

DISTRICT COURT, COUNTY OF WELD, COLORADO

Case No. 98-CV-962, Courtroom 1

NOTICE OF SETTLEMENT OF CLASS ACTION

CRAIG ANDERSON, TODD SICHELSTIEL, PHILIP AND ANELIQUE SIGNORRELLI, CHRISTY J. BALDWIN and PATRICIA CONLON, On Behalf of Themselves and All Others Similarly Situated,

Plaintiffs,

vs.

EFTC CORPORATION, JACK CALDERON, GERALD J. REID, STUART W. FUHLENDORF, BRENT L. HOFMEISTER, AUGUST P. BRUEHLMAN, LUCILLE A. REID, LLOYD A. McCONNELL and SALOMON SMITH BARNEY,

Defendants.

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF EFTC CORPORATION ("EFTC") DURING THE PERIOD FROM APRIL 6, 1998 THROUGH AND INCLUDING AUGUST 20, 1998

PLEASE READ THIS ENTIRE NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A SETTLEMENT 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 ON OR BEFORE SEPTEMBER 26, 2000.

This Notice has been sent to you pursuant to an Order of the District Court, Weld County, Colorado. The purpose of this Notice is to inform you of the proposed settlement of this class action litigation (the "Settlement") and of the hearing to be held by the State 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 and this class action litigation.

The proposed Settlement creates a fund in the amount of \$6.0 million in cash, any interest that accrues on the fund prior to distribution, and 1,300,000 shares of EFTC common stock (collectively, the "Settlement Fund"). The stock is to be issued exempt from registration requirements pursuant to §3(a)(10) of the Securities Act of 1933, as amended.

This Notice is not an expression of any opinion by the State 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: Rick Nelson, Milberg Weiss Bershad Hynes & Lerach LLP, 600 West Broadway, Suite 1800, San Diego, California 92101, Telephone: 619/231-1058. Please do not call any representative of EFTC.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A settlement hearing (the "Settlement Hearing") will be held on August 31, 2000, at 8:30 a.m., before the Honorable William Lee West, District Court Judge, at the Courthouse, 901 9th Avenue, Greeley, CO 80631. The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement, including the issuance of EFTC's common stock pursuant to §3(a)(10) of the Securities Act of 1933, as amended, should be approved as fair, reasonable and adequate to each of the settling Parties; (2) whether the proposed plan to distribute the Settlement proceeds (the "Plan of Allocation") is fair, just, reasonable, and adequate; (3) whether Representative Plaintiffs' counsel have adequately represented the class; (4) whether the application by plaintiffs' counsel for an award of attorneys' fees and expenses should be approved; and (5) whether the Litigation should be dismissed with prejudice. The State Court may adjourn or continue the Settlement Hearing without further notice to the Settlement Class.

II. DEFINITIONS USED IN THIS NOTICE

1. "Defendants" means EFTC, Jack Calderon, Gerald J. Reid, Stuart W. Fuhlendorf, Lloyd A. McConnell, Brent Hofmeister, Robert Monaco, Raymond Marshall, Lucille A. Reid, August P. Bruehlman and Salomon Smith Barney.

2. "Related Parties" means each of Defendants' and Underwriters' and their respective predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, associates, related or affiliated entities, and their past or present directors, officers, employees, partners, principals, agents, underwriters, controlling shareholders, any entity in which such Defendant and/or any member(s) of such Defendant's immediate family has or have a controlling interest, attorneys, accountants, auditors, banks, investment banks or investment bankers, advisors, personal or legal representatives, the Insurance Carrier and the Insurance Carrier's co-insurers and reinsurers, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, associates, related or affiliated entities, any members of their immediate families, or any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of such Defendant's family.

3. "Released Claims" means and includes any and all claims or causes of action, including "Unknown Claims" as defined below, demands, rights, liabilities, suits, debts, obligations and causes of action of every nature and description whatsoever, known or unknown, contingent or absolute, matured or unmatured, discoverable or undiscoverable, asserted or that could have been asserted by the Representative Plaintiffs or the Settlement Class Members, or any of them, against the Released Persons based upon or related to both the purchase of EFTC stock by the Representative Plaintiffs or the Settlement Class Members during the Settlement Class Period and the facts, transactions, events, occurrences, disclosures, statements, acts or omissions or failures to act which were or could have been alleged in or embraced or otherwise referred to or encompassed by the Litigation, regardless of upon what legal theory based, including, without limitation, claims for negligence, gross negligence, fraud, or violations of the common law, administrative rule or regulation, tort, contract, equity, or otherwise or of any state or federal statutes, rules or regulations, including but not limited to, the claims asserted in the Federal Court Class Action.

4. "Released Persons" means each and all of the Defendants, the Underwriters and their respective Related Parties.

5. "Settlement Class" means all persons (except Defendants, members of the immediate families of Defendants, any entity in which any Defendant has a controlling interest, and the legal representatives, heirs, successors or assigns of any such excluded party) who purchased EFTC common stock during the period from April 6, 1998 through August 20, 1998, inclusive, excluding those persons who timely and validly request exclusion from the Settlement Class pursuant to this Notice.

6. "Settlement Class Period" or "Class Period" means the period from April 6, 1998 through August 20, 1998, inclusive.

7. "Underwriters" means all underwriters of the June 2, 1998 offering of common stock by EFTC.

8. "Unknown Claims" means any Released Claims which any Representative Plaintiff or any other Settlement Class Member (collectively, the "Releasers") 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 or not to exclude himself, herself, or itself from the Settlement Class. With respect to any and all Released Claims against the Released Persons, the settling Parties have stipulated and agreed that, upon the Effective Date, the Representative Plaintiffs shall expressly, and the other Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of §1542 of the California Civil Code, which provides:

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

With respect to any and all Released Claims against the Released Persons, each of the Representative Plaintiffs shall expressly and the other Settlement Class Members shall be deemed to have, and upon the Effective Date and by operation of the Judgment shall have, 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, or of international or foreign law, which is similar, comparable or equivalent to §1542 of the California Civil Code. Each of the Representative Plaintiffs and the other Settlement 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 Released Claims, but hereby stipulate and agree that each Representative Plaintiff does, and each other Settlement Class Member shall be deemed to have, and upon the Effective Date and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims against the Released Persons, 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 which 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. Each of the Representative Plaintiffs acknowledges, and each of the other Settlement Class Members are deemed to have acknowledged, that the foregoing waiver was bargained for and a key element of the Settlement of which this release is a part.

III. THE LITIGATION

On September 17, 1998, the following class action was filed in the District Court, Weld County, Colorado (the "State Court"): *Anderson, et al. v. EFTC Corporation, et al.*, Case No. 98-CV-962 (the "State Court Class Action").

On October 8, 1998, the following class action was filed in the United States District Court for the District of Colorado (the "Federal Court"): *Grayck v. EFTC Corporation, et al.*, 98-S-2178 (the "Federal Court Class Action").

The State Court Class Action and the Federal Court Class Action are collectively referred to herein as the "Litigation."

The complaints in the Litigation assert claims on behalf of all persons, other than Defendants, who purchased the common stock of EFTC during a defined period of time. The State Court Class Action asserts claims for violations of the Colorado Securities Act, §11-51-101, *et seq.* The Federal Court Class Action asserts claims for violations of §§10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.

IV. CLAIMS OF THE REPRESENTATIVE PLAINTIFFS AND BENEFITS OF SETTLEMENT

The Representative Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date in the Litigation supports the claims asserted. However, counsel for the Representative Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Defendants through trial and through appeals. Counsel for the Representative Plaintiffs believe that the Settlement confers substantial benefits upon the Settlement Class. Based on their evaluation, counsel for the Representative Plaintiffs have determined that the Settlement set forth in the Stipulation is in the best interests of the Representative Plaintiffs and the Settlement Class.

V. DEFENDANTS' STATEMENT AND DENIALS OF WRONGDOING AND LIABILITY

The Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Representative Plaintiffs. Defendants expressly 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 Litigation. The Defendants also have denied and continue to deny, *inter alia*, the allegations that the Representative Plaintiffs, or the class have suffered damage, that the price of EFTC stock was artificially inflated by reason of alleged misrepresentation, non-disclosure or otherwise, or that the Representative Plaintiffs or any member of the class were harmed by the conduct alleged in the Litigation. The Defendants have further asserted and continue to assert that at all relevant times, they acted in good faith and in a manner they reasonably believed to be in the best interest of EFTC and its stockholders.

Nonetheless, the Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation in order to limit further expense, inconvenience and distraction, and to dispose of the burden of protracted litigation. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. The Defendants have, therefore, determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in the Stipulation.

VI. TERMS OF THE PROPOSED SETTLEMENT

The Defendants have paid into an escrow account, pursuant to the terms of the Stipulation of Settlement dated as of May 31, 2000 (the "Stipulation"), cash in the amount of \$6.0 million (the "Settlement Fund") which has been and will continue to earn interest for the benefit of the Settlement Class. The Settlement Fund also includes 1,300,000 shares of EFTC common stock (the "Settlement Stock") to be issued pursuant to §3(a)(10) of the Securities Act of 1933, as amended. A portion of the Settlement Fund will be used for certain administrative expenses, including costs of printing and mailing this Notice, 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 State Court to counsel for Representative Plaintiffs as attorneys' fees and for reimbursement of out-of-pocket expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed according to the Plan of Allocation described below to Settlement Class Members who submit valid and timely Proof of Claim forms.

VII. PLAN OF ALLOCATION

The Net Settlement Fund will be distributed to Settlement Class Members who submit valid, timely Proof of Claim forms ("Authorized Claimants") under this Plan of Allocation. 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 EFTC common stock during the Settlement Class Period.

For purposes of determining the amounts an Authorized Claimant may recover under the Plan of Allocation, Representative Plaintiffs' counsel, in consultation with their damage consultant, determined the likely amount of alleged inflation in the price of EFTC common stock during the Settlement Class Period. This amount represents the likely damages that could have been recovered if plaintiffs were successful in 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, 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 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 to determine if a Settlement Class Member has a claim. Only if a Settlement Class Member had a net loss, after profits from all transactions in EFTC common stock during the Settlement Class Period are subtracted from the total of losses, will such class member be eligible to receive a distribution from the Net Settlement Fund.

A claim will be calculated as follows:

For shares of EFTC common stock that were ***purchased on April 6, 1998 through August 20, 1998***, and

- (a) sold from April 6, 1998 through August 20, 1998, the claim per share is the difference between the price paid for the shares of EFTC common stock and the amount realized from the sale of any such shares; or
- (b) retained at the end of August 20, 1998, the claim per share is the difference between the price paid for the shares of EFTC common stock and \$3.73 per share (5 day average closing price following the Settlement Class Period August 21, 1998 through August 27, 1998).

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Settlement Class Members who made multiple purchases or multiple sales during the Settlement Class Period, the earliest subsequent sale shall be matched with the earliest purchase and chronologically thereafter for purposes of the claim calculations.

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

VIII. ORDER CERTIFYING A CLASS FOR PURPOSES OF SETTLEMENT

On June 21, 2000, the State Court certified a class for settlement purposes only. The Settlement Class is defined above.

IX. PARTICIPATION IN THE CLASS

If you fall within the definition of the Settlement Class, you will remain a Settlement Class Member unless you elect to be excluded from the Settlement Class. If you do not request to be excluded from the Settlement Class, you will be bound by any judgment entered in the Litigation whether or not you file a Proof of Claim.

If you wish to remain a Settlement Class Member, you only need to 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 plaintiffs' counsel. If you choose, you may enter a legal 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 26, 2000, and delivered to the Claims Administrator at the address below. Unless the State 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.

X. EXCLUSION FROM THE CLASS

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

EFTC Securities Litigation
c/o Claims Administrator
Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100

The request for exclusion must state: (1) your name, address, and telephone number; (2) all purchases and sales of EFTC common stock made during the Settlement Class Period, including the dates, the number of shares of EFTC common stock, and price paid or received per share for each such purchase or sale; and (3) that you wish to be excluded from the Settlement Class. **TO BE VALID, A REQUEST FOR EXCLUSION MUST STATE ALL OF THE FOREGOING INFORMATION. YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE JULY 26, 2000.** 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 Stipulation or the Judgment.

XI. DISMISSAL AND RELEASES

If the proposed Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal ("Judgment"). The Judgment will dismiss the Released Claims with prejudice as to all Defendants. Thereafter, the Federal Court Class Action will be dismissed.

The Judgment will provide that all Settlement Class Members who do not validly and timely request to be excluded from the Settlement Class shall be deemed to have released and forever discharged all Released Claims against all Released Persons.

XII. APPLICATION FOR FEES AND EXPENSES

At the Settlement Hearing, counsel for Representative Plaintiffs will request the State Court to award attorneys' fees of 30% of the Settlement Fund, plus reimbursement of expenses, not to exceed \$125,000, which were advanced in connection with the Litigation, plus interest thereon. Settlement Class Members are not personally liable for any fees or expenses.

To date, Representative Plaintiffs' counsel have not received any payment for their services in conducting this Litigation on behalf of plaintiffs and the members of the class, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Representative Plaintiffs' 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.

XIII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events. Those events include, among other things: (1) entry of the Judgment by the State Court, as provided for in the Stipulation; (2) expiration of the time to appeal from or alter or amend the Judgment; and (3) the dismissal of the Federal Court Class Action. 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 March 29, 2000.

XIV. THE RIGHT TO BE HEARD AT THE HEARING

Any Settlement Class Member who has not validly and timely requested to be excluded from the Settlement Class, and who objects to any aspect of the Settlement, the Plan of Allocation, the adequacy of representation by Plaintiffs' Settlement Counsel, or the application for attorneys' fees, costs and expenses, may appear and be heard at the Settlement Hearing. Any such person must submit a written notice of objection, such that it is *received* on or before July 26, 2000, by each of the following:

Clerk of the Court
District Court
Weld County
901 9th Avenue
Greeley, CO 80631

MILBERG WEISS BERSHAD
HYNES & LERACH LLP
KEITH F. PARK
600 West Broadway, Suite 1800
San Diego, CA 92101

Attorneys for Plaintiffs

HOLME ROBERTS & OWEN LLP
NANCY J. GEGENHEIMER (#8981)
ADAM R. EATON (#27786)
MARK A. ADAMS (#26766)
1700 Lincoln Street, Suite 4100
Denver, CO 80203

Attorneys for Defendants EFTC Corporation,
Jack Calderon, Gerald J. Reid, Stuart W.
Fuhlendorf, Lloyd A. McConnell, Brent L.
Hofmeister, Robert Monaco, Raymond Marshall,
August P. Bruehlman and Lucille A. Reid

DYER & SHUMAN, LLP
ROBERT J. DYER, III (#5734)
801 East 17th Avenue
Denver, CO 80218-1417

HOLLAND & HART LLP
HOLLY STEIN SOLLOD (#16221)
555 Seventeenth Street, Suite 3200
Denver, CO 80201

Attorneys for Defendant Salomon Smith Barney

The notice of objection must demonstrate the objecting person's membership in the Settlement Class, including the number of EFTC shares purchased and sold during the Settlement Class Period, and contain a statement of the reasons for objection. Only Members of the Settlement Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the State Court orders otherwise.

XV. SPECIAL NOTICE TO NOMINEES

If you hold any EFTC common stock purchased during the Settlement Class Period as nominee for a beneficial owner, then, within ten (10) 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 at the following address:

EFTC Securities Litigation
c/o Claims Administrator
Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100

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 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.

XVI. 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, you may desire to review the Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, 901 9th Avenue, Greeley, CO 80631.

If you have any questions about the settlement of the Litigation, you may contact Plaintiffs' Settlement Counsel by writing:

MILBERG WEISS BERSHAD
HYNES & LERACH LLP
KEITH F. PARK
600 West Broadway, Suite 1800
San Diego, CA 92101

DYER & SHUMAN, LLP
ROBERT J. DYER, III
801 East 17th Avenue
Denver, CO 80218-1417

**DO NOT TELEPHONE THE COURT OR ANY
REPRESENTATIVE OF EFTC REGARDING THIS NOTICE.**

DATED: June 21, 2000

BY ORDER OF THE DISTRICT COURT
WELD COUNTY, COLORADO