

Verdasys Announces Latest Version of Its Application Logging Module and Related Privacy and Compliance Seminar Event Featuring Speakers from Leading Industry Analyst Firm and CIGNA

Waltham, MA – July 25, 2006 - Verdasys, Inc., the leader in Global Data Security Solutions, announced today the introduction of the latest version of its Digital Guardian - Application Logging Module which allows companies with multiple legacy, Web and/or client-server applications to centrally audit and control the data handled by these critical enterprise applications. All this is accomplished without the need to re-program any of the actual applications involved, and can be used to monitor screen and field-level updates across any combination of applications *simultaneously*. This latest version also now permits the selective “masking” of data fields in specified application screens, in order to provide granular control over a user’s ability to view the private and sensitive data that these screens may contain.

Verdasys also announced today that it will be the sponsor of a related seminar event on September 14th, 2006 in New York City to showcase this new capability and to serve as a forum for a general discussion about the continued importance and industry reliance on legacy and web-based applications. Visit www.verdasys.com for details. Kimberly Harris-Ferrante, Research Vice President with Gartner will be a featured speaker at this event, as will Craig Shumard, Chief Information Security Officer of CIGNA.

“Most financial services organizations and insurers will continue to maintain legacy applications for the foreseeable future,” said Kimberly Harris-Ferrante, Research Vice President of Gartner. “These applications will struggle, however, to support business requirements, such as privacy and compliance. New technologies will be needed to supplement the existing application portfolio to ensure enterprise data is secure and protected,” she added.

Digital Guardian’s Application Logging Module represents a fundamental change in the way remote application data handled by trusted end-users can be monitored, protected, and its usage audited. This new functionality is tightly integrated with Digital Guardian’s core capabilities for protecting data, as well as its extensive features for analyzing and reporting on data use and flow across a global enterprise, which may include remote partners and outsourcing operations.

“Application Logging takes the risk out of adding security features to legacy and other applications, and gives us the ability to centrally monitor and protect the use of sensitive data governed by rules and regulatory requirements such as HIPAA,” said Craig Shumard, Chief Information Security Officer of CIGNA. “At the same time, it will literally save companies like ours countless dollars in application development and re-programming costs,” he added.

“We see tremendous potential with this new product capability,” said Seth Birnbaum, CEO of Verdasys. “The Application Logging capability will allow virtually anyone with older legacy applications to be able to place a protective layer around their data, without the need to undertake a large software development project. Re-programming this class of application specifically to add security features can involve significant expense, and the added risk that technical problems will be introduced into the application itself, with no way to fix them. Some of our customers have applications that were developed over twenty years ago and they have told us emphatically that they are not going to open them again, for any reason. We now have a very powerful and cost effective solution for these customers,” he stated.

About CIGNA

CIGNA and its subsidiaries constitute one of the largest investor-owned employee benefits organizations in the United States. Its subsidiaries are major providers of employee benefits offered through the workplace, including health care products and services, group life, accident and disability insurance.

About Verdasys, Inc.

Verdasys is leading the industry in providing *global data security solutions* based on innovative “point of use” technologies. Our Digital Guardian platform is in use by government agencies, and by leaders in financial, pharmaceutical, insurance, healthcare, manufacturing, entertainment, and other industries around the world. Verdasys customers use Digital Guardian to complement their existing security technologies in order to comprehensively protect data wherever it’s used. www.verdasys.com

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