

**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  
Situating,

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.

Lead Case No.: 06 Civ. 5797 (PAC)

**STIPULATION AND AGREEMENT OF  
SETTLEMENT**

This stipulation and agreement of settlement ("Stipulation" or "Settlement") is made and entered into by and between Lead Plaintiffs the Police and Fire Retirement System of the City of Detroit ("Detroit Police and Fire"), the Plymouth County Retirement System ("Plymouth"), and the State-Boston Retirement System ("Boston Retirement"), on behalf of themselves and the putative Settlement Class (as defined below), and SafeNet, Inc. ("SafeNet" or the "Company"), Anthony A. Caputo ("Caputo"), Carole D. Argo ("Argo"), and Kenneth A. Mueller ("Mueller") (Caputo, Argo, and Mueller are collectively the "Executive Officer Defendants," and with SafeNet, the "Settling Defendants").

**WHEREAS:**

A. All words or terms used herein that are capitalized shall have the meaning ascribed to those words or terms as set forth herein and in ¶ 1 hereof entitled "Definitions."

B. This action originally was filed on August 1, 2006 by Detroit Police and Fire. On February 21, 2007, the Court consolidated a related securities case pending in this District. Pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"), the Court appointed the Detroit Police and Fire, Plymouth, and Boston Retirement as Lead Plaintiffs (collectively, "Lead Plaintiffs"), and appointed Labaton Sucharow LLP and Bernstein Litowitz Berger & Grossmann LLP as Co-Lead Counsel, to represent the putative class.

C. In October 2006, SafeNet indicated that it was going to restate its financials and the parties agreed to stay the proceedings until after the restatement had been filed, and to allow Lead Plaintiffs to file an amended complaint based on that restatement.

D. In April 2007, Vector Capital acquired all of the outstanding shares of SafeNet, thereby taking SafeNet private. Accordingly, SafeNet was not required to, and did not, publicly restate its financial statements for any period.

E. Lead Plaintiffs filed a Consolidated Amended Class Action Complaint ("Amended Complaint") on August 1, 2008 against SafeNet, the Executive Officer Defendants and six former members of the Company's Board of Directors (the "Former Director Defendants") for violations of the federal securities laws based on two allegedly fraudulent schemes: (1) an options backdating scheme, and (2) an earnings management scheme.

F. On August 13, 2008, the Parties participated in a mediation under the supervision of Honorable Nicholas H. Politan (U.S.D.J., ret.), which was not successful and did not result in a settlement.

G. On September 30, 2008, Defendants filed motions to dismiss the Amended Complaint.

H. By order and opinion dated August 5, 2009 (the "August 5, 2009 Order") the Court granted in part and denied in part the defendants' motions to dismiss. The Court sustained Lead Plaintiffs' stock option-related claims for violations of §§ 10(b) and 14(a) of the Securities Exchange Act of 1934 ("Exchange Act") and §§ 11 and 12(a)(2) of the Securities Act of 1933 ("Securities Act") based on the alleged options backdating scheme against SafeNet, Caputo, SafeNet's former Chief Executive Officer, and Argo, SafeNet's former Chief Financial Officer and Chief Operating Officer. The Court also sustained Lead Plaintiffs' stock option-related control person claims under § 20(a) of the Exchange Act and § 15 of the Securities Act against Argo and Caputo. The Court dismissed all of Lead Plaintiffs' non-stock option-related claims against the defendants.

I. 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.

J. 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, was settled.

K. On March 10, 2010, by stipulation and order, Lead Plaintiffs filed a Second Consolidated Amended Class Action Complaint ("Second Amended Complaint" or "SAC") that, *inter alia*, purported to rename Mueller as a defendant with respect to the stock option-related claims.

L. On March 11, 2010, Mueller moved to dismiss the SAC's allegations against him, which Mueller claimed failed to state a claim against him or to cure the pleading deficiencies in the Amended Complaint. The Court has not ruled on whether the SAC stated a claim against Mueller.

M. Lead Plaintiffs, through Lead Counsel, have conducted extensive fact discovery, including serving initial disclosures, serving and responding to document requests, reviewing more than 1.4 million pages of documents produced by both Parties and non-parties, serving extensive interrogatories and requests for admission, and taking eight depositions.

N. On July 9, 2010, after extensive negotiations between SafeNet's Counsel and Lead Counsel that took place over several months, the Settling Parties agreed to a settlement of all claims, which was memorialized in a Term Sheet dated July 9, 2010.

O. The Settling Defendants have denied and continue to deny any fault, liability, or wrongdoing of any kind, except to the extent acknowledged by Argo personally in her October 5, 2007 plea allocution. The Settling Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiffs on behalf of the Settlement Class, including all claims in the SAC. The Settling Defendants have denied and continue to deny, among other things, the allegations that the price of SafeNet stock was artificially inflated by reasons of any alleged "scheme," misrepresentations, omissions, or otherwise. The Settling Defendants further maintain that throughout the Class Period they engaged in no fraudulent scheme. The Settling Defendants further have denied and continue to deny that Lead Plaintiffs or any other SafeNet shareholder or any member of the Settlement Class was harmed or suffered any loss as a result of the conduct alleged in the Litigation, including all conduct alleged in the SAC. This Stipulation, whether or not consummated, any proceedings relating to any settlement, or any of the terms of

any settlement, whether or not consummated, shall in no event be construed as, or deemed to be evidence of, an admission or concession on the part of any Settling Defendant with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in any defense that the Settling Defendants have or could have asserted. Settling Defendants are entering into this Settlement to eliminate the burden, expense, uncertainty, distraction and risk of further litigation.

P. Lead Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims asserted. However, Lead Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Settling Defendants through trial and appeals. Lead Plaintiffs and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation. Lead Counsel also are mindful of the inherent problems of proof of and the possible defenses to the claims alleged in the Litigation. Lead Plaintiffs and Lead Counsel believe that the settlement set forth in this Stipulation confers substantial monetary benefits upon the Settlement Class. Based on their evaluation, Lead Plaintiffs and Lead Counsel have determined that the settlement set forth in this Stipulation is in the best interests of Lead Plaintiffs and the Settlement Class.

**NOW THEREFORE**, without any concession by Lead Plaintiffs that the Litigation lacks merit, and without any concession by Settling Defendants of any liability or wrongdoing or lack of merit in their defenses, it is hereby **STIPULATED AND AGREED**, by and among the Settling Parties to this Stipulation, through their respective attorneys, subject to approval by the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the

benefits flowing to the Settling Parties hereto, all Released Claims and all Released Defendants' Claims as against all Released Parties shall be compromised, settled, released and dismissed with prejudice, and without costs, upon and subject to the following terms and conditions:

**DEFINITIONS**

1. As used in this Stipulation, the following terms shall have the meanings set forth below:

(a) "Authorized Claimant" means a Class Member who timely submits a valid Proof of Claim to the Claims Administrator that is accepted for payment by the Court.

(b) "Claims Administrator" means the firm to be retained by Lead Counsel, subject to Court approval, to provide all notices approved by the Court to Class Members, process Proofs of Claim and administer the Settlement.

(c) "Class Member" means any person or entity that is a member of the Settlement Class and not excluded therefrom. This includes all persons who 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").

(d) "Class Period" means the period from March 31, 2003 through May 18, 2006, inclusive.

(e) "Class Representatives" means the Police and Fire Retirement System of the City of Detroit, the Plymouth County Retirement System, and named plaintiff Michael Golde.

(f) "Company" means SafeNet, Inc.

(g) "Court" means the United States District Court for the Southern District of New York.

(h) “Distribution Order” means an order of the Court approving the Claims Administrator’s administrative determinations concerning the acceptance and rejection of the claims submitted and approving any fees and expenses not previously paid, including the fees and expenses of the Claims Administrator and, if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants.

(i) “Effective Date” means the date upon which the Settlement shall become effective, as set forth in ¶ 36 below.

(j) “Escrow Account” means an account maintained at Valley National Bank to hold the Settlement Fund, which account shall be under the exclusive control of Lead Counsel.

(k) “Escrow Agent” means Valley National Bank.

(l) “Executive Officer Defendants” means Anthony Caputo, Carole Argo and Kenneth Mueller.

(m) “Final,” with respect to the Judgment, means the later of: (i) if there is an appeal from the Judgment, the date of final affirmance on appeal and the expiration of the time for any further judicial review whether by appeal, reconsideration or a petition for a writ of certiorari and, if certiorari is granted, the date of final affirmance of the Judgment following review pursuant to the grant; or (ii) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on certiorari to review the Judgment; or (iii) the expiration of the time for the filing or noticing of any appeal from the Court’s Judgment, which is thirty (30) calendar days after the Judgment is entered on the Court’s docket (or, if the date for taking an appeal or seeking review of the Judgment shall be extended beyond this time by order of the Court, by operation of law or otherwise, or if such extension is requested, the date of expiration of any extension if any appeal or review is not sought); or (iv) if the Court enters a

judgment substantially different from the form of Judgment set forth in Exhibit B hereto (an “Alternative Judgment”) and the Settlement is not terminated, the date that such Alternative Judgment becomes final as defined in parts (i) to (iii) above and no longer subject to appeal or review. However, any appeal or proceeding seeking subsequent judicial review pertaining solely to the Plan of Allocation of the Net Settlement Fund, or to the Court’s award of attorneys’ fees or expenses, shall not in any way delay or affect the time set forth above for the Judgment to become Final, or otherwise preclude the Judgment from becoming Final.

(n) “Former Director Defendants” means Thomas A. Brooks, Ira H. Hunt, Jr., Bruce R. Thaw, Arthur L. Money, Shelley A. Harrison and Andrew E. Clark.

(o) “Judgment” means the proposed judgment to be entered approving the Settlement substantially in the form attached hereto as Exhibit B.

(p) “Lead Counsel” means the law firms of Labaton Sucharow LLP and Bernstein Litowitz Berger & Grossmann LLP.

(q) “Lead Plaintiffs” means the Police and Fire Retirement System of the City of Detroit, the Plymouth County Retirement System, and the State-Boston Retirement System.

(r) “Litigation” means *Police & Retirement Sys. of Detroit, et al., v. SafeNet, Inc., et al.*, Case No. 06 Civ. 5797 (PAC), pending in the United States District Court for the Southern District of New York, before the Honorable Paul A. Crotty.

(s) “Named Plaintiffs” means, in addition to Lead Plaintiffs, plaintiff Michael Golde.

(t) “Net Settlement Fund” means the Settlement Fund less: (i) Court-awarded attorneys’ fees and expenses; (ii) Notice and Administration Expenses; (iii) any required Taxes;



and (iv) any other fees or expenses approved by the Court, including any award to the Lead Plaintiffs of its reasonable costs and expenses (including lost wages).

(u) "Notice" means the Notice of Pendency of Class Action and Proposed Settlement, which is to be sent to members of the Settlement Class and, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit 1 to Exhibit A hereto.

(v) "Notice and Administration Expenses" means all fees and expenses incurred in connection with providing notice to the Settlement class and the administration of the Settlement, including but not limited to: (i) the preparation and printing of the Notice; (ii) providing notice of the proposed Settlement by mail, publication and other means; (iii) receiving and reviewing claims; (iv) applying the Plan of Allocation; (v) communicating with Persons regarding the proposed Settlement and claims administration process; (vi) distributing the proceeds of the Settlement; and (vii) fees related to the Escrow Account and investment of the Settlement Fund.

(w) "Person" means an individual, corporation (including all divisions and subsidiaries), general or limited partnership, association, joint stock company, joint venture, limited liability company, professional corporation, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity.

(x) "Preliminary Approval Order" means the proposed order preliminarily approving the Settlement and directing notice to the Settlement Class of the pendency of the Litigation and of the Settlement, which, subject to the approval of the Court, shall be substantially in the form attached hereto as Exhibit A.

(y) “Proof of Claim” or “Claim Form” means the Proof of Claim and Release form for submitting a claim, which shall be substantially in the form attached as Exhibit 2 to Exhibit A hereto.

(z) “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.

(aa) “Released Defendants’ 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, or any other law, that the Settling Defendants, or any of them, or any other Released Defendant Party asserted, or could have asserted, against any of the Released Plaintiff Parties that arise out of or relate in any way to the commencement, prosecution, settlement or resolution of the Litigation or the claims against the Released Defendant Parties (other than claims to enforce the Settlement).

(bb) "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 ¶ 1(z) above 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 this Stipulation or otherwise be entitled to any of the rights and benefits of this Stipulation.

(cc) "Released Parties" means the Released Defendant Parties and the Released Plaintiff Parties collectively.

(dd) "Released Plaintiff Parties" means each and every Lead Plaintiff, Class Member and Lead Counsel, and their respective trustees, officers, directors, partners, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors, parents,

subsidiaries, divisions, joint ventures, general or limited partners or partnerships, and limited liability companies; the spouses and members of the immediate families of Class Members who are individuals as well as their legal representatives, heirs, successors or assigns, any trust of which any Lead Plaintiff, Class Member, or Lead Counsel is the settlor or which is for the benefit of any their immediate family members.

(ee) "Settlement" means the resolution of the Litigation as against the Settling Defendants in accordance with the terms and provisions of this Stipulation.

(ff) "Settlement Amount" means the total principal amount of \$25,000,000.00 in cash.

(gg) "Settlement Class" means all persons and entities that purchased or otherwise acquired common stock of SafeNet during the period from March 31, 2003 through May 18, 2006, inclusive, and were allegedly damaged thereby. 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"). 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.

(hh) "Settlement Fund" means (i) \$25,000,000.00 in cash to be paid by or on behalf of the Settling Defendants into the Escrow Account (as set forth in ¶ 6 below) and (ii) any earnings on any monies held in the Escrow Account.

(ii) "Settlement Hearing" means the hearing to be held by the Court to determine whether the proposed Settlement is fair, reasonable and adequate and should be approved.

(jj) "Settling Defendants" means SafeNet and the Executive Officer Defendants.

(kk) "Settling Defendants' Counsel" means the law firms of Sullivan & Cromwell LLP, Arnold & Porter LLP, Wilmer Cutler Pickering Hale and Dorr LLP, and DLA Piper LLP.

(ll) "Settling Party" or "Settling Parties" means Settling Defendants and Lead Plaintiffs, on behalf of themselves and the other Class Members.

(mm) "Stipulation" means this Stipulation and Agreement of Settlement.

(nn) "Subclass Representative" means plaintiff Michael Golde.

(oo) "Summary Notice" means the Summary Notice of Pendency of Class Action and Proposed Settlement for publication, which shall be substantially in the form attached as Exhibit 3 to Exhibit A hereto.

(pp) "Taxes" means 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).

(qq) "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.

#### **SCOPE AND EFFECT OF SETTLEMENT**

2. The obligations incurred pursuant to this Stipulation are, subject to approval by the Court and such approval becoming Final, in full and final disposition of the Litigation with respect to the Released Parties and any and all Released Claims and Released Defendants' Claims.

3. For purposes of this Settlement only, Lead Plaintiffs and Settling Defendants agree to certification of the Litigation as a class action, pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3), on behalf of the Settlement Class and Subclass as defined in ¶ 1(gg); to the certification of Lead Plaintiffs the Police and Fire Retirement System of the City of Detroit and the Plymouth County Retirement System as Class Representatives for the Settlement Class and named plaintiff Michael Golde as Class Representative for the Subclass; and to the appointment of Lead Counsel as Class Counsel for the Settlement Class and Subclass.

4. By operation of the Judgment, as of the Effective Date, and subject to ¶¶ 1(aa) and 1(cc), Lead Plaintiffs and each and every other Class Member on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors and assigns, shall be deemed to have fully, finally and forever waived, released, discharged and dismissed each and every one of the Released Claims against each and every one of the Released Defendant Parties (other than any Former Director Defendant who does not sign the release contemplated by ¶1(bb)) and shall forever be barred and enjoined from commencing, instituting, prosecuting or maintaining any of the Released Claims against any of the Released Defendant

Parties (other than any Former Director Defendant who does not sign the release contemplated by ¶1(bb)).

5. By operation of the Judgment, as of the Effective Date, each of the Settling Defendants and each of their respective Released Defendant Parties (other than any Former Director Defendant who does not sign the release contemplated by ¶1(bb)), on behalf of themselves and each of their respective heirs, executors, trustees, administrators, predecessors, successors and assigns by operation of the Judgment, shall be deemed to have fully, finally and forever waived, released, discharged and dismissed each and every one of the Released Defendants' Claims, as against each and every one of the Released Plaintiff Parties and shall forever be barred and enjoined from commencing, instituting, prosecuting or maintaining any of the Released Defendants' Claims against any of the Released Plaintiff Parties.

#### **THE SETTLEMENT CONSIDERATION**

6. In full settlement of the claims asserted in the Litigation against the Settling Defendants and in consideration of the releases specified in ¶¶ 4 and 5, above, SafeNet shall pay or cause to be paid the sum of \$25,000,000.00 in cash (the "Settlement Amount"). SafeNet shall cause \$500,000.00 of the Settlement Amount to be deposited into the Escrow Account within five (5) business days of preliminary approval of the Settlement by the Court. SafeNet shall cause the balance of the Settlement Amount (*i.e.*, the remaining \$24,500,000.00) to be deposited into the Escrow Account by the earliest to occur of (a) 21 days before the date that the Court first sets as the date for the Settlement Hearing on final approval of the Settlement; or (b) December 1, 2010.

7. With the sole exception of SafeNet's obligation to make payments into the Escrow Account as provided for in ¶ 6, the Released Defendant Parties and Settling Defendants'



Counsel shall have no responsibility or liability with respect to the Escrow Account or the monies maintained in the Escrow Account, including, without limitation, any responsibility or liability related to any fees, taxes and tax expenses, investment decisions, maintenance, supervision or distributions of any portion of the Settlement Amount.

**USE AND TAX TREATMENT OF SETTLEMENT FUND**

8. The Settlement Fund shall be used: (i) to pay any Taxes; (ii) to pay Notice and Administration Expenses; (iii) to pay any attorneys' fees and expenses awarded by the Court; (iv) to pay any costs and expenses allowed by the PSLRA, 15 U.S.C. §78u-4, and awarded to the Named Plaintiffs by the Court; and (v) to pay claims to Authorized Claimants.

9. The Net Settlement Fund shall be distributed to Authorized Claimants as provided in ¶¶ 22 through 33 hereof. The Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held in the Escrow Account shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned, pursuant to ¶ 43 of this Stipulation, and/or further order of the Court. The Escrow Agent shall invest the funds held in the Escrow Account in instruments backed by the full faith and credit of the United States Government, or fully insured by the United States Government or an agency thereof, and the proceeds of these instruments shall be reinvested as they mature in similar instruments at the then-current market rates, provided however, that any residual cash balances and cash pending investment in United States Treasury Bills, in an amount not to exceed \$100,000 may be invested and reinvested in a money market mutual fund comprised exclusively of investments secured by the full faith and credit of the United States. The Released Defendant Parties and Settling Defendants' Counsel shall have no

responsibility for, interest in, or liability whatsoever with respect to investment decisions or the actions of the Escrow Agent, or any transaction executed by the Escrow Agent.

10. After the Settlement Amount has been paid into the Escrow Account in accordance with ¶ 6 above, the Settling Parties agree to treat the Settlement Amount, as a “qualified settlement fund” within the meaning of Treas. Reg. § 1.468B-1. In addition, Lead Counsel shall timely make, or cause to be made, such elections as necessary or advisable to carry out the provisions of this paragraph, including the “relation-back election” (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted date. Such election shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of Lead Counsel to timely and properly prepare and deliver, or cause to be prepared and delivered, the necessary documentation for signature by all necessary parties, and thereafter take all such actions as may be necessary or appropriate to cause the appropriate filing to occur.

(a) For the purposes of Section 468B of the Internal Revenue Code of 1986, as amended, and Treas. Reg. § 1.468B promulgated thereunder, the “administrator” shall be Lead Counsel or its successor, which shall timely and properly file, or cause to be filed, all informational and other tax returns necessary or advisable with respect to the interest earned on the fund deposited in the Escrow Account (including without limitation the returns described in Treas. Reg. § 1.468B-2(k)). Such returns (as well as the election described above) shall be consistent with this subparagraph and in all events shall reflect that all taxes (including any estimated taxes, interest, or penalties) on the income earned on the funds deposited in the Escrow Account shall be paid out of such funds as provided in subparagraph (c) hereof.

(b) All Taxes shall be paid solely out of the Escrow Account. In all events, the Released Defendant Parties and Settling Defendants’ Counsel shall have no liability or

responsibility whatsoever for the Taxes or the filing of any tax returns or other documents with the Internal Revenue Service or any other state or local taxing authority. In the event any Taxes are owed by any of the Released Defendant Parties on any interest earned on the funds on deposit in the Escrow Account, such amounts shall also be paid out of the Escrow Account. Any taxes or tax expenses owed on any interest earned on the Settlement Amount prior to its transfer to the Escrow Account shall be the sole responsibility of SafeNet.

(c) Taxes shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid, or caused to be paid, by Lead Counsel out of the Escrow Account without prior order from the Court, and Lead Counsel shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(1)(2)). The Settling Parties agree to cooperate with Lead Counsel, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this paragraph.

11. This is not a claims-made settlement. As of the Effective Date, Settling Defendants shall not have any right to the return of the Settlement Fund or any portion thereof for any reason.

#### **ATTORNEYS' FEES AND EXPENSES**

12. Lead Counsel will apply to the Court for an award from the Settlement Fund of (i) attorneys' fees and (ii) reimbursement of litigation expenses incurred in prosecuting the Litigation, plus any interest on such amounts at the same rate and for the same periods as earned by the Settlement Fund ("Fee and Expense Application"). Settling Defendants will not oppose the Fee and Expense Application.

13. Lead Counsel shall determine and distribute the attorneys' fees among plaintiffs' counsel in a manner in which, in their sole discretion, they believe reflects the contributions of such counsel to the prosecution and settlement of the Litigation with Settling Defendants and the benefits conferred on the Settlement Class.

14. Any attorneys' fees and expenses awarded by the Court shall be paid from the Settlement Fund to Lead Counsel immediately after entry of the Order awarding such attorneys' fees and expenses, notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof.

15. Any payment of attorneys' fees and litigation expenses pursuant to paragraph 14 above shall be subject to Lead Counsel's obligation to make appropriate refunds or repayments to the Settlement Fund, plus accrued interest at the same net rate as is earned by the Settlement Fund, if the Settlement is terminated pursuant to the terms of this Stipulation or if, as a result of any appeal or further proceedings on remand, or successful collateral attack, the award of attorneys' fees and/or litigation expenses is reduced or reversed. Lead Counsel shall make the appropriate refund or repayment in full no later than fifteen (15) business days after receiving from SafeNet's Counsel notice from a court of appropriate jurisdiction of the termination of the Settlement or notice of any reduction of the award of attorneys' fees and/or litigation expenses. An award of attorneys' fees and/or litigation expenses is not a necessary term of this Stipulation and is not a condition of this Stipulation.

16. Lead Plaintiffs and Lead Counsel may not cancel or terminate the Stipulation or the Settlement in accordance with ¶ 37 or otherwise based on this Court's or any appellate court's ruling with respect to the Fee and Expense Application or other fee and expense award in the Litigation. With the sole exception of SafeNet making payment into the Escrow Account as

provided for in ¶ 6, the Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, any payment to Lead Counsel or any plaintiffs' counsel that may occur at any time.

17. The Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, the allocation of any attorneys' fees or expenses among any plaintiffs' counsel, or any other Person who may assert some claim thereto, or any fee or expense awards the Court may make in the Litigation.

18. The Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, any attorneys' fees, costs, or expenses incurred by or on behalf of the Class Members, whether or not paid from the Escrow Account.

19. The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application are not part of the Settlement set forth in this Stipulation, and are separate from the Court's consideration of the fairness, reasonableness and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to any fee and expense application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the Settlement set forth herein, including, but not limited to, the release, discharge, and relinquishment of the Released Claims against the Released Defendant Parties, or any other orders entered pursuant to the Stipulation.

#### **ADMINISTRATION EXPENSES**

20. Except as otherwise provided herein, the Settlement Fund shall remain in escrow pending (i) final approval of the Settlement by the Court, (ii) the expiration of all rights of appeal

of the Judgment, and (iii) the final denial of any and all appeals or objections or collateral attacks or challenges to the Settlement.

21. Prior to the Effective Date, without further approval from Settling Defendants or further order of the Court, Lead Counsel may expend up to \$750,000.00 from the Settlement Fund to pay the Notice and Administration Expenses actually incurred. Such costs and expenses shall include, without limitation, the actual costs of publication, printing and mailing the Notice, reimbursements to nominee owners for forwarding the Notice to their beneficial owners, the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing Notice and processing the submitted claims, and the fees, if any, related to the Escrow Account and the investment of the Settlement Fund.

#### **DISTRIBUTION TO AUTHORIZED CLAIMANTS**

22. Lead Counsel will apply to the Court for a Distribution Order, on notice to Settling Defendants' Counsel, approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the claims submitted herein and approving any fees and expenses not previously paid, including the fees and expenses of the Claims Administrator, and, if the Effective Date has occurred, directing the payment of the Net Settlement Fund to Authorized Claimants.

23. The Claims Administrator shall administer the Settlement under Lead Counsel's supervision and subject to the jurisdiction of the Court. Except as stated in ¶¶ 21, 27, and 43 hereof, the Released Defendant Parties and Settling Defendants' Counsel shall have no responsibility for, interest in, or liability whatsoever with respect to the administration of the Settlement or the actions or decisions of the Claims Administrator, and shall have no liability to the Settlement Class in connection with such administration.

24. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss, as defined in the Plan of Allocation of Net Settlement Fund (the "Plan of Allocation") included in the Notice, or in such other plan of allocation as the Court may approve.

25. Settling Defendants will take no position with respect to the Plan of Allocation. The Plan of Allocation is a matter separate and apart from the proposed Settlement between Lead Plaintiffs and Settling Defendants, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Plan of Allocation is not a necessary term of this Stipulation and it is not a condition of this Stipulation that any particular plan of allocation be approved by the Court. Lead Plaintiffs and Lead Counsel may not cancel or terminate the Stipulation or the Settlement in accordance with ¶ 37 or otherwise based on the Court's or any appellate court's ruling with respect to the Plan of Allocation or any plan of allocation in the Litigation. The Released Defendant Parties and Settling Defendants' Counsel shall have no responsibility or liability for reviewing or challenging claims, the allocation of the Net Settlement Fund, or the distribution of the Net Settlement Fund.

#### **ADMINISTRATION OF THE SETTLEMENT**

26. Any member of the Settlement Class who fails to timely submit a valid Proof of Claim and Release (substantially in the form of Exhibit 2 to Exhibit A hereto) will not be entitled to receive any of the proceeds from the Net Settlement Fund, except as otherwise ordered by the Court, but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment to be entered in the Litigation and the releases provided for

herein, and will be barred from bringing any action against the Released Defendant Parties concerning the Released Claims.

27. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund by the Claims Administrator. SafeNet shall provide to Lead Counsel, or the Claims Administrator, (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; in both cases, no later than five (5) business days after entry of the Preliminary Approval Order. Except for SafeNet's obligations arising under §§ 21, 43 and SafeNet's obligation to produce the transfer records, the Released Defendant Parties and Settling Defendants' Counsel shall have no liability, obligation or responsibility for the administration of the Settlement, the allocation of the Net Settlement Fund or reviewing or challenging of claims of members of the Settlement Class. Lead Counsel shall be solely responsible for designating the Claims Administrator, subject to approval by the Court.

28. For purposes of determining the extent, if any, to which a Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

- a. Each Class Member shall be required to submit a Claim Form, substantially in the form attached hereto as Exhibit 2 to Exhibit A, supported by such documents as are designated therein, including proof of the claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;



b. All Claim Forms must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice, unless such deadline is extended by Order of the Court. Any Class Member who fails to submit a Claim Form by such date shall be barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation (unless, by Order of the Court, late-filed Claim Forms are accepted), but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment and the releases provided for herein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any Released Party concerning any Released Claim or Released Defendants' Claims. Provided that it is received before the motion for the Class Distribution Order is filed, a Claim Form shall be deemed to be submitted when mailed, if received with a postmark indicated on the envelope and if mailed by first-class or overnight U.S. Mail and addressed in accordance with the instructions thereon. In all other cases, the Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator;

c. Each Claim Form shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with this Stipulation the extent, if any, to which each claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below;

d. Claim Forms that do not meet the submission requirements may be rejected. Prior to rejecting a Claim in whole or in part, the Claims Administrator shall communicate with the claimant in writing to give the claimant the chance to remedy any curable deficiencies in the Claim Form submitted. The Claims Administrator, under supervision

of Lead Counsel, shall notify, in a timely fashion and in writing, all claimants whose claims the Claims Administrator proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of subparagraph (e) below;

- e. If any claimant whose claim has been rejected in whole or in part desires to contest such rejection, the claimant must, within twenty (20) days after the date of mailing of the notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court; and
- f. The administrative determinations of the Claims Administrator accepting and rejecting claims shall be presented to the Court, on notice to Settling Defendants' Counsel, for approval by the Court in the Class Distribution Order.

29. Each claimant who submits a Proof of Claim form shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's claim, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the claimant's status as a Class Member and the validity and amount of the claimant's claim. In connection with processing of the Proofs of Claim, no discovery shall be allowed on the merits of the Litigation or of the Settlement.

30. Payment pursuant to the Class Distribution Order shall be deemed final and conclusive against all Class Members. All Class Members whose claims are not approved by the

Court shall be barred from participating in distributions from the Net Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment to be entered in the Litigation and the releases provided for herein, and will be barred from bringing any action against the Released Defendant Parties concerning the Released Claims.

31. All proceedings with respect to the administration, processing and determination of claims described by ¶¶ 22 through 33 of this Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment.

32. No Person shall have any claim of any kind against the Released Defendant Parties or their counsel with respect to the matters set forth in this Section or any of its subsections.

33. No Person shall have any claim against the Lead Plaintiffs or their counsel (including Lead Counsel), or any claims administrator, or other agent designated by Lead Counsel, based on the distributions made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

#### **TERMS OF THE PRELIMINARY APPROVAL ORDER**

34. Concurrently with their application for preliminary Court approval of the Settlement contemplated by this Stipulation and promptly after execution of this Stipulation, Lead Counsel and Settling Defendants' Counsel shall jointly apply to the Court for entry of the Preliminary Approval Order, which shall be substantially in the form annexed hereto as Exhibit

A. The Preliminary Approval Order will, *inter alia*, set the date for the Settlement Hearing and prescribe the method for giving notice of the Settlement to the Settlement Class.

**TERMS OF THE JUDGMENT**

35. If the Settlement contemplated by this Stipulation is approved by the Court, Lead Counsel and Settling Defendants' Counsel shall jointly request that the Court enter a Judgment substantially in the form annexed hereto as Exhibit B.

**EFFECTIVE DATE OF SETTLEMENT, WAIVER OR TERMINATION**

36. The Effective Date of this Settlement shall be the date when all of the following shall have occurred:

- (a) entry of the Preliminary Approval Order, which shall be in all material respects substantially in the form set forth in Exhibit A annexed hereto;
- (b) approval by the Court of the Settlement, following notice to the Settlement Class and a hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and
- (c) a Judgment, which shall be in all material respects substantially in the form set forth in Exhibit B annexed hereto, has been entered by the Court and has become Final or, in the event that the Court enters an Alternative Judgment and none of the Settling Parties elects to terminate this Settlement, the date that such Alternative Judgment becomes Final.

37. Settling Defendants and Lead Plaintiffs shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so ("Termination Notice"), through counsel, to all other Settling Parties hereto within thirty (30) calendar days of: (a) the Court's final refusal to enter the Preliminary Approval Order in any material respect; (b) the Court's final refusal to approve this Stipulation or any material part of it;

(c) the Court's final refusal to enter the Judgment in any material respect; (d) the date upon which the Judgment is modified or reversed in any material respect by the United States Court of Appeals or the Supreme Court of the United States; or (e) in the event that the Court enters an Alternative Judgment and none of the Settling Parties hereto elects to terminate this Settlement, the date upon which such Alternative Judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court of the United States.

38. Simultaneously herewith, Settling Defendants' Counsel and Lead Counsel are executing a Supplemental Agreement Regarding Settlement ("Supplemental Agreement"). The Supplemental Agreement sets forth certain conditions under which SafeNet shall have the option (which option shall be exercised unilaterally by SafeNet) to terminate the Settlement and render this Stipulation null and void in the event that requests for exclusion from the Settlement Class exceed certain agreed-upon criteria (the "Opt-Out Threshold"). The Settling Parties agree to maintain the confidentiality of the Opt-Out Threshold in the Supplemental Agreement, which shall not be filed with the Court unless a dispute arises as to its terms, or as otherwise ordered by the Court, nor shall the Supplemental Agreement otherwise be disclosed unless required by applicable securities or other law. If submission of the Supplemental Agreement is required for resolution of a dispute or is otherwise ordered by the Court, the Settling Parties will undertake to have the Opt-Out Threshold submitted to the Court *in camera*.

39. In the event of a termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation shall become null and void and of no further force and effect, with the exception of the provisions of ¶ 45 which shall continue to apply.

40. In addition to all of the rights and remedies that the Lead Plaintiffs and Lead Counsel have under the terms of this Stipulation, they shall also have the right to terminate the

Settlement in the event that SafeNet does not pay, or cause to be paid, the Settlement Amount as provided in ¶ 6 above, by providing written notice of their election to terminate to all other Settling Parties to this Stipulation and, thereafter, Settling Defendants fail to pay the Settlement Amount within fourteen (14) calendar days of such written notice.

41. If an option to withdraw from and terminate this Stipulation and Settlement arises under any of ¶¶ 37, 38 or 40 above, (i) neither Settling Defendants nor Lead Plaintiffs will be required for any reason or under any circumstance to exercise that option; and (ii) any exercise of that option shall be made in good faith, but in the sole and unfettered discretion of Settling Defendants or Lead Plaintiffs, as applicable.

42. Except as otherwise provided herein, in the event the Settlement is terminated or fails to become effective for any reason, then: the Settlement shall be without prejudice, and none of its terms, including, but not limited to, the certification of the Settlement Class, shall be effective or enforceable except as specifically provided herein; the Settling Parties to this Stipulation shall be deemed to have reverted to their respective litigation positions in the Litigation immediately prior to the execution of the Term Sheet for Settlement of Class Action on July 9, 2010 ("Term Sheet"); and, except as otherwise expressly provided, the Settling Parties in the Litigation shall proceed in all respects as if this Stipulation and any related orders had not been entered. In such event, the fact and terms of the Term Sheet or this Stipulation, or any aspect of the negotiations leading to this Stipulation, shall not be admissible in this Litigation and shall not be used by Named Plaintiffs against Settling Defendants or by Settling Defendants against Named Plaintiffs in any court filings, depositions, at trial or otherwise.

43. If the Settlement fails to become effective as defined herein or is terminated pursuant to the provisions of ¶¶ 37, 38 or 40 above, any portion of the Settlement Amount

previously paid by SafeNet on behalf of Settling Defendants, together with any interest earned thereon, less any Taxes paid or due, less Notice and Administration Expenses actually incurred and paid or payable from the Settlement Amount shall be returned to SafeNet within fifteen (15) calendar days after written notification of such event. At the request of SafeNet's Counsel, the Escrow Agent or its designee shall apply for any tax refund owed on the amounts in the Escrow Account and pay the proceeds, after any deduction of any fees or expenses incurred in connection with such application(s), for refund to SafeNet.

44. In the event the Settlement is terminated or fails to become effective for any reason, the Settling Parties shall, within fourteen (14) calendar days of such cancellation, jointly request a status conference with the Court to be held on the Court's first available date. At such status conference, the Settling Parties shall ask for the Court's assistance in scheduling continued proceedings in the Litigation between the Settling Parties.

#### **NO ADMISSION OF WRONGDOING**

45. Except as set forth in ¶ 46 below, this Stipulation, whether or not consummated, and any negotiations, proceedings or agreements relating to the Stipulation, the Settlement, and any matters arising in connection with settlement negotiations, proceedings, or agreements, shall not be offered or received against the Settling Defendants for any purpose, and in particular:

(a) do not constitute, and shall not be offered or received against the Settling Defendants or any of them as evidence of, or construed as, or deemed to be evidence of any presumption, concession or admission by any of the Settling Defendants with respect to the truth of any fact alleged by Lead Plaintiffs and the Settlement Class or the validity of any claim that has been or could have been asserted in the Litigation or in any litigation, including but not

limited to the Released Claims, or of any liability, damages, negligence, fault or wrongdoing of the Settling Defendants;

(b) do not constitute, and shall not be offered or received against the Settling Defendants as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Settling Defendant, or against Lead Plaintiffs or any other members of the Settlement Class as evidence of any infirmity in the claims of Lead Plaintiffs or the other members of the Settlement Class;

(c) do not constitute, and shall not be offered or received against the Settling Defendants or against Lead Plaintiffs or any other members of the Settlement Class, as evidence of a presumption, concession or admission with respect to any liability, damages, negligence, fault, infirmity or wrongdoing, or in any way referred to for any other reason as against any of the Settling Parties to this Stipulation, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(d) do not constitute, and shall not be construed against Settling Defendants, Lead Plaintiffs or any other members of the Settlement Class, as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial;

(e) do not constitute, and shall not be construed as or received in evidence as an admission, concession or presumption against the Executive Officer Defendants or the Former Director Defendants that they, or any of them, (i) participated in the negotiations leading to the Settlement Amount, (ii) acquiesced in and/or approved of the Settlement Amount, or (iii) have



waived their right to argue that the Settlement Amount is greater than warranted under the circumstances; and

(f) do not constitute, and shall not be construed as or received in evidence as, an admission, concession or presumption against Lead Plaintiffs or any other members of the Settlement Class or any of them that any of their claims are without merit or infirm or that damages recoverable under the Second Amended Complaint would not have exceeded the Settlement Amount.

46. Settling Defendants may file this Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate the liability protection granted them under any applicable insurance policies. Settling Parties may file this Stipulation and/or the Judgment in any action that may be brought to enforce the terms of this Stipulation and/or the Judgment. All Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

#### **MISCELLANEOUS PROVISIONS**

47. All of the exhibits to the Stipulation, except any Plan of Allocation, to the extent incorporated in those exhibits, are material and integral parts hereof and are fully incorporated herein by this reference.

48. SafeNet warrants that, as to the payments made by or on behalf of Settling Defendants, at the time of such payment that SafeNet will make or cause to be made pursuant to ¶ 6 above, SafeNet will not be insolvent, nor will the payment required to be made by or on

behalf of Settling Defendants render SafeNet insolvent, within the meaning of and/or for the purposes of the United States Bankruptcy Code, including §§ 101 and 547 thereof. This representation is made by SafeNet and not by SafeNet's Counsel.

49. If a case is commenced in respect of SafeNet or any Insurer contributing funds to the Settlement Fund on behalf of Settling Defendants under Title 11 of the United States Code (Bankruptcy), or if a trustee, receiver, conservator, or other fiduciary is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money or any portion thereof to the Settlement Fund by or on behalf of SafeNet to be a preference, voidable transfer, fraudulent transfer or similar transaction and any portion thereof is required to be returned, and such amount is not promptly deposited to the Settlement Fund by others, then, at the election of Lead Counsel, the Settling Parties shall jointly move the Court to vacate and set aside the releases given and the Judgment entered in favor of the Settling Defendants and the other Released Defendant Parties pursuant to this Stipulation, which releases and Judgment shall be null and void, and the Settling Parties shall be restored to their respective positions in the litigation immediately prior to July 9, 2010, and any cash amounts in the Settlement Fund shall be returned as provided in ¶ 43 above.

50. The Settling Parties to this Stipulation intend the Settlement of the Litigation to be the full, final and complete resolution of all claims asserted or which could have been asserted by the Settling Parties with respect to the Released Claims and Released Defendants' Claims. Accordingly, Lead Plaintiffs and Settling Defendants agree not to assert in any forum that the Litigation was brought, prosecuted or defended in bad faith or without a reasonable basis. The Settling Parties agree that each has complied fully with Rule 11 of the Federal Rules of Civil Procedure in connection with the maintenance, prosecution, defense and settlement of the

Litigation. SafeNet and Lead Plaintiffs agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by SafeNet and Lead Plaintiffs, and their respective counsel, and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with experienced legal counsel.

51. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Settling Parties hereto or their successors.

52. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

53. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of attorneys' fees and any expenses and implementing and enforcing the terms of this Stipulation.

54. Unless ordered by a Court, no Settling Party or counsel shall disseminate, refer to, or otherwise distribute to any third party any information regarding the negotiation of the Settlement between the Settling Parties, or any information or documents they obtained from another Settling Party in connection with the Settlement, all of which the parties agree shall be deemed as "confidential" under the terms of the Court's Order of May 4, 2010, except as necessary in connection with this Stipulation or Court approval of the Settlement, or as the parties may otherwise agree, or as may be required by applicable securities or other law. However, no information may be disclosed under this paragraph except pursuant to the procedures set forth in the Court's Order of May 4, 2010. Notwithstanding the foregoing sentence, disclosure of this Stipulation and the documents referred to and incorporated herein by

reference in paragraphs 2-67 shall only be restricted subject to and in accordance with the provisions of this Stipulation.

55. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

56. This Stipulation, its exhibits and the Supplemental Agreement constitute the entire agreement among the Settling Parties hereto concerning the Settlement of the Litigation as against Settling Defendants, and no representations, warranties, or inducements have been made by any party hereto concerning this Stipulation and its exhibits other than those contained and memorialized in such documents.

57. All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive the Stipulation.

58. Nothing in the Stipulation, or the negotiations relating thereto, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, attorney-client privilege, joint defense privilege, or work product protection.

59. This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument provided that counsel for the Settling Parties to this Stipulation shall exchange among themselves original signed counterparts. Signatures sent by facsimile or pdf'd via e-mail shall be deemed originals.

60. This Stipulation shall be binding when signed, but the Settlement shall be effective only on the condition that the Effective Date occurs.

61. This Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties hereto.

62. The construction, interpretation, operation, effect and validity of this Stipulation, and all documents necessary to effectuate it, shall be governed by the internal laws of the State of New York without regard to conflicts of laws, except to the extent that federal law requires that federal law govern.

63. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations among the Settling Parties, and all Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

64. Lead Counsel, on behalf of the Class Members, warrants and represents that it is expressly authorized by Lead Plaintiffs to take all appropriate action required or permitted to be taken by the Class Members pursuant to the Stipulation to effectuate its terms and also is expressly authorized by Lead Plaintiffs to enter into any modifications or amendments to the Stipulation on behalf of the Class Members that it deems appropriate.

65. All counsel and any other person executing this Stipulation and any of the exhibits hereto, or any related settlement documents, warrant and represent that they have the full authority to do so, and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

66. Lead Counsel and Settling Defendants' Counsel agree to cooperate fully with one another in seeking Court approval of the Preliminary Approval Order, the Stipulation and the Settlement and in consummating the Settlement in accordance with its terms, and to promptly agree upon and execute all such other documentation as reasonably may be required to obtain final approval by the Court of the Settlement.

67. Except as otherwise provided herein, each party shall bear its own costs.

IN WITNESS WHEREOF, the Settling Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, as of <sup>September 13</sup>~~A~~, 2010.

**BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP**

By: 

~~Max W. Berger~~  
William C. Fredericks  
1285 Avenue of the Americas  
New York, New York 10019  
(212) 554-1400

**LABATON SUCHAROW LLP**

By: \_\_\_\_\_

Lawrence A. Sucharow  
Jonathan Gardner  
140 Broadway  
New York, NY 10005  
(212) 907-0700

*Co-Lead Counsel for Lead Plaintiffs and the  
Proposed Class*

**SULLIVAN & CROMWELL LLP**

By: 

Richard H. Klapper  
Andrew H. Reynard  
125 Broad Street  
New York, NY 10004  
(212) 558-4000

*Counsel for Defendant SafeNet, Inc.*

67. Except as otherwise provided herein, each party shall bear its own costs.

**IN WITNESS WHEREOF**, the Settling Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, as of September 13, 2010.

**BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP**

By: \_\_\_\_\_  
Max W. Berger  
William C. Fredericks  
1285 Avenue of the Americas  
New York, New York 10019  
(212) 554-1400

**LABATON SUCHAROW LLP**

By: Jonathan Gardner by Nicholas Davis  
Lawrence A. Sucharow  
Jonathan Gardner  
140 Broadway  
New York, NY 10005  
(212) 907-0700

*Co-Lead Counsel for Lead Plaintiffs and the  
Proposed Class*

**SULLIVAN & CROMWELL LLP**

By: \_\_\_\_\_  
Richard H. Klapper  
Andrew H. Reynard  
125 Broad Street  
New York, NY 10004  
(212) 558-4000

*Counsel for Defendant SafeNet, Inc.*

67. Except as otherwise provided herein, each party shall bear its own costs.

IN WITNESS WHEREOF, the Settling Parties hereto have caused this Stipulation to be executed, by their duly authorized attorneys, as of \_\_\_\_\_, 2010.

**BERNSTEIN LITOWITZ BERGER &  
GROSSMANN LLP**

By: \_\_\_\_\_  
Max W. Berger  
William C. Fredericks  
1285 Avenue of the Americas  
New York, New York 10019  
(212) 554-1400

**LABATON SUCHAROW LLP**

By: \_\_\_\_\_  
Lawrence A. Sucharow  
Jonathan Gardner  
140 Broadway  
New York, NY 10005  
(212) 907-0700

*Co-Lead Counsel for Lead Plaintiffs and the  
Proposed Class*

**SULLIVAN & CROMWELL LLP**

By: Richard H. Klapper  
Richard H. Klapper  
Andrew H. Reynard  
125 Broad Street  
New York, NY 10004  
(212) 558-4000

*Counsel for Defendant SafeNet, Inc.*



**ARNOLD & PORTER, LLP**

By: J.A. Freedman & J.P. Wilson  
John A. Freedman  
Joshua P. Wilson  
555 Twelfth St., N.W.  
Washington, DC 20004-1206  
(202) 942-5000

*Counsel for Defendant Anthony A. Caputo*

**WILMER CUTLER PICKERING HALE AND  
DORR LLP**

By: \_\_\_\_\_  
Paul A. Engelmayer  
Matthew B. Holmwood  
399 Park Avenue  
New York, NY 10022  
(212) 230-8800

*Counsel for Defendant Carole Argo*

**DLA PIPER LLP**

By: \_\_\_\_\_  
Jonathan King  
Samuel Isaacson  
203 N. LaSalle St., Suite 1900  
Chicago, Illinois 60601-1293  
(312) 368-4000

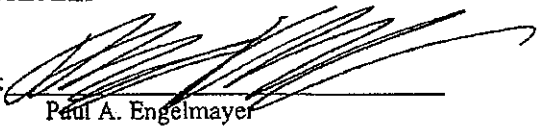
*Counsel for Defendant Kenneth Mueller*

**ARNOLD & PORTER, LLP**

By: \_\_\_\_\_  
John A. Freedman  
Joshua P. Wilson  
555 Twelfth St., N.W.  
Washington, DC 20004-1206  
(202) 942-5000

*Counsel for Defendant Anthony A. Caputo*

**WILMER CUTLER PICKERING HALE AND  
DORR LLP**

By:  \_\_\_\_\_  
Paul A. Engelmayer  
Matthew B. Holmwood  
399 Park Avenue  
New York, NY 10022  
(212) 230-8800

*Counsel for Defendant Carole Argo*

**DLA PIPER LLP**

By: \_\_\_\_\_  
Jonathan King  
Samuel Isaacson  
203 N. LaSalle St., Suite 1900  
Chicago, Illinois 60601-1293  
(312) 368-4000

*Counsel for Defendant Kenneth Mueller*

465981.11

**ARNOLD & PORTER, LLP**

By: \_\_\_\_\_  
John A. Freedman  
Joshua P. Wilson  
555 Twelfth St., N.W.  
Washington, DC 20004-1206  
(202) 942-5000


*Counsel for Defendant Anthony A. Caputo*

**WILMER CUTLER PICKERING HALE AND  
DORR LLP**

By: \_\_\_\_\_  
Paul A. Engelmayer  
Matthew B. Holmwood  
399 Park Avenue  
New York, NY 10022  
(212) 230-8800

*Counsel for Defendant Carole Argo*

**DLA PIPER LLP**

By:  \_\_\_\_\_  
Jonathan King Joseph Collins  
Samuel Isaacson  
203 N. LaSalle St., Suite 1900  
Chicago, Illinois 60601-1293  
(312) 368-4000

*Counsel for Defendant Kenneth Mueller*