

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

In re APPLIED MICRO CIRCUITS CORP. SECURITIES LITIGATION)	Lead Case No.: 01-CV-0649-BEN (AJB)
This Document Relates To:)	
ALL ACTIONS.)	

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS OR ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OR CALL OPTIONS OR SOLD PUT OPTIONS OF APPLIED MICRO CIRCUITS CORPORATION (“AMCC”) BETWEEN NOVEMBER 13, 2000 AND FEBRUARY 5, 2001, INCLUSIVE, AND WERE DAMAGED THEREBY.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. 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 POSTMARKED ON OR BEFORE SEPTEMBER 4, 2005.

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 California (the “Court”). The purpose of this Notice is to inform you of the proposed settlement of this class action litigation (the “Litigation” or “Action”) pursuant to the agreement between Lead Plaintiff, the Florida State Board of Administration (“Lead Plaintiff”) and the defendants to resolve the claims in the Litigation, and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement. This Notice describes the rights you may have in connection with the settlement and what steps you may take in relation to the settlement in this Action. A previous NOTICE OF PENDENCY OF CLASS ACTION was disseminated to class members on or about December 5, 2003. At that time class members were apprised of the opportunity to exclude themselves from the class.

The proposed settlement creates a fund in the principal amount of \$60,000,000.00 (sixty million dollars) in cash (the “Settlement Fund”) and will include interest that accrues on the fund prior to distribution. Based on the Florida State Board of Administration’s estimate of the number of shares entitled to participate in the settlement and the anticipated number of claims to be submitted by Class Members, the average distribution per share may be approximately \$1.11 before deduction of Court-approved fees and expenses. Your actual recovery from this fund will depend on a number of variables, including, without limitation, the number of claimants, the number of shares you purchased, the timing of your purchases and sales, if any, and the expense of administering the claims process.

Lead Plaintiff, the Florida State Board of Administration 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. 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 appropriate economic model for determining the amount by which AMCC Securities were allegedly artificially inflated (if at all) during the Class Period; (3) the effect of various market forces influencing the trading price of AMCC Securities at various times during the Class Period; (4) the extent to which external factors, such as general market conditions, influenced the trading price of AMCC Securities at various times during the Class Period; (5) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading influenced (if at all) the trading price of AMCC Securities at various times during the Class Period; and (6) the extent to which the various facts that Lead Plaintiff alleged were omitted influenced (if at all) the trading price of AMCC Securities at various times during the Class Period.

Lead Plaintiff’s Counsel have not received any payment for their services in prosecuting the Action on behalf of Lead Plaintiff and the Members of the Class, nor have they been reimbursed for their out-of-pocket expenditures. If the settlement is approved by the Court, Lead Plaintiff’s Counsel will apply to the Court for attorneys’ fees to be awarded in the amount of 23% of the settlement proceeds, plus reimbursement of expenses incurred not to exceed \$2,100,000.00, all of which is to be paid from the settlement proceeds. If the amount requested by Lead Plaintiff’s Counsel is approved by the Court, assuming that the average distribution per share is \$1.11, it is estimated that the average cost per share will be \$0.29. The actual impact on a per share basis will vary depending on the number of shares for which claims are filed and the price paid per share.

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 Litigation or the fairness or adequacy of the proposed settlement.

For further information regarding this settlement you may contact: Barrack, Rodos & Bacine, 402 West Broadway, Suite 850, San Diego, California 92101, Telephone: (619) 230-0800. Please do not call any representative of AMCC.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A final settlement hearing will be held on June 17, 2005, at 1:30 p.m., before the Honorable Roger T. Benitez, United States District Court Judge, at the United States Courthouse, Southern District of California, 940 Front Street, San Diego, California (the "Settlement Hearing"). The purpose of the Settlement Hearing will be to determine: (1) whether the settlement consisting of \$60,000,000.00 (sixty million) in cash (plus accrued interest) is fair, reasonable and adequate to each of the parties; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; (3) whether the application by Lead Plaintiff's Counsel for an award of attorneys' fees and reimbursement of expenses should be approved; and (4) whether the Litigation should be dismissed with prejudice. The Court may adjourn or continue the Settlement Hearing without further notice to the Class. If the Court adjourns or continues the Settlement Hearing for any reason, Lead Plaintiff's Counsel shall post the Court's order on its website, www.barrack.com.

II. DEFINITIONS USED IN THIS NOTICE

1. "AMCC Securities" means the common stock and options of AMCC.
2. "Class" means a class consisting of all Persons and or entities (other than those Persons who previously filed a timely and valid request for exclusion from the Class) who purchased or acquired the common stock or call options or sold any put options of AMCC between November 13, 2000 and February 5, 2001, inclusive ("Class Period"), and were damaged thereby. Excluded from the Class are the Litigation Defendants, members of the immediate families of the Litigation Defendants, any entity in which any Litigation Defendant has a controlling interest, and the legal affiliates, representatives, heirs, controlling persons, successors and predecessors in interest, or assigns of any such excluded person.
3. "Class Member" means all persons and entities who, during the period November 13, 2000 through and including February 5, 2001, purchased or otherwise acquired Applied Micro Circuits Corporation common stock or call options or sold AMCC put options, excluding the defendants herein, members of the immediate family of the defendants, any entity in which any defendant has a controlling interest, and the legal affiliates, representatives, heirs, controlling persons, successors, and predecessors in interest or assigns of any such excluded party.
4. "Defendants" means defendants in the Litigation: AMCC; David M. Rickey; Thomas L. Tullie; William E. Bendush; Douglas C. Spreng; Brent E. Little; Roger A. Smullen; Candace H. Kilburn; Vincent J. DeMaioribus; Stephen M. Smith; Greg A. Winner; and Ramakrishna R. Sudireddy (collectively, the "Litigation Defendants").
5. "Lead Plaintiff" means the Florida State Board of Administration appointed as Lead Plaintiff for the class.
6. "Lead Plaintiff's Counsel" means the Court appointed Lead Counsel, Barrack, Rodos & Bacine, 402 West Broadway Suite 850, San Diego, California, 92101.
7. With regard to Defendants and their Related Persons, "Released Claims" shall collectively mean all claims, demands, rights, liabilities and causes of action of every nature and description, arising from the laws, rules or regulations of any jurisdiction, including any outside the United States, whether or not concealed or hidden, known or unknown, asserted or that might or could have been asserted in the course of prosecuting the Action or any amendment thereto, regardless of perceived merit or support, by any class member against Defendants and their Related Persons arising out of or relating to the purchase or acquisition of AMCC Securities during the Class Period and the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act, occurring at any time through December 2001, that were or could have been alleged or set forth in the First Amended Consolidated Complaint. With respect to the "Released Claims," Plaintiffs and their counsel expressly waive and relinquish, to the fullest extent permitted by law, the provisions, rights, and benefits conferred by §1542 of the California Civil Code, which provides:

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,

as well as any benefits conferred by any law of any state or territory of the United States, or principle of common law, or of international or foreign law, which is similar, comparable or equivalent to §1542 of the California Civil Code. Lead Plaintiff may hereafter discover facts in addition to or different from those that it now knows or believes to be true with respect to the subject matter of this release, but it is its intention to finally and forever settle and release the "Released Claims" notwithstanding any unknown claims it may have. Nothing in this stipulation shall act as a release of or otherwise bar claims that are first revealed by a corrective disclosure that is

made after January 21, 2005 by AMCC (or a representative with authority to speak on AMCC's behalf), where such corrective disclosure relates to the value of any securities purchased after February 5, 2001. For the purposes of the foregoing sentence, "corrective disclosure" shall mean "disclosure of information correcting previously incorrect information in the market, and that has not previously been made known publicly by AMCC, a representative with authority to speak on AMCC's behalf, an industry analyst, stock analyst or any other public source." The Released Claims do not include claims for the breach of this Stipulation.

8. "Related Person(s)" means each of a Defendant's past, present and future parents, subsidiaries, affiliates, divisions, and joint ventures, partnerships, partners, members, principals, underwriters, personal or legal representatives, officers, directors, employees, agents, representatives, attorneys, banks or investment banks, bankers, brokers, analysts, associates, insurers, co-insurers, reinsurers, excess insurers, advisors, investment advisors, auditors, accountants, spouses and immediate family members, and the predecessors, heirs, executors, administrators, successors, and assigns of any of them, any Person or entity in which any Related Person has or had a controlling interest or which is or was related to or affiliated with any Related Person, and any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family.
9. "Released Person(s)" means each and all of the Defendants and the Related Persons.
10. "Unknown Claims" means any Litigation Released Claims which the Lead Plaintiff or any Member of the Class do not know or suspect to exist in his, her or its favor at the time of the release of the Litigation Defendants and their Related Persons or which, if known by him, her or it, might have affected his, her or its settlement with and release of the Litigation Defendants and their Related Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Litigation Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiff and AMCC shall expressly and each of the Members of the Class shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of California Civil Code §1542, which provides:

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.

The Lead Plaintiff and each of the Members of the Class 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. The Lead Plaintiff or Members of the Class 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 this release, but it is their intention to finally and forever settle and release the "Released Claims" notwithstanding any unknown claims they may have. Nothing in this paragraph or Notice shall act as a release of or otherwise bar claims that are first revealed by a corrective disclosure that is made after January 21, 2005 by AMCC (or a representative with authority to speak on AMCC's behalf), where such corrective disclosure relates to the value of any securities purchased after February 5, 2001. For the purposes of the foregoing sentence, "corrective disclosure" shall mean "disclosure of information correcting previously incorrect information in the market, and that has not previously been made known publicly by AMCC, a representative with authority to speak on AMCC's behalf, an industry analyst, stock analyst or any other public source." The Lead Plaintiff and AMCC acknowledge, and the Members of the Class shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and is a key element of the settlement of which this release is a part.

III. THE LITIGATION

On and after April 12, 2001, 10 actions were filed in the United States District Court for the Southern District of California (the "Court") as securities class actions on behalf of persons who purchased the publicly traded common stock or options of Applied Micro Circuits Corporation ("AMCC" or the "Company"). These actions subsequently were consolidated for all purposes as *In re Applied Micro Circuits Corp. Securities Litigation*, Lead Case No. 01-CV-0649-BEN (AJB) (hereinafter the "Litigation" or "Action").

The operative complaint in the Litigation is the First Amended Consolidated Class Action Complaint (the "Complaint"). The Complaint alleges violations of §§10(b), 20(a) and 20A of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The Litigation is brought on behalf of a class consisting of all persons who purchased or acquired the common stock or call options or sold put options of AMCC between November 13, 2000 and February 5, 2001 inclusive.

This case has been hard fought and vigorously litigated since 2001. On October 3, 2002, the Court denied Defendants' Motion to Dismiss the Complaint, and on October 18, 2002, Defendants answered the Complaint. The Class was certified July 15, 2003 after a vigorous opposition to class certification by Defendants and a Notice of Pendency of the Action was duly given to Members of the Class.

Throughout the Litigation, Lead Plaintiff and the Defendants engaged in significant motion practice and discovery, including document productions by the Defendants, by Lead Plaintiff and, pursuant to subpoenas, by third parties. Lead Plaintiff served more than 100 third-party subpoenas requesting the production of documents related to this Litigation. In total, more than 2 million pages of documents and more than twenty thousand electronic documents were produced by Defendants and third parties and reviewed. Parties to the Litigation served interrogatories and the detailed responses to those interrogatories encompassed more than 600 pages. Discovery also entailed a substantial number of depositions including 2 depositions of Lead Plaintiff, and more than 50 depositions of fact witnesses (including Federal Rule of Civil Procedure 30(b)(6) depositions of AMCC; depositions of former AMCC employees; depositions of each of the named Defendants; and depositions of third parties). Thereafter, the parties conducted expert discovery including the exchange of reports from 9 different expert witnesses. Counsel also engaged in extensive motion practice, including no fewer than 10 motions relating to discovery issues as well as vigorously contested motions for dismissal and for class certification.

Under the auspices of United States Magistrate Judge Edward A. Infante, beginning in April 2004 and continuing through December 2004, the parties negotiated and thereafter memorialized an agreement in principle to settle the Litigation. The parties then further negotiated and drafted the terms of a Memorandum of Understanding to memorialize their agreement to settle the Action.

IV. CLAIMS OF THE LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT

Lead Plaintiff believes that the claims asserted in the Litigation have merit. However, Lead Plaintiff's Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Defendants through trial and appeal. Lead Plaintiff's Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as the Action, as well as the difficulties and delays inherent in such litigation. Lead Plaintiff's Counsel are also mindful of the inherent problems of proof under and possible defenses to the violations asserted in the Litigation. For example, Lead Plaintiff faced the possibility that the claims in this Action could have been dismissed in response to motions for summary judgment brought hereafter by Defendants. In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this Action are limited to losses caused by conduct actionable under applicable law and, had the Litigation gone to trial, Defendants intended to assert that all or most of the losses of Class Members were caused by non-actionable market, industry or general economic factors. Defendants would also assert that throughout the Class Period the uncertainties and risks associated with AMCC's business and financial condition were fully and adequately disclosed.

Lead Plaintiff's Counsel believe that the settlement set forth in this Stipulation confers substantial benefits upon Lead Plaintiff and the Class. The Class benefits by obtaining a substantial Settlement Fund and eliminates the risk of no recovery. Based on their evaluation, Lead Plaintiff's Counsel have determined that the settlement set forth in the Stipulation is an excellent one and is in the best interests of Lead Plaintiff and the Members of the Class.

V. DEFENDANTS' STATEMENT AND DENIALS OF WRONGDOING AND LIABILITY

Defendants have denied and continue to deny each and every claim and contention alleged by the Lead Plaintiff in the Action. Defendants expressly have denied and continue to deny 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 Lead Plaintiff or the Members of the Class have suffered damage; that the price of AMCC Securities was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise; and that Lead Plaintiff or the Members of the Class were harmed by the conduct alleged in the Action.

Nonetheless, Defendants have concluded that further conduct of the Action would be protracted and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Action. Defendants have, therefore, determined that it is desirable and beneficial that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation.

VI. TERMS OF THE PROPOSED SETTLEMENT

The Settlement Fund ("Settlement Fund") consists of \$60,000,000.00 (sixty million dollars) in cash, plus interest thereon, which will be earned when the Settlement Fund is deposited into an interest bearing escrow account maintained by Lead Plaintiff's Counsel (subject to Court oversight) within ten (10) business days from the time that Defendants receive notice of the Court's preliminary approval of the settlement. All interest thereon shall accrue to 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 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 counsel for plaintiffs as attorneys' fees and for reimbursement of out-of-pocket expenses. In addition, Lead Plaintiff will seek reimbursement for its costs and expenses incurred in prosecuting the Litigation. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Allocation described below to Class Members who submit valid and timely Proof of Claim and Release forms.

VII. PLAN OF ALLOCATION

The Net Settlement Fund will be distributed to Class Members who submit valid and timely Proof of Claim and Release forms (“Authorized Claimants”) under the Plan of Allocation below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Settlement Fund only if you have a net loss on all transactions in AMCC Securities.

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, 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.

A claim will be calculated as follows:

COMMON STOCK

1. For shares of AMCC common stock that were purchased from November 13, 2000 through February 5, 2001 inclusive (“Class Period”), and
 - a. sold prior to February 6, 2001, the claim per share is the inflation at date of purchase minus inflation at date of sale; or
 - b. retained at the end of February 5, 2001, the claim per share is the inflation at date of purchase.
2. The inflation per share of AMCC common stock during the Class Period, as determined by expert analysis, was 12.4%. Thus every class members’ claim is calculated as follows:
 - a. If the share was retained on February 6, 2001, multiply the 12.4 percentage inflation by the share purchase price paid; or
 - b. If the share was sold on or before February 5, 2001, multiply the 12.4 percentage inflation by the sale price, and subtract that amount from the calculation set forth in 2 (a) above for the purchase price.

CALL OPTIONS

1. For AMCC call options that were purchased on November 13, 2000 through February 5, 2001, and
 - a. retained at the end of February 5, 2001, the claim per call option is the inflation at date of purchase;
 - b. sold prior to February 6, 2001, the claim per call option is the inflation at date of purchase minus inflation at date of sale.

PUT OPTIONS

1. For AMCC put options that were sold on November 13, 2000 through February 5, 2001, and
 - a. retained at the end of February 5, 2001, the claim per put option is the inflation at date of sale; or
 - b. purchased prior to February 6, 2001, the claim per put option is the inflation at date of purchase minus inflation at date of sale.

A schedule listing the dollar amount of daily price inflation per call option during the Class Period can be accessed at www.hrsclaimsadministration.com/cases/AMCC/calls.pdf. A schedule listing the dollar amount of daily price inflation per put option during the Class Period can be accessed at www.hrsclaimsadministration.com/cases/AMCC/puts.pdf. Copies of these schedules may be obtained from the Claims Administrator, Heffler, Radetich & Saitta L.L.P., P.O. Box 230, Philadelphia, PA 19105-0230 or by toll-free phone at (800) 481-7948.

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.

For Members of the Class who held shares at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Class Period will be matched, in chronological order, first against shares held at the beginning of the Class Period. The remaining sales of shares during the Class Period will then be matched, in chronological order, against shares purchased during the Class Period.

A Member of the Class will be eligible to receive a distribution from the Net Settlement Fund only if that class member had a net loss, after all profits from transactions in AMCC Securities during the Class Period are subtracted from all losses.

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

VIII. PARTICIPATION IN THE CLASS — FILING OF PROOF OF CLAIM

If you fall within the definition of the Class, you are a Member of the Class unless you have previously elected to be excluded from the Class pursuant to the Notice of Pendency of Class Action. If you have not previously requested to be excluded from the Class, you will be bound by any judgment entered with respect to the settlement in the Litigation whether or not you file a Proof of Claim and Release form.

If you are a Member of the Class, you need do nothing (other than timely file a Proof of Claim and Release form if you wish to participate in the distribution of the Net Settlement Fund). Your interests will be represented by Lead Plaintiff's 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 FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release must be postmarked on or before, September 4, 2005, and 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, 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 Stipulation and the Judgment.

IX. DISMISSAL AND RELEASES

If the proposed settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (the "Judgment"). The Judgment will dismiss the Released Claims with prejudice as to all Defendants.

The Judgment will provide that all Member of the Class who have not previously 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 Defendants and their Related Persons.

X. APPLICATION FOR FEES AND EXPENSES

At the Settlement Hearing, Lead Plaintiff's Counsel will request the Court to award attorneys' fees in the amount of 23%, of the Settlement Fund, (representing compensation for their services at less than counsel's hourly rates) plus reimbursement of the expenses not to exceed \$2,100,000.00, which were advanced in connection with the Litigation, plus interest thereon. In addition, Lead Plaintiff will seek reimbursement for its costs and expenses, incurred in prosecuting the Litigation. This compensation will be paid from the Settlement Fund. Members of the Class are not personally liable for any such fees or expenses.

To date, Lead Plaintiff's Counsel have not received any payment for their services in conducting the Action on behalf of Lead Plaintiff and the Members of the Class, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Lead Plaintiff's Counsel would compensate counsel for efforts in prosecuting the litigation, achieving the settlement amount 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.

XI. CONDITIONS FOR SETTLEMENT

The settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, but are not limited to: (1) entry of the Judgment by the Court, as provided for in the Stipulation; and (2) the judgment becoming final by its expiration of the time to appeal from or alter or amend the Judgment, or in the event there is an appeal, the affirmance of the final judgment. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions as of January 21, 2005.

XII. THE RIGHT TO BE HEARD AT THE HEARING

Any Member of the Class who has not previously validly and timely requested to be excluded from the Class, and who objects to any aspect of the Settlement, the Plan of Allocation, the adequacy of representation by Lead Plaintiff's Counsel, or the application for attorneys' fees and expenses, may appear and be heard at the Settlement Hearing. Any such Person must submit a written notice of objection, received on or before May 23, 2005, by each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
940 Front Street
San Diego, CA 92101

COOLEY GODWARD LLP
WILLIAM GRAUER
PHILIP C. TENCER
4401 Eastgate Mall
San Diego, CA 92121

BARRACK, RODOS & BACINE
STEPHEN R. BASSER
SAMUEL M. WARD
402 West Broadway, Suite 850
San Diego, CA 92101

LATHAM & WATKINS
TIMOTHY A. HORTON
600 West Broadway, Suite 1800
San Diego, CA 92101

The notice of objection must demonstrate the objecting Person's membership in the Class, including the number of AMCC common shares or options purchased and sold during the Class Period, and contain a statement of the reasons for objection. Only Members of the Class 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.

XIII. SPECIAL NOTICE TO NOMINEES

If you hold or held any AMCC Securities purchased during the Class Period as nominee for a beneficial owner, then, within twenty (20) days after you receive this Notice, you must either: (1) send a copy of this Notice and the Proof of Claim 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:

In re Applied Micro Circuits Corporation Securities Litigation
Claims Administrator
HEFFLER, RADETICH & SAITTA, L.L.P.
P.O. Box 230
Philadelphia, PA 19105-0230

If you have previously furnished to the Claims Administrator the names and addresses of the beneficial owner for whom you are the nominee, you need *not* furnish such information again.

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 on your behalf, 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 which would not have been incurred but for the obligation to forward the Notice and Proof of Claim, upon submission of appropriate documentation to the Claims Administrator.

XIV. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice concerning the Litigation, you may review the pleadings and Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Southern District of California, 940 Front Street, San Diego, CA 92101.

If you have any questions about the settlement of the Litigation, you may contact Lead Plaintiff's Counsel by writing:

BARRACK, RODOS & BACINE
STEPHEN R. BASSER
SAMUEL M. WARD
402 West Broadway, Suite 850
San Diego, CA 92101

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: March 18, 2005

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

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3. All joint holders must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of Persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

4. The recipient of the AMCC common stock as a distribution from an estate shall be eligible to file a Proof of Claim and Release form and participate in the Settlement to the extent the particular decedent as the actual purchaser of the AMCC common stock would have been eligible, based upon the circumstances of such purchase within the Class Period; however, the donee and donor may not both claim with regard to the same AMCC common stock. If both the donor and donee make such claim, only the claim filed by the donee will be honored.

5. Shares “transferred into,” “delivered to” or “received into” the Claimant’s account, shall **not** be considered as purchased shares unless Claimant submits documents supporting that the original purchase of the shares occurred during the Class Period. Also, shares purchased and subsequently “transferred out” or “delivered out” of Claimant’s account will **not** be considered part of Claimant’s claim, as the right to file for those shares belongs to the person or party receiving the shares.

IV. CLAIM FORM

1. Use Part II of this form entitled “Schedule of Transactions in AMCC Securities” to supply all required details of your transaction(s) in AMCC Securities. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide **all** of the requested information with respect to **all** of your holdings of AMCC common stock and options (calls or puts) as of November 13, 2000, all of your purchases and **all** of your sales of AMCC common stock and options (calls or puts) which took place at any time during the Class Period, whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

3. List each transaction in the Class Period separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

4. The date of covering a “short sale” is deemed to be the date of purchase of AMCC Securities. The date of a “short sale” is deemed to be the date of sale of AMCC securities.

5. Broker confirmations or other documentation of your transactions in AMCC Securities should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

B. AMCC Call Options

1. Call options on AMCC stock open at the beginning of trading on November 13, 2000:

Purchase Date (Month/Day/Year)	Number of Call Options Owned	Purchase Price Per Call	Option Strike Price	Option Expiration Date (Month/Year)
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□

Check here if additional transactions are included on separate schedule(s)

Total Open Calls _____

2. Purchases (November 13, 2000 – February 5, 2001, inclusive) of AMCC call options:

Purchase Date (Month/Day/Year)	Number of Call Options Purchased	Purchase Price Per Call	Option Strike Price	Option Expiration Date (Month/Year)	Check if Expired
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□	<input type="checkbox"/>
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□	<input type="checkbox"/>
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□	<input type="checkbox"/>
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□	<input type="checkbox"/>

Check here if additional transactions are included on separate schedule(s)

Total Calls Purchased _____

3. Sales (November 13, 2000 – February 5, 2001, inclusive) of AMCC call options:

Sale Date (Month/Day/Year)	Number of Call Options Sold	Sale Price Per Call Option	Option Strike Price	Option Expiration Date (Month/Year)
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□

Check here if additional transactions are included on separate schedule(s)

Total Calls Sold _____

4. Exercised (November 13, 2000 – February 5, 2001, inclusive) of AMCC call options:

Exercised Date (Month/Day/Year)	Number of Calls Exercised	Option Strike Price	Option Expiration Date (Month/Year)
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	□□ - □□

Check here if additional transactions are included on separate schedule(s)

Total Call Options Exercised _____

5. Unsold/Unexpired Call Options held at close of trading on February 5, 2001:

Purchase Date (Month/Day/Year)	Number of Call Options Owned	Purchase Price Per Call Option	Option Strike Price	Option Expiration Date (Month/Year)
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□
□□ - □□ - □□	□□□□□□□□	\$ □□□□ . □□	\$ □□□□ . □□	□□ - □□

Check here if additional transactions are included on separate schedule(s)

Total Calls Unsold/Unexpired _____

C. AMCC Put Options

1. Put options on AMCC stock open at the beginning of trading on November 13, 2000:

Sale Date (Month/Day/Year)	Number of Call Options Sold	Sale Price Per Put	Option Strike Price	Option Expiration Date (Month/Year)
- -		\$.	\$.	-
- -		\$.	\$.	-
- -		\$.	\$.	-
- -		\$.	\$.	-

Check here if additional transactions are included on separate schedule(s)

Total Open Puts _____

2. Sales (November 13, 2000 – February 5, 2001, inclusive) of AMCC put options:

Sale Date (Month/Day/Year)	Number of Puts Sold	Sale Price Per Put	Option Strike Price	Option Expiration Date (Month/Year)	Check if Expired
- -		\$.	\$.	-	<input type="checkbox"/>
- -		\$.	\$.	-	<input type="checkbox"/>
- -		\$.	\$.	-	<input type="checkbox"/>
- -		\$.	\$.	-	<input type="checkbox"/>

Check here if additional transactions are included on separate schedule(s)

Total Puts Sold _____

3. Purchase (November 13, 2000 – February 5, 2001, inclusive) of AMCC put options:

Purchase Date (Month/Day/Year)	Number of Put Options Purchased	Purchase Price Per Put	Option Strike Price	Option Expiration Date (Month/Year)
- -		\$.	\$.	-
- -		\$.	\$.	-
- -		\$.	\$.	-
- -		\$.	\$.	-

Check here if additional transactions are included on separate schedule(s)

Total Puts Purchased _____

4. Exercised/Assigned (November 13, 2000 – February 5, 2001, inclusive) of AMCC Put Options:

Exercised Date (Month/Day/Year)	Number of Put Options Exercised	Option Strike Price	Option Expiration Date (Month/Year)
- -		\$.	-
- -		\$.	-
- -		\$.	-
- -		\$.	-

Check here if additional transactions are included on separate schedule(s)

Total Puts Exercised/Assigned _____

5. Unsold/Unexpired Put Options held at close of trading on February 5, 2001:

Sale Date (Month/Day/Year)	Number of Put Options Sold	Sale Price Per Put	Option Strike Price	Option Expiration Date (Month/Year)
- -		\$.	\$.	-
- -		\$.	\$.	-
- -		\$.	\$.	-
- -		\$.	\$.	-

Check here if additional transactions are included on separate schedule(s)

Total Puts Unsold/Unexpired _____

YOU MUST READ THE RELEASE AND YOUR SIGNATURE ON PAGE 7 WILL CONSTITUTE YOUR ACKNOWLEDGEMENT OF THE RELEASE.

V. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I submit this Proof of Claim and Release under the terms of the Stipulation and Agreement of Settlement described in the Notice. I also submit to the jurisdiction of the United States District Court for the Southern District of California with respect to my claim as a Member of the Class and for purposes of enforcing the release set forth herein. I further acknowledge that I am bound by and subject to the terms of any judgment that may be entered in the Litigation. I agree to furnish additional information such as transactions in other AMCC Securities including derivative securities of AMCC to the Claims Administrator to support this claim if requested to do so. I have not submitted any other claim covering the same purchases or sales of AMCC Securities during the Class Period and know of no other Person having done so on my behalf.

VI. RELEASE

1. I hereby acknowledge full and complete satisfaction of, and do hereby fully, finally and forever settle, release and discharge from the Litigation Released Claims as to each and all of the Litigation Defendants and each and all of their "Related Persons," defined as each of a Defendant's past, present and future parents, subsidiaries, affiliates, divisions, and joint ventures, partnerships, partners, members, principals, underwriters, personal or legal representatives, officers, directors, employees, agents, representatives, attorneys, banks or investment banks, bankers, brokers, analysts, associates, insurers, co-insurers, reinsurers, excess insurers, advisors, investment advisors, auditors, accountants, spouses and immediate family members, and the predecessors, heirs, executors, administrators, successors, and assigns of any of them, any Person or entity in which any Related Person has or had a controlling interest or which is or was related to or affiliated with any Related Person, and any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family.

2. "Released Claims" means claims, demands, rights, liabilities and causes of action of every nature and description, arising from the laws, rules or regulations of any jurisdiction, including any outside the United States, whether or not concealed or hidden, known or unknown, asserted or that might or could have been asserted in the course of prosecuting the Action or any amendment thereto, regardless of perceived merit or support, by any plaintiff against Defendants and their Related Parties arising out of or relating to the purchase or acquisition of AMCC Securities during the Class Period and the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failures to act, occurring at any time through December 2001, that were or could have been alleged or set forth in the First Amended Consolidated Complaint. With respect to the Released Claims, Lead Plaintiff and its counsel expressly waive and relinquish, to the fullest extent permitted by law, the provisions, rights, and benefits conferred by §1542 of the California Civil Code, which provides:

A GENERAL RELEASE DOES NOT EXTEND THE 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,

as well as any benefits conferred by any law of any state or territory of the United States, or principle of common law, or of international or foreign law, which is similar, comparable or equivalent to §1542 of the California Civil Code. Lead Plaintiff may hereafter discover facts in addition to or different from those that it now knows or believes to be true with respect to the subject matter of this release, but it is Lead Plaintiff's intention to finally and forever settle and release the Released Claims notwithstanding any unknown claims it may have. Nothing in this paragraph shall act as a release of or otherwise bar claims that are first revealed by a corrective disclosure that is made after January 21, 2005 by AMCC (or a representative with authority to speak on AMCC's behalf), where such corrective disclosure relates to the value of any securities purchased after February 5, 2001. For the purposes of the foregoing sentence, "corrective disclosure" shall mean "disclosure of information correcting previously incorrect information in the market, and that has not previously been made known publicly by AMCC, a representative with authority to speak on AMCC's behalf, an industry analyst, stock analyst or any other public source."

3. This release shall be of no force or effect unless and until the Court approves the Stipulation and Agreement of Settlement and the Stipulation becomes effective on the Effective Date (as defined in the Stipulation).

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

5. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in AMCC Securities which occurred during the Class Period and the number of shares of AMCC Securities held by me (us) at the close of trading on February 5, 2001. 10.

In re Applied Micro Circuits Corp. Securities Litigation

Claims Administrator
c/o Heffler, Radetich & Saitta, L.L.P.
P.O. Box 230
Philadelphia, PA 19105-0230

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

Reminder Checklist:

1. Please sign the above release and certification.
2. Remember to attach copies of supporting documentation.
3. Do not send original or copies of stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send us your new address.