

## McAfee Inc. (MFE)

|                         |                                 |
|-------------------------|---------------------------------|
| Rating                  | <b>NEUTRAL*</b>                 |
| Price (29 Jul 10, US\$) | 30.50                           |
| Target price (US\$)     | (from 37.50) 35.00 <sup>†</sup> |
| 52-week price range     | 45.54 - 30.14                   |
| Market cap. (US\$ m)    | 4,758.55                        |

\*Stock ratings are relative to the relevant country benchmark.

<sup>†</sup>Target price is for 12 months.

Research Analysts  
Philip Winslow, CFA

Dennis Simson, CFA

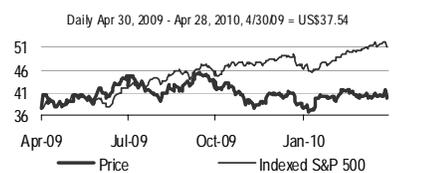
Sitikantha Panigrahi

DECREASE TARGET PRICE

### Some Good; Some Bad

- Results.** McAfee reported results for Q2 of \$0.63 in EPS on \$495.3 million in revenue (excluding impact of DAT file update on revenue and expenses), compared with consensus estimates of \$0.60 on \$507.3 million. Including the DAT file update impact in expenses (as per guidance) would reduce EPS by \$0.01 versus the company's guidance of a \$0.01-0.02 impact. Bookings equaled \$522 million versus consensus of \$517 million.
- Analysis.** On an apples-to-apples basis, McAfee missed revenue but topped EPS expectations by \$0.02. The shortfall in reported revenue stemmed from a greater than expected impact from DAT file update remediation actions, a greater-than-anticipated currency headwind, as well as a higher-than-normal deferral rate. Although management's revenue guidance range was below consensus expectations for the second consecutive quarter (albeit taking into account currency headwinds), management stated that the DAT file issue is behind the company and that pipelines remain strong. We continue to forecast a deceleration in McAfee's revenue growth rate in 2010, due to the higher rates of unemployment and limited growth in the enterprise PC installed base (which we believe will result in a later-cycle recovery in endpoint security), difficult year-over-year rate of change comparisons because of the acquisition of Secure Computing, and foreign currency headwinds. We were encouraged, however, by McAfee's refocus on expenses, with operating margin of 25.8% versus both our and consensus estimates of 24.9%.
- Estimates.** We are adjusting our 2010 revenue estimate from \$2.062 billion to \$2.043 billion, and our EPS estimate from \$2.50 to \$2.53.
- Outlook.** McAfee's valuation is relatively attractive and management's guidance for Q3 could prove conservative, but we will continue to monitor McAfee's corporate and SMB business trends before turning positive again on McAfee's stock. We maintain our Neutral rating and lower our target price of \$37.50 to \$35.

#### Share price performance



On 04/28/10 the S&P 500 index closed at 1191.36

| Quarterly EPS | Q1   | Q2   | Q3   | Q4   |
|---------------|------|------|------|------|
| 2009A         | 0.54 | 0.60 | 0.62 | 0.64 |
| 2010E         | 0.60 | 0.63 | 0.63 | 0.67 |
| 2011E         | 0.67 | 0.73 | 0.72 | 0.76 |

#### Financial and valuation metrics

| Year                       | 12/09A  | 12/10E                  | 12/11E  | 12/12E  |
|----------------------------|---------|-------------------------|---------|---------|
| EPS - (Excl. ESO) (US\$)   | 2.39    | 2.53                    | 2.88    | 3.20    |
| EPS (CS adj.) (US\$)       | 2.39    | 2.53                    | 2.88    | 3.20    |
| Prev. EPS (CS adj.) (US\$) | —       | 2.50                    | 2.74    | 2.98    |
| P/E (CS adj., x)           | 12.7    | 12.1                    | 10.6    | 9.5     |
| P/E rel. (CS adj., %)      | 81.0    | 94.4                    | 94.9    | 96.8    |
| Revenue (US\$ m)           | 1,927.3 | 2,043.2                 | 2,205.4 | 2,381.3 |
| EBITDA (US\$ m)            | 670.6   | 690.1                   | 756.1   | 829.2   |
| Net debt (US\$ m)          | -950    | -834                    | -1,158  | -1,504  |
| OCFPS (US\$)               | 3.19    | 3.62                    | 3.95    | 4.27    |
| P/OCF (x)                  | 12.7    | 8.4                     | 7.7     | 7.2     |
| Number of shares (m)       | 156.02  | Price/sales(x)          |         | 2.33    |
| BV/share (current, US\$)   | 11.6    | P/BVPS (x)              |         | 2.6     |
| Net debt (current, US\$ m) | -801.5  | Dividend (12/09A, US\$) |         | —       |
| Dividend yield (%)         | —       |                         |         |         |

Source: Company data, Credit Suisse estimates.

**DISCLOSURE APPENDIX CONTAINS IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS, INFORMATION ON TRADE ALERTS, ANALYST MODEL PORTFOLIOS AND THE STATUS OF NON-U.S. ANALYSTS.** U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

# The Download...

---

**The Good:**

- Bookings equaled \$522 million versus consensus of \$517 million.
- Deferred revenue equaled \$1.366 billion, compared to our estimate of \$1.343 billion.
- Cash flow from operations of \$133 million, compared to consensus estimates of \$102 million.

**The Bad:**

- McAfee reported non-GAAP revenue results for Q2 of \$495.3 million (excluding impact of DAT file update), compared with consensus estimates of \$507.3 million.
- Corporate revenue was \$305 million versus consensus estimates of \$314 million.
- Consumer revenue was \$191 million versus consensus estimates of \$192 million.
- Management issued guidance for the September quarter of revenue of \$505-520 and non-GAAP EPS of \$0.62-0.66, compared to consensus estimates of revenue of \$522.8 million and EPS of \$0.65 and our estimates of \$515.7 million and EPS of \$0.64.

**What's Our Take?**

- We continue to forecast a deceleration in McAfee's revenue growth rate in 2010, due to the higher rates of unemployment and limited growth in the enterprise PC installed base (which we believe will result in a later-cycle recovery in endpoint security), difficult year-over-year rate of change comparisons because of the acquisition of Secure Computing, and foreign currency headwinds.

**What's The Stock Thesis?**

- We continue to forecast a deceleration in McAfee's revenue growth rate in 2010, due to the higher rates of unemployment and limited growth in the enterprise PC installed base (which we believe will result in a later-cycle recovery in endpoint security), difficult year-over-year rate of change comparisons because of the acquisition of Secure Computing, and foreign currency headwinds.
- McAfee's valuation is relatively attractive and management's guidance for Q3 could prove conservative, but we will continue to monitor McAfee's corporate and SMB business trends before turning positive again on McAfee's stock.

**What's The Impact To The Model?**

- We are adjusting our 2010 revenue estimate from \$2.062 billion to \$2.043 billion, and our EPS estimate from \$2.50 to \$2.53.

**What's The Next Catalyst/Data Point?**

- Software NPD data for the month of July is released on August 12, 2010.

**What's Valuation?**

- McAfee currently trades at a 26.5% discount to the software industry on a NTM enterprise value to unlevered free cash flow basis. McAfee's relative discount to software equalled 9.0% on average over the past 5 years.
  - Our target price of \$35 implies a NTM unlevered EV/FCF multiple of 8.9x and a NTM P/E multiple of 12.9x.
-

# Quarterly Analysis

## Quarterly Highlights

### Exhibit 1: Quarter at a Glance

US\$ in millions, unless otherwise stated

| Quarterly Variance Analysis    |               |                |          |         |               |                  |           |         |
|--------------------------------|---------------|----------------|----------|---------|---------------|------------------|-----------|---------|
|                                | Actual Jun-10 | CS Est Jun-10E | \$ Δ     | % Δ     | Actual Jun-10 | Consensus Jun-10 | \$ Δ      | % Δ     |
| Corporate Revenue              | 304.6         | 321.8          | (17.3)   | -5.4%   | 304.6         | 313.8            | NM        | NM      |
| Consumer Revenue               | 190.8         | 181.2          | 9.6      | 5.3%    | 190.8         | 191.5            | NM        | NM      |
| <b>Revenue</b>                 | \$ 495.3      | \$ 503.0       | \$ (7.7) | -1.5%   | \$ 495.3      | \$ 507.4         | \$ (12.1) | -2.4%   |
| Cost of goods sold             | 108.0         | 110.0          | (2.0)    | -1.8%   | 108.0         | 111.1            | (3.2)     | -2.8%   |
| <b>Gross profit</b>            | 387.4         | 393.0          | (5.7)    | -1.4%   | 387.4         | 396.3            | (8.9)     | -2.2%   |
| Gross margin                   | 78.2%         | 78.1%          |          |         | 78.2%         | 78.1%            |           |         |
| Operating expenses             | 257.9         | 267.6          | (9.7)    | -3.6%   | 257.9         | 269.9            | (12.0)    | -4.4%   |
| <b>Operating income</b>        | 129.4         | 125.4          | 4.0      | 3.2%    | 129.4         | 126.4            | 3.0       | 2.4%    |
| Operating margin               | 26.1%         | 24.9%          |          |         | 26.1%         | 24.9%            |           |         |
| Interest and other, net        | (0.3)         | 0.1            | (0.4)    | -376.2% | (0.3)         | 0.5              | (0.8)     | -155.0% |
| <b>Pro forma pretax income</b> | 129.2         | 125.5          | 3.6      | 2.9%    | 129.2         | 126.9            | 2.3       | 1.8%    |
| Effective tax rate             | 24.0%         | 24.0%          |          |         | 24.0%         | 24.2%            |           |         |
| <b>Net income</b>              | 98.2          | 95.4           | 2.8      | 2.9%    | 98.2          | 96.2             | 2.0       | 2.0%    |
| <b>EPS</b>                     | \$0.63        | \$0.60         | \$0.03   | 5.2%    | \$0.63        | \$0.60           | \$0.03    | 5.1%    |
| FD shares outstanding          | 156           | 160            | (3)      | -2.2%   | 156           | 161              | (5)       | -2.9%   |
| <b>OCFPS</b>                   | \$0.86        | \$0.25         | \$0.61   | 243.0%  | \$0.86        | \$0.50           | \$0.37    | 74.6%   |
| <b>Deferred revenue</b>        | 1,366.5       | 1,342.8        | 23.7     | 1.8%    | 1,366.5       | 1,370.0          | (3.5)     | -0.3%   |
| <b>Capital spending</b>        | 18.8          | 17.5           | 1.3      | 7.6%    | 18.8          | 18.5             | 0.4       | 1.9%    |

| Growth Analysis         | Sequential Comparison |          |          |       | Y/Y Comparison |          |         |       |
|-------------------------|-----------------------|----------|----------|-------|----------------|----------|---------|-------|
|                         | Actual Jun-10         | Mar-10   | \$ Δ     | % Δ   | Actual Jun-10  | Jun-09   | \$ Δ    | % Δ   |
| <b>Revenue</b>          | \$ 495.3              | \$ 502.7 | \$ (7.4) | -1.5% | \$ 495.3       | \$ 468.7 | \$ 26.7 | 5.7%  |
| Cost of goods sold      | 108.0                 | 110.2    | (2.2)    | -2.0% | 108.0          | 95.1     | 12.8    | 13.5% |
| Gross profit            | 387.4                 | 392.5    | (5.2)    | -1.3% | 387.4          | 373.5    | 13.8    | 3.7%  |
| Operating expenses      | 257.9                 | 265.8    | (7.9)    | -3.0% | 257.9          | 248.2    | 9.7     | 3.9%  |
| Operating income        | 129.4                 | 126.8    | 2.7      | 2.1%  | 129.4          | 125.4    | 4.1     | 3.3%  |
| Pro forma pretax income | 129.2                 | 126.9    | 2.3      | 1.8%  | 129.2          | 124.6    | 4.6     | 3.7%  |
| Net income              | 98.2                  | 96.4     | 1.8      | 1.8%  | 98.2           | 94.7     | 3.5     | 3.7%  |
| <b>EPS</b>              | \$0.63                | \$0.60   | \$0.03   | 4.7%  | \$0.63         | \$0.60   | \$0.03  | 5.1%  |
| Gross margin            | 78.2%                 | 78.1%    |          |       | 78.2%          | 79.7%    |         |       |
| Operating margin        | 26.1%                 | 25.2%    |          |       | 26.1%          | 26.7%    |         |       |
| Net margin              | 19.8%                 | 19.2%    |          |       | 19.8%          | 20.2%    |         |       |

Source: Company data, Credit Suisse estimates.

### Revenue Breakdown

- Sales of McAfee Enterprise Security, including Secure Computing, declined 2.5% sequentially, accounting for approximately 61.5% of revenue for the quarter.
- Consumer Security revenue increased 0.3% sequentially, constituting 38.5% of revenue during the quarter.

### Other Key Takeaways

- Cash on the balance sheet declined approximately \$97.2 million to approximately \$804.3 million in the quarter.
- The company closed 474 deals over \$100,000, 78 deals over \$500,000, and 30 deals over \$1 million, compared with 376 deals over \$100,000, 56 deals over \$500,000, and 19 deals over \$1 million in the prior quarter.
- On the balance sheet, deferred revenue declined by approximately \$12 million during the quarter to approximately \$1.37 billion.

## Estimates & Guidance

We are adjusting our 2010 revenue estimate from \$2.062 billion to \$2.043 billion, and our EPS estimate from \$2.50 to \$2.53. Management issued guidance for the September quarter of revenue of \$505-520 and non GAAP EPS of \$0.62-0.66, compared to consensus estimates of revenue of \$522.8 million and EPS of \$0.65.

### Exhibit 2: Quarterly Estimate Changes vs. Company Guidance

US\$ in millions, unless otherwise stated

| Quarterly Estimates & Guidance Variance Analysis |                     |                      |                        |                       |
|--|---------------------|----------------------|------------------------|-----------------------|
|  | Guidance<br>Sep-10E | Consensus<br>Sep-10E | Prev CS Est<br>Sep-10E | New CS Est<br>Sep-10E |
| Corporate Revenue                                |                     | NA                   | 327.8                  | 310.7                 |
| Consumer Revenue                                 |                     | NA                   | 188.0                  | 199.5                 |
| <b>Revenue</b>                                   | \$ 505.0-520.0      | \$ 522.8             | \$ 515.7               | \$ 510.1              |
| Cost of goods sold                               |                     | 113.5                | 113.9                  | 114.5                 |
| <b>Gross profit</b>                              |                     | 409.2                | 401.8                  | 395.6                 |
| Gross margin                                     |                     | 78.3%                | 77.9%                  | 77.6%                 |
| Operating expenses                               |                     | 273.5                | 268.2                  | 267.9                 |
| <b>Operating income</b>                          |                     | 135.8                | 133.6                  | 127.8                 |
| Operating margin                                 | 24.0-26.0%          | 26.0%                | 25.9%                  | 25.0%                 |
| Interest and other, net                          |                     | 0.8                  | 0.1                    | 1.0                   |
| <b>Pro forma pretax income</b>                   |                     | 136.5                | 133.7                  | 128.8                 |
| Effective tax rate                               | 24.0%               | 24.1%                | 24.0%                  | 24.0%                 |
| <b>Net income</b>                                |                     | 103.6                | 101.6                  | 97.9                  |
| <b>EPS</b>                                       | \$0.62-\$0.66       | \$0.65               | \$0.64                 | \$0.63                |
| FD shares outstanding                            | 154-156             | 161                  | 160                    | 155                   |
| <b>OCFPS</b>                                     |                     | \$0.89               | \$1.09                 | \$0.88                |
| Deferred revenue                                 |                     | NA                   | 1,381.7                | 1,405.2               |
| Capital spending                                 |                     | 19.1                 | 17.9                   | 19.4                  |

Source: Company data, Credit Suisse estimates.

### Exhibit 3: Annual Estimate Changes Variance Analysis

US\$ in millions, unless otherwise stated

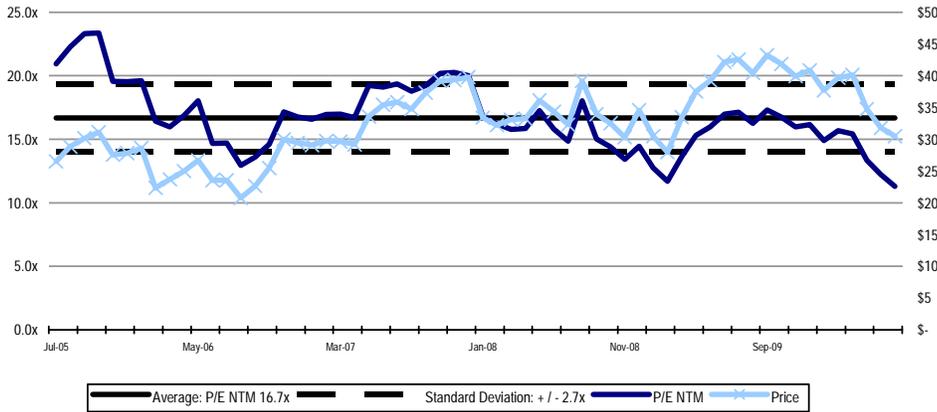
| Annual Estimates Variance Analysis |                 |                  |           |        |                 |                    |           |        |
|------------------------------------|-----------------|------------------|-----------|--------|-----------------|--------------------|-----------|--------|
|                                    | New CS<br>2010E | Prev CS<br>2010E | \$ Δ      | % Δ    | New CS<br>2010E | Consensus<br>2010E | \$ Δ      | % Δ    |
| Corporate Revenue                  | 1,252.9         | 1,306.1          | (53.2)    | -4.1%  | 1,252.9         | NA                 | NM        | NM     |
| Consumer Revenue                   | 790.3           | 756.0            | 34.3      | 4.5%   | 790.3           | NA                 | NM        | NM     |
| <b>Revenue</b>                     | \$ 2,043.2      | \$ 2,062.1       | \$ (18.9) | -0.9%  | \$ 2,043.2      | \$ 2,096.4         | \$ (53.2) | -2.5%  |
| Cost of goods sold                 | 453.8           | 453.9            | (0.1)     | 0.0%   | 453.8           | 457.8              | (4.0)     | -0.9%  |
| <b>Gross profit</b>                | 1,589.4         | 1,608.2          | (18.8)    | -1.2%  | 1,589.4         | 1,638.6            | (49.2)    | -3.0%  |
| Gross margin                       | 77.8%           | 78.0%            |           |        | 77.8%           | 78.2%              |           |        |
| Operating expenses                 | 1,071.2         | 1,081.5          | (10.3)    | -1.0%  | 1,071.2         | 1,102.7            | (31.5)    | -2.9%  |
| <b>Operating income</b>            | 518.3           | 526.7            | (8.4)     | -1.6%  | 518.3           | 535.9              | (17.6)    | -3.3%  |
| Operating margin                   | 25.4%           | 25.5%            |           |        | 25.4%           | 25.6%              |           |        |
| Interest and other, net            | 1.8             | 0.4              | 1.4       | 337.1% | 1.8             | 4.6                | (2.8)     | -60.7% |
| <b>Pro forma pretax income</b>     | 520.1           | 527.1            | (7.0)     | -1.3%  | 520.1           | 540.5              | (20.4)    | -3.8%  |
| Effective tax rate                 | 24.0%           | 24.0%            |           |        | 24.0%           | 24.2%              |           |        |
| <b>Net income</b>                  | 395.3           | 400.6            | (5.4)     | -1.3%  | 395.3           | 409.8              | (14.5)    | -3.5%  |
| <b>EPS</b>                         | \$2.53          | \$2.50           | \$0.02    | 1.0%   | \$2.53          | \$2.55             | (\$0.02)  | -0.9%  |
| FD shares outstanding              | 156             | 160              | (4)       | -2.3%  | 156             | 161                | (4)       | -2.6%  |
| <b>OCFPS</b>                       | \$3.62          | \$3.16           | \$0.46    | 14.5%  | \$3.62          | \$3.35             | \$0.27    | 8.0%   |
| Deferred revenue                   | 1,487.8         | 1,457.1          | 30.7      | 2.1%   | 1,487.8         | NA                 | NM        | NM     |
| Capital spending                   | 76.1            | 71.7             | 4.3       | 6.0%   | 76.1            | 70.2               | 5.9       | 8.4%   |

Source: Company data, Credit Suisse estimates.

# Valuation

McAfee currently trades at a NTM price to earnings multiple of 11.3, a discount to the company's 5-year average multiple of 16.7. (See Exhibit 4.)

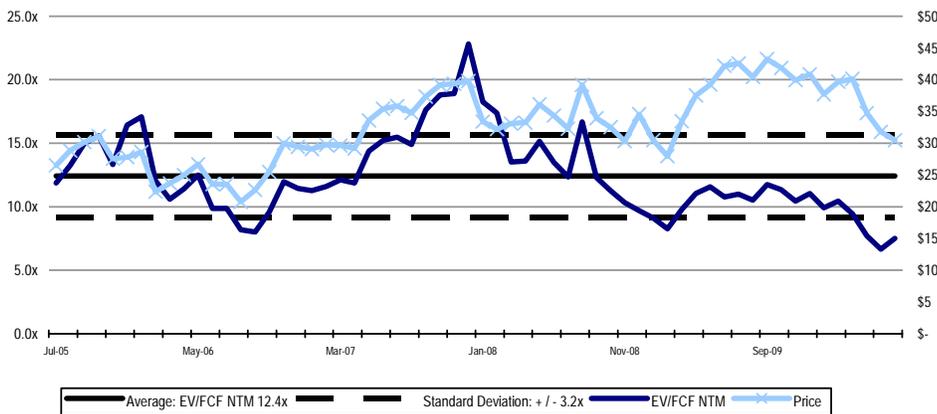
**Exhibit 4: NTM P/E Multiple, 5-Year Trend**  
 US\$, unless otherwise stated



Source: FactSet, Credit Suisse.

McAfee also currently trades at a NTM enterprise value to unlevered free cash flow multiple of 7.5, which represents a discount to the company's 5-year average multiple of 12.4. (See Exhibit 5.)

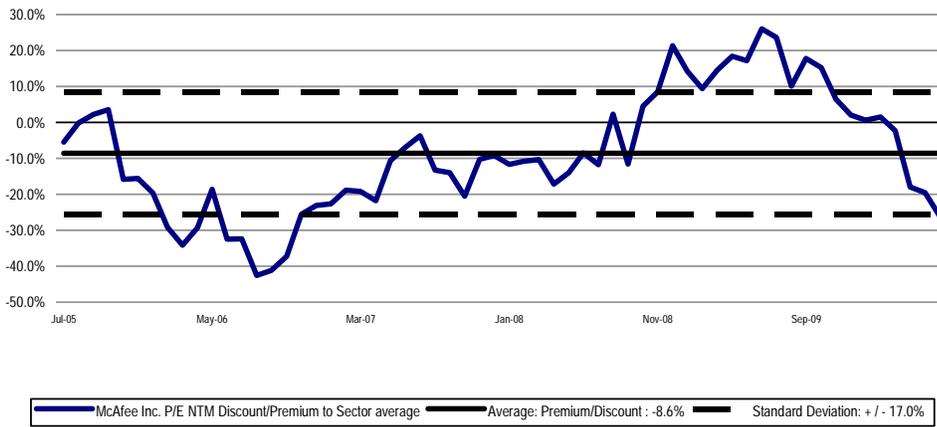
**Exhibit 5: NTM EV/UFCF Multiple, 5-Year Trend**  
 US\$, unless otherwise stated



Source: FactSet, Credit Suisse.

In addition, McAfee currently trades at a 26.1% discount to the software industry on a NTM price to earnings multiple basis. McAfee's relative discount to software equalled 8.3% on average over the past 5 years. (See Exhibit 6.)

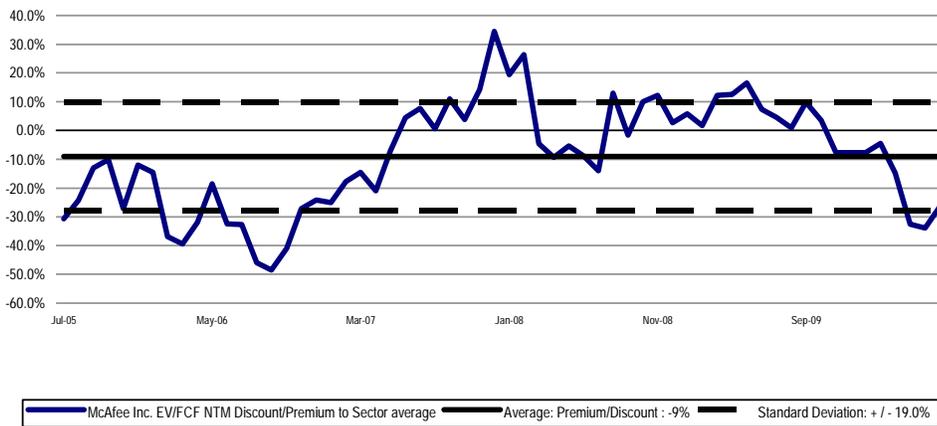
**Exhibit 6: NTM P/E Multiple Discount/Premium to Software, 5-Year Trend**



Source: FactSet, Credit Suisse.

McAfee currently trades at a 26.5% discount to the software industry on a NTM enterprise value to unlevered free cash flow basis. McAfee's relative discount to software equalled 9.0% on average over the past 5 years. (See Exhibit 7.)

**Exhibit 7: NTM EV/FCF Multiple Discount/Premium to Software, 5-Year Trend**



Source: FactSet, Credit Suisse.

Our target price of \$35 implies a NTM unlevered EV/FCF multiple of 8.9x and a NTM P/E multiple of 12.9x. (See Exhibit 8.)

**Exhibit 8: Valuation Matrix**

US\$ in millions, unless otherwise stated

|                  |                 | 2009      | 2010E     | 2011E     | NTM       |
|------------------|-----------------|-----------|-----------|-----------|-----------|
| <b>Estimates</b> | Revenue         | \$1,927.3 | \$2,043.2 | \$2,205.4 | \$2,120.4 |
|                  | EPS (Pro Forma) | \$2.39    | \$2.53    | \$2.88    | \$2.70    |
|                  | Maintenance     | \$892.7   | \$908.0   | \$959.9   | \$929.0   |
|                  | CFO             | \$506.6   | \$565.5   | \$608.0   | \$610.2   |
|                  | FCF             | \$446.1   | \$489.5   | \$524.2   | \$529.6   |
|                  | UFCF            | \$444.6   | \$488.1   | \$520.4   | \$526.4   |
| <b>Current</b>   | EV/R            | 2.1x      | 1.9x      | 1.8x      | 1.9x      |
|                  | EV/Maintenance  | 4.4x      | 4.4x      | 4.1x      | 4.3x      |
|                  | P/E (Pro Forma) | 12.7x     | 12.1x     | 10.6x     | 11.3x     |
|                  | EV/CFO          | 7.8x      | 7.0x      | 6.5x      | 6.5x      |
|                  | EV/FCF          | 8.9x      | 8.1x      | 7.6x      | 7.5x      |
|                  | EV/UFCF         | 8.9x      | 8.1x      | 7.6x      | 7.5x      |
| <b>Target</b>    | EV/R            | 2.4x      | 2.3x      | 2.1x      | 2.2x      |
|                  | EV/Maintenance  | 5.2x      | 5.1x      | 4.9x      | 5.0x      |
|                  | P/E (Pro Forma) | 14.6x     | 13.8x     | 12.2x     | 12.9x     |
|                  | EV/CFO          | 9.2x      | 8.2x      | 7.7x      | 7.6x      |
|                  | EV/FCF          | 10.4x     | 9.5x      | 8.9x      | 8.8x      |
|                  | EV/UFCF         | 10.5x     | 9.5x      | 9.0x      | 8.9x      |

Source: Company data, Credit Suisse estimates.

# Estimates

## Exhibit 9: Historical and Projected Income Statement

US\$ in millions, unless otherwise stated

|                                      | Fiscal 2009 by Quarter |                |                |                 | Fiscal 2010 by Quarter |                |                |                 | Fiscal Year Ends December |                 |                 |                 |
|--------------------------------------|------------------------|----------------|----------------|-----------------|------------------------|----------------|----------------|-----------------|---------------------------|-----------------|-----------------|-----------------|
|                                      | Mar-09                 | Jun-09         | Sep-09         | Dec-09          | Mar-10                 | Jun-10         | Sep-10E        | Dec-10E         | 2008                      | 2009            | 2010E           | 2011E           |
| <b>Total revenue</b>                 | \$ 447.7               | \$ 468.7       | \$ 485.3       | \$ 525.7        | \$ 502.7               | \$ 495.3       | \$ 510.1       | \$ 535.0        | \$ 1,600.1                | \$ 1,927.3      | \$ 2,043.2      | \$ 2,205.4      |
| Cost of good sold                    | 92.5                   | 95.1           | 103.1          | 108.9           | 110.2                  | 108.0          | 114.5          | 121.1           | 323.0                     | 399.7           | 453.8           | 496.0           |
| <b>Gross profit</b>                  | <b>355.2</b>           | <b>373.5</b>   | <b>382.2</b>   | <b>416.7</b>    | <b>392.5</b>           | <b>387.4</b>   | <b>395.6</b>   | <b>413.9</b>    | <b>1,277.0</b>            | <b>1,527.7</b>  | <b>1,589.4</b>  | <b>1,709.4</b>  |
| <i>Gross margin</i>                  | <b>79.3%</b>           | <b>79.7%</b>   | <b>78.8%</b>   | <b>79.3%</b>    | <b>78.1%</b>           | <b>78.2%</b>   | <b>77.6%</b>   | <b>77.4%</b>    | <b>79.8%</b>              | <b>79.3%</b>    | <b>77.8%</b>    | <b>77.5%</b>    |
| Operating expenses:                  |                        |                |                |                 |                        |                |                |                 |                           |                 |                 |                 |
| Sales and marketing                  | 138.9                  | 141.0          | 144.9          | 166.4           | 153.9                  | 143.4          | 154.6          | 164.8           | 492.7                     | 591.1           | 616.6           | 654.5           |
| <i>% of revenue</i>                  | <b>31.0%</b>           | <b>30.1%</b>   | <b>29.9%</b>   | <b>31.7%</b>    | <b>30.6%</b>           | <b>28.9%</b>   | <b>30.3%</b>   | <b>30.8%</b>    | <b>30.8%</b>              | <b>30.7%</b>    | <b>30.2%</b>    | <b>29.7%</b>    |
| Research and development             | 71.3                   | 72.1           | 75.5           | 76.9            | 76.1                   | 75.4           | 76.1           | 76.9            | 230.4                     | 295.9           | 304.5           | 324.2           |
| <i>% of revenue</i>                  | <b>15.9%</b>           | <b>15.4%</b>   | <b>15.6%</b>   | <b>14.6%</b>    | <b>15.1%</b>           | <b>15.2%</b>   | <b>14.9%</b>   | <b>14.4%</b>    | <b>14.4%</b>              | <b>15.4%</b>    | <b>14.9%</b>    | <b>14.7%</b>    |
| General and administrative           | 37.4                   | 35.1           | 33.1           | 36.7            | 35.8                   | 39.2           | 37.2           | 37.9            | 171.9                     | 142.3           | 150.1           | 152.6           |
| <i>% of revenue</i>                  | <b>8.3%</b>            | <b>7.5%</b>    | <b>6.8%</b>    | <b>7.0%</b>     | <b>7.1%</b>            | <b>7.9%</b>    | <b>7.3%</b>    | <b>7.1%</b>     | <b>10.7%</b>              | <b>7.4%</b>     | <b>7.3%</b>     | <b>6.9%</b>     |
| Total operating expenses             | 247.6                  | 248.2          | 253.5          | 280.0           | 265.8                  | 257.9          | 267.9          | 279.6           | 895.1                     | 1,029.3         | 1,071.2         | 1,131.4         |
| <b>Operating income</b>              | <b>107.6</b>           | <b>125.4</b>   | <b>128.7</b>   | <b>136.7</b>    | <b>126.8</b>           | <b>129.4</b>   | <b>127.8</b>   | <b>134.3</b>    | <b>382.0</b>              | <b>498.4</b>    | <b>518.3</b>    | <b>578.0</b>    |
| <i>Operating margin</i>              | <b>24.0%</b>           | <b>26.7%</b>   | <b>26.5%</b>   | <b>26.0%</b>    | <b>25.2%</b>           | <b>26.1%</b>   | <b>25.0%</b>   | <b>25.1%</b>    | <b>23.9%</b>              | <b>25.9%</b>    | <b>25.4%</b>    | <b>26.2%</b>    |
| Stock options compensation expense   | 24.0                   | 31.1           | 26.6           | 27.4            | 29.3                   | 26.6           | 28.0           | 27.9            | 76.9                      | 109.1           | 111.7           | 120.6           |
| <i>% of revenue</i>                  | <b>5.4%</b>            | <b>6.6%</b>    | <b>5.5%</b>    | <b>5.2%</b>     | <b>5.8%</b>            | <b>5.4%</b>    | <b>5.5%</b>    | <b>5.2%</b>     | <b>4.8%</b>               | <b>5.7%</b>     | <b>5.5%</b>     | <b>5.5%</b>     |
| Interest and other, net              | 3.0                    | (0.8)          | 1.1            | (1.3)           | 0.1                    | (0.3)          | 1.0            | 1.0             | 51.2                      | 2.0             | 1.8             | 4.9             |
| Pretax income                        | 110.6                  | 124.6          | 129.7          | 135.4           | 126.9                  | 129.2          | 128.8          | 135.3           | 433.2                     | 500.3           | 520.1           | 583.0           |
| Pro forma taxes                      | 26.5                   | 29.9           | 31.1           | 32.5            | 30.4                   | 31.0           | 30.9           | 32.5            | 117.0                     | 120.1           | 124.8           | 139.9           |
| <i>Effective tax rate</i>            | <b>24.0%</b>           | <b>24.0%</b>   | <b>24.0%</b>   | <b>24.0%</b>    | <b>24.0%</b>           | <b>24.0%</b>   | <b>24.0%</b>   | <b>24.0%</b>    | <b>27.0%</b>              | <b>24.0%</b>    | <b>24.0%</b>    | <b>24.0%</b>    |
| <b>Pro forma net income</b>          | <b>\$ 84.1</b>         | <b>\$ 94.7</b> | <b>\$ 98.6</b> | <b>\$ 102.9</b> | <b>\$ 96.4</b>         | <b>\$ 98.2</b> | <b>\$ 97.9</b> | <b>\$ 102.8</b> | <b>\$ 316.2</b>           | <b>\$ 380.3</b> | <b>\$ 395.3</b> | <b>\$ 443.1</b> |
| <i>Pro forma net margin</i>          | <b>18.8%</b>           | <b>20.2%</b>   | <b>20.3%</b>   | <b>19.6%</b>    | <b>19.2%</b>           | <b>19.8%</b>   | <b>19.2%</b>   | <b>19.2%</b>    | <b>19.8%</b>              | <b>19.7%</b>    | <b>19.3%</b>    | <b>20.1%</b>    |
| <b>Pro forma EPS (fully-diluted)</b> | <b>\$0.54</b>          | <b>\$0.60</b>  | <b>\$0.62</b>  | <b>\$0.64</b>   | <b>\$0.60</b>          | <b>\$0.63</b>  | <b>\$0.63</b>  | <b>\$0.67</b>   | <b>\$1.99</b>             | <b>\$2.39</b>   | <b>\$2.53</b>   | <b>\$2.88</b>   |
| FD shares outstanding                | 156.2                  | 158.3          | 159.9          | 161.0           | 160.6                  | 156.2          | 155.0          | 153.7           | 159.2                     | 158.9           | 156.4           | 154.0           |

Source: Company data, Credit Suisse estimates.

**Exhibit 10: Historical and Projected Income Statement Growth Analysis**

|                               | Fiscal 2009 by Quarter |        |        |        | Fiscal 2010 by Quarter |        |         |         | Fiscal Year Ends December |        |       |       |
|-------------------------------|------------------------|--------|--------|--------|------------------------|--------|---------|---------|---------------------------|--------|-------|-------|
|                               | Mar-09                 | Jun-09 | Sep-09 | Dec-09 | Mar-10                 | Jun-10 | Sep-10E | Dec-10E | 2008                      | 2009   | 2010E | 2011E |
| <b>Sequential growth</b>      |                        |        |        |        |                        |        |         |         |                           |        |       |       |
| Revenue                       | 5.6%                   | 4.7%   | 3.5%   | 8.3%   | -4.4%                  | -1.5%  | 3.0%    | 4.9%    | 22.3%                     | 20.5%  | 6.0%  | 7.9%  |
| Gross profit                  | 5.7%                   | 5.2%   | 2.3%   | 9.0%   | -5.8%                  | -1.3%  | 2.1%    | 4.6%    | 22.7%                     | 19.6%  | 4.0%  | 7.5%  |
| Sales and marketing           | 5.5%                   | 1.5%   | 2.7%   | 14.9%  | -7.5%                  | -6.9%  | 7.8%    | 6.6%    | 34.7%                     | 20.0%  | 4.3%  | 6.1%  |
| Research and development      | 16.6%                  | 1.0%   | 4.8%   | 1.8%   | -1.0%                  | -1.0%  | 1.0%    | 1.0%    | 15.8%                     | 28.4%  | 2.9%  | 6.5%  |
| General and administrative    | -8.6%                  | -6.1%  | -5.7%  | 10.8%  | -2.6%                  | 9.6%   | -5.1%   | 2.0%    | 13.5%                     | -17.2% | 5.4%  | 1.7%  |
| Total operating expenses      | 6.0%                   | 0.2%   | 2.1%   | 10.5%  | -5.1%                  | -3.0%  | 3.9%    | 4.4%    | 25.0%                     | 15.0%  | 4.1%  | 5.6%  |
| Operating income              | 5.2%                   | 16.5%  | 2.6%   | 6.2%   | -7.3%                  | 2.1%   | -1.3%   | 5.1%    | 17.6%                     | 30.5%  | 4.0%  | 11.5% |
| Pro forma pretax income       | 2.3%                   | 12.6%  | 4.1%   | 4.4%   | -6.3%                  | 1.8%   | -0.3%   | 5.0%    | 9.9%                      | 15.5%  | 3.9%  | 12.1% |
| Pro forma net income          | 6.6%                   | 12.6%  | 4.1%   | 4.4%   | -6.3%                  | 1.8%   | -0.3%   | 5.0%    | 9.8%                      | 20.3%  | 3.9%  | 12.1% |
| Pro forma EPS (fully-diluted) | 6.0%                   | 11.1%  | 3.1%   | 3.7%   | -6.1%                  | 4.7%   | 0.4%    | 5.9%    | 13.2%                     | 20.5%  | 5.6%  | 13.8% |
| <b>Year-over-year growth</b>  |                        |        |        |        |                        |        |         |         |                           |        |       |       |
| Revenue                       | 21.1%                  | 18.1%  | 18.5%  | 24.0%  | 12.3%                  | 5.7%   | 5.1%    | 1.8%    |                           |        |       |       |
| Gross profit                  | 20.9%                  | 16.2%  | 17.3%  | 24.0%  | 10.5%                  | 3.7%   | 3.5%    | -0.7%   |                           |        |       |       |
| Sales and marketing           | 21.5%                  | 17.9%  | 13.9%  | 26.4%  | 10.8%                  | 1.7%   | 6.7%    | -1.0%   |                           |        |       |       |
| Research and development      | 30.4%                  | 25.5%  | 32.2%  | 25.8%  | 6.7%                   | 4.6%   | 0.8%    | -0.1%   |                           |        |       |       |
| General and administrative    | -12.3%                 | -17.5% | -27.8% | -10.2% | -4.4%                  | 11.6%  | 12.3%   | 3.4%    |                           |        |       |       |
| Total operating expenses      | 17.0%                  | 13.0%  | 10.2%  | 19.8%  | 7.4%                   | 3.9%   | 5.7%    | -0.2%   |                           |        |       |       |
| Operating income              | 31.2%                  | 23.1%  | 34.4%  | 33.6%  | 17.8%                  | 3.3%   | -0.7%   | -1.8%   |                           |        |       |       |
| Pro forma pretax income       | 13.4%                  | 8.4%   | 15.1%  | 25.3%  | 14.7%                  | 3.7%   | -0.7%   | -0.1%   |                           |        |       |       |
| Pro forma net income          | 18.0%                  | 12.9%  | 19.9%  | 30.5%  | 14.7%                  | 3.7%   | -0.7%   | -0.1%   |                           |        |       |       |
| Pro forma EPS (fully-diluted) | 24.6%                  | 15.2%  | 16.2%  | 25.9%  | 11.5%                  | 5.1%   | 2.4%    | 4.6%    |                           |        |       |       |

Source: Company data, Credit Suisse estimates.

**Exhibit 11: Historical and Projected Revenue Breakdown**

US\$ in millions, unless otherwise stated

|  | Fiscal 2009 by Quarter |                |                |                | Fiscal 2010 by Quarter |                |                |                | Fiscal Year Ends December |                  |                  |                  |
|--|------------------------|----------------|----------------|----------------|------------------------|----------------|----------------|----------------|---------------------------|------------------|------------------|------------------|
|  | Mar-09                 | Jun-09         | Sep-09         | Dec-09         | Mar-10                 | Jun-10         | Sep-10E        | Dec-10E        | 2008                      | 2009             | 2010E            | 2011E            |
| <b>Total revenue</b>                     | <b>\$447.7</b>         | <b>\$468.7</b> | <b>\$485.3</b> | <b>\$525.7</b> | <b>\$502.7</b>         | <b>\$495.3</b> | <b>\$510.1</b> | <b>\$535.0</b> | <b>\$1,600.1</b>          | <b>\$1,927.3</b> | <b>\$2,043.2</b> | <b>\$2,205.4</b> |
| % growth in revenue y-o-y                | 21.1%                  | 18.1%          | 18.5%          | 24.0%          | 12.3%                  | 5.7%           | 5.1%           | 1.8%           | 22.3%                     | 20.5%            | 6.0%             | 7.9%             |
| % growth in revenue seq                  | 5.6%                   | 4.7%           | 3.5%           | 8.3%           | -4.4%                  | -1.5%          | 3.0%           | 4.9%           |                           |                  |                  |                  |
| Gross profit                             | \$355.2                | \$373.5        | \$382.2        | \$416.7        | \$392.5                | \$387.4        | \$395.6        | \$413.9        | \$1,277.0                 | \$1,527.7        | \$1,589.4        | \$1,709.4        |
| Gross margin                             | 79.3%                  | 79.7%          | 78.8%          | 79.3%          | 78.1%                  | 78.2%          | 77.6%          | 77.4%          | 79.8%                     | 79.3%            | 77.8%            | 77.5%            |
| <b>Product</b>                           | <b>37.4</b>            | <b>43.6</b>    | <b>50.3</b>    | <b>57.0</b>    | <b>49.9</b>            | <b>44.6</b>    | <b>51.0</b>    | <b>62.0</b>    | <b>133.0</b>              | <b>188.3</b>     | <b>207.5</b>     | <b>231.4</b>     |
| % revenue                                | 8.3%                   | 9.3%           | 10.4%          | 10.8%          | 9.9%                   | 9.0%           | 10.0%          | 11.6%          | 8.3%                      | 9.8%             | 10.2%            | 10.5%            |
| % growth in revenue y-o-y                | 82.7%                  | 33.0%          | 47.2%          | 25.0%          | 33.5%                  | 2.3%           | 1.4%           | 8.7%           | 62.6%                     | 41.6%            | 10.2%            | 11.5%            |
| % growth in revenue seq                  | -18.1%                 | 16.6%          | 15.4%          | 13.4%          | -12.5%                 | -10.6%         | 14.4%          | 21.6%          |                           |                  |                  |                  |
| Cost of product                          | 20.6                   | 20.7           | 28.3           | 29.1           | 23.9                   | 21.0           | 24.5           | 29.5           | 71.5                      | 98.7             | 98.9             | 109.7            |
| Gross profit                             | 16.8                   | 22.9           | 22.0           | 27.9           | 26.0                   | 23.5           | 26.5           | 32.6           | 61.5                      | 89.5             | 108.6            | 121.6            |
| Gross margin                             | 44.9%                  | 52.5%          | 43.8%          | 48.9%          | 52.0%                  | 52.8%          | 52.0%          | 52.5%          | 46.2%                     | 47.6%            | 52.3%            | 52.6%            |
| <b>Subscription, Service and Support</b> | <b>410.3</b>           | <b>425.1</b>   | <b>435.0</b>   | <b>468.6</b>   | <b>452.9</b>           | <b>450.8</b>   | <b>459.1</b>   | <b>473.0</b>   | <b>1,467.1</b>            | <b>1,739.1</b>   | <b>1,835.8</b>   | <b>1,974.0</b>   |
| % revenue                                | 91.7%                  | 90.7%          | 89.6%          | 89.2%          | 90.1%                  | 91.0%          | 90.0%          | 88.4%          | 91.7%                     | 90.2%            | 89.8%            | 89.5%            |
| % growth in revenue y-o-y                | 17.5%                  | 16.8%          | 15.8%          | 23.9%          | 10.4%                  | 6.0%           | 5.5%           | 0.9%           | 19.6%                     | 18.5%            | 5.6%             | 7.5%             |
| % growth in revenue seq                  | 8.4%                   | 3.6%           | 2.3%           | 7.7%           | -3.4%                  | -0.5%          | 1.9%           | 3.0%           |                           |                  |                  |                  |
| Cost of service and support              | 71.9                   | 74.4           | 77.5           | 79.8           | 88.2                   | 86.9           | 90.0           | 91.7           | 251.5                     | 303.7            | 356.8            | 386.3            |
| Gross profit                             | 338.4                  | 350.7          | 357.4          | 388.9          | 364.7                  | 363.8          | 369.1          | 381.3          | 1,097.7                   | 1,435.4          | 1,479.0          | 1,587.8          |
| Gross margin                             | 82.5%                  | 82.5%          | 82.2%          | 83.0%          | 80.5%                  | 80.7%          | 80.4%          | 80.6%          | 74.8%                     | 82.5%            | 80.6%            | 80.4%            |

Source: Company data, Credit Suisse estimates.

**Exhibit 12: Historical and Projected Balance Sheet**

US\$ in millions, unless otherwise stated

|   | Fiscal 2009 by Quarter |                |                |                | Fiscal 2010 by Quarter |                |                |                | Fiscal Year Ends December |                |                |                |
|---|------------------------|----------------|----------------|----------------|------------------------|----------------|----------------|----------------|---------------------------|----------------|----------------|----------------|
|   | Mar-09                 | Jun-09         | Sep-09         | Dec-09         | Mar-10                 | Jun-10         | Sep-10E        | Dec-10E        | 2008                      | 2009           | 2010E          | 2011E          |
| <b>Current assets</b>                                   |                        |                |                |                |                        |                |                |                |                           |                |                |                |
| Cash and cash equivalents                               | 801.5                  | 886.1          | 905.9          | 950.2          | 901.5                  | 804.3          | 770.8          | 834.1          | 593.7                     | 950.2          | 834.1          | 1,158.3        |
| Accounts receivable, net of allowance                   | 240.4                  | 266.0          | 231.8          | 294.3          | 230.7                  | 244.3          | 260.7          | 315.1          | 323.0                     | 294.3          | 315.1          | 347.4          |
| Prepaid expenses, income taxes and other current assets | 294.0                  | 294.9          | 362.1          | 339.0          | 272.7                  | 276.3          | 284.6          | 298.5          | 255.1                     | 339.0          | 298.5          | 346.2          |
| Deferred taxes  | 606.9                  | 611.6          | 604.4          | 604.7          | 602.2                  | 606.9          | 613.3          | 635.3          | 614.8                     | 604.7          | 635.3          | 638.0          |
| Assets held for sale                                    | -                      | -              | -              | -              | -                      | -              | -              | -              | -                         | -              | -              | -              |
| <b>Total current assets</b>                             | <b>1,942.8</b>         | <b>2,058.5</b> | <b>2,104.1</b> | <b>2,188.2</b> | <b>2,007.1</b>         | <b>1,931.9</b> | <b>1,929.4</b> | <b>2,082.9</b> | <b>1,786.6</b>            | <b>2,188.2</b> | <b>2,082.9</b> | <b>2,489.9</b> |
| <b>Long-term investments</b>                            |                        |                |                |                |                        |                |                |                |                           |                |                |                |
| Property and equipment, net of depreciation             | 112.4                  | 121.2          | 128.3          | 133.0          | 129.3                  | 129.8          | 134.7          | 139.3          | 114.4                     | 133.0          | 139.3          | 156.5          |
| Goodwill  | 1,518.1                | 1,531.2        | 1,676.2        | 1,642.0        | 1,672.1                | 1,676.7        | 1,648.9        | 1,621.0        | 1,551.7                   | 1,642.0        | 1,621.0        | 1,509.7        |
| Restricted cash   | -                      | -              | -              | -              | -                      | -              | -              | -              | -                         | -              | -              | -              |
| <b>Total assets</b>                                     | <b>3,573.3</b>         | <b>3,710.9</b> | <b>3,908.5</b> | <b>3,963.2</b> | <b>3,808.4</b>         | <b>3,738.4</b> | <b>3,713.1</b> | <b>3,843.3</b> | <b>3,452.8</b>            | <b>3,963.2</b> | <b>3,843.3</b> | <b>4,156.1</b> |
| <b>Current liabilities</b>                              |                        |                |                |                |                        |                |                |                |                           |                |                |                |
| Accounts payable  | 53.0                   | 68.5           | 46.3           | 55.1           | 48.3                   | 44.1           | 45.3           | 47.4           | 41.5                      | 55.1           | 47.4           | 50.6           |
| Accrued liabilities                                     | 273.0                  | 234.2          | 343.4          | 312.3          | 289.2                  | 329.7          | 334.5          | 345.4          | 292.9                     | 312.3          | 345.4          | 350.7          |
| Deferred revenue  | 1,269.4                | 1,307.6        | 1,333.8        | 1,407.5        | 1,378.5                | 1,366.5        | 1,405.2        | 1,487.8        | 1,293.1                   | 1,407.5        | 1,487.8        | 1,620.9        |
| Convertible debt, current portion                       | -                      | -              | -              | -              | -                      | -              | -              | -              | -                         | -              | -              | -              |
| Liabilities related to assets held for sale             | -                      | -              | -              | -              | -                      | -              | -              | -              | -                         | -              | -              | -              |
| Deposits from distributors                              | -                      | -              | -              | -              | -                      | -              | -              | -              | -                         | -              | -              | -              |
| Notes payable   | 100.0                  | 100.0          | 100.0          | -              | -                      | -              | -              | -              | -                         | -              | -              | -              |
| <b>Total current liabilities</b>                        | <b>1,695.3</b>         | <b>1,710.3</b> | <b>1,823.5</b> | <b>1,774.9</b> | <b>1,716.1</b>         | <b>1,740.3</b> | <b>1,784.9</b> | <b>1,880.6</b> | <b>1,627.6</b>            | <b>1,774.9</b> | <b>1,880.6</b> | <b>2,022.3</b> |
| <b>Long term liabilities</b>                            |                        |                |                |                |                        |                |                |                |                           |                |                |                |
| Convertible debt, less current portion                  | -                      | -              | -              | -              | -                      | -              | -              | -              | -                         | -              | -              | -              |
| Other long-term liabilities                             | 59.2                   | 62.4           | 66.4           | 70.8           | 75.0                   | 64.3           | 64.3           | 64.3           | 72.8                      | 70.8           | 64.3           | 64.3           |
| <b>Total liabilities</b>                                | <b>1,754.5</b>         | <b>1,772.7</b> | <b>1,889.9</b> | <b>1,845.6</b> | <b>1,791.1</b>         | <b>1,804.6</b> | <b>1,849.2</b> | <b>1,944.8</b> | <b>1,700.3</b>            | <b>1,845.6</b> | <b>1,944.8</b> | <b>2,086.5</b> |
| <b>Total shareholders' equity</b>                       | <b>1,818.7</b>         | <b>1,938.2</b> | <b>2,018.7</b> | <b>2,117.5</b> | <b>2,017.3</b>         | <b>1,933.8</b> | <b>1,863.8</b> | <b>1,898.5</b> | <b>1,752.5</b>            | <b>2,117.5</b> | <b>1,898.5</b> | <b>2,069.6</b> |
| <b>Total liabilities and shareholders' equity</b>       | <b>3,573.3</b>         | <b>3,710.9</b> | <b>3,908.5</b> | <b>3,963.2</b> | <b>3,808.4</b>         | <b>3,738.4</b> | <b>3,713.1</b> | <b>3,843.3</b> | <b>3,452.8</b>            | <b>3,963.2</b> | <b>3,843.3</b> | <b>4,156.1</b> |

Source: Company data, Credit Suisse estimates.

**Exhibit 13: Historical and Projected Cash Flow Statement**

US\$ in millions, unless otherwise stated

|   | Fiscal 2009 by Quarter |               |                |               | Fiscal 2010 by Quarter |                |                |               | Fiscal Year Ends December |                |                |                |
|---|------------------------|---------------|----------------|---------------|------------------------|----------------|----------------|---------------|---------------------------|----------------|----------------|----------------|
|   | Mar-09                 | Jun-09        | Sep-09         | Dec-09        | Mar-10                 | Jun-10         | Sep-10E        | Dec-10E       | 2008                      | 2009           | 2010E          | 2011E          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                      |                        |               |                |               |                        |                |                |               |                           |                |                |                |
| Net income (loss)   | 53.5                   | 28.7          | 36.8           | 54.5          | 37.6                   | 39.4           | 52.1           | 56.8          | 162.2                     | 173.4          | 185.8          | 250.5          |
| Depreciation and amortization                                     | 41.9                   | 41.2          | 43.3           | 45.9          | 43.0                   | 42.9           | 42.3           | 43.6          | 123.9                     | 172.3          | 171.8          | 178.1          |
| Cumulative effect of change in accounting principle               | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Stock options compensation expense                                | 24.0                   | 25.0          | 26.6           | 27.4          | 29.3                   | 26.6           | 28.0           | 27.9          | 76.7                      | 103.0          | 111.7          | 120.6          |
| Amortization of purchased technology to cost of revenue           | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Non-cash restructuring charge                                     | 3.9                    | (2.3)         | (0.7)          | 1.0           | 13.6                   | 5.5            | -              | -             | (7.5)                     | 1.9            | 19.1           | -              |
| Acquired in-process research and development                      | -                      | -             | -              | -             | -                      | -              | -              | -             | 19.5                      | -              | -              | -              |
| Premium amortization of marketable securities                     | -                      | -             | -              | -             | -                      | -              | -              | -             | 18.5                      | -              | -              | -              |
| Provision for (recovery of) doubtful accounts                     | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Non-cash interest and other expense on convertible notes          | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Stock-based compensation  | -                      | -             | -              | -             | -                      | -              | -              | -             | (5.5)                     | -              | -              | -              |
| Deferred taxes  | 4.1                    | 7.5           | 1.4            | (1.1)         | 3.0                    | 6.7            | (6.4)          | (22.0)        | (10.7)                    | 11.9           | (18.7)         | (2.7)          |
| Gain on sale of investments                                       | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Impairment of strategic and other investments                     | 0.7                    | -             | -              | -             | -                      | -              | -              | -             | -                         | 0.7            | -              | -              |
| Minority interest and other                                       | -                      | -             | -              | -             | -                      | -              | -              | -             | (3.7)                     | -              | -              | -              |
| debtenture  | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Loss (gain) on the sale of assets and businesses                  | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Change in fair value of interest rate swap, net of change in debt | 0.4                    | (0.4)         | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Impairment of goodwill  | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Provision for sales returns and allowances, net                   | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Changes to assets and liabilities                                 | 21.7                   | (42.0)        | 44.7           | 19.0          | 34.7                   | 13.7           | 20.0           | 27.4          | (57.4)                    | 43.4           | 95.8           | 61.6           |
| <b>Net cash provided by operating activities</b>                  | <b>150.2</b>           | <b>57.6</b>   | <b>152.0</b>   | <b>146.7</b>  | <b>161.1</b>           | <b>134.9</b>   | <b>135.9</b>   | <b>133.6</b>  | <b>316.0</b>              | <b>506.6</b>   | <b>565.5</b>   | <b>608.0</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                      |                        |               |                |               |                        |                |                |               |                           |                |                |                |
| Purchase of property and equipment and leasehold improvement      | (11.0)                 | (12.5)        | (20.9)         | (16.1)        | (17.5)                 | (18.8)         | (19.4)         | (20.3)        | (48.7)                    | (60.5)         | (76.1)         | (83.9)         |
| Purchase of marketable securities                                 | (133.9)                | (52.8)        | (121.1)        | (140.3)       | (110.4)                | (70.0)         | -              | -             | (252.0)                   | (448.1)        | (180.5)        | -              |
| Proceeds from sale and maturity of marketable securities          | 27.4                   | 32.2          | 96.5           | 133.9         | 114.0                  | 215.5          | -              | -             | 1,053.7                   | 289.9          | 329.5          | -              |
| (Increase) decrease in restricted cash                            | -                      | -             | -              | -             | -                      | -              | -              | -             | (2.0)                     | -              | -              | -              |
| Purchase of minority interest in McAfee.com                       | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Purchases of acquired technology                                  | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Acquisitions, net of cash acquired                                | (2.5)                  | (31.2)        | (137.9)        | -             | -                      | (32.5)         | -              | -             | (550.6)                   | (171.6)        | (32.5)         | -              |
| Sale of Secure Computing shares and collar                        | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Sale of assets and technology                                     | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Proceeds from sale of shares of Network Associates Japan          | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Purchase of shares of Networks Associates Japan                   | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Other   | -                      | 0.2           | (0.0)          | 2.3           | 1.5                    | (0.0)          | -              | -             | -                         | 2.5            | 1.5            | -              |
| <b>Net cash used in investing activities</b>                      | <b>(120.0)</b>         | <b>(64.1)</b> | <b>(183.4)</b> | <b>(20.3)</b> | <b>(12.4)</b>          | <b>94.2</b>    | <b>(19.4)</b>  | <b>(20.3)</b> | <b>200.2</b>              | <b>(387.8)</b> | <b>42.0</b>    | <b>(83.9)</b>  |
| <b>Net Free Cash Flow</b>   | <b>139.2</b>           | <b>45.2</b>   | <b>131.1</b>   | <b>130.6</b>  | <b>143.6</b>           | <b>116.1</b>   | <b>116.5</b>   | <b>113.3</b>  | <b>267.3</b>              | <b>446.1</b>   | <b>489.5</b>   | <b>524.2</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                      |                        |               |                |               |                        |                |                |               |                           |                |                |                |
| Repayment of notes payable  | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Bank overdraft  | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Repayment for bank overdraft                                      | -                      | -             | -              | (100.0)       | -                      | -              | -              | -             | -                         | (100.0)        | -              | -              |
| Proceeds from short-term financing                                | 100.0                  | -             | -              | -             | -                      | -              | -              | -             | -                         | 100.0          | -              | -              |
| Repayment of short-term financing                                 | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Tax benefit from exercise of nonqualified stock options           | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Proceeds from issuance of common stock                            | 7.8                    | 46.5          | 16.246         | 19.6          | 9.4                    | 16.0           | -              | -             | 130.0                     | 90.1           | 25.4           | -              |
| Repurchase of common stock  | (16.5)                 | (3.2)         | (2.0)          | (3.5)         | (169.8)                | (152.2)        | (150.0)        | (50.0)        | (516.6)                   | (25.3)         | (522.0)        | (200.0)        |
| Repurchase of convertible debentures                              | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Issuance of convertible debentures, net of issuance costs         | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Change in minority interest and other                             | -                      | -             | (4.9)          | -             | (9.5)                  | (13.2)         | -              | -             | (3.1)                     | (4.9)          | (22.7)         | -              |
| Proceeds from sale of put options                                 | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Proceeds of McAfee.com initial public offering, net               | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Exercise of warrants  | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| <b>Net cash provided by financing activities</b>                  | <b>91.3</b>            | <b>43.3</b>   | <b>9.3</b>     | <b>(84.0)</b> | <b>(169.8)</b>         | <b>(149.5)</b> | <b>(150.0)</b> | <b>(50.0)</b> | <b>(389.7)</b>            | <b>59.9</b>    | <b>(519.3)</b> | <b>(200.0)</b> |
| Effect of exchange rate changes                                   | (19.0)                 | 24.1          | 14.8           | (4.7)         | (24.7)                 | (31.4)         | -              | -             | (47.4)                    | 15.2           | (56.1)         | -              |
| <b>Net change in cash and cash equivalents</b>                    | <b>102.5</b>           | <b>60.9</b>   | <b>(7.3)</b>   | <b>37.8</b>   | <b>(45.8)</b>          | <b>48.2</b>    | <b>(33.5)</b>  | <b>63.3</b>   | <b>79.1</b>               | <b>193.8</b>   | <b>32.2</b>    | <b>324.2</b>   |
| Beginning balance cash and cash equivalents                       | 473.3                  | 575.8         | 636.7          | 629.4         | 667.1                  | 621.3          | 669.5          | 636.0         | 394.2                     | 473.3          | 667.1          | 699.3          |
| Ending balance cash and cash equivalents                          | 575.8                  | 636.7         | 629.4          | 667.1         | 621.3                  | 669.5          | 636.0          | 699.3         | 473.3                     | 667.1          | 699.3          | 1,023.5        |
| Cash paid during the year for interest                            | -                      | -             | -              | -             | -                      | -              | -              | -             | -                         | -              | -              | -              |
| Cash paid during the year for income taxes                        | -                      | -             | -              | -             | -                      | -              | -              | -             | 27.3                      | -              | -              | -              |

Source: Company data, Credit Suisse estimates.

**Companies Mentioned** (Price as of 29 Jul 10)  
 McAfee Inc. (MFE, \$30.50, NEUTRAL, TP \$35)  
 Symantec Corporation (SYMC, \$14.67, OUTPERFORM, TP \$16.50)

## Disclosure Appendix

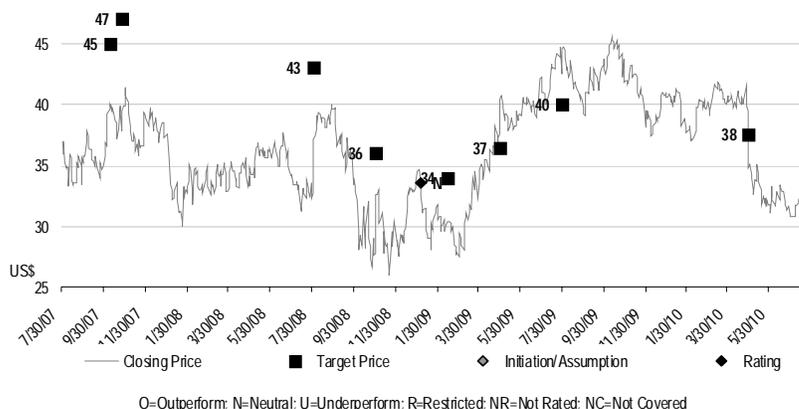
### Important Global Disclosures

I, Philip Winslow, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the *Companies Mentioned* section for full company names.

### 3-Year Price, Target Price and Rating Change History Chart for MFE

| MFE Date | Closing Price (US\$) | Target Price (US\$) | Rating | Initiation/Assumption |
|----------|----------------------|---------------------|--------|-----------------------|
| 10/9/07  | 40.07                | 45                  |        |                       |
| 10/26/07 | 39.54                | 47                  |        |                       |
| 8/1/08   | 37.13                | 43                  |        |                       |
| 10/31/08 | 32.55                | 36                  |        |                       |
| 1/5/09   | 33.6                 |                     | N      |                       |
| 2/13/09  | 30.32                | 34                  |        |                       |
| 5/1/09   | 40.46                | 36.5                |        |                       |
| 7/31/09  | 44.58                | 40                  |        |                       |
| 4/30/10  | 34.75                | 37.5                |        |                       |



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities.

### Analysts' stock ratings are defined as follows:

**Outperform (O):** The stock's total return is expected to outperform the relevant benchmark\* by at least 10-15% (or more, depending on perceived risk) over the next 12 months.

**Neutral (N):** The stock's total return is expected to be in line with the relevant benchmark\* (range of ±10-15%) over the next 12 months.

**Underperform (U):** The stock's total return is expected to underperform the relevant benchmark\* by 10-15% or more over the next 12 months.

\*Relevant benchmark by region: As of 29<sup>th</sup> May 2009, Australia, New Zealand, U.S. and Canadian ratings are based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe\*\*, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. Some U.S. and Canadian ratings may fall outside the absolute total return ranges defined above, depending on market conditions and industry factors. For Latin American, Japanese, and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; for European stocks, ratings are based on a stock's total return relative to the analyst's coverage universe\*\*. For Australian and New Zealand stocks a 22% and a 12% threshold replace the 10-15% level in the Outperform and Underperform stock rating definitions, respectively, subject to analysts' perceived risk. The 22% and 12% thresholds replace the +10-15% and -10-15% levels in the Neutral stock rating definition, respectively, subject to analysts' perceived risk.

\*\*An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

**Restricted (R):** In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

**Volatility Indicator [V]:** A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

### Analysts' coverage universe weightings are distinct from analysts' stock ratings and are based on the expected performance of an analyst's coverage universe\* versus the relevant broad market benchmark\*\*:

**Overweight:** Industry expected to outperform the relevant broad market benchmark over the next 12 months.

**Market Weight:** Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

**Underweight:** Industry expected to underperform the relevant broad market benchmark over the next 12 months.

\*An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.

*\*\*The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

---

**Credit Suisse's distribution of stock ratings (and banking clients) is:**

|                           | Global Ratings Distribution |                       |
|---------------------------|-----------------------------|-----------------------|
| <b>Outperform/Buy*</b>    | 47%                         | (63% banking clients) |
| <b>Neutral/Hold*</b>      | 40%                         | (59% banking clients) |
| <b>Underperform/Sell*</b> | 12%                         | (53% banking clients) |
| <b>Restricted</b>         | 2%                          |                       |

*\*For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

Credit Suisse's policy is to update research reports as it deems appropriate, based on developments with the subject company, the sector or the market that may have a material impact on the research views or opinions stated herein.

Credit Suisse's policy is only to publish investment research that is impartial, independent, clear, fair and not misleading. For more detail please refer to Credit Suisse's Policies for Managing Conflicts of Interest in connection with Investment Research: [http://www.csfb.com/research-and-analytics/disclaimer/managing\\_conflicts\\_disclaimer.html](http://www.csfb.com/research-and-analytics/disclaimer/managing_conflicts_disclaimer.html)

Credit Suisse does not provide any tax advice. Any statement herein regarding any US federal tax is not intended or written to be used, and cannot be used, by any taxpayer for the purposes of avoiding any penalties.

*See the Companies Mentioned section for full company names.*

**Price Target:** (12 months) for (MFE)

**Method:** Our target price of \$35 for MFE is based on comparable ratio analysis and discounted cash flow valuation (13% discount rate, 4% perpetuity growth rate) supported by 8.9 times enterprise value to next twelve months unlevered free cash flow multiple, based on our next twelve months unlevered free cash flow estimate of \$526 million, a discount to the peer group multiple of 10.2 times.

**Risks:** If market conditions deteriorate or if the competitive pricing environment in the security market increases, the assumptions for the Target Price may be affected. If MFE has difficulty maintaining its channel and ISP relationships, such as its AOL relationship, the Target Price of \$35 may also be affected.

Please refer to the firm's disclosure website at [www.credit-suisse.com/researchdisclosures](http://www.credit-suisse.com/researchdisclosures) for the definitions of abbreviations typically used in the target price method and risk sections.

*See the Companies Mentioned section for full company names.*

The subject company (MFE) currently is, or was during the 12-month period preceding the date of distribution of this report, a client of Credit Suisse.

Credit Suisse provided investment banking services to the subject company (MFE) within the past 12 months.

Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (MFE) within the next 3 months.

---

**Important Regional Disclosures**

Singapore recipients should contact a Singapore financial adviser for any matters arising from this research report.

The analyst(s) involved in the preparation of this report have not visited the material operations of the subject company (MFE) within the past 12 months.

Restrictions on certain Canadian securities are indicated by the following abbreviations: NVS--Non-Voting shares; RVS--Restricted Voting Shares; SVS--Subordinate Voting Shares.

Individuals receiving this report from a Canadian investment dealer that is not affiliated with Credit Suisse should be advised that this report may not contain regulatory disclosures the non-affiliated Canadian investment dealer would be required to make if this were its own report.

For Credit Suisse Securities (Canada), Inc.'s policies and procedures regarding the dissemination of equity research, please visit [http://www.csfb.com/legal\\_terms/canada\\_research\\_policy.shtml](http://www.csfb.com/legal_terms/canada_research_policy.shtml).

As of the date of this report, Credit Suisse acts as a market maker or liquidity provider in the equities securities that are the subject of this report.

Principal is not guaranteed in the case of equities because equity prices are variable.

Commission is the commission rate or the amount agreed with a customer when setting up an account or at anytime after that.

CS may have issued a Trade Alert regarding this security. Trade Alerts are short term trading opportunities identified by an analyst on the basis of market events and catalysts, while stock ratings reflect an analyst's investment recommendations based on expected total return over a 12-month period relative to the relevant coverage universe. Because Trade Alerts and stock ratings reflect different assumptions and analytical methods, Trade Alerts may differ directionally from the analyst's stock rating.

The author(s) of this report maintains a CS Model Portfolio that he/she regularly adjusts. The security or securities discussed in this report may be a component of the CS Model Portfolio and subject to such adjustments (which, given the composition of the CS Model Portfolio as a whole, may differ from the recommendation in this report, as well as opportunities or strategies identified in Trading Alerts concerning the same security). The CS Model Portfolio and important disclosures about it are available at [www.credit-suisse.com/ti](http://www.credit-suisse.com/ti).

To the extent this is a report authored in whole or in part by a non-U.S. analyst and is made available in the U.S., the following are important disclosures regarding any non-U.S. analyst contributors:

The non-U.S. research analysts listed below (if any) are not registered/qualified as research analysts with FINRA. The non-U.S. research analysts listed below may not be associated persons of CSSU and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

---

For Credit Suisse disclosure information on other companies mentioned in this report, please visit the website at [www.credit-suisse.com/researchdisclosures](http://www.credit-suisse.com/researchdisclosures) or call +1 (877) 291-2683.

Disclaimers continue on next page.



This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Credit Suisse AG, the Swiss bank, or its subsidiaries or its affiliates ("CS") to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to CS. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of CS. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of CS or its affiliates.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. CS may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. CS will not treat recipients as its customers by virtue of their receiving the report. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you. CS does not offer advice on the tax consequences of investment and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change.

CS believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. Information and opinions presented in the other sections of the report were obtained or derived from sources CS believes are reliable, but CS makes no representations as to their accuracy or completeness. Additional information is available upon request. CS accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to CS. This report is not to be relied upon in substitution for the exercise of independent judgment. CS may have issued, and may in the future issue, a trading call regarding this security. Trading calls are short term trading opportunities based on market events and catalysts, while stock ratings reflect investment recommendations based on expected total return over a 12-month period as defined in the disclosure section. Because trading calls and stock ratings reflect different assumptions and analytical methods, trading calls may differ directionally from the stock rating. In addition, CS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and CS is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. CS is involved in many businesses that relate to companies mentioned in this report. These businesses include specialized trading, risk arbitrage, market making, and other proprietary trading.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgement at its original date of publication by CS and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk.

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility, and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct their own investigation and analysis of the product and consult with their own professional advisers as to the risks involved in making such a purchase.

Some investments discussed in this report have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment, in such circumstances you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed.

This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this document. Accessing such website or following such link through this report or CS's website shall be at your own risk.

This report is issued and distributed in Europe (except Switzerland) by Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4QJ, England, which is regulated in the United Kingdom by The Financial Services Authority ("FSA"). This report is being distributed in Germany by Credit Suisse Securities (Europe) Limited Niederlassung Frankfurt am Main regulated by the Bundesanstalt fuer Finanzdienstleistungsaufsicht ("BaFin"). This report is being distributed in the United States by Credit Suisse Securities (USA) LLC ; in Switzerland by Credit Suisse AG; in Canada by Credit Suisse Securities (Canada), Inc.; in Brazil by Banco de Investimentos Credit Suisse (Brasil) S.A.; in Mexico by Banco Credit Suisse (México), S.A. (transactions related to the securities mentioned in this report will only be effected in compliance with applicable regulation); in Japan by Credit Suisse Securities (Japan) Limited, Financial Instrument Firm, Director-General of Kanto Local Finance Bureau (Kinsho) No. 66, a member of Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Securities Investment Advisers Association; elsewhere in Asia/Pacific by whichever of the following is the appropriately authorised entity in the relevant jurisdiction: Credit Suisse (Hong Kong) Limited, Credit Suisse Equities (Australia) Limited, Credit Suisse Securities (Thailand) Limited, Credit Suisse Securities (Malaysia) Sdn Bhd, Credit Suisse AG, Singapore Branch, Credit Suisse Securities (India) Private Limited, Credit Suisse Securities (Europe) Limited, Seoul Branch, Credit Suisse AG, Taipei Securities Branch, PT Credit Suisse Securities Indonesia, and elsewhere in the world by the relevant authorised affiliate of the above. Research on Taiwanese securities produced by Credit Suisse AG, Taipei Securities Branch has been prepared by a registered Senior Business Person. Research provided to residents of Malaysia is authorised by the Head of Research for Credit Suisse Securities (Malaysia) Sdn. Bhd., to whom they should direct any queries on +603 2723 2020.

In jurisdictions where CS is not already registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation, which will vary from jurisdiction to jurisdiction and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements. Non-U.S. customers wishing to effect a transaction should contact a CS entity in their local jurisdiction unless governing law permits otherwise. U.S. customers wishing to effect a transaction should do so only by contacting a representative at Credit Suisse Securities (USA) LLC in the U.S.

Please note that this report was originally prepared and issued by CS for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of CS should seek the advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents. This research may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA or in respect of which the protections of the FSA for private customers and/or the UK compensation scheme may not be available, and further details as to where this may be the case are available upon request in respect of this report.

Any Nielsen Media Research material contained in this report represents Nielsen Media Research's estimates and does not represent facts. NMR has neither reviewed nor approved this report and/or any of the statements made herein.

If this report is being distributed by a financial institution other than Credit Suisse AG, or its affiliates, that financial institution is solely responsible for distribution. Clients of that institution should contact that institution to effect a transaction in the securities mentioned in this report or require further information. This report does not constitute investment advice by Credit Suisse to the clients of the distributing financial institution, and neither Credit Suisse AG, its affiliates, and their respective officers, directors and employees accept any liability whatsoever for any direct or consequential loss arising from their use of this report or its content.

Copyright 2010 CREDIT SUISSE AG and/or its affiliates. All rights reserved.

**CREDIT SUISSE SECURITIES (USA) LLC**  
United States of America: