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## SonicWALL, Inc. Q2 2008 Earnings Conference Call

### Question-and-Answer Session

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#### Operator

(Operator Instructions) The first question comes from Scott Zeller with Needham and Company.

#### Scott Zeller - Needham and Company

Hi, good afternoon. I wanted to ask about your expectations for the License and Services line going forward. Is it possible for this line to actually grow given the deferred is flat?

#### Matthew T. Medeiros

Well, Scott, certainly we want it to grow and I think it is possible that it will grow. I think it's all dependent on unit growth. We're also working on new solutions constantly that will hopefully aid in the growth of the area of License and Services.

#### Scott Zeller - Needham and Company

Are you willing at this point to say what your expectation is for units, whether or not you'll be up or down? Are you going to guide that for the September quarter?

#### Matthew T. Medeiros

You know, we don't guide the future on unit sales.

#### Scott Zeller - Needham and Company

Okay, even directionally?

#### Matthew T. Medeiros

You know, Rob mentioned that Q3's seasonal and we certainly gave a lower top range on our guidance and I think that reflects our view on how we see the business.

#### Scott Zeller - Needham and Company

Okay, thank you very much.

#### Operator

And next question comes from Rob Breza with RBC Capital Markets.

**Rob Breza - RBC Capital Markets**

Hi, good afternoon. Matt, you mentioned in your prepared remarks that you started to see a little bit of softness in the UK. What are you seeing in Europe and do you expect that to kind of run across the pond and hit continental Europe? How should we think about Europe? And maybe Rob, if you could just comment a little bit on the cost structure, what you think make a cost structure. I know you added a little bit more headcount in China, India, etc. so maybe the headcount is viewed as important for Europe but let me get your comments on international markets.

**Matthew T. Medeiros**

Yes, Rob. Let me take the first part of that and that is we definitely did see a slow down in demand in the UK specifically but I think it's just too difficult for us to predict at this point whether it's a short or long-term phenomena. We don't believe that this is a product or a SonicWALL-related specific issue but much more of it's just a business issue. The rest of the European markets actually performed quite well so this was just isolated in the UK and I would hesitate to say that on one quarter's data that we'd be able to predict what's happening.

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