Abu Dhabi
Beijing
Berlin
Brussels
Dallas
Dubai
Frankfurt
Hong Kong
Johannesburg
London
Milan
Mumbai
Munich
New York
Paris
Rome
San Francisco
São Paulo
Shanghai
Singapore
Stockholm
Vienna
Washington, D.C.

Brunswick Data Valuation Survey

October 2016

BRUNSWICK INSIGHT

Who We Surveyed

Audience:	Buy-side investors and Sell-side analysts across North America, Europe, the United Kingdom, and Asia
Data Collection:	August 29th though September 16th, 2016
Sample Size:	208 investors. Margin of error of 6.8%.
Notes:	Data presented in the 2016, 2015, and 2014 surveys have been weighted by country to allow accurate comparison.

Key Findings - 2016

Data Breaches Can Reduce Valuations During M&A

Even after a company has been acquired as a result of an M&A, investors may decrease their valuation of the company if they learned that the acquired company **suffered a data breach in the past**.

Investors are much more likely to increase their valuation of a company if they learned that it took **proactive steps** to **mitigate** against potential cybersecurity risks.

Reactive responses, including working with law enforcement, can decrease a valuation.

Increasing Importance to Protect Customer Data

Investors view the security of customer data as among **the most important cybersecurity factors** that can inform their valuation.

The percentage of investors who have made an investment based on the security of customer data has **increased in each year of this survey** and is seen as the most important cybersecurity issue in global M&A.

All Attention on the Company CEO During a Breach

During a data breach, investors will pay close attention to the **response of a the afflicted company** and **expect to hear from the CEO**.

For investors, the **response** from the company is **just as important** as the **scale of the breach**, and both are top priorities for investors as they consider their valuations.

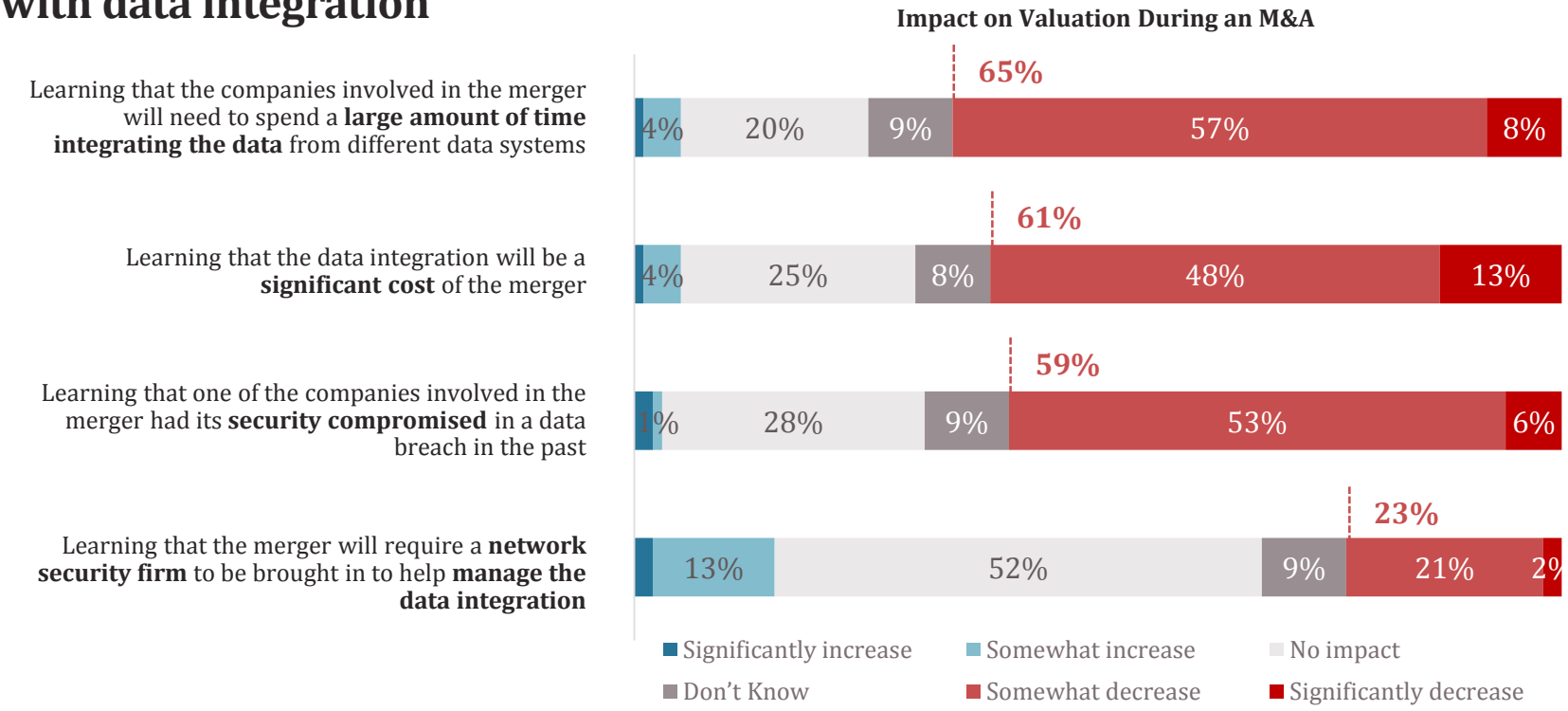
While investors believe that all levels of a company need to understand cybersecurity risks, the CEO is the individual with the **most responsibility to communicate.**

1

Impact of Data Breaches on Mergers and Acquisitions

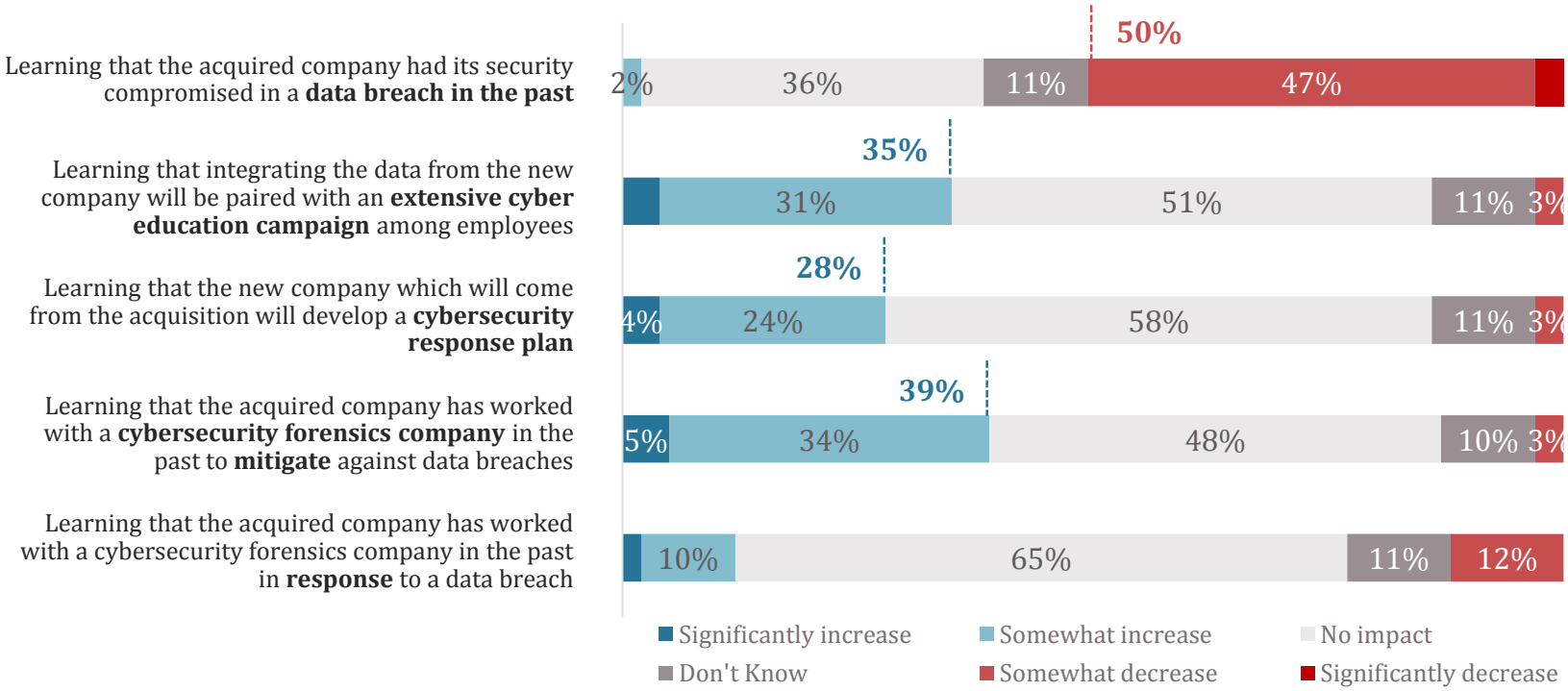
Data Valuation During M&A

Investors will not decrease their valuation if a network security firm assists with data integration



How would that impact your valuation of the company?

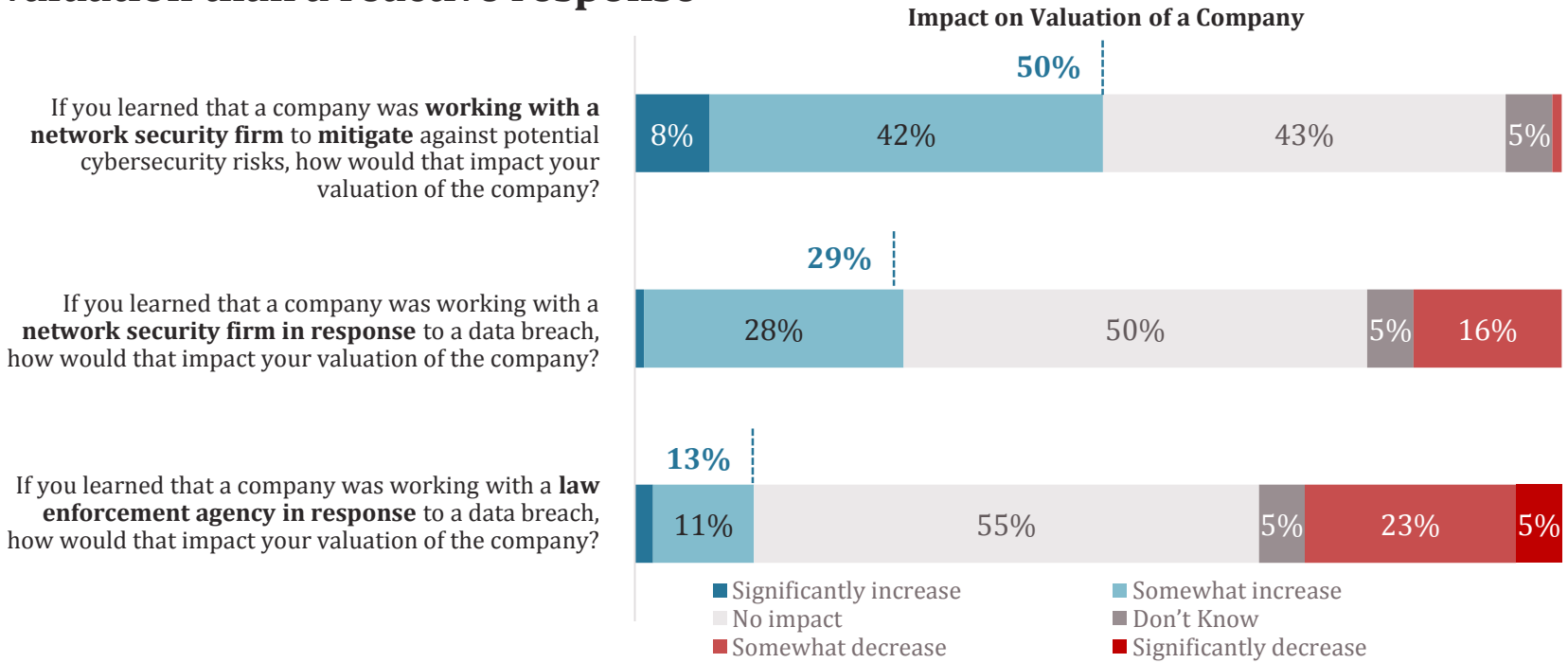
Data Valuation After Acquisition
The legacy of a data breach can still decrease a valuation after an acquisition



How would that impact your valuation of the company?

Mitigation Can Improve Valuations

Action that is taken preemptively and proactively does more to improve valuation than a reactive response

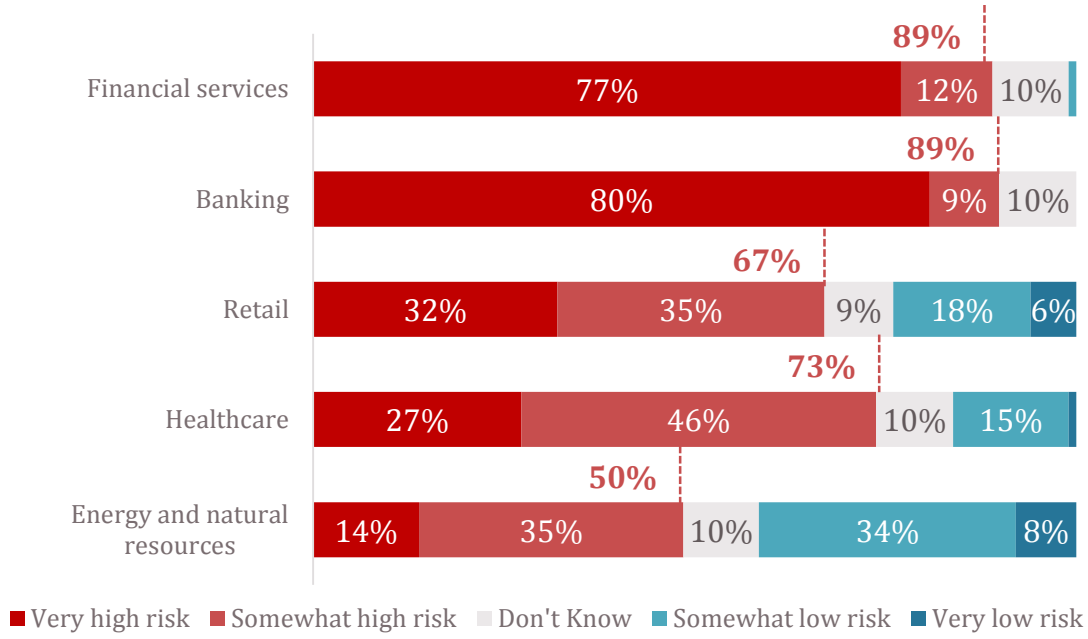


Most At-Risk Sectors
Financial sectors carry the most cybersecurity risk in the minds of investors

Sectors Most at Risk

1. Financial Services
2. Defense
3. Technology
4. Healthcare
5. Telecoms
6. Utilities
7. Retail
8. Transportation
9. Manufacturing
10. Energy and Natural Resources
11. Hospitality
12. Education
13. Entertainment
14. Construction
15. Agriculture

Specific Risk for Cybersecurity Threats

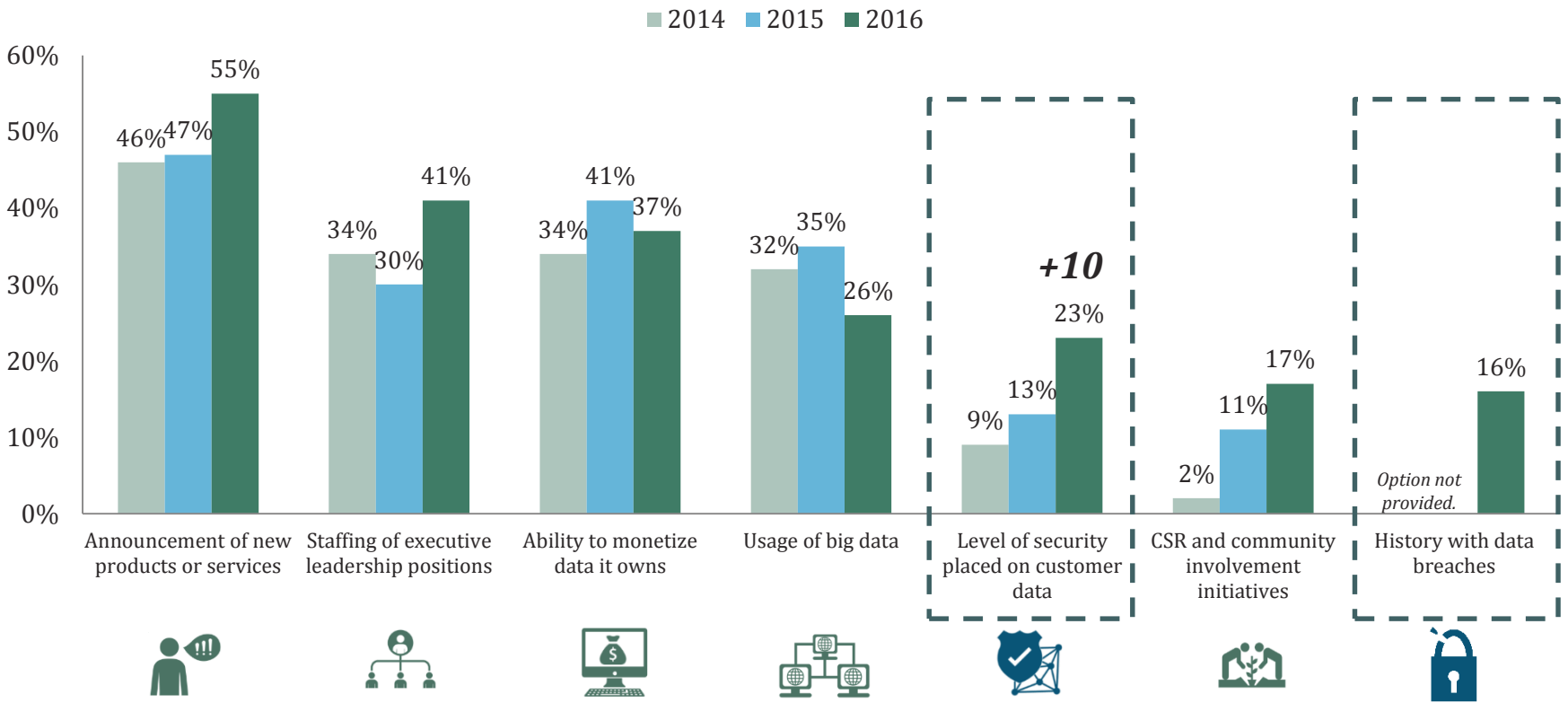


Please rank the following sectors based on how at-risk their valuation is to cybersecurity issues.
Thinking specifically about the following sectors, how much risk do you believe companies in that sector face from cybersecurity threats?

2

How Investors Value Cybersecurity

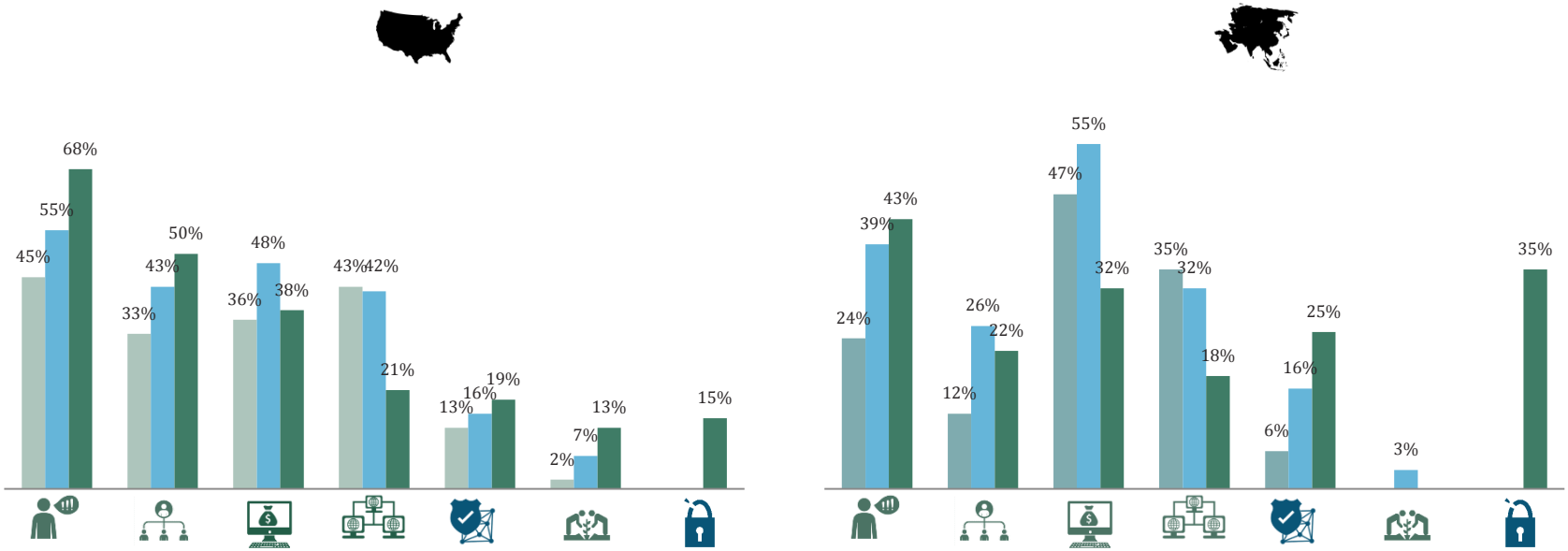
Increased Importance of Breaches
Investors increasingly care about the security of customer data



QUESTION: Thinking about the past 12 months, please indicate if you have made an investment decision or recommendation in a company due to its:

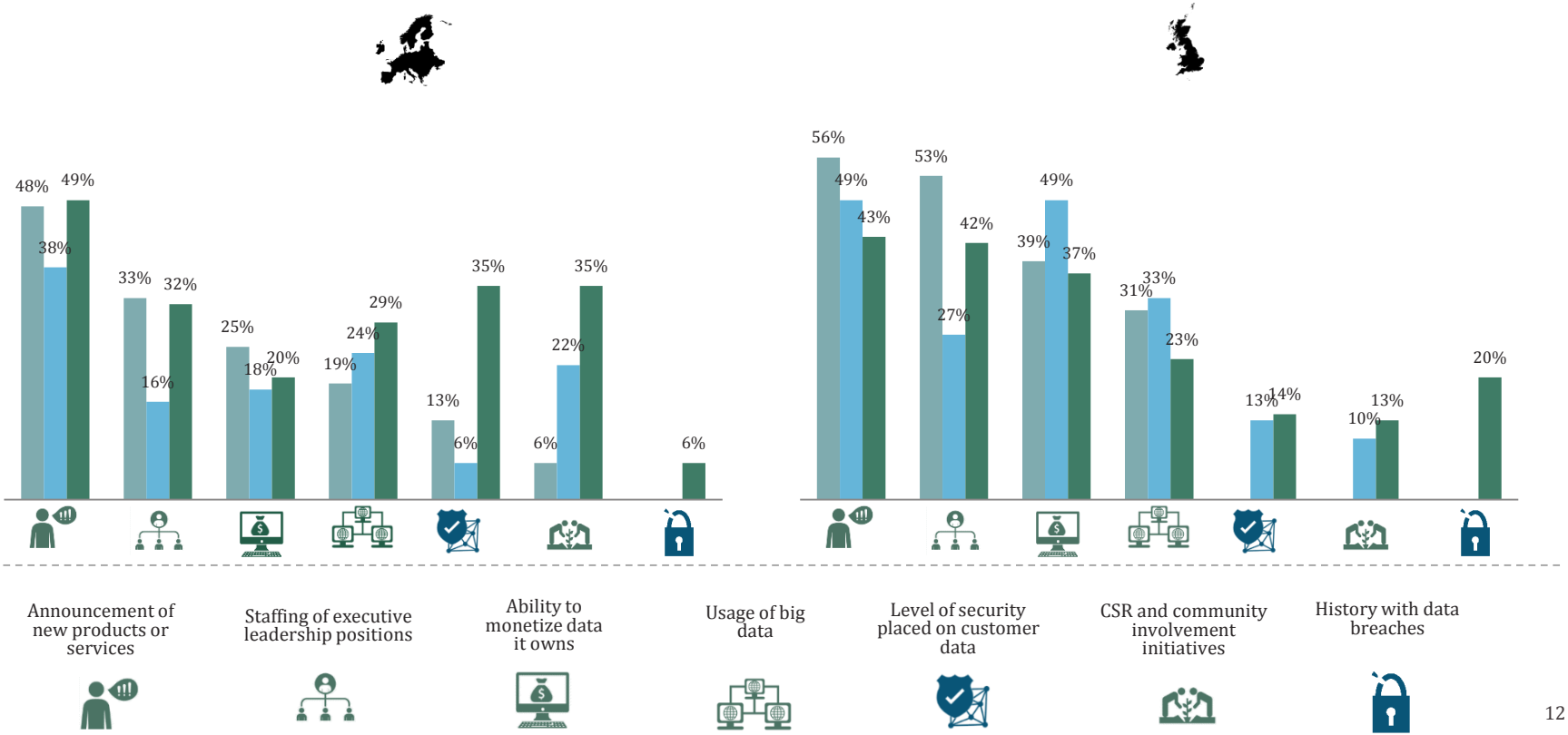
Regional Differences – US and Asia

Investors in Asia pay close attention to a company's history with data breaches

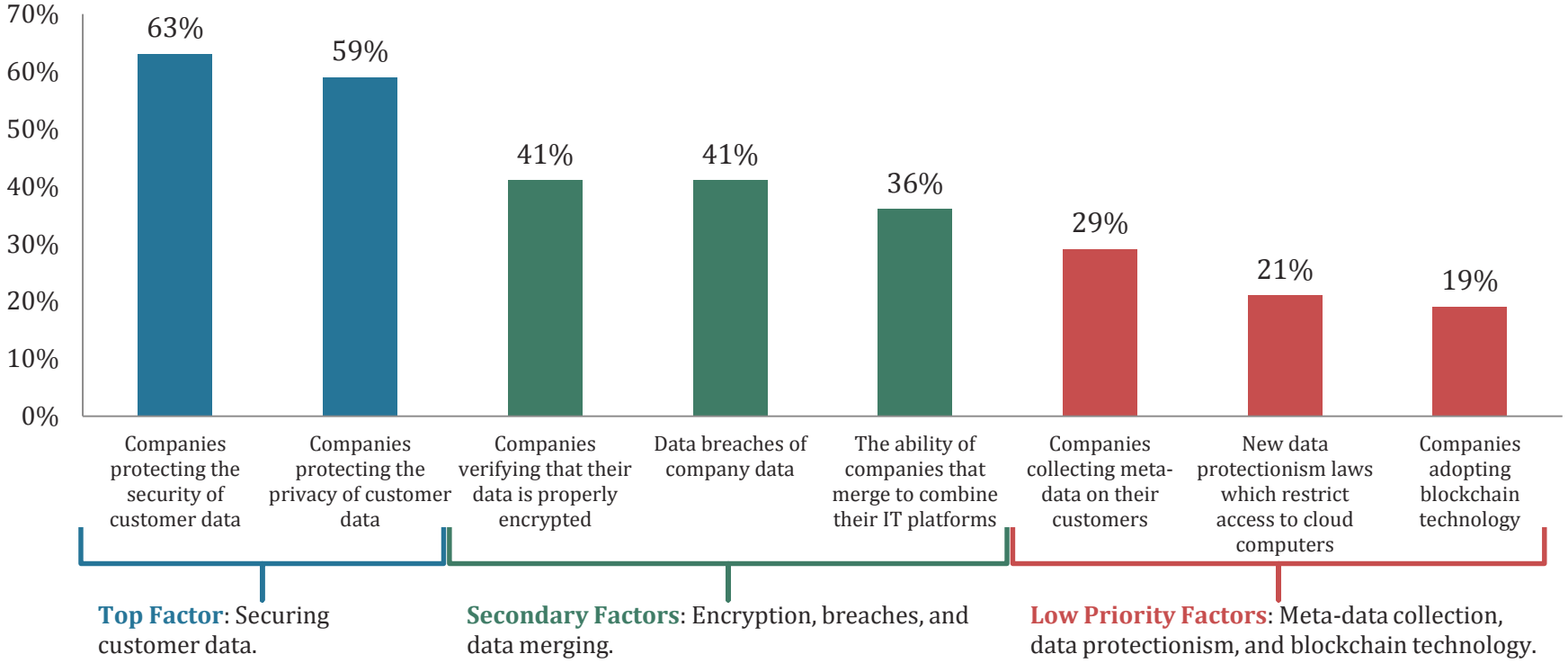


Regional Differences – Europe and UK

Investors in Europe are now more concerned about protecting customer data



Cybersecurity in Global M&A
Protecting customer data will have the largest impact on global M&A



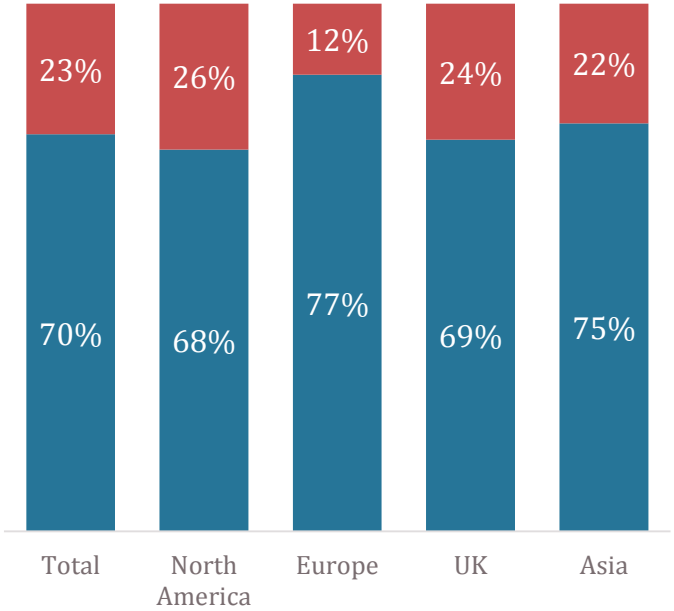
What are the most important factors related to cybersecurity that will impact global M&A for the next 12 months?

Openness to Data Reporting Regulations

Across geographies, investors believe regulations that require companies to report breaches will improve the investment climate

The EU's General Data Protection Regulation is a rule that focuses on how companies must respond to a data breach.

The law requires that companies notify regulatory authorities within 24 hours of a data breach, followed by notice to all the individuals whose personal data was compromised.



*This regulation will **hurt the investment climate** because having to report every data breach will create instability in the markets.*

*This regulation will **improve the investment climate** because regulators and individuals will get prompt information about each data breach.*

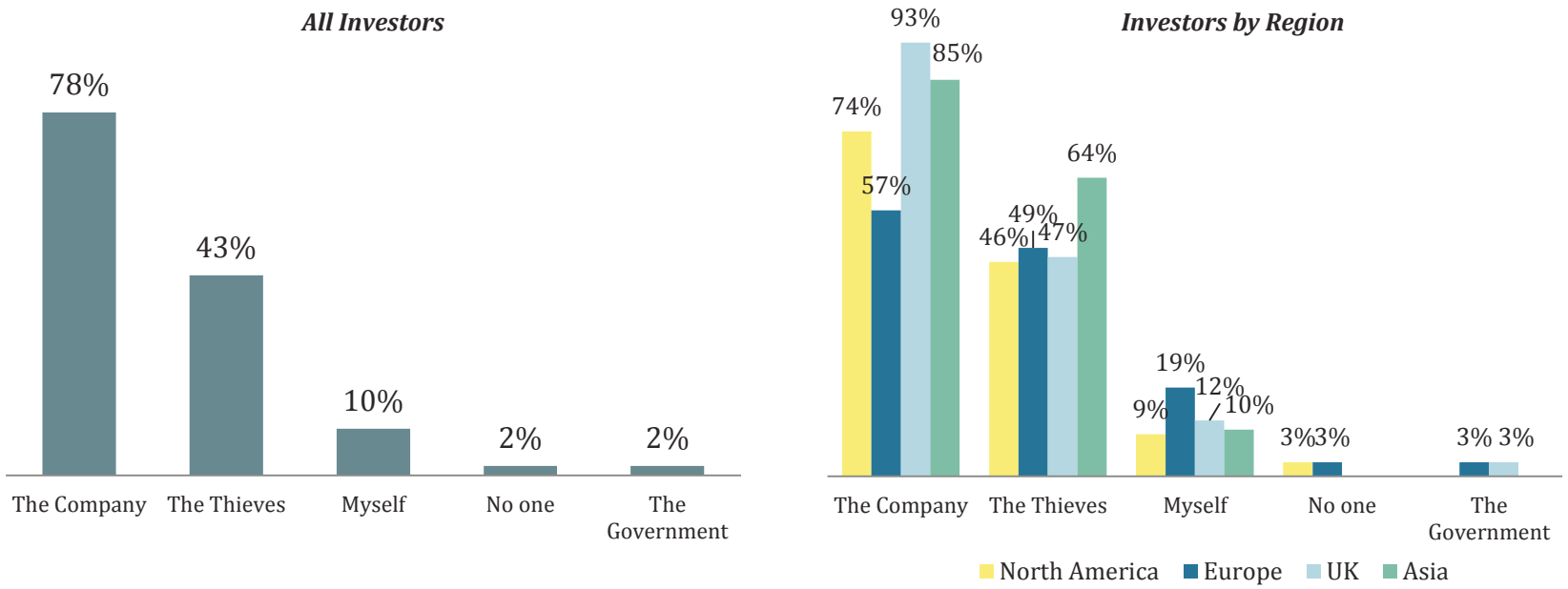
Based on what you know now about this law, which of the statements below comes closest to your view?

3

How Investors Evaluate a Data Breach

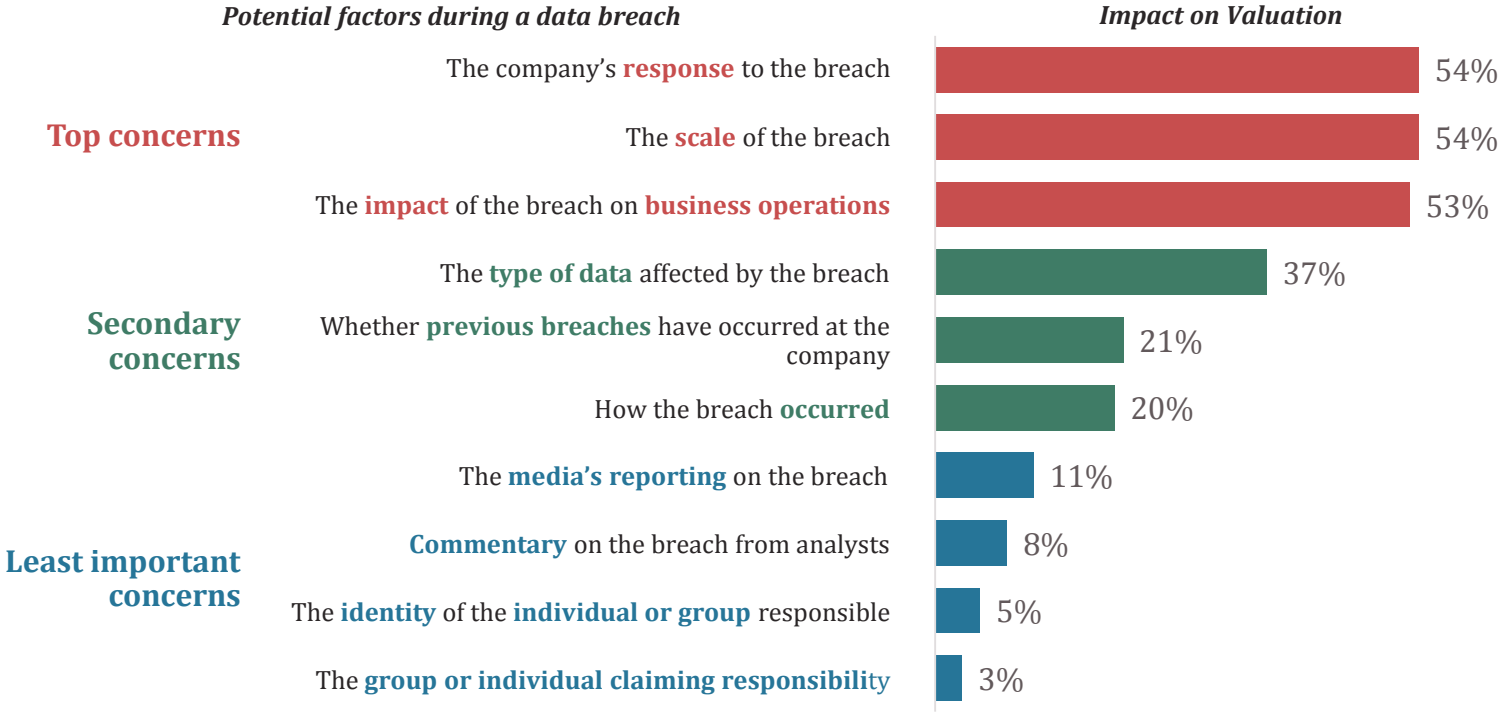
Who Will Investors Blame?
Across regions, investors would blame the target company in the event of a hack

If a company that you invested in was hacked and your personal information was stolen, who would you blame?



If a company that you invested in was hacked and your personal information was stolen, who would you blame?

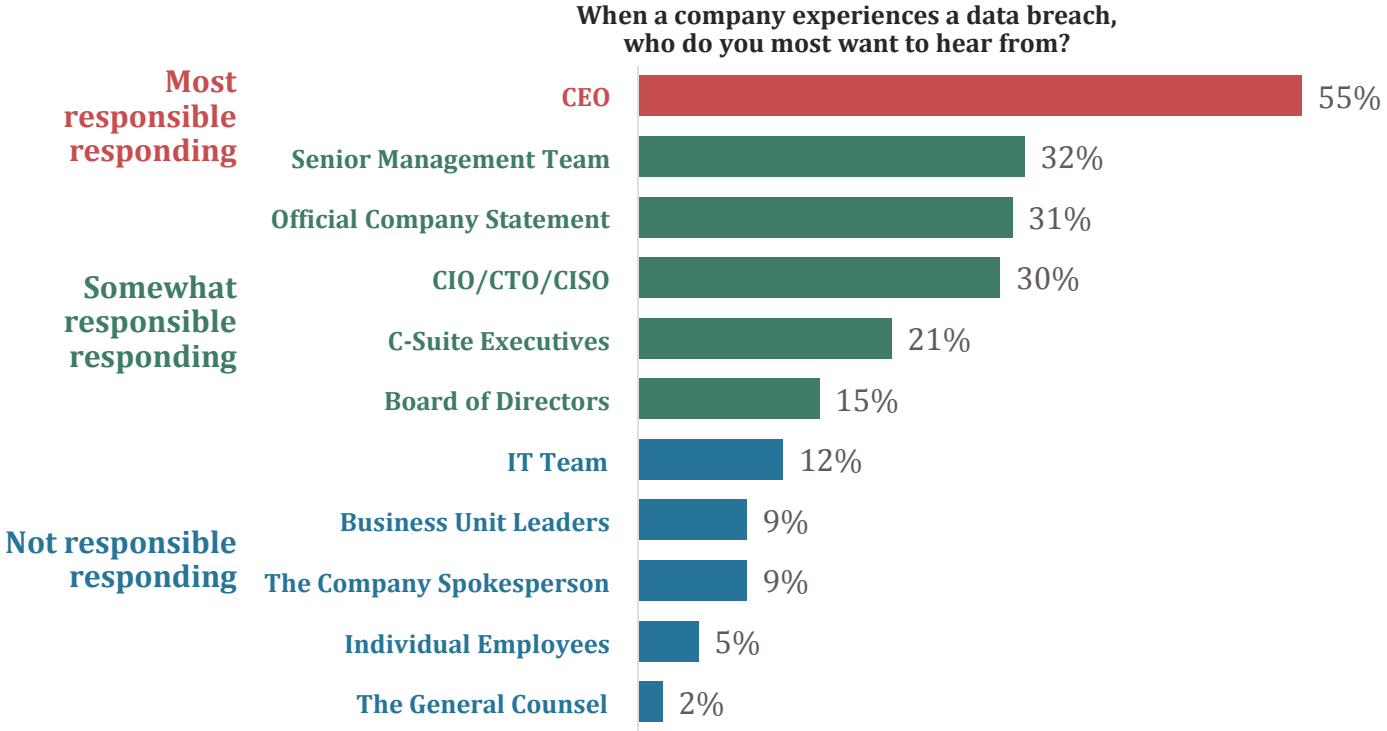
Investor Concerns During a Data Breach
How a company responds to a breach is the top factor in a valuation



When a company experiences a data breach, what factors do you consider to determine the breach's impact on valuation?

Corporate Roles During a Breach

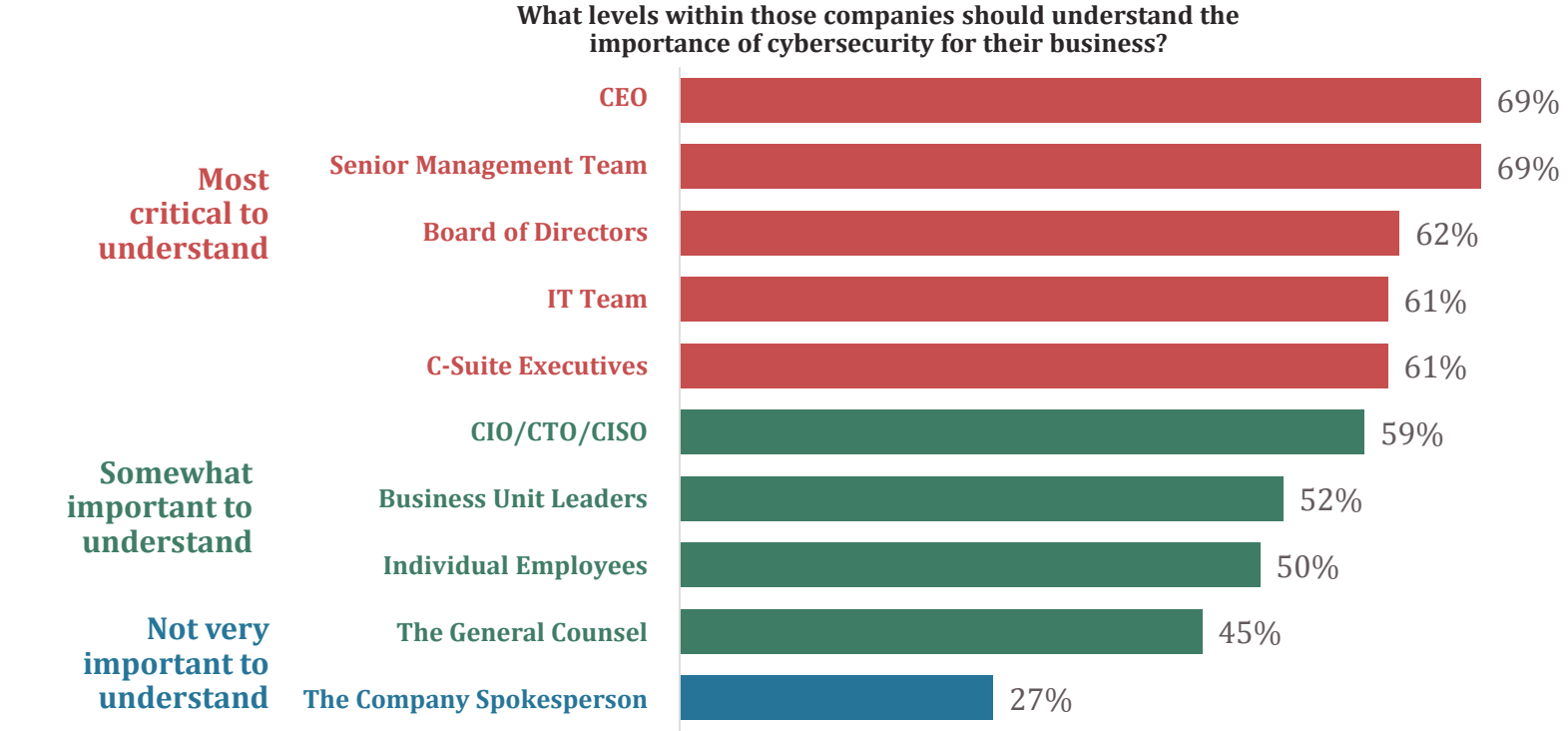
During a breach, the CEO is uniquely responsible with responding publicly



When a company experiences a data breach, who do you most want to hear from to learn how the company is responding?

Who Should Understand Cybersecurity?

All employees need to understand cybersecurity, with the exception of the company's spokesperson

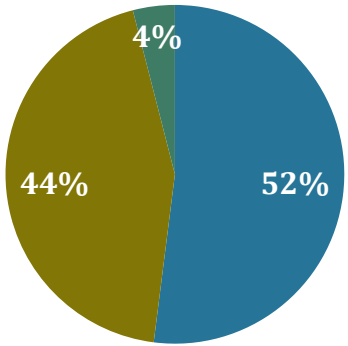


Thinking about the companies you are invested in, what levels within those companies should understand the importance of cybersecurity for their business?

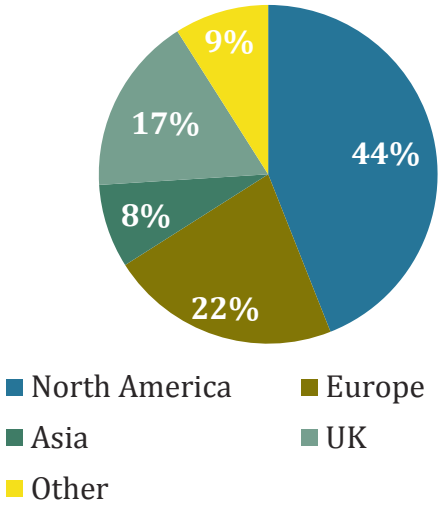
Demographics

Demographics

Investor Focus



Region



Age