

RAE Systems Announces Record Financial Results for 2011

SAN JOSE, CA, Feb 16 (MARKET WIRE) --

RAE Systems Inc., a leading developer of gas and radiation detectors for oil and gas, first responders, industrial safety, homeland security, and environmental remediation, today announced record revenues and double digit revenue growth for the year ending December 31, 2011.

The company has been operating as a privately held corporation after shareholders approved a merger with Vector Capital in June 2011. For the full year 2011, the company reported that its revenue exceeded \$100 million and growth for the same period surged by 17 percent.

Record revenue was driven by the continuing global adoption of RAE Systems' AreaRAE and MeshGuard wireless gas detection platforms for threat aversion in hazardous environments as well as strong demand for its new MultiRAE monitors -- the world's first wireless portable multi-threat monitors that reliably give safety professionals unprecedented visibility and control of chemical and radiation threats. Additionally, RAE Systems' 2011 revenue was boosted by strong worldwide radiation product sales.

During 2011, RAE Systems strengthened its innovative product portfolio with several major new introductions which include: the wirelessly-connected ToxiRAE Pro single gas monitors; the credit-card sized DoseRAE2 personal radiation dosimeter; and enhanced ProRAE Guardian software -- a real-time instrument monitoring, management and control software platform that provides mobile-command center functionality with comprehensive real-time display of gas and radiation data.

On June 16, 2011, the company completed a merger agreement led by private equity firm Vector Capital. The transaction provided RAE Systems with resources that are expected to enable the company to deliver on its long-term vision of developing advanced, intelligent, connected, wireless gas and radiation detection solutions. Of equal importance, the merger enabled the company to solidify its business fundamentals that support the initiative to enhance its competitiveness in the marketplace through both organic growth and strategic acquisitions. The 2011 divestiture of the Fushun joint venture also signified a step in this direction. The divestiture contributed to the company's strategic business objective of improving profitability and enhancing the customer experience.

"RAE Systems' success and continued growth endorses the strength not only of the company's innovative solutions but also the caliber and dedication of our employees," said Bob Chen, President and CEO of RAE Systems. "We will continue to focus on delivering differentiated products to our worldwide customer base as we further cement our business fundamentals. As a recent example, we developed and launched the industry's first real-time gas and detection service that is a cloud hosted application."

"Over the past 20 years, RAE Systems' founders and management team have developed highly differentiated chemical and radiation detection systems and built strong customer relationships," said Dave Fishman, General Partner of Vector Capital. "We believe RAE will further define itself as a leading player in the mission-critical oil and gas, industrial safety, first responder, environmental, and national security markets."

About Vector Capital

With over \$2 billion of capital, Vector Capital is a leading global private equity firm specializing in spinouts, buyouts and recapitalizations of established technology businesses. Vector identifies and pursues these complex investments in both the private and public markets. Vector actively partners with management teams to devise and execute new financial and business strategies that materially improve the competitive standing of these businesses and enhance their value for employees, customers and shareholders. Among Vector's notable investments are Aladdin Knowledge Systems, Certara, Corel, LANDesk, Precise Software, Printronix, Register.com, SafeNet, Savi Technology, Trafficmaster, WatchGuard Technologies, and WinZip. For more information, visit www.vectorcapital.com.

About RAE Systems

RAE Systems innovates, designs and manufactures gas sensors and radiation detectors. The company offers a full line of fixed gas detection and portable gas detection solutions, including handheld and personal chemical, compound and radiation detection instruments. RAE Systems' proven real-time safety and threat detection systems have been deployed by world leaders in the oil and gas, fire and hazmat, industrial safety, national security and environmental markets, helping save lives and maintain safety in 120 countries. The company's industry-leading gas sensors and radiation detection solutions are widely recognized for their performance and reliability. RAE Systems is based in Silicon Valley. Learn more at <http://www.raesystems.com>.

Safe Harbor Statement

This press release may contain "forward-looking" statements, as that term is used in Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include, without limitation: expressions of "belief," "anticipation," or "expectations" of management; statements as to industry trends or future results of operations of RAE Systems and its subsidiaries; and other statements that are not historical fact. These types of statements address matters that are subject to risks and uncertainties, which could cause actual results to differ materially. Factors that could cause or contribute to such differences include, but are not limited to, the general economic and industry factors, and investigation and receptiveness of the market to RAE Systems and its products. In addition, our forward-looking statements should be considered in the context of other risk factors discussed in our most recent filings with the Securities and Exchange Commission, including but not limited to our Annual Report for fiscal 2010 on Form 10-K and our Form 10-Q Report for the quarter ended March 31, 2011, available online at <http://www.sec.gov>. All forward-looking statements are based on information available to the company on the date hereof, and the company assumes no obligation to update such statements.

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