

September 16, 2010 Update

Price \$0.11

Rating – BUY

12 Month Target Price – \$0.30

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SECUREALERT

52-Week Range: \$.08 – \$.16

Total Liabilities: \$8.5 M

Shares Outstanding: 530 M with fully covered preferred, options & wrnts

Rev: \$3.1 M (per quarter)

Shares in the Float: 65M approximately – Market Cap: \$51.5 M

Assets: \$12.3

[Secure Alert issued their quarterly earnings](#). The highlights showed that as a result of deploying its next generation TrackerPAL II(e) offender tracking devices, now "Made in the USA," SCRA has successfully exchanged 2,861 devices out of 4,010 prior generation devices deployed in the field through June 30, 2010 supporting revenues for the fiscal quarter ended June 30, 2010 of \$3,079,226 an increase of 3% over its previous fiscal quarter ended March 31, 2010.

Highlights include:

- SCRA reported a gross profit of \$1,363,765 and a gross margin of 44% for the third fiscal quarter ended June 30, 2010 compared to a gross profit of \$788,143 or a gross margin of 25% for the same period ended 2009.
- The net loss for the third fiscal quarter ended June 30, 2010 of \$2,054,238 improved over the same period a year ago of \$5,032,308, an improvement of \$2,978,070, or 59%.
- SCRA also reported Shareholders Equity of \$3,869,330 for the third fiscal quarter ended June 30, 2010 compared to a Stockholders Deficit of \$12,372,821 for the same period ended 2009, an improvement of \$16,242,151.
- Management stated SCRA "is now well positioned to achieve planned growth within the expanding electronic monitoring marketplace through the delivery of unmatched reliability and quality of our intervention monitoring products and services."



Secure Alert (OTCBB: SCRA) – September 16, 2010 Update

First Berlin Research Issues "Buy" Recommendation and Quarterly Progress – First Berlin Equity Research has issued a "Buy" recommendation on [Secure Alert \(OTCBB: SCRA\)](#) with a price target of \$0.37. This increases the price target of \$0.30 in the recent [Waterville Research Buy recommendation](#). The First Berlin report can be downloaded [here](#).

Brazil Contract – On August 18, 2010, SecureAlert announced the very first GPS offender monitoring contract ever to be signed in the history of Brazil. The Superintendent of Correctional Services (SUSEPE) Mario Santa Maria Junior, in the Brazilian state of Rio Grande do Sul, signed an emergency contract with the Company through SecureAlert's Brazilian partners to immediately deploy 200 of the Company's TrackerPAL II(e) devices on offenders located in and around the metropolitan area of Porto Alegre. SUSEPE has already identified an initial 256 eligible offenders to participate in the program and has also communicated the need to publish requirements by the end of August 2010 for an additional 800 offenders to be monitored, while forecasting growth to 5,000 offenders in total, as offender electronic monitoring is introduced statewide throughout Rio Grande do Sul going forward.

SecureAlert, Inc., together with its partners in Latin America, have worked for the last three years to create awareness and to demonstrate the advantages and benefits of offender monitoring technologies within Brazil and surrounding countries. The recognition of these efforts culminated on June 16, 2010 when Law 12.258 was approved and published by Luis Inacio Lula da Silva (President of Brazil). The law authorizes offender electronic monitoring throughout Brazil, subject to certain conditions. The law signed by President Luiz Inacio Lula da Silva amends the Penal Code and the Penal Execution Law to provide for such monitoring and includes sanctions for non-compliance by offender participants.

"This is a historical moment for SecureAlert, as it paves the way for additional contracts and opportunities that the Company has pending throughout the Region," said John Hastings President and Chief Operating Officer of SecureAlert. *"Brazil in particular is very progressive in its thinking and creation of re-socialization initiatives, providing visionary support for both public safety and offender re-entry solutions, wherein electronic monitoring serves as one of many new tools and technologies that the government will utilize to successfully implement revolutionary correctional programs,"* said Hastings.



Hastings further noted that over the past year, "SecureAlert and its proprietary TrackerPAL technologies and intervention solutions have received a great deal of recognition and public support, as illustrated by numerous articles and media coverage throughout Brazil, where the Company has successfully demonstrated and piloted its technologies for several state governments." (See media links below)

Media coverage in Brazil regarding SecureAlert and TrackerPAL electronic monitoring:

- 05/29/09 – Espirito Santo – <http://www.youtube.com/watch?v=C-QorH7Ejws>
- 06/01/09 – Espirito Santo – http://www.youtube.com/watch?v=DR3k_yembXM
- 06/01/09 – Espirito Santo – <http://www.youtube.com/watch?v=SX32sibNFb0>
- 11/03/09 – Espirito Santo – <http://www.youtube.com/watch?v=LYNnO82lorw>
- 11/04/09 – Espirito Santo – <http://www.youtube.com/watch?v=zm1m-J6iM1E>
- 06/17/10 – Porto Alegre – <http://www.youtube.com/watch?v=DU84RsNjkpo>
- 06/17/10 – Espirito Santo – http://www.youtube.com/watch?v=FEdDW__eEUw

Articles published in Brazil regarding SecureAlert and TrackerPAL electronic monitoring:

- 05/10/10 – Espirito Santo – <http://www.mquintao.com.br/mquintao.asp?secao=imprensa>
- 06/17/10 – São Paulo – http://www.portaljj.com.br/interna.asp?Int_IDSecao=1&int_id=116200
- 06/22/10 – Porto Alegre – <http://noticias.terra.com.br/brasil/noticias/0,,OI4515706-EI5030,00-Monitoramento+eletronico+deve+custar+R+por+preso+no+RS.html>
- 06/30/10 – Santa Catarina – <http://www.clicrbs.com.br/diariocatarinense/jsp/default.jsp?uf=2&local=18§ion=Geral&newsID=a2954774.xml>
- 07/04/10 – São Paulo – <http://noticia23.com.br/?p=2339>
- 07/05/10 – São Paulo – http://www.portaljj.com.br/interna.asp?Int_IDSecao=1&int_id=118296
- 07/22/10 – Santa Catarina – <http://www.jornalboca.com.br/monitoramento-presos-vao-usar-tornozeleiras-eletronicas/>
- 07/29/10 – São Paulo, Paraná and Pernambuco: <http://jcrs.uol.com.br/site/noticia.php?codn=35467>

Surviving Parents Coalition's (SPC) "Ride for Their Lives" – Finally, SecureAlert has joined as a sponsor of Surviving Parents Coalition's (SPC) "Ride for Their Lives", where co-organizers, Ed



Smart of Salt Lake City, Utah and Ahmad Rivazfar of Rochester, New York, will ride across the United States on bicycles with other volunteer riders. The purpose of the ride is to raise public awareness and funding to assist in stopping predatory crimes against children and young adults through the passage of new legislation and the enforcement of current laws already enacted.

The SPC is a non-profit organization, described by members as "an organization that no one wants to be a member of." Members are comprised of parents whose children have been abducted, sexually assaulted, murdered, recovered or are still missing. Many of their cases have made national headlines.

The four primary legislative issues that the SPC is focusing on are:

1. DNA collection on felony arrest which would require offenders arrested for a felony to provide a DNA sample;
2. Protect our Children Act of 2008 which would provide more resources for the investigation and interdiction of child exploitation cases;
3. The Adam Walsh Act which sets minimum standards for national sex offender registration and notification, as well as provides for GPS tracking of sexual predators; 4) Not ONE More Child, which is a child safety education initiative that educates children to recognize, avoid, resist, and escape dangerous situations.

Real-time and intervention-driven GPS Offender Tracking technology, such as that provided by SecureAlert, is one such tool specifically supported by legislation. At least 39 states have enacted GPS or electronic monitoring provisions specific to sex offenders. However, even in states where legislation exists, oftentimes the GPS monitoring implementation is not the right type and falls short, or the agencies involved do not have sufficient resources to properly monitor offenders, as required. In some cases, sexual offenders are placed on "passive" monitoring, whereby infractions such as entering exclusion zones, including parks or school grounds, are not reported until long after they have been violated, and potentially after another crime has already been committed. In other cases, the infraction information gets to officers in a timelier manner, but due to budget cuts and other constraints, the assigned officers are backlogged with multiple priorities and large caseloads, preventing them from responding as efficiently as they would like to respond. In contrast, SecureAlert's TrackerPAL II(e) technology, enables SecureAlert's Intervention Monitoring Specialists to augment officers' efforts and to act as the first line of response when monitoring compliance violation alarms occur. This occurs on a real-time basis, increasing the chance of stopping an offender and changing the outcome of a



situation, while they are in the act of violating, either intercepting them with law enforcement or altering their behavior by dissuading them from progressing prior to crime escalation.

To demonstrate how real-time GPS Offender Tracking is a viable and critical tool in enforcing current or pending legislation, Ed Smart will be wearing the TrackerPAL II(e) Offender Tracking Device (OTD) throughout the ride so that supporters may view how GPS Offender Tracking can track the 24/7 whereabouts of offenders. Ed Smart's progress through the ride may be found at the following Facebook™ link: <http://apps.facebook.com/securealert/>. For more information regarding Ride for Their Lives cross-country bike ride, please visit: <http://www.ridefortheirlives.com> For more information and/or to support the Surviving Parents Coalition, please visit: www.spcoalition.org

Company Overview

SecureAlert, Inc. (the “Company”) provides interactive offender monitoring solutions currently utilized by more than 625 corrections agencies across 35 states. SecureAlert’s products and services include a single-piece Global Positioning Satellite (“GPS”) tracking device – TrackerPAL™ – with embedded two/three-way voice communication technology, an interactive monitoring center that intervenes with offenders in real-time (available 24 hours per day, 365 days per year) and a web-based software platform using Google Maps™. These technologies are used to monitor offenders on probation and parole, as well as those individuals released on pretrial. SecureAlert introduced its offender monitoring products and services in 2006; since then, it has grown to \$12.6 million in revenues in just three years.

Currently, SecureAlert monitors approximately 15,000 offenders under case management and/or electronic monitoring services, having electronically monitored more than 38,000 individuals over the past three years. SecureAlert provides a cost-effective solution for agencies to monitor offenders. They offer either agency pay or offender pay options in order to accommodate customer-specific needs, program requirements and budgetary constraints. SecureAlert bills agencies or offenders a daily monitoring fee, ranging from \$4.50 to \$15.00 per day, depending upon the solution service level provided.



SecureAlert’s stated mission is to provide the most advanced intervention technologies and value-added service solutions in the global electronic monitoring marketplace, delivering



reliable, easy-to-use offender management programs for corrections, law enforcement and re-socialization professionals.

Market Opportunity

Roughly one in every 31 adults in America is currently in the corrections' system and one in every 100 adults in America is incarcerated¹. It is estimated that on any given date in 2008, there were more than 7.3 million adult men and women that were incarcerated in federal, state or local prisons or were subject to probation or parole jurisdiction.¹ Approximately, 750,000 offenders are released each year from federal, state and tribal prisons in the U.S. and an additional 10–12 million offenders or pretrial defendants are processed and/or released from local and regional jails.²

Average cost per inmate in prison was \$79 per day in 2008¹

Over 26,500 adjudicated youth were held nationwide in state operated and large locally or privately operated juvenile facilities³

Juvenile detention costs range from \$87–\$178 per day.⁴ Some estimates range as high as \$500 per day.

The U.S. had approximately 701,965 registered sex offenders throughout the country as reported on December 8, 2009⁵

An estimated 1.3 million women are victims of physical assault by an intimate partner each year⁶

States within the U.S. were estimated to have spent over \$52 billion on corrections in fiscal year 2008 – a jump of 303% over a 20-year period.¹

With as many as 13 million individuals being processed and/or released from jails and prisons annually, either through pretrial, early-release or sentence completion, there is an overwhelming need for reliable and cost-effective alternatives to manage these offenders while ensuring public safety.

According to a study released in 2006 that examined the effectiveness of electronic monitoring as it related to public safety and recidivism, the use of GPS and radio frequency (RF) led to reductions in the likelihood of offender failure and absconding. These results were consistent across all offender types within the study.⁷

Key Statistics

- Approximately two-thirds of offenders are rearrested within three years of release²



- Sex offenders are four times more likely to commit a similar crime once released⁸
- Approximately one-half of the orders obtained by women against intimate partners who physically assaulted them were violated⁹
- More than two-thirds of restraining orders against intimate partners who raped or stalked the victim were violated⁹
- Of those juveniles who were confined, 60% will be rearrested with 1–2 years¹⁰
- Providing an alternative solution for juvenile sentencing that does not involve detention, drops the recidivism rate by 26%¹⁰
- Electronic monitoring reduces the likelihood of failure under community supervision. The reduction in the risk of failure is about 31% relative to offenders placed on other forms of community supervision¹¹
- GPS typically has more of an effect on reducing failure than RF technology. There is a 6% improvement rate in the reduction of supervision failures for offenders placed on GPS supervision relative to offenders placed on RF supervision¹¹

The GPS electronic monitoring industry is positioned for high growth opportunities due to current government budget restraints and public safety awareness. Through 2009, it is estimated that approximately 200,000 offenders were electronically monitored in the United States representing \$320 million in revenues for the industry. It is anticipated that the industry's annual growth rates will surpass 30% – 40%, driven primarily by the GPS monitoring segment.¹²

SecureAlert's Competitive Advantage

With approximately 200 full and part-time employees, SecureAlert is focused on solution alternatives, which take advantage of the paradigm shift that is occurring within the corrections systems throughout the United States and internationally. Leveraging its patented technology, unique services and expertise, while supporting intervention solutions focused at reducing recidivism, SecureAlert effectively assists agencies in the monitoring of medium and high-risk offenders being released from jails and prisons. Additionally, SecureAlert provides a cost-effective and socially responsible alternative to juvenile detention.

SecureAlert's products and services empower corrections officials with offender management programs that grant offenders opportunity for accountability while providing for greater public safety at a lower cost than traditional incarceration or corrections options. With TrackerPAL™, SecureAlert offers a unique offender monitoring and tracking solution, which integrates two and three-way voice communication and GPS technology into a single-piece device. Coupled with their around-the-clock interactive monitoring center and software interface, SecureAlert offers

its customers the ability to instantly track, monitor and communicate with their offenders anywhere in the world. SecureAlert has embedded technologies from companies such as Google, AT&T, ublox, and Motorola to ensure product reliability and performance.

TrackerPAL™ – is the only single-piece device in the market that integrates GPS and RF tracking technologies with the power of two and three-way voice communication.

Key features of the TrackerPAL™ include:

- Real-time tracking of offender
- Real-time alarm notification
- Integrated two and three-way voice communication technology
- RF technology for use in conjunction with Presence Beacon
- Tamper-resistant casing
- Strap that integrates fiber optics for tamper alarms
- 90 decibel siren and audio/vibration alerts
- Waterproof
- Battery operation time of 36 hours
- Multiple monitoring levels



TrackerPAL™ with Presence Beacon – SecureAlert's Beacon is an electronic tether that complements the TrackerPAL™ device. It is a completely self-contained, short-range transmitting station that provides continuous signaling via RF and communicates with the TrackerPAL™ device. Working together, these two technologies can improve an organization's ability to electronically monitor an offender's presence or absence at a specific location (home, work, etc.) at specified time periods. The Beacon allows for precise tracking of offenders in areas where GPS solutions may be insufficient.

Interactive Monitoring Center – SecureAlert's monitoring center has professionally trained bi-lingual staff that monitors offender violations around-the-clock. Key features of this monitoring center include:

- Real-time operator offender intervention via the on-board voice communication technology in the TrackerPAL™



- Voice communications between officers, the monitoring center and offenders is digitally recorded
- Immediate violation notification to officers and offender
- Built-in redundancy

TrackerPAL™ Software – SecureAlert’s software interface is critical to SecureAlert’s’ solution and offers a complete offender management system for officers. The Company reports that its web-based software receives, records and stores all data transmitted from each TrackerPAL™ device assigned to an offender. Key features of the TrackerPAL™ Software include:

- Web-based access
- Utilizes Google Maps™ mapping software with satellite, hybrid, regular and street views
- Real-time and historically offender tracking and alarm information
- User-friendly interface for schedules and creating or editing inclusion and exclusion zones
- Customizable reports
- Single-event Crime Scene Correlation

Alcohol Monitoring – SecureAlert enables an agency to become proactive in enforcing restrictions while supporting rehabilitation efforts. SecureAlert offers a wide variety of 3rd party, non-proprietary alcohol testing and monitoring products including the following: on-demand electro-chemical breath alcohol testers, continuous remote alcohol monitoring, and traditional urine analysis testing.

Sales Pipeline

SecureAlert reports that it is pursuing a domestic and international sales pipeline of over 50,000 offenders globally supporting its \$79 million in annual recurring revenue objective by the end of 2012. Domestically in the U.S., SecureAlert is currently engaged in several Requests for Proposals (RFP’s) and is actively pursuing approximately 20 opportunities at the county and state levels. SecureAlert’s international focus has been on pilot programs, RFP’s and additional sales activities across 14 countries. When combined with significant, untapped market growth potential and broad-based technology and service solutions, the Company is well-positioned to capture an incremental share of the electronic monitoring marketplace.



Competition

There are approximately eight globally recognized companies operating in the electronic monitoring arena offering a single-piece GPS device. Only six (one being SecureAlert) produce these devices, with the remaining companies licensing the device from one of the six.

BI, Inc. – provides community supervision services and offender monitoring technologies that include a single-piece GPS device and beacon, as well as a two-piece GPS device.

ElmoTech, Inc. (owned by Attenti) – provides presence and location verification technology globally. GPS technology includes both single-piece and two-piece GPS devices.

Omnilink Systems – electronically tracks individuals via their single-piece GPS device; and have partnered with and allow G4S to offer this single-piece GPS device as well.

ProTech Monitoring, Inc. (owned by Attenti) – provides both a single-piece and two-piece GPS device.

Satellite Tracking of People, LLC (STOP) – electronically tracks individuals through a single-piece, GPS device and they have partnered with and allow iSECUREtrac to offer this single-piece GPS device as well.



Single-Piece GPS Device Comparison

Company	SecureAlert	BI	ElmoTech	Omnalink	ProTech	S.T.O.P.
<i>Single-Piece Device</i>	<i>TrackerPAL™ IIe</i>	<i>ExacuTrack One™</i>	<i>1Track™</i>	<i>OM210™</i>	<i>SMART One™</i>	<i>BluTag™</i>
Dimensions (inches - H x W x D)	4.25x3.5x1.25	5.0x3.5x3.5	4.5x2.5x1.5	3.5x1.5x1.75	4.5x2.5x1.5	4.33x2.08x1.25
Weight (oz)	9.9	8.7	6	5.3	6	6
Waterproof	Yes	Yes	Yes	Yes	Yes	Yes
Embedded Two/Three-Way Voice Communication Technology into one-piece device	Yes	No	No	No	No	No
Live Monitoring Center 24/7 - Voice Communication with Offenders	Yes	No	No	No	No	No
On-board Siren (Speaker)	Yes	No	No	No	No	No
Standard strap with alarm	Yes					
High Security strap with alarm	Yes	No	No	No	No	No
Embedded RF Technology	Yes	Yes	Yes	No	Yes	Yes
Cellular Network	GSM	CDMA	GSM	CDMA	GSM	GSM
Tracking / Reporting Interval	1 min./1 min.	1 min. ² /15 min. ³	1 min. ² /1 hr. ⁴	1 min./1-30 min. ³	1 min. ² /1 hr. ⁴	1 min./10 min.
Battery Operating Life (Active GPS)	Greater than 30 hrs.	Less than 30 hrs.	Less than 30 hrs.	Less than 30 hrs.	Less than 30 hrs.	Greater than 30 hrs.

² Tracking interval changes to every 15 seconds when device enters an exclusion zone

³ Reporting interval changes to 1 min. when device enters an exclusion/buffer zone

⁴ Reporting interval is based upon contract term

SecureAlert has four distinct advantages over its' competitors:

1. Two and three-way voice communication via TrackerPAL™: SecureAlert's patented technology means that the TrackerPAL™ is the only single-piece, GPS offender monitoring device with embedded two and three-way voice communication in the market. This technology allows the SecureAlert monitoring center to contact the offender, the offender to contact the monitoring center and for officers to contact the monitoring center to request being bridged into a call with the offender all through the device at any point of time and any where cellular services are available.
2. Interactive Monitoring Center: SecureAlert is the only provider with an around-the-clock interactive monitoring center that interfaces with a single-piece tracking device. The unique technology in the TrackerPAL™ allows SecureAlert monitoring center specialist to intervene and contact the offender in real-time via the device. In addition, specialists may contact supervising officers, law enforcement, dispatch centers, and other relevant individuals, including intended victims.
3. Reporting Frequency: SecureAlert obtains and reports location points as frequently as once per minute; while alarms are reported in real-time, as they occur. By keeping the



reporting interval as frequently as every minute, SecureAlert ensures that officers have up-to-date location information.

4. Intellectual Property: SecureAlert has three (3) issued patents; four (4) licensed patents; four (4) patents pending and one (1) provisional patent

SecureAlert's Financial Results and Objectives

Subsequent to June 30, 2010, the following events occurred at Secure Alert

19,308,000 shares of common stock were issued upon the conversion of 3,218 shares of Series D Preferred stock.

4,693,307 shares of common stock were issued for Series D Preferred stock dividends for the third fiscal quarter ended June 30, 2010.

The Company paid off a Senior Secured Convertible Note of \$150,000 and accrued interest of \$20,891 for cash payments of \$170,891.

On June 30, 2010, the Company filed an amendment to its Articles of Incorporation with the Utah Department of Commerce, Division of Corporations and Commercial Code. The Amendment increases the number of shares of common stock the Company is authorized to issue from 250,000,000 to 600,000,000 shares. Under applicable Utah law, the Amendment was effective July 3, 2010.

Financial Update

For the quarter ended June 30, 2010, Secure Alert had revenues of \$3.1 million of which \$2.9 million were from monitoring services revenues. The cost of revenues declined to \$1,715,461 compared to \$2,420,826 from the June 30, 2009 quarter, a decrease of \$705,365 or 29%. The decrease in cost of revenues resulted primarily from a reduction in communication cost of \$318,330, amortization of devices of \$169,915, monitoring center costs of \$51,227, freight costs of \$47,506, and device costs of \$23,803. Overhead (selling, general and administrative) expenses were \$2,703,819, compared to \$3,178,333 during the three months ended June 30, 2009. The improvement of \$474,514 is primarily due to decreases in consulting expense of \$405,541, which resulted primarily from discontinuing the services of several consultants. Interest expense totaled \$229,582 down from \$1,255,103 in the prior year. The decrease of \$1,025,521 in interest expense resulted primarily from converting several debt instruments into Series D Preferred stock in January 2010.



Secure Alert had cash of \$1,879,955 at June 30, 2010. For the nine months ended June 30, 2010, Secure Alert used cash of \$4,484,573, compared to \$6,705,204 of cash used in operating activities for the nine months ended June 30, 2009. Financing activities for the nine months ended June 30, 2010, provided cash of \$7,507,554 compared to \$6,968,926 for the nine months ended June 30, 2009. Cash provided by financing activities was used to fund operating activities and purchase monitoring equipment.

Key Achievements and Future Targets:

- Revenues are expected to achieve a 3% – 7% per month growth rate from 2010 to 2012, resulting in objective sales of \$79M
 - Domestic sales of electronic monitoring are expected to grow to approximately \$52M in recurring revenues by the end of 2012
 - International sales are expected to contribute \$13.5M or more in recurring revenues, derived from a current sales pipeline of 30,000 units across 14 countries by 2012
 - Case management services are expected to contribute over \$13.5M by 2012
- Recent recapitalization injected \$13 million of cash into the Company, along with converting \$16.7 million of debt into equity

Secure Alert Projections	<u>Calendar</u> <u>Year Ended</u> <u>12/31/10</u>	<u>Calendar</u> <u>Year Ended</u> <u>12/31/11</u>	<u>Calendar</u> <u>Year Ended</u> <u>12/31/12</u>
Revenues (millions)	16.0	35.1	\$79.1
Gross profit	7.9	21.4	48.8
Gross margin	49%	61%	62%
Pre-tax earnings	(2.7)	6.2	24.5

Source: SecureAlert Medium-Term Plan 2010–2012. Published May 2010 referencing proprietary third-party market research conducted by Incucomm, Inc. of Plano, Texas.

Management and Newly Appointed Directors

SecureAlert recently announced the addition of Edgar Bernardi, Ph.D. and Rene Klinkhammer as Board members, and Chad Olsen as Chief Financial Officer and Corporate Secretary to strengthen and complete the management team. In addition to these changes, is also noted



that in the last 18+ months, SecureAlert's management team made significant improvements on the design and reliability of the TrackerPAL™; developed and implemented a new customer software interface for creating, editing and scheduling inclusion/exclusion zones; and developed an internal testing and repair facility. The technology advancements and improved internal testing procedures have resulted in a field failure rate of approximately 1% for the current TrackerPAL™ model. While making these improvements, the management team also shut down unprofitable accounts and moved TrackerPAL™ production to a new manufacturer within the United States. The SecureAlert management team includes:

David Derrick – Chief Executive Officer and Chairman – Mr. Derrick has been CEO and Chairman since February 2001. Prior to joining the Company, Mr. Derrick occupied directorship and management positions in other companies, including Biomune Systems Inc. (“Biomune”), a former parent, and Purizer Corporation. From 1979 to 1982, Mr. Derrick was a faculty member at the University Of Utah College Of Business. Mr. Derrick graduated from the University of Utah with a Bachelor of Arts degree in Economics and a Masters degree in Business Administration with an emphasis in Finance.

John Hastings – Director, President & Chief Operating Officer – Joining the Company in February 2008, John Hastings leverages 23 years of progressive general management, marketing, consulting and sales experiences gained from work in over 30 countries with world class organizations: Nestle/Stouffer's, Kraft/General Foods, Nissan Motor Acceptance Corp., NCR/Teredata, Unisys Corp. and VNU/ACNielsen. While at VNU/ACNielsen, a \$4.5 billion global research, media, and publications company headquartered in New York, John spent eight years building and managing various organizations where he last served as the Senior Vice President and General Manager of VNU MI Global Business Intelligence.

With a Bachelor of Arts degree from Cal State University, Fullerton, CA, and a Masters degree of Business Administration from Pepperdine University, Malibu, CA, John is also classically trained in brand management, field sales, marketing, management and information consulting disciplines and has managed \$100+ million business units and organizations as large as 250 associates. Importantly, John also brings a family background of law enforcement experiences, wherein several relatives have worked as Peace Officers in the U.S., (as jailers, sheriffs, L.A. & S.F. police academy faculty, and chiefs of police).

Chad Olsen – Chief Financial Officer – Mr. Olsen was promoted to CFO on January 20, 2010. Previously, Mr. Olsen was SecureAlert's corporate controller since September 2001. From 1992 to 1997, Mr. Olsen worked in the banking and investment industry where he assisted clients



with tax, investment and banking services. From 1997 to 2001, Chad worked with a certified public accounting firm performing tax, auditing, and business advisory services. Additionally, Mr. Olsen owned and operated his own accounting practice through which he provided tax, accounting, and consulting services. Mr. Olsen received a Bachelor of Science Degree in Accounting from Brigham Young University.

Bernadette Suckel – Vice President/Managing Director, Offender Management Solutions – Previous to joining SecureAlert, Ms. Suckel served as Vice President of Business Intelligence at the Nielsen Company. Bernadette has a Bachelor of Science degree from California State University at Fresno.

Robert Schick – Vice President/Managing Director, Global Interactive Technologies & Value Chain Management – Mr. Schick was an early employee at data warehousing pioneer Teradata where he oversaw that organization's financial services industry consulting group. In that role, he developed the global go-to-market strategy, establishing a presence in over 30 countries and bringing on multiple flagship clients. Subsequently, he joined Unisys to manage the sales and marketing activities of its data warehousing division and later serving as the managing principal of its global decision support practice. At Unisys, Mr. Schick led efforts to establish a corporate presence across 40 countries of operation.

Steven Florek – Vice President/Managing Director, Offender Insights & Knowledge Management – Mr. Florek has broad and extensive experience in technical product management and analytics with Fortune 2000 companies. Mr. Florek has managed professional services for Siebel Systems' analytics product line, where he contributed a number of product innovations. He has worked extensively with GPS and RF applications that involve data fusion. Mr. Florek attended the Illinois Institute of Technology prior to founding one of the first consumer Internet service providers in the San Diego area in 1992.

Dr. Edgar Bernardi, Director – Dr. Bernardi, 53, graduated from the University of Wuppertal, Wuppertal, Germany, in 1976 in physics and mathematics. He received his master's degree in physics from University Bonn, Physics Institute, Bonn, Germany in 1984, emphasizing elementary particle physics. In 1988, he received his Ph.D. from the University Hamburg, Hamburg, Germany, specializing in elementary particle physics. From 2001 through 2009, Dr. Bernardi served as CTO, COO, CSO and CIO for euromicron AG, a holding company with buy and build strategy in the core business of network and fiber optics technology in Germany. From 1999 through 2001, he served as the general manager for Christian Schwaiger GmbH & Co., KG, an entity engaged in the production and trade of antenna, satellite and cable TV



reception systems. From 1998 through 1999, Dr. Bernardi was the director of network operator services for Alcatel Sel AG, a worldwide manufacturer of telecommunication network equipment. From 1991 through 1998, he served in two capacities for Mannesmann Mobilfunk GmbH, (Vodafone GmbH), which was the first private mobile network operator in Germany, of which he was the head of the department of network planning and optimization and head of the department of system aspects. From 1988 through 1990 he was with Robert Bosch GmbH, a worldwide manufacturer of automotive and telecommunication equipment and served as the main adviser of business unit public telecommunications and development center and an adviser in the business unit for public telecommunications development center.

Mr. Rene Klinkhammer, Director – Mr. Klinkhammer, 30, graduated from European Business School, Oestrich-Winkel, Germany, in 2004, with an MBA-equivalent degree in business administration. His majors were Banking, Finance and International Management. After graduating, Mr. Klinkhammer joined Deutsche Bank's Investment Banking Division as an analyst in the Corporate Finance Advisory Group, specializing in mergers & acquisitions, along with debt and equity financing transactions for larger German clients of the bank. In 2007, Mr. Klinkhammer joined Sapinda Group, a privately owned investment company with offices in Amsterdam, Berlin and London. For the past three years, Mr. Klinkhammer has worked with SecureAlert as both an investor and advisor.

References:

¹ "One in 31: The Long Reach of American Corrections." Pew Center on the States. March 2009

² 2010 OJP Program Plan. Office of Justice Programs. U.S. Department of Justice

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