

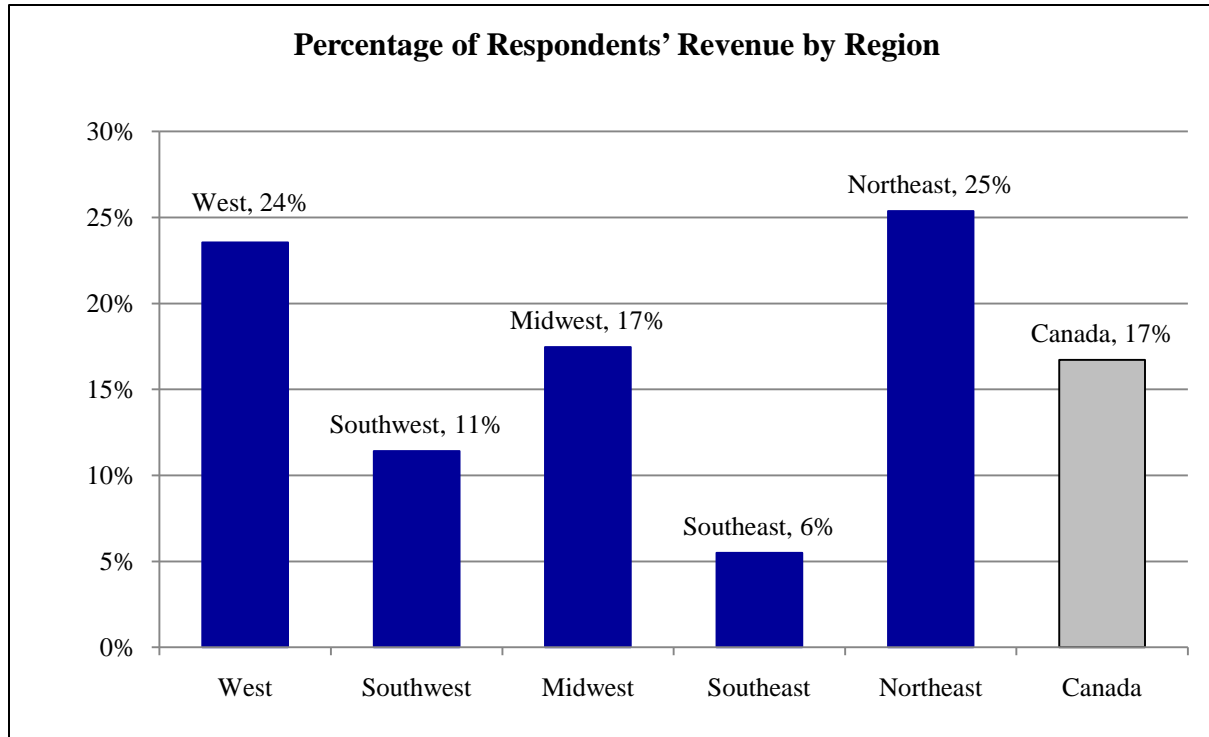


*Central Station Alarm Association – Security Trends Survey
August 2010*

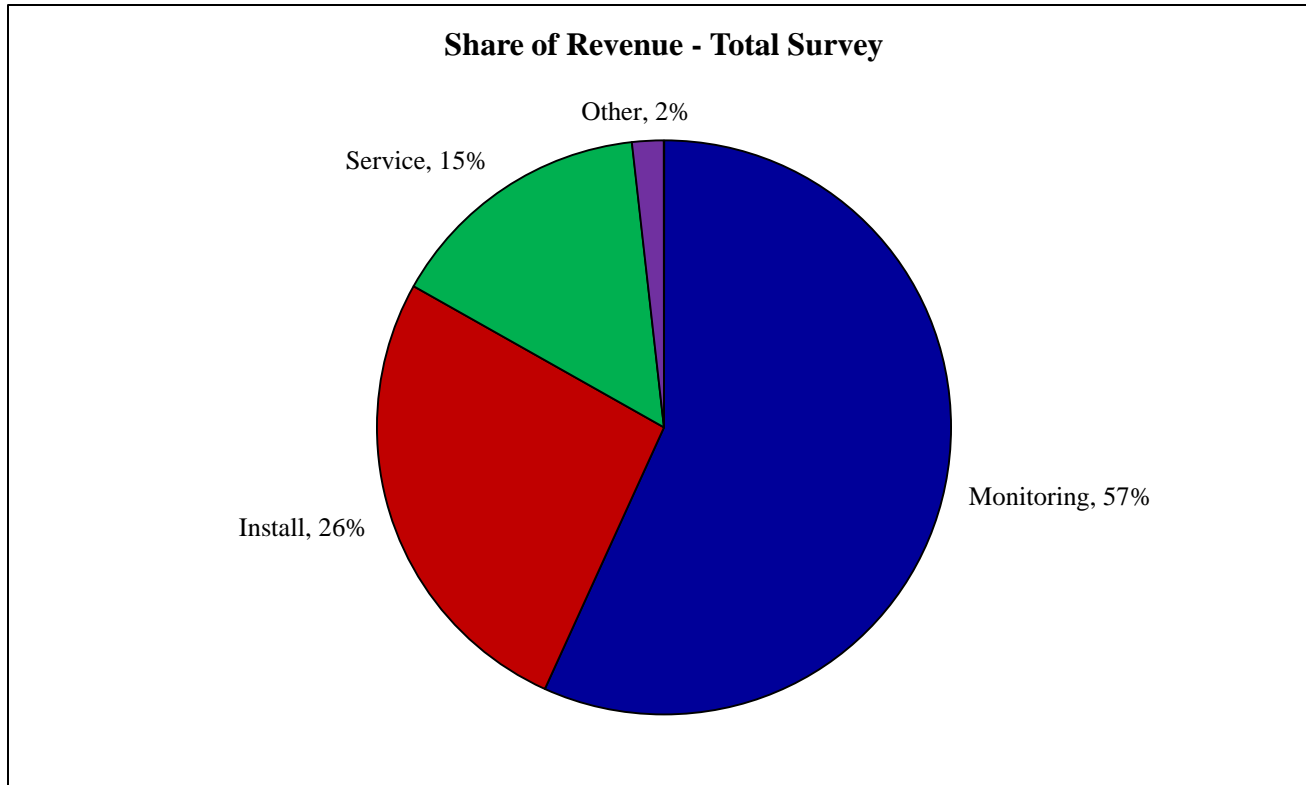
CSAA Security Trends Survey

Background

Geographic Distribution of CSAA Respondents



CSAA Respondents' Share of Revenue by Business Activity



CSAA Security Trends Survey

Key Conclusions

Key Conclusions from the July CSAA Survey

Revenues

- Revenue trends appeared to improve slightly for CSAA respondents in 2Q relative to 1Q.
- The outlooks for the Security industry are improving for the second half (July-December): installation backlogs moving slightly higher, RMR outlooks showing consistent growth.

End-Markets

- The Residential end-market has been the strongest year-to-date. The outlook for the remainder of the year is for continued improvement.
- The Education end-market is showing the most improvement in 2Q versus 1Q. Office spending expected to improve in the second half (July-December).
- The Government end-market most likely to weaken through the year based on CSAA respondents.

Attrition

- CSAA respondent attrition rates running below 2009 levels and also 2010 forecasts.

Profits

- 2010 profit forecasts largely unchanged versus 60 days ago. Profits expected to improve through remainder of year.

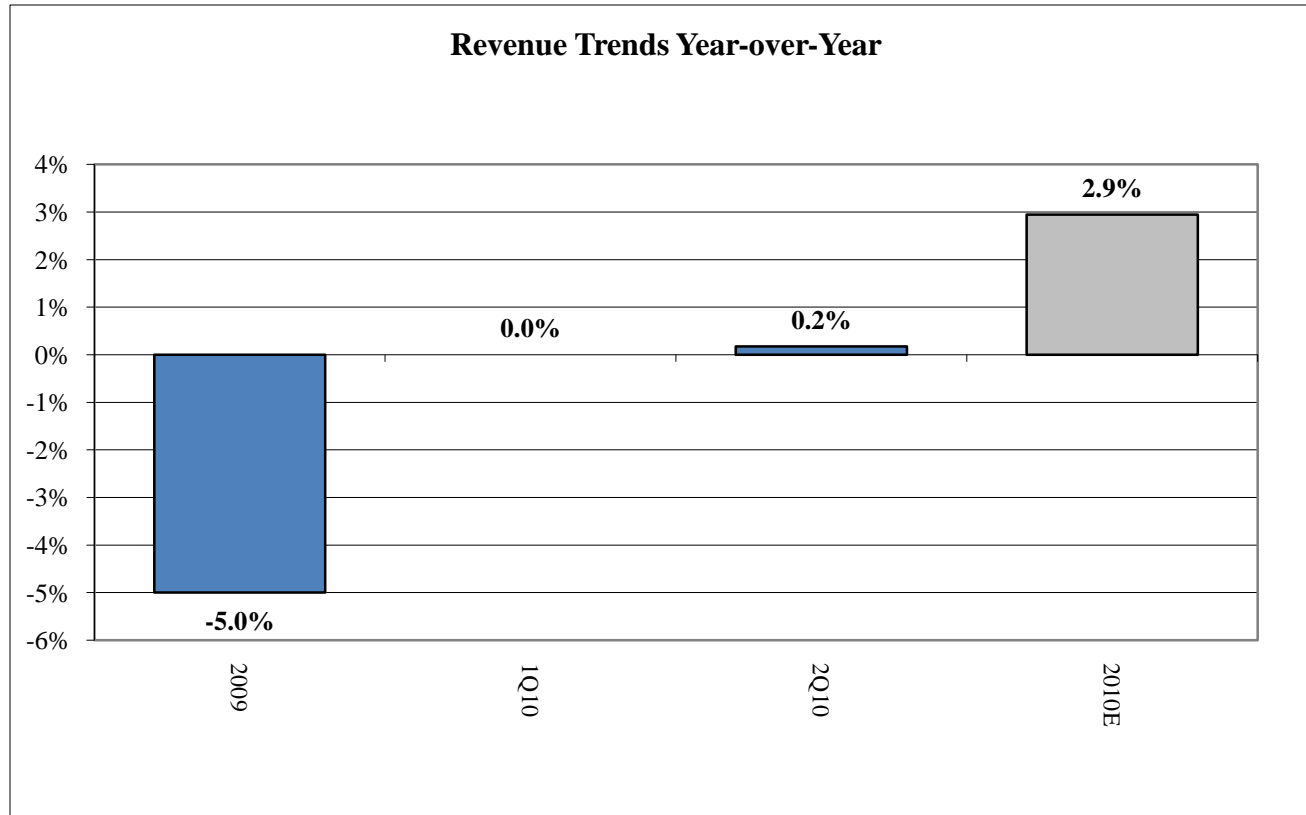
Marketing

- CSAA respondents increasing marketing investment compared to 2009.
- Google/web search and direct mail programs have highest ROI per CSAA respondents. Yellow pages and magazine/trade publications also remain a popular form of marketing spend for CSAA respondents.

CSAA Security Trends Survey

Revenue and End-Markets

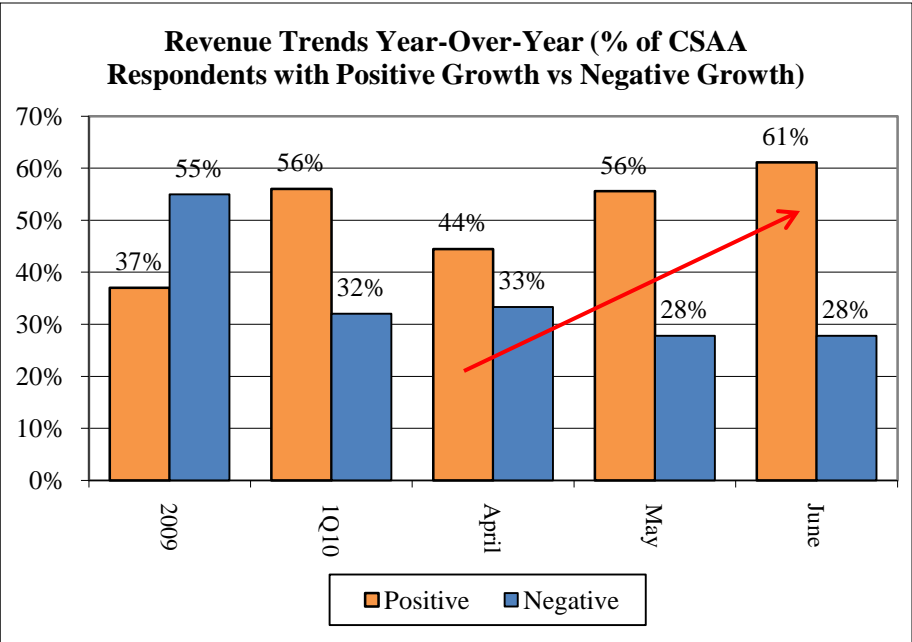
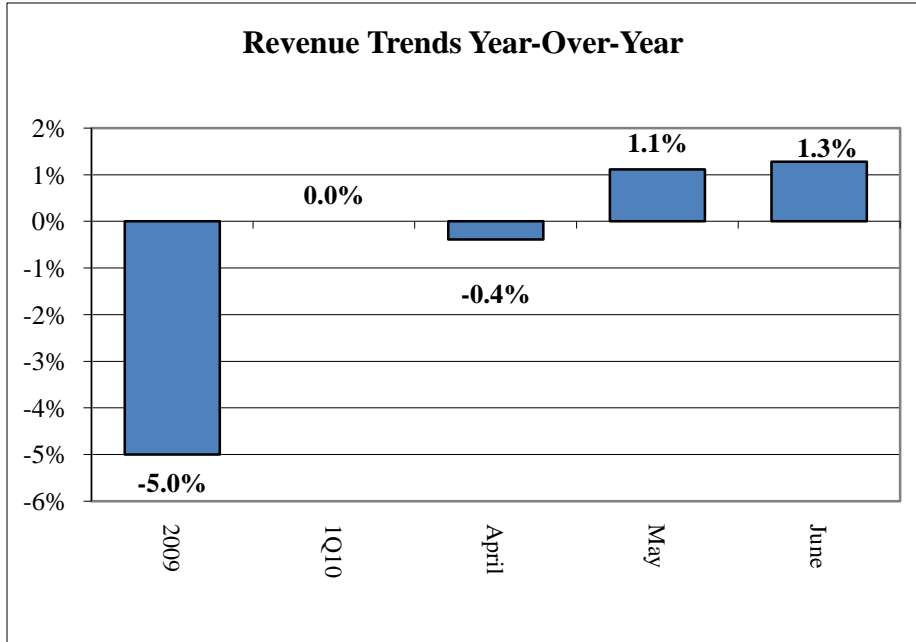
Revenue Trends Improved Slightly in 2Q Relative to 1Q; 2010 Revenue Growth Forecasted at 3%



Source: CSAA Security Trends Survey

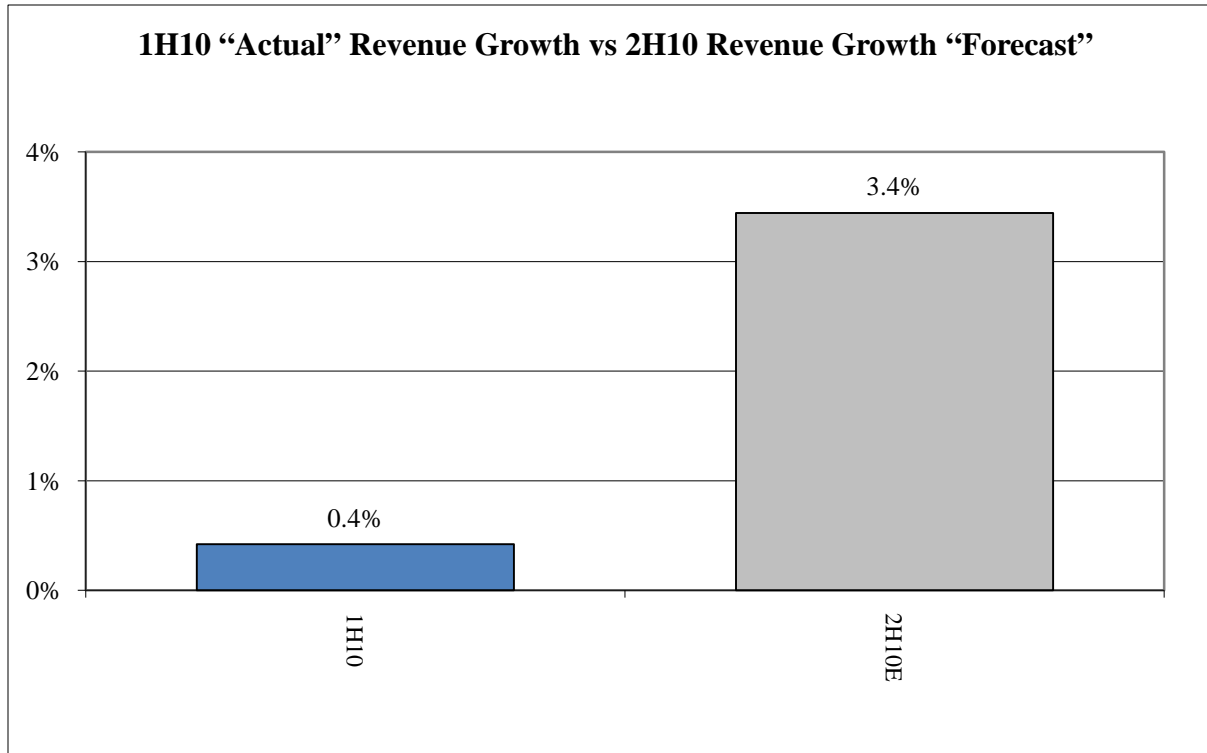


Monthly Revenue Trend Shows Improvement Through June; 2Q Revenue Growth > 1Q



Source: CSAA Security Trends Survey

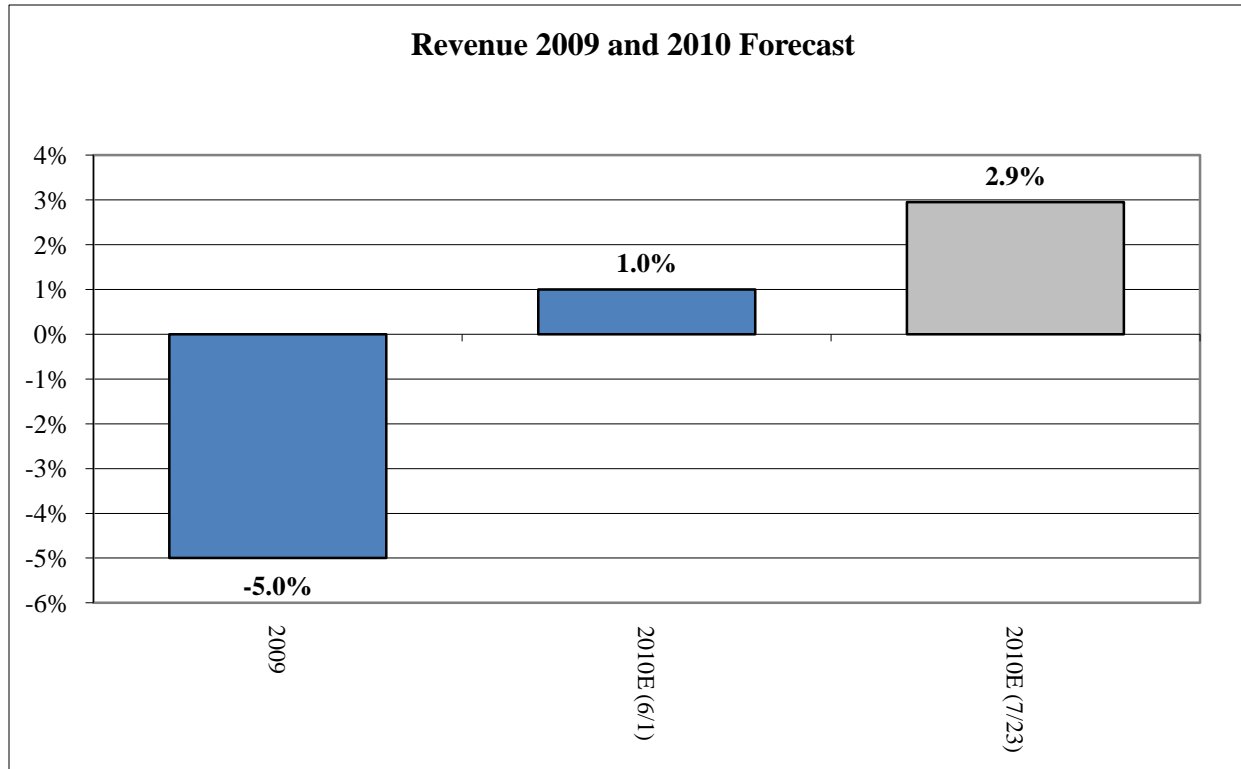
Forecasts for 2H10 (July -December) Show Improvement Versus 1H10 (Jan-June)



Source: CSAA Security Trends Survey



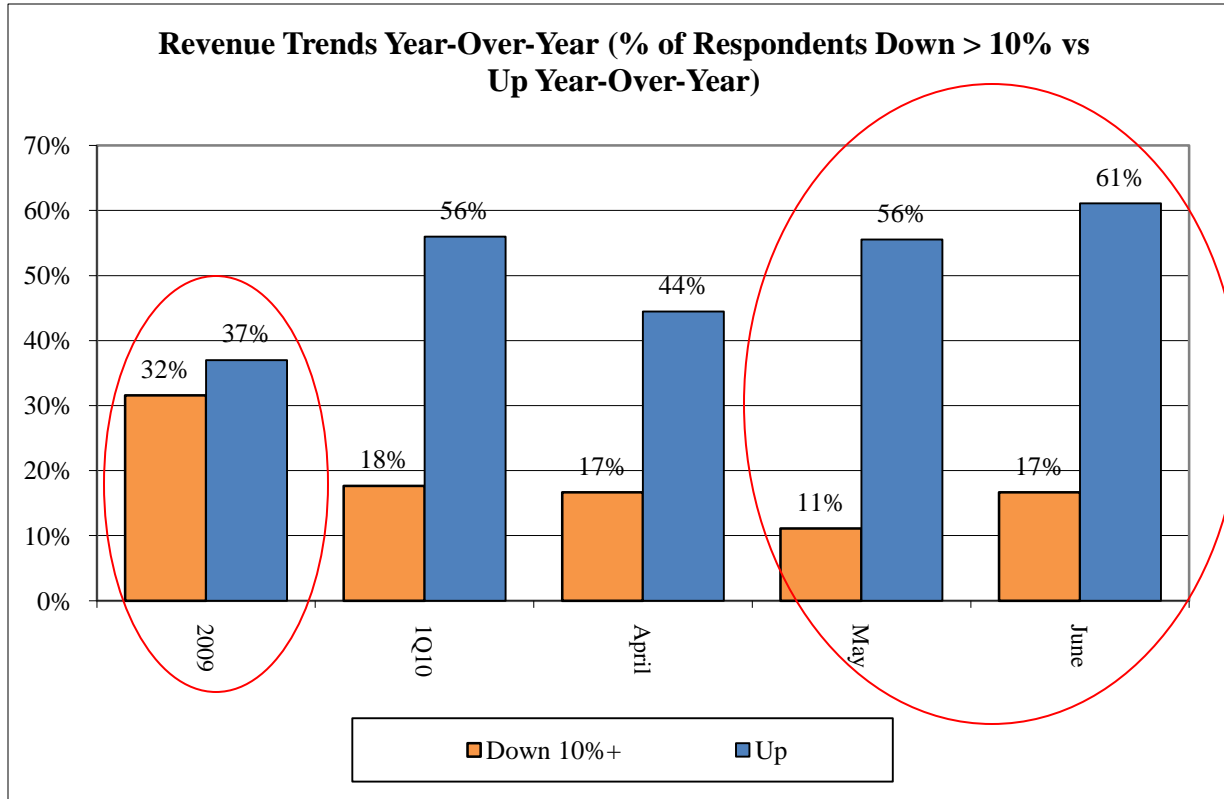
2010 Full Year Forecasts Have Moved Roughly 2 Points Higher Since the June CSAA Survey



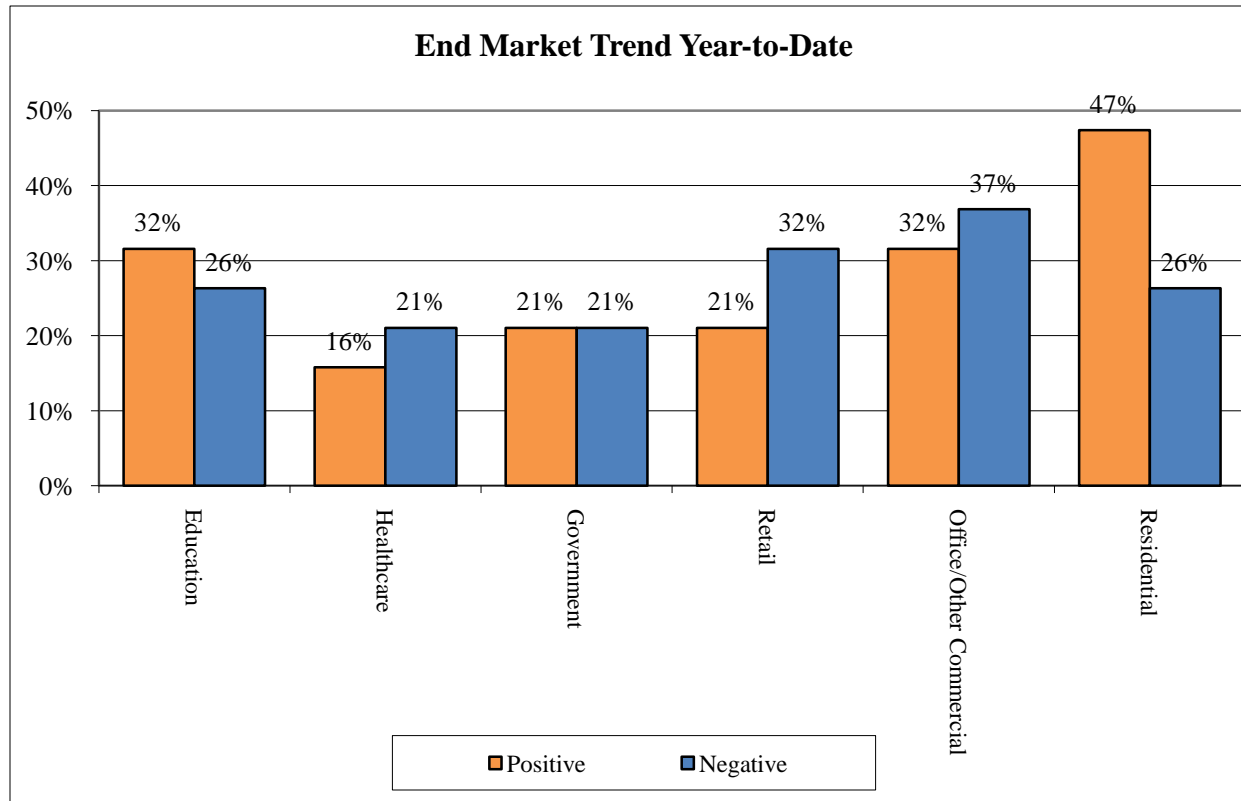
Source: CSAA Security Trends Survey



CSAA Respondents Seeing Less Demand Volatility in 2010 (When Compared to 2009)

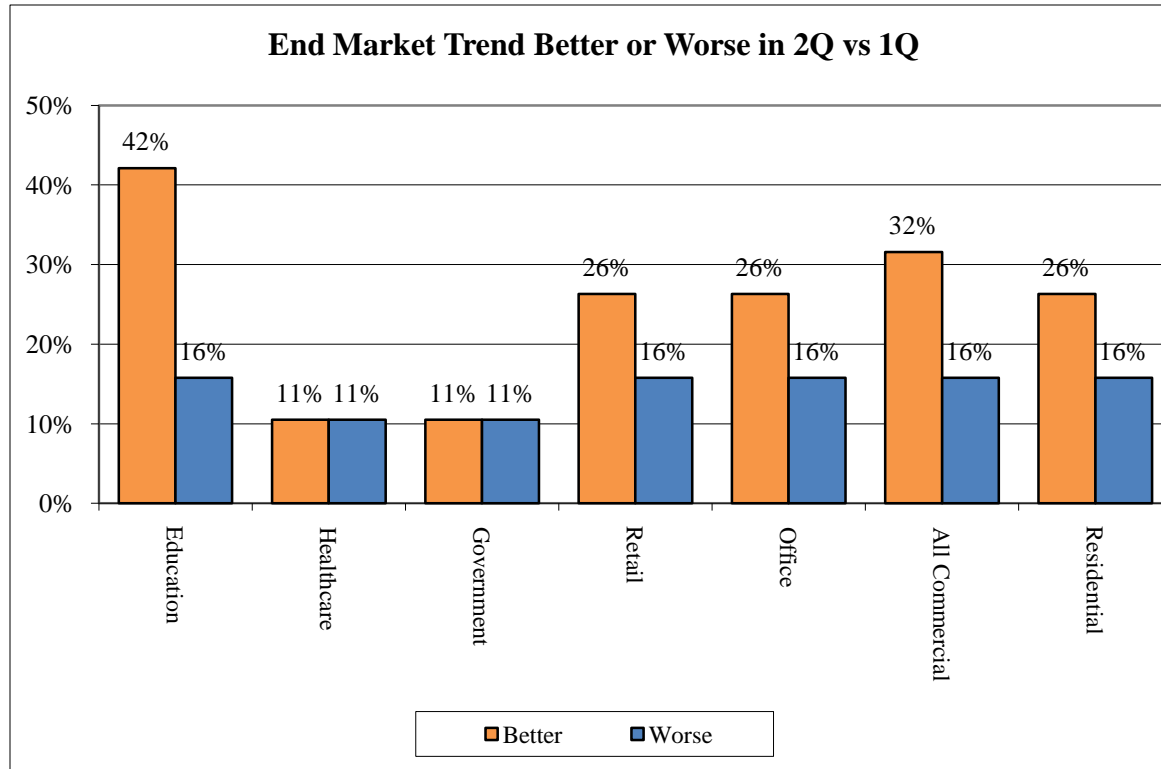


Residential End Market Strongest Performer Year-to-Date



Source: CSAA Security Trends Survey

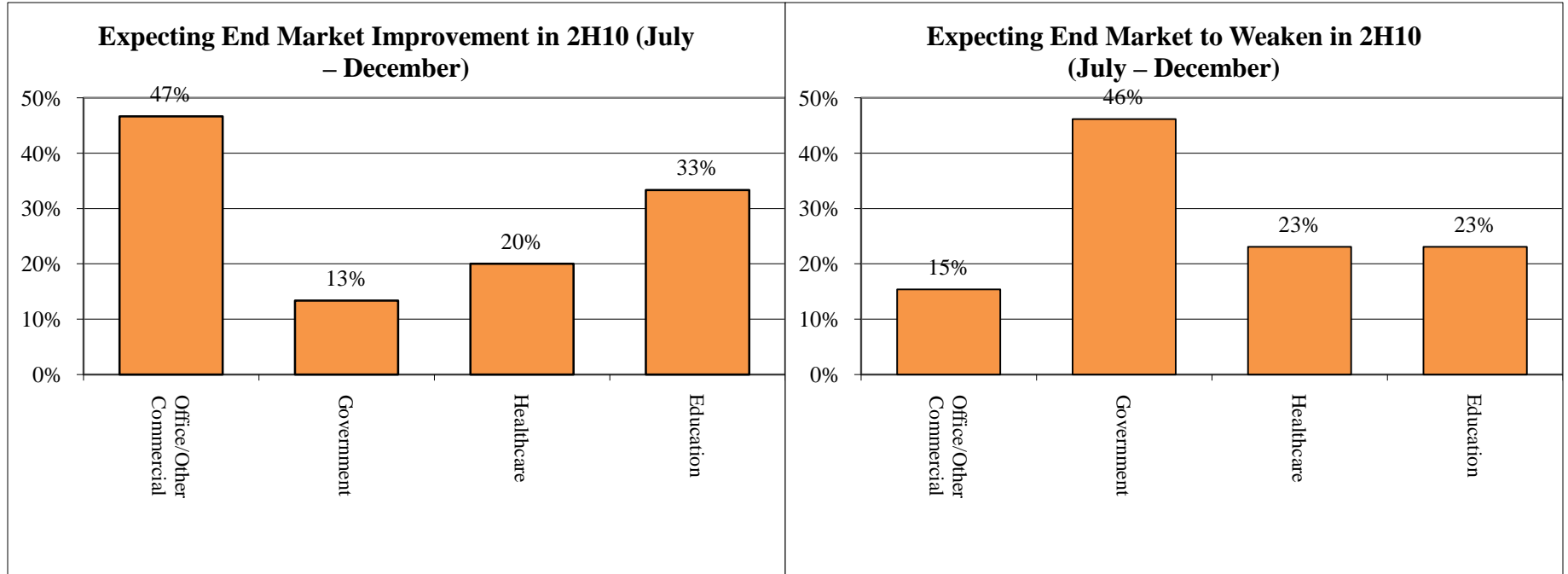
Education and Commercial End Markets Show Improving Trend in 2Q Relative to 1Q



Source: CSAA Security Trends Survey



CSAA Respondents Expecting Improvement in Commercial and Education End Markets; Weakness in Government End Market Through the Remainder of 2010



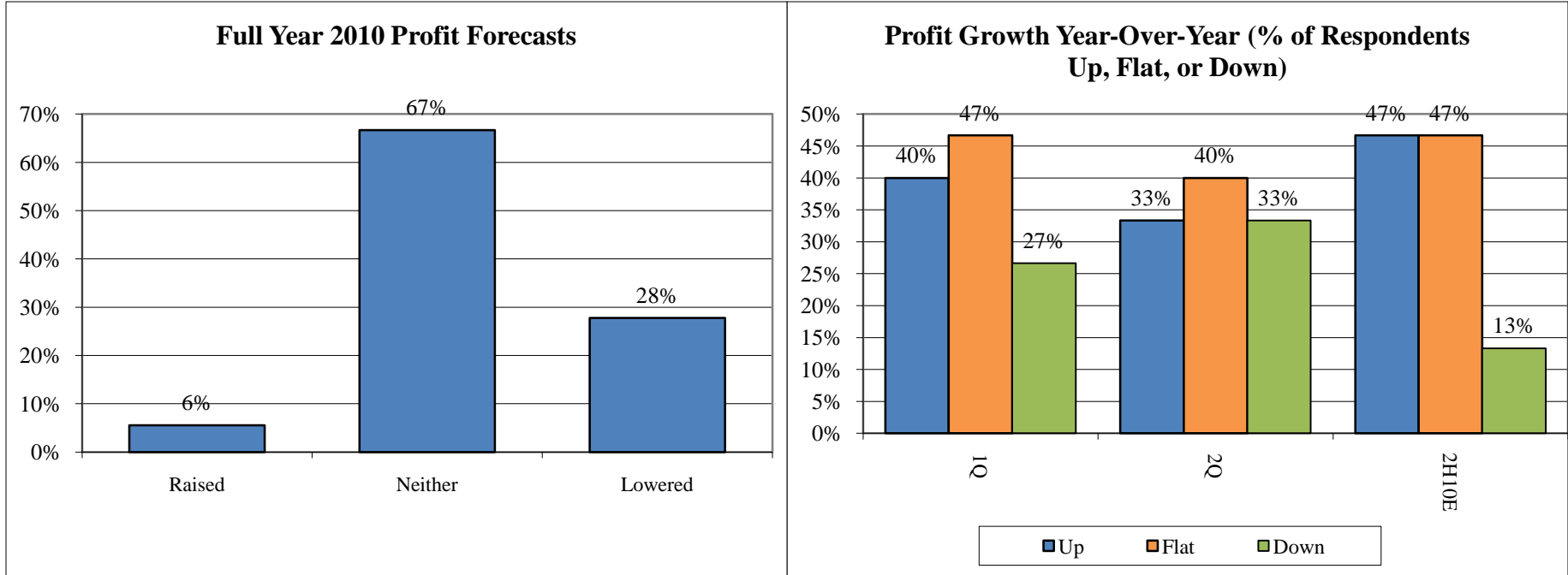
Source: CSAA Security Trends Survey



CSAA Security Trends Survey

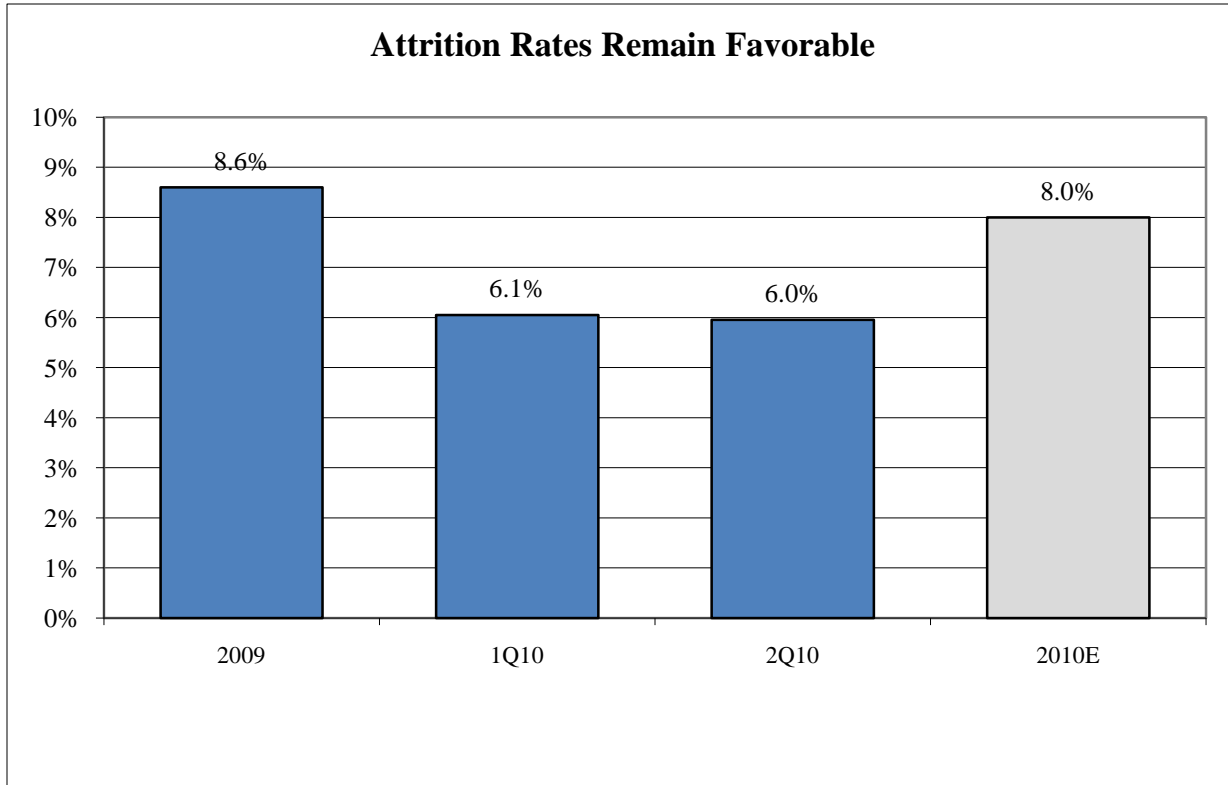
Profitability

Full-Year Profit Outlook Unchanged; Improvement Expected During 2H10 (July-December)



Source: CSAA Security Trends Survey

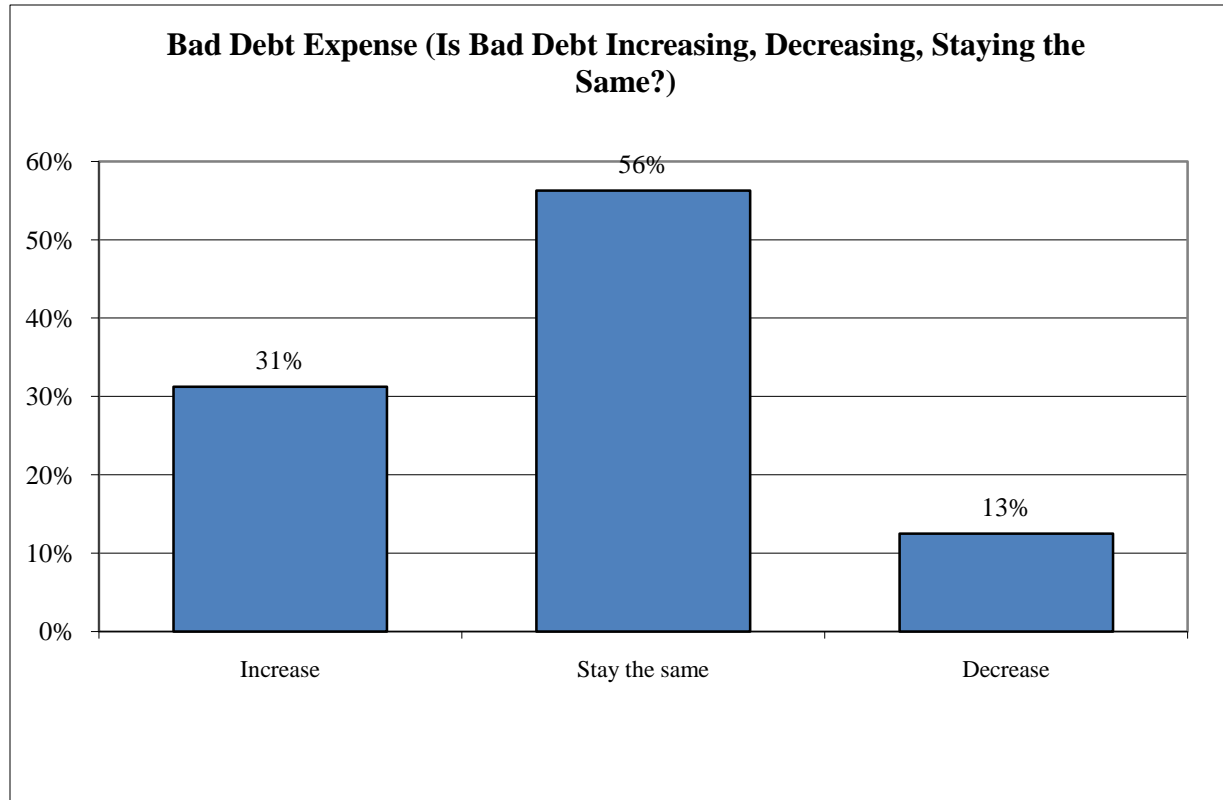
Attrition Running Below Full Year Forecasts, Trend Consistent in 2Q Relative to 1Q



Source: CSAA Security Trends Survey



Bad Debt Remains an Issue for CSAA Respondents

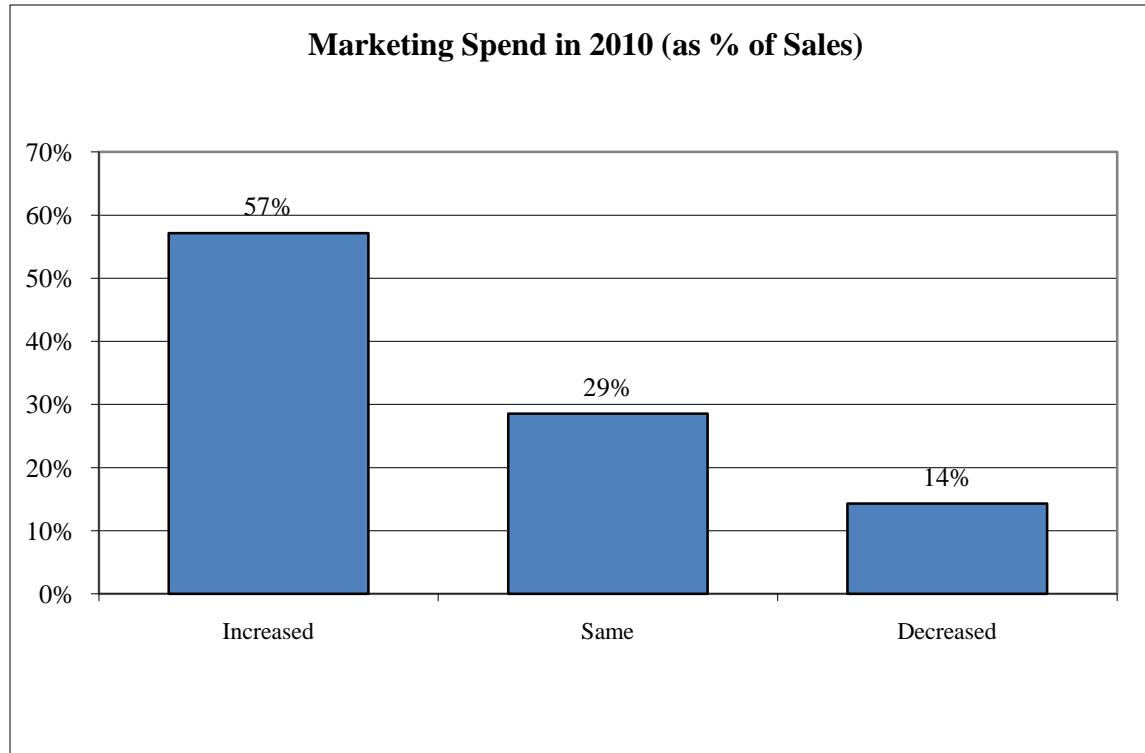


Source: CSAA Security Trends Survey

CSAA Security Trends Survey

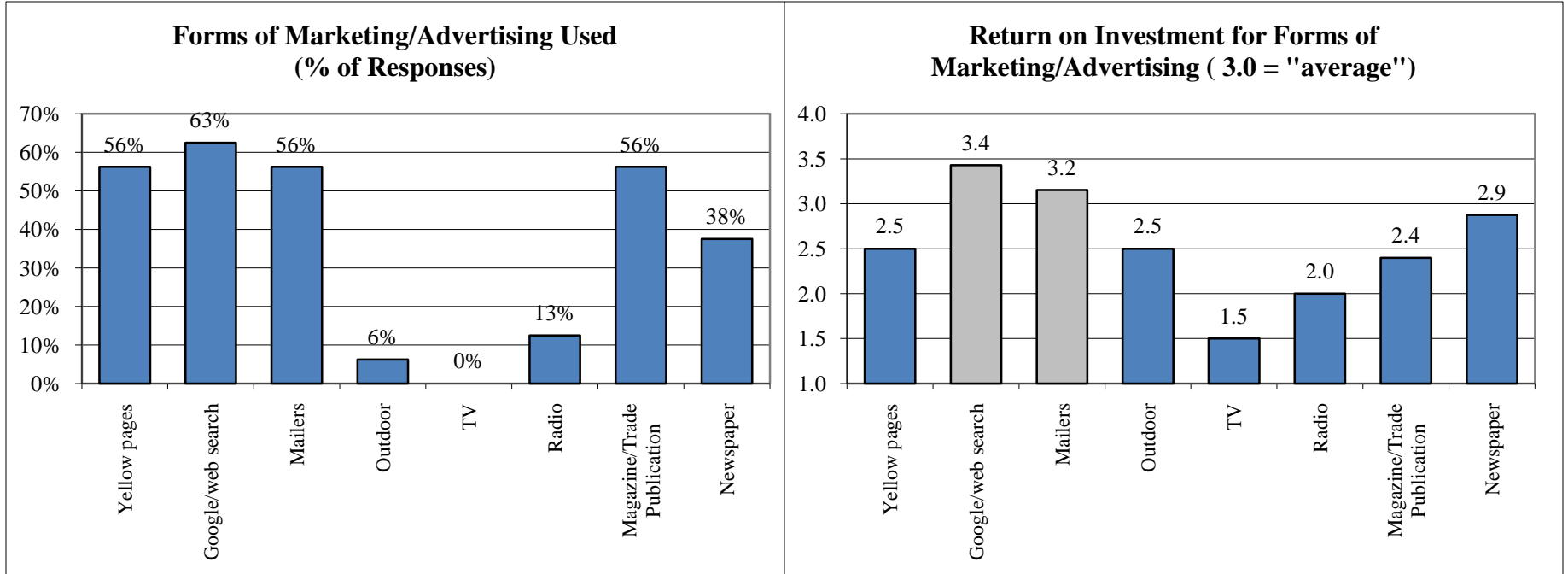
Marketing/Advertising Investment

Marketing Spend Increasing As % of Sales in 2010 (Survey Average Was 5-6% of Sales)



Source: CSAA Security Trends Survey

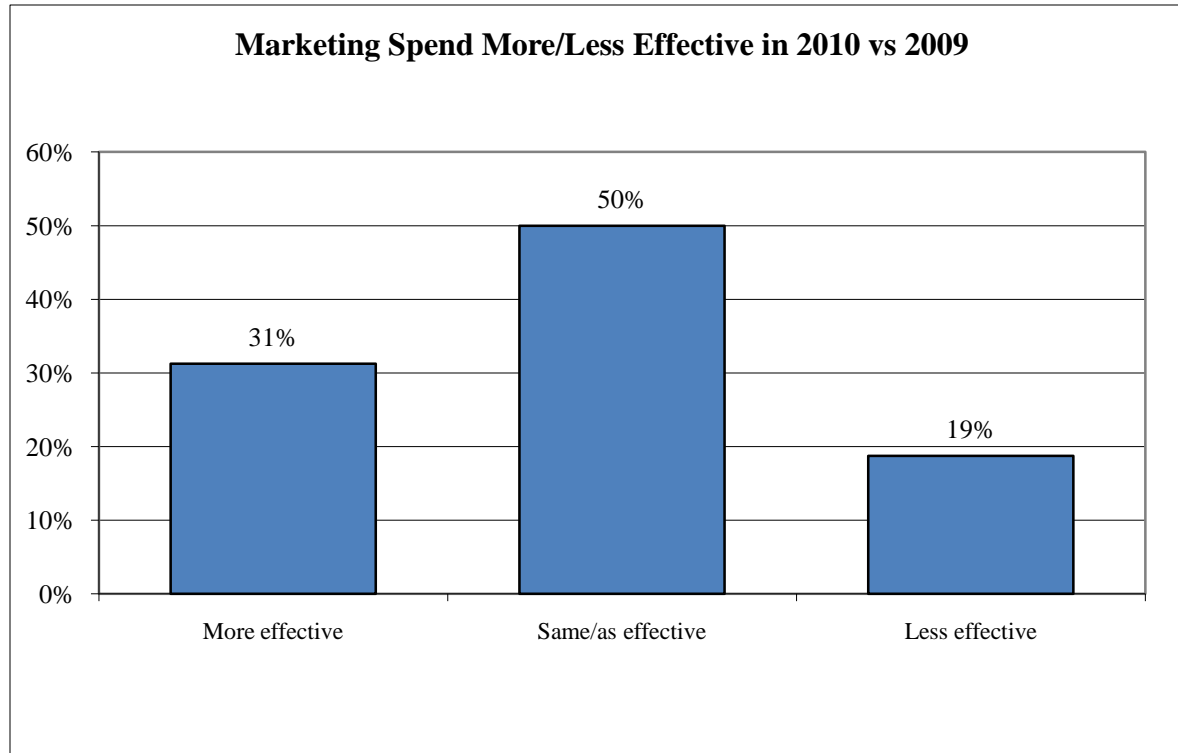
Web Search and Mailers Show Best Return, Yellow Pages and Magazine Remain Common



Source: CSAA Security Trends Survey



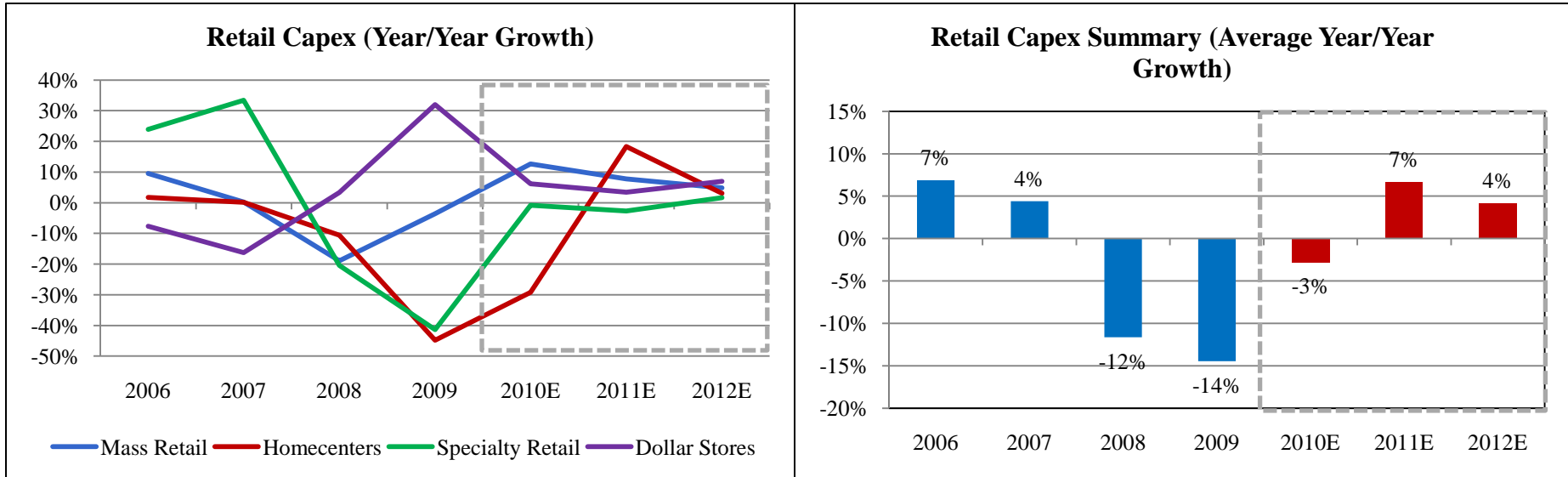
Marketing Spending Slightly More Effective in 2010 Compared to 2009 (31% Positive, 19% Negative)



Source: CSAA Security Trends Survey

Key Construction Indicators

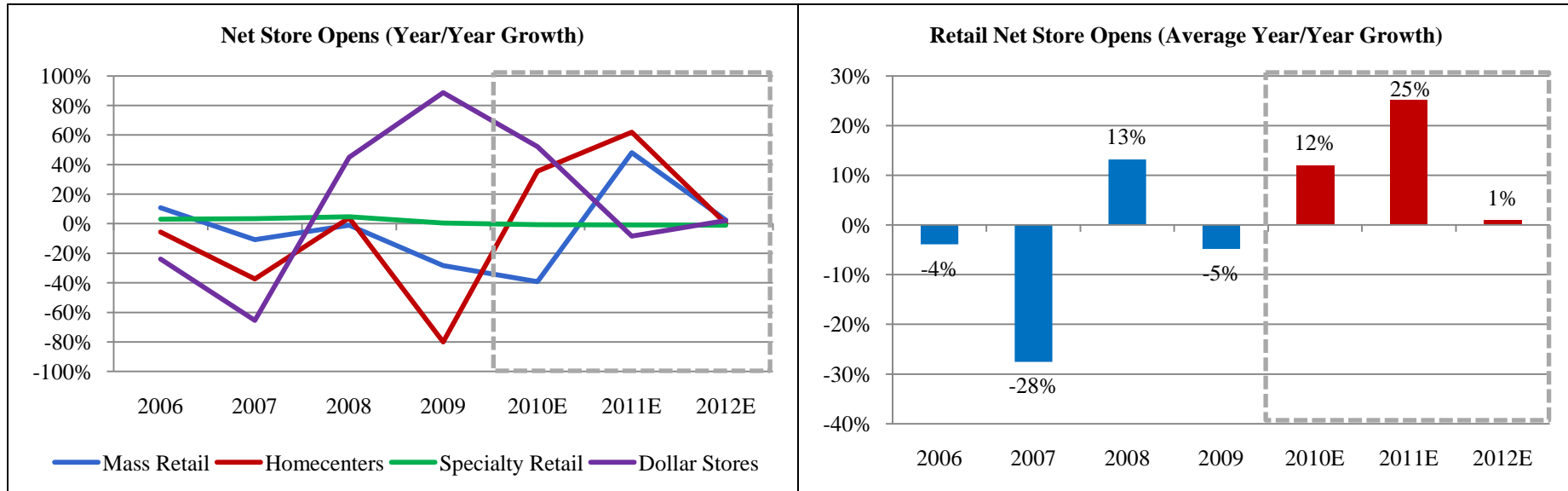
Retail Capital Spending Expected to Increase in 2011 and 2012 (Was Down in 2008 and 2009)



- Dollar stores were the only retail end-market that increased capital spending in 2009. The retail industry was down 14% on average in 2009.
- Retail (mass retail, homecenters, specialty retail, dollar stores) capital spending is expected to increase in 2011 and 2012 (7% and 4%, respectively). This compares to capex declines in 2008 and 2009 (and likely 2010 as well).
- The 3 year softening in capex trends (2008, 2009, 2010) look likely to reverse in 2011 and 2012, a positive for the Security Industry in total.

Source: Company reports, Industry sources

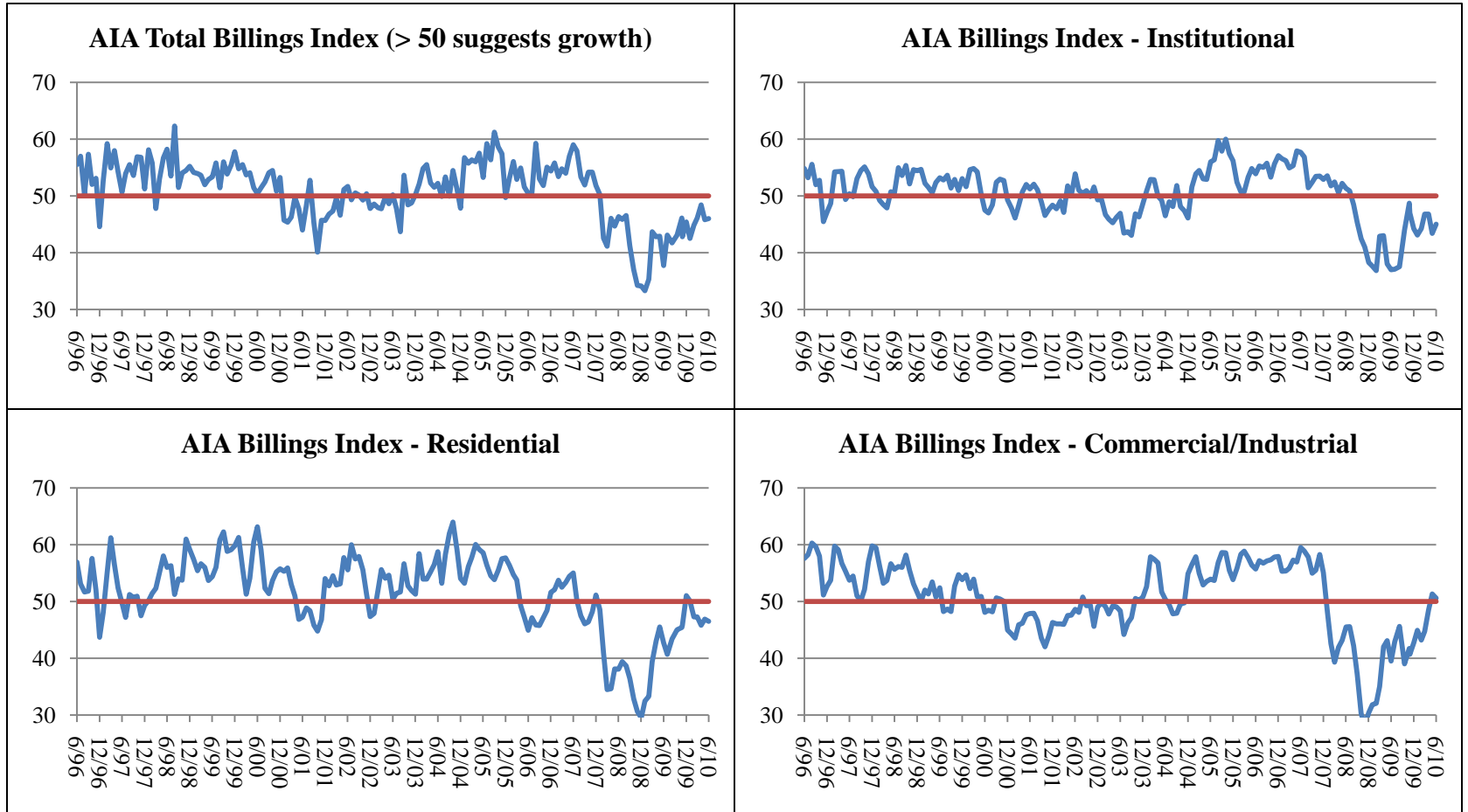
Retail Net Store Openings Expected to Show Significant Growth in 2011



- The above graphs show the expectation for net new store openings (openings minus closings) for retail end-markets.
- Dollar stores are expected to increase the net store count by roughly 50% in 2010, a continuation of the trend in place since 2007.
- In total, retailers are expected to grow the net store count by 12% in 2010 and 25% in 2011. Note this is in large part driven by fewer store closures.

Source: Company reports, Industry sources

June Architectural Billings Show Slight Improvement in Total



Source: American Institute of Architects

Non-Residential Construction Starts Forecasted to Accelerate in 2011 and 2012

McGraw Hill Construction Starts Forecasts by Segment (square footage)					
Building Category	2008	2009	2010E	2011E	2012E
Hotels and Motels	-8%	-62%	-16%	18%	37%
Manufacturing Plants, Warehouses, Labs	-13%	-52%	-11%	24%	42%
Schools, Libraries, and Labs (nonmfg)	2%	-23%	-7%	9%	12%
Office and Bank Buildings	-25%	-54%	-7%	36%	52%
Amusement, Social and Recreational Bldgs	-10%	-29%	-7%	16%	22%
Parking Garages and Automotive Services	-26%	-49%	-6%	39%	45%
Stores and Restaurants	-34%	-54%	-5%	35%	56%
Religious Buildings	-9%	-12%	-5%	4%	6%
Warehouses (excl. manufacturer owned)	-25%	-63%	-4%	41%	68%
Dormitories	9%	-20%	-1%	-4%	14%
Hospitals and Other Health Treatment	5%	-36%	3%	10%	14%
Government Service Buildings	-4%	0%	6%	-3%	-5%
Miscellaneous Nonresidential Buildings	2%	-5%	11%	14%	4%

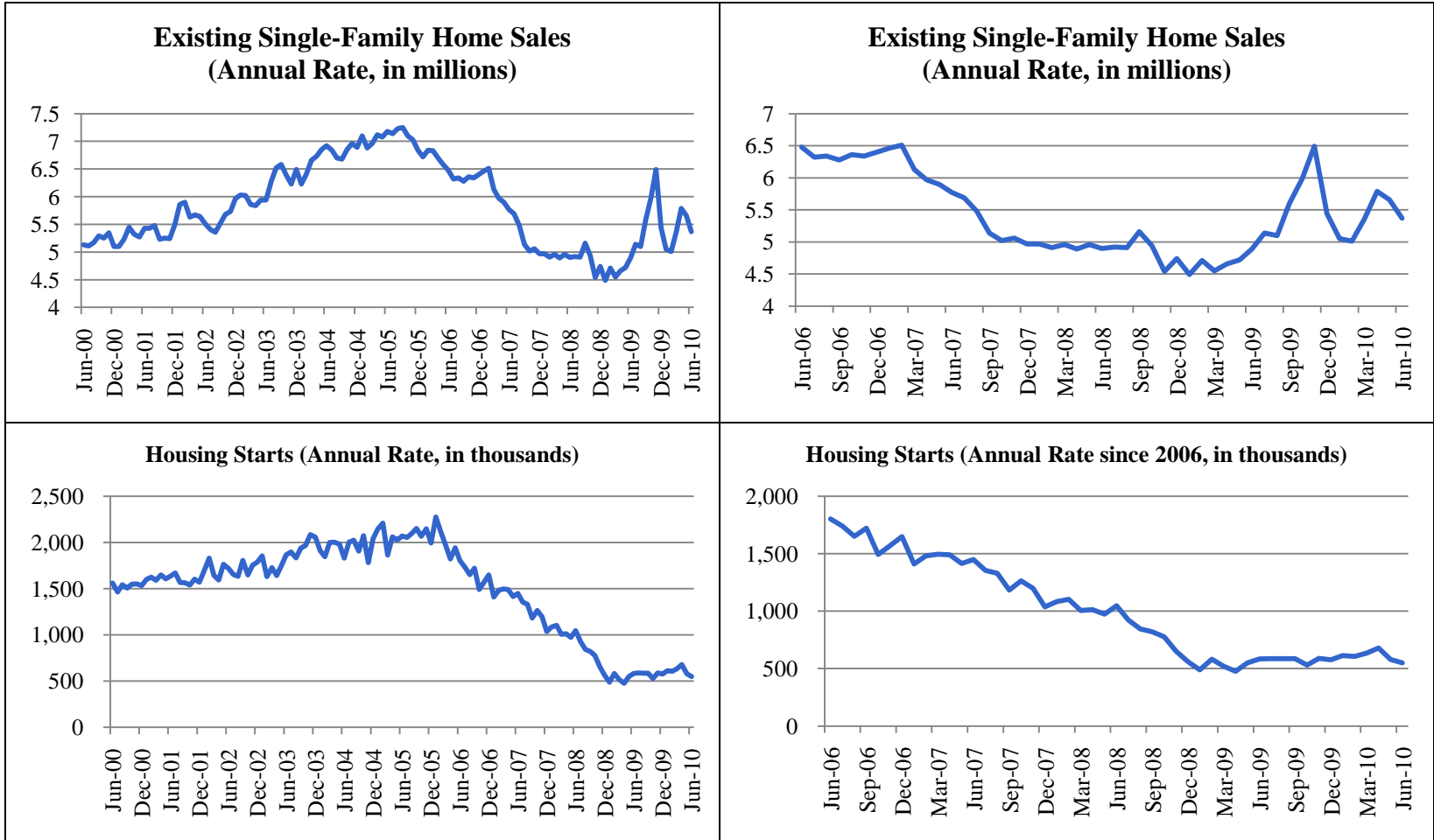
Source: McGraw Hill Dodge, Cleveland Research estimates

McGraw Hill Construction Non-Residential Building Starts Forecasts					
1Q10 Forecast	2008	2009	2010E	2011E	2012E
Square Feet, % Change	-17%	-43%	-5%	21%	33%
Dollars, % Change	1%	-30%	-1%	14%	23%
4Q09 Forecast (OLD)	2008	2009E	2010E	2011E	2012E
Square Feet, % Change	-17%	-42%	-4%	21%	32%
Dollars, % Change	2%	-30%	-2%	15%	22%

Source: McGraw Hill Dodge, Cleveland Research estimates

Source: American Institute of Architects

Housing Data Steps Back in May and June Following \$8k Tax Credit Expiration



Source: US Census Bureau

Please Look for the Next CSAA Survey in the Coming Months

Thank You!
