

think\*

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again

With a heritage over 45 years strong, Safeguard is a leader in the identification, development and operation of young technology companies in the vanguard of technology advancement. The Safeguard network consists of more than 40 direct holdings and an extended network of over 300 partner companies.

03

**think ahead**

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\* As the answers to these questions change, Safeguard and its partners continually challenge themselves to "Think Again" about business trends and challenges, and how to address them through the delivery of technology-based products and services.

a.

# think<sup>>></sup>

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# ahead

To Our Shareholders, Partners and Colleagues: Despite a highly volatile stock market, Safeguard Scientifics is strong and optimistic. As a group, our partner companies rank among the most promising we have ever had. We have the strongest and deepest management team in our history. And we are managing our finances prudently, with an eye toward realizing the full potential of our partners.

Meeting the challenges of shifting markets has been a hallmark of Safeguard's success over the past 40 years.

How can we claim to be so strong in an unusually weak market environment? Meeting the challenges of shifting markets has been a hallmark of Safeguard's success over the past 40 years. We have seen market contractions before, and our experience tells us that the best course during times like these is to remain focused on our core strategy of identifying emerging technology trends, acquiring significant positions in promising technology companies and managing these companies to the fullest extent of our abilities.

In addition, we have taken steps to conserve our cash reserves, which totaled \$202 million as of year-end 2000. These reserves – augmented by positive cash flows from profitable partners, private equity funds and, potentially, the proceeds from opportunistic liquidity events – give us the resources we need to deliver the full array of development and business services to our partners over the next several years.

**Year in Review** 2000 was a year of stark contrasts for Safeguard, our partner companies and the entire technology sector. The year began on a strong note amid unrestrained enthusiasm for companies developing the next generation of infrastructure technology. More than \$68.8 billion in venture capital was deployed in 2000, up from \$38.2 billion in 1999. Technology usage among businesses and consumers intensified during the year as more and more people used technology products and services related to cellular telephones, personal digital assistants, pagers, beepers and the like. New technological developments continued

to appear, as evidenced by the nearly 82,000 patents awarded in the first half of 2000.<sup>1</sup> As investor interest in technology grew, our partner companies' valuations hit new highs.

During the second half of 2000, however, the business environment changed quickly and dramatically. With economic growth slowing, investors pulled their capital out of the technology sector, causing valuations to drop in a market correction that was as steep as it was broad. Virtually all technology companies were affected, even fundamentally strong companies with innovative products, well defined markets and talented management teams. Smaller, developing companies were particularly hard hit when the public and private credit markets effectively closed.

**The Best of Times...** During the first half of 2000, our focus was on identifying and acquiring companies that, in our view, represent the future of infrastructure technology. We completed 18 acquisitions in 2000, nearly all of which took place during the first half of the year. This compares with 13 acquisitions in 1999 and six in 1998. In addition, our General Partner and Limited Partner interests in 12 private equity funds on the Safeguard campus with total committed capital of over \$2.7 billion, and interests in six other private equity funds with \$1.0 billion of total committed capital, provided us with a source of deal flow, acquisition syndication opportunities and approximately \$100 million in distributions during the year.

b.

The first half of 2000 was also marked by the success of our secondary stock offering, which raised approximately \$414 million in new capital. Wall Street coverage of Safeguard increased from 11 analysts to 19, Safeguard's stock price hit an all time high and the company's common stock split three-for-one. In addition, we raised \$200 million from strategic partnerships with Compaq, IBM and Textron. More than just financial partners, these blue-chip companies are working hand-in-hand with our partners to help them realize their full potential.

**...The Most Challenging of Times** While the public financial markets were challenging, Safeguard continued to demonstrate its commitment to generating value for our shareholders by tapping the mergers-and-acquisitions market. During the second half of 2000, we completed the sale of several partner companies – including Arista Knowledge Systems and Extant, Inc. – which produced approximately \$40 million in total cash proceeds.

We also had some tough decisions to make. For example, partner company Vitti Networks, an integrated Internet communications provider, filed for bankruptcy soon after year-end 2000 when the DSL market came under intense competitive pressure. After an extensive review of Vitti's markets, finances and development potential, Safeguard and other investors

declined to provide further funding. In the current environment, we need to focus our resources on companies with strong potential, and it sometimes becomes necessary to let go of those whose growth prospects have deteriorated.

Otherwise, our time was largely devoted to anticipating and reacting to rapidly changing public and private markets. Accordingly, we shifted our primary focus from acquisitions and IPOs to managing and developing our partner companies. While we continue to explore opportunities outside of the IPO markets – including corporate sales and mergers-and-acquisitions – we have made progress in our efforts to foster the success of our partner companies, including more effectively leveraging the intellectual capital that resides throughout the Safeguard network.

In addition, we implemented aggressive cost-saving measures, which will significantly reduce our cash burn in the future. To that end, we transferred some of our headquarters functions – such as marketing and information technology – to our partner companies, where they derive the bulk of their revenues from customers outside the partnership, in addition to those within the network.

We also created Safeguard Services, which consists of our wholly-owned operating companies including **aligne**, **K Consultants** and recently acquired **Palarco**. Safeguard Services provides cutting-edge development and technology services to our partners. It is a full-service infrastructure services integrator, providing reliable, high quality and scalable information-technology operations without the challenges and costs of developing such operations in-house. Importantly, Safeguard Services also serves as a valuable source of cash flow for our company: We expect the new operating company to generate cash flow covering 50% of Safeguard's fixed operating expenses in 2001.

**Turning the Page** With 2000 behind us, we can say with certainty that Safeguard's strategy for 2001 will remain consistent with our 45-year legacy. We will maintain the flexibility required to adapt to changing markets. We will continue to leverage our intellectual capital for the benefit of our partner companies and shareholders. We will continue to seek acquisition and liquidity-event opportunities, but only when they make good sense. And we will continue to lay the groundwork to realize greater shareholder value – including, potentially, opportunities for participation in the Safeguard Subscription Program – while market conditions improve.



Indeed, despite prevailing market uncertainty, we remain optimistic about the growth potential of Safeguard, our partner companies and the entire technology sector. In our opinion, the "tech mania" of 1999 and early 2000 may ultimately have become overblown, but it was also a valid reflection of the increasing importance of technology to the way people throughout the world live and do business. The companies that are in the best position to build technology infrastructure, write software applications and provide a host of personal and business services accessible through multiple devices will prosper.

In the meantime, we will continue to take steps to protect ourselves and our partners from the problems associated with serious near-term issues such as low investor confidence, tight credit and market illiquidity. Until the business environment improves and the markets reopen, we will continue to focus our resources on driving the success of our partner companies and creating shareholder value as we always have.

Sincerely

A handwritten signature in black ink, appearing to read "WV Musser".

Warren V. "Pete" Musser  
Chairman of the Board &  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Harry Wallaesa".

Harry Wallaesa  
President & Chief  
Operating Officer

c.

820



# think fast

When market conditions deteriorated, we "thought fast" to preserve cash and weather the storm.

## The 2000 Stock Market: Challenges & Opportunities

For technology stocks, 2000 represented one of the most challenging years in memory. Although the technology sector began the year as the darling of equity investors everywhere, that euphoria began to erode near the end of the first quarter, and technology stock prices fell for the remainder of the year.

The dramatic market reversal required all of us at Safeguard to "think fast" in order to react appropriately to prevailing market conditions and anticipate future ones. We believe that we did so effectively. When markets were strong early in the year, we "thought fast" in anticipation of new business trends, changing our strategic focus from business-to-business e-commerce to technology infrastructure. Later, when market conditions deteriorated, we quickly implemented a tactical shift from acquisitions and IPOs to operating our partner companies more effectively and exploring value-realization alternatives to the IPO market, including corporate sales and mergers-and-acquisitions.

Yet, the question remains: Why was the technology sector's decline so severe after a prolonged period of impressive gains? In our opinion, the answer is primarily related to investor psychology. Except for the cyclical slow-down in economic growth that began around mid-year, little about the technology sector's fundamental, long-term growth prospects have changed.

Shifting Investor Psychology Rather, what changed was the attitude of investors, who apparently no longer had the patience to wait for young, promising companies to become profitable. As a result, investor sentiment moved from irrepressible bullishness to defensive caution in just a few months. The sector's decline was further intensified by bad economic news toward year-end, including softening GDP and corporate profit growth, as well as uncertainty surrounding the too-close-to-call presidential election. These factors, which dampened business and consumer spending, caused inventories of technology products to accumulate, and sales and revenues to decline.

d.

This cycle of boom and bust, while disconcerting over the short term, is not unusual in the long history of the financial markets. What's required in times like these are **patience** and **discipline**

At Safeguard, we anticipated the economic slow-down, and we took steps as early as practical to insulate ourselves – and, whenever possible, our partner companies – from the adverse effects of lower capital spending and slower economic growth. For example, after making a number of acquisitions when the economy was strong, we quickly retrenched by managing our cash position more aggressively, avoiding excess leverage and exploring alternatives to IPOs, such as the sales of Arista and Extant to corporate buyers during the second half of the year.

**Lessons in History** While we at Safeguard are concerned about the current weakness of the technology sector, we have seen conditions like these before. In fact, the state of today's technology sector reminds us of the health care sector in the early 1990s. At the time, health care providers were adjusting to dramatic changes in their industry, including astonishing medical advances and soaring health-care costs. Encouraged by the promise of new treatments, investors flocked to health care companies, causing the sector to appreciate over 62% in 1991 alone. However, between the start of 1992 and late-February 1993, the sector plunged more than 42%, wiping out previous gains and then some when investors became concerned about the potential effects of proposed health care insurance reforms. Yet, that decline was only temporary, and health care stocks recovered, rising more than 200% between the late February 1993 and year-end 2000.<sup>1</sup>

writers note:<sup>1</sup>



Sales of partners  
such as Arista and  
Extant raised \$40  
million during 2000's  
second half.

This cycle of boom and bust, while disconcerting over the short term, is not unusual in the long history of the financial markets. What's required in times like these are patience and discipline, including an investment perspective that disregards short-term volatility in favor of long-term business fundamentals. Sometimes, "thinking fast" requires us to wait patiently for the financial markets to again reflect the true value of industry groups that are temporarily out of favor.

**The Future of Technology** Although technology stocks may have become overvalued in 1999 and early 2000, we believe that they are currently undervalued. And while inexpensive stocks have the potential to become cheaper still, a return to higher levels of consumer and business confidence should lead to richer valuations, in our view. In our experience, new technologies are quickly and widely adopted when they deliver measurable results that positively impact the bottom line. Because Safeguard's business model has always emphasized such technologies, we remain very optimistic about the future of our business.

As consumers and businesses once again recognize the real and tangible benefits of technology, we believe that investor psychology will shift to a more positive view. Our optimism is supported by the Federal Reserve Board's efforts to boost economic growth through lower interest rates, the federal governments stimulative fiscal policies and, most important, the propensity for technology itself to increase the speed at which companies and consumers adapt to changing environments. When the economy gains strength, businesses are likely to resume spending for the capital equipment they need to remain competitive. The result for today's investors may be an uncommon opportunity to acquire shares of tomorrow's technology leaders at bargain prices. At Safeguard, we are constantly looking for such opportunities, and you can be confident that we will think fast and move quickly to take advantage of them when the time is right.

e.

{think together}



**Leveraging Our Intellectual Capital** While Safeguard may be best known for its ability to provide the financial resources promising technology companies need to grow, we also place great emphasis on supporting our partners with best-in-class human and intellectual resources.

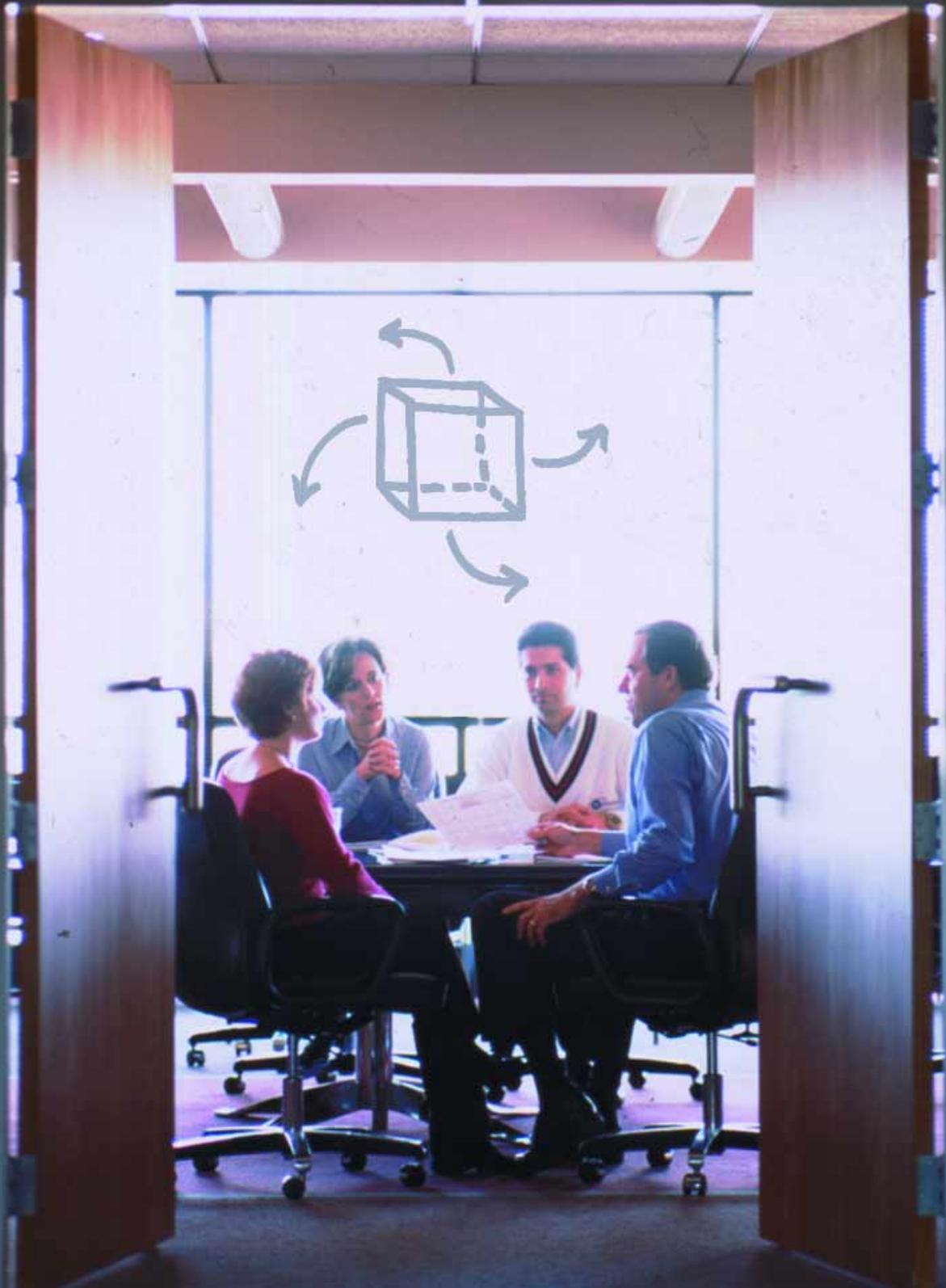
Every Safeguard partner company is assigned a dedicated support team, augmented by individual subject-matter experts, who provide strategic guidance and expert advice ranging from specialized technological knowledge to marketing know-how to business operations, growth strategies, finance, legal and transactional support.

**Anticipating Technology Trends** In addition, Safeguard's in-house technologists and financial experts are constantly on the alert for new trends and developments that promise to change the ways people live and work. That's why we have hired staff experts who have impressive academic and business credentials, including Ph.D.'s from such prestigious universities as MIT, the University of Pennsylvania and Northwestern. We also take full advantage of the talent in our associated private equity funds and partner companies on our various advisory boards, including board members who have successfully launched and run their own technology companies and who are nationally recognized as leading industry experts. In our view, Safeguard's ability to apply expert human judgment and business perspective to the world of technology is an important part of what sets us apart from other companies in the business of identifying and nurturing growing technology providers.

Working together, we support our partners with intellectual and financial capital.



There is infinite value in the cross fertilization of ideas...and type is an integral element in the design of any page.



# think tank

**Technology Trends for the 2000's** Do you think that the development and commercialization of technology ended with the 2000 bear market? If so, think again! All over the world, companies large and small are advancing the potential of technology infrastructure, especially in the areas of software, e-services and communications.

**Broadband-aids.** Providers of fixed-wire and wireless broadband services are at a crossroads. Demand for faster access to online information, music, graphics, photos, videos and other resources is exploding. But so is broadband capacity. As a result, bandwidth prices have fallen, creating an industry-wide shake-out. To prosper, companies with high-bandwidth networks must ensure that their networks are as fast, efficient and reliable as possible, yet can operate profitably under a highly competitive rate structure.

Safeguard partner **SOTAS, Inc.** is in the forefront of the effort to add value to fixed-wire broadband networks. SOTAS' suite of network management solutions – which includes fraud management, quality of service management, traffic analysis, and billing verification tools – gathers and correlates data from diverse sources, and delivers information customized to each functional area of a carrier's business. By integrating SOTAS products, broadband networks can ensure the satisfaction – and retention – of their customers.

In the wireless broadband marketplace, Safeguard partner **Wireless Online**, has significantly expanded its product line to include mobile broadband solutions. Field tests indicate that the company's PointBeam multi-frequency smart products improve network capacity as much as six times, and can reduce interference eight times. The company's ClearBeam 2000R narrowband smart antenna platform reduces the number of receiver antenna sites by an average ratio of 7:1, without sacrificing coverage. This worldwide market is expected to reach \$560 million by year-end 2001.

**Purchasing productivity.** Online business-to-business activities represent one of the most exciting – and potentially profitable – areas of technology. Corporate purchasing departments have used technology to revolutionize the way they do business, replacing antiquated paper-based systems with electronic efficiency. E-hubs, also known as private exchanges, have recently emerged as one of the technologies-of-choice for purchasing departments seeking to streamline their procurement, distribution and payment practices. E-hubs essentially serve as centers where transactions can be conducted securely and objectively. Analysts estimate that the e-hubs market is potentially 10 times the size of the ERP software market.

f.

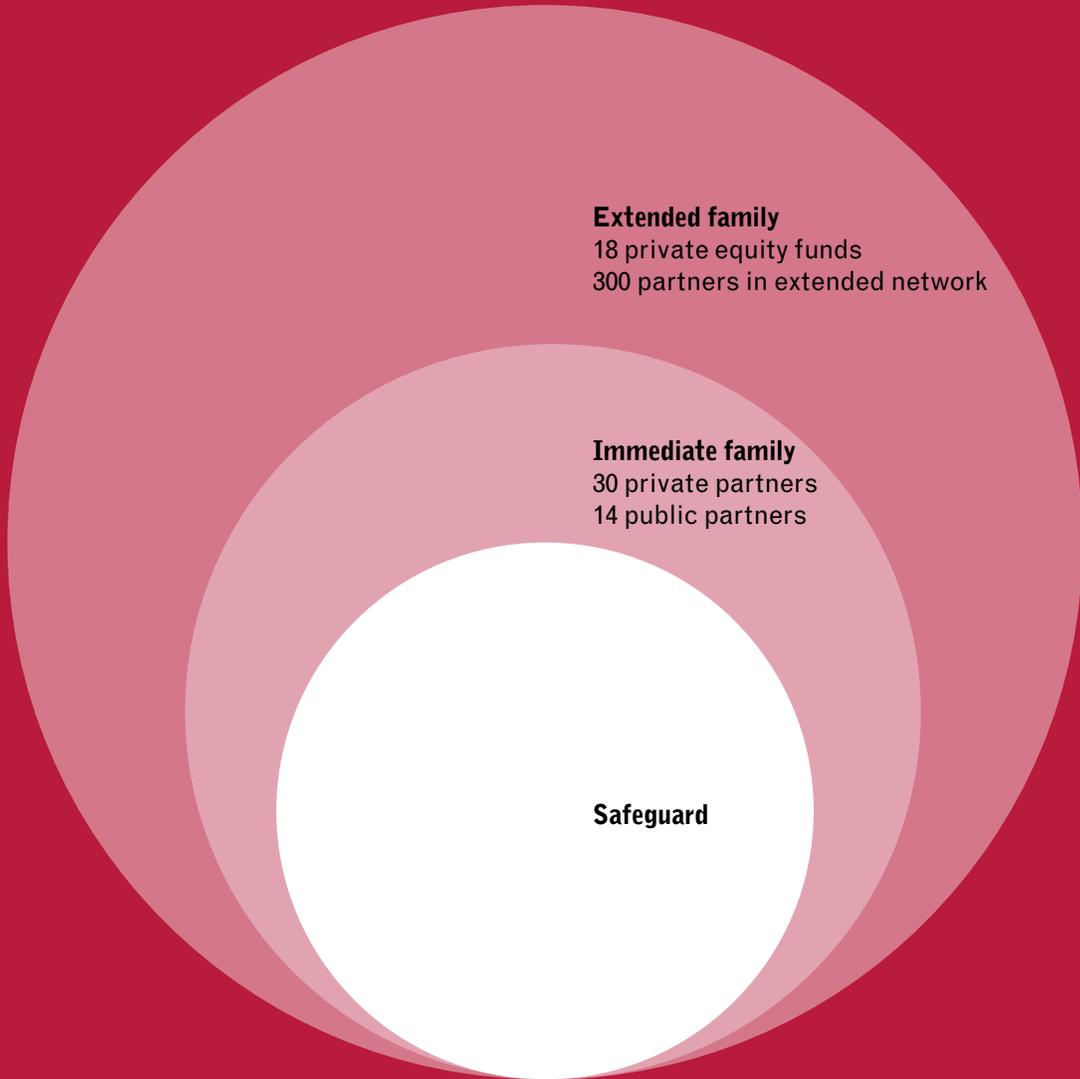
Safeguard partner companies such as **Atlas Commerce** are in the vanguard of the e-hubs opportunity. Atlas Commerce designs software to meet the unique needs of companies requiring specialized e-commerce software capable of managing high value business relationships – including all elements of a transaction, from sourcing to settlement.

**Hand it up.** Few products have captured consumers' imaginations like handheld personal digital assistants such as the Palm Pilot and Handspring Visor. These versatile devices provide greater organization and convenience through special software applications ranging from address books to securities trading. Industry analyst group Cahners In-Stat predicts a surge in the number of people using wireless data technology from about 170 million worldwide in 2000 to 1.3 billion by 2004.<sup>2</sup> Software development is one of the most vibrant segments of the wireless market as consumers and businesses clamor for new applications that will put needed information and resources literally at their fingertips.

**ThinAirApps**, a Safeguard partner and a leader in wireless information access software, provides a popular platform for extending information to any wireless device, with a focus on applications that reflect the way people live and work in a mobile society. Working in partnership with Palm, Inc. and Safeguard

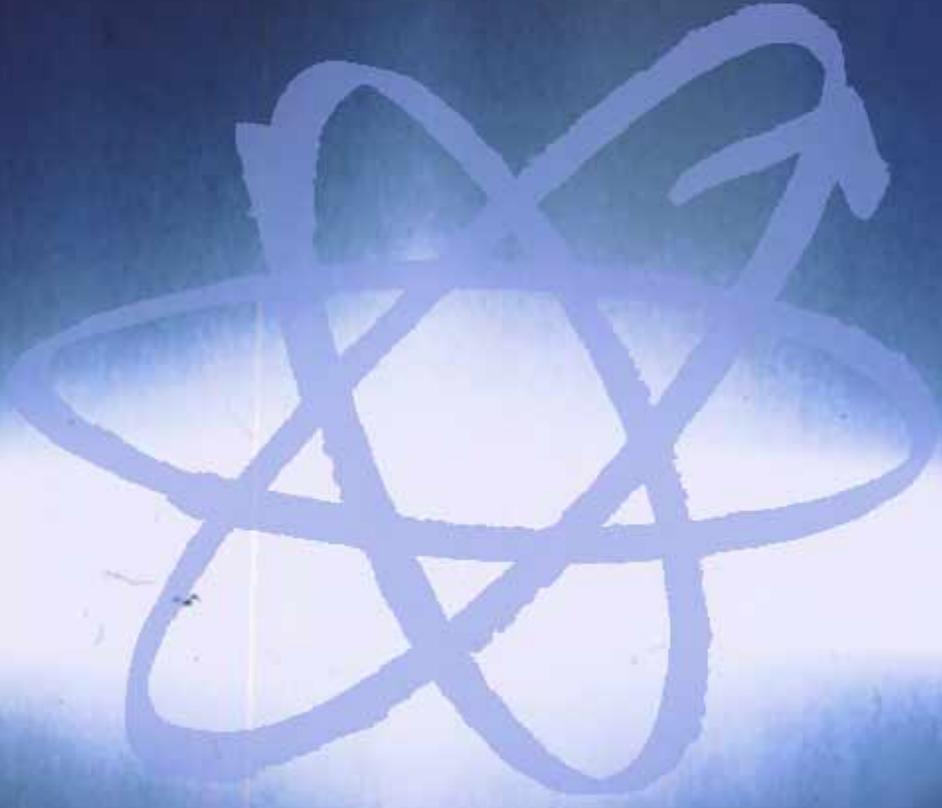
subsidiary **CompuCom**, ThinAirApps recently introduced a cutting-edge solution aimed at giving businesses secure two-way access to critical data on wireless Palm-based devices. Providing a single point of acquisition, integration and deployment, CompuCom and **ThinAirApps** have created a bundle that includes a choice of handheld devices, wireless service, **ThinAir Groupware Access** software, onsite installation of ThinAir Server software and ongoing technical support. Previous ThinAirApps products have garnered accolades from users and the press, including a **PC Magazine Editor's Choice Award for Wireless Applications** in August 2000. The company's **PersonalThinAir** e-mail application was ranked the most downloaded application from **Palm.Net™**

These are merely a handful of the exciting trends we at Safeguard have identified – and are participating in – in the ever-changing world of technology. Is technology dead? Far from it. The pace of technological change remains robust, and the opportunities endless. You can feel confident that Safeguard and its partner companies are in the forefront of this exciting, if tumultuous, evolution.



Safeguard partners are well positioned to profit from the trends that are driving technology forward.

g.



Our business services free entrepreneurs to focus on building their companies' long-term value.



# think<sup>x</sup>

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# smart

**Adding Value to Our Partner Companies** At Safeguard, we are committed to nurturing our partners' growth through a variety of business and operational services, each designed to help young companies become more valuable, more quickly. By providing the resources required to support their day-to-day activities, entrepreneurs are free to focus on building their companies' long-term value. The result is often a shorter path to profitability. In our view, that's smart thinking.

In 2000, when investor sentiment turned away from the technology sector, we sharpened our focus on helping our partners realize their full potential. For example, Safeguard helped **LifeFX** and **Atlas Commerce** recruit key executives, using our industry contacts to attract and hire talented managers. We helped **TechSpace** and **ThinAirApps** develop and implement new marketing strategies and positioning. For \_\_\_\_\_, \_\_\_\_\_ and others, we provided critical information-technology services, including outsourced consulting, systems integration and management, and e-commerce hosting.

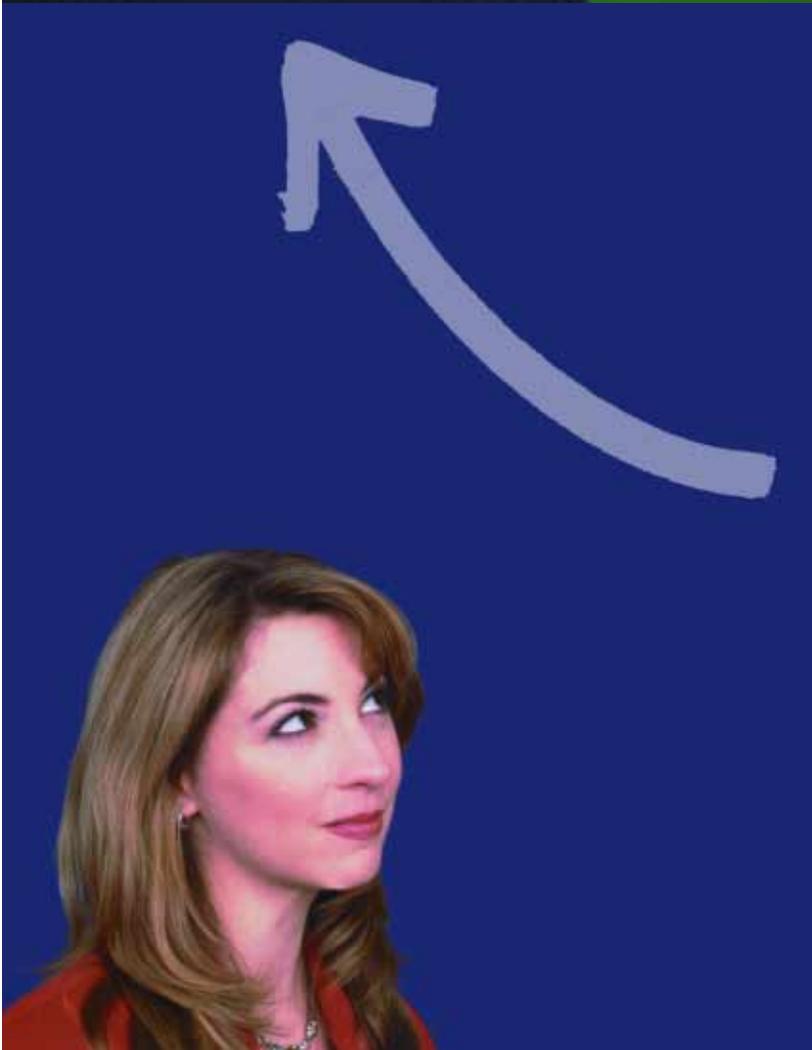
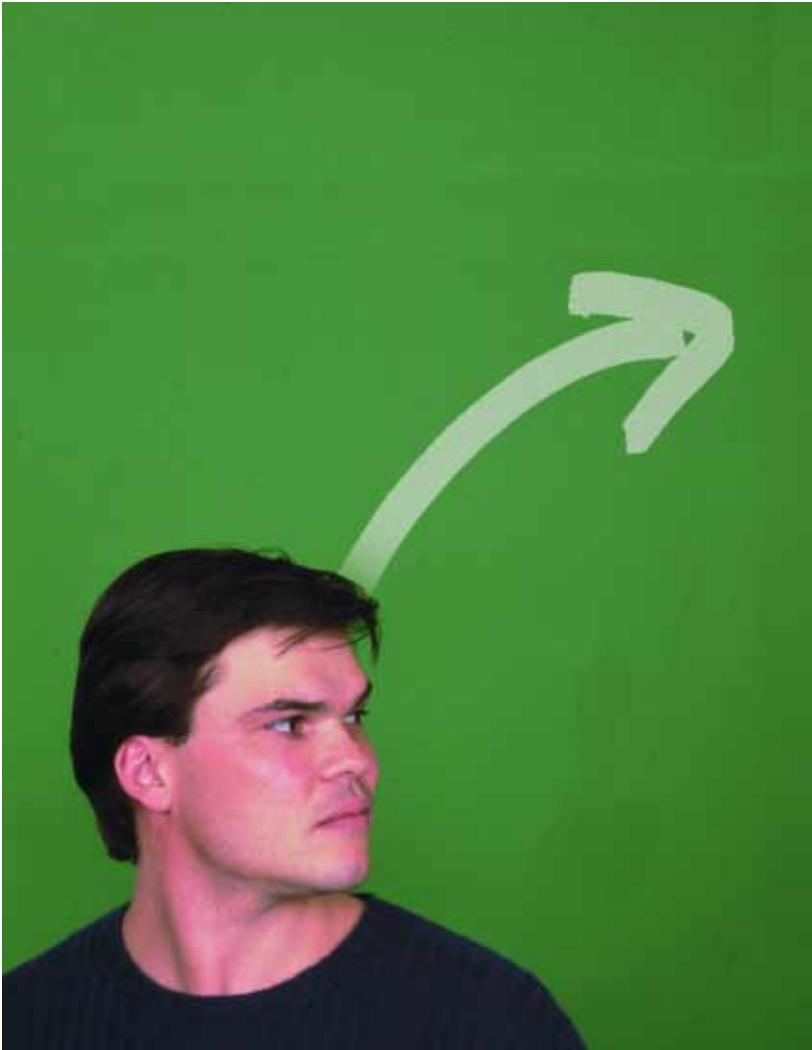
In addition, Safeguard sponsors several meetings each year to encourage interaction among the managers of our partner companies, private equity funds and other members of the extended Safeguard family. For example, our

**Think Again! Conference** is a strategic thought leadership gathering that enables Safeguard and partner company executives to network with one another, industry influencers and the media to discuss industry trends and potential synergies. The conference also raises the visibility of our partner companies, which have the opportunity to present to Wall Street securities analysts.

**Leveraging Network Relationships** When our partners need support or services, we encourage (but do not require) them to work within the Safeguard network. When one partner supports another, the entire network benefits from enhanced efficiencies, lower costs and the retention of revenues within the network.

Perhaps the best example of network leverage is our operating company, Safeguard Services. Our objectives when creating Safeguard Services were two-fold. First, we believed such a company could help accelerate our partners' development. Second, by owning our own operating company, we can enhance cash flow, and in turn, our ability to acquire new partners and further support existing ones. The service business gives us a valuable window into real-life technology challenges and their solutions. By the end of 2001, we expect Safeguard Services to generate enough cash to cover 50% of Safeguard's fixed operating expenses.

a.



When our partners need support or services, we encourage them to work within the Safeguard network.

We encourage the sharing of ideas and experiences among the managers of our partner companies, private equity funds and the other members of the extended Safeguard family.



Our strategic partners  
work hand-in-hand  
with our partner  
companies to promote  
their success.

### **Creating Opportunities through Private Equity Funds**

The private equity funds within the Safeguard network also give us opportunities to leverage network relationships. First, we have investments in 12 private equity funds located on our campus. On a weighted average basis, we have a 23% economic interest in the General Partner carry of these funds, which produce a weighted average IRR of more than 50%. This compares favorably to the 34% average IRR of all private equity funds, according to the National Venture Capital Association. Second, Safeguard has committed \$4 billion of capital to six additional funds located off-campus.

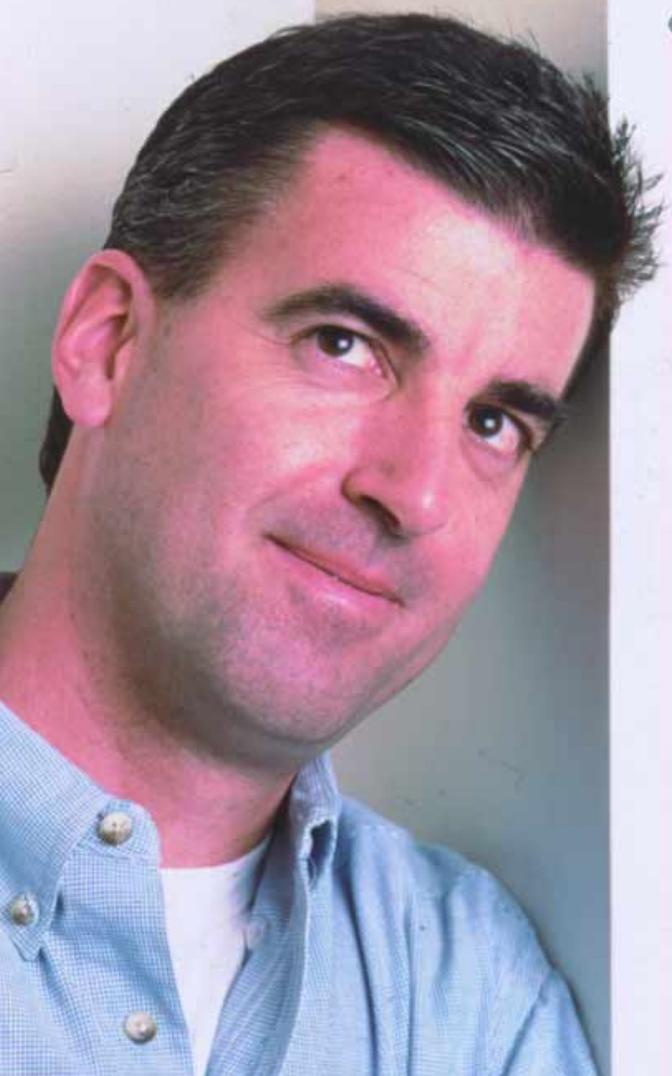
Together, our campus and off-campus fund investments generated approximately \$100 million in distributions in 2000, further strengthening Safeguard's financial foundation. Our private equity funds and their portfolio companies serve as valuable sources of deal flow. Safeguard provides these funds and their portfolio companies occasions to meet and exchange ideas, which may lead to the identification of potential Safeguard partners. Safeguard may also refer investment opportunities to our private-equity partners if those opportunities are not within our company's strategic operating focus.

**Forming Strategic Partnerships** One of our major successes during 2000 involved our efforts to raise capital. We are proud that, in addition to the capital raised during our secondary stock offering, we also received \$200 million from three major global corporations: IBM, Compaq Computer Corporation and Textron.

Our relationship with Textron epitomizes the kind of strategic partnership we value most. In addition to their investment, Textron is working with several Safeguard partner companies to enhance its own operations. For example, IT-integrator aligne provided interim staffing of a new Digital Innovation Office, which was formed to identify and coordinate IT activities and e-business initiatives across Textron's globally diverse, independently managed companies. aligne brought representatives from each business together and led the process of identifying opportunities to reduce costs and improve operations.

Of course, Safeguard's strategic partners may also extend to our shareholders, who have had the opportunity to participate in the public offerings of our partners through the Safeguard Subscription Program, including \_\_\_ IPOs in 2000. Clearly, given the synergies among our partner companies and private equity funds, the value of the Safeguard network far exceeds the sum of its parts.

j.



$$x = S^2$$

The following is an alphabetical listing of Safeguard's partner companies and affiliated private equity funds.

#### Partner Companies

##### **AgWeb.com, Inc.**

Agriculture Industry  
Marketing Services  
www.agweb.com

##### **aligne, inc.**

Technology Management  
Consultants  
www.aligne.com

##### **Atlas Commerce**

Supply-Chain Management  
for the Global 2000  
www.atlascommerce.com

##### **Buystream**

E-business Reporting and  
Analytics Software  
www.buystream.com

##### **CambridgeTechnology Partners\***

E-business and E-integration  
Solutions  
www.ctp.com

##### **ChromaVision Medical Systems**

Advanced Cellular Imaging  
www.chromavision.com

##### **CompuCom Systems**

Digital Technology Infrastructure  
www.compucom.com

##### **DocuCorp International**

Enterprise Information  
Management  
www.docucorp.com

##### **eMerge Interactive, Inc.**

Value Chain Integrator for the  
Beef Industry  
www.emergeinteractive.com

##### **eonDigital.com**

E-business Publication  
Management  
www.eondigital.com

##### **EqualFooting**

Small Business Online Financing  
www.equalfooting.com

##### **fob.com**

Material Safety Data Sheet  
Document Management  
www.fob.com

##### **garage.com**

Venture Capital Investment Bank

www.garage.com

##### **GoCo-Op.com**

Integrated e-Procurement  
www.goco-op.com

##### **iMedium, Inc.**

Sales Force Automation  
Solutions  
www.imedium.com

##### **VennWorks** (formerly incuVest)

Intellectual Property  
Management  
www.vennworks.com

##### **Internet Capital Group**

Business-to-Business e-  
Commerce Holding Company  
www.icge.com

##### **Kanbay LLC**

Global e-Enterprise Integrator  
www.kanbay.com

##### **IL Consultants**

##### **Life F/X**

3D Photo-realistic Digital  
Human Images  
www.lifefx.com

##### **Mi8**

Application Service Provider  
www.mi8.com

##### **NexTone Communications**

Communication Network  
Services  
www.nextone.com

##### **Nextron Communications**

Web Content Management  
Solutions  
www.nextron.com

##### **OAOTechnology Solutions, Inc.**

Information Technology Solutions  
www.oaot.com

##### **Opus360 Corporation**

Personnel Management Software  
www.opus360.com

##### **Pac-WestTelecomm, Inc.**

Telecommunications Services  
www.pacwest.com

##### **Palarco, Inc.**

Information Technology  
Consulting  
www.palarco.com

**Persona, Inc.**

Customer Identity Data Solutions  
www.persona.com

**Presideo**

Security and Privacy Solutions  
for Healthcare  
www.presideo.com

**QuestOne Decision Sciences**

Production, Product  
Development and Financial  
Management Solutions  
www.questone.com

**RealTIME Media**

Digital Promotional Technologies  
www.realtimemedia.com

**Redleaf Group, Inc.**

Technology Operating Company  
for Seed and Early Stage  
Companies  
www.redleaf.com

**Safeguard Services**

Information Technology Solutions

**Sanchez Computer Associates**

Enterprise Banking and Financial  
Services Applications  
www.sanchez.com

**SOTAS, Inc.**

Telecommunications Network  
and Fraud Management  
www.sotas.com

**Tangram Enterprise Solutions**

Information Technology Asset  
Management Software  
www.tangram.com

**TechSpace, LLC**

e-Business Infrastructure and  
Acceleration Services  
www.techspace.com

**TechSpaceXchange, LLC**

???  
www.techspace.com

**ThinAirApps, LLC**

Wireless Applications and  
Software Tools  
www.thinairapps.com

**US Interactive**

Internet Professional Services  
www.usinteractive.com

**USDATA Corporation**

Enterprise Solutions for SME  
Manufacturers  
www.usdata.com

**WebTelecom**

Internet Telephony Services  
and eCRM  
www.webtele.com

**Wireless OnLine**

**Wireless Spectrum Efficiency**  
www.wireless-online.com

**XL Vision**

**Technology Operating Company**  
for Seed and Early-stage  
Companies  
www.xlvision.com

**Zer0 to 5ive**

Brand Strategy and Marketing  
Communications Consulting  
www.zer0to5ive.com

**Campus Private Equity Funds**

**EnerTech Capital Partners**  
www.enertechcapital.com

**PA Early Stage Partners**  
www.paearylstage.com

**Safeguard International Fund**  
www.safeguardintl.com

**SCP Private Equity Partners**  
www.scppartners.com

**TL Ventures**  
www.tlventures.com

k.

# think

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# clearly

Our corporate values and support of non-profit organizations help us think more clearly about our community responsibilities.

**Safeguard Values** At Safeguard, we strive to maintain a working environment characterized by leadership, teamwork, integrity and flexibility. An informal-but-professional atmosphere fosters a supportive workplace in which highly motivated people can take risks, be creative and derive satisfaction from their work. We expect our people to be honest, gracious and civil in their interactions with others. In return, our people can expect opportunities for personal and professional development in an industry that is as exciting as it is ever-changing.

**The Safeguard Foundation** Philanthropy is also a core value at Safeguard. Our corporate charity program, The Safeguard Foundation, contributed approximately \$2.9 million to more than 150 non-profit organizations in 2000. We are pleased to support organizations such as the American Red Cross, City Year, Boy Scouts of America, Drexel University, Penn State Great Valley and Philadelphia Youth Tennis, among many others.

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# (think often)<sup>∞</sup>

## Corporate information

Auditors- KPMG LLP  
Philadelphia, PA

Counsel-  
Morgan Lewis & Bockius  
Philadelphia, PA

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Ridgefield Park, NJ 07660  
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t. 800-526-0801

**TDD - hearing impaired.**  
800-231-5469

## Annual Meeting

Shareholders are cordially invited to attend Safeguard's annual meeting.

**Date**

May 23, 2001

**Time**

8am-Continental Breakfast, 9am Meeting

**Place** The Desmond Great Valley Hotel and Conference Center Ballroom

**Address** One Liberty Boulevard  
Malvern, PA 19355  
t. 610-296-9800

For those of you unable to attend the meeting in person, we invite you to participate over the Internet through our website at <http://www.safeguard.com>.

## Form 10-K-

We have filed an Annual Report on Form 10-K with the securities and Exchange Commission. Copies of this report can be obtained, free of charge, by contacting Safeguard at the address or number below.

## Investor Relations Contacts

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Equal Opportunity Employer