

Project Rocket

Executive Summary

Confidential

September 2010

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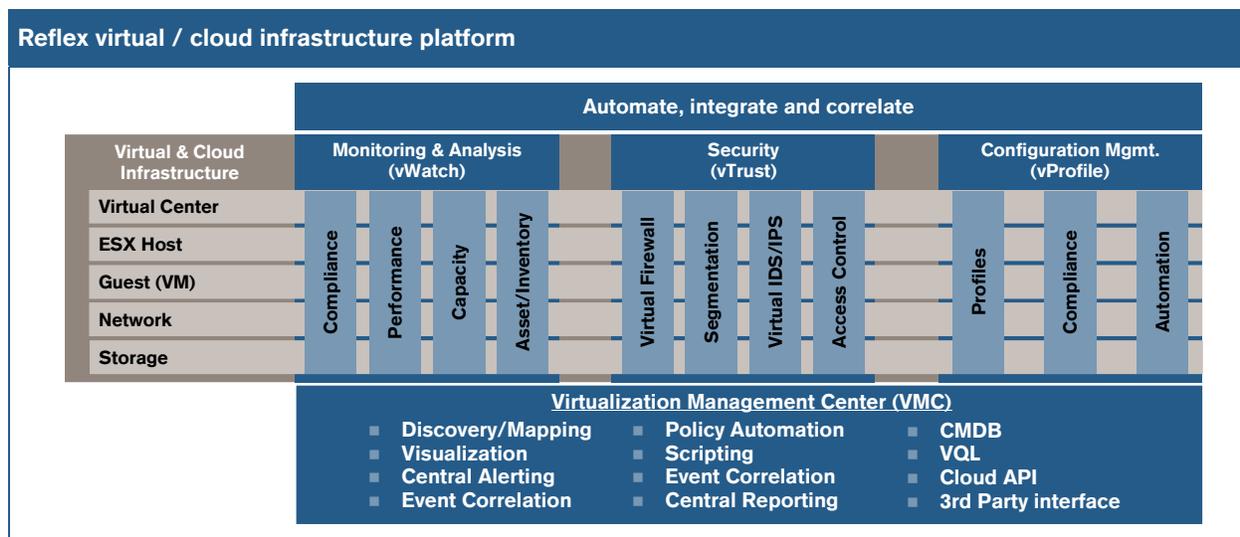
Introduction – Project Rocket

Reflex Systems LLC (“Reflex” or the “Company”) helps organizations realize the cost savings and productivity benefits of virtualization, the next major paradigm shift in enterprise computing. The Company provides the most technologically advanced, comprehensive software in the industry. Its products enable significant operating cost reductions by providing a solution which integrates i) monitoring and analysis, ii) segmentation and security, and iii) configuration management, across all levels of the virtual “stack” (storage, networking, virtual machines, hypervisors, and hypervisor management consoles). The Reflex solution also enables IT organizations to monitor and enforce compliance with IT policies and government mandates. Reflex products are designed for virtual datacenters as well as private and public Cloud infrastructures.

Reflex’s Virtualization Management Center (VMC) is a management framework which provides a virtualization specific configuration management database (vCMDB) and virtualization query language (VOL) to access and manipulate virtual objects stored in the vCMDB. In addition, Reflex’s VMC provides common functions such as visualization, discovery, mapping, event correlation and alerting, central reporting and a Web-services API which enables easy two-way integration with Cloud Web portals and orchestration environments.

Reflex VMC is the foundation for the Company’s series of virtualization management tools including:

- vWatch for monitoring and analysis
- vTrust for virtual segmentation and security
- vProfile for virtual configuration management and compliance



Source: Company.

The Company has rapidly become the industry standard through its leadership in the automation, integration, and correlation of virtual environments. As early as 2001, the Company shipped its first Intrusion Prevention system. Since then Reflex has received widespread recognition and has won numerous industry awards such as 2009 SVV Product of the Year and, out of nearly 300 exhibitors, the 2008 VMWorld Gold and Best of Show awards.

Selected Reflex industry awards



Source: Company.

The adoption of the Reflex product suite by both end-users and strategic partners has been widespread and validates the game-changing nature of its technology. The Company has significant sales momentum and achieves larger and larger single ticket sales with each passing quarter. It is also common for existing Reflex customers to buy additional products subsequent to an initial purchase.

Reflex works closely with its partners to develop long-term business relationships by allowing its partners to provide customers with an IT security solution designed specifically for virtualized environments. Among its partners are the most recognized names in the industry such as Hewlett-Packard, Cisco, and VMware.

Key Investment Highlights

Game-changing technology validated by blue chip customers, strategic partners and industry thought leaders

The Company's technology is increasingly recognized as the industry standard due to the quality and comprehensive nature of its virtualization management solution. No other company combines visibility, management and security as seamlessly as Reflex. The Company's products run on a single platform and have been designed from inception to be integrated through the Reflex VMC. Its components (vProfile, vTrust and vWatch) all speak the same language and reduce implementation risks while simplifying customer usage.

The competitive advantage that Reflex provides has been validated by industry thought leaders as well as blue chip strategic partners and customers:

- Reflex products have garnered important recognition within the industry (i.e. 2009 Product of the Year from SSV and the 2008 VMWorld Best of Show and Gold awards).
- According to Gartner, 451 Group, and numerous other market observers, Reflex is recognized as the leader in virtualization management and security. As recently described by Gartner, Reflex has “a 12 month advantage” over other virtualization players.
- The Company has recently closed six figure sales with the Defense Intelligence Agency, Infor, Cisco, HP, the U.S. House of Representatives, E*Trade, Medquist, Constellation Brands, Schwans, and Regions Bank among others.
- Reflex has entered into strategic partnerships with HP, Cisco, VMware, Savvis, CSC, IBM and Arista. Additionally HP, Cisco, Arista, Savvis, and CSC all have market facing solutions based on Reflex technology.

Selected Reflex customers



Source: Company.

The Company's success has, and will continue to be, driven by the breadth of its solution. While there are other competitors in the market, these alternatives do not provide the robust security, in-depth management and controls that Reflex offers. The early stage competitors are well behind with products that tend to be one dimensional and lack the features and seamless integration characteristics of the Reflex product suite.

The Vice President of Security and Servers at a well-known cloud computing provider recently reviewed a competitor's offering before ultimately purchasing Reflex. He deemed the competitor's management offering a "very basic" configuration management tool. In contrast, Reflex VMC's "comprehensive management and security capabilities enable cloud computing with a new level of scalability, growth and flexibility for enterprises in the way they manage and use shared resources across private and public cloud computing environments."

Alliances with premier strategic partners

The ability to access and leverage the offerings of other virtual infrastructure providers contributes to the Company's unique positioning. Reflex has entered into strategic partnerships with VMware, Cisco, and TippingPoint / HP.

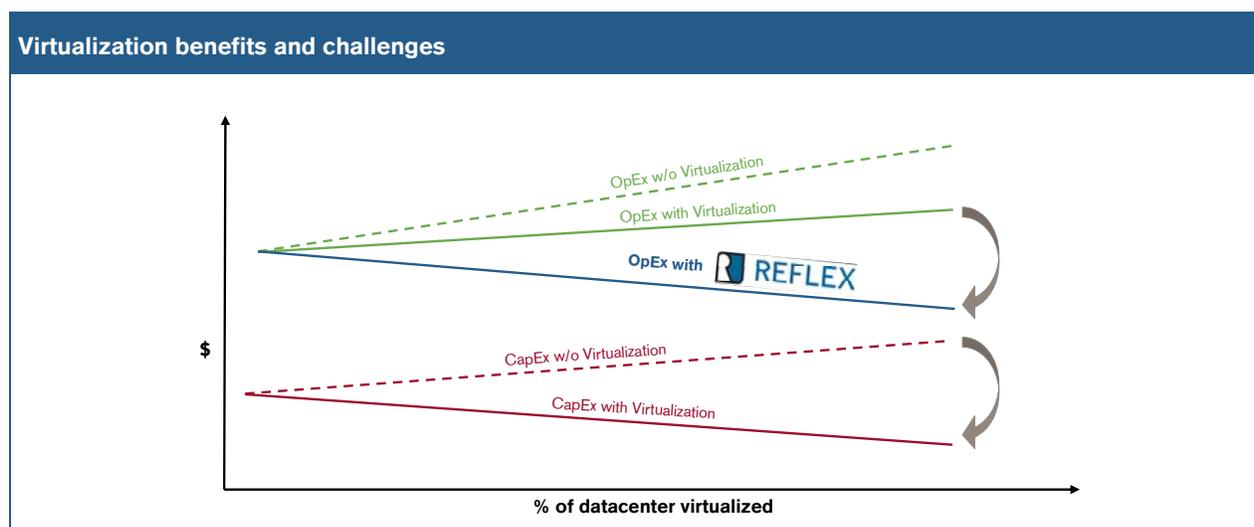
- OEM agreement with HP to resell a HP branded version of vTrust along with Reflex branded versions of vWatch and vProfile. Reflex also has a contract and licensing agreement in place to help HP develop next generation virtual security solutions.
- Cisco Advanced Services has based its cloud services offering on the Reflex technology. Cisco and Reflex also provide a solution that combines Cisco Nexus 1000V Series Switches and Reflex VMC to specifically address the challenges of securing and managing the next generation of virtualized data centers while meeting compliance regulations.
- Reflex is a VMware Technology Alliance Partner and a certified VMsafe vendor. Reflex code runs side-by-side with VMware's code in the kernel of the hypervisor. Reflex is also one of a limited number of 3rd party vendors with access to VMware's community source code.

Mission-critical product which delivers significant, immediate cost savings

For server and desktop consolidation, virtualization technology is being adapted at a rapid pace and is the key technology underlying almost all major cloud computing initiatives. The Reflex offering addresses this mission-critical need while alleviating even the most complex security issues.

As IT professionals are constantly asked to do more with less they are beginning to recognize that virtual systems come with their own cost structures and that they need to be managed properly if they are to yield ROI. Reflex software dynamically manages and secures virtual environments and automatically enforces compliance with IT policies while delivering significant operating cost reductions.

Corporations and institutions substantially benefit from Reflex's value proposition which minimizes FTE per server costs from an industry average of 1 FTE per 20 servers to an estimated 1 FTE per 500 servers. While data center automation technologies have dramatically improved this server-to-administrator ratio, IT organizations continue to search for solutions which also address the evolving layers of complexity and abstraction in the modern data center.



Source: Company.

Thus, since the largest line item on a typical IT budget is people, use of Reflex technology results in more savings than from server consolidation alone. According to a Reflex customer who is the Director of Virtualization at a leading healthcare technology company, "To say it is a time saver is a massive understatement. It saves weeks of time through automation that is normally done manually."

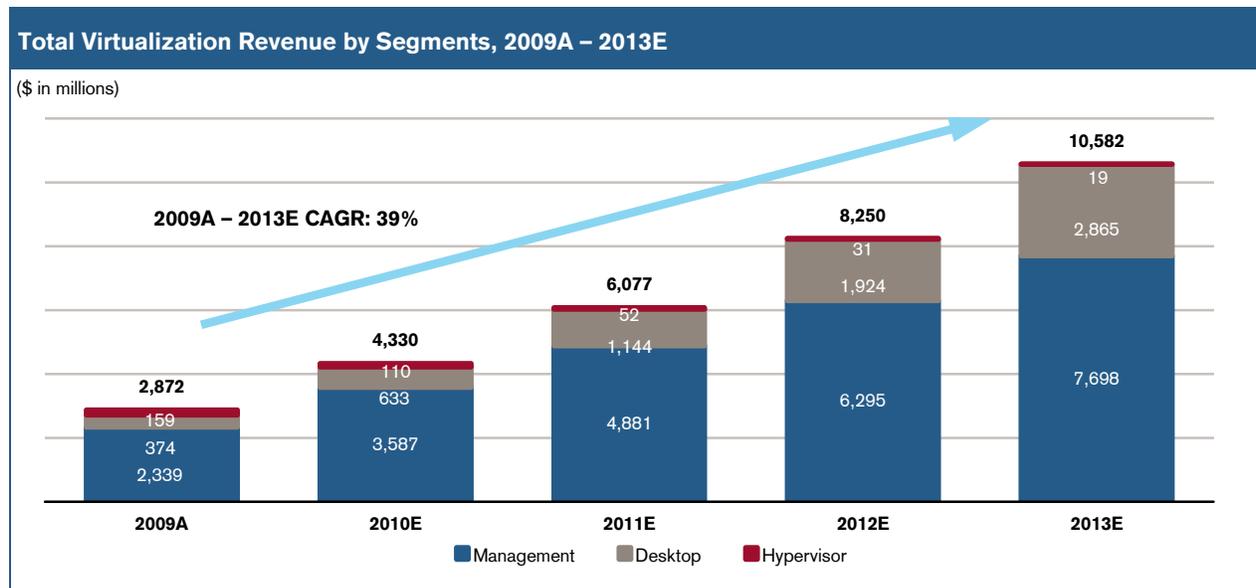
Reflex's differentiated Virtualization Management Center platform will be highly accretive to strategic buyers

Given the unique value of its product suite, integrating Reflex with a logical strategic partner would result in significant accretion in the context of a proprietary, combined product offering. The Company has brought together a new generation of products to create its Secure Virtualization Management suite and, in combination with an existing strategic partner's product offering, would result in ahead-of-market solutions and substantial cross-selling revenue synergies.

The Reflex field sales team has realized significant achievements despite its small size. In its approach to new customers, significant value can be unlocked by leveraging a strategic partner's sales and marketing infrastructure.

Large and rapidly growing market

The highly dynamic virtualization space represents an increasingly important component in enterprise architecture. As enterprises and organizations move towards a virtualized IT infrastructure, so will their needs to properly manage their platforms. According to The 451 Group, 80% of virtualization users are already running software to assist in managing virtualized servers. In particular, administration, monitoring and security functions within management applications are the most critical components enterprises are focusing on when it comes to IT spending.



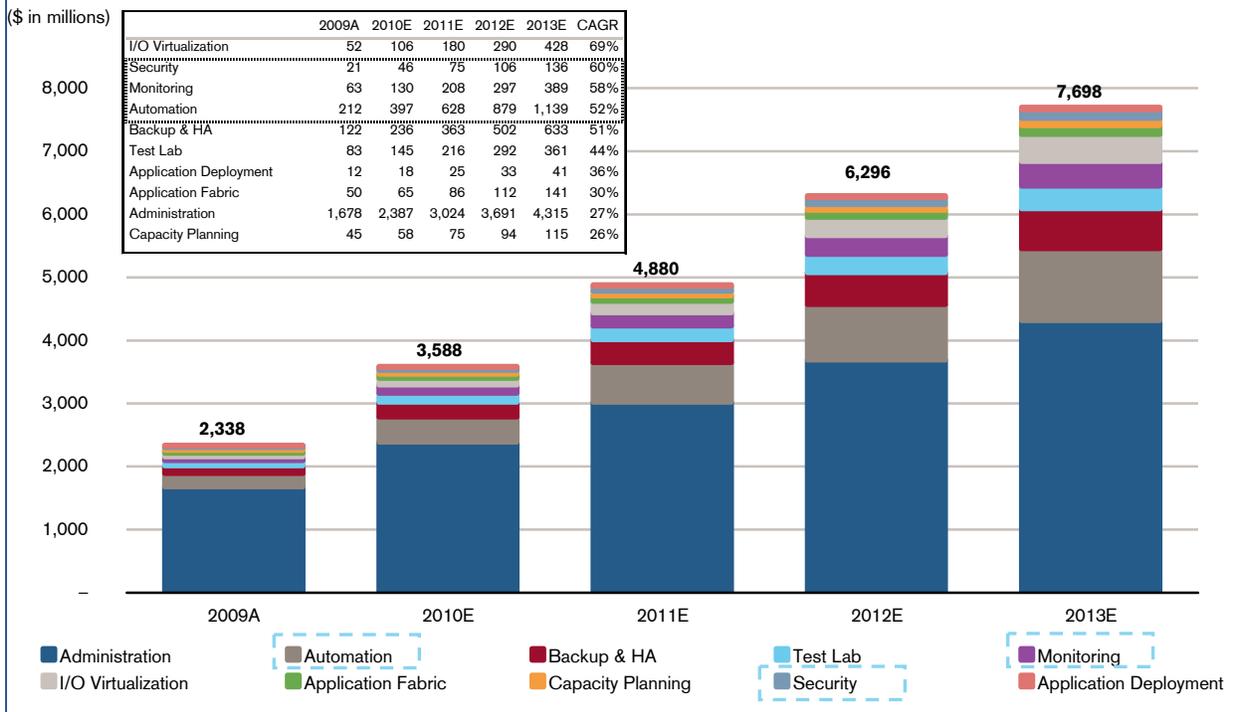
Source: The 451 Group.

According to most industry observers, the virtualization space is going to experience substantial market growth of up to 40% CAGR through 2013. Accordingly, increased implementation of virtualized servers is going to drive sales for the virtualization management market which are expected to reach \$ 7.7bn by 2013. This growth confirms widespread recognition within IT organizations of the significant cost advantages and increased efficiency of virtualized platforms. Companies will focus IT spending on virtualization infrastructure and virtualization management to take advantage of such benefits and to allow for business continuity.

Within the virtualization management market, Security, Monitoring and Automation are among the fastest growing sub-segments with 2009 – 2013 CAGRs of 60%, 58% and 52% respectively. These segments comprise key functionality for the measurement, monitoring, automation and security of workflow within virtualized environments.

Administration will remain the largest and most critical component of the virtualization management software space as it supports the centralized platform on which enterprise IT organizations control and administer virtualized networks.

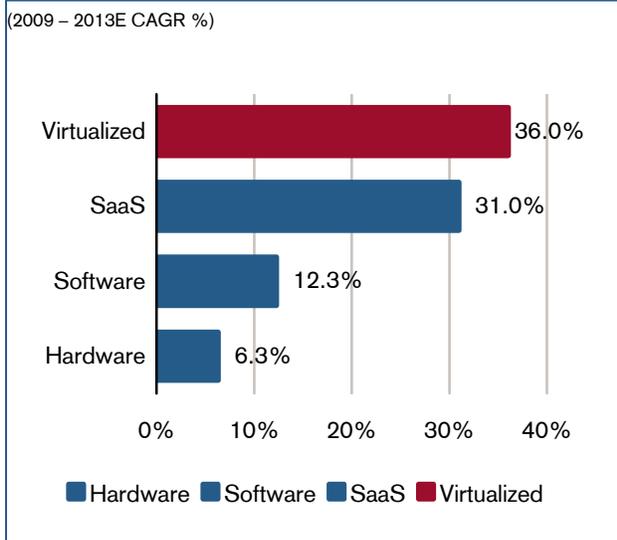
Total Server Virtualization Management Revenue by Subsector, 2009A – 2013E



Source: The 451 Group.

The Network Security market, valued at \$7.6bn in 2009 by IDC, is an equally dynamic and growing market and is expected to grow at a 2009 - 2013 CAGR of 36%. The sub-segment of Intrusion, Detection and Prevention (IDP), which currently accounts for 28% of the overall Network Security market, is expected to grow at a substantially higher rate than other network security functions with a 2009 – 2013E CAGR of 15%.

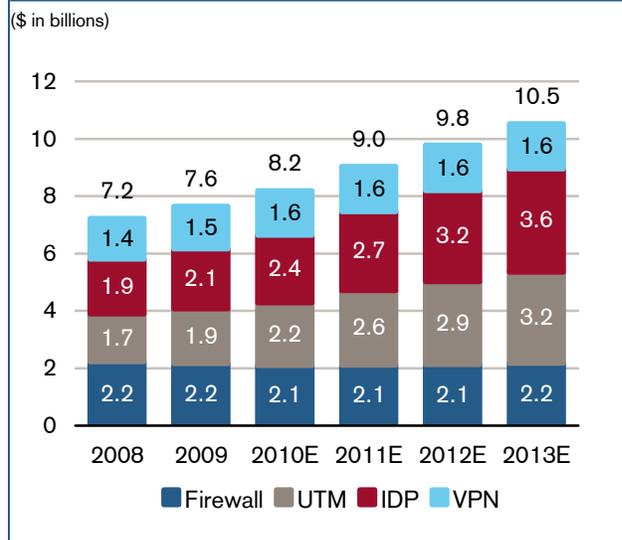
Network Security by Platform, 2009 – 2013E CAGR



Source: IDC.

Note: Figures refer to worldwide revenue estimates. UTM = Unified Threat Management, ID = Intrusion, Detection and Prevention, VPN = Virtual Private Network.

Network Security Revenue by Function, 2008 – 2013E



Proven record of customer traction and retention

Reflex has a successful history of customer acquisition and retention. Since the middle of 2008 Reflex has solidified approximately 80 new customer relationships. Due to a robust, growing pipeline, the total number of customer relationships will more than double in 2011. In addition, most customers using Reflex solutions decide to complement an initial product purchase by integrating additional Reflex offerings, typically within 3-6 months. Approximately 70% of such customers have returned to Reflex to purchase additional products. Service revenue also plays a substantial role in Reflex's forecasted revenues; management expects that service revenue will account for 20% of total revenue by 2012.

Continuous innovation and a track record of R&D investment

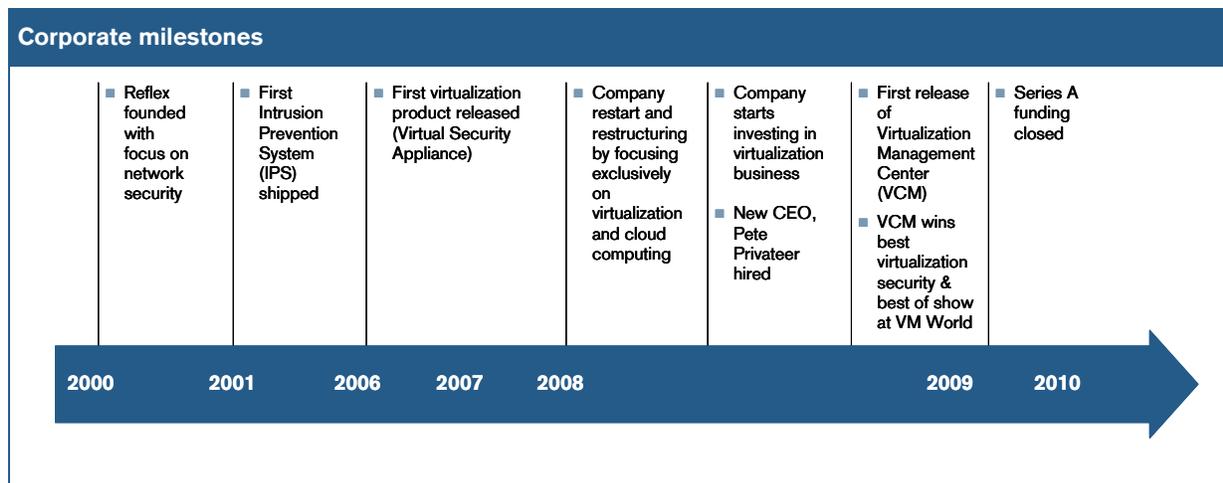
Nine years of development form the foundation of Reflex's core technologies. This has resulted in a product suite capable of high speed, Layer 2 through Layer 7 deep packet inspection, in-line network protection, virtual firewall, application protocol analysis, network flow analysis, performance monitoring, and integration with VMware, Microsoft and Xen hypervisors. Reflex technology is protected by 5 US patents granted and 7 pending.

Experienced management team with deep virtualization expertise

Reflex's management team is comprised of innovators with deep knowledge of the security and virtualization space. The Company is led by CEO Pete Privateer and Co-Founder Hezi Moore.

CEO Pete Privateer joined Reflex in 2008 and brings more than twenty-five years of senior leadership experience in the industry. Pete previously held executive positions at leading security technology companies. He was VP of Sales for the ISS division of IBM and SVP of Worldwide Marketing and Product Management for ISS prior to its acquisition by IBM. He served as president and CEO at Intrusic, a venture-backed Internet security software/appliance company as well as Pelican Security, where he was responsible for overall strategy and operations of the company. As co-founder and SVP of Operations for Axent Technologies, one of the first Internet security software companies, he successfully led the company from start-up to successful IPO prior to its sale to Symantec.

Company History



Source: Company.

Founded in 2000 in Atlanta, GA, with an initial focus on network security, Reflex has evolved significantly over the past decade. In 2008 Reflex restructured and decided to focus exclusively on virtualization management and security software. Throughout its history it has delivered numerous break-through “firsts” to the marketplace:

- First company to commercialize in-line intrusion prevention
- First company to break the 10 gigabyte IPS throughput barrier
- First IT security company to recognize the potential of virtualization by delivering the first virtualization security product (2006)
- In 2008, Reflex’s newly introduced vTrust security offering won the gold award at VMworld for “Best Virtualization Security” and the VMC management platform won the coveted “Best of Show” award.

Product overview

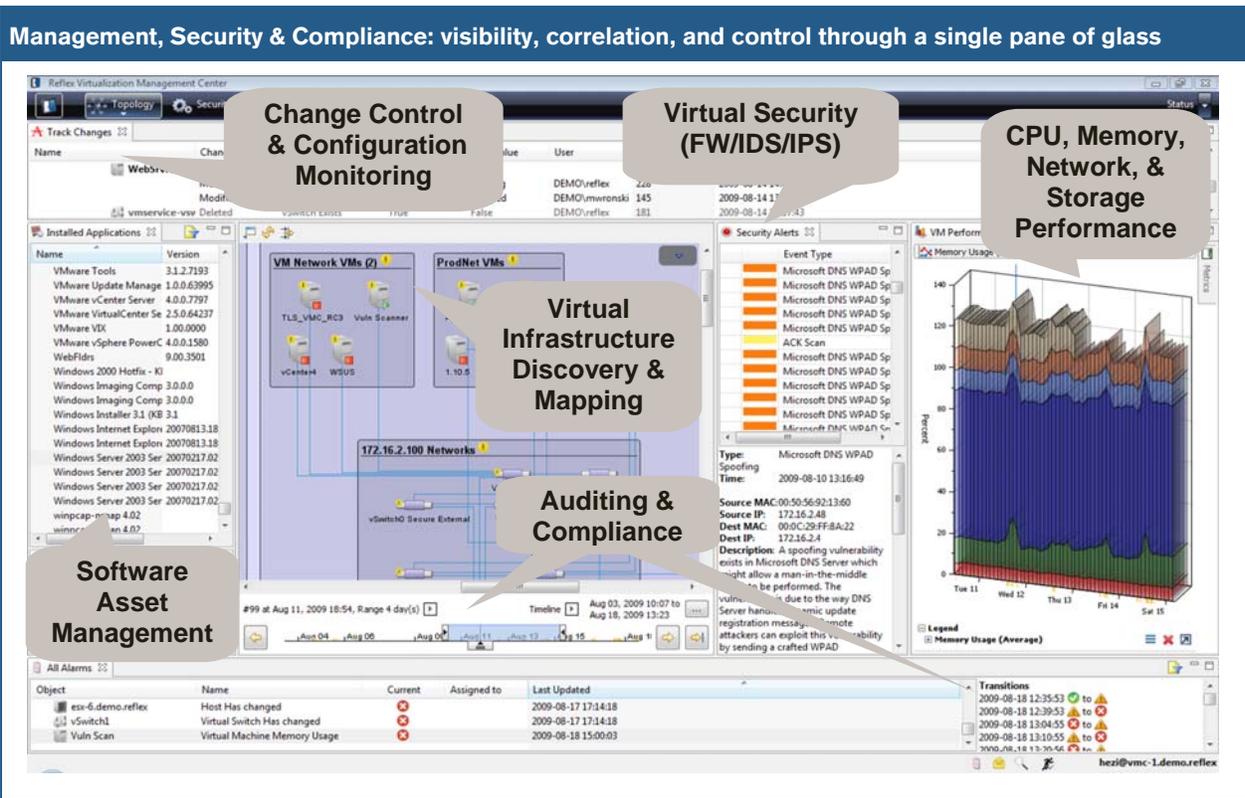
Virtualization Management Center (VMC)

For enterprises looking to holistically manage and view their virtual private cloud infrastructure, no other solution provides the same breadth and depth of functionality as VMC. The result is the creation of a comprehensive management, automation, and control platform for operating the complete virtual infrastructure stack including:

- Virtual storage
- Virtual networks
- Virtual machines (servers or desktops)
- The hypervisor and hypervisor management consoles across virtual data centers
- Both private and public clouds

During the past several years, Reflex VMC has become the industry standard for some of the world’s leading public cloud providers, such as Savvis, France Telecom, and CSC, which use Reflex as a critical piece of their public cloud infrastructure. Cisco’s Advanced Services team has based their public and private cloud “reference architecture” on Reflex’s VMC platform.

While other vendors must partner to obtain a broad solution for hybrid clouds, Reflex uses a “single pane of glass” approach across private and public clouds. Enterprises can manage their entire virtual environment by creating trust zones, defining rules, and specifying policies that move with the virtualized asset into hosting/cloud environments. Additionally, Reflex’s VMC provides common functions such as visualization, discovery, mapping, event correlation & alerting, central reporting, and an API which enables easy two-way integration with Web portals and other third-party solutions.



Source: Company.

VMC also provides granular policy enforcement of critical business-line, IT infrastructure and security policies. These are generated dynamically “on the fly” regardless of the location or network connections of the virtual assets. As virtual machines move around the physical infrastructure and into the cloud, the policies adapt and move with the virtual assets.

- Policies can be applied to multiple different applications without changing rules
- Enforces device-specific policies that execute with the asset regardless of location or network connection
- Automatically reflect changes to policy across the virtual data center or the cloud environment

Customers of private and public cloud providers using the Reflex VMC API can deploy and manage security via the cloud portal thereby integrating the cloud as part of their standard infrastructure. The cloud becomes absolutely seamless and security, governance, risk-management and compliance activity becomes fully transparent.

Given its ease of integration, VMC is quickly becoming the go-to product for organizations that want to offer a private cloud solution to their customers. For example, HP TippingPoint recently announced that it will integrate with and resell the Reflex solution as part of the HP TippingPoint Security Virtual Framework. Other customers are beta testing this integrated solution. Cisco has also integrated Reflex VMC with Cisco Nexus 1000V Series Switches to address the challenges of securing and managing virtualized data centers. The joint solution is designed to help customers scale their virtualization strategies.

VMC Podcast: <http://www.dabcc.com/media.aspx?id=549>

Monitoring & Analysis (vWatch)

The ability to visualize both virtual and underlying hardware infrastructures is a basic requirement for IT administrators. vWatch Monitoring from Reflex provides virtualization administrators both a microscope and a

telescope that enables them, in a matter of seconds, to drill down to the virtual packet layer, zoom out to the network layer, or view the entire virtual infrastructure and all of its objects (virtual machines, hosts, clusters, network interfaces, etc.).

- Provides contextual view of the virtualized data center to monitor, analyze and correlate any infrastructure changes including host, virtual machine, network or storage modifications
- Tracks over 150 different performance metrics across the host, guest (VM), network and storage and enables rapid trouble shooting and performance tuning
- Shows real-time events and all prior changes making it the “go-to” tool for compliance and audit
- Monitors all the software installed on the virtual machine and tracks changes to that software, who changed it and what they changed

Prior to vWatch, virtual administrators had no way to see, much less monitor, the activity in the virtual infrastructure or understand how VMs were interacting with one another and with the underlying physical infrastructure.

Ease of integration is another key feature of the Reflex monitoring & analysis solution. vWatch is a lean, agentless solution, making it fast to deploy and simple to integrate into any data center environment. Finally, in conjunction with the Reflex VMC, vWatch provides an API that enables service providers and enterprises to provision and manage security and compliance without the dependency on expensive external hardware.

Security (vTrust)

As virtual deployments mature and move deeper into production environments, they require increasingly sophisticated command-and-control policies that mirror and extend established processes for physical IT infrastructure. These policies provide the critical mechanism needed to regulate, enforce and audit virtual environment standards for core elements, including:

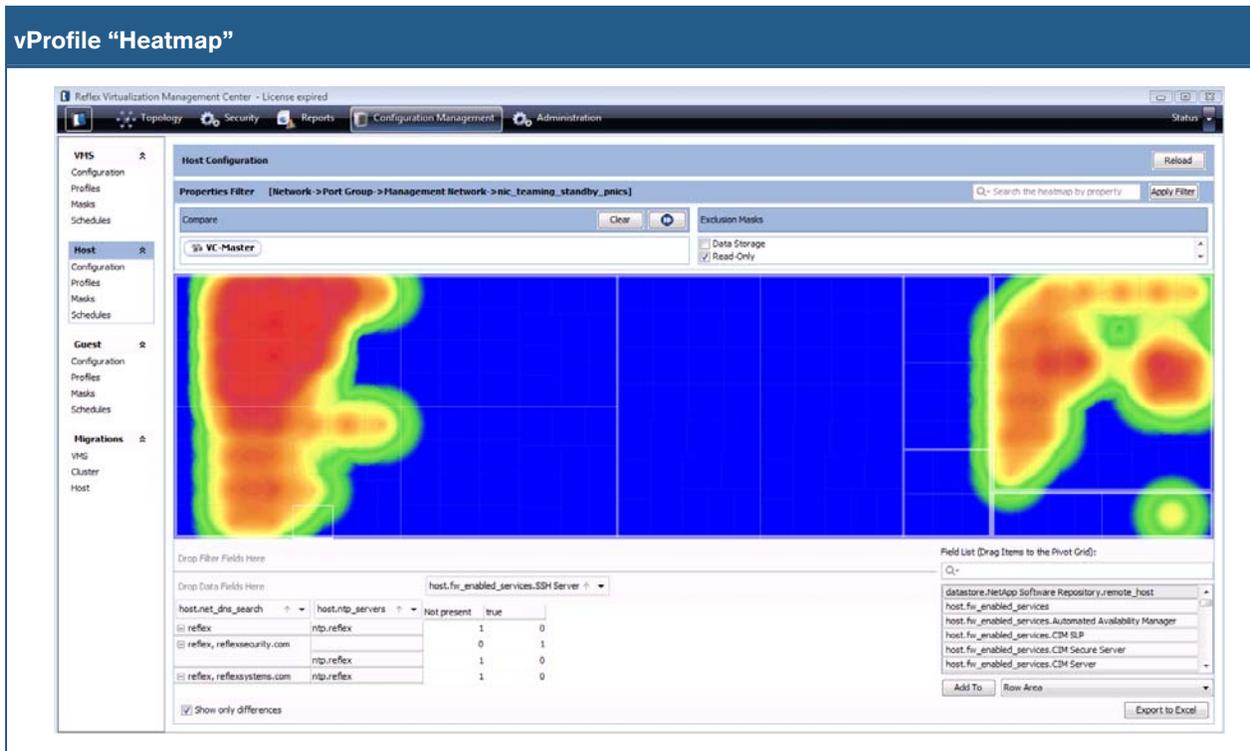
- Configuration and Change Management
- Service Delivery Management
- Information Security Management
- Incident/Problem Management and Business Continuity
- Regulatory Compliance

While purpose-built firewalls have their place in the virtualized data center they often aren't capable of monitoring and controlling traffic between virtual machines since they rely on static security policies.

vTrust provides cohesive data center policy enforcement across the entire virtualized infrastructure, including local hosts, distributed data centers and the cloud. It runs inside the hypervisor and is seamlessly integrated with the hypervisor kernel. vTrust also enables asset classification, virtual trust zones, dynamic network control and cloud-friendly adaptive roaming policies that monitor and enforce policy regardless of an asset's physical location or network connectivity. Prior to the introduction of vTrust, virtualization administrators did not have at their disposal a unified tool by which to properly segment their virtual environment into separate trust zones so that prescribed policies would move seamlessly between VM clusters.

Configuration Management (vProfile)

Reflex vProfile configuration management is the only solution in the market that enables IT managers to visually map configuration variances in their virtual infrastructure and enforce compliance with internal or external configuration standards. With vProfile configuration management, Reflex customers can see their virtual infrastructure visually expressed as a “heatmap” enabling them to quickly identify configuration or compliance differences, remediate as needed and set configuration baselines.



Source: Company.

vProfile also makes it simple for administrators to automatically compare any profile, Host, virtual machine or vCenter to another similar property, providing administrators with a powerful diagnostic tool to not only track variations in a given environment but actually understand the differences.

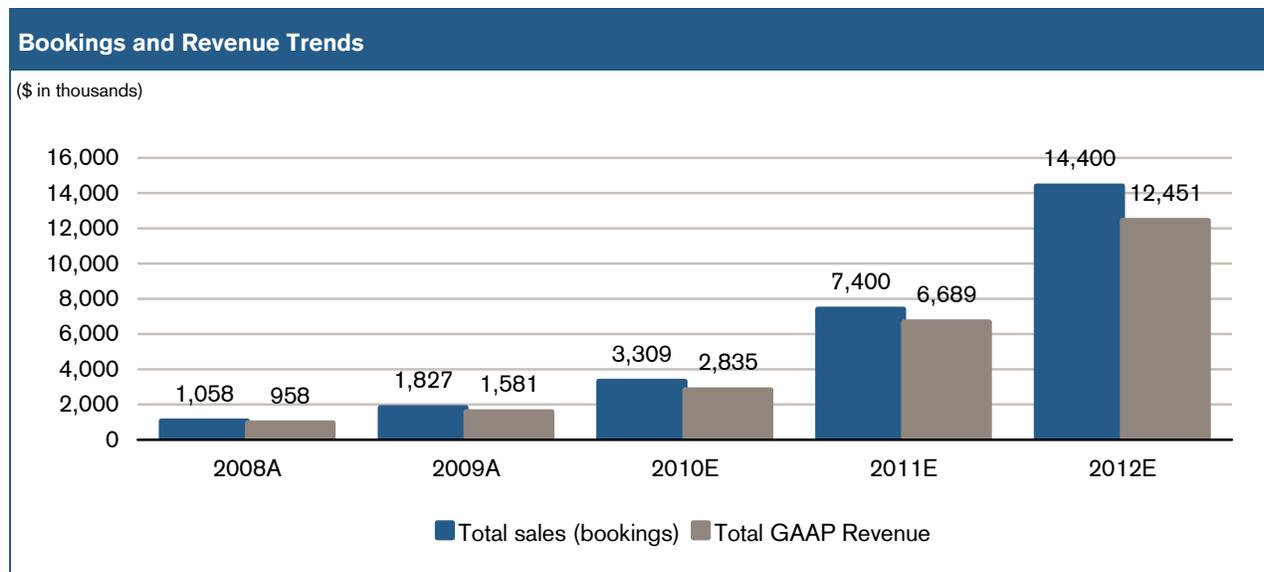
Additionally, Reflex's patent-pending virtualization query language powers vProfile. Configuration profiles are based on VQL objects and the VQL language is used as the dynamic binding between profiles and the target of configuration change. This enables administrators to add and remove resources in their virtualized data centers without having to manually maintain their configuration baselines. VQL wizards are also provided so that users are not required to learn the details of the VQL language.

- Unique features include: Configuration Management, Baseline Configuration, Heatmap Visualization, Remediation, Compliance Enforcement, Datacenter Automation, IP Pool Allocation, VQL expression queries, tiered configuration profiles, historical profile definition, batch modification and IP pool allocation.
- vProfile correlates and integrates with Reflex's VMC, vWatch, and vTrust

vProfile Podcast: <http://www.dabcc.com/media.aspx?id=955>

Financial Summary

- Reflex's financial performance is indicative of the rapid adoption its products are receiving in the marketplace.
- Pipeline growth is strong with 73 net new opportunities added in Q2 2010, representing \$2.8mm in pipeline growth alone in Q2.
- Prior to Q2 2010, Reflex maintained 3 front line sales representatives and 1 sales engineer
 - Added 2 new sales representatives and 1 sales engineer in Q2 2010
- Each passing quarter has resulted in a new single account sales record:
 - Q3 2009 Constellation Brands
 - Q4 2009 MedQuist
 - Q1 2010 E*Trade
 - Q2 2010 Cisco
 - Q3 2010 Defense Intelligence Agency



Source: Company.

Transaction Background

Due to a recent unsolicited offer by a strategic vendor, Reflex Systems LLC (“Reflex” or the “Company”) is exploring strategic alternatives including a potential sale of the Company (the “Transaction”). Credit Suisse is serving as Reflex’s financial advisor with respect to the Transaction.

All communications or inquiries relating to the sale of Reflex should be directed to Credit Suisse Securities (USA) LLC (“CS”). No personnel of Reflex or its affiliates and subsidiaries, should be contacted directly under any circumstances. Please direct all inquiries to the following CS professionals:



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