

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☐ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>SAFENET, INC. 401(K) PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>01/01/1991</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>SAFENET, INC.</u> <u>4690 MILLENNIUM DRIVE</u> <u>BELCAMP, MD 21017</u>	2b Employer Identification Number (EIN) <u>52-1287752</u> 2c Sponsor's telephone number <u>410-931-7500</u> 2d Business code (see instructions) <u>334110</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>07/30/2012</u>	<u>DIANE L. SMITH</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
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3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SAFENET, INC. 4690 MILLENNIUM DRIVE BELCAMP, MD 21017	3b Administrator's EIN 52-1287752 3c Administrator's telephone number 410-931-7500
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	1023
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	720
b Retired or separated participants receiving benefits.....	6b	11
c Other retired or separated participants entitled to future benefits.....	6c	312
d Subtotal. Add lines 6a , 6b , and 6c	6d	1043
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	1044
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	952
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	85

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2S 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SAFENET, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SAFENET, INC.</u>	D Employer Identification Number (EIN) <u>52-1287752</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
BANK OF AMERICA, N.A.

94-1687665

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

MERRILL LYNCH, PIERCE, FENNER AND S

13-5674085

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 52 56 59 60 62 63 72	RECORDKEEPER	8021	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SAFENET, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>SAFENET, INC.</u>	D Employer Identification Number (EIN) <u>52-1287752</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: ML RETIREMENT PRESERVATION TRUST

b Name of sponsor of entity listed in (a): BANK OF AMERICA, N.A.

c EIN-PN <u>22-6484011-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: WELLS FARGO STABLE RETURN FUND

b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

c EIN-PN <u>52-2250939-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>6825011</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan SAFENET, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 SAFENET, INC.	D Employer Identification Number (EIN) 52-1287752	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a	425	575
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	140	151962
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	511822	613583
	(9) Value of interest in common/collective trusts.....	1c(9)	6825442	6825011
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	48212889	48381256
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	55550718	55972387

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	55550718	55972387
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1938116	
(B) Participants	2a(1)(B)	5708845	
(C) Others (including rollovers)	2a(1)(C)	108183	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		7755144
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	22699	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		22700
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1279829	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1279829
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		123916
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-4036560
c Other income.....	2c		19457
d Total income. Add all income amounts in column (b) and enter total.....	2d		5164486

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4491446	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		4491446
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		126451
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	124920	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		124920
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4742817

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		421669
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTONLARSONALLEN LLP (2) EIN: 41-0746749

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		3000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SAFENET, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SAFENET, INC.</u>	D Employer Identification Number (EIN) <u>52-1287752</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>94-1687665</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

SAFENET, INC. 401(k) PLAN
Belcamp, Maryland

FINANCIAL STATEMENTS
December 31, 2011 and 2010

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	2
Statements of Net Assets Available for Benefits.....	3
Statements of Changes in Net Assets Available for Benefits.....	4
Notes to Financial Statements	5
SUPPLEMENTAL SCHEDULE	13
Schedule H - Line 4i – Schedule of Assets (Held at End of Year)	14

Independent Auditor's Report

Plan Participants and Trustees
SafeNet, Inc. 401(k) Plan
Belcamp, Maryland

We were engaged to audit the statements of net assets available for benefits of SafeNet, Inc. 401(k) Plan (the Plan) as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended, and the supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Bank of America N.A., the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the Trustee holds the Plan's investment assets and participant notes receivable and executes related transactions. The Plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2011 and 2010, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustees, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Baltimore, Maryland
July 24, 2012

FINANCIAL STATEMENTS

SAFENET, INC. 401(k) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 151,820	\$ -
Participant-directed investments, at fair value	<u>55,383,638</u>	<u>55,038,331</u>
Notes receivable from participants	<u>613,583</u>	<u>511,822</u>
Receivables		
Employer contributions	1,920,028	1,813,989
Accrued income	<u>716</u>	<u>565</u>
Total receivables	<u>1,920,744</u>	<u>1,814,554</u>
Net assets available for benefits, at fair value	58,069,785	57,364,707
Adjustments from fair value to contract value for interest in Common/Collective Trust relating to fully benefit-responsive investment contract	<u>(177,371)</u>	<u>-</u>
TOTAL NET ASETS AVAILABLE FOR BENEFITS	<u><u>\$ 57,892,414</u></u>	<u><u>\$ 57,364,707</u></u>

The accompanying notes are an integral part of the financial statements.

SAFENET, INC. 401(k) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Years Ended December 31, 2011

	<u>2011</u>	<u>2010</u>
Additions to net assets attributed to:		
Investment income:		
Interest and dividends	\$ 1,281,779	\$ 834,197
Net appreciation (depreciation) of investments	<u>(3,953,761)</u>	<u>5,439,349</u>
Total investment income (loss)	<u>(2,671,982)</u>	<u>6,273,546</u>
Interest income from notes receivable from participants	<u>22,699</u>	<u>22,840</u>
Contributions:		
Participants	5,708,845	5,287,288
Employer	1,927,256	1,863,295
Rollover	<u>108,183</u>	<u>552,055</u>
Total contributions	<u>7,744,284</u>	<u>7,702,638</u>
Other income	<u>18,681</u>	<u>27,063</u>
Total additions, net of investment loss	<u>5,113,682</u>	<u>14,026,087</u>
Deductions from net assets attributed to:		
Benefits paid to participants	4,577,954	4,749,007
Administrative expenses	<u>8,021</u>	<u>7,321</u>
Total deductions	<u>4,585,975</u>	<u>4,756,328</u>
NET INCREASE	527,707	9,269,759
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>57,364,707</u>	<u>48,094,948</u>
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$ 57,892,414</u>	<u>\$ 57,364,707</u>

The accompanying notes are an integral part of the financial statements.

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 – DESCRIPTION OF PLAN

The following description of the SafeNet, Inc. 401(k) Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General

The Plan is a defined contribution plan covering substantially all full-time employees of SafeNet, Inc. (the Company) who have at least three months of service. The Company has designated the first day of each month as the entry dates for the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Employees of the Company include former employees of Aladdin, Mykotronx, Inc, and Assured Decisions, LLC.

Contributions

Each year, participants may contribute an amount up to 100% of pre-tax annual compensation, as defined by the Plan subject to the maximum allowable contributions under the Internal Revenue Code (IRC). Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. Employees will automatically be enrolled at an amount equal to 2% of their compensation upon attainment of eligibility unless they opt out.

The plan sponsor may make a discretionary matching contribution to the Plan equal to a percentage of the participant's contribution which the Company will determine each year. During 2011 and 2010, employer matching contributions totaled \$2,043,712 and \$1,863,295, respectively. The matching contributions received by each participant varied by employer and are detailed below:

- *SafeNet, Inc. and Assured Decisions* – The match is discretionary determined each year. For 2011 and 2010, the employer match was equal to 100% of compensation contributed by a participant, up to a maximum of 3% of the participant's compensation.
- *Aladdin* – The match is equal to 50% of participant deferrals on the first 6% of eligible compensation from June 1, 2009 through March 24, 2010. After March 24, 2010, Aladdin employees received the same match as SafeNet, Inc. employees.
- *Mykotronx* – An amount equal to 50% of participant deferrals up to \$6,000.

The Company may also make discretionary profit sharing contributions as determined annually by the Board of Directors. No profit sharing contributions were made to the Plan in 2011 and 2010.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's contribution, Plan earnings (losses), and charged with an allocation of administrative expenses. Allocations are made pursuant to the Plan provisions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 1 – DESCRIPTION OF PLAN (CONTINUED)

Vesting

Participants are vested immediately in their contributions plus actual net earnings thereon. The portion of their account representing the employer matching and discretionary contributions and earnings thereon will vest as follows:

<u>Years of Service</u>	<u>Percentage Vested</u>
Less than 1	0 %
1	25 %
2	50 %
3	75 %
4 or more	100 %

Effective June 1, 2009, Aladdin employees and Myko employees are 100% vested in amounts credited to their company contributions and earnings thereon for balances accumulated at that date.

Notes receivable from participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the plan administrator. Loans are to be repaid within a period of five years, unless used for the purchase of a principal residence, in which repayment is up to ten years. Principal and interest are paid ratably through payroll deductions. Interest rates ranged from 4.25% - 9.25% during 2011 and 2010.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant with a vested balance of less than \$5,000 will receive a lump sum distribution. Participants who have balances greater than \$5,000 may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a term to be determined based on life expectancy. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution. The Plan also allows for in-service withdrawals for hardships and participants who have reached the normal retirement age of 59 ½ year old.

Forfeited Accounts

At December 31, 2011 and 2010, forfeited non-vested accounts totaled \$51,773 and \$127,046, respectively. These accounts may be used first to pay administrative expenses and second to be used towards employer contributions. Any amounts remaining may be allocated to participants. Forfeitures used to reduce employer contributions were \$117,097 and \$32,201 in 2011 and 2010, respectively.

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

The accounting codification guidance requires investment contracts held by a defined-contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

During 2010, the Plan terminated and liquidated their investment contract. The termination of the investment contract required a change in method from contract value to fair value accounting. The 2010 financial statements present the investment contract at fair value.

During 2011, the Plan entered into a new investment contract as of December 31, 2011. The 2011 statement of net assets available for benefits presents the fair value of the investment in the collective trust as well as the adjustment from fair value to contract value.

Administrative Expenses

During the years ended December 31, 2011 and 2010, certain administrative expenses of the Plan were voluntarily paid by the employer.

Benefit Payments

Benefits paid to participants are recorded when paid.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 – CERTIFIED INFORMATION PROVIDED BY THE PLAN TRUSTEE

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the trustee, Bank of America N.A., has certified that the following data included in the accompanying financial statements and supplemental schedule is complete and accurate:

- a. Total cash and investments, at contract value, as shown in the accompanying Statements of Net Assets Available for Benefits of \$55,358,087 and \$55,038,331 as of December 31, 2011 and 2010, respectively.
- b. Note receivables from participants as shown in the accompanying Statements of Net Assets Available for Benefits was \$613,583 and \$511,822 as of December 31, 2011 and 2010, respectively.
- c. Net investment income (loss) as shown in the accompanying Statements of Changes in Net Assets Available for Benefits was \$(2,671,982) and \$6,273,546 for the years ended December 31, 2011 and 2010, respectively.
- d. Interest income from notes receivable from participants as shown in the accompanying Statements of Changes in Net Assets available for benefits was \$22,699 and \$22,840 for the years ended December 31, 2011 and 2010, respectively.

The fair value of participant investments that represent five percent or more of the Plan's net assets at December 31, are:

	<u>2011</u>	<u>2010</u>
Wells Fargo Stable Return Fund ***	\$6,825,011	N/A
The Oakmark Equity & Income Fund	4,252,551	N/A
Putnam Equity Income Fund CL A	3,959,913	\$4,237,607
Blackrock S&P 500 Index Fund	3,946,438	3,057,592
PIMCO Total Return Port. Instl	3,671,087	3,478,540
Hartford Capital Appreciation Fund CL R4	3,128,719	3,672,466
American Growth Fund of America R3	3,029,861	3,478,540
* Merrill Lynch Retirement Preservation Trust	N/A	6,825,442
The Oakmark EQ & INC FD CL II	N/A	4,089,327
PIMCO Funds Total Return Fund CL A	N/A	4,015,666
Oppenheimer Developing Markets Fund CL A	**	3,394,130
Thornburg International Value Fund A	**	2,998,951

* Party-in-interest

N/A - Plan did not hold assets in this investment in the year indicated.

** Investments less than 5% in indicated year.

*** Reported at contract value

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 3 – CERTIFIED INFORMATION PROVIDED BY THE PLAN TRUSTEE (CONTINUED)

Investment income for the years ended December 31 are as follows:

	2011		2010	
	Net (Depreciation) Appreciation	Interest and Dividend	Net Appreciation	Interest and Dividend
Mutual funds	\$ (4,076,573)	\$ 1,281,779	\$ 5,412,286	\$ 834,197
Common collective trust	122,812	-	27,063	-
Total	\$ (3,953,761)	\$ 1,281,779	\$ 5,439,349	\$ 834,197

The Plan's independent auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

NOTE 4 – FAIR VALUE MEASUREMENTS

The accounting codification guidance *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liabilities.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Plan at year-end as quoted in active markets.

Common/Collective Trusts: Valued at the net asset value of units of the fund held by the Plan based on the fair value of the underlying investments of the fund. There were no unfunded commitments and the redemption frequency and notice period was daily for the common/collective trusts as and for the years ended December 31, 2011 and 2010.

The following table sets forth by the level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

2011				
	Level 1	Level 2	Level 3	Total
Mutual funds, by type:				
Growth	\$ 15,726,627	\$ -	\$ -	\$ 15,726,627
Value	7,376,704	-	-	7,376,704
Fixed income	5,669,227	-	-	5,669,227
Mid-cap	6,364,846	-	-	6,364,846
Global	9,301,552	-	-	9,301,552
Small cap	806,058	-	-	806,058
Other	3,136,242	-	-	3,136,242
Total mutual funds	48,381,256	-	-	48,381,256
Common/collective trust	-	7,002,382	-	7,002,382
Total investments at fair value	\$ 48,381,256	\$ 7,002,382	\$ -	\$ 55,383,638

2010				
	Level 1	Level 2	Level 3	Total
Mutual funds, by type:				
Growth	\$ 18,516,662	\$ -	\$ -	\$ 18,516,662
Value	7,335,098	-	-	7,335,098
Fixed income	4,474,664	-	-	4,474,664
Mid-cap	5,757,533	-	-	5,757,533
Global	8,813,502	-	-	8,813,502
Small cap	798,610	-	-	798,610
Lifestyle	2,516,820	-	-	2,516,820
Total mutual funds	48,212,889	-	-	48,212,889
Common/collective trust	-	6,825,442	-	6,825,442
Total investments at fair value	\$ 48,212,889	\$ 6,825,442	\$ -	\$ 55,038,331

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 5 – RELATED PARTY TRANSACTION

Certain Plan investments are shares of common/collective trusts, and are managed by Bank of America. Bank of America is the trustee as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. The Plan paid \$8,021 and \$7,320 in administrative fees to Bank of America for the Plan years ended December 31, 2011 and 2010, respectively. Certain executives of the Company are participants in the Plan and therefore are related parties.

NOTE 6 – PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their entire account including employer contributions and earnings thereon. Any unallocated assets of the Plan shall be allocated to participant accounts and distributed in such a manner as the Company may determine.

NOTE 7 – TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated March 25, 2004, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the letter. The Plan's administrator has filed the appropriate documents with the IRS for an updated letter but has yet to receive a response. However, the Plan's administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2011 and 2010 to Form 5500:

	<u>2011</u>	<u>2010</u>
Net Assets Available for Benefits per the financial statements	\$ 57,892,414	\$ 57,364,707
Less current year Employer Contribution Receivable	(1,920,028)	(1,813,989)
Rounding	<u>1</u>	<u>-</u>
Total	<u><u>\$ 55,972,387</u></u>	<u><u>\$ 55,550,718</u></u>

SAFENET, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

NOTE 8 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (CONTINUED)

The following is a reconciliation of changes in net assets per the financial statements for the years ended December 31, 2011 and 2010 to Form 5500:

	<u>2011</u>	<u>2010</u>
Change in net assets per the financial statements	\$ 527,707	\$ 9,269,759
Less current year contributions receivable	(1,920,028)	(1,813,989)
Add prior year adjustment from contract value to fair value for interest		
in common/collective trust relating to fully benefit-responsive	-	358,274
Add prior year contributions receivable	1,813,989	1,569,189
Rounding	<u>1</u>	<u>1</u>
Total	<u>\$ 421,669</u>	<u>\$ 9,383,234</u>

NOTE 9 – RISK AND UNCERTAINTIES

The Plan invests in various investment securities, which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the accompanying statements of net assets available for benefits.

NOTE 10 – SUBSEQUENT EVENTS

Management evaluated subsequent events through July 24, 2012, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2011, but prior to July 24, 2012 that provided additional evidence about conditions that existed at December 31, 2011, have been recognized in the financial statements for the year ended December 31, 2011. Events or transactions that provided evidence about conditions that did not exist at December 31, 2011, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2011.

SUPPLEMENTAL SCHEDULE

SAFENET, INC. 401(k) PLAN
FORM 5500 – SCHEDULE H – LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EIN 52-1287752, PLAN # 001
December 31, 2011

Identity of Issuer, Borrower, Lessor, or Similar Party		Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost **	Current Value
(a)	(b)	(c)	(d)	(e)
	Wells Fargo Stable Return Fund ***		\$	6,825,011
	The Oakmark Equity & Income Fund			4,252,551
	Putnam Equity Income FD CL A			3,959,913
	Blackrock S&P 500 Index Fund			3,946,438
	PIMCO Total Return Port. Instl			3,671,084
	Hartford Capital Appreciation Fund CL R4			3,128,719
	American Growth Fund of America R3			3,029,861
	Oppenheimer Developing Markets Fund CL A			2,546,227
	Thornburg International Value Fund A			2,421,146
	IVY Asset Strategy Fund CL Y			2,195,512
	IVY Mid Cap Growth Fund CL Y			2,167,367
	Goldman Sachs Mid Cap Value Fund A			1,775,093
	Van ECK Global Hard Assets			1,589,958
	Allianz NFJ Sm-Cap Value CL A			1,487,108
	Invesco Asia Pacific Growth A			1,482,017
	Oppenheimer International Bond Fund CL A			919,997
*	MFS Government Secs			870,610
	ING Global Real Estate Fund CL A			804,885
	Lord Abbett Total Return FD A			796,470
	Fidelity ADV Small Cap FD CL T			755,191
	Prudential Jennison Health Science Fund			740,063
	Fidelity Advisors Freedom 2040 FD T			721,113
	Fidelity Advisors Freedom 2030 Fund CL T			663,227
	American Capital World G & I			629,702
	Fidelity Advisors Freedom 2015 Fund CL T			504,006
	Fidelity Advisors Freedom 2035 Fund CL T			427,062
	Fidelity Advisors Freedom 2025 Fund CL T			409,239
	Columbia Seligman Comm Fund A			400,933
	Fidelity Advisors Freedom 2020 Fund CL T			376,819
	Oakmark Intl Fund Class I			373,925
	Janus Overseas FD CL A			366,428
	Mainstay High Yield Corp BD FD			331,061
	Invesco Mid Cap Core Equity Fund A			251,040
*	MFS Utilities Fund CL A			154,591
	Davis Series Financial Fd CI A			146,258
	Invesco Van Kampen Small Cap A			50,867
	Fidelity Advisors Freedom 2010 Fund CL T			34,776
	Total investments			55,206,267
	Cash and cash equivalents			151,820
*	Participant loans	Interest rates of 4.25% - 9.25% with maturity dates ranging from 2012 to 2026.		613,583
Total assets				\$ 55,971,670

* Indicates a party-in-interest.

** Cost is not required for participant directed investments

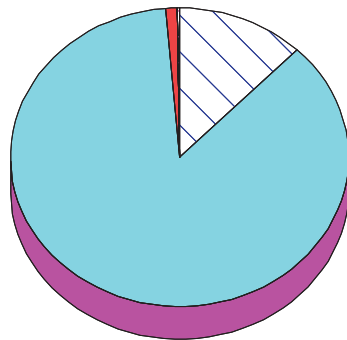
*** Reported at contract value

STATEMENT OF ASSETS
FOR THE PERIOD 01/01/2011 - 12/31/2011

SAFENET, INC. 401(K) PLAN

CONSOLIDATION

ALLOCATION OF PLAN ASSETS



12.19% COMMON / COLLECTIVE TRUSTS

1.10% LOANS

0.00% UNINVESTED CASH

0.27% CASH

86.44% MUTUAL FUNDS

0.00% PENDING SETTLEMENT FUNDS

0.00% ACCRUED INCOME

Investment Category	Shares/ Units	Price/ NAV	Cost/Book Value	Market Value	% Total Value
<u>COMMON / COLLECTIVE TRUSTS</u>					
WELLS FARGO STABLE RETURN FUND	66,977.5336	101.900	6,718,075.32	6,825,010.67	12.19%
<u>MUTUAL FUNDS</u>					
OAKMARK INTL FUND CLASS I	22,593.6508	16.550	393,451.80	373,924.92	0.67%
THE OAKMARK EQUITY & INCOME FD	157,210.7638	27.050	4,266,736.01	4,252,551.16	7.60%
PIMCO TOTAL RETURN PORT. INSTL	337,726.2122	10.870	3,612,323.40	3,671,083.93	6.56%
JANUS OVERSEAS FD CL A	11,695.7501	31.330	469,109.86	366,427.85	0.65%
LORD ABBETT TOTAL RETURN FD A	75,351.9063	10.570	815,453.71	796,469.65	1.42%
AMERICAN GROWTH FD OF AMER R3	106,948.8552	28.330	2,923,797.78	3,029,861.07	5.41%
IVY MID CAP GROWTH FUND CL Y	127,943.7569	16.940	1,800,546.98	2,167,367.24	3.87%
PRUDENTIAL JENNISON HEALTH SCI	29,344.3065	25.220	637,055.57	740,063.41	1.32%

Balances include the effect of pending trades

STATEMENT OF ASSETS
FOR THE PERIOD 01/01/2011 - 12/31/2011

SAFENET, INC. 401(K) PLAN

CONSOLIDATION

Investment Category	Shares/ Units	Price/ NAV	Cost/Book Value	Market Value	% Total Value
FIDELITY ADV FRDM 2010 FD CL T	3,118.8916	11.150	34,049.47	34,775.64	0.06%
FIDELITY ADV FRDM 2020 FD CL T	32,795.4167	11.490	365,201.07	376,819.34	0.67%
FIDELITY ADV FRDM 2030 FD CL T	58,126.7793	11.410	645,610.53	663,226.55	1.18%
FIDELITY ADV FRDM 2040 FD T	63,255.5559	11.400	743,796.98	721,113.34	1.29%
IVY ASSET STRATEGY FD CL Y	98,453.4612	22.300	2,240,731.06	2,195,512.18	3.92%
ING GLOBAL REAL ESTATE FD CL A	53,658.9998	15.000	836,262.40	804,885.00	1.44%
FIDELITY ADV FRDM 2015 FD CL T	45,405.9732	11.100	494,792.06	504,006.30	0.90%
FIDELITY ADV FRDM 2025 FD CL T	37,271.3046	10.980	407,009.71	409,238.92	0.73%
FIDELITY ADV FRDM 2035 FD CL T	40,024.5355	10.670	436,995.49	427,061.79	0.76%
AMERICAN CAPITAL WORLD G & I	19,604.6730	32.120	640,850.53	629,702.10	1.13%
INVESCO VAN KAMPEN SMALL CAP A	5,282.1071	9.630	54,718.84	50,866.69	0.09%
HARTFORD CAPITAL CL R4	101,384.2845	30.860	3,225,384.70	3,128,719.02	5.59%
DAVIS SERIES FINANCIAL FD CL A	5,548.4850	26.360	162,933.90	146,258.06	0.26%
VAN ECK GLOBAL HARD ASSETS	36,685.6842	43.340	1,523,307.60	1,589,957.55	2.84%
OPPENHEIMER INTL BD FD CL A	148,147.4764	6.210	939,171.89	919,995.83	1.64%
OPPENHEIMER DEV MKTS FD CL A	86,842.6502	29.320	2,435,159.82	2,546,226.50	4.55%
BLACKROCK S&P500 INDEX I	256,929.5591	15.360	3,686,269.94	3,946,438.03	7.05%
ALLIANZ NFJ SM-CAP VALUE CL A	53,454.6523	27.820	1,348,072.27	1,487,108.43	2.66%
GOLDMAN SACHS MID CAP VAL A	53,210.2206	33.360	1,641,123.80	1,775,092.96	3.17%
INVESCO ASIA PACIFIC GROWTH A	57,891.2819	25.600	1,382,428.88	1,482,016.82	2.65%
MAINSTAY HIGH YLD CORP BD FD	57,079.4801	5.800	327,222.53	331,060.98	0.59%

Balances include the effect of pending trades

STATEMENT OF ASSETS
FOR THE PERIOD 01/01/2011 - 12/31/2011

SAFENET, INC. 401(K) PLAN

CONSOLIDATION

Investment Category	Shares/ Units	Price/ NAV	Cost/Book Value	Market Value	% Total Value
THORNBURG INTER VALUE FD A	100,629.4967	24.060	2,499,788.06	2,421,145.69	4.33%
FIDELITY ADV SMALL CAP FD CL T	36,447.4556	20.720	725,501.96	755,191.28	1.35%
MFS GOVERNMENT SECS	82,288.2521	10.580	864,231.31	870,609.71	1.56%
COLUMBIA SELIGMAN COMM FD A	9,826.7912	40.800	362,743.75	400,933.08	0.72%
INVESCO MID CAP CORE EQTY FD A	11,942.9303	21.020	237,059.74	251,040.39	0.45%
MFS UTILITIES FUND CL A	9,120.4399	16.950	151,528.25	154,591.46	0.28%
PUTNAM EQUITY INCOME FD CL A	263,818.3121	15.010	3,490,947.77	3,959,912.86	7.07%
TOTAL MUTUAL FUNDS			46,821,369.42	48,381,255.73	86.44%
<u>LOANS</u>					
LOAN FUND	613,582.9500	1.000	613,582.95	613,582.95	1.10%
<u>PENDING SETTLEMENT FUNDS</u>					
PENDING SETTLEMENT FUND	575.0000	1.000	575.00	575.00	0.00%
INVESTMENT TOTAL			54,153,602.69	55,820,424.35	99.73%
UNINVESTED CASH			3.74	3.74	0.00%
ACCRUED INCOME			140.93	140.93	0.00%
CASH			151,817.79	151,817.79	0.27%
TOTAL ASSETS			54,305,565.15	55,972,386.81	100.00%

The balance in the cash fund may be temporarily invested in the BIF Money Fund. Additional amounts not reported as cash may also be invested in the BIF Money Fund pending settlement of trades.

Balances include the effect of pending trades