

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION

IN RE APPLIED SIGNAL TECHNOLOGY, INC. SECURITIES
LITIGATION

MASTER FILE NO. C 05-1027 (SBA)

CLASS ACTION

THIS DOCUMENT RELATES TO: ALL ACTIONS

PROOF OF CLAIM AND RELEASE

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK (THE "SHARES") OF APPLIED SIGNAL TECHNOLOGY, INC. ("APPLIED SIGNAL") FROM AUGUST 25, 2004 THROUGH FEBRUARY 22, 2005, INCLUSIVE (THE "SETTLEMENT CLASS," OR, THE "SETTLEMENT CLASS PERIOD")

If you purchased Applied Signal common stock during the period described above, have not requested exclusion from the Settlement Class and are not a Defendant, one of the Company's employees, officers, directors, members of Defendants' immediate families; any entity in which any Defendant has a controlling interest or which the Company is a parent or subsidiary, or the legal representative, heir, successor or assign of any such person or entity, you should read the accompanying Notice of Pendency and Proposed Settlement of Class Action ("Notice") and complete this Proof of Claim and Release Form.

GENERAL INSTRUCTIONS

1. In order to receive any payments to which you may be entitled as a member of the Settlement Class in the consolidated action entitled *In re Applied Signal Technology, Inc.*, Master File No. C 05-1027 (SBA) (the "Litigation"), you must complete and, on page 4 hereof, sign this Proof of Claim and Release (the "Proof of Claim and Release"). If you fail to submit a properly addressed Proof of Claim and Release (as set forth in Paragraph 3 below), your claim may be rejected, and you may be precluded from any recovery from the Settlement Fund created in connection with the proposed settlement of the Litigation.

2. Submission of this Proof of Claim and Release, however, does not assure that you will share in the proceeds of the Settlement in the Litigation.

3. **YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM AND RELEASE TO THE CLAIMS ADMINISTRATOR POSTMARKED ON OR BEFORE OCTOBER 21, 2009, ADDRESSED AS FOLLOWS:**

Applied Signal Technology, Inc. Securities Litigation
Claims Administrator
c/o FRG Information Systems Corp.
P.O. Box 460, Peck Slip Station
New York, NY 10272

4. If you are a member of the Settlement Class and you do not timely request exclusion in connection with the proposed settlement, you will be bound by the terms of any judgment entered in the Litigation, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE.

5. If you are NOT a member of the Settlement Class (as defined in the enclosed Notice), DO NOT submit a Proof of Claim and Release.

CLAIM FORM

1. If you purchased Applied Signal common stock and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased these securities and the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled "Claimant Identification" to identify each beneficial purchaser and, if different, each purchaser of record, of Applied Signal common stock which forms the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS, OF THE SHARES UPON WHICH THIS CLAIM IS BASED.

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators, and trustees must complete and sign this form on behalf of persons represented by them and documentation establishing their authority must accompany this claim and their titles and capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

4. A claimant whose stock was held in a custodian account under a Uniform Gift to Minors Act ("UGMA"), may file in his or her own name, if he or she is now of age. In this event, the former custodian does not have to sign the Proof of Claim. Custodians under the UGMA should identify themselves as beneficial purchasers, not nominees (e.g., John Smith, Custodian for Jack Smith UGMA). In this instance, use the minor's Social Security Number.

5. Corporate officers or partners filing for a claimant corporation or partnership should fill in the name of the entity as the beneficial purchasers, and sign their names and titles where indicated on the signature page.

6. Use Part II, Sections A, B and C of this form entitled "Schedule of Transactions in Shares of Applied Signal Common Stock" to supply all required details of your transaction(s) in the Applied Signal common stock. On the schedules, provide all of the requested information with respect to (i) the number of Applied Signal Shares you owned at the close of trading on August 24, 2004; (ii) *all* of your purchases and *all* of your sales of Applied Signal Shares which took place from August 25, 2004, through February 22, 2005, inclusive (the "Settlement Class Period"), regardless of whether such transactions resulted in a profit or loss; and (iii) the number of Applied Signal Shares you owned after the close of trading on February 22, 2005. Failure to report all such transactions may result in the rejection of your claim.

7. List each transaction in the Settlement Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

8. Brokerage commissions and transfer taxes paid by you in connection with your purchase and sale of Applied Signal Shares should be excluded in computing the "total purchase price" and the "total sales price."

9. Brokers' confirmations or other documentation of your transactions in Applied Signal Shares should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

In re Applied Signal Technology, Inc. Securities Litigation
Master File No. C 05-1027 (SBA)

MUST BE POSTMARKED NO LATER THAN: OCTOBER 21, 2009

PROOF OF CLAIM AND RELEASE

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Beneficial Owner's Name (First, Middle Initial, Last)

Joint Beneficial Owner's Name (First, Middle Initial, Last)

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

Social Security Number or Tax Identification Number

____ Corporation/Other

____ Individual

()

Area Code

Tel. No. (work)

()

Area Code

Tel. No. (home)

E-mail address

Record Owner's Name (if different from beneficial owner listed above)

PART II: SCHEDULE OF TRANSACTIONS IN SHARES OF APPLIED SIGNAL COMMON STOCK

A. NUMBER OF SHARES OF APPLIED SIGNAL COMMON STOCK OWNED AS OF AUGUST 24, 2004: _____
(must be documented)

B. PURCHASES OF SHARES OF APPLIED SIGNAL COMMON STOCK DURING THE SETTLEMENT CLASS PERIOD
(AUGUST 25, 2004 through FEBRUARY 22, 2005, inclusive):

Trade Date Mo./Day/Yr.	No. of Shares Purchased	Total Purchase Price (excluding commissions, transfer taxes or other fees)	Proof of Purchase Enclosed?*
1.		\$	Yes/No
2.		\$	
3.		\$	
4.		\$	

C. SALES OF SHARES OF APPLIED SIGNAL COMMON STOCK DURING THE SETTLEMENT CLASS PERIOD
(AUGUST 25, 2004 through FEBRUARY 22, 2005, inclusive):

Trade Date Mo./Day/Yr.	No. of Shares Sold	Total Sales Price (excluding commissions, transfer taxes or other fees)	Proof of Sale Enclosed?*
1.		\$	Yes/No
2.		\$	
3.		\$	
4.		\$	

D. NUMBER OF SHARES OF APPLIED SIGNAL COMMON STOCK HELD AT THE CLOSE OF TRADING ON
FEBRUARY 22, 2005: _____ (must be documented).

Proof of Holdings Enclosed?* Yes/No _____

***IMPORTANT: FAILURE TO PROVIDE SUPPORTING DOCUMENTATION MAY RESULT IN THE REJECTION
OF YOUR CLAIM AND PREVENT YOU FROM RECEIVING ANY DISTRIBUTION UNDER THE SETTLEMENT.**

If you require additional space, attach extra schedules in the same format as above. Sign and print your name on each additional page.

YOU MUST READ AND SIGN THE RELEASE ON PAGE 4.

PART III: SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim and Release under the terms of the Stipulation of Settlement described in the Notice. I (We) also submit to the jurisdiction of the United States District Court, Northern District of California, with respect to my claim as a Settlement Class Member and for purposes of enforcing the release set forth herein and any judgment that may be entered in the Litigation. I (We) agree to furnish additional information to Lead Counsel to support this claim if required to do so. I (We) have not submitted any other claim covering the same purchases or sales of Shares of publicly-traded Applied Signal common stock during the Settlement Class Period and know of no other Person having done so on my (our) behalf. I (We) further acknowledge that I (we) am (are) bound by and subject to the terms of any Judgment that may be entered in the Litigation.

I (We) agree to furnish additional information to the Claims Administrator to support this claim if required to do so

PART IV: RELEASE

A. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge each and all of the Released Persons from any and all Released Claims (including Unknown Claims).

B. The terms used in this release are defined below:

1. "Released Claims" means all claims, known or unknown (including "Unknown Claims"), demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether in contract, tort, equity or otherwise, whether or not concealed or hidden, asserted or that might have been asserted in this or any other forum or proceeding, including, without limitation, claims for negligence, gross negligence, indemnification, breach of duty of care and/or breach of duty of loyalty, fraud, misrepresentation, breach of fiduciary duty, negligent misrepresentation, unfair competition, insider trading, professional negligence, mismanagement, corporate waste, breach of contract, or violations of any state or federal statutes, rules or regulations, by or on behalf of Lead Plaintiff, the Settlement Class, or any Settlement Class Member against the Released Persons which are based upon or related to the purchase of Applied Signal common stock by any Settlement Class Member during the Settlement Class Period and the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act which were or could have been alleged in the Litigation, or any other forum.

2. "Unknown Claims" means any Released Claim which the Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiff shall expressly and each Settlement Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Lead Plaintiff shall expressly waive, and each Settlement Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or any foreign country or jurisdiction, or principle of common law, which are similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiff and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff acknowledges, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

3. "Released Persons" means the Defendants and their respective Related Parties.

4. "Related Parties" means all of each Defendant's past, present, and future employers, affiliated or parent companies, subsidiaries, predecessors and successors, any entity in which a Defendant and/or any member(s) of any Defendant's immediate family has or have a controlling interest, agents, accountants, auditors, banks, investment banks or investment bankers, advisors, analysts, personal or legal representatives, insurers, co-insurers, reinsurers, attorneys, spouses, associates, successors, assigns, creditors, administrators, heirs, joint ventures, legal representatives, any members of their immediate families, or any trust of which any Defendant is the trustee or settlor or which is for the benefit of any Defendant and/or member(s) of his family. Related Parties shall also include, for each entity identified in the previous sentence, all of such entities past or present directors, officers, employees, partners, principals, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, any entity in which such entity has or have a controlling interest, attorneys, accountants, auditors, banks, investment banks or investment bankers, advisors, analysts, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, associates, and related or affiliated entities.

5. "Defendants" means Defendants Applied Signal Technology, Inc., Gary Yancey and James Doyle.

6. "Shares" means the publicly-traded common stock issued by Applied Signal Technology, Inc.

C. This Release shall be of no force and effect unless and until the Court approves the Stipulation of Settlement (the "Settlement Stipulation") and the Settlement Stipulation becomes effective as to all Released Persons as of the Effective Date (as defined in the Settlement Stipulation).

PART V: REPRESENTATIONS

A. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this Release or any other part or portion thereof.

B. I (We) hereby warrant and represent that I (we) have included information about all of my transactions in Applied Signal Shares with regard to (i) the number of Shares of Applied Signal owned by me (us) at the close of trading on August 24, 2004; (ii) all of my (our) purchases of Shares of Applied Signal common stock which took place from August 25, 2004 through February 22, 2005, inclusive; (iii) all of my (our) sales of Shares of Applied Signal common stock, which took place from August 25, 2004 through February 12, 2005, inclusive; and (iv) the number of Shares of Applied Signal common stock held by me (us) at the close of trading on February 22, 2005.

C. I (We) certify that I am (we are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code.

Note: If you have been notified by the Internal Revenue Service that you are subject to backup withholding, please strike out the word "NOT" in the Certification above.

I hereby certify under penalty of perjury under the laws of the United States of America that the foregoing information supplied by the undersigned is true and correct and that this Proof of Claim form was executed this _____ day of _____ (Month) (Year) in _____ (City, State, Country).

(Signature of Claimant)

(Type or print your name here)

(Signature of Joint Claimant, if any)

(Type or print your name here)

(Capacity of persons signing, e.g., Beneficial Purchaser, Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist

1. Please sign the above release and declaration.
2. Remember to attach supporting documentation.
3. Do not send original or copies of stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgement of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send us your new address.
7. If you have any questions concerning this Proof of Claim, contact the Claims Administrator at:

Applied Signal Technology, Inc. Securities Litigation
c/o FRG Information Systems Corp.
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New York, New York 10272
(800)556-9955