

Crosby, J

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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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,

Case No. 06 Civ. 5797 (PAC)

Plaintiffs,

**PRELIMINARY APPROVAL ORDER
PROVIDING FOR NOTICE AND
HEARING IN CONNECTION WITH
PROPOSED CLASS ACTION
SETTLEMENT**

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.

WHEREAS, on September 13, 2010, the parties to the above-captioned consolidated securities class action litigation (the "Litigation") entered into a Stipulation and Agreement of Settlement (the "Stipulation"), which was filed with the Court on September 13, 2010 and which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions of the proposed settlement of the claims alleged in the Second Amended Consolidated Class Action Complaint ("SAC") on the merits and with prejudice (the "Settlement"); and the Court having read and considered the Stipulation and the accompanying exhibits; and the parties to the Stipulation having consented to

the entry of this Order; and all capitalized terms used in this Order that are not otherwise defined herein having the meanings defined in the Stipulation;

NOW, THEREFORE, IT IS HEREBY ORDERED, this 7th day of ~~September~~ ^{October}, 2010 PM

that:

1. The Court has reviewed the Stipulation and preliminarily finds the Settlement set forth therein to be fair, reasonable and adequate, subject to further consideration at the Settlement Hearing described below.

2. Pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, the Court hereby certifies, for the purposes of the Settlement only, the Litigation as a class action on behalf of all persons and entities that purchased or otherwise acquired the common stock of SafeNet, Inc. ("SafeNet" or the "Company") 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"). Excluded from the Settlement Class are: the current and former defendants in the Litigation; the current and former trustees, officers and directors of the Company; the members of the immediate families of the current and former individual defendants in the Litigation; the subsidiaries and affiliates of SafeNet; any entity in which any current or former defendant has or had a controlling interest; and the legal representatives, heirs, successors or assigns of any excluded Person. Also excluded from the Settlement Class will be any Person who timely and validly seeks exclusion from the Settlement Class.

3. The Court finds and concludes that the prerequisites of class action certification under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedures have been satisfied for the Settlement Class defined herein and for the purposes of the Settlement only, in that:

(a) the members of the Settlement Class are so numerous that joinder of all Class Members is impracticable;

(b) there are questions of law and fact common to the Class Members;

(c) the claims of Lead Plaintiffs the Police and Fire Retirement System of the City of Detroit and the Plymouth County Retirement System are typical of the Settlement Class's claims and the claims of named plaintiff Michael Golde are typical of the Subclass's claims;

(d) the Class Representatives and their counsel have fairly and adequately represented and protected the interests of the Settlement Class and the Subclass;

(e) the questions of law and fact common to the Class Members predominate over any individual questions; and

(f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy, considering that the claims of Class Members in the Litigation are substantially similar and would, if tried, involve substantially identical proofs and may therefore be efficiently litigated and resolved on an aggregate basis as a class action; the amounts of the claims of many of the Class Members are too small to justify the expense of individual actions; and it does not appear that there is any intent among Class Members in individually controlling the litigation of their claims.

4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, Lead Plaintiffs the Police and Fire Retirement System of the City of

Detroit and the Plymouth County Retirement System are certified as Class Representatives for the Settlement Class and named plaintiff Michael Golde is certified as Class Representative for the Subclass. The law firms of Labaton Sucharow LLP and Bernstein Litowitz Berger & Grossmann LLP are appointed Class Counsel for the Settlement Class and the Subclass.

5. A hearing (the "Settlement Hearing") pursuant to Rule 23(e) of the Federal Rules of Civil Procedure is hereby scheduled to be held before the Court on December 20, 2010, at 3:30 p.m. for the following purposes:

(a) to determine whether the proposed Settlement is fair, reasonable and adequate, and should be approved by the Court;

(b) to determine whether the Final Order and Judgment ("Judgment") as provided under the Stipulation should be entered, dismissing the SAC filed herein, on the merits and with prejudice, and to determine whether the release by the Settlement Class of the Released Claims, as set forth in the Stipulation, should be provided to the Released Defendant Parties;

(c) to determine, for purposes of the Settlement only, whether the Settlement Class should be finally certified; whether Lead Plaintiffs the Police and Fire Retirement System of the City of Detroit and the Plymouth County Retirement System should be finally certified as Class Representatives for the Settlement Class; whether named plaintiff Michael Golde should be finally certified as Class Representative for the Subclass; and whether the law firms of Labaton Sucharow LLP and Bernstein Litowitz Berger & Grossmann LLP should be finally appointed as Class Counsel for the Settlement Class and the Subclass;

(d) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved by the Court;

(c) to consider Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses (which may include an application 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 representations of the Settlement Class and Subclass, respectively); and

(f) to rule upon such other matters as the Court may deem appropriate.

6. The Court reserves the right to approve the Settlement with or without modification and with or without further notice of any kind. The Court further reserves the right to enter the Judgment approving the Settlement and dismissing the SAC on the merits and with prejudice regardless of whether it has approved the Plan of Allocation or awarded attorneys' fees and/or expenses. The Court may also adjourn the Settlement Hearing or modify any of the dates herein without further notice to members of the Settlement Class.

7. The Court approves the form, substance and requirements of the Notice of Pendency of Class Action and Proposed Settlement (the "Notice") and the Proof of Claim and Release Form ("Proof of Claim"), substantially in the forms annexed hereto as Exhibits 1 and 2, respectively.

8. The Court approves the retention of AB Data as the Claims Administrator. The Claims Administrator shall cause the Notice and the Proof of Claim, substantially in the forms annexed hereto, to be mailed, by first-class mail, postage prepaid, on or before ten (10) business days after the date of entry of this Order ("Notice Date"), to all Class Members who can be identified with reasonable effort. Defendant SafeNet, to the extent it has not already done so, shall cause (i) a list of the name and last known address of the persons and entities who were

SafeNet shareholders of record during the Class Period; and (ii) copies of the Depository Trust Company "Listing Position" statements as of the record date for each SafeNet annual meeting of shareholders held during the Class Period to be made available to the Claims Administrator, in electronic form, within five (5) business days after entry of this order for the purpose of identifying and giving notice to the Settlement Class. Defendant SafeNet shall bear all costs or expenses associated with providing the Claims Administrator with such records.

9. The Claims Administrator shall use reasonable efforts to give notice to nominee purchasers such as brokerage firms and other persons or entities who purchased or otherwise acquired SafeNet common stock during the Class Period as record owners but not as beneficial owners. Such nominee purchasers are directed, within seven (7) calendar days of their receipt of the Notice, to either (i) provide the Claims Administrator with lists of the names and last known addresses of the beneficial owners, and the Claims Administrator is ordered to send the Notice and Proof of Claim promptly to such identified beneficial owners by first-class mail, or (ii) request additional copies of the Notice and Proof of Claim, and within seven (7) calendar days of receipt of such copies send them by first-class mail directly to the beneficial owners. Nominee purchasers who elect to send the Notice and Proof of Claim to their beneficial owners shall also send a statement to the Claims Administrator confirming that the mailing was made as directed. Additional copies of the Notice shall be made available to any record holder requesting such for the purpose of distribution to beneficial owners, and such record holders shall be reimbursed from the Settlement Fund, after receipt by the Claims Administrator of proper documentation, for their reasonable expenses incurred in sending the Notices and Proofs of Claim to beneficial owners. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of mailing of the Notice and Proof of Claim.

10. The Court approves the form of the Summary Notice of Pendency of Class Action and Proposed Settlement (“Summary Notice”), substantially in the form annexed hereto as Exhibit 3, and directs that Lead Counsel shall cause the Summary Notice to be published in *Investor’s Business Daily* and transmitted over *Business Wire* within fourteen (14) calendar days of the Notice Date. Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of publication of the Summary Notice.

11. The form and content of the notice program described herein, and the method set forth herein of notifying the Settlement Class of the Settlement and its terms and conditions, meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-1(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995, and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all persons and entities entitled thereto.

12. In order to be eligible to receive a distribution from the Net Settlement Fund, in the event the Settlement is effected in accordance with the terms and conditions set forth in the Stipulation, each Class Member shall take the following actions and be subject to the following conditions:

(a) A properly executed Proof of Claim, substantially in the form annexed hereto as Exhibit 2, must be submitted to the Claims Administrator, at the address indicated in the Notice, postmarked no later than 120 calendar days after the Notice Date. Such deadline may be further extended by Court Order. Each Proof of Claim shall be deemed to have been submitted when postmarked (if properly addressed and mailed by first-class mail, postage

prepaid) provided such Proof of Claim is actually received prior to the motion for an order of the Court approving distribution of the Net Settlement Fund. Any Proof of Claim submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Notice. Any Class Member who does not timely submit a Proof of Claim within the time provided for shall be barred from sharing in the distribution of the Net Settlement Fund, unless otherwise ordered by the Court.

(b) The Proof of Claim submitted by each Class Member must satisfy the following conditions, unless otherwise ordered by the Court: (i) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by adequate supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by Lead Counsel; (iii) if the person executing the Proof of Claim is acting in a representative capacity, a certification of her current authority to act on behalf of the Class Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

(c) As part of the Proof of Claim, each Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted.

13. Class Members shall be bound by all orders, determinations and judgments in this Litigation, whether favorable or unfavorable, unless such Persons request exclusion from the Settlement Class in a timely and proper manner, as hereinafter provided. A Class Member

wishing to make such an exclusion request shall mail the request in written form by first-class mail to the address designated in the Notice for such exclusions, such that it is received no later than twenty-one (21) calendar days prior to the Settlement Hearing. Such request for exclusion must state the name, address and telephone number of the person seeking exclusion, that the sender requests to be excluded from the Settlement Class in *Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.*, No. 06-5797, and must be signed by such person. Such persons requesting exclusion are also directed to state: the date(s), price(s), and number(s) of shares of all purchases, acquisitions, and sales of SafeNet common stock during the Class Period. The request for exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

14. Class Members requesting exclusion from the Settlement Class shall not be eligible to receive any payment out of the Net Settlement Fund as described in the Stipulation and Notice.

15. The Court will consider any Class Member's objection to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees or reimbursement of expenses only if no later than twenty-one (21) calendar days before the Settlement Hearing, such Class Member has served by hand or by overnight delivery his, her or its written objection and supporting papers, upon Lead Counsel, Jonathan Gardner, Labaton Sucharow LLP, 140 Broadway, New York, New York 10005, and William C. Fredericks, Jeremy P. Robinson, Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, New York 10019, and counsel for SafeNet, Inc., Richard H. Klapper, Andrew H. Reynard, Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004 ("SafeNet's Counsel"), who will

then provide copies to counsel for the other Settling Defendants, and has filed said objections and supporting papers with the 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, New York 10007-1312. Attendance at the hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees and other expenses are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or the application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

16. Any Class Member who does not make his, her or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness or adequacy of the Settlement, to the Plan of Allocation, and/or the application for an award of attorneys' fees and expenses, unless otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the releases to be given.

17. Pending final determination of whether the Settlement should be approved, Lead Plaintiffs, all Class Members, and each of them, and anyone who acts or purports to act on their behalf, shall not institute, commence or prosecute any action which asserts Released Claims against the Released Defendant Parties.

18. As provided in the Stipulation, Lead Counsel may pay the Claims Administrator a portion of the reasonable fees and costs associated with giving notice to the Settlement Class and the review of claims and administration of the Settlement out of the Settlement Fund, including paying taxes, without further approval from the Settling Defendants and without further order of the Court.

19. All papers in support of the Settlement, Plan of Allocation, and Lead Counsel's request for an award of attorneys' fees and expenses shall be filed with the Court and served on or before twenty-eight (28) calendar days prior to the date set herein for the Settlement Hearing. If reply papers are necessary, they are to be filed with the Court and served no later than seven (7) calendar days prior to the Settlement Hearing. To the extent applicable, Settling Defendants shall file with the Court and serve papers supporting the fulfillment of any obligations they have in connection with the Settlement on or before twenty-eight (28) calendar days prior to the date set herein for the Settlement Hearing. If reply papers are necessary, they are to be filed with the Court and served no later than seven (7) calendar days prior to the Settlement Hearing.


20. The passage of title and ownership of the Settlement Fund to the Escrow Agent in accordance with the terms and obligations of the Stipulation is approved. No person who is not a Class Member or Lead Counsel shall have any right to any portion of, or to any distribution of, the Net Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation.

21. All funds held in escrow shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court until such time as such funds shall be distributed pursuant to the Stipulation and/or further order of the Court.


22. If the Settlement fails to become effective as defined in the Stipulation or is terminated pursuant to the provisions of paragraph 37, 38 or 40 of the Stipulation, then, in any such event, the Stipulation, including any amendment(s) thereof, except as expressly provided in the Stipulation, and this Preliminary Approval Order shall be null and void, of no further force or effect, and without prejudice to any Settling Party, and may not be introduced as evidence or used in any actions or proceedings by any person or entity against the Settling Parties, and the Settling Parties shall be deemed to have reverted to their respective litigation positions in the Litigation immediately prior to the execution of the Term Sheet on July 9, 2010.

23. The Court retains exclusive jurisdiction over the Litigation to consider all further matters arising out of or connected with the Settlement.

Dated: October 7, 2010 *mc*
~~September~~



Honorable Paul A. Crotty
UNITED STATES DISTRICT JUDGE



**Exhibit A-1 -
Notice**

FINAL

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") 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 ¶I 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 who 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 ¶¶ [] 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 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,¹ before the deduction of Court-approved fees, expenses and costs as described herein. Class Members should note, however, that this is only

¹ 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.

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 (the "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 is included in this Notice.

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 was 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 ¶[] below) will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed ___% 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 \$_____, plus interest from the date of funding at the same rate as 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 \$___.

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, 800-[___], www.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, 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 _____, 2010.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN _____, 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 Parties concerning the claims that were, or could have been, asserted in this case. This is the <i>only</i> 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 _____, 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 _____, 2010 AT ___:___M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN _____, 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.

[END OF COVER PAGE]

BASIC INFORMATION

I. 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 a Settlement Hearing on _____, 2010 at __:__.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 Detroit, et al. v. SafeNet, Inc. et al.*, No. 06 Civ. 5797. 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."²

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"). 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

² In April 2007, the Company was acquired by technology buyout specialist Vector Capital for \$634 million and taken private. SAC ¶¶ 11, 32; 4/12/2007 Press Release, "Vector Capital Completes Acquisition of SafeNet, Inc."

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.

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 Police and Fire Retirement System of the City of Detroit pursuant to the PSLRA. On February 21, 2007, the Court appointed Lead Plaintiffs, and Labaton Sucharow and Bernstein Litowitz Berger and 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, 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-stock option-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 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 a Second Consolidated Amended Class Action Complaint ("Second Amended Complaint" or "SAC"), purporting to rename Mueller as a defendant with respect to the stock option-related claims.

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 _____, 2010. On _____, 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 Question [6] below) is a member of the Settlement Class, or a "Class Member," unless they take steps to exclude themselves:

All persons who purchased or otherwise acquired common stock of SafeNet during the period from March 31, 2003 through May 18, 2006, inclusive (the "Class Period"), and who were damaged thereby (the "Settlement Class"), including all persons that acquired SafeNet common stock in exchange for their shares of Rainbow stock as a result of the Rainbow Acquisition (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: *Police and Fire Retirement System of Detroit, et al. v. SafeNet, Inc. et al.*, Claims Administrator, c/o [____], [address], 800-[____], www.[____].com. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described on page [____], in 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 that are accepted for payment by the Court (“Authorized Claimants”).

9. How much will my payment be?

The Plan of Allocation discussed on pages [] below explains how claimants’ “Recognized Losses” 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 Losses of other Authorized Claimants.

It is unlikely that you will get a payment for your entire Recognized Loss, 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 Loss divided by the total of all Authorized Claimants’ Recognized Losses and then multiplied by the total amount in the Net Settlement Fund. *See* the Plan of Allocation beginning on page [] 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.\[\]com](http://www.[]com), or Lead Counsel: www.labaton.com or www.blbglaw.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** _____, 2010. *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 _____, 2010 at __:__.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** _____, 2010. 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 the 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 Detroit, et al. v. SafeNet, Inc. et al.*, Lead 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 *Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al. - EXCLUSIONS*, c/o [name of Claims Administrator], [address]. The exclusion request must be *received* no later than _____, 2010. **You cannot exclude yourself or opt out by telephone or by e-mail.** 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 _____, 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 has 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 [29%]% 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 \$ _____ plus interest on the expenses from the date of funding at the same rate as may be 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 Detroit, et al. v. SafeNet, Inc. et al.*, No. 06 Civ. 5797. 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 _____, 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 _____, 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 10007-1312

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, New York 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 ____ .m. on _____, 2010, in Courtroom __ of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 20C, New York, NY 10007-1312. 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 applications 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* Question 18 above) a statement

that it is your “notice of intention to appear in *Police and Fire Retirement System of Detroit, et al. v. SafeNet, Inc. et al.*, No. 06 Civ. 5797.” 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* 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* 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 and Agreement of Settlement dated as of _____, 2010 (the “Stipulation”). 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 10007-1312.

You also can call the Claims Administrator toll free at 800-[____]; call Lead Counsel at 800-[____] Labaton Sucharow LLP or 800-[____] Bernstein Litowitz Berger and Grossmann LLP; write to *Police and Fire Retirement System of Detroit, et al. v. SafeNet, Inc. et al.*, c/o [____], [____]; or visit the websites [www.\[____\].com](http://www.[____].com), www.labaton.com or www.blbgllaw.com, where you can download copies of this Notice, the Proof of Claim form, and the Stipulation and Agreement of Settlement, 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 _____, 20__ 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 _____, 20__ 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._____.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, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim Form or 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 \$10.00 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 \$10.00, 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 \$10.00 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 Amount¹ and (ii) the sum of the Sales Proceeds² and the Holding Value.³ This difference will be deemed a

¹ The “Total Purchase Amount” is the total the amount the Claimant paid for all of the SafeNet common stock purchased or acquired during the Class Period.

² 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

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: []; ISIN []) 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

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."

³ 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").

of Claim form, 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 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:

Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.,

Claims Administrator

c/o: [Name of Claims Administrator]

[]
[]

Phone: []; Fax: []

[]@[].com

[].com

Dated: _____, 2010

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

#467680.10

**Exhibit A-2 -
Proof of Claim**

FINAL

**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,

Case No. 06 Civ. 5797 (PAC)

Plaintiffs,

PROOF OF CLAIM

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.

TO HAVE AN OPPORTUNITY TO RECEIVE A SHARE OF THE SETTLEMENT FUND, YOU
MUST COMPLETE AND SIGN THIS PROOF OF CLAIM FORM, AND RETURN IT TO:

SAFENET SECURITIES LITIGATION
CLAIMS ADMINISTRATOR
C/O A.B. DATA, LTD.
PO BOX _____
_____, _____

YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND MAIL IT BY PREPAID,
FIRST-CLASS MAIL, **POSTMARKED NO LATER THAN** _____. FAILURE TO
SUBMIT YOUR CLAIM BY _____ WILL SUBJECT YOUR CLAIM TO REJECTION
AND PRECLUDE YOU FROM RECEIVING ANY MONEY IN CONNECTION WITH THE
SETTLEMENT OF THIS ACTION.

DO NOT MAIL OR DELIVER YOUR CLAIM FORM TO THE COURT OR ANY PARTIES OR
THEIR COUNSEL. ANY SUCH CLAIM WILL BE DEEMED NOT TO HAVE BEEN SUBMITTED.
SUBMIT YOUR CLAIM ONLY TO THE CLAIMS ADMINISTRATOR.

PART I – CLAIMANT INFORMATION

Last Name (Claimant)

First Name (Claimant)

Last Name (Beneficial Owner if Different From Claimant)

First Name (Beneficial Owner)

Last Name (Co-Beneficial Owner)

First Name (Co-Beneficial Owner)

Company/Other Entity (If Claimant Is Not An Individual)

Contact Person (If Claimant is Not An Individual)

Trustee/Nominee/Other

Account Number (If Claimant Is Not an Individual)

Trust/Other Date (If Applicable)

Address Line 1

Address Line 2 (If Applicable)

City

State

Zip Code

Foreign Province

Country

Foreign Zip Code

Telephone Number (Day)

Telephone Number (Night)

Beneficial Owner's Employer Identification Number or Social Security Number¹

Email Address *(Email address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)*

IDENTITY OF CLAIMANT (check only one box):

- | | | |
|--|--|--------------------------------------|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Joint Owners | <input type="checkbox"/> Estate |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Trust | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Private Pension Fund | <input type="checkbox"/> IRA, Keogh, or other type of individual retirement plan | |
| <input type="checkbox"/> Legal Representative | (indicate type of plan, mailing address, and name of current custodian) | |
| <input type="checkbox"/> Other (specify, describe on separate sheet) | _____ | |
| | _____ | |
| | _____ | |

¹ The taxpayer identification number (TIN), consisting of a valid Social Security number (SSN) for individuals or employer identification number (EIN) for business entities, trusts, estates, etc., and telephone number of the beneficial owner(s) may be used in verifying this claim.

PART II - GENERAL INSTRUCTIONS

1. It is important that you completely read and understand the Notice of Pendency and Proposed Settlement of Class Action (the "Notice") that accompanies this Proof of Claim and Release ("Claim Form"), and the Plan of Allocation included in the Notice. The Notice describes the proposed Settlement that will resolve this Litigation, how the Class Members are affected by the Settlement, and the manner in which the Net Settlement Fund will be distributed, if the Court approves the Settlement and the Plan of Allocation. The Notice also contains the definitions of many of the defined terms (which are indicated by initial capital letters) used in this Claim Form. By signing and submitting this Claim Form, you will be certifying that you have read and that you understand the Notice, including the terms of the releases described therein and provided for herein.

2. TO BE ELIGIBLE TO RECEIVE A DISTRIBUTION FROM THE NET SETTLEMENT FUND, YOU MUST MAIL YOUR COMPLETED AND SIGNED CLAIM FORM TO THE CLAIMS ADMINISTRATOR BY FIRST-CLASS MAIL, POSTAGE PREPAID, **POSTMARKED BY** _____, ADDRESSED AS FOLLOWS:

SafeNet Securities Litigation
Claims Administrator
c/o: [Name of Claims Administrator]
[Address]

3. This Proof of Claim is directed to all persons and entities that purchased or otherwise acquired common stock of SafeNet, Inc. ("SafeNet") during the period from March 31, 2003 through May 18, 2006, inclusive (the "Class Period"), and were allegedly damaged thereby (the "Settlement Class").

4. "Class Members" means any persons and entities who purchased or otherwise acquired SafeNet common stock during the Class Period and are not excluded by definition from the Settlement Class and who do not timely submit a proper request for exclusion in accordance with the requirements set forth in the Notice. Persons and entities excluded from the Settlement Class by definition are the current and former defendants in the Litigation; the current and former trustees, officers and directors of the Company; the members of the immediate families of the current and former individual defendants in the Litigation; the subsidiaries and affiliates of SafeNet; any entity in which any current or former defendant has or had a controlling interest; and the legal representatives, heirs, successors or assigns of any excluded Person.

5. IF YOU ARE NOT A CLASS MEMBER, OR IF YOU, OR SOMEONE ACTING ON YOUR BEHALF, FILED A REQUEST FOR EXCLUSION FROM THE SETTLEMENT CLASS, DO NOT SUBMIT A PROOF OF CLAIM. YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN THE SETTLEMENT IF YOU ARE NOT A CLASS MEMBER. THUS, IF YOU FILE A VALID REQUEST FOR EXCLUSION IN A TIMELY MANNER, ANY PROOF OF CLAIM THAT YOU SUBMIT, OR THAT MAY BE SUBMITTED ON YOUR BEHALF, WILL NOT BE ACCEPTED.

6. All Class Members will be bound by the terms of the Judgment entered in the Litigation WHETHER OR NOT A CLAIM FORM IS SUBMITTED, unless a valid request for exclusion from the Settlement Class is received by _____. The Judgment will release and enjoin the filing or continued prosecution of the Released Claims against the Released Defendant Parties, as described in the Notice.

7. You may only participate in the distribution of the Net Settlement Fund if you are a member of the Settlement Class and if you complete and return this form as specified below. If you fail to file a timely, properly addressed, and completed Claim Form, your claim may be rejected and you may be precluded from receiving any distribution from the Net Settlement Fund.

8. **Submission of this Claim Form does not guarantee that you will share in the Net Settlement Fund.** The distribution of the Net Settlement Fund will be governed by the Plan of Allocation set forth in the Notice, if approved by the Court, or such other plan of allocation as the Court approves.

9. Use Part III of this Claim Form entitled "SCHEDULE OF TRANSACTIONS IN SAFENET COMMON STOCK" to supply all required details of your transaction(s) in SafeNet common stock. On the schedule, provide all the requested information with respect to all purchases, acquisitions and sales of SafeNet common stock during the period from March 31, 2003 through May 18, 2006, inclusive, as well as the number of shares of SafeNet common stock you held as of the close of trading on March 30, 2003 and May 18, 2006.

10. You are required to submit genuine and sufficient documentation for all your transactions in and holdings of SafeNet common stock as set forth in the Schedule of Transactions in Part III. Documentation may consist of copies of brokerage confirmations or monthly statements. IF SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN COPIES OR EQUIVALENT CONTEMPORANEOUS DOCUMENTS FROM YOUR BROKER. FAILURE TO SUPPLY THIS DOCUMENTATION MAY RESULT IN REJECTION OF YOUR CLAIM. DO NOT SEND ORIGINAL DOCUMENTS. Please keep a copy of all documents that you send to the Claims Administrator.

11. Separate Claim Forms should be submitted for each separate legal entity (*e.g.*, a claim from joint owners should not include separate transactions of just one of the joint owners, and an individual should not combine his or her IRA transactions with transactions made solely in the individual's name). Conversely, a single Claim Form should be submitted on behalf of one legal entity including all transactions made by that entity on one Claim Form, no matter how many separate accounts that entity has (*e.g.*, a corporation with multiple brokerage accounts should include all transactions made in all accounts on one Claim Form).

12. All joint beneficial owners must each sign this Claim Form. If you purchased or acquired SafeNet common stock during the Class Period and held the securities in your name, you are the beneficial owner as well as the record owner. If, however, you purchased or acquired SafeNet common stock during the Class Period and the securities were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial owner of these securities, but the third party is the record owner.

13. Agents, executors, administrators, guardians, and trustees must complete and sign the Claim Form on behalf of persons represented by them, and they must:

(a) expressly state the capacity in which they are acting;

(b) identify the name, account number, Social Security Number (or taxpayer identification number), address and telephone number of the beneficial owner of (or other person or entity on whose behalf they are acting with respect to) the SafeNet common stock; and

(c) furnish herewith evidence of their authority to bind to the Claim Form the person or entity on whose behalf they are acting. (Authority to complete and sign a Claim Form cannot be

established by stockbrokers demonstrating only that they have discretionary authority to trade stock in another person's accounts.)

14. By submitting a signed Claim Form, you will be swearing that you:

- (a) own(ed) the SafeNet common stock you have listed in the Claim Form; or
- (b) are expressly authorized to act on behalf of the owner thereof.

15. By submitting a signed Claim Form, you will be swearing to the truth of the statements contained therein and the genuineness of the documents attached thereto, subject to penalties of perjury under the laws of the United States of America. The making of false statements, or the submission of forged or fraudulent documentation, will result in the rejection of your claim and may subject you to civil liability or criminal prosecution.

16. **NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request to, or may be requested to, submit information regarding their transactions in electronic files. To obtain the mandatory electronic filing requirements and file layout, you may visit the website at www._____.com or you may e-mail the Claims Administrator at _____.com. Any file not in accordance with the required electronic filing format will be subject to rejection. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email after processing your file with your claim numbers and respective account information. Do not assume that your file has been received or processed until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the electronic filing department at _____.com to inquire about your file and confirm it was received and acceptable.

17. If you have questions concerning the Claim Form, or need additional copies of the Claim Form or the Notice, you may contact the Claims Administrator, _____, at the above address or by toll-free phone at 1-_____-_____, or you may download the documents from www._____.com.

PART III – SCHEDULE OF TRANSACTIONS IN SAFENET COMMON STOCK

Failure to provide proof of all purchases, sales, and closing positions will impede proper processing of your claim. Please include proper documentation with your Claim Form as described in detail in Part I, Paragraph 10, above.

A. BEGINNING HOLDINGS:

State the total number of shares of SafeNet common stock held as of the close of trading on March 30, 2003. _____ **IF NONE, CHECK HERE**

B. PURCHASES:

Separately list each and every purchase of SafeNet common stock during the period from March 31, 2003 through and including the close of trading on May 18, 2006. **IF NONE, CHECK HERE**

<u>Date(s) of Purchase(s)</u> (List Chronologically) (Month/Day/Year)	<u>Number of</u> <u>Shares Purchased</u>	<u>Purchase</u> <u>Price Per Share</u> (excluding commissions, taxes & fees)	<u>Proof of purchase</u> <u>enclosed</u>
____/____/____	_____	\$ _____	○Y ○N
____/____/____	_____	\$ _____	○Y ○N
____/____/____	_____	\$ _____	○Y ○N
____/____/____	_____	\$ _____	○Y ○N

C. SHARES ACQUIRED THROUGH A MERGER:

State the number of shares of SafeNet common stock that you acquired through a merger between SafeNet and another company (e.g., shares acquired in connection with the March 14, 2004 merger between SafeNet and Rainbow Technologies, Inc.). **IF NONE, CHECK HERE**

<u>Merger Transaction (e.g.,</u> <u>"Rainbow Merger")</u>	<u>Number of</u> <u>Shares Acquired</u>	<u>Proof of acquisition enclosed</u>
_____	_____	○Y ○N
_____	_____	○Y ○N
_____	_____	○Y ○N
_____	_____	○Y ○N

D. SALES:

Separately list each and every sale of SafeNet common stock during the period from March 31, 2003 through and including the close of trading on May 18, 2006. **IF NONE, CHECK HERE**

Date(s) of Sale(s) (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Sale price per share (excluding commissions, taxes & fees)	Proof of sale enclosed
_ / _ / _	_____	\$ _____	<input type="radio"/> Y <input type="radio"/> N
_ / _ / _	_____	\$ _____	<input type="radio"/> Y <input type="radio"/> N
_ / _ / _	_____	\$ _____	<input type="radio"/> Y <input type="radio"/> N
_ / _ / _	_____	\$ _____	<input type="radio"/> Y <input type="radio"/> N

E. ENDING HOLDINGS:

State the total number of shares of SafeNet common stock held as of the close of trading on May 18, 2006. **IF NONE, CHECK HERE**

IF YOU REQUIRE ADDITIONAL SPACE, ATTACH EXTRA SCHEDULES IN THE SAME FORMAT AS ABOVE. PRINT THE BENEFICIAL OWNER'S FULL NAME AND TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE.

PART IV - RELEASE OF CLAIMS AND SIGNATURE

**YOU MUST ALSO READ THE RELEASE AND CERTIFICATION BELOW AND SIGN ON PAGES
____ OF THIS CLAIM FORM**

A. I (we) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever waive, release, discharge, and dismiss each and every one of the Released Defendant Parties with respect to any and all of the Released Claims, as those terms are defined in the accompanying Notice.

B. I (we) hereby acknowledge that as of the Effective Date, I (we) shall (a) have and be deemed to have fully, finally and forever waived, released, discharged and dismissed each and every one of the Released Defendant Parties from any and all of the Released Claims; (b) have and be deemed to have covenanted not to sue any of the Released Defendant Parties with respect to any and all of the Released Claims; and (c) forever be barred and enjoined from commencing, instituting, prosecuting or maintaining any of the Released Claims against any of the Released Defendant Parties.

CERTIFICATION

By signing and submitting this Claim Form, the claimant(s) or the person(s) who represents the claimant(s) certifies, as follows:

1. that I (we) have read and understand the contents of the Notice, the Plan of Allocation and the Claim Form, including the releases provided for in the Settlements;
2. that the claimant(s) is a (are) Class Member(s), as defined in the Notice, and is (are) not excluded from the Settlement Class;
3. that the claimant has not submitted a request for exclusion from the Settlement Class;
4. that I (we) own(cd) the SafeNet common stock identified in the Claim Form and have not assigned the claim against the Released Defendant Parties to another, or that, in signing and submitting this Claim Form, I (we) have the authority to act on behalf of the owner(s) thereof;
5. that the claimant has not submitted any other claim covering the same purchases, sales, or holdings of SafeNet common stock and knows of no other person having done so on his/her/its behalf;
6. that the claimant submits to the jurisdiction of the Court with respect to his/her/its claim and for purposes of enforcing the releases set forth herein;
7. that I (we) agree to furnish such additional information with respect to this Claim Form as the parties, the Claims Administrator or the Court may require;
8. that the claimant waives the right to trial by jury, to the extent it exists, and agrees to the Court's summary disposition of the determination of the validity or amount of the claim made by this Claim Form;
9. that I (we) acknowledge that the claimant will be bound by and subject to the terms of any judgment that may be entered in the Action; and
10. that the claimant is NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code because (a) the claimant is exempt from backup withholding or (b) the claimant has not been notified by the IRS that he/she/it is subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified the claimant that he/she/it is no

longer subject to backup withholding. If the IRS has notified the claimant that it is subject to backup withholding, please strike out the language in the preceding sentence indicating that the claim is not subject to backup withholding in the certification above.

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED BY ME (US) ON THIS FORM IS TRUE, CORRECT, AND COMPLETE, AND THAT THE DOCUMENTS SUBMITTED HEREWITH ARE TRUE AND CORRECT COPIES OF WHAT THEY PURPORT TO BE.

Signature of Claimant

Print Name of Claimant

Date

Signature of Joint Claimant, if any

Print Name of Joint Claimant

Date

THIS CLAIM FORM MUST BE MAILED TO THE CLAIMS ADMINISTRATOR BY FIRST-CLASS MAIL, POSTAGE PREPAID, **POSTMARKED BY** _____, ADDRESSED AS FOLLOWS:

SafeNet Securities Litigation
Claims Administrator
c/o: [Name of Claims Administrator]
[Address]

A Claim Form received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by _____ and if a postmark is indicated on the envelope and it is mailed First Class, and addressed in accordance with the above instructions. In all other cases, a Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to fully process all of the Claim Forms. Please notify the Claims Administrator of any change of address.

REMINDER CHECKLIST

1. Please sign the above release and certification. If this Claim Form is being made on behalf of joint claimants, then both must sign.
2. Remember to attach only copies of acceptable supporting documentation
3. Please do not highlight any portion of the Claim Form or any supporting documents.

4. Do not send original stock certificates or documentation. These items cannot be returned to you by the Claims Administrator.
5. Keep copies of the completed Claim Form and documentation for your own records.
6. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgement postcard. If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator toll free at _____.
7. If your address changes in the future, or if this Claim Form was sent to an old or incorrect address, please send the Claims Administrator written notification of your new address. If you change your name, please inform the Claims Administrator.
8. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at the above address or at _____, or visit www._____.com.

#475441.2

**Exhibit A-3 -
Summary Notice**

FINAL

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)

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

**TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE
ACQUIRED COMMON STOCK OF SAFENET, INC. ("SAFENET") DURING
THE PERIOD FROM MARCH 31, 2003 THROUGH MAY 18, 2006,
INCLUSIVE, (THE "CLASS PERIOD") AND WERE ALLEGEDLY DAMAGED
THEREBY (THE "SETTLEMENT CLASS")¹.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court, that the above-captioned action has been preliminarily certified as a class action for the purposes of settlement only and that a settlement for \$25,000,000 in cash has been proposed by the settling parties. A hearing will be held before the

¹ This includes 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").

Honorable Paul A. Crotty of the United States District Court for the Southern District of New York in the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 20C, New York, NY 10007-1312 at __:___.m., on _____, 2010 to, among other things: determine whether the proposed settlement should be approved by the Court as fair, reasonable, and adequate; determine whether the proposed plan of allocation for distribution of the settlement proceeds should be approved as fair and reasonable; and consider the application of Lead Counsel for an award of attorneys' fees and reimbursement of litigation expenses. The Court may change the date of the hearing without providing another notice.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED BY THE PENDING ACTION AND THE PROPOSED SETTLEMENT AND YOU MAY BE ENTITLED TO SHARE IN THE NET SETTLEMENT FUND. If you have not yet received the full printed Notice of Pendency and Proposed Settlement of Class Action ("Notice") and a Proof of Claim and Release Form ("Proof of Claim"), you may obtain copies of these documents by contacting the Claims Administrator:

Police and Fire Retirement System of the City of Detroit, et al. v. SafeNet, Inc., et al.,
Claims Administrator

c/o AB Data [Insert full name of Claims Administrator]

[]

[]

800-[]

www.[].com

Inquiries, other than requests for information about the status of a claim, may also be made to Lead Counsel:

LABATON SUCHAROW LLP

140 Broadway

New York, New York 10005

[]

www.labaton.com

or

BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
1285 Avenue of the Americas
New York, New York 10019
[]
www.blbglaw.com

If you are a Class Member, to be eligible to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim postmarked no later than _____, 2010. To exclude yourself from the Settlement Class, you must submit a written request for exclusion such that it is *received* no later than _____, 2010, in accordance with the instructions set forth in the Notice. If you are a Class Member and do not exclude yourself from the Settlement Class, you will be bound by the Final Order and Judgment of the Court. Any objections to the proposed settlement, plan of allocation, and/or application for attorneys' fee and reimbursement of expenses must be filed with the Court and served on counsel for the parties on or before _____, 2010, in accordance with the instructions set forth in the Notice. If you are a Class Member and do not timely submit a valid Proof of Claim, you will not be eligible to share in the Net Settlement Fund, but you nevertheless will be bound by the Final Order and Judgment of the Court.

DATED: _____

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

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