



The Power of Proof

## McAfee CEO, Chairman Retires After Probe

Antivirus and security software provider McAfee Inc. on Wednesday said it fired President Kevin Weiss, and announced that CEO and Chairman George Samenuk will retire after a stock options investigation found accounting problems that will require financial restatements.

The company said board member Dale Fuller will serve as interim CEO and president in the wake of the management shakeup. Fuller joined McAfee's board in January and has previously served as president and CEO of Borland Software Corp.

Its shares rose 97 cents, or almost 4 percent, to \$26.76 in early trading on the New York Stock Exchange after the news.

McAfee said it determined it will need to restate certain financial results to record additional non-cash charges for stock-based compensation expense over a 10-year period. The charges are likely to range between \$100 million and \$150 million, the company said.

"I regret that some of the stock option problems identified by the special committee occurred on my watch," Samenuk said in a statement.

The company also named Charles J. Robel as non-executive chairman. Robel has been a board member since June.

McAfee said it has created a search subcommittee to find a permanent CEO and will look at both internal and external candidates.

McAfee disclosed in June that securities regulators had opened a formal investigation into the possible manipulation of the company's stock options. It is one of many companies to run into problems by backdating options to days when the company's stock price was lower, thus boosting executive payouts. At least 130 companies have disclosed SEC, Department of Justice or internal investigations into options practices, according to a review by The Associated Press.

Other top executives also have been ousted or left their positions as a result of the probes. Not long after McAfee announced its shakeup, San Francisco-based online publisher CNET Networks Inc. said Wednesday that co-founder and Chief Executive Officer Shelby Bonnie has resigned as chairman and CEO.

Software maker Mercury Interactive Corp., one of the first companies to disclose problems with backdated options, last year dumped CEO Amnon Landan, as well as its chief financial officer and general counsel.

Perhaps the most famous executive caught up in the options scandal is Jacob "Kobi" Alexander, the fugitive former CEO of software company Comverse Technology Inc. He's in the southern African nation of Namibia, awaiting extradition to the United States to face charges of manipulating options.

Source: AP, 10/11/06

## SURETY'S TAKE...

### Putting a Stop to the Backdating Virus...

McAfee and many other companies have been in the spotlight recently for the wrong reasons. Executives at several publicly traded companies have been accused of backdating stock options to dates when the stock price was lower, thus increasing executive compensation. These companies could have avoided extensive investigations, negative publicity and multi-million dollar losses if they implemented a trusted third-party timestamp such as Surety's AbsoluteProof®.

### Deterrence

AbsoluteProof provides independent, third-party verification of the date and time of a document's existence, making backdating and other time-based tampering impossible.

### Governance

Executives at many companies have been exposed to the corporate crisis of stock option backdating. When a new executive takes over, he or she should be sure to implement a solution such as AbsoluteProof to simply prove that his/her records are authentic and the content and timing of such records have not been altered.

### Litigation Readiness

Using AbsoluteProof, companies are prepared for any future litigation because they have proof of their data's integrity and timing. In the event of a stock option backdating investigation or lawsuit, a company that uses AbsoluteProof will have a distinct competitive advantage because of its ability to verify the accurate date, time and content of electronic data.



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## ABOUT SURETY

Founded in 1994 by two prominent Bellcore Scientists, Surety is recognized as a premiere trusted third-party timestamp authority. The Company's flagship product AbsoluteProof® enables organizations to meet the legal, fiduciary and regulatory responsibilities associated with creating, managing and archiving electronic data by providing verifiable evidence of data authenticity. Their client base is made up of legal and financial services firms, research and development laboratories and copyright protection agencies that are ensuring record integrity with AbsoluteProof. For more information, visit [www.surety.com](http://www.surety.com).

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