

January 9, 2014

Mr. David A. Colligan
City of Austin
Manager of Global Business Recruitment
P.O. Box 1088
Austin, TX 78767

Dear Mr. Colligan,

This letter is to provide you with an update to Websense Inc.'s ("Company") site selection process as it relates to its potential headquarters relocation. Websense is in the process of completing its due diligence and the City of Austin, Texas remains a strong contender for the project. Note, however, that the project remains a competitive one and Websense has not made any final decisions to relocate its headquarters from San Diego, California.

As part of its final due diligence and in keeping with corporate obligations to its owners, Websense has taken some actions to further explore the labor market in Austin, Texas to validate access to skilled labor that would be critical to the Company's operations, as well as to validate the expected compensation levels to recruit a quality workforce.

Websense is committed to finding the best location for its headquarters to further align its corporate objectives with operational excellence attributed to the ultimate project location. Our Company is considering all opportunities presented to it and wants to reiterate that the business incentives assistance proposals made by the City of Austin and State of Texas will be a material factor of the final site selection process should an Austin location be selected for the project.

Sincerely,



James Hagan
CFO



City of Austin

Economic Development Department

P.O. Box 1088, Austin, TX 78767

(512) 974-7819, Fax (512) 974-7825

January 10, 2014

James Hagan
Websense, Inc.
10240 Sorrento Valley Rd.
San Diego, CA 92121

Dear Mr. Hagan,

Thank you for considering Austin as the location for Websense, Inc.'s corporate headquarters. On October 28, 2013, City Manager Marc Ott provided a letter stating the City of Austin's intention to propose to the Austin City Council a \$438,000 economic development grant for Websense, Inc. The Economic Development Department has since become aware of job postings made by Websense, Inc. on its own website and on external job boards for positions in an Austin office. Several of these postings stated, "We are opening a new location in the Austin, TX market." The City only provides incentives to companies that are involved in a competitive decision-making process after the public has been allowed to comment and the City Council has approved an agreement.

As you know, we raised our concerns about these job postings and their content to you in a phone conversation on January 8, 2014. We have received your January 9, 2014 written response explaining of the intentions of the company in posting these positions online and stating that Websense, Inc. has not made any final decisions to relocate its corporate headquarters from San Diego, California.

In addition, it has come to light through our conversations in the preceding days that the company currently employs several individuals working from home offices in Austin. The company's original application stated that there were no existing employees or facilities in Austin. Please resubmit the Business Information Form application to reflect current information, including the corrected number of existing employees in Austin.

Due to these recent developments, Economic Development Department is not able to move forward with the previous plans to present an economic development agreement with Websense, Inc. to the City Council on January 23, 2014. We have discussed this matter internally and with our counterparts at the Office of the Governor at the State of Texas. We understand that the Office of the Governor is prepared to move forward with the project. The Economic Development Department will reschedule a proposal of the Websense, Inc. economic development agreement to the City Council following receipt of a corrected Business Information Form. Please be aware that as part of any upcoming public review of the economic development proposal, the Economic Development Department will make relevant correspondence, including the January 9th letter, available to the public and the City Council for their consideration.

Sincerely,

Kevin Johns
Director, Economic Development Department

xc: Marc A. Ott, City Manager
Sue Edwards, Assistant City Manager
Rodney Gonzales, Deputy Director, Economic Development Department
David Colligan, Global Business Recruitment and Expansion Manager, Economic Development Department