



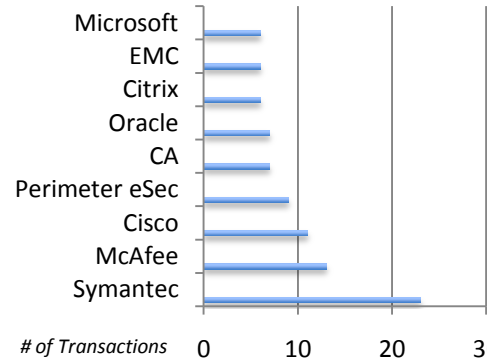
Commentary:

- M&A volume remains strong in security sector
 - Number of transactions up +50% 2007-2008
 - median valuation multiples are down, yet proved solid in the 2-5x LTM revenue range.
 - VC portfolio companies are selling at an increased pace
- Equity markets remain closed
 - IPO market has shut the door
 - New VC investments are down
 - Management is looking to use cash for strategic acquisitions as revenue growth slows
- IT security is proving resilient in global downturn
 - IT spending is down, yet security increases as a portion of overall IT budgets
 - Growth will continue, however at a slower pace into 2010
 - New threats from virtualization, VoIP, SaaS, etc. will drive evolution
 - US government remains largest IT spender in the world
- Analysts predict “flight to safety”
 - CIO’s more likely to turn to larger brands during recession
 - Regulatory compliance driving growth
 - Log, behavior and network management becoming part of baseline applications management

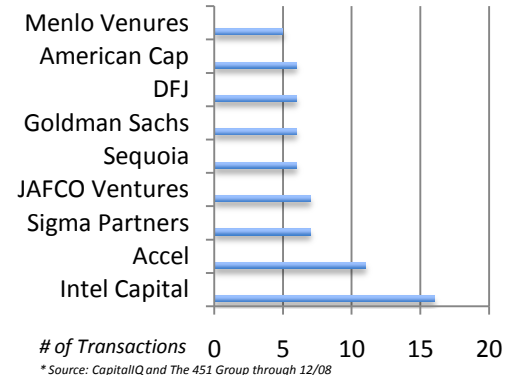
Notable IT Security M&A Deals 2009

ACQUIROR	SELLER	VALUE \$M	TYPE
SYMANTEC CORP	MESSAGELABS	695	PUBLIC/PUBLIC
MCAFEE	SECURE COMPUTING	497	PUBLIC/PUBLIC
SOPHOS	UTIMACO	341	PRIVATE/PUBLIC
THOMA CRESSY	ENTRUST	114 (PENDING)	PRIVATE EQUITY/PUBLIC
QINETIQ	CYVEILLANCE	80	PUBLIC/PRIVATE
VECTOR CAPITAL	ALADIN KNOWLEDGE SYSTEMS	NA	PRIVATE EQUITY/PRIVATE

IT Security Buyers 2002-2008



IT Security Investors 2007-2008



Recent IT Security News

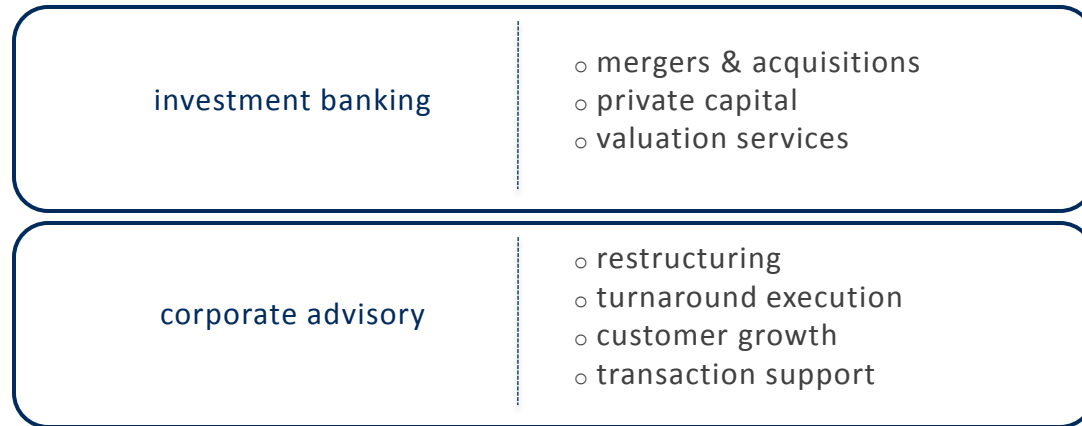
Title	Source
Lessons from the Data Breach at Heartland	BusinessWeek
For Symantec and McAfee, 'Arms Race' for Security	The New York Times
US Wants Privacy in New Cyber Security System	Yahoo! News
Enterprise Data Security: Definitions & Solutions	CIO Magazine

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