

1 WHEREAS, Plaintiffs in this Consolidated Action filed a Verified Amended
2 Consolidated Shareholder Derivative Complaint (“Consolidated Complaint”) on November 30,
3 2007;

4 WHEREAS, on February 1, 2008, Nominal Defendant Blue Coat Systems, Inc. (“Blue
5 Coat”) and defendant Ernst & Young LLP (“EY”) filed motions to dismiss this case on the
6 ground that a demand upon Blue Coat’s board of directors (the “Board”) to assert claims against
7 the individual defendants and defendant EY would not have been futile (the “Demand Futility
8 Motions”);

9 WHEREAS, on February 1, 2008, the individual defendants and EY filed motions to
10 dismiss the Consolidated Complaint on the grounds that it failed to state a claim for relief against
11 them;

12 WHEREAS, on February 1, 2008, defendants Blue Coat and EY filed motions to stay the
13 case and/or to compel mediation and, if necessary, arbitration;

14 WHEREAS, Plaintiffs decided not to oppose these motions but to instead make a demand
15 on Blue Coat’s Board;

16 WHEREAS, the Parties agreed to, and the Court ordered, a stay of the action to permit
17 Plaintiffs to make their demand upon Blue Coat’s Board and to allow the Board to consider such
18 demand;

19 WHEREAS, in response to plaintiffs’ demand, the Board formed a special committee,
20 composed of directors James Tolonen and Keith Geeslin, which according to the Form 10-Q
21 filed by Blue Coat on December 9, 2008, was granted plenary authority to decide whether it is in
22 the best interests of the Company and its shareholders to pursue or otherwise resolve the claims
23 raised in the demand letter and in the federal and state derivative actions and any other claims of
24 the Company that the special committee deems necessary or appropriate to consider concerning
25 its historical stock option practices;

26 WHEREAS, the special committee represents that it has been actively engaged in an
27 investigation of plaintiffs’ demand and reports that it is, and has been, working diligently on the
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1 investigation, and is currently in the process of conducting interviews of individuals who may
2 have relevant information;

3 WHEREAS, the special committee is nearing the end of its investigation, but it needs
4 additional time to complete its review of the facts giving rise to the actions, evaluate the claims
5 at issue, and decide how to proceed with respect to those claims and plaintiffs' demand;

6 WHEREAS, counsel for Plaintiffs and counsel for the special committee held a
7 teleconference on March 23, 2009 in which they discussed the status of the special committee's
8 investigation and the value of an in-person meeting to discuss Plaintiffs' demand, the special
9 committee's investigation and preliminary findings;

10 WHEREAS, the special committee and its counsel have agreed to meet with counsel for
11 Plaintiffs in the near future;

12 NOW, THEREFORE, the Parties, by and through their undersigned counsel of record,
13 hereby agree and stipulate to the following:

14 1. The Case Management Conference scheduled for April 3, 2009, together with all
15 associated pre-conference filings (e.g., the Case Management Statement and Rule 26(f)
16 disclosures) shall be continued to July 10, 2009 at 10:30 a.m., at which time the Parties will
17 report to the Court about the status of the special committee's work;

18 2. The Parties respectfully request that the Court enter an Order approving this
19 Stipulation.

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21 Dated: March 25, 2009

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By: /s/ Jerome F. Birn, Jr.
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*Counsel for the Blue Coat Defendants and Nominal
Defendant Blue Coat Systems, Inc.*

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1 Dated: March 25, 2009

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8 Dated: March 25, 2009

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15 Dated: March 25, 2009

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[PROPOSED] ORDER

Based upon the above stipulation of the Parties and for good cause appearing therefore,
IT IS SO ORDERED.

Dated: 3/31, 2009



Hon. Jeremy Fogel
United States District Judge

