

Security Finance Newsletter

April 2010

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Volume VI, Issue 1

4th QUARTER ANNOUNCED MERGERS & ACQUISITIONS

Buyer: UNITED

TECHNOLOGIES CORP

(NYSE: UTX) a provider of high technology products and services to the building systems and aerospace industries.

Seller: GE's SECURITY

BUSINESS (NYSE: GE), a

supplier of security and fire products which has eight factories and employs about 4,700 people in 26 countries.

Merger: THE STANLEY

WORKS (NYSE: SWK) and

BLACK & DECKER (NYSE:

BDK) combined to create an \$8.4 billion global diversified industrial leader. The new company will be

known as **STANLEY BLACK & DECKER** and will trade on the NYSE under "SWK."

Merger: MINIMAX, a fire

protection company with headquarters in Germany

merged with US based

VIKING GROUP. The

combined business will share over a billion Euros in sales and 6000 employees.

Buyer: GENNX360

CAPITAL PARTNERS, a

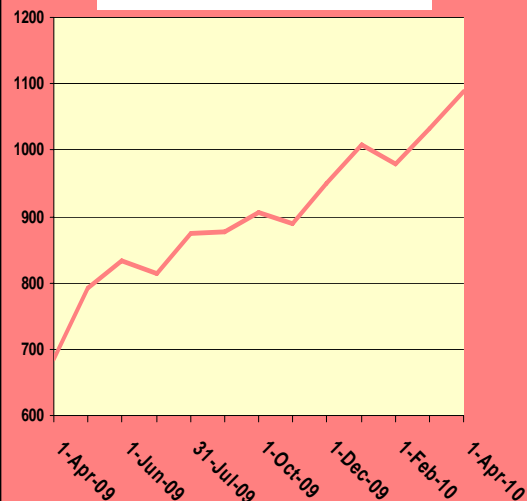
private equity firm focused on middle market opportunities.

Seller: GVI SECURITY

SOLUTIONS, INC. (OTC:

GVSS), a provider of video security surveillance solutions which carries the GVI as well as SAMSUNG

Sokoloff Security Index



branded products was founded in 2000 and is based in Carrollton, Texas.

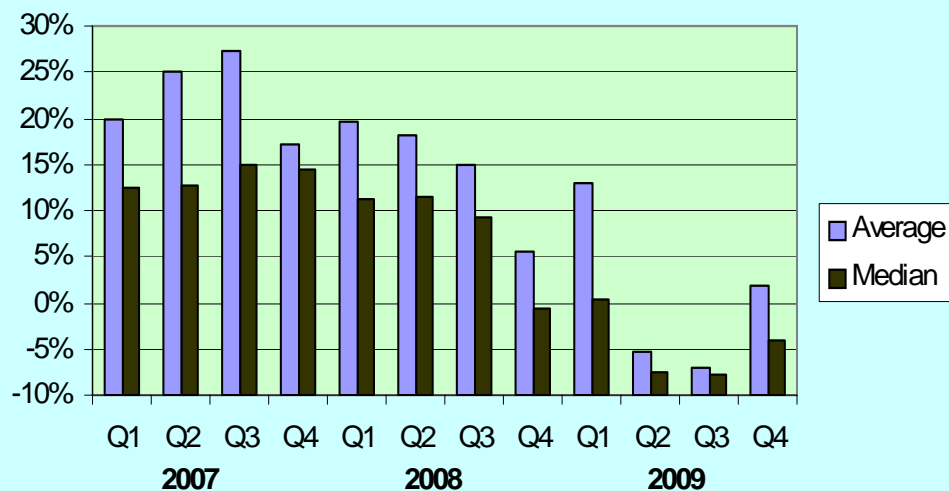
Buyer: FLIR SYSTEMS, INC.

(NASDAQ: FLIR) designs, manufactures and markets thermal imaging and stabilized cameras.

Seller: DIRECTED

PERCEPTION, INC., based in Burlingame, CA was founded in 1992 and develops high-performance pan-tilt cameras in security, surveillance, maritime, robotics, and scientific instruments markets. With the acquisition it was renamed **FLIR MOTION CONTROL SYSTEMS, INC.** (FLIR MCS).

Security Industry Quarterly Revenue Growth



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INTERVIEW WITH Hans Kobler/Chairman ICX TECHNOLOGIES

ICx Technologies, Inc. (NASDAQ: ICXT) develops software and hardware sensor technology products which help to identify chemical, biological, radiological, nuclear and explosive threats. **Hans Kobler, Chairman and Co-Founder**, shares his views on the industry and the success of ICx.

Tell us about the timeline and background of the company. When did ICx Technology get its start, what were some of the early drivers which helped the business grow, what led to your IPO, etc.

ICx was founded in 2005 as a merger of complementary technology companies. We brought together leading entrepreneurial companies with state-of-the-art technologies in response to our customer's demands for not just the best sensors but effective solutions. Confirming our mission, **since inception we have achieved organic growth in excess of 25%. ICx went public late in 2007** in order to raise capital and thus accelerate our product development and channel build-up.

Looking at your resume, it is obvious that you have been interested in the security and defense industry for quite some time. What drew you to this sector?

I've always been fascinated with investing in technology, coming from an energy tech background. Following 9/11 we looked hard into the security space and quickly realized that many of the fundamental core technologies can be put to good use in this field as well. With that we built up a portfolio of venture investments that ultimately became **ICx**.

ICx prides itself on innovative technology. Please give us an idea on how new ideas are conceptualized, tested, finalized and finally brought to market.

ICx has more than 400 technologists organized in small nimble teams. They work closely with some of the leading research organizations in the country. With one of the broadest technology platforms in the industry and an entrepreneurial spirit, we are often the desired partner of choice for the government for technology and product development. This is a great partnership. The customer helps us ensure that our development

fulfills a real need and we get substantial funding – more than \$160M to date to complement our own R&D.

ICXT's technology was recently used at the G-20 Summit held in Pittsburgh, a very high profile national security event held by the US Department of Homeland Security. Please tell us about the technology that was developed by ICx and how it was used to keep the event secure.

ICx has one of the broadest, most complete sensor platforms in the industry. We cover many different threat scenarios across CBRNe,

"ICx has one of the broadest, most complete sensor platforms in the industry."

then dangerous liquids. Next day it's explosives concealed in shoes, underwear or even body cavities. We don't know what comes next. Perhaps explosives in a new form, or they switch to more dangerous methods such as nuclear and radiological agents for a dirty bomb. **Effective, meaningful safety requires a multi-layer defense as the TSA and DHS are already advocating. Defending against what was used last, but also what could come next.**

ICx is well positioned to assist. Our core business helps the military fight similar challenges. In Iraq our troops are fending off dozens of such attacks every day using our sensors. **Fido, our handheld explosive detector is used at hundreds of checkpoints every day and has probably foiled dozens of plots.** We are developing a CBRN response and detection kit for the joint forces. With that experience we are starting to focus on the airport market as well:

- Our **Fido** explosive detector is being introduced in and around airports, with airlines and to check freight.
- More than 200 of our **Paxpoint** liquid analyzers are in airports today to check for dangerous liquids.
- We are going through the qualification process for our **Clearpoint** product, which uses raman-laser technology to screen liquids, gels and other compounds even faster in a safe environment.
- We have run tests in ABQ airport and the Washington DC and Boston subways to respond to a biological attack and have shown great results there.
- Just recently Denver airport ran a test for radiological and nuclear material using our sensors.

We are under heavy funding by the TSA to provide the tools of the future such as mass spectrometers and offer one of the broadest most advanced portfolios. We consider this one of our key growth areas going forward.

What do you believe is the biggest threat right now in terrorism?

To date it appears terrorists are very much focused on our airline system, using explosives as the weapon of choice. Having said that we need to look forward and focus also on what could come next. This means not neglecting our ports, cargo, subways etc. It also means making sure our borders are secure.

In protecting our perimeters, how does ICx work with local as well as federal officers?

This notice appears as a matter of record only.



A subsidiary of Orad Group Ltd. 

has been acquired by



*Cool down.
Fire Protection by*

MINIMAX

The undersigned advised Orad Group Ltd.



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Threat Detection, Border and Perimeter surveillance and Transportation safety. In this particular case the customer was concerned about biological agents in the water where we have the market leading product. We were happy to provide assistance.

ICx creates a lot of solutions for the airport screening market. Where do you see gaps in safety and how is ICx working to fill in those areas?

The last terror attempt on Christmas Day was a stark reminder that the war on terror is far from over. Our government and security teams are faced with a tough challenge and our adversaries have many different tools at their disposal. One day it's box cutters, remotely detonated bombs,

We attempt to bring laboratory quality instruments to the front line of security. One really can only do that if you are at the front line. We hence work really close with our customers – both the direct ones as well as the integrators.

As a co-founder of the company, you were also a board member of many of the ICx subsidiary companies prior to merging. What has the benefit been of having all of the companies under one umbrella?

We started out as a venture fund with minority investments in a number of rather unique technology leaders in specific industry segments. We built upon our investment in these small businesses by hiring former industry executives and high-ranking military officers. Their message was clear. Yes, they wanted better sensors, but what they really wanted was better **solutions**: Sensors that could work together and not get lost in the clutter.

These innovators provided us with the necessary framework to realize that mission. Further, because of their expertise, it took a lot of risk out of the equation for the customer, who in turn rewarded us with extraordinary confidence. For example we were awarded a government program with the potential of \$700M in revenues at a time when our annual revenues were only about \$130M. This shows you what confidence the government has in our abilities.

What are some of the vertical business areas that ICx is considering moving into and how do you see them fitting within the rest of the company ?

We are addressing a \$70B+ market that grows very rapidly. With Secretary Gates' recent announcements this might even pick up steam, so we don't have to do much differently, just continue focusing on what we do. There are, however, three main thrusts I should point out:

In the past, we were very much focused on product sales to the military. We have learned that our leading sensors combined with our innovative team opens up completely new avenues allowing us to bid successfully for very substantial programs. We have won more than 70% of the programs we were competing for and 89% of the dollar value. Some of these

“Effective, meaningful safety requires a multi-layer defense as the TSA and DHS are already advocating.”

Hans Kobler
Chairman/Co-Founder, ICx Technologies

Prior to handing over the Chief Executive role to Mr. Cumming, Mr. Kobler served as Chief Executive Officer and was on the Board of Directors of many of the ICx subsidiary companies prior to merging. He has always been closely involved in the monitoring and operations of the group. Hans holds an MA in Aerospace Engineering from the Technical University of Munich and an MBA from the University of Texas at Austin.



programs are at the core of asymmetric warfare. We expect to be able to leverage these wins into a rapidly growing product business within the next 5 years which could constitute the majority of our sales.

players often experience rather lumpy sales, our organic growth has been remarkably steady. Out of the first 12 quarters since inception, 9 quarters have been in excess of 20% organic growth. Only recently have we slowed down, largely due to the change in government and delays of the DoD budget. We fully expect this to be overcome shortly.

This notice appears as a matter of record only.

Quanta Systems



**A CompuDyne Corporation
Portfolio Company of the Gores Group**

has been acquired by

BLACK BOX
NETWORK SERVICES

The undersigned advised CompuDyne.



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In addition, we see great potential to leverage our military experience in the airport security, border and perimeter surveillance markets.

Lastly, we should be able to significantly ramp up our international sales. Today we sell about 10% outside North America. Many of our competitors sell between 30 and 50%. We have much room to grow!

What are some of the most difficult hurdles the company has faced in terms of growth and how has ICx met them?

A nice side benefit of having one of the broadest sensor portfolios in the industry is our limited dependence on any particular threat or customer. Where other industry

Tell us about the corporate culture of the company.

To understand ICx culture, one has to go back to our roots. We strive to blend the entrepreneurial and innovative spirit of small nimble tech companies with the support, resources and operating discipline of a large well run company such as GE and the shareholder and profit focus of an owner/investor. We have found that this is a pretty good mix that works well for us.

Where do you see ICx in five years? Ten years?

We will strive to fulfill our mission to build the world's best sensors and solutions. In so doing, we are hopeful that we will be recognized as a company that has helped to make the world a safer place.

**Contact
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about your company's merger
and acquisition needs.
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bwalko@sokoloffco.com**

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While at our website, surf around. There's plenty of useful information, including our archive of M&A Transaction Case Histories.

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

SOKOLOFF & CO. VALUATION RANKINGS OF PUBLIC SECURITY COMPANIES*

Q4 2009 Reports and Stock Prices as of March 3, 2010

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. Comparative values for each company are expressed as: **EVS**, which is Enterprise Value divided by Sales and **P/E**, Price to Earnings (market cap divided by earnings). **EVM** is 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.

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*USA LISTED COMPANIES

Current Rank	Previous Rank	Company	Symbol	Stock Price 3/3/2010	52 Week Range	Market Cap 3/3/2010	2007 Revenue (000s)	2008 Revenue (000s)	2009 Revenue (000s)	4th Q 09 Revenue (000s)	Over Q4 2008 4th Q 09 Incr/Decr	P/E	EVS	EVM
1	1	Sourcefire, Inc.	FIRE	25.80	6.18-28.00	717.48M	55,859	75,673	103,465	35,271	37.2%	84.01	6.21	53.89
2	2	Genex Corporation	GNTX	20.06	7.01-20.26	2.79B	653,933	623,800	544,523	177,608	45.2%	42.67	4.34	17.79
3	4	General Electric Co.	GE	16.03	5.87-17.52	171.04B	172,488,000	182,515,000	156,783,000	41,438,000	-10.3%	15.90	3.88	36.24
4	6	Taser Corp.	TASR	6.93	3.11-7.88	429.70M	100,727	92,846	104,252	34,503	30.7%	1732.50	3.74	124.46
5	5	Flir Systems, Inc.	FLIR	26.56	18.81-33.35	4.04B	779,397	1,076,974	1,147,087	311,560	3.0%	18.63	3.21	9.48
6	3	Cogent, Inc.	COGI	9.83	7.96-12.74	881.01M	105,794	125,861	129,583	37,910	-5.2%	27.46	2.83	8.08
7	7	Zebra Technologies Corp.	ZBRA	29.51	16.40-29.89	1.71B	888,279	976,700	803,585	222,522	-4.3%	37.21	1.94	14.64
8	8	Protection One, Inc.	PONE	9.75	83-9.85	247M	347,871	372,021	368,052	90,344	-3.9%	N/A	1.89	8.20
9	9	L-1 Identity Solutions Inc.	ID	8.91	3.23-9.50	767.73M	389,507	562,872	650,000	160,000	8.5%	N/A	1.85	16.49
10	12	The Stanley Works	SWK	58.79	22.61-59.90	4.74B	4,360,500	4,426,200	3,737,100	969,400	-10.7%	21.07	1.53	10.14
11	10	Brady Corporation	BRD	29.31	14.39-33.10	1.54B	1,362,631	1,523,016	1,208,702	295,829	11.0%	20.97	1.46	9.22
12	13	United Technologies Corp.	UTX	69.60	37.40-72.94	65.24B	54,759,000	59,757,000	52,920,000	14,100,000	-4.5%	16.88	1.34	8.33
13	11	The Geo Group	GEO	18.23	11.27-23.18	941.2M	976,299	1,043,006	1,141,090	310,785	21.2%	14.35	1.32	8.63
14	15	Honeywell	HON	40.92	23.06-43.21	31.29B	34,589,000	36,556,000	30,908,000	8,072,000	-7.3%	14.36	1.16	8.28
15	14	Tyco International	TYC	36.75	17.25-38.88	17.46B	18,477,000	20,199,000	17,237,000	4,246,000	-4.1%	N/A	1.15	7.57
16	19	ICx Technologies, Inc.	ICXT	6.74	3.60-10.49	232.50M	136,162	170,194	183,428	48,229	-8.5%	N/A	1.09	69.43
17	16	Ingersoll Rand	IR	33.65	11.46-37.86	10.77B	8,763,100	13,227,400	13,195,300	3,305,800	-9.9%	24.54	1.05	11.01
18	18	Napco Security Systems, Inc	NSSC	2.23	.76-3.02	42.58M	66,202	68,367	77,218	16,641	-12.8%	N/A	1.05	N/A
19	24	Checkpoint Systems, Inc	CHKP	21.29	6.06-21.94	832.44M	834,156	917,082	772,718	237,777	0.2%	32.21	1.03	9.89
20	28	OSI Systems	OSIS	30.29	13.86-32.58	538.37M	532,284	623,088	590,361	150,621	-5.3%	32.78	0.97	11.48
21	20	L-3 Communications Holdings	LLL	92.59	57.12-92.94	10.72B	13,961,000	14,901,000	15,615,000	4,208,000	4.9%	12.17	0.88	7.36
22	17	Siemens AG	SI	91.34	47.53-103.08	79.21B	92,241,000	104,308,000	103,396,000	23,393,000	-11.6%	N/A	0.85	7.37
23	21	Mantech International	MANI	49.97	32.86-55.11	1.80B	1,448,000	1,870,879	2,020,334	542,066	9.6%	16.09	0.85	8.70
24	22	LaserCard Corp.	LGRD	6.60	2.05-9.84	80.74M	32,270	35,095	44,433	12,409	13.8%	13.20	0.81	4.99
25	23	Johnson Controls	JCI	31.86	8.35-32.33	21.40B	34,624,000	38,062,000	28,497,000	8,408,000	14.6%	31.61	0.81	16.03
26	26	Diebold	DBD	30.58	19.02-33.18	2.03B	2,947,481	3,081,838	2,718,292	724,923	-8.4%	49.16	0.76	8.45
27	33	ActivIdentity Corp.	ACTI	2.44	1.50-3.04	112.55M	59,553	59,009	62,321	14,662	-10.1%	N/A	0.73	N/A
28	25	Lockheed Martin Corp.	LMT	78.85	57.41-87.06	29.40B	41,862,000	42,731,000	45,189,000	12,524,000	12.5%	10.14	0.71	6.05
29	27	Magal Security Systems Ltd.	MAGS	3.64	3.08-5.42	37.49M	72,375	57,105	54,518	14,966	N/A	N/A	0.66	N/A
30	29	Northrop Grumman Holdings	NOG	62.32	33.81-63.67	18.87B	31,828,000	32,315,000	33,755,000	8,925,000	1.7%	11.95	0.59	6.22
31	31	RAE Systems, Inc.	RAE	0.94	.32-2.23	55.87M	90,836	95,383	83,172	24,243	0.9%	N/A	0.50	N/A
32	30	Henry Bros Electronics	HBE	4.29	3.77-7.52	25.89M	57,852	62,358	55,106	13,716	-28.1%	42.90	0.49	12.23
33	32	URS Corporation	URS	48.25	27.66-53.12	4.05B	5,383,007	10,086,289	9,249,088	2,112,317	-22.0%	13.87	0.43	7.77
34	34	Brinks Company	BCO	26.03	20.73-31.28	1.25B	2,735,000	3,164,000	3,135,000	849,760	11.8%	6.18	0.41	4.11
35	36	AuthenTec	AUTH	2.24	1.33-3.45	64.26M	52,344	63,948	34,066	8,315	-28.4%	N/A	0.34	N/A
36	35	Richardson Electronics, Ltd	RELL	7.98	2.47-8.43	142.97M	557,291	568,409	496,379	115,934	-12.5%	N/A	0.32	19.42

Sokoloff Index		1,041.09	528,597,710	576,393,413	527,001,520	136,152,111	Over Q3 2009
Growth over previous period			8.1%	9.0%	-8.6%	2.4%	Quarterly Growth
Average						93.71	1.48
Median						20.97	1.04
						0.54%	17.80
						-4.1%	9.22



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