

September 2, 2009

NICE Systems

overweight

(NICE: \$29.17)

Analyst: Craig Nankervis

Key outlook changes

METRIC		TO	FROM
2010e EPS	UP	\$1.74	\$1.68
2009e Revenue	UP	\$581.2	\$577.7
2010e Revenue	UP	\$658.0	\$632.0

Estimates summary

YEAR (DEC)	REVENUE (MILLIONS)	CHANGE	EPS	CHANGE	P/E
2008	\$628.1	--	\$1.67	15.6%	17.4
2009e	\$581.2	(7.5%)	\$1.51	(10.0%)	19.4
2010e	\$658.0	13.2%	\$1.74	15.5%	16.8

Fundamentals

Equity market capitalization (MM)	\$1,803.1
Debt/total capitalization	0%
Return on average equity (2010e)	8%
Price/book value	1.8
Total market cap./2010e EBITDA	7.3
52-week price range	\$16.11 - \$30.88
12-month price target	\$32

Important disclosures and certifications begin on page 7 of this report.

Retain overweight in wake of financial crime deal

- We see a couple high-level positives in the deal, but find it equally interesting NICE intends to pursue a consolidation strategy in its two fastest-growing markets.

We reiterate our overweight recommendation for NICE Systems after reviewing its \$73.5 million cash acquisition of New York City-based Fortent, a leader in the financial crime arena that complements its Actimize play. Today this business accounts for about 10% of NICE's total revenue (growing ahead of the corporate average), and we estimate the deal should cause it to account for about 15% next year. We find the following points noteworthy:

Big-picture strategic vision becomes clearer. With this deal, NICE is 1) initiating a consolidation strategy in the fragmented financial fraud/compliance/anti-money laundering space, while 2) emphasizing it seeks to be a market leader in this arena as well as security (~25% of revenue), just as it has achieved leadership in its call center business via consolidation.

Valuation seems reasonable, below Actimize. We don't know Fortent's financial profile, but it seems clear it is a slower grower than Actimize. Upon acquisition two years ago, Actimize was a 40% revenue grower and on an about \$40 million annual revenue run-rate, while it's taken 15 or so years for Fortent to achieve revenue of \$20 million-plus. Owing to this and to the depressed macroenvironment, we think NICE paid nearly half the multiple it did for Actimize, which to us doesn't seem expensive. We calculate NICE paid about 2.7X

forward-year revenue for Fortent, while it paid almost 5X forward-year revenue for fast-growing Actimize.

Deal seems fairly attractive, at a high level. While we find it difficult to definitively assess either Fortent as a financial crime specialist or the impending new financial regulation wave NICE considers a key driver, our bias is to regard the move as reasonably attractive given 1) NICE's strong acquisition track record and its 2) first-mover consolidation strategy.

Estimates

We've revised our estimates as shown in the 'Key outlook changes' section of this report.

2009

The deal closed upon last night's announcement, and while we assume Fortent contributes revenue of \$3.5 million in the last four months of this year (likely proves conservative), guidance is for it to be EPS neutral.

2010

We layer on to our out-year estimate of 9% revenue growth an additional \$26 million from Fortent (guidance is \$25 million to \$30 million), mostly on the services line. We see Fortent adding six cents on the bottom line (guidance is five to eight cents).

Fortent notes

We offer a brief Fortent sketch below.

- ✓ It sounds like Fortent did best focusing on the very top tier of financial customers (has 26 of the world's largest 30 firms as customers), but it struggled to penetrate the tier below that, where Actimize does best.
- ✓ Fortent is supposedly one of the leading players in a market NICE pegs to be \$1 billion-plus in size. (If true, at about \$20 million in revenue, this shows the fragmented nature of the space.) The one public pure-play financial crime company, Dublin-based Norkom, was a 22% revenue grower to about \$68 million (USD) last fiscal year.
- ✓ Technically, Fortent strengthens Actimize's anti-money laundering solution while also adding 'Know your customer' capability. It sounds like one of Fortent's strengths is its profiling technology and the breadth of data it gathers. While Fortent had some strategic stumbles, NICE has known the company for some time and sees it featuring some 'very clever scientists' and 'very sophisticated' technology. The company adds about 100 heads to Actimize's 300 heads.
- ✓ Customer overlap is minimal, NICE sees growth in the segment coming from 1) cross-selling Actimize into the Fortent base, 2) an 'impressive' joint pipeline, and 3) an expected new, global wave of financial regulations.

NICE notes

- ✓ NICE signaled it is still looking at acquisitions (we think across all three business segments) and that it 'knows who it wants.'
- ✓ With Fortent and a small (\$11 million) security deal under its belt, NICE's cash balance stands at about \$475 million, or about \$7.70/share.

COMPANY DESCRIPTION

NICE Systems, headquartered in Ra'anana, Israel, is a leading vendor in the call center

recording and quality monitoring marketplace with a growing presence in the digital video surveillance and communication interception industries. Also features transaction analytics for banks.

Earnings Model (Dollars in thousands except per-share data)

	2007	Mar-08	Jun-08	Sep-08	Dec-08	2008	Mar-09	Jun-09	Sep-09e	Dec-09e	2009e	2010e
Products	\$319,152	\$65,216	\$88,850	\$87,991	\$91,568	\$353,625	\$68,617	\$65,659	\$69,000	\$75,300	\$278,576	\$319,000
Services	\$202,652	\$61,530	\$66,440	\$75,005	\$71,520	\$274,495	\$70,623	\$74,799	\$76,500	\$80,700	\$302,622	\$339,000
Total Revenue	\$521,804	\$146,746	\$155,290	\$162,996	\$163,088	\$628,120	\$139,240	\$140,458	\$145,500	\$156,000	\$581,198	\$658,000
Cost of Products	\$76,673	\$18,309	\$18,546	\$20,839	\$21,266	\$78,960	\$16,018	\$16,330	\$16,215	\$17,696	\$66,259	\$72,413
Cost of Services	\$113,402	\$33,133	\$35,048	\$36,542	\$35,059	\$139,782	\$35,218	\$35,777	\$37,103	\$39,140	\$147,237	\$164,754
Total Cost of Revenue	\$190,075	\$51,442	\$53,594	\$57,381	\$56,325	\$218,742	\$51,236	\$52,107	\$53,318	\$56,835	\$213,496	\$237,167
Gross Profit	\$331,729	\$95,304	\$101,696	\$105,615	\$106,763	\$409,378	\$88,004	\$88,351	\$92,183	\$99,165	\$367,703	\$420,833
R&D	\$55,487	\$16,973	\$17,409	\$18,571	\$19,621	\$72,574	\$17,073	\$16,710	\$17,100	\$18,000	\$68,883	\$80,000
Selling & marketing	\$113,724	\$33,870	\$35,973	\$35,644	\$35,589	\$141,076	\$31,975	\$32,586	\$33,000	\$35,500	\$133,061	\$151,000
G&A	\$75,276	\$21,109	\$22,630	\$21,126	\$21,491	\$86,356	\$15,608	\$14,408	\$15,000	\$15,800	\$60,816	\$65,000
Total Operating Expenses	\$244,487	\$71,952	\$76,012	\$75,341	\$76,701	\$300,006	\$64,656	\$63,704	\$65,100	\$69,300	\$262,760	\$296,000
Operating income	\$87,242	\$23,352	\$25,684	\$30,274	\$30,062	\$109,372	\$23,348	\$24,647	\$27,083	\$29,865	\$104,943	\$124,833
Financial income, net	\$14,879	\$3,676	\$3,828	\$3,145	\$5,131	\$15,780	\$2,743	\$1,828	\$1,800	\$2,200	\$8,571	\$8,500
Other income (expense), net	(\$80)	(\$9)	(\$6)	(\$16)	\$0	(\$31)	\$52	(\$26)	\$0	\$0	\$26	\$0
Pretax income	\$102,041	\$27,019	\$29,506	\$33,403	\$35,193	\$125,121	\$26,143	\$26,449	\$28,883	\$32,065	\$113,540	\$133,333
Income tax provision (benefit)	\$20,585	\$5,037	\$5,556	\$6,706	\$4,623	\$21,922	\$4,792	\$4,388	\$5,488	\$5,932	\$20,600	\$24,667
Pro Forma Net Income	\$81,456	\$21,982	\$23,950	\$26,697	\$30,570	\$103,199	\$21,351	\$22,061	\$23,395	\$26,133	\$92,940	\$108,666
Amort. of intangible assets, other	\$22,956	\$7,841	\$8,436	\$8,289	\$8,057	\$32,623	\$7,985	\$7,977	\$6,000	\$5,000	\$26,962	\$20,000
Amort. of stock-based comp	\$13,500	\$7,582	\$6,419	\$5,384	\$5,932	\$25,317	\$2,942	\$4,469	\$3,500	\$4,000	\$14,911	\$15,000
Valuation adj. acq. Def.rev.	\$5,362	\$2,303	\$1,162	\$504	\$253	\$4,212	\$80	\$8	\$8	\$8	\$104	\$100
Pro forma income tax effect	(\$8,287)	(\$3,676)	(\$3,438)	(\$2,916)	(\$2,412)	(\$12,442)	(\$2,490)	(\$1,983)	(\$644)	(\$168)	(\$5,285)	(\$5,000)
Income from discoun. operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Restruct. & impair. Chgs. other	\$0	\$0	\$9,870	\$4,512	\$0	\$14,382	\$2,213	\$0	\$0	\$0	\$2,213	\$0
GAAP Net Income	\$47,925	\$7,932	\$1,511	\$10,924	\$18,740	\$39,107	\$10,621	\$11,590	\$14,551	\$17,293	\$54,035	\$78,566
Fully-diluted Shares out	56,275	61,606	61,892	61,874	61,426	61,700	61,560	61,812	61,700	61,800	61,718	62,500
Reported GAAP EPS	\$0.85	\$0.13	\$0.02	\$0.18	\$0.31	\$0.63	\$0.17	\$0.19	\$0.24	\$0.28	\$0.88	\$1.26
Pro forma EPS (ex-cash)	\$1.24					\$1.46					\$1.39	\$1.63
Pro forma EPS (w/stock comp)	\$1.21					\$1.26					\$1.26	\$1.50
Pro Forma EPS	\$1.45	\$0.36	\$0.39	\$0.43	\$0.50	\$1.67	\$0.35	\$0.36	\$0.38	\$0.42	\$1.51	\$1.74
Margins:												
Products gross margin	76.0%	78.5%	79.1%	76.3%	76.8%	77.7%	76.7%	75.1%	76.5%	76.5%	76.2%	77.3%
Services gross margin	44.0%	46.2%	47.2%	51.3%	51.0%	49.1%	50.1%	52.2%	51.5%	51.5%	51.3%	51.4%
Overall gross margin	63.6%	64.9%	65.5%	64.8%	65.5%	65.2%	63.2%	62.9%	63.4%	63.6%	63.3%	64.0%
R&D	10.6%	11.6%	11.2%	11.6%	12.0%	11.6%	12.3%	11.9%	11.8%	11.9%	11.9%	12.2%
Selling & marketing	21.8%	23.1%	23.2%	21.9%	21.8%	22.5%	23.0%	23.2%	22.7%	22.8%	22.9%	22.9%
G&A	14.4%	14.4%	14.6%	13.0%	13.2%	13.7%	11.2%	10.3%	10.3%	10.1%	10.5%	9.9%
Operating margin	16.7%	15.9%	16.5%	18.6%	18.4%	17.4%	16.8%	17.5%	18.6%	19.1%	18.1%	19.0%
Pretax Margin	19.6%	18.4%	19.0%	20.5%	21.6%	19.9%	18.8%	18.8%	19.9%	20.6%	19.5%	20.3%
Tax Rate	20.2%	18.6%	18.8%	20.1%	13.1%	17.5%	18.3%	16.6%	19.0%	18.5%	18.1%	18.5%
Net Margin	15.6%	15.0%	15.4%	16.4%	18.7%	16.4%	15.3%	15.7%	16.1%	16.8%	16.0%	16.5%
Revenue Mix: Products	61.2%	58.1%	57.2%	54.0%	56.1%	56.3%	49.3%	46.7%	47.4%	48.3%	47.9%	48.5%
Services	38.8%	41.9%	42.8%	46.0%	43.9%	43.7%	50.7%	53.3%	52.6%	51.7%	52.1%	51.5%
Enterprise Interactions	76.7%	81.1%	74.8%	72.4%	77.9%	76.4%	74.1%	74.8%	72.5%	71.2%	73.1%	71.6%
Public safety & security	23.5%	19.1%	25.2%	27.6%	22.1%	23.6%	25.9%	24.9%	27.5%	28.8%	26.8%	28.4%
Enterprise Interactions	\$400,300	\$119,000	\$116,150	\$118,000	\$127,000	\$480,150	\$103,240	\$105,000	\$105,500	\$111,000	\$424,740	\$471,000
Public safety & security	\$122,650	\$28,000	\$39,149	\$44,996	\$36,088	\$148,233	\$36,000	\$35,000	\$40,000	\$45,000	\$156,000	\$187,000
YOY Growth: Products	21%	16.1%	16.4%	8.3%	3.8%	11%	-19.5%	-26.1%	-21.6%	-17.8%	-21%	15%
Services	32%	41.0%	33.2%	45.4%	24.3%	35%	14.8%	12.6%	2.0%	12.8%	10%	12%
Enterprise Interactions	29%	31.3%	16.5%	22.9%	11.4%	20%	-13.2%	-9.6%	-10.6%	-12.6%	-12%	11%
Public safety & security	13%	6.1%	42.9%	22.1%	12.8%	21%	28.6%	-10.6%	-11.1%	24.7%	5%	20%
TOTAL REV.	25%	25.4%	23.1%	22.7%	11.9%	20%	-5.1%	-9.6%	-10.7%	-4.3%	-7%	13%
OPERATING INC.	38%	32.6%	20.1%	33.5%	17.5%	25%	0.0%	-4.0%	-10.5%	-0.7%	-4%	19%
Pro Forma EPS	24%	14.7%	6.6%	14.0%	27.7%	16%	-2.8%	-7.8%	-12.1%	-15.0%	-10%	15%
Guidance: Revenue	519-523	142-146	151-155	159-163	161-168	627-635	141-151	similar	low/high s-digit growth	H2/H1		
EPS	1.41-1.45	.34-.37	.37-.41	.41-.45	.42-.49	1.65-1.75	.31-.41	to Q1	greater profitability	H2/H1		

Balance Sheet (Dollars in thousands except per-share data)

	2007		Mar-08		Jun-08		Sep-08		Dec-08		2008		Mar-09		Jun-09		Sep-09e		Dec-09e		2009e		2010e		
Cash equivalents & ST/LT investments			\$226,520	\$201,977	\$252,814	\$330,448								\$367,017	\$367,630										
Trade receivables, net			\$96,855	\$110,795	\$107,989	\$104,115								\$85,783	\$86,358										
Other receivables & prepaid expense			\$23,799	\$24,528	\$25,000	\$23,697								\$24,919	\$24,361										
Related party receivables			\$0	\$0	\$0	\$0								\$0	\$0										
Inventories			\$13,023	\$13,512	\$11,865	\$11,500								\$10,608	\$11,053										
Current deferred taxes			\$8,166	\$8,721	\$12,353	\$8,400								\$8,713	\$9,531										
Assets of discontinued operation			\$0	\$0	\$0	\$0								\$0	\$0										
Total Current Assets			\$368,363	\$359,533	\$410,021	\$478,160								\$497,040	\$498,933										
Investment in affiliates			\$0	\$0	\$0	\$0								\$0	\$0										
Severance pay fund			\$0	\$0	\$0	\$0								\$0	\$0										
Other long-term investments			\$234,791	\$260,809	\$222,068	\$188,872								\$180,065	\$210,912										
Long-term deferred taxes			\$9,266	\$6,979	\$3,687	\$7,373								\$7,798	\$7,325										
LT receivables & prepaid expense			\$0	\$0	\$0	\$0								\$0	\$0										
Property & equipment, net			\$19,549	\$20,855	\$22,893	\$23,394								\$22,970	\$21,829										
Other intangible assets			\$156,012	\$163,933	\$157,321	\$145,402								\$137,802	\$134,846										
Goodwill			\$445,843	\$454,409	\$450,635	\$445,504								\$443,739	\$449,999										
Total Assets			\$1,233,824	\$1,266,518	\$1,266,625	\$1,288,705								\$1,289,414	\$1,323,844										
ST bank credit			\$0	\$0	\$0	\$0								\$0	\$0										
Trade payables			\$23,601	\$25,165	\$21,212	\$23,060								\$16,005	\$20,193										
Accrued expenses & other liabilities			\$224,808	\$234,514	\$233,841	\$237,589								\$237,971	\$236,108										
Liabilities of discontinued operation			\$0	\$0	\$0	\$0								\$0	\$0										
Total Current Liabilities			\$248,409	\$259,679	\$255,053	\$260,649								\$253,976	\$256,301										
Accrued severance pay			\$0	\$0	\$0	\$0								\$0	\$0										
Long-term tax liabilities			\$38,906	\$41,656	\$40,404	\$37,060								\$34,977	\$34,144										
Other LT liabilities			\$18,619	\$20,402	\$21,944	\$20,174								\$18,908	\$20,774										
Total Liabilities			\$305,934	\$321,737	\$317,401	\$317,883								\$307,861	\$311,219										
Shareholders Equity			\$927,890	\$944,781	\$903,794	\$970,822								\$981,553	\$1,012,625										
BV per share			\$15.06	\$15.26	\$14.61	\$15.80							\$15.94	\$16.38											
Tangible BV per share			\$5.29	\$5.27	\$4.78	\$6.18							\$6.50	\$6.92											
DSO			60	65	60	60							60	56											
Capex			\$3,274	\$3,772	\$4,938	\$3,798								\$2,541	\$1,377										
Operating Cash Flow			\$46,706	\$13,821	\$32,344	\$41,974								\$31,955	\$29,168										
Free Cash Flow			\$43,432	\$10,049	\$27,406	\$38,176								\$29,414	\$27,791										
Depr'n & Amort'n			\$10,000	\$10,600	\$10,964	\$11,116								\$10,944	\$11,001										
EBITDA			\$33,352	\$36,284	\$41,238	\$41,178								\$34,292	\$35,648										
Annualized ROE						7%																			
Geographic Breakdown																									
Revenue Americas			\$82,000	\$83,000	\$86,000	\$97,000								\$89,000	\$89,000										
EMEA			\$45,000	\$49,000	\$50,000	\$47,000								\$34,000	\$37,000										
Asia-Pacific			\$20,000	\$23,290	\$25,000	\$19,000								\$16,000	\$15,000										
Total revenue			\$147,000	\$155,290	\$163,000	\$163,000								\$139,000	\$141,000										
YOY Growth Americas			19.2%	15.3%	18.9%	21.7%								8.5%	7.2%										
EMEA			30.1%	35.4%	28.2%	6.8%								-24.4%	-24.5%										
Asia-Pacific			47.1%	29.4%	25.0%	-13.6%								-20.0%	-35.6%										

Institutional sales: (800) 866-3272

FIRST ANALYSIS SECURITIES EQUITY RESEARCH

OUTSOURCED SERVICES

ENVIRONMENTAL INFRASTRUCTURE
Corey Greendale

POST-SECONDARY EDUCATION
Corey Greendale

HR AND ACCOUNTING SERVICES
James Macdonald, Todd Van Fleet

PHARMACEUTICAL SERVICES • HEALTH CARE CLAIMS SERVICES
HOME HEALTH SERVICES
Tony Perkins

CLINICAL RESEARCH ORGANIZATIONS
Todd Van Fleet

MARKETING SERVICES
Todd Van Fleet

OFFENDER MANAGEMENT
Todd Van Fleet, James Macdonald

IT PRODUCTS AND SERVICES

ENTERPRISE SOFTWARE • HEALTH CARE IT
Frank Sparacino

ACCOUNTS RECEIVABLE MANAGEMENT • FINANCIAL TRANSACTION PROCESSING
Lawrence Berlin

TELECOM BILLING & ENHANCED SERVICES
Lawrence Berlin

NETWORK SECURITY • OUTSOURCED E-COMMERCE SERVICES
CALL CENTER PRODUCTS
Craig Nankervis

OUTSOURCED CALL CENTER SERVICES
Howard Smith

MOBILE BROADBAND DEVICES • FLAT RATE WIRELESS SERVICES
Scott Pope

CHEMISTRY-ENABLED BUSINESS

COATINGS/ADHESIVES • INDUSTRIAL GASES
PERFORMANCE CHEMICALS • POLYMER PROCESSING • SPECIALTY MATERIALS
Michael J. Harrison, Steve Schwartz

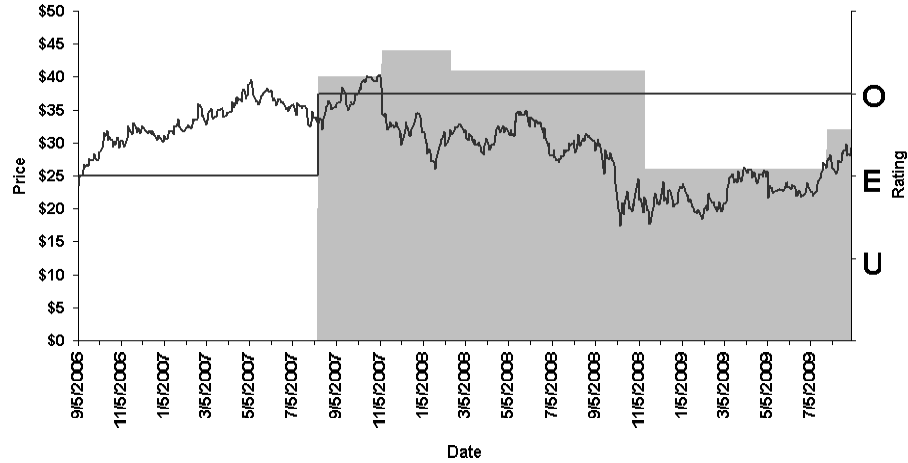
LIFE SCIENCE TOOLS & DIAGNOSTICS
Dan Leonard

IMPORTANT DISCLOSURES AND CERTIFICATIONS

PRICE, RATING, AND TARGET PRICE HISTORY*

Date	Close	Target	Rating
9/5/2006	\$24.27		E
8/10/2007	\$32.94	\$40	O
11/8/2007	\$35.99	\$44	O
2/13/2008	\$31.99	\$41	O
11/13/2008	\$21.72	\$26	O
7/29/2009	\$27.34	\$32	O

NICE Systems



*Left axis is stock price (gray area indicates 12-month price target); right axis is rating (line indicates rating level). When no rating is indicated in the chart or table, then the stock was unrated at that time. 12-month price targets, if any, are effective with respect to the dates on which they are issued. First Analysis Securities Corp. does not provide 12-month price targets for stocks rated equal-weight or underweight. It usually provides 12-month price targets for stocks rated overweight. The data in this chart are current as of the last trading date prior to the date of this report.

ANALYST CERTIFICATION

I, Craig Nankervis, attest the views expressed in this document accurately reflect my personal views about the subject securities and issuers. I further attest no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me herein.

VALUATIONS / RISKS

NICE Systems: Our price target reflects a roughly 20 multiple on our FTM EPSe, a level we consider to be reasonable given it is in the second quartile of the two-year historical range of 9-25X. This is also supported by four-year DCF analysis, which assumes 9% peak top-line growth, a 20% peak operating margin in year four, and an 11 terminal multiple on net after-tax cash flow and a 15% discount rate. A number of risks and uncertainties have the potential to impede share-price appreciation toward our 12-month target, including such factors as unfavorable economic conditions, a downturn in capital markets, slow adoption of new technologies, IT spending weakness, and changes in government spending on security initiatives.

OTHER DISCLOSURES

The compensation of the research analyst(s) principally responsible for the preparation of this document is indirectly based on (among other factors) the general investment banking revenue of FASC. FASC considers all the companies covered in its research reports to be potential clients.

RATINGS DEFINITIONS*:

Overweight (O): Purchase shares to establish an overweighted position: Stock price expected to perform better than the S&P 500 over the next 12 months.

Equal-weight (E): Hold shares to maintain an equal-weighted position: Stock price expected to perform in line with the S&P 500 over the next 12 months.

Underweight (U): Sell shares to establish an underweighted position: Stock price expected to perform worse than the S&P 500 over the next 12 months.

*Stock target prices may at times be inconsistent with these definitions due to short-term stock price volatility that may not reflect large-holder/buyer valuations of the security.

DISTRIBUTION OF RATINGS:

The following was the distribution of ratings for companies rated by FASC as of 6/30/2009: 51% had buy (overweight) ratings, 49% had hold/neutral (equal-weight) ratings, and 0% had sell (underweight) ratings. Also as of 6/30/2009, FASC had provided, within the prior 12 months, investment banking services to 5% of the companies rated that had buy (overweight) ratings and 2% of the companies rated that had hold (equal-weight) ratings. For purposes of the FINRA ratings

distribution disclosure requirements, our stock ratings of overweight, equal-weight, and underweight most closely correspond to buy, hold, and sell, respectively. Please refer to "RATINGS DEFINITIONS" above for an explanation of the FASC rating system.

USE OF THIS DOCUMENT:

Investors should consider this document as only a single factor in making their investment decision. Past performance and any projections herein should not be taken as an indication or guarantee of future performance. With the exception of information about FASC, the information contained herein was obtained from sources we believe reliable, but we do not guarantee its accuracy. As a subscriber or prospective subscriber, you have agreed not to provide this document in any form to any person other than employees of your immediate organization. FASC is a broker-dealer registered with FINRA and member SIPC. It provides research to its institutional clients as a service in connection with its other business activities. This document is provided for informational purposes only. Neither the information nor any opinion expressed constitutes a solicitation by us of the purchase or sale of any securities. More information is available on request from FASC 800-866-3272. Copyright 2009 First Analysis Securities Corp.

To residents of Canada: The contents hereof are intended solely for the use of, and may be only be issued or passed on to, persons to whom FASC is entitled to distribute this document under applicable Canadian securities laws.

To residents of the United Kingdom: This document, which does not constitute an offer of, or an invitation by or on behalf of any person to subscribe for or purchase, any shares or other securities in any of the companies mentioned in this document, is for distribution in the UK only to persons who fall within any one or more of the categories of persons referred to in Article 8 of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) (No. 2) Order 1995 (SI 1995/1536) or in Article 11 of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (SI 1996/1586).

ABBREVIATIONS AND ACRONYMS: The meaning of the following abbreviations and acronyms has been identified as not common knowledge, and we therefore provide these explanations. DCF: Discounted cash flow (model). DSOs: Days sales outstanding. EBITDA: Earnings before interest, taxes, depreciation, and amortization. G&A: General and administrative (expense). OEM: Original equipment manufacturer. R&D: Research and development (expense). SG&A: Selling, general, and administrative (expense).

IF YOU WISH REMOVAL FROM OUR DISTRIBUTION LIST, PLEASE E-MAIL TO optout@fana.com OR CALL 312-463-6404.