

Autonomy Overview

DRAFT

Preliminary | Subject to Further Review and Evaluation

January 2011

Autonomy Overview



Summary

Dual Headquarters	San Francisco, CA Cambridge, U.K.
Founding	Founded in June 1996 by world-leading researchers from University of Cambridge
IPO	July 1998 at a split-adjusted price of \$1.23 (approx. £0.70)
Employees	1,800 (10% Administrative, 60% Technical, 30% Sales and Marketing)
Customers/OEMs	20,000+ Customers, 400+ OEMs with over 500 product licenses
Geographic Mix	70% Americas, 30% Rest of World
Key Verticals	Education, Energy & Utilities, Financial Services, Government, Healthcare, Investigative, Legal, Manufacturing, Professional Services/Consulting, Retail & Consumer, Technology, Telecom
Sales Channel	Primarily indirect through 400 Value Added Resellers such as Accenture, IBM Global Services, Cap Gemini, HP and Wipro
Product Overview	<p>Software infrastructure solutions that form an understanding of content, allowing for powerful meaning-based data processing</p> <p>Intelligent Data Operating Layer (IDOL) Server – collects indexed data, enriching it with conceptual and contextual understanding</p> <ul style="list-style-type: none"> Core infrastructure of Autonomy's solutions <p>Power solutions – search and management built around IDOL</p> <ul style="list-style-type: none"> Markets include Search, BPM, and OEMs <p>Protect solutions – regulatory and compliance platform</p> <ul style="list-style-type: none"> Markets include eDiscovery, Archiving & Records, Content management, Compliance <p>Promote solutions – marketing and customer interaction</p> <ul style="list-style-type: none"> Markets include Web Content Management, eBusiness, Marketing Optimization, Rich Media Management, Contact Center

Source: Company filings.

Financial Performance

(\$MM, except per share amounts)

	Fiscal Year Ended December 31,				
	2008A	2009A	2010E	2011E	2012E
Revenue	\$503	\$740	\$866	\$963	\$1,079
Annual Growth	47%	47%	17%	11%	12%
Gross Profit	458	652	764	856	969
Gross Margin	91%	88%	88%	89%	90%
EBITDA	226	360	426	505	585
EBITDA Margin	45%	49%	49%	52%	54%
Free Cash Flow	121	191	281	322	487
Free Cash Flow Margin	24%	26%	32%	33%	45%
Net Income	148	233	289	343	399
Net Income Margin	29%	31%	33%	36%	37%
Diluted EPS	0.68	0.97	1.09	1.27	1.48
Annual Growth	81%	43%	12%	17%	16%

Source: Projections based on Bank of America Merrill Lynch research as of October 19, 2010.

Note: Free Cash Flow defined as Operating Cash Flow less Cap Ex and Investment in Product Development.

Gross Profit adjusted for amortization of acq related intangibles.

EBITDA adjusted for amortization of acq related intangibles, SBC, foreign exchange, and non-recurring items.

Trading Overview

(\$MM, except per share amounts)

Share Price	£14.78 / \$23.66	
Fully-Diluted Equity Value (1)	\$5,811	
Plus: Debt (1)	945	
Less: Cash (1)	1,028	
Fully-Diluted Enterprise Value (1)	\$5,728	
<u>CY10E</u>	<u>Statistic (2)</u>	
Revenue	\$866	6.6x
EBITDA	426	13.4
Earnings per Share	1.09	21.7
<u>CY11E</u>		
Revenue	\$963	5.9x
EBITDA	505	11.3
Earnings per Share	1.27	18.6

Note: Current market prices as of January 24, 2011, converted from GBP to USD at a constant spot exchange rate of 1.60.

(1) Net Debt based on Autonomy Form 6-K for the period ended September 30, 2010.

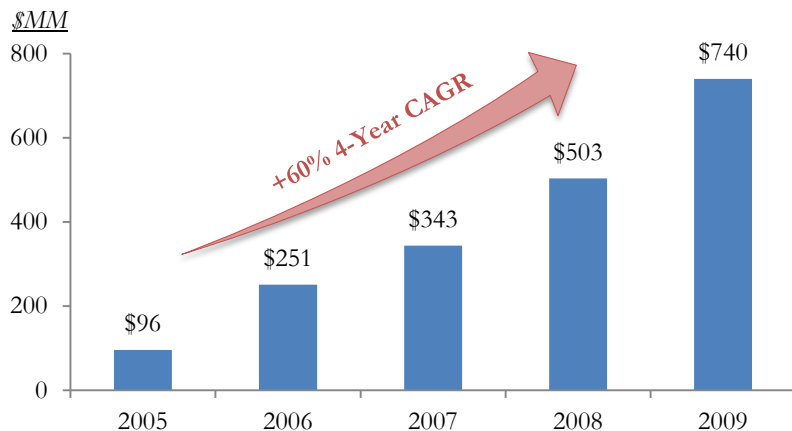
Includes £500 (\$800) convertible debt with strike price of £20.63 (\$33.03).

(2) Projections based on Bank of America Merrill Lynch research as of October 19, 2010.

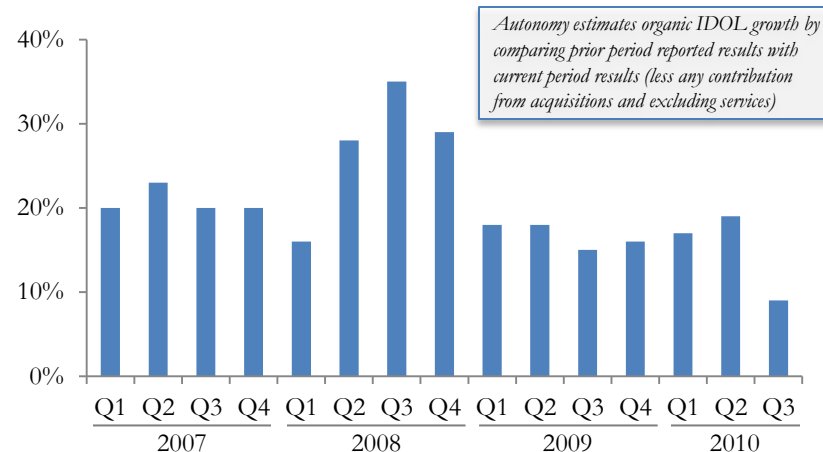


Key Financial Metrics

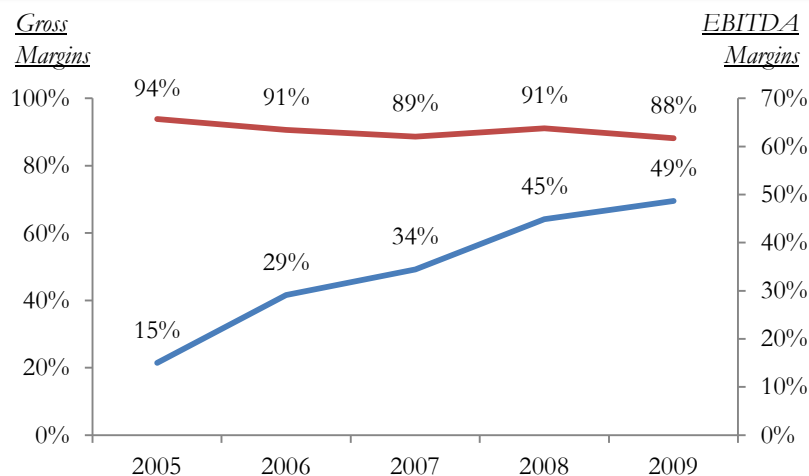
Historical Revenues



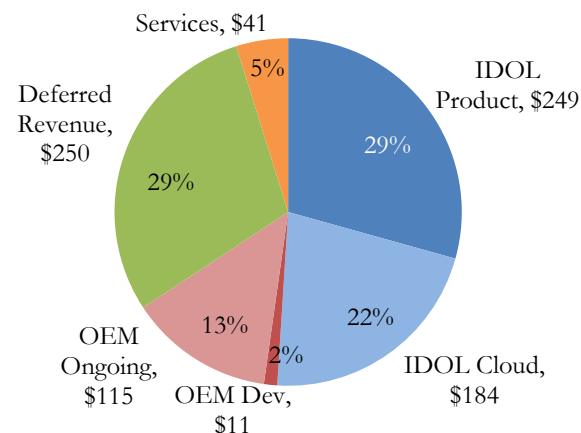
Organic IDOL Revenue Growth YoY



Historical Margins



Attractive Revenue Mix (in \$MM, LTM)





Data Management Market Dynamics

Autonomy

The secular migration towards unstructured data has created a large and meaningful addressable opportunity in managing, regulating and monetizing the use of information

Structured Data Management

- 15% of total data⁽¹⁾
- Size: \$18bn
- Traditional structured data CAGR of 32.3% from 2006 – 2010 (IDC)

Current RDBMS solutions only address
~20% of the total data management market

Unstructured data is expected to grow twice
as fast as structured data

Unstructured Data Management

- 85% of total data⁽¹⁾
- Size: \$20bn (email, video, voice, etc)
- Unstructured data CAGR of 63.7% from 2006 – 2010 (IDC)

Autonomy

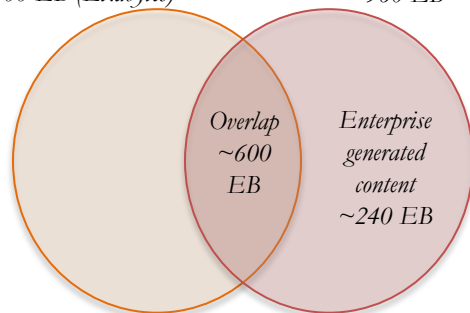
Power: Manage and Search

(~40% of 2009 Revenue)

While enterprises only create 20% of all data, they need to manage transmission, storage, security and compliance for more than 85% of it

User generated content
~900 EB (Exabytes)

Enterprise touch content
~960 EB

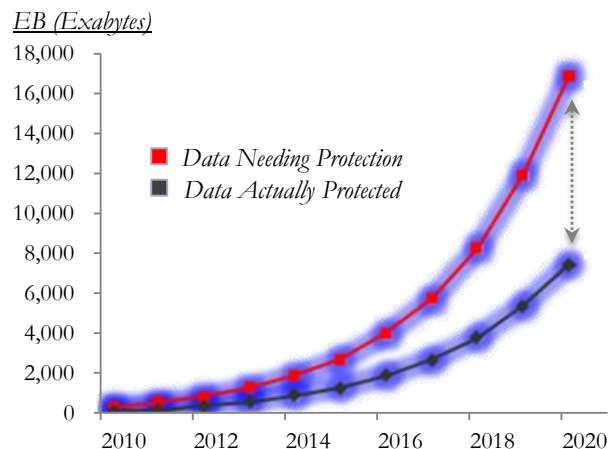


2010: ~1,200 EB

Protect: Legal and Compliance

(~40% of 2009 Revenue)

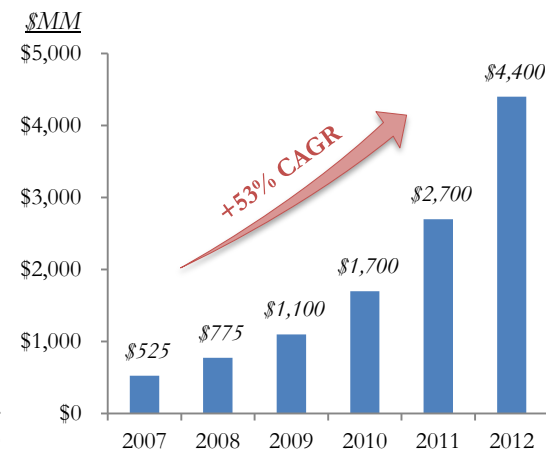
Data needing protection in 2020 is the size of the entire digital universe in 2018



Promote: Marketing

(~20% of 2009 Revenue)

U.S. behaviorally targeted online advertising spending⁽²⁾





Key Fundamental Differentiators

Autonomy

Autonomy's IDOL Structured Probabilistic Engine (SPE) can be leveraged across verticals, functions and connectors

	Power: Manage and Search	Protect: Legal and Compliance	Promote: Marketing
<i>Drivers</i>	<ul style="list-style-type: none"> • Proliferation of unstructured information in enterprise IT • Secular migration towards automation versus adding headcount to reduce operating expenditures 	<ul style="list-style-type: none"> • Proliferation and increasing complexity of data regulations • Reputational risk and tougher sanctions for breaches 	<ul style="list-style-type: none"> • Rich media and content explosion • Shift from cost per thousand impressions (CPM) to cost per action (CPA) advertising model • Need to demonstrate ROI
<i>Applications</i>	<ul style="list-style-type: none"> • Enterprise Search • Business Process Management • Business Intelligence • Information Access 	<ul style="list-style-type: none"> • Real-time Policy Management • Early Case Assessment • E-mail and Audio Archiving • Advanced eDiscovery • Retention and Disposition 	<ul style="list-style-type: none"> • Multichannel Customer Mgmt • Social Media Analysis • Rich Media Management • eCommerce Solutions • Web Content Optimization
<i>Growth</i>	<ul style="list-style-type: none"> • ~100 customers standardized on IDOL • Establishing pipes in core IT platforms builds defensibility • 10-15% growth (of which OEMs growing at 20% plus YoY) 	<ul style="list-style-type: none"> • Early signs of second phase adoption • Growth constant through recession and upturn • 15-20% growth 	<ul style="list-style-type: none"> • Contribution geared to a recovery • 15-25% growth
<i>Commercial Leadership</i>	<ul style="list-style-type: none"> • IDOL solution universally recognized • OEM reaches 95% of customers in market (~5% product penetration suggests significant growth opportunity) 	<ul style="list-style-type: none"> • Market leading solution • Largest, most visible eDiscovery cases • 87% of the Fortune 100 • 10 of the top 10 global banks • 10 of the top 10 law firms • Major government agencies 	<ul style="list-style-type: none"> • Produces tangible results • Delta Air Lines sales: +\$30MM • LexisNexis e-mail clickthroughs: +103% • Amnesty Int'l donation clickthroughs: +157% • Lenovo orders: +400 per week

IDOL Software Business Model

Gross margins over 90%, operating margins over 50%, 30% of revenue deferred

Business Delivery Model

Standard Product

- License (~\$850k ASP)
- Support & Maintenance (~15% p.a.)
- Typical sale 4 connectors, 4 functions
- 65% recurring revenue

IDOL OEMs

- 400+ OEMs (~5 year deals)
- Royalty-based ~3% (no deferred revenue, 100% gross margin)
 - 10-14 signed per quarter
 - 35% year-on-year revenue growth

IDOL Cloud

- Paid monthly and typically 3-year contracts
- Collected in arrears (no deferred revenue)
- The world's largest private legally compliant cloud at over 17 Petabytes of data

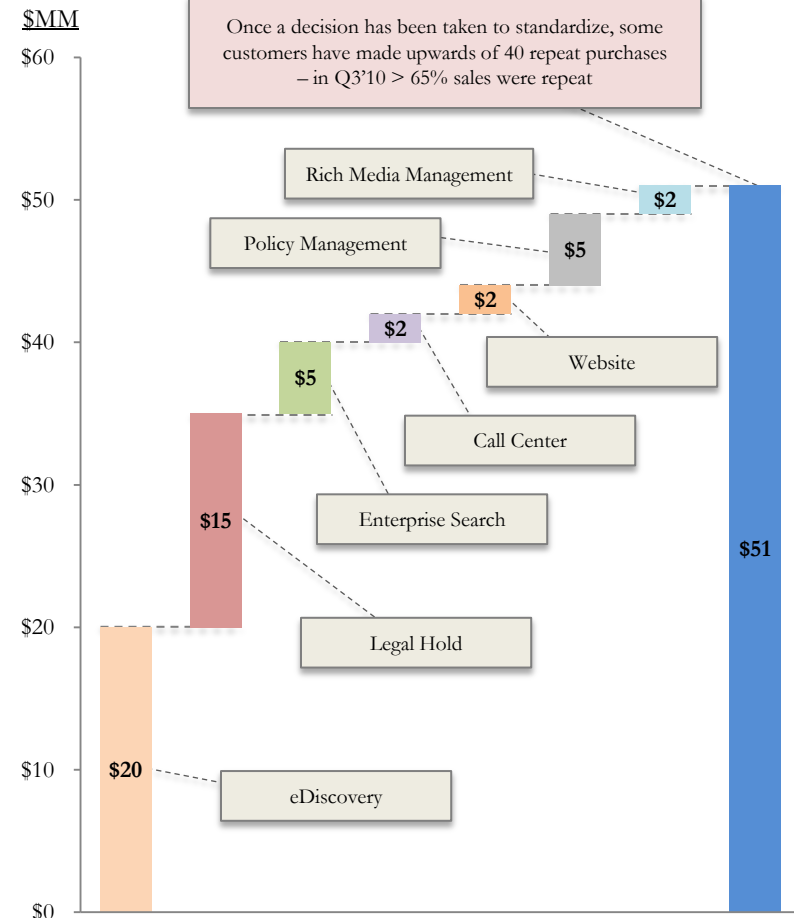
Hybrid Model

- Mixture of traditional license and hosted revenues
- Timing of revenues varies per contract
- Some deferred revenues

Appliance

- New model focused on quick time to value, high return
 - Archiving (Arcpliance)
 - Email (DSmail)
 - eDiscovery

Illustrative Customer Over Time



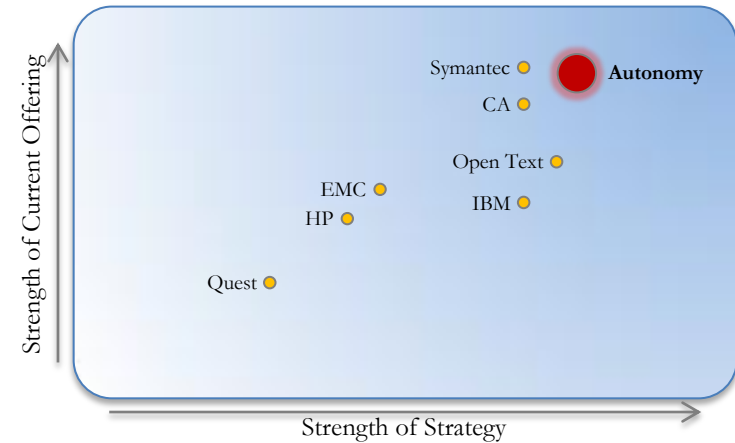
Competitive Positioning

Data Management Leader

AUTONOMY LEADS THE DATA MANAGEMENT INDUSTRY WITH MEANING BASED COMPUTING

Network Effects	Technology and vendor agnostic nature of IDOL leads to increasing adoption by OEM vendors
Technology	Over \$135m in R&D spend in last 12 months; 170 patents; 100% of technology is owned
Standardization	Connects to over 400 content repositories and over 1,000 file formats (one new connection within IDOL can replace 9,000 new connections between entities)
Installed Base	Over 20,000 customers and 400 partners
Acquisitions	Successful track record in integrating and expanding IDOL technology across customers and use cases

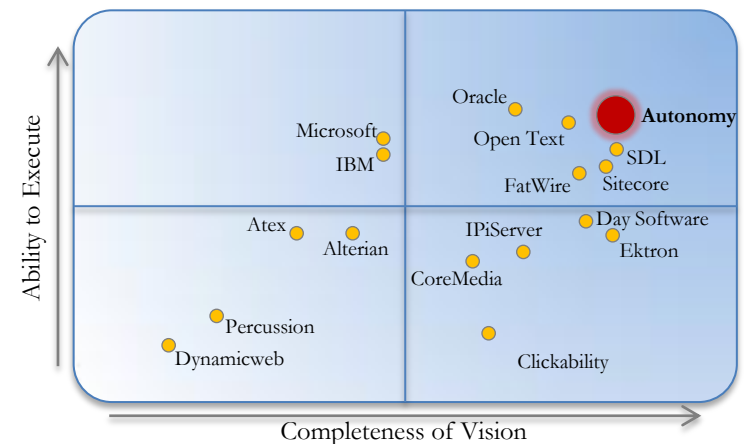
Message Archiving Software (*Forrester Wave*)



Enterprise Search (*Forrester Wave*)



Web Content Management (*Gartner Magic Quadrant*)



400+ Partners and 20,000+ Customers Across Multiple Verticals



Partners	Customers					
	Tech/Comm	Pharma/Food	Media	Consumer/Mfg	Finance	Legal/Govt

Acquisitions

Acquisition Strategy

- Since 2003, Autonomy has successfully acquired 11 businesses with ~\$600mm in cumulative LTM revenue
- Autonomy's strategy has been to focus on specific markets in which IDOL can be substituted as the foundation for existing technologies and leveraged across customer environments
- This has provided Autonomy rapid cost savings and the addition of installed base and channel has created significant cross-sell / up-sell opportunities associated with additional functionality

M&A Transaction History

(\$MM)

Annc Date	Target	Description	Fully-Diluted		Revenue		Transaction Multiples				1-Day Prem	
			Equity Value	Ent Value	Revenue		Revenue		P/E			
					LTM	NTM	LTM	NTM	LTM	NTM		
<u>Autonomy</u>												
Jun-10	CA's Governance Unit	Information governance software	\$19	\$19	-	-	-	-	-	-	-	
Feb-09	MicroLink	ERP systems integration	\$55	\$55	-	-	-	-	-	-	-	
Jan-09	Interwoven	Enterprise content management	\$803	\$618	\$260	\$292	2.4x	2.1x	21.9x	19.5x	37%	
Oct-07	Meridio	Documents & record management	\$41	\$41	\$27	-	1.5x	-	-	-	-	
Jul-07	ZANTAZ	Electronic archiving and e-discovery	\$375	\$375	\$100	-	3.8x	-	-	-	-	
Nov-05	Verity	Data & content indexing and search	\$503	\$311	\$144	\$150	2.2x	2.1x	45.0x	32.9x	30%	
Apr-05	etalk	Call center monitoring	\$70	\$70	\$37	-	1.9x	-	-	-	-	
Jul-03	Virage	Automated audio and video surveillance	\$25	\$18	\$12	-	1.5x	-	-	-	-	
							Mean:	2.2x	2.1x	33.4x	26.2x	34%
							Median:	2.0x	2.1x	33.4x	26.2x	34%

Sources: Company filings, press releases, 451 Group and Wall Street Research.



Trading Statistics of Selected Companies

Autonomy

App. Infrastructure / Data Management Systems Infrastructure Software SaaS



Sources: Capital IQ, company filings, press releases and Wall Street research. Excludes stock-based compensation. Autonomy figures based on Bank of America Merrill Lynch research as of October 19, 2010.

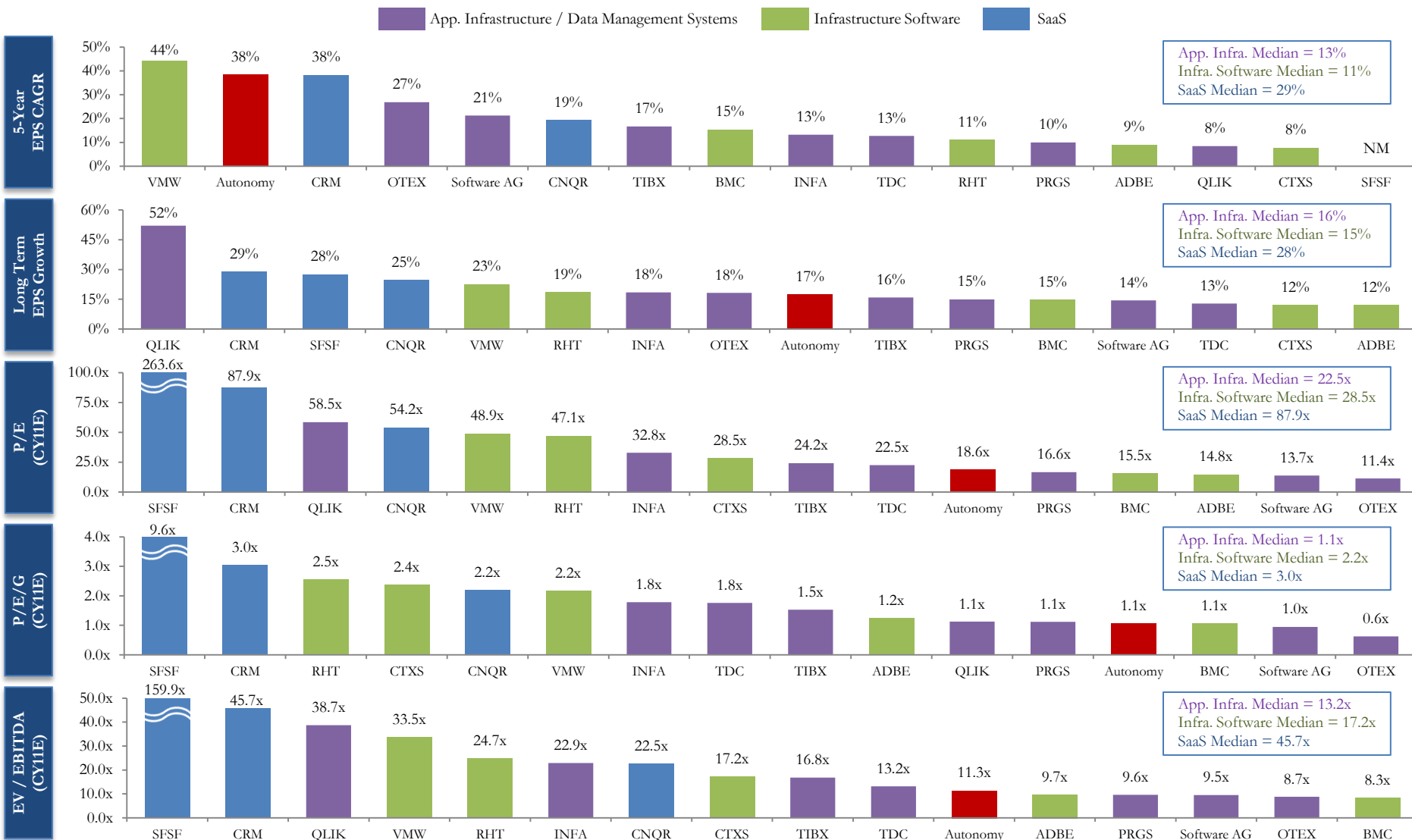
Note: Current prices as of January 24, 2011. 5-Year CAGRs based on CY2005 to CY2010.

Revenue growth rate for Qlik Technologies are based on CY2008 to CY2009.

Negative earnings noted as NM.



Operating Statistics of Selected Companies



Sources: Capital IQ, company filings, press releases and Wall Street research. Excludes stock-based compensation. Autonomy figures based on Bank of America Merrill Lynch research as of October 19, 2010.

Note: Current prices as of January 24, 2011. 5-Year CAGRs based on CY2005 to CY2010.

EPS growth rate for Qlik Technologies are based on CY2008 to CY2009.

Negative earnings noted as NM.



Selected Management and Directors

Autonomy

		Joined AU	Role	Previous Position / Boards	Education
Management	Dr. Mike Lynch, OBE ⁽¹⁾	1996	Founder, CEO	Founder, Neurodynamics; Director, Autonomy; Non-executive Director, BBC, Blinkx, Featurespace, NESTA, Foundation of Science and Technology	Ph.D. in Mathematical Computing, M.A. in Electrical and Information Sciences, University of Cambridge
	Sushovan Hussain ⁽¹⁾	2001	CFO	Corporate Development, LASMO; Ernst & Young	B.A. in Economics, University of Cambridge; Chartered Accountant
	Stouffer Egan	2001	CEO – U.S.	VP of Corp Development, LeadingSide, Dataware	B.A. in Economics, Trinity College
	Dr. Peter Menell	1998	Chief Research Officer	CTO, Autonomy; Neuro-Physiology Research	D.Phil., Oxford University; B.A. (Hons) and M.Sc., York University
	Andrew Kanter	2000	COO	VP, International Operations and Legal Affairs, Autonomy; Brobeck Hale and Dorr; Shearman & Sterling	J.D., USC Law Center; B.A., Johns Hopkins; Kansai Uni. of Foreign Studies, Osaka, Japan
	Eloy Avila	2004	CTO	U.S. CTO, Autonomy; Research in ultra-efficient electric vehicles	B.S. in Electrical Engineering, Stanford University
	Ian Black	2000	Head of Global Operations	Director, Corporate Communications, Autonomy; MD, Aungate; Head of Corporate Communication, BAE Systems	Physiology, Henley Management College; Business Administration, Filton College
Board of Directors	Robert Webb	2009	Non-Executive Chairman	GC, British Airways; Non-Exec Director BBC, London Stock Exchange and Argent Group	LLB., Exeter University
	Richard Gaunt	1996	Founder, Board Member	Technical Director, Autonomy; Technical Director, Neurodynamics	BSc. and MSc. in Electronic Engineering, University of Natal
	John McMonigall	1998	Board Director	Apax Partners, British Telecom; Board Director, Dialog Semiconductor	-
	Jonathan Bloomer	2010	Board Director	Partner, Cerberus; Ex-CEO, Prudential; Arthur Anderson; Chairman of Lucida, Scottish Re; Director, Hargreaves Lansdown	BSc. Physics, Imperial College
	Dr. Frank Kelly	2010	Board Director	Professor, University of Cambridge; Chief Scientific Advisor, UK Dept of Transport	Ph.D. University of Cambridge; BSc. Durham University

Source: Company Website.

(1) Also serves on the Board of Directors.

Independent Advisors to the Board

Independent Advisors		Joined AU	Role	Previous Position / Boards	Education
	Barry Ariko	2000	Independent Advisor	CEO and President, Mirapoint; Chairman, CEO and President, Extricity; SVP, AOL; EVP, COO, Netscape Communications	B.S. in Management, Golden Gate University
	Richard Perle	2000	Independent Advisor	Director, Hollinger International; Resident Fellow, American Enterprise Institute for Public Policy Research; United States Assistant Secretary of Defense for International Security Policy	M.A. in Politics, Princeton University; LSE with Honors Examinations; B.A.. in International Relations, University of Southern California
	Anthony Bettencourt	2005	Independent Advisor	Chairman, Blinkx; Advisory Board of Santa Clara University's Center for Science, Technology and Society; CEO, Verity	B.A. in English, Santa Clara University
	Dr. Nick Kingsbury	2005	Independent Advisor	University Lecturer in Signal Processing, University of Cambridge; Director of Studies in Information Engineering, Trinity College, Cambridge; Group Leader, Marconi Space and Defense Systems	Honours Degree and Ph.D. in Electrical Engineering, University of Cambridge
	Professor William J. Fitzgerald	-	Independent Advisor	Professor of Applied Statistics and Signal Processing in the Department of Engineering, University of Cambridge	B.Sc., MSc., and Ph.D. in Physics, University of Birmingham
	Professor Peter Rayner	-	Independent Advisor	Emeritus Professor, University of Cambridge; Emeritus Fellow of Christ's College, University of Cambridge, Head of the Signal Processing and Communications Research Group at University of Cambridge	Ph. D., Aston University; M.A., University of Cambridge

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