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12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14
15 In re CERADYNE, INC. SHAREHOLDER) Lead Case No. 30-2012-00604001-CU-BT-CXC
LITIGATION) (Consolidated with
16 _____) Case No. 30-2012-00604931-CU-SL-CXC

17 This Document Relates To:) CLASS ACTION

18 ALL ACTIONS.) Assigned to: Judge Thierry P. Colaw

19 _____)
20 NOTICE OF AMENDMENTS TO
STIPULATION OF SETTLEMENT DATED
JUNE 14, 2017

21 DATE: November 17, 2017
22 TIME: 10:30 a.m.
23 DEPT: CX105
DATE ACTION FILED: 10/09/12

1 WHEREAS, in response to the Court’s July 6, 2017, August 18, 2017, and September 28, 2017,
2 tentative rulings (“Tentative Rulings”), the Parties amend the original Stipulation of Settlement dated
3 June 14, 2017 (the “Stipulation”), pursuant to the Tentative Rulings and certain other changes made by
4 the Parties.

5 NOW, THEREFORE, the Parties hereby agree and stipulate to amend the Stipulation as follows:

6 1. The terms of the Stipulation are incorporated herein by reference. All capitalized terms
7 used, but not defined, herein, shall have the meanings ascribed to them in the Stipulation. Except as
8 expressly modified herein, all other terms and conditions of the Stipulation remain unchanged.

9 2. The definition of “Released Defendant Parties” in Paragraph 1.17 of the Stipulation is
10 deleted and replaced with the following:

11 1.17 “Released Defendant Parties” means Defendants, 3M, and Citigroup Global
12 Markets, individually and collectively, and any and all of their families, parent entities,
13 subsidiaries, joint ventures and joint venturers, related or affiliated entities, controlling
14 or managing persons or entities, associates, investors, affiliates or subsidiaries and each
15 and all of their past, present, or future officers, directors, managing directors,
16 stockholders, employees, attorneys, financial or investment advisors, principals,
17 insurers, excess insurers and reinsurers, consultants, accountants and auditors,
18 investment banks and bankers, commercial banks and bankers, entities providing
19 fairness opinions, brokers, dealers, underwriters, analysts, engineers, advisors or agents,
20 spouses, heirs, executors, assigns, trustees, general or limited partners or partnerships,
21 limited liability companies, members, personal or legal representatives, estates,
22 administrators, and each of their respective predecessors, successors, and assigns, and
23 investment funds that any of the Defendants, 3M or Citigroup Global Markets managed
24 or advised and such funds’ respective affiliates, predecessors, and successors, whether
25 or not served with process and whether or not such person appeared or was named as a
26 defendant in the Action.

27 3. The definition of “Released Plaintiffs’ Claims” in Paragraph 1.20 of the Stipulation is
28 deleted and replaced with the following:

1.20 “Released Plaintiffs’ Claims” means any and all manner of claims (including
Unknown Claims as defined in Paragraph 1.27), which have been or could have been
asserted by Plaintiffs or any other Class Member in his, her, or its capacity as a
shareholder of Ceradyne against the Released Defendant Parties, and that arise out of or
relate to, the Action or the Transaction. Released Plaintiffs’ Claims, however, are
limited to claims based on a Plaintiff’s or Class Member’s status as a shareholder of
Ceradyne. Non-shareholder claims include, but are not limited to, product liability,
employee, contract or vendor claims. For example, if a Class Member sold copy paper
or performed a service for any Defendant or Released Defendant Party, those claims
would not be released. Released Plaintiffs’ Claims also do not include any claims to
enforce this Stipulation.

1 4. The definition of “Unknown Claims” in Paragraph 1.27 of the Stipulation is deleted and
2 replaced with the following:

3 1.27 “Unknown Claims” means:

4 (a) any and all Released Plaintiffs’ Claims (as defined in Paragraph 1.20 as “which
5 have been or could have been asserted by Plaintiffs or any other Class Member in his,
6 her, or its capacity as a shareholder of Ceradyne against the Released Defendant Parties,
7 and that arise out of or relate to, the Action or the Transaction”) which Plaintiffs or any
8 other Class Member does not know to exist in his, her, or its favor at the time of the
9 Released Plaintiffs’ Claims against the Released Defendant Parties. The above is
10 specifically limited to a Class Member claim as a shareholder of Ceradyne that relate to
11 the Action or the Transaction and do not include any non-shareholder claims. Non-
12 shareholder claims include, but are not limited to, product liability, employee, contract
13 or vendor claims. For example, if a Class Member sold copy paper or performed a
14 service for any Defendant or Released Defendant Party, those claims would not be
15 released. Unknown Claims also do not include any claims to enforce this Stipulation.

16 (b) any and all Released Defendant Parties’ Claims (defined and limited in Section
17 1.18 to claims that “have been or could be asserted in the Action, or in any court,
18 tribunal, forum or proceeding, by any Released Defendant Party against any of the
19 Released Plaintiff Parties, which arise out of or relate in any way to the institution,
20 prosecution, settlement or dismissal of the Action”) which any Defendant or any other
21 Released Defendant Party does not know or suspect to exist in his, her, or its favor at the
22 time of the release of the Released Defendant Parties’ Claims against the Released
23 Plaintiff Parties, including (without limitation) claims which if known by him, her, or it
24 might have affected his, her, or its decision(s) with respect to the Settlement.

25 5. Paragraph 2.3 of the Stipulation is deleted and replaced with the following:

26 2.3 Prior to the deposit of the Settlement Amount into the Escrow Account pursuant to
27 ¶2.1, and notwithstanding ¶¶2.1 and 2.2, Defendants agree to make advance payments
28 up to a total of \$175,000, subject to an order of the Court to be used solely for
Administrative Costs actually incurred. Additional sums for this purpose will be paid
by Defendants upon order of the Court. Plaintiffs agree that any such advance payments
of Administrative Costs shall be credited towards Defendants’ obligation to pay the
Settlement Amount into the Escrow Account. If the Settlement is not approved by the
Court or does not become effective pursuant to the terms of this Stipulation, then
Plaintiffs and their counsel, including Class Counsel or any Class Member, shall have
no obligation or responsibility to pay back any Administrative Costs that have been
advanced or incurred pursuant to this ¶2.3.

29 6. Paragraph 2.5 of the Stipulation is deleted and replaced with the following:

30 2.5 The Escrow Agent shall only disburse the Settlement Fund by an order of the
31 Court.

32 7. Paragraph 2.7 of the Stipulation is deleted and replaced with the following:

33 2.7 After the Settlement Amount is deposited into the Escrow Account pursuant to
34 ¶2.1, and without further approval from the Defendants, Plaintiffs and their counsel, by
35 an order of the Court, may expend up to \$300,000 from the Settlement Fund for
36 Administrative Costs actually incurred, which will be calculated inclusive of any
37 amounts previously incurred pursuant to ¶2.3. Additional sums for this purpose prior to
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1 the Effective Date may be paid from the Settlement Fund upon order of the Court. If the
2 Settlement does not become effective pursuant to the terms of the Stipulation, then any
3 amounts paid or incurred for such expenses in this paragraph shall not be returned to
4 Defendants and/or their insurers and Plaintiffs and their counsel, including Class
5 Counsel, and/or any Class Member shall have no responsibility or obligation to pay
6 back any such Administrative Costs. After the Effective Date, and without approval of
7 Defendants, Administrative Costs may be paid from the Settlement Fund by an order of
8 the Court.

9 8. Paragraph 2.10 of the Stipulation is deleted and replaced with the following:

10 2.10 All: (a) Taxes (including any estimated Taxes, interest or penalties) arising with
11 respect to the income earned by the Settlement Fund, including any Taxes or tax
12 detriments that may be imposed upon Defendants or the Released Defendant Parties
13 with respect to any income earned by the Settlement Fund for any period during which
14 the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state
15 income tax purposes (“Taxes”); and (b) expenses and costs incurred in connection with
16 the operation and implementation of this Section (including, without limitation,
17 expenses of tax attorneys and/or accountants and mailing and distribution costs and
18 expenses relating to filing (or failing to file) the returns described in this Section) (“Tax
19 Expenses”), shall be paid out of the Settlement Fund. In no event shall Defendants or
20 the Released Defendant Parties have any responsibility for or liability with respect to the
21 Taxes or the Tax Expenses. The Settlement Fund shall indemnify and hold each of the
22 Defendants and the Released Defendant Parties harmless for Taxes and Tax Expenses
23 (including, without limitation, Taxes payable by reason of any such indemnification).
24 Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of
25 administration of the Settlement Fund and shall be timely paid by the Escrow Agent out
26 of the Settlement Fund by order of the Court without further consent of Defendants, and
27 the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to
28 withhold from distribution to Settlement Payment Recipients any funds necessary to pay
such amounts, including the establishment of adequate reserves for any Taxes and Tax
Expenses (as well as any amounts that may be required to be withheld under Treas. Reg.
§1.468B-2(1)(2)); neither Defendants nor the Released Defendant Parties are responsible
therefor nor shall they have any liability with respect thereto. The Parties hereto agree
to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants
to the extent reasonably necessary to carry out the provisions of this ¶2.10.

9. Paragraph 4.1 of the Stipulation is deleted and replaced with the following:

10 4.1 Upon the Effective Date, Plaintiffs and each and every Class Member for
11 themselves, and for any person claiming nor or in the future through or on behalf of
12 them shall be deemed to have, and by operation of the Judgment shall have, fully,
13 finally, and forever waived, released, relinquished, and discharged each and every one
14 of the Released Plaintiffs’ Claims against each and every one of the Released Defendant
15 Parties, whether or not such Class Member executes and delivers a Proof of Claim form,
16 and whether or not such Class Member shares or seeks to share in the Net Settlement
17 Fund.

10. Paragraph 4.2 of the Stipulation is deleted.

11. Paragraph 4.3 of the Stipulation is deleted and replaced with the following:

12 4.3 Upon the Effective Date, each of the Released Defendant Parties for themselves
13 and any Person claiming by or through them shall be deemed to have, and by operation
14 of the Judgment shall have, to the maximum extent permitted by law, fully, finally, and

1 forever released, relinquished, and discharged Released Plaintiff Parties from the
2 Released Defendant Parties' Claims.

3 12. Paragraph 4.4 of the Stipulation is deleted and replaced with the following:

4 4.4 With respect to any and all Released Plaintiffs' Claims (defined and limited in
5 Paragraph 1.20 to claims "which have been or could have been asserted by Plaintiffs or
6 any other Class Member in his, her, or its capacity as a shareholder of Ceradyne against
7 the Released Defendant Parties, and that arise out of or relate to the Action or the
8 Transaction"), the Parties agree that upon the Effective Date, Plaintiffs and each of the
9 Class Members shall as a result of the Judgment have waived, all rights and benefits
10 conferred by Cal. Civ. Code §1542, which provides:

11 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
12 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR
13 AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR
14 HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH
15 THE DEBTOR.

16 Plaintiffs acknowledge, and the other Class Members by operation of law, acknowledge
17 that they may discover facts different from those now known or believed to be true with
18 respect to the Released Plaintiffs' Claims, but that it is the intention of Plaintiffs and by
19 operation of law the other Class Members to completely release all Released Plaintiffs'
20 Claims.

21 The above is specifically limited to a Class Member's claim as a shareholder of
22 Ceradyne that relate to the Action or the Transaction and do not include any non-
23 shareholder claims. Non-shareholder claims include, but are not limited to, product
24 liability, employee, contract or vendor claims. For example, if a Class Member sold
25 copy paper or performed a service for any Defendant or Released Defendant Party,
26 those claims would not be released. This provision also does not include any claims to
27 enforce this Stipulation.

28 13. Paragraph 5.4 of the Stipulation is deleted and replaced with the following:

5.4 If there is any balance remaining in the Net Settlement Fund after six (6) months
from the date of distribution of the Net Settlement Fund (whether by reason of tax
refunds, uncashed checks, or otherwise), then, after the Claims Administrator has made
reasonable and diligent efforts to have Class Members who are entitled to participate in
the distribution of the Net Settlement Fund cash their distributions, Class Counsel shall,
if feasible, reallocate such balance among Settlement Payment Recipients who have
cashed their checks in the initial distribution and would receive a distribution of at least
\$10.00 on a *pro rata* basis based on the number of shares of Ceradyne common stock
the applicable Settlement Payment Recipient received consideration for in the sale of
Ceradyne to 3M at the price of \$35.00 per share. These redistributions shall be repeated
until the balance remaining in the Net Settlement Fund is no longer practicable to
distribute to Class Members (*i.e.*, \$10,000 or less). Thereafter, any balance which still
remains in the Net Settlement Fund shall be donated to Orange County Public Law
Center.

14. Paragraph 7.2 of the Stipulation is deleted and replaced with the following:

7.2 Any attorneys' fees and expenses awarded to Class Counsel by the Court shall
be paid to Class Counsel immediately upon an order awarding such fees and expenses,
after the Settlement Amount has been paid into the Escrow Account, notwithstanding

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the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Class Counsel’s several obligation to make appropriate refunds or repayments to the Settlement Fund plus interest earned at the same rate of the Settlement Fund thereon, if and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the fee or expense award is lowered or extinguished, or the Settlement fails to become Final for any reason. Any order or proceeding relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment approving the Stipulation and the Settlement set forth therein.

15. Paragraph 9.2 of the Stipulation is deleted and replaced with the following:

9.2 In addition to the foregoing, Defendants shall also have the option (which must be exercised unanimously by all Defendants with capacity to do so), but not the obligation, to terminate the Settlement and render this Stipulation null and void in the event that the aggregate number of shares of Ceradyne common stock held by Persons who would otherwise be eligible to participate as Class Members but who timely and validly request exclusion from the Settlement, exceeds the level (the “Opt-Out Threshold”) as set forth in a separate agreement (the “Supplemental Agreement”) executed between Class Counsel and Defendants’ counsel. For purposes of this termination right, a request for exclusion must contain the information requested in the Notice of Pendency and Proposed Settlement of Class Action (the “Notice”), or otherwise be recognized by Class Counsel or the Court as a valid request for exclusion. If all Defendants with the capacity to do so unanimously elect to exercise their option to terminate as set forth in this paragraph, written notice of such election must be provided to Class Counsel on or before ten (10) calendar days prior to the Settlement Hearing, or by such later date as shall be agreed upon in writing as between Class Counsel and counsel for Defendants. The Opt-Out Threshold may be disclosed to the Court for purposes of approval of the Settlement set forth in this Stipulation, as may be required by the Court, but such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Court so as to maintain the confidentiality of the Supplemental Agreement.

16. Paragraph 9.3 of the Stipulation is deleted and replaced with the following:

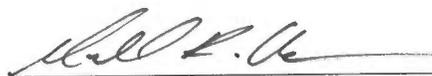
9.3 The Preliminary Approval Order shall provide that requests for exclusion shall be received by the Claims Administrator no later than ninety (90) calendar days after the initial date for Notices to be sent to Class Members and their nominees as provided in the Preliminary Approval Order. Upon receiving any request for exclusion, Class Counsel or the Claims Administrator shall promptly, and in no case later than fifteen (15) calendar days prior to the Settlement Hearing, notify Defendants’ counsel of such request for exclusion and provide copies of such request for exclusion and any documentation accompanying it by email. Class Counsel may attempt to cause the retraction of any request for exclusion by Class Members. If Defendants have exercised their option to withdraw from the Settlement and if Class Counsel succeed in causing the retraction of sufficient requests for exclusion such that the number of Ceradyne common stock covered by the remaining requests for exclusion do not equal or exceed the percentage of shares agreed upon in the Supplemental Agreement, the notice of withdrawal from the Settlement automatically shall be deemed a nullity. To retract a prior request for exclusion, a Class Member must provide to Class Counsel, and Class Counsel must provide to Defendants’ counsel, at least five (5) calendar days prior to the Settlement Hearing or any adjournment thereof, a written and signed notice of his, her or its desire to retract his, her or its request for exclusion from the Class. Defendants

1 and their counsel agree to cooperate in good faith to facilitate Class Counsel's efforts to
2 cause the Class Member's request for retraction.

3 17. Attached hereto are revised versions of the Exhibits to the Stipulation, which are
4 incorporated into both the Stipulation and the amendments thereto and include: (A) [Proposed] Order
5 Granting Preliminary Approval of Class Action Settlement and Providing for Notice; (A-1) Notice of
6 Pendency and Proposed Settlement of Class Action; (A-2) Proof of Claim; (A-3) Summary Notice of
7 Proposed Settlement of Class Action; and (B) [Proposed] Order and Final Judgment.

8 DATED: November 6, 2017

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Interim Class Counsel

1 DATED: November 6, 2017

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11 Attorneys for Defendants Ceradyne, Inc., Joel P.
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13 Edelstein, Richard A. Kertson, Siegfried Müssig,
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EXHIBIT A

1 ROBBINS GELLER RUDMAN
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10 Class Counsel

11 [Additional counsel appear on signature page.]

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 In re CERADYNE, INC. SHAREHOLDER) Lead Case No. 30-2012-00604001-CU-BT-CXC
15 LITIGATION) (Consolidated with
Case No. 30-2012-00604931-CU-SL-CXC)

16 _____)
17 This Document Relates To:) CLASS ACTION

18 ALL ACTIONS.) Assigned to: Judge Thierry P. Colaw

19 _____)
20 [PROPOSED] ORDER GRANTING
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT AND PROVIDING
FOR NOTICE

21 EXHIBIT A

22 DEPT: CX105
23 DATE ACTION FILED: 10/09/12

1 WHEREAS, the parties to the above-entitled action (the “Action”), plaintiffs Parmanand Kumar,
2 Adam Golovoy and City of Hialeah Employees’ Retirement System (collectively, the “Plaintiffs”) and
3 defendants Ceradyne, Inc. (“Ceradyne”), Joel P. Moskowitz, Richard A. Kertson, Richard A. Alliegro,
4 Frank Edelstein, Siegfried Müssig and Milton L. Lohr (collectively, the “Defendants”), entered into a
5 Stipulation of Settlement dated June 14, 2017 (the “Stipulation” or “Settlement”),¹ which is subject to
6 review by this Court and which, together with the Exhibits thereto, sets forth the terms and conditions
7 for the Settlement of the claims in the Action; and the Court having read and considered the Stipulation
8 and the accompanying documents; and the Parties having consented to the entry of this Order;

9 IT IS HEREBY ORDERED that:

10 1. Pursuant to §382 of the California Code of Civil Procedure, the Court preliminarily
11 certifies, for purposes of effectuating the Settlement only, a Class of all record and beneficial owners of
12 Ceradyne common stock who received consideration for their shares in the sale of Ceradyne to 3M
13 Company at the price of \$35.00 per share, pursuant to either the Tender Offer or the second step
14 Merger. Excluded from the Class are the Defendants, their estates, Defendants’ respective successors,
15 heirs and assigns, Defendants’ immediate family members, and any company, trust, or other entity in
16 which a Defendant owned, or beneficially controlled or held, as of November 27, 2012, a fifty percent
17 or more interest. Also excluded from the Class is any Person who exercised their appraisal rights under
18 Section 262 of the General Corporation Law of the State of Delaware or who validly requests exclusion
19 from the Class.

20 2. With respect to the Class, and solely for purposes of effectuating settlement, this Court
21 finds and concludes that: (a) the members of the Class are so numerous that joinder of all Class
22 Members in the Action is impracticable; (b) there are questions of law and fact common to the Class
23 which predominate over any individual questions; (c) the claims of the Plaintiffs are typical of the
24 claims of the Class; (d) Plaintiffs and their counsel have fairly and adequately represented and protected
25 the interests of all the Class Members; and (e) a class action is superior to other methods for the fair and
26 efficient adjudication of the matter.

27 ¹ All capitalized terms herein have the same meanings as defined in the Stipulation, unless otherwise
28 stated.

1 3. The Court preliminarily finds and concludes that the Settlement as set forth in the
2 Stipulation results from arm's-length settlement negotiations, including mediation under the direction of
3 an experienced mediator, Jill Sperber, Esq., and is sufficiently fair, reasonable, and adequate to warrant
4 providing notice of the Settlement to the Class. As a result, the Court preliminarily approves the
5 Settlement and adopts the terms of the Stipulation for the purpose of this Order Granting Preliminary
6 Approval of Class Action Settlement and Providing for Notice (the "Order").

7 4. A hearing (the "Settlement Hearing") shall be held before the Court on _____,
8 2017, at __: __.m., in Department CX105 of the Superior Court of the State of California, County of
9 Orange, located at 751 West Santa Ana Blvd., Santa Ana, CA 92701 to determine:

10 (a) whether the Settlement should be approved by the Court as fair, reasonable, and
11 adequate;

12 (b) whether the Judgment attached as Exhibit B to the Stipulation should be entered
13 in all material respects;

14 (c) whether the proposed plan of distribution should be approved; and

15 (d) whether the Court should approve the award of Class Counsel's attorneys' fees
16 and expenses (*i.e.*, the "Fee and Expense Application"), and service awards of up to \$5,000 each for
17 Plaintiffs, for their time, effort and service in representing the Class in this Action.

18 5. Any moving papers filed in support of the final approval of the Settlement, the plan of
19 distribution, the Fee and Expense Application, or Plaintiff service awards shall be filed at least fourteen
20 days (14) calendar days prior to the deadline for objections in ¶13. All reply papers shall be filed at
21 least seven (7) calendar days prior to the Settlement Hearing.

22 6. The Court may adjourn or continue the Settlement Hearing or any part thereof, without
23 further notice of any kind to the Class.

24 7. The Court may approve the Settlement at or after the Settlement Hearing with such
25 modification as may be consented to by the Parties to the Stipulation and without further notice to the
26 Class.

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1 8. Class Counsel are hereby authorized to retain the firm of Gilardi & Co. LLC (“Claims
2 Administrator”) to supervise and administer the notice procedure as well as the processing of claims as
3 more fully set forth below:

4 (a) Within five (5) calendar days of the date of this Order, Defendants’ counsel, at no
5 cost, shall provide Class Counsel and/or the Claims Administrator with the stockholder list and other
6 information, in an electronically-readable format, that was used as the basis for distributing the
7 consideration paid in the Transaction to Ceradyne’s shareholders;

8 (b) Within fourteen (14) calendar days of the date of this Order (the “Notice Date”),
9 the Claims Administrator shall cause a copy of the Notice and the Proof of Claim, substantially in the
10 forms annexed as Exhibits A-1 and A-2 hereto, to be mailed, by First-Class Mail, postage prepaid, to all
11 members of the Class who can be identified with reasonable effort;

12 (c) Within seven (7) calendar days of the Notice Date, the Claims Administrator
13 shall cause the Summary Notice, substantially in the form annexed as Exhibit A-3 hereto, to be
14 published once in *The Wall Street Journal*, *Investor’s Business Daily* and over the *Business Wire*;

15 (d) Within fourteen (14) calendar days of the Notice Date, the Claims Administrator
16 shall post on www.ceradyneshareholdersettlement.com, the Stipulation, Notice and Proof of Claim;

17 (e) Within two (2) business days of filing, the Claims Administrator shall post on
18 www.ceradyneshareholdersettlement.com, the Motion for Final Approval of the Settlement, Plan of
19 Distribution and Request for Attorneys’ Fees and Expenses; and

20 (f) At least seven (7) days prior to the Settlement Hearing, Class Counsel shall serve
21 on Defendants’ counsel and file with the Court proof, by affidavit or declaration, of such mailing and
22 publication.

23 9. The Claims Administrator shall make additional copies of the Notice and the Proof of
24 Claim available to nominee holders such as brokerage firms who held Ceradyne common stock and
25 received consideration for their shares in the sale of Ceradyne to 3M Company at the price of \$35.00
26 per share. Such nominee holders are requested to forward copies of the Notice and the Proof of Claim
27 to all beneficial owners of such shares promptly after receipt of the Notice and the Proof of Claim or to
28 provide the Claims Administrator with a list of the names and addresses of such beneficial owners

1 promptly. The Claims Administrator shall mail copies of the Notice and the Proof of Claim to any
2 beneficial owners where addresses are provided to the Claims Administrator by the nominee owners of
3 such common shares. All reasonable expenses incurred in identifying and notifying Class Members, as
4 well as administering the Settlement, shall be paid as set forth in the Stipulation.

5 10. The Court approves, in form and content, the Notice, the Proof of Claim, and the
6 Summary Notice, substantially in the forms annexed as Exhibits A-1, A-2 and A-3 hereto, and finds that
7 the giving of notice as specified herein meets the requirements of the California Code of Civil
8 Procedure and due process, is the best notice practicable under the circumstances, including individual
9 notice to all Class Members who can be identified through reasonable efforts, and shall constitute due
10 and sufficient notice to all persons and entities entitled to receive notice.

11 11. In order to be entitled to participate in the Net Settlement Fund, in the event the
12 Settlement is consummated in accordance with its terms set forth in the Stipulation, each Class Member
13 shall take the following actions and be subject to the following conditions:

14 (a) Within ninety (90) days after the Notice Date, each Person claiming to be a
15 Settlement Payment Recipient shall be required to submit to the Claims Administrator a completed
16 Proof of Claim, substantially in a form contained in Exhibit A-2 attached hereto and as approved by the
17 Court, signed under penalty of perjury.

18 (b) Except as otherwise ordered by the Court, all Class Members who fail to timely
19 submit a Proof of Claim within such period, or such other period as may be ordered by the Court, shall
20 be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth
21 therein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the
22 releases contained therein, and the Judgment. Notwithstanding the foregoing, Class Counsel may, in
23 their discretion, accept for processing late submitted claims so long as the distribution of the Net
24 Settlement Fund to Settlement Payment Recipients is not materially delayed.

25 (c) As part of the Proof of Claim, each Class Member shall submit to the jurisdiction
26 of the Court with respect to the claim submitted.

27 12. All Class Members shall be bound by all determinations, releases and judgments in this
28 Action, whether favorable or unfavorable, and regardless of whether such Persons seek or obtain by any

1 means, including by submitting a Proof of Claim, any distribution from the Settlement Fund or Net
2 Settlement Fund, unless they request exclusion from the Class in a timely and proper manner, as
3 hereinafter provided. A Class Member wishing to make such request shall, no later than sixty (60)
4 calendar days after the Notice Date, mail a request for exclusion in written form by First-Class Mail
5 postmarked to the address designated in the Notice. Such request for exclusion shall indicate the name,
6 address and telephone number of the Person seeking exclusion, that the Person requests to be excluded
7 from the Class, and must be signed by such Person. Such Persons requesting exclusion are also
8 requested to state the number of shares of Ceradyne common stock they received consideration for in
9 the sale of Ceradyne to 3M Company at the price of \$35.00 per share. The request for exclusion shall
10 not be effective unless it is made in writing within the time stated above, and the exclusion is accepted
11 by the Court. Class Members requesting exclusion from the Class shall not be entitled to receive any
12 payment out of the Net Settlement Fund as described in the Stipulation and Notice. Upon receiving any
13 request for exclusion, Class Counsel or the Claims Administrator shall promptly, and in no case later
14 than fifteen (15) calendar days prior to the Settlement Hearing, notify Defendants' counsel of such
15 request for exclusion and provide copies of such request for exclusion and any documentation
16 accompanying it by email.

17 13. The Court will consider objections to the Settlement, the plan of distribution, the
18 payment to Plaintiffs for their representation of the Class, and/or the Fee and Expense Application. Any
19 person wanting to object may do so in writing. Such objections and any supporting papers,
20 accompanied by proof of Class membership, shall be filed with the Clerk of the Court, Superior Court
21 of the State of California, County of Orange, Civil Complex Center, 751 West Santa Ana Blvd., Santa
22 Ana, CA 92701, and copies of all such papers served such that they are received no later than sixty (60)
23 calendar days after the Notice Date, upon the following: Jeffrey D. Light, Robbins Geller Rudman &
24 Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, on behalf of the Plaintiffs and the
25 Class. Persons who object in writing to the Settlement, the plan of distribution, the Fee and Expense
26 Application and/or the request for payment to Plaintiffs for representing the Class and desire to present
27 evidence at the Settlement Hearing must include in their written objections copies of any exhibits they
28 intend to introduce into evidence at the Settlement Hearing. If an objector hires an attorney to represent

1 him, her, or it for the purposes of making an objection, the attorney must both effect service of a notice
2 of appearance on counsel listed above and file it with the Court by no later than sixty (60) calendar days
3 after the Notice Date. A Class Member who files a written objection does not have to appear at the
4 Settlement Hearing for the Court to consider his, her or its objection. Any member of the Class who
5 does not make his, her, or its objection in the manner provided shall be deemed to have waived such
6 objection and shall be foreclosed from making any objection to the fairness or adequacy of the
7 Settlement set forth in the Stipulation, to the plan of distribution, and to the award of attorneys' fees and
8 expenses to Class Counsel and Plaintiffs for their representation of the Class, unless the Court orders
9 otherwise.

10 14. The passage of title and ownership of the Settlement Fund to the Escrow Agent in
11 accordance with the terms and obligations of the Stipulation is approved. No Person that is not a Class
12 Member or counsel to the Plaintiffs shall have any right to any portion of, or in the distribution of, the
13 Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation.

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

17 16. Neither the Released Defendants Parties nor their counsel shall have any responsibility
18 for the plan of distribution or any application for attorneys' fees and expenses submitted by Class
19 Counsel, or the service awards requested by Plaintiffs and such matters will be considered separately
20 from the fairness, reasonableness, and adequacy of the Settlement.

21 17. If the Settlement, including any amendment made in accordance with the Stipulation, is
22 not approved by the Court or shall not become effective for any reason whatsoever, the Settlement and
23 Stipulation (including any modification thereof), and any action taken or to be taken in connection
24 therewith (including this Order and any judgment entered herein) shall be terminated and shall become
25 null and void and of no further force and effect except that neither Plaintiffs nor any of their counsel
26 shall have any obligation to repay any Administrative Costs paid or incurred prior to payment of the
27 Settlement Amount to the Settlement Fund pursuant to ¶2.3 of the Stipulation nor any Administrative
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1 Costs actually and properly disbursed or incurred after the payment of the Settlement Amount into the
2 Settlement Fund.

3 18. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations,
4 discussions, or proceedings connected with it, nor any act performed or document executed pursuant to
5 or in furtherance of the Stipulation or the Settlement, may be construed as an admission or concession
6 by the Released Defendant Parties or Released Plaintiff Parties of the truth of any of the allegations in
7 the Action, or of any liability, fault, or wrongdoing of any kind.

8 19. The Court retains jurisdiction over all proceedings arising out of or related to the
9 Stipulation and/or the Settlement.

10 20. All proceedings in the Action, other than proceedings as may be necessary to carry out
11 the terms and conditions of the Settlement, are hereby stayed and suspended until further order of this
12 Court.

13 21. Without further order of the Court, the Parties may agree to reasonable extensions of
14 time to carry out any of the provisions of this Order or the Stipulation.

15 22. If the Settlement provided for in the Stipulation shall be approved by the Court following
16 the Settlement Hearing, a Judgment shall be entered as described in the Stipulation.

17 23. Pending final determination of whether the Settlement should be approved, neither the
18 Plaintiffs, nor any Class Member, directly or indirectly, representatively, or in any other capacity, shall
19 commence or prosecute against any of the Released Defendant Parties, any action or proceeding in any
20 court or tribunal asserting any of the Released Plaintiffs' Claims.

21 IT IS SO ORDERED.

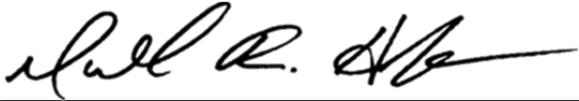
22 DATED: _____

HONORABLE THIERRY P. COLAW
JUDGE OF THE SUPERIOR COURT

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Submitted by:

ROBBINS GELLER RUDMAN
& DOWD LLP
RANDALL J. BARON
A. RICK ATWOOD, JR.
DAVID T. WISSBROECKER
JEFFREY D. LIGHT
MAXWELL R. HUFFMAN



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Class Counsel

EXHIBIT A-1

1 ROBBINS GELLER RUDMAN
& DOWD LLP
2 RANDALL J. BARON (150796)
A. RICK ATWOOD, JR. (156529)
3 JEFFREY D. LIGHT (159515)
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8 10866 Wilshire Blvd., Suite 1470
Los Angeles, CA 90024
9 Telephone: 424/256-2884
424/256-2885 (fax)

10 Class Counsel
11

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 In re CERADYNE, INC. SHAREHOLDER) Lead Case No. 30-2012-00604001-CU-BT-CXC
15 LITIGATION) (Consolidated with
Case No. 30-2012-00604931-CU-SL-CXC)

16 _____)
17 This Document Relates To:) CLASS ACTION
18 ALL ACTIONS.) Assigned to: Judge Thierry P. Colaw

19 NOTICE OF PENDENCY AND PROPOSED
SETTLEMENT OF CLASS ACTION

20 EXHIBIT A-1

21 DEPT: CX105
22 DATE ACTION FILED: 10/09/12

1 **TO: ALL PERSONS OR ENTITIES WHO HELD SHARES OF COMMON STOCK IN**
2 **CERADYNE, INC. (“CERADYNE”), EITHER OF RECORD OR BENEFICIALLY,**
3 **AND WHO RECEIVED CONSIDERATION FOR THEIR SHARES IN THE SALE OF**
4 **CERADYNE TO 3M COMPANY AT THE PRICE OF \$35.00 PER SHARE (THE**
5 **“CLASS”)¹**

6 **PLEASE READ THIS NOTICE CAREFULLY. THIS NOTICE RELATES TO A**
7 **PROPOSED SETTLEMENT OF THE ACTION REFERRED TO IN THE**
8 **CAPTION AND CONTAINS IMPORTANT INFORMATION REGARDING**
9 **YOUR RIGHTS.**

10 **THE PURPOSE OF THIS NOTICE**

11 The purpose of this Notice is to inform you of a proposed settlement (the “Settlement”) of the
12 above-captioned action (the “Action”) by and among the parties to the Action pending before the
13 Superior Court of the State of California, County of Orange (the “Court”), and of a hearing to be held
14 before the Court, in Department CX105 of the Complex Civil Division, 751 West Santa Ana Blvd.,
15 Santa Ana, California 92701, on January 19, 2018, at 10:30 a.m. (the “Settlement Hearing”). The
16 purpose of the Settlement Hearing is to determine: (a) whether the Court should approve the Settlement
17 of the Action for a total of Eleven Million Three Hundred Thousand Dollars (\$11,300,000.00) on the
18 terms and conditions set forth in the Stipulation of Settlement dated June 14, 2017 and the Notice of
19 Amendments to the Stipulation of Settlement dated June 14, 2017 (together “Stipulation”);² (b) whether
20 the Court should approve the proposed plan of distribution; (c) whether the Court should grant the
21 application of Class Counsel for an award of attorneys’ fees and expenses and plaintiff service awards;
22 and (d) such other matters as may properly come before the Court.

23 ¹ Excluded from the Class are the Defendants, their estates, Defendants’ respective successors, heirs
24 and assigns, Defendants’ immediate family members, and any company, trust, or other entity in which a
25 Defendant owned, or beneficially controlled or held, as of November 27, 2012, a fifty percent or more
26 interest. Also excluded from the Class is any Person who exercised their appraisal rights under Section
27 262 of the General Corporation Law of the State of Delaware or who validly requests exclusion from
28 the Class.

² The Stipulation and other Settlement documents can be obtained on the case dedicated website at
www.ceradyneshareholdersettlement.com. All capitalized terms used herein have the same meanings as
the terms defined in the Stipulation.

1 The Court has the right to adjourn the Settlement Hearing without further notice to the Class.
2 The Court also has the right to approve the Settlement with or without modifications, to enter its final
3 judgment and to order the payment of attorneys' fees and expenses without further notice to the Class.

4 **WHAT IS THIS LAWSUIT ABOUT?**

5 On October 1, 2012, Ceradyne and 3M Company announced the execution of an agreement and
6 plan of merger, pursuant to which, among other things, 3M Company, through its wholly-owned
7 subsidiary, Cyborg Acquisition Corporation ("Cyborg," and together with 3M Company, "3M"), would
8 commence a tender offer to acquire all outstanding shares of Ceradyne stock at a price of \$35.00 per
9 share in cash (the "Tender Offer") and consummate a second-step merger with Ceradyne (the "Merger,"
10 and together with the Tender Offer, the "Transaction") in which the remainder holders of Ceradyne
11 common stock would receive the same price per share paid in the Tender Offer. The Tender Offer
12 expired on November 27, 2012, and the Transaction was consummated on November 29, 2012,
13 whereby Ceradyne common stock holders received \$35.00 per share.

14 This Action alleges that members of the Company's Board of Directors, Joel P. Moskowitz,
15 Richard A. Kertson, Richard A. Alliegro, Frank Edelstein, Siegfried Müssig and Milton L. Lohr,
16 breached their fiduciary duties to the Class. Plaintiffs allege that these defendants, among other things,
17 intentionally disregarded Ceradyne's intrinsic value and agreed to sell the Company to 3M for a
18 knowingly unfair price; made materially misleading disclosures in the Schedule 14D-9 and prevented
19 the Class Members from making an informed decision as to whether Ceradyne would be better off as a
20 standalone company, tender their shares or seek appraisal; and acted in bad faith in selecting and
21 supervising Citi Global Markets, approving the merger to avoid an attack by activist investors, and
22 relying upon illustrative alternative case financial projections to approve the merger. Defendants deny
23 these allegations. The Stipulation has a detailed procedural history of the Action. The Stipulation can
24 be obtained at www.ceradyneshareholdersettlement.com.

25 **REASONS FOR THE SETTLEMENT**

26 Plaintiffs, through their counsel, have investigated the claims and allegations asserted in the
27 Action, as well as the underlying events and transactions relevant to the Action. In evaluating the

1 Settlement, Plaintiffs and their counsel have considered: (i) the benefits to the members of the Class (as
2 defined above) from the Settlement; (ii) the attendant risks of continued litigation and the uncertainty of
3 the outcome of the Action; (iii) the probability of success on the merits and the allegations contained in
4 the Action, including the uncertainty relating to the proof of those allegations; (iv) the desirability of
5 permitting the Settlement to be consummated as provided by the terms of the Stipulation; and (v) the
6 conclusion of Class Counsel that the terms and conditions of the Settlement are fair, reasonable,
7 adequate, and in the best interests of the Class.

8 Defendants have denied, and continue to deny, that they have committed or aided and abetted in
9 the commission of any violation of law or engaged in any of the other wrongful acts alleged in the
10 Action, and expressly maintain that they have diligently and scrupulously complied with their fiduciary
11 and other legal duties, and are entering into the Stipulation and Settlement solely to eliminate the
12 burden and expense of further litigation.

13 **SUMMARY OF THE SETTLEMENT TERMS**

14 In consideration for the full settlement and release of all Released Plaintiffs' Claims (as defined
15 below), Defendants and their insurers will pay a total of Eleven Million Three Hundred Thousand
16 Dollars (\$11,300,000.00), plus interest (the "Settlement Amount") for the benefit of the Class. Based
17 on filings with the Securities and Exchange Commission, it is estimated that if Class Members submit
18 claims for 100% of the shares eligible for distribution, the estimated gross recovery will be
19 approximately \$0.50 per share. Deducting estimated costs for notice and administration of the
20 Settlement of \$315,000, as well as the proposed attorneys' fees, expense awards and incentive awards,
21 which are subject to approval by the Court, the estimated net recovery for Class Members will be
22 approximately \$0.33 per share. Historically, actual claims rates are less than 100% of the shares
23 eligible for distribution, which would result in higher distributions per share. This amount is in addition
24 to the \$35.00 per share consideration Ceradyne common stock holders received in the Transaction.

25 The full terms of the Settlement are set forth in the Stipulation (for instructions on how to obtain
26 further information about the Settlement or the Action, *see* "Scope of This Notice" below).

1 **DISTRIBUTION OF THE NET SETTLEMENT FUND**

2 If the Settlement is approved, the Settlement Amount, plus any interest (the “Settlement Fund”),
3 less any Fee and Expense Award and plaintiff service awards approved by the Court, and
4 Administrative Costs (the “Net Settlement Fund”), will be distributed as follows:

5 (a) Proof of Claim

6 Any Class Member who wishes to participate in the distribution of the Net Settlement Fund
7 shall submit to the Claims Administrator a completed Proof of Claim, with adequate supporting
8 documentation, in the form enclosed and mail or submit it online so that it is **postmarked (if mailed)**
9 **or received (if submitted electronically) no later than _____, 2018.** The Proof of Claim
10 may also be obtained and submitted online at www.ceradyneholdersttlement.com. Any Proof of
11 Claim submitted to the Claims Administrator after such date may be rejected as untimely. All Class
12 Members who submit a valid Proof of Claim to the Claims Administrator will be “Settlement Payment
13 Recipients.” Notwithstanding the foregoing, Class Counsel shall have the discretion (but not the
14 obligation) to accept for processing late submitted claims so long as the payment to Settlement Payment
15 Recipients is not materially delayed. No Class Member shall have any claim against Plaintiffs, Class
16 Counsel, or the Claims Administrator by reason of the decision to exercise such discretion whether to
17 accept late submitted claims.

18 (b) Plan of Distribution of the Net Settlement Fund

19 Following the Effective Date, the Net Settlement Fund will be disbursed by the Claims
20 Administrator to the Settlement Payment Recipients and will be allocated on a per-share basis amongst
21 the Settlement Payment Recipients based on the number of shares of Ceradyne common stock the
22 applicable Settlement Payment Recipient received consideration for in the sale of Ceradyne to 3M
23 Company at the price of \$35.00 per share. No distribution shall be made to Settlement Payment
24 Recipients who would otherwise receive a distribution of less than \$10.00. If there is any balance
25 remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Net
26 Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), then, after the
27 Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled

1 to participate in the distribution of the Net Settlement Fund cash their distributions, Class Counsel shall,
2 if feasible, reallocate such balance among Settlement Payment Recipients in an equitable and economic
3 fashion. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund
4 is \$10,000 or less. Thereafter, any balance which still remains in the Net Settlement Fund shall be
5 donated to the Orange County Public Law Center.

6 **JUDGMENT AND RELEASE OF CLAIMS**

7 If the Settlement is approved, the Court will enter an order and final judgment (the “Judgment”)
8 on the merits against the named Plaintiffs and the Class that will release Released Defendant Parties
9 from all Released Plaintiffs’ Claims. Released Plaintiffs’ Claims means any and all manner of claims
10 (including Unknown Claims as defined below), which have been or could have been asserted by
11 Plaintiffs or any other Class Member in his, her, or its capacity as a shareholder of Ceradyne against the
12 Released Defendant Parties, and that arise out of or relate to the Action or the Transaction. Released
13 Plaintiffs’ Claims, however, are limited to claims based on a Plaintiff’s or Class Member’s status as a
14 shareholder of Ceradyne. Non-shareholder claims include, but are not limited to, product liability,
15 employee, contract or vendor claims. For example, if a Class Member sold copy paper or performed a
16 service for any Defendant or Released Defendant Party, those claims would not be released. Released
17 Plaintiffs’ Claims also do not include any claims to enforce the Stipulation.

18 “Unknown Claims,” as used in the definition of Released Plaintiffs’ Claims, means any and all
19 Released Plaintiffs’ Claims (as defined above “which have been or could have been asserted by
20 Plaintiffs or any other Class Member in his, her, or its capacity as a shareholder of Ceradyne against the
21 Released Defendant Parties, and that arise out of or relate to, the Action or the Transaction”) which
22 Plaintiffs or any other Class Member does not know to exist in his, her, or its favor at the time of the
23 Released Plaintiffs’ Claims against the Released Defendant Parties. The above is specifically limited to
24 a Class Member claim as a shareholder of Ceradyne that relate to the Action or the Transaction and do
25 not include any non-shareholder claims. Non-shareholder claims include, but are not limited to, product
26 liability, employee, contract or vendor claims. For example, if a Class Member sold copy paper or
27

1 performed a service for any Defendant or Released Defendant Party, those claims would not be
2 released. Unknown Claims also do not include any claims to enforce the Stipulation.

3 The Judgment also will include a waiver by the named Plaintiffs and the Class of their rights
4 under Section 1542 of the California Civil Code that with respect to any and all Released Plaintiffs’
5 Claims (defined and limited to claims “which have been or could have been asserted by Plaintiffs or any
6 other Class Member in his, her, or its capacity as a shareholder of Ceradyne against the Released
7 Defendant Parties, and that arise out of or relate to the Action or the Transaction”), the Parties agree that
8 upon the Effective Date, Plaintiffs and each of the Class Members shall as a result of the Judgment have
9 waived, all rights and benefits conferred by Cal. Civ. Code §1542, which provides:

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

13 Plaintiffs acknowledge, and the other Class Members by operation of law, acknowledge that they may
14 discover facts different from those now known or believed to be true with respect to the Released
15 Plaintiffs’ Claims, but that it is the intention of Plaintiffs and by operation of law the other Class
16 Members to completely release all Released Plaintiffs’ Claims.

17 The above is specifically limited to a Class Member’s claim as a shareholder of Ceradyne that
18 relate to the Action or the Transaction and do not include any non-shareholder claims. Non-shareholder
19 claims include, but are not limited to, product liability, employee, contract or vendor claims. For
20 example, if a Class Member sold copy paper or performed a service for any Defendant or Released
21 Defendant Party, those claims would not be released. This provision also does not include any claims
22 to enforce the Stipulation.

23 **THE LAWYERS REPRESENTING THE CLASS**

24 Class Counsel, Robbins Geller Rudman & Dowd LLP and Faruqi & Faruqi, LLP, will represent
25 the interests of all members of the Class. You will not be separately charged for these lawyers. As
26 discussed below, any payment of attorneys’ fees and expenses will be paid from the Settlement Fund.
27 If you want to be represented by your own lawyer, you may hire one at your own expense.

1 **CLASS COUNSEL’S APPLICATION FOR ATTORNEYS’ FEES AND EXPENSES**

2 Concurrently with seeking final approval of the Settlement, Class Counsel will apply to the
3 Court for an award of attorneys’ fees of 30% of the Settlement Amount, which is \$3,390,000, plus up to
4 \$220,000 in expenses plus interest on both amounts (the “Fee and Expense Application”). At the same
5 time, Class Counsel may also apply to the Court for service awards to the three Plaintiffs of up to
6 \$5,000 each. Any Fee and Expense Award or plaintiff service awards approved by the Court will be
7 paid from the Settlement Fund. Class Counsel will make the Fee and Expense Application no later than
8 _____, 2017.

9 **RIGHT TO EXCLUDE YOURSELF FROM THE CLASS**

10 If you want to keep the right to sue or continue to sue Defendants on your own about the legal
11 issues in this case, then you must take steps to get out of the Class. This is called excluding yourself
12 from, or “opting out” of, the Class.

13 To exclude yourself from the Class, you must send a letter by mail saying that you want to be
14 excluded from the Class in the following action: *In re Ceradyne, Inc. Shareholder Litigation*, Lead Case
15 No. 30-2012-00604001-CU-BT-CXC. Be sure to include your name, address, telephone number, and
16 sign the letter. You should also include the number of shares of Ceradyne common stock you received
17 consideration for in the sale of Ceradyne to 3M Company at the price of \$35.00 per share. Your
18 exclusion request must be **postmarked no later than _____, 2017**, and sent to the Claims
19 Administrator at:

20 *Ceradyne Securities Litigation*
21 Claims Administrator
22 EXCLUSIONS
23 c/o Gilardi & Co. LLC
24 3301 Kerner Blvd.
25 San Rafael, CA 94901

26 You cannot exclude yourself by phone or by e-mail. If you make a proper request for exclusion,
27 you will not receive a Settlement payment, you cannot object to the Settlement and you will not be
28 legally bound by anything that happens in this lawsuit.

1 Pursuant to a separate Supplemental Agreement entered into between Plaintiffs and Defendants,
2 Defendants shall have the option, but does not have to exercise the option, to terminate the Settlement
3 in the event that the number of shares held by persons or entities who would otherwise be members of
4 the Class, but elect to exclude themselves from the Class, exceeds a certain number of shares agreed to
5 by the Parties. The Supplemental Agreement is referenced in ¶9.2 of the Stipulation.

6 **RIGHT TO APPEAR AND OBJECT**

7 If you are a Class Member, you may object to the terms of the Settlement. Whether or not you
8 object to the terms of the Settlement, you may also object to the requested attorneys' fees and expenses,
9 the awards to Plaintiffs and/or the plan of distribution. In order for any objection to be considered, you
10 may file a written statement, accompanied by proof of Class membership, with the Court, and send a
11 copy to Class Counsel **such that it is received by _____, 2017**, or may appear at the Settlement
12 Hearing to object. If you simply wish to appear at the Settlement Hearing to object, no written
13 objection is necessary. The Court's address is: Superior Court of Orange County, Civil Complex
14 Center, 751 West Santa Ana Blvd., Santa Ana, CA 92701, and Class Counsel's address is: Robbins
15 Geller Rudman & Dowd LLP, c/o Jeffrey D. Light, 655 West Broadway, Suite 1900, San Diego, CA
16 92101. If you file a written objection, attendance at the Settlement Hearing is not necessary and the
17 Court will still consider your objection. However, persons who file a written objection and wish to be
18 heard orally at the Settlement Hearing are required to indicate in their written objection their intention
19 to appear at the hearing and identify any witnesses they may call to testify and exhibits, if any, they
20 intend to introduce into evidence. If an objector hires an attorney to represent him, her, or it, the
21 attorney must both effect service of a notice of appearance on Class Counsel listed above and file it with
22 the Court **so that it is received on or before _____, 2017**. Any person who fails to object in
23 the manner provided above shall be deemed to have waived such objection and shall forever be barred
24 from making any such objection in the Action or in any other action or proceeding.

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THE ORDER AND FINAL JUDGMENT OF THE COURT

If the Court determines that the Settlement, as provided for in the Stipulation, is fair, reasonable, and adequate, the parties to the Action will ask the Court to enter an Order and Judgment against the named Plaintiffs and the Class, which will, among other things:

- (a) approve the Settlement as fair, reasonable, and adequate, and direct consummation of the Settlement in accordance with its terms and conditions;
- (b) release the Released Defendant Parties from the Released Plaintiffs' Claims, and release the Released Plaintiff Parties from the Released Defendant Parties' Claims; and
- (c) retain jurisdiction over all matters relating to the administration and consummation of the Settlement described therein.

In the event the Settlement is not approved, or such approval does not become final pursuant to the terms of the Stipulation, the Settlement shall be of no further force and effect and each party shall then be returned to his, her, or its respective position prior to the Settlement without prejudice and as if the Settlement had not been entered into.

SCOPE OF THIS NOTICE

The foregoing description of the Settlement Hearing, the Action, the terms of the proposed Settlement and other matters described herein does not purport to be comprehensive. Accordingly, members of the Class are referred to the documents filed with the Court in the Action. You or your attorney may examine the documents filed in the Action during regular business hours on any business day at the office of the Civil Complex Center, 751 West Santa Ana Blvd., Santa Ana, California 92701 or online at: <http://www.occourts.org/online-services/case-access/>.

If you would like further information, you may contact:

1 Rick Nelson
2 Shareholder Relations
3 ROBBINS GELLER RUDMAN
4 & DOWD LLP
5 655 West Broadway, Suite 1900
6 San Diego, CA 92101
7 1-800-449-4900
8 or
9 the Claims Administrator at
10 *Ceradyne Shareholder Litigation*
11 c/o Gilardi & Co. LLC
12 P.O. Box 30254
13 College Station, TX 77842-3254
14 1-844-510-5941
15 www.ceradyneshareholdersettlement.com
16 info@ceradyneshareholdersettlement.com

17 **NOTICE TO THOSE HOLDING STOCK FOR THE BENEFIT OF OTHERS**

18 Brokerage firms, banks and/or other persons or entities who held shares of Ceradyne's common
19 stock for the benefit of others are directed promptly to (1) provide the Claims Administrator with a list
20 of the names and addresses of such beneficial owners; or (2) forward a copy of the Notice and Proof of
21 Claim to all of their respective beneficial owners. If additional copies of the Notice and Proof of Claim
22 are needed for forwarding to such beneficial owners, they may be obtained from the Claims
23 Administrator by writing to:

24 *Ceradyne Shareholder Litigation*
25 Claims Administrator
26 c/o Gilardi & Co. LLC
27 P.O. Box 30254
28 College Station, TX 77842-3254

or downloaded from the Internet at www.ceradyneshareholdersettlement.com

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which

1 would not have been incurred but for the obligation to forward the Notice, upon submission of
2 appropriate documentation to the Claims Administrator.

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

4 DATED: _____, 2017

BY ORDER OF THE SUPERIOR COURT
STATE OF CALIFORNIA
COUNTY OF ORANGE

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EXHIBIT A-2

1 ROBBINS GELLER RUDMAN
& DOWD LLP
2 RANDALL J. BARON (150796)
A. RICK ATWOOD, JR. (156529)
3 JEFFREY D. LIGHT (159515)
DAVID T. WISSBROECKER (243867)
4 MAXWELL R. HUFFMAN (264687)
655 West Broadway, Suite 1900
5 San Diego, CA 92101
Telephone: 619/231-1058
6 619/231-7423 (fax)

7 FARUQI & FARUQI, LLP
BARBARA A. ROHR (273353)
8 10866 Wilshire Blvd., Suite 1470
Los Angeles, CA 90024
9 Telephone: 424/256-2884
424/256-2885 (fax)

10 Class Counsel
11

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 In re CERADYNE, INC. SHAREHOLDER) Lead Case No. 30-2012-00604001-CU-BT-CXC
15 LITIGATION) (Consolidated with
) Case No. 30-2012-00604931-CU-SL-CXC)

16 _____)
17 This Document Relates To:) CLASS ACTION
)
18 ALL ACTIONS.) Assigned to: Judge Thierry P. Colaw
)

19 PROOF OF CLAIM

20 EXHIBIT A-2

21 DEPT: CX105

22 DATE ACTION FILED: 10/09/12
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1 **I. GENERAL INSTRUCTIONS**

2 1. All capitalized terms not otherwise defined shall have the same meanings as set forth in
3 the Amended Stipulation of Settlement dated as of June 14, 2017 (“Stipulation”), as modified by the
4 Notice of Amendments to the Stipulation of Settlement dated June 14, 2017, which can be downloaded
5 at www.ceradyneshareholdersettlement.com.

6 2. To recover as a member of the Class based on your claims in the action entitled *In re*
7 *Ceradyne, Inc. Shareholder Litigation*, Lead Case No. 30-2012-00604001-CU-BT-CXC (the “Action”),
8 **YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND SIGNED PROOF OF**
9 **CLAIM, ACCOMPANIED BY COPIES OF THE DOCUMENTS REQUESTED HEREIN, ON OR**
10 **BEFORE _____, 2017, ADDRESSED AS FOLLOWS:**

11 *Ceradyne Shareholder Litigation*
12 Claims Administrator
13 c/o Gilardi & Co. LLC
14 P.O. Box 30254
College Station, TX 77842-3254
Online Submissions: www.ceradyneshareholdersettlement.com

15 3. Submission of this Proof of Claim, however, does not assure that you will share in the
16 proceeds of the Settlement of the Action.

17 4. If you are a member of the Class and you did not timely request exclusion in connection
18 with the Settlement, you are bound by the terms of any judgment entered in the Action, **WHETHER OR**
19 **NOT YOU SUBMIT A PROOF OF CLAIM.**

20 **II. DEFINITIONS**

21 1. “Class” means, for purposes of settlement only, all record and beneficial owners of
22 Ceradyne common stock who received consideration for their shares in the sale of Ceradyne to 3M
23 Company at the price of \$35.00 per share pursuant to either the Tender Offer or the second step Merger.
24 Excluded from the Class are the Defendants, their estates, Defendants’ respective successors, heirs and
25 assigns, Defendants’ immediate family members, and any company, trust, or other entity in which a
26 Defendant owned, or beneficially controlled or held, as of November 27, 2012, a fifty percent or more
27 interest. Also excluded from the Class is any Person who exercised their appraisal rights under Section
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1 262 of the General Corporation Law of the State of Delaware or who validly requests exclusion from
2 the Class.

3 2. “Defendants” means Ceradyne, Inc. (“Ceradyne”), Joel P. Moskowitz, Richard A.
4 Kertson, Richard A. Alliegro, Frank Edelstein, Siegfried Müssig and Milton L. Lohr.

5 3. “Released Defendant Parties” means Defendants, 3M, and Citigroup Global Markets,
6 individually and collectively, and any and all of their families, parent entities, subsidiaries, joint
7 ventures and joint venturers, related or affiliated entities, controlling or managing persons or entities,
8 associates, investors, affiliates or subsidiaries and each and all of their past, present, or future officers,
9 directors, managing directors, stockholders, employees, attorneys, financial or investment advisors,
10 principals, insurers, excess insurers and reinsurers, consultants, accountants and auditors, investment
11 banks and bankers, commercial banks and bankers, entities providing fairness opinions, brokers,
12 dealers, underwriters, analysts, engineers, advisors or agents, spouses, heirs, executors, assigns, trustees,
13 general or limited partners or partnerships, limited liability companies, members, personal or legal
14 representatives, estates, administrators, and each of their respective predecessors, successors, and
15 assigns, and investment funds that any of the Defendants, 3M or Citigroup Global Markets managed or
16 advised and such funds’ respective affiliates, predecessors, and successors, whether or not served with
17 process and whether or not such person appeared or was named as a defendant in the Action.

18 4. “Released Plaintiffs’ Claims” means any and all manner of claims (including Unknown
19 Claims as defined in Paragraph 1.27 of the Stipulation), which have been or could have been asserted
20 by Plaintiffs or any other Class Member in his, her, or its capacity as a shareholder of Ceradyne against
21 the Released Defendant Parties, and that arise out of or relate to, the Action or the Transaction.
22 Released Plaintiffs’ Claims, however, are limited to claims based on a Plaintiff’s or Class Member’s
23 status as a shareholder of Ceradyne. Non-shareholder claims include, but are not limited to, product
24 liability, employee, contract or vendor claims. For example, if a Class Member sold copy paper or
25 performed a service for any Defendant or Released Defendant Party, those claims would not be
26 released. Released Plaintiffs’ Claims also do not include any claims to enforce the Stipulation.

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1 **III. CLAIMANT IDENTIFICATION**

2 If you held Ceradyne common stock and received consideration for your shares in the sale of
3 Ceradyne to 3M Company at the price of \$35.00 per share, use Part I of this form entitled “Claimant
4 Identification” to list the claimant name, mailing address, and account information if relevant (such as
5 for a claim submitted on behalf of an IRA, Trust, or estate account). Please list the most current
6 claimant or account name as you would like the information to appear on the check if eligible for
7 payment. Please also provide a telephone number and/or e-mail address, as the Claims Administrator
8 may need to contact you with questions about the claim submitted. If your Claimant Identification
9 information changes, please notify the Claims Administrator in writing at the address above.

10 All joint purchasers must sign this claim. If you are acting in a representative capacity on behalf
11 of a Class Member (for example, as an executor, administrator, trustee, or other representative), you
12 must submit evidence of your current authority to act on behalf of that Class Member. Such evidence
13 would include, for example, letters testamentary, letters of administration or a copy of the trust
14 documents or other documents which provide you with authority to submit the claim. Please also
15 indicate your representative capacity under your signature on page __ of this Proof of Claim.

16 **IV. CLAIM FORM**

17 Use Part II of this form entitled “Schedule of Transactions in Ceradyne Common Stock” to
18 provide the number of shares of Ceradyne common stock you held and received consideration for in the
19 sale of Ceradyne to 3M Company at the price of \$35.00 per share.

20 **Broker confirmations or other documents verifying the number of shares of Ceradyne**
21 **common stock you received consideration for in the sale of Ceradyne to 3M Company at the price**
22 **of \$35.00 per share, should be attached to your claim. Failure to do so could delay verification of**
23 **your claim or result in rejection of your claim.**

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE

In re Ceradyne, Inc. Shareholder Litigation,

Lead Case No. 30-2012-00604001-CU-BT-CXC

PROOF OF CLAIM

Must Be Postmarked (if Mailed) or Received (if Submitted Online) No Later Than:

_____, 2017

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Beneficial Owner's Name (First, Middle, Last)

Street Address

City

State or Province

Zip Code or Postal Code

Country

Social Security Number or
Taxpayer Identification Number

Area Code

Telephone Number (work)

Area Code

Telephone Number (home)

Record Owner's Name (if different from beneficial owner listed above)

1 PART II: SCHEDULE OF TRANSACTIONS IN CERADYNE COMMON STOCK

2 A. Number of shares of Ceradyne common stock you held and received consideration for in
3 the sale of Ceradyne to 3M Company at the price of \$35.00 per share: _____

4 Broker confirmations or other documents verifying the number of shares of Ceradyne common
5 stock you received consideration for in the sale of Ceradyne to 3M Company at the price of \$35.00 per
share, should be attached to your claim. Failure to do so could delay verification of your claim or result
in rejection of your claim.

6 **V. SUBMISSION TO JURISDICTION OF COURT AND**
7 **ACKNOWLEDGMENTS**

8 1. I (We) submit this Proof of Claim under the terms of the Stipulation described in the
9 Notice. I (We) also submit to the jurisdiction of the Superior Court of the State of California, County of
10 Orange, with respect to my (our) claim as a Class Member. I (We) further acknowledge that I am (we
11 are) bound by and subject to the terms of any judgment that may be entered in the Action. I (We) agree
12 to furnish additional information to the Claims Administrator to support this claim if requested to do so.
13 I (We) have not submitted any other claim covering the Ceradyne common stock I (we) held and
14 received consideration for in the sale of Ceradyne to 3M Company at the price of \$35.00 per share, and
15 know of no other person having done so on my (our) behalf.

16 2. I (We) will fully and completely satisfy, finally and forever settle, release and discharge
17 from, and covenant not to sue with respect to, the Released Plaintiffs' Claims as to each and all of the
18 Released Defendant Parties.

19 3. I (We) hereby warrant and represent that I (we) have not assigned or transferred or
20 purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release
21 or any other part or portion thereof.

22 4. I (We) hereby warrant and represent that I (we) have included information about all of
23 my (our) holdings in Ceradyne common stock requested in this Proof of Claim.

24 I declare under penalty of perjury under the laws of the State of California that the foregoing is
25 true and correct.

26 Executed this _____ day of _____ (Month/Year).

27 _____
28 (Sign your name here)

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(Type or print your name here)

(Capacity of person(s) signing,
e.g., Beneficial Purchaser,
Executor or Administrator)

**ACCURATE CLAIMS PROCESSING TAKES A
SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

- 1. Please sign the above declaration.
- 2. Remember to attach copies of supporting documentation.
- 3. **Do not send** originals of certificates or other documentation as they will not be returned.
- 4. Keep a copy of your Proof of Claim and all supporting documentation for your records.
- 5. If you desire an acknowledgment of receipt of your Proof of Claim, please send it

Certified Mail, Return Receipt Requested.

- 6. If you move, please send your new address to the address below.
- 7. **Do not use red pen or highlighter** on the Proof of Claim or supporting documentation.

**THIS PROOF OF CLAIM MUST BE POSTMARKED (IF MAILED) OR RECEIVED (IF
SUBMITTED ONLINE) NO LATER THAN _____, 2017, ADDRESSED AS FOLLOWS:**

Ceradyne Shareholder Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 30254
College Station, TX 77842-3254
www.ceradyneshareholdersettlement.com

EXHIBIT A-3

1 ROBBINS GELLER RUDMAN
& DOWD LLP
2 RANDALL J. BARON (150796)
A. RICK ATWOOD, JR. (156529)
3 JEFFREY D. LIGHT (159515)
DAVID T. WISSBROECKER (243867)
4 MAXWELL R. HUFFMAN (264687)
655 West Broadway, Suite 1900
5 San Diego, CA 92101
Telephone: 619/231-1058
6 619/231-7423 (fax)

7 FARUQI & FARUQI, LLP
BARBARA A. ROHR (273353)
8 10866 Wilshire Blvd., Suite 1470
Los Angeles, CA 90024
9 Telephone: 424/256-2884
424/256-2885 (fax)

10 Class Counsel
11

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 In re CERADYNE, INC. SHAREHOLDER) Lead Case No. 30-2012-00604001-CU-BT-CXC
15 LITIGATION) (Consolidated with
) Case No. 30-2012-00604931-CU-SL-CXC)

16 _____)
17 This Document Relates To:) CLASS ACTION
)
18 ALL ACTIONS.) Assigned to: Judge Thierry P. Colaw
)

19 SUMMARY NOTICE OF PROPOSED
SETTLEMENT OF CLASS ACTION

20 EXHIBIT A-3

21 DEPT: CX105
22 DATE ACTION FILED: 10/09/12

1 ***IF YOU HELD SHARES OF COMMON STOCK IN CERADYNE, INC.***
2 ***(“CERADYNE”) AND RECEIVED CONSIDERATION FOR YOUR SHARES IN***
3 ***THE SALE OF CERADYNE TO 3M COMPANY AT THE PRICE OF \$35.00***
4 ***PER SHARE, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF***
5 ***A CLASS ACTION.***

6 YOU ARE HEREBY NOTIFIED, pursuant to an Order of the Superior Court of the State of
7 California, County of Orange, that a hearing will be held on January 19, 2018, at 10:30 a.m., in
8 Department CX105 of the Complex Civil Division, 751 West Santa Ana Blvd., Santa Ana, California
9 92701, for the purpose of determining: (1) whether the proposed settlement of the claims in the Action
10 for the sum of \$11,300,000.00 in cash plus interest on the terms set forth in the Stipulation of
11 Settlement dated as of June 14, 2017 and the Notice of Amendments to the Stipulation of Settlement
12 dated June 14, 2017 (together, “Stipulation” or “Settlement”) should be approved by the Court as fair,
13 reasonable, and adequate;¹ (2) whether the plan of distribution is fair, reasonable, and adequate and
14 therefore should be approved; and (3) whether the application of Class Counsel for an award of
15 attorneys’ fees and expenses and service awards to Plaintiffs should be approved.

16 If you received consideration for your Ceradyne common stock shares in the sale of Ceradyne to
17 the 3M Company at the price of \$35.00 per share, your rights may be affected by the Settlement of this
18 Action. If you have not received a more detailed Notice of Pendency and Proposed Settlement of Class
19 Action, (“Notice”) and a copy of the Proof of Claim, you may obtain copies by writing to *Ceradyne*
20 *Shareholder Litigation*, Claims Administrator, c/o Gilardi & Co. LLC, P.O. Box 30254, College
21 Station, TX 77842-3254, or you can download a copy at www.ceradyneshareholdersettlement.com. If
22 you are a Class Member, in order to share in the Settlement proceeds, you must submit a Proof of Claim
23 by mail postmarked no later than _____, 2017, or submitted electronically no later than
24 _____, 2017, establishing that you are entitled to recovery. You will be bound by any judgment
25 rendered in the Action whether or not you make a claim.

26 Any written objection to the Settlement, the plan of distribution, or Class Counsel’s request for
27 an award of attorneys’ fees and expenses and/or the service awards to Plaintiffs must be filed with the
28 _____

¹ All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the
Stipulation.

1 Court at the address below and sent to Class Counsel listed below such that it is received no later than
2 _____, 2017:

3 *The Court:*

4 Clerk of the Court
5 SUPERIOR COURT OF CALIFORNIA
6 COUNTY OF ORANGE
7 Civil Complex Center
8 751 West Santa Ana Blvd.
9 Santa Ana, CA 92701

10 *Class Counsel:*

11 Jeffrey D. Light
12 ROBBINS GELLER RUDMAN & DOWD LLP
13 655 West Broadway, Suite 1900
14 San Diego, CA 92101

15 A Class Member may also appear at the Settlement Hearing to object.

16 If you desire to be excluded from the Class, you must submit a request for exclusion such that it
17 is postmarked no later than _____, 2017, in the manner and form explained in the Notice.

18 Pursuant to a Supplemental Agreement entered into between the parties, Defendants have the option,
19 that they do not have to exercise, to terminate the Settlement set forth in the Stipulation in the event that
20 the number of shares of Ceradyne common stock held by persons or entities who would otherwise be
21 eligible to participate as Class Members but who timely and validly request exclusion from the Class or
22 Settlement exceeds a certain number of shares of Ceradyne common stock agreed to by the parties. All
23 members of the Class who have not requested exclusion from the Class will be bound by the Settlement
24 of the Action even if they do not file a timely Proof of Claim.

25 Inquiries regarding the Settlement or the Action may be made to a representative of Class
26 Counsel or the Claims Administrator:

27 ROBBINS GELLER RUDMAN
28 & DOWD LLP
Shareholder Relations
Rick Nelson
655 West Broadway, Suite 1900
San Diego, CA 92101
1-800-449-4900

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Ceradyne Shareholder Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 30254
College Station, TX 77842-3254
1-844-510-5941
www.ceradyneshareholdersettlement.com

**PLEASE DO NOT CONTACT DEFENDANTS, THE COURT, OR THE CLERK OF
THE COURT ABOUT THE SETTLEMENT.**

DATED: _____, 2017 BY ORDER OF THE SUPERIOR COURT
STATE OF CALIFORNIA
COUNTY OF ORANGE

EXHIBIT B

1 ROBBINS GELLER RUDMAN
& DOWD LLP
2 RANDALL J. BARON (150796)
A. RICK ATWOOD, JR. (156529)
3 JEFFREY D. LIGHT (159515)
DAVID T. WISSBROECKER (243867)
4 MAXWELL R. HUFFMAN (264687)
655 West Broadway, Suite 1900
5 San Diego, CA 92101
Telephone: 619/231-1058
6 619/231-7423 (fax)

7 FARUQI & FARUQI, LLP
BARBARA A. ROHR (273353)
8 10866 Wilshire Blvd., Suite 1470
Los Angeles, CA 90024
9 Telephone: 424/256-2884
424/256-2885 (fax)

10 Interim Class Counsel

11 [Additional counsel appear on signature page.]

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 In re CERADYNE, INC. SHAREHOLDER) Lead Case No. 30-2012-00604001-CU-BT-CXC
15 LITIGATION) (Consolidated with
) Case No. 30-2012-00604931-CU-SL-CXC

16 _____)
17 This Document Relates To:) CLASS ACTION
)
18 ALL ACTIONS.) Assigned to: Judge Thierry P. Colaw
)

19 [PROPOSED] ORDER AND FINAL
JUDGMENT

20 EXHIBIT B

21 DEPT: CX105
22 DATE ACTION FILED: 10/09/12

1 This matter having come before the Superior Court of California for the County of Orange (the
2 “Court”) for hearing (the “Settlement Hearing”) on a motion for final approval of the terms of the
3 Stipulation of Settlement dated June 14, 2017 and the Notice of Amendments to the Stipulation of
4 Settlement dated June 14, 2017 (together, the “Stipulation”)¹; and due and adequate notice of the
5 Settlement Hearing having been given to the Class as ordered in the Court’s _____, 2017 Order
6 Granting Preliminary Approval of Class Action Settlement and Providing for Notice (the “Order”); and
7 the Court having considered the papers filed and proceedings herein and otherwise being fully
8 informed, and good cause appearing therefore, it is now ORDERED, ADJUDGED AND DECREED

9 THAT:

10
11 1. This Court has jurisdiction over the subject matter of this Action and over all of the
12 parties to the Action, including all members of the Class.

13
14 2. This Order and Final Judgment (the “Judgment”) incorporates and makes part hereof (i)
15 the Stipulation; and (ii) the Court-approved Notice of Pendency and Proposed Settlement of Class
16 Action (the “Notice”), Proof of Claim form and Summary Notice of Proposed Settlement of Class
17 Action (the “Summary Notice”), which were filed with the Court as Exhibits A-1, A-2 and A-3 to the
18 Stipulation.

19
20 3. The Notice given to the Class was the best practicable under the circumstances,
21 including individual notice to all members of the Class who could be identified through reasonable
22 effort along with publication of the Summary Notice. The Notice provided due and adequate notice of
23 the Action and of the matters set forth in the Stipulation, including the Settlement, and the Notice fully
24 satisfied the requirements of state law and due process, and any other applicable law, statute or rule. A
25 full opportunity to be heard has been afforded to all Parties and the Class.

26
27 ¹ Except as otherwise expressly provided herein, all capitalized terms shall have the same
28 meanings and/or definitions as set forth in the Stipulation.

1 4. Pursuant to §382 of the California Code of Civil Procedure and consistent with the
2 preliminary certification granted in the Order, the Court hereby finally certifies a Class, for purposes of
3 settlement only, of all record and beneficial owners of Ceradyne, Inc. (“Ceradyne”) common stock who
4 received consideration for their shares in the sale of Ceradyne to 3M Company at the price of \$35.00
5 per share, pursuant to either the Tender Offer or the second step Merger. Excluded from the Class are
6 Defendants, their estates, Defendants’ respective successors, heirs and assigns, Defendants’ immediate
7 family members, and any company, trust, or other entity in which a Defendant owned, or beneficially
8 controlled or held, as of November 27, 2012, a fifty percent or more interest. Also excluded from the
9 Class is any Person who exercised their appraisal rights under Section 262 of the General Corporation
10 Law of the State of Delaware or validly requested exclusion from the Class. The Class Members who
11 validly requested exclusion from the Class are attached as Exhibit A.
12

13 5. The Court hereby finds that the Settlement as set forth in the Stipulation should be
14 approved in that the Settlement is, in all respects, fair, reasonable, and adequate to the Class.
15 Accordingly, the Stipulation and the terms of the Settlement, as described in the Stipulation, are hereby
16 approved in their entirety, pursuant to the requirements of §382 of the California Code of Civil
17 Procedure and Rule 3.769 of the California Rules of Court. The Parties are hereby directed to
18 effectuate the Settlement according to the terms of the Stipulation. The Parties and all Class Members
19 are hereby bound by this Judgment and by the terms of the Settlement as set forth in the Stipulation.
20

21 6. The Parties are to bear their own costs and fees, except as otherwise provided in the
22 Stipulation.
23

24 7. Upon the Effective Date, Plaintiffs and each and every Class Member as a result of this
25 Judgment shall waive any and all manner of claims (including Unknown Claims as defined in
26 Paragraph 1.27 of the Stipulation), which have been or could have been asserted by Plaintiffs or any
27 other Class Member in his, her, or its capacity as a shareholder of Ceradyne against the Released
28

1 Defendant Parties, and that arise out of or relate to, the Action or the Transaction. Released Plaintiffs'
2 Claims, however, are limited to claims based on a Plaintiff's or Class Member's status as a shareholder
3 of Ceradyne. Non-shareholder claims include, but are not limited to, product liability, employee,
4 contract or vendor claims. For example, if a Class Member sold copy paper or performed a service for
5 any Defendant or Released Defendant Party, those claims would not be released. Released Plaintiffs'
6 Claims also do not include any claims to enforce the Stipulation.
7

8 8. Upon the Effective Date, each of the Released Defendant Parties shall be deemed to
9 have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished,
10 and discharged Released Plaintiff Parties from the Released Defendant Parties' Claims.

11 9. With respect to any and all Released Plaintiffs' Claims (limited to claims which have
12 been or could have been asserted by Plaintiffs or any other Class Member in his, her, or its capacity as a
13 shareholder of Ceradyne against the Released Defendant Parties, and that arise out of or relate to the
14 Action or the Transaction), the Parties agree that upon the Effective Date, Plaintiffs and each of the
15 Class Members shall as a result of the Judgment have waived, all rights and benefits conferred by Cal.
16 Civ. Code §1542, which provides:
17

18 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
19 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR
20 AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR
21 HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH
22 THE DEBTOR.

21 Plaintiffs acknowledge, and the other Class Members by operation of law, acknowledge that they may
22 discover facts different from those now known or believed to be true with respect to the Released
23 Plaintiffs' Claims, but that it is the intention of Plaintiffs and by operation of law the other Class
24 Members to completely release all Released Plaintiffs' Claims. The above is specifically limited to a
25 Class Member's claim as a shareholder of Ceradyne that relate to the Action or the Transaction and do
26 not include any non-shareholder claims. Non-shareholder claims include, but are not limited to, product
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1 liability, employee, contract or vendor claims. For example, if a Class Member sold copy paper or
2 performed a service for any Defendant or Released Defendant Party, those claims would not be
3 released. This provision also does not include any claims to enforce the Stipulation.

4 10. Neither this Judgment, the Stipulation nor the Settlement, nor any act performed or
5 document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be
6 deemed to be, or may be used as, a presumption, concession, or admission of, or evidence of, the
7 validity of any Released Plaintiffs' Claim or of any wrongdoing or liability of the Released Defendant
8 Parties; or (b) is or may be deemed to be, or may be used as, a presumption, concession, or admission
9 of, or evidence of, any fault or omission of any of the Released Defendant Parties in any civil, criminal,
10 or administrative proceeding in any court, administrative agency, or other tribunal; or (c) is or may be
11 deemed to be an admission or evidence that any claims asserted by Plaintiffs or their counsel were not
12 valid in any civil, criminal, or administrative proceeding. The Released Defendant Parties may file the
13 Stipulation and/or this Judgment in any action that may be brought against them in order to support a
14 defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith
15 settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or
16 similar defense or counterclaim.
17

18 11. The Action is hereby concluded, provided however, and without affecting the finality of
19 this Judgment in any way, this Court hereby retains jurisdiction over: (a) interpretation, implementation
20 and enforcement of the Stipulation; and (b) all parties hereto for the purpose of enforcement and
21 administration of the Settlement. This Judgment shall not discharge or release any claim to enforce, or
22 any claim arising out of or relating to, any breach of the Stipulation.
23

24 12. In the event that the Settlement does not become effective in accordance with the terms
25 of the Stipulation, or the Effective Date does not occur, then this Judgment shall be rendered null and
26 void to the extent provided by and in accordance with the Stipulation and shall be vacated and, in such
27
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1 event, all orders entered and releases delivered in connection herewith shall be null and void to the
2 extent provided by and in accordance with the Stipulation.

3 13. Any plan of distribution submitted by Class Counsel or any order entered regarding any
4 attorneys' fee and expense application shall in no way disturb or affect this Judgment and shall be
5 considered separate from this Judgment.
6

7 14. The Court finds that during the course of the Action, the Parties and their respective
8 counsel at all times acted professionally and in compliance with California Code of Civil Procedure
9 §128.7, and all other similar statutes or court rules with respect to any claims or defenses in the Action.

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

12 16. There being no just reason for delay, the Court hereby directs that this Judgment be
13 entered by the Clerk of the Court.
14

15 17. Plaintiffs shall give notice of this Judgment to all Parties.

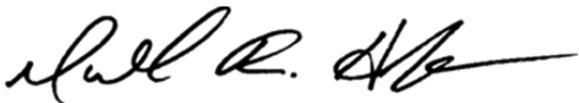
16 IT IS SO ORDERED.

17 DATED: _____

18 THE HONORABLE THIERRY P. COLAW
19 JUDGE OF THE SUPERIOR COURT

20 Submitted by:

21 ROBBINS GELLER RUDMAN
22 & DOWD LLP
23 RANDALL J. BARON
24 A. RICK ATWOOD, JR.
25 DAVID T. WISSBROECKER
26 JEFFREY D. LIGHT
27 MAXWELL R. HUFFMAN

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MAXWELL R. HUFFMAN

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Class Counsel

DECLARATION OF SERVICE BY MAIL

I, the undersigned, declare:

1. That declarant is and was, at all times herein mentioned, a citizen of the United States and a resident of the County of San Diego, over the age of 18 years, and not a party to or interested party in the within action; that declarant's business address is 655 West Broadway, Suite 1900, San Diego, California 92101.

2. That on November 6, 2017, declarant served the NOTICE OF AMENDMENTS TO STIPULATION OF SETTLEMENT DATED JUNE 14, 2017, by depositing a true copy thereof in a United States mailbox at San Diego, California, in a sealed envelope with postage thereon fully prepaid and addressed to the parties listed on the attached Service List.

3. That there is a regular communication by mail between the place of mailing and the places so addressed.

I declare under penalty of perjury that the foregoing is true and correct. Executed on November 6, 2017, at San Diego, California.


TERESA HOLINDRAKE

CERADYNE

Service List - 11/6/2017 (12-0157)

Page 1 of 1

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