

Sector: Information Technology
Sub-Industry: Systems Software

Summary: This company develops, markets, and sells software solutions for securing digital identities and information worldwide.

Quantitative Evaluations

S&P Quality Ranking : C



S&P Fair Value Rank: 2-



Fair Value Calc: \$2.50 (Slightly Overvalued)

S&P Investability Quotient Percentile



ENTU scored lower than 93% of all companies for which an S&P Report is available.

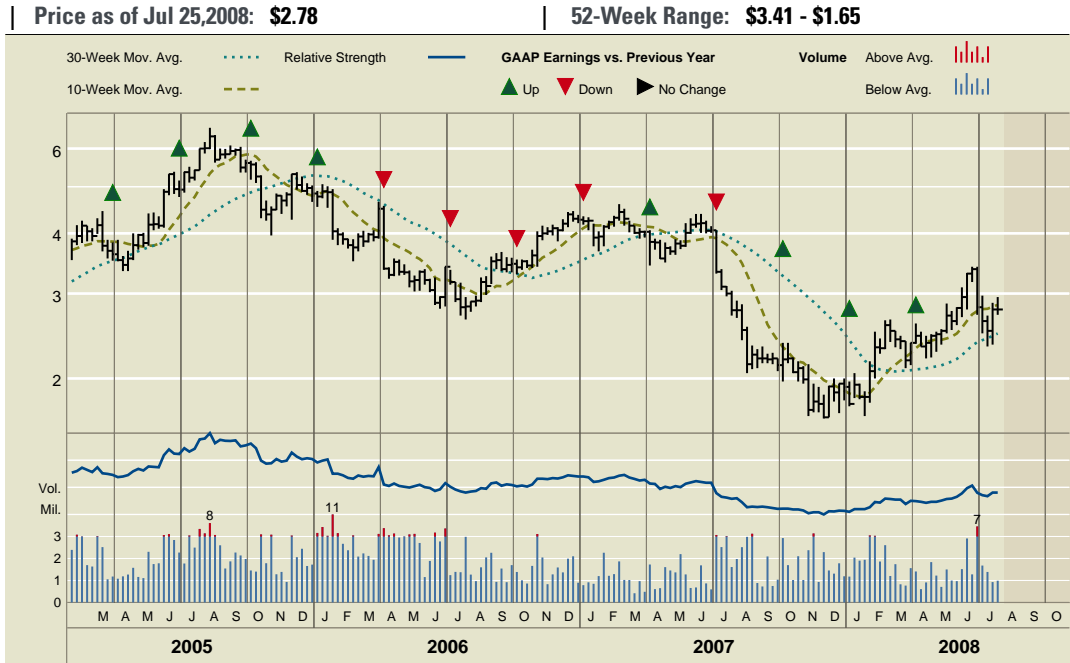
Volatility: High



Technical Evaluation: NEUTRAL

Since July, 2008, the technical indicators for ENTU have been NEUTRAL.

Relative Strength Rank: Strong



Investment Strategy

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

Sales: What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

Net Margin: As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

% LT Debt to Capitalization: A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

% Return on Equity: A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	-3.00	3.20	-3.31	9.86
Net Income	NM	NM	NM	NM

Ratio Analysis (Average)

Net Margin	NM	NM	NM	NM
%LT Debt to Capitalization	Nil	Nil	Nil	0.00
% Return on Equity	NM	NM	NM	NM

Revenues/Earnings Data Fiscal year ending Dec. 31

Revenues (Million \$)	2008	2007	2006	2005	2004	2003
1Q	25.84	24.56	21.10	24.91	23.01	21.70
2Q	--	24.49	22.05	24.81	19.52	22.44
3Q	--	23.94	24.03	23.65	21.34	20.04
4Q	--	26.67	28.00	24.76	27.09	23.71
Year	--	99.67	95.18	98.13	90.96	87.89

Earnings per Share (\$)	2008	2007	2006	2005	2004	2003
1Q	-0.02	-0.04	-0.15	0.02	0.01	-0.08
2Q	--	-0.05	-0.02	0.02	-0.04	-0.35
3Q	--	-0.02	-0.05	0.02	0.01	-0.14
4Q	--	0.02	-0.03	0.05	0.04	Nil
Year	--	-0.10	-0.26	0.10	0.02	-0.56

Next earnings report expected: Early August

Historical GAAP earnings are as reported.

Key Stock Statistics

Average Daily Volume	0.561 mil.	Beta	1.38
Market Capitalization	\$0.170 Bil.	Trailing 12 Month EPS	-\$-0.08
Institutional Holdings (%)	58	12 Month P/E	NM
Shareholders of Record	897	Current Yield (%)	Nil

Value of \$10,000 Invested five yrs Ago : **\$8,129**

Please read the required disclosures and Reg. AC certification on the last page of this report.

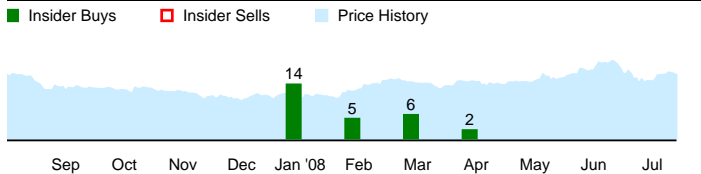
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Wall Street Opinions/Average (Mean) Opinion: Buy/Hold

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	3	43	3	3
Buy/Hold	1	14	1	1
Hold	3	43	3	3
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	7	100	7	7

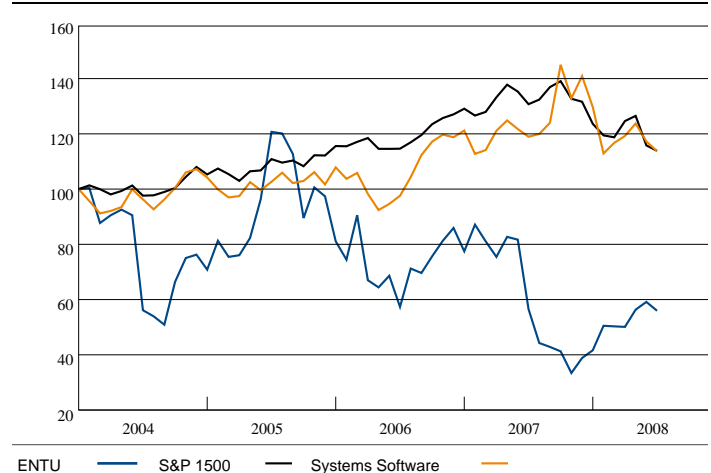
Insider Moves



Dividend Data

No Dividend Data Available

Stock Performance



	Company(%)	Industry(%)	S&P 1500(%)
YTD Return	44.0	-19.3	-13.5
One Year Return	-4.5	-9.8	-16.5
Three Year Return (% Annualized)	-20.9	3.1	1.1
Five Year Return (% Annualized)	-4.1	4.2	5.4
Value of \$10,000 Invested 5 Years Ago	\$8,129	\$12,257	\$12,979

Company Financials Fiscal year ending Dec. 31

Per Share Data & Valuation Ratios (\$)	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Tangible Book Value	NA	NM	0.91	0.97	1.09	1.63	1.89	4.26	1.99	1.76
Cash Flow	NA	-0.20	0.19	0.10	-0.44	-0.15	-7.42	-0.27	0.18	-0.47
Earnings	-0.10	-0.26	0.10	0.02	-0.56	-0.28	-8.57	-1.44	0.11	-0.68
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	4.60	5.06	6.63	5.57	5.70	13.29	21.38	150.00	70.63	29.44
Prices:Low	1.65	2.65	3.28	2.34	2.25	1.98	2.55	10.13	16.88	9.00
P/E Ratio:High	NM	NM	66	NM	NM	NM	NM	NM	NM	NM
P/E Ratio:Low	NM	NM	33	NM	NM	NM	NM	NM	NM	NM

Income Statement Analysis (Million \$)

Revenue	NA	95.2	98.1	91.0	87.9	103	118	148	85.2	49.0
Operating Income	NA	-7.11	10.8	6.55	-10.4	-10.6	-61.1	65.6	8.00	-3.97
Depreciation	NA	3.73	5.60	5.39	8.14	8.27	73.4	67.0	3.35	1.26
Interest Expense	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Pretax Income	NA	-15.1	6.91	1.77	-35.4	-16.6	-542	-79.9	5.92	-24.0
Effective Tax Rate	NA	NM	7.70%	39%	NM	NM	NM	NM	NM	NM
Net Income	NA	-15.4	6.37	1.08	-35.9	-17.9	-544	-82.3	5.92	-23.8

Balance Sheet & Other Financial Data (Million \$)

Cash	NA	19.9	59.9	36.3	37.9	32.0	45.3	24.2	21.9	3.71
Current Assets	NA	46.5	108	117	115	145	182	284	115	98.2
Total Assets	NA	128	130	146	149	190	229	734	131	108
Current Liabilities	NA	49.1	38.1	42.2	67.9	71.5	93.5	59.6	27.4	20.7
Long Term Debt	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.03
Common Equity	NA	59.2	69.1	76.0	80.7	118	136	674	103	87.1
Total Capital	NA	59.2	69.1	76.0	80.7	118	136	674	103	87.1
Capital Expenditures	NA	1.26	1.69	1.53	1.48	2.05	13.6	19.7	4.42	3.79
Cash Flow	NA	-11.7	12.0	6.46	-27.7	-9.65	-470	-15.2	9.27	-22.6
Current Ratio	NA	0.9	2.8	2.8	1.7	2.0	2.0	4.8	4.2	4.7
% Long Term Debt of Capitalization	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.0
% Net Income of Revenue	NA	NM	6.5	1.2	NM	NM	NM	NM	6.9	NM
% Return on Assets	NA	NM	4.6	0.7	NM	NM	NM	NM	5.0	NM
% Return on Equity	NA	NM	8.8	1.4	NM	NM	NM	NM	6.2	NM

Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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SVP, CFO & Chief Acctg Officer: D. J. Wagner
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General Counsel: M. Morgan
CTO: C. Voice

SVP: P. Bello
Investor Contact: David Rockvam(972-713-5824)
Founded: 1994
Domicile: Maryland
Employees: 455

Sub-Industry Outlook

Our fundamental outlook for the Systems Software sub-industry is positive. We are optimistic about prospects for certain areas of the sub-industry in 2008, including operating systems on personal computers and mobile devices, desktop and server virtualization software, data storage and backup recovery. We expect systems software to profit from several macro trends, such as the leveraging of the existing hardware infrastructure and the continued growth of the Internet.

We forecast that spending on systems software will increase in the low teens in 2008. Despite weakness in the U.S. economy, we forecast 10%-12% growth of PC sales, driven by stronger growth in laptop, consumer, and international markets and aided by lower component prices and favorable foreign exchange. We see slower-than-expected enterprise adoption of Windows Vista even after Microsoft released Vista Service Pack 1, as we see no compelling business justification to upgrade from prior versions of Windows operating systems.

We see the sub-industry benefiting from the rapid growth of the Internet and distributed network computing, creating strong demand for software applications and systems that take advantage of these platforms. Many software vendors and customers are focusing on Web services, with particular emphasis on the integration of disparate systems and applications. In addition, we see incremental growth opportunity from the convergence of personal computers, cell phones, and home entertainment, as the way we communicate and share information becomes more diverse. We also believe the sub-industry will benefit from industry consolidation, as software

companies such as Oracle acquire smaller vendors to broaden product suites. We expect profitability to improve as a result of cost savings from consolidation. Additionally, most software companies have strong balance sheets with significant amounts of cash, in our view, and they have been buying back shares.

However, we are cautious on the security software market segment. We view this market segment as mature, despite modest growth opportunity in securing endpoints driven by the increased prevalence of mobile devices. In addition, we think Vista will adversely affect some of the security software vendors due to its improved security protection, although some consumers will purchase competing software that offers higher levels of protection from growing online threats.

Year to date through July 18, the Systems Software Index declined 19.6%, compared to a 13.3% decrease for the S&P 1500; the index rose 18.6% in 2007, versus a 3.6% advance for the S&P 1500.

--Jim Yin

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Systems Software

Based on S&P 1500 Indexes
Month-end Price Performance as of 06/30/08



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Systems Software Peer Group*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Entrust Inc	ENTU	170	2.78	3.41/1.65	1.38	Nil	NM	2.50	C	7	NM	NA
Aladdin Knowledge Systems	ALDN	129	9.33	26.94/8.29	0.95	Nil	12	NA	NR	12	14.1	NA
Allot Communications	ALLT	58	2.62	7.73/2.24	NA	Nil	NM	NA	NR	7	1.8	NA
Certicom Corp	CERTF	65	1.49	3.29/1.22	NM	Nil	NM	NA	C	NA	NM	0.6
Double-Take Software	DBTK	238	10.86	26.54/9.90	NA	Nil	13	NA	NR	84	NM	Nil
Exobox Technologies	EXBX	59	0.15	0.48/0.03	0.55	Nil	NM	NA	NR	NA	NA	NA
IONA Technologies ADR	IONA	145	3.96	5.28/2.01	2.25	Nil	NM	NA	NR	6	NM	NA
Nstein Technologies	EIN.C	43	0.85	1.36/0.77	NA	Nil	NM	NA	NR	NA	NM	9.3
OPNET Technologies	OPNT	199	9.76	12.89/7.52	1.44	Nil	NM	11.00	NR	8	8.4	0.1
SoftBrands Inc	SBN	43	1.03	2.20/0.85	1.40	Nil	NM	NA	NR	14	NM	51.0
Sonic Foundry	SOFO	30	0.85	2.85/0.53	2.14	Nil	NM	NA	C	NA	NM	3.6
Sourcefire Inc	FIRE	198	7.94	12.65/4.96	NA	Nil	NM	NA	NR	83	NM	2.2
Streamline Health Solutions	STRM	22	2.38	4.00/1.39	0.30	Nil	NM	1.60	B-	10	0.6	10.9
Wealthcraft Systems	WCSY	27	2.50	10.55/1.25	NA	Nil	NM	NA	NR	NA	NM	NA
e-Future Info Tech	EFUT	33	11.00	34.00/9.45	NA	Nil	NM	NA	NR	33	13.9	NA

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News**June 19, 2008**

On June 13, 2008, Entrust, Inc. elected James H. Dennedy to serve as a director of the Company, effective immediately. Mr. Dennedy was recommended as a candidate for director by Empire Capital Management, L.L.C., a stockholder of the Company, where he served as a consultant from November 2007 through to April 30, 2008.

June 4, 2008

Entrust Inc. announced on May 27, 2008 that Mr. Stephen John Holton, the Senior Vice President of U.S. Sales, resigned his position with the company with an effective date of June 6, 2008. Mr. Holton has accepted employment with another company. At this time the Company does not intend to replace Mr. Holton's position and the Company's two regional Vice President's of sales in the United States will report directly into Mr. F. William Conner, the Company's President and Chief Executive Officer.

April 23, 2008

Entrust Inc. announced financial results for its first quarter ended March 31, 2008. For the quarter, the company reported revenue was \$25.8 million, an increase of 5% from \$24.6 million in first quarter of 2007. Revenue in the first quarter was driven by product revenue transactions under \$500 thousand, which accounted for 90% of product revenue. Net loss, calculated in accordance with GAAP, of \$1.2 million, or \$0.02 per share, compared to first quarter of 2007 net loss of \$2.4 million, or \$0.04 per share. On a non-GAAP basis the company recorded a profit of \$344,000, or \$0.01 per share, compared to first quarter of 2007 loss of \$837,000 or \$0.01 per share. The non-GAAP figures exclude amortization of purchased intangibles and stock-option based compensation expense. The company reiterated its previous guidance provided on the first half and full year 2008. For the first half of 2008, the company expects revenue of between \$50.0 million and \$53.0 million. the company is targeting a net loss in accordance with GAAP of \$0.01 per share and on a non-GAAP basis the company is targeting a profit of \$0.03 per share for the first half of 2008. For the full year 2008, the company is targeting total revenue of between \$106.0 million to \$110.0 million. The company is targeting a net income in accordance with GAAP of approximately \$0.02 per share and on a non-GAAP basis profit of \$0.10 per share.

January 30, 2008

Entrust Inc. announced financial results for the fourth quarter and full year ended December 31, 2007. For the quarter, revenue decreased to \$26.7 million compared to the revenue of \$28 million for the same period a year ago. Net income, calculated in accordance with GAAP, of \$969 thousand, or \$0.02 per share, compared to fourth quarter of 2006 net loss of \$1.7 million, or \$0.03 per share. Non-GAAP income of \$2.2 million, or \$0.04 per share, compared to Q4, 2006 non-GAAP income of \$50,000 or \$0.00 per share. For the full year, the company reported a net loss of \$6.2 million, or \$0.10 per share, compared to 2006 net loss of \$15.4 million, or \$0.26 per share. Non-GAAP net income of \$46,000, or \$0.00 per share or breakeven, compared to 2006 non-GAAP loss of \$4.6 million, or \$0.08 per share. The company is targeting first half 2008 revenue of between \$50.0 million and \$53.0 million. The company is targeting a net loss in accordance with GAAP of \$0.01 per share for the first half of 2008. On a non-GAAP basis the company is targeting a profit of \$0.03 per share for the first half of 2008. For the full year 2008, The company is targeting total revenue of between \$106.0 million to \$110.0 million. For the full year 2008, The company is targeting a net income in accordance with GAAP of approximately \$0.02 per share. On a non-GAAP basis the company is targeting a full year profit of \$0.10 per share.

October 25, 2007

Entrust Inc. reported earnings results for the third quarter and nine months ended September 30, 2007. For the quarter, the company reported net loss of \$1,501,000 or \$0.02 per diluted share on revenue of \$23,943,000 compared to net loss of \$3,239,000 or \$0.05 per diluted share on revenue of \$24,031,000 for the same period a year ago. For the quarter, the company reported Non-GAAP net profit of \$154,000 compared to Non-GAAP net loss of \$1,728,000 or \$0.03 per diluted share for the same period a year ago. For the nine months, the company reported net loss of \$7,159,000 or \$0.12 per diluted share on revenue of \$72,999,000 compared to net loss of \$13,671,000 or \$0.23 per diluted share on revenue of \$67,184,000 for the same period a year ago. For the nine months, the company reported Non-GAAP net loss of \$2,165,000 or \$0.04 per diluted share compared to

Non-GAAP net loss of \$4,651,000 or \$0.08 per diluted share for the same period a year ago. The company provided earnings guidance for the second half and full year of 2007. For the second half, the company expected \$0.02 per share, and \$0.12 per share for the full year of 2007. And expected according to Non-GAAP was \$0.04 per share for the second half, and \$0.00 per share for the full year of 2007.

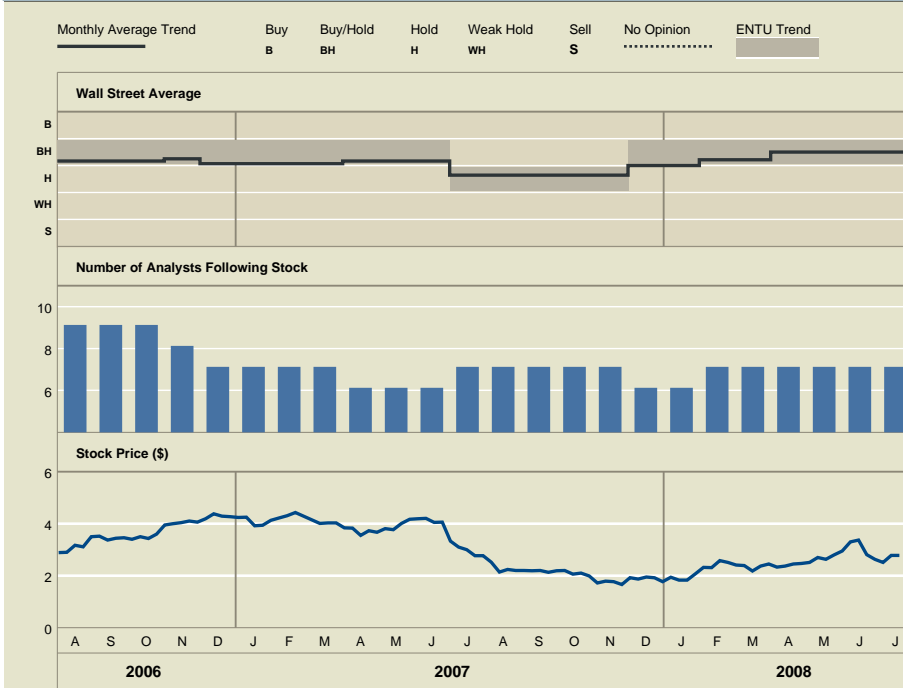
Analysts' Recommendations

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Americas Growth Capital
- Avondale Partners LLC
- Dougherty & Co.
- Felt & Company
- First Analysis Corp.
- Lehman Brothers, Inc.
- Pacific Crest Securities
- Roth Capital Partners



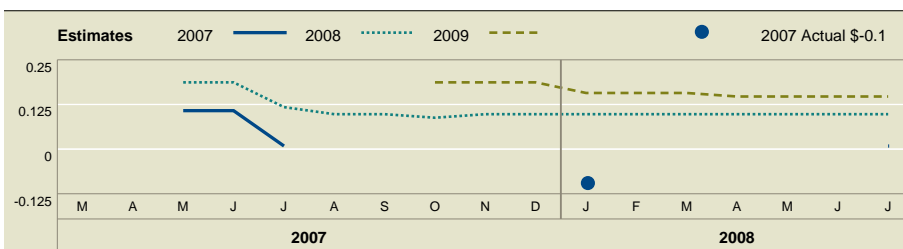
Of the total 8 companies following ENTU, 7 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	3	43	3	3
Buy/Hold	1	14	1	1
Hold	3	43	3	3
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	7	100	7	7

Wall Street Consensus vs. Performance

For fiscal year 2008, analysts estimate that ENTU will earn \$0.10. For the 1st quarter of fiscal year 2008, ENTU announced earnings per share of \$-0.02, representing -20% of the total annual estimate. For fiscal year 2009, analysts estimate that ENTU's earnings per share will grow by 50% to \$0.15.

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2009	0.15	0.17	0.14	7	18.5
2008	0.10	0.10	0.09	7	27.8
2009 vs. 2008	▲ 50%	▲ 70%	▲ 56%	0%	▼ -33%
Q2'09	0.03	0.04	0.03	7	92.7
Q2'08	0.02	0.02	0.02	7	NM
Q2'09 vs. Q2'08	▲ 50%	▲ 100%	▲ 50%	0%	NM

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Glossary

S&P Quality Ranking - Growth and stability of earnings and dividends are deemed key elements in establishing S&P's quality ranking for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted that, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Lower
A	High	B-	Below Average
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank - Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

Funds From Operations (FFO) - FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Fair Value Calculation - The current price at which a stock should sell today as calculated by S&P's computers using our quantitative model based on the company's earnings, growth potential, return on equity relative to the S&P 500 and its industry group, price to book ratio history, current yield relative to the S&P 500, and other factors.

Investability Quotient (IQ) - The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

Standard & Poor's IQ Rationale:
Entrust Inc

	Raw Score	Max Value
Proprietary S&P Measures	0	115
Technical Indicators	13	40
Liquidity/Volatility Measures	11	20
Quantitative Measures	9	75
IQ Total	33	250

Volatility - Rates the volatility of the stock's price over the past year.

Technical Evaluation - In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank - Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS) - An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

Required Disclosures

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Additional information is available upon request.

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