

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW HAMPSHIRE

IN RE CABLETRON SYSTEMS, INC.
SECURITIES LITIGATION

C.A. 97-542JD (N.H.)
C.A. 99-408S (R.I.)

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT,
MOTION FOR ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARING**

**If you purchased the common stock of Cabletron Systems, Inc. ("Cabletron"),
or bought call options or sold put options in Cabletron common stock,
during the period from March 3, 1997 through December 2, 1997, inclusive,
then you could get a payment from a class action settlement.**

A federal court authorized this notice. This is not a solicitation from a lawyer.

- The settlement will provide a \$10.5 million settlement fund plus accruing interest for the benefit of investors who purchased the common stock of Cabletron, or bought call options or sold put options in Cabletron common stock, during the period from March 3, 1997 through December 2, 1997, inclusive (the "Class Period").
- The settlement resolves a lawsuit over whether Cabletron and certain of its officers and directors misled investors about Cabletron's financial condition.
- Your legal rights are affected whether you act or do not act. Read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM FORM	The only way to get a payment.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against Defendants and the other Released Parties about the Settled Claims.
OBJECT	Write to the Court about why you do not like the settlement.
GO TO A HEARING	Ask to speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options - **and the deadlines to exercise them** - are explained in this notice.
- The Court in charge of this case still has to decide whether to approve the settlement. Payments will be made if the Court approves the settlement and after appeals are resolved. Please be patient.

SUMMARY NOTICE

Statement of Plaintiff Recovery

Pursuant to the settlement described herein, a Settlement Fund consisting of \$10,500,000 in cash, plus interest, has been established. Plaintiffs estimate that there were approximately 73 million shares of Cabletron common stock traded during the Class Period which may have been damaged. Plaintiffs estimate that the average recovery per damaged share of Cabletron common stock under the settlement is \$0.14 per damaged share before deduction of Court-awarded attorneys' fees and expenses. Depending on (i) the number of damaged shares for which claims are submitted, (ii) when during the Class Period a Class Member purchased his or her shares of Cabletron common stock, and (iii) whether and when those shares were sold, and if sold, at what price, an individual Class Member may receive more or less than this average amount. Class Members who transacted in options on Cabletron common stock may also receive a payment from the Settlement Fund, but the various terms of those options and available records concerning such option transactions do not permit a useful estimate to be provided concerning the number of affected options or the recovery on those option transactions. A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by his, her or its Recognized Claim as compared to the total Recognized Claims of all Class Members who submit acceptable Proofs of Claim. See the Plan of Allocation on page 9 for more information on your Recognized Claim.

Statement of Potential Outcome of Case

The parties disagree on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if plaintiffs were to have prevailed on each claim alleged. The Defendants deny that they are liable to the plaintiffs or the Class and deny that plaintiffs or the Class have suffered any damages.

Statement of Attorneys' Fees and Costs Sought

Plaintiffs' Counsel are moving the Court to award attorneys' fees not to exceed one-third (33 1/3%) of the Gross Settlement Fund, and for reimbursement of litigation expenses incurred in connection with the prosecution of this Action in the approximate amount of \$1,000,000 (excluding any estimated costs of providing notice to the members of the Class and the processing of the Proofs of Claim and administration of the Settlement). The requested fees and expenses would amount to an average of 6.2¢ per damaged share in total for fees and expenses. Plaintiffs' Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of the litigation, in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

Further Information

Further information regarding the Action and this Notice may be obtained by contacting Plaintiffs' Co-Lead Counsel: Sanford P. Dumain, Esq., Milberg Weiss Bershad & Schulman LLP, One Pennsylvania Plaza, New York, New York 10119-0165, Telephone: (212) 594-5300; Herbert E. Milstein, Esq., Cohen, Milstein, Hausfeld & Toll, P.L.L.C., 1100 New York Avenue, N.W., Suite 500 West, Washington, D.C. 20005-3964, Telephone: (202) 408-4600; or Mark Levine, Esq., Stull, Stull & Brody, 6 East 45th Street, New York, New York 10017, Telephone: (212) 687-7230.

Reasons for the Settlement

The principal reason for the settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

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BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased shares of Cabletron common stock, or bought call options or sold put options in Cabletron common stock, during the period from March 3, 1997 through December 2, 1997, inclusive.

The Court directed that this Notice be sent to Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the settlement. If the Court approves the settlement, and after objections and appeals, if any, are resolved, an administrator approved by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

The case was originally filed in the United States District Court for the District of New Hampshire and is known as *In re Cabletron Systems, Inc.*, C.A. 97-542JD (N.H.), C.A. 99-408S (R.I.). Due to the recusal of the judges in the District of New Hampshire, the case was transferred to the District of Rhode Island and is assigned to United States District Judge William E. Smith. The people who sued are called plaintiffs, and the company and the persons they sued, Cabletron and certain of its current and former officers and directors (the "Individual Defendants" as defined below), are called the Defendants.

The "Individual Defendants" are S. Robert Levine (founder of Cabletron and President, Chief Executive Officer, and a Director of Cabletron during the Class Period), Craig R. Benson (Chief Operating Officer, Treasurer, and Chairman of the Board of Directors of Cabletron during the Class Period), David J. Kirkpatrick (Director of Finance and Chief Financial Officer of Cabletron during the Class Period), Paul R. Duncan (Board Member and member of the Board's Compensation and Audit Committees during the Class Period), Donald F. McGuinness (Board Member and member of the Board's Compensation and Audit Committees during the Class Period), Christopher J. Oliver (Director of Engineering and Manufacturing and an Officer during the Class Period) and Michael D. Myerow (Secretary, Board Member, and member of the Board's Compensation and Audit Committees during the Class Period).

2. What is this lawsuit about?

Cabletron developed, marketed and supported Internet and Intranet networking hardware and software products for large enterprise networks of computers. According to the lawsuit, Cabletron experienced a variety of problems, including production problems with its then recently introduced and highly touted SmartSwitch 6000 and SmartSwitch 2200 products, poor sales in its European market due to inexperienced managers and other problems in its sales efforts, market saturation, and increased selling cycles. The lawsuit claims that the Defendants tried to hide Cabletron's troubles by engaging in fraudulent revenue recognition practices, such as fictitious sales, inventory parking, and channel stuffing activities. The lawsuit also claims that the Defendants misled investors by intentionally concealing these problems from the public, and by making positive statements about Cabletron's financial condition in the face of these adverse factors. The Defendants deny they did anything wrong.

3. Why is this a class action?

In a class action, one or more people called Lead Plaintiffs (in this case the Mesko Group, the Williams Group, James G. Pettus, Larry M. Geisen, Lee Stein, and Phillip Adler), sue on behalf of people who have similar claims. All these people are a Class or Class Members. Bringing a case, such as this one, as a class action allows resolution of a case on a class-wide basis where the claims of many individual members of the Class might be too small to bring in an individual action. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. Why is there a settlement?

Beginning in October of 1997, nine class action complaints were filed against Cabletron and certain of its officers and directors. By Order dated March 3, 1998, the Court consolidated the actions and appointed the Mesko Group, the Williams Group, James G. Pettus, Larry Geisen, Lee Stein, and Phillip Adler as Lead Plaintiffs. The Court also appointed the law firms of Milberg Weiss Bershad & Schulman LLP, Cohen, Milstein, Hausfeld & Toll, P.L.L.C., and Stull, Stull & Brody as Co-Lead Counsel.

On April 20, 1998, Lead Plaintiffs filed a Consolidated Amended Class Action Complaint ("First Amended Complaint"). On July 6, 1998, the Defendants responded by filing a motion to dismiss the First Amended Complaint pursuant to Rule 12(b)(6) of the Federal Rules of Civil Procedure and the Private Securities Litigation Reform Act of 1995 (the "PSLRA"). By Order dated December 23, 1998, the Court ruled that the First Amended Complaint failed to satisfy the pleading standards under the PSLRA, but granted Lead Plaintiffs leave to amend.

On January 22, 1999, Lead Plaintiffs filed a Second Consolidated Amended Class Action Complaint (the "Second Amended Complaint"). The Second Amended Complaint generally alleges, among other things, that the Defendants issued false and misleading press releases and other statements regarding Cabletron's financial condition during the Class Period — March 3, 1997 through

December 2, 1997, inclusive — in a scheme to artificially inflate the value of Cabletron’s securities. The Second Amended Complaint further alleges that Lead Plaintiffs and the other Class Members paid artificially inflated prices for Cabletron common stock and options during the Class Period as a result of the Defendants’ dissemination of materially false and misleading statements regarding Cabletron in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.

On February 4, 1999, the Defendants moved to strike the Second Amended Complaint and requested that the Court grant their original motion to dismiss the First Amended Complaint. Also on February 4, 1999, the Court issued an Order stating that the Second Amended Complaint satisfied the PSLRA’s pleading requirements and invited Defendants to either renew their motion or file an answer. On April 13, 1999, the Defendants renewed their motion to dismiss. Lead Plaintiffs filed their opposition papers on June 1, 1999.

On August 17, 1999, the case was transferred to the District of Rhode Island for consideration by a Rhode Island federal judicial officer, sitting by designation, due to the recusal of the judges in the District of New Hampshire. Jurisdiction over the Action remains with the New Hampshire District Court.

By Memorandum and Order dated May 23, 2001, Judge Mary M. Lisi of the District of Rhode Island granted Defendants’ motion to dismiss with prejudice and Judgment was entered in favor of the Defendants. Lead Plaintiffs filed their notice of appeal of that decision to the United States Court of Appeals for the First Circuit on June 18, 2001.

In August of 2001, an operating subsidiary of Cabletron merged with and into Cabletron in a spin-off transaction, and the name of the surviving corporation was changed to Enterasys Networks, Inc.

Lead Plaintiffs filed their opening appellate brief on February 1, 2002. Defendants filed their answering brief on March 6, 2002. Lead Plaintiffs filed their reply on March 20, 2002. Oral argument was conducted before the First Circuit on May 7, 2002. On November 12, 2002, the First Circuit reversed the dismissal of the Second Amended Complaint, except for the dismissal of the Section 10(b) claim against Defendant Christopher J. Oliver, which was affirmed, and remanded the case to the District of Rhode Island for further proceedings. By Order dated December 2, 2002, the Action was transferred to the calendar of Judge William E. Smith of the District of Rhode Island.

On January 16, 2003, Defendants served an answer to the Second Amended Complaint. In January 2003, Lead Plaintiffs and Defendants began pretrial discovery, which has included the propounding and answering of interrogatories, the production of documents and the deposition of witnesses.

The Defendants deny any wrongdoing and liability and this settlement may not be construed as any admission by Defendants or any wrongdoing or liability.

Plaintiffs’ Counsel have conducted an investigation relating to the claims and the underlying events and transactions alleged in the Second Amended Complaint. Plaintiffs’ Counsel have analyzed the evidence adduced during extensive pretrial discovery and have researched the applicable law with respect to the claims of Lead Plaintiffs and the Class against the Defendants and the potential defenses thereto.

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the risks and cost of a trial, and the people affected will get compensation. The Lead Plaintiffs and Plaintiffs’ Counsel think the settlement is fair, reasonable, and adequate for the settlement of the claims of the Class and is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the settlement?
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The Court directed that for the purposes of the proposed settlement that everyone who fits this description is a Class Member: *All people who purchased the common stock of Cabletron Systems, Inc., or bought call options or sold put options in Cabletron common stock, during the period from March 3, 1997 through December 2, 1997, inclusive.*

6. Are there exceptions to being included?
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Excluded from the Class are Defendants, Enterasys Networks, Inc., the officers and directors of Cabletron at all relevant times, members of their immediate families (parents, spouses, siblings, and children) and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

If one of your mutual funds purchased shares of Cabletron common stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you directly purchased shares of Cabletron common stock, or bought call options or sold put options in Cabletron common stock, during the Class Period. Contact your broker to see if you purchased Cabletron stock, and/or purchased call options or sold put options in Cabletron common stock, during the Class Period.

If during the Class Period you **sold** Cabletron stock, **sold** Cabletron call options, or **purchased** Cabletron put options, that alone does not make you a Class Member. You are a Class Member only if you **purchased** Cabletron common stock, or **purchased** call options or **sold** put options in Cabletron common stock, during the Class Period.

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

If you are still not sure whether you are included, you can ask for free help. You can call 1-800-250-3561 or visit www.gardencitygroup.com for more information. Or you can fill out and return the claim form described in question 10 to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What does the settlement provide?

In exchange for the settlement and dismissal of the Action, the Defendants have agreed to create a \$10,500,000 fund to be divided, after fees and expenses, among all Class Members who send in a valid Proof of Claim form.

9. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim forms that Class Members send in, how many shares of Cabletron common stock you bought, and when you bought and whether or when you sold them. It will also depend on the number of common stock call options you purchased and the number of common stock put options you sold.

By following the instructions on page 9 of this Notice, you can calculate what is called your Recognized Claim. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claims. See the Plan of Allocation on page 9 for more information on your Recognized Claim.

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is being circulated with this Notice. You may also get a Proof of Claim form on the Internet at www.gardencitygroup.com. Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it postmarked no later than **September 19, 2005**.

11. When would I get my payment?

The Court will hold a hearing on **August 30, 2005**, to decide whether to approve the settlement. If the Court approves the settlement and there were objections that were filed, after that there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you are staying in the class, and that means that, upon the "Effective Date," you will release all "Settled Claims" (as defined below) against the "Released Parties" (as defined below).

"Settled Claims" means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and unknown claims, (i) that have been or could have been asserted in this Action by the Class Members or any of them against any of the Released Parties, or (ii) that could have been asserted in any forum by the Class Members or any of them against any of the Released Parties which 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 Second Amended Complaint and relate to transactions in Cabletron common stock and/or Cabletron options during the Class Period.

"Released Parties" means any and all of the Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, agents, employees, attorneys, insurers, and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest or assigns of the Defendants.

The "Effective Date" will occur when an Order entered by the Court approving the settlement becomes final and not subject to appeal. If you remain a member of the Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep any right you may have to sue or continue to sue the Defendants and the other Released Parties, on your own, about the Settled Claims, then you must take steps to get out. This is called excluding yourself — or is sometimes referred to as "opting out" of the settlement Class. Cabletron may withdraw from and terminate the Settlement if putative Class Members who purchased in excess of a certain amount of Cabletron common stock and/or Cabletron options exclude themselves from the Class.

13. How do I get out of the proposed settlement?

To exclude yourself from the settlement Class, you must send a letter by mail stating that you "request exclusion from the Class in *In re Cabletron Systems, Inc. Securities Litigation*, C.A. 97-542JD (N.H.), C.A. 99-408S (R.I.)." Your letter should state the date(s), price(s), and number(s) of shares of all your purchases and sales of Cabletron common stock and/or Cabletron common stock options during the Class Period. In addition, be sure to include your name, address, telephone number, and your signature. You must mail your exclusion request postmarked no later than **August 1, 2005** to:

Cabletron Systems Securities Litigation
EXCLUSIONS
c/o The Garden City Group, Inc.
Claims Administrator
PO Box 9000 #6288
Merrick, NY 11566-9000

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) the Defendants and the other Released Parties in the future.

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

No. If the settlement is approved, unless you have excluded yourself, you would have given up any rights to sue the Defendants and the other Released Parties for any and all Settled Claims. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **August 1, 2005**.

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

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

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court ordered that the law firms of Milberg Weiss Bershad & Schulman LLP in New York, New York, Cohen, Milstein, Hausfeld & Toll, P.L.L.C. in Washington, D.C., and Stull, Stull & Brody in New York, New York, will represent all Class Members. These lawyers are called Plaintiffs' Co-Lead Counsel. You will not be separately charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Plaintiffs' Co-Lead Counsel are moving the Court to award attorneys' fees from the Settlement Fund in an amount of not greater than one-third (33-1/3%) of the Gross Settlement Fund and for reimbursement of their expenses in the approximate amount of \$1,000,000, plus interest on such fees and expenses at the same rate as earned by the Settlement Fund. Plaintiffs' Co-Lead Counsel, without further notice to the Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the Class and any proceedings subsequent to the Settlement Fairness Hearing.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

18. How do I tell the Court that I do not like the proposed settlement?

If you are a Class Member, you can object to the proposed settlement or request for an award of attorneys' fees and expenses or the Plan of Allocation. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed settlement in the Cabletron Systems Securities Litigation. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of all your purchases and sales of Cabletron common stock and/or Cabletron common stock options during the Class Period, and state the reasons why you object to the proposed settlement or application for attorneys' fees and expenses. Your objection must be filed with the Court and served on all the following counsel on or before **August 1, 2005**:

COURT

Clerk of the Court
United States District Court
District of Rhode Island
Federal Building and
Courthouse
One Exchange Terrace
Providence, RI 02903

PLAINTIFFS' CO-LEAD COUNSEL

Sanford P. Dumain, Esq.
Milberg Weiss Bershad &
Schulman LLP
One Pennsylvania Plaza
New York, NY 10119-0165

DEFENDANTS' COUNSEL

Harvey J. Wolkoff, Esq.
Ropes & Gray, LLP
One International Place
Boston, MA 02110-2624

Herbert E. Milstein, Esq.
Cohen, Milstein, Hausfeld &
Toll, P.L.L.C.
1100 New York Avenue, N.W.
Suite 500, West Tower
Washington, D.C. 20005

Mark Levine, Esq.
Stull Stull & Brody
6 East 45th Street
New York, NY 10017

19. What is the difference between objecting and excluding?

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

THE COURT'S SETTLEMENT FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed settlement and request for attorneys' fees and expenses. You may attend and you may ask to speak, but you do not have to.

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

The Court will hold a Settlement Fairness Hearing at **10:00 a.m. on August 30, 2005**, at the United States District Court, District of Rhode Island, Federal Building and Courthouse, One Exchange Terrace, Providence, Rhode Island 02903. At this hearing the Court will consider whether the settlement is fair, reasonable and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Plaintiffs' Counsel for their fees and reimbursement of expenses. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the hearing. Thus, if you want to come to the hearing, you should check with Plaintiffs' Co-Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Plaintiffs' Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the settlement, you may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection (see question 18 above) a statement saying that it is your "Notice of Intention to Appear in *In re Cabletron Systems, Inc. Securities Litigation*, C.A. 97-542JD (N.H.), C.A. 99-408S (R.I.)." Persons who intend to object to the settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. You cannot speak at the hearing if you excluded yourself.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this settlement. But, if the settlement is approved, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants and the other Released Parties about the Settled Claims in this case, ever again.

GETTING MORE INFORMATION

24. Are there more details about the proposed settlement?

This notice summarizes the proposed settlement. More details are in a Stipulation and Agreement of Settlement dated April 19, 2005 (the "Stipulation"). You can get a copy of the full Stipulation by visiting www.gardencitygroup.com or by writing to Sanford P. Dumain, Esq., Milberg Weiss Bershad & Schulman LLP, One Pennsylvania Plaza, New York, New York 10119-0165, Herbert E. Milstein, Esq., Cohen, Milstein, Hausfeld & Toll, P.L.L.C., 1100 New York Avenue, N.W., Suite 500 West, Washington, D.C. 20005-3964, or Mark Levine, Esq., Stull, Stull & Brody, 6 East 45th Street, New York, New York 10017.

You also can call the Claims Administrator at 1-800-250-3561 toll free; write to Cabletron Systems Securities Litigation, c/o The Garden City Group, Inc., Claims Administrator, PO Box 9000 #6288, Merrick, NY 11566-9000; or visit the website at www.gardencitygroup.com where you will find answers to common questions about the settlement, a claim form, plus other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court, District of Rhode Island, Federal Building and Courthouse, One Exchange Terrace, Providence, Rhode Island 02903, during regular business hours.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The \$10,500,000 Settlement Amount and the interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to members of the Class who submit acceptable Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The following proposed Plan of Allocation reflects plaintiffs' allegations that, by reason of Defendants' alleged misconduct, the prices of Cabletron common stock and call options were artificially inflated (and Cabletron put option prices were artificially deflated) during the entire Class Period from March 3, 1997 through December 2, 1997, inclusive. The Plan of Allocation allows claims to be "recognized" based on the assumption that Class Members who bought Cabletron securities during the Class Period paid an artificially high price for those securities. Because the amount (if any) by which Cabletron securities were inflated during the Class Period was disputed, for purposes of the Plan of Allocation a maximum inflation amount is used to determine Class Members "recognized claim" amounts based on 100% of the amount of price declines in Cabletron common stock that occurred on June 3, 1997 (a decline of \$15.50 per share) and on December 2, 1997 (a decline of \$7.50 per share). (Plaintiffs' counsel note that they believe that actual recoverable damages would likely have been less in this case had the action proceeded to verdict.) (Defendants note that they deny any liability or damages.) In addition, to the extent that a Class Member bought Cabletron securities while the price of Cabletron common stock was artificially inflated and then sold those same securities, the amount of a Class Member's "Recognized Claim" is reduced to the extent that a Class Member received the benefit of selling those securities at an artificially inflated price.

Based on the price declines in the price of Cabletron common stock that occurred on June 3, 1997 (\$15.50) and December 2, 1997 (\$7.50), from March 3, 1997 through June 2, 1997 the price of Cabletron common stock is assumed under this methodology to have been artificially inflated by \$23.00 per share¹. It is further assumed that a substantial portion of the inflation in Cabletron common stock and call options (equal to \$15.50 per common share), and of the artificial deflation in the price of Cabletron put options, was eliminated following the negative post-market closing disclosures about Cabletron's business that were made on June 2, 1997. Consistent with this methodology, the amount of alleged artificial inflation remaining in the price of Cabletron common stock after June 2, 1997 is assumed to be \$7.50 per share, and that all artificial inflation (and deflation in the case of put options) was eliminated after December 2, 1997. In all cases the Recognized Claim is limited to no more than the out-of-pocket loss actually incurred on the purchase and sale of the security, or for common shares still held 90 days after the end of the December 2, 1997 Class Period (i.e. still held at the close of trading on March 2, 1998) the Recognized Claim is limited to no more than the difference between the Purchase price paid and \$14.77 per share. \$14.77 was the average trading price of the common stock during the 90 day period December 3, 1997 through March 2, 1998.

"Recognized Claims" will be calculated under the following formulae for purposes of the Settlement as follows:

Common Stock Purchases:

(i) For shares of Cabletron common stock purchased during the period March 3, 1997 through June 2, 1997, inclusive, and

(a) Sold at a loss on or before June 2, 1997, an Authorized Claimant shall have no (\$0.00) "Recognized Claim," (since it is assumed that the amount of inflation at the time of the purchase was the same as the amount of inflation at the time of the sale);

(b) Sold at a loss during the period June 3, 1997 through December 2, 1997, inclusive, an Authorized Claimant's "Recognized Claim" shall mean **the lesser of: (a) \$15.50 per share** (i.e. the \$23 per share maximum inflation, less the remaining \$7.50 that the Class Member received by selling before December 3, 1997), **or (b) the purchase price paid** (including commissions, etc.) (the "PPP") less the sales proceeds received (net of commissions, etc.) (the "SPR") (limiting the Recognized Claim to no more than the actual out-of-pocket loss incurred on the purchase and sale);

(c) Sold at a loss during the period December 3, 1997 through March 2, 1998 (90 days following December 2, 1997), inclusive, an Authorized Claimant's "Recognized Claim" shall mean **the lesser of: (a) \$23.00 per share** (the full amount of the maximum inflation amount), **or (b) the PPP less the SPR;**

(d) Held as of the close of trading on March 2, 1998, an Authorized Claimant's "Recognized Claim" shall mean **the lesser of: (a) \$23.00 per share, or (b) the PPP less \$14.77** (limiting the Recognized Claim to the difference between the purchase price and the average price of the stock for the 90 day period after the end of the Class Period).

(ii) For shares of Cabletron common stock purchased during the period June 3, 1997 through December 2, 1997, inclusive, and

(a) Sold at a loss on or before December 2, 1997, an Authorized Claimant shall have no (\$0.00) "Recognized Claim";

(b) Sold at a loss during the period December 3, 1997 through March 2, 1998, inclusive, an Authorized Claimant's "Recognized Claim" shall mean **the lesser of: (a) \$7.50 per share, or (b) the PPP less the SPR;**

(c) Held as of the close of trading on March 2, 1998, an Authorized Claimant's "Recognized Claim" shall mean **the lesser of: (a) \$7.50 per share, or (b) the PPP less \$14.77.**

Call Option Purchases:

(i) For Cabletron call options purchased during the period March 3, 1997 through June 2, 1997, inclusive, and

(a) not owned as of the close of trading on June 2, 1997, an Authorized Claimant shall have no (\$0.00) "Recognized Claim";

(b) owned as of the close of trading on June 2, 1997, an Authorized Claimant's "Recognized Claim" shall mean 50%² of the difference, if a loss, between (x) the amount paid for the call options (including commissions, etc.) and (y) the sum

¹ The total of these drops, \$23.00 per share, is the maximum loss that will be Recognized for purposes of the settlement.

² This discount is designed to reflect the greater risk that a claimant would face in proving that losses from trading in options was caused by the alleged misrepresentations and not by, for example, the expiring value of the time premium of the option, and the greater volatility and risk assumed by option traders.

for which such call options were subsequently sold at a loss (net of commissions, etc.) (or \$0.00 if the call option expired while still owned by the Authorized Claimant).

- (ii) For Cabletron call options purchased during the period June 3, 1997 through December 2, 1997, inclusive, and
 - (a) not owned as of the close of trading on December 2, 1997, an Authorized Claimant shall have no (\$0.00) "Recognized Claim";
 - (b) owned as of the close of trading on December 2, 1997, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference, if a loss, between (x) the amount paid for the call options (including commissions, etc.) and (y) the sum for which such call options were subsequently sold at a loss (net of commissions, etc.) (or \$0.00 if the call option expired while still owned by the Authorized Claimant).
- (iii) For Cabletron call options purchased during the Class Period that were exercised by the Authorized Claimant, the Authorized Claimant's "Recognized Claim" shall be calculated as set forth above under "Common Stock Purchases", and as if the exercise of the call option were instead a purchase of Cabletron common stock on the date of exercise of such call option, and the "purchase price paid" shall be the strike price plus the amount paid for the call option (including commissions, etc.);
- (iv) No Loss shall be Recognized based on a sale or writing of any call option that was subsequently repurchased.

Put Option Sales:

- (i) For Cabletron put options sold (written) during the period March 3, 1997 through June 2, 1997, inclusive, and
 - (a) which were not the obligation of the Authorized Claimant as of the close of trading on June 2, 1997, an Authorized Claimant shall have no (\$0.00) "Recognized Claim";
 - (b) which were the obligation of the Authorized Claimant as of the close of trading on June 2, 1997, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference, if a loss, between (x) the sum for which such put options were repurchased (including commissions, etc.) and (y) the amount received for writing the put options (net of commissions, etc.).
- (ii) For Cabletron put options sold (written) during the period June 3, 1997 through December 2, 1997, inclusive, and
 - (a) which were not the obligation of the Authorized Claimant as of the close of trading on December 2, 1997, an Authorized Claimant shall have no (\$0.00) "Recognized Claim";
 - (b) which were the obligation of the Authorized Claimant as of the close of trading on December 2, 1997, an Authorized Claimant's "Recognized Claim" shall mean 50% of the difference, if a loss, between (x) the sum for which such put options were repurchased (including commissions, etc.) and (y) the amount received for writing the put options (net of commissions, etc.);
- (iii) For Cabletron put options sold (written) during the Class Period that were "put" to the Authorized Claimant (i.e., exercised), the Authorized Claimant's "Recognized Claim" shall be calculated as set forth above under "Common Stock Purchases", and as if the sale of the put option were instead a purchase of Cabletron common stock on the date of the sale (writing) of such put option, and the "purchase price paid" shall be the strike price less the proceeds received on the sale of such put option;
- (iv) No Loss shall be Recognized based on a sale of any put option that was previously purchased during the Class Period.

In the event a Class Member has more than one purchase or sale of Cabletron securities, all purchases and sales shall be matched on a First In First Out ("FIFO") basis. Class Period sales will be matched first against any Cabletron securities held at the beginning of the Class Period and then against purchases in chronological order. A purchase or sale of Cabletron securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of Cabletron securities during the Class Period shall not be deemed a purchase or sale of Cabletron securities for the calculation of an Authorized Claimant's Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such securities unless specifically provided in the instrument of gift or assignment. The receipt of Cabletron securities during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Cabletron securities.

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Cash Settlement Fund based on his, her or its Recognized Claim compared to the Total Recognized Claims of all accepted claimants. Each Authorized Claimant shall be paid an amount determined by multiplying his, her or its "Recognized Claim" by a fraction the numerator of which shall be the Net Settlement Fund and the denominator of which shall be the Total Recognized Claims of all Authorized Claimants.

Class Members who do not file acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not file acceptable Proofs of Claim will nevertheless be bound by the judgment and the settlement.

To the extent a Claimant had a gain from his, her or its overall transactions in Cabletron common stock and/or Cabletron common stock options during the Class Period, the value of the Recognized Claim will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in Cabletron common stock and/or Cabletron common stock options during the Class Period, but that loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the actual loss.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiffs' Co-Lead Counsel.

Plaintiffs, Defendants, their respective counsel, and all other Released Parties shall have no responsibility for or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination, administration, calculation, or payment of any Proof of Claim or non-performance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund or any losses incurred in connection therewith.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased Cabletron common stock, or purchased call options or sold put options in Cabletron common stock, during the period from March 3, 1997 through December 2, 1997, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased such stock or options during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Cabletron Systems Securities Litigation
c/o The Garden City Group, Inc.
Claims Administrator
PO Box 9000 #6288
Merrick, NY 11566-9000
(800) 250-3561

Dated: Providence, Rhode Island
May 27, 2005

By Order of the Court
CLERK OF THE COURT