

WESBANCO INC  
Form 10-Q  
October 25, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2013

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-08467

**WESBANCO, INC.**

(Exact name of Registrant as specified in its charter)

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**WEST VIRGINIA**  
(State of incorporation)

**55-0571723**  
(IRS Employer

Identification No.)

**1 Bank Plaza, Wheeling, WV**  
(Address of principal executive offices)

**26003**  
(Zip Code)

**Registrant's telephone number, including area code: 304-234-9000**

**NOT APPLICABLE**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

As of October 21, 2013, there were 29,350,061 shares of WesBanco, Inc. common stock, \$2.0833 par value, outstanding.

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**Table of Contents****PART I - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****WESBANCO, INC. CONSOLIDATED BALANCE SHEETS**

<i>(unaudited, in thousands, except shares)</i>	September 30, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and due from banks, including interest bearing amounts of <b>\$5,405</b> and \$33,889, respectively	<b>\$ 145,639</b>	\$ 125,605
Securities:		
Available-for-sale, at fair value	<b>933,455</b>	1,021,244
Held-to-maturity (fair values of <b>\$607,215</b> and \$639,273, respectively)	<b>602,588</b>	602,509
Total securities	<b>1,536,043</b>	1,623,753
Loans held for sale	<b>6,601</b>	21,903
Portfolio loans, net of unearned income	<b>3,836,538</b>	3,687,762
Allowance for loan losses	<b>(47,342)</b>	(52,699)
Net portfolio loans	<b>3,789,196</b>	3,635,063
Premises and equipment, net	<b>92,696</b>	88,866
Accrued interest receivable	<b>19,903</b>	19,354
Goodwill and other intangible assets, net	<b>321,972</b>	324,465
Bank-owned life insurance	<b>120,457</b>	119,671
Other assets	<b>105,853</b>	120,037
<b>Total Assets</b>	<b>\$ 6,138,360</b>	\$ 6,078,717
<b>LIABILITIES</b>		
Deposits:		
Non-interest bearing demand	<b>\$ 917,478</b>	\$ 874,923
Interest bearing demand	<b>870,319</b>	831,368
Money market	<b>858,422</b>	847,805
Savings deposits	<b>775,776</b>	740,568
Certificates of deposit	<b>1,638,447</b>	1,649,620
Total deposits	<b>5,060,442</b>	4,944,284
Federal Home Loan Bank borrowings	<b>59,918</b>	111,187
Other short-term borrowings	<b>124,179</b>	142,971
Junior subordinated debt owed to unconsolidated subsidiary trusts	<b>106,127</b>	113,832
Total borrowings	<b>290,224</b>	367,990
Accrued interest payable	<b>3,535</b>	3,856
Other liabilities	<b>47,471</b>	48,403

<b>Total Liabilities</b>	<b>5,401,672</b>	5,364,533
<b>SHAREHOLDERS EQUITY</b>		
Preferred stock, no par value; 1,000,000 shares authorized; none outstanding		
Common stock, \$2.0833 par value; 50,000,000 shares authorized; <b>29,350,061</b> and 29,214,660 shares issued and outstanding in 2013 and 2012, respectively	<b>61,144</b>	60,863
Capital surplus	<b>244,352</b>	241,672
Retained earnings	<b>450,833</b>	419,246
Accumulated other comprehensive loss	<b>(18,442)</b>	(6,365)
Deferred benefits for directors	<b>(1,199)</b>	(1,232)
<b>Total Shareholders Equity</b>	<b>736,688</b>	714,184
<b>Total Liabilities and Shareholders Equity</b>	<b>\$ 6,138,360</b>	\$ 6,078,717

See Notes to Consolidated Financial Statements.

**Table of Contents****WESBANCO, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

<i>(unaudited, in thousands, except shares and per share amounts)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
<b>INTEREST AND DIVIDEND INCOME</b>				
Loans, including fees	\$ 43,678	\$ 41,423	\$ 131,706	\$ 124,345
Interest and dividends on securities:				
Taxable	7,226	7,722	22,015	24,784
Tax-exempt	3,355	3,113	9,748	9,270
Total interest and dividends on securities	10,581	10,835	31,763	34,054
Other interest income	58	30	165	115
Total interest and dividend income	54,317	52,288	163,634	158,514
<b>INTEREST EXPENSE</b>				
Interest bearing demand deposits	369	397	1,035	1,132
Money market deposits	345	487	1,023	1,786
Savings deposits	128	202	395	697
Certificates of deposit	5,597	6,450	17,626	20,050
Total interest expense on deposits	6,439	7,536	20,079	23,665
Federal Home Loan Bank borrowings	291	1,020	900	3,684
Other short-term borrowings	651	1,169	1,900	3,503
Junior subordinated debt owed to unconsolidated subsidiary trusts	805	869	2,506	2,598
Total interest expense	8,186	10,594	25,385	33,450
<b>NET INTEREST INCOME</b>	<b>46,131</b>	<b>41,694</b>	<b>138,249</b>	<b>125,064</b>
Provision for credit losses	2,819	4,497	5,942	16,602
Net interest income after provision for credit losses	43,312	37,197	132,307	108,462
<b>NON-INTEREST INCOME</b>				
Trust fees	4,854	4,379	14,694	13,390
Service charges on deposits	4,650	4,362	13,309	12,574
Electronic banking fees	3,124	2,846	9,186	8,529
Net securities brokerage revenue	1,506	1,131	4,644	3,319
Bank-owned life insurance	911	891	3,739	2,646
Net gains on sales of mortgage loans	745	993	2,157	1,860
Net securities (losses) / gains	(15)	316	687	1,711
Net gain / (loss) on other real estate owned and other assets	8	(48)	63	(298)
Other income	1,333	1,092	3,857	3,447
Total non-interest income	17,116	15,962	52,336	47,178
<b>NON-INTEREST EXPENSE</b>				
Salaries and wages	16,480	14,758	48,079	43,028

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Employee benefits	5,323	5,000	17,481	15,538
Net occupancy	2,921	2,654	8,943	8,133
Equipment	2,692	2,300	7,901	6,617
Marketing	1,585	795	4,015	3,282
FDIC insurance	916	951	2,806	2,962
Amortization of intangible assets	556	519	1,742	1,580
Restructuring and merger-related expense	36	1,518	1,265	1,518
Other operating expenses	9,500	8,295	28,024	25,880
<b>Total non-interest expense</b>	<b>40,009</b>	36,790	<b>120,256</b>	108,538
Income before provision for income taxes	20,419	16,369	64,387	47,102
Provision for income taxes	4,884	3,463	15,815	10,208
<b>NET INCOME</b>	<b>\$ 15,535</b>	\$ 12,906	<b>\$ 48,572</b>	\$ 36,894
<b>EARNINGS PER COMMON SHARE</b>				
Basic	\$ 0.53	\$ 0.48	\$ 1.66	\$ 1.38
Diluted	\$ 0.53	\$ 0.48	\$ 1.66	\$ 1.38
<b>AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic	29,325,128	26,664,882	29,260,967	26,646,719
Diluted	29,412,458	26,672,849	29,328,305	26,651,322
<b>DIVIDENDS DECLARED PER COMMON SHARE</b>	<b>\$ 0.20</b>	\$ 0.18	<b>\$ 0.58</b>	\$ 0.52
<b>COMPREHENSIVE INCOME</b>	<b>\$ 14,422</b>	\$ 14,768	<b>\$ 36,495</b>	\$ 38,815

See Notes to Consolidated Financial Statements.

**Table of Contents****WESBANCO, INC. CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the Nine Months Ended September 30, 2013 and 2012

<i>(unaudited, in thousands, except shares and per share amounts)</i>	Common Stock		Capital	Retained	Treasury	Accumulated Other Comprehensive Income / (Loss)	Deferred Benefits for Directors	Total
	Shares	Amount	Surplus	Earnings	Stock			
December 31, 2012	29,214,660	\$ 60,863	\$ 241,672	\$ 419,246	\$	\$ (6,365)	\$ (1,232)	\$ 714,184
Net income				48,572				48,572
Other comprehensive income / (loss)						(12,077)		(12,077)
Comprehensive income								36,495
Common dividends declared (\$0.58 per share)				(16,985)				(16,985)
Stock options exercised	113,674	233	2,411		27			2,671
Restricted stock granted	38,250	57	(326)		269			
Treasury shares acquired	(11,851)				(296)			(296)
Adjustment to shares issued in acquisition	(4,672)	(9)	(95)					(104)
Stock compensation expense			723					723
Deferred benefits for directors- net			(33)				33	
September 30, 2013	29,350,061	\$ 61,144	\$ 244,352	\$ 450,833	\$	\$ (18,442)	\$ (1,199)	\$ 736,688
December 31, 2011	26,629,360	\$ 55,487	\$ 191,679	\$ 388,818	\$ (96)	\$ (902)	\$ (1,196)	\$ 633,790
Net income				36,894				36,894
Other comprehensive income / (loss)						1,921		1,921
Comprehensive income								38,815
Common dividends declared (\$0.52 per share)				(13,859)				(13,859)
Stock options exercised	875				17			17
Restricted stock granted	40,050	71	(198)		127			
Treasury shares acquired	(4,766)		22		(92)			(70)
Stock compensation expense			629					629
Deferred benefits for directors- net			27				(27)	
September 30, 2012	26,665,519	\$ 55,558	\$ 192,159	\$ 411,853	\$ (44)	\$ 1,019	\$ (1,223)	\$ 659,322

See Notes to Consolidated Financial Statements.



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<i>(unaudited, in thousands)</i>	<b>For the Nine Months Ended September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 91,567</b>	<b>\$ 64,009</b>
<b>INVESTING ACTIVITIES:</b>		
Net increase in loans	(159,087)	(142,536)
Securities available-for-sale:		
Proceeds from sales	9,265	48,068
Proceeds from maturities, prepayments and calls	192,714	335,918
Purchases of securities	(137,156)	(360,600)
Securities held-to-maturity:		
Proceeds from maturities, prepayments and calls	74,590	83,552
Purchases of securities	(77,179)	(52,626)
Purchases of premises and equipment - net	(6,571)	(2,504)
Sale of portfolio loans - net	5,886	7,883
Net cash used in investing activities	(97,538)	(82,845)
<b>FINANCING ACTIVITIES:</b>		
Increase in deposits	117,049	94,339
Repayment of Federal Home Loan Bank borrowings	(50,627)	(76,400)
Decrease in other short-term borrowings	(18,421)	(9,644)
Repayment of junior subordinated debt	(7,732)	
Dividends paid to common shareholders	(16,373)	(13,320)
Treasury shares purchased - net	(274)	(53)
Issuance of common stock	2,383	
Net cash provided by (used in) financing activities	26,005	(5,078)
Net increase (decrease) in cash and cash equivalents	20,034	(23,914)
Cash and cash equivalents at beginning of the period	125,605	140,325
Cash and cash equivalents at end of the period	\$ 145,639	\$ 116,411
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid on deposits and other borrowings	\$ 25,802	\$ 33,797
Income taxes paid	15,725	8,370
Transfers of loans to other real estate owned	1,800	3,452
Transfers of loans to held for sale	9,434	10,163

See Notes to Consolidated Financial Statements.

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**Basis of presentation** The accompanying unaudited interim financial statements of WesBanco, Inc. and its consolidated subsidiaries ( WesBanco ) have been prepared in accordance with U.S. generally accepted accounting principles ( GAAP ) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2012.

WesBanco's interim financial statements have been prepared following the significant accounting policies disclosed in Note 1 of the Notes to the Consolidated Financial Statements of its 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission. In the opinion of management, the accompanying interim financial information reflects all adjustments, including normal recurring adjustments, necessary to present fairly WesBanco's financial position and results of operations for each of the interim periods presented. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year.

**Recent accounting pronouncements** In July 2013, the Financial Accounting Standards Board (the FASB ) issued an accounting pronouncement to improve the reporting for unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The pronouncement is expected to reduce diversity in practice by providing guidance on the presentation of unrecognized tax benefits and will better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. The pronouncement is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of this pronouncement is not expected to have a material impact on WesBanco's consolidated financial statements.

In February 2013, the FASB issued an accounting pronouncement to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendment does not change the current requirements for reporting net income or other comprehensive income in the financial statements. However, the amendment requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component and to include references to other disclosures. The pronouncement is effective prospectively for interim and annual reporting periods beginning after December 15, 2012. The adoption of this pronouncement did not have a material impact on WesBanco's consolidated financial statements.

In December 2011, the FASB issued an accounting pronouncement which requires entities to disclose both gross and net information about instruments and transactions eligible for offset in the statement of financial position, including instruments and transactions subject to master netting arrangements. The scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The objective of this pronouncement is to enhance disclosures required by GAAP by requiring improved information about financial instruments and derivative instruments that are either offset in accordance with existing GAAP or subject to an enforceable master netting arrangement or similar agreement. This information will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position, including the effect or potential effect of rights of setoff associated with certain financial instruments and derivative instruments. In January 2013, the FASB issued an accounting pronouncement to clarify and limit the scope of the aforementioned pronouncement by more specifically defining transactions eligible for offset. The pronouncements should be applied retrospectively effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The adoption of these pronouncements did not have a material impact on WesBanco's consolidated financial statements.

**NOTE 2. EARNINGS PER COMMON SHARE**

Earnings per common share are calculated as follows:

<i>(unaudited, in thousands, except shares and per share amounts)</i>	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Numerator for both basic and diluted earnings per common share:				
Net income	\$ 15,535	\$ 12,906	\$ 48,572	\$ 36,894

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<b>Denominator:</b>				
Total average basic common shares outstanding	<b>29,325,128</b>	26,664,882	<b>29,260,967</b>	26,646,719
Effect of dilutive stock options	<b>87,330</b>	7,967	<b>67,338</b>	4,603
Total diluted average common shares outstanding	<b>29,412,458</b>	26,672,849	<b>29,328,305</b>	26,651,322
Earnings per common share - basic	<b>\$ 0.53</b>	\$ 0.48	<b>\$ 1.66</b>	\$ 1.38
Earnings per common share - diluted	<b>\$ 0.53</b>	\$ 0.48	<b>\$ 1.66</b>	\$ 1.38

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The following table presents the fair value and amortized cost of available-for-sale and held-to-maturity securities:

<i>(unaudited, in thousands)</i>	September 30, 2013				December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
<b>Available-for-sale</b>								
Obligations of government agencies	\$ 71,893	\$ 20	\$ (1,256)	\$ 70,657	\$ 96,257	\$ 411	\$ (56)	\$ 96,612
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	686,216	4,226	(9,431)	681,011	721,824	10,690	(304)	732,210
Obligations of state and political subdivisions	123,423	5,069	(260)	128,232	139,511	9,133	(9)	148,635
Corporate debt securities	41,819	135	(372)	41,582	32,706	213	(234)	32,685
<b>Total debt securities</b>	<b>\$ 923,351</b>	<b>\$ 9,450</b>	<b>\$ (11,319)</b>	<b>\$ 921,482</b>	<b>\$ 990,298</b>	<b>\$ 20,447</b>	<b>\$ (603)</b>	<b>\$ 1,010,142</b>
Equity securities	10,244	1,729		11,973	10,207	916	(21)	11,102
<b>Total available-for-sale securities</b>	<b>\$ 933,595</b>	<b>\$ 11,179</b>	<b>\$ (11,319)</b>	<b>\$ 933,455</b>	<b>\$ 1,000,505</b>	<b>\$ 21,363</b>	<b>\$ (624)</b>	<b>\$ 1,021,244</b>
<b>Held-to-maturity</b>								
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	\$ 105,907	\$ 3,521	\$ (744)	\$ 108,684	\$ 152,872	\$ 6,421	\$ (80)	\$ 159,213
Other residential collateralized mortgage obligations					353	8		361
Obligations of state and political subdivisions	493,968	13,872	(11,854)	495,986	449,284	31,244	(829)	479,699
Corporate debt securities	2,713		(168)	2,545				
<b>Total held-to-maturity securities</b>	<b>\$ 602,588</b>	<b>\$ 17,393</b>	<b>\$ (12,766)</b>	<b>\$ 607,215</b>	<b>\$ 602,509</b>	<b>\$ 37,673</b>	<b>\$ (909)</b>	<b>\$ 639,273</b>
<b>Total securities</b>	<b>\$ 1,536,183</b>	<b>\$ 28,572</b>	<b>\$ (24,085)</b>	<b>\$ 1,540,670</b>	<b>\$ 1,603,014</b>	<b>\$ 59,036</b>	<b>\$ (1,533)</b>	<b>\$ 1,660,517</b>

At September 30, 2013, and December 31, 2012, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10% of WesBanco's shareholders' equity.

The following table presents the fair value of available-for-sale and held-to-maturity securities by contractual maturity at September 30, 2013. In some instances, the issuers may have the right to call or prepay obligations without penalty prior to the contractual maturity date.

<i>(unaudited, in thousands)</i>	September 30, 2013					Mortgage-backed and Equity	Total
	One Year or less	One to Five Years	Five to Ten Years	After Ten Years			
<b>Available-for-sale</b>							
Obligations of government agencies	\$	\$ 17,776	\$ 39,269	\$ 13,612	\$	\$	\$ 70,657
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies <sup>(1)</sup>						681,011	681,011
Obligations of states and political subdivisions		8,388	45,121	26,389	48,334		128,232
Corporate debt securities		5,075	16,198	15,553	4,756		41,582

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Equity securities <sup>(2)</sup>						11,973	11,973
<b>Total available-for-sale securities</b>	<b>\$ 13,463</b>	<b>\$ 79,095</b>	<b>\$ 81,211</b>	<b>\$ 66,702</b>	<b>\$</b>	<b>692,984</b>	<b>\$ 933,455</b>
Held-to-maturity <sup>(3)</sup>							
Residential mortgage-backed securities and collateralized mortgage obligations of obligations <sup>(1)</sup>	\$	\$	\$	\$	\$	108,684	\$ 108,684
Obligations of states and political subdivisions	3,860	9,407	125,581	357,138			495,986
Corporate debt securities			2,545				2,545
<b>Total held-to-maturity securities</b>	<b>\$ 3,860</b>	<b>\$ 9,407</b>	<b>\$ 128,126</b>	<b>\$ 357,138</b>	<b>\$</b>	<b>108,684</b>	<b>\$ 607,215</b>
<b>Total securities</b>	<b>\$ 17,323</b>	<b>\$ 88,502</b>	<b>\$ 209,337</b>	<b>\$ 423,840</b>	<b>\$</b>	<b>801,668</b>	<b>\$ 1,540,670</b>

(1) Mortgage-backed and collateralized mortgage securities, which have prepayment provisions, are not assigned to maturity categories due to fluctuations in their prepayment speeds.

(2) Equity securities, which have no stated maturity, are not assigned a maturity category.

(3) The held-to-maturity portfolio is carried at an amortized cost of \$602.6 million.

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Securities with aggregate par values of \$703.2 million and \$710.5 million at September 30, 2013 and December 31, 2012, respectively, were pledged as security for public and trust funds and securities sold under agreements to repurchase. Proceeds from the sale of available-for-sale securities were \$9.3 million and \$48.1 million for the nine months ended September 30, 2013 and 2012, respectively. Net unrealized (losses) gains on available-for-sale securities included in accumulated other comprehensive income, net of tax, as of September 30, 2013 and December 31, 2012 were (\$0.1) million and \$13.0 million, respectively. Gross security gains of \$0.3 million and \$1.4 million on available-for-sale securities were realized for the nine months ended September 30, 2013 and 2012, respectively, while gross security losses of \$0.2 million were realized for the nine months ended September 30, 2013 primarily due to the write-down of two equity securities. Additionally, gross security gains of \$0.6 million and \$0.3 million on held-to-maturity securities were realized for the nine months ended September 30, 2013 and 2012, respectively.

The following tables provide information on unrealized losses on investment securities that have been in an unrealized loss position for less than twelve months and twelve months or more as of September 30, 2013 and December 31, 2012:

<i>(unaudited, dollars in thousands)</i>	Less than 12 months			September 30, 2013 12 months or more			Total		
	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities
Obligations of government agencies	\$ 54,318	\$ (1,223)	11	\$ 4,549	\$ (33)	1	\$ 58,867	\$ (1,256)	12
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	403,983	(10,107)	72	4,515	(68)	6	408,498	(10,175)	78
Obligations of states and political subdivisions	187,215	(11,388)	299	12,103	(726)	13	199,318	(12,114)	312
Corporate debt securities	19,943	(452)	7	2,912	(88)	1	22,855	(540)	8
<b>Total temporarily impaired securities</b>	<b>\$ 665,459</b>	<b>\$ (23,170)</b>	<b>389</b>	<b>\$ 24,079</b>	<b>\$ (915)</b>	<b>21</b>	<b>\$ 689,538</b>	<b>\$ (24,085)</b>	<b>410</b>

<i>(unaudited, dollars in thousands)</i>	Less than 12 months			December 31, 2012 12 months or more			Total		
	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities	Fair Value	Unrealized Losses	# of Securities
Obligations of government agencies	\$ 18,894	\$ (56)	6	\$	\$		\$ 18,894	\$ (56)	6
Residential mortgage-backed securities and collateralized mortgage obligations of government agencies	38,913	(258)	20	9,966	(126)	10	48,879	(384)	30
Obligations of states and political subdivisions	72,521	(838)	107				72,521	(838)	107
Corporate debt securities	1,526	(57)	2	10,878	(177)	5	12,404	(234)	7
Equity securities	2,838	(21)	2				2,838	(21)	2
<b>Total temporarily impaired securities</b>	<b>\$ 134,692</b>	<b>\$ (1,230)</b>	<b>137</b>	<b>\$ 20,844</b>	<b>\$ (303)</b>	<b>15</b>	<b>\$ 155,536</b>	<b>\$ (1,533)</b>	<b>152</b>

Unrealized losses on debt securities in the table represent temporary fluctuations resulting from changes in market rates in relation to fixed yields. Unrealized losses in the available-for-sale portfolio are accounted for as an adjustment to other comprehensive income in shareholders equity.

WesBanco does not believe the securities presented above are impaired due to reasons of credit quality, as substantially all debt securities are of investment grade quality and all are paying principal and interest according to their contractual terms. WesBanco does not intend to sell, nor is it more likely than not that it will be required to sell, loss position securities prior to recovery of their cost, and therefore, management believes the unrealized losses detailed above are temporary and no impairment loss relating to these securities has been recognized.

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Securities that do not have readily determinable fair values and for which WesBanco does not exercise significant influence are carried at cost. Cost method investments consist primarily of Federal Home Loan Bank ( FHLB ) of Pittsburgh and FHLB of Cincinnati stock totaling \$12.0 million and \$21.3 million at September 30, 2013 and December 31, 2012, respectively, and are included in other assets in the Consolidated Balance Sheets. Cost method investments are evaluated for impairment whenever events or circumstances suggest that their carrying value may not be recoverable.

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**NOTE 4. LOANS AND THE ALLOWANCE FOR CREDIT LOSSES**

The following table presents the recorded investment in loans by category, net of deferred loan fees and costs of \$2.6 million and \$2.5 million at September 30, 2013 and December 31, 2012, respectively:

<i>(unaudited, in thousands)</i>	September 30, 2013	December 31, 2012
Commercial real estate:		
Land and construction	\$ 217,036	\$ 193,004
Improved property	1,650,746	1,665,341
Total commercial real estate	1,867,782	1,858,345
Commercial and industrial	544,202	478,025
Residential real estate	879,703	793,702
Home equity	283,488	277,226
Consumer	261,363	280,464
Total portfolio loans	3,836,538	3,687,762
Loans held for sale	6,601	21,903
Total loans	\$ 3,843,139	\$ 3,709,665

The following tables summarize changes in the allowance for credit losses applicable to each category of the loan portfolio:

Allowance for Credit Losses By Category For the Nine Months Ended September 30, 2013 and 2012									
<i>(unaudited, in thousands)</i>	Commercial Real Estate - Land and Construction	Commercial Real Estate - Improved Property	Commercial & Industrial	Residential Real Estate	Home Equity	Consumer	Deposit Overdraft	Total	
Balance at December 31, 2012:									
Allowance for loan losses	\$ 3,741		23,614	\$ 9,326	\$ 7,182	\$ 2,458	\$ 5,557	\$ 821	\$ 52,699
Allowance for loan commitments	27		25	215	6	49	19		341
Total beginning allowance for credit losses	3,768		23,639	9,541	7,188	2,507	5,576	821	53,040
Provision for credit losses:									
Provision for loan losses	1,179		3,066	(561)	459	(61)	1,457	373	5,912
Provision for loan commitments	57		(1)	(64)	37	1			30



total provision for credit losses	1,236	3,065	(625)	459	(24)	1,458	373	5,942
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charge-offs (526)

If the certificates for McAfee.com shares are registered in the name of a person other than the person who signs the letter of transmittal, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signature(s) on the certificates or stock powers guaranteed in the manner we have described above.

THE METHOD OF DELIVERY OF McAFEE.COM SHARE CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH DTC, IS AT YOUR OPTION AND RISK, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE EXCHANGE AGENT. IF DELIVERY IS BY MAIL, WE RECOMMEND REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED. IN ALL CASES, YOU SHOULD ALLOW SUFFICIENT TIME TO ENSURE TIMELY DELIVERY.

TO PREVENT BACKUP UNITED STATES FEDERAL INCOME TAX WITHHOLDING WITH RESPECT TO CASH RECEIVED PURSUANT TO OUR OFFER, YOU MUST PROVIDE THE

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EXCHANGE AGENT WITH YOUR CORRECT TAXPAYER IDENTIFICATION NUMBER AND CERTIFY WHETHER YOU ARE SUBJECT TO BACKUP WITHHOLDING OF FEDERAL INCOME TAX BY COMPLETING THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL. SOME STOCKHOLDERS (INCLUDING, AMONG OTHERS, ALL CORPORATIONS) ARE NOT SUBJECT TO THESE BACKUP WITHHOLDING REQUIREMENTS. SEE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES.

**Guaranteed Delivery**

If you wish to tender your McAfee.com shares pursuant to the offer and your certificates are not immediately available or you cannot deliver the certificates and all other required documents to the exchange agent prior to the expiration date or cannot complete the procedure for book-entry transfer on a timely basis, your McAfee.com shares may nevertheless be tendered, so long as all of the following conditions are satisfied:

(1) you make your tender by or through an eligible institution;

(2) a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by us, is received by the exchange agent as provided below on or prior to the expiration date; and

(3) the certificates for all tendered McAfee.com shares (or a confirmation of a book-entry transfer of such securities into the exchange agent's account at DTC as described above), in proper form for transfer, together with a properly completed and duly executed letter of transmittal (or a manually signed facsimile of such document), with any required signature guarantees (or, in the case of a book-entry transfer, an agent's message) and all other documents required by the letter of transmittal are received by the exchange agent within three NYSE trading days after the date of execution of such notice of guaranteed delivery.

You may deliver the notice of guaranteed delivery by hand or transmit it by facsimile transmission or mail it to the exchange agent and must include a guarantee by an eligible institution in the form set forth in that notice.

In all cases, Network Associates will exchange Network Associates shares and cash for McAfee.com shares tendered and accepted for exchange pursuant to the offer only after timely receipt by the exchange agent of certificates for McAfee.com shares (or timely confirmation of a book-entry transfer of such securities into the exchange agent's account at DTC as described above), properly completed and duly executed letter(s) of transmittal, or an agent's message in connection with a book-entry transfer, and any other required documents.

**McAfee.com Stock Options**

In the merger of McAfee.com into Network Associates, each outstanding option to purchase McAfee.com common stock will be assumed by Network Associates and will entitle the holder to receive, upon the exercise of the option:

that number of shares of Network Associates common stock (rounded down to the nearest whole share) equal to the product of:

(A) the number of shares of McAfee.com common stock subject to such McAfee.com option immediately prior to the merger, and

(B) 0.675; and

a cash payment in an amount equal to the product of:

(A) the number of shares of McAfee.com common stock subject to such McAfee.com option immediately prior to the merger, and

(B) \$8.00 in cash, net of applicable withholding taxes.

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Following the assumption, each outstanding option to purchase McAfee.com common stock will be exercisable at an exercise price per share (rounded up to the nearest whole cent) equal to (A) the exercise price per share of McAfee.com common stock subject to such McAfee.com option divided by (B) 0.675.

For example, if an optionee has an option to purchase 1,000 shares of McAfee.com common stock at an exercise price of \$10.00 per share, then following the assumption, the new exercise price for such option will be \$14.82 per share and upon exercise, the optionee will be entitled to receive (A) 675 shares of Network Associates common stock and (B) \$8,000 in cash, net of applicable withholding taxes.

All restrictions on the exercise of any option immediately prior to the merger will continue in full force and effect and, except as described above, the term, exercisability and other provisions of each assumed option will remain unchanged.

## **Effect of Tender**

By executing a letter of transmittal as set forth above, you irrevocably appoint our designees as your attorneys-in-fact and proxies, each with full power of substitution, to the full extent of your rights with respect to your McAfee.com shares tendered and accepted for exchange by us and with respect to any and all other McAfee.com shares and other securities issued or issuable in respect of the McAfee.com shares on or after July 1, 2002. Such appointment is effective, and voting rights will be affected, when and only to the extent that Network Associates accepts for exchange the McAfee.com shares that you have tendered with the exchange agent. All such proxies shall be considered coupled with an interest in the tendered McAfee.com shares and therefore shall not be revocable. Upon the effectiveness of such appointment, all prior proxies given by you will be revoked, and no subsequent proxies may be given (and, if given, will not be deemed effective). Our designees will, with respect to the McAfee.com shares for which the appointment is effective, be empowered, among other things, to exercise all of your voting and other rights as they, in their sole discretion, deem proper at any annual, special or adjourned meeting of McAfee.com stockholders, by written consent in lieu of any such meeting or otherwise. We reserve the right to require that, in order for McAfee.com shares to be deemed validly tendered, immediately upon our exchange of such McAfee.com shares, we must be able to exercise full voting rights with respect to such McAfee.com shares.

We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of McAfee.com shares, in our sole discretion, and our determination shall be final and binding. We reserve the absolute right to reject any and all tenders of McAfee.com shares determined by us not to be in proper form or the acceptance of or exchange for which may, in the opinion of our counsel, be unlawful. Subject to the applicable rules and regulations of the SEC, we also reserve the absolute right to waive any of the conditions of the offer (other than any conditions the failure to satisfy which would prevent us from

effecting the merger), or any defect or irregularity in the tender of any McAfee.com shares. No tender of McAfee.com shares will be deemed to have been validly made until all defects and irregularities in tenders of McAfee.com shares have been cured or waived. Neither we, the exchange agent, the information agent, nor any other person will be under any duty to give notification of any defects or irregularities in the tender of any McAfee.com shares or will incur any liability for failure to give any such notification. Our interpretation of the terms and conditions of the offer (including the letter of transmittal and instructions thereto) will be final and binding.

The tender of McAfee.com shares pursuant to any of the procedures described above will constitute a binding agreement between you and us upon the terms and subject to the conditions of the offer.

**Rule 13e-3**

Because Network Associates is an affiliate of McAfee.com, the transactions contemplated herein constitute a going private transaction under Rule 13e-3 under the Exchange Act. Rule 13e-3 requires, among other things, that certain financial information concerning McAfee.com and certain information relating to the fairness of the offer and the merger and the consideration offered to unaffiliated stockholders be filed with the SEC and disclosed to unaffiliated stockholders prior to consummation of the merger. We have provided such information in this prospectus.

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**Purpose of the Offer; The Merger; Appraisal Rights**

*Purpose of the Offer and the Merger*

We are making the offer to acquire all of the outstanding shares of McAfee.com common stock not owned by us. We intend, as soon as practicable after completion of the offer and immediately prior to the merger of McAfee.com into Network Associates, to convert our shares of McAfee.com Class B common stock for an equal number of McAfee.com Class A common stock and to merge McAfee.com into Network Associates. The purpose of the merger is to acquire all publicly-held McAfee.com shares not tendered and exchanged pursuant to the offer. In the merger, each then outstanding McAfee.com share (except for shares held in the treasury of McAfee.com, shares that we own and shares held by any stockholder properly exercising appraisal rights) would be converted into the right to receive the same number of shares of Network Associates common stock and cash that you would have received if you had tendered your shares in the offer.

*Other Possible Purchases of McAfee.com Shares*

If the offer is successfully completed, we will own at least 90% of the outstanding McAfee.com common stock. If the offer is not completed or, after the offer is completed but prior to the effective date of the merger, or for any other reason, we own less than 90% of the outstanding McAfee.com common stock, we may acquire additional shares of McAfee.com Class A common stock in the open market or in privately negotiated transactions to the extent required for Network Associates to own 90% or more of McAfee.com's outstanding common stock. These open market or privately negotiated purchases would be made at market prices or privately negotiated prices at the time of purchase, which may be higher or lower than the offer price. In such event, we will effect a short-form merger of McAfee.com into Network Associates as soon as practicable after we have increased our ownership to at least 90% of the outstanding McAfee.com common stock.

*The Merger*

Assuming the conditions to the offer are satisfied or waived and the offer is completed, we can consummate the merger without any additional vote of the holders of our common stock or any vote of McAfee.com stockholders under Section 253 of the Delaware General Corporation Law because we would own at least 90% of the Class A common stock of McAfee.com (assuming conversion of our McAfee.com Class B common stock into Class A common stock). We currently intend to complete the offer as soon as the conditions to the offer are satisfied, and we will consummate the merger of McAfee.com into Network Associates as soon as practicable after the offer is completed.

*No Arrangements*

We have made no arrangements in connection with the offer or merger to provide unaffiliated McAfee.com stockholders access to

Network Associates corporate files or to obtain counsel or appraisal services for the unaffiliated McAfee.com stockholders at our expense.

***Appraisal Rights***

Under Delaware law, McAfee.com stockholders do not have appraisal rights in connection with the offer. However, McAfee.com stockholders do have appraisal rights in connection with the merger under Delaware law. McAfee.com stockholders at the time of the merger will have the right to dissent and demand appraisal of their McAfee.com shares. Dissenting stockholders who comply with certain statutory procedures will be entitled to receive judicial determination of the fair value of their McAfee.com shares and to receive payment of such fair value in cash, together with a rate of interest, if any. This discussion is qualified in its entirety by reference to Section 262 of the Delaware General Corporation Law, or DGCL, which contains the Delaware appraisal statute. A copy of this provision is attached to this document as Annex A. If you fail to take any action required by Delaware law, your rights to an appraisal may be waived or terminated.

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***Notification of Merger's Effectiveness***

Either before the effective time of the merger of McAfee.com into Network Associates or within ten days thereafter, McAfee.com will send notice of the effectiveness of the merger and the availability of appraisal rights to each person who is a stockholder of record of McAfee.com (other than Network Associates or its subsidiaries) at the time of the notice.

***Electing Appraisal Rights***

To perfect appraisal rights, the record holder of McAfee.com common stock must, within 20 days after the date of mailing of such notice, deliver a written demand for appraisal to McAfee.com. This demand must reasonably inform McAfee.com of the identity of the holder of record and that the stockholder demands appraisal of his, her or its shares of McAfee.com common stock.

A demand for appraisal must be delivered to: Corporate Secretary, McAfee.com Corporation, 535 Oakmead Parkway, Sunnyvale, California 94085.

***Only Record Holders May Demand Appraisal Rights***

Only a record holder of McAfee.com common stock is entitled to demand appraisal rights. The demand must be executed by or for the record holder, fully and correctly, as the holder's name appears on the holder's stock certificates.

If the McAfee.com common stock is owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be executed in that capacity.

If the McAfee.com common stock is owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or for all owners.

An authorized agent, including one or two or more joint owners, may execute the demand for appraisal for a holder of record. The agent must identify the owner or owners of record and expressly disclose the fact that, in executing the demand, the agent is acting as agent for the owner or owners of record.

A holder of record, such as a broker, who holds common stock as nominee for beneficial owners, may perfect a holder's right of appraisal with respect to common stock held for all or less than all of such beneficial owners. In that case, the written demand should set forth the number of shares of common stock held for all or less than all of such beneficial owners. In that case, the written demand should set forth the number of shares of common stock covered by the demand. If no number of shares of common stock is expressly mentioned, the demand will be presumed to cover all shares of common stock registered in the name of the record holder.

***Court Petition Must Be Filed***



Within 120 days after the effective time of the merger, the surviving corporation in the merger or any stockholder who has satisfied the foregoing conditions may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of the McAfee.com common stock. Stockholders seeking to perfect appraisal rights should initiate all necessary action to perfect their rights within the time periods prescribed by Delaware law.

*Appraisal Proceeding by Delaware Court*

If a petition for an appraisal is timely filed, after a hearing on the petition, the Delaware Court of Chancery will determine which of the stockholders are entitled to appraisal rights. The court will appraise the common stock owned by the stockholders and determine its fair value. In determining fair value, the court may consider any generally accepted valuation techniques, but will exclude the element of value arising from the accomplishment and expectation of the merger. The court will also determine the amount of interest, if any, to be paid upon the value of the common stock to the stockholders entitled to appraisal.

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The value determined by the court for McAfee.com common stock could be more than, less than, or the same as the merger consideration, but the form of the consideration payable as a result of the appraisal proceeding would be cash. The court may also order that all or a portion of any stockholder's expenses incurred in connection with an appraisal proceeding, including reasonable attorney's fees and expenses and reasonable fees and expenses of experts utilized in the appraisal proceeding, be charged against the value of all common stock entitled to appraisal.

### ***Effect of Appraisal Demand on Voting and Right to Dividends***

Any stockholder who has duly demanded an appraisal in compliance with Delaware law will not, after the effective time of the merger, be entitled to vote the shares subject to the demand for any purpose. The shares subject to the demand will not be entitled to dividends or other distributions, other than those payable or deemed to be payable to stockholders of record as of a date prior to the effective time.

### ***Loss, Waiver or Withdrawal of Appraisal Rights***

Holders of McAfee.com common stock lose the right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger. A stockholder will also lose the right to an appraisal by delivering to the surviving corporation a written withdrawal of such stockholder's demand for an appraisal, provided, however, that any attempt to withdraw that is made more than 60 days after the effective time requires the written approval of the surviving corporation. If appraisal rights are not perfected or a demand for appraisal rights is timely withdrawn, a stockholder will be entitled to receive the consideration otherwise payable pursuant to the merger, without interest. The number of shares of Network Associates common stock and cash, and cash instead of a fraction of a share of Network Associates common stock, delivered to such stockholder will be based on the same offer consideration utilized in the offer and the merger, regardless of the market price of Network Associates shares at the time of delivery.

### ***Dismissal of Appraisal Proceeding***

If an appraisal proceeding is timely instituted, such proceeding may not be dismissed as to any stockholder who has perfected a right of appraisal without the approval of the court.

## **Certain Legal and Regulatory Matters**

*General.* Except as set forth in this prospectus, we are not aware of any material filing, approval or other action by or with any governmental authority or administrative or regulatory agency that would be required for our acquisition or ownership of McAfee.com shares. We intend to make all required filings under the Securities Act of 1933 and the Securities Exchange Act of 1934.

*State Takeover Laws.* A number of states have adopted takeover laws and regulations which purport, to varying degrees, to be applicable to attempts to acquire securities of corporations which are incorporated in such states or which have substantial assets, stockholders, principal executive offices or principal places of business therein. We have not attempted to comply with state takeover statutes in connection with the offer. We reserve the right to challenge the validity or applicability of any state law allegedly applicable to the offer, and nothing in this prospectus nor any action taken in connection herewith is intended as a waiver of that right. In the event that it is asserted that one or more takeover statutes apply to the offer, and it is not determined by an appropriate court that such statute or statutes do not apply or are invalid as applied to the offer, as applicable, we may be required to file certain documents with, or receive approvals from, the relevant state authorities, and we might be unable to accept for payment or purchase shares tendered pursuant to the offer or be delayed in continuing or consummating the offer. In such case, we may not be obligated to accept for purchase, or pay for, any shares tendered. See *Conditions of the Offer* *Other Conditions of the Offer* below.

*McAfee.com is incorporated under the laws of the State of Delaware.* In general, Section 203 of the DGCL prevents an interested stockholder (including a person who owns or has the right to acquire 15% or more of a corporation's outstanding voting stock) from engaging in a business combination (defined to

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include mergers and certain other actions) with a Delaware corporation for a period of three years following the time such person becomes an interested stockholder unless, among other exceptions, the business combination is approved by the board of directors of such corporation prior to such time. However, as permitted under the DGCL, McAfee.com has opted out of the applicability of Section 203 of the DGCL in its certificate of incorporation.

### **Source and Amount of Funds and Network Associates Shares**

Our offer is not conditioned upon any financing arrangements or contingencies.

The offer consideration is comprised of both stock and cash. The securities comprised of up to approximately 9.0 million shares of our common stock required as a component of the offer consideration to consummate the offer and the merger are available from Network Associates authorized but unissued shares of common stock. We estimate that the total amount of cash required to purchase the McAfee.com Class A shares, including shares issuable upon exercise of vested options, pursuant to the offer and merger and to pay related fees and expenses will be approximately \$110 million. See Fees and Expenses for a more detailed description of the fees and expenses. Network Associates will provide these funds from its working capital.

### **Plans for McAfee.com**

The purpose of the offer is to acquire all the outstanding shares of Class A common stock of McAfee.com. After the expected completion of the offer and merger, McAfee.com will cease to exist as a separate company. As a result, McAfee.com will no longer have its own board of directors, officers or capitalization. Although we have no current plans to make any other significant changes at this time, following the completion of the offer and the merger of McAfee.com into Network Associates, we expect to review McAfee.com and its assets, operations, property, personnel and policies to determine what changes, if any, are desirable or appropriate to better organize, integrate and coordinate its businesses with ours. We may in the future also consider transactions such as acquisitions or dispositions of material assets, formation of alliances, joint ventures or other forms of cooperation with third parties or other extraordinary transactions affecting the McAfee.com business or its operations.

After the expected completion of the offer and the merger, shares of McAfee.com Class A common stock will no longer be publicly traded or listed on any stock exchange. The registration of the McAfee.com shares and the related reporting obligations under the Exchange Act will be terminated upon application to the SEC.

### **Conduct of Network Associates if the Offer is Not Completed**

If the offer is not completed, because the minimum condition or another condition is not satisfied or waived, we expect to evaluate whether we should continue to pursue the acquisition of that portion

of McAfee.com not owned by us. In particular, we may consider:

engaging in open market or privately negotiated purchases of McAfee.com Class A shares, at market prices or privately negotiated prices which may be higher or lower than the offer price, to increase our ownership to at least 90% of McAfee.com's total outstanding common stock and then effecting a short-form merger of McAfee.com into Network Associates;

proposing a long-form merger agreement with McAfee.com, which would require the approval of McAfee.com's board of directors; or

keeping McAfee.com as a separate publicly traded company, in which case you would not receive any Network Associates stock or cash for your Class A common stock.

If we were to pursue any of these alternatives, subject to your ability to make public trades, it may take considerably longer for you to receive consideration, if any, for your McAfee.com shares.

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**CONDITIONS OF THE OFFER**

Notwithstanding any other provision of the offer, and without prejudice to Network Associates' other rights, Network Associates will be required to accept for exchange or, subject to any applicable rules of the SEC, exchange any shares of McAfee.com common stock, and we may terminate, extend or amend the offer if, at the expiration date, any of the following offer conditions have not been satisfied or, to the extent permitted, waived. We will not waive the New York Stock Exchange listing and registration statement effectiveness conditions and our ability to waive the minimum condition is restricted. All conditions, other than those related to any required governmental or regulatory conditions, will be satisfied or waived before the expiration of the offer.

**Minimum Tender Condition**

There must be validly tendered and not properly withdrawn prior to the expiration of the offer a number of McAfee.com shares which, together with the McAfee.com shares we currently own (which will be converted into Class A common stock of McAfee.com), will constitute at least 90% of the total number of outstanding shares of Class A common stock as of the date that we accept the McAfee.com shares for exchange pursuant to the offer. As of August 12, 2002, there were 12,107,889 shares of McAfee.com Class A common stock outstanding. Assuming that no additional shares of McAfee.com common stock are issued prior to the expiration of the offer (whether upon exercise of employee stock options or otherwise), we believe that the minimum tender condition would be satisfied if at least an aggregate of 7,297,100 shares of McAfee.com Class A common stock are validly tendered pursuant to the offer and not properly withdrawn. We also have the right, before the expiration of the offer, to waive or reduce the number of McAfee.com shares that are required to be tendered in the offer. In no event, however, will we exchange McAfee.com shares in the offer if less than a majority of the outstanding McAfee.com shares, excluding shares beneficially owned by Network Associates, are tendered in the offer.

**NYSE Listing of Network Associates Common Stock**

Our offer is conditioned upon the shares of Network Associates common stock which will be issued to the McAfee.com stockholders in the offer and the merger being approved for listing on the NYSE, subject to official notice of issuance.

**Registration Statement Effectiveness**

Our offer is conditioned upon the registration statement on Form S-4 of which this prospectus is a part being declared effective under the Securities Act of 1933, as amended, and not being subject to any stop order suspending its effectiveness or any proceedings seeking a stop order.

**Other Conditions of the Offer**

Our offer is also subject to the conditions that, at the time of the expiration date of the offer, none of the following shall have occurred and be continuing which, in our good faith judgment, regardless of the circumstances, makes it impossible or inadvisable to proceed with the offer or the merger:

(a) There shall have been (1) any action, proceeding or litigation, pending or threatened, seeking to enjoin, make illegal or otherwise prevent or materially delay consummation of the offer or the merger or otherwise relating in any manner to the offer or the merger instituted before any court or other regulatory or administrative authority, (2) any action, proceeding or litigation, pending or threatened, by McAfee.com, its board of directors or any special committee thereof, against Network Associates, or (3) any order, stay, judgment or decree issued by any court, government, governmental authority or other regulatory or administrative authority and be in effect, or any statute, rule, regulation, governmental order or injunction proposed, enacted, enforced or deemed applicable to the offer, any of which would or might restrain, prohibit or delay consummation of, or alter or otherwise adversely affect, the offer or the merger or materially impair the contemplated benefits of the offer or the merger to Network Associates;

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(b) There shall have occurred (and the adverse effect of such occurrence shall, in the good faith judgment of Network Associates, be continuing) (1) any general suspension of trading in, or limitation on prices for, securities on any national exchange or in the over-the-counter market in the United States, (2) any extraordinary or material adverse change in U.S. financial markets generally, including, without limitation, a decline of at least 20% in either the Dow Jones average of industrial stocks or the Standard & Poor's 500 Index from July 1, 2002, (3) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (4) any limitation (whether or not mandatory) by any governmental entity on, or any other event that would reasonably be expected to materially adversely affect, the extension of credit by banks or other lending institutions, (5) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States, which would reasonably be expected to affect materially and adversely (or to delay materially) the consummation of the offer or the merger, or (6) in the case of any of the foregoing existing at the time of the commencement of the offer, a material acceleration or worsening thereof;

(c) Any tender or exchange offer with respect to some or all of the outstanding Network Associates common stock or the McAfee.com Class A common stock (other than this offer), or a merger, acquisition or other business combination proposal for Network Associates or McAfee.com (other than this offer and the merger), shall have been proposed, announced or made by any person or entity;

(d) There shall have occurred any event or events that have resulted in, in the good faith reasonable judgment of Network Associates, an actual or threatened material adverse change in the business, condition (financial or other), income, operations or stock ownership of Network Associates and its subsidiaries, taken as a whole, or of McAfee.com and its subsidiaries, taken as a whole;

(e) The board of directors of McAfee.com or any committee thereof shall have (1) adopted or implemented any structural defense, including adoption of a stockholders rights plan or any stock or other equity issuance or retention program or policy, or (2) entered into any transaction or arrangement outside the ordinary course of business consistent with past practices, including any licensing or severance arrangement, in the case of either (1) or (2), which in the judgment of Network Associates would or might restrain, prohibit or delay consummation of, or alter or materially increase the cost of or otherwise adversely affect, the offer or the merger or materially impair the contemplated benefits of the offer or the merger, unless Network Associates shall have previously approved such action in writing;

(f) The board of directors of McAfee.com or the McAfee.com special committee shall have changed or modified its recommendation with respect to the offer;

(g) The McAfee.com board of directors shall have formed or authorized the formation of any executive or special committee,



other than any special committee of outside and independent directors of McAfee.com's board of directors that may be formed in connection with the recommendation or consideration of this offer and the filing of any documents required under the U.S. tender offer rules; and

(h) There shall have occurred or be in existence any other event, circumstance or condition which, in the good faith reasonable judgment of Network Associates, would prevent Network Associates or McAfee.com from effecting the offer or the merger following the completion of the offer.

The foregoing conditions are solely for our benefit and we may assert them regardless of the circumstances giving rise to any such conditions. We may also, in our reasonable discretion, waive these conditions in whole or in part (subject to the limitations on waiver described in the first paragraph of this section). The determination as to whether any condition has been satisfied shall be conclusive and binding on all parties. The failure by us at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed a continuing right which may be asserted at any time and from time to time prior to the expiration of the offer.

As of this date, we do not believe that the pending litigation relating to the offer described in Special Factors and Background Stockholder Litigation, has triggered the no-litigation condition related to the offer. We believe that these lawsuits are without merit and intend to vigorously defend them. At the expiration of the offer, we will again determine if the condition has been triggered. Absent a material change in the nature of the pending litigation or an actual injunction preventing completion of the offer, if triggered, we currently intend to waive that condition with respect to the pending litigation.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX  
CONSEQUENCES**

The following are the material United States federal income tax consequences of the offer and the merger of McAfee.com into Network Associates. This discussion is based on the Internal Revenue Code of 1986, as amended, applicable Treasury regulations, administrative interpretations and court decisions as in effect as of the date of this prospectus, all of which may change, possibly with retroactive effect.

This discussion only addresses persons who hold their McAfee.com shares as capital assets. It does not address all aspects of federal income taxation that may be relevant to a McAfee.com stockholder in light of that stockholder's particular circumstances or to a McAfee.com stockholder subject to special rules, such as:

- a stockholder who is not a citizen or resident of the U.S.;
- a stockholder that is a foreign corporation, foreign estate or foreign trust;
- a financial institution or insurance company;
- a tax-exempt organization;
- a dealer or broker in securities;
- a stockholder that holds its McAfee.com stock as part of a hedge, appreciated financial position, straddle or conversion transaction; or
- a stockholder who acquired its McAfee.com stock pursuant to the exercise of options or otherwise as compensation.

In the opinion of Wilson Sonsini Goodrich & Rosati, P.C., if the merger of McAfee.com into Network Associates occurs, then the offer and the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. This opinion is based on representations made by Network Associates and on the assumption that the offer and the merger will be consummated in the manner described in this prospectus. This opinion is also based upon certain published rulings of the Internal Revenue Service and relevant case law generally indicating that a transaction occurring in multiple steps will be treated as one transaction if the steps are part of an integrated plan, even if the first step would not independently qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. The exchange of Network Associates common stock and cash for McAfee.com shares would not independently qualify as a reorganization, and the exchange will be considered to have occurred in a reorganization only if the planned merger of McAfee.com into Network Associates occurs. We expect to consummate the merger as soon as practicable after the completion of the offer. If the offer is completed, but we are unable for any reason to consummate the merger of McAfee.com into Network

Associates, each McAfee.com stockholder who tendered into the offer would be required to recognize the full amount of such stockholder's gain or loss on the exchange of the McAfee.com shares. For instance, our offer is conditioned upon the tender of a sufficient number of McAfee.com shares such that, after the offer is completed, we would own at least 90% of the outstanding McAfee.com shares. If we waive or modify this condition, and consequently own less than 90% of the outstanding McAfee.com shares upon completion of the offer, it may be more difficult to consummate the merger of McAfee.com into Network Associates. If we are unable for this or any other reason to consummate the merger of McAfee.com into Network Associates, or if the offer and the merger are completed, but the Internal Revenue Service successfully asserts that the offer and the merger are not part of an integrated plan, each McAfee.com stockholder who tendered into the offer would be required to recognize the gain or loss equal to the difference between such stockholder's tax basis in the shares and the fair market value of the consideration received in the exchange, including both the cash and the fair market value of the Network Associates common stock.

Assuming that the merger of McAfee.com into Network Associates occurs and that the overall transaction qualifies as a reorganization, the consequences for United States federal income tax purposes are that:

A holder of McAfee.com common stock will recognize gain upon the exchange of such stockholder's shares of McAfee.com common stock for shares of Network Associates common stock and cash in the offer or the merger only to the extent of the cash received. No loss will be recognized. Any gain will be

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measured by the difference between the stockholder's basis in the McAfee.com shares and the fair market value of the consideration received in the exchange, including both the cash and the fair market value of the Network Associates common stock. Such gain generally will be capital gain, and generally will be long-term capital gain if the McAfee.com shares exchanged have been held for more than one year as of the completion of the offer or the effective time of the merger, as applicable, provided that the receipt of cash in the exchange is not treated as a dividend for United States federal income tax purposes. The Internal Revenue Service has indicated in a published ruling that the receipt of cash in the exchange would not be treated as a dividend if a stockholder's percentage ownership in Network Associates and McAfee.com prior to the exchange was minimal, the stockholder exercises no control over the affairs of Network Associates or McAfee.com and the stockholder's percentage ownership interest in Network Associates is reduced to any extent by the receipt of cash instead of stock of the same value. If the receipt of cash in the exchange is treated as a dividend for United State federal income tax purposes, a stockholder recognizing gain will be treated as having received a dividend equal to the amount of such gain, to the extent of the stockholder's ratable share of the earnings and profits of McAfee.com and possibly Network Associates.

To the extent that a holder of McAfee.com common stock receives cash instead of a fractional share of Network Associates common stock, the holder will be required to recognize gain or loss, measured by the difference between the amount of cash received instead of that fractional share and the portion of the tax basis of that holder's shares of McAfee.com common stock allocable to that fractional share of Network Associates common stock. This gain or loss generally will be capital gain or loss, and generally will be long-term capital gain or loss if the holding period for the share of McAfee.com common stock is more than one year as of the completion of the offer or the effective time of the merger, as applicable.

A holder of McAfee.com common stock will have a tax basis in the Network Associates common stock received in the offer or the merger equal to the tax basis of McAfee.com common stock surrendered by that holder, decreased by (1) any tax basis allocable to any fractional share of Network Associates common stock for which cash is received and (2) the amount of cash consideration received in the exchange (other than cash received for a fractional share) and increased by the amount of gain recognized on the exchange.

The holding period for shares of Network Associates common stock received in exchange for shares of McAfee.com common stock in the offer or the merger will include the holding period for the shares of McAfee.com common stock surrendered in the merger.

The exchange agent will be required to withhold 30% of any cash payment to which a McAfee.com stockholder is entitled pursuant to the offer or the merger, unless such stockholder provides the stockholder's tax identification number (social security number or employer identification number) and certifies that such number is correct, or unless an exemption from backup withholding applies. Each holder of McAfee.com stock will need to complete and sign the

form W-9 that will be included in the transmittal letter to avoid backup withholding, unless the holder can establish in a manner satisfactory to the exchange agent that an exemption applies.

The foregoing discussion is intended to provide only a general summary of the material federal income tax consequences of the offer and the merger of McAfee.com into Network Associates, and is not a complete analysis or description of all potential federal income tax consequences of the offer and the merger. This discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address any non-income tax or any foreign, state, or local tax consequences of the offer and the merger. **Accordingly, Network Associates urges each McAfee.com stockholder to consult his or her own tax advisor to determine the particular United States federal, state or local or foreign income or other tax consequences to him or her of the offer and the merger.**

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**CERTAIN EFFECTS OF THE OFFER; EXCHANGE ACT  
REGISTRATION**

**Certain Effects**

Following the completion of the offer but before the completion of the merger, the liquidity and market value of the remaining shares of McAfee.com common stock held by the public and the rights of the holders of those shares may be adversely affected.

The shares of McAfee.com Class A common stock are currently traded on the Nasdaq National Market. Depending on the number of shares of McAfee.com Class A common stock exchanged pursuant to the offer, the shares of McAfee.com Class A common stock may no longer meet the Nasdaq requirements for continued listing on the National Market System. It is possible that the McAfee.com common stock would continue to trade in the over-the-counter market and that price quotations would be reported by other sources. The extent of the public market for the McAfee.com common stock and the availability of such quotations would, however, depend upon the number of holders of the McAfee.com common stock remaining at such time, the interests in maintaining a market in the McAfee.com stock on the part of securities firms, the possible termination of registration of the McAfee.com common stock under the Exchange Act, as described below, and other factors.

Shares of McAfee.com common stock are margin securities under the regulations of the Federal Reserve Board, which has the effect, among other things, of allowing brokers to extend credit on the collateral of such shares. Depending on factors similar to those described above with respect to listing and market quotations, following consummation of the offer the shares of McAfee.com common stock may no longer constitute margin securities for the purposes of the Federal Reserve Board's margin regulations, in which event the shares of McAfee.com common stock would not be eligible to be used as collateral for margin loans made by brokers.

McAfee.com common stock is currently registered under the Exchange Act. McAfee.com may terminate that registration upon application to the SEC if the outstanding shares of McAfee.com common stock are not listed on a national securities exchange and if there are fewer than 300 holders of record of shares of McAfee.com common stock. Network Associates currently intends to seek to cause McAfee.com to terminate the registration of McAfee.com's Class A common stock under the Exchange Act as soon after the consummation of the offer or merger as the requirements for termination of registration are met.

Termination of registration of McAfee.com common stock under the Exchange Act would reduce the information McAfee.com must furnish its stockholders and to the SEC and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b) and the requirement of furnishing a proxy statement in connection with stockholders meetings pursuant to Section 14(a) and the related requirement of furnishing an annual report to stockholders, no longer applicable with

respect to the shares. Furthermore, the ability of affiliates of McAfee.com and persons holding restricted securities of McAfee.com to dispose of such securities pursuant to Rule 144 under the Securities Act may be impaired or eliminated. If registration of the shares of McAfee.com common stock under the Exchange Act were terminated, the shares of McAfee.com common stock would no longer be eligible for Nasdaq National Market reporting or for continued inclusion on the Federal Reserve Board's list of margin securities.

**Benefits and Detriments of the Offer and Merger**

After the completion of the merger, McAfee.com will cease to exist as a separate company, shares of McAfee.com Class A common stock will no longer be publicly traded or listed on any stock exchange, and all McAfee.com shares will be owned by Network Associates. The registration of the McAfee.com shares and the related reporting obligations under the Exchange Act will be terminated upon application to the SEC. For a discussion of the potential benefits and other potential detriments of the offer and merger to McAfee.com stockholders, see the factors discussed on pages 43 through 45 under the heading Network Associates Position Regarding the Fairness of the Offer and Merger and on pages 45 and 46 under the heading Other Factors To Consider Before Tendering Your Shares.

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After completion of the merger, each of the McAfee.com directors will no longer serve in their capacity as McAfee.com directors. As a result, the McAfee.com directors will no longer be required to devote significant time and effort on a separate public company board of directors to operate the McAfee.com business.

We also believe that consummating this transaction presents opportunities for reduced costs, such as the costs associated with McAfee.com's status as a public company. We have not quantified these possible reduced costs and the amount of any cost reduction is subject to events and circumstances following completion of the offer and merger. In addition, if the offer and merger are completed, our interest in McAfee.com's net book value at June 30, 2002 per share outstanding and net earnings per diluted share will increase by approximately 25% from \$1.34 to \$1.78 for net book value and \$0.18 to \$0.24 for net earnings for the six months ended June 30, 2002.

Two executive officers of McAfee.com, Srivats Sampath and Evan Collins, hold a number of unvested options to acquire McAfee.com common stock, which depending on their ongoing employment status following completion of the offer and merger, may accelerate in full pursuant to a change of control agreement with McAfee.com. See Relationship Between McAfee.com and Network Associates Relationship of Directors and Executive Officers of McAfee.com with Network Associates.

In addition, since Frank Gill and Richard Schell will no longer serve as McAfee.com directors or otherwise provide services to Network Associates following the offer and merger, the unvested portion of the stock options to purchase 70,000 McAfee.com shares held by Mr. Gill and the stock options to purchase 75,000 McAfee.com shares held by Dr. Schell, in each case as of July 31, 2002, will each become fully vested and exercisable for 90 days after the merger, as provided by the terms of the McAfee.com Director Option Plan. Without giving effect to this acceleration, as of September 29, 2002, 38,750 shares under Mr. Gill's options would otherwise be vested and exercisable, and 43,750 shares under Dr. Schell's options would otherwise be vested and exercisable.

**FEES AND EXPENSES**

We have retained JPMorgan to provide certain financial advisory services in connection with the offer and the merger. JPMorgan will receive a transaction fee of \$1.6 million, \$750,000 of which became payable upon delivery of the fairness opinion to our board of directors, with the balance of the transaction fee due upon the consummation of the offer and the merger. We also agreed to reimburse JPMorgan for reasonable out-of-pocket expenses incurred in performing its services, including reasonable fees and expenses for legal counsel. We have agreed to indemnify JPMorgan and related persons and entities against liabilities in connection with its services, including liabilities under the federal securities laws.

We have retained D.F. King & Co., Inc. to act as information agent in connection with the offer. The information agent may contact McAfee.com stockholders by mail, telephone, fax, electronic mail



and personal interviews and may request brokers, dealers and other nominee stockholders to forward the offer materials to beneficial owners of shares of McAfee.com common stock. D.F. King will be paid a fee of approximately \$15,000 for such services, plus reimbursement of reasonable out-of-pocket expenses, and we will indemnify D.F. King against certain liabilities and expenses in connection with the offer, including liabilities under federal securities laws.

We have retained EquiServe Trust Company, N.A., as exchange agent in connection with the offer. Under our agreement with EquiServe, EquiServe will, among other things, (i) examine letters of transmittal and other offer related materials and communicate with any McAfee.com stockholders if such materials are defective or improperly completed, and (ii) receive and make payment for, on our behalf, shares tendered by McAfee.com stockholders pursuant to the offer. We have agreed to (i) provide EquiServe with a sufficient number of shares of our common stock to be exchanged for the McAfee.com shares tendered in the offer, and (ii) deposit with EquiServe an amount equal to the total stock transfer taxes, if any, payable in respect of the transfer of all shares to be exchanged. We will pay EquiServe compensation of approximately \$25,000 for its services in connection with the offer and the merger, will reimburse it for its reasonable out-of-pocket

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expenses and will indemnify it against certain liabilities and expenses in connection with the offer, including liabilities under federal securities laws. The agreement with EquiServe is terminable upon 30 days' written notice by either party.

We have retained Kekst and Company as corporate communications advisor in connection with the offer. We have paid Kekst and Company a minimum non-refundable fee of \$50,000. We have also agreed to pay Kekst and Company fees in addition to the minimum fee that will be charged hourly in accordance with the standard billing practices of Kekst and Company, and to reimburse reasonable out-of-pocket expenses, travel and production costs. We have also agreed to indemnify Kekst and Company against certain liabilities and expenses in connection with the offer.

In addition, McAfee.com will incur its own fees and expenses in connection with the offer.

The following is an estimate of the fees and expenses to be incurred by Network Associates in connection with the offer and merger:

Filing Fees	\$ 13,650
Financial Advisor's Fees and Expenses	1,800,000
Accounting Fees and Expenses	150,000
Information Agent, Exchange Agent and Depository Fees	70,000
Communications Advisor Fees and Expenses	75,000
Legal, Printing and Miscellaneous Fees and Expenses	2,391,350
	<hr/>
Total	\$4,500,000
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**ACCOUNTING TREATMENT**

Network Associates' acquisition of the McAfee.com minority interest through the offer and merger will be accounted for using the purchase method of accounting, as prescribed by Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations. Accordingly, the purchase price will be allocated to the minority interest portion of the estimated fair value of identifiable net assets acquired. Any excess purchase price remaining after this allocation will be accounted for as goodwill, which will not be amortized.

The acquisition of the McAfee.com Class A common stock would not be considered material to Network Associates and, accordingly, we are not required to include pro forma financial information in this prospectus, except as provided in Comparative Per Share Data on page 28.

The assumption of options to purchase Class A common stock of McAfee.com by Network Associates in the merger will be accounted for under the guidance in Emerging Issues Task Force Issue Number 00-23 Issues Related to the Accounting for Stock Compensation under APB Opinion No. 25 and FASB Interpretation No. 44, Accounting for Certain Transactions Involving Stock Compensation an Interpretation of APB Opinion No. 25. Accordingly, these options will be subject to variable accounting treatment, which means that a compensation charge will be measured initially at the date of the closing of the merger and then remeasured on an ongoing basis at the end of each reporting period. The initial charge will be based on the excess of the closing price of our stock over the exercise price of the options plus the \$8.00 per share in cash, which will be paid upon exercise of the option. The charge is remeasured, using the same methodology, until the earlier of the date of exercise, forfeiture or cancellation without replacement. This compensation charge will be recorded as an expense over the remaining vesting period of the options, using the accelerated method of amortization under FASB Interpretation No. 28 Accounting for Stock Appreciation Rights and Other Variable Stock Option or Award Plans. To the extent that the options issued are fully vested, we will record compensation expense immediately.

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**RELATIONSHIP BETWEEN McAfee.COM AND NETWORK ASSOCIATES**

Network Associates owns 100% of the outstanding shares of McAfee.com Class B common stock, which currently represents approximately 90% of McAfee.com's total voting power. Each share of Class B common stock is convertible, at Network Associates option at any time, into one share of McAfee.com Class A common stock. By virtue of its ownership of Class B common stock, Network Associates currently owns approximately 75% of McAfee.com's total outstanding common stock.

**Relationship of Directors and Executive Officers of McAfee.com with Network Associates**

Mr. George Samenuk, chairman of McAfee.com's board of directors, also serves as chairman of Network Associates' board of directors and chief executive officer of Network Associates. As of June 30, 2002, Mr. Samenuk owned no shares or options to acquire shares of McAfee.com common stock. As of that date, he owned 403,000 shares of Network Associates common stock and options exercisable within 60 days to acquire 947,000 shares of Network Associates common stock.

Mr. Stephen Richards, a director of McAfee.com, also serves as chief operating officer and chief financial officer of Network Associates. As of June 30, 2002, Mr. Richards owned no shares or options to acquire shares of McAfee.com common stock. As of that date, he owned no shares of Network Associates common stock and options exercisable within 60 days to acquire 600,000 shares of Network Associates common stock.

In addition, as of June 30, 2002, the following directors and executive officers of Network Associates (other than Srivats Sampath) beneficially own shares of McAfee.com common stock: Gene Hodges, our president, holds options to acquire 2,500 shares of McAfee.com common stock. See "Stock Ownership of Management and Certain Beneficial Owners - Network Associates."

Mr. Srivats Sampath, a McAfee.com director and chief executive officer of McAfee.com, was employed by Network Associates prior to joining McAfee.com in December 1998. As of June 30, 2002, Mr. Sampath held options to acquire 150,000 shares of Network Associates common stock. By virtue of his being the chief executive officer of a material Network Associates subsidiary, Network Associates has determined Mr. Sampath to be an executive officer of Network Associates. As of March 15, 2002, Mr. Sampath owned 9,394 shares of McAfee.com common stock and options exercisable within 60 days to acquire 614,583 shares of McAfee.com common stock. As of that date, he also owned options to acquire an additional 335,417 shares of McAfee.com common stock. See "Stock Ownership of Management and Certain Beneficial Owners - McAfee.com."

Mr. Evan Collins, McAfee.com's chief financial officer, was employed by Network Associates prior to joining McAfee.com in

1999. As of June 30, 2002, Mr. Collins has options to acquire 7,393 shares of Network Associates common stock. As of March 15, 2002, Mr. Collins owned no shares of McAfee.com common stock and options exercisable within 60 days to acquire 29,395 shares of McAfee.com common stock. As of that date, he also owned options to acquire an additional 120,605 shares of McAfee.com common stock. See Stock Ownership of Management and Certain Beneficial Owners McAfee.com.

Mr. Sampath and Mr. Collins have each entered into a change of control agreement related to their McAfee.com employment. If prior to or within 12 months of a change of control of McAfee.com, which includes Network Associates acquisition of all or substantially all outstanding McAfee.com common stock, the executive is terminated other than for cause or the executive voluntarily terminates his employment for good reason (each as defined in the change of control agreement), then, among other things, the executive is entitled to the following benefits:

salary and a pro-rated portion of the executive's target bonus for the year through the date of termination;

12 months of total earnings (salary and targeted bonus);

all McAfee.com options granted to the executive become fully vested and exercisable; and

continued health care benefits for up to one year from termination.

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Mr. Samenuk, together with McAfee.com's two independent directors, comprise the compensation committee of the McAfee.com board. Compensation for Messrs. Sampath and Collins is ultimately determined by this committee.

Except as set forth in this prospectus, neither we nor, to the best of our knowledge, any of our directors, executive officers or other affiliates (a) has any contract, arrangement, understanding or relationship with any other person with respect to any securities of McAfee.com, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of McAfee.com, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss, or the giving or withholding of proxies, (b) has engaged in contacts, negotiations or transactions with McAfee.com or its affiliates concerning a merger, consolidation, acquisition, tender offer or other acquisition of securities, election of directors or a sale or other transfer of a material amount of assets or (c) has had any other transaction with McAfee.com or any of its executive officers, directors or affiliates that would require disclosure under the rules and regulations of the SEC applicable to the offer. Except for the shares of McAfee.com common stock that we or our affiliates own as disclosed in this prospectus, neither we nor any of our affiliates beneficially own any McAfee.com shares or have effected any transaction in the shares within the past 60 days.

### **Intercompany Arrangements**

McAfee.com's relationship with Network Associates is governed, in part, by agreements entered into in connection with the initial public offering of McAfee.com in December 1999 and reseller agreements between Network Associates and McAfee.com entered into in March 2001. Because the following description is only a summary, it is not necessarily complete and is qualified in its entirety by reference to the relevant agreements. Copies of the forms of agreements were filed with the SEC as exhibits to McAfee.com's registration statement on Form S-1 filed in connection with its initial public offering or have been filed by Network Associates and/or McAfee.com as part of their ongoing public filings, and are available for inspection at the SEC. See [Where You Can Find More Information](#).

#### ***Transactions between Network Associates and McAfee.com***

Network Associates has entered into certain agreements with McAfee.com for the purpose of defining the companies' ongoing relationship. These agreements were developed in the context of a parent/subsidiary relationship and therefore are not the result of arms-length negotiations between independent parties.

*Corporate Management Services Agreement.* On January 1, 1999, Network Associates entered into a Corporate Management Services Agreement with McAfee.com under which Network Associates provides McAfee.com services relating to tax, accounting, insurance, employee benefits administration, corporate record keeping, payroll, information technology infrastructure, and facilities

management. In addition, McAfee.com may request that Network Associates provide certain additional services from time to time in the future, with the fee for such additional services subject to negotiation between the parties. From January 1, 1999 to December 31, 2000, the monthly fee that Network Associates received for services under the agreement was a portion of the costs Network Associates incurred (based on headcount) plus a 10% mark-up. During the year ended December 31, 2000, Network Associates charged McAfee.com \$5.8 million under this agreement. In January 2001, Network Associates entered into an amended corporate management services agreement with McAfee.com whereby McAfee.com will pay \$400,000 per calendar quarter for services related to tax, accounting, insurance, employee benefits and administration, corporate record keeping, payroll, information technology infrastructure, and facilities management. Under the amended agreement, McAfee.com will pay to Network Associates 110% of the direct rent paid by Network Associates for the use of facilities made available to McAfee.com. During the year ended December 31, 2001, Network Associates charged McAfee.com \$1.6 million under the amended agreement.

The Corporate Management Services Agreement may be terminated either by Network Associates when it ceases to own a majority of McAfee.com's outstanding voting stock or by McAfee.com upon 30 days notice to Network Associates.

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*Cross License Agreement.* Network Associates, through one of its wholly owned subsidiaries, entered into a technology cross license agreement with McAfee.com. Under this agreement, Network Associates granted McAfee.com worldwide non-exclusive patent licenses and exclusive copyright licenses for the sale or licensing of software products or software services to certain OEMs and end users solely via the Internet. Eligible end users include only single-node, individual consumers. In consideration for the license and rights granted under this license, McAfee.com is required to pay Network Associates a 7% royalty on revenues from related product and subscription sales. Also under this agreement, McAfee.com granted Network Associates non-exclusive patent licenses and exclusive copyright licenses for the sale of products to enterprise customers through any method of distribution including the Internet and to end users through any method excluding the Internet. In consideration for the rights granted under this license, Network Associates is required to pay McAfee.com a royalty of \$250,000 per quarter. Under this cross license agreement, Network Associates will provide end user support to McAfee.com customers. Charges for such support are equal to a portion of the costs to Network Associates plus a 10% markup. During the years ended December 31, 2000 and 2001, Network Associates charged McAfee.com \$2.2 million and \$2.4 million for royalties and support services, respectively.

*Reseller Agreements.* In March 2001, Network Associates entered into reseller agreements with McAfee.com. Under these agreements, McAfee.com may resell Network Associates products to business customers and, in certain countries, Network Associates may sell McAfee.com products and, in certain cases, Network Associates products to OEMs and consumers directly or through ASPs. During the year ended December 31, 2001, Network Associates charged McAfee.com approximately \$1.7 million under the reseller agreements.

*Japanese Distribution Agreement.* On April 28, 2000, Network Associates Co., Ltd ( NAC ), at that time a majority owned, and as of June 27, 2001, a wholly-owned Japanese subsidiary of Network Associates, entered into a Master OEM Distributor Agreement, effective as of January 1, 2000, with McAfee.com. Under the terms of the agreement, NAC will be the exclusive distributor of certain of McAfee.com's products in the Japanese PC OEM channel, subject to certain terms and conditions set forth in the agreement, for an initial term of three years. McAfee.com will receive a license fee and will in turn pay NAC 10% of net sales revenue McAfee.com initially receives from PC OEM customers that subsequently purchase a subscription to McAfee Clinic. During the years ended December 31, 2000 and 2001, NAC paid license revenue to McAfee.com of \$861,000 and \$1.8 million, respectively.

In June 2001, McAfee.com and Sourcnext Corporation entered into a Japanese distribution agreement. At that time, notwithstanding the technology cross license agreement and the reseller agreements between Network Associates and McAfee.com, Network Associates agreed Sourcnext was authorized to distribute to both OEM and retail customers in Japan, Japanese language versions of certain of Network Associates and McAfee.com consumer products. Other than sales to specified OEMs, during the term of the Sourcnext distribution agreement, Network Associates and our Japanese



subsidiary, NAC, have agreed not to distribute the covered products in Japan to retail customers and OEMs.

*Tax Sharing Agreement.* Network Associates has entered into a tax-sharing agreement with McAfee.com under which McAfee.com calculates its income taxes on a separate return basis. McAfee.com will be included in Network Associates' consolidated group for federal income tax purposes as long as it is eligible to do so. Each member of a consolidated group is jointly and severally liable for the federal income tax liability of each other member of the consolidated group. Accordingly, although the tax-sharing agreement allocates tax liabilities between McAfee.com and Network Associates, during the period in which McAfee.com is included in Network Associates' consolidated group, Network Associates could be liable in the event that any federal tax liability is incurred, but not discharged, by McAfee.com or any other members of Network Associates' consolidated group.

Under the tax sharing agreement, McAfee.com and each other member has agreed to indemnify Network Associates if it is required to pay any tax liability amount in excess of its own hypothetical separate income tax liability, provided Network Associates is not in default of Network Associates' obligation to pay its own hypothetical separate income tax liability.

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The tax sharing agreement will terminate if McAfee.com is no longer eligible to join Network Associates in the filing of a consolidated federal income tax return. In the event of such termination, any net operating losses or other carryforward amounts would not be available to McAfee.com upon departure from the group. Under the tax sharing agreement, McAfee.com will not be reimbursed for any such loss of tax benefits.

*Joint Cooperation Agreement.* Network Associates has entered into a Joint Cooperation and Master Services Agreement with McAfee.com which governs the provision of technology services among the parties. Under this agreement, the Network Associates anti-virus emergency response team (AVERT) will provide McAfee.com with research and solutions for virus events. The agreement also contains standard terms and conditions governing the provision of technology services from one party to the other under statements of work that may be negotiated from time to time. Currently, McAfee.com has entered into one such statement of work under which McAfee.com provides Network Associates infrastructure and technical support services for the Network Associates web site. Network Associates pays McAfee.com a fee for these services in an amount equal to 10% of McAfee.com's total quarterly technology costs plus a 10% service charge. McAfee.com is obligated to provide these services until December 31, 2000 under this statement of work. During the years ended December 31, 2000 and 2001, Network Associates was charged approximately \$200,000 and \$0, respectively.

*Indemnification and Voting Agreement.* Network Associates has entered into an Indemnification and Voting Agreement with McAfee.com which became effective on December 2, 1999. Except under certain specified circumstances, Network Associates will indemnify McAfee.com for all losses related to any third party claims relating to events or circumstances arising out of Network Associates actions or inactions, including those of Network Associates subsidiaries and officers and directors, on or prior to December 2, 1999. Additionally, for so long as Network Associates owns at least 20% of McAfee.com's outstanding voting power, Network Associates will vote its shares of McAfee.com's common stock in favor of the election of two independent McAfee.com directors.

*Registration Rights Agreement.* Network Associates has entered into a registration rights agreement with McAfee.com that entitles Network Associates to include the shares of common stock Network Associates owns in McAfee.com in any future registration of common stock McAfee.com makes, other than any registration statement relating to an acquisition or a stock option plan. In addition, Network Associates or certain of its transferees can request that McAfee.com file a registration statement so Network Associates can publicly sell its McAfee.com shares. McAfee.com has agreed pursuant to the terms of this registration rights agreement to pay all costs and expenses, other than underwriting discounts and commissions, related to shares to be sold by Network Associates or certain of its transferees in connection with any such registration.

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BENEFICIAL OWNERS****Network Associates**

The following table shows the number of shares of Network Associates common stock owned by (i) Network Associates' chief executive officer and the other most highly compensated executive officers, (ii) each of Network Associates' directors as of June 30, 2002, and (iii) each stockholder known by Network Associates as of June 30, 2002 to be the beneficial owner of more than 5% of Network Associates common stock.

Included in Network Associates' executive officers is Srivats Sampath, currently the chief executive officer of McAfee.com, a majority-owned, publicly traded subsidiary of Network Associates. As of June 30, 2002, McAfee.com had 48,016,198 outstanding shares of its common stock, consisting of 12,016,198 shares of Class A common stock and 36,000,000 shares of Class B common stock. As of the date of this prospectus, Network Associates owned all shares of the McAfee.com Class B common stock, entitled to three votes per share, and representing approximately 75% of McAfee.com's outstanding common stock and 90% of its total voting power.

Name and Address of Beneficial Owners	Number of Shares Owned(1)	Right to Acquire(2)	Percent of Outstanding Shares(3)
George Samenuk(4)	403,000	947,000	*
Leslie Denend	6,300	348,112	*
Robert Dutkowsky	50	12,500	*
Robert Pangia		12,500	*
Liane Wilson			*
Stephen Richards(5)		600,000	*
Gene Hodges(6)		99,840	*
Arthur Matin(7)		500,000	*
Srivats Sampath(8)		150,000	*
FMR Corp.(9)			
82 Devonshire St., Boston MA 02109	21,041,717		14.2%
Putnam, LLC(10)			
One Post Office Square, Boston MA 02109	15,651,713		10.6%
Executive officers and directors as a group (9 persons)	409,350	2,669,952	2.0%

\* Less than 1%.

(1) Ownership includes direct and indirect (beneficial) ownership, as defined by SEC rules. To Network Associates' knowledge, each person has sole voting and investment power over the shares unless otherwise noted. The SEC rules for the determination of beneficial ownership are very complex. Generally, however, shares owned directly, plus those controlled (e.g., owned by members of their immediate families), are considered beneficially

owned. Excludes shares that may be acquired through stock option exercises.

- (2) Consists of options that are currently exercisable or will become exercisable within 60 days of June 30, 2002.
- (3) Total shares owned (column 1) plus option shares (column 2) divided by 147,724,216 shares outstanding as of June 30, 2002.
- (4) Mr. Samenuk holds 200,000 shares of stock acquired upon the exercise of options that are subject to Network Associates repurchase right. The repurchase right for these shares lapses on January 3, 2003, the second anniversary of Mr. Samenuk's employment commencement. Mr. Samenuk holds 47,000 options that are immediately exercisable. If Mr. Samenuk exercises these options Network Associates' repurchase right for these shares will lapse in full on January 15, 2005. 1.2 million options were issued to Mr. Samenuk on January 3, 2001 and are immediately exercisable. 25% of these shares vested on

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January 3, 2002, the first anniversary of Mr. Samenuk's employment commencement, and the remaining shares vest at a rate of 1/48 per month for the remaining 36 months of the vesting period. If Mr. Samenuk exercises these stock options with respect to the unvested shares, Network Associates has repurchase rights with respect to those unvested shares.

- (5) Mr. Richards holds 600,000 options that are immediately exercisable. 25% of the shares vested on April 4, 2002, the first anniversary of Mr. Richards' employment commencement, and the remaining shares vest at a rate of 1/48 per month for the remaining 36 months of the vesting period. If Mr. Richards exercises these stock options with respect to the unvested shares, Network Associates has repurchase rights with respect to those unvested shares.
- (6) Mr. Hodges holds options to acquire 2,500 shares of McAfee.com Class A common stock. These shares represent less than 1% of the outstanding capital stock of McAfee.com.
- (7) Mr. Matin holds 500,000 options that are immediately exercisable. 25% of these shares vest on October 30, 2002, the first anniversary of Mr. Matin's employment commencement, and the remaining shares vest at a rate of 1/48 per month for the remaining 36 months of the vesting period. If Mr. Matin exercises the stock options with respect to the unvested shares, Network Associates has repurchase rights with respect to those unvested shares.
- (8) As of March 15, 2002, Mr. Sampath owns 9,394 shares of McAfee.com Class A common stock and has options to acquire 950,000 shares of McAfee.com Class A common stock, 614,583 shares of which are exercisable as of May 14, 2002. These shares represent 5.3% of the outstanding Class A common stock of McAfee.com as of March 15, 2002.
- (9) According to an amended Schedule 13G filed on May 10, 2002. FMR Corp., Edward C. Johnson 3d, Abigail P. Johnson and certain subsidiaries of FMR Corp. may be deemed to be members of a group as such term is defined in the rules promulgated by the SEC. FMR Corp. is the beneficial holder of Network Associates common stock as a result of the investment-related activities of certain subsidiaries of FMR Corp., members of the Edward C. Johnson 3d family and trusts for their benefit are the predominant owners of Class B Shares of common stock of FMR Corp., representing approximately 49% of its voting power. Mr. Johnson 3d, the chairman of FMR Corp., owns 12.0% of the aggregate outstanding voting stock of FMR Corp. and Ms. Johnson, a director of FMR Corp., owns 24.5% of the aggregate outstanding voting stock of FMR Corp. The number of shares of Network Associates common stock owned by the group at April 30, 2002 included 686,714 shares of common stock resulting from the assumed conversion of \$12,309,000 principal amount of Network Associates 5.25% convertible subordinated notes due 2006.
- (10) According to an amended Schedule 13G filed May 10, 2002 by Putnam, LLC on behalf of itself, Marsh & McLennan Companies, Inc. (its parent holding company), Putnam Investment Management, LLC (a wholly-owned subsidiary of

Putnam, LLC and investment adviser to the Putnam family of mutual funds) and The Putnam Advisory Company, LLC (a wholly-owned subsidiary of Putnam, LLC and investment adviser to Putnam's institutional clients). Both Putnam Investment Management, LLC and The Putnam Advisory Company, LLC have dispositive power over the shares as investment managers. However, each of the mutual fund's trustees has voting power over the shares held by each fund, and The Putnam Advisory Company, LLC has shared voting power over the shares held by institutional clients. Putnam, LLC and The Putnam Advisory Company, LLC have shared voting power with respect to approximately 838,704 of such shares. Putnam, LLC has shared dispositive power with respect to approximately 15,651,713 shares, The Putnam Advisory Company, LLC has shared dispositive power with respect to 2,215,558 shares and Putnam Investment Management, LLC has shared dispositive power with respect to approximately 13,436,155 shares.

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As of March 15, 2002 McAfee.com had 47,790,998 outstanding shares of its common stock, consisting of 11,790,998 shares of Class A common stock and 36,000,000 shares of Class B common stock. The following table shows the number of shares of McAfee.com common stock owned by (i) McAfee.com's chief executive officer and chief financial officer, being its named executive officers, (ii) each of McAfee.com's directors, and (iii) each stockholder known as of March 15, 2002 to be the beneficial owner of more than 5% of either class of common stock of McAfee.com.

Name of Beneficial Owners	Number of Shares Owned(1)	Right to Acquire(2)	Percent of Outstanding Shares of Common Stock	Percent of Outstanding Class(3)
Network Associates(4) 3965 Freedom Circle Santa Clara, CA 95054	36,000,000		75.2%	100%
Srivats Sampath(5)	9,394	614,583	1.3%	5.3%
Evan Collins(6)	0	29,374	*	*
George Samenuk(7)	36,000,000		75.2%	100%
Frank Gill(8)	0	27,395	*	*
Stephen Richards				
Richard Schell(9)	0	32,395	*	*
Executive officers and directors as a group (6 persons)	36,009,394	703,747	76.8%	

\* Less than 1% of outstanding shares

(1) Ownership includes direct and indirect (beneficial) ownership, as defined by SEC rules. The ownership is shown as a percentage of the relevant class of common stock. To McAfee.com's knowledge, each person, has sole voting and investment power over the shares unless otherwise noted or in a Schedule 13G referred to below. The SEC rules for the determination of beneficial ownership are very complex. However, generally shares owned directly, plus those controlled (for example, owned by members of their immediate families), are considered beneficially owned. Excludes shares that may be acquired through stock option exercises.

(2) Includes shares that are currently exercisable or will become exercisable within 60 days of March 15, 2002.

(3) Represents percent of outstanding Class A common stock or Class B common stock, as applicable.

- (4) Network Associates owns all the outstanding shares of McAfee.com Class B common stock. Each share of Class B common stock entitles Network Associates to three (3) votes per share.
- (5) Mr. Sampath has options to purchase 950,000 shares of McAfee.com Class A common stock, 614,583 shares of which will be vested or exercisable as of May 14, 2002. Mr. Sampath is also deemed the beneficial owner of 150,000 shares of common stock of Network Associates that may be acquired by Mr. Sampath pursuant to options exercisable as of June 30, 2002. These shares represent less than 1% of the voting power of the outstanding capital stock of Network Associates.
- (6) Mr. Collins, the chief financial officer of McAfee.com, has options to purchase 150,000 shares of McAfee.com Class A common stock, 29,374 of which will be vested or exercisable as of May 14, 2002. Mr. Collins is also deemed the beneficial owner of 4,111 shares of common stock of Network Associates that may be acquired by Mr. Collins pursuant to options exercisable as of May 14, 2002. These shares represent less than 1% of the voting power of the outstanding capital stock of Network Associates.
- (7) Includes the 36,000,000 shares of Class B common stock owned by Network Associates. Mr. Samenuk is president and chief executive officer of Network Associates.
- (8) Mr. Gill, a director of McAfee.com, has options to purchase 70,000 shares of McAfee.com Class A common stock, 27,395 of which will be vested or exercisable as of May 14, 2002.
- (9) Dr. Schell, a director of McAfee.com, has options to purchase 75,000 shares of McAfee.com Class A common stock, 32,395 of which will be vested or exercisable as of May 14, 2002.



**Table of Contents****COMPARISON OF NETWORK ASSOCIATES McAfee.COM  
STOCKHOLDER RIGHTS**

Because McAfee.com and Network Associates are both organized under the laws of the State of Delaware, the differences in the rights of a McAfee.com stockholder and the rights of a Network Associates stockholder arise solely from differences in the organizational documents of McAfee.com and Network Associates, rather than from differences of law. The following summary highlights material differences between the current rights of holders of Network Associates common stock and holders of McAfee.com Class A common stock. This summary does not purport to be a complete discussion of the certificates of incorporation and by-laws of McAfee.com and Network Associates and is qualified in its entirety by reference to these documents. Copies of each company's certificate of incorporation and by-laws have been filed with the SEC and will be sent to holders of McAfee.com common stock upon request. See [Where You Can Find More Information](#) on page 14.

Network Associates owns approximately 90% of the total voting power of McAfee.com. Subject to its obligation to elect two independent McAfee.com directors, Network Associates may elect the entire McAfee.com board of directors. See [Relationship Between McAfee.com and Network Associates](#) [Intercompany Arrangements](#).

McAfee.com	Network Associates
<b>BOARD OF DIRECTORS</b>	
<b>Size of Board</b>	
The by-laws of McAfee.com provide that the number of directors shall be five, until further changed by action of the stockholders or directors.	The by-laws of Network Associates provide that the number of directors shall be eight. The number of directors may be changed from time to time by an amendment to the by-laws.
<b>STOCKHOLDERS MEETINGS</b>	
<b>Stockholder Action by Written Consent</b>	
The by-laws of McAfee.com provide that any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	Action by written consent of the stockholders is not permitted under the by-laws and certificate of incorporation of Network Associates.
<b>Nomination of Directors</b>	

The by-laws of McAfee.com provide that nominations of persons for election to the board of directors may be made at a meeting of the stockholders by any stockholder entitled to vote in the election of directors at the meeting or by the board of directors.

The by-laws of Network Associates provide that nominations of persons for election to the board of directors may be made by the board of directors or by any stockholder entitled to vote on the election of directors. However, the by-laws require that for a director nomination by a stockholder to be considered timely, such stockholder's nomination must be delivered in writing to the secretary of

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<b>McAfee.com</b>	<b>Network Associates</b>
	Network Associates at the principal offices of Network Associates no less than 120 days prior to the day and month of the prior year's proxy statement for that upcoming annual meeting.

**AMENDMENTS TO ORGANIZATIONAL DOCUMENTS**

**Certificate of Incorporation**

The certificate of incorporation of McAfee.com provides that the corporation reserves the right to amend, alter, change or repeal any provision contained in the certificate of incorporation, in the manner prescribed by applicable law, and all rights conferred upon stockholders by the certificate of incorporation are granted subject to that reservation.	The certificate of incorporation of Network Associates provides that any provision of the certificate of incorporation, other than those provisions specified below, may be amended or repealed only upon the affirmative vote of not less than 66 2/3% of the voting power of all the then outstanding shares of capital stock entitled to vote thereon. The certificate of incorporation provides that amendments relating to the corporate name, the purpose of the corporation, or the number and composition of the authorized shares of capital stock of the corporation, can be made upon the affirmative vote of not less than a majority of the voting power of all the then outstanding shares of capital stock entitled to vote thereon.
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**By-laws**

The by-laws of McAfee.com provide that such by-laws may be repealed, altered or amended, or new by-laws adopted, by a majority of the stockholders. The certificate of incorporation and by-laws of McAfee.com provide that the board of directors shall also have the authority to repeal, alter or amend the by-laws.	The certificate of incorporation of Network Associates provides that any by-laws may be amended, altered or repealed by a majority of the board of directors. The certificate of incorporation also provides that upon the affirmative vote of not less than 66 2/3% of the voting power of all the then outstanding shares of capital stock entitled to vote thereon, the stockholders of Network Associates may also amend, adopt or repeal the by-laws.
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**CAPITALIZATION**

**Authorized Stock**

The certificate of incorporation of McAfee.com authorizes the issuance of an aggregate number of shares of capital stock of 170,000,000 shares: 100,000,000 shares of Class A common stock,	The aggregate number of shares of capital stock which Network Associates has authority to issue is 305,000,000 shares: 300,000,000 shares of common stock, par value \$.01 per share,
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65,000,000 shares of Class B common stock, and 5,000,000 shares of preferred stock, in each case having par value of \$.001 per share. On all matters on which the holders of common stock are entitled to vote, each holder of Class A common stock shall be entitled to one (1) vote per share, and each

and 5,000,000 shares of preferred stock, par value \$.01 per share. Of the authorized preferred stock, 1 share has been designated as Series A Preferred Stock and such share is not outstanding. In addition, 1,000,000 shares have been designated as Series B Participating Preferred Stock, in connection with

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<b>McAfee.com</b>	<b>Network Associates</b>
<p>holder of Class B common stock shall be entitled to three (3) votes per share. Each holder of Class B common stock may, at the sole discretion and option of such holder, convert any number of shares of Class B common stock into shares of Class A common stock at the rate of one for one.</p> <p>Class B common stock automatically converts into Class A common stock, on a one for one basis, upon any sale, conveyance, assignment or other transfer of such shares, whether or not for value, or attempt thereof, by Network Associates other than a transfer to a person or entity controlling, controlled by or under common control with Network Associates. In the event that McAfee.com declares and pays stock dividends or other distributions consisting of voting securities, the certificate of incorporation requires that McAfee.com declare and pay such dividends in two separate classes of such voting stock, identical in all respects, except that the voting rights of each such security paid to the holders of Class A common stock shall be one-third of the voting rights of each such security paid to the holders of Class B common stock.</p>	<p>the adoption by our board of a shareholders rights plan in October 1998. No shares of Class B Preferred Stock are currently outstanding. At June 30, 2002, 147,724,216 shares of Network Associates common stock were outstanding.</p> <p>Network Associates common stock is listed on the New York Stock Exchange. There is no public market for shares of the Network Associates Series B Participating Preferred Stock.</p> <p>Other than the voting, conversion and dividend rights set forth above, the shares of Class A common stock and Class B common stock are identical in all respects. At June 30, 2002, 36,000,000 shares of Class B common stock and 12,016,198 shares of Class A common stock were outstanding. McAfee.com Class A common stock is traded on the Nasdaq National Market. There is no public market for shares of McAfee.com Class B common stock, and no shares of McAfee.com preferred stock are currently outstanding.</p>

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**LEGAL MATTERS**

The validity of the Network Associates common stock to be delivered to McAfee.com stockholders in connection with the offer and the merger and the material United States federal income tax consequences of the offer and the merger will be passed upon by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California, counsel to Network Associates.

**EXPERTS**

The consolidated financial statements of Networks Associates, Inc. incorporated in this prospectus by reference to Networks Associates, Inc.'s Current Report on Form 8-K dated July 3, 2002 have been so incorporated in reliance on the report (which contains an explanatory paragraph relating to the Company's restatement described in Note 3 to the Consolidated Financial Statements) of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of McAfee.com Corporation incorporated in this prospectus by reference to McAfee.com Corporation's Annual Report on Form 10-K for the year ended December 31, 2001 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

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**SCHEDULE I**  
**CERTAIN INFORMATION CONCERNING THE**  
**DIRECTORS AND EXECUTIVE OFFICERS OF NETWORK**  
**ASSOCIATES**

The following table sets forth the name, current business address, present principal occupation or employment, and material occupations, positions, offices or employment for the past five years of each director and executive officer of Network Associates. Unless otherwise indicated, positions held shown in the following table are positions with Network Associates. Except as set forth below, each such person is a citizen of the United States of America. None of the listed persons, during the past five years, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws. Except as otherwise noted, the current business address for each person listed below is c/o Network Associates, 3965 Freedom Circle, Santa Clara, CA 95054.

Name	Present Principal Occupation or Employment, Five-Year Employment History and Address
George Samenuk	Chairman of the Board since April 2001. Mr. Samenuk has also been chief executive officer and a director since the January 2001. From January 2000 to January 2001, Mr. Samenuk served as president and chief executive officer of TradeOut, Inc., a private online exchange company. From April 1999 to January 2000, Mr. Samenuk served as general manager, Americas at IBM Corporation. From August 1996 to April 1999, Mr. Samenuk was general manager, ASEAN/ South Asia at IBM Corporation. Mr. Samenuk has been a director of McAfee.com Corporation since January 2001, and has served as the chairman of its board since March 2001.
Leslie Denend	Director since June 1995. From December 1997 to April 1998, Mr. Denend was president of the company. From June 1993 to December 1997, Mr. Denend was chief executive officer and president of Network General Corporation. From February 1993 to June 1993, Mr. Denend was senior vice president of Network General Corporation. Mr. Denend serves as a director of Exponent, Inc, Rational Software Corp. and United Services Automobile Association (USAA).

Robert Dutkowsky Director of since April 2001. Since January 2002, Mr. Dutkowsky has served as president and chief executive officer of J.D. Edwards & Company and in March 2002, Mr. Dutkowsky was named chairman of its board of directors. From October 2001 to January 2002, Mr. Dutkowsky served as president of the assembly test division of Teradyne, Inc. From April 2000 to October 2001, Mr. Dutkowsky served as president and chief executive officer of GenRad Inc., which was acquired by Teradyne, Inc. in October 2001. From September 1999 to April 2000, Mr. Dutkowsky served as executive vice president, Markets and Channels of EMC Corporation. From September 1997 to September 1999, Mr. Dutkowsky served as president of Data General, a division of EMC. Prior to joining EMC, Mr. Dutkowsky spent 20 years with IBM Corporation, in a series of sales, marketing and senior management roles.

Robert Pangia Director since April 2001. Since 1996, Mr. Pangia has been self-employed as a consultant. From April 1987 to December 1996, Mr. Pangia held a number of senior level management positions at PaineWebber Incorporated, including director of Investment

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	Banking. Mr. Pangia currently serves on the board of directors of ICOS Corporation and IDEC Pharmaceuticals Corporation.
Liane Wilson	Director since April 2002. Since March 2001, Ms. Wilson has been self-employed as a consultant. From June 1999 to March 2001, Ms. Wilson served as vice chairman of Washington Mutual, Inc. From February 1985 to March 2001, Ms. Wilson held a number of other senior level positions with Washington Mutual, including executive vice president for corporate operations and administration and senior vice president of information systems. During her tenure at Washington Mutual, Ms. Wilson was responsible for corporate technology and integration activities relating to mergers and acquisitions.
Gene Hodges	President since November 2001. Mr. Hodges served as president of the McAfee product group from January 2000 to November 2001, and from August 1998 to January 2000, he served as vice president of security marketing. Mr. Hodges joined Network Associates in 1995 and has served in numerous other management positions with the company. Prior to joining Network Associates, Mr. Hodges was vice president of marketing for a wireless data startup and managed a business unit for Digital Equipment Corporation.
Stephen Richards	Executive vice president and chief financial officer since April 2001 and chief operating officer since November 2001. In April 2001, Mr. Richards was named a director of McAfee.com Corporation. From April 1996 to August 2000, Mr. Richards served in several senior level executive positions with E*Trade Group, Inc., including chief financial officer. From October 1984 to March 1996, Mr. Richards served as managing director and chief financial officer of the Correspondent Clearing Division of Bear Stearns. He has also held management positions with A.G. Becker Paribas, Jefferies Group, Inc. and Coopers & Lybrand LLP. Mr. Richards is a director of TradeStation Group.
Arthur Matin	President of Network Associates McAfee product group. Mr. Matin joined the company in October 2001. From May 2000 to October 2001, Mr. Matin was senior vice president of worldwide sales and marketing at CrossWorlds Software Inc. From January 2000 to May 2000, Mr. Matin served as senior vice president of worldwide sales for CrossWorlds. From January 1999 to January 2000, Mr. Matin served as vice president of the industrial sector at IBM. From 1980 to 1999, Mr. Matin held various other

management positions at IBM, including general manager, Industries, Asia Pacific, general manager, Product Management, Asia Pacific and vice president of Sales, Manufacturing Industry.

Srivats Sampath Chief executive officer, president and a director of McAfee.com Corporation since December 1998. Mr. Sampath joined Network Associates in June 1998 as vice president of Worldwide Marketing. From June 1996 to December 1997, Mr. Sampath was vice president of Product Marketing for Netscape Communications, a provider of Internet software and services.

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**ANNEX A**

**SECTION 262 OF GENERAL CORPORATION LAW OF THE  
STATE OF DELAWARE**

**Sec. 262 Appraisal Rights**

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to sec. 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder's shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word "stockholder" means a holder of record of stock in a stock corporation and also a member of record of a nonstock corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words and also membership or membership interest of a member of a nonstock corporation; and the words "depository receipt" mean a receipt or other instrument issued by a depository representing an interest in one or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to sec. 251 (other than a merger effected pursuant to sec. 251(g) of this title), sec. 252, sec. 254, sec. 257, sec. 258, sec. 263 or sec. 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in subsection (f) of sec. 251 of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to secs. 251, 252, 254, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a., b. and c. of this paragraph.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under sec. 253 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate

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of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for such meeting with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) hereof that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section. Each stockholder electing to demand the appraisal of such stockholder's shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder's shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to sec. 228 or sec. 253 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter, shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder's shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder's shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall

send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice, such second notice need only to be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder's shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the next day preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) hereof and who is otherwise entitled to appraisal rights, may file a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the

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effective date of the merger or consolidation, any stockholder shall have the right to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder's written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) hereof, whichever is later.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After determining the stockholders entitled to an appraisal, the Court shall appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. In determining the fair rate of interest, the Court may consider all relevant factors, including the rate of interest which the surviving or resulting corporation would have had to pay to borrow money during the pendency of the proceeding. Upon application by the surviving or resulting corporation or by any

stockholder entitled to participate in the appraisal proceeding, the Court may, in its discretion, permit discovery or other pretrial proceedings and may proceed to trial upon the appraisal prior to the final determination of the stockholder entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder's certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Interest may be simple or compound, as the Court may direct. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and in the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court's decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion



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of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder's demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

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Facsimile copies of the letter of transmittal, properly completed and duly executed, will be accepted. The letter of transmittal, certificates for McAfee.com shares and any other required documents should be sent or delivered by each McAfee.com stockholder or such stockholder's broker, dealer, commercial bank, trust company or other nominee to the exchange agent at one of its addresses set forth below:

*The Exchange Agent for the offer is:*

**EQUISERVE TRUST COMPANY, N.A.**

<i>By Mail:</i>	<i>By Facsimile:</i>	<i>By Hand:</i>
PO Box 43014	781-575-2901	c/o Securities
Providence, RI	or	Transfer
02940-3014	781-575-2232	and Reporting
		Services Inc
		100 William Street
		Galleria
		New York, NY 10038

Confirm Facsimile by Telephone:

781-575-3120

By Overnight Courier:

150 Royall Street

Canton, MA 02021

Questions or requests for assistance or additional copies of this prospectus, the letter of transmittal or other documents related to the offer may be directed to the information agent at the address and telephone numbers set forth below. Stockholders may also contact their broker, dealer, commercial bank or trust company for assistance concerning the offer.

*The Information Agent for the offer is:*

**D. F. KING & CO., INC.**

77 Water Street  
New York, NY 10005  
Call toll-free: 800-549-6746  
Call collect: 212-269-5550 (Bankers and Brokers)

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**PART II**

**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 20. *Indemnification of directors and officers***

The Registrant's Second Restated Certificate of Incorporation limits the liability of directors to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability (i) for any breach of their duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

The Registrant's Restated Bylaws provide that the Registrant shall indemnify its directors and officers and may indemnify its employees and other agents to the fullest extent permitted by law. The Registrant believes that indemnification under its Restated Bylaws covers at least negligence and gross negligence on the part of indemnified parties. The Registrant's Restated Bylaws also permit the Registrant to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the Registrant would have the power to indemnify him or her against such liability under the General Corporation Law of Delaware. The Registrant currently has secured such insurance on behalf of its officers and directors.

The Registrant has entered into agreements to indemnify its directors and officers, in addition to indemnification provided for in the Registrant's Bylaws. Subject to certain conditions, these agreements, among other things, indemnify the Registrant's directors and officers for certain expenses (including attorney's fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of the Registrant, arising out of such person's services as a director or officer of the Registrant, any subsidiary of the Registrant or any other company or enterprise to which the person provides services at the request of the Registrant.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's Board of Directors to grant indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities and Exchange Act of 1933, as amended. The Registrant's Second Restated Certificate of Incorporation, as amended, and Bylaws provide for indemnification of its officers, directors, employees and other agents to the maximum extent permitted by Delaware Law.

The following documents are exhibits to the Registration Statement:

**Item 21. Exhibits**

Exhibit Number	Description of Document
3.1	Second Amended and Restated Certificate of Incorporation of Networks Associates, Inc., as amended December 1, 1997 (incorporated by reference to Exhibit 3.1 to the Registration Statement No. 333-48593 of Registrant on Form S-4, as amended, under the Securities Act of 1933 filed with the Commission on March 25, 1998).
3.2	Amended and Restated Bylaws of Networks Associates, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's quarterly report on Form 10-Q for the period ended June 30, 2001 filed with the Commission on August 6, 2001).
3.3	Certificate of Designation of Series B Participating Preferred Stock of the Registrant (incorporated by reference to the Registrant's registration statement on Form 8-A filed with the Commission on October 22, 1998).

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Exhibit Number	Description of Document
3.4	Third Amended and Restated Certificate of Incorporation of McAfee.com Corporation (incorporated by reference to Exhibit 3.3 to Registration Statement No. 333-87609 of McAfee.com Corporation on Form S-1, as amended, under the Securities Act of 1933).
3.5	Amended and Restated Bylaws of McAfee.com Corporation (incorporated by reference to Exhibit 3.2 to Registration Statement No. 333-87609 of McAfee.com Corporation on Form S-1, as amended, under the Securities Act of 1933).
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation, regarding the validity of the Network Associates common stock registered hereunder and as to tax matters.
8.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation as to tax matters (included in Exhibit 5.1).
23.1	Consent of PricewaterhouseCoopers LLP, independent accountants for Networks Associates, Inc.
23.2	Consent of PricewaterhouseCoopers LLP, independent accountants for McAfee.com Corporation.
24.1*	Power of Attorney (on signature page).
99.1*	Letter of Transmittal.
99.2*	Form of Notice of Guaranteed Delivery.
99.3*	Form of Letter from Network Associates to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.4*	Form of Letter from Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees to Clients.
99.5*	Form of Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
99.6*	Summary Advertisement as published in The Wall Street Journal on July 2, 2002.
99.7*	Request from Networks Associates, Inc. dated July 2, 2002 for stockholder list of McAfee.com.
99.8*	Press release of Network Associates announcing commencement of the offer, dated July 1, 2002.
99.9*	Opinion of JP Morgan Securities, Inc. dated August 12, 2002.
99.10	Change in Control Agreement dated as of July 14, 2000, by and between McAfee.com and Srivats Sampath (incorporated by reference to Exhibit 10.17 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on August 11, 2000).
99.11	Change in Control Agreement dated as of July 14, 2000, by and between McAfee.com and Evan Collins (incorporated by reference to Exhibit 10.18 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on August 11, 2000).
99.12	First Amendment to the Change in Control Agreement dated as of August 1, 2001, between McAfee.com and Srivats Sampath (incorporated by reference to Exhibit 10.22 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on

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- November 13, 2001).
- 99.13 First Amendment to the Change in Control Agreement dated as of August 1, 2001, between McAfee.com and Evan Collins (incorporated by reference to Exhibit 10.23 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on November 13, 2001).
- 99.14 Complaint titled Justin Peyton v. Stephen C. Richards, Srivats Sampath, Richard Schell, George Samenuk, Frank C. Gill, and Network Associates, Inc. (Case No. CV 809111), filed July 1, 2002 in the Superior Court of the State of California, County of Santa Clara (incorporated by reference to exhibit (a)(10) to the Amendment No. 1 to the Schedule TO filed by Network Associates with the Commission on July 5, 2002).

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Exhibit Number	Description of Document
99.15*	Press release issued by Network Associates on July 15, 2002 announcing an increase in the exchange ratio.
99.16	Second Amended Class Action Complaint titled in re: McAfee.com Corporation Shareholders Litigation (Consolidated Case No. 19481-NC), filed in the Chancery Court of the State of Delaware, County of New Castle (incorporated by reference to exhibit (a)(11) to Amendment No. 2 to the Schedule TO filed by Network Associates with the Commission on July 16, 2002).
99.17*	Press release issued by Network Associates on July 31, 2002 announcing extension of the expiration of the offer.
99.18	Press release issued by Network Associates on August 13, 2002 announcing the revised offer (incorporated by reference to exhibit (a)(14) to Amendment No. 7 to Schedule TO filed by Network Associates with the Commission on August 13, 2002).
99.19*	Complaint titled Glenn Getty v. Srivats Sampath, Frank Gill, George Samenuk, Stephen Richards, Richard Schell, McAfee.com Corporation and Network Associates, Inc. (Case No. C 02 1692), filed April 9, 2002 (and served on Network Associates on July 31, 2002) in the U.S. District Court for the Northern District of California (incorporated by reference to exhibit (a)(15) to the Amendment No. 8 to Schedule TO filed by Network Associates with the Commission on August 15, 2002).
99.20	JPMorgan presentation dated June 30, 2002 (incorporated by reference to exhibit (a)(16) to Network Associates filing of Amendment No. 10 to Schedule TO filed by Network Associates with the Commission on August 29, 2002).
99.21	JPMorgan presentation dated July 12, 2002 (incorporated by reference to exhibit (a)(17) to Network Associates filing of Amendment No. 10 to Schedule TO filed by Network Associates with the Commission on August 29, 2002).
99.22	JPMorgan presentation dated August 12, 2002 (incorporated by reference to exhibit (a)(18) to Network Associates filing of Amendment No. 10 to Schedule TO filed by Network Associates with the Commission on August 29, 2002).

\* Previously filed.

**Item 22. Undertakings**

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the maximum aggregate offering price may be reflected in the form of a prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act, if in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

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(2) That, for the purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The Registrant undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The Registrant undertakes that prior to any public offering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), such offering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

The Registrant undertakes that every prospectus: (i) that is filed pursuant to the paragraph immediately preceding, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

The undersigned Registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

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**Table of Contents****SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 8 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Santa Clara, State of California, on the 5th day of September, 2002.

NETWORKS ASSOCIATES, INC.

By: /s/ STEPHEN C. RICHARDS

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Stephen C. Richards  
Chief Operating Officer and Chief  
Financial Officer

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ GEORGE SAMENUK*</u> George Samenuk	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer) and Attorney-in-Fact	September 5, 2002
<u>/s/ STEPHEN C. RICHARDS</u> Stephen C. Richards	Chief Operating Officer and Chief Financial Officer (Principal Financial and Accounting Officer) and Attorney-in-Fact	September 5, 2002
<u>/s/ LESLIE G. DENEND*</u> Leslie G. Denend	Director	September 5, 2002
<u>/s/ ROBERT M. DUTKOWSKY*</u> Robert M. Dutkowsky	Director	September 5, 2002
<u>/s/ ROBERT W. PANGIA*</u> Robert W. Pangia	Director	September 5, 2002
<u>/s/ LIANE WILSON*</u> Liane Wilson	Director	September 5, 2002

\*/s/ STEPHEN C. RICHARDS

Stephen C. Richards  
Attorney-in-Fact

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3.2	Amended and Restated Bylaws of Networks Associates, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's quarterly report on Form 10-Q for the period ended June 30, 2001 filed with the Commission on August 6, 2001).
3.3	Certificate of Designation of Series B Participating Preferred Stock of the Registrant (incorporated by reference to the Registrant's registration statement on Form 8-A filed with the Commission on October 22, 1998).
3.4	Third Amended and Restated Certificate of Incorporation of McAfee.com Corporation (incorporated by reference to Exhibit 3.3 to Registration Statement No. 333-87609 of McAfee.com Corporation on Form S-1, as amended, under the Securities Act of 1933).
3.5	Amended and Restated Bylaws of McAfee.com Corporation (incorporated by reference to Exhibit 3.2 to Registration Statement No. 333-87609 of McAfee.com Corporation on Form S-1, as amended, under the Securities Act of 1933).
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8.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation as to tax matters (included in Exhibit 5.1).
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99.5*	Form of Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
99.6*	Summary Advertisement as published in The Wall Street Journal on July 2, 2002.
99.7*	Request from Networks Associates, Inc. dated July 2, 2002 for stockholder list of McAfee.com.
99.8*	

- Press release of Network Associates announcing commencement of the offer, dated July 1, 2002.
- 99.9\* Opinion of JP Morgan Securities, Inc. dated August 12, 2002.
- 99.10 Change in Control Agreement dated as of July 14, 2000, by and between McAfee.com and Srivats Sampath (incorporated by reference to Exhibit 10.17 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on August 11, 2000).
- 99.11 Change in Control Agreement dated as of July 14, 2000, by and between McAfee.com and Evan Collins (incorporated by reference to Exhibit 10.18 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on August 11, 2000).
- 99.12 First Amendment to the Change in Control Agreement dated as of August 1, 2001, between McAfee.com and Srivats Sampath (incorporated by reference to Exhibit 10.22 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on November 13, 2001).
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<b>Exhibit Number</b>	<b>Description of Document</b>
99.13	First Amendment to the Change in Control Agreement dated as of August 1, 2001, between McAfee.com and Evan Collins (incorporated by reference to Exhibit 10.23 to the Quarterly Report on Form 10-Q of McAfee.com Corporation filed with the Commission on November 13, 2001).
99.14	Complaint titled Justin Peyton v. Stephen C. Richards, Srivats Sampath, Richard Schell, George Samenuk, Frank C. Gill, and Network Associates, Inc. (Case No. CV 809111), filed July 1, 2002 in the Superior Court of the State of California, County of Santa Clara (incorporated by reference to exhibit (a)(10) to the Amendment No. 1 to the Schedule TO filed by Network Associates with the Commission on July 5, 2002).
99.15*	Press release issued by Network Associates on July 15, 2002 announcing an increase in the exchange ratio.
99.16	Second Amended Class Action Complaint titled in re: McAfee.com Corporation Shareholders Litigation (Consolidated Case No. 19481-NC), filed in the Chancery Court of the State of Delaware, County of New Castle (incorporated by reference to exhibit (a)(11) to Amendment No. 2 to the Schedule TO filed by Network Associates with the Commission on July 16, 2002).
99.17*	Press release issued by Network Associates on July 31, 2002 announcing extension of the expiration of the offer.
99.18	Press release issued by Network Associates on August 13, 2002 announcing the revised offer (incorporated by reference to exhibit (a)(14) to Amendment No. 7 to Schedule TO filed by Network Associates with the Commission on August 13, 2002).
99.19*	Complaint titled Glenn Getty v. Srivats Sampath, Frank Gill, George Samenuk, Stephen Richards, Richard Schell, McAfee.com Corporation and Network Associates, Inc. (Case No. C 02 1692), filed April 9, 2002 (and served on Network Associates on July 31, 2002) in the U.S. District Court for the Northern District of California (incorporated by reference to exhibit (a)(15) to the Amendment No. 8 to Schedule TO filed by Network Associates with the Commission on August 15, 2002).
99.20	JPMorgan presentation dated June 30, 2002 (incorporated by reference to exhibit (a)(16) to Network Associates filing of Amendment No. 10 to Schedule TO by Network Associates with the Commission August 29, 2002).
99.21	JPMorgan presentation dated July 12, 2002 (incorporated by reference to exhibit (a)(17) to Network Associates filing of Amendment No. 10 to Schedule TO by Network Associates with the Commission August 29, 2002).
99.22	JPMorgan presentation dated August 12, 2002 (incorporated by reference to exhibit (a)(18) to Network Associates filing of Amendment No. 10 to Schedule TO by Network Associates with the Commission August 29,

2002).

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\* Previously filed.