

SDM

Power Surge

The metamorphosis of the security industry into a services-based business capable of serving many sectors has taken hold, evidenced by the largest security providers — the 2013 SDM 100.

By Laura E. Stepanek, Editor

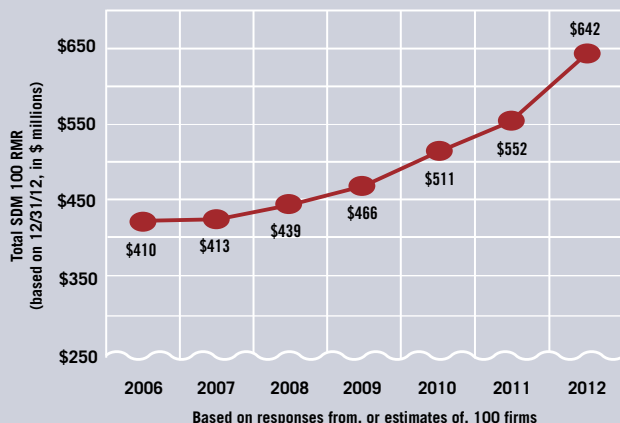
Many security providers seemed to have harnessed lightning last year, using it to successfully power their sales and deliver stronger security solutions to their customers. The effect was a significant surge in recurring monthly revenue (RMR) among the SDM 100 — a ranking of the largest U.S.-based security companies by their RMR.

SDM 100 companies' RMR collectively improved 16 percent in 2012. Part of the increase is due to the first-time ranking on the SDM 100 of several large systems integrators with RMR. They include Tyco Integrated Security (\$70.8 M, estimated by *SDM*); Diebold Security (\$12.7 M); G4S Technology (\$1.5 M); RFI Communications & Security Systems (\$536,765); and Johnson Controls Inc. (\$335,417).

Collectively, RMR grew from \$552.3 million to \$642 million among the SDM 100. The dealers and integrators also performed very well individually — 93 of 100 companies recorded an increase.

Most impressively, approximately four in 10 companies had double-digit RMR growth. Looking just at the 15 companies ranked, those with double-digit RMR increases are Stanley Convergent Security (51.6 percent), Vivint Inc. (26.5 percent), Monitronics

RMR Skyrockets 16 Percent, in Part Due to Newly Ranked Companies

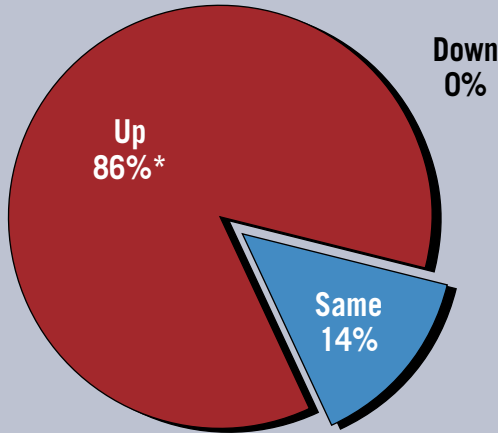


Recurring monthly revenue (RMR), a prime revenue stream for SDM 100 companies, surged up 16 percent in 2012. Contributing to the increase is the fact that several large "systems integrators" are ranked for the first time, including Tyco Integrated Security, Diebold Security, G4S Technology, RFI Communications & Security Systems, and Johnson Controls. In addition, many SDM 100 companies had double-digit RMR growth in 2012, and only five companies' RMR declined.

Source: 2013 SDM 100, *SDM Magazine*, May 2013



Positive Forecast of 2013 Revenue



*percentage of SDM 100 companies, based on 96 responses
Source: 2013 SDM 100, SDM Magazine, May 2013

This time last year, 83 percent of SDM 100 companies predicted that their total annual revenue would improve in 2012 compared with 2011. They predicted correctly: 79 percent of companies for which revenue could be compared year-over-year experienced an actual increase in total gross revenue in 2012. Even more companies expect improvement in 2013.

(22.1 percent), Guardian Protection Services (11.9 percent), ASG Security (12.4 percent), Interface Security Systems Holdings Inc. (34.6 percent), Security Networks (42.4 percent), and Protect America (14.8 percent).

Sales volume increased only slightly by comparison among the SDM 100. Contracted services and retrofits led the way to RMR growth — offerings such as remote, interactive services (using a mobile device to control and interact with a security system); home automation features/services; central-station-managed access control; and cloud-based or monitored video surveillance.

“The markets we operate in were strong in 2012 and our best segments were remote services for security systems and hosted solutions for video and access,” concurs ADS Security L.P., No. 26 on the SDM 100. (See rankings beginning on page 49.)

“The market was stronger in 2012 than in 2011, especially in the adoption of home automation,” states Vivint Inc., ranked No. 4 on the SDM 100. “Seventy-one percent of our customers’ homes are home-automation enabled, and 53 percent of customers in 2012 adopted at least one home automation feature.”

All of these RMR-based services had a positive effect in the financial community: a sustained wave of investment in the alarm industry. (See related article, “The Financial Community Assesses Change in the SDM 100,” on page 52.)

This new wave of services not only helped dealers build a base of higher RMR per customer; it also drew a substantial number of new customers. The SDM 100 grew its subscriber base from 13.3 million subscribers to 18.4 million subscribers.

SDM 100 companies earn their revenues from the sale, installation, service, hosting and monitoring of electronic security systems, such as intrusion and fire alarm, access control, video surveillance, and related low-voltage systems. Now in its 23rd year of publication, the SDM 100 Report continues to prove that security is a significant concern of both homeowners and business leaders.

Business was not without its challenges and not all of the segments performed as well as others. The large-commercial-projects market still suffers from a lack of capital spending, according to some of the dealers.

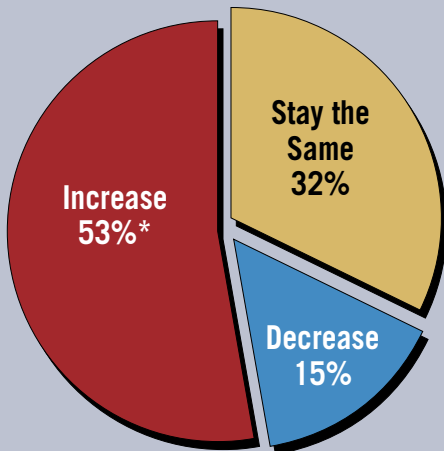
“2012 was another challenging year for the larger commercial integrated systems business. It wasn’t worse than 2011, but about the same. There are still fewer projects, less funding and great pressure on margins,” reports No. 11-ranked ASG Security. “However, the low and mid markets performed very well for us again — specifically, a continued great resurgence in residential sales with excitement around our enhanced service platform. Small business was also a continued strong growth segment for the company, led by enhanced intrusion sales and cloud-based video services.”

Security Networks, ranked No. 14 on the SDM 100, also found the residential market to be strong for its Affiliate Funding Program.

Not all of the dealers found the large-commercial market to be flat and some even had opportunities in sectors such as new construction.

SDM 100 Profit Margins

SDM 100 companies were asked, “Did your company’s net profit margin increase, decrease or stay about the same in 2012 compared with 2011?”



*percentage of SDM 100 companies, based on 94 responses
Source: 2013 SDM 100, SDM Magazine, May 2013

More than half of SDM 100 companies reported they increased their net profit margins in 2012, and among those that did, the average rate of increase was 35 percent. For the 15 percent of companies that reported a net profit decrease, the average rate of decrease was just 14 percent.

| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|--|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 1 | 1 | ADT Boca Raton, Fla. | \$252,455,574 | 5.2% ↑ | 6,428,266 | na | na | \$3,286,949,035 | 16,300 | 200 |
| 2 | | Tyco Integrated Security Boca Raton, Fla. | \$70,830,000e | na | 500,000e | na | na | \$8,300,000,000e | 10,000e | na |
| 3 | 2 | Stanley Convergent Security Indianapolis, Ind. | \$54,200,000 | 51.6% ↑ | 550,000 | na | na | \$1,644,300,000 | 8,375 | 100 |
| 4 | 3 | Vivint Inc. Provo, Utah | \$34,276,032 | 26.5% ↑ | 671,818 | na | na | \$398,596,583 | 1,820 | 3 |
| 5 | 5 | Monitronics International Dallas, Texas | \$32,095,753 | 22.1% ↑ | 812,539 | na | na | \$349,953,000 | 760 | 1 |
| 6 | 4 | Protection 1 Romeoville, Ill. | \$26,200,000 | 4.0% ↑ | 1,535,654 | na | na | \$375,800,000 | 2,538 | 74 |
| 7 | 6 | Slomins Inc. Hicksville, N.Y. | \$15,715,129 | 7.0% ↑ | 293,773 | \$38,214,692 | \$34,095,052 | \$291,366,811 | 642 | 6 |
| 8 | | Diebold Security North Canton, Ohio | \$12,700,000 | na | 200,000 | na | \$395,000,000 | \$2,991,700,000 | na | 110 |
| 9 | 7 | Vector Security Inc. Pittsburgh, Pa. | \$11,100,000 | 8.8% ↑ | 268,331 | \$11,995,000 | \$73,533,000 | \$233,855,000 | 1,106 | 38 |
| 10 | 8 | Guardian Protection Services Warrendale, Pa. | \$10,186,641 | 11.9% ↑ | 264,310 | \$28,965,171 | \$8,821,132 | \$150,096,745 | 858 | 13 |

e = SDM estimate

No. 1 – Became a public company trading under the symbol ADT on the New York Stock Exchange. ■ No. 2 – First-time ranking on the SDM 100 as Tyco Integrated Security since splitting from ADT in fall 2012. All figures are SDM estimates. ■ No. 3 – SDM’s 2009 Dealer of the Year. ■ No. 4 – Acquired by The Blackstone Group in November 2012 for more than \$2 billion. SDM’s 2011 Dealer of the Year. ■ No. 6 – Most significant accomplishment in 2012 was to attain the highest level of national account growth the company has seen to date. SDM 2012 Dealer of the Year. ■ No. 7 – Developed in-house managed cloud-based services. ■ No. 8 – First-time ranking on the SDM 100. ■ No. 9 – SDM’s 2003 Dealer of the Year. ■ No. 10 – Embarked on a campaign to upgrade customers to home automation services. ■ No. 11 – Benefiting from increased market penetration and greater sales force adoption across all markets with the ASG Connect brand, an enhanced interactive service platform for intrusion systems. Also launched ASG Video, a new hosted video service, in 2012. SDM’s 2008 Dealer of the Year.

Key to Using the SDM 100

The 2013 SDM 100 ranks U.S. companies that provide electronic security systems and services to both residential and non-residential customers. This ranking is based on information provided to or, in few cases, estimated by SDM. Ranked companies were asked to submit either an audited or reviewed financial statement, or a copy of their income tax return showing total gross receipts for the stated period. The vast majority of the firms ranked are privately held.

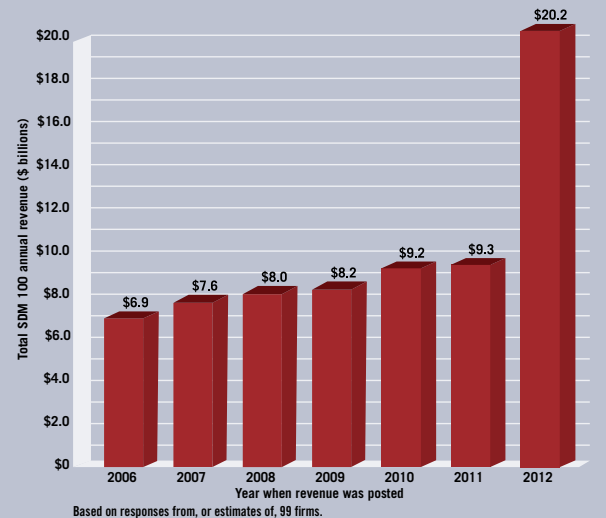
The main table, which begins on this page, ranks 100 companies by their recurring monthly revenue (RMR) as of December 31, 2012. The company with the highest RMR is ranked as No. 1, and so on. For each of the 100 companies, the following information is provided, from left to right:

- Current year rank, which is based on December 31, 2012, RMR.
- Prior year rank.
- Company name, as used in the marketplace, and headquarters location.
- Amount of RMR billed on December 31, 2012.
- Percentage of RMR increase/decrease from December 31, 2011.
- Number of subscribers (recurring-billable customers) at year-end 2012.
- Amount of sales revenue from residential installations in 2012.
- Amount of sales revenue from non-residential system installations in 2012.
- Total gross revenue in millions of dollars. This number represents total revenue in calendar-year or (the company’s) fiscal-year 2012 from sales/installation, service, leasing, and monitoring.
- Number of full-time employees.
- Number of business locations, including headquarters.

Note: An e following the figure indicates it is an SDM estimate.

To find a company by name, use the alphabetical index on page 68.

Total Annual Revenue: \$20 Billion



Source: 2013 SDM 100, SDM Magazine, May 2012

Total annual revenue for the SDM 100 companies was \$20.2 billion in 2012, an increase of 117 percent over 2011. However, the increase is mostly attributable to the addition of Tyco Integrated Security (estimated by SDM), Diebold Security, G4S Technology, RFI Communications & Security Systems, and Johnson Controls to the SDM 100 ranks. Among those companies for which total gross revenue could be compared between 2012 and 2011, 79 percent experienced an increase.

| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|--|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 11 | 9 | ASG Security Beltsville, Md. | \$7,900,095 | 12.4% ↑ | 187,021 | \$3,874,000 | \$26,679,000 | \$118,647,000 | 922 | 18 |
| 12 | 11 | Interface Security Systems Holdings Inc. Earth City, Mo. | \$7,814,849 | 34.6% ↑ | 106,522 | \$1,500,000 | \$20,140,000 | \$112,768,000 | 826 | 22 |
| 13 | 10 | Bay Alarm Company Pacheco, Calif. | \$7,244,745 | 8.4% ↑ | 118,917 | \$4,122,496 | \$10,578,116 | \$103,065,201 | 599 | 15 |
| 14 | 12 | Security Networks West Palm Beach, Fla. | \$7,168,895 | 42.4% ↑ | 172,339 | na | na | \$78,490,055 | 301 | 2 |
| 15 | 13 | Protect America Inc. Austin, Texas | \$5,252,900 | 14.8% ↑ | 142,736 | \$1,588,300 | na | \$59,915,000 | 339 | 1 |
| 16 | 16 | Security Systems Inc. Cromwell, Conn. | \$5,224,716 | 23.3% ↑ | 138,788 | \$839,500 | \$209,765 | \$53,756,200 | 180 | 3 |
| 17 | 14 | Central Security Group Inc. Tulsa, Okla. | \$5,223,059 | 14.9% ↑ | 165,841 | \$335,833 | \$37,314 | \$60,344,697 | 296 | 6 |
| 18 | 15 | Guardian Alarm Company Southfield, Mich. | \$4,625,900 | 9.1% ↑ | 119,535 | na | na | \$79,173,635 | 429 | 9 |

No. 12 – Acquired and successfully integrated Westec Intelligent Video Surveillance into operations. ■ No. 14 – Sustained continuous growth of more than 30 percent each year, with a growth in gross revenue of 48 percent from 2011 to 2012. The company also increased its staff by 27 percent. ■ No. 15 – 25 percent increase in new customer additions over 2011. ■ No. 16 – 23 percent growth and some fold-in acquisitions.

SDM 100: Group Growth Impresses

| | 2012 | 2011 | 2010 | 2009 |
|--|---------------|--------------|-------------|-------------|
| Total recurring monthly revenue | \$641.9 mil* | \$552.3 mil | \$510.7 mil | \$465.8 mil |
| Total subscribers | 18.4 mil† | 13.3 mil | 12.2 mil | 12.6 mil |
| Total annual revenue | \$20.2 bil** | \$9.3 bil | \$9.2 bil | \$8.2 bil |
| Total residential sales revenue | \$171.9 mil†† | \$170.1 mil | \$146.6 mil | \$157.4 mil |
| Total non-residential sales revenue | \$947.2 mil†† | \$852.47 mil | \$1.83 bil | \$2.31 bil |
| Business locations operated | 992 | 995 | 1,044 | 996 |
| Full time employees | 55,950*** | 53,219 | 56,259 | 53,086 |
| Part time employees | 1,950 | 1,037 | 512 | 618 |
| Acquisitions | 87 | 60 | 73 | 50 |
| Accounts gained | 79,269 | 34,242 | 49,178 | 42,738 |

Source: 2012 SDM 100, SDM Magazine, May 2012

The table, above, presents aggregate figures for the SDM 100 group of companies, which are ranked by their recurring monthly revenue — an industry standard of valuation of a security installation and monitoring business. Most of the SDM 100 companies are privately held. Submitting recurring monthly revenue (RMR) is required for ranking; other figures are not required but mostly provided. Most companies — but not all — also reported their total annual revenue, number of subscribers, and installation revenues. Therefore, one should exercise caution in using this information to extrapolate industry totals or to benchmark. Beginning in 2011, “systems integrator” companies that collect RMR were allowed to be ranked on the SDM 100. This year, several new integrators are ranked for the first time, including Tyco Integrated Security, Diebold Security, G4S Technology, RFI Communications & Security Systems, and Johnson Controls. The inclusion of these companies, as well as solid growth among other dealers, are the main reasons for the big boost in both RMR and total revenue growth.

* Total monthly recurring revenue, based on RMR of Dec. 31, 2012. Based on responses from 100 companies.

† Based on responses from or estimates of 91 companies. Not included: Habitec Security; Kastle Systems; Koorsen Fire & Security; Mijac Alarm; Safeguard Security; Scarsdale Security Systems Inc.; SDT Inc.; Sonitrol Tri-County; SSD Alarm Systems / Kern Security & Fire / Alpha Security & Fire

** Total annual (2012) revenue from electronic security system sales, installation, service, leasing, monitoring, and sales of subscriber accounts, as reported to or estimated by SDM. Based on responses from 99 companies. Not included: SAFE Security Companies

†† Based on responses from or estimates of 73 companies. Note: Some firms either did not choose to report this figure or did not have sales/installation revenue to report in one of the categories.

Not included in Residential Sales Revenue are: A-Com Protection Services Inc.; ADT; Alarm Capital Alliance; ARK Systems Inc.; Briscoe Protective Systems Inc.; Diebold Security; Devcon Security; DTT; Electric Guard Dog; Fire Protection Inc.; G4S Technology LLC; Guardian Alarm Co.; Johnson Controls Inc.; Kastle Systems; Mijac Alarm; Monitronics Int'l; Protection 1; Redwire / Sonitrol of Tallahassee, Bay, NW FL, EC FL; RLC Security Inc.; Safeguard Security; SafeTouch; Scarsdale Security Systems Inc.; SDT Inc.; Security Networks; Security Systems of America; Select Security; Sonitrol of Indianapolis; Sonitrol Tri-County; SSD Alarm Systems / Kern Security & Fire / Alpha Security & Fire; Stanley Convergent Security; Tyco Integrated Security; Vivint Inc.

Not included in Non-residential Sales Revenue are: A-Com Protection Services Inc.; ADT; Alarm Capital Alliance; Devcon Security; DTT; Electric Guard Dog; Fire Protection Inc.; Guardian Alarm Co.; Johnson Controls Inc.; Kastle Systems; Mijac Alarm; Monitronics Int'l; NorthStar Alarm Services LLC; Protect America Inc.; Protection 1; Redwire / Sonitrol of Tallahassee, Bay, NW FL, EC FL; RLC Security Inc.; Safeguard Security; SafeTouch; Scarsdale Security Systems Inc.; Security Networks; Select Security; Sonitrol Tri-County; SSD Alarm Systems / Kern Security & Fire / Alpha Security & Fire; Stanley Convergent Security; Tyco Integrated Security; Vivint Inc.

*** Based on responses from or estimates of 94 companies.

Not included: Crime Prevention Security Systems LLC; Diebold Security; Kastle Systems; Koorsen Fire & Security; Safeguard Security; SSD Alarm Systems / Kern Security & Fire / Alpha Security & Fire

The Financial Community Assesses Change in the SDM 100

In recent years, we have been witnessing a paradigm shift in the top tier of alarm monitoring companies due to the convergence of several key market dynamics. Access to both public and private equity and relatively inexpensive debt capital has spurred a sustained wave of investment in the alarm industry and corporate consolidation, which is leading to larger enterprises as seen in the SDM 100 annual rankings. For example, in 2006, No. 20 on the SDM 100 had \$1.7 million of RMR. In 2012, No. 20 had \$3.6 million of RMR. In addition to consolidation, the increase in company size is being driven organically by increased market penetration and average revenue per unit (ARPU) due to the introduction and adoption of enhanced services, such as remote video monitoring and Web-based home automation services.

Private equity investors have become more active as they seek to participate in a market characterized by a long track record of stable, recession-resilient cash flows, increasing ARPU from enhanced services, significant economies of scale, and a very attractive borrowing environment. This interest is clearly demonstrated by the fact that today, more than half of the SDM 100 top 20 ranked companies are private equity-backed, whereas there was limited investment just a few years ago. We are also seeing increased participation in sell-side processes by private equity investors as the combination of low interest rates, highly leveragable RMR, and a need to put capital to work has created a competitive environment relative to strategic acquirers that has helped push valuation multiples to higher levels.

This shift in ownership towards private equity is expected to continue as more alarm companies cross the threshold where they can access the institutional equity and debt markets as described below. The availability of capital among the top, middle, and bottom tier companies is significant. The market unofficially defines the tiers as follows:

| RMR TIER | PROVIDERS OF CAPITAL |
|-------------------------------|---|
| Up to \$500 thousand | Local bank and specialty lenders |
| \$500 thousand to \$3 million | National institutional lenders, limited private equity |
| \$3 to \$6 million | National institutional lenders, private equity, high-yield |
| \$6 million and above | Public/private equity, institutional loans, high-yield bonds, securitizations |

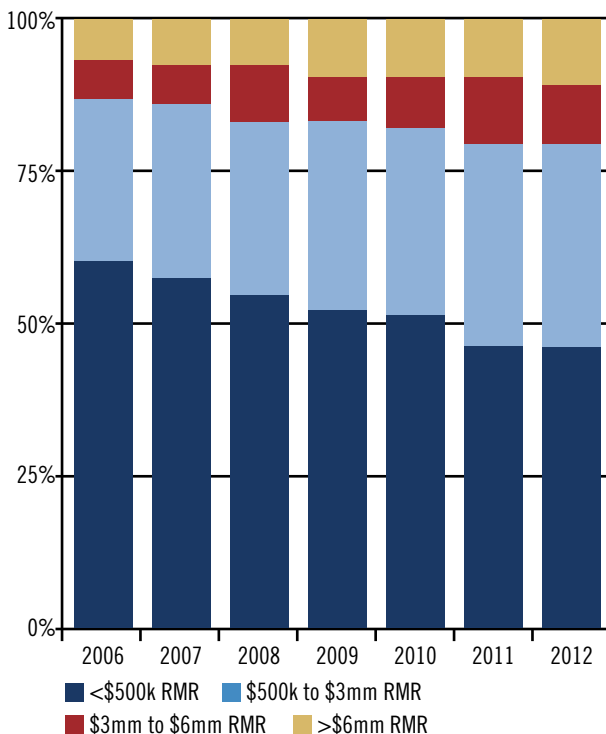
Since the 2006 SDM 100 report, the top 100 companies have broken out as follows among the RMR tiers (see "RMR Regroups"):

Institutional senior credit facilities provided by national lenders typically begin at a minimum of \$10 million, which implies that the borrower must have at least \$500 thousand of qualified RMR (implying a 20x leverage multiple). Below this level, alarm monitoring companies typically borrow from local banks or specialty lenders at rates and terms less favorable than the institutional market.

Notably, at the \$3.0 to \$3.5 million RMR level, companies have begun to be able to access the institutional non-bank market, which includes syndicated term loans and high-yield bond markets. Historically, access to these debt capital markets required twice as much RMR; however, an appetite for yield coupled with a better educated investor base has raised the profile for alarm monitoring companies resulting in oversubscribed syndications.

At the top of the industry, the largest companies have aggressively accessed the capital markets including public and private equity, high-yield debt, securitizations, and large institutional credit facilities (revolvers and term loans). By example, Interface Security Systems, ranked No. 12 this year, recently completed a recapitaliza-

RMR Regroups



tion in January 2013, managed by Imperial Capital, that included a new \$230 million senior secured notes (high-yield bond) offering as well as a new undrawn revolving credit facility with Capital One. The offering was well received by the high-yield bond market and was significantly oversubscribed and widely distributed to approximately 100 debt investors. Other large alarm monitoring companies that have recently completed high-yield bond financings include Vivint, Monitorics, and Securitas Direct (Europe's largest residential alarm monitoring provider). In addition, ADT completed a \$700 million senior notes offering earlier in 2013 to repurchase outstanding shares of ADT common stock.

It is expected that the factors that have attracted investors during the last several years will remain in place during 2013 and there will continue to be an active mergers and acquisitions (M&A) market driven by inexpensive credit and strong equity investor appetite. For the industry as a whole, the influence of institutional investors is seen as a net positive with the implementation of best practices, a fresh outside perspective, and the investment of capital in new, innovative products and services. This new element of competition and investment is good, first and foremost, for consumers who benefit from the new products and services, as well as for the industry as a whole with stronger, better capitalized companies as the alarm industry continues to evolve and mature. — *By John E. Mack III*

John E. Mack III is co-head of Investment Banking and head of Mergers and Acquisitions at Imperial Capital, a full-service, middle-market-focused investment bank headquartered in Los Angeles. Previously, he served as CEO of USBX, a boutique investment bank he founded and subsequently sold to Imperial Capital, and CEO of Protection One Inc. He may be contacted at 310-246-3705 or jmack@imperialcapital.com.

| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|--|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 19 | 20 | Alarm Capital Alliance Newtown Square, Pa. | \$4,389,170 | 25.4% ↑ | 134,903 | na | na | \$47,965,227 | 184 | 4 |
| 20 | 17 | Devcon Security Hollywood, Fla. | \$4,279,432 | 5.6% ↑ | na | na | na | \$63,007,784 | 475 | 11 |
| 21 | 18 | Kastle Systems Springfield, Va. | \$4,100,000 | 5.1% ↑ | na | na | na | \$68,000,000 | na | 8 |
| 22 | 19 | CPI Security Systems Inc. Charlotte, N.C. | \$4,091,028 | 13.3% ↑ | 101,072 | \$3,400,000 | \$1,142,000 | \$53,607,894 | 367 | 5 |
| 23 | 21 | AFA Protective Systems Inc. Syosset, N.Y. | \$2,539,000 | 5.0% ↑ | 48,200 | \$250,000 | \$32,100,000 | \$73,636,800 | 446 | 19 |
| 24 | 22 | Alarm Detection Systems Inc. Aurora, Ill. | \$2,281,329 | 4.8% ↑ | 27,288 | \$692,190 | \$4,637,229 | \$34,022,839 | 220 | 2 |
| 25 | 24 | Ackerman Security Systems Atlanta, Ga. | \$2,254,766 | 20.9% ↑ | 97,374 | \$7,088,561 | \$4,737,961 | \$39,098,268 | 273 | 2 |
| 26 | 23 | ADS Security L.P. Nashville, Tenn. | \$2,087,334 | 7.4% ↑ | 68,889 | \$2,384,685 | \$5,281,175 | \$33,875,867 | 263 | 15 |
| 27 | | SafeTouch Jacksonville, Fla. | \$1,885,349 | 6.3% ↑ | 78,718 | na | na | \$26,014,878 | 203 | 5 |
| 28 | 29 | DTT Los Angeles, Calif. | \$1,779,000 | 26.3% ↑ | 7,791 | na | na | \$21,350,583 | 268 | 3 |
| 29 | 26 | SAFE Security Companies San Ramon, Calif. | \$1,734,232 | 0.5% ↑ | 62,546 | \$174,800 | \$52,000 | na | 90 | 1 |
| 30 | 28 | Electric Guard Dog Columbia, S.C. | \$1,707,826 | 15.2% ↑ | 2,709 | na | na | \$19,372,525 | 99 | 1 |
| 31 | 27 | Per Mar Security Services Davenport, Iowa | \$1,612,521 | 6.3% ↑ | 32,337 | \$1,173,150 | \$15,015,943 | \$39,413,993 | 296 | 13 |
| 32 | | G4S Technology LLC Omaha, Neb. | \$1,533,000 | 15.0% ↑ | 918 | na | \$89,000,000 | \$156,871,000 | 652 | 18 |
| 33 | 35 | Mountain Alarm Ogden, Utah | \$1,225,060 | 18.8% ↑ | 20,692 | \$365,000 | \$12,003,208 | \$21,303,911 | 142 | 6 |
| 34 | 32 | Safeguard Security Scottsdale, Ariz. | \$1,207,879 | 10.5% ↑ | na | na | na | \$36,238,000 | na | 3 |
| 35 | 30 | SSD Alarm Systems / Kern Security & Fire / Alpha Security & Fire Anaheim, Calif. | \$1,170,888 | -2.8% ↓ | na | na | na | \$29,624,717 | na | 12 |

No. 19 – Acquired two high-quality companies; one on the West Coast and one in the Southeast. ■ No. 22 – Kept attrition at less than 6 percent. *SDM's 2000 Dealer of the Year.* ■ No. 25 – In addition to double-digit revenue growth, was selected by *Atlanta Business Chronicle* as one of the “Best Places to Work.” *SDM's 2007 Dealer of the Year.* ■ No. 26 – Opened first branch office in Mississippi. ■ No. 27 – First-time ranking on the *SDM 100.* ■ No. 28 – Established a cloud-based portal to aggregate all loss prevention and business intelligence solutions for clients. ■ No. 29 – Purchased a monitoring station. ■ No. 31 – Recorded internal RMR growth year due to an increase in the services provided in the last few years. Great increases in financial success, due mostly to growth in integrated projects and larger projects. ■ No. 32 – First-time ranking on the *SDM 100.* ■ No. 33 – Refinanced the company and with additional capital bought several other companies, growing RMR significantly. ■ No. 34 – *SDM's 2002 Dealer of the Year.*

“There has been an overall improvement in the market over the past 12 months. Government and local municipalities are leading the way with system upgrades and new construction,” states No. 39, American Alarm & Communications.

“The market for security systems sales and integrated systems projects showed growth in 2012 compared with 2011. We have seen an increase in new systems demand as well as RFP activity, particularly in the latter part of 2012. Retail and restaurants, financial and banking, and industrial markets exhibited the best growth for us,” describes No. 6-ranked Protection 1, *SDM's 2012 Dealer of the Year.* “Much of the business comes from upgrading existing systems and services versus new build activity.”

The industry’s largest security companies note that there still are lingering effects of the Great Recession on customers’ abilities to invest, to the extent they would like to invest, in security systems and services.

“Installation of fire and security systems remains strong,”

notes AFA Protective Systems Inc., No. 23. “While budgetary concerns are still quite prevalent, companies remain willing to allocate sufficient capital to maintain the necessary level of protection needed to secure a safe working environment.”

There are, and always will be, factors in the general economy and influences among society that affect the rate at which the security industry grows. For example, one company, Electric Guard Dog, No. 30, noted that it experienced a “clear drop in demand” last September and October leading into the elections. “This problem appeared to correct itself in November-January, but there was a very steep drop during those two months,” the company states.

However, the metamorphosis of the security industry into a services-based business capable of serving many sectors with a wide variety of security offerings has taken hold, evidenced by the largest security providers – the 2013 *SDM 100.*



| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|--|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 36 | 31 | First Alarm Aptos, Calif. | \$1,165,874 | 2.3% ↑ | 19,230 | \$2,279,091 | \$2,996,582 | \$20,997,730 | 137 | 5 |
| 37 | 33 | EPS Security Grand Rapids, Mich. | \$1,148,702 | 7.4% ↑ | 18,059 | \$988,399 | \$6,490,954 | \$22,278,249 | 183 | 6 |
| 38 | 34 | General Security Inc. Plainview, N.Y. | \$1,106,658 | 3.6% ↑ | 42,869 | \$1,590,869 | \$2,815,875 | \$18,859,634 | 154 | 9 |
| 39 | 39 | American Alarm & Communications Arlington, Mass. | \$1,007,996 | 16.5% ↑ | 19,757 | \$1,419,873 | \$9,808,167 | \$26,947,851 | 193 | 5 |
| 40 | 40 | NorthStar Alarm Services LLC Orem, Utah | \$996,915 | 31.5% ↑ | 22,556 | \$435,000 | na | \$11,007,089 | 39 | 1 |
| 41 | 37 | Sonitrol New England Rocky Hill, Conn. | \$962,188 | 7.0% ↑ | 27,037 | \$248,125 | \$5,988,997 | \$19,249,572 | 105 | 5 |
| 42 | 36 | Kimberlite Corp. Fresno, Calif. | \$944,258 | -1.7% ↓ | 6,033 | \$70,000 | \$2,825,000 | \$15,062,195 | 105 | 8 |

No. 36 – Significant investment in company's IT plant, switching to a virtual server arrangement. ■ No. 38 – 12.6 percent increase in profit. ■ No. 39 – Strong growth in RMR and volume over previous year. ■ No. 41 – Completely integrated IP-based alarm communication within the company. Technicians and sales teams received extensive training, and in the central station, IP was embraced not only from a hardware and equipment perspective, but also from a policies and procedures, and disaster recovery aspect. ■ No. 42 – Central station aided in the apprehension of 1,035 criminals.

TOP COMPANIES RANKED BY RESIDENTIAL CUSTOMERS

| RANK BY RESIDENTIAL SUBSCRIBERS | COMPANY | RESIDENTIAL SUBSCRIBERS | TOTAL SUBSCRIBERS | SDM 100 RANK | RANK BY RESIDENTIAL SUBSCRIBERS | COMPANY | RESIDENTIAL SUBSCRIBERS | TOTAL SUBSCRIBERS | SDM 100 RANK |
|---------------------------------|--|-------------------------|-------------------|--------------|---------------------------------|--|-------------------------|-------------------|--------------|
| 1 | Monitronics International | 768,711 | 812,539 | 5 | 28 | RLC Security Inc. | 13,607 | 13,607 | 55 |
| 2 | Vivint Inc. | 671,818 | 671,818 | 4 | 29 | Alarm Detection Systems Inc. | 12,646 | 27,288 | 24 |
| 3 | Protection 1 | 399,980 | 1,535,654 | 6 | 30 | AFA Protective Systems Inc. | 11,600 | 48,200 | 23 |
| 4 | Slomins Inc. | 270,271 | 293,773 | 7 | 31 | American Alarm & Communications | 11,047 | 19,757 | 39 |
| 5 | Guardian Protection Services | 241,252 | 264,310 | 10 | 32 | Crime Prevention Security Systems LLC | 10,181 | 13,221 | 87 |
| 6 | Vector Security Inc. | 225,821 | 268,331 | 9 | 33 | A-Com Protection Services Inc. | 9,700 | 15,018 | 65 |
| 7 | Security Networks | 164,023 | 172,339 | 14 | 34 | Acadiana Security Plus | 9,468 | 11,986 | 76 |
| 8 | Central Security Group Inc. | 154,232 | 165,841 | 17 | 35 | First Alarm | 9,300 | 19,230 | 36 |
| 9 | ASG Security | 130,730 | 187,021 | 11 | 36 | Matson Alarm Co. Inc. | 9,095 | 19,785 | 52 |
| 10 | Security Systems Inc. | 126,300 | 138,788 | 16 | 37 | World Wide Security & GC Alarm Inc. | 9,000 | 15,060 | 72 |
| 11 | Alarm Capital Alliance | 107,922 | 134,903 | 19 | 38 | EPS Security | 9,000 | 18,059 | 37 |
| 12 | CPI Security Systems Inc. | 96,367 | 101,072 | 22 | 39 | F.E. Moran Inc. Alarm and Monitoring Services | 8,935 | 25,171 | 44 |
| 13 | Ackerman Security Systems | 86,399 | 97,374 | 25 | 40 | Mountain Alarm | 8,276 | 20,692 | 33 |
| 14 | Bay Alarm Company | 61,782 | 118,917 | 13 | 41 | Post Alarm Systems | 7,923 | 14,500 | 60 |
| 15 | Interface Security Systems Holdings Inc. | 56,291 | 106,522 | 12 | 42 | Security Force Inc. | 7,800 | 7,998 | 81 |
| 16 | SafeTouch | 55,000 | 78,718 | 27 | 43 | All Guard Alarm Systems Inc. | 7,264 | 12,106 | 49 |
| 17 | ADS Security L.P. | 41,333 | 68,889 | 26 | 44 | Security Equipment Inc. | 6,884 | 15,463 | 48 |
| 18 | EMC Security | 36,436 | 39,856 | 45 | 45 | Security Systems of America | 6,790 | 11,877 | 77 |
| 19 | General Security Inc. | 33,837 | 42,869 | 38 | 46 | Yarnell Security Systems | 5,315 | 8,980 | 98 |
| 20 | Amherst Alarm Inc. | 19,940 | 25,241 | 88 | 47 | Supreme Security Systems Inc. | 5,039 | 8,045 | 50 |
| 21 | Custom Security Systems Inc. | 18,598 | 26,569 | 51 | 48 | Gillmore Security Systems Inc. | 4,731 | 5,989 | 84 |
| 22 | Custom Security Systems | 15,680 | 46,670 | 53 | 49 | Electronix Systems Central Station Alarms Inc. | 4,603 | 13,693 | 75 |
| 23 | Blue Ridge Security Systems Inc. | 15,466 | 35,591 | 70 | 50 | Bonds Alarm Co. Inc. | 4,111 | 7,758 | 93 |
| 24 | NCA | 14,819 | 16,517 | 100 | 51 | Peak Alarm Co. Inc. | 3,700 | 11,671 | 68 |
| 25 | Sonitrol New England | 14,355 | 27,037 | 41 | 52 | Valley Alarm | 3,659 | 7,786 | 91 |
| 26 | Doyle Security Systems Inc. | 14,280 | 23,802 | 47 | 53 | The Protection Bureau | 3,280 | 7,650 | 66 |
| 27 | Per Mar Security Services | 14,041 | 32,337 | 31 | 54 | Safe Systems | 3,141 | 9,761 | 69 |

SDM 100 companies are ranked here by the number of their residential customers. Note that some of the larger companies, such as ADT, are not ranked because they did not break out their total subscribers into residential and non-residential. Companies that reported fewer than 3,000 residential customers are not included in this table.

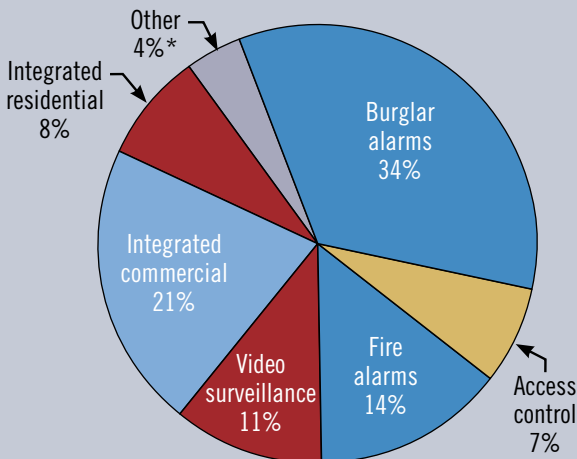


| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|---|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 43 | 38 | Sonitrol Pacific Portland, Ore. | \$902,667 | 0.4% ↑ | 4,500 | \$60,000 | \$2,574,780 | \$13,752,302 | 85 | 5 |
| 44 | 47 | F.E. Moran Inc. Alarm and Monitoring Services Champaign, Ill. | \$837,164 | 42.1% ↑ | 25,171 | \$606,829 | \$10,992,478 | \$25,693,946 | 183 | 7 |
| 45 | 42 | EMC Security Suwanee, Ga. | \$759,500 | 15.0% ↑ | 39,856 | \$3,593,022 | \$1,576,595 | \$13,367,270 | 100 | 1 |
| 46 | 41 | Sonitrol of Sacramento & Sonitrol Orange County Roseville, Calif. | \$757,800 | 4.8% ↑ | 4,553 | \$80,679 | \$3,683,886 | \$12,943,346 | 68 | 2 |
| 47 | 44 | Doyle Security Systems Inc. Rochester, N.Y. | \$719,850 | 11.3% ↑ | 23,802 | \$640,000 | \$2,326,000 | \$12,201,278 | 94 | 5 |
| 48 | 43 | Security Equipment Inc. Omaha, Neb. | \$688,479 | 6.2% ↑ | 15,463 | \$712,820 | \$9,424,237 | \$20,043,472 | 140 | 4 |
| 49 | 46 | All Guard Alarm Systems Inc. Hayward, Calif. | \$609,048 | 1.8% ↑ | 12,106 | \$670,284 | \$1,316,587 | \$9,771,760 | 63 | 2 |
| 50 | 45 | Supreme Security Systems Inc. Union, N.J. | \$576,340 | -4.0% ↓ | 8,045 | \$255,665 | \$1,137,773 | \$9,058,236 | 71 | 1 |
| 51 | 49 | Custom Security Systems Inc. Baton Rouge, La. | \$572,538 | 8.7% ↑ | 26,569 | \$1,501,069 | \$843,935 | \$10,250,281 | 61 | 1 |

No. 44 – Doubled the number of employees and experienced significant RMR growth. ■ No. 45 – Continued to expand monitoring of school systems with seven total school systems now being monitored. Large increase in number of monitored systems being placed online. Connected services business growing with continued expansion of the “SecurePath” marketing message that includes three connected paths for security monitoring. ■ No. 47 – Acquired two companies in Albany, N.Y., and opened a full-service branch. ■ No. 48 – Expanded hosted and managed services. ■ No. 49 – Installed a large residential security system integrating burglar, fire, CCTV and fence protection.

Revenue Segmented by Technology Categories

Average percentage of total revenue among SDM 100 companies, distributed by types of products/technology

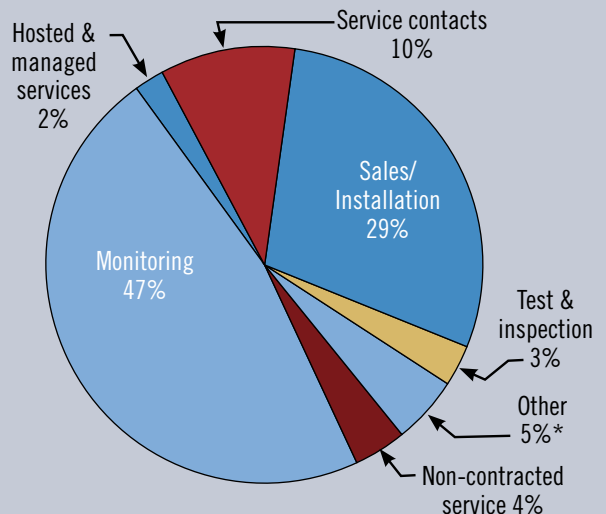


*includes intercom, badging systems, perimeter security, IT hardware/software Source: 2013 SDM 100, SDM Magazine, May 2013

Security companies derive their total revenue from a wide variety of product categories, including the single most sizable — burglar alarm systems, which comprised an average of 34 percent of security companies' revenue in 2012. There were no significant differences in ratios compared with 2011.

Revenue Segmented by Business Services

Average percentage of total revenue among SDM 100 companies, distributed by types of services



*includes equipment leases and consulting Source: 2013 SDM 100, SDM Magazine, May 2013

Security companies derive their revenue from a wide variety of service categories, including the single most sizable — monitoring, which comprised an average of 47 percent of security companies' revenue in 2012. There were no significant differences in ratios compared with 2011; however, the new category of “hosted and managed services” grew very slightly from 1 percent to 2 percent.

| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|---|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 52 | 51 | Matson Alarm Co. Inc. Fresno, Calif. | \$563,032 | 7.6% ↑ | 19,785 | \$500,000 | \$2,053,564 | \$9,562,342 | 66 | 4 |
| 53 | 48 | Custom Security Systems Lacey, Wash. | \$546,275 | 1.5% ↑ | 46,670 | \$253,993 | \$1,451,629 | \$9,734,360 | 102 | 3 |
| 54 | | RFI Communications & Security Systems San Jose, Calif. | \$536,765 | 6.4% ↑ | 2,905 | \$232,645 | \$32,834,005 | \$43,425,378 | 268 | 5 |
| 55 | | RLC Security Inc. Gibsonia, Pa. | \$532,561 | 87.2% ↑ | 13,607 | na | na | \$4,929,733 | 2 | 1 |
| 56 | 53 | Koorsen Fire & Security Indianapolis, Ind. | \$530,228 | 1.9% ↑ | na | \$475,000 | \$9,278,379 | \$78,521,934 | na | 22 |
| 57 | 50 | Sonitrol of Buffalo, Rochester, Toronto Buffalo, N.Y. | \$524,118 | 0.2% ↑ | 5,539 | \$50,000 | \$3,558,941 | \$10,495,745 | 86 | 3 |
| 58 | 57 | Redwire / Sonitrol of Tallahassee, Bay, NW FL, EC FL Tallahassee, Fla. | \$494,263 | 5.4% ↑ | 5,348 | na | na | \$8,553,481 | 67 | 6 |
| 59 | 68 | Select Security Lancaster, Pa. | \$493,268 | 31.9% ↑ | 10,680 | na | na | \$10,412,000 | 100 | 11 |
| 60 | 55 | Post Alarm Systems Arcadia, Calif. | \$489,866 | 1.1% ↑ | 14,500 | \$1,525,664 | \$1,457,986 | \$9,781,607 | 121 | 2 |
| 61 | 76 | Vision Security Orem, Utah | \$474,544 | 56.0% ↑ | 10,116 | \$29,178,331 | \$193,600 | \$30,982,056 | 18 | 1 |
| 62 | 56 | American Security Systems Inc. Long Island City, N.Y. | \$474,000 | 6.0% ↑ | 7,111 | \$320,000 | \$3,750,000 | \$10,119,015 | 75 | 2 |
| 63 | 58 | Sonitrol Tri-County Grand Blanc, Mich. | \$473,518 | 2.8% ↑ | na | na | na | \$9,489,306 | 70 | 3 |
| 64 | 60 | Habitec Security Toledo, Ohio | \$468,581 | 3.5% ↑ | na | \$700,000 | \$2,300,000 | \$9,320,000 | 90 | 3 |
| 65 | 62 | A-Com Protection Services Inc. Columbus, Ga. | \$446,814 | 2.5% ↑ | 15,018 | na | na | \$8,141,986 | 69 | 6 |
| 66 | 61 | The Protection Bureau Exton, Pa. | \$445,850 | 0.5% ↑ | 7,650 | \$68,400 | \$8,695,000 | \$15,250,859 | 90 | 3 |
| 67 | 54 | Intertech Security Pittsburgh, Pa. | \$432,905 | 7.9% ↑ | 4,646 | \$278,000 | \$17,900,000 | \$23,696,289 | 144 | 7 |
| 68 | 66 | Peak Alarm Co. Inc. Salt Lake City, Utah | \$425,248 | 12.9% ↑ | 11,671 | \$114,494 | \$1,652,965 | \$7,408,350 | 77 | 4 |
| 69 | 72 | Safe Systems Louisville, Colo. | \$422,425 | 20.4% ↑ | 9,761 | \$209,492 | \$2,333,500 | \$8,106,531 | 69 | 2 |
| 70 | 63 | Blue Ridge Security Systems Inc. Anderson, S.C. | \$420,854 | 3.3% ↑ | 35,591 | \$3,878,865 | \$7,881,224 | \$11,760,089 | 92 | 3 |
| 71 | 69 | Sonitrol SW Ohio Mason, Ohio | \$414,346 | 10.8% ↑ | 6,209 | \$75,000 | \$1,700,000 | \$7,061,871 | 48 | 2 |
| 72 | 67 | World Wide Security & GC Alarm Inc. Garden City, N.Y. | \$402,000 | 7.2% ↑ | 15,060 | \$900,000 | \$900,000 | \$7,000,000 | 55 | 1 |
| 73 | 70 | Scarsdale Security Systems Inc. Scarsdale, N.Y. | \$392,900 | 6.5% ↑ | na | na | na | \$12,925,002 | 83 | 2 |
| 74 | 78 | DynaFire Inc. Casselberry, Fla. | \$386,117 | 31.0% ↑ | 5,205 | \$14,000 | \$3,088,778 | \$7,738,285 | 63 | 3 |
| 75 | 71 | Electronix Systems Central Station Alarms Inc. Huntington Station, N.Y. | \$378,595 | 7.0% ↑ | 13,693 | \$851,531 | \$3,146,432 | \$8,661,785 | 71 | 1 |
| 76 | 73 | Acadiana Security Plus Broussard, La. | \$371,612 | 9.1% ↑ | 11,986 | \$563,965 | \$1,030,129 | \$7,798,436 | 60 | 1 |
| 77 | 74 | Security Systems of America Pittsburgh, Pa. | \$347,603 | 2.6% ↑ | 11,877 | na | \$300,000 | \$6,835,910 | 137 | 4 |
| 78 | | Johnson Controls Inc. Milwaukee, Wis. | \$335,417 | 0.6% ↑ | 2,600 | na | na | na | 695 | 35 |
| 79 | 80 | Fire Protection Inc. Everett, Wash. | \$321,000 | 19.8% ↑ | 7,188 | na | na | \$15,620,000 | 71 | 3 |

No. 52 – 12.7 percent increase in total revenue over the prior year. ■ No. 53 – No layoffs; maintained economic position; minimal RMR net attrition. ■ No. 54 – First-time ranking on the SDM 100. Acquired Microsoft Dynamics AX as new ERP platform to support future growth, while gaining workflow efficiencies and overall experience. ■ No. 55 – First-time ranking on the SDM 100. Secured a \$50 million credit facility. ■ No. 59 – Now in fourth year of using door-knocking business model, with plans to add 2,000 to 3,000 customers. ■ No. 62 – Continued to build up fire division, both installs and “parts and smarts” for electricians. ■ No. 64 – Added more recurring service solutions, including verified video monitoring, managed access control and simplified home automation. Positioned as a services business, avoiding sales without RMR. ■ No. 66 – SDM’s 2010 Dealer of the Year. ■ No. 69 – Completed two acquisitions; one closed Aug. 31 and the other Oct. 31, 2012. This added 1,404 systems and increased RMR more than 10 percent. ■ No. 70 – Now has a person on staff to manage efforts to connect to customers and prospects through social media. Has run several new advertising campaigns for print media, as well as TV and radio. ■ No. 72 – Integrated acquired accounts and organic growth. ■ No. 73 – Process improvements and restructuring, rebranding. ■ No. 74 – Expanded private radio network using mesh technology. ■ No. 77 – Installed more than 100 AES radios. ■ No. 78 – First-time ranking on the SDM 100.

| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|---|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 80 | 75 | Washington Alarm Inc. Seattle, Wash. | \$314,288 | 2.6% ↑ | 5,320 | \$153,960 | \$1,085,556 | \$5,361,247 | 46 | 1 |
| 81 | | Security Force Inc. Raleigh, N.C. | \$312,116 | 141.5% ↑ | 7,998 | \$400,000 | \$35,000 | \$7,100,000 | 42 | 3 |
| 82 | 77 | Richmond Alarm Company Midlothian, Va. | \$305,630 | 2.2% ↑ | 10,060 | \$1,152,000 | \$1,041,000 | \$6,902,388 | 76 | 3 |
| 83 | 79 | Bates Security LLC / Sonitrol of Lexington Lexington, Ky. | \$302,982 | 7.4% ↑ | 4,355 | \$350,178 | \$3,289,740 | \$8,152,321 | 53 | 1 |
| 84 | 83 | Gillmore Security Systems Inc. Cleveland, Ohio | \$292,684 | 13.1% ↑ | 5,989 | \$1,065,000 | \$565,000 | \$5,147,919 | 42 | 1 |
| 85 | 90 | ARK Systems Inc. Columbia, Md. | \$286,392 | 23.5% ↑ | 1,196 | na | \$12,000,000 | \$18,300,000 | 117 | 3 |

No. 80 – Invested in a new building, infrastructure and personnel. ■ No. 81 – First-time ranking on the SDM 100. Expanded operation further north and south into Virginia and South Carolina. ■ No. 82 – Integrated a 2011 acquisition into operation. Closed a central station and organized and updated the accounts. ■ No. 83 – Moved to a brand new corporate headquarters, a three-story 14,000-sq.-ft. building, while continuing strong sales growth and maintaining a high level of customer service. ■ No. 84 – Integrated an acquisition.

TOP COMPANIES RANKED BY NON-RESIDENTIAL INSTALLATION REVENUE

| RANK BY INSTALLATION REVENUE | COMPANY | NON-RESIDENTIAL INSTALLATIONS 2012 | NON-RESIDENTIAL REVENUE | SDM 100 RANK | RANK BY INSTALLATION REVENUE | COMPANY | NON-RESIDENTIAL INSTALLATIONS 2012 | NON-RESIDENTIAL REVENUE | SDM 100 RANK |
|------------------------------|---|------------------------------------|-------------------------|--------------|------------------------------|--|------------------------------------|-------------------------|--------------|
| 1 | G4S Technology LLC | 212 | \$89,000,000 | 32 | 29 | Sonitrol of Buffalo, Rochester, Toronto | 179 | \$3,558,941 | 57 |
| 2 | Vector Security Inc. | 4,665 | \$73,533,000 | 9 | 30 | Bates Security LLC / Sonitrol of Lexington | 319 | \$3,289,740 | 83 |
| 3 | Slomins Inc. | 1,471 | \$34,095,052 | 7 | 31 | Electronix Systems Central Station Alarms Inc. | 542 | \$3,146,432 | 75 |
| 4 | RFI Communications & Security Systems | 1,294 | \$32,834,005 | 54 | 32 | DynaFire Inc. | 680 | \$3,088,778 | 74 |
| 5 | AFA Protective Systems Inc. | 6,400 | \$32,100,000 | 23 | 33 | First Alarm | 1,563 | \$2,996,582 | 36 |
| 6 | ASG Security | 18,735 | \$26,679,000 | 11 | 34 | Kimberlite Corp. | 459 | \$2,825,000 | 42 |
| 7 | Interface Security Systems Holdings Inc. | 4,800 | \$20,140,000 | 12 | 35 | General Security Inc. | 887 | \$2,815,875 | 38 |
| 8 | Intertech Security | 530 | \$17,900,000 | 67 | 36 | Sonitrol Pacific | 338 | \$2,574,780 | 43 |
| 9 | Per Mar Security Services | 7,372 | \$15,015,943 | 31 | 37 | Safe Systems | 1,067 | \$2,333,500 | 69 |
| 10 | Mountain Alarm | 1,488 | \$12,003,208 | 33 | 38 | Doyle Security Systems Inc. | 480 | \$2,326,000 | 47 |
| 11 | ARK Systems Inc. | 200 | \$12,000,000 | 85 | 39 | Habitec Security | 650 | \$2,300,000 | 64 |
| 12 | F.E. Moran Inc. Alarm and Monitoring Services | 4,087 | \$10,992,478 | 44 | 40 | Moon Security Services Inc. | 600 | \$2,165,792 | 95 |
| 13 | Bay Alarm Company | 9,940 | \$10,578,116 | 13 | 41 | Matson Alarm Co. Inc. | 899 | \$2,053,564 | 52 |
| 14 | American Alarm & Communications | 3,421 | \$9,808,167 | 39 | 42 | Sentry Security | 521 | \$1,954,369 | 96 |
| 15 | Security Equipment Inc. | 822 | \$9,424,237 | 48 | 43 | Briscoe Protective Systems Inc. | 80 | \$1,879,745 | 94 |
| 16 | Koorsen Fire & Security | 2,400 | \$9,278,379 | 56 | 44 | Sonitrol SW Ohio | 75,000 | \$1,700,000 | 71 |
| 17 | Guardian Protection Services | 3,335 | \$8,821,132 | 10 | 45 | Peak Alarm Co. Inc. | 844 | \$1,652,965 | 68 |
| 18 | The Protection Bureau | 550 | \$8,695,000 | 66 | 46 | EMC Security | 775 | \$1,576,595 | 45 |
| 19 | SDT Inc. | 317 | \$7,890,000 | 97 | 47 | Yarnell Security Systems | 120 | \$1,500,000 | 98 |
| 20 | Blue Ridge Security Systems Inc. | 2,065 | \$7,881,224 | 70 | 48 | Post Alarm Systems | 314 | \$1,457,986 | 60 |
| 21 | EPS Security | 645 | \$6,490,954 | 37 | 49 | Custom Security Systems | 485 | \$1,451,629 | 53 |
| 22 | Custom Alarm | 865 | \$6,000,000 | 92 | 50 | All Guard Alarm Systems Inc. | 480 | \$1,316,587 | 49 |
| 23 | Sonitrol New England | 2,055 | \$5,988,997 | 41 | 51 | Sonitrol of Indianapolis | 150 | \$1,303,100 | 89 |
| 24 | ADS Security L.P. | 2,174 | \$5,281,175 | 26 | 52 | CPI Security Systems Inc. | 1,532 | \$1,142,000 | 22 |
| 25 | Ackerman Security Systems | 2,129 | \$4,737,961 | 25 | 53 | Supreme Security Systems Inc. | 518 | \$1,137,773 | 50 |
| 26 | Alarm Detection Systems Inc. | 861 | \$4,637,229 | 24 | 54 | Amherst Alarm Inc. | 160 | \$1,120,000 | 88 |
| 27 | American Security Systems Inc. | 150 | \$3,750,000 | 62 | 55 | Washington Alarm Inc. | 1,092 | \$1,085,556 | 80 |
| 28 | Sonitrol of Sacramento & Sonitrol Orange County | 1,434 | \$3,683,886 | 46 | 56 | Richmond Alarm Company | 100 | \$1,041,000 | 82 |
| | | | | | 57 | Acadiana Security Plus | 131 | \$1,030,129 | 76 |

SDM 100 companies are ranked here by the amount of their installation revenue from non-residential projects. Note that some of the larger companies, such as Tyco Integrated Security and Stanley Convergent Security, are not ranked because they did not report this number to SDM. Companies that reported less than \$1 million are not included in this table.

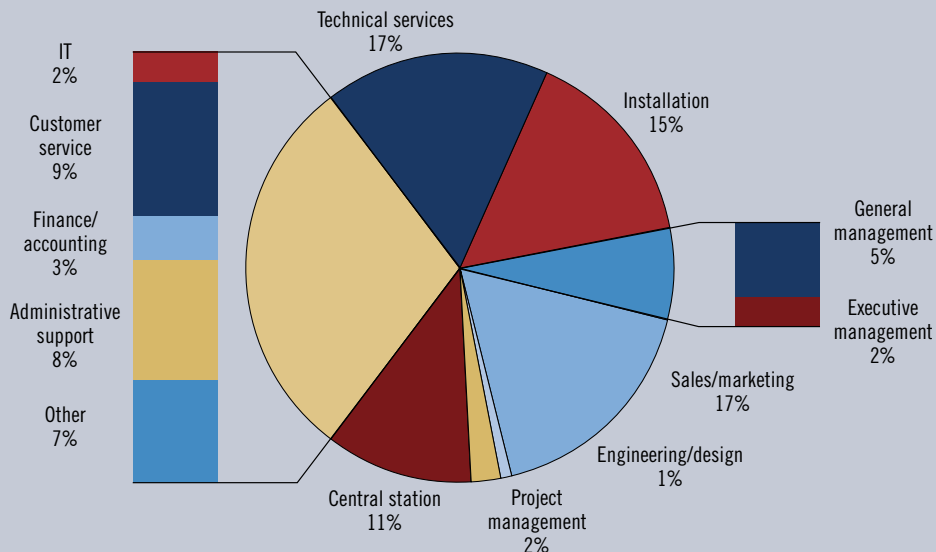


| RANK 2013 | RANK 2012 | COMPANY | RECURRING MONTHLY REVENUE, DEC. 31, 2012 | RMR COMPARED WITH DEC. 31, 2011 | SUBSCRIBERS | SALES REVENUE, RES. INSTALLS | SALES REVENUE, NON-RES. INSTALLS | GROSS REVENUE 2012 (\$ MIL) | FULL TIME EMPLOYEES | NO. OF LOCATIONS |
|-----------|-----------|---|--|---------------------------------|-------------|------------------------------|----------------------------------|-----------------------------|---------------------|------------------|
| 86 | | Sonitrol Security Services Inc. Charlotte, N.C. | \$284,655 | 1.6% ↑ | 3,906 | \$750 | \$7,500 | \$5,861,885 | 53 | 2 |
| 87 | | Crime Prevention Security Systems LLC Gainesville, Fla. | \$282,720 | 8.3% ↑ | 13,221 | \$1,614,125 | \$286,673 | \$6,257,176 | na | 2 |
| 88 | 86 | Amherst Alarm Inc. Amherst, N.Y. | \$272,898 | 9.3% ↑ | 25,241 | \$690,000 | \$1,120,000 | \$5,498,249 | 53 | 1 |
| 89 | 84 | Sonitrol of Indianapolis Indianapolis, Ind. | \$263,207 | 3.7% ↑ | 1,985 | na | \$1,303,100 | \$4,673,473 | 28 | 1 |
| 90 | 82 | Pacific Alarm Systems Inc. Culver City, Calif. | \$257,157 | -1.0% ↓ | 4,152 | \$105,247 | \$461,764 | \$4,013,077 | 47 | 1 |
| 91 | 88 | Valley Alarm Sun Valley, Calif. | \$256,538 | 3.6% ↑ | 7,786 | \$84,639 | \$613,983 | \$3,946,833 | 20 | 1 |
| 92 | 87 | Custom Alarm Rochester, Minn. | \$248,680 | 0.4% ↑ | 5,880 | \$450,000 | \$6,000,000 | \$10,043,817 | 62 | 1 |
| 93 | 89 | Bonds Alarm Co. Inc. Phoenix, Ariz. | \$246,742 | 2.0% ↑ | 7,758 | \$126,000 | \$486,200 | \$3,866,295 | 30 | 3 |
| 94 | 96 | Briscoe Protective Systems Inc. Centereach, N.Y. | \$239,012 | 27.5% ↑ | 2,345 | na | \$1,879,745 | \$6,013,204 | 35 | 1 |
| 95 | 93 | Moon Security Services Inc. Pasco, Wash. | \$234,911 | 9.4% ↑ | 6,848 | \$1,271,973 | \$2,165,792 | \$9,175,366 | 109 | 3 |
| 96 | 85 | Sentry Security Wheeling, Ill. | \$229,911 | -9.4% ↓ | 4,034 | \$197,386 | \$1,954,369 | \$5,743,917 | 21 | 1 |
| 97 | 95 | SDT Inc. Newtown, Pa. | \$226,974 | 9.3% ↑ | na | na | \$7,890,000 | \$14,113,749 | 88 | 1 |
| 98 | 94 | Yarnell Security Systems Lancaster, Pa. | \$217,000 | 3.6% ↑ | 8,980 | \$400,000 | \$1,500,000 | \$5,100,000 | 41 | 1 |
| 99 | | Mijac Alarm Rancho Cucamonga, Calif. | \$210,309 | 3.1% ↑ | na | na | na | \$3,725,255 | 29 | 1 |
| 100 | 98 | NCA Nashville, Tenn. | \$191,085 | 18.5% ↑ | 16,517 | \$1,527,605 | \$115,812 | \$3,928,140 | 19 | 1 |

No. 86 – Integrated design of access and IP camera technology monitored by central station. ■ No. 87 – Purchased a branch office in Orlando, Fla., retaining 23 staff members from the previous company and growing business in the new market. ■ No. 88 – Sales were flat and slightly down, yet profitability was up due to better management of resources. ■ No. 90 – Remodeled sales department and administrative/clerical office/department. ■ No. 92 – Converted central station software to new platform. ■ No. 97 – Successful in closing two key accounts that the company had been working for a long time. Also invested heavily in training of field staff. ■ No. 98 – Added IP-based system capabilities. ■ No. 99 – First-time ranking on the SDM 100.

Composition of a Security Staff

Average percentage of staff employed in various departments at SDM 100 companies



Installation and technical service jobs together comprise the single largest majority of positions within an SDM 100 company, together accounting for approximately one-third of the employees in a security company's workforce. The second largest group is sales and marketing, at an average of 17 percent of total workforce.

Source: 2013 SDM 100, SDM Magazine, May 2013

RANK BY TOTAL ANNUAL REVENUE

| RANK BY TOTAL REVENUE | COMPANY | TOTAL GROSS REVENUE, 2010 (\$ MIL) | SDM 100 RANK |
|-----------------------|--|------------------------------------|--------------|
| 1 | Tyco Integrated Security | \$8,300,000,000 | 2 |
| 2 | ADT | \$3,286,949,035 | 1 |
| 3 | Diebold Security | \$2,991,700,000 | 8 |
| 4 | Stanley Convergent Security | \$1,644,300,000 | 3 |
| 5 | Vivint Inc. | \$398,596,583 | 4 |
| 6 | Protection 1 | \$375,800,000 | 6 |
| 7 | Monitronics International | \$349,953,000 | 5 |
| 8 | Slomins Inc. | \$291,366,811 | 7 |
| 9 | Vector Security Inc. | \$233,855,000 | 9 |
| 10 | G4S Technology LLC | \$156,871,000 | 32 |
| 11 | Guardian Protection Services | \$150,096,745 | 10 |
| 12 | ASG Security | \$118,647,000 | 11 |
| 13 | Interface Security Systems Holdings Inc. | \$112,768,000 | 12 |
| 14 | Bay Alarm Company | \$103,065,201 | 13 |
| 15 | Guardian Alarm Company | \$79,173,635 | 18 |
| 16 | Koorsen Fire & Security | \$78,521,934 | 56 |
| 17 | Security Networks | \$78,490,055 | 14 |
| 18 | AFA Protective Systems Inc. | \$73,636,800 | 23 |
| 19 | Kastle Systems | \$68,000,000 | 21 |
| 20 | Devcon Security | \$63,007,784 | 20 |
| 21 | Central Security Group Inc. | \$60,344,697 | 17 |
| 22 | Protect America Inc. | \$59,915,000 | 15 |
| 23 | Security Systems Inc. | \$53,756,200 | 16 |
| 24 | CPI Security Systems Inc. | \$53,607,894 | 22 |
| 25 | Alarm Capital Alliance | \$47,965,227 | 19 |
| 26 | RFI Communications & Security Systems | \$43,425,378 | 54 |
| 27 | Per Mar Security Services | \$39,413,993 | 31 |
| 28 | Ackerman Security Systems | \$39,098,268 | 25 |
| 29 | Safeguard Security | \$36,238,000 | 34 |
| 30 | Alarm Detection Systems Inc. | \$34,022,839 | 24 |
| 31 | ADS Security LP. | \$33,875,867 | 26 |
| 32 | Vision Security | \$30,982,056 | 61 |
| 33 | SSD Alarm Systems / Kern Security & Fire / Alpha Security & Fire | \$29,624,717 | 35 |
| 34 | American Alarm & Communications | \$26,947,851 | 39 |
| 35 | SafeTouch | \$26,014,878 | 27 |
| 36 | F.E. Moran Inc. Alarm and Monitoring Services | \$25,693,946 | 44 |
| 37 | Intertech Security | \$23,696,289 | 67 |
| 38 | EPS Security | \$22,278,249 | 37 |
| 39 | DTT | \$21,350,583 | 28 |
| 40 | Mountain Alarm | \$21,303,911 | 33 |
| 41 | First Alarm | \$20,997,730 | 36 |
| 42 | Security Equipment Inc. | \$20,043,472 | 48 |
| 43 | Electric Guard Dog | \$19,372,525 | 30 |
| 44 | Sonitrol New England | \$19,249,572 | 41 |
| 45 | General Security Inc. | \$18,859,634 | 38 |
| 46 | ARK Systems Inc. | \$18,300,000 | 85 |
| 47 | Fire Protection Inc. | \$15,620,000 | 79 |
| 48 | The Protection Bureau | \$15,250,859 | 66 |
| 49 | Kimberlite Corp. | \$15,062,195 | 42 |
| 50 | SDT Inc. | \$14,113,749 | 97 |
| 51 | Sonitrol Pacific | \$13,752,302 | 43 |
| 52 | EMC Security | \$13,367,270 | 45 |
| 53 | Sonitrol of Sacramento & Sonitrol Orange County | \$12,943,346 | 46 |
| 54 | Scarsdale Security Systems Inc. | \$12,925,002 | 73 |
| 55 | Doyle Security Systems Inc. | \$12,201,278 | 47 |

| RANK BY TOTAL REVENUE | COMPANY | TOTAL GROSS REVENUE, 2010 (\$ MIL) | SDM 100 RANK |
|-----------------------|--|------------------------------------|--------------|
| 56 | Blue Ridge Security Systems Inc. | \$11,760,089 | 70 |
| 57 | NorthStar Alarm Services LLC | \$11,007,089 | 40 |
| 58 | Sonitrol of Buffalo, Rochester, Toronto | \$10,495,745 | 57 |
| 59 | Select Security | \$10,412,000 | 59 |
| 60 | Custom Security Systems Inc. | \$10,250,281 | 51 |
| 61 | American Security Systems Inc. | \$10,119,015 | 62 |
| 62 | Custom Alarm | \$10,043,817 | 92 |
| 63 | Post Alarm Systems | \$9,781,607 | 60 |
| 64 | All Guard Alarm Systems Inc. | \$9,771,760 | 49 |
| 65 | Custom Security Systems | \$9,734,360 | 53 |
| 66 | Matson Alarm Co. Inc. | \$9,562,342 | 52 |
| 67 | Sonitrol Tri-County | \$9,489,306 | 63 |
| 68 | Habitec Security | \$9,320,000 | 64 |
| 69 | Moon Security Services Inc. | \$9,175,366 | 95 |
| 70 | Supreme Security Systems Inc. | \$9,058,236 | 50 |
| 71 | Electronix Systems Central Station Alarms Inc. | \$8,661,785 | 75 |
| 72 | Redwire / Sonitrol of Tallahassee, Bay, NW FL, EC FL | \$8,553,481 | 58 |
| 73 | Bates Security LLC / Sonitrol of Lexington | \$8,152,321 | 83 |
| 74 | A-Com Protection Services Inc. | \$8,141,986 | 65 |
| 75 | Safe Systems | \$8,106,531 | 69 |
| 76 | Acadiana Security Plus | \$7,984,436 | 76 |
| 77 | DynaFire Inc. | \$7,738,285 | 74 |
| 78 | Peak Alarm Co. Inc. | \$7,408,350 | 68 |
| 79 | Security Force Inc. | \$7,100,000 | 81 |
| 80 | Sonitrol SW Ohio | \$7,061,871 | 71 |
| 81 | World Wide Security & GC Alarm Inc. | \$7,000,000 | 72 |
| 82 | Richmond Alarm Company | \$6,902,388 | 82 |
| 83 | Security Systems of America | \$6,835,910 | 77 |
| 84 | Crime Prevention Security Systems LLC | \$6,257,176 | 87 |
| 85 | Briscoe Protective Systems Inc. | \$6,013,204 | 94 |
| 86 | Sonitrol Security Services Inc. | \$5,861,885 | 86 |
| 87 | Sentry Security | \$5,743,917 | 96 |
| 88 | Amherst Alarm Inc. | \$5,498,249 | 88 |
| 89 | Washington Alarm Inc. | \$5,361,247 | 80 |
| 90 | Gillmore Security Systems Inc. | \$5,147,919 | 84 |
| 91 | Yarnell Security Systems | \$5,100,000 | 98 |
| 92 | RLC Security Inc. | \$4,929,733 | 55 |
| 93 | Sonitrol of Indianapolis | \$4,673,473 | 89 |
| 94 | Pacific Alarm Systems Inc. | \$4,013,077 | 90 |
| 95 | Valley Alarm | \$3,946,833 | 91 |
| 96 | NCA | \$3,928,140 | 100 |
| 97 | Bonds Alarm Co. Inc. | \$3,866,295 | 93 |
| 98 | Mijac Alarm | \$3,725,255 | 99 |

How to Purchase the SDM 100 Directory

Wouldn't it be useful to have more information about each of the 100 companies ranked here? The 2013 SDM 100 Directory includes contact names, mailing addresses, telephone numbers, website URLs, branch office locations, product buyer names, installation data, revenue sources, and more. The SDM 100 Directory comes in Microsoft Excel format. To order the SDM 100 Directory, contact Heidi Fusaro at (630) 518-5470 or by e-mail to fusaroh@bnpmedia.com.

SDM 100 ALPHABETICAL INDEX

| COMPANY | SDM 100 RANK | COMPANY | SDM 100 RANK | COMPANY | SDM 100 RANK |
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| ADS Security L.P. | 26 | Fire Protection Inc. | 79 | SAFE Security Companies | 29 |
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| Alarm Detection Systems Inc. | 24 | Gillmore Security Systems Inc. | 84 | Scarsdale Security Systems Inc. | 73 |
| All Guard Alarm Systems Inc. | 49 | Guardian Alarm Company | 18 | SDT Inc. | 97 |
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| ARK Systems Inc. | 85 | Intertech Security | 67 | Security Systems Inc. | 16 |
| ASG Security | 11 | Johnson Controls Inc. | 78 | Security Systems of America | 77 |
| Bates Security LLC / Sonitrol of Lexington | 83 | Kastle Systems | 21 | Select Security | 59 |
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| Briscoe Protective Systems Inc. | 94 | Mijac Alarm | 99 | Sonitrol of Buffalo, Rochester, Toronto | 57 |
| Central Security Group Inc. | 17 | Monitronics International | 5 | Sonitrol of Indianapolis | 89 |
| CPI Security Systems Inc. | 22 | Moon Security Services Inc. | 95 | Sonitrol of Sacramento & Sonitrol Orange County | 46 |
| Crime Prevention Security Systems LLC | 87 | Mountain Alarm | 33 | Sonitrol Pacific | 43 |
| Custom Alarm | 92 | NCA | 100 | Sonitrol Security Services Inc. | 86 |
| Custom Security Systems | 53 | NorthStar Alarm Services LLC | 40 | Sonitrol SW Ohio | 71 |
| Custom Security Systems Inc. | 51 | Pacific Alarm Systems Inc. | 90 | Sonitrol Tri-County | 63 |
| Devcon Security | 20 | Peak Alarm Co. Inc. | 68 | SSD Alarm Systems / | |
| Diebold Security | 8 | Per Mar Security Services | 31 | Kern Security & Fire / Alpha Security & Fire | 35 |
| Doyle Security Systems Inc. | 47 | Post Alarm Systems | 60 | Stanley Convergent Security | 3 |
| DTT | 28 | Protect America Inc. | 15 | Supreme Security Systems Inc. | 50 |
| DynaFire Inc. | 74 | Protection 1 | 6 | The Protection Bureau | 66 |
| Electric Guard Dog | 30 | Redwire / Sonitrol of Tallahassee, | | Tyco Integrated Security | 2 |
| Electronix Systems Central Station Alarms Inc. | 75 | Bay, NW FL, EC FL | 58 | Valley Alarm | 91 |

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SDM 100: Its Purpose & Approach

The SDM 100 has been published since 1991. Its primary objective is to measure consumer dollars gained by alarm companies, in order to present an account of the size of the market captured by the 100 largest security providers. SDM 100 firms are ranked by their recurring monthly revenue. RMR is the revenue associated with the contractual agreement between a security company and its subscriber — derived from customer billing for services such as monitoring, contracted service/system maintenance, security-as-a-service/managed solutions, and leasing of security systems — and is typically the basis for valuation of a security company. RMR is the language of security company executives and is meaningful in comparative analysis among industry peers. Of the 100 security dealers ranked, 39 of them earned more than \$1 million in RMR in 2012.