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10 **UNITED STATES DISTRICT COURT**

11 **NORTHERN DISTRICT OF CALIFORNIA**

12
13 **IN RE KLA-TENCOR CORP. SECURITIES
14 LITIGATION**

Master File No. C-06-04065-CRB

CLASS ACTION

15 **[PROPOSED] FINAL JUDGMENT AND
16 ORDER OF DISMISSAL WITH
PREJUDICE**

17 **THIS DOCUMENT RELATES ONLY TO:**

18 Case No. 06-4065 CRB
19 Case No. 06-4709 CRB
20 Case No. 06-5225 CRB

DATE: September 26, 2008

TIME: 10:00 a.m.

CTRM: 8

The Honorable Charles R. Breyer

1 This matter came before the Court for hearing pursuant to the Order Preliminarily
2 Approving Settlement and Providing for Notice (“Order) dated June 5, 2008, on the application of
3 the parties for approval of the Settlement set forth in the Stipulation of Settlement dated as of May
4 9, 2008 (“Stipulation). Due and adequate notice having been given to the Settlement Class as
5 required in said Order, and the Court having considered all papers filed and proceedings had herein
6 and otherwise being fully informed in the premises and good cause appearing therefore, IT IS
7 HEREBY ORDERED, ADJUDGED AND DECREED that:

8 1. This Final Judgment and Order incorporates by reference the definitions in the
9 Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation,
10 unless otherwise set forth herein.

11 2. This Court has jurisdiction over the subject matter of the Litigation and over all
12 parties to the Litigation, including all Members of the Settlement Class.

13 3. “Settlement Class shall mean Lead Plaintiffs and all Persons and entities in any
14 capacity (whether individual, class, representative, legal, equitable or otherwise) who purchased or
15 otherwise acquired securities of KLA-Tencor Corporation (“KLA) (including without limitation
16 common stock and call options) during the Settlement Class Period either directly or by dividend re-
17 investment, and their respective executors, administrators, representatives, agents, attorneys,
18 successors, heirs and/or assigns. Excluded from the Settlement Class are the Defendants; all
19 individuals who are either current executive officers and/or directors, or who served as executive
20 officers and/or directors of KLA at any time during the Settlement Class Period; members of the
21 immediate families and heirs, successors or assigns of the foregoing; and any firm, trust,
22 corporation, or other entity in which any Defendant has a controlling interest. Also excluded from
23 the Settlement Class are persons who have timely requested exclusion from the Settlement Class
24 pursuant to the terms of this Stipulation or order of the Court. Those persons or entities eligible for
25 membership in the Settlement Class who timely submitted valid requests for exclusion from the
26 Settlement Class are identified on Exhibit 1. Those persons or entities are not bound by this Final
27 Judgment and Order.

1 4. Pursuant to Federal Rule of Civil Procedure 23, this Court hereby approves the
2 Settlement set forth in the Stipulation and finds that said Settlement is, in all respects, fair, just,
3 reasonable and adequate to the Settlement Class. The Court finds that certification of the
4 Settlement Class for settlement purposes only is appropriate because:

5 (a) The Settlement Class is so numerous that joinder of all members is
6 impracticable, satisfying the requirements of Rule 23(a)(1);

7 (b) There are questions of law or fact common to the Settlement Class, satisfying
8 the requirement of Rule 23(a)(2);

9 (c) The claims of the Lead Plaintiffs, the KLA Pension Fund Group, comprised
10 of the Police and Fire Retirement System of the City of Detroit, the Louisiana Municipal Police
11 Employees' Retirement System, and the City of Philadelphia Board of Pensions and Retirement, are
12 typical of the claims of the Settlement Class, satisfying the requirement of Rule 23(a)(3);

13 (d) The representative parties will fairly and adequately protect the interests of
14 the Settlement Class, satisfying the requirement of Rule 23(a)(4); and

15 (e) Questions of law and fact common to the members of the Settlement Class
16 predominate over questions affecting only individual members and a class action is superior to other
17 methods available for the fair and efficient adjudication of the controversy, satisfying the
18 requirements of Rule 23(b)(3).

19 The findings in this Paragraph 4 are for purposes of this Settlement only, and shall have no force or
20 effect for any other purpose or if this Final Judgment and Order does not become final.

21 5. The Court hereby approves the Settlement set forth in the Stipulation and finds that:

22 (a) said Stipulation is, in all respects, fair, reasonable and adequate and in the
23 best interest of the Settlement Class;

24 (b) there was no collusion in connection with the Stipulation;

25 (c) the Stipulation was the product of informed, arm's-length negotiations among
26 competent, able counsel; and

27 (d) the record is sufficiently developed and complete to have enabled the Lead
28 Plaintiffs and Defendants to have adequately evaluated and considered their positions.

1 6. Accordingly, the Court authorizes and directs implementation of all the terms and
2 provisions of the Stipulation, as well as the terms and provisions hereof. The Court hereby
3 dismisses the Complaint, the Litigation, and all Settled Class Claims of the Settlement Class with
4 prejudice, without costs as to any Settling Party, except as and to the extent provided in the
5 Stipulation, any separate order on attorneys' fees or reimbursement of expenses, and herein.

6 7. The Court finds that the Stipulation and Settlement are fair, reasonable and adequate
7 as to each of the Settling Parties, and that the Stipulation and Settlement are hereby finally approved
8 in all respects, and the Settling Parties are hereby directed to perform its terms.

9 8. Upon the Effective Date hereof, the Lead Plaintiffs shall, and each of the Settlement
10 Class Members shall be deemed to have, and by operation of the Judgment shall have, fully, finally,
11 and forever released, relinquished and discharged all Settled Class Claims against the Released
12 Persons, whether or not such Settlement Class Member executes and delivers the Proof of Claim
13 and Release.

14 9. All Settlement Class Members are hereby forever barred and enjoined from
15 prosecuting any of the Settled Class Claims against any of the Released Persons.

16 10. Upon the Effective Date hereof, Defendants and the Related Parties shall be deemed
17 to have, and by operation of this Judgment shall have, fully, finally, and forever released,
18 relinquished and discharged all Settled Defendants' Claims against each and all of the Settlement
19 Class Members, Lead Plaintiffs, Plaintiffs' Lead Counsel and counsel to the plaintiffs.

20 11. Upon the Effective Date hereof, each of the Defendants and their Related Parties
21 shall be deemed a "settling covered person entitled to the protections and benefits of the Private
22 Securities Litigation Reform Act of 1995, 15. U.S.C. §78u-4(f)(7)(A), and all past, present, or
23 future claims for contribution against any of the Defendants by any person arising out of the Class
24 Actions, or the Settlement thereof, are hereby forever barred. All Defendants are hereby
25 permanently barred, enjoined, and restrained from commencing, prosecuting or asserting any such
26 claim for contribution against any other Defendant or Related Party based upon, relating to, or
27 arising out of the Settled Class Claims.

1 12. The Notice of Pendency and Proposed Settlement of Class Action given to the
2 Settlement Class was the best notice practicable under the circumstances, including the individual
3 notice to all Members of the Settlement Class who could be identified through reasonable effort.
4 Said notice provided the best notice practicable under the circumstances of these proceedings and of
5 the matters set forth therein, including the proposed Settlement set forth in the Stipulation, to all
6 Persons entitled to such notice, and said notice fully satisfied the requirements of Federal Rule of
7 Civil Procedure 23 and the requirements of due process as well as the requirements of the Private
8 Securities Litigation Reform Act. In addition, the requirements of the Class Action Fairness Act, 28
9 U.S.C. §1715, have been satisfied.

10 13. Any Plan of Allocation submitted by Plaintiffs' Lead Counsel or any order entered
11 regarding any attorneys' fee and expense application shall in no way disturb or affect the Final
12 Judgment and shall be considered separate from this Final Judgment and Order.

13 14. Neither the Stipulation nor the settlement contained therein, nor any act performed or
14 document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may
15 be deemed to be or may be used as an admission of, or evidence of, the validity of any Settled Class
16 Claims, or of any wrongdoing or liability of the Defendants, or their respective Related Parties, or
17 (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or
18 omission of any of the Released Persons in any civil, criminal or administrative proceeding in any
19 court, administrative agency or other tribunal. Released Persons may file the Stipulation and/or the
20 Judgment from this action in any other action that may be brought against them in order to support a
21 defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith
22 settlement, judgment bar or reduction or any theory of claim preclusion or issue preclusion or
23 similar defense or counterclaim.

24 15. Without affecting the finality of this Final Judgment and Order in any way, this
25 Court hereby retains continuing jurisdiction over: (a) implementation of this Settlement and any
26 award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of
27 the Settlement Fund; (c) hearing and determining applications for attorneys' fees, interest and
28 expenses in the Litigation; (d) any award of expenses to Lead Plaintiffs; and (e) all parties hereto for

1 the purpose of construing, enforcing and administering the Stipulation.

2 16. The Court finds that, during the course of the Litigation, the Settling Parties and their
3 respective counsel at all times complied with the requirements of Rule 11 of the Federal Rules of
4 Civil Procedure.

5 17. In the event that the Settlement does not become effective in accordance with the
6 terms of the Stipulation, or the Effective Date does not occur, or in the event that the Settlement
7 Fund, or any portion thereof, is returned to KLA, then this Final Judgment and Order shall be
8 rendered null and void to the extent provided by and in accordance with the Stipulation and shall be
9 vacated and, in such event, all orders entered and releases delivered in connection herewith shall be
10 null and void to the extent provided by and in accordance with the Stipulation.

11 18. Without further order of the Court, the Settling Parties may agree to reasonable
12 extensions of time to carry out any of the provisions of the Stipulation.

13 19. There is no reason for delay in the entry of this Final Judgment and Order of
14 Dismissal with Prejudice and immediate entry by the Clerk of the Court is expressly directed
15 pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

16 IT IS SO ORDERED.

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18 Dated: _____

19 THE HONORABLE CHARLES R. BREYER
20 UNITED STATES DISTRICT JUDGE
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EXHIBIT 1

To Be Added

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