

KANSAS

OFFICE OF THE SECURITIES COMMISSIONER

KATHLEEN SEBELIUS, GOVERNOR
CHRIS BIGGS, COMMISSIONER

September 16, 2005

Jeannie Gottlieb
HellerEhrman LLP
601 S. Figueroa Street, 40th Floor
Los Angeles, CA 90017-5758

RE: Interpretive Opinion No. 2006-002
HPL Technologies, Inc.
File No. 2006X0000005

Synopsis: The staff of the Office of the Securities Commissioner of Kansas will take no action to require HPL Technologies, Inc., to register the sale of Settlement Stock in Kansas. This no-action position is limited to the Settlement Stock.

Dear Ms. Gottlieb,

You have requested an opinion concerning the issuance of shares of Common Stock pursuant to a judicially approved class action settlement. I incorporate by reference the facts as represented in your letter and materials dated August 31, 2005. You provided the following information in your materials:

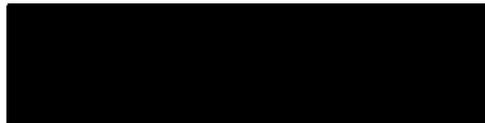
1. To settle the federal class action lawsuit against the Corporation, a Settlement Fund will be created for the plaintiff class consisting of \$17 million in cash and 7 million shares of Settlement Stock.
2. The United States District Court for the Northern District of California determined that the terms of the settlement are fair, reasonable and adequate.
3. Additionally, the Court found that the distribution was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to § 3(a)(10) of the Securities Act.
4. The Corporations' Settlement Stock issuance includes 153 shares to four Kansas residents who acquired the Corporation's securities between July 31, 2001 and July 18, 2002.
5. All class members were protected by the judicial approval of the settlement following a judicial hearing as to the fairness of the transaction. Notification of the hearing was provided to all interested parties, including the class members.

6. The issuance of the Settlement Stock is limited to a finite group who acquired the Corporation's securities between July 31, 2001 and July 18, 2002, and who did not sell their stock before July 19, 2002.
7. The class members exchanged claims for stock and are not providing any additional consideration.
8. No general solicitation was used, except for the required class notification.

Based on the present law and the facts expressed in your letter, staff for the Office of the Securities Commissioner will take no action to require the Corporation to register the sale of the Settlement Stock in Kansas. This "no-action" position is limited to the Corporation's Settlement Stock.

This opinion is based on the written representations provided by you, and it does not extend to any other fact situation. Furthermore, any variance from the facts expressed in your letter could result in a different conclusion. This opinion is intended solely as an expression of enforcement policy, and its legal conclusions are not binding on any court, legal tribunal, or any other person.

Sincerely,

A solid black rectangular box redacting the signature of Wiley B. Kannarr.

Wiley B. Kannarr
Associate General Counsel