings, fair values or cash flows associated with the swap contracts.

Foreign Currency Risk

We have exposure to the effects of foreign currency exchange rate fluctuations on the results of our Canadian operations. Our Canadian operations use the Canadian dollar to conduct business, but our results are reported in U.S. dollars.

We are periodically exposed to the foreign currency rate fluctuations that affect transactions not denominated in the functional currency of our U.S. and Canadian operations. We may from time to time use financial derivatives, which may include forward foreign currency exchange contracts and foreign currency options, to hedge this risk. We generally do not hedge investments in foreign subsidiaries since such investments are long-term in nature. We hedge our exposure to fluctuations in foreign currency exchange rates through the use of forward foreign currency exchange contracts.

During fiscal year 2014, our largest exposure to foreign exchange rates existed with the Canadian dollar against the U.S. dollar. As of September 26, 2014, our exposure to a hypothetical 10% increase or decrease in the value of the U.S. dollar relative to the Canadian dollar exchange rate was not material to earnings, fair values or cash flows.

Item 8. Financial Statements and Supplementary Data.

The following consolidated and combined financial statements and schedule specified by this Item, together with the report thereon of Deloitte & Touche LLP, are presented following Item 15 of this report:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of September 26, 2014 and September 27, 2013
- Consolidated and Combined Statements of Operations for the years ended September 26, 2014, September 27, 2013 and September 28, 2012
- Consolidated and Combined Statements of Comprehensive Income for the years ended September 26, 2014, September 27, 2013 and September 28, 2012
- Consolidated and Combined Statements of Stockholders' Equity for the years ended September 26, 2014, September 27, 2013 and September 28, 2012
- Consolidated and Combined Statements of Cash Flows for the years ended September 26, 2014, September 27, 2013 and September 28, 2012
- Notes to Consolidated and Combined Financial Statements
- Financial Statement Schedule:

  Schedule II—Valuation and Qualifying Accounts

All other financial statements and schedules have been omitted since the information required to be submitted has been included in the Consolidated and Combined Financial Statements and related Notes or because they are either not applicable or not required under the rules of Regulation S-X.

Information on quarterly results of operations is set forth in Note 13 to the Consolidated and Combined Financial Statements.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives and management necessarily applies its judgment in evaluating the possible controls and procedures. Each reporting period, we carry out an evaluation, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

Based on management's evaluation, our principal executive officer and principal financial officer have concluded that, as of September 26, 2014, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the

Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In accordance with the SEC's published guidance, the internal control over financial reporting of Protectron, which was acquired on July 8, 2014, was excluded from our evaluation of the effectiveness of our disclosure controls and procedures as of September 26, 2014. As of September 26, 2014, Protectron's assets and equity represent approximately 5.8% and 6.7% of our assets and equity, respectively. For fiscal year 2014, Protectron's revenue and net income each represent approximately 1.0% of our revenue and net income.

Changes in Internal Controls

There have been no changes in our internal control over financial reporting that occurred during the fiscal quarter ended September 26, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the registrant, as defined under Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of September 26, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (1992)*. In accordance with the SEC's published guidance, the internal control over financial reporting of Protectron, which was acquired on July 8, 2014, was excluded from our evaluation of the effectiveness of our internal control over financial reporting as of September 26, 2014. As of September 26, 2014, Protectron's assets and equity represent approximately 5.8% and 6.7% of our assets and equity, respectively. For fiscal year 2014, Protectron's revenue and net income each represent approximately 1.0% of our revenue and net income. Based on our assessment, management has concluded that the Company's internal control over financial reporting was effective as of September 26, 2014.

Our internal control over financial reporting as of September 26, 2014, has been audited by Deloitte & Touche LLP, our independent registered public accounting firm, as stated in their report provided following the Index to Consolidated and Combined Financial Statements, which is presented following Item 15 of this report.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Incorporated herein by reference is the text to be included under the captions "Corporate Governance of the Company—Board of Directors" (including all sub-captions thereunder), "Proposal Number One—Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance," and "Corporate Governance of the Company—Director Nomination Process" to be included in our definitive proxy statement ("2015 Proxy Statement") for our 2015 Annual Meeting of Stockholders, which will be filed with the SEC within 120 days after the end of our fiscal year covered by this report. Also incorporated herein by reference is information concerning our executive officers which is found in Item 1 of this Annual Report on Form 10-K under the caption "Executive Officers of the Registrant."

ADT's Code of Conduct, which applies to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, as well as all other employees and directors of ADT, meets the requirements of a "code of ethics" as defined by Item 406 of Regulation S-K. Our Code of Conduct also meets the requirements of a code of business conduct and ethics under the listing standards of the New York Stock Exchange, Inc. Our Code of Conduct is posted on the "Investor Relations" section of our website at www.adt.com under the heading "Corporate Governance." We will also provide a copy of our Code of Conduct to stockholders upon request. We disclose, if required, any amendments to our Code of Conduct, as well as any waivers for executive officers or directors, on our website.

Item 11. Executive Compensation.

Incorporated herein by reference is the text to be included under the captions "Compensation of Executive Officers," "Compensation Discussion and Analysis" (and all sub-captions thereunder), "Report of the Compensation Committee," "Compensation Committee Interlocks and Insider Participation," "Fiscal Year 2014 NEO Compensation" (and all sub-captions thereunder) and "Compensation of Non-Management Directors" in our 2015 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Incorporated herein by reference is the text to be included under the caption "Security Ownership of Certain Beneficial Owners and Management" in our 2015 Proxy Statement. Also incorporated herein by reference is information concerning compensation plans under which our equity securities are authorized for issuance which is found in Item 5 of this Annual Report on Form 10-K under the caption "Securities Authorized for Issuance Under Equity Compensation Plans."

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Incorporated herein by reference is the text to be included under the captions "Corporate Governance of the Company—Board of Directors" (including all sub-captions thereunder), "Corporate Governance of the Company—Director Independence," "Corporate Governance of the Company—Guidelines for Related Party Transactions" and "Other Matters—Certain Relationships and Related Party Transactions" in our 2015 Proxy Statement.

Item 14. Principal Accountant Fees and Services.

Incorporated herein by reference is the text to be included under the caption "Proposal Number Two—Ratification of the Appointment of Independent Registered Public Accounting Firm" (including all sub-captions thereunder) in our 2015 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this report:

1. The financial statements listed in the "Index to Consolidated and Combined Financial Statements"
2. The financial statement schedules listed in the "Index to Consolidated and Combined Financial Statements"
3. The exhibits listed in the "Index to Exhibits"

(b) See Item 15(a)(3)

(c) See Item 15(a)(2)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE ADT CORPORATION

Date: November 12, 2014

By: /s/ Michael Geltzeiler

Michael Geltzeiler
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Capacity	
/s/ Naren Gursahaney Naren Gursahaney	Chief Executive Officer and Director (Principal Executive Officer)	November 12, 2014 Date
/s/ Michael Geltzeiler Michael Geltzeiler	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	November 12, 2014 Date
/s/ Michele Kirse Michele Kirse	Senior Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	November 12, 2014 Date
* Thomas Colligan	Director	November 12, 2014 Date
* Richard J. Daly	Director	November 12, 2014 Date
* Timothy Donahue	Director	November 12, 2014 Date
* Robert Dutkowsky	Director	November 12, 2014 Date
* Bruce Gordon	Director	November 12, 2014 Date
* Bridgette Heller	Director	November 12, 2014 Date
* Kathleen Hyle	Director	November 12, 2014 Date
* /s/ Michael Geltzeiler Michael Geltzeiler Attorney-in-fact		November 12, 2014 Date

THE ADT CORPORATION
INDEX TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

FORM 10-K

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The ADT Corporation
Boca Raton, Florida

We have audited the accompanying consolidated balance sheets of The ADT Corporation and subsidiaries (previously the North American Residential Security Business of Tyco International Ltd.) (the "Company") as of September 26, 2014 and September 27, 2013, and the related consolidated and combined statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three fiscal years in the period ended September 26, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of The ADT Corporation and subsidiaries as of September 26, 2014 and September 27, 2013, and the results of their operations and their cash flows for each of the three fiscal years in the period ended September 26, 2014, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated and combined financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated and combined financial statements, prior to the separation of the Company from Tyco International Ltd. ("Tyco"), the Company was comprised of the assets and liabilities used in managing and operating the North American Residential Security Business of Tyco. For periods prior to the separation of the Company from Tyco, the consolidated and combined financial statements also include allocations from Tyco. These allocations may not be reflective of the actual level of assets, liabilities, or costs which would have been incurred had the Company operated as a separate entity apart from Tyco.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 26, 2014, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 12, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Boca Raton, Florida
November 12, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of The ADT Corporation
Boca Raton, Florida

We have audited the internal control over financial reporting of The ADT Corporation and subsidiaries (the "Company") as of September 26, 2014, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in *Management's Report on Internal Control over Financial Reporting,* management excluded from its assessment the internal control over financial reporting at Reliance Protectron, Inc. ("Protectron"), which was acquired on July 8, 2014 and whose financial statements constitute approximately 5.8% of total assets, 6.7% of net assets, 1.0% of total revenues, and 1.0% of net income of the consolidated financial statement amounts as of and for the fiscal year ended September 26, 2014. Accordingly, our audit did not include the internal control over financial reporting at Protectron. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 26, 2014, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated and combined financial statements and financial statement schedule as of and for the fiscal year ended September 26, 2014 of the Company and our report dated November 12, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP
Certified Public Accountants

Boca Raton, Florida
November 12, 2014

THE ADT CORPORATION
CONSOLIDATED BALANCE SHEETS
As of September 26, 2014 and September 27, 2013
(in millions, except share and per share data)

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 66	$ 138
Accounts receivable trade, less allowance for doubtful accounts of $24 and $27, respectively	101	86
Inventories	76	66
Prepaid expenses and other current assets	55	85
Deferred income taxes	111	205
Total current assets	409	580
Property and equipment, net	265	235
Subscriber system assets, net	2,260	2,002
Goodwill	3,738	3,476
Intangible assets, net	3,120	2,922
Deferred subscriber acquisition costs, net	571	520
Other assets	186	178
Total Assets	$10,549	$9,913
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current maturities of long-term debt	$ 4	$ 3
Accounts payable	208	203
Accrued and other current liabilities	253	264
Income taxes payable	7	43
Deferred revenue	236	245
Total current liabilities	708	758
Long-term debt	5,096	3,373
Deferred subscriber acquisition revenue	838	769
Deferred tax liabilities	651	551
Other liabilities	128	140
Total Liabilities	7,421	5,591
Commitments and contingencies (See Note 7)		
Stockholders' Equity:		
Common stock – authorized 1,000,000,000 shares of $0.01 par value; issued and outstanding shares – 174,109,318 as of September 26, 2014 and 208,980,690 as of September 27, 2013	2	2
Additional paid-in capital	2,643	3,957
Retained earnings	445	283
Accumulated other comprehensive income	38	80
Total Stockholders' Equity	3,128	4,322
Total Liabilities and Stockholders' Equity	$10,549	$9,913

See Notes to Consolidated and Combined Financial Statements

THE ADT CORPORATION
CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS
Fiscal Years Ended September 26, 2014, September 27, 2013 and September 28, 2012
(in millions, except per share data)

	2014	2013	2012
Revenue	$3,408	$3,309	$3,228
Cost of revenue	1,457	1,378	1,374
Selling, general and administrative expenses	1,231	1,173	1,125
Radio conversion costs (See Note 1)	44	—	—
Separation costs (See Note 1)	17	23	7
Operating income	659	735	722
Interest expense, net	(192)	(117)	(92)
Other (expense) income	(35)	24	—
Income before income taxes	432	642	630
Income tax expense	(128)	(221)	(236)
Net income	$ 304	$ 421	$ 394
Net income per share:			
Basic	$ 1.67	$ 1.90	$ 1.70
Diluted	$ 1.66	$ 1.88	$ 1.67
Weighted-average number of shares:			
Basic	182	222	232
Diluted	183	224	236

See Notes to Consolidated and Combined Financial Statements

FORM 10-K

THE ADT CORPORATION
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME
Fiscal Years Ended September 26, 2014, September 27, 2013 and September 28, 2012
(in millions)

	2014	2013	2012
Net income	$304	$421	$394
Other comprehensive (loss) income:			
Foreign currency translation and other, net of tax	(42)	(13)	14
Total other comprehensive (loss) income, net of tax	(42)	(13)	14
Comprehensive income	$262	$408	$408

See Notes to Consolidated and Combined Financial Statements

FORM 10-K

THE ADT CORPORATION
CONSOLIDATED AND COMBINED STATEMENTS OF STOCKHOLDERS' EQUITY
Fiscal Years Ended September 26, 2014, September 27, 2013 and September 28, 2012
(in millions)

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Parent Company Investment	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance as of September 30, 2011	—	$—	$ —	$ 5,152	$ 79	$ 5,231
Comprehensive income:						
Other comprehensive income					14	14
Net income				394		394
Conversion of parent company investment	231	2	5,062	(5,546)		(482)
Balance as of September 28, 2012	231	$ 2	$ 5,062	$ —	$ 93	$ 5,157

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance as of September 28, 2012	231	$ 2	$ 5,062	$ —	$ 93	$ 5,157
Comprehensive income (loss):						
Other comprehensive loss					(13)	(13)
Net income				421		421
Dividends declared ($0.625 per share)				(138)		(138)
Common stock repurchases	(27)		(1,274)			(1,274)
Exercise of stock options and vesting of restricted stock units	5		85			85
Stock-based compensation expense			19			19
Separation-related adjustments to additional paid-in capital			65			65
Balance as of September 27, 2013	209	2	3,957	283	80	4,322
Comprehensive income (loss):						
Other comprehensive loss					(42)	(42)
Net income				304		304
Dividends declared ($0.80 per share)				(142)		(142)
Common stock repurchases	(36)		(1,353)			(1,353)
Exercise of stock options and vesting of restricted stock units	1		17			17
Stock-based compensation expense			20			20
Other			2			2
Balance as of September 26, 2014	174	$ 2	$ 2,643	$ 445	$ 38	$ 3,128

See Notes to Consolidated and Combined Financial Statements

FORM 10-K

THE ADT CORPORATION
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
Fiscal Years Ended September 26, 2014, September 27, 2013 and September 28, 2012
(in millions)

	2014	2013	2012
Cash Flows from Operating Activities:			
Net income	$ 304	$ 421	$ 394
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and intangible asset amortization	1,040	942	871
Amortization of deferred subscriber acquisition costs	131	123	111
Amortization of deferred subscriber acquisition revenue	(151)	(135)	(120)
Stock-based compensation expense	20	19	7
Deferred income taxes	123	207	22
Provision for losses on accounts receivable and inventory	41	51	53
Other non-cash items	3	7	12
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Accounts receivable, net	(52)	(55)	(33)
Inventories	(5)	(25)	(30)
Accounts payable	(18)	58	(9)
Accrued and other liabilities	(7)	35	19
Income taxes, net	(30)	16	184
Deferred subscriber acquisition costs	(184)	(181)	(147)
Deferred subscriber acquisition revenue	226	232	161
Other	78	(49)	(2)
Net cash provided by operating activities	1,519	1,666	1,493
Cash Flows from Investing Activities:			
Dealer generated customer accounts and bulk account purchases	(526)	(555)	(648)
Subscriber system assets	(658)	(580)	(378)
Capital expenditures	(84)	(71)	(61)
Acquisition of businesses, net of cash acquired	(517)	(162)	—
Other investing	(7)	(26)	(9)
Net cash used in investing activities	(1,792)	(1,394)	(1,096)
Cash Flows from Financing Activities:			
Proceeds from exercise of stock options	17	85	—
Repurchases of common stock under approved program	(1,384)	(1,235)	—
Dividends paid	(132)	(112)	—
Proceeds received for allocation of funds related to the Separation	—	61	—
Proceeds from long-term borrowings	2,100	850	2,489
Repayment of long-term debt	(378)	(3)	(1)
Allocated debt activity	—	—	(1,482)
Change in parent company investment	—	—	(1,148)
Change in due to from Tyco and affiliates	—	—	(63)
Other financing	(21)	(12)	(26)
Net cash provided by (used in) financing activities	202	(366)	(231)
Effect of currency translation on cash	(1)	(2)	3
Net (decrease) increase in cash and cash equivalents	(72)	(96)	169
Cash and cash equivalents at beginning of year	138	234	65
Cash and cash equivalents at end of year	$ 66	$ 138	$ 234
Supplementary Cash Flow Information:			
Interest paid	$ 171	$ 107	$ 83
Income taxes paid, net of refunds	61	(2)	30

See Notes to Consolidated and Combined Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Nature of Business—The ADT Corporation ("ADT" or the "Company"), a company incorporated in the state of Delaware, is a leading provider of monitored security, interactive home and business automation and related monitoring services in the United States and Canada.

Separation from Tyco International Ltd.—On September 19, 2011, Tyco International Ltd. ("Tyco" or "Parent") announced that its board of directors had approved a plan to separate Tyco into three separate, publicly traded companies, identifying the ADT North American Residential Security Business of Tyco as one of those three companies. In conjunction with this plan, prior to September 28, 2012, Tyco transferred the equity interests of the entities that held all of the assets and liabilities of its residential and small business security business in the United States and Canada to ADT. Effective on September 28, 2012 (the "Distribution Date"), Tyco distributed all of its shares of ADT to Tyco's stockholders of record as of the close of business on September 17, 2012 (the "Separation"). On the Distribution Date, each of the stockholders of Tyco received one share of ADT common stock for every two shares of common stock of Tyco held on September 17, 2012.

The Separation was completed pursuant to the Separation and Distribution Agreement, dated as of September 26, 2012, between Tyco and ADT (the "2012 Separation and Distribution Agreement"). This agreement provided for the allocation to ADT of certain of Tyco's assets, liabilities and obligations attributable to periods prior to the Separation, which is reflected in the Company's Consolidated Balance Sheet as of September 28, 2012.

Basis of Presentation—The Consolidated and Combined Financial Statements have been prepared in United States dollars ("USD") and in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Unless otherwise indicated, references to 2014, 2013 and 2012 are to the Company's fiscal years ended September 26, 2014, September 27, 2013 and September 28, 2012, respectively.

The Consolidated and Combined Financial Statements reflect the Company's financial position, results of operations and cash flows in conformity with GAAP. The Consolidated Balance Sheets as of September 26, 2014 and September 27, 2013 reflect the consolidated financial position of ADT and its subsidiaries as an independent publicly-traded company. Additionally, the Company's Statements of Operations, Comprehensive Income and Cash Flows for the years ended September 26, 2014 and September 27, 2013 reflect ADT's consolidated operations and cash flows as a standalone company. Prior to the Separation, the Company's financial position, results of operations and cash flows consisted of Tyco's residential and small business security business in the United States, Canada and certain U.S. territories and were derived from Tyco's historical accounting records and presented on a carve-out basis. As such, the Company's Statements of Operations, Comprehensive Income and Cash Flows for fiscal year 2012 consist of the combined results of operations and cash flows of the ADT North American Residential Security Business of Tyco.

For periods prior to the Separation, the Company's financial statements included allocations of certain working capital, property and equipment, and operating expense balances. In addition, debt and related interest expense as well as certain general corporate overhead expenses were allocated by Tyco to the Company for the financial statements presented on a carve-out basis. The allocation of corporate overhead expenses from Tyco was based on the relative proportion of either the Company's headcount or revenue to Tyco's consolidated headcount or revenue. Such allocations are believed to be reasonable; however, they may not be indicative of the actual results of the Company had the Company been operating as an independent, publicly traded company for the periods presented or the amounts that will be incurred by the Company in the future. Corporate overhead expenses primarily related to centralized corporate functions, including finance, treasury, tax, legal, information technology, internal audit, human resources and risk management functions. During fiscal year 2012, the Company was allocated $52 million of general corporate expenses incurred by Tyco which are included within selling, general and administrative expenses in the Consolidated and Combined Statements of Operations. The allocation of interest expense from Tyco was based on an assessment of the Company's share of Tyco's external debt using historical data. During fiscal year 2012, the Company was allocated $64 million of interest expense incurred by Tyco. See Note 5 for information on interest expense.

The Company has a 52- or 53-week fiscal year that ends on the last Friday in September. Fiscal years 2014, 2013 and 2012 were 52-week years.

The Company conducts business in one operating segment, which is identified by the Company based on how resources are allocated and operating decisions are made. Management evaluates performance and allocates resources based on the Company as a whole.

The Company conducts business through its operating entities. All intercompany transactions have been eliminated. The results of companies acquired during the year are included in the Consolidated and Combined Financial Statements from the effective date of acquisition.

Use of Estimates—The preparation of the Consolidated and Combined Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Significant estimates in these Consolidated and Combined Financial Statements include, but are not limited to, estimates of future cash flows and valuation related assumptions associated with asset impairment testing, useful lives and methods for depreciation and amortization, loss contingencies, income taxes and tax valuation allowances and purchase price allocation. Actual results could differ materially from these estimates.

Revenue Recognition—Substantially all of the Company's revenue is generated by contractual monthly recurring fees received for monitoring services provided to customers. Revenue from monitoring services is recognized as those services are provided to customers. Customer billings for services not yet rendered are deferred and recognized as revenue as the services are rendered. The balance of deferred revenue is included in current liabilities or long-term liabilities, as appropriate.

For transactions in which the Company retains ownership of the security system, non-refundable fees (referred to as deferred subscriber acquisition revenue) received in connection with the initiation of a monitoring contract are deferred and amortized over the estimated life of the customer relationship. Transactions in which the Company transfers ownership of the security system to the customer occur only in certain limited circumstances.

Early termination of the contract by the customer results in a termination charge in accordance with the customer contract, which is recognized when collectability is reasonably assured. The amounts of contract termination charges recognized in revenue during fiscal years 2014, 2013 and 2012 were not material.

Advertising—Advertising costs which amounted to $168 million, $163 million and $155 million for fiscal years 2014, 2013 and 2012, respectively, are expensed when incurred and are included in selling, general and administrative expenses.

Radio Conversion Costs—During fiscal year 2013, the Company implemented a three-year conversion program to replace 2G cellular technology used in many of its security systems. During fiscal year 2014, the Company incurred charges related to the conversion program of $44 million. There were no charges incurred for fiscal year 2013. These costs are reflected in radio conversion costs in the Consolidated and Combined Statements of Operations.

Separation Costs—Charges incurred directly related to the Separation are reflected in Separation costs in the Company's Consolidated and Combined Statements of Operations.

Other (Expense) Income—During fiscal year 2014, the Company recorded $35 million of other expense, which is comprised primarily of $38 million of non-taxable expense representing a reduction in the receivable from Tyco pursuant to the tax sharing agreement entered into in conjunction with the Separation largely due to the resolution of certain components of the Company's unrecognized tax benefits. During fiscal year 2013, the Company recorded $24 million of other income, which is comprised primarily of $23 million of non-taxable income recorded pursuant to the tax sharing agreement for amounts owed by Tyco and Pentair Ltd. in connection with the exercise of ADT share based awards held by certain Tyco and Pentair Ltd. employees. See Note 6 for further information.

Translation of Foreign Currency—The Company's Consolidated and Combined Financial Statements are reported in U.S. dollars. A portion of the Company's business is transacted in Canadian dollars. The Company's Canadian entity maintains its records in Canadian dollars. The assets and liabilities are translated into U.S. dollars using rates of exchange at the balance sheet date and translation adjustments are recorded in accumulated other comprehensive income. Revenue and expenses are translated at average rates of exchange in effect during the year.

Cash and Cash Equivalents—All highly liquid investments with original maturities of three months or less from the time of purchase are considered to be cash equivalents.

Allowance for Doubtful Accounts—The allowance for doubtful accounts receivable reflects the best estimate of probable losses inherent in the Company's receivable portfolio determined on the basis of historical experience and other currently available evidence.

Inventories—Inventories are recorded at the lower of cost or market value. Cost is computed using standard cost, which approximates average cost. Inventories consisted of the following ($ in millions):

	September 26, 2014	September 27, 2013
Work in progress	$ 2	$ 3
Finished goods	74	63
Inventories	$76	$66

Property and Equipment, Net—Property and equipment, net is recorded at cost less accumulated depreciation. Depreciation expense on property and equipment for fiscal years 2014, 2013 and 2012 was $70 million, $48 million and $38 million, respectively. Maintenance and repair expenditures are charged to expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and related improvements	Up to 40 years
Leasehold improvements	Lesser of remaining term of the lease or economic useful life
Other machinery, equipment and furniture and fixtures	3 to 14 years

Subscriber System Assets and Deferred Subscriber Acquisition Costs—The Company records certain assets in connection with the acquisition of new customers depending on how the accounts are generated: subscriber system assets and deferred subscriber acquisition costs for customer accounts that are generated internally, and dealer intangibles for customer accounts that are generated through the ADT dealer program.

Subscriber system assets represent capitalized equipment and installation costs incurred in connection with transactions in which the Company retains ownership of the security system. These assets embody a probable future economic benefit as they generate future monitoring revenue for the Company. The Company pays property taxes on the subscriber system assets and upon customer termination, may retrieve such assets. Accumulated depreciation of subscriber system assets was $2.4 billion and $2.2 billion as of September 26, 2014 and September 27, 2013, respectively. Depreciation expense relating to subscriber system assets for fiscal years 2014, 2013 and 2012 was $381 million, $325 million and $287 million, respectively.

Deferred subscriber acquisition costs represent direct and incremental selling expenses (i.e. commissions) related to acquiring the customer. Commissions paid in connection with the establishment of the monitoring contract are determined based on a percentage of the contractual fees and do not exceed deferred subscriber acquisition revenue. Amortization expense relating to deferred subscriber acquisition costs for fiscal years 2014, 2013 and 2012 was $131 million, $123 million and $111 million, respectively.

Subscriber system assets and any related deferred subscriber acquisition costs and deferred subscriber acquisition revenue resulting from the customer acquisition are accounted for using pools based on the month and year of acquisition. The Company amortizes its pooled subscriber system assets and related deferred costs and deferred revenue using an accelerated method over the expected life of the customer relationship, which is 15 years. In order to align the amortization of subscriber system assets and related deferred costs and deferred revenue to the pattern in which their economic benefits are consumed, the accelerated method utilizes an average declining balance rate of 245% and converts to straight-line methodology when the resulting amortization charge is greater than that from the accelerated method, resulting in an average amortization of 59% of the pool within the first five years, 24% within the second five years and 17% within the final five years.

Dealer and Other Amortizable Intangible Assets, Net—Intangible assets primarily include contracts and related customer relationships. Certain contracts and related customer relationships are generated from an external network of independent dealers who operate under the ADT dealer program. These contracts and related customer relationships are recorded at their contractually determined purchase price. During the charge-back period, generally thirteen months, any cancellation of monitoring service, including those that result from customer payment delinquencies, results in a charge-back by the Company to the dealer for the full amount of the contract purchase price. The Company records the amount charged back to the dealer as a reduction of the intangible assets.

Intangible assets arising from the ADT dealer program described above are accounted for using pools based on the month and year of acquisition. The Company amortizes its pooled dealer intangible assets using an accelerated method over the expected life of the customer relationship, which is 15 years. The accelerated method for amortizing these intangible assets utilizes an average declining balance rate of 300% and converts to straight-line methodology when the resulting amortization charge is greater than that from the accelerated method, resulting in an average amortization of 67% of the pool within the first five years, 22% within the second five years and 11% within the final five years.

Other amortizable intangible assets are amortized on a straight-line basis over 5 to 40 years. The Company evaluates the amortization methods and remaining useful lives of intangible assets on a periodic basis to determine whether events and circumstances warrant a revision to the amortization method or remaining useful lives.

Long-Lived Asset Impairments—The Company reviews long-lived assets, including property and equipment and amortizable intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. The Company performs undiscounted operating cash flow analyses to determine if impairment exists. For purposes of recognition and measurement of an impairment for assets held for use, the Company groups assets and liabilities at the lowest level for which cash flows are separately identified. If an impairment is determined to exist, any related impairment loss is calculated based on fair value. Impairment losses on assets to be disposed of, if any, are based on the estimated proceeds to be received, less costs of disposal.

Goodwill—Goodwill is assessed for impairment annually and more frequently if events or changes in business circumstances indicate that it is more likely than not that the carrying value of a reporting unit exceeds its fair value. In performing these assessments, management relies on various factors, including operating results, business plans, economic projections, anticipated future cash flows and other market data. There are inherent uncertainties related to these factors which require judgment in applying them to the testing of goodwill for impairment. The Company performs its annual impairment tests for goodwill as of the first day of the Company's fourth fiscal quarter of each year. See Note 4 for further information.

In testing goodwill for impairment, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of the reporting unit is less than its carrying amount. If the Company elects to perform a qualitative assessment and determines that an impairment is more likely than not, a two-step, quantitative impairment test is then required, otherwise no further analysis is required. The Company also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test.

Under the qualitative goodwill assessment, events and circumstances that would affect the estimated fair value of a reporting unit are identified and evaluated. Factors such as the inputs to and results of the most recent two-step quantitative impairment test, current and long-term forecasted financial results, changes in strategic outlook or organizational structure, industry and market changes, and macroeconomic indicators are also considered in the assessment.

As discussed above, the two-step, quantitative goodwill impairment test is performed either at the Company's election or when the results of the qualitative goodwill assessment indicate that it is more likely than not that the estimated fair value of the reporting unit is less than its carrying amount. Under the two-step, quantitative goodwill impairment test, the Company first compares the fair value of its reporting unit with its carrying amount. The estimated fair value of the reporting unit used in the goodwill impairment test is determined utilizing a discounted cash flow analysis based on the Company's forecasts discounted using market participants' weighted average cost of capital and market indicators of terminal year cash flows. If the carrying amount of the Company's reporting unit exceeds its fair value, goodwill is considered potentially impaired and step two of the goodwill impairment test is performed to measure the amount of impairment loss. In the second step of the goodwill impairment test, the Company compares the implied fair value of the reporting unit's goodwill with the carrying amount of the reporting unit's goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess of the carrying amount of goodwill over its implied fair value. The implied fair value of goodwill is determined in the same manner that the amount of goodwill recognized in a business combination is determined. The Company allocates the fair value of its reporting unit to all of the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the fair value of its reporting unit over the amounts assigned to its assets and liabilities represents the implied fair value of goodwill.

Accrued Expenses and Other Current Liabilities—Included in accrued and other current liabilities in the Company's Consolidated Balance Sheets are amounts for payroll-related accruals of $45 million and $48 million as of September 26, 2014 and September 27, 2013, respectively. Also included in accrued and other current liabilities are customer advances, which totaled $35 million and $38 million as of September 26, 2014 and September 27, 2013, respectively.

Parent Company Investment—Prior to the Separation, Tyco's historical investment in the Company, the Company's accumulated net earnings after taxes, and the net effect of transactions with and allocations from Tyco is shown as Parent company investment in the Consolidated and Combined Statements of Stockholders' Equity. See discussion under *"Basis of Presentation"* for additional information on the allocation of expenses to the Company by Tyco for periods prior to the Separation.

Income Taxes—For purposes of the Company's Consolidated and Combined Financial Statements for periods prior to the Separation, income tax expense, deferred tax balances and tax carryforwards have been recorded as if ADT filed tax returns on a standalone basis separate from Tyco ("Separate Return Method"). The

Separate Return Method applies the accounting guidance for income taxes to the standalone financial statements as if the Company was a separate taxpayer and a standalone enterprise for the periods prior to the Separation. The deferred tax balances reflected in the Company's Consolidated Balance Sheets as of September 26, 2014 and September 27, 2013 have been recorded on a consolidated return basis. The calculation of income taxes for the Company requires a considerable amount of judgment and use of both estimates and allocations. Prior to the Separation, the Company primarily operated within a Tyco U.S. consolidated group and within a standalone Canadian entity. In certain instances, tax losses or credits generated by Tyco's other businesses continue to be available to the Company in periods after the Separation.

In determining taxable income for the Company's Consolidated and Combined Financial Statements, the Company must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain of the deferred tax assets, which arise from temporary differences between the tax and financial statement recognition of revenue and expense.

In evaluating the Company's ability to recover its deferred tax assets, the Company considers all available positive and negative evidence including its past operating results, the existence of cumulative losses in the most recent years and its forecast of future taxable income. In estimating future taxable income, the Company develops assumptions including the amount of future pre-tax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company is using to manage its underlying businesses.

The Company does not have any significant valuation allowances against its net deferred tax assets.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management records the effect of a tax rate or law change on the Company's deferred tax assets and liabilities in the period of enactment. Future tax rate or law changes could have a material effect on the Company's results of operations, financial condition or cash flows.

In addition, the calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in the United States and Canada. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in the U.S. and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. These tax liabilities are reflected net of related tax loss carryforwards. The Company adjusts these reserves in light of changing facts and circumstances; however, due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company's current estimate of the tax liabilities. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to expense would result. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary.

Concentration of Credit Risks—Financial instruments which potentially subject the Company to concentrations of credit risks are principally accounts receivables. The Company's concentration of credit risk with respect to accounts receivable is limited due to the significant size of its customer base.

Financial Instruments—The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, debt and derivative financial instruments. Due to their short-term nature, the fair value of cash and cash equivalents, including the money market mutual funds, accounts receivable and accounts payable approximated book value as of September 26, 2014 and September 27, 2013.

Cash Equivalents—Included in cash and cash equivalents are available-for-sale securities, representing cash invested in money market mutual funds of nil and $124 million, as of September 26, 2014 and September 27, 2013 respectively. These investments are classified as Level 1 for purposes of fair value measurement, which is performed each reporting period. Any unrealized holding gains or losses are excluded from earnings and reported in other comprehensive income until realized.

Long-Term Debt Instruments—The fair value of the Company's unsecured notes as of September 27, 2013 was determined using prices for ADT's securities obtained from external pricing services, which is considered a Level 2 input. Subsequently, the Company completed exchange offers for the $2.5 billion notes issued in July 2012, the $700 million notes issued in January 2013 and the $1.0 billion notes issued in October 2013. See Note 5 for further information on the Company's exchange offers. The completion of these exchange offers enables the Company to use broker-quoted market prices to determine the fair value of its debt. Therefore the fair value of the Company's unsecured notes as of September 26, 2014 was determined using these quoted market prices, which is considered a Level 2 input. The carrying amount of debt outstanding under the Company's revolving credit facility approximates fair value as interest rates on these borrowings approximate current market rates, which are considered Level 2.

The carrying value and fair value of the Company's debt that is subject to fair value disclosures as of September 26, 2014 and September 27, 2013 is as follows ($ in millions):

	September 26, 2014		September 27, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt instruments, excluding capital lease obligations	$5,065	$4,759	$3,340	$2,892

Derivative Instruments—All derivative financial instruments are reported on the Consolidated Balance Sheets at fair value. For derivative financial instruments designated as fair value hedges, the changes in fair value of both the derivatives and the hedged items are recognized currently in the Consolidated and Combined Statements of Operations. The fair values of the Company's derivative financial instruments are not material.

During the year ended September 26, 2014, the Company entered into interest rate swap transactions to hedge $500 million of its $1 billion, 6.250% fixed-rate notes due October 2021, and all $500 million of its 4.125% fixed-rate notes due April 2019. These transactions are designated as fair value hedges with the objective of managing the exposure to interest rate risk by converting the interest rates on the fixed-rate notes to floating rates. These transactions did not have a material impact on the Company's Consolidated and Combined Financial Statements as of and for the year ended September 26, 2014.

Restructuring and Other Charges—During the year ended September 26, 2014, the Company recognized $8 million in severance charges related to the separation of employees in conjunction with actions taken to reduce general and administrative expenses, $5 million of which was paid as of September 26, 2014. In addition, during the year ended September 26, 2014, the Company recognized $6 million in charges, primarily related to a loss on the sublease of a portion of its office space and $3 million of other costs associated with consulting services focused on identifying actions to reduce its cost structure and streamline operations.

The Company also recognized other charges of $8 million related to accelerated depreciation on certain assets abandoned in connection with the rationalization of its business processes and system landscape. Restructuring and other charges during fiscal years 2013 and 2012 were immaterial.

Guarantees—In the normal course of business, the Company is liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect the Company's financial position, results of operations or cash flows. As of September 26, 2014 and September 27, 2013, the Company did not have material guarantees.

Recent Accounting Pronouncements—In June 2011, the Financial Accounting Standards Board ("FASB") issued authoritative guidance for the presentation of comprehensive income. The guidance amended the reporting of Other Comprehensive Income ("OCI") by eliminating the option to present OCI as part of the statement of stockholders' equity. The amendment does not impact the accounting for OCI, but does impact its presentation in the Company's Consolidated and Combined Financial Statements. The guidance requires that items of net income and OCI be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements which include total net income and its components, consecutively followed by total OCI and its components to arrive at total comprehensive income. In December 2011, the FASB issued authoritative guidance to defer the effective date for those aspects of the guidance relating to the presentation of reclassification adjustments out of accumulated other comprehensive income by component. The guidance became effective for the Company in the first quarter of fiscal year 2013 and has been retrospectively applied for the fiscal year ended September 28, 2012. The adoption of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

In September 2011, the FASB issued authoritative guidance which amends the process of testing goodwill for impairment. The guidance permits an entity to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (defined as having a likelihood of more than fifty percent) that the fair value of a reporting unit is less than its carrying amount. If an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, performing the traditional two-step goodwill impairment test is unnecessary. If an entity concludes otherwise, it would be required to perform the first step of the two-step goodwill impairment test. If the carrying amount of the reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test. However, an entity has the option to bypass the qualitative assessment in any period and proceed directly to step one of the impairment test. The guidance became effective for the Company in the first quarter of fiscal year 2013. The adoption of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

In July 2012, the FASB issued authoritative guidance which amends the process of testing indefinite-lived intangible assets for impairment. This guidance permits an entity to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (defined as having a likelihood of more than fifty percent) that the indefinite-lived intangible asset is impaired. If an entity determines it is not more likely than not that the indefinite-lived intangible asset is impaired, the entity will have an option not to calculate the fair value of an indefinite-lived asset annually. The guidance became effective for the Company in the first quarter of fiscal year 2013. The adoption of this guidance did not have a material impact on the Company's financial position, results of operations or cash flows.

In February 2013, the FASB issued authoritative guidance which expands the disclosure requirements for amounts reclassified out of accumulated other comprehensive income ("AOCI"). The guidance requires an entity to provide information about the amounts reclassified out of AOCI by component and present, either on the face of the income statement or in the notes to financial statements, significant amounts reclassified out of AOCI by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. This guidance does not change the current requirements for reporting net income or other comprehensive income in the financial statements. The guidance became effective for the Company in the first quarter of fiscal year 2014. The adoption of this guidance did not have a significant impact on the Company's Consolidated and Combined Financial Statements, as any reclassifications out of AOCI were immaterial.

In May 2014, the FASB issued authoritative guidance which sets forth a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The guidance is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016 and early adoption is not permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt this guidance. The Company is currently evaluating the impact of this guidance.

2. Acquisitions

Dealer Generated Customer Accounts and Bulk Account Purchases

During fiscal years 2014, 2013 and 2012, the Company paid $526 million, $555 million and $648 million, respectively, for customer contracts for electronic security services generated under the ADT dealer program and bulk account purchases.

Acquisitions

On July 8, 2014, the Company acquired all of the issued and outstanding capital stock of Reliance Protectron Inc. ("Protectron"), a leading electronic security services company in Canada. The primary purpose of the acquisition was to expand the Company's market share in Canada and create a stronger organization that is better positioned to serve Canadian customers. The consideration transferred in Canadian dollars ("CAD") was CAD $560 million ($525 million), and cash paid during fiscal year 2014 was $517 million, net of cash acquired. The transaction was financed with borrowings of $375 million under the Company's revolving credit facility and cash on hand.

Under the acquisition method of accounting, the purchase price has been allocated to Protectron's tangible and identifiable intangible assets acquired and liabilities assumed based on estimates of fair value using available information and making assumptions management believes are reasonable. The excess of the purchase price over those fair values was recorded as goodwill. The following table summarizes the allocation of the purchase price of this acquisition and the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition for fiscal year 2014:

Estimated fair value of assets acquired and liabilities assumed (in millions):	
Cash and cash equivalents	$ 5
Customer relationships	253
Trade name and other intangibles	43
Goodwill	296
Deferred tax liabilities	(65)
Other, net	(7)
Consideration transferred	$525

The purchase price allocation for the Protectron acquisition as of September 26, 2014 is preliminary and remains subject to post-closing adjustments. The amortization period for intangible assets acquired ranges from 7 to 20 years. The Company recorded approximately $296 million of goodwill, reflecting the strategic fit and the value of Protectron's recurring revenue and earnings growth potential to the Company. The goodwill amount is not deductible for tax purposes. Protectron's impact on the Company's Consolidated Results of Operations for fiscal year 2014 and pro-forma results for fiscal years 2014 and 2013 is immaterial.

On August 2, 2013, the Company acquired all of the issued and outstanding capital stock of Devcon Security Holdings, Inc. ("Devcon Security") for cash consideration of $146 million, net of cash acquired. Devcon Security provides alarm monitoring services and related equipment to residential homes, businesses and homeowners associations in the United States. As part of this acquisition, the Company recognized intangible assets of $84 million in customer relationships and $60 million of goodwill as well as insignificant amounts of net working capital and tangible assets. On October 1, 2012, the Company completed its acquisition of Absolute Security, which had been an ADT authorized dealer, with $16 million of cash paid during fiscal year 2013. As part of this acquisition, the Company recognized $20 million of goodwill.

These acquisitions were not material to the Company's financial statements. There was no acquisition made by the Company during fiscal year 2012.

3. Property and Equipment

Property and equipment consisted of the following ($ in millions):

	September 26, 2014	September 27, 2013
Land	$ 9	$ 9
Buildings and leasehold improvements	101	80
Machinery and equipment	392	389
Property under capital leases	45	41
Construction in progress	15	29
Accumulated depreciation	(297)	(313)
Property and equipment, net	$ 265	$ 235

4. Goodwill and Other Intangible Assets

Goodwill

On the first day of the fiscal fourth quarter of 2014, the Company performed a qualitative impairment assessment for goodwill and concluded that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount and therefore goodwill was not impaired. Additionally, there were no goodwill impairments as a result of performing the Company's annual impairment tests for fiscal years 2013 and 2012.

The changes in the carrying amount of goodwill for the years ended September 26, 2014 and September 27, 2013 are as follows ($ in millions):

Balance as of September 27, 2013	$3,476
Acquisitions	296
Currency translation and other	(34)
Balance as of September 26, 2014	$3,738
Balance as of September 28, 2012	$3,400
Acquisitions	80
Currency translation and other	(4)
Balance as of September 27, 2013	$3,476

Other Intangible Assets

The following table sets forth the gross carrying amounts and accumulated amortization of the Company's other intangible assets as of September 26, 2014 and September 27, 2013 ($ in millions):

	September 26, 2014		September 27, 2013	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable:				
Contracts and related customer relationships	$8,098	$(5,022)	$7,697	$(4,780)
Other	51	(7)	13	(8)
Total	$8,149	$(5,029)	$7,710	$(4,788)

Changes in the net carrying amount of contracts and related customer relationships for the years ended September 26, 2014 and September 27, 2013 are as follows ($ in millions):

Balance as of September 27, 2013	$2,917
Acquisition of customer relationships (Protectron)	253
Customer contract additions, net of dealer charge-backs	523
Amortization	(587)
Currency translation and other	(30)
Balance as of September 26, 2014	$3,076
Balance as of September 28, 2012	$2,855
Acquisition of customer relationships (Devcon Security)	84
Customer contract additions, net of dealer charge-backs	552
Amortization	(566)
Currency translation and other	(8)
Balance as of September 27, 2013	$2,917

Other than goodwill, the Company does not have any other indefinite-lived intangible assets as of September 26, 2014 and September 27, 2013. Intangible asset amortization expense for fiscal years 2014, 2013 and 2012 was $589 million, $569 million and $546 million, respectively. The weighted-average amortization periods for contracts and related customer relationships acquired during fiscal years 2014 and 2013 were 14 years and 15 years, respectively.

The estimated aggregate amortization expense for intangible assets is expected to be as follows ($ in millions):

Fiscal 2015	$577
Fiscal 2016	486
Fiscal 2017	408
Fiscal 2018	346
Fiscal 2019	297

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5. Debt

Debt as of September 26, 2014 and September 27, 2013 is as follows ($ in millions):

	September 26, 2014	September 27, 2013
Current maturities of long-term debt:		
Capital lease obligations and other	$ 4	$ 3
Current maturities of long-term debt	4	3
Long-term debt:		
2.250% notes due July 2017	750	750
4.125% notes due April 2019	498	—
6.250% notes due October 2021	1,001	—
3.500% notes due July 2022	998	998
4.125% notes due June 2023	700	700
4.875% notes due July 2042	743	742
Revolving credit facility	375	150
Capital lease obligations and other	31	33
Total long-term debt	$5,096	$3,373
Total debt	$5,100	$3,376

Senior Unsecured Notes

Fiscal Year 2014

On October 1, 2013, the Company issued $1 billion aggregate principal amount of 6.250% senior unsecured notes due October 2021 to certain institutional investors pursuant to certain exemptions from registration under the Securities Act of 1933, as amended (the "October 2013 Debt Offering"). Net cash proceeds from the issuance of this term indebtedness totaled $987 million, of which $150 million was used to repay the outstanding borrowings under the Company's revolving credit facility as of September 27, 2013. The remaining net proceeds were used primarily for repurchases of outstanding shares of ADT's common stock. Interest is payable on April 15 and October 15 of each year and commenced on April 15, 2014. The Company may redeem the notes, in whole or in part, at any time prior to the maturity date at a redemption price equal to the greater of the principal amount of the notes to be redeemed, or a make-whole premium, plus in each case, accrued and unpaid interest to, but excluding, the redemption date.

In connection with the October 2013 Debt Offering, the Company entered into an exchange and registration rights agreement with the initial purchasers of the notes. Under this agreement, the Company was obligated to file a registration statement for an offer to exchange the notes for a new issue of substantially identical notes registered under the Securities Act of 1933, as amended. Alternatively, the Company was required to file a shelf registration statement to cover resales of such notes if the exchange offer was not completed within 365 days after closing of the initial notes issuance and the offer to exchange the notes had not been completed within 30 business days of the effective time and date of the registration statement. On April 4, 2014, the Company commenced an offer to exchange the notes issued in the October 2013 Debt Offering, pursuant to the exchange and registration rights agreement. This exchange offer was completed on May 9, 2014.

On March 19, 2014, the Company completed a public offering of $500 million of its 4.125% senior unsecured notes due April 2019. Net cash proceeds from the issuance of this term indebtedness totaled $493 million, of which $200 million was used to repay outstanding borrowings under the Company's revolving credit facility. The remaining net proceeds were used primarily for general corporate purposes and repurchases of outstanding shares of ADT's common stock. Interest is payable on April 15 and October 15 of each year, and commenced on October 15, 2014. The Company may redeem the notes, in whole or in part, at any time prior to the maturity date at a redemption price equal to the greater of the principal amount of the notes to be redeemed, or a make-whole premium, plus in each case, accrued and unpaid interest to, but excluding, the redemption date.

Fiscal Year 2013

On January 14, 2013, the Company issued $700 million aggregate principal amount of 4.125% unsecured notes due June 2023 to certain institutional investors pursuant to certain exemptions from registration under the Securities Act of 1933, as amended (the "January 2013 Debt Offering"). Net cash proceeds from the issuance of this term indebtedness totaled $694 million and were primarily used for the repurchase of outstanding shares of ADT's common stock. Interest is payable on June 15 and December 15 of each year, and commenced on June 15, 2013. The Company may redeem the notes, in whole or in part, at any time prior to the maturity date at a redemption price equal to the greater of the principal amount of the notes to be redeemed, or a make-whole premium, plus in each case, accrued and unpaid interest to, but excluding, the redemption date.

Fiscal Year 2012

On July 5, 2012, the Company issued $2.5 billion aggregate principal amount of unsecured notes, of which $750 million aggregate principal amount of 2.250% notes will mature on July 15, 2017, $1.0 billion aggregate principal amount of 3.500% notes will mature on July 15, 2022, and $750 million aggregate principal amount of 4.875% notes will mature on July 15, 2042. Cash proceeds from the issuance of this term indebtedness, net of debt issuance costs, totaled approximately $2.47 billion and were used primarily to repay intercompany debt and to make other cash payments to Tyco in conjunction with the Separation. Interest is payable on January 15 and

July 15 of each year. The Company may redeem each series of the notes, in whole or in part, at any time at a redemption price equal to the principal amount of the notes to be redeemed, plus a make-whole premium, plus in each case, accrued and unpaid interest to, but excluding, the redemption date.

As part of the Company's issuances of long-term notes in July 2012 and January 2013, the Company entered into exchange and registration rights agreements with the initial purchasers of the notes. Under each of these agreements, the Company was obligated to file a registration statement for an offer to exchange the notes for a new issue of substantially identical notes registered under the Securities Act of 1933, as amended, or provide a shelf registration statement to cover resales of such notes if the exchange offer was not complete within 365 days after closing of the respective notes issuance. On April 1, 2013, the Company commenced an offer to exchange the $2.5 billion notes issued in July 2012, and on April 18, 2013, the Company commenced an offer to exchange the $700 million notes issued in January 2013. These exchange offers were completed during the third quarter of fiscal year 2013.

Revolving Credit Facility

On June 22, 2012, the Company entered into an unsecured senior revolving credit facility with a maturity date of June 22, 2017 and an aggregate commitment of $750 million, which is available to be used for working capital, capital expenditures and other corporate purposes. The interest rate for borrowings under the revolving credit facility is based on the London Interbank Offered Rate ("LIBOR") or an alternative base rate, plus a spread, based upon the Company's credit rating. As of September 26, 2014 and September 27, 2013, the Company had outstanding borrowings under the facility of $375 million and $150 million, respectively, at an interest rate of 1.606% and 1.630%, respectively.

On September 12, 2012 the Company established a $750 million commercial paper program, supported by its revolving credit facility of the same amount. The Company discontinued this commercial paper program on July 31, 2013.

The Company's revolving credit facility contains customary covenants, including a limit on the ratio of debt to earnings before interest, taxes, depreciation, and amortization ("EBITDA"), a minimum required ratio of EBITDA to interest expense and limits on incurrence of liens and subsidiary debt. In addition, the indenture governing the Company's senior unsecured notes contains customary covenants including limits on liens and sale/leaseback transactions. Furthermore, acceleration of any obligation under any of the Company's material debt instruments will permit the holders of its other material debt to accelerate their obligations.

As of September 26, 2014, the Company was in compliance with all financial covenants on its debt instruments.

Aggregate annual maturities of long-term debt and capital lease obligations are as follows ($ in millions):

Fiscal 2015	$ 7
Fiscal 2016	7
Fiscal 2017	1,132
Fiscal 2018	6
Fiscal 2019	506
Thereafter	3,464
Total	5,122
Less amount representing discount on notes	9
Less amount representing interest on capital leases	12
Less hedge accounting fair value adjustment	1
Total	5,100
Less current maturities of long-term debt	4
Total long-term debt	$5,096

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Prior to the issuance of its indenture in July 2012, the Company's working capital requirements and capital for general corporate purposes, including acquisitions and capital expenditures, were satisfied as part of Tyco's company-wide cash management practices. Accordingly, Tyco's consolidated debt and related interest expense, exclusive of amounts incurred directly by the Company, were allocated to the Company for periods prior to July 5, 2012.

Interest expense totaled $193 million, $118 million and $93 million for the years ended September 26, 2014, September 27, 2013 and September 28, 2012, respectively. Interest expense for the first nine months of fiscal year 2012 includes allocated interest expense of $64 million. Interest expense for this period was allocated in the same proportion as debt and included the impact of Tyco's interest rate swap agreements designated as fair value hedges. Interest expense for fiscal years 2014, 2013 and the remaining amount of interest expense for fiscal year 2012 primarily represents interest incurred on the Company's unsecured notes. Accrued interest totaled $44 million and $27 million as of September 26, 2014 and September 27, 2013, respectively.

See Note 1 for information on the fair value of the Company's debt.

6. Income Taxes

Significant components of income before income taxes for fiscal years 2014, 2013 and 2012 are as follows ($ in millions):

	2014	2013	2012
United States	$408	$610	$581
Non-U.S.	24	32	49
	$432	$642	$630

Significant components of the income tax provision for fiscal years 2014, 2013 and 2012 are as follows ($ in millions):

	2014	2013	2012
Current:			
United States:			
Federal	$ (17)	$ 7	$170
State	7	1	36
Non-U.S.	15	6	8
Current income tax provision	$ 5	$ 14	$214
Deferred:			
United States:			
Federal	$110	$172	$ 21
State	20	33	(6)
Non-U.S.	(7)	2	7
Deferred income tax provision	123	207	22
	$128	$221	$236

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The reconciliation between the actual effective tax rate on continuing operations and the statutory U.S. federal income tax rate for fiscal years 2014, 2013 and 2012 is as follows:

	2014	2013	2012
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
Increases (reductions) in taxes due to:			
U.S. state income tax provision, net	4.2 %	3.5 %	3.4 %
Non-U.S. net earnings	(0.5)%	(0.5)%	(0.6)%
Trademark amortization	(5.3)%	(3.6)%	— %
Nondeductible charges	— %	(1.0)%	— %
Resolution of unrecognized tax benefits	(6.5)%	— %	— %
2005-2009 IRS adjustments	3.7 %	— %	— %
Other	(1.0)%	1.0 %	(0.3)%
Provision for income taxes	29.6 %	34.4 %	37.5 %

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes.

The components of the Company's net deferred income tax liability as of September 26, 2014 and September 27, 2013 are as follows ($ in millions):

	September 26, 2014	September 27, 2013
Deferred tax assets:		
Accrued liabilities and reserves	$ 35	$ 37
Tax loss and credit carryforwards	1,023	1,114
Postretirement benefits	14	15
Deferred revenue	167	161
Other	13	10
	$ 1,252	$ 1,337
Deferred tax liabilities:		
Property and equipment	(34)	(16)
Subscriber system assets	(633)	(600)
Intangible assets	(1,111)	(1,052)
Other	(10)	(12)
	$(1,788)	$(1,680)
Net deferred tax liability before valuation allowance	(536)	(343)
Valuation allowance	(2)	(2)
Net deferred tax liability	$ (538)	$ (345)

The net deferred tax liability increased primarily due to accelerated depreciation and amortization and current year net operating loss ("NOL") utilization.

The valuation allowance for deferred tax assets of $2 million as of September 26, 2014 and September 27, 2013, relates to the uncertainty of the utilization of certain state and U.S. deferred tax assets. The Company believes that it is more likely than not that it will generate sufficient future taxable income to realize the tax benefits related to its remaining deferred tax assets, including credit and NOL carryforwards, on the Company's Consolidated Balance Sheet.

As of September 26, 2014, the Company had approximately $2.6 billion of U.S. Federal NOL carryforwards, $1.4 billion of state NOL carryforwards and immaterial foreign NOL carryforwards. The U.S. Federal NOL carryforwards will expire between 2016 and 2033, and the state NOL carryforwards will expire between 2015 and 2033. Although future utilization will depend on the Company's actual profitability and the result of income tax audits, the Company anticipates that its U.S. Federal NOL carryforwards will be fully utilized prior to expiration. Of the $2.6 billion U.S. Federal NOL carryforwards, $0.8 billion was generated by a prior consolidated group. As of September 28, 2012, this amount was subject to Separate Return Limitation Year ("SRLY") rules which placed limits on the amount of SRLY loss that could offset consolidated taxable income in the future. However, during fiscal year 2013, the Company determined that the SRLY limitation was no longer applicable as an "ownership change" is deemed to have occurred upon Separation from Tyco on September 28, 2012 pursuant to Internal Revenue Code (the "Code") Section 382. Therefore, the tax attributes as of the end of September 2012 are only subject to the limitations provided by Code Sections 382 and 383. The Company does not, however, expect that this limitation will impact its ability to utilize the tax attributes carried forward from pre-Separation periods.

Unrecognized Tax Benefits

As of September 26, 2014 and September 27, 2013, the Company had unrecognized tax benefits of $49 million and $87 million, respectively, of which $49 million and $69 million, if recognized, would affect the effective tax rate. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. Accrued interest and penalties related to the unrecognized tax benefits as of September 26, 2014 and September 27, 2013 were not material. All unrecognized tax benefits and related interest were presented as non-current in the Company's Condensed Balance Sheet as of September 26, 2014. As of September 27, 2013, the current portion of the unrecognized tax benefits and the related accrued interest, which totaled $28 million and $8 million, respectively, are reflected in income taxes payable on the Company's Consolidated Balance Sheet.

The impact to the income tax provision for interest and penalties related to unrecognized tax benefits was immaterial for fiscal years 2014, 2013 and 2012.

A rollforward of unrecognized tax benefits for the years ended September 26, 2014, September 27, 2013 and September 28, 2012 is as follows ($ in millions):

	2014	2013	2012
Balance as of beginning of year	$ 87	$ 88	$ 3
Additions based on tax positions contributed in conjunction with the Separation	—	—	85
Reductions related to lapse of statute of limitations	—	(1)	—
Reductions based on tax positions related to prior years	(38)	—	—
Increase related to acquisitions	15	—	—
Decrease due to reductions in the AMT payable	(18)	—	—
Other changes not impacting the income statement	3	—	—
Balance as of end of year	$ 49	$ 87	$ 88

Based on the current status of its income tax audits, the Company believes that it is reasonably possible that no unrecognized tax benefits may be resolved in the next twelve months.

FORM 10-K

Many of the Company's uncertain tax positions relate to tax years that remain subject to audit by the taxing authorities in the U.S. federal, state and local or foreign jurisdictions. Open tax years in significant jurisdictions are as follows:

Jurisdiction	Years Open To Audit
Canada	2007 – 2013
United States	1997 – 2013

Undistributed Earnings of Subsidiaries

The Company's primary non-U.S. operations are located in Canada. The Company has not provided U.S. income taxes and foreign withholding taxes on the undistributed earnings of its Canadian subsidiaries as of September 26, 2014, as earnings are expected to be permanently reinvested outside the U.S. If these foreign earnings were to be repatriated in the future, the related U.S. tax liability may be reduced by any foreign income taxes previously paid on these earnings. As of September 26, 2014, the cumulative amount of earnings upon which U.S. income taxes have not been provided is approximately $220 million. The determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

Tax Sharing Agreement and Other Income Tax Matters

In connection with the Separation from Tyco, the Company entered into a tax sharing agreement (the "2012 Tax Sharing Agreement") with Tyco and Pentair Ltd., formerly Tyco Flow Control International, Ltd. ("Pentair") that governs the rights and obligations of ADT, Tyco and Pentair for certain pre-Separation tax liabilities, including Tyco's obligations under the tax sharing agreement among Tyco, Covidien Ltd. ("Covidien"), and TE Connectivity Ltd. ("TE Connectivity") entered into in 2007 (the "2007 Tax Sharing Agreement"). The 2012 Tax Sharing Agreement provides that ADT, Tyco and Pentair will share (i) certain pre-Separation income tax liabilities that arise from adjustments made by tax authorities to ADT's, Tyco's, and Pentair's U.S. and certain non-U.S. income tax returns, and (ii) payments required to be made by Tyco in respect to the 2007 Tax Sharing Agreement (collectively, "Shared Tax Liabilities"). Tyco will be responsible for the first $500 million of Shared Tax Liabilities. ADT and Pentair will share 58% and 42%, respectively, of the next $225 million of Shared Tax Liabilities. ADT, Tyco and Pentair will share 27.5%, 52.5% and 20.0%, respectively, of Shared Tax Liabilities above $725 million.

In addition, under the terms of the 2012 Tax Sharing Agreement, in the event the distribution of ADT's common shares to the Tyco shareholders (the "Distribution"), the distribution of Pentair common shares to the Tyco shareholders (the "Pentair Distribution" and, together with the Distribution, the "Distributions"), or certain internal transactions undertaken in connection therewith were determined to be taxable as a result of actions taken by ADT, Pentair or Tyco after the Distributions, the party responsible for such failure would be responsible for all taxes imposed on ADT, Pentair or Tyco as a result thereof. Taxes resulting from the determination that the Distribution, the Pentair Distribution, or any internal transaction that were intended to be tax-free is taxable are referred to herein as "Distribution Taxes." If such failure is not the result of actions taken after the Distributions by ADT, Pentair or Tyco, then ADT, Pentair and Tyco would be responsible for any Distribution Taxes imposed on ADT, Pentair or Tyco as a result of such determination in the same manner and in the same proportions as the Shared Tax Liabilities. ADT has sole responsibility of any income tax liability arising as a result of Tyco's acquisition of Broadview Security in May 2010, including any liability of Broadview Security under the tax sharing agreement between Broadview Security and The Brink's Company dated October 31, 2008 (collectively, "Broadview Tax Liabilities"). Costs and expenses associated with the management of Shared Tax Liabilities, Distribution Taxes, and Broadview Tax Liabilities will generally be shared 20.0% by Pentair, 27.5% by ADT, and 52.5% by Tyco. ADT is responsible for all of its own taxes that are not shared pursuant to the 2012 Tax Sharing Agreement's sharing formulae. In addition, Tyco and Pentair are responsible for their tax liabilities that are not subject to the 2012 Tax Sharing Agreement's sharing formulae.

The 2012 Tax Sharing Agreement also provides that, if any party defaults in its obligation to another party to pay its share of the distribution taxes that arise as a result of no party's fault, each non-defaulting party is required to pay, equally with any other non-defaulting party, the amounts in default. In addition, if another party to the 2012 Tax Sharing Agreement that is responsible for all or a portion of an income tax liability defaults in its payment of such liability to a taxing authority, ADT could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. Accordingly, under certain circumstances, ADT may be obligated to pay amounts in excess of its agreed-upon share of its, Tyco's and Pentair's tax liabilities.

The Company recorded a receivable from Tyco for certain tax liabilities incurred by ADT but indemnified by Tyco under the 2012 Tax Sharing Agreement. This receivable totaled $41 million as of September 27, 2013, substantially all of which was released into other expense during fiscal year 2014. The actual amount that the Company may be entitled to receive could vary depending upon the outcome of certain unresolved tax matters, which may not be resolved for several years.

In conjunction with the Separation, substantially all of Tyco's outstanding equity awards were converted into like-kind awards of ADT, Tyco and Pentair. Pursuant to the terms of the 2012 Separation and Distribution Agreement, each of the three companies is responsible for issuing its own shares upon employee exercises of stock option awards or vesting of restricted stock units. However, the 2012 Tax Sharing Agreement provides that any allowable compensation tax deduction for such awards is to be claimed by the employee's current employer. The 2012 Tax Sharing Agreement requires the employer claiming a tax deduction for shares issued by the other companies to pay a percentage of the allowable tax deduction to the company issuing the equity. During the year ended September 26, 2014, amounts recorded in connection with this arrangement were immaterial.

7. Commitments and Contingencies

Lease Obligations

The Company has facility, vehicle and equipment leases that expire at various dates through 2024. Rental expense under these leases was $58 million, $50 million and $44 million for fiscal years 2014, 2013 and 2012, respectively. Sublease income was immaterial for all years presented. In addition to operating leases, the Company has commitments under capital leases for certain facilities, which are immaterial.

The following table provides a schedule of minimum lease payments for non-cancelable operating leases as of September 26, 2014 ($ in millions):

Fiscal 2015	$ 65
Fiscal 2016	52
Fiscal 2017	39
Fiscal 2018	33
Fiscal 2019	21
Thereafter	45
	255
Less sublease income	18
Total	$237

Purchase Obligations

The following table provides a schedule of obligations related to commitments to purchase certain goods and services as of September 26, 2014 ($ in millions):

Fiscal 2015	$ 28
Fiscal 2016	9
Fiscal 2017	4
Fiscal 2018	—
Fiscal 2019	—
Thereafter	—
Total	$ 41

Legal Proceedings

The Company is subject to various claims and lawsuits in the ordinary course of business, including from time to time, contractual disputes, employment matters, product and general liability claims, claims that the Company has infringed the intellectual property rights of others, claims related to alleged security system failures, and consumer and employment class actions. The Company has recorded accruals for losses that it believes are probable to occur and are reasonably estimable. While the ultimate outcome of these matters cannot be predicted with certainty, the Company believes that the resolution of any such proceedings (other than matters specifically identified below), will not have a material effect on its financial condition, results of operations or cash flows.

Environmental Matter

On October 25, 2013, the Company was notified by subpoena that the Office of the Attorney General of California, in conjunction with the Alameda County District Attorney, is investigating whether certain of the Company's waste disposal policies, procedures and practices are in violation of the California Business and Professions Code and the California Health and Safety Code. The Company is cooperating fully with the respective authorities. The Company is currently unable to predict the outcome of this investigation or reasonably estimate a range of possible loss.

Securities Litigation

On April 28, 2014, the Company and certain of its current and former officers and directors were named as defendants in a lawsuit filed in the United States District Court for the Southern District of Florida. The plaintiff alleges violations of the Securities Exchange Act of 1934 and SEC Rule 10b-5, and seeks monetary damages, including interest, and class action status on behalf of all plaintiffs who purchased the Company's common stock during the period between November 27, 2012 and January 29, 2014, inclusive. The claims focus primarily on the Company's statements concerning its financial condition and future business prospects for fiscal 2013 and the first quarter of fiscal 2014, its stock repurchase program in 2012 and 2013 and the buyback of stock from Corvex Management LP ("Corvex") in November 2013. On June 27, 2014, another plaintiff filed a similar action in the same court. On July 14, 2014, the Court entered an order consolidating the two actions under the caption *Henningsen v. The ADT Corporation*, Case No. 14-80566-CIV-*DIMITROULEAS*, and appointing IBEW Local 595 Pension and Money Purchase Pension Plans, Macomb County Employees' Retirement System and KBC Asset Management NV as Lead Plaintiffs in the consolidated action. In addition to the Company, the defendants named in the action are Naren Gursahaney, Kathryn A. Mikells, Michael S. Geltzeiler, Keith A. Meister, and Corvex. The Company intends to vigorously defend itself against the allegations in this action and is currently unable to predict the outcome or if legal damages will be awarded.

Derivative Litigation

In May and June 2014, four derivative actions were filed against a number of past and present officers and directors of the Company. Like the securities actions described above, the derivative actions focus primarily on the Company's stock repurchase program in 2012 and 2013, the buyback of stock from Corvex in November 2013 and the Company's statements concerning its financial condition and future business prospects for fiscal 2013 and the first quarter of fiscal 2014. Three of the derivative actions were filed in the United States District Court for the Southern District of Florida. On July 16, 2014, the Court consolidated those three actions under the caption In re The ADT Corporation Derivative Litigation, Lead Case No. 14-80570-CIV-DIMITROULEAS/SNOW. The fourth derivative action, entitled Seidl v. Colligan, Case No. 2014CA007529, was filed in the Circuit Court of the 15th Judicial Circuit, Palm Beach County, Florida. On July 14, 2014, the parties agreed to stay that action pending resolution of motions to dismiss that are expected to be filed in the securities actions described above. The Court approved the stay on July 23, 2014. A fifth derivative action asserting similar claims was filed in the Delaware Court of Chancery on August 1, 2014. Defendants have moved to dismiss that action, which is entitled Ryan v. Gursahaney, C.A. No. 9992-VCP.

In March 2014, the Company also received a demand from a shareholder to initiate litigation against the officers and directors of the Company in connection with the Company's stock repurchase program in 2012 and 2013 and the buyback of stock from Corvex in November 2013. The Company's Board of Directors investigated the matters with the assistance of an outside law firm and, on July 18, 2014, decided to reject the demand. In September 2014, the Company received a demand from another shareholder to initiate litigation with regard to the same matters raised in the March 2014 demand. On September 19, 2014, the Company's Board of Directors decided to reject the demand.

Income Tax Matters

As discussed above in Note 6, in connection with the Separation from Tyco, the Company entered into the 2012 Tax Sharing Agreement with Tyco and Pentair Ltd. that governs the rights and obligations of the Company, Tyco and Pentair for certain pre-Separation tax liabilities, including Tyco's obligations under the tax sharing agreement among Tyco, Covidien, and TE Connectivity entered into the 2007 Tax Sharing Agreement". The Company is responsible for all of its own taxes that are not shared pursuant to the 2012 Tax Sharing Agreement's sharing formulae. Tyco and Pentair are responsible for their tax liabilities that are not subject to the 2012 Tax Sharing Agreement's sharing formulae.

With respect to years prior to and including the 2007 separation of Covidien and TE Connectivity by Tyco, tax authorities have raised issues and proposed tax adjustments that are generally subject to the sharing provisions of the 2007 Tax Sharing Agreement and which may require Tyco to make a payment to a taxing authority, Covidien or TE Connectivity. Although Tyco has advised ADT that it has resolved a substantial number of these adjustments, a few significant items raised by the IRS remain open with respect to the audits of the 1997 through 2007 tax years. On July 1, 2013, Tyco announced that the IRS issued Notices of Deficiency to Tyco primarily related to the treatment of certain intercompany debt transactions (the "Tyco IRS Notices"). These notices assert that additional taxes of $883 million plus penalties of $154 million are owed based on audits of the 1997 through 2000 tax years of Tyco and its subsidiaries, as they existed at that time. Further, Tyco reported receiving Final Partnership Administrative Adjustments (the "Partnership Notices") for certain U.S. partnerships owned by its former U.S. subsidiaries, for which Tyco has informed that it estimates an additional tax deficiency of approximately $30 million will be asserted. The additional tax assessments related to the Tyco IRS Notices and the Partnership Notices exclude interest and do not reflect the impact on subsequent periods if the IRS challenge to Tyco's tax filings is proved correct. Tyco has filed petitions with the U.S. Tax Court to contest the IRS assessments. Consistent with its petitions filed with the U.S. Tax Court, Tyco has advised the Company that it strongly disagrees with the IRS position and believes (i) it has meritorious defenses for the respective tax filings, (ii) the IRS positions with regard to these matters are inconsistent with applicable tax laws and Treasury regulations, and (iii) the previously reported taxes for the years in question are appropriate. If the IRS should successfully assert its position, the Company's share of the collective liability, if any, would be determined pursuant to the 2012 Tax Sharing Agreement. In accordance with the 2012 Tax Sharing Agreement, Tyco is responsible for the first $500 million of tax, interest and penalty assessed against pre-2013 tax years including its 27% share of the tax, interest and penalty assessed for periods prior to Tyco's 2007 spin transaction ("Pre-2007 Spin Periods"). In accordance with the 2012 Tax Sharing Agreement, the amount ultimately assessed against Pre-2007 Spin Periods with respect to the Tyco IRS Notices and the Partnership Notices would have to be in excess of $1.85 billion, including other assessments for unrelated historical tax matters Tyco has, or may settle in the future, before the Company would be required to pay any of the amounts assessed. In addition to the Company's share of cash taxes pursuant to the 2012 Tax Sharing Agreement, the Company's NOL carryforward may be reduced by audit adjustments to pre-2013 tax periods. The Company believes that its income tax reserves and the liabilities recorded in the Consolidated Balance Sheet for the 2012 Tax Sharing Agreement continue to be appropriate. No payments with respect to the Tyco IRS Notices would be required until the dispute is resolved in the U.S. Tax Court. A trial date has been set for February 2016. However, the ultimate resolution of these matters is uncertain, and if the IRS were to prevail, it could have a material adverse impact on the Company's financial condition, results of operations and cash flows, potentially including a reduction in the Company's available NOL carryforwards. Further, to the extent ADT is responsible for any liability under the 2012 Tax Sharing Agreement, there could be a material impact on its financial position, results of operations, cash flows or its effective tax rate in future reporting periods.

During the year ended September 26, 2014, Tyco advised the Company of pending IRS settlements related to certain intercompany corporate expenses deducted on the U.S. income tax returns for the 2005 through 2009 tax years. The settlements reduced the Company's NOL carryforwards, resulting in a decrease to the Company's net deferred tax asset of approximately $17 million.

Other liabilities in the Company's Consolidated Balance Sheets as of both September 26, 2014 and September 27, 2013 include $19 million for the fair value of ADT's obligations under certain tax related agreements entered into in conjunction with the Separation. The maximum amount of potential future payments is not determinable as they relate to unknown conditions and future events that cannot be predicted.

8. Retirement Plans

The Company measures its retirement plans as of its fiscal year end.

Defined Benefit Plans—The Company provides a defined benefit pension plan and certain other postretirement benefits to certain employees. These plans were frozen prior to Separation and are not material to the Company's financial statements. As of September 26, 2014 and September 27, 2013, the fair value of pension plan assets was $62 million and $56 million, respectively, and the fair value of projected benefit obligations in aggregate was $84 million and $78 million, respectively. As a result, the plans were underfunded by approximately $22 million at September 26, 2014 and September 27, 2013, respectively, and were recorded as a net liability in the Consolidated Balance Sheets. Net periodic benefit cost was not material for fiscal years 2014, 2013 and 2012.

Defined Contribution Retirement Plans—Prior to the Separation, the Company maintained through Tyco several defined contribution retirement plans, including 401(k) matching programs, as well as qualified and nonqualified profit sharing and share bonus retirement plans. Following the Separation, the Company maintains its own standalone 401(k) matching programs. Expense for the defined contribution plans is computed as a percentage of participants' compensation and was $20 million, $20 million and $22 million for fiscal years 2014, 2013 and 2012, respectively.

Deferred Compensation Plan—Prior to the Separation, the Company maintained through Tyco, a nonqualified Supplemental Savings and Retirement Plan ("SSRP"), which permits eligible employees to defer a portion of their compensation. A record keeping account is set up for each participant and the participant chooses from a variety of measurement funds for the deemed investment of their accounts. The measurement funds correspond to a number of funds in the Company's 401(k) plans and the account balance fluctuates with the investment returns on those funds. Following the Separation, the Company maintains its own standalone SSRP for eligible employees. Deferred compensation liabilities were $17 million and $16 million as of September 26, 2014 and September 27, 2013, respectively. Deferred compensation expense was not material for fiscal years 2014, 2013 and 2012.

9. Share Plans

Incentive Equity Awards Converted from Tyco Awards

Prior to the Separation, all employee incentive equity awards were granted by Tyco. On September 28, 2012, substantially all of Tyco's outstanding awards were converted into like-kind awards of ADT, Tyco and Pentair. The conversion of existing Tyco equity awards into ADT equity awards was considered a modification of an award ("2012 Award Modification") in accordance with the authoritative guidance for share-based payments and affected all holders of Tyco incentive equity awards. As a result, the Company compared the fair value of the awards immediately prior to the Separation to the fair value immediately after the Separation to measure incremental compensation cost. Fair value immediately before the modification was measured based on the assumptions of Tyco whereas the fair value of ADT options immediately after the modification, and from there on, was representative of ADT as a standalone company. The conversion resulted in an increase in the fair value of the awards and, accordingly, the Company recorded non-cash compensation expense, the amount of which was immaterial. The following table provides details on the ADT incentive equity awards issued in conjunction with the 2012 Award Modification:

	Shares	Weighted-Average Grant-Date Fair Value
Stock options	7,837,941	$ 7.78
Restricted stock units	3,169,241	20.86

The assumptions used in the Black-Scholes pricing model to calculate the fair value of the options converted on September 28, 2012 were as follows:

	2012
Risk-free interest rate	1.01 –1.21%
Expected life of options (years)	5.50 – 6.50
Expected annual dividend yield	1.42%
Expected stock price volatility	33%

Stock Compensation Plans

Prior to the Separation, the Company adopted The ADT Corporation 2012 Stock Incentive Plan (the "Plan"). The Plan provides for the award of stock options, stock appreciation rights, annual performance bonuses, long-term performance awards, restricted units, restricted stock, deferred stock units, promissory stock and other stock-based awards (collectively, "Awards"). In addition to the incentive equity awards converted from Tyco awards, the Plan provides for a maximum of 8 million common shares to be issued as Awards, subject to adjustment as provided under the terms of the Plan.

Stock-based compensation expense is included in selling, general and administrative expenses in the Consolidated and Combined Statements of Operations. The stock-based compensation expense recognized and the associated tax benefit for fiscal years 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Stock-based compensation expense recognized	$20	$19	$7
Tax benefit associated with stock-based compensation	8	7	3

Stock Options—Options are granted to purchase common shares at prices that are equal to the fair market value of the common shares on the date the option is granted. Conditions of vesting are determined at the time of grant under the Plan. Options granted under the Plan generally vest in equal annual installments over a period of four years and generally expire 10 years after the date of grant. The grant-date fair value of each option grant is estimated using the Black-Scholes option pricing model and amortized on a straight-line basis over the requisite service period of the awards, which is generally the vesting period. The compensation expense recognized is net of estimated forfeitures. Forfeitures are estimated based on expected termination behavior, as well as an analysis of actual option forfeitures.

Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility is calculated based on an analysis of historic and implied volatility measures for a set of peer companies. The average expected life is based on the contractual term of the option and expected employee exercise and post-vesting employment termination behavior. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The assumptions used in the Black-Scholes option pricing model for fiscal years 2014 and 2013 are as follows:

	2014	2013
Risk-free interest rate	1.73 – 2.10%	0.81 – 1.62%
Expected life of options (years)	6	5.75 – 6.00
Expected annual dividend yield	1.95%	1.09%
Expected stock price volatility	41%	33%

The weighted-average grant-date fair value of options granted during fiscal years 2014 and 2013 was $14.20 and $13.06, respectively, and the intrinsic value of options exercised during fiscal years 2014 and 2013 was $8 million and $59 million, respectively.

The following table summarizes the stock option activity for fiscal year 2014:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ($ in millions)
Outstanding as of September 27, 2013	5,296,060	$30.34		
Granted	627,540	41.76		
Exercised	798,354	27.36		
Canceled	304,282	39.11		
Outstanding as of September 26, 2014	4,820,964	31.77	5.44	$32
Options vested and expected to vest as of September 26, 2014	4,568,630	31.49	5.37	31
Exercisable as of September 26, 2014	3,169,681	28.22	4.06	27

As of September 26, 2014, there was approximately $12 million of total unrecognized compensation expense related to non-vested stock options granted under the Company's share option plan. This expense, net of forfeitures, is expected to be recognized over a weighted-average period of approximately 2 years.

Restricted Stock Units—Restricted stock units are granted subject to certain restrictions. Conditions of vesting are determined at the time of grant under the Plan. Restrictions on the award generally lapse upon normal retirement, if more than twelve months from the grant date, and death or disability of the employee. Recipients of restricted stock units have no voting rights and receive dividend equivalent units. Dividend equivalent units are subject to forfeiture if the underlying awards do not vest.

The fair market value of restricted stock units, both time vesting and those subject to specific performance criteria, are expensed over the period of vesting. Restricted stock units that vest based upon passage of time generally vest over a period of four years. Restricted stock units that vest dependent upon attainment of various levels of performance ("performance share awards") generally vest in their entirety three years from the grant date. The fair value of restricted stock units is determined based on the closing market price of the underlying stock on the grant date. The number of performance share awards included in the total restricted stock units granted during fiscal year 2014 is immaterial. No performance share awards vested during fiscal year 2014.

The following table summarizes the restricted stock unit activity, including performance share awards, for fiscal year 2014:

	Shares	Weighted-Average Grant-Date Fair Value
Non-vested as of September 27, 2013	1,241,066	$33.75
Granted	599,346	40.57
Vested	552,020	28.37
Canceled	175,700	38.36
Non-vested as of September 26, 2014	1,112,692	39.39

The weighted-average grant-date fair value of restricted stock units granted during fiscal year 2014 and 2013 was $40.57 and $45.91, respectively. The total fair value of restricted stock units vested during 2014 and 2013 was $15 million and $32 million, respectively.

As of September 26, 2014, there was $22 million of total unrecognized compensation cost related to non-vested restricted stock units. This expense, net of forfeitures, is expected to be recognized over a weighted-average period of approximately 2 years.

10. Equity

Common Stock

Shares Authorized and Outstanding—As of September 26, 2014, the Company had 1,000,000,000 shares of $0.01 par value common stock authorized, of which 174,109,318 shares were outstanding.

Dividends—Holders of shares of the Company's common stock are entitled to receive dividends when, as and if declared by its board of directors out of funds legally available for that purpose. Future dividends are dependent on the Company's financial condition and results of operations, the capital requirements of its business, covenants associated with debt obligations, legal requirements, regulatory constraints, industry practice and other factors deemed relevant by its board of directors.

During fiscal years 2014 and 2013, the Company's board of directors declared the following dividends on ADT's common stock:

2014			
Dividend Amount	Dividend Declared Date	Dividend Paid Date	To Stockholders on Record as of
$0.20	January 9, 2014	February 19, 2014	January 29, 2014
$0.20	March 13, 2014	May 21, 2014	April 30, 2014
$0.20	July 18, 2014	August 20, 2014	July 30, 2014
$0.20	September 19, 2014	November 19, 2014	October 29, 2014

2013			
Dividend Amount	Dividend Declared Date	Dividend Paid Date	To Stockholders on Record as of
$0.125	November 26, 2012	December 18, 2012	December 10, 2012
$0.125	January 10, 2013	February 20, 2013	January 30, 2013
$0.125	March 14, 2013	May 15, 2013	April 24, 2013
$0.125	July 19, 2013	August 21, 2013	July 31, 2013
$0.125	September 20, 2013	November 20, 2013	October 30, 2013

Voting Rights—The holders of the Company's common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders.

Other Rights—Subject to any preferential liquidation rights of holders of preferred stock that may be outstanding, upon the Company's liquidation, dissolution or winding-up, the holders of ADT common stock are entitled to share ratably in the Company's assets legally available for distribution to its stockholders.

Fully Paid—The issued and outstanding shares of the Company's common stock are fully paid and non-assessable. Any additional shares of common stock that the Company may issue in the future will also be fully paid and non-assessable.

The holders of the Company's common stock do not have preemptive rights or preferential rights to subscribe for shares of its capital stock.

Preferred Stock

The Company's certificate of incorporation authorizes its board of directors to designate and issue from time to time one or more series of preferred stock without stockholder approval. The board of directors may fix and determine the preferences, limitations and relative rights of each series of preferred stock. As of September 26, 2014, there were 50,000,000 shares of $0.01 par value preferred stock authorized of which none were outstanding. The Company does not currently plan to issue any shares of preferred stock.

Share Repurchase Program

On November 26, 2012, the Company's board of directors approved $2 billion of share repurchases over a period of three years. Pursuant to this approval, the Company may enter into accelerated share repurchase plans as well as repurchase shares on the open market. During fiscal year 2013, the Company made open market repurchases of 15.5 million shares of ADT common stock at an average price of $43.01 per share. The total cost of open market repurchases for fiscal year 2013 was approximately $668 million, of which $635 million was paid during the period.

On January 29, 2013, the Company entered into an accelerated share repurchase agreement under which it repurchased 12.6 million shares of ADT's common stock for $600 million at an average price of $47.60 per share. This accelerated share repurchase program, which was funded with proceeds from the January 2013 Debt Offering, was completed on April 2, 2013.

On November 18, 2013, the Company's board of directors authorized a $1 billion increase to the $2 billion, three-year share repurchase program that was previously approved on November 26, 2012. This repurchase program expires November 26, 2015. During fiscal year 2014, the Company made open market repurchases of 14 million shares of ADT's common stock at an average price of $35.72 per share. The total cost of open market repurchases for fiscal year 2014 was $500 million, all of which was paid during the period.

On November 19, 2013, the Company entered into an accelerated share repurchase agreement under which it paid $400 million for an initial delivery of approximately 8 million shares of ADT's common stock. This accelerated share repurchase program was completed on February 25, 2014. In total, the Company repurchased 10.9 million shares of its common stock at an average price of $36.86 per share under this accelerated share repurchase agreement.

On November 24, 2013, the Company entered into a Share Repurchase Agreement ("Share Repurchase Agreement") with Corvex. Pursuant to the Share Repurchase Agreement, the Company repurchased 10.2 million shares from Corvex for a price per share equal to $44.01, resulting in $451 million of cash paid during fiscal year 2014. This repurchase was completed on November 29, 2013.

The above repurchases were made in accordance with the board approved repurchase program. All of the Company's repurchases were treated as effective retirements of the purchased shares and therefore reduced reported shares issued and outstanding by the number of shares repurchased. In addition, the Company recorded the excess of the purchase price over the par value of the common stock as a reduction to additional paid-in capital.

Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income reflected on the Consolidated Balance Sheets are as follows ($ in millions):

	Currency Translation Adjustments	Deferred Pension Losses[1]	Accumulated Other Comprehensive Income
Balance as of September 30, 2011	$100	$ (21)	$ 79
Pre-tax current period change	17	(5)	12
Income tax benefit	—	2	2
Balance as of September 28, 2012	117	(24)	93
Pre-tax current period change	(19)	10	(9)
Income tax benefit	—	(4)	(4)
Balance as of September 27, 2013	98	(18)	80
Pre-tax current period change	(41)	(1)	(42)
Income tax benefit	—	—	—
Balance as of September 26, 2014	$ 57	$ (19)	$ 38

(1) The balances of deferred pension losses as of September 26, 2014, September 27, 2013 and September 28, 2012 are reflected net of tax benefit of $12 million, $11 million and $15 million, respectively.

Other

During fiscal year 2013, the Company made adjustments to additional paid-in capital, which primarily resulted from the receipt of $61 million in cash from Tyco and Pentair related to the allocation of funds in accordance with the 2012 Separation and Distribution Agreement.

11. Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to common shares by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could participate in earnings, but not securities that are anti-dilutive. Following the

Separation, the Company had 231,094,332 common shares outstanding. This amount was used as the starting point for calculating weighted-average shares outstanding for fiscal year 2012. Additionally, diluted weighted-average shares outstanding for fiscal year 2012 was determined assuming that the Separation occurred on the first day of fiscal year 2012. The computation of basic and diluted earnings per share for fiscal years 2014, 2013 and 2012 is as follows:

(in millions, except per share amounts)	2014	2013	2012
Basic Earnings Per Share			
Numerator:			
Net income	$ 304	$ 421	$ 394
Denominator:			
Weighted-average shares outstanding	182	222	231
Effect of vested deferred stock units	—	—	1
Basic weighted-average shares outstanding	182	222	232
Basic earnings per share	$1.67	$1.90	$1.70
Diluted Earnings Per Share			
Numerator:			
Net income	$ 304	$ 421	$ 394
Denominator:			
Basic weighted-average shares outstanding	182	222	232
Effect of dilutive securities:			
Stock options	1	1	2
Restricted stock	—	1	2
Diluted weighted-average shares outstanding	183	224	236
Diluted earnings per share	$1.66	$1.88	$1.67

The computation of diluted earnings per share excludes the effect of the potential exercise of options to purchase approximately 1.7 million shares of stock for fiscal year 2014 and 0.8 million shares of stock for fiscal years 2013 and 2012, as the effect would have been anti-dilutive.

12. Geographic Data

Revenues are attributed to individual countries based upon the operating entity that records the transaction. Revenue by geographic area for fiscal years 2014, 2013 and 2012 are as follows ($ in millions):

Revenue	2014	2013	2012
United States	$3,206	$3,123	$3,034
Canada	202	186	194
Total	$3,408	$3,309	$3,228

Long-lived assets, which are comprised of subscriber system assets, net and property and equipment, net, located in the United States approximate 94% and 93% of total long-lived assets as of September 26, 2014 and September 27, 2013, respectively, with the remainder residing in Canada.

13. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data for fiscal years 2014 and 2013 is as follows ($ in millions, except per share data):

	2014			
	December 27, 2013	March 28, 2014	June 27, 2014	September 26, 2014
Revenue	$ 839	$ 837	$ 849	$ 883
Operating income	165	164	169	161
Net income	77	63	82	82
Net income per share:				
Basic	$0.39	$0.35	$0.47	$0.47
Diluted	$0.39	$0.34	$0.47	$0.47

	2013			
	December 28, 2012	March 29, 2013	June 28, 2013	September 27, 2013
Revenue	$ 809	$ 821	$ 833	$ 846
Operating income	186	174	192	183
Net income	105	107	113	96
Net income per share:				
Basic	$0.45	$0.47	$0.52	$0.45
Diluted	$0.44	$0.47	$0.52	$0.45

THE ADT CORPORATION
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
($ in millions)

Description	Balance at Beginning of Year	Additions Charged to Income	Deductions	Balance at End of Year
Allowance for Doubtful Accounts:				
Year Ended September 28, 2012	$23	$50	$(48)	$25
Year Ended September 27, 2013	25	49	(47)	27
Year Ended September 26, 2014	27	43	(46)	24

INDEX TO EXHIBITS

Exhibit Number	Exhibits	
2.1	Separation and Distribution Agreement, dated September 26, 2012 among Tyco International Ltd., Tyco International Finance S.A., The ADT Corporation and ADT LLC	(6)
2.2	Separation and Distribution Agreement with respect to Tyco Flow Control Distribution, dated as of March 27, 2012, among Tyco International Ltd., Tyco Flow Control International Ltd. and The ADT Corporation	(1)
2.3	Amendment No. 1 to the Separation and Distribution Agreement, dated as of July 25, 2012, among Tyco International Ltd., Tyco Flow Control International Ltd. and The ADT Corporation	(3)
3.1	Amended and Restated Certificate of Incorporation of The ADT Corporation	(4)
3.2	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of The ADT Corporation, dated September 26, 2012	(5)
3.3	Amended and Restated Bylaws of The ADT Corporation, dated December 6, 2012	(7)
4.1	Indenture, dated as of July 5, 2012, by and between The ADT Corporation and Wells Fargo Bank, National Association	(2)
4.2	First Supplemental Indenture, dated as of July 5, 2012, by and among The ADT Corporation, Tyco International Ltd. and Wells Fargo Bank, National Association	(2)
4.3	Second Supplemental Indenture, dated as of July 5, 2012, by and among The ADT Corporation, Tyco International Ltd. and Wells Fargo Bank, National Association	(2)
4.4	Third Supplemental Indenture, dated as of July 5, 2012, by and among The ADT Corporation, Tyco International Ltd. and Wells Fargo Bank, National Association	(2)
4.5	Fourth Supplemental Indenture, dated as of January 14, 2013, by and between The ADT Corporation and Wells Fargo Bank, National Association	(9)
4.6	Fifth Supplemental Indenture, dated as of October 1, 2013, by and between The ADT Corporation and Wells Fargo Bank, National Association	(10)
4.7	Indenture, dated as of March 19, 2014, by and between The ADT Corporation and Wells Fargo Bank, National Association	(11)
4.8	Officer's Certificate, dated as of March 19, 2014, of The ADT Corporation, establishing the terms of its 4.125% Senior Notes due 2019 (including form Note)	(11)
10.1	Tax Sharing Agreement, dated September 28, 2012, by and among Pentair Ltd., Tyco International Ltd., Tyco International Finance S.A., and The ADT Corporation	(6)
10.2	Non-Income Tax Sharing Agreement dated September 28, 2012, by and among Tyco International Ltd., Tyco International Finance S.A., and The ADT Corporation	(6)
10.3	Trademark Agreement, dated as of September 25, 2012, by and among ADT Services GmbH, ADT US Holdings, Inc., Tyco International Ltd. and The ADT Corporation	(6)
10.4	Patent Agreement, dated as of September 26, 2012, by and between Tyco International Ltd. and The ADT Corporation	(6)
10.5	Five Year Senior Unsecured Revolving Credit Agreement, dated as of June 22, 2012, by and among The ADT Corporation, Tyco International Ltd., the lender parties thereto and Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as bookrunners and lead arrangers	(2)
10.6*	The ADT Corporation 2012 Stock and Incentive Plan	(5)

10.7*	The ADT Corporation Severance Plan for U.S. Officers and Executives	(6)
10.8*	The ADT Corporation Change in Control Severance Plan	(6)
10.9*	ADT LLC Supplemental Savings and Retirement Plan	(6)
10.10	Agreement, dated December 17, 2012, by and among The ADT Corporation, Keith A. Meister, Corvex Management LP and Soros Fund Management LLC	(8)
10.11*	Form of ADT Indemnification Agreement, by and between The ADT Corporation and Directors and Officers	(12)
10.12	Master Confirmation and form of Supplemental Confirmation, by and between, The ADT Corporation and JPMorgan Chase Bank dated November 19, 2013	(14)
10.13	Share Repurchase Agreement, dated as of November 24, 2013, by and between The ADT Corporation and Corvex Management LP	(13)
10.14	Amendment to Agreement, dated as of November 24, 2013, by and among The ADT Corporation, Keith Meister and Corvex Management LP	(13)
12.1	Ratio of Earnings to Fixed Charges	
21	List of subsidiaries of The ADT Corporation	
23	Consent of Deloitte & Touche LLP	
24	Powers of Attorney	
31.1	Certification of CEO required by Securities and Exchange Commission Rule 13a-14(a) or 15d-14(a)	
31.2	Certification of CFO required by Securities and Exchange Commission Rule 13a-14(a) or 15d-14(a)	
32	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
101	Financial statements from the annual report on Form 10-K of The ADT Corporation for the year ended September 26, 2014 formatted in XBRL: (i) the Consolidated Balance Sheets, (ii) the Consolidated and Combined Statements of Operations, (iii) the Consolidated and Combined Statements of Comprehensive Income (iv) the Consolidated and Combined Statements of Stockholders' Equity, (v) the Consolidated and Combined Statements of Cash Flows, and (vi) the Notes to Consolidated and Combined Financial Statements	

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* Management contract or compensatory plan or arrangement.

(1) Incorporated by reference from the respective exhibit to The ADT Corporation's Registration Statement on Form 10 filed on April 10, 2012 (File No. 001-35502)

(2) Incorporated by reference from the respective exhibit to Amendment No. 2 to The ADT Corporation's Registration Statement on Form 10 filed on July 9, 2012 (File No. 001-35502)

(3) Incorporated by reference from the respective exhibit to Amendment No. 3 to The ADT Corporation's Registration Statement on Form 10 filed on July 27, 2012 (File No. 001-35502)

(4) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on September 20, 2012

(5) Incorporated by reference from the respective exhibit to The ADT Corporation's Form S-8 Registration Statement, as filed on September 27, 2012 (File No. 333-184144)

(6) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on October 1, 2012

(7) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on December 6, 2012

(8) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on December 18, 2012

(9) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on January 14, 2013

(10) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on October 1, 2013

(11) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on March 19, 2014

(12) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 10-K filed on November 20, 2013

(13) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on November 29, 2013

(14) Incorporated by reference from the respective exhibit to The ADT Corporation's Current Report on Form 8-K filed on November 25, 2013

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