

## Tyco Shares Could Continue to Slide



HARTFORD, Conn. (AP) — Tyco Electronics shares could continue its steep slide because of its exposure to the troubled auto industry, an analyst said Friday.

Analyst Brian J. White of Collins Stewart said in a note to investors he believes Tyco Electronics, which makes electronic components, undersea telecommunications systems, and wireless equipment, could slide another 37% in addition to the more than 50% it has already fallen since the start of the year.

The share price has declined 12% since Monday, which White said was due to weak auto sales in February, growing concerns about a possible General Motors bankruptcy and the impact on the supply chain.

"In October, we indicated that we see the automotive market potentially on the verge of an apocalyptic scenario over the next year and we believe this has come to fruition, resulting in investors shunning any company overly exposed to the auto industry," he said.

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White said Tyco Electronics, which split in 2007 from diversified manufacturer Tyco International, also must face concerns among investors that it could violate a financial covenant. He said it could happen in the company's fiscal fourth quarter or fiscal 2010, which threatens Tyco Electronics with a loss of access to credit totaling \$1.43 billion.

White said he expects Tyco Electronics, based in Pembroke, Bermuda, but with operational headquarters in Berwyn, Pa., will handle the matter before it becomes an issue. However, it would likely have to renegotiate its credit facility and pay a higher interest rate or use cash to reduce debt.

"Either way, this risk remains an overhang in our view," he said.

Tyco Electronics shares finished at \$7.99 on Thursday, just 4¢ above their 52-week low and 80% below their high of \$40.34 last June.

Tyco Electronics said Thursday it has rescheduled its shareholders meeting to June from March 10 to coincide with a special shareholders meeting called to vote on the change of incorporation from Bermuda to Switzerland.

White said if shareholders approve the change of incorporation, "we believe there is a high degree of risk" that Tyco Electronics' stock will be removed from U.S. indices such as the Standard & Poor's 500.

"By delaying the meeting, we believe this could deter new investors from purchasing the shares due to the extended overhang from the uncertainty regarding the outcome of the vote," he said.

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