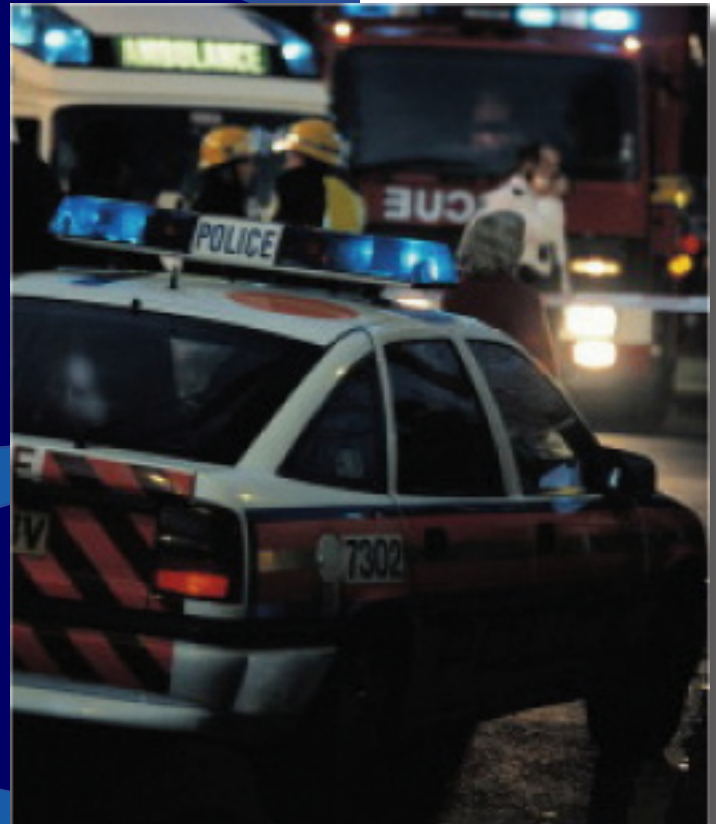


Public Safety Technology

Transaction Driven Research for Industry Players

Q4 2004



Capstone Partners

Investment Banking Advisors

Boston
Menlo Park



CAPSTONE PARTNERS LLC
 One Boston Place
 39th Floor
 Boston, MA 02108
 617.619.3300

PUBLIC SAFETY TECHNOLOGY GROUP

John Ferrara
 President and Managing Partner
 617.619.3325
 jferrara@capstonellc.com

Timothy Harned
 Managing Director
 617.619.3322
 tharned@capstonellc.com

Gavin Long
 Head of Research
 617.619.3330
 glong@capstonellc.com

James Beakey
 Vice President
 617.619.3365
 jbeakey@capstonellc.com

Noah Brown
 Vice President
 617.619.3321
 nbrown@capstonellc.com

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PRIVATE COMPANY LANDSCAPE



Accelerating over the past two years, the PST industry has expanded—and evolved into a holistic technology solutions market that has attracted significant investment. Fragmentation is giving way to integration and hyper-competition.

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SECTOR SCOPE

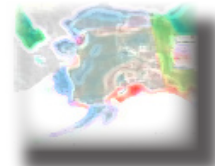
The Public Safety Technology (PST) industry encompasses a broad range of technology offerings including: Geographic Information Systems (GIS); Corrections Management Software; e-911 Computer Aided Dispatch (CAD); Emergency Notification; Field-Based Reporting; Cargo Scanning; Surveillance; Biometrics; Law Enforcement Records Management Software (RMS); Fire Record Management Systems; and Court Records Management Systems. These offerings provide solutions for municipal, county and state public safety and criminal justice agencies including: 911 centers; police departments; sheriff's agencies; correctional facilities; and fire departments. PST has also expanded to federal agencies such as the Department of Justice, the Department of Defense, the Department of Homeland Security, as well as international institutions and embassies.



Fire Records Management



Court Records Management



GIS Software



Corrections Management Software



Law Enforcement Records Management



CAD Software

PST OFFERINGS



Biometrics



Emergency Notification



Surveillance



Cargo Scanning



Field-Based Reporting

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GOVERNMENT IT SPENDING TRENDS

Last year, state and local governments spent over \$8 billion on public safety technology. This year, spending is expected to surpass the \$11 billion mark. In addition, the Department of Homeland Security (DHS) will infuse another \$4 billion into public safety IT spending, with information sharing and mobile communication as the primary focus. Overall, state and local government technology spending for 2005 is expected to exceed \$80 billion, of which public safety technology could account for more than 20% or \$16 billion. Over the next few years, Capstone expects public safety to amass more than 30% of that spending. With the flow of funding on the rise and new technological initiatives in the queue, Capstone believes the PST industry is in a vibrant stage of development.

PST has reached critical mass at the municipality level. Tier 1 cities (greater than 250,000 in population) and upper Tier 2 cities (greater than 50,000 in population) have a new spending attitude concerning PST. Though budgets are still tight, CIOs and public safety decision makers are committed to the best technology. For example, Los Angeles is exploring a bond offering in excess of \$500 million dedicated to a complete public safety technology overhaul. Federal and state government officials and public safety pundits agree that significant dollars must be invested to provide solutions for public security and safety concerns.

Regional PST Spending

- \$200 million or greater
- \$100 million - \$199 Million
- \$50 million - \$99 million
- \$20 million - \$49 million
- Less than \$20 million

PST will be the fastest growing segment of government IT spending. The 9/11 Commission Hearings, upcoming elections and maturing homeland security initiatives all underscore the vital importance of public safety. PST is no longer relegated to the margins of government spending; rather, it is consistently making headlines. Public concern will continue to drive government spending for PST, which will translate into more sophisticated, niche technological development with a continued focus on intra-agency, inter-agency and inter-jurisdictional interoperability. Long-term industry participants have already begun to make bold moves to strengthen their positions during this period of real, vibrant growth.

"We want all the bells and whistles; we want the very best the industry has to offer, and we're willing to spend the money."

-- California Police Lieutenant

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COMPETITIVE FOCUS

Though PST has many specialty offerings and solutions, Capstone believes the Public Safety Software (PSS) component of PST, comprised of GIS, CAD and RMS (Law Enforcement, Court, Fire and Corrections RMS) will be the centerpiece of activity in the months to come.

PSS is the keystone for the push for interoperability. Tom Ridge, Secretary of the DHS has stated definitively that interoperability is a crucial component to the homeland defense efforts: "The DHS must create new ways to share information and intelligence both vertically between governments, and horizontally across agencies and jurisdictions." These software offerings not only integrate and disseminate crisis-critical data, but more importantly they provide the necessary tools for the DHS' renewed focus on prevention and detection through information sharing.

The impact of the increasing need for interoperability and information sharing cannot be overstated, and we believe it will span all areas of the public safety technology universe. Information sharing, however, is no small task. Often it is difficult for an agency to coordinate data sharing because of its numerous and disparate applications and systems. Obviously, if agencies have difficulty, then jurisdictions face even taller hurdles. Consequently, inter-jurisdictional information sharing has seemed like an insurmountable task.

New linguistic standards will change all of that. To date, any attempt to unify systems across 18,000 law enforcement agencies and 35,000 fire, emergency and medical agencies, has failed. Agencies have worked independently of one other and have not been willing to disregard their current modes of operation. Therefore, integration has to happen at the data level. Justice XML will enable legacy systems to feed APIs from disparate systems into a unified web-based platform. However, agencies, jurisdictions and states will still be able to control (or "own") their data.

With the adoption of Justice XML, we believe that proprietary suites will be a thing of the past. In other words, one cannot be assured that an RMS application will be chosen because a CAD product has been selected. The call for interoperability through open standards will lower switching barriers significantly and force major players to acquire best-of-breed technologies to meet their clients needs and demands.

Major players who are committed to the PST space will seek niche technologies to add to their product suites. Larger CAD/RMS companies could be attractive acquisition candidates, but those prepared for and focused upon interoperability will be the ones to command premium valuations.

"The DHS must create new ways to share information and intelligence both vertically, between governments, and horizontally across agencies and jurisdictions."

**Tom Ridge,
Secretary Department
of Homeland Security (DHS)**

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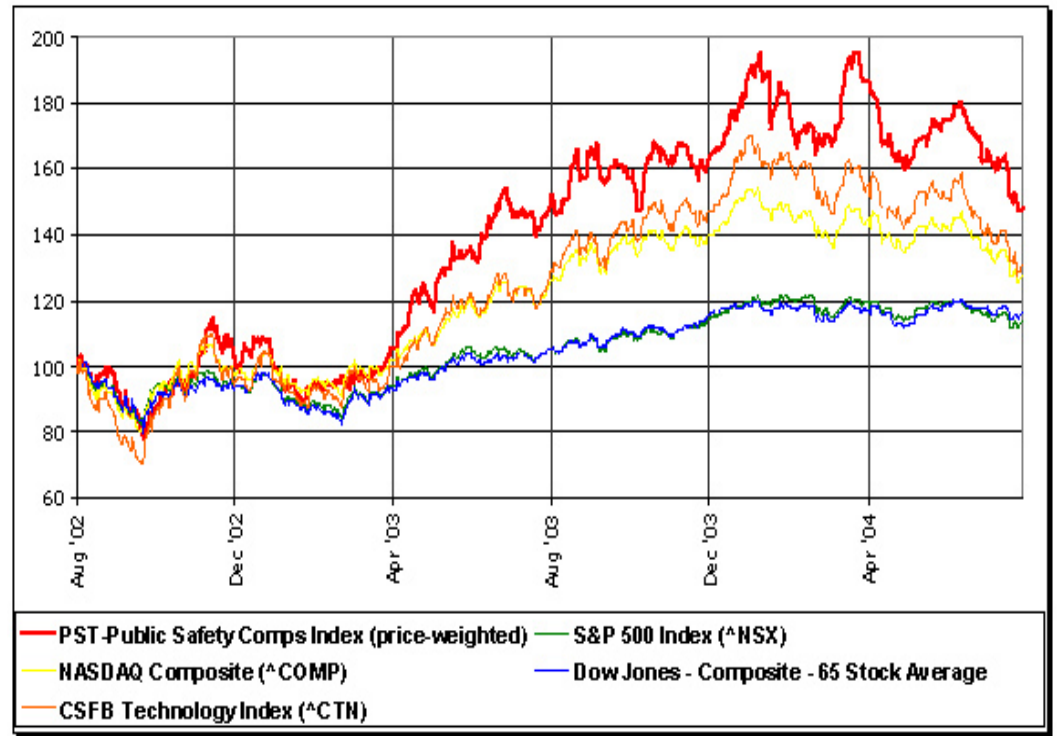


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MARKET PERFORMANCE

Over the past two years, the PST Index has consistently outperformed the Dow Jones Composite, NASDAQ Composite, S&P 500 and the major technology indices. The steady return of the capital markets compounded by strong PST growth will drive valuation multiples. PST companies will earn premium valuations in the next 6 to 18 months.

THE CAPSTONE PST INDEX



The Capstone PST Index is comprised of CompuDyne Corporation (CDCY), Intergraph Corporation (INGR), Intrado Inc.(TRDO), MapInfo Corporation (MAPS), NICE-Systems Ltd.(NICE), Telecommunications Systems Inc (TSYS), and Verint Systems Inc. (VRNT).

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INDUSTRY OUTLOOK

Key Developments

- PST is fueling the homeland defense effort. Homeland security funds are beginning to flow to state and local governments.
- Federal grants and bond offerings are supplying additional funds for substantial technological initiatives. Key decision makers are becoming more savvy in securing funds.
- Justice XML adoption will have a real, near-term and long-term impact on the industry creating a best-of-breed environment in an industry that is already highly fragmented and somewhat crowded.
- The driving concern for intra-agency, inter-agency and inter-jurisdictional interoperability will also serve as a acquisition catalyst in the industry.
- With the industry's strong long-term growth prospects, large, public players are entering this industry segment and could be aggressive in their acquisition strategies in the next 6 to 18 months.
- Companies with proven technologies with established customer bases will begin to command higher valuations throughout 2005.

Outstanding Challenges

- Sales cycles continue to be elongated. Successful companies will mitigate the long, lumpy sales cycles with recurring revenues through maintenance contracts or hosting models.
- Government IT budgets are difficult to predict. Companies that can demonstrate ROI and gain long-term contracts can weather the fluctuating government IT budgets.

Consolidation Trends

The industry's increased public profile, shifting market attitude, increased spending, disruptive technological developments and the entrance of large public players (e.g. SunGard and ChoicePoint) are signs that strategic M&A activity will accelerate. Since February 2004, four significant transactions have occurred involving BIO-Key, CompuDyne/Tiburon, SunGard and ChoicePoint. Furthermore, in an independent survey of the acquisition strategies among the eight major market participants, 100% of the respondents indicated that their acquisition appetite will remain "strong" throughout 2005, and they are currently in the market qualifying M&A targets.

"The first step is conditioning federal grants with Justice XML adoption. The next step will be a mandate from the Federal government. After Global Justice XML version 4 comes out in early 2005, I believe the federal government will be more involved in the cause for interoperability."

-- State CIO Migrating to Justice XML Application

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RECENT NOTABLE TRANSACTIONS

October 4, 2004 - **IPC Information Systems, LLC**, entered into a definitive purchase agreement to acquire **Orbacom Systems, Inc.** a provider of specialized radio consoles and computer aided dispatch software for up to \$18 million in cash, including deferred consideration and earnout commitments. The acquisition expands IPC's presence in the public safety industry.

August 16, 2004 - **BIO-Key International, Inc.** acquired **Aether's Mobile Government (AMG) Division**, which provides wireless and mobile computing products for federal, state, and local government. Its products include PacketCluster Patrol, a wireless information access software for police officers; PacketWriter, a mobile field reporting solution that provides real-time data collection solutions; and FireRMS, a Fire Records Management System (RMS). This acquisition complements BIO-Key's biometric technology and existing public safety technology and expands its customer base. BIO-Key acquired AMG for \$10 million in cash.

August 11, 2004 - **CompuDyne Corporation** purchased **90 Degrees, Inc.** which develops integrated enterprise fire and emergency medical information management systems for public, military, and private public safety agencies. The company offers 24Seven, which provides records management and decision support systems for public agencies.

This acquisition is CompuDyne's move to enrich its best-of-breed software suite. 90 Degrees is recognized as the industry leader in fire records management. The total value of the transaction was less than \$10 million.

May 21, 2004 - **SunGard Data Systems** acquired **Open Software Solutions, Inc.** (OSS), a leading provider of software and services solutions to the public safety and justice sector. OSS offers a fully integrated suite of public safety applications including computer-aided dispatch, records, message switch, mobile, field reporting and jail management systems.

"The OSS acquisition," said Gil Santos, president of SunGard-HTE, "underscores our commitment to the public safety and justice sector." This acquisition enables SunGard to migrate its HTE clientele to a Window's based platform and gives SunGard a formidable presence in Tier 2 public safety software. The total value of the transaction was less than \$50 million.

February 3, 2004 - **ChoicePoint Inc.** acquired **Templar Corporation**, which offers software solutions that enable law enforcement, public safety and criminal justice agencies to share information. The key to the acquisition is Templar's unique technology that enables information sharing without requiring entire databases to be shared, which protects the integrity of each agency's information. The company's products include Informant, Privilege Manager, Secure Data Replicator (SDR) and TransportManager. Its products allow the sharing of critical information, improving the government's ability to respond to public security and safety threats. The terms of this acquisition were undisclosed.

Strategic acquisition activity is heating up as 2004 has set the stage for a robust M&A market in 2005 and beyond. With heightened competitive pressures, acquirers are active in the market, building qualified transaction pipelines.

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VALUATION METRICS (AS OF 9/31/2004)

Though EBITDA multiples are already strong (an average of 12.37x EBITDA), we expect PST valuation levels to continue to rise into 2005.

Company	Stock Price	Market Cap	TEV*	LTM Revenue	LTM EBITDA	LTM EBIT
CompuDyne Corp. (CDCY)	\$9.24	\$74.9M	\$94.1M	\$175.8M	\$10.1M	\$7.2M
Intergraph Corp. (INGR)	\$26.10	\$955.0	\$600.4	\$550.7	\$57.7	\$29.9
Intrado Inc. (TRDO)	\$9.87	\$171.2	\$154.2	\$129.1	\$32.4	\$17.4
Mapinfo Corp. (MAPS)	\$10.16	\$205.4	\$139.2	\$122.2	\$15.3	\$9.3
NICE-Systems Ltd. (NICE)	\$20.32	\$353.5	\$320.9	\$237.2	\$29.1	\$13.6
TeleCommunication Systems Inc. (TSYS)	\$4.55	\$152.1	\$162.6	\$125.9	\$10.9	\$2.2
Tyler Technologies Inc. (TYL)	\$8.89	\$367.2	\$339.5	\$162.7	\$30.0	\$19.1
Verint Systems Inc. (VRNT)	\$35.34	\$1,093.4	\$873.1	\$218.2	\$31.1	\$20.4

Company	TEV/ LTM Revenue	TEV/ LTM EBITDA	TEV/ LTM EBIT
CompuDyne Corp. (CDCY)	0.54x	9.36x	13.24x
Intergraph Corp. (INGR)	1.13	10.79	20.79
Intrado Inc. (TRDO)	1.10	4.40	8.30
Mapinfo Corp. (MAPS)	1.05	8.42	13.91
NICE-Systems Ltd. (NICE)	1.35	11.02	23.66
TeleCommunication Systems Inc. (TSYS)	1.29	14.88	75.04
Tyler Technologies Inc. (TYL)	2.09	11.33	17.80
Verint Systems Inc. (VRNT)	3.67	25.12	39.17

High	4.00x	28.09	70.72
Low	0.54x	4.76	8.98
Mean	1.49x	12.37	26.77
Harmonic Mean	1.39x	9.66	18.53
Median	1.19x	10.87	18.93

*TEV = Total Enterprise Value, or Market Capitalization plus Debt minus Cash

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SUNGARD DATA SYSTEMS (NYSE:SDS)

...with the broadest product and service array, strong cash flow, and seasoned deal team, we expect SDS back in the market again shortly.

Key Performance Indicators

Stock Price:	\$23.85
52-Week Range:	\$22. 40- \$31.65
52-Week % Change:	(16.58%)
Shares Outstanding:	288.40M
Market Capitalization:	\$6.88B
Enterprise Value:	\$7.21B
Total Cash:	\$312.06M
Debt:	\$701.52M
Revenue:	\$3.29B
EBITDA:	\$992.90M

SunGard Data Systems is a leading provider of integrated IT solutions and business continuity to information-dependent enterprises of all types. SunGard-HTE's integrated public safety solutions handle everything from computer aided dispatch and records management to mobile data and wireless field reporting. We anticipate SunGard's higher education and public safety division could account for more than 15% of SunGard's total revenues.

Market Position

With its recent purchase of OSSI, SunGard has emerged as a leader in public safety software; however, SunGard's major hurdle will be to migrate their HTE AS400 users over to OSSI's platform. SunGard vows commitment to remain a high-end, Tier 2 solutions provider; however, the Tier 1 market opportunity could lead to an acquisition in an effort to expand its client base.

SunGard has created a solid front-to-back-end business model. Since February 2003, HTE has had a diminished presence in the public safety marketplace. HTE has managed to sustain itself on inside sales. OSSI, however, has been a consistent middle-market performer with a highly touted sales force, arguably one of the best in the industry. HTE's solid internal revenues and an expansive customer base in tandem with OSSI's formidable sales force and Windows based-technology makes for a powerful combination in the industry.

Acquisition Strategy

Complete Justice XML adoption could pose a hurdle to SunGard's model, which depends on a "proprietary-integrative" approach. Look for SunGard to bolt-on niche technologies in the near future after they have time to transition from the OSSI transaction. Likewise, with the broadest product and service array, strong cash flow and seasoned deal team, we expect SDS back in the market again shortly.

Valuation Metrics

Enterprise Value/Revenue:	2.19 x
Enterprise Value/EBITDA:	7.26 x
Forward P/E Ratio:	15.00
PEG Ratio:	1.09

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	6 35%	5 28%	5 28%	5 28%
Buy	4 23%	5 28%	4 22%	4 22%
Hold	7 42%	7 38%	8 44%	8 44%
Sell	0 0%	1 6%	1 6%	1 6%
Strong Sell	0 0%	0 0%	0 0%	0 0%

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CHOICEPOINT (NYSE:CPS)

In Q1 alone, ChoicePoint made five strategic acquisitions, and in Q2 the Company added two more. ChoicePoint has a strong stock, a flexible balance sheet and will leverage both to solidify its position in PST.

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Key Performance Indicators

Stock Price:	\$43.55
52-Week Range:	\$31.90 - \$46.10
52-Week % Change:	27.78%
Shares Outstanding:	88.64M
Market Capitalization:	\$3.87B
Enterprise Value:	\$4.02B
Total Cash:	\$2.02M
Debt:	\$132.06M
Revenue:	\$850.20M
EBITDA:	\$272.70M

ChoicePoint is an industry leader in delivering data-integrated background and information services. The Company provides decision-making intelligence data to the insurance, financial and governmental industries. ChoicePoint has recently entered the PST industry with its acquisition of Templar, a provider of advanced and secure information technology solutions. Templar technologies allows sharing of critical information among law enforcement and Intelligence/Homeland Security agencies.

Market Position

ChoicePoint's management expects to reach free cash flow of \$180M (\$1.97/share) by the end of 2004, providing ample capital for future acquisitions. In Q1 alone, ChoicePoint made five strategic acquisitions and in Q2, the Company added two more. ChoicePoint will continue at this pace through the remainder of the year. ChoicePoint has a strong stock, a flexible balance sheet and will leverage both to solidify its position in PST.

Acquisition Strategy

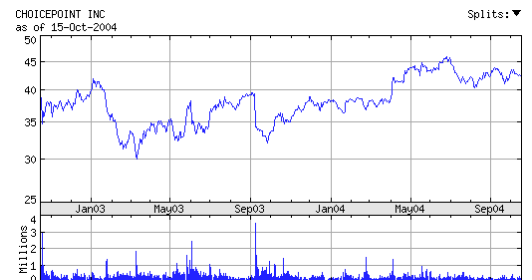
ChoicePoint will use its strength to deepen its PST offerings into emerging sectors. As Homeland security projects begin to gain traction, the Company will look to invest further into PST. Look for ChoicePoint to make moves in the identity management and biometrics spaces, but ChoicePoint

may also make moves in other areas of PST. Continued acquisitions are highly likely with the Company's desire to further the breadth and scope of their business, while leveraging its industry presence. As of 6/30/04, ChoicePoint had about \$475M in capital available (\$295 million in unused capacity and a borrowing rate below 2%).

Valuation Metrics

Enterprise Value/Revenue:	4.73 x
Enterprise Value/EBITDA:	14.74 x
Forward P/E Ratio:	23.29
PEG Ratio:	1.29

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	6 35%	4 27%	4 27%	5 33%
Buy	7 41%	8 53%	8 53%	8 53%
Hold	4 24%	3 20%	3 20%	2 12%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%



PRINTRAK, MOTOROLA (NYSE:MOT)

Motorola's CGIS has 15,000 systems installed worldwide and continues to be the leader in providing mission-critical communications.

Key Performance Indicators

Stock Price:	\$15.10
52-Week Range:	\$10.53 - \$20.89
52-Week % Change:	51.79%
Shares Outstanding:	290.12M
Market Capitalization:	\$35.67B
Enterprise Value:	\$36.40B
Total Cash:	\$8.80B
Debt:	\$73.05B
Revenue:	\$32.11B
EBITDA:	\$4.17B

Motorola, Inc. is a global provider of wireless, broadband, automotive communications technologies and embedded electronic products. In September 2000, Motorola entered the public safety market with its acquisition of Printrak. Its PST solutions include automated fingerprint identification software (AFIS), computer-aided dispatch (CAD), and records management (RMS) software and hardware systems.

Market Position

Motorola's Commercial Government & Industrial Solutions division (CGIS) has made recent headway with new contracts. CGIS recently won the State of Virginia contract for \$330M and the United States Postal Service contract for \$300M (over the course of 4 years). Likewise, CGIS has 15,000 systems installed worldwide and continues to be the leader in providing mission-critical communications.

With PST's renewed focus on prevention and detection through critical communications and information sharing, Motorola's integrated wireless government solution is in high demand.

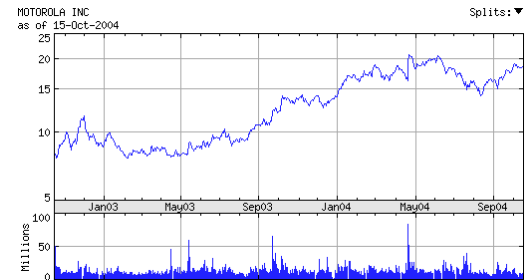
Acquisition Strategy

As the PST race moves into full swing, we fully expect Motorola to play an active role. We suspect that Motorola is currently looking at an interoperability-focused acquisition target and expect more to come. Due to its size and scale, Motorola will enjoy the ability to pursue "off-the-beaten-path" PST acquisitions. In addition, with a run in the stock price since the end of Q1, Motorola has solid currency to structure stock transactions, if it so chooses. We are looking for some announcements from Motorola in the months ahead.

Valuation Metrics

Enterprise Value/Revenue:	1.13 x
Enterprise Value/EBITDA:	8.73 x
Forward P/E Ratio:	16.06
PEG Ratio:	1.99

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	10 30%	9 28%	10 33%	11 37%
Buy	12 35%	11 33%	11 37%	12 40%
Hold	12 35%	11 33%	7 24%	5 17%
Sell	0 0%	1 3%	1 3%	1 3%
Strong Sell	0 0%	1 3%	1 3%	1 3%

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INTERGRAPH CORPORATION (NASDAQ:INGR)

Intergraph is a dominant Tier 1 Public Safety software provider. With IPS in growth mode, the Company has plans to drive Tier 2 business more aggressively.

Key Performance Indicators

Stock Price:	\$26.03
52-Week Range:	\$19.41 - \$27.15
52-Week % Change:	11.51%
Shares Outstanding:	32.72M
Market Capitalization:	\$851.65M
Enterprise Value:	\$501.29M
Total Cash:	\$354.62M
Debt:	0
Revenue:	\$550.70M
EBITDA:	\$57.70M

Intergraph Corporation is a provider of computer graphics software and services in the commercial and government sectors. It offers a range of services including homeland security and force protection. Intergraph Public Safety (IPS) creates Windows-based systems designed for public safety agencies, commercial fleet operations, campus, military base and airport security. IPS' systems are complete, integrated solutions that include computer aided dispatch, fire and police records management, mobile data computing and jail management systems.

Market Position

Intergraph is a dominant Tier 1 Public Safety software provider. With IPS in growth mode, the Company has plans to drive Tier 2 business more aggressively. IPS has a strong technological platform, and therefore may look to expand its reach by looking for acquisition candidates with a strong Tier 2 presence.

Intergraph is consistently winning new contracts. As of August 2004, IPS announced six new contract awards exceeding \$11M, utilizing Intergraph's Computer Aided Dispatch (CAD), Law Enforcement Records Management Systems (RMS) and mobile data computing capabilities (MDC). IPS is definitely flexing its muscles as a leading public safety solution.

Acquisition Strategy

Intergraph is re-evaluating its plan of attack. Intergraph has recently completed its first strategic plan and is committed to a more vigilant line of attack, leveraging existing assets and capabilities and exiting non-core businesses. Given its renewed focus, we believe that Intergraph will seize attractive opportunities in PST related markets.

IPS's management team will focus primarily on tighter integration and cross-selling. Any strategic activity will need to "move the needle" for Intergraph, but we believe a strong Tier 2 player could be in Intergraph's sights.

Valuation Metrics

Enterprise Value/Revenue:	0.91 x
Enterprise Value/EBITDA :	8.69 x
Forward P/E Ratio:	28.92
PEG Ratio:	N/A

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	0 0%	1 50%	1 50%	1 100%
Buy	1 100%	0 0%	0 0%	0 0%
Hold	0 0%	1 50%	1 50%	0 0%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%

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COMPUDYNE CORPORATION (NASDAQ:CDY)

Management has publicly stated its intention to pursue additional acquisitions in order to strengthen its product line and/or build its revenue base.

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Key Performance Indicators

Stock Price:	\$9.24
52-Week Range:	\$7.37 - \$17.46
% Change:	5.20%
Shares Outstanding:	8.11M
Market Capitalization:	\$74.93M
Enterprise Value:	\$94.62M
Total Cash:	\$24.04M
Debt:	\$43.17M
Revenue:	\$175.77M
EBITDA:	\$6.59M

CompuDyne Corporation provides products and services to the Public Security markets. It operates in four segments: Institutional Security Systems (ISS); AttackProtection; Federal Security Systems; and Public Safety and Justice.

Market Position

CompuDyne is well positioned to capitalize on the mandate to improve security of U.S. embassies and other critical infrastructure. At least eight embassies will be up for bid in the next two months and (based on its historic closure rate) CompuDyne could win 5 to 8 new accounts.

CompuDyne's Q2 Public Safety revenues beat analyst expectations. In the Public Safety and Justice segment alone, CompuDyne's revenues for Q2 2004 were \$13M, a 15% increase from Q2 2003. CompuDyne will continue to invest heavily in the PST industry.

Acquisition Strategy

Management has publicly stated its intention to pursue additional acquisitions in order to strengthen its product line and/or build its revenue base. In January 2004, CompuDyne completed a \$40M, 6.25% convertible Subordinated Note Offering with the intention of further acquisitions. The prime focus of the Company's M&A strategy is to expand its current offerings in the Public Safety and Justice segment. Its recent acquisition of 90 Degrees,

the leading provider of fire records software, should be the first of many. CompuDyne is committed to building a best-of-breed technological suite and could complete several other transactions before year-end.

Valuation Metrics

Enterprise Value/Revenue:	0.54 x
Enterprise Value/EBITDA:	14.36 x
Forward P/E Ratio:	23.69
PEG Ratio:	5.78

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	1 33%	1 25%	1 25%	1 25%
Buy	0 0%	1 25%	1 25%	1 25%
Hold	2 67%	2 50%	2 50%	2 50%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%



INTRADO INC. (NASDAQ:TRDO)

The Company remains the dominant supplier of 9-1-1 products and services to all major LECs, 41 CLECs, 38 wireless service providers and a variety of state, local and federal government agencies.

Key Performance Indicators

Stock Price:	\$9.53
52-Week Range:	\$8.54 - \$25.14
% Change:	(52.17%)
Shares Outstanding:	17.34M
Market Capitalization:	\$165.27M
Enterprise Value:	\$147.52M
Total Cash:	\$30.39M
Debt:	\$17.68M
Revenue:	\$129.1M
EBITDA:	\$32.4M

Intrado Inc. is the dominant supplier for 9-1-1 infrastructure, systems and services, as well as solutions for telecommunications providers and public safety organizations. Its core business is the support of the United States' 9-1-1 emergency response infrastructure for wireline, wireless and voice over Internet protocol networks. The data the Company manages enables a 9-1-1 call to be routed to the appropriate public safety answering point. Intrado provides callback data and the caller's location. This critical information enables public safety organizations to quickly respond to calls for assistance.

Market Position

Intrado's strong core business includes far reaching CLECs. The Company remains the dominant supplier of 9-1-1 products and services to all major LECs, 41 CLECs, 38 wireless service providers and a variety of state, local and federal government agencies.

Intrado's customers are the major voice carriers. Intrado has an ability to win customers for its 9-1-1 services including Qwest and Primus Telecommunications, claiming all major voice carriers as customers. Recently, Intrado won the Verizon VOIP (Voice Over Internet Protocol) 9-1-1 outsource contract.

Acquisition Strategy

We believe that Intrado will look to expand its presence in the emergency notification segment of PST; however, Intrado has entertained expanding into other areas of PST. Though Intrado's stock has recently taken a hit and valuation metrics are depressed, the company still maintains a strong cash position with significant borrowing capacity. Regardless, we do not expect Intrado to be among the most aggressive acquirers.

Valuation Metrics

Enterprise Value/Revenue:	1.14 x
Enterprise Value/EBITDA:	4.55 x
Forward P/E Ratio:	13.81
PEG Ratio:	0.91

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	2 20%	1 9%	1 8%	4 36%
Buy	0 0%	2 18%	2 17%	2 18%
Hold	8 80%	8 73%	9 75%	5 46%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%

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NICE SYSTEMS LTD. (NASDAQ:NICE)

NICE is well-positioned for long-term growth. Public safety accounts for approximately 30% of NICE's business. NICE is a dominant leader in the security and surveillance markets. Its steady revenue growth and carefully managed operating expenses should establish a strong long-term cash position, enabling it to capitalize on upcoming M&A opportunities.

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Key Performance Indicators

Stock Price:	\$20.28
52-Week Range:	\$16.48 - \$31.42
% Change:	13.14%
Shares Outstanding:	\$16.04M
Market Capitalization:	\$325.23M
Enterprise Value:	\$284.95M
Total Cash:	\$32.58M
Debt:	0
Revenue:	\$237.20M
EBITDA:	\$29.10M

NICE-Systems Ltd. develops, markets and supports integrated, scalable multimedia digital recording platforms, enhanced software applications and related professional services. These solutions capture and analyze unstructured, non-transaction data and convert it for business and security performance management applications. NICE's solutions capture multiple forms of interaction, including voice, fax, e-mail, Web chat, radio and video transmissions over wire line, wireless, packet telephony, terrestrial trunk radio and data networks.

Market Position

NICE is well-positioned for long-term growth. Public safety accounts for approximately 30% of NICE's business. NICE is a dominant leader in the security and surveillance markets. Its steady revenue growth and carefully managed operating expenses should establish a strong long-term cash position, enabling it to capitalize on upcoming M&A opportunities.

Acquisition Strategy

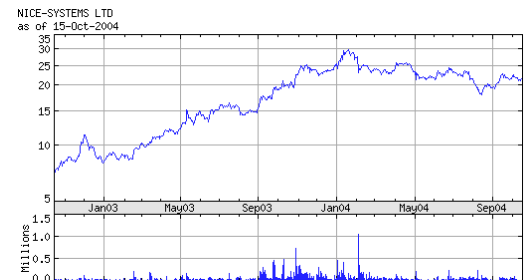
NICE continues to focus its attention on recurring revenue, which reached the 29% mark in Q1. This steady stream of income assuages the risk associated with the traditional sales cycles in the industry. NICE recognizes that this industry is in a stage of rapid technological growth and change. We expect NICE to become more aggressive on

the acquisition front in order to maintain its industry position. Like Verint, NICE is focused on surveillance technology, but we expect NICE to expand into related markets. Emergency notification would be a logical place for NICE to expand, especially with its focus on call center monitoring. Regardless, we fully expect NICE to continue with focused discipline with its future transactions.

Valuation Metrics

Enterprise Value/Revenue:	1.20 x
Enterprise Value/EBITDA:	9.79 x
Forward P/E Ratio:	13.89
PEG Ratio:	0.64

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	1 25%	1 25%	1 25%	1 25%
Buy	1 25%	1 25%	1 25%	1 25%
Hold	2 50%	2 50%	2 50%	2 50%
Sell	0 0%	0 0%	0 0%	0 0%
Strong Sell	0 0%	0 0%	0 0%	0 0%



VERINT SYSTEMS, INC. (NASDAQ:VRNT)

With Verint's dominance in surveillance, we believe they could move into complementary markets such as emergency notification. Verint is known to be highly selective and will be looking for exceptional opportunities.

Key Performance Indicators

Stock Price:	\$32.15
52-Week Range:	\$18.84 - 35.89
% Change:	32.88%
Shares Outstanding:	30.64M
Market Capitalization:	\$985.04M
Enterprise Value:	\$786.08M
Total Cash:	\$208.51M
Debt:	\$356.00K
Revenue:	\$205.00M
EBITDA:	\$29.90M

Verint Systems Inc. is a provider of analytic software-based solutions for the security and business intelligence markets. The Company's solutions for the security market consist primarily of communications interception solutions used by law enforcement agencies, government agencies telecommunications carriers and networked video solutions used by government agencies and public and private organizations for use in airports, public buildings, financial institutions, retail stores, correctional facilities and corporate sites.

Market Position

Verint continues with strong growth. This quarter the revenue increase of 8.0% from \$52 million in Q4 2004 was primarily the result of sales growth in the security and business intelligence markets.

Verint is well-positioned with new contracts and recently received a contract with the U.S. Department of Defense to protect operations and control facilities in D.C.; a contract with a European agency to monitor congested areas at multiple entry points to detect smuggling activities; and a deal with the U.K. to enhance security at a number of high-profile government facilities.

Acquisition Strategy

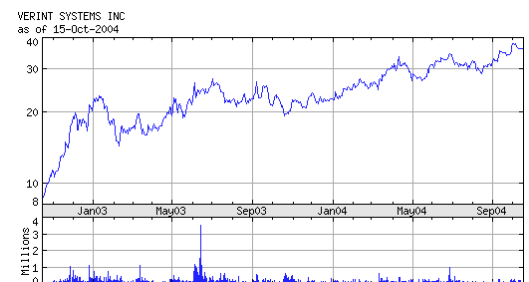
Verint acquired ecTel on March 31, 2004 and RP Security on September 7, 2004. Dan Bodner, Verint's CEO, has stated that Verint

is committed to acquiring companies "that have complementary technological offerings to improve the security of our customer's mobile infrastructure and enhance public safety." Verint's clean balance sheet, which has a cash per share position of \$6.50 and virtually no debt, will enable Verint to capitalize acquisition opportunities that increase product breadth and/or geographic presence. With Verint's dominance in surveillance, we believe they could move into complementary markets such as emergency notification. Verint is known to be highly selective and will be looking for exceptional opportunities.

Valuation Metrics

Enterprise Value/Revenue:	3.83 x
Enterprise Value/EBITDA:	26.29 x
Forward P/E Ratio:	31.83
PEG Ratio:	1.07

Stock Price Performance



Recommendation Trends

	Current	Last Month	2 Months Ago	3 Months Ago
Strong Buy	3 30%	3 33%	3 33%	3 30%
Buy	3 30%	2 22%	2 22%	2 20%
Hold	4 40%	3 33%	3 33%	4 40%
Sell	0 0%	1 12%	1 12%	1 10%
Strong Sell	0 0%	0 0%	0 0%	0 0%

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PRIVATE COMPANY LANDSCAPE

(IN ALPHABETICAL ORDER)

Company

Brief Description

Web Site



ADSi has developed a highly customizable CAD, Fire, Jail and Courts Software suite. The company was founded in 1981 in Southaven, MS.

www.e9.com



Alert Technologies develops internet-based emergency management solutions software for corporations and government agencies.

www.alerttech.com

Alpine Software

Alpine is a developer of scalable and configurable Fire and EMS CAD/RMS software.

www.alpinesoftware.com



Archonix is a leading end-to-end public safety software provider for Tier 2 and Tier 3 agencies.

www.archonixsystems.com

CAD GRAPHICS

CADGRAPHICS develops a high-tech fire alarm and security software. The company was founded in 1988.

www.alarmssoftware.com



CARIS develops and supports rigorous, technologically advanced geomatics software.

www.caris.com



CIM Systems produces mission critical communications software for control room environments.

www.cimsystems.co.uk



CML is an end-to-end public safety solutions provider and includes network routing and switching products.

www.cmls.com



CrimeSoft develops a full featured criminal and incidental relational database with a front-end interface.

www.crimesoft.com



CrimeStar is the creator of a highly flexible CAD/RMS and Law Investigation software.

www.crimestar.net



CRISNET provides full public safety solution from initial dispatch to closing the case.

www.crisnet.com



CriSys develops a map-centric CAD/RMS software for Tier 2 and Tier 3 agencies.

www.crisys.com

watch list*



watch list



watch list



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PRIVATE COMPANY LANDSCAPE

(IN ALPHABETICAL ORDER)

Company

Brief Description

Web Site



Data911 provides software and hardware solutions for police, fire, emergency, sheriff and other specialized Public Safety departments.

www.data911.com



DataTech911 offers a suite of public safety solutions that interface directly with existing emergency responder applications.

www.datatech911.com



EmergiTech designs, develops E9-1-1 PSAP systems, CAD/RMS, mobile data computing, EMS reporting and civil processing.

www.emergitech.com



Environmental Systems Research Institute Inc. is the industry standard geographic information system software.

www.esri.com



FDM Software is a CAD/RMS company with 15 years of public safety experience with over 100 installations across North America.

www.fdmsoft.com



GEO911 is a leader in integrated map-centric solutions including CAD, Police and Fire RMS and Mobile Systems,

www.geo911.com



Global Software develops CAD software products that automate 9-1-1 processes for Tier 2 cities.

www.global-dispatch.com



Hitech is a integrative software company that provides highly customizable CAD/RMS, Fire and Mobile solutions.

www.hitech.com



IMC is a leading provider of CAD/RMS and public safety administrative software to over 500 public safety agencies.

www.imcus.com



ITI is a provider of software solutions and services including CAD, RMS, Jail Administration and mobile.

www.itiusa.com



Interact provides products and services, open systems solutions, data interfaces and system integration to agencies across the US.

www.interactsys.com



IPC is a provider of mission-critical communications systems for the financial, governmental, public safety and energy arenas.

www.ipc.com

watch list



watch list



watch list



watch list



watch list



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PRIVATE COMPANY LANDSCAPE

(IN ALPHABETICAL ORDER)

Company

Brief Description

Web Site



LogiSYS designs highly customizable CAD/RMS software meet the special needs of law enforcement, fire and EMS agencies.

www.logistic-systems.com



Matrox Graphics is a manufacturer of professional graphics solutions, delivering high-quality, innovative 2D/3D and video graphics.

www.matrox.com



New World provides solutions, including software, hardware, training and support, for government and Public Safety agencies.

www.newworldsys.com



Optimus provides mobile solutions to the fire department, ambulance and healthcare sectors and law enforcement agencies.

www.optimuscorp.com



Ortivus NA is a result of an integration between Sweet and AVEl-TECH's product lines and services for the Public Safety/EMS market.

www.ortivusna.com



PEI specializes in products that deliver rapid and accurate performance for public safety, transportation and critical call-centers.

www.peinc.com



With more than 500 employees, Positron is a leader in fully integrated public safety solutions for call handling and dispatching.

www.positron911.com



PTS's products include police records, jail and booking packages, CAD and Fire Software.

www.ptssolutions.com



PSSI provides CAD, RMS and Mobile solutions to some of the largest Law Enforcement, Fire and EMS agencies in the country.

www.pssi.com



PST supplies all elements of hardware, software, training, and other services required to provide a full range of solutions for public safety agencies.

www.pst911.com



PublSAFE provides solutions for emergency response organizations which are built on open platform technologies and are completely interoperable.

www.dsdsoft.com



QED provides CAD and RMS software that enables public safety agencies to configure the software to meet their agencies' needs.

www.qed.com

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PRIVATE COMPANY LANDSCAPE

(IN ALPHABETICAL ORDER)

Company

Brief Description

Web Site



RAMSAFE develops a homeland security solution that promotes collaboration between emergency managers, first responders, and security managers.

www.ramsafes.com



Spillman Technologies is a progressive provider of public safety software, training and support services to more than 500 clients in 36 states.

www.spillman.com



Sun Ridge public safety software provides CAD, RMS and Mobile solutions for law enforcement agencies in the U.S.

www.sunridgesystems.com



Omega is an developer of GIS software designed to aid decision-making in law enforcement and public safety.

www.theomegagroup.com



TriTech provides a data sharing public safety product suite to over 100 agencies in 6 countries.

www.tritech.com



Valor products include CAD and RMS software package that bring even small municipalities the best response capabilities.

www.valorsystems.com



VisionAIR develops a complete public safety software suite that is fully integrated, has open standards and is "interoperability-ready."

www.visionair.com



XAware Inc. develops XML-based information exchange and data integration systems.

www.xaware.com

N.B. The Capstone Private Company Landscape is not representative of all private companies engaged in the public safety software industry. Rather, this list is a reflection of companies that Capstone has encountered, either directly or indirectly, in this research initiative.

*The watchlist consists of companies with which Capstone has initiated dialogue or coverage within the public safety software space. To join the Capstone watchlist, please contact Gavin Long, Head of Research at glong@capstonellc.com.

watch list



watch list



watch list



watch list



watch list



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Research Methodology

Capstone's research is founded upon primary sources. For the last 8 months, Capstone has been in dialogue with over 100 companies and public safety agencies, speaking with senior executives of large public companies, chief executives of emerging companies and numerous public safety officials. Capstone has also conducted in-depth analysis on many of the technology offerings by means of product demonstrations to gain a nuanced understanding of the industry's technological development.

About Capstone Partners LLC

Capstone Partners LLC is a leading national investment banking advisory firm dedicated to serving the needs of middle market businesses. With its headquarters in Boston and offices in Menlo Park, the firm maintains transactional and research resources in the technology, business services and manufacturing industries.

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Recent Software Transactions



(NASDAQ: OPNT)

Leading Network and Application
Management Software

Has acquired

**ALTAWORKS
CORPORATION**



#1 Ranked
CAD Home Design Software

Has recapitalized with

**INSIGHT VENTURE
PARTNERS**



Leading Employee Benefit
Administration Software

Has been acquired by

**SUNGARD
DATASYSTEMS INC.**
(NYSE: SDS)



a portfolio company of
DOMINION VENTURES

#1 Ranked
Wealth Management Software

Has been acquired by

INFORMA GROUP PLC
(LSE: INF.L.)



#1 Ranked
Risk Management Software

Has been acquired by

ISO
INSURANCE SERVICES OFFICE, INC



molecularware

Leading Bioinformatics
Data Integration Software

Has been acquired by

CALBATECH, INC.
(OTC: CLBE)



Capstone Partners

Investment Banking Advisors

One Boston Place, 39th Floor
Boston, MA 02108
Phone: 617.619.3300
Fax:

845 Oak Grove Avenue, Suite 115
Menlo Park, CA 94025
Phone: 650.323.1600
Fax: 650.323.1611