

This document is an unofficial non-binding English translation of the official offer document. The sole binding document is the German language offer document published on 22 August 2009.



**Voluntary Public Takeover Bid
for the Acquisition of a Controlling Interest**

pursuant to § 25a Austrian Takeover Act (*Übernahmegesetz - ÜbG*)

of Barracuda Networks, Inc.
to all shareholders of
phion AG

Bid: Purchase of all no par value bearer shares in phion AG which are admitted to trading on the Semi-official Market (*Geregelter Freiverkehr*) in the market segment mid market of the Vienna Stock Exchange (*Wiener Börse*) (the "**VSE**"). Considering the 177,461 shares in phion AG which correspond to approximately 22.18 % of phion AG's share capital and voting stock and which the Bidder has already purchased subject to certain conditions precedent (the Purchased Shares as defined in 1.1.1), this bid effectively aims at the purchase of 622,539 shares in phion AG which correspond to approximately 77.82 % of phion AG's share capital and voting stock (the "**Bid**").

The Bid shall also cover new shares in phion AG, if any, which might be issued and distributed to eligible persons (the "**Eligible Persons**") under an already existing stock option programme of phion AG due to the exercise of a respective option of an Eligible Person until the end of the Acceptance Period (as defined in 2.5) or until the end of the prolongation of the Acceptance Period (*Nachfrist*) pursuant to § 19 para 3 ÜbG.

Offer Price: EUR 12.00 (Euro twelve) per no par value share of phion AG.

Acceptance Period: 24 August 2009 (including) until and including 18 September 2009, 6.30 p.m.

Tender and Paying Agent: Erste Group Bank AG, FN 33209m, A-1010 Vienna, Graben 21.

Bidder: Barracuda Networks, Inc., a stock corporation organized under the laws of the State of Delaware having its principal place of management at 3175 Winchester Blvd, Campbell, California 95008, United States of America (the "**Bidder**" or "**Barracuda Networks**").

Target: phion AG, a stock corporation (*Aktiengesellschaft*) organized under the laws of the Republic of Austria having its corporate seat in Innsbruck and its registered address at A-6020 Innsbruck, Eduard-Bodem-Gasse 1, registered in the companies' register (*Firmenbuch*) of the Regional Court of Innsbruck (*Landesgericht Innsbruck*) under FN 184392s (the "**Target**" or "**phion AG**").

phion AG's share capital is EUR 800.000,00 and is divided into 800.000 bearer shares all of which are voting stock (the "**phion Shares**" and each a "**phion Share**"); treasury shares (*eigene Aktien*) of phion AG, if any, count as phion Shares and do not reduce the number determining the acceptance quota. The phion Shares are no par value shares with a pro rata share in the share capital of phion AG (*anteiliger Betrag am Grundkapital der Gesellschaft*) of EUR 1.00 per share. The phion Shares are admitted to trading on the Semi-official Market (*Geregelter Freiverkehr*) in the market segment mid market of the VSE (ISIN AT0000PHION3).

Conditions Precedent:

- (i) at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), Barracuda Networks and any person(s) acting in concert with Barracuda Networks dispose of at least 75 % plus one share of the phion Shares (including the Purchased Shares as defined in 1.1.1), i.e. that Barracuda Networks and any person(s) acting in concert with Barracuda Networks dispose of at least 600.001 phion Shares (including the Purchased Shares as defined in 1.1.1); in the event that any additional phion Shares should be issued by the Target during the (extended, if applicable) Acceptance Period (as defined in 2.5) and that Barracuda Networks should waive fulfillment of the condition precedent pursuant to (v) below, the number of phion Shares (including the Purchased Shares as defined in 1.1.1) shall be increased accordingly so that the minimum acceptance quota of 75 % plus one share of the Target's total issued voting stock (including the Purchased Shares as defined in 1.1.1) shall also apply to such an increased total amount of phion Shares;
- (ii) up to and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no bankruptcy proceedings (*Konkursverfahren*), composition proceedings (*Ausgleichsverfahren*) or reorganization proceedings (*Reorgani-*

sationsverfahren) have been opened in Austria over the assets of the Target or bankruptcy proceedings (*Konkursverfahren*) or composition proceedings (*Nachlassstundungsverfahren*) in Switzerland over the assets of phion AG, a joint stock company (*Aktiengesellschaft*) organized under the laws of Switzerland having its corporate seat in Zurich and its registered address at CH-8006 Zurich, Ottikerstraße 59, registered in the companies register of the Cantonal Court of Zurich under CH-020.3.025.646-3 (the "**Material Subsidiary**");

- (iii) up to and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no dissolution, liquidation or winding-up of the Target or its Material Subsidiary has been resolved upon;
- (iv) through and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no resolution has been passed by the shareholders' meeting of the Target to substantially amend or modify the Target's articles of association (*Satzung*); and
- (v) through and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no new shares in the Target have been issued.

The Bidder reserves the right to waive unilaterally the fulfilment of certain or all of such conditions precedent, in which case such conditions precedent shall be considered fulfilled. In the event that the Bidder should waive the condition precedent pursuant to (i) above, the statutory condition pursuant to § 25a para 2 ÜbG shall be applied, according to which, at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), Barracuda Networks and any person(s) acting in concert with Barracuda Networks dispose of at least 50 % plus one share of the phion Shares (including the Purchased Shares). Further details of the conditions precedent and the possibility to waive such conditions precedent are contained in 2.3 below.

Apart from the Conditions Precedent (as defined in 2.3), the Bid is not subject to any further conditions or rights of withdrawal (except for the Bidder's right of withdrawal as outlined at 2.7).

1. Basis and Reasons for the Bid
1.1. Basis
1.1.1 Legal Basis
<p>On 16 July 2009, the Bidder announced its intention to make a voluntary public takeover bid with the intention to achieve control (<i>freiwilliges Angebot zur Kontrollerlangung</i>) pursuant to § 25a ÜbG with regard to the acquisition of all issued phion Shares (except for the Purchased Shares as defined below).</p> <p>Pursuant to a conditional share purchase and transfer agreement dated 14 July 2009 (the "SPA"), Barracuda Networks acquired, subject to conditions precedent as also applicable to this Bid, (i) 47,936 phion Shares corresponding to approximately 5.99 % of the Target's share capital and voting stock from Mr. Wieland Alge, chairman of the board of directors (<i>Vorstandsvorsitzender</i>) of phion AG, (ii) 48,533 phion Shares corresponding to approximately 6.07 % of the Target's share capital and voting stock from Mr. Klaus Maximilian Gheri, chief technology officer of phion AG, and (iii) 80,992 phion Shares corresponding to approximately 10.12 % of the Target's share capital and voting stock from Mr. Peter Marte, chief software architect of phion AG (together the "Purchased Shares").</p> <p>Accordingly, on the date of publication of this Bid, neither Barracuda Networks nor any party acting in concert with Barracuda Networks holds any phion Shares.</p> <p>Barracuda Networks has purchased 177,461 phion Shares corresponding to approximately 22.18 % of the Target's share capital and voting stock, according to the (conditional) SPA; upon fulfilment of (or upon waiver of respectively) the Conditions Precedent (as defined in 2.3), those shares will be transferred to the Bidder. The successful completion of this Bid is a condition precedent of the SPA.</p> <p>Since Barracuda Networks and any party acting in concert with Barracuda Networks do currently not hold any phion Shares and have not acquired a controlling interest pursuant to the ÜbG in phion AG, there is no legal obligation to submit a takeover bid. According to the notifications made to the Austrian Financial Market Authority (<i>Finanzmarktaufsicht - FMA</i>) and according to other publicly accessible sources, the Bidder assumes the following shareholder structure as at 29 July 2009:</p>

Shareholder	phion Shares	Participation in share capital and voting stock
Donau Invest Beteiligungs GesmbH	81,153	10.14 %
Mr. Peter Marte	80,992	10.12 %*
Capexit	65,695	8.21 %
Mr. Klaus Maximilian Gheri	48,533	6.07 %*
Mr. Wieland Alge	47,936	5.99 %*
Mr. Thomas Pellizzari	32,400	4.05 %
Mr. Walter Ischia	10,944	1.37 %
Free Float	432,347	54.05 %
Subtotal	800,000	100.00%

* Shares sold conditionally to Bidder under SPA. Notified as a matter of precaution to the FMA, the VSE and the Target on 16 July 2009.

Source: phion AG's Annual Report 2008/2009

The extraordinary shareholders' meeting of the Target of 29 June 2007 resolved to conditionally increase the Target's share capital by up to EUR 31,871 through the issuance of up to 31,871 new ordinary bearer shares with a pro rata share in the share capital of EUR 1.00 per share in order to grant stock options to the members of the Target's managing board and to certain executives participating in phion AG's stock option programme.

1.1.2 Economic Basis

Barracuda Networks is a worldwide leader in content security appliances offering easy to use and affordable products that protect organizations from email, Web and IM threats. Barracuda Networks offers network products that improve application delivery and network access as well as solutions for message archiving, backup and data protection. Already more than 85,000 companies and organizations worldwide are protecting their networks with Barracuda Networks Networks Solutions.

Barracuda Networks is a privately held company with its international headquarters and manufacturing facility based in Campbell, California, USA. The company has offices in multiple international locations and distributors in more than 80 countries worldwide. Barracuda Networks has been profitable for several years. The company has substantial cash reserves and carries no significant bank debts or trade accounts payables. A large portion of Barracuda

Networks' liabilities results from deferred revenues.

Barracuda Networks' major shareholders include its three founders, Dean Drako, Michael Perone and Zach Levow, as well as leading private equity investors Sequoia Capital and Francisco Partners.

phion AG is a leading European provider of communication protection solutions. phion solutions offer multinational corporations as well as medium- and large-sized companies in all industries a high degree of protection and availability for their IT infrastructure. Moreover, phion AG provides products for an extensive protection of web applications and services. Already more than 1,000 organizations worldwide, among them a large number of Fortune 500 Europe companies, *inter alia*, in the banking and telecommunication industry, use products of phion AG.

In the financial year 2008/2009, phion Group's consolidated revenues amounted to approximately EUR 11.8 million. In Austria, phion AG is the market leader in the field of network security, in Switzerland in the field of web application security. On the German market, the company has been experiencing a strong growth over the last years. Austria, Germany and Switzerland are the core markets of phion AG, where more than 90 % of total sales are generated. In addition, phion Group is active in Italy, the CEE region, the Benelux countries, the United Kingdom as well as in the Middle East.

In each of the financial years 2007/2008 and 2008/2009 phion Group had a consolidated net loss. The net loss in the financial year 2008/2009 amounts to almost EUR 2,2 million.

Source: phion AG's annual report for the financial year 2008/2009.

1.2 Reasons for the Bid

The intended acquisition of a controlling interest in phion AG by Barracuda Networks is aligned with Barracuda Networks' strategic growth strategy.

Barracuda Networks believes that the takeover of phion AG following from the successful completion of the Bid will enable Barracuda Networks to continue to execute its plans to provide a broad portfolio of solutions to information technology challenges for its customers and to play a leading role more specifically in the global data security market. Barracuda Networks believes that phion AG's products will complement the existing suite of products and services offered by Barracuda Networks and strengthen Barracuda Networks' ability to provide comprehensive security solutions to existing and potential customers.

Furthermore, Barracuda Networks believes that there is synergy between the technology assets of phion AG on the one hand and the technology and distribution assets of Barracuda Networks on the other hand. Barracuda Networks

feels that the combined entity will be able to produce better products, have a more comprehensive suite of capabilities, and leverage the global distribution network and brand of Barracuda Networks, particularly in the United States, to generate cash flows in excess of what would be produced by the companies on a stand alone basis.

Barracuda Networks believes that customers are increasingly seeking points of consolidation from IT vendors, rather than having to purchase separate solutions from multiple vendors. Moreover, Barracuda Networks feels that there are opportunities to create powerful points of product integration with respect to management capability and product functionality that can only be fully realized by Barracuda Networks and phion AG forming part of the same group.

2. Offer to Purchase

2.1 Subject matter of Purchase

This Bid aims at the acquisition of all issued phion Shares which are admitted to trading on the Semi-official Market (*Geregelter Freiverkehr*) of the VSE (ISIN AT0000PHION3) together with all rights attaching thereto, in particular (but not limited to) voting rights, dividend rights and subscription rights in capital increases, but excluding the Purchased Shares which are sold and transferred in accordance with the SPA. Considering the Purchased Shares, i.e. the 177,461 phion Shares which correspond to approximately 22.18 % of phion AG's share capital and voting stock and which the Bidder has purchased subject to certain conditions precedent under the SPA, this Bid effectively aims at the purchase of 622,539 phion Shares, which correspond to approximately 77.82 % of phion AG's share capital and voting stock, together with all rights attaching thereto, in particular (but not limited to) voting rights, dividend rights and subscription rights in capital increases. The Bid shall also cover new shares in phion AG, if any, which might be issued and distributed to Eligible Persons under an already existing stock option programme of phion AG due to the exercise of a respective option of an Eligible Person until the end of the (extended, if applicable) Acceptance Period (as defined in 2.5) or until the end of the prolongation of the Acceptance Period (*Nachfrist*) pursuant to § 19 para 3 ÜbG (collectively the "**Offer Shares**").

2.2 Purchase Price and Price Determination

2.2.1 Offer Price

The Bidder offers to the holders of the Offer Shares to purchase and accept transfer of the Offer Shares according to the terms and conditions of this Bid

at a price of EUR 12.00 per Offer Shares (the "**Offer Price**").

2.2.2 Calculation of the Offer Price

According to § 26 para 1 ÜbG, the price offered in connection with a voluntary bid to acquire a controlling interest (*freiwilliges Angebot zur Kontrollerlangung*) shall

- (i) not fall below the highest consideration in cash granted or promised by the Bidder or any party acting in concert with it for phion Shares within the last twelve months preceding the date of filing of this Bid (the same rule shall apply to the consideration offered for phion Shares which the Bidder or any party acting in concert with it is entitled or obliged to acquire in the future), and
- (ii) not be less than the volume weighted average price quoted for the phion Shares within the last six months preceding the date of announcement of the intention to launch the Bid.

Neither Barracuda Networks nor any party acting in concert with it in the meaning of § 1 no 6 ÜbG has acquired or agreed to acquire phion Shares at a price higher than EUR 12.00 within the last twelve months preceding the date of filing of this Bid or between the date of filing of this Bid and the publication of this Bid.

The unweighted average share price (only trading days) of phion Shares within the last six months preceding the announcement of the intention to launch the Bid, i.e. since 16 January 2009 (inclusive), amounts to EUR 6.99 per phion Share. The volume weighted average share price of phion Shares within the last six months preceding the announcement of the intention to launch the Bid, i.e. since 16 January 2009 (inclusive), amounts to EUR 6.55 per phion Share. The Offer Price per Offer Share subject to this Bid amounts to EUR 12.00 and is thus approximately 83.21 % above the volume weighted average share price per Phion Share within the last six months preceding the date of announcement of the intention to launch the Bid. If successful, this represents one of the highest percentage premiums on the basis of a six month volume weighted average share price in any takeover of a publicly listed company in Austria since May 1999.

2.2.3 Offer Price in relation to Historic Stock Prices

The initial public offering of phion Shares at the VSE was on 4 July 2007 at the issue price of EUR 42.00.

On the last trading day prior to the announcement of the intention to launch the Bid, 15 July 2009, the closing price of phion Shares at the VSE was

EUR 8.60 (the "**Closing Price**"). The Offer Price contains a premium of approximately 39.53 % above the Closing Price.

phion AG did not distribute any dividend in the financial years 2007/2008 and 2008/2009. In the last two consecutive financial years 2007/2008 and 2008/2009 phion AG did not have any profits. Its net loss in the financial year 2008/2009 amounted to slightly less than EUR 2.2 million and its net loss in the financial year 2007/2008 amounted to slightly less than EUR 1.4 million.

The average share price for the last 1, 3, 6 and 12 calendar months prior to the announcement of the intention to launch the Bid (16 July 2009) (in EUR) as well as the percentage by which the Offer Price (in EUR) deviates from (i.e. exceeds) the respective price are shown in the following column:

	1 Month	3 Months	6 Months	12 Months
Unweighted average price (EUR)	8.50	7.23	6.99	11.58
Offer Price (EUR)	12.00	12.00	12.00	12.00
Premium (EUR)	3.50	4.77	5.01	0.42
Premium in %	41.18	65.98	71.67	3.63
Volume weighted average price (EUR)	8.40	6.71	6.55	8.80
Offer Price (EUR)	12.00	12.00	12.00	12.00
Premium (EUR)	3.60	5.29	5.45	3.20
Premium in %	42,86	78.84	83.21	36.36

Source: Bloomberg

2.2.4 Key Financial Figures / Current Business Development of phion AG

The following column shall demonstrate key financial figures of the phion Shares. Further information on phion AG may be derived from the websites www.phion.com and www.wienerboerse.at.

(in EUR)	2007	2008	2009 ²
Highest share price	42.89	32.80	12.00
Lowest share price	29.50	8.25	6.00
Earnings per share	-	-2.04	-2.74
Dividend per share	EUR 0	EUR 0	EUR 0
Book value per share (IFRS)	1.30 ¹	17.92	16.04

¹ Prior to IPO

² Up to 29 July 2009

Source: Vienna Stock Exchange, phion AG's annual reports for the financial years 2007/2008 and 2008/2009

Phion Group's economic development in the last three financial years shall be demonstrated in the following column. The consolidated financial statements of phion Group for the respective financial years were prepared in accordance with International Financial Reporting Standards ("**IFRS**").

(in TEUR)	2006/07	2007/08	2008/09
Revenues	5,673	7,842	11,783
EBITDA	651	-803	-1,160
EBIT	70	-1,638	-2,615
Earnings before tax	25	-1,284	-2,433
Net profit / loss	23	-1,376	-2,193

Source: phion AG's annual reports for the financial years 2007/2008 and 2008/2009

2.2.5 Valuation of phion AG

Barracuda Networks used a variety of valuation methodologies to arrive at its valuation of the phion Shares. Barracuda Networks considered past company performance, macro economic conditions, competitive landscape and industry analyst projections to build a financial model against which a Discounted Cash

Flow (DCF) analysis was performed. This income approach was the primary valuation methodology applied, and accounted for over half of the weighting of the valuation methodologies applied. Barracuda Networks also applied the market approach to valuation, and used past company performance and projections to apply comparative analysis against a peer group of publically traded and recently acquired companies. The market approach valuation methods used by Barracuda Networks included both trailing and forward revenue, profit and free cash flow multiples. The resulting valuation of the market approach valuation methods applied were consistent with the results of the income approach, and as such offered support for the primary method used.

Barracuda Networks did also consider a control premium in establishing the Offer Price.

In a recent analyst report of 9 July 2009, the analysts of Erste Group Bank AG were considering a target price of EUR 11.00 per phion Share. Barracuda Networks also used this analyst report as source for its valuation of phion AG.

2.3 Conditions and Rights of Withdrawal

This Bid shall be subject to the satisfaction or waiver of the following conditions precedent:

- (i) at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), Barracuda Networks and any person(s) acting in concert with Barracuda Networks dispose of at least 75 % plus one share of the phion Shares (including the Purchased Shares), i.e. that Barracuda Networks and any person(s) acting in concert with Barracuda Networks dispose of at least 600.001 phion Shares (including the Purchased Shares); in the event that any additional phion Shares should be issued by the Target during the (extended, if applicable) Acceptance Period (as defined in 2.5) and that Barracuda Networks should waive fulfillment of the condition precedent pursuant to (v) below, the number of phion Shares (including the Purchased Shares) shall be increased accordingly so that the minimum acceptance quota of 75 % plus one share of the Target's total issued voting stock (including the Purchased Shares) shall also apply to such an increased total amount of phion Shares;
- (ii) up to and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no bankruptcy proceedings (*Konkursverfahren*), composition proceedings (*Ausgleichsverfahren*) or reorganization proceedings (*Reorganisationsverfahren*) have been opened in Austria over the assets of the Target or bankruptcy proceedings (*Konkursverfahren*)

or composition proceedings (*Nachlassstundungsverfahren*) in Switzerland over the assets of the Material Subsidiary; (iii) up to and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no dissolution, liquidation or winding-up of the Target or the Material Subsidiary has been resolved upon;

- (iv) through and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no resolution has been passed by the shareholders' meeting of the Target to substantially amend or modify the Target's articles of association (*Satzung*); and
- (v) through and at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5), no new shares in the Target have been issued;

the conditions precedent according to (i) through (v) above (each inclusive) hereinafter the "**Conditions Precedent**".

The Bidder reserves the right to waive unilaterally the fulfilment of certain or all of the Conditions Precedent, in which case such Conditions Precedent shall be considered fulfilled.

The Bidder may waive the Condition Precedent set forth in 2.3 (i) above only on or before 8 September 2009, i.e. within nine trading days prior to the lapse of the initial Acceptance Period (as defined at 2.5). In case that the initial Acceptance Period (as defined at 2.5) should be extended, the Bidder may waive the Condition Precedent set forth in 2.3 (i) above only within nine trading days prior to the lapse of such extended Acceptance Period. In case of such a waiver, this Bid, which is a voluntary offer for the acquisition of a controlling interest (*freiwilliges Angebot zur Kontrollerlangung*) pursuant to § 25a ÜbG, shall be subject to the statutory condition pursuant to § 25a para 2 ÜbG according to which Barracuda Networks and any person(s) acting in concert with Barracuda Networks have to dispose of more than 50 % of the shares with permanent voting rights of the Target, which are the subject of the bid; since the Purchased Shares shall count towards the number of shares, which the Bidder and any person(s) acting in concert with the Bidder dispose of, Barracuda Networks and any person(s) acting in concert with Barracuda Networks need to dispose of at least 50 % plus one share of the phion Shares (including the Purchased Shares), i.e. that Barracuda Networks and any person(s) acting in concert with Barracuda Networks need to dispose of at least 400.001 phion Shares (including the Purchased Shares), at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5); in the event that any additional phion Shares should be issued by the Target during the (extended, if applicable) Acceptance Period (as defined in 2.5), the number of phion Shares (including the Purchased Shares) shall be increased accordingly so that the minimum acceptance quota of at least 50 % plus one share of the Target's total issued voting stock (including the Purchased

Shares) is reached.

In case of a waiver of the Condition Precedent set forth in 2.3 (i) by the Bidder, those holders of Offer Shares who have already accepted this Bid prior to the announcement of such waiver, shall be entitled to revoke their Declaration of Acceptance (as defined in 2.6.2) within eight trading days from the date of publication of the waiver (the day of publication of the waiver shall not be taken into account). If holders of Offer Shares do not exercise their aforementioned right of revocation (in due time), their Declaration of Acceptance (as defined in 2.6.2) shall remain valid.

Apart from the Conditions Precedent, the Bid is not subject to any further conditions or rights of withdrawal (except for the Bidder's right of withdrawal as outlined at 2.7). As the applicable thresholds are not reached, the acquisition of a controlling interest in phion AG by Barracuda Networks is not subject to Austrian, foreign or European merger control.

As soon as the Bidder will have information that one of the Conditions Precedent will not be fulfilled in time, it shall immediately publish such information as well as its possible waiver of fulfilment of such Condition Precedent (if applicable) pursuant to 2.8 of this Bid.

The Bidder will undertake all reasonable actions and issue all declarations in order to support the fulfilment of the Conditions Precedent. Furthermore, the Bidder will refrain from any actions possibly frustrating the fulfilment of the Conditions Precedent. This Bid shall become invalid if all or any of the Conditions Precedent have not been fulfilled and the Bidder has not waived fulfilment of the respective Conditions Precedent at the end of the (extended, if applicable) Acceptance Period (as defined in 2.5). Furthermore, in such case, any agreement to be entered into upon acceptance of the Bid shall not be deemed concluded. All submitted and blocked Offer Shares shall be released immediately in such event.

2.4 Tax Note

The Bidder shall exclusively bear its own transaction costs, in particular the costs for the Tender and Paying Agent. Income tax and other taxes, which cannot be regarded as transaction costs, shall not be borne by the Bidder (see 2.6.4 below). Before accepting this Bid, shareholders of phion AG are advised to obtain advice from their own tax advisors on the possible tax implications of them accepting the Bid.

2.5 Acceptance Period

The Bid may be accepted from (and including) 24 August 2009 to (and includ-

ing) 18 September 2009, 6.30 p.m., Vienna time. The holders of Offer Shares who want to accept the Bid have to inform their custodian bank (*Depotbank*) or the Tender Agent (as defined in 2.6.1) in due time. The Bidder reserves the right to extend the Acceptance Period in accordance with the provisions of the ÜbG.

The acceptance period as defined in this paragraph (and extended, if applicable) is herein referred to as the "**Acceptance Period**".

In the event of this Bid being successful, the Acceptance Period shall be extended by law pursuant to § 19 para 3 no 3 ÜbG by three months as of the day of the publication of the result of the Bid for all holders of Offer Shares who have not accepted the Bid within the Acceptance Period (the "**Prolonged Acceptance Period**") (*Nachfrist*).

2.6 Settlement of the Bid

2.6.1 Tender and Paying Agent

The Bidder has appointed Erste Group Bank AG, FN 33209m, A-1010 Vienna, Graben 21 (the "**Tender Agent**"), to handle this Bid, in particular to accept the Declarations of Acceptance (as defined in 2.6.2) and to pay out the relevant Offer Price on behalf of the Bidder.

2.6.2 Acceptance of the Bid

Holders of Offer Shares who wish to accept this Bid shall submit a respective written notice of acceptance to the Tender Agent (the "**Declaration of Acceptance**") whereas the Declaration of Acceptance may be submitted directly or indirectly via the custodian bank of the relevant holder of Offer Shares. The time of receipt by the Tender Agent (either directly or indirectly via the custodian bank) shall be decisive for the timely acceptance. The Declaration of Acceptance shall become effective upon the holder of Offer Shares depositing the Offer Shares which shall be subject to the Declaration of Acceptance with the Tender Agent or with the respective custodian bank which, in each case, shall hold the respective Offer Shares in a blocked security deposit (*Sperrdepot*). In addition, in order for the Declaration of Acceptance to be valid, the respective Offer Shares must be submitted together with coupons starting from no 1 (one) onwards.

2.6.3 Payment of the Offer Price, Transfer of Title

The Offer Price shall be paid to those holders of Offer Shares who accept the Bid in due time in exchange for the simultaneous transfer of the respective

Offer Shares no later than five trading days after the expiry of the (extended, if applicable) Acceptance Period.

Payment of the Offer Price shall be effected through transfer of the relevant amount (*Überweisung*) to the bank account named by the holder of relevant Offer Shares in the Declaration of Acceptance. Transfer of Offer Shares shall be effected by the relevant holder of Offer Shares by irrevocably instructing its custodian bank or the Tender Agent respectively to transfer the Offer Shares (*Depotanweisung*) to the securities account (*Depot*) indicated by the Bidder.

Notwithstanding the above paragraphs, payment of the Offer Price to holders of Offer Shares who accept this Bid during the statutory extended acceptance period pursuant to § 19 para 3 ÜbG only shall be effected within five trading days after expiry of such extended acceptance period in exchange for the simultaneous transfer of the respective Offer Shares.

In the event of publication of a competing bid prior to expiry of the (extended, if applicable) Acceptance Period for this Bid, handling of this Bid shall be suspended until the success or failure of the Bid is certain.

2.6.4 Handling Fees

The Bidder shall bear all reasonable and customary costs and expenses accruing in Austria in connection with the handling of the Bid. The custodian banks are asked to directly contact the Tender Agent regarding the reimbursement of costs and expenses, if any, incurred on occasion of the acceptance of the Bid by holders of Offer Shares.

2.6.5 Representations and Warranties

Those holders of Offer Shares who wish to accept the Bid represent and warrant that they have full title (*Eigentum*) to all Offer Shares covered by their Declaration of Acceptance and that such Offer Shares are free and clear of any third party rights or encumbrances.

2.7 Right to Withdraw from the Bid in case of Competing Bids

In the event that a competing bid is launched during the term of this Bid, holders of Offer Shares may withdraw from their Declaration of Acceptance no later than four trading days prior to the expiry of the original Acceptance Period pursuant to § 17 ÜbG. In case that several bids were made and one of them is improved, the holders of Offer Shares may also revoke previous declarations of acceptance of the other bids.

Such notice of withdrawal shall be given in writing through the relevant custodian bank or through the Tender Agent.

In the event that a competing bid is launched during the term of this Bid, the Bidder reserves the right to withdraw from this Bid. In such case, this Bid shall become invalid and any agreements to be entered into upon acceptance of the Bid shall not be deemed concluded. All submitted and blocked Offer Shares shall immediately be released in such event.

2.8 Announcements and Publication of Result

This Bid and amendments of this Bid, if any, will be published as a brochure which will be available at the Target and at the Tender Agent at no cost. In addition, this Bid will be posted on the website of the Austrian Takeover Commission (*Übernahmekommission*) (www.takeover.at) and of the Target (www.phion.com / Investor Relations). In the Official Gazette (*Amtsblatt*) of the *Wiener Zeitung* a notice of the publication of the Bid and where it is available will be published.

The result of this Bid will be published on the website of the Austrian Takeover Commission (*Übernahmekommission*) (www.takeover.at) and in the Official Gazette (*Amtsblatt*) of the *Wiener Zeitung* immediately after expiry of the (extended, if applicable) Acceptance Period.

2.9 Equal Treatment

The Bidder confirms that the Offer Price is the same for all holders of Offer Shares. Neither the Bidder nor any party acting in concert with the Bidder has acquired or agreed to acquire phion Shares at a price exceeding EUR 12.00 per phion Share within the last twelve months preceding the publication of the Bid.

Should the Bidder or any party acting in concert with the Bidder declare until expiry of the Acceptance Period or until expiry of the Prolonged Acceptance Period pursuant to § 19 para 3 ÜbG to acquire Offer Shares at terms and conditions more favourable than those of the Bid, such more favourable terms and conditions shall apply also to all other holders of Offer Shares, even if they have already accepted the Bid. In the event that the Bidder should voluntarily decide to increase the Offer Price until expiry of the (extended, if applicable) Acceptance Period, the purchase price shall also be increased for each of the Purchased Shares under the SPA by the same Euro amount per Purchased Share; the principle of equal treatment of the recipients of the Bid with the sellers under the SPA is observed in this case, also because the SPA is subject to the condition precedent that this Bid is successful.

Parallel transactions with respect to Offer Shares which are compliant with § 16 ÜbG are not excluded by the SPA.

According to § 15 para 1 ÜbG, the Bidder may amend the Bid in favour of the holders of Offer Shares during the Acceptance Period. Any improvement of this Bid shall apply also to those holders of Offer Shares who have already accepted this Bid by the time of such improvement, unless they object thereto.

Should the Bidder or any party acting in concert with the Bidder acquire Offer Shares within nine months after expiry of the Acceptance Period or, if applicable, after expiry of the Prolonged Acceptance Period pursuant to § 19 para 3 ÜbG, and should the offered or agreed consideration in connection therewith be higher than the consideration offered in this Bid, the Bidder is, according to § 16 para 7 ÜbG, obliged to pay the difference to all holders of Offer Shares who have accepted the Bid.

The above does not apply if the Bidder or parties acting in concert with it acquire Offer Shares in the context of a capital increase under exercise of statutory subscription rights or in case a higher consideration is offered or paid in connection with a squeeze out (*Gesellschafterausschluss*) conducted under the Austrian Minority Shareholders Expulsion Act (*Gesellschafterausschlussgesetz - GesAusG*).

If the Bidder sells a controlling interest in the Target in return for a higher consideration than the Offer Price within nine months after expiry of the Acceptance Period or, if applicable, after expiry of the Prolonged Acceptance Period pursuant to § 19 para 3 ÜbG, the Bidder is obliged to pay a pro rata portion of the profit generated out of this sale to all holders of Offer Shares who have accepted the Bid.

The Bidder shall immediately publish any such additional payment event in accordance with 2.8 of this Bid. The Bidder shall arrange for any such additional payment being made through the Tender Agent at the cost of the Bidder within ten trading days following such announcement.

3. Information on the Bidder and the Bidder's Group

3.1 Information on the Bidder

The Bidder is Barracuda Networks, Inc., a stock corporation organized under the laws of the State of Delaware having its principal place of management at 3175 Winchester Blvd, Campbell, California 95008, United States of America.

Barracuda Networks is a worldwide leader in content security appliances offering easy to use and affordable products that protect organizations from email, Web and IM threats. Barracuda Networks offers network products that improve application delivery and network access as well as solutions for message archiving, backup and data protection. More than 85,000 companies and

organizations worldwide are protecting their networks with Barracuda Networks Solutions.

Barracuda Networks is a privately held company with its international headquarters and manufacturing facility based in Campbell, California, USA. The company has offices in multiple international locations and distributors in more than 80 countries worldwide. Barracuda Networks has been profitable for several years. The company has substantial cash reserves and carries no significant bank debts or trade accounts payables. A large portion of Barracuda Networks' liabilities results from deferred revenues.

Barracuda Networks' major shareholders include its three founders, Dean Drako, Michael Perone and Zach Levow, as well as leading private equity investors Sequoia Capital and Francisco Partners. No other person(s) hold 5 % or more of Barracuda Networks' share capital or voting stock. Dean Drako, Dean M. Drako Living Trust, Michael Perone and Zach Levow together hold more than 50 % of the share capital and of the voting rights of Barracuda Networks. Barracuda Networks' three founders are also members of the company's management board.

Barracuda Networks was incorporated in 2004 and formed with a vision of providing simple yet powerful solutions to IT challenges for customers of all sizes. Leveraging its early success in helping companies protect their email infrastructure through its Barracuda Networks Spam Firewall product and related services, the company has built a very strong brand, channel and delivery model that has allowed it to introduce and grow multiple product lines across Security, Storage and Networking sectors. The company is a leading provider in the world of both Anti-spam Appliances and Web Filter Appliances, as measured by number of appliances shipped.

As businesses around the world continue to grow their dependence on information technology to compete and succeed, their ability to deploy, manage, and protect those IT assets continues to fall behind. Barracuda Networks has developed a set of capabilities and assets that serves customers of all sizes.

The value proposition of providing a one stop shop for solving a variety of IT challenges through a common vendor, deployment model and management system is key to Barracuda Networks' customers.

The company has rolled out 9 products to date, through both organic development and inorganic product acquisition. The company has also recently launched its BarracudaWare division, which allows the company to leverage its efficient operating infrastructure to deliver traditional software based solu-

tions.

3.2 Information on the Bidder's Group

As to Barracuda Networks' major subsidiaries, please refer to 3.3 below.

3.3 Parties acting in concert with the Bidder

The controlling shareholders of the Bidder, i.e. Dean Drako, Dean M. Drako Living Trust, Michael Perone and Zach Levow, all 3175 Winchester Blvd, Campbell, California 95008, United States of America, are acting in concert with the Bidder.

Barracuda Networks' major subsidiaries are:

Barracuda Networks UK, LTD.	United Kingdom	West Ham Industrial Estate-Grafton Way Hampshire, Basingstoke RG22 6HY	100%
Barracuda Networks, KK	Japan	Spacia Gotanda 202, 7-7-2 Nishi-gotanda, Shinagawa-ku, Tokyo, Japan 131-0031	100%
Barracuda Networks Technology (Shanghai), LTD.	China	4F Building 2 Shanghai New Withub S&T Creation Center No. 799 Hutai Road Shanghai, 200072	100%
3SP UK, LTD.	United Kingdom	No. 4, Mayfair Court, North Gate, Nottingham, NG7 7GR	100%
NetContinuum Private Limited	India	93/A, 2nd Floor, 4th 'B' Cross Road, 5th Block, Industrial Area Koramangala, Bangalore 560095	100%
Third Iris, Corp.	Cayman Islands	Ugland House, Grand Cayman, KYI-1104	63%

Information on any further legal entities controlled by the Bidder may be omitted because those entities are not of significance for the decision of the recipients of the Bid.

3.4 Bidder's shareholding in the Target

On the date of publication of this Bid, neither the Bidder nor any party acting in concert with it holds any phion Shares. However, on 14 July 2009 the Bid-

der entered into the SPA regarding the conditional purchase of the Purchased Shares, i.e. 177,461 phion Shares corresponding to approximately 22.18 % of the share capital and the voting stock of the Target. One of the conditions precedent of the SPA is the successful completion of this Bid.

For further information on the SPA, the Purchased Shares and the Target's current shareholder structure, please refer to 1.1.1 above.

3.5 Significant legal relationships with the Target; Potential Conflicts of Interest

No legal relationships between the Bidder and the Target exist except for (i) an OEM agreement (*Original Equipment Manufacturing agreement*) dated 14 July 2009 under which the Bidder shall have exclusive rights to distribute phion products for a term of up to three years, under the Barracuda Networks brand, in North America, Japan, China, Brazil and Mexico and (ii) a distribution agreement dated 10 August 2009 under which phion AG shall have the non-exclusive right to distribute products of Barracuda Networks. Both agreements are independent of and not conditional upon successful completion of this Bid.

No conflicts of interest exists between the Bidder and the Target which may result out of the fact that the Bidder shall become a shareholder of the Target. In particular, no member of the Bidder's corporate bodies is at the same time a member of any of the Target's corporate bodies, i.e. of its managing board or its supervisory board.

With regard to the envisaged acquisition of the Offer Shares, the Bidder intends to establish a close business relationship with the Target and to rebrand and distribute products of the Target in the territory of North America, China, Japan, Mexico and Brazil. The intended future business strategy for the Target following successful completion of this Bid is outlined at 4.1 below.

3.6 Bidder's Commitments, if any, to the Members of Target's Corporate Bodies

The Bidder has neither granted nor offered nor promised any pecuniary benefits to remaining or rescinding members of phion AG's corporate bodies, i.e. members of phion AG's managing board or its supervisory board, in the event of successful completion of this Bid.

Following successful completion of this Bid, the employment agreements (*Anstellungsverträge*) made between phion AG and each of (i) Mr. Wieland Alge, member of the Target's managing board, (ii) Mr. Klaus Maximilian Gheri, chief technology officer of the Target, and (iii) Mr. Peter Marte, chief software ar-

chitect of the Target, shall be replaced by new employment agreements. However, such new employment agreements shall only be entered into at arm's length terms and conditions. According to these new employment agreements, Messrs. Wieland Alge, Klaus Maximilian Gheri and Peter Marte shall be offered an arm's length annual bonus for a period of three years following successful completion of the Bid, if and as long as they continue to work for phion AG after successful completion of the Bid (so called *retention bonus*). Furthermore, the named persons shall be offered a one time arm's length bonus in the first year after closing of the respective new employment agreements provided that they achieve – quite ambitious – individually agreed milestones and objectives at the individual level as well as at the level of phion AG (the "**Bonus Payment**"). The one time Bonus Payment, if any, shall replace bonus agreements and bonus payments currently agreed upon between phion AG and Messrs. Wieland Alge, Klaus Maximilian Gheri and Peter Marte which are valid for longer periods; the Bonus Payment shall exclusively be an incentive for the rapid integration of phion AG into the Barracuda Networks group as well as for further business expansion of phion AG.

4. Future Business Policy for the Target

4.1 Future Business Policy

On successful completion of this Bid, Barracuda Networks intends to continue to operate phion AG as an independent business unit to support and encourage the continued advancement of Barracuda Networks' network and web application security business.

Barracuda Networks anticipates that the result of the combination of Barracuda Networks' and phion AG's business activities will be to extend the product portfolio of the worldwide Barracuda Networks group and to help to bring phion products to territories previously unserved by phion AG. In addition, Barracuda Networks intends to pursue opportunities to integrate product capabilities to enable it to provide an integrated solution for its customers. Barracuda Networks will seek to understand and preserve brand value where it makes sense, but will likely distribute phion products in its own territories under the Barracuda Networks brand.

Following successful completion of the Bid, Barracuda Networks plans to assess possible new business opportunities with phion AG, including points of technology integration and operational synergy. Barracuda Networks has the intention to continue to invest in the phion group technology and to extend its product leadership. Barracuda Networks also intends to support the ongoing business of phion group in the territories phion group currently serves.

Barracuda Networks anticipates retaining and growing phion AG's staff across functional areas as it views the knowledge and capabilities of phion AG's employees as critical to success. While phion AG has been unable to generate profits in its most recent fiscal years, Barracuda Networks is committed to maintaining a required level of investment, and expects to reap rewards in the future as a function of leveraging synergies in its distribution network.

4.2 Intended Reorganization Measures and Listing

Barracuda Networks does not anticipate making any changes to the corporate structure of phion AG and/or phion group upon successful completion of the Bid. Barracuda Networks plans to support continued execution of phion AG's business plan by its management while at the same time expanding distribution of phion products under the OEM Agreement.

Should Barracuda Networks, as a result of this Bid, hold less than 90 % but at least 75 % plus one share of the Target's share capital and voting stock (including the Purchased Shares), Barracuda Networks plans to continue to support the listing of the phion Shares on the VSE. However, in case that, as a result of this Bid or at any time in the future, the Bidder should hold 90 % of the Target's share capital and voting stock (including the Purchased Shares), the Bidder explicitly reserves the right to carry out a squeeze out (*Gesellschafterausschluss*) pursuant to the Austrian Minority Shareholders Expulsion Act (*Gesellschafterausschlussgesetz - GesAusG*), which would lead to all other shareholders of phion AG being expelled from the company and the phion Shares being delisted. At present, the Bidder has not taken any decision in that regard.

As soon as possible after successful completion of the Bid, it is intended to call an extraordinary shareholders' meeting of the Target in order to elect new supervisory board members (*Aufsichtsratsmitglieder*) (and to replace supervisory board members currently in office). Barracuda Networks intends to propose that at least the majority (if not all) of the supervisory board members be replaced.

4.3 Impact on Human Resources

Barracuda Networks does not anticipate making any structured layoffs of phion AG's staff as a consequence of the acquisition of a controlling interest in phion AG pursuant to this Bid. Further, Barracuda Networks does not anticipate making material changes to optional employee benefit programs, but may seek to apply consistency with corporate policies across the Barracuda Networks group over time.

Barracuda Networks does not anticipate any material changes to subsidiaries

<p>or branches of the phion group upon successful completion of this Bid, but will look to explore areas where efficiency can be gained across the operations of the combined entities group.</p>
<p>5. Additional Information</p>
<p>5.1 Financing of the Bid</p>
<p>Based on a Offer Price of EUR 12.00 per Offer Share and taking the expected transaction and handling costs into account, the Bidder's total financing volume for the Bid amounts to approximately EUR 7.5 million.</p> <p>The Bidder has sufficient own liquid funds to finance the acquisition of all Offer Shares and has ensured that these funds are timely available for the satisfaction of the Bid.</p>
<p>5.2 Applicable Law</p>
<p>This Bid and its performance, in particular any purchase and transfer agreement concluded on basis of the Bid, shall exclusively be governed by Austrian law. The competent courts of Vienna, Inner City (<i>Innere Stadt</i>), shall have exclusive jurisdiction, unless a transaction is a consumer transaction (<i>Verbrauchergeschäft</i>).</p>
<p>5.3 Dissemination Restrictions</p>
<p>This Bid does not constitute an invitation to offer securities in or from a jurisdiction in which such an invitation to make an offer or the making of such offer by or to certain persons would be prohibited. The Bid will neither be approved by an authority outside the Republic of Austria nor has an application for such an approval been filed.</p> <p>Other than in compliance with applicable law, the publication, dispatch, distribution, dissemination or making available of (i) this Bid document or (ii) a summary of or other description of the conditions contained in this Bid document outside of the Republic of Austria is not permitted. The Bidder does not accept any liability whatsoever resulting out of a violation of this paragraph.</p> <p>In particular, this Bid is not being made, directly or indirectly, in the United States of America, its territories or any area subject to its jurisdiction, nor may it be accepted in or from the United States of America. Further, this Bid is not being made, directly or indirectly, in Australia or Japan, nor may it be accepted in or from Australia or Japan.</p> <p>Holders of Offer Shares who receive this Bid document or become acquainted with its content outside the Republic of Austria and wish to accept the Bid</p>

outside of the Republic of Austria are urged to inform themselves with respect to the applicable legal provisions and to observe such provisions at all times. The Bidder does not accept any liability whatsoever in connection with the acceptance of the Bid outside of the Republic of Austria.

5.4 German Version to Govern

The official Bid document is made in German. Only the Bid document in the German language is binding and governing. The unofficial English translation of the Bid document is not binding.

5.5 Advisors to the Bidder

Schönherr Rechtsanwälte GmbH, A-1010 Vienna, Tuchlauben 17, as Austrian legal advisor as well as Bidder's representative towards the Austrian Takeover Commission (*Übernahmekommission*).

5.6 Additional Information

Additional information on the Bid may be obtained from a hotline established by Bidder's agent Ipreo LLC, phone 0800 224450.

Additional information on the settlement of the Bid may also be obtained from the Tender and Paying Agent, Erste Group Bank AG, OE 551, A-1010 Vienna, Graben 21, Ms. Petra Brantner, phone 05 0100 DW 12084, or Mr. August Sutter, phone 05 0100 DW 11446, fax 05 0100 DW 11228, during regular business hours.

5.7 Information on the Bidder's expert pursuant to § 9 ÜbG

The Bidder has appointed Deloitte Audit Wirtschaftsprüfungs GmbH, A-1010 Vienna, Renngasse 1/Freyung, as its expert pursuant to § 9 ÜbG.

Vienna, this 20 August 2009

Barracuda Networks, Inc.

Dean M.Drako, President and CEO

EXPERT'S CONFIRMATION pursuant to § 9 ÜbG

On the basis of our review conducted in accordance with § 9 para 1 of the Austrian Takeover Act (*Übernahmegesetz – ÜbG*), we have come to the conclusion that the voluntary public takeover bid pursuant to § 25a ÜbG of Barracuda Networks, Inc. made herein to the holders of shares in phion AG is complete and lawful and the information provided on the offered consideration complies with applicable laws.

Barracuda Networks, Inc. will have the required financial means in order to fulfil its obligations under the voluntary public takeover bid.

Vienna, this 20 August 2009

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Gottfried Spitzer

Mag. Walter Müller

CPA

CPA