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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

In re LEADIS TECHNOLOGY, INC.
SECURITIES LITIGATION

Master File No. C-05-0882-CRB

**STIPULATION AND AGREEMENT
OF SETTLEMENT**

This Document Relates To:

All Actions.

1 STIPULATION AND AGREEMENT OF SETTLEMENT

2 This Stipulation and Agreement of Settlement (the “Stipulation”) is submitted in the
3 above-captioned case, *In re Leadis Technology, Inc. Securities Litigation*, Master File No. C-05-
4 0882-CRB (the “Action”), pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject
5 to the approval of the United States District Court for the Northern District of California (the
6 “Court”), this Stipulation is entered into by plaintiffs Ngoan Van Le, Richard Beedenbender and
7 Scott Strouse (collectively, the “Le Group” or “Lead Plaintiff”) and additional plaintiff Kenneth
8 P. Wachsman (together, the “Plaintiffs”), on behalf of themselves and the Class (as hereinafter
9 defined), and the following defendants: (i) Leadis Technology, Inc. (“Leadis” or the “Company”),
10 (ii) Sung Tae “Steve” Ahn, Victor Lee, Keunmyung “Ken” Lee, Lip-Bu Tan, Kenneth Goldman,
11 James Plummer, and Arati Prabhaker (the “Individual Defendants”), and (iii) Goldman, Sachs &
12 Co., Merrill Lynch, Pierce, Fenner & Smith, Thomas Weisel Partners LLC, and Needham &
13 Company, LLC (the “Underwriter Defendants” and, together with Leadis and the Individual
14 Defendants, the “Defendants”). Plaintiffs and Defendants shall be referred to herein collectively
15 as the “Parties.”

16 WHEREAS:

17 A. Beginning on March 2, 2005, the following two putative securities class actions
18 were filed in the Court against Leadis and certain of the Company’s present and former officers
19 and directors: *Safron Capital Corporation v. Leadis Technology, Inc., et al.*, Case No. C-05-0882
20 CRB and *Charles Gottschalk v. Leadis Technology, Inc., et al.*, Case No. C-05-1034 CRB.

21 B. By Order dated April 20, 2005, the Court consolidated the above cases under the
22 caption *In re Leadis Technology, Inc. Securities Litigation*, Master File No. C-05-0882-CRB. By
23 Order dated June 10, 2005, the Court appointed the Le Group as Lead Plaintiff to prosecute the
24 Action on behalf of the Class and appointed Lead Plaintiff’s choice of counsel, Schiffrin
25 Barroway Topaz & Kessler, LLP,¹ as lead counsel (“Lead Counsel”) and Green Welling LLP as
26 liaison counsel (“Liaison Counsel”) for the Class.

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28 ¹ Effective as of November 17, 2008, Schiffrin Barroway Topaz & Kessler, LLP changed its
name to Barroway Topaz Kessler Meltzer & Check, LLP (“BTKMC”). At the time Lead Counsel

1 C. On August 8, 2005, Plaintiffs filed the Consolidated Class Action Complaint (the
2 “Complaint”), asserting claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933
3 (the “Securities Act”), in connection with the Company’s initial public offering (“IPO”), against
4 the Defendants, and adding claims against the Underwriter Defendants.

5 D. Defendants moved to dismiss the Complaint on October 28, 2005.

6 E. Following extensive briefing by both sides and oral argument, the Court granted
7 Defendants’ motions to dismiss with prejudice by Memorandum and Order dated March 1, 2006
8 and entered a judgment in favor of all Defendants on March 2, 2006.

9 F. On March 28, 2006, Plaintiffs timely appealed the Court’s decision on Defendants’
10 motions to dismiss to the United States Court of Appeals for the Ninth Circuit (the “Appellate
11 Court”).

12 G. On April 18, 2008, the Appellate Court, in a 2-1 panel decision, issued a
13 Memorandum reversing this Court’s dismissal of the Complaint and remanded the Action back to
14 this Court for further proceedings. On May 9, 2008, Defendants filed a petition for a rehearing *en*
15 *banc* of the Appellate Court’s panel decision. The Appellate Court denied Defendants’ petition
16 by Order issued on June 24, 2008.

17 H. Thereafter, on September 23, 2008, Defendants filed a petition for writ of
18 *certiorari* to the United States Supreme Court.

19 I. During the pendency of Defendants’ *certiorari* petition, and following ongoing
20 settlement negotiations with the active involvement of Defendants’ insurance carrier, the Parties
21 reached a tentative agreement to settle the Action for \$4,200,000 in cash, to be paid by Leadis’
22 insurance carrier.

23 J. But for the Settlement, Defendants would anticipate filing further motions to
24 dismiss pursuant to Rules 8 and 12(b)(6) of the Federal Rules of Civil Procedure.

25 K. Defendants deny any wrongdoing whatsoever, and this Stipulation shall in no
26 event be construed or deemed to be evidence of, or an admission or concession on the part of, any
27

28 was appointed, BTKMC was known as Schiffrin & Barroway, LLP.

1 Defendant with respect to any claim of any fault or liability or wrongdoing or damage
2 whatsoever, or any infirmity in the defenses that any Defendant has asserted or could assert in the
3 Action or any other action. Defendants are entering into this Settlement solely to eliminate the
4 burden, expense, and risk of further litigation, and therefore, have determined that it is desirable
5 that the Action be fully and finally settled in the manner and upon the terms and conditions set
6 forth in this Stipulation.

7 L. Lead Counsel has conducted an extensive investigation into the allegations of
8 wrongdoing asserted and the alleged damages suffered by the Class. Lead Counsel's
9 investigation has included, *inter alia*: (i) the review of Defendants' public documents, including
10 Leadis' filings with the United States Securities and Exchange Commission ("SEC"); (ii) the
11 review of wire and press releases published by and regarding Leadis; (iii) the review and analysis
12 of public conference calls and announcements made by the Defendants; (iv) the review of
13 securities analysts' reports and advisories about the Company; (v) the review of information
14 readily available on the Internet; (vi) the research of applicable law with respect to the claims
15 asserted in the Action and the potential defenses thereto; (vii) the review of trade journals and
16 reports concerning the cellular phone display driver industry; and (viii) the review of informal
17 discovery and insurance information produced by Leadis.

18 M. Based upon its investigation and pretrial review as set forth above, Lead Counsel
19 has recommended and Plaintiffs have concluded that the terms and conditions of this Stipulation
20 are fair, reasonable, adequate to, and in the best interests of, the Plaintiffs and the Class.
21 Furthermore, after considering (i) the benefits that Class Members will receive from the
22 Settlement; (ii) the attendant risks of further litigation; and (iii) the desirability of permitting the
23 Settlement (as hereinafter defined) to be consummated as provided by the terms of this
24 Stipulation, Lead Counsel and Plaintiffs have agreed to settle the claims that were raised or could
25 have been raised in the Action, subject to the terms and provisions of this Stipulation.

26 N. Notwithstanding the Parties' respective positions about the merits of the Action,
27 the Parties recognize that the Action has been litigated by Plaintiffs and defended by Defendants
28 vigorously and in good faith, that the Action is being voluntarily settled following arm's-length

1 bargaining and upon advice of competent counsel, and Lead Counsel and the Plaintiffs believe
2 that the terms of the Settlement and this Stipulation are fair, reasonable, and adequate to the
3 Class. This Stipulation shall not be construed or deemed to be evidence of, or considered an
4 admission or concession by any Plaintiff or Class Member of, any infirmity in the claims asserted
5 in the Action.

6 O. **NOW THEREFORE**, in consideration of the foregoing recitals and the benefits
7 flowing to the Parties from the Settlement, it is hereby **STIPULATED AND AGREED** by and
8 among the Parties, through their respective counsel, subject to approval of the Court pursuant to
9 Rule 23(e) of the Federal Rules of Civil Procedure, that all Settled Claims (defined below in
10 ¶1(ee)) and all Settled Defendants' Claims (defined below in ¶1(ff)) shall be compromised,
11 settled, released, and dismissed with prejudice, upon and subject to the following terms and
12 conditions:

13 DEFINITIONS

14 1. As used in this Stipulation, and any exhibits attached hereto and made a part
15 hereof, the following terms shall have the following meanings:

16 (a) "Action" means the above-styled case, *In re Leadis Technology, Inc.*
17 *Securities Litigation*, Master File No. C-05-0882-CRB, pending in the United States District
18 Court for the Northern District of California.

19 (b) "Alternative Judgment" has the meaning set forth in ¶29(e) hereof.

20 (c) "Authorized Claimant" means a Class Member who submits a timely and
21 valid Proof of Claim form to the Claims Administrator.

22 (d) "Claims Administrator" means Strategic Claims Services ("SCS"), which
23 shall administer the Settlement subject to approval and appointment by the Court.

24 (e) "Class" shall be defined as all persons and entities who purchased shares of
25 Leadis common stock pursuant to, or traceable to, the Company's IPO and who were damaged
26 thereby. Shares of Leadis common stock purchased "pursuant to, or traceable to, the Company's
27 IPO" refers to (for purposes of this Settlement only) any share of Leadis common stock initially
28 purchased at the IPO offering price on the date the registration statement was declared effective,

1 or any share of Leadis common stock purchased on the open market between June 16, 2004 and
2 March 2, 2005 inclusive. Excluded from this definition are any “purchases,” made on or about
3 the date that the Company’s IPO registration statement was declared effective, in which Leadis
4 preferred stock was converted to common stock (but, no open-market purchases on or before
5 March 2, 2005 are excluded). Excluded from the Class are: Defendants; members of the families
6 of each of the Individual Defendants; any partner, officer, executive or director of any Defendant;
7 any affiliated entity in which any such excluded person has or had a controlling interest; and the
8 legal representatives, heirs, successors and assigns of any such excluded person or entity. Also
9 excluded from the Class are all persons and entities who exclude themselves from the Settlement
10 by timely requesting exclusion in accordance with the requirements set forth in the Notice.

11 (f) “Class Distribution Order” has the meaning set forth in ¶12 hereof.

12 (g) “Class Member” means a member of the Class.

13 (h) “Complaint” means the Consolidated Class Action Complaint dated
14 August 8, 2005 and described in ¶C hereof.

15 (i) “Court” means the United States District Court for the Northern District of
16 California.

17 (j) “Defendants” means Leadis Technology, Inc., Sung Tae “Steve” Ahn,
18 Victor Lee, Keunmyung “Ken” Lee, Lip-Bu Tan, Kenneth Goldman, James Plummer, Arati
19 Prabhaker, Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith, Thomas Weisel
20 Partners LLC and Needham & Company, LLC.

21 (k) “Defense Counsel” means Cooley Godward Kronish LLP and Gibson,
22 Dunn & Crutcher LLP.

23 (l) “Effective Date” means the date upon which the Settlement contemplated
24 by this Stipulation shall become effective, as set forth in ¶29 hereof.

25 (m) “Escrow Agent” means Citizens Bank.

26 (n) “Fairness Hearing” means the hearing to be held by the Court on the date
27 specified in the Notice at which time the Court will consider whether to approve the Settlement,
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1 the Plan of Allocation, Lead Counsel's application for attorneys' fees and reimbursement of
2 expenses and other matters related to the Settlement.

3 (o) "Final" or "Finality," with respect to any Judgment or Alternative
4 Judgment (both defined herein), means: (a) if no appeal is filed, the expiration date of the time
5 provided for under the corresponding rules of the applicable court or statute for filing or noticing
6 any appeal from the judgment; or (b) if there is an appeal from the judgment, the date of (i) final
7 dismissal of such appeal from the judgment, or the final dismissal of any proceeding on certiorari
8 or otherwise to review the judgment; or (ii) the date of final affirmance of an appeal of the
9 judgment, the expiration of the time to file a petition for a writ of certiorari or other form of
10 review, or the denial of a writ of certiorari or other form of review of the judgment, and, if
11 certiorari or other form of review is granted, the date of final affirmance of the judgment
12 following review pursuant to that grant. Any proceeding or order, or any appeal or petition for a
13 writ of certiorari or other form of review pertaining solely to (i) any application for attorneys'
14 fees, costs or expenses, and/or (ii) the plan of allocation, shall not in any way delay or preclude
15 the judgment from becoming Final.

16 (p) "Individual Defendants" means Sung Tae "Steve" Ahn, Victor Lee,
17 Keunmyung "Ken" Lee, Lip-Bu Tan, Kenneth Goldman, James Plummer, and Arati Prabhaker.

18 (q) "Judgment" or "Order and Final Judgment" means the judgment approving
19 the Settlement, to be entered by the Court substantially in the form attached hereto as Exhibit B.

20 (r) "Lead Counsel" means Barroway Topaz Kessler Meltzer & Check, LLP.

21 (s) "Leadis" or the "Company" means Leadis Technology, Inc.

22 (t) "Net Settlement Fund" has the meaning set forth in ¶5(a) hereof.

23 (u) "Notice" means the Notice of Pendency of Class Action and Proposed
24 Settlement, Motion for Attorneys' Fees and Expenses and Fairness Hearing, which is to be sent to
25 members of the Class substantially in the form attached hereto as Exhibit A(1).

26 (v) "Opt-Out Threshold" has the meaning set forth in ¶25 hereof and in the
27 Supplemental Agreement.

28 (w) "Parties" means Plaintiffs and Defendants.

1 (x) "Person" means a natural person, individual, corporation, partnership,
2 limited partnership, association, joint venture, joint stock company, estate, custodian, legal
3 representative, trust, unincorporated association, government or any political subdivision or
4 agency thereof, and any business or legal entity and their/its heirs, executors, administrators,
5 predecessors, successors, representatives, or assignees.

6 (y) "Plaintiffs" means Ngoan Van Le, Richard Beedenbender, Scott Strouse
7 and Kenneth P. Wachsman.

8 (z) "Plaintiffs' Counsel" means Lead Counsel and any other counsel
9 representing Class Members.

10 (aa) "Plan of Allocation" has the meaning set forth in ¶13 hereof.

11 (bb) "Preliminary Approval Order" means the order preliminarily approving the
12 Settlement and directing notice thereof to the Class, to be entered by the Court substantially in the
13 form attached hereto as Exhibit A.

14 (cc) "Proof of Claim" means the proof of claim form substantially in the form
15 attached hereto as Exhibit A(2).

16 (dd) "Released Parties" means Defendants, their parents, subsidiaries,
17 controlling persons, affiliates, and acquirers, and their respective current and former officers,
18 directors, partners, members, employees, agents, attorneys, advisors, auditors, underwriters,
19 insurers, reinsurers, representatives, heirs, predecessors, successors in interest, and assigns.

20 (ee) "Settled Claims" means any and all claims, debts, demands, suits, dues,
21 sums of money, accounts, bonds, bills, covenants, contracts, controversies, agreements, promises,
22 judgments, variances, executions, obligations, damages, losses, fees, costs, rights or causes of
23 action, or liabilities of any kind, nature, or description whatsoever, whether based on federal,
24 state, local, statutory, or common law, or any other law, rule, or regulation, whether suspected or
25 unsuspected, fixed or contingent, accrued or un-acrued, liquidated or un-liquidated, matured or
26 un-matured, class or individual in nature, or asserted or not asserted (or threatened, alleged, or
27 litigated) at law, in equity, or otherwise, including without limitation, claims for contribution,
28 indemnification, costs, expenses (including, without limitation, amounts paid in settlement),

1 attorneys' fees, negligence, gross negligence, breach of care, breach of duty of loyalty,
2 misrepresentation, fraud, breach of fiduciary duty, including both known claims and Unknown
3 Claims (as defined herein), (i) that have been asserted in this Action by Plaintiffs and/or the
4 members of the Class or any of them against any of the Released Parties, or (ii) that could have
5 been asserted (whether directly, indirectly, representatively, derivatively, or in any other capacity)
6 in any forum by Plaintiffs and/or the members of the Class or any of them, including claims
7 relating to the purchase, sale, or other acquisition, disposition or holding of Leadis shares
8 pursuant to, or traceable to, the IPO (meaning, for purposes of this Settlement only, any share of
9 Leadis common stock initially purchased at the IPO offering price on the date the registration
10 statement was declared effective, or any share of Leadis common stock purchased on the open
11 market between June 16, 2004 and March 2, 2005 inclusive), against any of the Released Parties,
12 which arise out of or are based upon (directly or indirectly) the allegations, transactions, facts,
13 circumstances, events, acts, failures to act, disclosures, statements, matters, occurrences,
14 representations, or omissions (of any kind or nature whatsoever) involved, set forth, or referred to
15 in the Consolidated Class Action Complaint. Settled Claims shall also include any claims, debts,
16 demands, controversies, obligations, losses, rights, or causes of action that Plaintiffs, Class
17 Members, or any of them may have against the Released Parties or any of them which involve or
18 relate in any way to the defense of the Action or the Settlement of the Action. Notwithstanding
19 the foregoing, or any other provision contained in this Stipulation, Settled Claims shall not
20 include any claims to enforce the Settlement, including without limitation, any claims to enforce
21 the terms of this Stipulation, of orders, or of judgments issued by the Court in connection with the
22 Settlement.

23 (ff) "Settled Defendants' Claims" means any and all claims, rights or causes of
24 action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or
25 any other law, rule or regulation, including both known claims and Unknown Claims (as defined
26 herein), that have been or could have been asserted in the Action or any forum by the Defendants
27 or any of them or the successors and assigns of any of them against the Plaintiffs, any Class
28 Member or their attorneys, which arise out of or relate in any way to the institution, prosecution,

1 or settlement of the Action. Notwithstanding the foregoing, or any other provision contained in
2 this Stipulation, Settled Defendants' Claims shall not include any claims to enforce the
3 Settlement, including, without limitation, any of the terms of this Stipulation, of orders, or of
4 judgments issued by the Court in connection with the Settlement.

5 (gg) "Settlement" means the settlement of the Action contemplated by this
6 Stipulation.

7 (hh) "Settlement Amount" means Four Million Two Hundred Thousand U.S.
8 Dollars (\$4,200,000.00).

9 (ii) "Settlement Fund" means the Settlement Amount (defined herein), plus
10 any interest on, or other income or gains related to, that amount which is earned while such funds
11 are held by the Escrow Agent.

12 (jj) "Stipulation" means this Stipulation and Agreement of Settlement.

13 (kk) "Supplemental Agreement" shall have the meaning set forth in ¶25 herein.

14 (ll) "Summary Notice" means the Summary Notice of Pendency and Proposed
15 Settlement of Class Action and Fairness Hearing to be published substantially in the form
16 attached hereto as Exhibit A(3).

17 (mm) "Underwriter Defendants" means Goldman, Sachs & Co., Merrill Lynch,
18 Pierce, Fenner & Smith, Thomas Weisel Partners LLC, and Needham & Company, LLC.

19 (nn) "Unknown Claims" means any and all Settled Claims that Plaintiffs and/or
20 Class Members do not know or suspect to exist in his, her, or its favor as of the Effective Date
21 and any Settled Defendants' Claims that any Defendant does not know or suspect to exist in his or
22 its favor as of the Effective Date, which if known by him or it might have affected his or its
23 decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled
24 Defendants' Claims, the Parties stipulate and agree that upon the Effective Date, Plaintiffs and
25 Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and
26 by operation of the Judgment shall have expressly waived, any and all provisions, rights, and
27 benefits conferred by any law of any state of the United States, or principle of common law or
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1 otherwise, which is similar, comparable, or equivalent to California Civil Code § 1542, which
2 provides:

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

8 Plaintiffs and Defendants acknowledge, and Class Members by operation of law shall be deemed
9 to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled
10 Claims and Settled Defendants’ Claims was separately bargained for and was a key element of
11 the Settlement.

12 SCOPE AND EFFECT OF SETTLEMENT

13 2. The obligations incurred pursuant to this Stipulation shall be in full and final
14 disposition of the Action as to Defendants and shall be in full and final disposition of any and all
15 Settled Claims and Settled Defendants’ Claims.

16 3. (a) Upon the Effective Date of this Settlement, Plaintiffs and members of the
17 Class on behalf of themselves and each of their heirs, executors, administrators, successors, and
18 assigns, and any Persons they represent, shall, with respect to each and every Settled Claim, be
19 deemed to have released and forever discharged, and shall forever be enjoined from prosecuting,
20 any Settled Claims against any of the Released Parties whether or not any Plaintiff or member of
21 the Class executes and delivers a Proof of Claim. Further, the Judgment will provide that, upon
22 the Effective Date, Plaintiffs and Class Members, on behalf of themselves and each of their heirs,
23 executors, administrators, successors, and assigns, and any Person they represent, shall be deemed
24 to have covenanted not to sue on, and shall forever be barred from suing on, instituting,
25 prosecuting, continuing, maintaining, or asserting in any forum, either directly or indirectly, on
26 their own behalf or on behalf of any class or other person, any Settled Claim against any of the
27 Released Parties.

28 (b) Upon the Effective Date of this Settlement, each of the Defendants, on
behalf of themselves and their successors and assigns, shall be deemed to have released and
forever discharged each and every of the Settled Defendants’ Claims, and shall forever be

1 enjoined from prosecuting the Settled Defendants' Claims. Further, the Judgment will provide
2 that, upon the Effective Date, Defendants, on behalf of themselves and their successors and
3 assigns, shall be deemed to have covenanted not to sue on, and shall forever be barred from suing
4 on, instituting, prosecuting, continuing, maintaining, or asserting in any forum, either directly or
5 indirectly, on their own behalf or on behalf of any class or other person, any Settled Defendants'
6 Claim against Plaintiffs, Class Members, and their respective counsel, or any of them.

7 **SETTLEMENT CONSIDERATION**

8 4. In consideration for the release and discharge provided for in ¶3(a) hereof, Leadis
9 shall pay or cause to be paid (by Leadis' insurance carrier) to the Settlement Fund (as defined in
10 ¶5(a), below) the sum of four million two hundred thousand dollars (\$4,200,000) in cash (the
11 "Settlement Amount"), via one or more checks sent to the Escrow Agent. Within ten (10)
12 business days after the Court issues the Preliminary Approval Order, Leadis shall pay or cause to
13 be paid (by Leadis' insurance carrier) one hundred and fifty thousand dollars (\$150,000.00) to the
14 Settlement Fund, via a check for that amount sent to the Escrow Agent. Within thirty (30)
15 calendar days after the Court issues the Preliminary Approval Order, Leadis shall pay or cause to
16 be paid (by Leadis' insurance carrier) the remainder of four million fifty thousand dollars
17 (\$4,050,000.00) to the Settlement Fund, via one or more checks sent to the Escrow Agent.

18 5. (a) The Settlement Amount, plus interest accrued thereon, shall be referred to
19 as the Settlement Fund. The Settlement Fund, net of any Taxes (as defined below), shall be used
20 to pay (i) the Notice, Summary Notice, and administration costs referred to in ¶9(b) hereof, (ii)
21 the attorneys' fees and expense award referred to in ¶10 hereof, and (iii) the remaining
22 administration expenses referred to in ¶12 hereof. The balance of the Settlement Fund after the
23 above payments shall be the "Net Settlement Fund." Following the Effective Date, the Net
24 Settlement Fund shall be distributed to Authorized Claimants as provided in ¶¶13-15 hereof, and
25 in accordance with the Plan of Allocation. Any sums required to be held in escrow hereunder
26 shall be held by the Escrow Agent. All funds held by the Escrow Agent shall be deemed to be in
27 the custody of the Court until such time as the funds are distributed to Authorized Claimants or
28 paid to the persons or entities paying the Settlement Amount pursuant to this Stipulation and/or

1 further order of the Court. The Escrow Agent shall invest any funds in excess of \$250,000 in
2 short term United States Agency or Treasury Securities (or in money market funds whose
3 portfolio is composed of United States Agency or Treasury Securities) which are backed by full
4 faith and credit of the United States Government, and shall collect and reinvest all interest
5 accrued thereon. Any funds held in escrow in an amount of less than \$250,000 may be held in a
6 bank account insured by the Federal Deposit Insurance Corporation ("FDIC"). The Parties agree
7 that the Settlement Fund is intended to be a Qualified Settlement Fund within the meaning of
8 Treasury Regulation §1.468B-1, and that the Escrow Agent, as administrator of the Settlement
9 Fund within the meaning of Treasury Regulation §1.468B-2(k)(3), shall be responsible for filing
10 tax returns and any other tax reporting for or in respect of the Settlement Fund and paying from
11 the Settlement Fund any Taxes owed with respect to the Settlement Fund. The Parties agree that
12 the Settlement Fund shall be treated as a Qualified Settlement Fund from the earliest date
13 possible, and agree to any relation-back election required to treat the Settlement Fund as a
14 Qualified Settlement Fund from the earliest date possible. Defendants agree to provide promptly
15 to the Claims Administrator the statement described in Treasury Regulation §1.468B-3(e).

16 (b) All (i) taxes on the income of the Settlement Fund and (ii) expenses and
17 costs incurred in connection with the taxation of the Settlement Fund (including, without
18 limitation, expenses of tax attorneys and accountants (collectively, the "Taxes")) shall be paid out
19 of the Settlement Fund, shall be considered to be a cost of administration of the Settlement, and
20 shall be timely paid by the Escrow Agent without prior order of the Court. The Settlement Fund
21 or the Escrow Agent shall, to the extent required by law, be obligated to withhold from any
22 distributions to Authorized Claimants and other persons or entities entitled thereto pursuant to this
23 Stipulation any funds necessary to pay Taxes, including the establishment of adequate reserves
24 for Taxes as well as any amount that may be required to be withheld under Treasury Reg.
25 §1.468B-(1)(2) or otherwise under applicable law in respect of such distributions. Further, the
26 Settlement Fund shall indemnify and hold harmless the Released Parties for any Taxes (including
27 without limitation, Taxes payable by reason of such indemnification).

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1 (c) The Released Parties shall not have any responsibility for or liability
2 whatsoever with respect to: (i) any act, omission or determination of Plaintiffs' Counsel, the
3 Escrow Agent or the Claims Administrator, or any of their respective designees or agents, in
4 connection with the administration of the Settlement or otherwise; (ii) the management,
5 investment or distribution of the Settlement Fund; (iii) the Plan of Allocation; (iv) the
6 determination, administration, calculation, or payment of any claims asserted against the
7 Settlement Fund; (v) any losses suffered by, or fluctuations in the value of, the Settlement Fund;
8 or (vi) the payment or withholding of any Taxes, expenses, and/or costs incurred in connection
9 with the taxation of the Settlement Fund or the filing of any returns.

10 (d) This is not a "claims made" settlement; following final approval of the
11 Settlement, none of the Settlement Fund shall be returned to Defendants and/or such other
12 persons or entities funding the Settlement.

13 CLASS CERTIFICATION

14 6. In the Order and Final Judgment, the Class shall be certified for purposes of this
15 Settlement only, but in the event that the Settlement is not finally approved by the Court, the
16 certification shall become null and void and the Parties reserve all their rights on all issues,
17 including whether a class should be certified. For settlement purposes only, in connection with
18 the Order and Final Judgment, the Defendants shall consent to (i) certification of this Action as a
19 class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, on behalf
20 of the Class as defined herein, and (ii) certification of Plaintiffs as the Class Representatives and
21 Lead Counsel as Class Counsel.

22 PRELIMINARY APPROVAL

23 7. Promptly after this Stipulation has been fully executed, Lead Counsel shall file this
24 Stipulation and ancillary documents with the Court and apply to the Court for entry of the
25 Preliminary Approval Order, substantially in the form attached hereto as Exhibit A, which shall,
26 among other provisions, preliminarily approve the Settlement, direct notice thereof to the Class
27 and schedule a hearing for consideration of full and final approval of the Settlement (the
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1 “Fairness Hearing”). The Parties shall use reasonable efforts to obtain preliminary approval of
2 the Settlement as soon as practicable.

3 **ADMINISTRATION**

4 8. The Claims Administrator shall administer the Settlement under Lead Counsel’s
5 supervision subject to the jurisdiction of the Court for all Class Members. The Defendants and
6 Released Parties shall have no liability, obligation, or responsibility for the administration of the
7 Settlement, except for the obligation to pay the Settlement Amount, as provided herein, and to
8 provide within fifteen (15) calendar days following the Court’s entry of the Preliminary Approval
9 Order, upon request of the Claims Administrator and without any charge to Plaintiffs or the Class,
10 a copy of Leadis’ shareholder lists, as Leadis or its transfer agent may possess and in a format
11 designated by the Claims Administrator as appropriate for mailing notice to the Class.

12 9. (a) The Escrow Agent, acting solely in its capacity as escrow agent, shall be
13 subject to the jurisdiction of the Court.

14 (b) The Escrow Agent may pay from the Settlement Fund, without further
15 approval of the Court or Defendants, all reasonable costs and expenses up to the amount of
16 \$200,000 (the “Notice Expense Cap”) associated with (i) identifying and notifying the Class
17 Members, (ii) effecting mailing of the Notice and Proof of Claim, (iii) publication of the
18 Summary Notice, and (iv) the administration of the Settlement, including without limitation, the
19 actual costs of retrieving the data necessary to determining the amount that each Authorized
20 Claimant shall be paid, printing and mailing the Notice and Proof of Claim, publication of the
21 Summary Notice, any Taxes due, escrow fees, and the reasonable administrative expenses
22 incurred and fees charged by the Claims Administrator in connection with providing notice and
23 processing the submitted claims (the “Notice Expenses”). The Court may increase the Notice
24 Expense Cap prior to the Effective Date if, despite the good faith efforts of the Parties to
25 minimize expenses, it appears that Notice Expenses will be greater than the Notice Expense Cap.
26 Upon the Effective Date, Lead Counsel may pay from the Settlement Fund, without further
27 approval from Defendants or the Court, Notice Expenses in excess of the Notice Expense Cap. In
28 the event that the Settlement is terminated, as provided for herein, Notice Expenses paid or

1 incurred in connection with this paragraph shall not be returned to the persons or entities who
2 paid the Settlement Amount.

3 **ATTORNEYS' FEES AND EXPENSES**

4 10. Lead Counsel will apply to the Court for an award of attorneys' fees and
5 reimbursement of expenses payable from the Settlement Amount (plus interest on both sums at
6 the same rate earned by the Settlement Fund). Lead Counsel shall provide to the Court, as part of
7 the motion for approval of the Settlement, all necessary information required by the Court
8 concerning the total award of attorneys' fees and reimbursement of expenses to be paid from the
9 Settlement Fund. Such amounts as are approved and awarded by the Court shall be payable to
10 Lead Counsel from the Settlement Fund immediately after the Court signs the Judgment,
11 notwithstanding the existence of any timely filed objections thereto, appeal or potential for appeal
12 therefrom, or collateral attack on the Settlement or any part thereof, subject to the obligation of
13 Lead Counsel to promptly make appropriate refunds or repayments to the Settlement Fund, if and
14 when, as a result of any appeal and/or further proceedings on remand, or successful collateral
15 attack, the fee or expense award is reduced or reversed or for whatever reason the Settlement is
16 terminated pursuant to ¶25 or ¶30 of this Stipulation. The apportionment and distribution among
17 Plaintiffs' Counsel of any award of attorneys' fees and expenses shall be within Lead Counsel's
18 sole discretion.

19 11. Defendants shall take no position on Lead Counsel's request for an award of
20 attorneys' fees and reimbursement of expenses, except as may be requested by the Court. The
21 procedure for and the allowance or disallowance of any application for attorneys' fees and
22 expenses are not part of the Settlement and are to be considered by the Court separately from the
23 Court's consideration of the fairness, reasonableness, and adequacy of the Settlement.

24 **CLASS DISTRIBUTION ORDER & ADMINISTRATION EXPENSES**

25 12. Lead Counsel will apply to the Court for an order (the "Class Distribution Order")
26 approving the Claims Administrator's administrative determinations concerning the acceptance
27 and rejection of submitted claims, approving any fees and expenses relating to the administration
28 of the Settlement not previously paid by the Escrow Agent pursuant to ¶9(b), including the fees

1 and expenses of the Claims Administrator, and, only if the Effective Date (as defined in ¶29) has
2 occurred, directing payment of the Net Settlement Fund to Authorized Claimants.

3 **DISTRIBUTION TO AUTHORIZED CLAIMANTS**

4 13. The allocation of the Net Settlement Fund among the members of the Class shall
5 be subject to a plan of allocation to be proposed by Lead Counsel and approved by the Court (the
6 “Plan of Allocation”). Defendants will take no position with respect to such proposed Plan of
7 Allocation or such other plan of allocation as may be approved by the Court and shall have no
8 responsibility or liability whatsoever with respect to the Plan of Allocation. It is understood and
9 agreed by the Parties that the Plan of Allocation, including, but not limited to, any adjustments to
10 any Authorized Claimant’s claim set forth herein, is not part of the Stipulation and is to be
11 considered by the Court separately from the Court’s consideration of the fairness, reasonableness,
12 and adequacy of the Settlement. Any order or proceeding relating to the Plan of Allocation shall
13 not operate to terminate or cancel the Stipulation or affect the Finality of the Court’s Judgment
14 approving the Stipulation and the Settlement or any other orders entered pursuant to the
15 Stipulation.

16 14. No Authorized Claimant shall have any claim against the Plaintiffs, Plaintiffs’
17 Counsel, any Defendant, Released Party, or Defendants’ Counsel based on any distribution made
18 in accordance with or as contemplated by this Stipulation.

19 15. The Claims Administrator shall determine each Authorized Claimant’s *pro rata*
20 share of the Net Settlement Fund based upon each Authorized Claimant’s Recognized Claim (as
21 defined in the Plan of Allocation described in the Notice annexed hereto as Exhibit A(1), or in
22 such other plan of allocation as the Court approves). Each Authorized Claimant shall be allocated
23 a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Claim compared
24 to the total Recognized Claims of all accepted claimants.

25 16. Lead Counsel shall be responsible for supervising the administration of the
26 Settlement and disbursement of the Net Settlement Fund by the Claims Administrator. Lead
27 Counsel shall have the right, but not the obligation, to waive what it deems to be formal or
28 technical defects in any Proofs of Claim submitted in the interests of achieving substantial justice.

1 17. For purposes of determining the extent, if any, to which a Class Member shall be
2 entitled to be treated as an "Authorized Claimant," the following conditions shall apply:

3 (a) Each Class Member shall be required to submit a Proof of Claim (see
4 Exhibit A(2)), supported by such documents as are designated therein, including proof of the
5 transactions claimed and the losses incurred thereon or such other documents or proof as Lead
6 Counsel, in its discretion, may deem acceptable;

7 (b) All Proofs of Claim must be submitted by the date specified in the Notice
8 unless such period is extended by Order of the Court. Any Class Member who fails to submit a
9 Proof of Claim by such date shall be forever barred from receiving any payment pursuant to this
10 Stipulation (unless, by Order of the Court, a later submitted Proof of Claim by such Class
11 Member is approved), but shall in all other respects be bound by all of the terms of this
12 Stipulation and the Settlement including the terms of the Judgment to be entered in the Action
13 and the releases provided for herein, and will be barred from bringing any action against the
14 Released Parties concerning the Settled Claims. Provided that it is received before the motion for
15 the Class Distribution Order is filed, a Proof of Claim shall be deemed to have been submitted
16 when posted, if received with a postmark indicated on the envelope and if mailed by first-class
17 mail and addressed in accordance with the instructions thereon. In all other cases, the Proof of
18 Claim shall be deemed to have been submitted when actually received by the Claims
19 Administrator;

20 (c) Each Proof of Claim shall be submitted to and reviewed by the Claims
21 Administrator, under the supervision of Lead Counsel, who shall determine in accordance with
22 this Stipulation the extent, if any, to which each claim shall be allowed, subject to review by the
23 Court pursuant to subparagraph (e) below;

24 (d) Proofs of Claim that do not meet the submission requirements may be
25 rejected. Prior to rejection of a Proof of Claim, the Claims Administrator shall communicate with
26 the claimant in order to remedy the curable deficiencies in the Proofs of Claim submitted. The
27 Claims Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion and in
28 writing, all claimants whose Proofs of Claim they propose to reject in whole or in part, setting

1 forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be
2 rejected has the right to a review by the Court if the claimant so desires and complies with the
3 requirements of subparagraph (e) below;

4 (e) If any claimant whose claim has been rejected in whole or in part desires to
5 contest such rejection, the claimant must, within twenty (20) days after the date of mailing of the
6 notice required in subparagraph (d) above, serve upon the Claims Administrator a notice and
7 statement of reasons indicating the claimant's grounds for contesting the rejection along with any
8 supporting documentation, and requesting a review thereof by the Court. If a dispute concerning
9 a claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review
10 to the Court; and

11 (f) The administrative determinations of the Claims Administrator accepting
12 and rejecting claims shall be presented to the Court, on notice to Defendants' Counsel, for
13 approval by the Court in the Class Distribution Order.

14 18. Each claimant shall be deemed to have submitted to the jurisdiction of the Court
15 with respect to the claimant's claim, and the claim will be subject to investigation and discovery
16 under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall
17 be limited to that claimant's status as a Class Member and the validity and amount of the
18 claimant's claim. No discovery shall be allowed on the merits of the Action or Settlement in
19 connection with processing of the Proofs of Claim.

20 19. Payment pursuant to this Stipulation shall be deemed final and conclusive against
21 all Class Members. All Class Members whose claims are not approved by the Court shall be
22 barred from participating in distributions from the Net Settlement Fund, but otherwise shall be
23 bound by all of the terms of this Stipulation and the Settlement, including the terms of the
24 Judgment to be entered in the Action and the releases provided for herein, and will be barred from
25 bringing any action against the Released Parties concerning the Settled Claims.

26 20. All proceedings with respect to the administration, processing, and determination
27 of claims described by ¶17 of this Stipulation and the determination of all controversies relating
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1 thereto, including disputed questions of law and fact with respect to the validity of claims, shall
2 be subject to the jurisdiction of the Court.

3 21. The Net Settlement Fund shall be distributed to Authorized Claimants by the
4 Claims Administrator only after the Effective Date and after: (i) all claims have been processed,
5 and all claimants whose claims have been rejected or disallowed, in whole or in part, have been
6 notified and provided the opportunity to be heard concerning such rejection or disallowance; (ii)
7 all objections with respect to all rejected or disallowed claims have been resolved by the Court,
8 and all appeals therefrom have been resolved or the time therefor has expired; and (iii) all costs of
9 administration have been paid.

10 22. If any funds remain in the Net Settlement Fund by reason of uncashed checks, or
11 otherwise, after the Claims Administrator has made reasonable and diligent efforts to have
12 Authorized Claimants who are entitled to participate in the distribution of the Net Settlement
13 Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six
14 (6) months after the initial distribution of such funds shall be used: (a) first, to pay any amounts
15 mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late, but
16 otherwise valid and fully documented claims received after the cut-off date used to make the
17 initial distribution, which were not previously authorized by the Court to be paid, provided that
18 such distributions to any late post-distribution claimants meet all of the other criteria for inclusion
19 in the initial distribution, including the \$10.00 minimum check amount set out in the Notice, (b)
20 second, to pay any additional settlement administration fees and expenses, including those of
21 Lead Counsel as may be approved by the Court, and (c) finally, to make a second distribution to
22 Authorized Claimants who cashed their checks from the initial distribution and who would
23 receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees
24 to be incurred in administering the Net Settlement Fund and in making this second distribution, if
25 such second distribution is economically feasible.

26 23. If after six (6) months after such second distribution, if undertaken, or if such
27 second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the
28 Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who

1 are entitled to participate in this Settlement cash their checks, the Claims Administrator shall
2 donate any funds remaining in the Net Settlement Fund to a 501(c)(3) charity chosen by Lead
3 Counsel and approved by the Court.

4 **FINAL APPROVAL**

5 24. If the Settlement contemplated by this Stipulation is preliminarily approved by the
6 Court pursuant to the Preliminary Approval Order, then the Parties shall request that a Judgment
7 be entered in all material respects in the form annexed hereto as Exhibit B.

8 **SUPPLEMENTAL AGREEMENT**

9 25. Simultaneously herewith, Lead Counsel and Defendants' Counsel are executing a
10 "Supplemental Agreement." Unless otherwise directed by the Court, the Supplemental
11 Agreement will not be filed with the Court. Defendants may, in accordance with the terms set
12 forth in the Supplemental Agreement, elect in writing to terminate the Settlement and this
13 Stipulation if a certain condition (the "Opt-Out Threshold") is met and Lead Counsel is unable to
14 cure this condition in accordance with the terms of the Supplemental Agreement. If required by
15 the Court, the Supplemental Agreement and/or any of its terms may be disclosed to the Court for
16 purposes of approval of the Settlement, but such disclosure shall be carried out to the fullest
17 extent possible in accordance with the practices of the Court so as to preserve the confidentiality
18 of the Supplemental Agreement, particularly the Opt-Out Threshold. In the event of a
19 termination of this Settlement pursuant to the Supplemental Agreement, this Stipulation and
20 Settlement shall become null and void and of no further force and effect, with the exception of the
21 provisions of ¶31 which shall continue to apply.

22 **RIGHT OF EXCLUSION OR OBJECTION**

23 26. Any Person may seek to be excluded from the Class and the Settlement provided
24 for in this Stipulation by submitting a written request for exclusion in conformity with the
25 requirements stated in the Notice (Exhibit A(1)). Any members of the Class so excluded shall not
26 be bound by the terms of the Stipulation, or be entitled to any of its benefits, and shall not be
27 bound by the Judgment and/or other order of the Court herein, whether pursuant to this
28 Stipulation or otherwise.

1 27. Any member of the Class who does not exclude himself, herself or itself from the
2 Class and the Settlement shall have the right to submit written objections concerning the
3 Settlement, the Plan of Allocation, and/or Lead Counsel's application for attorneys' fees and
4 expenses, which objections shall state all of the reasons for the objections (*e.g.*, a mere statement
5 that "I object" shall not be deemed sufficient). All Persons desiring to attend the Fairness
6 Hearing and be heard as objectors must have filed written objections as provided herein, as a
7 condition of appearing and being heard at such hearing. Any Class Member who does not timely
8 file written objections to the Settlement pursuant to this paragraph and the Notice shall not be
9 permitted to object to the Settlement at the Fairness Hearing, and shall be foreclosed from
10 objecting to, challenging, or otherwise seeking review of the Settlement by appeal or otherwise,
11 in this Action or in any other action.

12 28. To retract or withdraw a request of exclusion, a member of the Class must file a
13 written notice with the Court stating the Person's desire to retract or withdraw his, her, or its
14 request for exclusion and that Person's desire to be bound by any judgment or Settlement in this
15 Action; provided, however, that the filing of such written notice may be effectuated by Lead
16 Counsel and Lead Counsel shall promptly notify Defendants' Counsel of any retraction or
17 withdrawal of a request for exclusion.

18 **EFFECTIVE DATE OF SETTLEMENT, WAIVER, OR TERMINATION**

19 29. The "Effective Date" of the Settlement shall be the date when all of the following
20 conditions shall have occurred:

- 21 (a) payment of the Settlement Amount pursuant to ¶4 herein;
- 22 (b) entry of the Preliminary Approval Order in all material respects in the form
23 attached hereto as Exhibit A;
- 24 (c) approval by the Court of the Settlement, following notice to the Class and a
25 hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure;
- 26 (d) entry by the Court of the Judgment, in all material respects in the form set
27 forth in Exhibit B annexed hereto;
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1 (e) Finality of the Judgment, or, in the event that the Court enters a judgment
2 that differs from the Judgment in any material respect (“Alternative Judgment”) and none of the
3 Parties hereto elects to terminate this Settlement, such Alternative Judgment becomes Final; and

4 (f) expiration of the time for Defendants to exercise their termination rights
5 provided in the Supplemental Agreement and ¶30 herein.

6 30. Plaintiffs and Defendants shall each have the right to terminate the Settlement and
7 thereby this Stipulation by providing written notice of their election to do so (“Termination
8 Notice”) to all other Parties within thirty (30) days of any of the following: (i) the Court declines
9 to enter the Preliminary Approval Order in any material respect; (ii) the Court declines to approve
10 the Settlement as set forth in this Stipulation in any material respect; (iii) the Court declines to
11 enter the Judgment in any material respect; (iv) the date upon which the Judgment is modified or
12 reversed in any material respect by any level of appellate court; (v) entry by the Court of an
13 Alternative Judgment that differs from the Judgment in any material respect; or (vi) the date upon
14 which any Alternative Judgment is modified or reversed in any material respect by any level of
15 appellate court. Plaintiffs shall also have the right to terminate the Settlement and thereby this
16 Stipulation if the Settlement Amount is not paid as required by this Stipulation. If a party elects
17 to terminate the Settlement pursuant to this paragraph, termination will become effective within
18 two (2) weeks of service of Termination Notice. During these two weeks, the Parties shall use
19 their best efforts to resolve any existing conflicts and/or deficiencies and reinstate the Settlement.

20 31. Except as otherwise provided herein, in the event of a withdrawal or the
21 termination of the Settlement as set forth in ¶30: (a) the Settlement shall be without prejudice, and
22 none of its terms shall be effective or enforceable; (b) Lead Counsel shall cause the Settlement
23 Amount (to the extent it has been funded), plus interest, less any reasonable amounts incurred for
24 notice, up to the amount of Notice Expense Cap, and/or Taxes, to be returned to the person or
25 entities who paid the same within twenty (20) business days following the termination of the
26 Settlement; (c) the Parties shall revert to litigation positions immediately prior to the execution of
27 this Stipulation; and (d) the fact and terms of the Stipulation and this Settlement, as well as any
28 negotiations or statements relating to its provisions, shall in no way be construed as, offered as,

1 received as, used as, or deemed to be evidence of any kind in this Action, or in any other action or
2 proceeding, except to enforce this Stipulation.

3 **NO ADMISSION OF WRONGDOING**

4 32. This Stipulation, whether or not consummated, and any proceedings taken
5 pursuant to it:

6 (a) shall not be offered or received against any Released Party as evidence, or
7 construed as or deemed to be evidence, of any presumption, concession, or admission by any
8 Released Party with respect to the truth of any fact alleged by any of the Plaintiffs or Class
9 Members or of the validity of any claim that has been or could have been asserted in the Action or
10 in any other action, or the deficiency of any defense that has been or could have been asserted in
11 the Action or in any other action, or of any liability, negligence, fault, or wrongdoing of any
12 Released Party;

13 (b) shall not be offered or received against any Released Party as evidence of a
14 presumption, concession, or admission of any fault, misrepresentation, or omission with respect
15 to any statement or written document approved or made by any Released Party;

16 (c) shall not be offered or received against any Released Party as evidence of a
17 presumption, concession, or admission with respect to any liability, negligence, fault, or
18 wrongdoing in any other civil, criminal, or administrative action or proceeding, other than such
19 proceedings as may be necessary to effectuate the provisions of this Stipulation; provided,
20 however, that if this Stipulation is approved by the Court, the Released Parties may refer to it to
21 effectuate the releases granted them hereunder;

22 (d) shall not be construed against any Released Party as an admission or
23 concession that the consideration to be given hereunder represents the amount that could be or
24 would have been recovered after trial; and

25 (e) shall not be construed as or received in evidence as an admission,
26 concession, or presumption against the Plaintiffs or any of the Class Members that any of their
27 claims are with or without merit, or that any defenses asserted by Defendants are with or without
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1 merit, or that damages recoverable under the Action would or would not have exceeded the
2 Settlement Amount.

3 **MISCELLANEOUS PROVISIONS**

4 33. All of the exhibits attached hereto are hereby incorporated by reference as though
5 fully set forth herein.

6 34. The Parties intend the Settlement to be a final and complete resolution of all
7 disputes asserted or which could be asserted by the Class Members against the Released Parties or
8 any of them with respect to the Settled Claims. Accordingly, Plaintiffs, on behalf of themselves
9 and the Class, and Defendants agree not to assert in any forum that the Action was brought by
10 Plaintiffs or any Class Member, or defended by Defendants, in bad faith or without a reasonable
11 basis. The Parties shall assert no claims of any violation of Rules 11 or 37 of the Federal Rules of
12 Civil Procedure, or any similar federal or state statute, rule, or regulation, relating to the
13 prosecution, defense, or settlement of the Action. The Parties affirm that they are aware of no
14 facts or circumstances that would give rise to any violations of Rules 11 or 37 of the Federal
15 Rules of Civil Procedure relating to this Action. The Parties shall request that the Court, in
16 connection with its entry of the Judgment, make specific findings of fact that Plaintiffs and Lead
17 Counsel initiated, maintained, and prosecuted the Action in good faith and in accordance with
18 Lead Counsel's obligations under Rules 11 and 37 of the Federal Rules of Civil Procedure.

19 35. If a case is commenced with respect to any Defendant under Title 11 of the United
20 States Code (Bankruptcy), or a trustee, receiver, or conservator is appointed under any similar
21 law, and if a court of competent jurisdiction enters a final order determining that the transfer of
22 money to the Settlement Fund or any portion thereof by or on behalf of such Defendant is a
23 preference, voidable transfer, fraudulent transfer, or similar transaction and any portion thereof is
24 required to be returned, and if such amount is not promptly deposited to the Settlement Fund by
25 other Defendants, then, at the election of Lead Counsel, the Parties shall jointly move the Court to
26 vacate and set aside the releases given and Judgment entered in favor of the Defendants pursuant
27 to this Stipulation, which releases and Judgment shall be null and void, and the Parties shall be
28 restored to their respective positions in the Action immediately prior to the execution of this

1 Stipulation and any cash amounts in the Settlement Fund shall be returned to the persons or
2 entities that paid such amounts as provided in ¶31 above.

3 36. This Stipulation may not be modified or amended, nor may any of its provisions
4 be waived, except by a writing signed by all Parties hereto or their successors-in-interest.

5 37. The headings herein are used for the purpose of convenience only and are not
6 meant to have legal effect.

7 38. The administration and consummation of the Settlement as embodied in this
8 Stipulation shall be under the authority of the Court, and that Court shall retain jurisdiction for the
9 purpose of entering orders providing for awards of attorneys' fees and expenses to Lead Counsel
10 and enforcing the terms of this Stipulation, and resolving any disputes that may arise in
11 connection with this Stipulation or the Settlement.

12 39. The waiver by one party of any breach of this Stipulation by any other party shall
13 not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

14 40. This Stipulation and its exhibits, and the Supplemental Agreement constitute the
15 entire agreement concerning the Settlement of the Action, and no representations, warranties, or
16 inducements have been made by or on behalf of any party hereto concerning this Stipulation, its
17 exhibits, and the Supplemental Agreement other than those contained and memorialized in such
18 documents.

19 41. This Stipulation may be executed in one or more counterparts, including by
20 signature transmitted by facsimile or electronic mail. Each counterpart when so executed shall be
21 deemed to be an original, and all such counterparts together shall constitute the same instrument.
22 All counsel and any other Person executing this Stipulation and any of the exhibits hereto, or any
23 related Settlement documents, warrant and represent that they have the full authority to do so and
24 that they have the authority to take appropriate action required or permitted to be taken pursuant
25 to the Stipulation to effectuate its terms.

26 42. This Stipulation shall be binding upon, and inure to the benefit of, the successors
27 and assigns of the Parties hereto.

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1 43. The construction and interpretation of this Stipulation and the Supplemental
2 Agreement shall be governed by the laws of the State of California without regard to conflicts of
3 laws, except to the extent that federal law of the United States requires that federal law governs.

4 44. This Stipulation shall not be construed more strictly against one party than another
5 merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of
6 the Parties, it being recognized that it is the result of arm's-length negotiations between the
7 Parties and all Parties have contributed substantially and materially to the preparation of this
8 Stipulation.

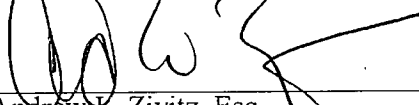
9 45. The undersigned signatories represent that they have full authority from their
10 respective client(s) to execute this Stipulation and any of the exhibits hereto, or any related
11 settlement documents.

12 46. The Parties agree to reasonably cooperate with one another in seeking Court
13 approval of the Preliminary Approval Order, the Stipulation and the Settlement, and to promptly
14 agree upon and execute all such other documentation as may be reasonably required to obtain
15 final approval by the Court of the Settlement.

16 47. The Parties and their counsel agree that they will refrain from disparaging the
17 Settlement or each other with respect to the Action in any press releases or statements to the
18 media, or in any other communications.

19 December 10, 2008

**BARROWAY TOPAZ KESSLER
MELTZER & CHECK, LLP**

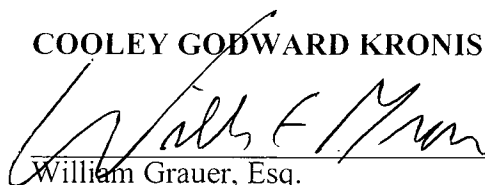


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1 December 10, 2008

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10 December __, 2008

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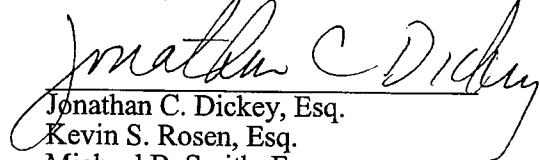
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December ¹⁰__, 2008

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