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Group 4 Securicor US Clients Concerned Over Subsidiary's Performance, Labor Practices

US Government Considering New Contracting Options At Key Nuclear Site

The U.S. Government is considering multiple options for the security contract currently held by Group 4 Securicor subsidiary Wackenhut at one of government's largest and most sensitive nuclear weapons complexes. An 18 November 2004 news report in the Knoxville, Tennessee News-Sentinel says the government is "faced with persistent questions about security" at the facility. A government spokesperson said a decision is expected within the "next few weeks."

Wackenhut's contracts at U.S. government and nuclear facilities account for nearly 40 percent of the company's overall turnover. Wackenhut earns at least USD \$400 million a year guarding U.S. nuclear facilities, military bases, and other government sites. Wackenhut's two security contracts at the Department of Energy's (DOE) Oak Ridge Reservation are worth as much as USD \$75 million a year, and have earned the company at least \$375 million since 2000. The two Oak

KNOXVILLE NEWS-SENTINEL Feds consider changes for Y-12 security

By FRANK MUNGER, November 18, 2004

OAK RIDGE - Faced with persistent questions about security at the Y-12 nuclear weapons plant, the government is considering changes. The National Nuclear Security Administration recently signed a six-month contract extension with Wackenhut Services, the company that has provided security at Y-12 since 2000.

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BAD PRESS FACT: *There have been more than 80 stories in the U.S. media containing criticisms of Wackenhut's security performance at U.S. government or nuclear sites since January.*

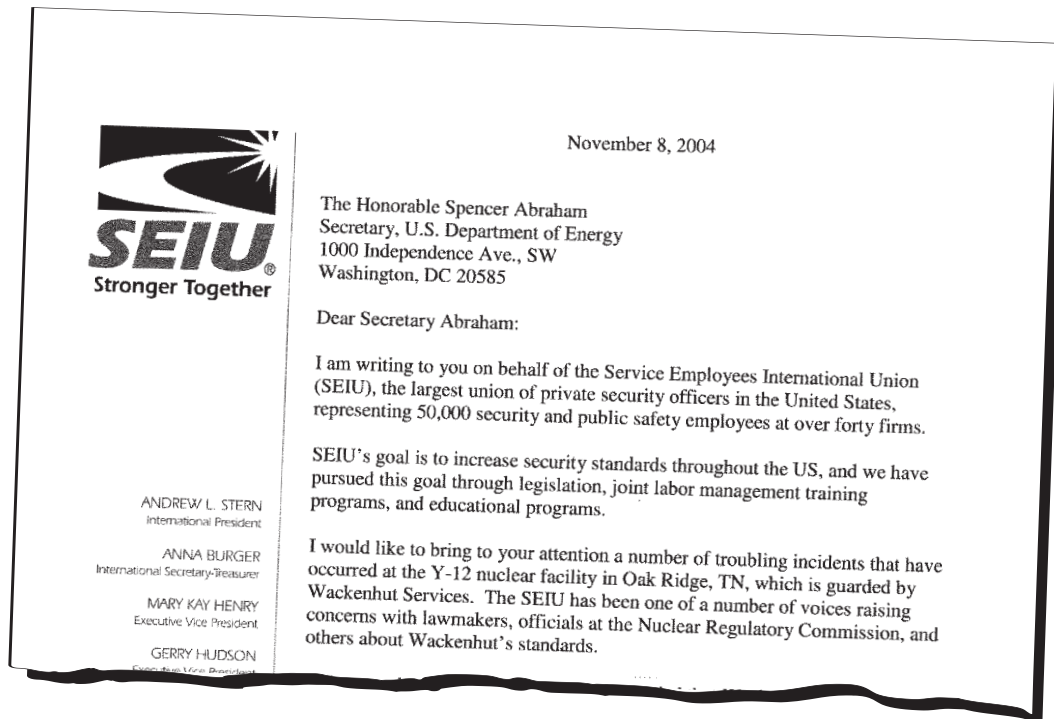
Ridge contracts are Wackenhut's largest account with the DOE.

According to the report, the government recently extended one of Wackenhut's largest contracts at the site for six months but is "looking at other options beyond that." Government procurement experts say six months is a very short period, often equal to the length of time it takes the government to run a new procurement.

The Knoxville paper and a Washington energy industry publication both reported that the Service Employees International Union (SEIU) wrote a letter to U.S. Energy Secretary Spencer

Abraham calling for a government investigation into a recent incident at the plant when live ammunition accidentally was discharged, as well as an assessment of Wackenhut's overall performance at the facility. The SEIU letter urged the Energy Department to "take appropriate action."

"There has been a steady stream of negative reports about Oak Ridge security during the past year," reported the Knoxville News-Sentinel.



National U.S. Client Voices "Concern" Over Wackenhut Labour Relations

The CEO of one of Wackenhut's national clients, Qwest Communications International, wrote a letter to Group 4 Securicor CEO Lars Nørby Johansen in October expressing "concern" over Wackenhut's labour relations practices and refusal to cooperate with efforts to raise service and employment standards throughout the U.S. security sector.

Qwest is a leading U.S. telecommunications firm, with more than USD\$ 14 billion in annual turnover. The company is a leading provider of voice, video and data services for more than 6 million customers in 14 states in the U.S. The CEO is Richard C. Notebaert.

In his letter to Mr. Johansen, Mr. Notebaert wrote, "Recently it has come to my attention that Wackenhut has been repeatedly and categorically denying its employees the ability to join a union... It is very concerning that one of our national vendors, especially one whose service relies so

heavily on the quality of its employees, would not listen to its employees.

"Additionally, top rate security is critical to our company particularly in this time of heightened concern about terrorism and sensitive targets. It has come to my attention that Wackenhut, despite its position in the security industry, is refusing to participate in the efforts involving the rest of the industry and the Service Employees International Union (SEIU), our country's largest security officers' union, to improve private security in cities such as Chicago, Minneapolis/St. Paul, Seattle, and the San Francisco Bay Area among others. We would hope your subsidiary would work in cooperation with SEIU and the rest of your industry to raise standards.

"I hope you will take steps to resolve the dispute between SEIU and Wackenhut."

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