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**McAfee Inc. to Acquire SafeBoot
Prepared Remarks
October 8, 2007**

Kelsey Doherty, Vice President Investor Relations, McAfee Inc.

Thank you. Good afternoon everyone and thank you for joining us on such short notice to discuss McAfee's planned acquisition of SafeBoot. On today's call we have Dave DeWalt, McAfee's Chief Executive Officer and President, to provide an overview of the deal and discuss the strategic rationale behind the acquisition. And, Eric Brown, McAfee's Chief Operating Officer and Chief Financial Officer, will provide you with some financial details of the transaction. Then, you will hear from Gerhard Watzinger, Chief Executive Officer of SafeBoot, who – we announced this afternoon – will be joining our executive management team. Finally, Dave will conclude this afternoon's call. Also with us this afternoon, and available to answer your questions, is Piet Weijers, Chief Financial Officer of SafeBoot.

Today's conference call is being recorded and will be available for replay through October 22 by dialing 800-642-1687 in the US or 706-645-9291 internationally. Also available on McAfee's investor relations website are additional details regarding today's announced acquisition of SafeBoot.

Before we begin, let me remind you that during this call management will make forward-looking statements, including those regarding McAfee's future plans for the SafeBoot business, the expected closing date of the acquisition, the expected financial impact of the SafeBoot acquisition on McAfee's GAAP and non-GAAP earnings and other financial metrics, the expectations as to the future growth of the SafeBoot business and the overall market for worldwide mobile device security, and McAfee's expected plans for the integration of SafeBoot products. Such statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Factors that could cause McAfee's actual results, levels of activity, performance or achievements, including the realization of expected financial and other investments of the acquisition, to be materially different from those anticipated in this call include among others, the inability to integrate successfully SafeBoot within McAfee or to realize synergies from such integration; costs related to the acquisition of SafeBoot; inability to obtain necessary regulatory approval or to obtain them on acceptable terms; the economic environment of the industries in which McAfee and SafeBoot operate, as well as facts relating to SafeBoot that may impact the timing or amount of synergies they can be realized and that are unknown to McAfee. In addition, actual results are subject to other risks and uncertainties that relate more broadly to McAfee's overall business, including those more fully described in McAfee's filings with the SEC including its annual report on Form 10-K for the year ended December 31, 2005, and its quarterly report filed on

Form 10-Q for the first quarter of 2006.

The information in this conference call related to financial results projections and other forward-looking statements is based on current expectations, and we expressly disclaim any responsibility to update forward-looking statements should situations change.

Now, it is my pleasure to turn the call over to our CEO and President Dave DeWalt.

David DeWalt, Chief Executive Officer and President, McAfee Inc.

Thank you, Kelsey. Good afternoon everyone and thank you for joining us today on such short notice.

I would like to announce that this afternoon we signed a definitive agreement to purchase SafeBoot, a leading data protection company.

To start, I would like to welcome the 145 employees of SafeBoot to McAfee.

Secondly, the details of the transaction are as follows:

We are paying approximately \$350 million for SafeBoot, funded by cash from our balance sheet. We expect this deal to be neutral to our non-GAAP earnings per share in 2008 and accretive in 2009. Importantly, our expectations of this deal are not dependant on an assumption of additional revenue synergies.

The rationale for doing this transaction is as follows:

- With the acquisition of SafeBoot, McAfee becomes the leader in a multi-billion data protection market that is highly under-penetrated.
- McAfee has more than 100 million desktops under management and we believe SafeBoot offers a strong compliment to our existing offerings and future up-sell and cross-sell opportunities with the data protection business.
- The addition of SafeBoot's end point encryption franchise, coupled with McAfee's data loss prevention, which came from our Onigma acquisition a year ago, and ePolicy Orchestrator management capability creates a compelling industry leading data protection solution. There is a lot of global reach that comes with this acquisition.
- McAfee, with our worldwide distribution network, expects to be able to leverage SafeBoot's highly acclaimed product line which is currently offered in over 20 languages and in 76 countries.
- We believe this technology will be attractive to all three of McAfee's target markets – from the enterprise of one – consumers – to the mid-market to the Enterprise of thousands. This does reach all major market segments.

- Finally, SafeBoot's mobile phone offerings will help accelerate McAfee's current mobile solutions allowing us to offer a new comprehensive suite of integrated device protection and data security.

We believe data protection is an extremely important marketplace and have seen that escalating global data privacy regulations are fueling demand for data protection, which has now become a board room issue.

SafeBoot is a leading enterprise-class security software vendor for data protection. SafeBoot provides full disk data encryption software across a variety of platforms. It also offers file encryption, folder encryption, port and device control, and USB storage encryption. This is a logical next step in our strategy to offer customers comprehensive Security Risk Management.

SafeBoot's solutions solve a critical pain point for enterprise customers, the loss of confidential and proprietary information, highlighted by the many high profile cases of device theft and loss where sensitive information such as customers' social security numbers and credit card numbers were lost. McAfee can now offer a very complete solution, which ensures that lost data is not compromised and enterprises have the management and audit capabilities required to meet regulatory requirements.

The pain points which drive SafeBoot also drive the data loss prevention market. This combination of SafeBoot and McAfee will make McAfee the leading vendor to offer customers both data loss prevention and encryption, which we will manage with scalable centralized management. It puts us in a unique position in the market.

We believe this deal offers a superior return on our shareholders' capital. Eric will provide more of the details on the financials in a few minutes, but, as an overview, SafeBoot has had a great financial track record to date – it is very profitable and has a record of very strong top-line growth and greater than 99% customer renewals. In addition, we believe that, as we integrate SafeBoot's technologies and products into our solutions, and as we sell its capabilities through our channels, we will be able to accelerate SafeBoot's market share growth and overall footprint.

After the acquisition closes, both companies will enjoy cross-sell opportunities and SafeBoot will leverage McAfee's extensive partner base to increase its distribution capabilities.

What I am hearing from our enterprise customers is that they are struggling to find ways to protect and manage their data. They know that data, in particular on laptops and devices such as USB keys and mobile drives, is easy to lose, easy to steal and easy to transfer without authority. The problems of data loss – and the opportunities for data security – are growing larger by the day.

The opportunity of this market – and a key driver of this acquisition – is the high rate of growth of the mobile security market. According to IDC, the worldwide mobile device security market is expected to grow through 2011 by a compounded annual rate of 35%.

Within this market, the mobile secure content and threat management submarket, which includes encryption for mobile devices, is expected to grow at a compound annual rate of 39%.

In addition to the rising demand that results from the proliferation of laptops and mobile storage devices, we see other drivers to this market. We see other drivers of this market as well. Demand is being fueled by increased government regulation and compliance requirements and by the growth in the number and frequency of security threats.

To understand the significance of these threats, just consider that a typical Fortune 1000 corporation loses one laptop every day. That explains why IDC expects that about two-thirds of enterprise customers will encrypt more than half of their data within two years.

SafeBoot already is a leader in this rapidly growing market. It serves more than 4,200 customers in 76 countries. Its customers include some of the world's largest companies and government agencies, including 19 of the Global Forbes 50. All told, SafeBoot protects more than 5 million end-points.

SafeBoot offers a natural complement to our existing data loss prevention solutions. As we integrate SafeBoot's identity management, encryption and device and access control technologies, we will be able to offer a breadth and depth of technology on the end-point that our competition will be unable to match.

What's more, the combination will enable McAfee customers to deploy endpoint encryption technology that is tightly integrated with our security solutions, and it will enable SafeBoot customers to integrate McAfee products into their current SafeBoot deployment.

Those who have closely followed McAfee will understand that this deal is consistent with the strategies we have discussed in the past.

At our Analyst Day in June, when we talked about our strategic imperatives and our corporate vision, we focused, especially, on Security Risk Management. We talked about our comprehensive Security Risk Management Solutions, which bring together Network and System Security. We also told you that we are uniquely positioned in the security marketplace as the vendor with security solutions across three product categories – System, Network and Vulnerability & Risk Management – and we described our strategies to manage all three through our single console, ePolicy Orchestrator.

I also mentioned at Analyst Day, and again on our second quarter earnings call, that we would use M&A to build out our Security Risk Management solutions.

SafeBoot expands our portfolio of Security Risk Management capabilities. And it comes to us with market leading encryption technology and an impressive and global list of customers.

As we close this transaction later this year, we will create a new product business unit called Data Protection.

It will be run by SafeBoot's CEO, Gerhard Watzinger, who is on the call. He will report directly to me, with matrix responsibilities into the broader McAfee organization.

This structure will allow us to focus on building McAfee's capabilities in Data Protection, including:

- Data-at-rest – protected by SafeBoot solutions
- Data-in-use – protected by McAfee data loss prevention solutions
- Data-in-motion – protected by McAfee data loss prevention gateway and SafeBoot solutions

After the closing, we will initially offer SafeBoot's technology as stand-alone solutions. We plan to integrate SafeBoot's products into ePolicy Orchestrator, our centralized management console for enterprise customers. We will be talking to customers about these developments in 2008.

SafeBoot's technologies will fit particularly well with McAfee. Its solutions were designed with the enterprise in mind. They emphasize centralized management and compliance and reporting, wide ranges of platform and language support, seamless integration with existing IT systems, and transparency for the end user.

Beyond our enterprise markets, we also see additional opportunities to apply SafeBoot's capabilities to the very large SMB and consumer markets, where demand also is growing. In the past, SafeBoot – because of its size and limited resources – did not attempt to build out the channel required to pursue the SMB or consumer market, though we believe there are strong opportunities in these markets, both on desktops and in mobile devices.

Once again, I am very pleased to announce the acquisition and to welcome SafeBoot's team to McAfee. I am now going to turn the call over to Eric to review the details of the transaction.

Eric Brown, Chief Operating Officer and Chief Financial Officer, McAfee Inc.

Thanks, Dave. Good afternoon everyone. We are very pleased to be adding SafeBoot's comprehensive data protection, including encryption for full disk and mobile devices, to McAfee's portfolio of solutions.

As Dave mentioned, we will pay approximately \$350 million USD in cash for SafeBoot. We expect the transaction to close in the fourth quarter of 2007, pending customary regulatory approval.

SafeBoot has about \$85 million in debt on its balance sheet. The amount of this debt is included in the \$350 million purchase price, and this debt will be fully paid down at closing. In addition, at the time of the closing, SafeBoot's unvested stock options will be assumed and converted into McAfee options.

SafeBoot, a privately held company, was on a path towards an IPO on Euronext Amsterdam. Because of their preparation for the public offering, this process has gone smoothly.

As Dave noted, SafeBoot has been profitable, and it has been growing rapidly on both the top and bottom lines.

SafeBoot reported total revenue of \$36.4 million USD in 2006 actuals and \$23.6 million USD for the first half of 2007; most recently for the first 6 months of this year, they grew revenues 64% year over year compared to the first half of 2006. SafeBoot was tracking to a revenue total of \$60 million USD for the full year 2007 based on their business plan, indicating a trailing revenue multiple of just under 6X (5.8) based on the \$350 million purchase price.

SafeBoot is profitable, reporting EBITDA margins of 47% based on 2006 actuals. (EBITDA margins were 33% in 1H 2007 due to investments made to growth the business.)

A significant portion of SafeBoot's revenue are derived from software licenses, with the remainder from maintenance / support contracts, as well as the sale of secure USB devices. Please note that after the completion of this acquisition, SafeBoot's revenues will be treated as fully ratable by McAfee until the establishment of Vendor Specific Objective Evidence – or VSOE. At this point we are not prepared to comment on the anticipated timing for establishing VSOE other than noting it will take at least one year following the close.

SafeBoot's revenue base is diversified across customer verticals and geographies with most of its revenue coming from EMEA followed by North America.

As we look ahead, given that the business was run efficiently and was already highly profitable, we do not expect significant cost synergies from SafeBoot. In fact, given the opportunities we see in the market – we would expect to invest in SafeBoot sales and engineering after the transaction closes, as we seek to capitalize on SafeBoot's significant opportunities for growth.

We do think there are opportunities for top-line synergies as we leverage McAfee's greater resources, distribution and complimentary technologies to deliver best-in-class data protection solutions.

With all that being said, we have been conservative in our assumptions from a financial perspective. In particular, our expectations on accretion do not rely on assumptions of top-line synergies.

As mentioned, based on these conservative assumptions, we expect this transaction to be neutral to 2008 non-GAAP EPS and dilutive to 2008 GAAP EPS due to purchase price accounting and amortization of intangibles.

In Q4 2007 we expect to record certain charges with the acquisition including a write-down of SafeBoot's deferred revenue balance, due to purchase accounting rules. We currently expect this write-down will amount to \$2 million to \$4 million. This is a non-cash charge, and will have no impact on cash flow, though it will cause us to recognize slightly less revenue.

We will talk more about this acquisition during our third quarter earnings conference call after the market closes on Thursday, October 25th. We do not intend to comment on our overall guidance on this call, and instead will reserve these comments for our Q3 call on October 25.

From an operational perspective, the managers of both companies have begun talking and working together to ensure a smooth transition for all our stakeholders. The integration team has been especially focused on steps to ensure a smooth transition for our customers, distributors, partners and employees. This team is working to develop an integration plan that will be implemented following close.

Both companies, of course, will continue operating their businesses in the ordinary course until closing, which we expect in the fourth quarter of 2007.

One of the most important attractions of this company was the quality of the SafeBoot employees. They number about approximately 145 and work around the globe. McAfee believes that the exceptional talent at SafeBoot will be critical to the success of this combination. As a result, we look forward to the creation of the Data Protection product business unit that Gerhard Watzinger will head.

I would now like to introduce to you Gerhard Watzinger, CEO of SafeBoot, and welcome him to the McAfee team.

Gerhard Getzinger, Chief Executive Officer, SafeBoot

Thank you, Eric and Dave. And I would like to say on behalf of SafeBoot and our employees that we are very pleased to be part of McAfee.

We view McAfee as the leading dedicated security technology company. This combination will create tremendous opportunities for SafeBoot's customers and employees. As we combine McAfee's resources and SafeBoot's technology and capabilities, we will be even better able to help our customers address the complex challenges of data encryption, and position both companies to capture new opportunities in our very rapidly growing markets.

I am very proud of what we have accomplished at SafeBoot since the company's founding in 1991. We provide customers a unique and comprehensive suite of mobile data security solutions which protect data and devices against the risks associated with loss, theft and unauthorized access. Our solutions include technologies that address data security concerns, such as identity management, encryption, and device and access control.

We are proud that we achieved a customer retention rate in 2006 of almost 100%, and we look forward to building on this trust as we integrate our business into McAfee.

I will now turn the call back over to Dave.

David DeWalt, Chief Executive Officer and President, McAfee Inc.

Thanks, Gerhard.

When I wrapped up our second quarter earnings call in July, I highlighted that McAfee would be pursuing an M&A strategy focused on high growth product acquisitions. With today's announcement, we bring to you a very significant and exciting acquisition – one that opens a multi-billion dollar, under-penetrated market; compliments our existing product lines; creates an industry leading data protection solution; and that will appeal to all three of McAfee's customer segments: consumer, mid-market and enterprise.

Thank you for your time today. We look forward to speaking with you again on Thursday, October 25 when we announce our third quarter 2007 earnings results. I would now like to turn the call back to Kelsey and we will open to questions.

Kelsey Doherty, Vice President Investor Relations, McAfee Inc.

Thank you, Dave. In the interest of time, please limit yourself to one question.

Please remember, this will be your only opportunity to ask questions of executive management regarding this transaction, as we are currently in a quiet period until we announce third quarter earnings after the market closes on Thursday, October 25th.

Operator, you may now poll for questions.