

Packeteer Definitive Agreement to Acquire Tacit Networks
May 9, 2006
5:30am PDT

AGENDA

Thank you. Dave Côté, our President and CEO will introduce this call with some brief comments on this morning's exciting news with respect to Packeteer's definitive agreement to acquire Tacit Networks. We will then have an opportunity for questions and answers. Today's call is being recorded. A replay of this call, along with management's script can be accessed on our website.

FORWARD LOOKING STATEMENT

During the course of this conference call, we will discuss with you some of the factors we currently anticipate may influence our results going forward. These forward-looking statements include express or implied statements regarding future revenues and revenue growth as well as gross margin targets, the markets for our products, customer deployments of our products, our ability to continue to innovate and obtain patent protection, operating expense targets, future profits, liquidity, new product development benefits that can be obtained from the Tacit acquisition and the impact on Packeteer's and Tacit's future combined financial performance, liquidity and macro economic conditions. These statements represent the views and judgment of certain members of management and are based on limited information available to us now, which is subject to change. We currently expect to provide guidance regarding our results going forward only during each quarterly financial conference call, and we do not plan to otherwise update that guidance. Actual results may differ materially from those stated or implied by the forward-looking statements we may make today. Such statements are subject to risks and uncertainties, including the risks described in the press release announcing this call and the risks discussed in the Risk Factors section of our 10-K filed with the Securities and Exchange Commission on March 16, 2006, and our 10-Q's and other reports filed with the SEC from time to time.

I'll now turn the call over to our CEO, Dave Côté, for some specific comments on this definitive agreement. Dave.

Thank you all for joining us on the call this morning. I am very excited to tell you that Packeteer has signed a definitive agreement to acquire Tacit Networks in an all cash transaction valued at approximately \$78 million. The addition of Tacit Networks' industry-leading WAFS technology and its people, will add significantly to our growing market opportunity. This is exciting news for all of our stakeholders – customers, partners, shareholders, and employees. In acquiring and including Tacit's distinguished product line in the overall Packeteer solution, the new Packeteer will continue to be the market leader in WAN Optimization and the dominant supplier in the large and fast growing market for “branch office box” solutions by providing an intelligent overlay for networked applications. Tacit Networks is a leader in providing complete branch office infrastructure solutions that deliver best-of-breed CIFS acceleration, Wide Area File Services (WAFS), Gigabyte Data Reduction, and file and bulk data caching. This is a very important solution set for any organization pursuing server, storage and resource consolidation to meet cost control, security and regulatory compliance objectives. It is also completely complementary to our award-winning Packetshaper solutions.

Tacit Networks is located in South Plainfield, New Jersey and has approximately 100 employees. Tacit Networks has hundreds of global enterprise customers on six continents, including dozens of Fortune 500 and Global 2000 corporations such as Adobe, ChevronTexaco, Domino's Pizza, Hitachi, Lego, Robert Bosch Corporation and T. Rowe Price.

In September of 2005, Packeteer and Tacit announced our strategic partnership. In the intervening months, we have worked together to serve the needs of our joint customers and built our understanding of each other's technology and how they can complement one another.

Packeteer addresses the branch office today, delivering great user application experiences through WAN Application Optimization. The Tacit products extend our reach into the delivery infrastructure for the branch office – WAFS, virtual storage, IT infrastructure services such as network domain and print services and managed Microsoft service delivery, along with a powerful new enhancement to our WAN Optimization technology through gigabyte caching for TCP/IP applications overall.

This is a strategic acquisition involving not only the intellectual property but also the intellectual capital of Tacit Networks. As such, one of the key benefits of the acquisition is to bring the talented personnel from Tacit onto the Packeteer team as we continue our path to becoming a much larger company.

In a related release, Brocade and Packeteer announced a strategic agreement that includes Brocade as Packeteer's exclusive OEM distributor for WAFS products. This relationship builds on the existing product and distribution collaboration that Brocade and Tacit Networks entered into in May 2005. Both Brocade and Packeteer share a common vision of the intelligent overlay to deliver applications and data – in networking for Packeteer, and in data management and storage for Brocade. Not only will Brocade continue to be the exclusive OEM distributor for Packeteer's WAFS products, but the two companies will explore additional strategic areas to mutually exploit the opportunity before us.

The acquisition of Tacit Networks represents a significant strategic step for Packeteer as we define the market for WAN Optimization and deliver our industry-leading solutions. The significance of both the technology and people at Tacit represent powerful, complementary resources in delivering our vision for the intelligent overlay.

I look forward to welcoming Tacit employees to the Packeteer team. Now, I'd like to turn it back over to David for Q&A

INTRODUCTION OF Q&A (David) This concludes Packeteer's formal presentation, and the call will now be open for Q&A. Our moderator will now review the Q&A process.

(Operator)

CONCLUSION OF CONFERENCE CALL Thank you for joining us today. If you have additional questions, please feel free to call our Investor Relations line at 408-873-4422.