

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

POLICE AND FIRE RETIREMENT SYSTEM
OF THE CITY OF DETROIT, PLYMOUTH
COUNTY RETIREMENT SYSTEM, STATE-
BOSTON RETIREMENT SYSTEM, and
MICHAEL GOLDE, On Behalf of Themselves
and All Others Similarly Situated,

Plaintiffs,

v.

SAFENET, INC., ANTHONY A. CAPUTO,
KENNETH A. MUELLER, CAROLE D. ARGO,
THOMAS A. BROOKS, IRA A. HUNT, Jr.,
BRUCE R. THAW, ARTHUR L. MONEY,
SHELLEY A. HARRISON, and ANDREW E.
CLARK,

Defendants.

Case No. 06 Civ. 5797 (PAC)

**NOTICE OF PENDENCY AND PROPOSED
SETTLEMENT OF CLASS ACTION**

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by a class action lawsuit pending in this Court (the “Litigation”)¹ if, during the period from March 31, 2003 through May 18, 2006, inclusive, you purchased or otherwise acquired common stock of SafeNet, Inc. (“SafeNet” or the “Company”).

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiffs, the Police and Fire Retirement System of the City of Detroit, the Plymouth County Retirement System, and the State-Boston Retirement System (“Lead Plaintiffs”), on behalf of the Settlement Class (as defined in the answers to Questions 5 and 6 below), have reached a proposed settlement of the Litigation for a total of \$25,000,000 in cash that will resolve all claims in the Litigation (the “Settlement”).

This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. Your legal rights will be affected whether or not you act. Please read this Notice carefully!

SUMMARY OF THIS NOTICE

I. Description of the Litigation and the Class

This Notice relates to the proposed Settlement of a class action lawsuit pending against SafeNet and certain former executives (the “Settling Defendants”). The proposed Settlement, if approved by the Court, will settle claims of all persons and entities that purchased or otherwise acquired common stock of SafeNet from March 31, 2003 through May 18, 2006, inclusive (the “Class Period”), and were allegedly damaged thereby (the “Settlement Class” or “Class”), including all persons and entities that acquired SafeNet common stock in exchange for their shares of Rainbow Technologies, Inc. stock as a result of the March 14, 2004 acquisition of Rainbow Technologies, Inc. by SafeNet (the “Subclass”).

II. Statement of the Class’s Recovery

Subject to Court approval, and as described more fully in the answers to Questions 8 and 12 below, Lead Plaintiffs, on behalf of the Settlement Class, have agreed to settle all claims related to the purchase of SafeNet common stock during the Class Period that were or could have been asserted against the Settling Defendants and the other Released Defendant Parties in the Litigation in exchange for a settlement payment of \$25,000,000 in cash (the “Settlement Amount”) to be deposited into an interest-bearing escrow account (the “Settlement Fund”). Based on Lead Plaintiffs’ damages expert’s estimate of the number of shares of SafeNet common stock that may have been damaged by the alleged fraud, and assuming that all those shares participate in the Settlement, Lead Counsel’s damages expert estimates that the average recovery would be approximately \$1.05 per allegedly damaged share,² before the deduction of Court-approved fees, expenses, and costs as described herein. Class Members should note, however, that this is only an estimate based on the overall number of potentially damaged shares in the Settlement Class. Some Class Members may recover more or less than this estimated amount depending on, among other factors, when and the prices at which their shares were purchased or sold. The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs, and attorneys’ fees and litigation expenses awarded to Lead Counsel) will be distributed in accordance with a plan of allocation that will be approved by the Court and will determine how the Net Settlement Fund shall be allocated to the members of the Settlement Class. The proposed Plan of Allocation (defined below) is included in this Notice.

¹ All capitalized terms not otherwise defined in this document shall have the meaning provided in the Stipulation and Agreement of Settlement (the “Stipulation”).

² An allegedly damaged share might have been traded more than once during the Class Period, and this average recovery would be the total for all purchasers of that share.

III. Statement of Average Amount of Damages Per Share

The parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail. The Settling Defendants deny all liability and that any shares of SafeNet common stock were damaged as Lead Plaintiffs have alleged. The issues on which the various parties disagree include, for example: (1) whether the Settling Defendants made any allegedly false and misleading statements or omissions that were material; (2) whether the Settling Defendants acted with the required state of mind; (3) the amount by which the prices of SafeNet common stock were artificially inflated (if at all) during the Class Period as a result of the alleged fraud; (4) the extent that SafeNet's alleged failure to record proper compensation expenses and its stock option granting practices influenced (if at all) the trading price of SafeNet's common stock during the Class Period; (5) whether any purchasers of SafeNet common stock suffered any alleged damages as a result of the alleged misstatements and omissions in the Company's public statements; and (6) the amount of such damages, assuming they exist.

IV. Statement of Attorneys' Fees and Expenses Sought

Lead Counsel (as defined in the answer to Question 16 below) will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 28.5% of the Settlement Fund. In addition, Lead Counsel also will apply for the reimbursement of litigation expenses paid or incurred in connection with the prosecution and resolution of the Litigation, in an amount not to exceed \$675,000, plus interest from the date of funding at the same rate earned by the Settlement Fund. Lead Counsel's overall request for reimbursement of litigation expenses may include a request for an award to Lead Plaintiffs the Police and Fire Retirement System of the City of Detroit and the Plymouth County Retirement System and/or the Subclass Representative Michael Golde ("Subclass Representative") for reimbursement of their reasonable costs and expenses directly related to their representation of the Settlement Class and Subclass, respectively. If the Court approves Lead Counsel's fee and expense application in full, the average amount of fees and expenses per allegedly damaged share of SafeNet common stock will be approximately \$0.33.

V. Identification of Attorneys' Representatives

Lead Plaintiffs and the Settlement Class are being represented by William C. Fredericks, Esq., of Bernstein Litowitz Berger & Grossmann LLP, and Jonathan Gardner, Esq., of Labaton Sucharow LLP, the Court-appointed Lead Counsel. Any questions regarding the Settlement should be directed to Mr. Gardner at Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, 888-219-6877, settlementquestions@labaton.com, or Mr. Fredericks at Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, 800-380-8496, blbg@blbglaw.com.

VI. Reasons for the Settlement

For Lead Plaintiffs, the principal reason for the Settlement is the immediate benefit of a substantial cash recovery for the Settlement Class. This benefit must be compared to the risk that no recovery or a smaller recovery might be achieved after fact and expert discovery are complete, summary judgment motions are made by the Settling Defendants, and a contested trial and likely appeals, possibly years into the future. For the Settling Defendants, who deny all allegations of liability and deny that any Class Members were damaged, the principal reason for the Settlement is to eliminate the burden, expense, uncertainty, and risk of further litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
ACTIONS YOU MAY PURSUE	EFFECT OF TAKING THIS ACTION
REMAIN A MEMBER OF THE SETTLEMENT CLASS.	This is the only way to get a payment. If you wish to be eligible to obtain a payment as a Class Member, you will need to file a Claim Form (which is included with this Notice) postmarked no later than February 14, 2011 .
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN NOVEMBER 29, 2010.	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against any of the Settling Defendants or other Released Defendant Parties concerning the claims that were, or could have been, asserted in this case. This is the only option for Class Members to remove themselves from the Settlement Class.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN NOVEMBER 29, 2010.	Write to the Court and explain why you do not like the Settlement, the proposed Plan of Allocation, and/or the request for attorneys' fees and reimbursement of expenses. You cannot object unless you are a Class Member and do not exclude yourself.
GO TO THE HEARING ON DECEMBER 20, 2010 AT 3:30 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN NOVEMBER 29, 2010.	Ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses.
DO NOTHING.	Get no payment. Remain a Class Member. Give up your rights.

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BASIC INFORMATION

1. Why did I get this Notice package?

You or someone in your family may have purchased or otherwise acquired SafeNet common stock during the period from March 31, 2003 through May 18, 2006, inclusive, and may be a Class Member in this Litigation. This package explains the lawsuit, the Settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If approved, the Settlement will end all of the Settlement Class's claims against the Settling Defendants, *i.e.*, SafeNet, Anthony Caputo, Carole Argo, and Kenneth Mueller. The Court will consider whether to approve the Settlement at the Settlement Hearing on December 20, 2010 at 3:30 p.m. If the Court approves the Settlement, and after any appeals are resolved and the Settlement administration is completed, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

The Court in charge of the case is the United States District Court for the Southern District of New York, and the case is known as *Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.*, Case No. 06 Civ. 5797 (PAC). This case was assigned to United States District Judge Paul A. Crotty. The persons who are suing are called plaintiffs, and the company and the persons being sued are called defendants.

2. What is this lawsuit about and what has happened so far?

During the Class Period, SafeNet was a Delaware corporation headquartered in Belcamp, Maryland. SafeNet developed, marketed, and sold a variety of information and data security products and services, including both hardware and software, which are used to protect and secure digital identities, communications, and applications. During the Class Period, SafeNet's common stock was actively traded on the NASDAQ electronic exchange under the symbol "SFNT."³

Lead Plaintiffs' claims in the Litigation are stated in the Second Consolidated Amended Class Action Complaint for Violations of the Federal Securities Laws Seeking Money Damages and Equitable Relief dated March 10, 2010 (the "SAC" or "Second Amended Complaint"). Lead Plaintiffs allege that Defendants intentionally backdated stock option grants to Company officers, directors, and employees over a five-year period and that Defendants either intentionally failed or were severely reckless in failing to disclose those practices and properly account for the backdated stock option grants. The SAC alleges that Defendants knowingly or recklessly issued a series of public statements during the Class Period that were materially false and misleading. The SAC also alleges that Defendants employed improper accounting practices with respect to its stock option grants that caused SafeNet to under-report compensation expense and thus over-report net income and earnings per share on SafeNet's financial statements, based on Defendants' alleged failure to record properly and account for the actual dates of the stock option grants. In addition, the SAC also restated certain previously dismissed claims, alleging that Defendants had engaged in certain additional, non-options-related accounting improprieties as part of an earnings management scheme. Defendants allegedly disseminated fraudulently inflated financial statements to the public throughout the Class Period in SafeNet's annual and quarterly filings, annual proxy statements, and the registration statement issued in connection with a stock-based merger with Rainbow Technologies, Inc.

Defendants deny the claims and contentions alleged by Lead Plaintiffs in this Litigation, deny any liability whatsoever, and maintain that they have meritorious defenses to all claims that were raised or could have been raised in the Litigation.

This case was filed on August 1, 2006 by the Police and Fire Retirement System of the City of Detroit pursuant to the Private Securities Litigation Reform Act ("PSLRA"). On February 21, 2007, the Court appointed the Lead Plaintiffs, and appointed Labaton Sucharow LLP and Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel to represent the class. Lead Plaintiffs filed a Consolidated Amended Class Action Complaint (the "Amended Complaint") on August 1, 2008 against SafeNet, six former members of the Company's Board of Directors ("Former Director Defendants"), and three of its former officers for violations of the federal securities laws based on two fraudulent schemes: (1) an options backdating scheme and (2) an earnings management scheme.

On August 5, 2009, the Court granted in part and denied in part a request by Defendants to dismiss the Amended Complaint. Specifically, the Court allowed Lead Plaintiffs' claims arising out of the alleged options backdating scheme to proceed. Those claims were made under §§ 10(b), 20(a), and 14(a) of the Securities Exchange Act of 1934 ("Exchange Act") and §§ 11, 12(a)(2), and 15 of the Securities Act of 1933 ("Securities Act") against SafeNet; Anthony Caputo ("Caputo"), SafeNet's former Chief Executive Officer; and Carole Argo ("Argo"), SafeNet's former Chief Financial Officer and Chief Operating Officer. The Court dismissed Lead Plaintiffs' claims with respect to the non-options-related "earnings management" claims against all the defendants for failure to allege loss causation. In addition, pursuant to the August 5, 2009 Order, the Court dismissed all claims against Kenneth Mueller ("Mueller"), SafeNet's former Chief Financial Officer, and the Former Director Defendants.

On November 12, 2009, the Securities and Exchange Commission ("SEC") filed a complaint against SafeNet, Caputo, and Mueller, among others, for alleged violations of the federal securities laws. The same day, the SEC also announced that its action against SafeNet, Caputo, and Mueller, among others, had been settled. Pursuant to that settlement, SafeNet agreed, without admitting any wrongdoing, to pay a fine of \$1,000,000, and defendants Caputo and Mueller, without admitting any wrongdoing, agreed, *inter alia*, to pay fines of \$250,000 and \$75,000, respectively. Previously, in October 2007, defendant Argo had pled guilty to a single count of securities fraud, and, in September 2008, had also separately agreed to settle civil federal fraud claims brought against her by the SEC.

On March 10, 2010, by stipulation and order, Lead Plaintiffs filed the SAC, purporting to rename Mueller as a defendant with respect to the stock option-related claims.

³ In April 2007, the Company was acquired by technology buyout specialist Vector Capital for \$634 million and taken private.

On March 11, 2010, Mueller moved to dismiss the SAC's allegations against him, which Mueller claimed still failed to state a claim against him and still failed to cure the pleading deficiencies in the Amended Complaint as to the claims asserted against him. The Court had not yet ruled on whether Lead Plaintiffs' SAC stated a claim against Mueller when an agreement to settle was reached.

After extensive negotiations between Lead Counsel and counsel for the Settling Defendants, which took place over several months, the Parties agreed to a settlement of the Litigation, which was memorialized in a Term Sheet dated July 9, 2010.

The parties entered into the formal Stipulation and Agreement of Settlement (the "Stipulation") on September 13, 2010. On October 7, 2010, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case Lead Plaintiffs on behalf of the Class and Michael Golde on behalf of the Subclass) sue on behalf of people or entities, known as "class members," who have similar claims. A class action allows one court to resolve in a single case many similar claims that, if brought separately by individuals, might be economically so small that they would never be brought. One court resolves the issues for all class members, except for those who exclude themselves, or "opt out," from the class (discussed below).

4. Why is there a settlement?

The Court did not decide in favor of Lead Plaintiffs or the Settling Defendants. The Settlement will end all the claims against the Settling Defendants in the Litigation and avoid the uncertainties and costs of further litigation and any future trial. Affected investors will be eligible to get compensation immediately, rather than after the time it would take to conduct additional discovery, have a trial, and exhaust all appeals. The Settlement was reached after almost four years of hard-fought litigation. Lead Plaintiffs conducted a thorough investigation of the facts, researched their legal claims, briefed numerous complex motions brought by Defendants to dismiss the claims, reviewed over 1.4 million pages of documents produced during the course of the Litigation, noticed fifteen depositions (eight of which had been taken as of the date the agreement to settle was reached), researched and briefed numerous discovery motions, researched and drafted a class certification motion, consulted with experts in the fields of damages and accounting, and participated in extensive and hard-fought arm's-length negotiations concerning a possible settlement.

The Settling Defendants deny all allegations of liability contained in the SAC and deny that they are liable to the Class. The Settlement should not be seen as an admission or concession on the part of any Settling Defendant about any of the claims, their fault, or liability for damages.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the Settlement?

The Court determined, for the purposes of proposed Settlement only, that everyone who fits the following description and is not excluded by definition from the Class (see the answer to Question 6 below) is a member of the Settlement Class, or a "Class Member," unless they take steps to exclude themselves:

All persons and entities that purchased or otherwise acquired common stock of SafeNet during the period from March 31, 2003 through May 18, 2006, inclusive (the "Class Period"), and were allegedly damaged thereby (the "Settlement Class"), including all persons and entities that acquired SafeNet common stock in exchange for their shares of Rainbow Technologies, Inc. stock as a result of the March 14, 2004 acquisition of Rainbow Technologies, Inc. by SafeNet (the "Subclass").

Receipt of this Notice does not mean that you are a Class Member. Please check your records or contact your broker to see if you purchased or otherwise acquired SafeNet common stock during the Class Period.

6. Are there exceptions to being included in the Settlement Class?

There are some people who are excluded from the Settlement Class by definition. The excluded persons are: (a) the current and former defendants in the Litigation; (b) the current and former trustees, officers and directors of the Company; (c) the members of the immediate families of the current and former individual defendants in the Litigation; (d) the subsidiaries and affiliates of SafeNet; (e) any entity in which any current or former defendant has or had a controlling interest; (f) the legal representatives, heirs, successors or assigns of any excluded Person; and (g) any Person who timely and validly seeks exclusion from the Settlement Class.

If you do not want to be a Class Member for example, if you want to bring your own lawsuit against the Settling Defendants at your own expense for the claims that are being released as part of the Settlement – **you must** exclude yourself by filing a request for exclusion in accordance with the requirements explained below.

If one of your mutual funds purchased or otherwise acquired shares of SafeNet common stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you (or your broker on your behalf) directly purchased or otherwise acquired SafeNet common stock during the Class Period.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help by writing to or calling the Claims Administrator: SafeNet Securities Litigation, Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8042, 866-905-8126, www.SafeNetSecuritiesSettlement.com. Or you can fill out and return the Proof of Claim and release form ("Proof of Claim" or "Claim Form") described on Page 5, in the answer to Question 10, to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU MAY RECEIVE

8. What does the Settlement provide?

In the Settlement, SafeNet has agreed to pay \$25,000,000 in cash, which will be deposited in an interest-bearing escrow account for the benefit of the Settlement Class (the “Settlement Fund”). The Settlement Fund will be divided, after deduction of Court-awarded attorneys’ fees and expenses, settlement administration costs, and any applicable taxes, among all Class Members who timely submit valid Proofs of Claim to the Claims Administrator that are accepted for payment by the Court (“Authorized Claimants”).

9. How much will my payment be?

The Plan of Allocation discussed on Pages 8–11 below explains how each claimant’s “Recognized Claim” will be calculated. Your share of the Net Settlement Fund will depend on several things, including: (a) how many shares of SafeNet common stock you bought; (b) how much you paid for the shares; (c) when you bought them; (d) whether or when you sold them (and, if so, for how much you sold them); and (e) the amount of Recognized Claims of other Authorized Claimants.

It is unlikely that you will get a payment for your entire Recognized Claim, given the number of potential Class Members. After all Class Members have sent in their Proofs of Claim, the payment any Authorized Claimant will get will be their *pro rata* share of the Net Settlement Fund. An Authorized Claimant’s share will be his, her, or its Recognized Claim divided by the total of all Authorized Claimants’ Recognized Claims and then multiplied by the total amount in the Net Settlement Fund. See the Plan of Allocation beginning on Page 8 for more information.

Once all the Proofs of Claim are processed and claims are calculated, Lead Counsel, without further notice to the Settlement Class, will apply to the Court for an order authorizing distribution of the Net Settlement Fund to the Authorized Claimants. Lead Counsel will also ask the Court to approve payment of the Claims Administrator’s fees and expenses incurred in connection with administering the Settlement that have not already been reimbursed.

HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM

10. How can I get a payment?

To qualify for a payment, you must timely send in a valid Proof of Claim with supporting documents (DO NOT SEND ORIGINALS of your supporting documents). A Proof of Claim is enclosed with this Notice. You may also get copies of the Proof of Claim on the Internet at the websites for the Claims Administrator, www.SafeNetSecuritiesSettlement.com, or Lead Counsel, www.labaton.com or www.blbgllaw.com. Please read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it to the Claims Administrator by First-Class Mail, **postmarked on or before February 14, 2011**. **The Claims Administrator needs all of the information requested in the Proof of Claim in order to determine if you are eligible to receive a distribution from the Net Settlement Fund.**

11. When would I get my payment?

The Court will hold a hearing on December 20, 2010 at 3:30 p.m. to decide whether to, among other things, approve the Settlement and the proposed Plan of Allocation. All Proofs of Claim must be submitted to the Claims Administrator, **postmarked on or before February 14, 2011**. If the Court approves the Settlement, there may still be appeals, which would delay payment, perhaps for more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up by staying in the Settlement Class?

Unless you exclude yourself, you will stay in the Settlement Class, which means that as of the date that the Settlement becomes effective under the terms of the Stipulation (the “Effective Date”), you will forever give up and release all “Released Claims” (as defined below) against the “Released Defendant Parties” (as defined below). You will not in the future be able to bring a case asserting any Released Claim against the Released Defendant Parties.

“Released Claims” means all claims, rights and causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, whether known or Unknown (as defined below), whether arising under federal, state, common or foreign law, that Lead Plaintiffs or any other Class Member (i) have asserted in the Litigation, including the Second Amended Complaint or (ii) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the complaints filed in the Litigation, including the Second Amended Complaint, and that relate to (a) the purchase of SafeNet common stock during the Class Period, or (b) with respect to the Subclass, the acquisition of SafeNet common stock in exchange for shares of Rainbow Technologies, Inc. stock as a result of the March 14, 2004 acquisition of Rainbow Technologies, Inc. by SafeNet. Released Claims do not include claims based upon, relating to or arising out of the interpretation or enforcement of the terms of the Settlement and do not include any claims against any Former Director Defendant that does not provide to Lead Counsel a signed release of any and all of their claims against the Released Plaintiff Parties that is equivalent in scope to the release being provided by the Settling Defendants by October 29, 2010.

“Released Defendant Parties” means any and all of the Settling Defendants, the Former Director Defendants and each of their current or former trustees, officers, directors, partners, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors, parents (including, but not limited to, Vector Capital), subsidiaries, divisions, joint ventures, general or limited partners or partnerships, and limited liability companies; spouses and members of the immediate families of the Executive Officer and Former Director Defendants, as well as their legal representatives, heirs, successors or assigns, any trust of which any Defendant is the settlor or which is for the benefit

of any immediate family member of any Executive Officer or Former Director Defendant; provided however, that if any Former Director Defendant does not provide to Lead Counsel a signed release of their claims as described in the definition of “Released Claims” by October 29, 2010, such Former Director Defendant(s) and their respective Released Defendant Parties shall not be Released Defendant Parties under the terms of the Stipulation or otherwise be entitled to any of the rights and benefits of the Stipulation.

“Unknown Claims” means any and all Released Claims, which the Lead Plaintiffs or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants’ Claims that any Settling Defendant or any other Released Defendant Party does not know or suspect to exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants’ Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and each of the Settling Defendants shall expressly, and each other Class Member and each other Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs, the other Class Members, the Settling Defendants or the other Released Defendant Parties may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims and the Released Defendants’ Claims, but Lead Plaintiffs and the Settling Defendants shall expressly, fully, finally and forever settle and release, and each other Class Member and each other Released Defendant Party shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants’ Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Settling Defendants acknowledge, and other Class Members and each other Released Defendant Party by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was a key element of the Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you want to keep any right you may have to sue or continue to sue the Released Defendant Parties on your own about the Released Claims, then you must take steps to exclude yourself from the Settlement Class. Excluding yourself is known as “opting out” of the Settlement Class. The Settling Defendants may withdraw from and terminate the Settlement if potential Class Members who purchased in excess of a certain amount of SafeNet common stock during the Class Period opt out from the Settlement Class.

13. How do I “opt out” (exclude myself) from the proposed Settlement?

To “opt out” (exclude yourself) from the Settlement Class, you must send a signed letter by First-Class Mail stating that you “request exclusion from the Settlement Class in *Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.*, Case No. 06 Civ. 5797 (PAC).” Your letter **must** state the date(s), price(s), and number of shares of all your purchases, acquisitions, and sales of SafeNet common stock during the Class Period. This information is needed to determine whether you are a Class Member. In addition, you must include your name, address, telephone number, and your signature. You must mail your exclusion request by First-Class Mail, addressed to SafeNet Securities Litigation, Claims Administrator, EXCLUSIONS, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8042. The exclusion request must be **received** no later than November 29, 2010. **You cannot exclude yourself or opt out by telephone or by email.** Your exclusion request must comply with these requirements in order to be valid. If you are excluded, you will not be eligible to get any payment from the Settlement proceeds and you cannot object to the Settlement, the proposed Plan of Allocation, or the application for attorneys’ fees and reimbursement of expenses.

14. If I do not exclude myself, can I sue the Settling Defendants and the other Released Defendant Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue the Settling Defendants and the other Released Defendant Parties for all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case **immediately**. You must exclude yourself from **this** Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is November 29, 2010.

15. If I exclude myself, can I get money from the proposed settlement?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against the Settling Defendants and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The law firms of Bernstein Litowitz Berger & Grossmann LLP and Labaton Sucharow LLP in New York, New York were appointed to represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Counsel’s fees and expenses. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel have not received any payment for their services in pursuing the claims against the Settling Defendants on behalf of the Settlement Class, nor have they been reimbursed for their litigation expenses. At the Settlement Hearing described below, or at such other time as the Court may order, Lead Counsel will ask the Court to award them, from the Settlement Fund, attorneys' fees of no more than 28.5% of the Settlement Fund and to reimburse them for their litigation expenses, such as the cost of experts, that they have incurred in pursuing the Litigation. The request for reimbursement of expenses will not exceed \$675,000 plus interest on the expenses from the date of funding at the same rate earned by the Settlement Fund. Lead Counsel's overall request for reimbursement of litigation expenses may include a request for an award to Lead Plaintiffs the Police and Fire Retirement System of the City of Detroit and the Plymouth County Retirement System and/or the Subclass Representative for reimbursement of their reasonable costs and expenses directly related to their representation of the Settlement Class and Subclass, respectively.

OBJECTING TO THE SETTLEMENT

18. How do I tell the Court that I do not like the proposed Settlement, the proposed Plan of Allocation, and/or the application by Lead Counsel for attorneys' fees and reimbursement of expenses?

If you are a Class Member and do not "opt out," you can object to any part of the Settlement, the proposed Plan of Allocation, and/or the application by Lead Counsel for attorneys' fees and reimbursement of expenses. You must write to the Court setting out your objection, giving reasons why you think the Court should not approve any part or all of the Settlement.

To object, you must send a signed letter stating that you object to the proposed Settlement in the case known as *Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.*, Case No. 06 Civ. 5797 (PAC). You must include your name, address, telephone number, and your signature; identify the date(s), price(s), and number of shares of all purchases, acquisitions, and sales of SafeNet stock you made during the Class Period; and state the reasons why you object to the Settlement, the proposed Plan of Allocation, and/or the application for attorneys' fees and reimbursement of expenses. This information is needed to demonstrate your membership in the Settlement Class.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will not be able to make any objection to the Settlement, the proposed Plan of Allocation, and/or the application for attorneys' fees and reimbursement of expenses in the future.

Your objection must be filed with the United States District Court for the Southern District of New York on or before November 29, 2010 at the address set forth below. You must also serve the papers on Lead Counsel and representative counsel for the Settling Defendants at the addresses set forth below so that the papers are **received** on or before November 29, 2010.

COURT:

CLERK OF THE COURT
United States District Court for the
Southern District of New York
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, NY 10007

LEAD COUNSEL:

LABATON SUCHAROW LLP
Jonathan Gardner
140 Broadway
New York, NY 10005
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
William C. Fredericks
Jeremy P. Robinson
1285 Avenue of the Americas
New York, NY 10019

REPRESENTATIVE COUNSEL FOR THE SETTLING DEFENDANTS:

SULLIVAN & CROMWELL LLP
Richard H. Klapper
Andrew H. Reynard
125 Broad Street
New York, NY 10004

19. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can still recover from the Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Settlement Hearing at 3:30 p.m. on December 20, 2010, in Courtroom 20C of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the application for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out above in the answer to Question 18. We do not know how long it will take the Court to make these decisions.

You should also be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you validly submit an objection, it will be considered by the Court. You do not have to come to Court to talk about it.

22. May I speak at the hearing and submit additional evidence?

If you file an objection, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your objection (see the answer to Question 18 above) a statement that it is your “notice of intention to appear in *Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.*, Case No. 06 Civ. 5797 (PAC).” Persons who object and want to present evidence at the Settlement Hearing must also include in their written objection the identity of any witness they may call to testify and exhibits they intend to introduce at the Settlement Hearing. You cannot speak at the hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Settlement Hearing according to the procedures described above and in the answer to Question 18.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Settling Defendants and the other Released Defendant Parties about the Released Claims in this case. To be eligible to share in the Net Settlement Fund, you must submit a Proof of Claim (see the answer to Question 10). To start, continue, or be a part of any **other** lawsuit against the Settling Defendants and the other Released Defendant Parties about the Released Claims in this case, you must exclude yourself from this Settlement Class (see the answer to Question 13).

GETTING MORE INFORMATION

24. Are there more details about the proposed settlement and the lawsuit?

This Notice summarizes the proposed Settlement. More details are in the Stipulation dated as of September 13, 2010. You may review the Stipulation filed with the Court and all documents filed in the Litigation during business hours at the Office of the Clerk of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007.

You also can call the Claims Administrator toll free at 866-905-8126; call Lead Counsel at 888-219-6877, Labaton Sucharow LLP, or 800-380-8496, Bernstein Litowitz Berger & Grossmann LLP; write to SafeNet Securities Litigation, Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8042; or visit the websites www.SafeNetSecuritiesSettlement.com, www.labaton.com or www.blbglaw.com, where you can download copies of this Notice, the Proof of Claim, and the Stipulation and also locate other information to help you determine whether you are a Class Member and whether you may be eligible for a payment. **Please Do Not Call the Court or SafeNet With Questions About the Settlement.**

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

I. GENERAL PROVISIONS

SafeNet has agreed to pay or cause to be paid the \$25,000,000 cash Settlement Amount into escrow for the benefit of the Settlement Class. The Settlement Amount plus all income earned thereon is referred to as the Settlement Fund.

The Net Settlement Fund means the Settlement Fund less (i) all taxes on the income of the Settlement Fund and expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, interest, penalties, and the expenses of tax attorneys and accountants); (ii) all fees, costs, and expenses paid or incurred in connection with the notice and administration of the Settlement; and (iii) any attorneys’ fees and expenses awarded by the Court to Lead Counsel, including any award to Lead Plaintiffs the Police and Fire Retirement System of the City of Detroit and the Plymouth County Retirement System and/or the Subclass Representative for reimbursement of their reasonable costs and expenses directly related to their representation of the Settlement Class and Subclass, respectively.

The Net Settlement Fund shall be distributed to each Class Member who timely submits a valid Proof of Claim to the Claims Administrator that is accepted for payment by the Court (“Authorized Claimant”). The Net Settlement Fund will not be distributed to Authorized Claimants until the Court has approved a plan of allocation and the time for any petition for rehearing, appeal, or review, whether by *certiorari* or otherwise, of the order approving the plan of allocation has expired.

The Settling Defendants are not entitled to get back any portion of the Settlement Fund once the Effective Date of the Settlement has occurred. The Settling Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the plan of allocation.

Approval of the Settlement is independent from approval of the plan of allocation. Any determination with respect to the plan of allocation will not affect the Settlement, if approved.

Only those persons and entities who purchased or otherwise acquired SafeNet common stock during the Class Period **AND WERE DAMAGED AS A RESULT OF SUCH PURCHASES OR ACQUISITIONS** will be eligible to share in the distribution of the Net Settlement Fund. Each person or entity wishing to participate in the distribution must timely submit a valid Claim Form establishing membership in the Settlement Class and including all required documentation, postmarked no later than February 14, 2011 to the address set forth in the Claim Form that accompanies this Notice. Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked no later than February 14, 2011 shall be forever barred from receiving payments pursuant to the Settlement set forth in the Stipulation but will in all other respects remain a Class Member and be subject to the provisions of the Stipulation, including the terms of any judgment entered and releases given. This means that each Class Member releases the Released Claims (as defined above) against the Released Defendant Parties (as defined above) and is barred and enjoined from commencing, instituting, prosecuting, or maintaining any of the Released Claims against any of the Released Defendant Parties regardless of whether or not such Class Member submits a Claim Form.

The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the claim of any Class Member.

The plan of allocation set forth herein (the "Plan of Allocation") is the plan that is being proposed by Lead Plaintiffs and Lead Counsel to the Court for approval. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. All orders regarding a modification of the Plan of Allocation will be posted on the settlement website, www.SafeNetSecuritiesSettlement.com.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Lead Counsel, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation, or further orders of the Court. Lead Plaintiffs, Defendants, their respective counsel, Lead Plaintiffs' damages expert, and all other Released Defendant Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; or for the Plan of Allocation; the determination, administration, calculation, or payment of any claim; the nonperformance of the Claims Administrator; the payment or withholding of taxes owed by the Settlement Fund; or any losses incurred in connection therewith.

A Recognized Loss Amount will be calculated for each purchase or other acquisition of SafeNet common stock that is listed in the Claim Form and for which adequate documentation is provided. The calculation of the Recognized Loss Amount will depend upon several factors, including (i) when the shares of SafeNet common stock were purchased or otherwise acquired and (ii) whether they were held until the conclusion of the Class Period or sold during the Class Period and, if so, when they were sold.

The Recognized Loss Amount formula set forth below is not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss Amount formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

Information Required on the Claim Form: Each Claim Form must state and provide sufficient documentation for each Authorized Claimant's position in SafeNet common stock as of the close of trading on March 30, 2003, the day before the first day of the Class Period, and the closing position in SafeNet common stock as of the close of trading on May 18, 2006, the last day of the Class Period. Each Claim Form also must list and provide sufficient documentation for all transactions in SafeNet common stock, including all purchases or other acquisitions and sales, made during the Class Period.

The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Class Members who suffered economic losses as a result of the alleged fraud, as opposed to losses caused by market or industry factors or other non-fraud-related, Company-specific factors. The Plan of Allocation reflects Lead Plaintiffs' determination of potentially recoverable losses based on Lead Plaintiffs' damages expert's analysis undertaken to that end, the Court's August 5, 2009 order on issues of loss causation as they relate to certain corrective disclosures as alleged in the SAC, and the probability of success of an appeal on those issues. Lead Plaintiffs' damages expert's analysis included a review of publicly available information regarding SafeNet and statistical analyses of the price movements of SafeNet's common stock during the Class Period.

Recognized Loss Amounts are based on the level of alleged artificial inflation in the price of SafeNet's common stock at the time of purchase or other acquisition. For market losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the stock. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts from March 31, 2003 through and including May 18, 2006, which were allegedly corrected by disclosures after the close of trading on February 2, 2006, April 6, 2006, and May 18, 2006, in whole or in part. The various Recognized Loss Amounts described below are based on the timing of trades in SafeNet common stock relative to these alleged "Corrective Disclosure" dates.

II. SPECIFIC LOSS AMOUNTS

The Recognized Loss Amount per share, which is based on the daily per-share amount of alleged artificial inflation present in the price of SafeNet stock set forth below, shall be calculated as follows and cannot be less than zero:

- (i) For shares of SafeNet common stock purchased or otherwise acquired on or after March 31, 2003 through and including the close of trading on February 2, 2006, and:
 - (a) Sold on or before the close of trading on February 2, 2006, the Recognized Loss Amount per share is \$0;
 - (b) Sold on or after February 3, 2006, but before the close of trading on April 6, 2006, the Recognized Loss Amount per share is the lesser of (i) the purchase price minus the sale price; or (ii) \$0.25 per share;
 - (c) Sold on or after April 7, 2006, but before the close of trading on May 18, 2006, the Recognized Loss Amount per share is the lesser of (i) the purchase price minus the sale price; or (ii) \$0.50 per share;

- (d) Still held as of the close of trading on May 18, 2006, the Recognized Loss Amount per share is the lesser of (i) the purchase price minus \$16.40; or (ii) \$4.78 per share. To clarify, this subsection (d) applies to shares sold after the end of the Class Period or not sold at all.
- (ii) For shares of SafeNet common stock purchased or otherwise acquired on or after February 3, 2006 through and including the close of trading on April 6, 2006, and:
 - (a) Sold on or before the close of trading on April 6, 2006, the Recognized Loss Amount per share is \$0;
 - (b) Sold on or after April 7, 2006, but before the close of trading on May 18, 2006, the Recognized Loss Amount per share is the lesser of (i) the purchase price minus the sale price; or (ii) \$0.25 per share;
 - (c) Still held as of the close of trading on May 18, 2006, the Recognized Loss Amount per share is the lesser of (i) the purchase price minus \$16.40; or (ii) \$4.53 per share. To clarify, this subsection (c) applies to shares sold after the end of the Class Period or not sold at all.
- (iii) For shares of SafeNet common stock purchased or otherwise acquired on or after April 7, 2006 through and including the close of trading on May 18, 2006, and:
 - (a) Sold on or before May 18, 2006, the Recognized Loss Amount per share is \$0;
 - (b) Still held as of the close of trading on May 18, 2006, the Recognized Loss Amount per share is the lesser of (i) the purchase price minus \$16.40; or (ii) \$4.28 per share. To clarify, this subsection (b) applies to shares sold after the end of the Class Period or not sold at all.

The Recognized Loss Amount for each purchase will be calculated by multiplying the number of shares purchased by the respective Recognized Loss Amount per share. Each Authorized Claimant's "Recognized Claim" shall be the total of his, her, or its Recognized Loss Amounts. As indicated above, an Authorized Claimant who did not hold shares over an alleged "Corrective Disclosure" date will have no Recognized Loss Amount with respect to those shares.

The acquisition price for shares of SafeNet common stock acquired through a merger shall be the closing price on the date of acquisition of the shares, and the date of acquisition shall be the date of the closing of the merger.

III. ADDITIONAL PROVISIONS

The Net Settlement Fund will be distributed to Authorized Claimants who have a Recognized Claim greater than \$0, subject to the \$10 threshold for payments set forth below.

Each Authorized Claimant shall recover his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of all Recognized Claims to be paid from the Net Settlement Fund, multiplied by the total amount in the Net Settlement Fund. If the prorated payment calculates to less than \$10, it will be removed from the calculations and it will not be distributed.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. All checks shall become stale one hundred and twenty (120) calendar days from the date of issuance, at which time all funds remaining for such stale checks shall be irrevocably forfeited and such funds shall be made available to be redistributed if economically feasible. Following the initial distribution, the Claims Administrator shall use reasonable efforts to have Authorized Claimants cash their distribution checks. Subsequent to the passage of six (6) months from the distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator will conduct a re-distribution of any funds remaining in the Net Settlement Fund by reason of returned or uncashed checks or otherwise to Authorized Claimants who have cashed their initial distribution checks and who would receive at least \$10 on such re-distribution based on their Recognized Claims, after payment from the Net Settlement Fund of any unpaid costs or fees incurred in administering the funds, including for such re-distribution. Additional re-distributions may occur thereafter to Authorized Claimants in six (6)-month intervals if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distribution is cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance of the Net Settlement Fund shall be contributed to non-sectarian, not-for-profit 501(c)(3) organizations recommended by Lead Counsel and approved by the Court.

If a Class Member has more than one purchase/acquisition or sale of SafeNet common stock during the Class Period, all purchases/acquisitions and sales shall be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any SafeNet shares held at the beginning of the Class Period and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. Class Period sales matched to SafeNet shares held at the beginning of the Class Period shall be excluded from the calculation of Recognized Claims. Purchases or acquisitions and sales of SafeNet common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance, or operation of law of SafeNet common stock during the Class Period shall not be deemed a purchase, acquisition, or sale of these shares of SafeNet common stock for the calculation of an Authorized Claimant's Recognized Loss Amount for these shares, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such shares of SafeNet common stock unless (i) the donor or decedent purchased or otherwise acquired such shares of SafeNet common stock during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of SafeNet common stock; and (iii) the assignment is specifically provided for in the instrument of gift or assignment.

The date of covering a “short sale” is deemed to be the date of purchase or other acquisition of SafeNet common stock. The date of a “short sale” is deemed to be the date of sale of SafeNet common stock. The Recognized Loss Amount for “short sales” is zero. In the event that there is an opening short position in SafeNet common stock, the earliest Class Period purchases shall be matched against such opening short position, and not be matched against sales until that short position is fully covered.

To the extent a claimant had a market gain from his, her, or its overall transactions in SafeNet common stock during the Class Period, the value of the Recognized Claim will be zero. Such claimants will in any event be bound by the Settlement. To the extent that a claimant suffered an overall market loss on his, her, or its overall transactions in SafeNet common stock during the Class Period, but that market loss was less than the total Recognized Claim calculated above, then the claimant’s Recognized Claim shall be limited to the amount of the actual market loss.

For purposes of determining whether a claimant had a market gain from his, her, or its overall transactions in SafeNet common stock during the Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount⁴ and (ii) the sum of the Sales Proceeds⁵ and the Holding Value.⁶ This difference will be deemed a claimant’s market gain or loss on his, her, or its overall transactions in SafeNet common stock during the Class Period.

Option contracts are not securities eligible to participate in the Settlement. With respect to shares of SafeNet common stock purchased or sold through the exercise of an option, the purchase/sale date is the date of the exercise of the option and the purchase/sale price of the share is the exercise price of the option.

Each claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her, or its Claim Form.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

25. What if I bought shares of SafeNet common stock on someone else’s behalf?

If you purchased or otherwise acquired SafeNet common stock (NASDAQ ticker: SFNT; CUSIP: 78645R107; ISIN: US78645R1077) during the period from March 31, 2003 through May 18, 2006, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or otherwise acquired SafeNet common stock during such time period (preferably in an MS Excel data table, setting forth (i) title/registration, (ii) street address, (iii) city/state/zip or electronically in MS Word or WordPerfect files or on computer-generated mailing labels) or (b) request additional copies of this Notice and the Proof of Claim, which will be provided to you free of charge, and within seven (7) calendar days of receipt of such copies send them by First-Class Mail directly to the beneficial owners of those SafeNet shares.

If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid after request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

SAFENET SECURITIES LITIGATION
CLAIMS ADMINISTRATOR
ATTENTION: FULFILLMENT DEPARTMENT
C/O A.B. DATA, LTD.
3410 WEST HOPKINS STREET
PO BOX 170500
MILWAUKEE, WI 53217-8042
866-561-6065
1-414-961-4888 outside the United States or Canada
1-414-961-7499 fax
fulfillment@abdata.com
www.abdataclassaction.com

Dated: October 15, 2010

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

⁴ The “Total Purchase Amount” is the total amount the claimant paid for all of the SafeNet common stock purchased or acquired during the Class Period.

⁵ The Claims Administrator shall match any sales of SafeNet common stock during the Class Period, first against the claimant’s opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received for sales of the remaining SafeNet common stock sold during the Class Period is the “Sales Proceeds.”

⁶ The Claims Administrator shall ascribe a \$16.40 per-share holding value for the number of shares of SafeNet common stock purchased or acquired during the Class Period and still held as of the close of business on May 18, 2006 (“Holding Value”).