

Q3 2014 Security & Risk Market Snapshot

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Signal Hill at a Glance

Signal Hill is a leading independent advisory boutique serving the M&A and private capital raising needs of growth companies. Signal Hill's experienced bankers provide deep domain expertise and an unyielding commitment to clients in our sectors: Internet & Digital Media, Internet Infrastructure, Services and Software. With more than 600 completed transactions and offices in Baltimore, Bangalore, Boston, Mumbai, Nashville, New York, Reston and San Francisco, Signal Hill leverages deep strategic industry and financial sponsor relationships to help our clients achieve Greater Outcomes®.

Recent Mergers & Acquisitions, Strategic Advisory Transactions

- Mergers & Acquisitions
- Equity Private Placements
- Restructurings
- Strategic Advisory
- Special Committee Advisory
- Fairness Opinions

 HAS BEEN ACQUIRED BY OCTOBER 2014	 HAS BEEN ACQUIRED BY SEPTEMBER 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM AUGUST 2014	 HAS SOLD RI SOFTWARE TO MANAGED SERVICES TRANSFORMED AUGUST 2014	 HAS BEEN ACQUIRED BY JULY 2014	 HAS RECEIVED A SIGNIFICANT INVESTMENT FROM JULY 2014	 DIVESTITURE OF KNOWLES ASSISTED LIVING & ADULT DAY SERVICES JULY 2014	 HAS MERGED WITH Connecting Consumers and Trusted Brands JUNE 2014
 HAS SOLD CERTAIN ASSETS TO JUNE 2014	 HAS BEEN ACQUIRED BY JUNE 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM JUNE 2014	 COMPLETES SALE OF SELECT BUSINESSES TO Safanad Education Ventures Limited JUNE 2014	 RECEIVED MAJORITY INVESTMENT FROM JUNE 2014	 HAS BEEN ACQUIRED BY a portfolio company of Global JUNE 2014	 HAS BEEN ACQUIRED BY MAY 2014	 HAS BEEN ACQUIRED BY MAY 2014
 Consumer Business Line HAS MERGED WITH APRIL 2014	 HAS RECEIVED AN EQUITY INVESTMENT FROM MARCH 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED AN INVESTMENT FROM NORTH BRIDGE growth equity FEBRUARY 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM IDG Ventures SAIF Partners JANUARY 2014	 HAS BEEN ACQUIRED BY JANUARY 2014	 HAS RECEIVED AN INVESTMENT FROM DECEMBER 2013
 HAS ACQUIRED Newton Alliance, LLC DECEMBER 2013	 HAS BEEN ACQUIRED BY DECEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 HAS BEEN ACQUIRED BY ChinaSoft International NOVEMBER 2013	 Trust the Experts MAJORITY STAKE ACQUISITION BY NOVEMBER 2013	 HAS RECEIVED AN EQUITY INVESTMENT FROM PRIVATE EQUITY OCTOBER 2013	 HAS BEEN ACQUIRED BY OCTOBER 2013

Signal Hill's Security & Risk Practice

 <p>RECEIVED MAJORITY INVESTMENT FROM</p>  <p>JUNE 2014</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>MAY 2014</p>	 <p>HAS MERGED WITH</p>  <p>APRIL 2014</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>FEBRUARY 2014</p>	 <p>HAS RECEIVED AN INVESTMENT FROM</p>  <p>DECEMBER 2013</p>	 <p>HAS RECEIVED AN EQUITY INVESTMENT FROM</p>  <p>OCTOBER 2013</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>AUGUST 2013</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>OCTOBER 2012</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JANUARY 2012</p>
 <p>PRIVATE PLACEMENT</p>  <p>NOVEMBER 2011</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>SEPTEMBER 2011</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>MAY 2011</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>FEBRUARY 2011</p>	 <p>HAS BEEN ACQUIRED BY</p> <p>Large Public Security Vendor</p> <p>FEBRUARY 2011</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JANUARY 2011</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>OCTOBER 2010</p>	 <p>HAS MERGED WITH</p>  <p>SEPTEMBER 2010</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>MAY 2010</p>
 <p>HAS BEEN ACQUIRED BY</p>  <p>FEBRUARY 2010</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>FEBRUARY 2010</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JULY 2009</p>	 <p>ACQUIRED THE ASSETS OF</p>  <p>MARCH 2009</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JANUARY 2009</p>	 <p>HAS MERGED WITH</p>  <p>NOVEMBER 2008</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>SEPTEMBER 2008</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>AUGUST 2008</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>JUNE 2008</p>
 <p>HAS ACQUIRED</p>  <p>JANUARY 2008</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>DECEMBER 2007</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>APRIL 2007</p>	 <p>HAS MERGED WITH</p>  <p>AUGUST 2007</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>SEPTEMBER 2007</p>	 <p>HAS RECEIVED STRATEGIC INVESTMENT FROM</p>  <p>JULY 2007</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>DECEMBER 2006</p>	 <p>HAS ACQUIRED</p>  <p>DECEMBER 2006</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>AUGUST 2006</p>

Q3 2014 Security & Risk M&A Overview











The Security & Risk sector showed 30 announced deals in Q3 2014, representing the second highest deal volume of the last twelve months (LTM). Total announced enterprise value (EV) increased to more than \$1.7B, a significant increase from Q2 2014 (note: the low EV from Q2 2014 can be attributed to a lack of disclosed deal values). Based on overall LTM metrics, solid public company share price performance and our intelligence on deal activity, we anticipate continuing strong interest and valuations in the Security & Risk sector through the remainder of 2014.

<i>Source: Signal Hill</i>	Q3 2013 ⁽¹⁾	Q4 2013	Q1 2014 ⁽²⁾	Q2 2014	Q3 2014
Number of Deals	26	25	28	32	30
<i>% change from prior quarter</i>	-	-3.8%	12.0%	14.3%	-6.3%
Total Announced Enterprise Value (\$M)	\$4,104.2	\$876.2	\$3,496.4	\$158.9	\$1,705.2
<i>% change from prior quarter</i>	-	-78.7%	299.0%	-95.5%	973.1%
Median Announced Deal Size (\$M)	\$25.0	\$32.0	\$141.3	\$13.3	\$31.2
<i>% change from prior quarter</i>	-	28.0%	341.6%	-90.6%	134.6%
Median EV/TTM Revenue Multiple	10.7x	5.7x	9.7x	3.8x	3.1x

⁽¹⁾ Includes \$2,700.0M Sourcefire / Cisco transaction

⁽²⁾ Includes \$1,540.0M AirWatch / VMware transaction and \$989.4M Mandiant / FireEye transaction

Notable Q3 2014 Security & Risk M&A Transactions

Select Security & Risk Transactions, Q3 2014			
	<p>SafeNet Acquired by Gemalto EV: \$890.0M Revenue Multiple: 2.6x</p>	<p>SafeNet, a worldwide leader in data protection and software monetization, has been acquired by Gemalto (Euronext: GTO), the world leader in digital security. The acquisition will significantly reinforce Gemalto's Identity and Access Management business. SafeNet will become part of Gemalto's Payment & Identity segment and its Platforms & Services activity.</p>	
	<p>BeyondTrust to be Acquired by Veritas Capital EV: \$310.0M Revenue Multiple: 3.1x</p>	<p>BeyondTrust, the cybersecurity industry's only provider of context-aware solutions for privilege and vulnerability management, has agreed to be acquired by private equity firm Veritas Capital. The acquisition will allow BeyondTrust to continue to innovate its integrated cybersecurity software platform and pursue enterprise and government markets. BeyondTrust is being sold by Insight Venture Partners.</p>	
	<p>Location Labs to be Acquired by AVG Technologies EV: \$140.0M Revenue Multiple: 4.2x</p>	<p>Location Labs, a global leader that uses mobile technology to protect people, has entered into a definitive agreement to be acquired by AVG Technologies (NYSE: AVG), the online security company providing leading software and services to secure devices, data and people. The acquisition will bring AVG a proven innovative platform of personal security products for mobile devices and deep integration with global industry partners, including the four major mobile operators in the U.S.</p>	
	<p>SailPoint to Receive Equity Investment from Thoma Bravo EV: \$300.0M Revenue Multiple: 5.0x</p>	<p>SailPoint, the leader in identity and access management (IAM) solutions, has entered into an agreement to receive a significant equity investment from private equity firm Thoma Bravo. The investment recognizes SailPoint's market leadership, double-digit growth and profitability and will support SailPoint's future operational and product development plans.</p>	
	<p>Cryptosoft Acquired by Tern Plc EV: \$0.1M</p>	<p>Cryptosoft, a company that has the potential to transform the security model for the Internet of Things and Cloud by revolutionizing and simplifying the processes for an organization to install a robust, scalable and easy-to-use encryption service to secure data, has been acquired by Tern Plc, an acquirer and investor in privately owned companies with self-owned IP, established products and customer bases. Cryptosoft targets three main markets: Mobile Network Operators, Independent Software Vendors in the Internet of Things ecosystem and Enterprise customers.</p>	

Q3 2014 Security & Risk M&A Transactions

Date Announced	Seller	Buyer	Enterprise	Revenues	Enterprise
			Value		Value
30-Sep-14	S21sec / 60% Stake	Sonaecom SSI	-	-	NA
30-Sep-14	Ubisecure Solutions Inc.	GMO GlobalSign Inc.	-	-	NA
15-Sep-14	Cryptosoft Ltd.	Tern plc	\$0.1	-	NA
5-Sep-14	HiSoftware Inc.	Cryptzone AB	-	-	NA
4-Sep-14	iSignthis	Otis Energy	-	-	NA
4-Sep-14	BBA Inc.	LogMeIn Inc.	-	-	NA
3-Sep-14	Location Labs	AVG Technologies	\$140.0	\$33.0	4.2x
2-Sep-14	BeyondTrust Software Inc.	Veritas Capital	\$310.0	\$100.0	3.1x
2-Sep-14	Softpro GmbH	Kofax Limited	\$31.2	\$13.3	2.3x
29-Aug-14	Dictao	Morpho [Safran Group]	-	-	NA
26-Aug-14	Parka LLC (BruteProtect) / Assets	Automatic Inc.	-	-	NA
25-Aug-14	Pure Hacking Pty. Ltd.	PS&C Limited	\$7.7	-	NA
12-Aug-14	SailPoint Technologies	Thoma Bravo LLC	\$300.0	\$60.0	5.0x
12-Aug-14	Scorpion Software Corp	Kaseya International Limited	\$20.0	\$4.0	5.0x
11-Aug-14	Lighthouse Security Group LLC (business operations)	IBM Corporation	-	-	NA
8-Aug-14	SafeNet, Inc.	Gemalto NV	\$890.0	\$337.0	2.6x
7-Aug-14	PrivateCore	Facebook	-	-	NA
6-Aug-14	MXSweep	Fusemail	-	-	NA
4-Aug-14	MdotLabs	comScore Inc.	-	-	NA

Q3 2014 Security & Risk M&A Transactions (cont'd)

Date Announced	Seller	Buyer	Enterprise	Revenues	Enterprise
			Value		Value
4-Aug-14	NetCentrics Corporation	Haystax Technology	-	-	NA
4-Aug-14	GSSC / AMS Division Assets	Securus Technologies, Inc.	-	-	NA
31-Jul-14	CrossIdeas s.r.l	IBM Corporation	-	-	NA
31-Jul-14	Mitro Labs	Twitter Inc.	-	-	NA
29-Jul-14	Secusmart GmbH	BlackBerry Ltd.	-	-	NA
25-Jul-14	Clango Group Inc.	Distributed Information Technologies Inc.	-	-	NA
17-Jul-14	Open Roads Consulting Inc.	Q-Free ASA	\$6.2	\$12.8	0.5x
10-Jul-14	DWP Solutions Inc.	Calian Technology Ltd.	-	-	NA
8-Jul-14	Symplified Inc	RSA Security	-	-	NA
8-Jul-14	TwinStrata Inc	EMC Corporation	-	-	NA
7-Jul-14	CA Technologies Arcserve Data Protection Business	Marlin Equity Partners LLC	-	-	NA

Bold denotes Signal Hill advised transaction

Security & Risk Public Companies – Q3 2014 Trading Statistics

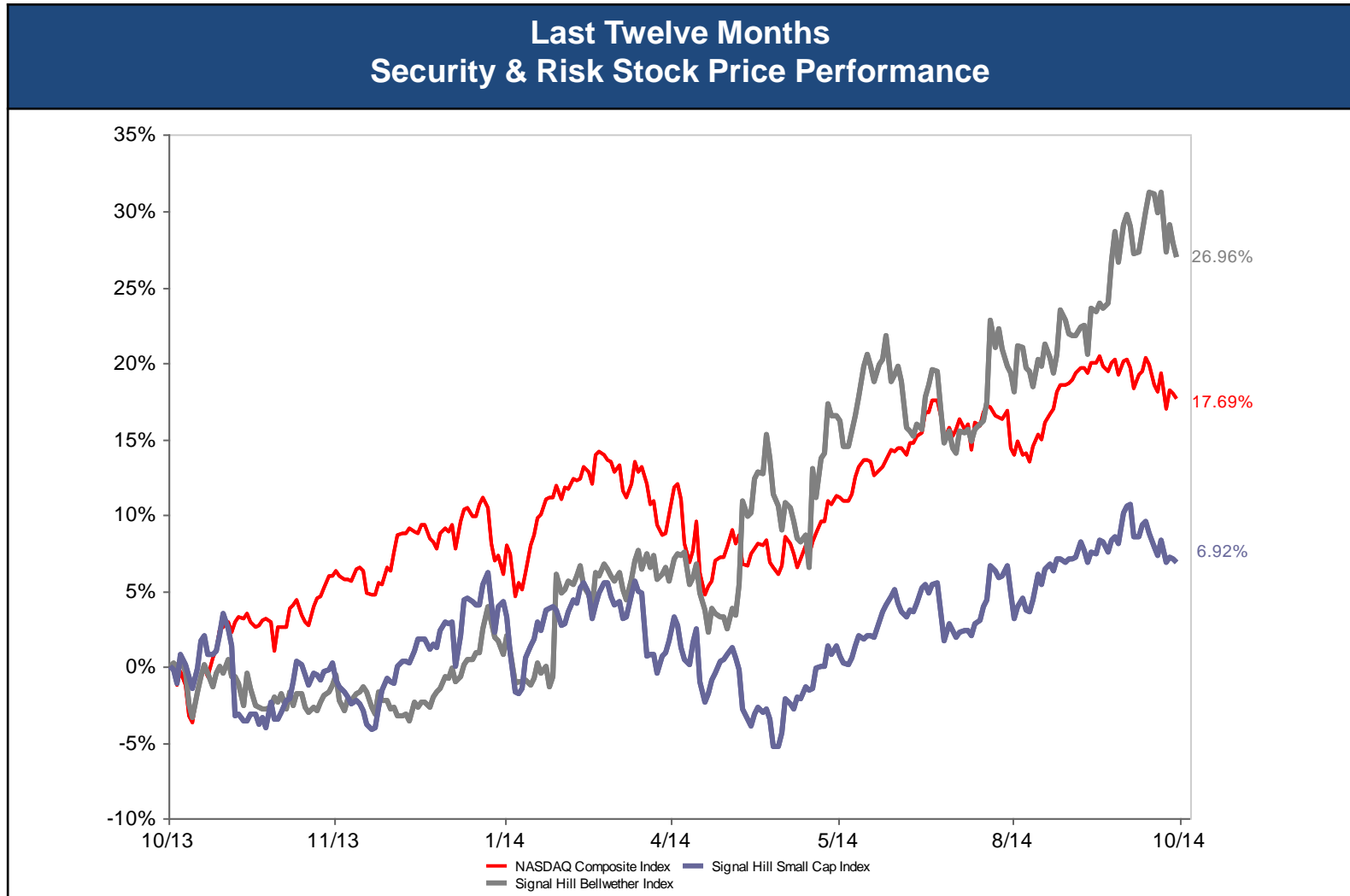
(\$ in millions, except per share amounts)		9/30/2014 Price	% Dec./Inc. from LTM		Fully Diluted Eq. Val.	Revenue				Fully Diluted Ent. Val.	Enterprise Value /					
Market Segment	Company		High	Low		LTM	CY'14E	CY '15E	Net Cash		LTM	CY'14E	CY'15E	EBITDA		
											LTM	CY'14E	CY'15E	LTM	CY'14E	CY'15E
Security Bellwether																
Content	Symantec	\$23.51	(8%)	31%	\$16,229	\$6,702	\$6,711	\$6,773	\$1,954	\$14,275	2.1x	2.1x	2.1x	7.4x	6.6x	6.1x
SVM	Check Point	\$69.24	(5%)	26%	\$13,210	\$1,436	\$1,482	\$1,569	\$1,234	\$11,977	8.3x	8.1x	7.6x	15.2x	14.0x	13.4x
IAM	Gemalto	\$91.73	(20%)	6%	\$7,933	\$3,269	\$3,200	\$3,674	\$452	\$7,481	2.5x	2.3x	2.0x	15.3x	12.9x	10.5x
SVM	Palo Alto	\$98.10	(4%)	143%	\$7,812	\$598	\$708	\$944	\$306	\$7,506	12.5x	10.6x	8.0x	NM	NM	42.2x
SVM	FireEye	\$30.56	(69%)	19%	\$4,552	\$268	\$428	\$629	\$464	\$4,087	15.2x	9.5x	6.5x	NM	NM	NM
SVM	Fortinet	\$25.27	(6%)	55%	\$4,138	\$685	\$740	\$846	\$558	\$3,580	5.2x	4.8x	4.2x	41.9x	24.8x	20.6x
Content	Trend Micro	\$33.82	(11%)	23%	\$4,534	\$1,094	\$1,058	\$1,095	\$1,046	\$3,487	3.5x	3.4x	3.3x	9.1x	9.9x	9.7x
Content	Proofpoint	\$37.14	(19%)	54%	\$1,389	\$164	\$186	\$230	\$68	\$1,321	8.0x	7.1x	5.7x	NM	NM	NM
SVM	Barracuda	\$25.65	(42%)	38%	\$1,321	\$255	\$265	\$307	\$137	\$1,184	4.9x	4.5x	3.9x	NM	16.9x	12.8x
Content	AVG Technologies	\$16.58	(35%)	9%	\$869	\$384	\$370	\$406	\$45	\$824	2.1x	2.2x	2.0x	6.4x	5.9x	5.5x
SVM	Qualys	\$26.60	(11%)	48%	\$877	\$119	\$132	\$158	\$109	\$768	6.4x	5.8x	4.9x	NM	30.8x	24.1x
SVM	Imperva	\$28.73	(57%)	56%	\$761	\$148	\$159	\$193	\$99	\$662	4.5x	4.2x	3.4x	NM	NM	NM
Content	Ahnlab	\$35.11	(51%)	4%	\$304	\$137	\$137	NM	\$67	\$237	1.8x	1.8x	NM	15.6x	15.6x	NM
Content	Cyber Ark	\$32.01	(11%)	45%	\$947	\$76	\$76	NM	\$76	\$871	11.5x	11.5x	NM	NM	NM	NM
Median											4.9x	4.5x	4.1x	15.2x	14.0x	12.8x
Mean											5.9x	5.1x	4.5x	15.8x	15.3x	16.1x
Security Small Cap																
Content	F-Secure	\$3.14	(14%)	44%	\$490	\$214	\$202	\$213	\$60	\$430	2.2x	2.1x	2.0x	10.1x	10.4x	8.8x
IAM	Vasco	\$18.78	(5%)	190%	\$737	\$169	\$178	\$190	\$123	\$614	3.6x	3.5x	3.2x	27.3x	19.1x	15.3x
SVM	Absolute Software	\$6.04	(17%)	15%	\$266	\$91	\$92	\$100	\$56	\$210	2.4x	2.3x	2.1x	13.0x	12.4x	11.3x
Content	Zix	\$3.42	(31%)	18%	\$203	\$49	\$51	\$60	\$26	\$177	3.6x	3.4x	3.0x	15.2x	16.0x	12.1x
Content	CommTouch	\$2.19	(47%)	15%	\$69	\$33	\$34	\$39	NM	\$71	2.2x	2.1x	1.8x	NM	NM	NM
Content	Wave Systems	\$1.07	(54%)	55%	\$49	\$22	\$19	\$19	\$9	\$41	1.9x	2.1x	2.1x	NM	NM	NM
SVM	Intrusion	\$2.98	(1%)	198%	\$37	\$7	\$7	NM	NM	\$40	5.6x	5.6x	NM	NM	NM	NM
IAM	Bio-key	\$0.12	(61%)	16%	\$13	\$3	\$3	NM	\$1	\$13	5.1x	5.1x	NM	NM	NM	NM
Median											3.0x	2.9x	2.1x	14.1x	14.2x	11.7x
Mean											3.3x	3.3x	2.4x	16.4x	14.5x	11.9x

Content – antimalware, antivirus, email web filtering, data security and related threat protection segments.

IAM – identity & access management solutions.

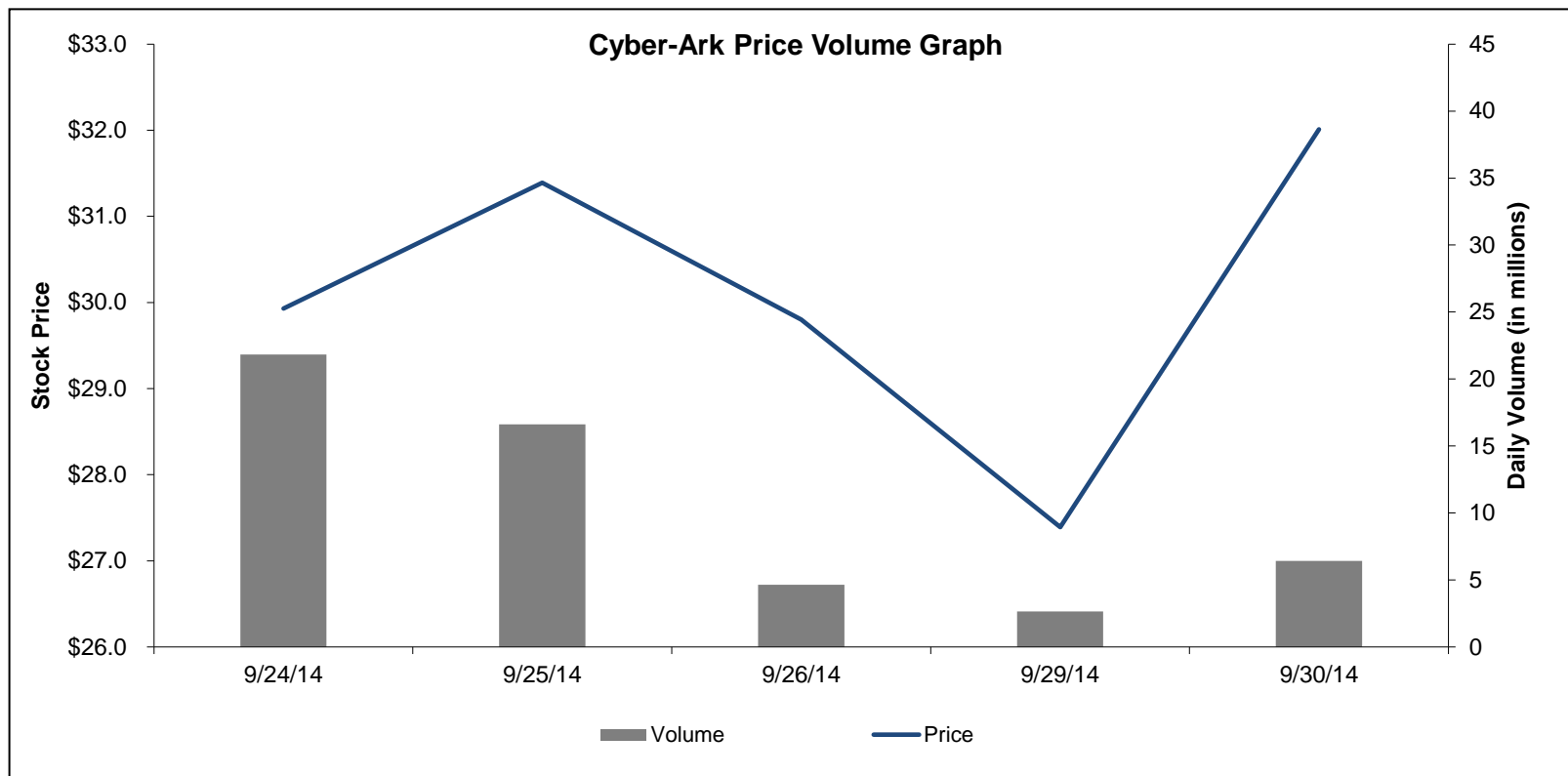
SVM – Network Security & Vulnerability Management including IDS/P, firewalls, and vulnerability management

LTM Relative Security & Risk Stock Price Performance



Q3 2014 Security & Risk IPO Activity

Company	Gross Offering Amount (\$M)	% Net Proceeds to Company	Offer Price	Returns 1-Day After IPO	Returns 30-Days After IPO
Cyber-Ark Software	\$85.76	100%	\$16.00	87.1%	NA



Select Q3 2014 Security & Risk Financing Activity

Date Announced	Company	Investor(s)	Deal Value	Round Number
17-Sep-14	Secure Islands	Credit Suisse Asset Management, LLC	\$12.0	2
16-Sep-14	eSentire Inc.	Edison Partners; VentureLink LP; Cisco Investments; Georgian Partners; Northleaf Capital Partners	\$12.7	2
11-Sep-14	Ping Identity Corporation	Draper Fisher Jurvetson; Kohlberg Kravis Roberts & Co. L.P. (NYSE:KKR); SAP Ventures; General Catalyst Partners; W Capital Partners; Appian Ventures Inc.; Triangle Peak Partners, LP; Volition Capital LLC; Ten Eleven Ventures	\$35.0	10
10-Sep-14	Light Cyber Ltd.	Battery Ventures; Glilot Capital Partners	\$10.0	2
09-Sep-14	Watchful Software	Hudson Fairfax Group LP	-	2
01-Sep-14	Cronus Cyber Technology Ltd.	Janvest Technologies LLC	-	1
27-Aug-14	Veracode, Inc.	Wellington Management Company, LLP	\$40.0	8
20-Aug-14	vArmour Networks	Citi Ventures, Columbus Nova Technology Partners, Work-Bench	\$21.0	3
31-Jul-14	Bitglass	New Enterprise Associates, Norwest Venture Partners, SignTel Innov8, SingTel Ventures	\$26.0	2
29-Jul-14	Lastline	Dell Ventures, e.ventures, Presidio STX, Redpoint Ventures	\$10.0	4
29-Jul-14	Theta Ray	General Electric, Jerusalem Venture Partners, Poalim Ventures	\$10.0	3
25-Jul-14	Vectra Networks	Accel Partners, AME Cloud Ventures, IA Ventures, Intel Capital, Juniper Networks, Investment Arm, Junos Innovation Fund, Khosla Ventures	\$25.0	3
10-Jul-14	Malwarebytes Corporation	Highland Capital Partners	\$30.0	1
08-Jul-14	Wombat Security Technologies	Level Equity Management	\$6.7	-
03-Jul-14	TeleSign	Telstra, March Capital Partners, Summit Partners, Adams Street Partners	\$49.0	1
01-Jul-14	Hexadite	YL Ventures, Mosche Lichtman	\$2.5	1



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