

GUARDSMARK®

THE MARKET

A dangerous sense of complacency pervades much of the United States. Five years after the September 11, 2001, terrorist attacks, polls show that security concerns are no longer paramount — with security spending falling below pre-9/11 levels. This dangerous attitude threatens the safety of an organization's employees, visitors, and shareholders. Security preparedness can not only reduce the risk of a terrorist strike at a facility, but also protect people and property from more commonplace risks, such as workplace violence incidents and theft. In fact, the need for effective security preparedness has never been greater.

According to the most recent report from the Federal Bureau of Investigation, approximately 11.7 million crimes were committed in 2004, ranging from assault and burglary to rape and murder. That represents at least one crime every 2.7 seconds. Eighty-eight percent of the 2004 crimes committed were crimes against property; 12 percent were violent crimes. The total value of stolen property reached \$16 billion.

Finding the right security firm can help in identifying potential security vulnerabilities and implementing plans to enhance safety and security.

Guardsmark, one of the world's largest security services organizations, has consistently set the highest standards of professionalism in the security industry for more than 40 years.

Under the same leadership since its inception in 1963, 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 offering innovative solutions to increase customer productivity.

ACHIEVEMENTS

Guardsmark believes that reliable and effective security begins with a set of common standards, in principle and practice. The company has become one of the most recognized names in private security, with approximately 19,000 employees in more than 155 offices, serving clients in more than 400 cities in North America, Puerto Rico, the United Kingdom, France, and Asia Pacific. Its reputation for sustained excellence stems from the company's ability to provide professional, well-trained security officers who abide by strict ethical guidelines and perform a wide range of services. Strong 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 sustains 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. The company's rigorous selection and screening process, including extensive background checks and ongoing drug testing, isn't simply the toughest in private security; the employment standards of Guardsmark exceed many police and government organizations. Only one in 50 candidates 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 transitional jobs.

A renewed focus on corporate ethics has prompted positive changes within the business community — embodied by the Sarbanes-Oxley Act, which was enacted to improve corporate governance and accountability. This trend has the support of Guardsmark, which has demonstrated a dedication to ethics since its founding and has maintained a formal ethics code for more than 25 years. The company's detailed Code of Ethics helps to ensure that team members adhere 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 airline security. As a result of this dedication to ethics, Guardsmark received the American Business Ethics Award and the 2002 Corporate Citizenship Award from the Committee for Economic Development. The Guardsmark ethics program has also been featured in several books, including *Ethics Matters* and *Eighty Exemplary Ethics Statements*.

Guardsmark is the first security services firm to receive ISO 9001: 2000 registration at a U.S. headquarters. It also is the only large internationally based security services firm to have earned registration of its quality management system for 100 percent of its branches for both service and

design. This mark of quality assurance recognizes select firms that adhere to a top-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,” and in his recent book *Re-imagine!* Peters cited Guardsmark as an exemplary professional service firm. *The New York Times* editorially praised Guardsmark in 1982, and *Time* magazine described Guardsmark in 1992 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.

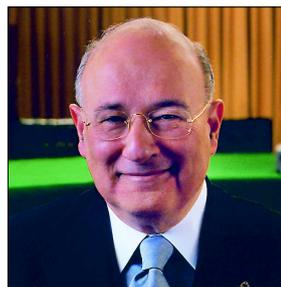
In the early 1960s, a young Ira Lipman witnessed firsthand the need for high-quality security service while selling the investigative services of his father, Mark Lipman. At the age of 21, Ira Lipman created the concept of Guardsmark: a name that combined the nature of the business (protection services) 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, and 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 security officers are the best in the industry because Guardsmark has set the



highest standards in screening, selection, education, and compensation. The Guardsmark selection process involves 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 learning and development process that includes specialized classroom sessions, the Guardsmark curriculum includes documented monthly learning and development lessons, and access to the company's library of CD-ROMs, which address topics such as diversity, workplace violence, and biological and chemical warfare. The emphasis on education doesn't end with security. Guardsmark employees are also offered a tuition assistance program. Approximately 30 percent of the company's security officers have attended college, prompting an industry-leading trade journal to cite Guardsmark as having "the best-educated workforce." Further demonstrating the firm's commitment to higher learning, the company established the Guardsmark Professorship at the Wharton School at the University of Pennsylvania.

Guardsmark clients gain access to a wide range of expertise, from proprietary conversion specialists to former counterterrorism agents. The company's senior management includes dozens of retired top officials from the FBI, with experience in security countermeasures, counterterrorism, and military operations. Guardsmark remains on the cutting edge of security-related innovations and developments that pertain to antiterrorism procedures and computer security, among other areas. The company's service offerings include:

- The Risk Assessment Division, which surveys client security needs and identifies existing vulnerabilities. Guardsmark experts recommend and implement an innovative plan for enhancing security, giving the organization a comprehensive strategy to guide their overall protection program.
- The International Division, which provides professional and confidential services for firms doing business overseas. With well-connected representatives on the ground in Europe and Asia Pacific, Guardsmark provides executive protection, initiates introductions to appropriate government officials, conducts risk assessment and analysis of threats, performs due diligence, arranges language interpreters, furnishes up-to-date intelligence on company and market conditions, and evaluates countries as potential business locations or trading partners. Guardsmark also will respond promptly on behalf of a client, anywhere in the world, in the event of an emergency.
- 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

For more than 20 years, Guardsmark led initiatives to enact federal legislation that would raise standards for the security industry. As a result of the company's relentless efforts, the Private Security Officer Employment Authorization Act was signed into law in December 2004 as part of the National Intelligence Reform Act. This measure can significantly improve homeland security by providing a procedure to better screen private security personnel, using a check with the Federal Bureau of Investigation's national criminal history database to identify any disqualifying arrests or convictions. The Private Security Officer Employment Authorization Act will enable security companies — as well as firms that employ internal security staff — to discover if employees and applicants have criminal records that disqualify them from responsibilities as a security officer. Countless lives and millions of dollars in property have been lost due to individuals with prior criminal convictions who obtained — and abused — positions of trust as security guards. Ensuring that the security officers who perform these sensitive duties are not themselves terrorists or other potentially dangerous criminals is vital to national security and will improve standards of professionalism in the industry.

PROMOTION

Guardsmark is committed to dispelling the myth of security as a "commodity." The company continually seeks value for the customer that saves reputation, prevents loss of life, and manages crises. Guardsmark security officers provide sophisticated services that offer added value and enable clients to focus on their core business operations. In fulfilling these responsibilities, Guardsmark security professionals have averted costly problems for clients and have performed life-saving acts on many occasions.

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, drugs in the workplace, and 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 partnerships with its clients by developing meaningful security solutions that work.

BRAND VALUES

The Guardsmark motto — "Truth, Courage, 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, management, and executive leadership.

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. But above all else, Guardsmark is relentlessly focused on developing dedicated, highly educated, and motivated security professionals.

THINGS YOU DIDN'T KNOW ABOUT GUARDSMARK

- Guardsmark is the largest employer of former FBI agents in the world.
- *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.
- Guardsmark's extraordinary annual turnover rate for full-time employees is at a record 36.3 percent, which is approximately 14 percent of the estimated 200 percent to 300 percent industry average.
- Guardsmark initiated federal legislation to raise industry standards, leading to the Private Security Officer Employment Authorization Act, which was signed into law as part of the National Intelligence Reform Act.
- As a high school senior in Little Rock, CEO Ira Lipman publicly denounced segregation at Central High School, which became integrated with the matriculation of the "Little Rock Nine."
- Mr. Lipman's role in the desegregation crisis led to a friendship with NBC news legend John Chancellor. In 1995, he established the John Chancellor Award for Excellence in Journalism[®] program, administered by the Columbia University Graduate School of Journalism, to honor his hero.