

Security Finance Newsletter

December 2011

The information in this newsletter is provided strictly for informational purposes to Security Industry senior executives. Sokoloff & Co. makes no representations as to its accuracy. Sokoloff & Co. does not advise public investors; therefore this information should not be used for investing purposes.

Volume VII, Issue 4

3rd QUARTER ANNOUNCED MERGERS & ACQUISITIONS

Buyer: RICHARDSON ELECTRONICS LIMITED (NASDAQ:RELL)

Seller: POWERLINK SPECIALIST ELECTRONICS SUPPORT LIMITED is a UK-based technical service company which services traveling wave tube amplifiers and related equipment for the Satellite Communications market. Their revenues were approximately \$2.12M for fiscal year ended May 2011.

Buyer: IBM (NYSE:IBM)

Seller: I2 is a provider of intelligence analytics for crime and fraud prevention based in Cambridge, UK with U.S. headquarters in McLean, Va. I2's clients span multiple sectors globally such as banking, defense, health care, insurance, law enforcement, national security and retail.

Buyer: TYCO INTERNATIONAL (NYSE:TYC)

Seller: VISONIC LTD (TASE: VSC.TA) is a developer and manufacturer of wireless home security and safety systems and components. Their revenues were approximately \$75M for fiscal year ended May 2011. They are headquartered in Israel.

Buyer: TETRA TECH (NASDAQ: TTEK) is a leading provider of consulting, engineering, program management, construction, and technical services.

Seller: PRO-TELLIGENT, LLC is a consulting firm that provides a wide range of technical support services primarily to the U.S. Department of State. The company has more than 600 employees and approximately \$100 million in annual revenue.

Buyer: UNITED TECHNOLOGIES CORP. (NYSE:UTX)

Seller: GOODRICH CORP (NYSE:GR) is an aerospace manufacturer based in Charlotte, North Carolina. The company has 25,600 employees

and is expected to have \$8B in 2011 revenues.

Buyer: CACI INTERNATIONAL, INC. (NYSE:CACI)

Seller: ADVANCED PROGRAMS GROUP, LLC is headquartered in Reston, VA with 110 employees. The company is an Oracle Platinum Partner and a provider of Oracle e-Business services in the federal market.

Buyer: TRI-ED NORTHERN VIDEO is an independent North American security distributor.

Seller: VIDEO SECURITY SPECIALISTS (VSS) is a three-branch West Coast distribution company that is headquartered in Burbank, California.

Buyer: G4S PLC (LSX:GFS) operates in two segments: Secure Solutions and Cash Solutions. The Secure Solutions Segment provides integrated security solutions for commercial customers while the Cash Solutions Segment involves the outsourcing of cash cycle management for central banks, financial institutions and retailers.

Seller: EQT PARTNERS & GOLDMAN SACHS CAPITAL PARTNERS FOR ISS A/S. ISS is the world's fourth largest private employer with more than 500,000 workers. The company is headquartered in Copenhagen, Denmark with 2010 revenue of \$13.7 Billion. ISS provides cleaning services, support services, property services, catering services, security services and facility management services.

Buyer: MANTECH INTERNATIONAL CORPORATION (NASDAQ:MANT) ManTech is a provider of technologies and solutions for mission-critical national security programs for the intelligence community; the departments of Defense, State, Homeland Security, Energy, and Justice.

Seller: WORLDWIDE INFORMATION NETWORK SYSTEMS is an IT solutions provider specializing in network and infrastructure engineering. They are headquartered in Seabrook, Maryland and were founded in 2001.

Buyer: UNIVERSAL PROTECTION

SERVICE is a division of Universal Services of America. Universal Protection Service supplies guards and cleaning services and claims to be the sixth largest security company in the United States.

Seller: SFI is a provider of security guard services and is based in Charlotte, North Carolina. The company employs over 3,500 security professionals and has 31 offices across the United States.

Buyer: GENERAL DYNAMICS (LAND SYSTEMS DIVISION) (NYSE:GD). General Dynamics Land Systems is a manufacturer of wheeled, tracked and amphibious combat vehicles, offering a spectrum of design, production and lifecycle support to customers worldwide.

Seller: FORCE PROTECTION (NASDAQ:FRPT) provides survivability solutions to support the armed forces of the United States and its allies. Headquartered in Sterling Heights, Michigan they have approximately 1100 employees.

Sokoloff Security Index



The Security Finance Newsletter is a service of Peter A. Sokoloff & Co. It is distributed quarterly to owners, CEOs, CFOs and corporate development executives in the Security Industry.

The Security Finance Newsletter is a copyright of Peter A. Sokoloff & Co. © 2011. Permission to reprint/distribute excerpts of the full newsletter is granted, provided the following attribution is included: "Reprinted with permission. © 2011 Peter A. Sokoloff & Company, Glendale, California."



Peter A. Sokoloff & Co.
Investment Bankers and Financial Advisory
a limited liability organization

550 North Brand Blvd. Suite 1650 Glendale, CA 91203
(818) 547-4500, fax (818) 547-4388, www.sokoloffco.com

Sokoloff Interviews Jack DeMao of Electric Guard Dog

This quarter Sokoloff & Company interviews **Electric Guard Dog**. The company, which specializes in solar-powered perimeter security fences, was **ranked #29 in SDM Magazine's 2011 top 100 security companies in the United States**. We interviewed CEO Jack DeMao to give us some background on the growing success of this very unique company.

Tell us about Electric Guard Dog's beginnings and how and why the product changed over time.

Bill Mullis founded the company in 1973 as a guard dog business. We were the largest in the U.S. with the meanest dogs. If you had a bad dog, we'd hire him, assuming he was mean enough for us! Joking aside, the company was very respected for having great guard dogs. However, in 1991, criminals managed to break into our site even though we had 70 dogs chained up on the premises! These were some brave criminals. Bill was so mad and upset that he developed the electric fence to protect himself. People loved the electric fence as much as he did: it was easier, more cost-effective and actually worked better. Little by little we phased out the real dogs to become the company we are today, the ELECTRIC Guard Dog.

EGD was just ranked as #29 in SDM Magazine's top 100 security companies in the United States for 2011. Your operating basis is very different from most of the other alarm companies on that list. E.g. – you reported 2,550 customers with average RMR of \$524, which is many times the monthly revenue per customer of others on the list. You install electric fences for commercial customers and then provide everything from maintenance to monitoring to liability coverage. Tell us how you came up with this concept and what the keys to its success have been.

We continued to follow the same business model as we did with the dogs. When we had dogs, we never sold them. We provided their food, their clean up, their care. There were a limited number of highly trained dogs and we didn't want to start selling them. When we moved into fencing we decided to keep the same concept: we provide everything, including initial installation, monitoring, and all service for a monthly fee. **We don't sell anything, we don't transfer the ownership. We are simply a security service provider that bundles everything.**

We have a very unique service with unique

financing. We ensure that we have good contracts, so that we get paid for the period and then we give the customer overwhelming service to make it very sticky. By overwhelming, I mean that we go above and beyond what most companies would do. For example, we work with a lot of trucking companies and rental yards that are constantly trying to get more usage out of a small space. If a customer knocks down a pole backing out of their facility because it's so tight, we come back and fix it, no problem. Not just once, not just twice, but sometimes multiple times. Most companies would fix it maybe once and that would be it. Not us, we give them no hassle. We fix it as many times as they need and

Electric Guard Dog was ranked #29 in SDM Magazine's 2011 top 100 security companies in the United States.

We wanted to give the customers service all the time and surprise the bad guys. Being environmentally responsible is a great upside. The system works better and customers enjoy using us as part of their green strategy. Further, **the solar-powered fence is much cheaper to run than other electronic security measures**. So it's really just an all-around better product for so many reasons.

Which perimeter security threats keep you up at night and how does EGD address them?

The critical thing we work on is integration with other technologies. There is really nothing as good as an electric fence to deter crime. Thieves are more afraid of electric fencing than really anything out there. That said, there are those criminals who are aggressive enough to drive a truck through a fence. This is the type of threat that we really think about and put our energies into. So we address the issue of what happens if a break-in occurs, and how to catch the guys. We do this by working as an integrator for the client. For example, a video camera does not deter crime, but it becomes very useful once a breach occurs. It will tell us how many people are involved, and it can also give a verified alarm, which is what the police sometimes require. We are not only able to supply the EGD electric fence (which is where the vast majority of crime stops), but we are also able to give the company an opportunity to upgrade by having us install and recommend microwave suppliers, video hardware vendors, etc.

Please tell us some of the installations EGD is most proud of and how the product continues to increase its market share.

We are proud of all our installations and the proof can be seen in a recent survey that was done by an independent marketing company. **95% of our customers said that we stopped crime on the spot.** Now remember, people put us in as a last resort. It's not usually their first thought and they don't turn to it until they've tried everything else. So to get that kind of feedback – that we stop crime 95% of the time – is really satisfying. **Geoff Stephany**, Corporate Head of Security at Old Dominion Freight Lines said, "If I could have only one security product

"95% of our customers said that we stopped crime on the spot."

This notice appears as a matter of record only.



Wellsco INC.

has been acquired by



Infotech

Creating Business Impact

The undersigned advised Infotech Enterprises Ltd.



Peter A. Sokoloff & Co.
Investment Bankers and Financial Advisory
a limited liability organization

550 North Brand Blvd. Suite 1650 Glendale, CA 91203
(818) 547-4500, fax (818) 547-4388
www.sokoloffco.com

the most we'll ever say is, "Can you be more careful?"

EGD's perimeter security solution is unique in that it works through solar power. Was the environmental twist to the product something the company went after or something that just happened? Do you position the product as a trailblazer for a greener future?

Originally, the solar power source was designed to give customers continued security when the power went out. Living in the Southeast, we get frequent storms and therefore frequent power outages. The bad guys love to strike when this happens. They know everyone's security systems have gone down. So they wait for the batteries to die then head out for easy crime.

in place it would be the Electric Guard Dog.”

How is the company able to offer the product upfront at no cost?

Because we were the first and largest company in this space, we have an exceptional infrastructure from which to grow. EGD also has a very good specialty lender, Capital-Source Finance. A lot of financial power is needed, as a lot of money must be put into a site before you make any back. Then the critical part of the equation is that the solution has to be sticky. The customer has to stay with you in order to get a return on your investment. **We have incredible customer service and though our contract is only for 3 years, our customers will stay with us for 8-10 years.** Our attrition is only 4% net and we tend to only lose customers when they move off site or go out of business. So that’s why we can offer the product upfront.

What is the corporate culture of your company and how do you find and retain employees?

We are an extremely service-oriented culture. We demand professional security personnel who handle issues of security and service with equal gravity. We know that we’re helping people protect millions of dollars worth of assets. If there is a mistake, the customer could be wiped out. We take this very seriously, so we do background checks and have a drug-free environment. Customer for life is our concept. We search for that employee (and I have struggled to find them – they often have different personalities) who sees the value of not only security, but customer service. Here’s the type of customer service I’m talking about. We will do things that financially in the short term look crazy expensive. If a city passes an ordinance that prevents a company from using our fence, we will spend two or three times the amount of the contract to overturn that ordinance. It doesn’t make sense if you look at that one site, but if you look at our customers across the U.S., they know they can depend on us and that’s worth a million.

What is your background and what is your vision for EGD?

I’m a mechanical engineer with an MBA. What

“We have incredible customer service and though are contract is only for 3 years, our customers will stay with us for 8-10 years.”

I do is work with businesses that have been built by founders and were acquired by private equity or other companies. Normally, the entrepreneur didn’t have the resources for adequate infrastructure, so I come in and identify the things that work and get rid of things that don’t so we can build the business. I love the challenge of this and am currently working on doubling EGD’s business. My vision of EGD is that it could be 10 times

Jack DeMao, CEO

Jack is an accomplished executive with experience in a variety of industries. Previously he served as President of Chicago Pneumatic Tool Company’s Automotive Division and President/CEO of C.C. Dickinson Co., a wholesaler of HVAC parts and equipment.



out the bad guys is very positive. **We’ve had a lot of big customers that tell us that if they spend \$1 on us they can cut out \$3 from overall security cost.**

What plans does the company have for growth: organically, through M&A, opening sales channels across the world?

We plan to grow organically in the U.S. There’s so much opportunity here. It’s so expensive to put a service network (technicians) into play that we need to build up our U.S. business before going overseas. After we’ve done that, we’ll move into Canada and Mexico. M&A will not be a priority for us, but if there is a strategic acquisition for new technologies (such as a video company) that could be integrated with our system, that would make sense for us.

What do you believe the future of perimeter security looks like?

Demand is going to continue to increase. Everyone is trying to get more done with less. They can’t erect buildings to store everything inside, so a lot of stuff continues to get stored on the outside. This is why property theft is on the way up. Easy targets. Last year alone the U.S. had a greater than 10% increase in cargo theft alone. We know we have plenty of opportunities to grow our core markets while we’re pursuing new ones.

This notice appears as a matter of record only.



GLOBAL EQUITY CAPITAL, LLC

Has sold Voicecom Telecommunications, LLC



INTELLIVERSE
communications solved.

to



Amvensys
Amvensys Telecom Holdings, LLC

The undersigned advised the seller.



Peter A. Sokoloff & Co.
Investment Bankers and Financial Advisory
a limited liability organization

550 North Brand Blvd. Suite 1650 Glendale, CA 91203
(818) 547-4500, fax (818) 547-4388 www.sokoloffco.com

bigger. There is so much opportunity. We can help anyone that has assets stored outside: trucking, automotive service (dealerships, etc.), rental segments, utilities, chemical distributors, homeland security... so many that we haven’t even scratched the surface.

What do you find most enjoyable about working in this industry and for EGD?

Beating bad guys! That’s fun. The customer’s life is so disrupted by low life bad guys. If a customer gets a truckload of plasma TV’s stolen, they’re in trouble with the manufacturer, the manufacturer is in trouble with the big box store... it affects so many people. Further, helping customers save money and cut cost (particularly in this recession) and still knock

**Contact
Sokoloff & Company**

**Please contact Bernie Walko,
Managing Director
for a confidential consultation
about your company’s merger
and acquisition needs.
818-547-4500
bwalko@sokoloffco.com**

Do you receive our free weekly e-mail Security Newsletter Update? If not, please adjust your spam filter or sign up easily on-line at www.sokoloffco.com.

While at our website, surf around. There’s plenty of useful information, including our archive of newsletters tracking historical industry performance.

**“Always do right. This will gratify some people and astonish the rest.”
- Mark Twain (1901)**

SOKOLOFF & CO. VALUATION RANKINGS OF PUBLIC SECURITY COMPANIES*
Q3 2011 Reports and Stock Prices as of November 14, 2011
USA LISTED COMPANIES

*Sokoloff & Company compiles a quarterly review of selected public security companies (and companies that dedicate a portion of their business to security) and compares how each is valued by the public marketplace. The companies are ranked comparatively by EVS, which is Enterprise Value divided by EVS. Other comparative indicators shown are P/E, Price to Earnings (market cap divided by earnings) and EVM, which is Enterprise Value Multiple; the Enterprise Value divided by EBITDA (Earnings Before Taxes, Interest, Depreciation and Amortization). All multiples are based on trailing twelve months (TTM) numbers through the most recently reported quarter.

Note: The quarterly revenue percentage column is the increase (or decrease) from the same quarter in the previous year. Where fiscal year has differed from calendar year, the most recently reported information is used. This information is provided strictly for informational purposes to industry senior executives. Sokoloff & Co. makes no representations as to its accuracy. Sokoloff & Co. does not advise public investors; therefore this information should not be used for investing purposes.

Current Rank	Previous Rank	Company	Symbol	Stock Price 11/14/2011	52 Week Range	Market Cap 11/14/2011	(000s) 2008 Revenue	(000s) 2009 Revenue	(000s) 2010 Revenue	(000s) 3rd Q 11 Revenue	Over Q3 2010 Incr/Decr	P/E	EVS	EVM
1	1	Sourcecell, Inc.	FIRE	32.18	22.61-32.72	923.76M	75,673	103,465	130,572	45,206	25.0%	146.94	5.21	61.09
2	2	Gentex Corporation	GNIX	28.48	20.65-35.35	4.09B	623,800	544,523	816,263	269,468	30.3%	25.43	3.76	13.80
3	3	Roper Industries, Inc.	ROP	85.53	64.90-88.76	8.25B	2,306,371	2,049,668	2,386,122	712,705	17.8%	20.29	3.35	11.78
4	5	Taser Corp.	TASR	5.73	3.55-5.87	325.27M	92,846	104,252	86,930	24,383	15.6%	N/A	3.11	26.40
5	4	Fibr Systems, Inc.	FLIR	26.08	21.86-37.29	4.07B	1,076,974	1,147,087	1,385,301	371,327	11.7%	19.68	2.56	9.12
6	6	Verint	VRNT	28.18	22.50-38.10	1.09B	534,543	669,544	703,633	194,959	7.9%	43.35	2.05	11.12
7	8	AuthenTec	AUTH	3.17	1.95-4.16	138.90M	63,948	34,066	44,867	19,316	88.8%	N/A	1.85	N/A
8	9	Zebra Technologies Corp.	ZBRA	37.23	28.20-44.53	1.93B	976,700	803,585	956,848	253,338	10.2%	12.27	1.71	8.76
9	7	The Geo Group	GEO	17.16	16.90-26.95	1.07B	1,043,006	1,141,090	1,269,968	406,847	24.1%	13.24	1.63	10.15
10	12	Stanley Black & Decker	SWK	67.39	47.07-78.19	11.38B	4,426,200	3,737,100	8,409,600	2,636,400	11.3%	17.73	1.45	9.63
11	11	Tyco International	TYC	46.06	37.11-53.38	21.39B	20,199,000	16,882,000	17,016,000	4,691,000	4.4%	13.97	1.40	7.31
12	10	United Technologies Corp.	UTX	79.05	66.87-91.83	71.63B	59,757,000	52,425,000	54,326,000	14,804,000	8.7%	14.83	1.34	7.70
13	15	Honeywell	HON	54.71	41.22-62.28	42.32B	36,556,000	30,908,000	33,370,000	9,298,000	14.2%	15.81	1.25	9.63
14	16	OSI Systems	OSIS	45.95	31.00-47.39	902.69M	623,088	590,361	595,111	161,317	25.6%	26.14	1.24	11.88
15	14	Brady Corporation	BRD	30.33	24.44-38.73	1.60B	1,523,016	1,208,702	1,259,096	343,104	6.3%	14.83	1.21	7.38
16	17	Identive Group	INVE	2.30	1.37-5.90	132.43M	28,362	41,315	84,843	26,752	30.4%	N/A	0.19	N/A
17	93	Siemens AG	SI	99.50	84.86-146.74	86.99B	104,308,000	103,292,000	94,025,000	27,733,000	4.9%	10.40	0.91	6.38
18	13	Napco Security Systems, Inc	NSSC	2.15	1.55-3.02	41.05M	68,367	69,565	67,757	16,203	5.7%	19.55	0.86	10.65
19	24	Diebold	DBD	31.90	24.70-37.12	2.00B	3,081,838	2,718,292	2,823,793	709,322	-5.2%	N/A	0.81	9.73
20	18	Ingersoll Rand	IR	31.19	25.86-52.33	9.74B	13,227,400	13,101,800	14,079,100	3,928,500	5.3%	34.62	0.80	6.29
21	20	L-3 Communications Holdings	LLL	69.08	58.30-88.55	6.90B	14,901,000	15,615,000	15,680,000	3,787,000	-1.3%	7.92	0.69	5.54
22	23	Johnson Controls	JCI	31.72	24.29-42.92	21.57B	38,062,000	28,497,000	34,305,000	10,788,000	19.3%	13.45	0.65	9.77
23	21	Checkpoint Systems, Inc	CKP	11.88	10.58-23.00	477.09M	917,082	772,718	834,498	218,126	7.3%	N/A	0.64	7.63
24	25	Lockheed Martin Corp.	LMT	77.35	66.36-82.43	24.85B	42,731,000	43,995,000	45,803,000	12,119,000	6.8%	9.04	0.58	5.77
25	28	Northrop Grumman Holdings	NOC	58.85	49.20-72.50	15.38B	32,315,000	33,755,000	34,757,000	6,612,000	-6.5%	8.76	0.49	4.00
26	26	Anixter International, Inc.	AXE	60.22	44.52-76.16	1.98B	6,136,600	4,982,400	5,274,500	1,611,800	19.8%	12.54	0.45	7.24
27	27	ManTech International	MANI	32.62	29.33-46.26	1.20B	1,870,879	2,020,334	2,604,038	734,607	11.8%	8.75	0.44	4.71
28	32	Richardson Electronics, Ltd.*	RELL	12.80	10.42-15.40	217.73M	568,409	496,379	135,372	41,511	10.7%	2.71	0.42	12.92
29	29	Brinks Company	BCO	25.93	21.53-34.46	1.21B	3,164,000	3,135,000	3,122,000	995,800	28.3%	15.81	0.39	4.48
30	22	Magal Security Systems Ltd.	MAGS	2.49	2.18-3.68	26.36M	57,105	54,518	49,689	27,660	107.0%	N/A	0.38	N/A
31	30	URS Corporation	URS	34.68	27.93-48.32	2.76B	10,086,289	9,249,088	9,177,051	2,471,700	5.6%	N/A	0.33	5.15
32	31	Macec Security International	MACE.PK	0.13	.13-.55	2.04M	50,857	18,591	18,395	3,514	-25.7%	N/A	0.11	N/A
33	33	Vicon Industries, Inc.	VII	3.26	3.07-5.24	14.69M	66,911	60,451	48,681	12,427	-5.3%	N/A	0.03	N/A
Sokoloff Index				1,175.28			401,519,264	374,222,898	385,645,838	106,068,292	Quarterly Growth Over Q3 2010			
					<i>Growth over previous period</i>		Over Year 2008	Over Year 2009	Over Year	Over Q2 2011				
							-6.8%	3.1%	4.0%			Average	15.8%	10.93
												Median	10.7%	8.94



Peter A. Sokoloff & Co.
 Investment Bankers and Financial Advisory
a limited liability organization

550 North Brand Blvd., Suite 1650
 Glendale, CA 91203
 www.sokoloffco.com

Phone: 818-547-4500
 Fax: 818-547-4388