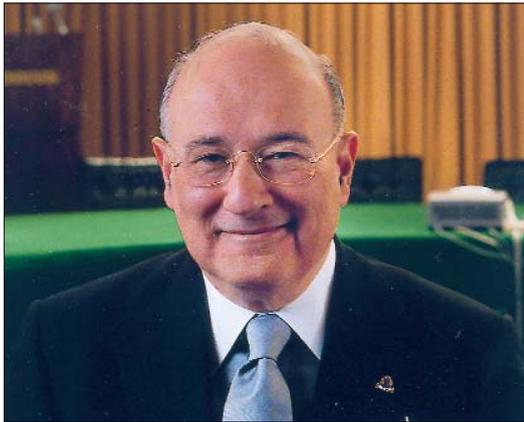


# GUARDSMARK®

## THE MARKET

According to the FBI, crime is on the rise. In fact, the total number of crimes rose 2.1 percent last year, the first increase from year to year since 1991. Robberies rose 3.7 percent, while property crimes such as burglary, larceny, and arson rose 2.3 percent, to 10.4 million cases. The total value of stolen property reached \$17.1 billion.

Reliable security has never been more important. But trying to find the right security firm can



be largely problematic, given that the market for security is heavily splintered, with over 13,000 “mom and pop” companies across the United States that operate with no clear standards. Foreign conglomerates have acquired many of the larger-sized security firms.

Guardsmark, one of the world’s largest security services organizations, has consistently set the highest standards of professionalism in the security industry for 40 years. Under the same leadership since its inception, Guardsmark brings integrity and unmatched experience to the security market by establishing the most rigorous employment processes, providing above-market employee compensation and benefits, and strictly following a detailed ethics policy.

## ACHIEVEMENTS

Guardsmark believes that reliable and effective security begins with a set of common standards and ethical practices. Guardsmark has become one of the most recognized names in private security, with 18,000 employees in more than 145 offices, serving clients in over 400 cities in North America by offering professional, well-trained security officers that abide by Guardsmark’s strict ethical guidelines. Guardsmark’s client relationships, some of which have lasted for decades, have turned Guardsmark into a half-billion-dollar company, with consistent double-digit annual revenue increases that are driven wholly by organic growth, not acquisitions or mergers.

Guardsmark has one of the lowest incident levels of any security organization, including the police and the FBI, by bringing a seriousness of purpose to management’s approach to security. Guardsmark’s rigorous selection and screening process, including extensive background checks and ongoing drug testing, isn’t simply the toughest in private security — Guardsmark’s employment standards exceed many police and government organizations. Only one in 50 applicants is chosen, and Guardsmark has one of the lowest employee turnover rates in the industry — less than 25 percent of estimated industry averages. Security officers at Guardsmark develop careers at the firm, not just transitional jobs.

Guardsmark has tackled the pitfalls that have plagued the security industry by following a detailed Code of Ethics, one that adheres to principled business conduct and an unparalleled commitment to offering the best security — regardless of profit motivation. That’s why Guardsmark withdrew from airport security in 1988, believing that the airlines were not committed to supporting true security for their industry. As a result of the company’s dedication to ethics, Guardsmark is a recipient of the American Business Ethics Award and the 2002 Corporate Citizenship Award from the

Committee for Economic Development. Guardsmark’s ethics program has also been featured in several books, including *Ethics Matters* and *Eighty Exemplary Ethics Statements*.

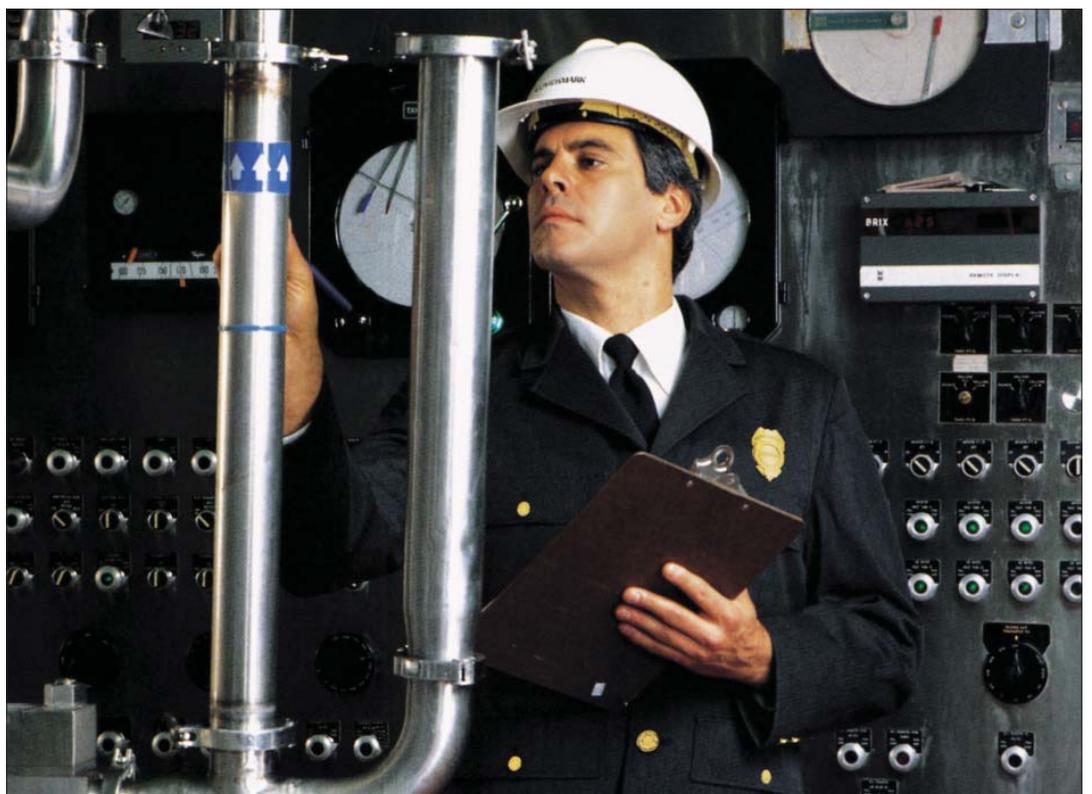
Guardsmark is the only security services firm to receive at its U.S. home office and several branch offices ISO 9001 registration — a top registration program in American business that recognizes select firms who have adhered to a superior-quality control system with a detailed and effective workflow. In his bestseller

*Liberation Management*, management expert

Tom Peters praised Guardsmark as the “Tiffany’s of the security business.” *The New York Times*, *The Washington Post*, and *Time* magazine among many others have described Guardsmark as the best national firm in the business.

## HISTORY

Following the end of World War II, demand for proprietary security services began to grow, particularly in the aerospace and defense industries. At that time, security meant employing a static “night watchman” — an often-unskilled person who simply provided “presence” and qualified companies for discounted insurance rates. The typical security guard was passive, untrained, and — in many cases — unnecessarily armed.

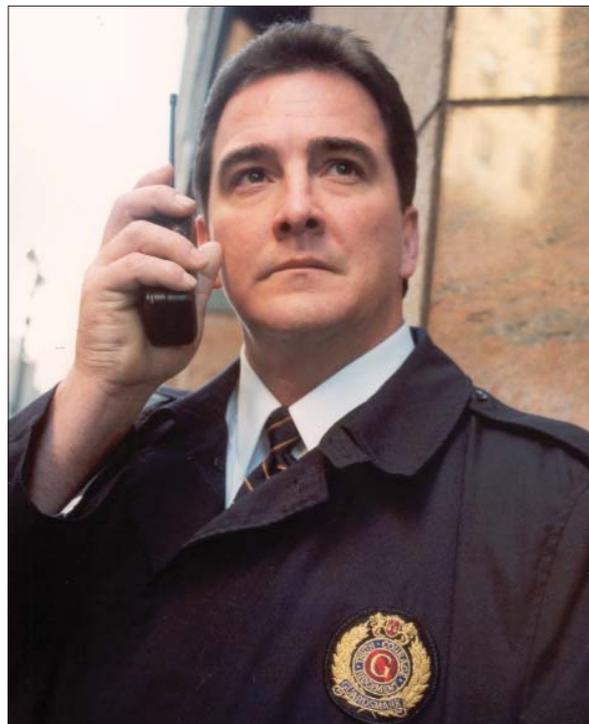


In the early 1960s, a young Ira Lipman witnessed firsthand the need for high-quality security service while selling the investigative services of his father, Mark Lipman. At the age of 21, Ira Lipman created the concept of Guardsmark: a name that combined the nature of the business (protection services) with “mark,” which not only honored his father but also carried the connotation of quality and excellence.

In July 1963, Mr. Lipman turned his dream of a professional security service company based on quality and ethics into a reality. Ira Lipman started Guardsmark with limited assets — a small amount of borrowed money, his entrepreneurial energy and vision — but it was enough to launch one of the great success stories in American business.

## THE PRODUCT

Guardsmark creates and implements custom-tailored security programs for clients in a wide range of industries and settings, from corporate headquarters and high-technology facilities to manufacturing plants, research and development centers, office buildings, hospitals, campuses, museums, and foundations. These sophisticated plans address a multitude of needs, from access



control and perimeter security to terrorism and workplace violence prevention — all with the overall goal of ensuring employee safety and business continuity.

Guardsmark’s security officers are the best in the industry because Guardsmark has set the highest standards in screening, hiring, training, and compensation. Guardsmark’s selection process includes an extensive background investigation that includes a 40-page application, personal interviews, a criminal records check, numerous references, and investigations into military service, driving records, and educational attainment. All Guardsmark employees are initially tested for twice the number of illegal drugs as government employees and are subject to ongoing random drug testing.

In addition to an initial, industry-leading training process that includes specialized classroom sessions, Guardsmark training includes documented monthly learning and development lessons, and access to Guardsmark’s vast library of CD-ROMs

that address topics such as diversity, workplace violence, letter bombs, and biological and chemical warfare. Guardsmark’s emphasis on education doesn’t end with security; employees are also offered a tuition assistance program. Guardsmark has been named the best-educated workforce in the field by a major trade journal.

Guardsmark clients gain access to a wide range of expertise, from proprietary conversion specialists to former counterterrorism agents. Guardsmark’s service offerings include:

- The Worldwide Executive Protection Division, which designs and provides protective services for executives, their homes, their families, and the human assets of their companies. The division offers comprehensive service in the workplace, in transit and at executive residences, giving guidance in handling daily routines, direct threat situations, and special events.
- The Technical Services Division, which surveys client security needs, performing risk assessments and threat analyses. Guardsmark experts recommend and implement an innovative plan for enhancing security, giving the organization a comprehensive strategy to guide their overall protection program.
- The Mark Lipman Division, which provides highly regarded backgrounding services. In addition, skilled professionals investigate employee theft, fraud, workers’ compensation abuse, and drugs in the workplace.

## RECENT DEVELOPMENTS

The company’s historic dedication to meeting needs of customers and prospective clients served well in the wake of the terrorist attacks on September 11, 2001. Guardsmark initiated an emergency nationwide action plan, meeting all demands for additional security coverage and disseminating information it had published on terrorism. A new Guardsmark CD-ROM, which addressed biological and chemical warfare and had been in production for several months prior to the September 11 assaults, was effectively used by Guardsmark clients around the nation.

Guardsmark remains on the cutting edge of security-related innovations and developments that pertain to antiterrorism procedures and computer security, among other areas. That’s why Guardsmark’s senior management includes dozens of retired top officials from the FBI, with experience in security countermeasures, counterterrorism, and military operations.

## PROMOTION

Guardsmark is committed to dispelling the myth of security as a “commodity.” Guardsmark continually seeks value for the customer that saves reputation, prevents loss of life, and provides crisis management. As one example, a Midwestern company facing a crisis at a major facility turned to Guardsmark, and in short order, Guardsmark produced 150 managers, security officers, and former police officers.

*The Lipman Report*®, a management-level newsletter, has provided cutting-edge intelligence since November 1977. Each edition addresses a



specific security threat, including terrorism, workplace violence, computer security, crime trends, and drugs in the workplace. The newest volume, published in 2002, features newsletters on theft, fraud, and embezzlement.

Guardsmark also stands out with high-quality, informative advertisements in major national publications that reflect an uncompromising focus on ethical standards and seriousness of purpose. But the company firmly believes that it’s one thing to say the right things about security; it’s another to implement them. Guardsmark has built solid relationships with its clients that have lasted for decades by developing meaningful security solutions that work, not by creating effective advertising.

## BRAND VALUES

Guardsmark’s motto — “Truth, Courage and Judgement” — is the cornerstone of the company’s value system. Guardsmark has maintained a steadfast commitment to quality and principle that’s evident in the faces of Guardsmark security officers and corporate management.

Guardsmark has been a pioneer in employing and promoting team members from diverse backgrounds. The company and its founder share a documented history of taking courageous stands on championing human rights and encouraging diversity. Above all else, Guardsmark is relentlessly focused on developing dedicated, highly trained, and highly motivated security professionals.

## THINGS YOU DIDN'T KNOW ABOUT GUARDSMARK

- Guardsmark is the largest employer of former FBI agents in the world.
- Guardsmark’s intensive 40-page application for employment asks the applicant to provide a detailed life history since the age of five.
- As a high school senior in Little Rock, Arkansas, CEO Ira Lipman publicly denounced segregation at Central High School, which became integrated with the addition of the “Little Rock Nine.”
- *The New York Times* editorially praised Guardsmark for reducing the number of unnecessarily armed security officers, an action that cost the company a significant amount of business at the time.