

EFiled: Sep 16 2008 6:27PM EDT  
Transaction ID 21521556  
Case No. 2213-CC



## **EXHIBIT B**

**Exhibit B**

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

\_\_\_\_\_  
WALTER E. RYAN, JR., and DONNA CONRAD, in )  
the right of and for the benefit of MAXIM )  
INTEGRATED PRODUCTS, INC., )

Plaintiffs, )

v. )

JOHN F. GIFFORD, CARL W. JASPER, TUNC )  
DOLUCA, MICHAEL J. BYRD, JAMES R. )  
BERGMAN, B. KIPLING HAGOPIAN, A.R. FRANK )  
WAZZAN, ERIC P. KARROS and M.D. SAMPELS, )

Civil Action No. 2213-CC

Defendants, )

and )

MAXIM INTEGRATED PRODUCTS, INC., )

Nominal Defendant. )  
\_\_\_\_\_

**NOTICE OF PENDENCY AND SETTLEMENT OF ACTION**

**TO: ALL CURRENT STOCKHOLDERS OF MAXIM INTEGRATED PRODUCTS, INC.  
(TRADING SYMBOL: MXIM)**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LITIGATION. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS, REASONABLENESS AND ADEQUACY OF THE PROPOSED SETTLEMENT, OR PURSUING THE CLAIMS DEFINED HEREIN.**

**I. WHY ARE YOU RECEIVING THIS NOTICE?**

The purpose of this Notice is to tell you about: (i) a lawsuit (the "Action") in the Delaware Court of Chancery (the "Court") brought on behalf of Maxim Integrated Products, Inc. ("Maxim" or the "Company"); (ii) a proposal to settle the Action (the "Settlement") as provided in a Stipulation of Compromise and Settlement (the "Stipulation"); and (iii) your right, among other things, to attend and participate in a hearing to be held on \_\_\_\_\_, 2008, at

\_\_\_\_\_, in the Court of Chancery Courthouse, 34 The Circle, Georgetown, DE 19947 (the "Settlement Hearing").

This Notice describes the rights you may have under the Settlement and what steps you may, but are not required to, take concerning the Settlement. If the Court approves the Settlement, the parties will ask the Court to approve a Final Order and Judgment that would end the Action.

**THE FOLLOWING DESCRIPTION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.**

## **II. BACKGROUND: WHAT IS THIS CASE ABOUT?**

Plaintiffs Walter E. Ryan, Jr. and Donna Conrad (collectively, the "Plaintiffs") are current Maxim shareholders. They are represented by Krislov & Associates, Ltd.; Shapiro, Haber & Urmey, LLP; and Rosenthal, Monhait & Goddess, P.A. (collectively, "Plaintiffs' Counsel").

Nominal Defendant Maxim is a Delaware corporation with its principal place of business in Sunnyvale, California. Defendants John F. Gifford, Carl W. Jasper, Tunc Doluca, Michael J. Byrd, James R. Bergman, B. Kipling Hagopian, A.R. Frank Wazzan, Eric P. Karros, and M.D. Sampels (collectively, the "Individual Defendants") are present or former officers and/or directors of Maxim.

The Plaintiffs allege in their Amended Complaint, among other things, that between 1997 and 2006, the Individual Defendants breached their fiduciary duties and/or were unjustly enriched by the granting of stock options that were misdated in various respects in violation of Maxim's shareholder-approved stock option plans filed with the United States Securities and Exchange Commission (the "SEC"). These plans generally prohibited, with some exceptions, the granting of stock options with exercise prices less than the fair market value of Maxim's common stock, measured by the publicly traded closing price of Maxim stock on the date of the grant.

Defendants have denied and continue to deny that they have committed any act or omission giving rise to any breach of fiduciary duty, liability, and/or violation of law.

In addition to this Action, there are currently six other shareholder derivative actions that have been filed on behalf of Maxim in state and federal courts in California (collectively, the "California Litigations"). There is also a separate class action related to Maxim's stock options that is pending in federal court in California (the "Class Action").

This Action was commenced on June 12, 2006. Over the course of this litigation, Plaintiffs' Counsel conducted extensive discovery related to Maxim's stock option grant practices. Their review included, among other things: consultation with outside experts and consultants; review of information from SEC proceedings involving Maxim's stock option

practices; review of hundreds of thousands of documents produced by numerous parties; and depositions of certain defendants and Maxim employees.

### **III. HOW WAS THE SETTLEMENT REACHED?**

After extensive litigation and settlement efforts, on April 12, 2008, the parties convened a mediation before the Honorable Daniel Weinstein (Ret.) of JAMS, a highly experienced mediator of complex disputes. After the April 12, 2008 mediation, the Parties continued to have additional settlement discussions among themselves and with Judge Weinstein, including a further mediation on May 8, 2008, and they eventually reached agreement on the terms reflected in the Stipulation.

**THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF PLAINTIFFS' CLAIMS OR THE DEFENSES THERETO. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW BY THE INDIVIDUAL DEFENDANTS OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE ACTION WERE NOT SETTLED.**

### **IV. WHAT ARE THE TERMS OF THE SETTLEMENT?**

Under the Settlement, Maxim is to receive the following cash and non-cash benefits:

- (a) Defendants' insurance carriers and Defendants Gifford, Wazzan, Bergman, and Hagopian shall pay \$28,505,473 in cash (collectively, the "Cash Contributions"), as follows:
- Maxim's Directors & Officers insurance carriers ("D&O Carriers") shall severally pay on behalf of the Released Persons and for the benefit of Maxim, each D&O Carriers' respective portion of Twenty-One Million Dollars (\$21,000,000) (the "Insurance Contributions").
  - Defendants Wazzan, Bergman and Hagopian shall each make cash contributions sufficient to remediate excess gains each such director incorrectly received due to allegedly misdated stock option grants, as follows: Differences in the amounts specified arise from the different sale prices and/or number of options attained by each such director. (i) Wazzan shall pay Four Hundred Ninety-Seven Thousand, Six Hundred and Thirteen Dollars (\$497,613) for the benefit of Maxim; (ii) Bergman shall pay Three Hundred Seventy-Nine Thousand, Nine Hundred and Twenty-Nine Dollars (\$379,929) for the benefit of Maxim; and (iii) Hagopian shall pay a total of Six Hundred Twenty-Seven Thousand, Nine Hundred Thirty-One Dollars (\$627,931) for the benefit of Maxim (collectively, the "Director Defendants' Cash Contributions").
  - Defendant Gifford shall pay Six Million Dollars (\$6,000,000) for the benefit of Maxim ("Gifford's Cash Contribution").

(b) Defendants Gifford, Wazzan, Bergman, Hagopian and Jasper have agreed to cancel, reprice or surrender claims with respect to the following stock options (the "Option Remediation"):

- Repricing of unexercised and vested options, held by Defendants Wazzan, Bergman, and Hagopian, to purchase a total of 92,000 shares of Maxim stock.
- Cancellation of unexercised and vested options, held by Defendant Gifford, to purchase 3,092,716 shares of Maxim stock.
- Surrender by Defendant Jasper of a claim to proceeds from options to purchase 97,363 shares of Maxim stock.

(c) Maxim has agreed to implement or has implemented corporate governance and therapeutic reforms either specifically agreed to as part of the settlement of this Action or that the pendency and prosecution of this Action was a motivating factor in their enactment, which will continue in force for 4 years.

In addition, Jasper and Maxim acknowledge in the Stipulation that the prosecution of the Action was a substantial and material causal factor contributing to Mr. Jasper's earlier decision to surrender voluntarily his rights (which the parties agree are worth approximately \$2.5 million) to certain other unvested options, restricted stock units, and other employee benefits.

Because the Action was brought for the benefit of Maxim, benefits from the Settlement will go to Maxim. Individual Maxim shareholders will not receive any direct payment from the Settlement.

If the Court approves the Settlement of this Action, the Defendants will then request that the California courts dismiss the pending California Litigations with prejudice because the Settlement finally resolved all claims of Maxim arising out of the facts on which the Action is based. The Settlement is contingent on receiving approval from the Delaware Chancery Court. If the California Litigations are not finally dismissed, any party may void the Settlement.

#### **V. WHAT CLAIMS WILL THE SETTLEMENT RELEASE?**

*Under the Settlement, the following releases will occur, except as noted below:*

Plaintiffs, (on their own behalf and derivatively on behalf of Maxim), Plaintiffs' Counsel, Maxim, and each and every Maxim shareholder claiming by, through, in the right of, derivatively, or on behalf of Maxim, shall fully, finally, and forever release, relinquish, and discharge the Released Persons (as defined below) from any and all of the Released Claims (as defined below).

Each of the Individual Defendants, shall fully, finally, and forever release, relinquish, and discharge the Plaintiffs, Plaintiff's Counsel and Maxim, and their Related Persons (as defined below), from any and all of the Released Claims.

The "Released Persons" include: each and all of the Individual Defendants, and each and all of the current and former officers, directors, and employees of Maxim, and each and all of their respective Related Persons. For the avoidance of doubt, "Released Persons" also includes all current or former officers, directors or employees of Maxim that were, are, or could have been named in the Action, the California Litigations or any related action.

"Related Persons" include: with respect to any Person, such Person's past or present spouse or other members of their immediate families, or any trust of which any Person is the settling party or which is for the benefit of such Person and/or member of his or her family, and each of a Person's present and former parent entities, subsidiaries (direct or indirect) and affiliates, and each of their respective present and former shareholders, officers, directors, employees, agents, representatives, insurers, reinsurers, heirs, executors, personal or legal representatives, estates, administrators, predecessors, successors and assigns.

The "Released Claims" include: any and all claims of any nature or description under state or federal law (including but not limited to claims arising under Delaware law, California law, and the federal securities laws, any rules or regulations promulgated thereunder, or otherwise), liabilities, obligations, causes of action, expenses, damages, losses, or any other matters, whether known or unknown, foreseen or unforeseeable, certain or contingent, which relate in any manner to or arise out of the allegations, facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, omissions or any other matter, thing or cause whatsoever, or any series thereof, that: (1) have been or could have been asserted in the Action or any of the California Litigations; (2) were recited, described or referenced in the Action, the California Litigations, the SEC's proceedings related to Maxim's stock option practices, or Maxim's internal Special Committee review related to its option practices; or (3) otherwise arise out of or relate to Maxim's stock option practices or any matters alleged in the complaints in the Action; provided, however, that the Released Claims shall not include the claims asserted in the Class Action, any reserved claims (as summarized below and described in more detail in the Stipulation), or any claims that may arise out of a breach of the Stipulation.

***The following claims are reserved and not being released as part of the Settlement:***

As described more fully in the Stipulation, and with important exceptions also described more fully in the Stipulation, each of Maxim and the Individual Defendants shall retain and reserve all of their respective claims or rights that may exist with regard to Indemnification and/or advancement and payment and/or reimbursement to Maxim of fees and costs arising under and pursuant to any Defendant's respective Indemnification Agreement with Maxim, Maxim's by-laws, applicable law, equity, contract, or any entitlement to insurance coverage or insurance proceeds, and all rights to seek contribution or equitable indemnification from any Related Person, in connection with certain proceedings and matters related to the Action.

Gifford reserves his previously asserted claim against Maxim to receive proceeds, with interest, from the offer by Maxim to buy-back certain then-outstanding and vested stock options granted on October 27, 1997, or the "goodwill payment," announced by Maxim on October 4, 2007 (the "Gifford Buy-Back Claim"). Maxim continues to deny the Gifford Buy-Back Claim and reserves all available defenses at law or equity to the Gifford Buy-Back Claim. Maxim and Gifford have agreed to an alternative dispute resolution process to resolve the Gifford Buy-Back

Claim. At Gifford's election, the Gifford Buy-Back Claim may be resolved either through binding arbitration or through litigation, but in no event shall Gifford withhold performance under certain relevant parts of the Stipulation pending any such alternative dispute resolution, binding arbitration, or litigation.

Gifford and Maxim reserve their respective rights as expressly provided in the Memorandum of Understanding, dated January 5, 2007 (the "MoU"), and the Retirement Agreement, dated January 26, 2007, other than any known or unknown claims relating to (i) payment of deferred compensation (MoU at 11); (ii) payment of a bonus (MoU at 8); (iii) accelerated vesting of certain unvested stock options and restricted stock units (MoU at 6); and (iv) Maxim's alleged wrongful termination of Gifford's part-time employment agreement, which claims are hereby expressly waived and released with prejudice.

Jasper reserves his previously asserted claim against Maxim to receive proceeds, with interest, from the offer by Maxim to buy-back certain then-outstanding and vested stock options, or the "goodwill payment," first announced by Maxim on October 4, 2007, except as to the 97,363 vested, unexercised Maxim stock options that were granted on June 17, 1998 and which Jasper has agreed to surrender and release with prejudice all claims related to those 97,363 options. Maxim continues to deny claims reserved by Jasper and reserves all available defenses at law or equity.

Jasper and Maxim reserve their respective rights as expressly provided as part of Jasper's January 31, 2007 Severance Agreement other than any known or unknown claims relating to the 97,363 vested, unexercised Maxim stock options that were granted on June 17, 1998 and which Jasper has agreed to surrender and release with prejudice all claims related to those 97,363 options.

## **VI. WHAT ARE THE REASONS FOR THE SETTLEMENT?**

Plaintiffs and Plaintiffs' Counsel believe that the claims asserted in the Action have merit and that Plaintiffs' Counsel's investigation supports the claims asserted. Plaintiffs and Plaintiffs' Counsel have taken into account the uncertain outcome and the risk of any litigation, especially in complex shareholder litigation such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs and Plaintiffs' Counsel also are mindful of inherent problems of proof associated with, and possible defenses to, the violations asserted in the Action. In addition, Plaintiffs and Plaintiffs' Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Individual Defendants through trial and appeals. Based upon these considerations, among others, and having been informed by the extensive discovery, together with legal and expert analyses, Plaintiffs and Plaintiffs' Counsel have concluded that the terms and conditions of the Stipulation confer substantial benefits upon and are in the best interests of Maxim and its shareholders.

Defendants have denied and continue to deny that they have committed any act or omission giving rise to any breach of fiduciary duty, liability, and/or violation of law, and state that they are entering into this Stipulation to eliminate the burden and expense of further litigation. This Stipulation shall not be construed or deemed to be evidence of, or an admission or concession on the part of any Party with respect to the validity or infirmity of any claim of,

any fault or liability or wrongdoing or damage whatsoever, or of any and all defenses asserted in the Action or any related derivative or class action involving or in any way relating to Maxim's stock option practices or related issues.

Maxim has considered the merits of Plaintiffs' allegations, the Defendants' defenses, and the legal fees and costs it has incurred and will continue to incur as a result of this Action. Maxim agreed to settle the Action pursuant to the terms described herein because it believes that it is desirable for Maxim to have the Action settled on these terms and it is desirable for Maxim to avoid incurring additional legal fees and to avoid the distractions associated with litigation.

#### **VII. HOW WILL THE ATTORNEYS GET PAID?**

If the Court approves the Settlement, Plaintiffs' Counsel shall apply to the Court for attorneys' fees of no more than \$15,000,000, plus reimbursement of expenses of no more than \$500,000 incurred in the prosecution of this Action, both to be paid by Maxim (the "Attorneys' Fee and Expense Award"). Maxim retains the right to object to the amount of the Attorneys' Fee and Expense Award, but agrees to pay the Attorneys' Fee and Expense Award as allowed by the Court. Plaintiffs' Counsel will also apply to the Court for compensation not to exceed \$5,000 for each Plaintiff (the "Plaintiffs' Compensation Award") to be paid from the amount awarded for the Attorneys' Fee and Expense Award.

Final resolution of the Attorneys' Fee and Expense Award or Plaintiffs' Compensation Award shall not be a precondition to the dismissal with prejudice of the Action and any application or litigation concerning the Attorneys' Fee and Expense Award or Plaintiffs' Compensation Award may be considered and resolved separately from the Settlement.

#### **VIII. WHEN WILL THE SETTLEMENT HEARING TAKE PLACE?**

The Court has scheduled a Settlement Hearing to be held on \_\_\_\_\_, 2008, at \_\_\_\_\_ .m. in the Court of Chancery Courthouse, 34 The Circle, Georgetown, DE 19947.

The purpose of the Settlement Hearing is to: (i) determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate and in the best interests of Maxim and its shareholders and should be approved by the Court; (ii) determine whether a Final Order and Judgment should be entered dismissing the Action with prejudice and extinguishing and releasing almost all related claims; (iii) determine whether the Court should approve the application of Plaintiffs' Counsel for an award of attorneys' fees and expenses as well as a Plaintiffs' Compensation Award; (iv) hear and determine any objections to the proposed Settlement; and (v) rule on such other matters as the Court may deem appropriate.

The Court may adjourn Settlement Hearing from time to time without further notice to anyone other than the parties to the Action. The Court reserves the right to approve the Settlement at or after the Settlement Hearing with such modifications as may be consented to by the parties to the Stipulation and without further notice.

## **IX. DO I HAVE A RIGHT TO APPEAR AND OBJECT?**

Any record or beneficial stockholder of Maxim who objects to the Settlement, the judgment proposed to be entered, and/or the application for an award of attorneys' fees and expenses and Plaintiffs' Compensation Award, or who otherwise wishes to be heard ("Objector"), may appear in person or by his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no Objector shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the judgment to be entered thereon, unless he, she, or it has, no later than ten (10) days before the Settlement Hearing (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), filed with the Register in Chancery, Court of Chancery, 34 The Circle, Georgetown, Delaware 19947, and served (by hand, first class mail, or express service) on Plaintiffs' and Defendants' counsel, at the addresses below, the following: (i) proof of current ownership of Maxim stock, (ii) a notice of the Objector's intention to appear, (iii) a detailed statement of the objections to any matter before the Court, and (iv) a detailed statement of all of the grounds therefor and the reasons for the Objector's desiring to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider.

Norman M. Monhait, Esq.  
Rosenthal, Monhait & Goddess, P.A.  
919 Market Street, Suite 1401  
P.O. Box 1070  
Wilmington, DE 19899

*Attorneys for Plaintiffs*

"J" Jackson Shrum, Esq.  
Archer & Greiner, P.C.  
300 Delaware Avenue  
Suite 1370  
Wilmington, DE 19801

*Attorneys for Nominal Defendant Maxim Integrated Products, Inc.*

Peter J. Walsh, Jr., Esq.  
Potter Anderson & Corroon LLP  
Hercules Plaza, 6th Floor  
1313 N. Market Street  
P.O. Box 951  
Wilmington, DE 19899

*Attorneys for Defendants Tunc Doluca, Michael J. Byrd, James R. Bergman, B. Kipling Hagopian, A.R. Frank Wazzan, Eric Karros, M.D. Sampels*

Kevin G. Abrams, Esq.  
Abrams & Laster LLP  
Brandywine Plaza West  
1521 Concord Pike, Suite 303  
Wilmington, DE 19803

*Attorneys for Defendant Carl W. Jasper*

Gregory P. Williams, Esq.  
Richards, Layton & Finger, P.A.  
One Rodney Square, P.O. Box 551  
Wilmington, DE 19899-0551

*Attorneys for Defendant John F. Gifford*

Any current Maxim shareholder who fails to object in the manner prescribed above shall be deemed to have waived such objection (including the right to appeal), unless the Court in its discretion allows such objection to be heard at the Settlement Hearing, and forever shall be barred from raising such objection in this or any other action or proceeding or otherwise contesting the Settlement or any application for the Attorneys' Fee and Expense Award or Plaintiffs' Compensation Award, but shall otherwise be bound by the Final Order and Judgment to be entered and the releases to be given.

#### **X. WHAT ARE THE TERMS OF THE PROPOSED FINAL ORDER AND JUDGMENT?**

If the Court determines that the Settlement, as provided for in the Stipulation, is fair, reasonable, adequate and in the best interests of Maxim and its stockholders, the parties shall jointly request that the Court enter a Final Order and Judgment, which will, among other things:

1. Approve the Settlement and adjudge the terms thereof to be fair, reasonable, adequate and in the best interests of Maxim and its stockholders, pursuant to Court of Chancery Rule 23.1;
2. Authorize and direct the parties to consummate the Settlement in accordance with its terms and conditions and reserve jurisdiction to supervise the consummation of the Settlement provided herein;
3. Dismiss the Action with prejudice in accordance with the terms of the Stipulations and grant the releases described more fully above and in accordance with the terms and conditions of the Stipulation;
4. Grant the application for Attorneys' Fee and Expense Award and Plaintiffs' Compensation Award as the Court deems appropriate; and
5. Determine that appropriate notice of the Action, the Settlement, the Settlement Hearing, and the right to appear was provided pursuant to Court of Chancery Rule 23.1.

**XI. HOW DO I GET ADDITIONAL INFORMATION ABOUT THE SETTLEMENT?**

This Notice is not all-inclusive. The references in this Notice to the pleadings in the Action, the Stipulation and other papers and proceedings are only summaries and do not purport to be comprehensive. For the full details of the Action, claims that have been asserted by the parties and the terms and conditions of the Settlement, including a complete copy of the Stipulation, shareholders of Maxim are referred to the Court files in the Action. You or your attorney may examine the Court files during regular business hours of each business day at the office of the Register in Chancery, Court of Chancery, 34 The Circle, Georgetown, Delaware 19947. Questions about the Settlement or about this Notice in general may be addressed to Plaintiffs' Counsel:

Clinton A. Krislov, Esq.  
Krislov & Associates, Ltd.  
20 North Wacker Drive  
Suite 1350  
Chicago, IL 60606  
Telephone: (312) 606-0500  
E-mail: clint@krislovlaw.com

Michelle Blauner, Esq.  
Shapiro Haber & Urmy LLP  
53 State Street  
Boston, MA 02109  
Telephone: (617) 439-3939  
E-mail: mblauner@shulaw.com

**PLEASE DO NOT WRITE OR CALL THE COURT**

BY ORDER OF THE COURT

Dated: \_\_\_\_\_, 2008

\_\_\_\_\_  
Register in Chancery