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**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

WEST END CAPITAL MANAGEMENT,
LLC Individually And On Behalf of All Others
Similarly Situated,

Plaintiff,

vs.

SEO KYU LEE, MOON SUNG KIM,
DONGWOO CHUN, SANG SOO LEE,
CHOONG-KI KIM, HA JIN JHUN, TAEK JIN
NAM, OU SEB LEE, JEFFERIES &
COMPANY, INC., WR HAMBRECHT + CO.,
LLC, AND PIXELPLUS COMPANY LTD.,

Defendants.

Civil Action. No. 06-CV-02951 (TPG)
(Consolidated)

**STIPULATION OF SETTLEMENT
BY ALL PARTIES**

This Stipulation of Settlement dated as of November 4, 2008 (the “Stipulation”), is made and entered into by and among the following Parties (as defined further in Section IV hereof) to the above-entitled Litigation: (i) the Lead Plaintiff (on behalf of itself and each of the Members of both of the following Classes: (1) all Persons who purchased or otherwise acquired the American Depositary Shares (“ADS” or “shares”) of Pixelplus Company Ltd. (“Pixelplus” or the “Company”) between December 21, 2005 and April 11, 2006 inclusive (the “Class Period”) (the “Exchange Act Class”) and (2) all Persons who purchased or acquired Pixelplus ADS pursuant to or traceable to the Company’s December 21, 2005 initial public offering (the “IPO”), which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006, by and through its counsel of record in the Litigation (the “Securities Act Class”); and (ii) the Company, the Individual Defendants, and the Underwriter Defendants (collectively, “Defendants”). The Stipulation is intended by the Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims, upon and subject to the terms and conditions hereof.

I. THE LITIGATION

On and after April 17, 2006, the following actions were filed in the United States District Court for the Southern District of New York or the United States District Court for the Eastern District of New York as securities putative class actions on behalf of purchasers of the publicly-traded securities of Pixelplus during a defined period of time:

<u>CASE NAME</u>	<u>CASE NUMBER</u>
<i>West End Capital Management, LLC v. Lee, et al</i>	06-cv-04689 (S.D.N.Y. 06/16/06)
<i>Kim v. Lee, et al.</i>	06-cv-02951 (S.D.N.Y.)
<i>Corwin v. Pixelplus, et al.</i>	06-cv-03141 (S.D.N.Y.)
<i>Detwiler v. Pixelplus, et al.</i>	06-cv-03206 (S.D.N.Y.)
<i>Shu-O-Lin-Chen v. Pixelplus, et al.</i>	06-cv-03691 (S.D.N.Y.)
<i>Rubin v. Pixelplus, et al.</i>	06-cv-2964 (E.D.N.Y.)
<i>West End Capital Management LLC v. Lee, et al.</i>	07-cv-00045 (S.D.N.Y. 01/04/07)

On March 22, 2007, *Rubin v. Pixelplus*, 06-cv-2964, was transferred from the Eastern District of New York to the Southern District of New York for consolidation with the related actions above. On March 28, 2007, the Court consolidated the above cases and appointed West End Capital Management, LLC (“West End”) as Lead Plaintiff pursuant to §21D(a)(3)(B) of the Securities Exchange Act of 1934 (the “Exchange Act”) and §27(a) of the Securities Act of 1933 (the “Securities Act”) as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), and approved their selection of counsel in the consolidated action *West End Capital Management LLC v. Lee, et al.*, 06-cv-02951 (the “Litigation”).

The operative complaint in the Litigation is the Consolidated Amended Class Action Complaint for Violations of Federal Securities Laws (the “Complaint”) filed on June 25, 2007. The Complaint alleges violations of §§10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder and violations of §§11, 15 and 12(a)(2) of the Securities Act on behalf of two Classes of purchasers of the publicly-traded securities of Pixelplus as described above: (1) the Exchange Act Class, and (2) the Securities Act Class.

On August 24, 2007, Pixelplus and the Underwriter Defendants each moved the Court to dismiss the Complaint. On October 26, 2007, Lead Plaintiff filed its memorandum of law in opposition to the motion to dismiss. On November 26, 2007, Pixelplus and the Underwriter Defendants each filed their reply memoranda of law in further support of their motions to dismiss the Complaint. The motions to dismiss are currently pending and, on December 19, 2007, the parties advised the Court of the agreement in principle between Plaintiff, the Company, and the Individual Defendants, and requested a stay pending documentation of the agreement, and judicial approval of the settlement and proposed settlement class.

On November 26, 2007, Pixelplus filed a motion to strike the Declaration of Kim E. Miller and Exhibit A thereto, attached to Plaintiff's opposition to the motion to dismiss. On December 14, 2007, Plaintiff filed its opposition to Pixelplus' motion to strike. The Underwriter Defendants filed a reply brief in further support of the motion on December 20, 2007.

Plaintiff's counsel conducted extensive research into issues relating to service of the summons and complaint upon the Individual Defendants located in Korea. Plaintiff's counsel had the complaint meticulously translated into Korean, hired investigators to determine current addresses for the Individual Defendants, including home and business addresses, and contend that they served all Individual Defendants except Moon Sung Kim pursuant to the Hague Convention on or before September 11, 2007. Defendants dispute that service was properly effected on the Individual Defendants pursuant to the Hague Convention rules on International Service.

Lead Counsel expended significant time and effort researching, investigating, and drafting the Complaint.

In its motion to dismiss, Pixelplus asserted that Plaintiff failed to adequately plead scienter, failed to adequately plead falsity, failed to adequately plead claims for Section 11 and Section 12 in accordance with the requirements of Federal Rule of Civil Procedure 9(b), and failed to allege materiality. Pixelplus further asserted that Plaintiff's 12(a)(2) claims should be dismissed because the Company was not in privity with the Plaintiff and because the Company was not a statutory seller. In opposition to Pixelplus' motion to dismiss, Plaintiff argued that scienter was properly alleged for the Section 10(b) claim in accordance with *Tellabs v. Makor Issues & Rights, Ltd.*, 127 S. Ct. 2499 (2007); that falsity was adequately alleged in accordance with Rule 9(b) for the Section 10(b) claim; that the standards of 9(b) do not apply to Plaintiff's

Section 11 and 12 claims, but that even so, those claims were pleaded with sufficient specificity to satisfy Rule 9(b); that material misstatements or omissions in the registration statement were sufficiently alleged and were not defeated by the Company's assertion of adequate cautionary language; that the Company is a statutory seller for purposes of 12(a)(2); and that the Company was in privity with Plaintiff by virtue of its solicitation.

A mediation was set for November 2007 before former United States District Judge Layn R. Phillips, for which Lead Counsel began preparing. The mediation was subsequently cancelled. However, certain informal discussions continued as described below.

On November 29, 2007, Lead Counsel received a letter from counsel for the Individual Defendants, challenging Plaintiff's service of the Individual Defendants under the Hague Convention. The Individual Defendants asserted that service was not properly effected under the Hague Convention rules. The Individual Defendants also advised Plaintiff that even if service was properly effected, the Individual Defendants would contest jurisdiction.

On December 4, 2007 Plaintiff's counsel had a telephonic conference with counsel for the Individual Defendants to attempt to address, narrow, and/or resolve certain of the issues relating to service of process under the Hague Convention. Plaintiff's counsel argued that service was properly effected under the Hague Convention and addressed related issues, including which Individual Defendants are currently affiliated with the Company.

Thereafter, the parties agreed to prepare a tolling agreement in order to put off the issue of whether or not service on the Individual Defendants was proper until after the resolution of the pending motion to dismiss by the Company.

Lead Counsel and counsel for the Company and Individual Defendants had initial telephonic settlement discussions early in the case and these conversations continued throughout

the litigation, including the exchange of confidential written communications. Lead Counsel and Counsel for the Company and the Individual Defendants reached an agreement in principle to settle the litigation on or about December 17, 2007.

The Stipulation of Settlement between the Plaintiff and the Company and Individual Defendants was filed on April 10, 2008. The motion for preliminary approval and supporting papers were filed at the same time. Upon the filing of the partial settlement documents in this Litigation, which related only to the Company and the Individual Defendants, on April 17, 2008 Counsel for the Underwriter Defendants contacted Lead Counsel for the Plaintiff raising four concerns on behalf of the Underwriters. Among these concerns were the bar order language provided in the Settlement Agreement and the petition for certification of a settlement class without giving the Underwriter Defendants an opportunity to take class certification discovery. On April 29, 2008, Lead Counsel responded to the Underwriter Defendants' concerns. Through agreed-upon revisions, the parties were able to resolve all of the Underwriter Defendants' concerns except those relating to the bar order. The parties agreed upon a briefing schedule to bring these matters before the Court, and on May 20, 2008 the Underwriter Defendants filed an opposition to Lead Plaintiff's motion for an order preliminarily approving the – at that time partial – settlement. On June 20, 2008 Lead Plaintiff and the Company and Individual Defendants filed separate replies to the Underwriters' objection. On October 1, 2008, the Court issued its order addressing the bar order.

The parties began a meet and confer process to comply with this order. Lead Counsel and counsel for the Underwriter Defendants also had a series of telephonic negotiations in October 2008, and reached an agreement in principle to settle the litigation on or about October 23, 2008.

A memorandum of understanding was executed by Lead Counsel and counsel for the Underwriter Defendants on October 27, 2008.

II. PROVISIONAL CERTIFICATION OF SETTLEMENT CLASS

Counsel for the Parties stipulate that the Court may, for settlement purposes only, certify a Settlement Class, as that term is defined in Section 1.25 below and that notice be provided as described below to the stockholders of Pixelplus informing them that a Settlement Class has been certified and that a Settlement has been preliminarily approved. If the Settlement does not become final and effective, the Defendants do not waive, and expressly retain and reserve, their rights to contest and challenge certification of the Exchange Act Class and/or the Securities Act Class on any and all grounds.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants deny any wrongdoing whatsoever and this Stipulation and settlement shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any Defendant with respect to any claim or any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the contentions and defenses that the Defendants have asserted. Defendants expressly have denied and continue to deny all charges of wrongdoing or against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied and continue to deny, *inter alia*, the allegations that the Lead Plaintiff and the Members of the Exchange Act Class and the Securities Act Class have suffered damage, that the prices of Pixelplus securities were inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, and that Lead Plaintiff and the members of the Exchange Act Class and the Securities Act Class were harmed by the conduct alleged in the Complaint, and Defendants believe that the evidence developed to date supports their position.

Nonetheless, Defendants have concluded that further conduct of the Litigation would be protracted and expensive and have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

IV. CLAIMS OF LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Plaintiff believes that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, Lead Plaintiff recognizes and acknowledges the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial and through appeals. Lead Plaintiff has also taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Litigation, as well as the difficulties and delays inherent in such litigation, as well as the risk of inability to pay a judgment by certain Defendants or enforce a judgment against certain Defendants in Korea. Lead Plaintiff is also mindful of the inherent problems of proof and possible defenses to the securities law violations asserted in the Litigation. Lead Plaintiff believes that the settlement set forth in the Stipulation confers substantial benefits upon the Exchange Act Class and the Securities Act Class. Based on its evaluation, Lead Plaintiff and Lead Counsel have determined that the settlement set forth in the Stipulation is in the best interests of the Lead Plaintiff and the Exchange Act Class and the Securities Act Class.

V. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Lead Plaintiff (for itself and the Members of the Exchange Act Class and the Securities Act Class) and Defendants, by and through their counsel, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled, and

released, and the Litigation shall be dismissed with prejudice, as to all Parties, upon and subject to the terms and conditions of the Stipulation, as follows.

1. Definitions

As used in the Stipulation, the following terms have the meanings specified below:

1.1 “Authorized Claimant” means any Member of the Exchange Act Class and/or the Securities Act Class whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

1.2 “Claimant” means any Member of the Exchange Act Class and/or the Securities Act Class who files a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.

1.3 “Claims Administrator” means Complete Claims Solutions, LLC.

1.4 “Classes” means all Persons who (1) purchased the ADS of Pixelplus between December 21, 2005 and April 11, 2006 (the “Exchange Act Class”) and/or (2) purchased Pixelplus ADS pursuant and/or traceable to the Company’s December 2005 IPO which is defined for purposes of this settlement to include from December 21, 2005 to April 11, 2006 (the “Securities Act Class”). Excluded from the Exchange Act Class and the Securities Act Class are Defendants, members of the immediate families of the Individual Defendants, current or former directors and officers of Pixelplus and the legal representatives, heirs, successors, or assigns of any such excluded Person. Also excluded from the Exchange Act Class and/or the Securities Act Class are those Persons who timely and validly request exclusion from the Exchange Act Class and/or the Securities Act Class pursuant to the Notice of Pendency and Proposed Settlement of Class Action.

1.5 “Class Member” or “Member of the Exchange Act Class and/or the Securities Act Class” means a person who falls within the definition of the Exchange Act Class and/or the Securities Act Class as set forth in ¶1.4 of the Stipulation.

1.6 “Class Period” means the period between December 21, 2005 and April 11, 2006.

1.7 “Pixelplus” or the “Company” means Pixelplus Company Ltd.

1.8 “Defendants” means Pixelplus, the Individual Defendants, and defendants Jefferies & Company, Inc. and WR Hambrecht + Co., LLC (the “Underwriter Defendants”).

1.9 “Effective Date” means the first date by which all of the events and conditions specified in ¶7.1 of the Stipulation have been met and have occurred.

1.10 “Escrow Agents” means Kahn Gauthier Swick, LLC or its successor(s).

1.11 “Final” means when the last of the following with respect to the Judgment approving the Stipulation, substantially in the form of Exhibit B hereto, shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of the time in which to appeal the Judgment has passed without any appeal having been taken, which date shall be deemed to be thirty (30) days following the entry of the Judgment, unless the date to take such an appeal shall have been extended by Court order or otherwise, or unless the 30th day falls on a weekend or a Court holiday, in which case the date for purposes of this Stipulation shall be deemed to be the next business day after such 30th day; and (iii) if such motion to alter or amend is filed or if an appeal is taken, immediately after the determination of that motion or appeal so that it is no longer subject to any further judicial review or appeal whatsoever, whether by reason of affirmance by a court of last resort, lapse of time, voluntary dismissal of the appeal or otherwise, and in such a manner as to permit the consummation of the settlement substantially in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph, an “appeal” shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this settlement, but shall not include any appeal that concerns only the issue of attorneys’ fees and reimbursement of costs or the Plan of Allocation of the Settlement Fund.

1.12 “Individual Defendants” means Seo Kyu Lee, Moon Sung Kim, Dongwoo Chun, Ha Jin Jhun, Taek Jin Nam, Choong-Ki Kim, Ou Seb Lee, and Sang Soo Lee.

1.13 “Judgment” means the judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.

1.14 “Lead Counsel” means Kahn Gauthier Swick, LLC.

1.15 “Liaison Counsel” means Seeger Weiss LLP.

1.16 “Lead Plaintiff” means West End Capital Management, LLC.

1.17 “Person” means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.18 “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the settlement, Taxes and Tax Expenses, such attorneys’ fees, costs, expenses and interest as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and Defendants and their Related Parties shall have no responsibility therefore or liability with respect thereto.

1.19 “CAFA Notice” means a notice of the proposed Settlement in compliance with the requirements of the Class Action Fairness Act, 28 U.S.C. § 1711 *et seq.* to be served by Defendants upon the appropriate State official of each State in which a Class Member resides and the Attorney General of the United States.

1.20 “Related Parties” means each Defendant’s past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, agents, controlling shareholders, attorneys, accountants, auditors, advisors, investment advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities, any entity in which a Defendant has a controlling interest, any members of an Individual Defendant’s immediate family, or any trust of which an Individual Defendant is the settlor or which is for the benefit of an Individual Defendant’s family.

1.21 “Released Claims” shall collectively mean all claims demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, whether or not concealed or hidden, asserted or that might have been asserted, including, without limitation, claims for negligence, gross negligence, recklessness, breach of duty of care and/or breach of duty of loyalty, fraud, misrepresentation, mismanagement, breach of fiduciary duty, or violations of any state or federal laws, statutes, rules or regulations or common law principles, by the Lead Plaintiff or any Member of the Exchange Act Class and/or the Securities Act Class against the Defendants and their Related Parties arising out of, relating to, or in connection in any way with (i) the purchase or sale of ADS of Pixelplus by Lead Plaintiff or any Member of the Exchange Act Class and/or the Securities Act Class during the Class Period; (ii) 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, based upon, relating to or arising from the facts which were or could have been alleged in the Litigation; (iii) the Complaint; and (iv) all the claims relating in any way to the IPO registration statement and prospectus of Pixelplus; the Company’s audited and unaudited financial statements and their compliance with Generally Accepted Auditing Standards, including the accounting treatment of product deliveries and inventory; the consolidation of Pixelplus Technology, Inc.; resignations by officers, directors, and/or auditors; and all related press releases and public disclosures by the Company to the foregoing. Released Claims shall also include “Unknown Claims” as defined further in Section 1.27.

1.22 “Released Persons” means each and all of the Defendants as defined in ¶1.8, and each and all of their Related Parties.

1.23 “Released Defendant-versus-Defendant Claims” means any and all claims, rights or causes of action for indemnity, contribution or any related legal theory, whether statutory, equitable, contractual or otherwise, including, but not limited to, concerning the fees and costs of the Litigation and/or this settlement, that any Defendant shall have against any other Defendant, or any of their respective past or present directors, officers, partners, principals, agents,

companies, parent companies, subsidiary companies, controlling shareholders, any entity in which the Defendant and/or any member(s) of any Defendant's immediate family has or had a controlling interest, attorneys, accountants, banks, underwriters, advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, agents, assigns, spouses, heirs, executors, administrators, associates, related or affiliated entities, 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; provided, however, that Defendants do not release contractual indemnity claims (and defenses thereto) that they may have against each other to the extent permitted by law.

1.24 "Settlement Fund" means the principal amount of One Million Three Hundred Fifty Five Thousand Dollars (\$1,355,000) in cash to be paid to the Escrow Agents pursuant to ¶2.1 of this Stipulation, plus all interest earned thereon pursuant to ¶¶2.1 and 2.2.

1.25 "Settlement Classes" means the Exchange Act Class and the Securities Act Class.

1.26 "Settlement Class Member" means a member of the Settlement Classes as defined above in Section 1.25.

1.27 "Unknown Claims" means any Released Claims which any Plaintiff or any 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 decision with respect to the Settlement. With respect to any and all claims, the Parties stipulate and agree that upon Final Approval, Plaintiffs shall expressly and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all the provisions, rights and benefits conferred by California Civil Code § 1542 or any law of any state or territory of the United States, or any other state, sovereign or jurisdiction, or principle of common law which is similar, comparable, or equivalent to 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 OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

1.28 Plaintiffs acknowledge and the 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 of which this release is a part.

1.29 “Parties” means, collectively, each of the Defendants, as defined in ¶1.8, and the Lead Plaintiff on behalf of itself and the Members of the Exchange Act Class and the Securities Act Class.

1.30 “Preliminary Notice Order” means the preliminary order as approved by the Court for mailing and publication as defined in ¶3.1 hereof, and substantially in the form of Exhibit A hereto.

2. The Settlement

a. The Settlement Fund

2.1 The Defendants shall pay or cause to be paid the sum of One Million (\$1,355,000), within the time and in the manner set forth in ¶ 2.2, below, into an interest bearing account maintained by the Escrow Agents in settlement of the Litigation which, with any accrued interest, shall constitute the Settlement Fund.

2.2 Subject to the terms of this Stipulation, Pixelplus and the Individual Defendants shall collectively pay or cause to be paid \$1,000,000 of the Settlement Fund into the Escrow Account by January 10, 2009. The Underwriter Defendants shall collectively pay or cause to be paid \$355,000 of the Settlement Fund into the Escrow Account by January 10, 2009.

b. The Escrow Agents

2.3 The Escrow Agents may invest the Settlement Fund deposited pursuant to ¶2.1 hereof in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. The Escrow Agents shall bear all risks related to investment of the Settlement Fund.

2.4 The Escrow Agents shall not disburse the Settlement Fund except as provided in the Stipulation, by an order of the Court, or with the written agreement of counsel for Defendants. The Escrow Agents shall provide an accounting of transactions involving the Settlement Fund as the Court may request.

2.5 Subject to further order and/or direction as may be made by the Court, the Escrow Agents are authorized to execute such transactions on behalf of the Members of the Exchange Act Class and the Securities Act Class as are consistent with the terms of the Stipulation.

2.6 All funds held by the Escrow Agents shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

2.7 Lead Counsel shall be responsible for the issuance of the Class Notice and the administration and distribution of the Settlement Fund. The Company and the Individual Defendants shall pay all costs and expenses for the Class notice and the administration and distribution of the Settlement Fund, *e.g.*, all costs reasonably and actually incurred in connection with providing notice to the Exchange Act Class and the Securities Act Classes, locating Members of the Exchange Act Class and the Securities Act Class, assisting with the filing of claims, administering and distributing the Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms and paying escrow fees and costs, if any. These costs shall be paid by the Company and Individual Defendants on top of the \$1,000,000 cash settlement amount paid by them, but such notice, administration, and distribution costs shall not exceed \$100,000. No costs for notice and administration of the Settlement Fund shall be paid out of the Settlement Fund unless such costs exceed the \$100,000 cap. In no event shall Defendants have any responsibility for or liability with respect to the Escrow Agents or their actions with respect to the Class Notice.

c. Taxes

2.8

(a) The Parties and the Escrow Agents agree to treat the Settlement Fund as being at all times a “qualified settlement fund” within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agents shall timely make such elections as necessary or advisable to carry out the provisions of this ¶2.8, including the “relation-back election” (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agents to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of §1.468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow Agents. The Escrow Agents shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including without limitation the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶2.8(a) hereof) shall be consistent with ¶2.8 and in all events shall reflect that all Taxes (including any estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.8(c) hereof.

(c) All (a) Taxes (including any estimated Taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Defendants or their Related Parties with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes (“Taxes”), and (b) expenses and costs incurred in connection with the operation and implementation of ¶2.8 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in ¶2.8) (“Tax Expenses”), shall be paid out of the Settlement Fund; in no event shall the Defendants or their

Related Parties have any responsibility for or liability with respect to the Taxes or the Tax Expenses. The Escrow Agents shall indemnify and hold each of the Defendants and their Related Parties harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agents out of the Settlement Fund without prior order from the Court and the Escrow Agents shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1)(2)); neither the Defendants nor their Related Parties are responsible therefore nor shall they have any liability with respect thereto. The Defendants hereto agree to cooperate with the Escrow Agents, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of ¶2.8.

(d) For the purpose of ¶2.8, references to the Settlement Fund shall include only the Settlement Fund and any earnings thereon.

d. CAFA Notice

2.9 Defendants shall within ten (10) days following the Court's entry of the Preliminary Notice Order, and pursuant thereto, serve upon the appropriate State official of each State in which a Class Member resides and the Attorney General of the United States a notice of the proposed Settlement in compliance with the requirements of the Class Action Fairness Act, 28 U.S.C. § 1711 *et seq.*, substantially in the form of Exhibit C attached hereto. Defendants may work with the claims administrator to fulfill the CAFA notice requirements, but any costs related to the CAFA notice are the sole responsibility of Defendants and do not constitute part of the Notice costs which are to be paid by the Company and Individual Defendants up to the amount of \$100,000.

e. Termination of Settlement

2.10 In the event that the Stipulation is not approved, or is terminated, canceled, or fails to become effective for any reason, the Settlement Fund and the Class Notice and Administration Fund (in each case, including accrued interest), less expenses actually incurred and properly due and owing in connection with the settlement provided for herein, shall be refunded *pro rata* to the entities contributing to the Settlement Fund, as provided in ¶7.3 below.

3. Notice Order and Settlement Hearing

3.1 Promptly after execution of the Stipulation, the Parties shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of the Preliminary Notice Order, requesting, *inter alia*, the preliminary approval of the settlement set forth in the Stipulation, and approval for mailing the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”) substantially in the form of Exhibit A-1 hereto and the Proof of Claim and Release (the “Proof of Claim and Release”) substantially in the form of Exhibit A-2 hereto, and approval for publication of a summary notice (the “Summary Notice”) substantially in the form of Exhibit A-3 hereto. The Notice shall include the general terms of the settlement set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application and the date of the Settlement Hearing.

3.2 Lead Counsel shall request that after notice is given, the Court hold a hearing (the “Settlement Hearing”) and approve the settlement of the Litigation as set forth herein. At or after the Settlement Hearing, Lead Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application. Lead Counsel may also request Court approval of an application by Lead Plaintiff for reimbursement for reasonable costs and expenses, including Plaintiffs’ counsel’s time spent on the Litigation. Promptly after execution of this Stipulation, the Parties shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of the Preliminary Notice Order, which specifically shall include provisions that, among other things, will:

- (a) Preliminarily approve this Stipulation and the Settlement set forth herein as being fair, just, reasonable and adequate to all Parties;
- (b) Approve the form of Notice for mailing to Members of the Settlement Class;
- (c) Approve the form of Proof of Claim and Release for mailing to Members of the Settlement Class;
- (d) Approve a summary notice of the Settlement for publication (the “Summary Notice”) (substantially in the form of Exhibit A-3 hereto);
- (e) Direct Lead Plaintiff’s Counsel to mail or cause to be mailed by first class mail the Notice and the Proof of Claim and Release to those Persons in the Settlement Class who can be identified through reasonable effort, on or before the date specified in the Notice Order;
- (f) Direct that nominees who purchased or otherwise acquired Pixelplus’ ADS during the relevant time periods send the Notice and Proof of Claim and Release form to all beneficial owners of such ADS within ten (10) days after receipt of the Notice or send a list of the names and addresses of such beneficial owners to Lead Plaintiff’s Counsel within ten (10) days of receipt of the Notice;
- (g) Direct Lead Plaintiff’s Counsel to cause the Summary Notice to be published once in a widely circulated national business-oriented publication or wire service on or before the date specified in the Notice Order;
- (h) Provide that Settlement Class Members who wish to participate in the Settlement provided for in this Stipulation shall complete and file Proof of Claim and Release forms pursuant to the instructions contained therein;
- (i) Find that the notice given pursuant to subparagraphs (b)-(h) above, constitutes the best notice practicable under the circumstances, including individual notice to all Persons in the Settlement Class who can be identified upon reasonable effort, and constitutes valid, due and sufficient notice to all Persons in the Settlement Class, complying fully with the

requirements of Rule 23 of the Federal Rules of Civil Procedure, the Constitution of the United States, and any other applicable law;

(j) Schedule a hearing (the “Settlement Hearing”) to be held by the Court to consider and determine whether the Settlement proposed by this Stipulation should be approved as fair, reasonable and adequate and whether the Judgment approving the Settlement should be entered;

(k) Provide that any Settlement Class Member who so desires may exercise the right to exclude themselves from the Settlement Class but only if they comply with the requirements for so doing as set forth in the Notice;

(l) Provide that at or after the Settlement Hearing, the Court shall determine whether the proposed Plan of Allocation should be approved;

(m) Provide that at or after the Settlement Hearing, the Court shall determine and enter an Order regarding whether and in what amount attorneys’ fees and reimbursement of expenses should be awarded to Lead Plaintiff’s Counsel out of the Settlement Fund;

(n) Provide that pending final determination of whether the Settlement contained in this Stipulation should be approved, neither the Lead Plaintiff nor any Settlement Class Member, either directly, representatively, or in any other capacity shall commence or prosecute any action or proceeding in any court or tribunal asserting any of the Released Claims against the Released Persons;

(o) Provide that any objections to: (i) the Settlement proposed by this Stipulation; (ii) entry of the Judgment approving the Settlement; (iii) the proposed Plan of Allocation; or (iv) Lead Plaintiff’s Counsel’s fee and expense application(s), and any papers submitted in support of said objections shall be considered by the Court at the Settlement Hearing only if, on or before the date specified in the Preliminary Notice Order, Persons making objections shall file and serve written objections (which shall set forth each objection and the basis therefor) and copies of any papers in support of their position as set forth in the Preliminary Notice Order and the Notice; and

(p) Provide that the Settlement Hearing may, from time to time and without further notice to the Settlement Class, be continued or adjourned by Order of the Court.

4. Releases

4.1 Upon the Effective Date, as defined in ¶1.9 hereof, Lead Plaintiff and each of the Members of the Exchange Act Class and the Securities Act Class shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Persons, whether or not such Member of the Exchange Act Class and/or the Securities Act Class executes and delivers a Proof of Claim and Release form.

4.2 The Proof of Claim and Release to be executed by Members of the Exchange Act Class and/or the Securities Act Class shall release all Released Claims against the Released Persons and shall be substantially in the form contained in Exhibit A-2 hereto.

4.3 Upon the Effective Date, all Members of the Exchange Act Class and/or the Securities Act Class and anyone claiming through or on behalf of any of them, will be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, or administrative forum, asserting the Released Claims against any of the Released Persons.

4.4 Upon the Effective Date, as defined in ¶1.9 hereof, each of the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged the Lead Plaintiff, each and all of the Members of the Exchange Act Class and the Securities Act Class, and Lead Counsel from all claims (including Unknown Claims) arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Litigation or the Released Claims.

4.5 Upon the Effective Date, Defendants, and each of them, shall be deemed to have, and by operation of the Final Order and Judgment shall have, fully, finally and forever released, relinquished and discharged each and every one of the Released Persons from the Released

Defendant-versus-Defendant Claims, including Unknown Claims arising out of, relating to, or in connection with the Released Defendant-versus-Defendant Claims. Except as otherwise expressly provided for in this Stipulation, the Parties shall each bear their own respective attorneys' fees, expenses and costs incurred in connection with the conduct and settlement of the Action, and the preparation, implementation and performance of the terms of this Stipulation.

5. Administration and Calculation of Claims, Final Awards and Supervision and Distribution of Settlement Fund

5.1 The Claims Administrator shall administer and calculate the claims submitted by Members of the Exchange Act Class and/or the Securities Act Class.

5.2 The Settlement Fund shall be applied as follows:

- (a) to pay the Taxes and Tax Expenses described in ¶2.8 hereof;
- (b) to pay Lead Counsel's and Liaison Counsel's attorneys' fees and expenses (the "Fee and Expense Award"), if and to the extent allowed by the Court; and
- (c) after the Effective Date, to distribute the balance of the Settlement Fund (the "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or the Court.

5.3 Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the following.

5.4 Within ninety (90) days after the mailing of the Notice or such other time as may be set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, substantially in the form of Exhibit A-2 hereto, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release and as are reasonably available to the Authorized Claimant.

5.5 All Members of the Exchange Act Class and the Securities Act Class who fail to timely submit a Proof of Claim and Release within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the settlement set forth herein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment.

5.6 The Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with a Plan of Allocation to be described in the Notice and approved by the Court. If there is any balance remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), Lead Counsel shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to an appropriate, non-profit organization agreed upon by Lead Counsel and approved by the Court.

5.7 This is not a claims-made settlement and, if all conditions of the Stipulation are satisfied and the settlement becomes Final, no portion of the Settlement Fund will be returned to Defendants or their insurers. Defendants and their Related Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection therewith.

5.8 No Person shall have any claim against Lead Counsel, the Claims Administrator or other entity designated by Lead Counsel based on distributions made substantially in accordance with the Stipulation and the settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

5.9 It is understood and agreed by the Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the

Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect or delay the finality of the Court's Judgment approving the Stipulation and the settlement set forth therein (including the releases contained therein), or any other orders entered pursuant to the Stipulation.

6. Lead Counsel's Attorneys' Fees and Reimbursement of Expenses

6.1 Lead Counsel may submit an application or applications (the "Fee and Expense Application") for distributions to them from the Settlement Fund for: (a) an award of attorneys' fees; plus (b) reimbursement of actual expenses, including the fees of any experts or consultants, incurred in connection with prosecuting the Litigation, plus any interest on such attorneys' fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid), as may be awarded by the Court. Lead Counsel reserves the right to make additional applications for fees and expenses incurred to be distributed from the Settlement Fund.

6.2 The attorneys' fees and expenses, as awarded by the Court, shall be paid to Lead Counsel from the Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees and expenses. In the event that the Effective Date does not occur, or the Judgment or the order making the Fee and Expense Award is reversed or modified, or the Stipulation is canceled or terminated for any other reason, and in the event that the Fee and Expense Award has been paid to any extent, then Lead Counsel shall within five (5) business days from receiving notice from Defendants' counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund the fees and expenses previously paid to them from the Settlement Fund plus interest thereon at the same rate as earned by the Settlement Fund in an amount consistent with such reversal or modification. Lead Plaintiff's Counsel, as a condition of receiving such fees and expenses, on behalf of themselves and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing these provisions.

6.3 The procedure for and the allowance or disallowance by the Court of any applications by Lead Counsel for attorneys' fees and expenses, including the fees of experts and consultants, to be paid out of the Settlement Fund, are not part of the settlement set forth in the Stipulation, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Stipulation, and any order or proceedings relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the settlement of the Litigation set forth therein (including the releases contained therein).

6.4 Defendants and their Related Parties shall have no responsibility for or liability with respect to any payment of attorneys' fees and expenses to Plaintiff's counsel over and above payment from the Settlement Fund. Neither Defendants nor their Related Parties shall have any responsibility for, or any liability whatsoever with respect to, any payment to Lead Plaintiff's Counsel from the Settlement Fund. Neither Defendants nor their Related Parties shall have any responsibility for, or any liability whatsoever with respect to, the allocation of the Settlement Fund among Lead Plaintiff's Counsel and any other Person who may assert some claim thereto, or for any Fee and Expense Award(s) that the Court may make in the Litigation.

7. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination

7.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

(a) Defendants have timely made their contributions to the Settlement Fund as required by ¶2.1 hereof;

(b) Defendants have not exercised their option to terminate the Stipulation pursuant to ¶¶ 7.2 and/or 7.7 hereof;

(c) the Court has entered the Preliminary Notice Order, as required by ¶3.1 hereof;

(d) the Court has entered the Judgment, or a judgment substantially in the form of Exhibit B hereto, which shall include provisions for dismissal of Defendants with prejudice and a bar order as provided for in paragraph 4.5 above; and

(e) the Judgment has become Final, as defined in ¶1.12 hereof.

7.2 Upon the occurrence of all of the events referenced in ¶7.1 hereof, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If all of the conditions specified in ¶7.1 hereof are not met, then the Stipulation shall be canceled and terminated subject to ¶7.4 hereof unless Lead Counsel and counsel for Defendants mutually agree in writing to proceed with the Stipulation.

7.3 Unless otherwise ordered by the Court, in the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, then within ten (10) business days after written notification of such event is sent by counsel for Defendants to the Escrow Agents and in accordance with the terms of ¶2.10 hereof, the Settlement Fund (including accrued interest), plus any amount then remaining in the Class Notice and Administration Fund (including accrued interest), less expenses and any costs which have been disbursed pursuant to ¶2.7 hereof, shall be refunded by the Escrow Agents to the respective entities that contributed to the Settlement Fund, pursuant to written instructions from Defendants or their successors-in-interest. At the request of counsel for Defendants or their successors-in-interest, the Escrow Agents or their designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, pursuant to written direction from Defendants or their successors-in-interest.

7.4 In the event that the Stipulation is not approved by the Court or the settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, the Parties shall be restored to their respective positions in the Litigation as of the date this Settlement Agreement was fully executed. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶2.6, 2.10, 7.3-7.5, and 8.3 hereof, shall have no further force and effect with respect to the Parties and shall not be used in this Litigation or in any other

proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs, expenses and interest awarded by the Court to Lead Counsel shall constitute grounds for cancellation or termination of the Stipulation.

7.5 If a case is commenced in respect to any Defendant under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of the Settlement Fund, or any portion thereof, by or on behalf of such Defendant to be a preference, voidable transfer, fraudulent transfer or similar transaction, then, at Lead Plaintiff's option, as to such Defendant, the releases given and Judgment entered in favor of such Defendant pursuant to this Stipulation shall be null and void.

7.6 Notwithstanding the foregoing ¶7.5, Lead Plaintiff's right to nullify the releases and Judgment as to any Defendant pursuant to ¶7.5 hereof shall expire upon the Effective Date.

7.7 Pursuant to Fed. R. Civ. P. 23(e)(3), under which the parties seeking approval must file a statement identifying any agreement made in connection with the proposal, there is a Supplemental Agreement to this Stipulation of Settlement with additional provisions confidentially agreed upon between the Parties.

8. Miscellaneous Provisions

8.1 The Parties (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their reasonable best efforts to accomplish the foregoing terms and conditions of the Stipulation.

8.2 The Parties intend this settlement to be a final and complete resolution of all disputes between them with respect to the Litigation. The settlement compromises claims which are contested and shall not be deemed an admission by any Party as to the merits of any claim or

defense. The Final Judgment will contain a statement that during the course of the Litigation, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. While retaining their right to deny liability, Defendants agree that the amount paid to the Settlement Fund and the other terms of the settlement were negotiated in good faith and at arms-length by the Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Parties reserve their right to rebut, in a manner that such Party determines to be appropriate, any contention made in any public forum that the Litigation was brought or defended in bad faith or without a reasonable basis.

8.3 Neither the Stipulation nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of any wrongdoing or liability of the Defendants or their Related Parties; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Defendants or their Related Parties in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Defendants and/or their Related Parties may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

8.4 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Stipulation, pursuant to their terms.

8.5 All of the Exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

8.6 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Parties or their respective successors-in-interest.

8.7 The Stipulation and the Exhibits attached hereto constitute the entire agreement among the parties hereto and no representations, warranties or inducements have been made to any Party concerning the Stipulation or its Exhibits other than the representations, warranties and covenants contained and memorialized in such documents. Except as otherwise provided herein, each Party shall bear its own costs.

8.8 Lead Counsel, on behalf of the Exchange Act Class and the Securities Act Class, is expressly authorized by Lead Plaintiff to take all appropriate action required or permitted to be taken by the Exchange Act Class and the Securities Act Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the Exchange Act Class and the Securities Act Class which they deem appropriate.

8.9 Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any Party hereto hereby warrants that such Person has the full authority to do so.

8.10 The Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

8.11 The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

8.12 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Stipulation.

8.13 The Stipulation and the Exhibits hereto shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of New York, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of New York without giving effect to that State's choice-of-law principles.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys dated as of November 4, 2008.

Dated: November 4, 2008

KAHN GAUTHIER SWICK, LLC

/s/ Kim E. Miller

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Lead Counsel for Lead Plaintiff and the Classes

Dated: November 4, 2008

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Counsel for the Company and Individual Defendants

Dated: November 4, 2008

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