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**RAE SYSTEMS INC. STOCKHOLDERS APPROVE MERGER AGREEMENT WITH
VECTOR CAPITAL**

SAN JOSE, CALIF. – June 9, 2011 – RAE Systems Inc. (NYSE Amex: RAE) (“RAE” or “the Company”), a leader in delivering innovative sensor solutions to serve industrial, energy, environmental, and government safety markets worldwide, announced the results of the Company’s Special Meeting of Stockholders held today. The RAE stockholders voted to approve the merger agreement entered into on January 18, 2011, as amended, with an affiliate of Vector Capital (“Vector”) and the merger of a subsidiary of this affiliate with RAE. The merger received the approval of holders of over 75% of the Company’s outstanding shares, including a majority of the shares owned by the Company’s unaffiliated stockholders, and over 95% of the shares voting at the Special Meeting. The merger is expected to close on or about June 16, 2011 subject to satisfaction of customary closing conditions.

Under the terms of the merger agreement, upon closing of the merger, RAE stockholders will be entitled to receive \$2.25 per share in cash (without interest) for each share of RAE common stock they hold (other than certain shares held by our founders, Robert Chen and Peter Hsi, which will be exchanged for shares in the purchaser or otherwise transferred to the purchaser). Letters of transmittal allowing RAE stockholders of record to deliver their shares to the paying agent in exchange for payment of the merger consideration will be distributed shortly after the closing. RAE stockholders who hold shares through a bank or broker will not have to take any action to have their shares converted into cash; as such conversions will be handled by the bank or broker. Upon closing of the transaction, RAE stock will cease to trade on the NYSE Amex and will be delisted following the closing.

Robert Chen, RAE president and chief executive officer, stated "We are very pleased to reach this important milestone relating to our merger with Vector. We have achieved our numerous goals by delivering shareholder value while serving both our customers and employees, and demonstrating our continued commitment to our trade partners, distributors and suppliers. Vector is a leading technology investment firm that brings a wealth of resources and experience and shares our long-term vision to develop and market advanced intelligent, connected, wireless gas and radiation detection solutions. We believe Vector’s global capabilities, technology expertise and financial resources will further our superior product development and service to customers worldwide."



David Fishman, a partner at Vector, stated, "We target partners with solid foundations and talented employees that can benefit from our support. RAE is an excellent addition to our portfolio. Over the past 20 years, the founders and management team have developed highly differentiated chemical and radiation detection systems and built strong customer relationships. With our expertise, we believe RAE will further define itself as a leading player in the mission critical industrial safety and security markets."

UBS Investment Bank is acting as financial advisor to the Special Committee of the Board of Directors of RAE, and Fenwick & West LLP is acting as RAE's legal advisor. Shearman & Sterling LLP is acting as Vector's legal advisor and Silicon Valley Bank is providing financing for the transaction.

About RAE Systems

RAE Systems is a leading global provider of rapidly deployable connected, intelligent gas detection systems that enable real-time safety and security threat detection. RAE Systems products are used in more than 95 countries by many of the world's leading corporations and government agencies. RAE Systems offers a full line of wirelessly enabled solutions including personal, hand-held, transportable, and fixed instruments designed to meet the needs of any usage scenario. Applications include energy production, refining, industrial and environmental safety, public venue safety, and government first responder markets. For more information about RAE Systems, please visit raesystems.com.

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.



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, failure to consummate the divestiture of RAE Systems' interest in its Fushun joint venture, general economic and industry factors 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 filings with the Securities and Exchange Commission, including but not limited to our annual report on Form 10-K and Form 10-Q filings, 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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