EXHIBIT 2

SENTENCING RECOMMENDATION

UNITED STATES DISTRICT COURT
FOR THE
SOUTHERN DISTRICT OF NEW YORK
UNITED STATES V. RAJ RAJARATNAM, DOCKET NO. S2 09 CR 1184-01 (RJH)

TOTAL OFFENSE LEVEL: 38
CRIMINAL HISTORY CATEGORY: I

	Statutory Provisions	Guideline Provisions	Recommended Sentence
CUSTODY:	Counts 1-5: Up to 5 years per count Counts 6-14: Up to 20 years per count	235 to 293 months	**A total of 180 months (variance) (60 months on each of Counts 1-5 and 180 months on each of Counts 6-14, concurrent)**
SUPERVISED RELEASE:	Counts 1-14: Up to 3 years per count	2 to 3 years	**2 years on each count, concurrent**
PROBATION:	Counts 1-14: 1 to 5 years per count	Not eligible	**Not recommended**
FINE:	Counts 1-5: Up to either $127,624,328 or $144,142,438 (if gains under the CRS code are included) per count Counts 6-14: Up to $5 million per count	$25,000 to either $127,624,328 or $144,142,438, if gains under the CRS code are included)	**$10 million**
RESTITUTION:	Not applicable	Not applicable	**Not applicable**
FORFEITURE:	Counts 1-14: At least approximately $45 million	At least approximately $45 million	**At least approximately $45 million**
SPECIAL ASSESSMENT:	Counts 1-14: $100 per count	$1,400 total	**$1,400**

Justification

The 54-year-old defendant stands before the Court following conviction after a jury trial of five counts of Conspiracy to Commit Securities Fraud - Insider Trading, and nine substantive counts of Securities Fraud - Insider Trading. As the head of a highly successful hedge fund, the defendant conspired with various co-conspirators to obtain material non-public information about publicly-traded companies and execute securities transactions based upon that inside information.

Born into the family of a successful Sri Lankan businessman, for all intents and purposes, the defendant was a child of privilege. Sent to boarding school in London, the defendant subsequently graduated from the University of Sussex with an engineering degree, and then earned his MBA from the Wharton School in Philadelphia. Until the filing of the charges in this case, the defendant appeared to be an extraordinary success as an analyst and a businessman. He rose to the position of president and chief operating officer of Needham & Company six years after joining them. Five years later, at the age of 39, he left Needham to start his own hedge fund, Galleon. The defendant amassed considerable prestige and a staggering amount of wealth through the success of his hedge fund. The instant offense represents the defendant's first conflict with the law.

Despite his wealth and success, all evidence suggests that the defendant is a very devoted husband and father of three. Having visited the defendant's home, met one of his daughters, spoken at length with his wife, and reviewed the countless character letters written on his behalf by friends, family and associates, it appears to this officer that the defendant has maintained a very down-to-earth, unpretentious lifestyle, which is not characteristic of many wealthy individuals brought before this Court.

It is clear from the information we obtained through this investigation that the defendant is a true philanthropist and cares deeply about leaving behind a better world than the one into which he was born. We fundamentally agree with the skeptics who say that it is easy for a rich man to be charitable. The defendant has lived a comfortable life, has benefitted from an excellent education, and no doubt learned important lessons about business and life from his highly successful father. He has certainly enjoyed every advantage. We believe, however, that the defendant's charitable efforts go far beyond his ability to write a check. While many wealthy people write checks to charities primarily for tax advantages, we do not think that that is this defendant's prime motivation. We believe that he truly cares about the causes that he champions, wants to see children receive good educations, wants to help those struck by natural disasters, and wants to help provide others with the advantages that he was able to enjoy in his own life.

In their sentencing submission, defense counsel poses a question: "Who is Raj Rajaratnam?" This is a very interesting question. We have a great deal of information about the defendant, but in order to answer defense counsel's question, we need to know why he committed this offense, and we do not have that answer.

We do not know the reason(s) behind the defendant's decision to engage in this type of conduct. We can surmise that he was motivated by greed; however, it seems that the defendant had enough drive and talent to make enormous amounts of money without resorting to breaking the law. We can speculate that he was motivated by ambition, yet he had already garnered astounding success. We can wonder if

trading on inside information represented a conquest for him or gave him some kind of thrill or emotional payoff that he was unwilling to forego, despite the risks involved. We can hypothesize that he was intoxicated by the type of power that comes with massive wealth, the admiration of his colleagues, and the envy of his competitors.

We can also consider how hard it is to keep secrets and how easy it is to gossip. We feel that it is very possible that receiving, seeking, and trading on inside information were behaviors that crept into the defendant's business dealings over time. It is possible that he began to view it as "getting an edge" on the competition, as something that many others in the industry were engaging in, and as something that no one was likely to get in trouble for. It seems clear that by the time the wiretapping began in this case, the use of inside information had become part of the fabric of how the defendant did business. We do not believe that even a majority of Galleon's trades were tainted by inside information; however, we also note the considerable number of discussions involving inside information that were caught on the wiretaps, wiretaps which only captured about eight months of the defendant's life.

Raj Rajaratnam, as has been made abundantly clear, is not in good health. He is suffering from advanced diabetes and kidney disease, among other things, and we are advised that he is expected to require dialysis or a kidney transplant in the very near future. Defense counsel has suggested that the defendant's medical issues are grounds for departure in this case. We do not agree. While defense counsel has expressed concerns that the Bureau of Prisons will not be able to provide sufficient care of the defendant, we do not believe that that is the case. It is possible that the Bureau of Prisons will not be able to provide the extraordinary medical care that the defendant currently enjoys, given that his medical issues are being addressed by a team of eight doctors; however, we do believe that the defendant will receive adequate and appropriate medical care in federal custody.

On that same note, if a departure were to be applied based upon the defendant's medical issues, it would only make sense for that departure to drop the defendant's sentence to a non-custodial term of supervision. In light of the gravity, nature, and extent of the defendant's conduct in this case, a non-custodial sentence would not adequately address most of the sentencing objectives listed in 18 USC 3553(a).

This office has thought very carefully about an appropriate sentence for this defendant. To a large extent, the American public has lost confidence in the financial market and in those who have illegally profited through manipulating it. The defendant's conduct in this case has proven to many regular citizens that they were right in their suspicions – that the financial markets are rigged, that insiders are playing with a stacked deck, and that the average citizen is merely a pawn in a much larger game, which operates by secret rules. Such blows to the public's confidence in our financial system are devastating, and have extremely far-reaching consequences for all sectors of society. The defendant's crime cannot be punished with a slap on the wrist.

On the other hand, we are very cognizant of the need to avoid unwarranted sentencing disparities in these types of cases. Having reviewed the sentencing submissions by both parties, both of which discuss this topic at length, it seems that insider trading and securities fraud cases in this district often receive sentences that are below the guidelines range. Approximately half of the sentences cited by the government received below-guideline sentences (Chiesi, Kurland, Hariri, Contorinis, and Longueuil)

with the others receiving within-guideline sentences (Moffat, Drimal, Cutillo, Guttenberg, Tavdy, and Naseem). Two of the below-guideline sentences imposed in cases related to Rajaratnam's crimes (Chiesi and Hariri) were pronounced by this Court.

We have also considered sentences received for securities fraud offenses by other hedge fund managers in recent years, but we generally find one of two things: either they received reduced sentences because of the substantial assistance they provided to the government, or they were engaged in Ponzi schemes or other frauds that resulted in financial losses to their investors. Several of the latter type are notable: James Nicholson (sentenced to 40 years), Mark S. Trimble (sentenced to 10 years), Mark Lay (sentenced to 12 years), and Bradley L Ruderman (sentenced to 121 months). Clearly, the defendant's case is relatively unique in that his investors did not suffer losses as a result of his conduct; rather, in a sense, he committed his offense, in part, on their behalf and for their benefit. The defendant has been very clear about the fact that all of Galleon's clients were made whole following his arrest. In summary, we are hard-pressed to find cases with fact sets that are close enough to that in Rajaratnam's case to support a meaningful comparison.

While we believe that a significant period of incarceration is warranted, we believe that a sentence within the guideline range will provide a punishment greater than is necessary to meet the sentencing objectives in this case. In addition, we also believe that the defendant should be acknowledged for the good that he has done in the world. There are many wealthy people who are not so generous and who are far less interested in the welfare of others than the defendant has shown himself to be.

For the above reasons, to promote respect for the law, provide adequate punishment for the offense, and deter the defendant and others from engaging in similar conduct, the Probation Office respectfully recommends a term of 180 months' imprisonment, followed by a two-year term of supervised release. We would also add that we are not without empathy for the defendant's family, who firmly believe in him and who will suffer as a result of his incarceration. It is our hope that the defendant's children will internalize the positive lessons that they have learned from their father, and will continue on in the spirit of charity that he modeled for them.

Pursuant to the Violent Crime Control and Law Enforcement Act of 1994, for offenses committed after September 13, 1994, the court shall require that all offenders on probation, parole, or supervised release submit to one drug test within fifteen days of commencement of probation, parole or supervised release and at least two drug tests thereafter for use of a controlled substance, unless ameliorated or suspended by the court due to its determination that the defendant poses a low risk of future substance abuse as provided in 18 USC 3563 (a) (5) / 3583 (d).