

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

PANTHER PARTNERS INC., On Behalf of Itself
and All Others Similarly Situated,

Plaintiff,

vs.

IKANOS COMMUNICATIONS, INC., et al.,

Defendants.

x

: Civil Action No. 06-cv-12967(PAC)
: **(Consolidated)**

: CLASS ACTION

x

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

TO: **ALL PERSONS WHO PURCHASED THE COMMON STOCK OF IKANOS COMMUNICATIONS, INC. ("IKANOS" OR THE "COMPANY") IN THE COMPANY'S SECONDARY OFFERING OF COMMON STOCK ON OR ABOUT MARCH 17, 2006**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED ON OR BEFORE JULY 8, 2013.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the "Court"). The purpose of this Notice is to inform you of the proposed settlement of this securities class action litigation (the "Settlement") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. The Settlement resolves the Class's claims asserted against all the Defendants. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation.

The proposed Settlement creates a fund in the amount of Five Million Dollars (\$5,000,000.00) in cash and will include interest that accrues on the fund prior to distribution. Based on the information currently available to Lead Plaintiff and the analysis performed by its damage consultant, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution, the estimated average distribution per share will be approximately \$0.87 before deduction of Court-approved fees and expenses. Historically, actual claims rates are less than 100%, which result in higher distributions per share. Your actual recovery from this fund will depend on a number of variables, including the number of claimants, the number of shares of Ikanos common stock you and they purchased, the number of shares of Ikanos common stock you and they sold, the expense of administering the claims process, and the timing of your purchases and sales, if any (see the Plan of Distribution below for a more detailed description of how the settlement proceeds will be allocated among Class Members).

Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action. The issues on which the parties disagree include: (1) whether the statements made or facts allegedly omitted were false, material, or otherwise actionable under the federal securities laws; (2) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading influenced (if at all) the trading price of Ikanos common stock; (3) the extent to which the various allegedly adverse material facts that Lead Plaintiff alleged were omitted influenced (if at all) the trading price of Ikanos common stock; (4) the extent to which external factors, such as general market conditions, influenced the trading price of Ikanos common stock; (5) the effect of various market forces influencing the trading price of Ikanos common stock; (6) the amount by which Ikanos common stock was allegedly artificially inflated (if at all); and (7) the appropriate economic model for determining the amount by which Ikanos common stock was allegedly artificially inflated (if at all). Lead Plaintiff and Defendants do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to have prevailed on each claim asserted. Defendants deny that they have violated the federal securities laws or any laws.

Lead Plaintiff believes that the proposed Settlement is a very good recovery and is in the best interests of the Class. There were significant risks associated with continuing to litigate and proceeding to summary judgment and trial, and if Defendants prevailed at either of those stages, the Class would receive nothing. In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, Defendants intended to assert that all of the losses of Class Members were caused by non-actionable market, industry, general economic or company-specific factors,

other than the revelation of the facts alleged to be misleadingly stated or omitted. Defendants would also assert that none of the Defendants had the knowledge as is required under Regulation S-K to prove the claims asserted by Lead Plaintiff.

Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of Lead Plaintiff and the members of the Class, nor have they been paid their litigation expenses. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees not to exceed 33-1/3% of the settlement proceeds plus expenses not to exceed \$95,000.00, plus interest on such amounts, all of which shall be paid from the Settlement Fund. If the amounts requested by counsel are approved by the Court, the average cost per share would be approximately \$0.31.

This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this Action or the fairness or adequacy of the proposed Settlement.

For further information regarding this Settlement you may contact: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, California 92101, Telephone: 800/449-4900. Please do not call any representative of the Defendants or the Court.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A hearing (the "Settlement Hearing") will be held on July 8, 2013, at 4:00 p.m., before the Honorable Paul A. Crotty, United States District Judge, at the Daniel Patrick Moynihan United States Courthouse, Courtroom 11D, 500 Pearl Street, New York, New York. The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement consisting of Five Million Dollars (\$5,000,000.00) in cash plus accrued interest on the Settlement Fund should be approved as fair, reasonable, and adequate to the Class; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Distribution") is fair, reasonable, and adequate; (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses should be approved; and (4) whether the Action should be dismissed with prejudice. The Court may adjourn or continue the Settlement Hearing without further notice to the Class.

II. DEFINITIONS USED IN THIS NOTICE

1. "Authorized Claimant" means any member of the Class who submits a timely and valid Proof of Claim and Release form and whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

2. "Claims Administrator" means the firm of Gilardi & Co. LLC.

3. "Class" means all Persons who purchased the common stock of Ikanos in the Company's secondary public offering on or about March 17, 2006. Excluded from the Class are:

(a) Persons or entities who submit valid and timely requests for exclusion from the Class; and

(b) Defendants, members of the immediate family of any such Defendant, any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has or had a controlling interest, the officers and directors of any Defendant, and legal representatives, agents, executors, heirs, successors or assigns of any such excluded Person. The Defendants or any entity in which any of the Defendants has or had a controlling interest (for purposes of this paragraph, together a "Defendant-Controlled Entity") are excluded from the Class only to the extent that such Defendant-Controlled Entity itself purchased a proprietary (*i.e.* for its own account) interest in the Company's common stock. To the extent that a Defendant-Controlled Entity purchased Ikanos stock in a fiduciary capacity or otherwise on behalf of any third-party client, account, fund, trust, or employee benefit plan that otherwise falls within the Class, neither such Defendant-Controlled Entity nor the third-party client, account, fund, trust, or employee benefit plan shall be excluded from the Class with respect to such Ikanos stock.

4. "Class Member" means a Person who falls within the definition of the Class as set forth above.

5. "Defendants" means Ikanos Communications, Inc., Rajesh Vashist, Daniel K. Adler, Danial Faizullahbhoj, Michael L. Goguen, Michael Gullett, Paul G. Hansen, Gopal Venkatesh, and Citigroup Global Markets Inc.

6. "Effective Date" means the first date by which all of the events and conditions specified in paragraph 8.1 of the Stipulation have been met and have occurred.

7. "Escrow Agent" means Robbins Geller Rudman & Dowd LLP or its successor(s).

8. "Final" means when the last of the following with respect to the Judgment approving the Settlement, in the form of Exhibit B attached to the Stipulation, shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion having been filed; (ii) the expiration of the time in which to appeal the Judgment has passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an appeal is taken, the determination of that motion or appeal in such a manner as to permit the consummation of the Settlement, in accordance with the terms and conditions of the Stipulation. For purposes of this paragraph, an "appeal" shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this

Settlement, but shall not include any appeal which concerns only the issue of attorneys' fees and expenses or any Plan of Distribution of the Settlement Fund.

9. "Individual Defendants" means Rajesh Vashist, Daniel K. Adler, Danial Faizullahoy, Michael L. Goguen, Michael Gullett, Paul G. Hansen, and Gopal Venkatesh.

10. "Judgment" means the judgment and order of dismissal with prejudice to be rendered by the Court upon approval of the Settlement, in the form attached to the Stipulation as Exhibit B.

11. "Lead Counsel" means Robbins Geller Rudman & Dowd LLP, 58 South Service Road, Suite 200, Melville, NY 11747.

12. "Lead Plaintiff" means Panther Partners Inc.

13. "Net Settlement Fund" means the portion of the Settlement Fund that shall be distributed to Authorized Claimants as allowed by the Stipulation, the Plan of Distribution, or the Court.

14. "Person" means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and his, her or its spouses, heirs, predecessors, successors, representatives, or assignees.

15. "Plaintiffs' Counsel" means any counsel who filed a complaint in the Action or any action that has been consolidated with the Action.

16. "Plan of Distribution," as further defined in §VII of this Notice, means a plan or formula of allocation of the Net Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses, and such attorneys' fees, costs, expenses, and interest, and other expenses as may be awarded by the Court. Any Plan of Distribution is not part of the Settlement Agreement and the Released Persons shall have no responsibility or liability with respect thereto.

17. "Related Persons" means, with respect to the Defendants, each and all of their respective present or former parents, subsidiaries, affiliates, successors and assigns, and each and all of their respective present or former officers, directors, employees, employers, attorneys, accountants, financial advisors, commercial bank lenders, insurers, investment bankers, representatives, general and limited partners and partnerships, heirs, executors, administrators, successors, affiliates, agents, spouses, associates, and assigns of each of them or any trust of which any Defendant and/or their Related Persons is the settlor or which is for the benefit of any Defendant and/or their Related Persons and/or member(s) of his or her family and any entity in which any such Defendant and/or their Related Persons has a controlling interest.

18. "Released Claims" means any and all claims and causes of action of every nature and description, whether known or unknown, whether arising under federal, state, common or foreign law, arising from both the purchase of Ikanos common stock in the Secondary Offering and the acts, facts, statements or omissions that were or could have been alleged by Lead Plaintiff in the Action (the "Release"). This Release extends to any and/or all Defendants and any and/or all of their Related Persons. "Released Claims" includes "Unknown Claims" as defined in paragraph 23 hereof.

19. "Released Persons" means each and all of Defendants in their individual and corporate capacities and each and all of their Related Persons.

20. "Secondary Offering" means secondary public offering of shares of Ikanos common stock on or about March 17, 2006.

21. "Settlement Fund" means Five Million Dollars (\$5,000,000.00) in cash, together with all interest and income earned thereon.

22. "Settling Parties" means, collectively, Defendants and Lead Plaintiff on behalf of itself and the Class Members.

23. "Unknown Claims" means any Released Claims which Lead Plaintiff or any Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived to the fullest extent permitted by law the provisions, rights, and benefits of California Civil Code §1542, which provides:

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

Lead Plaintiff shall expressly and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. Lead Plaintiff and Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or

believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff acknowledges, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement of which this release is a part.

III. THE LITIGATION

This Action stems from the registration statement and prospectus filed by Ikanos in connection with the Company's March 17, 2006 secondary offering of common stock. Lead Plaintiff, a shareholder of Ikanos, alleges, among other things, that Defendants failed to "describe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues" as was required by §11 of the Securities Act of 1933 and Item 303 of Regulation S-K. More specifically, Lead Plaintiff alleges: (i) that Defendants knew that defect rates for a certain version of Ikanos's telecommunication chips were abnormally high and causing failures in systems where they were deployed; and (ii) this version of telecommunication chips were sold to Ikanos's two largest customers, who accounted for 72% of the Company's revenue.

The initial complaint against Defendants in this Action was filed on November 6, 2006, in the United States District Court for the Southern District of New York alleging violations of federal securities laws. On February 16, 2007, the Court appointed Panther Partners Inc. as Lead Plaintiff and the firm now known as Robbins Geller Rudman & Dowd LLP as Lead Counsel. Lead Plaintiff filed its Amended Class Action Complaint (the "First Amended Complaint") on April 24, 2007, but this complaint was dismissed on March 11, 2008 for failure to state a claim. Lead Plaintiff then moved for reconsideration and for leave to amend, providing the Court with a proposed second amended complaint. The Court denied this motion on June 12, 2008, concluding that the filing of this proposed complaint would be futile. On July 8, 2008, Lead Plaintiff appealed both: (i) the Court's granting of the motion to dismiss its First Amended Complaint and (ii) the denying of the motion for reconsideration and for leave to replead.¹

On September 17, 2009, the United States Court of Appeals for the Second Circuit ("Second Circuit") affirmed the Court's dismissal of the First Amended Complaint but vacated the denial of Lead Plaintiff's motion for reconsideration and for leave to replead, stating, "Because it seems to us possible that [Lead Plaintiff] could allege additional facts that Ikanos knew the defect rate was above average before filing the registration statement, and that this allegation, if made, would be sufficient to meet the high standards that *Iqbal* and *Twombly* require for pleadings, further amendment may not be futile." *Panther Partners Inc. v. Ikanos Commc'ns, Inc.*, 347 Fed. Appx. 617, 622 (2d Cir. 2009). The Second Circuit remanded the case to the Court for further proceedings consistent with its September 17, 2009 order.

On January 15, 2010, Defendants moved the Court to enforce the Second Circuit's order and to deny Lead Plaintiff's motion for reconsideration. On May 13, 2010, the Court granted Lead Plaintiff leave to move to amend the pleadings, and on June 11, 2010, Lead Plaintiff did so move and submitted with its motion a second proposed second amended complaint. After the motion was fully briefed, the Court again, on November 23, 2010, denied Lead Plaintiff's motion for leave to amend the pleadings on the grounds of futility.

On January 6, 2011, Lead Plaintiff appealed again; on May 25, 2012, the Second Circuit vacated the Court's November 23, 2010 order and instructed the Court to grant Lead Plaintiff leave to file the second proposed second amended complaint, holding "that the [second proposed second amended complaint] plausibly alleges that the defect issue, and its potential impact on Ikanos's business, constituted a known trend or uncertainty that Ikanos reasonably expected would have a material unfavorable impact on revenues or income from continuing operations." *Panther Partners Inc. v. Ikanos Commc'ns, Inc.*, 681 F.3d 114, 121 (2d Cir. 2012).

On June 19, 2012, Lead Plaintiff filed the second Amended Complaint² (the "Complaint"). Thereafter, in anticipation of settlement discussions, the parties agreed to extend the time for Defendants to respond to the Complaint. On December 6, 2012, after a full day of negotiations, with the assistance of mediator Peter Bassett, Esq., the parties reached an agreement-in-principle to settle the Action; thereafter, on January 7, 2013, the parties executed a memorandum of understanding.

¹ Lehman Brothers Inc. ("Lehman") was a defendant in the initial complaint but Lead Plaintiff dismissed its appeals as to Lehman.

² The second-filed amended complaint was styled "Third Amended Complaint."

IV. CLAIMS OF THE LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Plaintiff and Lead Counsel believe that the claims asserted in the Action have merit. However, Lead Plaintiff and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through discovery and trial. Lead Plaintiff and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Action, as well as the risks posed by the difficulties and delays inherent in such litigation. Lead Plaintiff and Lead Counsel also are aware of the defenses to the securities law violations asserted in the Action. Lead Plaintiff and Lead Counsel believe that the Settlement set forth in the Stipulation confers substantial benefits upon the Class in light of the circumstances present here. Based on their evaluation, Lead Plaintiff and Lead Counsel have determined that the Settlement set forth in the Stipulation is in the best interests of Lead Plaintiff and the Class.

V. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny that they have violated the federal securities laws or any laws. Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action, along with all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Action. Defendants also have denied and continue to deny, *inter alia*, the allegations that any of the Defendants made any material misstatements or omissions; that any member of the Class has suffered damages; that the price of Ikanos common stock was artificially inflated by reason of the alleged misrepresentations, omissions, or otherwise; or that the members of the Class were harmed by the conduct alleged in the Action. In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the Action.

Nonetheless, taking into account the uncertainty, risks, and costs inherent in any litigation, especially in complex cases such as this Action, Defendants have concluded that further conduct of the Action could be protracted and distracting. Defendants have, therefore, determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation. The Stipulation shall in no event be construed as or deemed to be evidence of an admission or concession by Defendants with respect to any claim of any fault or liability or wrongdoing or damage whatsoever.

VI. TERMS OF THE PROPOSED SETTLEMENT

The sum of Five Million Dollars (\$5,000,000.00) has been transferred to the Escrow Agent. The principal amount of \$5,000,000.00, plus any accrued interest, constitutes the Settlement Fund. A portion of the settlement proceeds will be used for certain administrative expenses, including costs of printing and mailing this Notice, the cost of publishing a newspaper notice, payment of any taxes assessed against the Settlement Fund, and costs associated with the processing of claims submitted. In addition, as explained below, a portion of the Settlement Fund may be awarded by the Court to Lead Counsel as attorneys' fees and for expenses in litigating the case. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Distribution described below to Class Members who submit valid and timely Proofs of Claim and Release.

VII. PLAN OF DISTRIBUTION

The Net Settlement Fund will be distributed to Class Members who submit valid, timely Proofs of Claim and Release ("Authorized Claimants") under the Plan of Distribution described below. The Plan of Distribution provides that you will be eligible to participate in the distribution of the Net Settlement Fund if you have a net loss arising out of all transactions involving Ikanos common stock purchased in the Secondary Offering. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Distribution, Lead Plaintiff's counsel have consulted with their damage consultant. The Plan of Distribution does not reflect an assessment of the damages that could have been recovered at trial or Lead Plaintiff's counsel's assessment of the likelihood of establishing liability.

To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, and as is more likely, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The total of all profits shall be subtracted from the total of all losses from transactions involving Ikanos common stock purchased in the Secondary Offering to determine if a Class Member has a claim. Only if a Class Member had a net loss from the Ikanos common stock purchased in the Secondary Offering, will such Class Member be eligible to receive a distribution from the Net Settlement Fund.

For Class Members who held Ikanos common stock prior to the Secondary Offering, the first-in, first-out ("FIFO") method will be applied to such holdings for purposes of calculating a claim. Under the FIFO method, sales of shares after the

Secondary Offering will be matched, in chronological order, first against shares held at the beginning of the Secondary Offering. The remaining sales of shares will then be matched, in chronological order, against shares purchased in the Secondary Offering.

PLAN OF DISTRIBUTION

The allocation below is based on the following:

Public Offering Price: \$20.75 per share

Closing Price on the date the lawsuit was filed³: \$ 8.71 per share

1. For shares of Ikanos common stock (CUSIP 45173E105) that were purchased in the Secondary Offering and

(a) sold prior to November 6, 2006, the claim per share is the lesser of (i) the Purchase Price per share less the Sales Price per share, or (ii) \$20.75 less the Sales Price per share.

(b) retained at the end of November 5, 2006, or, sold on or after November 6, 2006, the claim per share is the lesser of (i) the Purchase Price per share less the Sales Price per share, or (ii) \$20.75 less \$8.71.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date. The determination of the price paid per share and the price received per share, shall be exclusive of all commissions, taxes, fees, and charges.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if such Class Member had a net loss from Ikanos common stock purchased in the Secondary Offering.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

VIII. PARTICIPATION IN THE CLASS

If you fall within the definition of the Class, you are a Class Member unless you elect to be excluded from the Class pursuant to this Notice. If you do not request to be excluded from the Class, you will be bound by any judgment entered with respect to the Settlement in the litigation against Defendants whether or not you file a Proof of Claim and Release form.

If you are a Class Member, you need do nothing (other than timely file a Proof of Claim and Release if you wish to participate in the distribution of the Net Settlement Fund). Your interests will be represented by Lead Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release must be postmarked on or before July 8, 2013, and be delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Settlement Agreement and the Final Judgment.

IX. EXCLUSION FROM THE CLASS

You may request to be excluded from the Class. To do so, you must mail a written request stating that you wish to be excluded from the Class to:

Ikanos Securities Litigation
EXCLUSIONS
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 990
Corte Madera, CA 94976-0990

The request for exclusion must state: (1) your name, address, and telephone number; and (2) all purchases of Ikanos common stock in the Secondary Offering and all sales of Ikanos common stock made from March 17, 2006, through November 5, 2006, inclusive, including the dates and prices of each purchase or sale, and the number of shares purchased or sold. YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE JUNE 3, 2013. If you submit a valid and timely request for exclusion, you shall have no rights under the Settlement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Settlement Agreement or the Judgment.

³ The initial complaint was filed on November 6, 2006.

X. DISMISSAL AND RELEASES

If the proposed Settlement is approved, the Court will enter a Final Judgment. The Judgment will dismiss the Released Claims with prejudice as to all Defendants as provided in the Settlement Agreement.

The Judgment will provide that all Class Members who have not validly and timely requested to be excluded from the Class shall be deemed to have released and forever discharged all Released Claims (to the extent members of the Class have such claims) against all Released Persons as provided in the Settlement Agreement.

XI. APPLICATION FOR ATTORNEYS' FEES AND EXPENSES

At the Settlement Hearing, Lead Counsel will request the Court to award attorneys' fees not to exceed 33-1/3% of the Settlement Fund, plus litigation expenses not to exceed \$95,000.00, plus interest thereon. Class Members are not personally liable for any such fees, expenses, or compensation.

To date, Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of Lead Plaintiff and the members of the Class, nor have counsel been paid for their expenses. The fee requested by Lead Counsel would compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded to plaintiffs' counsel under similar circumstances in litigation of this type.

XII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Settlement Agreement. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Settlement Agreement; and (2) expiration of the time to appeal from or alter or amend the Judgment. Pending the Court's consideration of this Settlement, the Court has stayed all proceedings, and Class Members are precluded from bringing or pursuing any litigation that seeks to prosecute the Released Claims.

If, for any reason, any one of the conditions described in the Settlement Agreement is not met, the Settlement Agreement might be terminated and, if terminated, will become null and void, and the Settling Parties to the Settlement Agreement will be restored to their respective positions as of December 6, 2012.

XIII. THE RIGHT TO BE HEARD AT THE SETTLEMENT HEARING

Any Class Member who has not validly and timely requested to be excluded from the Class, and who objects to any aspect of the Settlement, the Plan of Distribution, or the application for attorneys' fees and expenses may appear and be heard at the Settlement Hearing.⁴ Any such Person must submit and serve a written notice of objection, to be received on or before June 3, 2013, by each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

Counsel for Lead Plaintiff:

ROBBINS GELLER RUDMAN
& DOWD LLP
SAMUEL H. RUDMAN
DAVID A. ROSENFELD
58 South Service Road, Suite 200
Melville, NY 11747

ROBBINS GELLER RUDMAN
& DOWD LLP
HELEN J. HODGES
655 West Broadway, Suite 1900
San Diego, CA 92101

⁴ Lead Counsel's pleadings in support of these matters will be filed with the Court on or before May 13, 2013.

Counsel for Defendants:

ORRICK, HERRINGTON & SUTCLIFFE LLP
JAMES N. KRAMER
405 Howard Street
San Francisco, CA 94105

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
DANIEL J. TOAL
1285 Avenue of the Americas
New York, NY 10019

The notice of objection must demonstrate the objecting Person's membership in the Class, including the number of shares of Ikanos common stock purchased in the Secondary Offering and the number of shares of Ikanos common stock sold from March 17, 2006, through November 5, 2006, inclusive, and contain a statement of the reasons for objection. Only Class Members who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

XIV. SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

If you hold or held any Ikanos common stock purchased in the Secondary Offering as nominee for a beneficial owner, then, within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim and Release by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Ikanos Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 990
Corte Madera, CA 94976-0990
1-888-267-7638

If you choose to mail the Notice and Proof of Claim and Release 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 Proof of Claim and Release and which would not have been incurred but for the obligation to forward the Notice and Proof of Claim and Release, upon submission of appropriate documentation to the Claims Administrator.

XV. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Settlement Agreement. For full details of the matters discussed in this Notice, you may review the Settlement Agreement filed with the Court ("Settlement Agreement" or "Stipulation"), which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Southern District of New York, 500 Pearl Street, New York, NY 10007. The motion papers, with exhibits, including the Settlement Agreement, are also available on the Court's ECF website (for a fee). Certain papers relating to the Settlement, including the Settlement Agreement, are also available at the Claims Administrator's website www.gilardi.com.

If you have any questions about the settlement of the Action, you may contact a representative of Lead Counsel: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

DATED: March 25, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK