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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF SANTA CLARA

12 CHRIS STOVALL, Derivatively on Behalf of)
SUNRISE TELECOM, INC.,)

13 Plaintiff,)

14 vs.)

15 PAUL A. MARSHALL, ROBERT C.)
PFEIFFER, JEONG E. JOO, JENNIFER J.)
16 WALT, PATRICK PENG-KOON ANG,)
HENRY P. HUFF, PETER L. EIDELMAN,)
17 MICHAEL HEAFEY, and DOES 1-25,)
inclusive,)

18 Defendants,)

19 -and-)

20 SUNRISE TELECOM, INC., a Delaware)
corporation,)

21 Nominal Defendant.)

Case No. 1:06CV076453

) STIPULATION AND AGREEMENT
) OF SETTLEMENT

) Judge: Honorable James P. Kleinberg

) Dept.: 1C

) Date Action Filed: December 13, 2006

1 This Stipulation and Agreement of Settlement ("Stipulation"), dated May 11, 2011, is
2 made and entered into by and among the following Parties:¹ (i) Chris Stovall, individually and
3 derivatively on behalf of Sunrise Telecom, Inc. ("Sunrise Telecom"); (ii) Paul A. Marshall
4 ("Marshall"), Robert C. Pfeiffer ("Pfeiffer"), Paul Chang ("Chang"), Jeong E. Joo ("Joo"), Jennifer
5 J. Walt ("Walt"), Patrick Peng-Koon Ang ("Ang"), Henry P. Huff ("Huff"), Peter L. Eidelman
6 ("Eidelman"), and Michael Heafey ("Heafey"); and (iii) Sunrise Telecom, by and through their
7 counsel of record in this action. This Stipulation is intended by the Parties to fully, finally, and
8 forever compromise, resolve, discharge, and settle the Released Claims, upon the terms and
9 subject to the conditions set forth below, subject to the approval of the Court.

10 **I. PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

11 Plaintiff believes the claims asserted in this Action have substantial merit. Nonetheless,
12 Plaintiff and Plaintiff's Counsel recognize and acknowledge the expense and length of time that
13 would be required to prosecute the Action through trial and possible appeals. Plaintiff's Counsel
14 also have taken into account the uncertain outcome and the risk of any litigation, especially in
15 complex cases such as this Action, as well as the difficulties and delays inherent in such litigation.
16 Plaintiff's Counsel also are mindful of the inherent problems of proof and possible defenses to the
17 claims alleged in such actions. Plaintiff's Counsel have conducted a thorough review and analysis
18 of the relevant facts, allegations, defenses, and controlling legal principles, and believe that the
19 settlement set forth in the Stipulation is fair, reasonable, and adequate, confers substantial benefits
20 upon, and is in the best interests of Sunrise Telecom and its stockholders. The settlement provides
21 for additional management oversight and review of the Company's policies and processes related
22 to its stock option granting practices and general internal controls. The settlement also provides
23 that the Company's insurer shall reimburse the Company for misdated options exercised in the
24 future, which, at the time the parties entered into the agreement in principle to settle the action
25 ("Settlement Agreement"), provided a potential benefit of up to \$634,000 (as detailed below in
26 ¶2.2). As part of the settlement, Sunrise Telecom has also acknowledged that, but for Plaintiff and

27 _____
28 ¹ All capitalized terms are defined in Section III herein, unless otherwise stated.

1 Plaintiff's Counsel's filing and prosecution of the Action, Marshall would not have surrendered his
2 misdated options, which were valued at approximately \$524,800 at the time they were
3 surrendered. Based upon Plaintiff's Counsel's evaluation, Plaintiff has determined that the
4 settlement is in the best interests of Sunrise Telecom and Current Sunrise Telecom Stockholders
5 and has agreed to settle the Action upon the terms and subject to the conditions set forth herein.

6 **II. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

7 The Individual Defendants and Sunrise Telecom (to the extent any claims could have been
8 alleged against Sunrise Telecom) have denied and continue to deny they have committed,
9 threatened, or attempted to commit, any violations of law or breached any duty owed to Plaintiff,
10 Sunrise Telecom, or its stockholders. Without admitting the validity of any allegations made in the
11 Action, or any liability with respect thereto, the Individual Defendants and Sunrise Telecom have
12 concluded that it is desirable that the claims against the Individual Defendants be settled on the
13 terms reflected in the Stipulation. The Individual Defendants and Sunrise Telecom are entering
14 into this settlement because it will eliminate the uncertainty, distraction, disruption, burden, risk,
15 and expense of further litigation. Further, the Individual Defendants and Sunrise Telecom
16 acknowledge that the settlement is fair, reasonable, adequate, and in the best interests of Sunrise
17 Telecom and its stockholders.

18 Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor
19 any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out
20 this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the
21 Released Claims or an admission by or against the Individual Defendants or Sunrise Telecom of
22 any fault, wrongdoing, or concession of liability whatsoever.

23 **III. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

24 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by an among
25 Plaintiff (on behalf of himself and derivatively on behalf of Sunrise Telecom), the Individual
26 Defendants, and Sunrise Telecom, by and through their respective counsel or attorneys of record,
27 that, subject to Court approval, the Action and the Released Claims shall be finally and fully
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1 compromised, settled, and released, and the Action shall be dismissed with prejudice, as to all
2 Parties, upon the terms and subject to the conditions set forth herein as follows:

3 **1. Definitions**

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

5 1.1 "Action" means the shareholder derivative action pending in the Superior Court of
6 the State of California, County of Santa Clara, captioned *Stovall v. Marshall, et al.*, Case No.
7 1:06CV076453.

8 1.2 "Current Sunrise Telecom Stockholders" means any Persons who owned Sunrise
9 Telecom common stock as of the date of the execution of the Stipulation and who continue to hold
10 their Sunrise Telecom common stock as of the date of the final settlement approval hearing,
11 excluding the Individual Defendants, the officers and directors of Sunrise Telecom, members of
12 their immediate families, and their legal representatives, heirs, successors, or assigns, and any
13 entity in which the Individual Defendants have or had a controlling interest.

14 1.3 "Defendants' Counsel" means DLA Piper LLP (US), Fenwick & West LLP, and
15 Farella Braun & Martel LLP.

16 1.4 "Defendants' Released Claims" means any and all claims, debts, rights, or causes of
17 action or liabilities, including Unknown Claims, that could be asserted in any forum by the
18 Released Parties or their successors and assigns or their subrogates, against the Plaintiff, Plaintiff's
19 Counsel, or Sunrise Telecom, that arise out of or relate in any way to the institution, prosecution,
20 or settlement of the Action (except for any claims to enforce the settlement), including, without
21 limitation, any claim of any kind, for fees incurred in connection with any of the Individual
22 Defendants' defense in this action (regarding which, the Individual Defendants represent that they
23 have obtained the necessary authority from Sunrise Telecom's insurer, and any other potentially
24 involved person or entity, to release any such claims).

25 1.5 "Effective Date" means the first date by which all of the events and conditions
26 specified in ¶6.1 herein have been met and have occurred.

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1 1.6 "Final" means: (i) the date of final affirmance on an appeal of the Judgment; (ii) the
2 date of final dismissal of any appeal from the Judgment; or (iii) if no appeal is filed, the expiration
3 date of the time for filing or noticing any appeal from the Judgment.

4 1.7 "Individual Defendants" means collectively, Marshall, Pfeiffer, Chang, Joo, Walt,
5 Ang, Huff, Eidelman, and Heafey.

6 1.8 "Judgment" means the Proposed Final Order of Dismissal With Prejudice and
7 Judgment to be rendered by the Court, substantially in the form of Exhibit E attached hereto.

8 1.9 "Parties" means collectively, Plaintiff, the Individual Defendants, and Sunrise
9 Telecom.

10 1.10 "Person" means an individual, corporation, limited liability corporation,
11 professional corporation, partnership, limited partnership, limited liability partnership,
12 association, joint stock company, estate, legal representative, trust, unincorporated association,
13 government or any political subdivision or agency thereof, and any business or legal entity and
14 their spouses, heirs, predecessors, successors, representatives, or assignees.

15 1.11 "Plaintiff" means Chris Stovall, individually and derivatively on behalf of Sunrise
16 Telecom.

17 1.12 "Plaintiff's Counsel" means Robbins Umeda LLP and the Shuman Law Firm.

18 1.13 "Related Persons" means each of the Individual Defendants' past or present
19 subsidiaries, parents, successors and predecessors, officers, directors, agents, employees,
20 attorneys, advisors, investment advisors, auditors, accountants, and any firm, trust, corporation,
21 officer, director, or other individual or entity in which any Individual Defendant or Sunrise
22 Telecom has a controlling interest, and the legal representatives, heirs, successors in interest, or
23 assigns of any Individual Defendant.

24 1.14 "Released Claims" means any and all claims, debts, demands, rights, or causes of
25 action or liabilities, including Unknown Claims, existing derivatively on behalf of Sunrise
26 Telecom, against any of the Released Parties which arise out of and relate to: (i) the allegations in
27 the Action; or (ii) the settlement, except for any claims to enforce the settlement.

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1 1.15 "Released Parties" means collectively each of the Individual Defendants and each
2 of their Related Persons.

3 1.16 "Settlement Hearing" means the hearing set by the Court to consider final approval
4 of the settlement.

5 1.17 "Sunrise Telecom" or the "Company" means Sunrise Telecom Incorporated.

6 1.18 "Unknown Claims" means any of the Released Claims and any of the Defendants'
7 Released Claims that any Party does not know or suspect exists in his, her, or its favor at the time
8 of the settlement including, without limitation, those claims which, if known, might have affected
9 the decision to enter into, or not object to, this settlement. The Parties expressly waive, relinquish,
10 and release any and all provisions, rights, and benefits conferred by or under California Civil Code
11 section 1542 ("§1542") or any other law of the United States or any state or territory of the United
12 States, or principle of common law, which is similar, comparable, or equivalent to §1542, which
13 provides:

14 **A general release does not extend to claims which the creditor does not know**
15 **or suspect to exist in his or her favor at the time of executing the release, which**
16 **if known by him or her must have materially affected his or her settlement**
 with the debtor.

17 The Parties acknowledge that they may discover facts in addition to or different from those now
18 known or believed to be true by them, with respect to the Released Claims and Defendants'
19 Released Claims in the settlement, as the case may be, but it is the intention of the Parties to
20 completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any
21 and all Released Claims and Defendants' Released Claims known or unknown, suspect or
22 unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which do not
23 exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery
24 of additional or different facts.

25 **2. Settlement Consideration**

26 2.1 The Parties have conducted arm's-length negotiations over an extended period of
27 time and have reached an agreement in good-faith to settle the Action. The Parties' discussions
28 that were aimed at trying to resolve this Action date back to at least January 2008, when Sunrise

1 Telecom voluntarily produced documents to facilitate Plaintiff's ongoing evaluation of his claims.
2 On February 11, 2008, counsel for the Parties participated in their first all-day mediation session
3 before the Honorable Howard B. Wiener (Ret.). Despite their good-faith efforts, the Parties
4 reached an impasse with regard to their settlement negotiations at that time. Nevertheless, as a
5 result of the Parties' good-faith discussions concerning the propriety of dismissing various
6 individual defendants from the Action, Plaintiff subsequently dismissed without prejudice six
7 individual defendants named in Plaintiff's original complaint. After years of litigation, the Parties
8 resumed their settlement discussions and were able to make progress toward an eventual
9 settlement. On July 22, 2010, counsel for Sunrise Telecom, certain of the Individual Defendants,
10 and Plaintiff once again participated in a all-day mediation session with Justice Wiener. At the
11 conclusion of the July 22, 2010 mediation, the Parties reached an agreement in principle to settle
12 the Action. In sum, after numerous good-faith discussions with regard to the possible settlement of
13 the Action, including multiple teleconferences and two all-day mediation sessions before Justice
14 Wiener, counsel for the Parties reached an agreement in principle for the proposed settlement of
15 the Action on the terms and conditions set forth in this Stipulation. As consideration for the
16 settlement, Sunrise Telecom has acknowledged certain monetary and non-monetary benefits, as
17 discussed below. Sunrise Telecom has further acknowledged that, but for Plaintiff and Plaintiff's
18 Counsel's filing and prosecution of this Action, the following benefits would not have occurred.

19 2.2 **Financial Benefits.** Sunrise Telecom and the Individual Defendants acknowledge
20 and agree that the surrender of stock options and the reimbursement for any misdated options
21 exercised after the Parties entered into their Settlement Agreement, as described below, would not
22 be made to the Company but for Plaintiff's and Plaintiff's Counsel's filing, prosecution, and
23 settlement of the Action.

24 (a) Stock options with a grant date of January 10, 2001 that were surrendered to
25 the Company by Defendant Marshall, which had an intrinsic value of approximately \$524,800
26 when they were surrendered.

27 (b) With respect to the 94,700 options with a grant date of January 10, 2001,
28 which were outstanding when the parties reached their Settlement Agreement in principle in July

1 2010 but that have since expired, the Individual Defendants' insurance carrier agreed to reimburse
2 the Company for the difference between the fair market value of the option(s) upon actual exercise
3 and the option's respective strike price of \$4.94, provided that the maximum reimbursement per
4 exercised option was \$6.56.

5 (c) With respect to the 37,551 outstanding options with a grant date of June 6,
6 2002, the Individual Defendants' insurance carrier shall reimburse the Company for the
7 difference between the fair market value of the option(s) upon actual exercise and the option's
8 respective strike price of \$1.76, provided that the maximum reimbursement per exercised option
9 shall be \$0.29.

10 (d) The Parties acknowledge and agree that the aggregate intrinsic value of the
11 potential payments to the Company described in paragraphs (b) and (c) above at the time the
12 parties entered into their Settlement Agreement was \$634,000.

13 **2.3 Corporate Governance Reforms.** Sunrise Telecom has agreed to adopt the
14 corporate governance reforms set forth in Exhibit A within sixty days from the entry of this
15 Stipulation and to keep such reforms in force and effect for a period of no less than five years.
16 Sunrise Telecom further acknowledges and agrees that the corporate governance reforms set forth
17 in Exhibit A regarding Sunrise Telecom's stock option granting practices that have already been
18 implemented, would not have been implemented but for Plaintiff's and Plaintiff's Counsels' filing
19 and prosecution of the Action. Sunrise Telecom also acknowledges and agrees that the corporate
20 governance reforms are significant and extensive and confer substantial benefits upon Sunrise
21 Telecom and Current Sunrise Telecom Stockholders by, among other things, strengthening
22 Sunrise Telecom's internal controls and helping to address issues alleged in the Action.

23 **3. Preliminary Approval and Notice**

24 3.1 Promptly after execution of the Stipulation, the Parties shall submit the Stipulation
25 together with its exhibits to the Court and shall jointly apply for entry of an order (the "Preliminary
26 Approval Order"), substantially in the form of Exhibit B attached hereto, requesting: (i)
27 preliminary approval of the settlement set forth in this Stipulation; (ii) approval of the form and
28 content of the Summary Notice of Pendency and Proposed Settlement of Shareholder Derivative

1 Action ("Summary Notice") and the Notice of Pendency and Proposed Settlement of Shareholder
2 Derivative Action ("Notice"); and (iii) a date for the Settlement Hearing.

3 3.2 Plaintiff will move the Court to approve the form and content of notice of the
4 settlement to Current Sunrise Telecom Stockholders. Specifically, Plaintiff will seek approval of
5 the Summary Notice, substantially in the form attached hereto as Exhibit C, and the Notice,
6 substantially in the form attached hereto as Exhibit D. The Summary Notice shall be published
7 once in *Investor's Business Daily* and shall refer stockholders to the websites of Sunrise Telecom
8 and Robbins Umeda LLP to view the detailed Notice and Stipulation. Sunrise Telecom shall be
9 responsible for all costs associated with publishing the Summary Notice. In addition, Sunrise
10 Telecom shall issue a press release that includes the Summary Notice. The Parties believe the
11 content and manner of the notices requested constitute adequate and reasonable notice to Sunrise
12 Telecom stockholders pursuant to applicable law.

13 3.3 Plaintiff's Counsel shall request that the Court hold the Settlement Hearing after
14 notice as described above is given to Current Sunrise Telecom Stockholders. At the Settlement
15 Hearing, Plaintiff's Counsel also will request that the Court approve the Fees and Expenses Award
16 to Plaintiff's Counsel and the Incentive Award to Plaintiff, as further discussed in ¶¶4.1-4.2 below.

17 **4. Attorneys' Fees and Reimbursement of Expenses**

18 4.1 After negotiating the substantive terms of the settlement, and in recognition of the
19 substantial benefit conferred on Sunrise Telecom through the settlement, the Parties reached an
20 agreement as to a fair and reasonable amount of attorneys' fees and reimbursement of expenses to
21 be paid to Plaintiff's Counsel. Subject to Court approval, the Individual Defendants' insurer shall
22 pay to Plaintiff's Counsel the agreed-to-amount of \$925,000 (the "Fees and Expenses Award") for
23 their attorneys' fees and reimbursement of expenses. The Fees and Expenses Award shall be
24 deposited in the manner directed by the Court within ten (10) days after entry of the Judgment
25 approving the settlement and dismissing the Action with prejudice. Plaintiff's Counsel jointly and
26 severally agree to repay any amounts of the Fees and Expenses Award paid by Sunrise Telecom's
27 insurer if – as a result of any appeal and/or further proceedings on remand, or successful collateral
28 attack – the final order is reversed or modified or the Fees and Expenses Award is reduced or

1 reversed. The Fees and Expenses Award shall constitute final and complete payment for Plaintiff's
2 attorneys' fees and expenses that have been incurred or will be incurred in connection with the
3 filing and prosecution of the Action and the resolution of the derivative claims alleged therein.

4 4.2 In addition, Plaintiff will apply to the Court for an incentive award not to exceed
5 \$5,000 (the "Incentive Award"), to be paid from the Fees and Expenses Award received by
6 Plaintiff's Counsel.

7 **5. Releases**

8 5.1 Upon the Effective Date, Sunrise Telecom, Plaintiff (acting on his own behalf and
9 derivatively on behalf of Sunrise Telecom), and Current Sunrise Telecom Stockholders (solely in
10 their capacity as Sunrise Telecom stockholders) shall be deemed to have—and by operation of the
11 Judgment shall have—fully, finally, and forever released, relinquished, discharged, and settled the
12 Released Claims against the Released Parties. Nothing herein shall in any way impair or restrict
13 the rights of any Party to enforce the terms of the Stipulation.

14 5.2 Upon the Effective Date, the Released Parties shall be deemed to have—and by
15 operation of the Judgment shall have—fully, finally, and forever released, relinquished,
16 discharged, and settled the Defendants' Released Claims against Plaintiff and Plaintiff's Counsel.
17 Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of the
18 Stipulation.

19 5.3 The Parties will seek entry of the Judgment by the Court, dismissing the Action
20 with prejudice and barring any claims that have been or might have been brought in any court or
21 forum by Sunrise Telecom, or any Sunrise Telecom stockholder on Sunrise Telecom's behalf,
22 relating to or arising out of allegations in the Action.

23 **6. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination**

24 6.1 The settlement shall be conditioned on the occurrence of all of the following
25 events:

- 26 (a) entry of the Preliminary Approval Order;
- 27 (b) final approval of the settlement following notice to Current Sunrise
28 Telecom Stockholders and the Settlement Hearing as contemplated by the Stipulation;

- 1 (c) entry of the Judgment; and
- 2 (d) the Judgment has become Final.

3 6.2 If any of the conditions listed in ¶6.1 are not met, the Stipulation and any
4 settlement documentation shall be null and void and of no force and effect, unless Plaintiff's
5 Counsel and Defendants' Counsel mutually agree in writing to proceed with the Stipulation. In
6 the event that any of the conditions listed in ¶6.1 are not met, the Parties shall be restored to their
7 positions on the date immediately prior to the execution date of the Stipulation, and the
8 Stipulation shall not be deemed to constitute an admission of fact by any Party, and neither the
9 existence of the Stipulation nor its contents shall be admissible in evidence or be referred to for
10 any purposes in the Action or in any litigation or judicial proceeding.

11 **7. Bankruptcy**

12 7.1 In the event any proceedings by or on behalf of Sunrise Telecom, whether
13 voluntary or involuntary, are initiated under any chapter of the United States Bankruptcy Code,
14 including any act of receivership, asset seizure, or similar federal or state law action ("Bankruptcy
15 Proceedings"), the Parties agree to use their reasonable best efforts to obtain all necessary orders,
16 consents, releases, and approvals for effectuation of the Stipulation and Court approval of the
17 settlement in a timely and expeditious manner. By way of example only, the Parties agree to
18 cooperate in making applications and motions to the bankruptcy court for relief from any stay,
19 approval of the settlement, authority to release funds, authority for the Individual Defendants'
20 insurer to disburse insurance proceeds consistent with the Stipulation, authority to release claims
21 and indemnify officers and directors, and authority for the Court to enter all necessary orders and
22 judgments, and any other actions reasonably necessary to effectuate the terms of the settlement.

23 7.2 If any Bankruptcy Proceedings by or on behalf of Sunrise Telecom are initiated
24 prior to the payment of the Fees and Expenses Award, the Parties shall agree to seek an order from
25 the bankruptcy court presiding over such Bankruptcy Proceedings: (a) either lifting the automatic
26 stay for limited purposes of authorizing such payment, or finding that the payment of the Fees and
27 Expenses Award by the Individual Defendants' insurer under their respective policies or related
28 compromise of coverage does not violate the automatic stay; and (b) finding that the payment of

1 the Fees and Expenses Award by the Individual Defendants' insurer under their respective policies
2 or related compromise of coverage does not constitute a preference, voidable transfer, fraudulent
3 transfer, or similar transaction. In addition, in the event of any Bankruptcy Proceedings by or on
4 behalf of Sunrise Telecom, the Parties agree that all dates and deadlines in the Action, if any, or
5 any dates and deadlines associated with the appeal of the Action, if any, will be extended for such
6 periods of time as are necessary to obtain necessary orders, consents, releases, and approvals from
7 the bankruptcy court to carry out the terms and conditions of the settlement.

8 **8. Miscellaneous Provisions**

9 8.1 The Parties: (i) acknowledge that it is their intent to consummate this Stipulation;
10 and (ii) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms
11 and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing
12 terms and conditions of the Stipulation.

13 8.2 The Parties agree that the terms of the settlement were negotiated in good faith by
14 the Parties, and reflect a settlement that was reached voluntarily after numerous good-faith
15 discussions between counsel for the Parties, including multiple teleconferences and two all-day
16 mediation sessions before Justice Wiener. The Parties will request that the Judgment in the Action
17 will contain a finding that during the course of the litigation, the Parties and their respective
18 counsel at all times complied with the requirements of California Code of Civil Procedure sections
19 128.5, 128.6, and 128.7, and all other similar statutes or court rules with respect to any claims or
20 defenses in the Action. The Parties reserve their right to rebut, in a manner that such party
21 determines to be appropriate, any contention made in any public forum that the Action was
22 brought or defended in bad faith or without a reasonable basis.

23 8.3 In the event that any part of the settlement is found to be unlawful, void,
24 unconscionable, or against public policy by a court of competent jurisdiction, the remaining terms
25 and conditions of the settlement shall remain intact.

26 8.4 Neither the Stipulation nor the settlement, nor any act performed or document
27 executed pursuant to or in furtherance of the Stipulation or the settlement: (i) is or may be deemed
28 to be or may be used as an admission of, or evidence of, the validity of any Released Claim, or of

1 any wrongdoing or liability of any of the Released Parties; or (ii) is, or may be deemed to be, or
2 may be used as an admission of, or evidence of, any fault or omission of any of the Released
3 Parties in any civil, criminal, or administrative proceeding in any court, administrative agency, or
4 other tribunal. Sunrise Telecom, the Individual Defendants, and/or the Related Persons may file
5 the Stipulation and/or the Judgment in any action that may be brought against them in order to
6 support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release,
7 good-faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue
8 preclusion or similar defense or counterclaim.

9 8.5 The exhibits to the Stipulation are material and integral parts hereof and are fully
10 incorporated herein by this reference.

11 8.6 The Stipulation may be amended or modified only by a written instrument signed
12 by or on behalf of all Parties or their respective successors-in-interest.

13 8.7 The Stipulation and the exhibits attached hereto represent the complete and final
14 resolution of all disputes between the Parties with respect to the Action, constitute the entire
15 agreement among the Parties, and supersede any and all prior negotiations, discussions,
16 agreements, or undertakings, whether oral or written, with respect to such matters.

17 8.8 The Stipulation shall be deemed drafted equally by all Parties hereto.

18 8.9 The Stipulation and the exhibits attached hereto shall be considered to have been
19 negotiated, executed, and delivered, and to be wholly performed, in the State of California and the
20 rights and obligations of the Parties to the Stipulation shall be construed and enforced in
21 accordance with, and governed by, the internal, substantive laws of the State of California without
22 giving effect to that state's choice of law principles.

23 8.10 No representations, warranties, or inducements have been made to any party
24 concerning the Stipulation or its exhibits other than the representations, warranties, and covenants
25 contained and memorialized in such documents.

26 8.11 Except as otherwise provided herein, each of the Parties shall bear his, her, or its
27 own costs.

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1 8.12 Each counsel or other Person executing the Stipulation or its exhibits on behalf of
2 any settling Party hereby warrants that such Person has the full authority to do so.

3 8.13 The Stipulation shall be binding upon, and inure to the benefit of, the successors
4 and assigns of the Parties and the Released Persons hereto.

5 8.14 The Stipulation may be executed by facsimile and in one or more counterparts. All
6 executed counterparts and each of them shall be deemed to be one and the same instrument. A
7 complete set of original executed counterparts shall be filed with the Court.

8 8.15 The Court shall retain jurisdiction with respect to implementation and enforcement
9 of the terms of the Stipulation, and the Parties submit to the jurisdiction of the Court for purposes
10 of implementing and enforcing the settlement embodied in the Stipulation.

11 IN WITNESS WHEREOF, the Parties hereto have caused the Stipulation to be executed, by
12 their duly authorized attorneys, dated May 11, 2011.

13 DATED: May 11, 2011

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1 DATED: May 11, 2011

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13 Walt, Patrick Peng-Koon Ang, Henry P. Huff,
14 Peter L. Eidelman, and Michael Heafey

14 DATED: May 11, 2011

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24 Attorneys for Nominal Defendant Sunrise
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1 DATED: May 11, 2011

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16 Attorneys for Defendants Paul A. Marshall,
17 Robert C. Pfeiffer, Jeong E. Joo, Jennifer J.
18 Walt, Patrick Peng-Koon Ang, Henry P. Huff,
19 Peter L. Eidelman, and Michael Heafey

20 DATED: May 11, 2011

21 DLA PIPER US LLP
22 ROY K. MCDONALD
23 DAVID M. DOYLE

24 
25 ROY K. MCDONALD

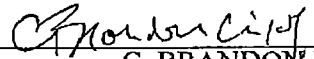
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Attorneys for Nominal Defendant Sunrise
Telecom Incorporated

1 DATED: May 11, 2011

FARELLA, BRAUN & MARTELE LLP
C. BRANDON WISOFF

2
3 

C. BRANDON WISOFF

4 235 Montgomery Street, 17th Flor
5 San Francisco, CA 94104
6 Telephone: (415) 954-4400
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8 Attorneys for Defendant Paul Chang

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EXHIBIT A

CORPORATE GOVERNANCE REFORMS

I. AS A RESULT OF PLAINTIFF'S PROSECUTION OF THIS ACTION, SUNRISE TELECOM ADOPTED THE FOLLOWING CORPORATE GOVERNANCE REFORMS

Sunrise Telecom Incorporated ("Sunrise Telecom" or the "Company") agrees that, but for plaintiff and plaintiff's counsel's filing and prosecution of this action, Sunrise Telecom would not have adopted the following corporate governance reforms regarding the Company's option granting practices:

- The Company has issued options to its employees dated and priced at the close of the market on the date of a board of directors meeting at which options are granted. Since March 2009, the Company has generally issued options to its employees dated and priced after the date of a board of directors meeting at which options were granted and following the Company's announcement of its earnings. For instance, if the board of directors of the Company met and granted options to its employees on February 2, 2010 and the Company announced its earnings to the market on February 3, 2010, options to Company employees would be dated and priced at the close of market on February 4, 2010.

II. SUNRISE TELECOM AGREES TO ADOPT THE FOLLOWING CORPORATE GOVERNANCE REFORMS

At the next regularly scheduled meeting of the Board of Directors ("Board") of Sunrise Telecom following the issuance of an Order approving the settlement of this action (or within one year of such Order, whichever comes first), the Board shall adopt such resolutions and amend such committee charters as necessary to incorporate the following provisions into the Company's Corporate Governance Guidelines to enhance or formalize corporate governance practices that have been in place at the Company. These provisions shall remain in effect for a minimum period of five (5) years.

- The Company shall require all directors, including the current Board, to annually attend at least one corporate governance class designed to keep corporate directors abreast of trends in governance and aware of their fiduciary, legal, and ethical responsibilities.

- The Company shall require that the Chairman of the Board meet annually with the Corporate Governance Committee to review its compliance with and implementation of the Company's existing corporate governance policies and the process by which recommended revisions to corporate governance policies are submitted to the Board.

- The Company shall require that the Chairman of the Board also meet annually with the Compensation Committee to review its compliance with and implementation of the Company's policies and procedures for evaluating and undertaking executive and incentive based compensation, including stock options.

- The Company shall require that all independent members of the Board, including the Chairman and members of the Compensation Committee, evaluate the CEO's performance and meet with the CEO to discuss the Board's evaluation.
- The Company shall require that the Compensation Committee select and retain an independent compensation consultant to provide advice and guidance to the Compensation Committee as needed. In addition, the consultant shall, at such times as requested by the Compensation Committee, conduct a comparative market study of the Company's executive compensation policies, practices, and procedures. This study shall be delivered to the Compensation Committee for its use in evaluating and revising, if necessary, the compensation structure for the Company's executives.
- The Company shall require that the Chief Compliance Officer ensure that any officer, director, or employee responsible for administering the Company's stock option plan is trained both on the impropriety of market-timing, backdating, or manipulating of stock option grants and specifically on the proper and legal manner to administer the Company's stock option plan.
- The Company shall require that the Compensation Committee be comprised solely of "independent directors" ("independent directors" shall mean directors that are not currently employees of the Company").
- The Company shall require that Corporate Counsel (i.e., in-house and/or outside counsel) attend any and all meetings where options are granted.

EXHIBIT B

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

CHRIS STOVALL, Derivatively on Behalf of)	Case No. 1:06CV076453
SUNRISE TELECOM, INC.,)	
)	[PROPOSED] ORDER PRELIMINARILY
Plaintiff,)	APPROVING SETTLEMENT AND
)	PROVIDING NOTICE
vs.)	
)	
PAUL A. MARSHALL, ROBERT C.)	
PFEIFFER, JEONG E. JOO, JENNIFER J.)	
WALT, PATRICK PENG-KOON ANG,)	
HENRY P. HUFF, PETER L. EIDELMAN,)	
MICHAEL HEAFEY, and DOES 1-25,)	
inclusive,)	
)	
Defendants,)	
)	
-and-)	
)	
SUNRISE TELECOM, INC., a Delaware)	
corporation,)	
)	Judge: Honorable James P. Kleinberg
)	Dept.: 1C
Nominal Defendant.)	Date Action Filed: December 13, 2006

1 WHEREAS, a shareholder derivative action is pending before the Court captioned *Stovall v.*
2 *Marshall, et al*, Case No. 1:06CV076453 (the "Action");

3 WHEREAS, the Parties have made an application for an order preliminarily approving the
4 proposed settlement of the Action in accordance with the Stipulation and Agreement of Settlement
5 dated May 11, 2011 (the "Stipulation"), which together with the exhibits annexed thereto, sets forth
6 the terms and conditions for the proposed settlement of the Action, and for dismissal of the Action
7 with prejudice;

8 WHEREAS, the Court having: (i) read and considered Plaintiff's Unopposed Motion for
9 Preliminary Approval of Stockholder Derivative Settlement together with the accompanying
10 Memorandum of Points and Authorities; (ii) read and considered the Stipulation, as well as all the
11 exhibits attached thereto; and (iii) heard and considered arguments by counsel for the Parties in favor
12 of preliminary approval of the settlement;

13 WHEREAS, the Court finds, upon a preliminary evaluation, that the proposed settlement
14 falls within the range of possible approval criteria, as it provides a beneficial result for Sunrise
15 Telecom and Current Sunrise Telecom Stockholders and appears to be the product of good faith,
16 informed, and non-collusive negotiations between experienced and able counsel for the Parties;

17 WHEREAS, the Court also finds, upon a preliminary evaluation, that Current Sunrise
18 Telecom Stockholders should be apprised of the settlement through the proposed form of notice,
19 allowed to file objections, if any, thereto, and appear at the Settlement Hearing; and

20 WHEREAS, except as otherwise expressly provided herein, all capitalized terms shall have
21 the same meanings and/or definitions as set forth in the Stipulation.

22 NOW, THEREFORE, UPON GOOD CAUSE SHOWN, IT IS HEREBY ORDERED as
23 follows:

24 1. The Court does hereby preliminarily approve the settlement as set forth in the
25 Stipulation, subject to further consideration at the Settlement Hearing described below.

26 2. Pending the Court's determination as to final approval of the settlement, Current
27 Sunrise Telecom Stockholders, or any of them, are barred and enjoined from commencing,
28

1 prosecuting, instigating, or in any way participating in the commencement or prosecution of any
2 action asserting any Released Claim against any of the Released Persons.

3 3. The Settlement Hearing shall be held before this Court on _____, 2011, at _:_
4 __.m., before the Honorable James P. Kleinberg, in the Santa Clara Superior Court, 191 North First
5 Street, San Jose, California 95113 to determine whether: (i) the settlement of the Action upon the
6 terms and subject to the conditions set forth in the Stipulation is fair, reasonable, and adequate and
7 should be approved by the Court; (ii) the Action should be dismissed with prejudice; (iii) the agreed
8 upon Fees and Expenses Award should be awarded to Plaintiff's Counsel; and (iv) the incentive
9 award should be awarded to Plaintiff. The Court may adjourn the Settlement Hearing without
10 further notice to Current Sunrise Telecom Stockholders.

11 4. The Court approves, as to form and content, the Summary Notice of Pendency and
12 Proposed Settlement of Shareholder Derivative Action ("Summary Notice") and the Notice of
13 Pendency and Proposed Settlement of Shareholder Derivative Action (the "Notice") attached to the
14 Stipulation as Exhibits C and D respectively, and finds that the provisions of the Summary Notice
15 and the Notice substantially in the manner and form set forth in Exhibits C and D to the Stipulation,
16 meet the requirements of California law and due process, and provide the best notice practicable
17 under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto.
18 Non-material changes to the form of the Summary Notice and Notice may be made without further
19 approval of the Court.

20 5. Sunrise Telecom shall bear all financial responsibility for providing the Notice and
21 the Summary Notice to Current Sunrise Telecom Stockholders.

22 6. Within ten calendar days after the entry of this Order (the "Preliminary Approval
23 Order"), Sunrise Telecom shall cause a copy of the Summary Notice to be published once in
24 *Investor's Business Daily*, and shall issue a press release that includes that Summary Notice.

25 7. Within ten calendar days after entry of this Order, Sunrise Telecom and Robbins
26 Umeda LLP shall cause the Notice and the Stipulation to be posted on each of their respective
27 websites.

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1 8. At least seven calendar days prior to the Settlement Hearing, Sunrise Telecom shall
2 file with the Court proof, by affidavit or declaration, of the publishing of the Summary Notice.

3 9. At least seven calendar days prior to the Settlement Hearing, Sunrise Telecom and
4 Plaintiff's Counsel shall file with the Court proof, by affidavit or declaration, of the posting of the
5 Notice and Stipulation on their respective websites.

6 10. Any Current Sunrise Telecom Stockholder may, but is not required to, enter an
7 appearance in the Action, at his, her, or its own expense, individually or through counsel of his, her,
8 or its own choice.

9 11. Any Current Sunrise Telecom Stockholder may object and appear and show cause, if
10 he, she, or it has any concern, why the settlement should not be approved as fair, reasonable, and
11 adequate, or why the Judgment should not be entered thereon, or why the Fees and Expenses Award
12 should not be awarded to Plaintiff's Counsel, or the Incentive Award granted to Plaintiff; provided,
13 however, unless otherwise ordered by the Court, no Current Sunrise Telecom Stockholder shall be
14 heard or entitled to contest the approval of the terms and conditions of the settlement, or, if
15 approved, the Judgment to be entered thereon approving the same, or the attorneys' fees and
16 reimbursement of expenses to be awarded to Plaintiff's Counsel, unless that stockholder has, *at least*
17 *ten business days prior to the Settlement Hearing*: (i) filed with the Clerk of the Court a written
18 objection to the settlement setting forth: (a) the nature of the objection; (b) proof of ownership of
19 Sunrise Telecom common stock through the date of the Settlement Hearing, including the number of
20 shares of Sunrise Telecom common stock and the date of purchase; and (c) any documentation in
21 support of such objection; and (ii) if a Current Sunrise Telecom Stockholder intends to appear and
22 requests to be heard at the Settlement Hearing, such stockholder must have, in addition to the
23 requirements of (i) above, filed with the Clerk of the Court: (a) a written notice of such stockholder's
24 intention to appear; (b) a statement that indicates the basis for such appearance; and (c) the identities
25 of any witnesses the stockholder intends to call at the Settlement Hearing and a statement as to the
26 subject of their testimony. If a Current Sunrise Telecom Stockholder files a written objection and/or
27 written notice of intent to appear, such stockholder must also simultaneously serve copies of such
28 notice, proof, statement, and documentation, together with copies of any other papers or briefs such

1 stockholder files with the Court (either by hand delivery or by first class mail) upon each of the
2 following:

3 ***The Court:***

4 Clerk of the Court
5 Superior Court of California
6 County of Santa Clara
7 191 North First Street
8 San Jose, CA 95113

9 ***Counsel for Plaintiff:***

10 ROBBINS UMEDA LLP
11 Attn: Lauren Levi
12 600 B Street, Suite 1900
13 San Diego, CA 92101
14 Telephone: (619) 525-3990

15 12. Any Current Sunrise Telecom Stockholder who does not make his, her, or its
16 objection in the manner provided herein shall be deemed to have waived such objection and shall
17 forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the
18 settlement as incorporated in the Stipulation, to the Fees and Expenses Award to Plaintiff's Counsel,
19 and the Incentive Award to Plaintiff, unless otherwise ordered by the Court, but shall otherwise be
20 bound by the Judgment to be entered and the releases to be given.

21 13. All Current Sunrise Telecom Stockholders (and his, hers, or its successors,
22 predecessors, and assigns) shall be bound by all determinations and judgments in the Action
23 concerning the settlement, whether favorable or unfavorable to Current Sunrise Telecom
24 Stockholders.

25 14. If Court approval of the settlement does not occur for any reason, the settlement and
26 the Stipulation shall be null and void and of no force and effect. In such event, the Parties shall
27 return to their respective litigation positions in the Action as of the time immediately prior to the date
28 of the execution of the Stipulation, as though it were never executed or agreed to, and the Stipulation
shall not be deemed to prejudice in any way the positions of the Parties with respect to the Action, or
to constitute an admission of fact by any Party, shall not entitle any Party to recover any costs or
expenses incurred in connection with the implementation of the Stipulation or the settlement, and

1 neither the existence of the Stipulation nor its contents shall be admissible in evidence or be referred
2 to for any purposes in the Action, or in any litigation or judicial proceeding, other than to enforce the
3 terms therein.

4 15. All proceedings in the Action, except for those proceedings related to the settlement,
5 shall be stayed until the resolution of all such settlement-related proceedings.

6 * * *

7 **ORDER**

8 IT IS SO ORDERED.

9 DATED: _____

10 THE HONORABLE JAMES P. KLEINBERG
11 JUDGE OF THE SUPERIOR COURT
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EXHIBIT C

1 ROBBINS UMEDA LLP
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2 KEVIN A. SEELY (199982)
ASHLEY R. PALMER (246602)
3 600 B Street, Suite 1900
San Diego, CA 92101
4 Telephone: (619) 525-3990
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5
6 THE SHUMAN LAW FIRM
KIP B. SHUMAN (145842)
885 Arapahoe Avenue
7 Boulder, CO 80302
Telephone: (303) 861-3003
8 Facsimile: (303) 484-4886

9 Attorneys for Plaintiff

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF SANTA CLARA

12 CHRIS STOVALL, Derivatively on Behalf of) Case No. 1:06CV076453
SUNRISE TELECOM, INC.,)
13 Plaintiff,) SUMMARY NOTICE OF PENDENCY AND
vs.) PROPOSED SETTLEMENT OF
14) SHAREHOLDER DERIVATIVE ACTION
PAUL A. MARSHALL, ROBERT C.)
15 PFEIFFER, JEONG E. JOO, JENNIFER J.)
WALT, PATRICK PENG-KOON ANG,)
16 HENRY P. HUFF, PETER L. EIDELMAN,)
MICHAEL HEAFEY, and DOES 1-25,)
17 inclusive,)
Defendants,)
18 -and-)
19 SUNRISE TELECOM TELECOM, INC., a)
Delaware corporation,) Judge: Honorable James P. Kleinberg
20) Dept.: 1C
Nominal Defendant.) Date Action Filed: December 13, 2006

1 **TO: ALL OWNERS OF SUNRISE TELECOM INCORPORATED ("SUNRISE**
2 **TELECOM" OR THE "COMPANY") COMMON STOCK AS OF MAY 11, 2011**
3 **("CURRENT SUNRISE TELECOM STOCKHOLDERS")**

4 YOU ARE HEREBY NOTIFIED that the parties to the above-captioned action (the
5 "Action") have entered into a Stipulation and Agreement of Settlement (the "Stipulation") to
6 resolve the issues raised by the Action.

7 This notice is not intended to be an expression of any opinion by the Court with respect to the
8 merits of the claims made in the Action, but is merely to advise you of the pendency and settlement of
9 the Action.

10 PLEASE BE FURTHER ADVISED that pursuant to an Order of the Superior Court of the
11 State of California, County of Santa Clara (the "Court"), a hearing will be held on
12 _____, 2011, at _____ .m., before the Honorable James P. Kleinberg to
13 determine whether: (i) the Settlement of the Action upon the terms and subject to the conditions set
14 forth in the Stipulation is fair, reasonable, and adequate and should be approved by the Court; (ii)
15 the Action should be dismissed with prejudice; (iii) the application of Plaintiff's Counsel for
16 agreed upon attorneys' fees and expenses should be finally approved; and (iv) the application by
17 Plaintiff for an incentive award should be approved.

18 If you are a Current Sunrise Telecom Stockholder, your rights to pursue certain derivative
19 claims on behalf of Sunrise Telecom may be affected by this settlement.

20 A detailed Notice of Pendency and Proposed Settlement of Shareholder Derivative Action
21 ("Notice") describing the Action, the proposed settlement, and the rights of Current Sunrise
22 Telecom Stockholders with regard to the settlement has been filed with the Court and is available
23 for viewing on the websites of Robbins Umeda LLP at <http://www.robbinsumeda.com/notices.html> and Sunrise Telecom at <http://www.sunrisetelecom.com/investors>.

24 Any Current Sunrise Telecom Stockholder may object and/or appear and show cause, if he,
25 she, or it has any concern, why the settlement should not be approved as fair, reasonable, and
26 adequate, or why the Judgment should not be entered thereon, or why the Fees and Expenses
27 Award should not be awarded to Plaintiff's Counsel, or the Incentive Award granted to Plaintiff;

1 provided, however, unless otherwise ordered by the Court, no Current Sunrise Telecom
2 Stockholder shall be heard or entitled to contest the approval of the terms and conditions of the
3 settlement, or, if approved, the Judgment to be entered thereon approving the same, or the
4 attorneys' fees and reimbursement of expenses to be awarded to Plaintiff's Counsel, unless that
5 stockholder has, ***at least ten business days prior to the Settlement Hearing***: (i) filed with the Clerk
6 of the Court a written objection to the settlement setting forth: (a) the nature of the objection; (b)
7 proof of ownership of Sunrise Telecom common stock through the date of the Settlement Hearing,
8 including the number of shares of Sunrise Telecom common stock and the date of purchase; and
9 (c) any documentation in support of such objection; and (ii) if a Current Sunrise Telecom
10 Stockholder intends to appear and requests to be heard at the Settlement Hearing, such stockholder
11 must have, in addition to the requirements of (i) above, filed with the Clerk of the Court: (a) a
12 written notice of such stockholder's intention to appear; (b) a statement that indicates the basis for
13 such appearance; and (c) the identities of any witnesses the stockholder intends to call at the
14 Settlement Hearing and a statement as to the subjects of their testimony. If a Current Sunrise
15 Telecom Stockholder files a written objection and/or written notice of intent to appear, such
16 stockholder must also simultaneously serve copies of such notice, proof, statement, and
17 documentation, together with copies of any other papers or briefs such stockholder files with the
18 Court (either by hand delivery or by first class mail) upon each of the following:

19 ***The Court:***

20 Clerk of the Court
21 Superior Court of California
22 County of Santa Clara
191 North First Street
San Jose, CA 95113

Counsel for Plaintiff:

ROBBINS UMEDA LLP
Attn: Lauren G. Levi
600 B Street, Suite 1900
San Diego, CA 92101
Telephone: (619) 525-3990

23
24 Any Current Sunrise Telecom Stockholder who does not make his, her, or its objection in
25 the manner provided herein shall be deemed to have waived such objection and shall forever be
26 foreclosed from making any objection to the fairness, reasonableness, or adequacy of the
27

1 settlement as incorporated in the Stipulation, unless otherwise ordered by the Court, but shall
2 otherwise be bound by the Judgment to be entered and the releases to be given.

3 **PLEASE DO NOT TELEPHONE THE COURT OR SUNRISE TELECOM**
4 **REGARDING THIS NOTICE.**

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EXHIBIT D

1 ROBBINS UMEDA LLP
MARC M. UMEDA (197847)
2 KEVIN A. SEELY (199982)
ASHLEY R. PALMER (246602)
3 600 B Street, Suite 1900
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Facsimile: (619) 525-3991

5
6 THE SHUMAN LAW FIRM
KIP B. SHUMAN (145842)
885 Arapahoe Avenue
7 Boulder, CO 80302
Telephone: (303) 861-3003
8 Facsimile: (303) 484-4886

9 Attorneys for Plaintiff

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA

11 COUNTY OF SANTA CLARA

12 CHRIS STOVALL, Derivatively on Behalf of) Case No. 1:06CV076453
SUNRISE TELECOM, INC.,)
13 Plaintiff,) NOTICE OF PENDENCY AND PROPOSED
vs.) SETTLEMENT OF SHAREHOLDER
14) DERIVATIVE ACTION
PAUL A. MARSHALL, ROBERT C.)
15 PFEIFFER, JEONG E. JOO, JENNIFER J.)
WALT, PATRICK PENG-KOON ANG,)
16 HENRY P. HUFF, PETER L. EIDELMAN,)
MICHAEL HEAFEY, and DOES 1-25,)
17 inclusive,)
Defendants,)
18 -and-)
19 SUNRISE TELECOM, INC., a Delaware)
corporation,) Judge: Honorable James P. Kleinberg
20) Dept.: 1C
Nominal Defendant.) Date Action Filed: December 13, 2006

1 **TO: ALL OWNERS OF SUNRISE TELECOM TELECOM INCORPORATED**
2 **("SUNRISE TELECOM" OR THE "COMPANY") COMMON STOCK AS OF MAY**
3 **11, 2011 ("CURRENT SUNRISE TELECOM STOCKHOLDERS")**

4
5 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS**
6 **MAY BE AFFECTED.**

7 This notice has been sent to you, pursuant to an Order of the Superior Court of the State of
8 California, County of Santa Clara (the "Court"). The purpose of the notice is to advise you of the
9 proposed settlement, as set forth in a Stipulation of Settlement dated May 11, 2011, (the
10 "Stipulation"), of the shareholder derivative litigation on behalf of Sunrise Telecom pending
11 before the Court and of the Settlement Hearing (as defined below in ¶16). The settlement will fully
12 resolve the Action (as defined below in ¶1) on the terms set forth in the Stipulation and
13 summarized in this notice, including the dismissal of the Action with prejudice. For a more
14 detailed statement of the matters involved in the Action, the settlement, and the terms discussed in
15 this notice, the Stipulation may be inspected at the Clerk of Court's office, Superior Court of
16 California, County of Santa Clara, 191 North First Street, San Jose, California 95113. The
17 Stipulation is also available for viewing on the websites of Robbins Umeda LLP at
18 <http://www.robbinsumeda.com/notices.html> and Sunrise Telecom at
19 <http://www.sunrisetelecom.com/investors>.

20 This notice is not intended to be an expression of any opinion by the Court with respect to the
21 merits of the claims made in the Action, but is merely to advise you of the pendency and settlement of
22 the Action.

23 **I. DEFINITIONS USED IN THIS NOTICE**

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

25 1. "Action" means the shareholder derivative action pending in the Superior Court of
26 the State of California, County of Santa Clara, captioned *Stovall v. Marshall, et al.*, Case No.
27 1:06CV076453.

28 2. "Current Sunrise Telecom Stockholders" means any Persons who owned Sunrise
Telecom common stock as of the date of the execution of the Stipulation and who continue to hold
their Sunrise Telecom common stock as of the date of the final settlement approval hearing,

1 excluding the Individual Defendants, the officers and directors of Sunrise Telecom, members of
2 their immediate families, and their legal representatives, heirs, successors, or assigns, and any
3 entity in which the Individual Defendants have or had a controlling interest.

4 3. "Defendants' Counsel" means DLA Piper LLP (US), Fenwick & West LLP, and
5 Farella Braun & Martel LLP.

6 4. "Defendants' Released Claims" means any and all claims, debts, rights, or causes of
7 action or liabilities, including Unknown Claims, that could be asserted in any forum by the
8 Released Parties or their successors and assigns or their subrogates, against the Plaintiff, Plaintiff's
9 Counsel, or Sunrise Telecom, that arise out of or relate in any way to the institution, prosecution,
10 or settlement of the Action (except for any claims to enforce the settlement), including, without
11 limitation, any claim of any kind, for fees incurred in connection with any of the Individual
12 Defendants' defense in this action (regarding which, the Individual Defendants represent that they
13 have obtained the necessary authority from Sunrise Telecom's insurer, and any other potentially
14 involved person or entity, to release any such claims).

15 5. "Effective Date" means the first date by which all of the events and conditions
16 specified in ¶6.1 herein have been met and have occurred.

17 6. "Final" means: (i) the date of final affirmance on an appeal of the Judgment; (ii) the
18 date of final dismissal of any appeal from the Judgment; or (iii) if no appeal is filed, the expiration
19 date of the time for filing or noticing any appeal from the Judgment.

20 7. "Individual Defendants" means collectively, Marshall, Pfeiffer, Chang, Joo, Walt,
21 Ang, Huff, Eidelman, and Heafey.

22 8. "Judgment" means the Proposed Final Order of Dismissal With Prejudice and
23 Judgment to be rendered by the Court, substantially in the form of Exhibit E attached to the
24 Stipulation.

25 9. "Parties" means collectively, Plaintiff, the Individual Defendants, and Sunrise
26 Telecom.

27 10. "Person" means an individual, corporation, limited liability corporation,
28 professional corporation, partnership, limited partnership, limited liability partnership,

1 association, joint stock company, estate, legal representative, trust, unincorporated association,
2 government or any political subdivision or agency thereof, and any business or legal entity and
3 their spouses, heirs, predecessors, successors, representatives, or assignees.

4 11. "Plaintiff" means Chris Stovall, individually and derivatively on behalf of Sunrise
5 Telecom.

6 12. "Plaintiff's Counsel" means Robbins Umeda LLP and the Shuman Law Firm.

7 13. "Related Persons" means each of the Individual Defendants' past or present
8 subsidiaries, parents, successors and predecessors, officers, directors, agents, employees,
9 attorneys, advisors, investment advisors, auditors, accountants, and any firm, trust, corporation,
10 officer, director, or other individual or entity in which any Individual Defendant or Sunrise
11 Telecom has a controlling interest, and the legal representatives, heirs, successors in interest, or
12 assigns of any Individual Defendant.

13 14. "Released Claims" means any and all claims, debts, demands, rights, or causes of
14 action or liabilities, including Unknown Claims, existing derivatively on behalf of Sunrise
15 Telecom, against any of the Released Parties which arise out of and relate to: (i) the allegations in
16 the Action; or (ii) the settlement, except for any claims to enforce the settlement.

17 15. "Released Parties" means collectively each of the Individual Defendants and each
18 of their Related Persons.

19 16. "Settlement Hearing" means the hearing set by the Court to consider final approval
20 of the settlement.

21 17. "Unknown Claims" means any of the Released Claims and any of the Defendants'
22 Released Claims that any Party does not know or suspect exists in his, her, or its favor at the time
23 of the settlement including, without limitation, those claims which, if known, might have affected
24 the decision to enter into, or not object to, this settlement. The Parties expressly waive, relinquish,
25 and release any and all provisions, rights, and benefits conferred by or under California Civil Code
26 section 1542 ("§1542") or any other law of the United States or any state or territory of the United
27 States, or principle of common law, which is similar, comparable, or equivalent to §1542, which
28 provides:

1 **A general release does not extend to claims which the creditor does not know**
2 **or suspect to exist in his or her favor at the time of executing the release, which**
3 **if known by him or her must have materially affected his or her settlement**
4 **with the debtor.**

4 The Parties acknowledge that they may discover facts in addition to or different from those now
5 known or believed to be true by them, with respect to the Released Claims and Defendants'
6 Released Claims in the settlement, as the case may be, but it is the intention of the Parties to
7 completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any
8 and all Released Claims and Defendants' Released Claims known or unknown, suspect or
9 unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which do not
10 exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery
11 of additional or different facts.

12 **II. THE DERIVATIVE ACTION**

13 This Action is brought by Plaintiff solely on behalf of and for the benefit of Sunrise
14 Telecom and against the Individual Defendants. Accordingly, Plaintiff does not seek recovery for
15 the direct benefit of any Sunrise Telecom stockholder. Plaintiff generally alleges, among other
16 things, that the Individual Defendants manipulated options grants, granted options in violation of
17 the Company's 2000 Stock Plan, failed to account for option grants properly, and falsely disclosed
18 that the Company's option grants were in compliance with the appropriate accounting principles in
19 breach of their fiduciary duty of loyalty to the Company.

20 **III. PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

21 Plaintiff believes the claims alleged in this Action have substantial merit. Nonetheless,
22 Plaintiff and Plaintiff's Counsel recognize and acknowledge the expense and length of time that
23 would be required to prosecute the Action through trial and possible appeals. Plaintiff's Counsel
24 also have taken into account the uncertain outcome and the risk of any litigation, especially in
25 complex cases such as this Action, as well as the difficulties and delays inherent in such litigation.
26 Plaintiff's Counsel also are mindful of the inherent problems of proof and possible defenses to the
27 claims alleged in such actions. Plaintiff's Counsel have conducted a thorough review and analysis
28 of the relevant facts, allegations, defenses, and controlling legal principles, and believe that the

1 settlement set forth in the Stipulation is fair, reasonable, and adequate, confers substantial benefits
2 upon, and is in the best interests of Sunrise Telecom and its stockholders. The settlement provides
3 for corporate governance reforms that will provide for additional management oversight and
4 review of the Company's policies and processes related to its stock option granting practices and
5 general internal controls. The settlement also provides for the Company's insurer's potential
6 reimbursement to the Company for certain costs if misdated options are exercised in the future. At
7 the time the parties reached their settlement agreement in principle in July 2010, this agreement by
8 Sunrise Telecom's insurer represented an aggregate intrinsic value of \$634,000. As part of the
9 settlement, Sunrise Telecom has also acknowledged that, but for Plaintiff and Plaintiff's Counsel's
10 filing and prosecution of the Action, Marshall would not have surrendered his misdated options,
11 which had an intrinsic value of approximately \$524,800 at the time they were surrendered. Based
12 upon Plaintiff's Counsel's evaluation, Plaintiff has determined that the settlement is in the best
13 interests of Sunrise Telecom and Current Sunrise Telecom Stockholders and has agreed to settle
14 the Action upon the terms and subject to the conditions set forth in the Stipulation.

15 **IV. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

16 The Individual Defendants and Sunrise Telecom (to the extent any claims could have been
17 alleged against Sunrise Telecom) have denied and continue to deny they have committed,
18 threatened, or attempted to commit, any violations of law, or breached any duty owed to Plaintiff,
19 Sunrise Telecom, or Sunrise Telecom's stockholders. Without admitting the validity of any
20 allegations made in the Action, or any liability with respect thereto, the Individual Defendants and
21 Sunrise Telecom have concluded that it is desirable that the claims against them be settled on the
22 terms reflected in the Stipulation. The Individual Defendants and Sunrise Telecom are entering
23 into this settlement because it will eliminate the uncertainty, distraction, disruption, burden, risk,
24 and expense of further litigation. Further, the Individual Defendants and Sunrise Telecom
25 acknowledge that the settlement is fair, reasonable, adequate, and in the best interests of Sunrise
26 Telecom and its stockholders.

27 Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor
28 any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out

1 this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the
2 Released Claims or an admission by or against the Individual Defendants of any fault,
3 wrongdoing, or concession of liability whatsoever.

4 **V. THE SETTLEMENT HEARING**

5 The Settlement Hearing will be held before the Honorable James P. Kleinberg on
6 _____, 2011 at _____ .m. at the the Superior Court of the State of California, County of
7 Santa Clara to determine whether: (i) the settlement is fair, reasonable, and adequate, and should
8 be finally approved by the Court; (ii) a judgment should be entered dismissing the Action with
9 prejudice; (iii) whether the Fees and Expenses Award should be approved; and (iv) whether
10 Plaintiff's application for an incentive award should be approved. The Settlement Hearing may be
11 continued by the Court at the Settlement Hearing, or at any adjourned session thereof without
12 further notice.

13 **VI. TERMS OF THE THE SETTLEMENT**

14 The terms and conditions of the proposed settlement are set forth in the Stipulation
15 described above. The Stipulation has been filed with the Court and is also available for viewing on
16 the websites of Robbins Umeda LLP at <http://www.robbinsumeda.com/notices.html> and Sunrise
17 Telecom <http://www.sunrisetelecom.com/investors>. The following is only a summary of its terms.

18 The Parties have conducted arm's-length negotiations over an extended period of time and
19 have reached an agreement in good-faith to settle the Action. As consideration for the settlement,
20 Sunrise Telecom has acknowledged certain monetary and non-monetary benefits, as discussed
21 below. Sunrise Telecom has further acknowledged that, but for Plaintiff and Plaintiff's Counsels'
22 filing and prosecution of this Action, the following benefits would not have occurred.

23 **Financial Benefits.** Sunrise Telecom and the Individual Defendants acknowledge and
24 agree that the surrender of stock options and the reimbursement for misdated options exercised in
25 the future, as described below, would not have been made to the Company but for Plaintiff's and
26 Plaintiff's Counsels' filing, prosecution, and settlement of the Action.

27
28

1 (a) Stock options with a grant date of January 10, 2001 that were surrendered to
2 the Company by Defendant Marshall, which had an intrinsic value of approximately \$524,800
3 when they were surrendered.

4 (b) With respect to the 94,700 options with a grant date of January 10, 2001,
5 which were outstanding when the parties reached their settlement agreement in principle in July
6 2010 but that have since expired, the Individual Defendants' insurance carrier agreed to reimburse
7 the Company for the difference between the fair market value of the option(s) upon actual exercise
8 and the option's respective strike price of \$4.94, provided that the maximum reimbursement per
9 exercised option was \$6.56.

10 (c) With respect to the 37,551 outstanding options with a grant date of June 6,
11 2002, the Individual Defendants' insurance carrier shall reimburse the Company for the
12 difference between the fair market value of the option(s) upon actual exercise and the option's
13 respective strike price of \$1.76, provided that the maximum reimbursement per exercised option
14 shall be \$0.29.

15 (d) The Parties acknowledge and agree that the aggregate intrinsic value of the
16 potential payments to the Company described in paragraphs (b) and (c) above at the time the
17 parties entered into their Settlement Agreement was \$634,000.

18 **Corporate Governance Reforms.** Sunrise Telecom has agreed to adopt the corporate
19 governance reforms set forth in Exhibit A to the Stipulation within sixty days from the entry of the
20 Stipulation and to keep such reforms in force and effect for a period of no less than five years.
21 Sunrise Telecom and the Individual Defendants further acknowledge and agree that the corporate
22 governance reforms regarding Sunrise Telecom's stock option granting practices that have already
23 been implemented, as set forth in Exhibit A to the Stipulation, would not have been implemented
24 but for Plaintiff's and Plaintiff's Counsels' filing and prosecution of the Action. Sunrise Telecom
25 and the Individual Defendants also acknowledge and agree that the corporate governance reforms
26 are significant and extensive and confer substantial benefits upon Sunrise Telecom and Current
27 Sunrise Telecom Stockholders by, among other things, strengthening Sunrise Telecom's internal
28 controls and helping to address issues alleged in the Action.

1 **VII. DISMISSAL AND RELEASES**

2 In connection with the Court's approval of the settlement, Plaintiff will file a dismissal with
3 prejudice of all claims asserted by Plaintiff against the Individual Defendants in the Action.

4 Upon the entry of the Judgment, Plaintiff, Sunrise Telecom, and Current Sunrise Telecom
5 Stockholders shall have, and by operation of the Judgment, shall be deemed to have fully, finally,
6 and forever released, relinquished, and discharged all Released Claims against the Released
7 Parties.

8 Further, upon entry of the Judgment, the Released Parties shall have and by operation of
9 the Judgment shall be deemed to have fully, finally, and forever released, relinquished, and
10 discharged Plaintiff, Plaintiff's Counsel, and Sunrise Telecom from Defendants' Released Claims.

11 **VIII. PLAINTIFF'S ATTORNEYS' FEES AND EXPENSES**

12 After negotiating the substantive terms of the settlement, and in recognition of the
13 substantial benefits conferred on Sunrise Telecom through the settlement, the Parties reached an
14 agreement as to a fair and reasonable sum to be paid to Plaintiff's Counsel for their attorneys' fees
15 and expenses. The Individual Defendants' insurer shall pay to Plaintiff's Counsel the
16 agreed-to-amount of \$925,000 for their attorneys' fees and reimbursement of expenses (the "Fee
17 and Expenses Award"). Plaintiff's Counsel shall request approval of the Fees and Expenses Award
18 at the Settlement Hearing. To date, Plaintiff's Counsel have neither received any payment for their
19 services in conducting the Action, nor have Plaintiff's Counsel been reimbursed for their
20 out-of-pocket expenses incurred. Plaintiff's Counsel believe that the Fee and Expenses Award
21 requested is within the range of fees and expenses awarded to Plaintiff's Counsel under similar
22 circumstances in litigation of this type. Neither Sunrise Telecom nor its stockholders are
23 personally liable for the Fees Award.

24 In addition, Plaintiff will apply to the Court for an incentive award not to exceed \$5,000
25 ("Incentive Award"), to be paid from the portion of the Fees and Exepnses Award received by
26 Plaintiff's Counsel.

27

28

1 **IX. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE HEARING**

2 Any Current Sunrise Telecom Stockholder may object and/or appear and show cause, if he,
3 she, or it has any concern, why the settlement should not be approved as fair, reasonable, and
4 adequate, or why the Judgment should not be entered thereon, or why the Fees and Expenses
5 Award should not be awarded to Plaintiff's Counsel, or the Incentive Award granted to Plaintiff;
6 provided, however, unless otherwise ordered by the Court, no Current Sunrise Telecom
7 Stockholder shall be heard or entitled to contest the approval of the terms and conditions of the
8 settlement, or, if approved, the Judgment to be entered thereon approving the same, or the
9 attorneys' fees and reimbursement of expenses to be awarded to Plaintiff's Counsel, unless that
10 stockholder has, *at least ten business days prior to the Settlement Hearing*: (i) filed with the Clerk
11 of the Court a written objection to the settlement setting forth: (a) the nature of the objection; (b)
12 proof of ownership of Sunrise Telecom common stock through the date of the Settlement Hearing,
13 including the number of shares of Sunrise Telecom common stock and the date of purchase; and
14 (c) any documentation in support of such objection; and (ii) if a Current Sunrise Telecom
15 Stockholder intends to appear and requests to be heard at the Settlement Hearing, such stockholder
16 must have, in addition to the requirements of (i) above, filed with the Clerk of the Court: (a) a
17 written notice of such stockholder's intention to appear; (b) a statement that indicates the basis for
18 such appearance; and (c) the identities of any witnesses the stockholder intends to call at the
19 Settlement Hearing and a statement as to the subject of their testimony. If a Current Sunrise
20 Telecom Stockholder files a written objection and/or written notice of intent to appear, such
21 stockholder must also simultaneously serve copies of such notice, proof, statement, and
22 documentation, together with copies of any other papers or briefs such stockholder files with the
23 Court (either by hand delivery or by first class mail) upon each of the following:

24 ***The Court:***

25 Clerk of the Court
26 Superior Court of California
27 County of Santa Clara
191 North First Street
San Jose, CA 95113

Counsel for Plaintiff:

ROBBINS UMEDA LLP
Attn: Lauren Levi
600 B Street, Suite 1900
San Diego, CA 92101
Telephone: (619) 525-3990

1 Any Current Sunrise Telecom Stockholder who does not make his, her, or its objection in
2 the manner provided herein shall be deemed to have waived such objection and shall forever be
3 foreclosed from making any objection to the fairness, reasonableness, or adequacy of the
4 settlement as incorporated in the Stipulation, to the Fees and Expenses Award to Plaintiff's
5 Counsel, as well as the Incentive Award to Plaintiff, unless otherwise ordered by the Court, but
6 shall otherwise be bound by the Judgment to be entered and the releases to be given

7 **X. CONDITIONS FOR SETTLEMENT**

8 The settlement is conditioned upon the occurrence of certain events described in the
9 Stipulation, which requires, among other things: (i) entry of the requested Judgment by the Court;
10 and (ii) expiration of the time to appeal from, or alter or amend, the Judgment. If, for any reason,
11 any one of the conditions described in the Stipulation is not met and the entry of the Judgment does
12 not occur, the Stipulation might be terminated and, if terminated, will become null and void; and
13 the Parties to the Stipulation will be restored to their respective positions as of the execution date
14 of the Stipulation.

15 **XI. EXAMINATION OF PAPERS AND INQUIRIES**

16 There is additional information concerning the Settlement available in the Stipulation and
17 Agreement of Settlement, which may be viewed on the website of Robbins Umeda LLP at
18 <http://www.robbinsumeda.com/notices.html> and on the website of Sunrise Telecom at
19 <http://www.sunrisetelecom.com/investors>. You may also inspect the Stipulation during business
20 hours at the office of the Clerk of the Court, Superior Court of California, County of Santa Clara,
21 191 North First Street, San Jose, California 95113. Or you may call Robbins Umeda LLP, 600 B
22 Street, Suite 1900, San Diego, California 92101, telephone: (619) 525-3990, for additional
23 information concerning the settlement.

24 **PLEASE DO NOT TELEPHONE THE COURT OR SUNRISE TELECOM**
25 **REGARDING THIS NOTICE.**

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EXHIBIT E

1 This matter came before the Court for hearing pursuant to the Order of this Court, dated
2 _____, 2011 ("Order"), on the application of the Parties for approval of the
3 settlement set forth in the Stipulation and Agreement of Settlement dated May 11, 2011 (the
4 "Stipulation"). Due and adequate notice having been given to Current Sunrise Telecom
5 Stockholders as required in said Order, and the Court having considered all papers filed and
6 proceedings and otherwise being fully informed in the premises and good cause appearing
7 therefore, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

8 1. This Judgment incorporates by reference the definitions in the Stipulation, and all
9 capitalized terms used herein shall have the same meanings and/or definitions as set forth in the
10 Stipulation.

11 2. This Court has jurisdiction over the subject matter of the Action, including all
12 matters necessary to effectuate the settlement, and over all parties to the Action, including the
13 Plaintiff, Current Sunrise Telecom Stockholders, Sunrise Telecom, and the Individual
14 Defendants.

15 3. The Court finds that the settlement is fair, reasonable, and adequate as to each of
16 the Parties and that the settlement provides substantial benefits to Sunrise Telecom and its
17 stockholders. The Court hereby finally approves the settlement in all respects and orders the
18 Parties to perform its terms to the extent the Parties have not already done so.

19 4. The Action and all claims contained therein, as well as all of the Released Claims,
20 are dismissed with prejudice. As between Plaintiff, Sunrise Telecom, and the Individual
21 Defendants, the Parties are to bear their own costs, except as otherwise provided herein and in
22 the Stipulation.

23 5. Upon the Effective Date, Sunrise Telecom and Plaintiff (acting on his own behalf
24 and derivatively on behalf of Sunrise Telecom) and each of the Current Sunrise Telecom
25 Stockholders shall have, and by operation of the Judgment shall be deemed to have, fully,
26 finally, and forever released, relinquished, and discharged all Released Claims against the
27 Released Parties. Nothing herein shall in any way impair or restrict the rights of the Parties to
28 enforce the terms of the settlement pursuant to the Stipulation.

1 6. Upon the Effective Date, each of the Released Parties shall have, and by operation
2 of the Judgment shall be deemed to have, fully, finally, and forever released, relinquished and
3 discharged Plaintiff, Plaintiff's Counsel, and Sunrise Telecom from Defendants' Released
4 Claims. Nothing herein shall in any way impair or restrict the rights of the Parties to enforce the
5 terms of the Settlement pursuant to the Stipulation.

6 7. The Court finds that the Summary Notice of Pendency and Proposed Settlement
7 of Shareholder Derivative Action published in *Investor's Business Daily* and included in Sunrise
8 Telecom's press release, and the Notice of Pendency and Proposed Settlement of Shareholder
9 Derivative Action ("Notice") posted on the websites of Robbins Umeda LLP and Sunrise
10 Telecom, provided the best notice practicable under the circumstances of these proceedings and
11 of the matters set forth therein, including the settlement set forth in the Stipulation, to all Persons
12 entitled to such notice, and said Notice fully satisfied the requirements of California law and due
13 process under the U.S. Constitution.

14 8. The Court finds that during the course of the Action the Parties and their
15 respective counsel at all times acted professionally and in compliance with California Code of
16 Civil Procedure sections 128.5, 128.6, and 128.7, and all other similar statutes or court rules with
17 respect to any claims or defenses in the Action.

18 9. Plaintiff's Counsel are hereby awarded \$_____ for attorneys' fees and
19 reimbursement of expenses ("Fees and Expenses Award").

20 10. Plaintiff Chris Stovall is hereby awarded an Incentive Award of \$_____ to be
21 paid from the Fees and Expenses Award received by Robbins Umeda LLP.

22 11. Neither the Stipulation nor the settlement, nor any act performed or document
23 executed pursuant to or in furtherance of the Stipulation or the settlement: (i) is or may be
24 deemed to be or may be used as an admission of, or evidence of, the validity of any Released
25 Claim, or of any wrongdoing or liability of the Released Parties; or (ii) is or may be deemed to
26 be or may be used as an admission of, or evidence of, any fault or omission of any of the
27 Released Parties in any civil, criminal, or administrative proceeding in any court, administrative
28 agency, or other tribunal. Sunrise Telecom, the Individual Defendants, and/or the Related

1 Persons may file the Stipulation and/or the Judgment in any action that may be brought against
2 them in order to support a defense or counterclaim based on principles of res judicata, collateral
3 estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim
4 preclusion or issue preclusion or similar defense or counterclaim.

5 12. Without affecting the finality of this Judgment in any way, this Court hereby
6 retains continuing jurisdiction over: (i) implementation of the settlement; and (ii) the Parties for
7 the purpose of construing, enforcing, and administering the Stipulation and the settlement,
8 including, if necessary, setting aside and vacating this Judgment, on motion of a party, to the
9 extent consistent with and in accordance with the Stipulation if the entry of the Judgment fails to
10 occur in accordance with the Stipulation.

11 13. If for any reason any of the conditions of paragraph 6.1 of the Stipulation does not
12 occur, or if the Stipulation is in any way canceled, terminated, or fails to become Final in
13 accordance with its terms, all Parties and Released Parties shall be restored to their respective
14 positions in the Action on the date immediately prior to the execution date of the Stipulation. In
15 such event, the terms and provisions of the Stipulation shall be null and void and of no force and
16 effect, unless the Parties' counsel mutually agree in writing otherwise, and the Stipulation shall
17 not be deemed to constitute an admission of fact by any of the Parties, and neither the existence
18 of the Stipulation nor its contents, shall be admissible in evidence or be referred to for any
19 purposes in the Action or in any litigation or judicial proceeding.

20 14. This Judgment is a final, appealable judgment and should be entered forthwith by
21 the Clerk in accordance with California Code of Civil Procedure section 664.6.

22 IT IS SO ORDERED.

23
24 DATED: _____

HONORABLE JAMES P. KLEINBERG
JUDGE OF THE SUPERIOR COURT

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