

On April 29, 2010, Symantec (Nasdaq: SYMC) announced a definitive agreement to acquire privately-owned PGP Corporation and GuardianEdge Technologies, Inc. for approximately \$370 million in cash.

## 1. WHO IS SYMANTEC ACQUIRING?

PGP is a global leader in email and data encryption software for enterprise data protection. Based on a unified key management and policy infrastructure, the PGP Encryption Platform offers one of the broadest set of integrated applications for enterprise data security. In March 2010, PGP won the SC Magazine Reader Trust Award for Best Encryption Solution. PGP is also the winner of the prestigious 2007 Wall Street Journal Technology Innovation Award for Network Security. PGP was ranked #1 by InfoPro Vendor Rankings in the encryption category (November 2009). Taking into account encryption, secure email messaging, secure file transfer, storage security and key management, PGP is one of the biggest players in the encryption market and the only company ranked in the top 5 of these major data protection categories, according to an InfoPro Survey.

GuardianEdge is a leader in endpoint data protection for the enterprise. In 2008 and 2009, GuardianEdge has been positioned in the Leaders Quadrant of industry analyst firm Gartner Inc.'s "Magic Quadrant for Mobile Data Protection" report. The Company also won the SIIA CODiE Award for Best Data Security Solution in 2009. GuardianEdge provides many of the largest deployments of data protection solutions in the world, including the EDS / Navy Marine Corps Intranet. GuardianEdge is already a Symantec technology partner and provides a solution critical to many Symantec customers. Additionally, GuardianEdge provides the Altiris Connector and Multifactor Authentication, important to large enterprise and government entities.

## 2. WHY IS SYMANTEC ACQUIRING PGP AND GUARDIANEDGE?

Symantec continues to deliver on its information-centric security vision by adding encryption to its market leading portfolio to secure and manage confidential data wherever it is stored or used. PGP and GuardianEdge will complement the Symantec security portfolio with a broad set of encryption capabilities including full-disk, file, folder, email, removable media, and mobile encryption offerings.

Based on a unified key management and policy infrastructure, the PGP Encryption Platform offers one of the broadest set of integrated applications for enterprise, small and medium business and individual data protection. GuardianEdge offers expertise in government engagements. Together these complementary acquisitions will position Symantec to be one of the largest providers of encryption in the marketplace and further addresses data protection needs across all major customer segments.

## 3. HOW BIG IS THE ENCRYPTION MARKET AND HOW FAST IS IT GROWING?

In 2009, IDC estimated the combined endpoint encryption and secure messaging markets at \$892.3 million. The market is highly fragmented and together the top five encryption companies hold less than 50% share of the market, with no company holding more than 1.2 times the next company's share. Together these acquisitions will expand Symantec's addressable security market opportunity and will position the company as a leader in the fast growing encryption market which, according to IDC, is estimated to reach \$1.7 billion in 2013.

Encryption technology is becoming an important element of an information-centric security solution, as critical information is increasingly on mobile devices and in the cloud. In the past many customers have experimented with many different encryption solutions, leading to a fragmented market and many point solutions. As the market has matured, it has become possible to offer a well-integrated complete solution, which is what Symantec will provide through these acquisitions.

#### 4. WHAT IS DRIVING THE NEED FOR ENCRYPTION?

Sales of encryption software are growing quickly, as enterprises increasingly deploy encryption as a way of protecting their critical information and email.

Some of the key drivers of this adoption are:

Frequency of data loss:

- 498 breaches exposed the records of at least 16 million individuals in 2009
- 100 percent of enterprises experienced some type of cyber loss in 2009 - according to the Symantec 2010 State of Enterprise Security Report.

Cost of data loss:

- Average cost from breach in U.S. during 2009 was \$6.8 million, which is 13x the cost of prevention

Stricter regulations:

- Growing penalties and notification requirements (e.g., HITECH Act, Massachusetts Data Security Law 201 CMR 17.00, UK Data Protection Act )

Increased worker mobility:

- 200 million laptops, 174 million smart phones, 250 million flash drives sold in 2009
- Gartner's statistics show that the total number of PCs will reach 1.78 billion in three years, while the number of smartphones and Web-enabled phones will shoot past 1.82 billion units and continue to climb after that.

#### 5. WHAT WILL THIS MEAN TO CUSTOMERS?

As part of an information centric approach to security, integrating encryption technologies and PGP's key management platform into the Symantec portfolio will help customers better protect sensitive information at rest, in use and in motion.

The addition of PGP and GuardianEdge into the Symantec portfolio will help provide customers a consistent key management experience to more efficiently manage their information-centric approach to security. In an effort to help customers reduce their total cost of ownership of supporting multiple encryption applications (e.g. file, folder, email, removable media, full-disk), Symantec plans to integrate PGP's key management and encryption platform over time across our security portfolio; including endpoint security, DLP, and gateway security products.

Symantec's objective is to provide PGP and GuardianEdge customers access to a broader set of data protection solutions from one vendor – Symantec. Symantec plans to integrate many of GuardianEdge's key functionalities onto the PGP platform over time. We believe this strategy will provide customers unrivaled encryption options, in a manner designed to protect existing investments.

Until the acquisition closes, and after, PGP and GuardianEdge customers should continue doing business with each respective company per usual, until otherwise advised. Any changes will be announced in advance, as Symantec continues to develop its plans to integrate PGP and GuardianEdge products and corporate systems.

### **6. HOW ARE THESE COMPANIES COMPLEMENTARY GIVEN THEY ARE COMPETITORS?**

The combination of both portfolios will create the broadest set of encryption capabilities that address encryption needs across all major customer segments from the largest enterprises and governments to small business and individuals. PGP focuses on delivering file, folder, email and full-disk encryption to the enterprise, small and medium business, individual and online segments leveraging a common policy and key management server platform. GuardianEdge specializes in engagements targeted at the public sector.

### **7. WHERE ARE THERE SYNERGIES BETWEEN SYMANTEC, PGP, AND GUARDIANEDGE OFFERINGS?**

We see synergies around the endpoint with our Symantec Endpoint Protection product line, around Data Loss Prevention and being able to quickly take remediation action, around email protection with PGP's Universal Gateway Email, and around file and server protection with PGP's NetShare to help address secure collaboration needs. We also see an opportunity to integrate PGP's key management platform into the Symantec Protection Center.

Symantec currently OEM's GuardianEdge technology for our Symantec Endpoint Encryption offerings. This OEM agreement covers full disk and removable media encryption.

### **8. WHAT IS THE CURRENT INTEGRATION PLAN?**

Symantec, PGP, and Guardian Edge will continue operating independently until close. The companies will continue to develop an integration plan that will be implemented following close. At a high level, Symantec intends to bring together key features and functionality from each company's offerings and standardize on PGP's key management platform to deliver a consolidated, centralized policy and key management offering across the entire suite of encryption solutions. Symantec also intends to integrate PGP's key management platform into the Symantec Protection Center, which is integrated across endpoint security, data loss prevention and gateway security products, allowing customers to more seamlessly protect information.

### **9. HOW DO THESE ACQUISITIONS FIT INTO THE LONG-TERM STRATEGY OF SYMANTEC'S ENTERPRISE SECURITY GROUP?**

Encryption technology is an important element of an integrated information-centric security solution due the increased movement of information in and out of the enterprise and across multiple devices. With the addition of PGP and GuardianEdge, Symantec will provide customers a consistent encryption platform experience as well as align development efforts across the Symantec portfolio behind one unified key management and policy infrastructure.

As part of a product line extension strategy, these acquisitions will generate value to Symantec both through sales of standalone products as well as integration into our security portfolio, particularly in endpoint security, DLP, and gateway security offerings.