IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

IN RE SPECTRUM BRANDS SECURITIES LITIGATION	)	No. 19-cv-347-jdp

SUPPLEMENTAL DECLARATION OF KATHERINE M. SINDERSON IN SUPPORT OF (A) LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF SETTLEMENT AND PLAN OF ALLOCATION AND (B) LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND LITIGATION EXPENSES

1. I, Katherine M. Sinderson, am a member of the bars of the State of New York, the U.S. District Court for the Southern District of New York, and the U.S. Courts of Appeals for the Second and Third Circuits and am admitted *pro hac vice* in the above-captioned consolidated securities class action (the "Action"). I am a Member of the law firm of Bernstein Litowitz Berger & Grossmann LLP, the Court-appointed Lead Counsel in the Action. BLB&G represents the Court-appointed Lead Plaintiffs, the Public School Teachers' Pension and Retirement Fund of Chicago and the Cambridge Retirement System. I have personal knowledge of the matters stated in this declaration based on my active supervision of and participation in the prosecution and settlement of the Action.

2. I respectfully submit this supplemental declaration in support (i) Lead Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation (Dkt. 49) and (ii) Lead Counsel's Motion for an Award of Attorneys' Fees and Litigation Expenses (Dkt. 51).

3. Attached hereto as **Supplemental Exhibit 1** is the Proposed Judgment Approving Class Action Settlement.

4. Attached hereto as **Supplemental Exhibit 2** is the Proposed Order Approving Plan of Allocation of Net Settlement Fund.

5. Attached hereto as **Supplemental Exhibit 3** is the Proposed Order Awarding Attorneys' Fees and Litigation Expenses.

6. Attached hereto as **Supplemental Exhibits 4A** and **4B** are true and correct copies of the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses, filed on August 12, 2020 as Dkt. 81-3, and Order Approving Class-Action Settlement, filed on September 16, 2020 as Dkt. 89, in *In re Henry Schein, Inc. Securities Litigation*, No. 18-cv-01428 (E.D.N.Y.).

7. Attached hereto as **Supplemental Exhibits 5A and 5B** are true and correct copies of the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses, filed on April 5, 2019 as Dkt. 6112-3, and Order Granting (I) Motion for Final Approval of Settlement and (II) Motion for Attorneys' Fees and Expenses, filed on May 10, 2019 as Dkt. 6285, in *In re Volkswagen "Clean Diesel" Marketing, Sales Practices, & Product Liability Litigation*, No. 15-md-02672 (N.D. Cal.).

8. Attached hereto as **Supplemental Exhibits 6A and 6B** are true and correct copies of the Notice of (I) Proposed Settlement and Plan of Allocation; (II) Settlement Fairness Hearing; and (III) Motion for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses, filed on July 2, 2013 as Dkt. 423-5, and Order Approving Plan of Allocation of Net Settlement Fund, filed on October 1, 2013 as Dkt. 438, in *In re Schering-Plough Corp./ENHANCE Securities Litigation*, No. 08-cv-397-DMC-JAD (D.N.J.).

9. Attached hereto as **Supplemental Exhibits 7A and 7B** are true and correct copies of the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Fairness Hearing; and (III) Motion for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses, filed on December 28, 2017, as Dkt. 110-3, and Order Approving Plan of Allocation, filed on February 1, 2018 as Dkt. 117, in *In re CTI Biopharma Corp. Securities Litigation*, No. 16-cv-00216 (W.D. Wash.).

10. Attached hereto as **Supplemental Exhibits 8A and 8B** are true and correct copies of the Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses, filed on September 21, 2017 as Dkt. 170-5, and Order Approving Plan of Allocation of Net Settlement Fund, filed on March 8, 2018 as Dkt. 179, in *Medina v. Clovis Oncology, Inc.*, No. 15-cv-02546 (D. Colo.).

11. Attached hereto as **Supplemental Exhibits 9A and 9B** are true and correct copies of the Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses, filed on September 22, 2014 as Dkt. 496-1, and Order Approving Plan of Allocation of Net Settlement Fund, filed on January 8, 2015 as Dkt. 519, in *Hill v. State Street Corporation*, No. 09-cv-12146 (D. Mass.).

12. Attached hereto as **Supplemental Exhibits 10A and 10B** are true and correct copies the Notice of (I) Pendency of Class Action, Certification of Settlement Class, and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses, filed on May 3, 2018, as Dkt. 268-4 and Order Approving

Plan of Allocation of Net Settlement Fund, filed on June 7, 2018 as Dkt. 272, in *Fresno County Employees' Retirement Association v. comScore, Inc.*, No. 16-cv-01820 (S.D.N.Y.).

13. Attached hereto as **Supplemental Exhibits 11A and 11B** are true and correct copies of the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Fairness Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses, filed on September 25, 2020, as Dkt. 99-4, and Order Approving Plan of Allocation of Net Settlement Fund, filed on November 20, 2020 as Dkt. 105, in *In re Impinj, Inc. Securities Litigation*, No. 18-cv-05704 (W.D. Wash.).

14. Attached hereto as **Supplemental Exhibit 12** is the true and correct copy of the First Amended Complaint and Jury Demand, filed on April 17, 2015 as Dkt. 15, filed in *Jet Capital Master Fund, L.P., et al. v. American. Realty Capital Properties, Inc., et al.*, No. 15-cv-00307 (S.D.N.Y.).

15. Attached hereto as **Supplemental Exhibit 13** is a true and correct copy of the Notice of Pendency and Proposed Settlement of Class Action, Motion for Attorneys' Fees and Litigation Expenses, and Settlement Fairness Hearing issued in *In re American Apparel, Inc. Shareholder Litigation*, No. 10-cv-6352 (N.D. Cal), obtained from the settlement website: http://www.americanapparelshareholdersettlement.com/media/73832/ameraprl_notice.pdf.

16. Attached hereto as **Supplemental Exhibits 14A and 14B** are true and correct copies of the Notice of (I) Pendency of Class Action, Certification of Settlement Classes, and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for An Award of Attorneys' Fees and Reimbursement of Litigation Expenses, filed on October 14, 2015, as Dkt. 163-5, and Order Approving Plan of Allocation, filed on November 23, 2015 as Dkt. 177, in *In re Tower Group International, Ltd., Securities Litigation*, No. 13-cv-5852 (S.D.N.Y.).

17. Attached hereto as **Supplemental Exhibits 15A and 15B** are true and correct copies of the Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Motion for An Award of Attorneys' Fees and Payment of Litigation Expenses; and (III) Settlement Fairness Hearing, filed on October 8, 2019, as Dkt. 205-3, and Order Approving Plan of Allocation of Net Settlement Fund, filed on November 21, 2019 as Dkt. 215, in *In Re Banco Bradesco, S.A. Securities Litigation*, No. 16-cv-04155 (S.D.N.Y.).

18. Attached hereto as **Supplemental Exhibits 16A and 16B** are true and correct copies of the Notice of Pendency and Proposed Settlement of Class Action, filed on February 25, 2020, as Dkt. 170-10, and Order Approving Plan of Allocation of Settlement Proceeds, filed on March 31, 2020 as Dkt. 178, in *Isolde v. Trinity Industries, Inc.*, No. 15-cv-02093-K (N.D. Tex.).

19. Attached hereto as **Supplemental Exhibit 17** is a true and correct copy of the Notice of Pendency of Class Action and Proposed Settlement, Final Approval Hearing, and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses, filed on September 22, 2011 as Dkt. 453-3, in *In re Wells Fargo Mortgage-Backed Certificates Litigation*, No. 09-cv-1376 (N.D. Cal.).

20. Attached hereto as **Supplemental Exhibit 18** is a true and correct copy of the Notice of Pendency and Proposed Settlement, Motion for Attorneys' Fees and Settlement Hearing, filed on August 28, 2020 as Dkt. 63-2, in *Shanawaz v. Intellipharmaceutics International Inc.*, No. 17-cv-05761 (S.D.N.Y).

I declare, under penalty of perjury under the laws of the United States, that the foregoing is true and correct.

Dated: January 15, 2021

/s/ Katherine M. Sinderson
Katherine M Sinderson

Supplemental Exhibit 1

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

IN RE SPECTRUM BRANDS SECURITIES LITIGATION	)	No. 19-cv-347-jdp

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[PROPOSED] JUDGMENT APPROVING CLASS ACTION SETTLEMENT

WHEREAS, a consolidated securities class action is pending in this Court entitled *In re Spectrum Brands Securities Litigation*, No. 19-cv-347-jdp (the "Action");

WHEREAS, Lead Plaintiffs the Public School Teachers' Pension and Retirement Fund of Chicago and the Cambridge Retirement System (collectively, "Lead Plaintiffs"), on behalf of themselves and the Settlement Class (defined below); and (b) defendants Spectrum Brands Holdings, Inc. ("Spectrum" or the "Company"), Spectrum Brands Legacy, Inc. ("Old Spectrum"), HRG Group, Inc. ("HRG"), and Andreas R. Rouvé, David M. Maura, and Douglas L. Martin (collectively, the "Individual Defendants" and, together with Spectrum, Old Spectrum, and HRG, "Defendants") (Lead Plaintiffs and Defendants, together, the "Parties") have entered into a Stipulation and Agreement of Settlement dated August 10, 2020 (the "Stipulation"), that provides for a complete dismissal with prejudice of the claims asserted against Defendants in the Action on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (the "Settlement");

WHEREAS, unless otherwise defined in this Judgment, the capitalized terms herein shall have the same meaning as they have in the Stipulation;

WHEREAS, by Order dated September 28, 2020 (the "Preliminary Approval Order"), this Court: (a) found, pursuant to Rule 23(e)(1)(B) of the Federal Rules of Civil Procedure, that it (i) would likely be able to approve the Settlement as fair, reasonable, and adequate under Rule 23(e)(2), and (ii) would likely be able to certify the Settlement Class for purposes of the Settlement; (b) ordered that notice of the proposed Settlement be provided to potential Settlement Class Members; (c) provided Settlement Class Members with the opportunity either to exclude themselves from the Settlement Class or to object to the proposed Settlement; and (d) scheduled a hearing regarding final approval of the Settlement;

WHEREAS, due and adequate notice has been given to the Settlement Class;

WHEREAS, the Court conducted a hearing on January 29, 2021 (the "Settlement Fairness Hearing") to consider, among other things, (a) whether the terms and conditions of the Settlement are fair, reasonable, and adequate to the Settlement Class, and should therefore be approved, and (b) whether a judgment should be entered dismissing the Action with prejudice as against the Defendants; and

WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed and proceedings held herein in connection with the Settlement, all oral and written comments received regarding the Settlement, and the record in the Action, and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. **Jurisdiction –** The Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties and each of the Settlement Class Members.

2. **Incorporation of Settlement Documents –** This Judgment incorporates and makes a part hereof: (a) the Stipulation filed with the Court on August 10, 2020; and (b) the Notice and

the Summary Notice, both of which were filed with the Court on December 24, 2020.

3. **Class Certification for Settlement Purposes –** The Court hereby certifies for the purposes of the Settlement only, the Action as a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Settlement Class consisting of all persons and entities that: (i) purchased common stock of HRG from January 26, 2017 to July 13, 2018; (ii) purchased common stock of Old Spectrum from January 26, 2017 to July 13, 2018; and (iii) purchased common stock of Spectrum from July 13, 2018 to November 19, 2018, and were damaged thereby. Excluded from the Settlement Class are: (i) Defendants (including Spectrum); (ii) the Immediate Family members of the Individual Defendants; (iii) the Officers and directors of Old Spectrum, Spectrum, and HRG currently and during the period from January 26, 2017 to November 19, 2018 (the "Class Period") and their Immediate Family members; (iv) any entity in which any of the foregoing excluded persons or entities has or had a controlling interest; and (v) the legal representatives, heirs, successors, or assigns of any such excluded person or entity. Also excluded from the Settlement Class are the persons listed on Exhibit 1 hereto who are excluded from the Settlement Class pursuant to their request.

4. **Settlement Class Findings –** For purposes of the Settlement only, the Court finds that each element required for certification of the Settlement Class pursuant to Rule 23 of the Federal Rules of Civil Procedure has been met: (a) the members of the Settlement Class are so numerous that their joinder in the Action would be impracticable; (b) there are questions of law and fact common to the Settlement Class which predominate over any individual questions; (c) the claims of Lead Plaintiffs in the Action are typical of the claims of the Settlement Class; (d) Lead Plaintiffs and Lead Counsel have and will fairly and adequately represent and protect the interests

of the Settlement Class; and (e) a class action is superior to other available methods for the fair and efficient adjudication of the Action.

5. **Adequacy of Representation –** Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, the Court hereby certifies Lead Plaintiffs the Public School Teachers' Pension and Retirement Fund of Chicago and the Cambridge Retirement System as Class Representatives for the Settlement Class and appoints Lead Counsel Bernstein Litowitz Berger & Grossmann LLP as Class Counsel for the Settlement Class. The Court finds that Lead Plaintiffs and Lead Counsel have fairly and adequately represented the Settlement Class both in terms of litigating the Action and for purposes of entering into and implementing the Settlement and have satisfied the requirements of Federal Rules of Civil Procedure 23(a)(4) and 23(g), respectively.

6. **Notice –** The Court finds that the dissemination of the Notice and the publication of the Summary Notice: (a) were implemented in accordance with the Preliminary Approval Order; (b) constituted the best notice practicable under the circumstances; (c) constituted notice that was reasonably calculated, under the circumstances, to apprise Settlement Class Members of (i) the pendency of the Action, (ii) the effect of the proposed Settlement (including the Releases to be provided thereunder), (iii) Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses, (iv) their right to object to any aspect of the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for attorneys' fees and Litigation Expenses, (v) their right to exclude themselves from the Settlement Class, and (vi) their right to appear at the Settlement Fairness Hearing; (d) constituted due, adequate, and sufficient notice to all persons and entities entitled to receive notice of the proposed Settlement; and (e) satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process

Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules. There have been no objections by Settlement Class Members to the Settlement.

7. **Final Settlement Approval and Dismissal of Claims –** Pursuant to, and in accordance with, Rule 23(e)(2) of the Federal Rules of Civil Procedure, this Court hereby fully and finally approves the Settlement set forth in the Stipulation in all respects (including, without limitation: the amount of the Settlement; the Releases provided for therein; and the dismissal with prejudice of the claims asserted against Defendants in the Action), and finds that the Settlement is, in all respects, fair, reasonable, and adequate to the Settlement Class. Specifically, the Court finds that: (a) Lead Plaintiffs and Lead Counsel have adequately represented the Settlement Class; (b) the Settlement was negotiated by the Parties at arm's length; (c) the relief provided for the Settlement Class under the Settlement is adequate taking into account the costs, risks, and delay of further litigation, including trial and appeal; the proposed means of distributing the Settlement Fund to the Settlement Class; and the proposed attorneys' fee award; and (d) the Settlement treats members of the Settlement Class equitably relative to each other. The Parties are directed to implement, perform, and consummate the Settlement in accordance with the terms and provisions contained in the Stipulation.

8. The Action and all of the claims asserted against Defendants in the Action by Lead Plaintiffs and the other Settlement Class Members are hereby dismissed with prejudice. The Parties shall bear their own costs and expenses, except as otherwise expressly provided in the Stipulation.

9. **Binding Effect** – The terms of the Stipulation and of this Judgment shall be forever binding on Defendants, Lead Plaintiffs, and all other Settlement Class Members (regardless of

whether or not any individual Settlement Class Member submits a Claim Form or seeks or obtains a distribution from the Net Settlement Fund), as well as their respective successors and assigns. The persons listed on Exhibit 1 hereto are excluded from the Settlement Class pursuant to their request and are not bound by the terms of the Stipulation or this Judgment.

10. **Releases** – The Releases set forth in paragraphs 5 and 6 of the Stipulation, together with the definitions contained in paragraph 1 of the Stipulation relating thereto, are expressly incorporated herein in all respects. The Releases are effective as of the Effective Date. Accordingly, this Court orders that:

(a) Without further action by anyone, and subject to paragraph 11 below, upon the Effective Date of the Settlement, Lead Plaintiffs and each of the other Settlement Class Members shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim against Defendants and the other Defendants' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees. This Release shall not apply to any of the Excluded Plaintiffs' Claims (as that term is defined in paragraph 1(r) of the Stipulation).

(b) Without further action by anyone, and subject to paragraph 11 below, upon the Effective Date of the Settlement, Defendants, on behalf of themselves and their respective successors, assigns, executors, administrators, representatives, attorneys, and agents, in their capacities as such, shall be deemed to have, and by operation of law and of this Judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants' Claim against Lead Plaintiffs and the other Plaintiffs' Releasees, and shall forever be barred and enjoined from prosecuting any or all of the

Released Defendants' Claims against any of the Plaintiffs' Releasees. This Release shall not apply to any of the Excluded Defendants' Claims (as that term is defined in paragraph 1(q) of the Stipulation).

11. Notwithstanding paragraphs 10(a) – (b) above, nothing in this Judgment shall bar any action by any of the Parties to enforce or effectuate the terms of the Stipulation or this Judgment.

12. **Rule 11 Findings** – The Court finds and concludes that the Parties and their respective counsel have complied in all respects with the requirements of Rule 11 of the Federal Rules of Civil Procedure in connection with the institution, prosecution, defense, and settlement of the Action.

13. **No Admissions** – Neither this Judgment, the Term Sheet, the Stipulation (whether or not consummated), including the exhibits thereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of the Term Sheet and the Stipulation, nor any proceedings taken pursuant to or in connection with the Term Sheet, the Stipulation, and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) shall be offered against any of the Defendants' Releasees as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Defendants' Releasees with respect to the truth of any fact alleged by Lead Plaintiffs or the validity of any claim that was or could have been asserted or the deficiency of any defense that has been or could have been asserted in this Action or in any other litigation, or of any liability, negligence, fault, or other wrongdoing of any kind of any of the Defendants' Releasees or in any way referred to for any other reason as against any of the Defendants' Releasees, in any arbitration

proceeding or other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation;

(b) shall be offered against any of the Plaintiffs' Releasees, as evidence of, or construed as, or deemed to be evidence of any presumption, concession, or admission by any of the Plaintiffs' Releasees that any of their claims are without merit, that any of the Defendants' Releasees had meritorious defenses, or that damages recoverable under the Complaint would not have exceeded the Settlement Amount or with respect to any liability, negligence, fault, or wrongdoing of any kind, or in any way referred to for any other reason as against any of the Plaintiffs' Releasees, in any arbitration proceeding or other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; or

(c) shall be construed against any of the Releasees as an admission, concession, or presumption that the consideration to be given under the Settlement represents the amount which could be or would have been recovered after trial;

provided, *however*, that the Parties and the Releasees and their respective counsel may refer to this Judgment and the Stipulation to effectuate the protections from liability granted hereunder and thereunder or otherwise to enforce the terms of the Settlement.

14. **Retention of Jurisdiction** – Without affecting the finality of this Judgment in any way, this Court retains continuing and exclusive jurisdiction over: (a) the Parties for purposes of the administration, interpretation, implementation, and enforcement of the Settlement; (b) the disposition of the Settlement Fund; (c) any motion for an award of attorneys' fees and/or Litigation Expenses by Lead Counsel in the Action that will be paid from the Settlement Fund; (d) any motion

to approve the Plan of Allocation; (e) any motion to approve the Class Distribution Order; and (f) the Settlement Class Members for all matters relating to the Action.

15. Separate orders shall be entered regarding approval of a plan of allocation and the motion of Lead Counsel for an award of attorneys' fees and Litigation Expenses. Such orders shall in no way affect or delay the finality of this Judgment and shall not affect or delay the Effective Date of the Settlement.

16. **Modification of the Agreement of Settlement** – Without further approval from the Court, Lead Plaintiffs and Defendants are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation or any exhibits attached thereto to effectuate the Settlement that: (a) are not materially inconsistent with this Judgment; and (b) do not materially limit the rights of Settlement Class Members in connection with the Settlement. Without further order of the Court, Lead Plaintiffs and Defendants may agree to reasonable extensions of time to carry out any provisions of the Settlement.

17. **Termination of Settlement** – If the Settlement is terminated as provided in the Stipulation or the Effective Date of the Settlement otherwise fails to occur, this Judgment shall be vacated and rendered null and void, and shall be of no further force and effect, except as otherwise provided by the Stipulation, and this Judgment shall be without prejudice to the rights of Lead Plaintiffs, the other Settlement Class Members, and Defendants, and Lead Plaintiffs and Defendants shall revert to their respective positions in the Action as of immediately prior to the execution of the Term Sheet on June 24, 2020, as provided in the Stipulation.

18. **Entry of Final Judgment** – There is no just reason to delay the entry of this Judgment as a final judgment in this Action. Accordingly, the Clerk of the Court is expressly directed to immediately enter this final judgment in this Action.

SO ORDERED this _____ day of _____, 2021.

_____

The Honorable James D. Peterson
United States District Judge

Exhibit 1

List of Persons Excluded from the Settlement Class Pursuant to Their Request

Douglas A. Broleman and Judith J. Broleman
St. Louis, MO

Janice M. Yarbrough
Montrose, CO

Supplemental Exhibit 2

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

IN RE SPECTRUM BRANDS SECURITIES LITIGATION	)	No. 19-cv-347-jdp

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[PROPOSED] ORDER APPROVING PLAN OF ALLOCATION OF NET SETTLEMENT FUND

This matter came on for hearing on January 29, 2021 (the "Settlement Fairness Hearing") on Lead Plaintiffs' motion to determine whether the proposed plan of allocation of the Net Settlement Fund ("Plan of Allocation") created by the Settlement achieved in the above-captioned class action (the "Action") should be approved. The Court having considered all matters submitted to it at the Settlement Fairness Hearing and otherwise; and it appearing that notice of the Settlement Fairness Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who or which could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in the *Investor's Business Daily* and was transmitted over the PR Newswire pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated August 10, 2020 (Dkt. 44-1) (the "Stipulation"), and all capitalized terms not otherwise defined herein have the same meaning as they have in the Stipulation.

2. The Court has jurisdiction to enter this Order and over the subject matter of the Action and all parties to the Action, including all Settlement Class Members.

3. Notice of Lead Plaintiffs' motion for approval of the proposed Plan of Allocation was given to all Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the Settlement Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Over 83,000 copies of the Notice, which included the Plan of Allocation, were mailed to Settlement Class Members and nominees. One objection to the Plan of Allocation, filed by Jet Capital Funds, was received. The Court has considered the objection filed by Jet Capital Funds, and it is denied.

5. The Court hereby finds and concludes that the formula for the calculation of Recognized Claims as set forth in the Plan of Allocation mailed to Settlement Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Settlement Class Members with due consideration having been given to administrative convenience and necessity.

6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Settlement Class. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiffs.

7. Any appeal or any challenge affecting this Court's approval of the Plan of Allocation shall in no way disturb or affect the finality of the Judgment.

8. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this _____ day of _____, 2021.

_____

The Honorable James D. Peterson
United States District Judge

Supplemental Exhibit 3

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

IN RE SPECTRUM BRANDS SECURITIES LITIGATION	)	No. 19-cv-347-jdp

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[PROPOSED] ORDER AWARDING ATTORNEYS' FEES AND LITIGATION EXPENSES

This matter came on for hearing on January 29, 2021 (the "Settlement Fairness Hearing") on Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses. The Court having considered all matters submitted to it at the Settlement Fairness Hearing and otherwise; and it appearing that notice of the Settlement Fairness Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who or which could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in the *Investor's Business Daily* and was transmitted over the PR Newswire pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the requested award of attorneys' fees and Litigation Expenses;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated August 10, 2020 (Dkt. 44-1) (the "Stipulation"), and all capitalized terms not otherwise defined herein have the same meaning as they have in the Stipulation.

2. The Court has jurisdiction to enter this Order and over the subject matter of the Action and all parties to the Action, including all Settlement Class Members.

3. Notice of Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses was given to all Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the Settlement Class of the motion for an award of attorneys' fees and Litigation Expenses satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Plaintiffs' Counsel are hereby awarded attorneys' fees in the amount of 15% of the Settlement Fund, net of total Court-awarded Litigation Expenses and estimated Notice and Administration Costs, which sum the Court finds to be fair and reasonable. Plaintiffs' Counsel are also hereby awarded $230,413.02 in payment of litigation expenses to be paid from the Settlement Fund, which sum the Court finds to be fair and reasonable. Lead Counsel shall allocate the attorneys' fees awarded amongst Plaintiffs' Counsel in a manner which it, in good faith, believes reflects the contributions of such counsel to the institution, prosecution, and settlement of the Action.

5. In making this award of attorneys' fees and reimbursement of expenses to be paid from the Settlement Fund, the Court has considered and found that:

(a) The Settlement has created a fund of $39,000,000 in cash that has been funded into escrow pursuant to the terms of the Stipulation, and that numerous Settlement Class Members who submit acceptable Claim Forms will benefit from the Settlement that occurred because of the efforts of Plaintiffs' Counsel;

(b) The fee sought has been reviewed and approved as reasonable by Lead Plaintiffs, which are sophisticated institutional investors that actively supervised the Action;

(c) Over 83,000 copies of the Notice were mailed to potential Settlement Class Members and nominees stating that Lead Counsel would apply for an award of attorneys' fees in an amount not to exceed 16% of the Settlement Fund and for payment of Litigation Expenses in an amount not to exceed $400,000, and no objections to the requested attorneys' fees and expenses were received;

(d) Lead Counsel conducted the litigation and achieved the Settlement with skill, perseverance, and diligent advocacy;

(e) The Action raised a number of complex issues;

(f) Had Lead Counsel not achieved the Settlement, there would have remained a significant risk that Lead Plaintiffs and the other members of the Settlement Class may have recovered less or nothing from Defendants;

(g) Plaintiffs' Counsel devoted over 3,700 hours, with a lodestar value of approximately $2.03 million, to achieve the Settlement; and

(h) The amounts of attorneys' fees and expenses awarded from the Settlement Fund are fair and reasonable and consistent with Seventh Circuit authority and awards in similar cases.

6. Lead Plaintiff Public School Teachers' Pension and Retirement Fund of Chicago is hereby awarded $5,398.95 from the Settlement Fund as reimbursement for its reasonable costs and expenses directly related to its representation of the Settlement Class.

7. Lead Plaintiff Cambridge Retirement System is hereby awarded $7,588.40 from the Settlement Fund as reimbursement for its reasonable costs and expenses directly related to its representation of the Settlement Class.

8. Any appeal or any challenge affecting this Court's approval regarding any attorneys' fees and expenses application shall in no way disturb or affect the finality of the Judgment.

9. Exclusive jurisdiction is hereby retained over the parties and the Settlement Class Members for all matters relating to this Action, including the administration, interpretation, effectuation, or enforcement of the Stipulation and this Order.

10. In the event that the Settlement is terminated or the Effective Date of the Settlement otherwise fails to occur, this Order shall be rendered null and void to the extent provided by the Stipulation.

11. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this _____ day of _____, 2021.

_____

The Honorable James D. Peterson
United States District Judge

Supplemental Exhibit 4A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

IN RE HENRY SCHEIN, INC. SECURITIES LITIGATION	Master File No. 1:18-cv-01428-MKB-VMS CLASS ACTION

NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

This notice is about the proposed settlement of a securities class action against Henry Schein, Inc. You might be a member of the class in that lawsuit, and you might be eligible to receive money under the proposed settlement.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action") pending in the United States District Court for the Eastern District of New York (the "Court") if you purchased or otherwise acquired common stock of Henry Schein, Inc. ("Schein" or the "Company") during the period from March 7, 2013 through February 12, 2018, inclusive (the "Class Period") and were damaged thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff, Miami General Employees' & Sanitation Employees' Retirement Trust ("Lead Plaintiff"), on behalf of itself and the Class (as defined in ¶ 23 below), has reached a proposed settlement of the Action for $35,000,000 in cash.

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of a payment from the Settlement. If you are a member of the Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, Schein, the other Defendants in the Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 88 below).

1. **Description of the Action and the Class:** This Notice relates to a proposed settlement of claims in a pending securities class action brought by investors alleging that Schein and certain Schein executives (collectively, "Defendants") violated the federal securities laws by making false and misleading statements concerning Schein's business. A more detailed description of the Action is set forth in ¶¶ 11-22 below. The proposed Settlement, if approved by the Court, will settle claims of the Class, as defined in ¶ 23 below.

2. **Statement of the Class's Recovery:** Subject to Court approval, Lead Plaintiff, on behalf of itself and the Class, has agreed to settle the Action in exchange for $35,000,000 in cash (the "Settlement Amount") to be

[1] All capitalized terms that are not otherwise defined in this Notice shall have the meanings ascribed to them in the Settlement Agreement dated April 30, 2020. The Settlement Agreement is available at www.HSICSecuritiesLitigation.com.

deposited into an escrow account. The Net Settlement Amount (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (i) any Tax Expenses; (ii) any Notice and Administration Expenses; and (iii) any attorneys' fees and expenses awarded by the Court, including any award for the costs and expenses of Lead Plaintiff) will be distributed in accordance with a Plan of Allocation that the Court approves. The proposed Plan of Allocation is set forth in ¶¶ 51-72 below. The Plan of Allocation will determine how the Net Settlement Amount will be distributed to members of the Class.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Lead Plaintiff's damages expert's estimate of the number of shares of Schein common stock that were purchased during the Class Period and that may have been affected by the conduct at issue in the Action, and assuming that all Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses, and costs as described herein) is $0.43 per affected share.[2] Class Members should note, however, that the foregoing average recovery is only an estimate. Some Class Members may recover more or less than the estimated amount depending on, among other factors, when and at what prices they purchased or sold their shares, and the total number and value of valid Claim Forms submitted. Distributions to Class Members will be made based on the Plan of Allocation set forth herein (*see* ¶¶ 51-72 below) or such other Plan of Allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share of Schein common stock that would be recoverable if Lead Plaintiff were to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that any Class Members suffered any damages as a result of Defendants' alleged conduct.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs' Counsel, which have been prosecuting the Action on a wholly contingent basis, have not received any payment of attorneys' fees for their representation of the Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action.[3] Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund. In addition, Lead Counsel will apply for payment of expenses paid or incurred by Plaintiffs' Counsel in connection with the institution, prosecution, and resolution of the Action in an amount not to exceed $200,000, and Lead Plaintiff will apply for payment of the reasonable costs and expenses it incurred directly related to its representation of the Class, pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"), in an amount not to exceed $25,000. Any fees and expenses that the Court awards to Plaintiffs' Counsel and Lead Plaintiff will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. The estimated average cost for such fees and expenses, if the Court approves Lead Counsel's fee and expense application and Lead Plaintiff's application for a PSLRA Award, is $0.11 per affected share.

6. **Identification of Attorneys' Representatives:** Lead Plaintiff and the Class are represented by James A. Harrod of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, 44th Floor, New York, NY 10020, 1-800-380-8496, settlements@blbglaw.com.

7. **Reasons for the Settlement:** Lead Plaintiff's principal reason for entering into the Settlement is the substantial and certain recovery for the Class without the risk or the delays inherent in further litigation. Moreover, the substantial recovery provided under the Settlement must be considered against the significant risk that a smaller recovery—or indeed no recovery at all—might be achieved after contested motions, a trial of the Action, and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing, are entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

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[2] Schein common stock experienced a 2-for-1 stock split during that Class Period on September 15, 2017. The per-share estimates for recovery and costs stated here and in ¶ 5 are based on the post-split denomination of shares in effect from September 15, 2017 through the end of the Class Period.

[3] Plaintiffs' Counsel include Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP ("Lead Counsel") and additional counsel for Lead Plaintiff, Klausner, Kaufman, Jensen & Levinson ("Klausner Kaufman").

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN SEPTEMBER 2, 2020.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Class Member and you remain in the Class, you will be bound by the Settlement as approved by the Court, and you will give up any Released Class Claims (defined in ¶ 35 below) that you have against Defendants and the other Releasees (defined in ¶ 36 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION THAT IS *RECEIVED* NO LATER THAN AUGUST 26, 2020.	If you exclude yourself from the Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Releasees concerning the Released Class Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION THAT IS *RECEIVED* NO LATER THAN AUGUST 26, 2020.	If you do not like the proposed Settlement, the proposed Plan of Allocation, the request for attorneys' fees and expenses, or the proposed award to Lead Plaintiff, you may write to the Court and explain why you do not like them. You cannot object to any of those matters unless you are a Class Member and do not exclude yourself from the Class.
GO TO A HEARING ON SEPTEMBER 16, 2020 AT 11:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR THAT IS *RECEIVED* NO LATER THAN AUGUST 26, 2020.	Filing a written objection and notice of intention to appear by August 26, 2020 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and expenses or the award to Lead Plaintiff. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection. The Court may change the date of the Fairness Hearing and may also order the Hearing to be held by telephone, in which case instructions about date, time, and how to participate will be posted on www.HSICSecuritiesLitigation.com.
DO NOTHING.	If you are a member of the Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Class, which means that you give up your right to sue about the claims that are resolved by the Settlement, and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Schein common stock during the Class Period. You therefore might be a Class Member in this Action, so you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action may generally affect your legal rights. If the Court approves the Settlement and the Plan of Allocation, the Claims Administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, of your right to object to it, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, Lead Counsel's motion for attorneys' fees and litigation expenses, and Lead Plaintiff's application for an award of costs (the "Fairness Hearing"). *See* ¶¶ 79-80 below for details about the Fairness Hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a Plan of Allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. Henry Schein, Inc. ("Schein") is one of the largest distributors of dental supplies and equipment in the United States. The Company's common stock trades on the NASDAQ under the symbol "HSIC." Lead Plaintiff alleges that Defendants made false and misleading statements and material omissions about Schein's North American Dental business, including the operation of that business in a competitive environment and the

sources of the dental business's financial success. Lead Plaintiff alleges that these misstatements inflated the price of Schein's common stock during the Class Period and that the price declined when several private collusion lawsuits and a Federal Trade Commission ("FTC") action revealed to investors that Defendants had allegedly sought to reduce competition by entering into agreements to refuse to provide discounts to or compete for the business of groups of independent dentists, rather than compete based on price. Lead Plaintiff also alleged that, as a result of these lawsuits, Schein ceased to engage in the allegedly collusive behavior and that the cessation adversely affected the Company's publicly reported financial results. Defendants have denied those allegations.

12. On March 7, 2018, Joseph Salkowitz filed a class-action complaint in the United States District Court for the Eastern District of New York (the "Court"), asserting federal securities claims against Schein and certain of its executive officers.

13. By Order dated June 22, 2018, the Court appointed Miami General Employees' & Sanitation Employees' Retirement Trust as Lead Plaintiff for the Action, and approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel.

14. On September 14, 2018, Lead Plaintiff filed and served the Consolidated Class Action Complaint ("Complaint"). The Complaint asserted claims against Schein and three of its officers, Stanley Bergman, Schein's Chief Executive Officer, Steven Paladino, Schein's Chief Financial Officer, and Timothy J. Sullivan, the president of Schein's North American Dental Group, under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and against the individual defendants under Section 20(a) of the Exchange Act. The Complaint alleged that Defendants made materially false and misleading statements during the Class Period about: (i) the competitive environment of Schein's North American Dental business; (ii) Schein's business dealings with dental buying groups; (iii) Schein's financial results; and (iv) the sources of Schein's financial success. The Complaint also alleged that Schein failed to disclose material information required to be disclosed by Item 303 of Regulation S-K (17 C.F.R. §229.303). The Complaint further alleged that the price of Schein's common stock was artificially inflated during the Class Period as a result of Defendants' allegedly false and misleading statements and omissions, and declined when the truth was revealed in three partial corrective disclosures in August and November 2017 and in February 2018.

15. On December 10, 2018, Defendants moved to dismiss the Complaint. On January 23, 2019, Lead Plaintiff served its response in opposition to Defendants' motion to dismiss, and, on February 22, 2019, Defendants served their reply papers. The parties also submitted supplemental authorities in connection with the pending motion to dismiss in April and September 2019.

16. On September 27, 2019, the Court granted in part and denied in part Defendants' motion to dismiss. The Court dismissed the claims against Bergman and Paladino, and claims based on statements concerning Schein's financial results, but sustained claims under Section 10(b) against Schein and Section 20(a) against Sullivan, including in connection with statements about Schein's competitive environment. The Court also dismissed claims based on the August 2017 corrective disclosures pleaded in the Complaint, and partially dismissed claims based on the November 2017 disclosures, but sustained in full the claims based on the February 2018 disclosures.

17. On October 12, 2019, Defendants moved for partial reconsideration of the Court's September 27, 2019 Order. Defendants sought reconsideration of the Court's findings that Lead Plaintiff had adequately pleaded Schein's scienter and Sullivan's control over Schein.

18. While the Parties were briefing the reconsideration motion, they discussed the possibility of resolving the litigation through settlement and agreed to mediation before the Hon. Daniel Weinstein (Ret.) and Jed D. Melnick, Esq. of JAMS (the "Mediators"). On November 1, 2019, after the Parties had finished the briefing on the reconsideration motion, they filed a joint request to stay the pending motion until the conclusion of the parties' scheduled mediation. The Court granted the joint request that same day.

19. The Parties exchanged detailed mediation statements with numerous exhibits that were also submitted to the Mediators, and they then held two full-day mediation sessions with the Mediators in New York on February 4 and 5, 2020. During the mediation sessions, the Parties engaged in vigorous settlement negotiations with the assistance of the Mediators, and, at the conclusion of the second day, the Settling Parties reached an agreement in principle to settle the Action for $35,000,000, based on a recommendation by the Mediators. That same day, the Settling Parties executed a Term Sheet setting forth their agreement in principle to settle and release all claims asserted in the Action in return for a cash payment by or on behalf of Defendants of $35,000,000 for the benefit of the Class, subject to certain terms and conditions (including the completion of due-diligence discovery by Lead Plaintiff), the execution of a stipulation and agreement of settlement and related papers, and approval by the Court.

20. On April 30, 2020, the Settling Parties entered into the Settlement Agreement, which sets forth the terms and conditions of the Settlement. The Settlement Agreement is available at www.HSICSecuritiesLitigation.com. You should read it if you want a full understanding of its terms.

21. The Settlement Agreement is subject to the completion of Due-Diligence Discovery to confirm the fairness of the Settlement. In connection with the Due-Diligence Discovery, Schein has been producing documents and information regarding the allegations and claims asserted in the Complaint, and relevant Schein employees will be interviewed by Lead Counsel. Pursuant to the Settlement Agreement, Lead Plaintiff has the right to withdraw from and terminate the Settlement at any time before filing its motion in support of final approval of the Settlement if information produced during Due-Diligence Discovery causes Lead Plaintiff and Lead Counsel reasonably and in good faith to conclude that the proposed Settlement is not fair, reasonable, and adequate.

22. On May 5, 2020, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Class Members, and scheduled the Fairness Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE CLASS?

23. If you are a member of the Class, you are subject to the Settlement unless you timely request to be excluded. The Class consists of:

> all persons and entities who purchased or otherwise acquired Schein common stock during the period from March 7, 2013 through February 12, 2018, inclusive (the "Class Period") and who were damaged thereby.

Excluded from the Class are:

a. such persons or entities who submit valid and timely requests for exclusion from the Class (For information on how to submit a request for exclusion, see "What If I Do Not Want To Be A Member Of The Class? How Do I Exclude Myself?" on page 16 below.);

b. such persons or entities who, while represented by counsel, settled an actual or threatened lawsuit or other proceeding against one or more of the Releasees (defined below in ¶ 36) arising out of or related to the Released Class Claims (defined below in ¶ 35); and

c. Schein and (*i*) all officers and directors of Schein currently and during the Class Period (including Stanley Bergman, Steven Paladino, and Timothy J. Sullivan), (*ii*) Schein's Affiliates, subsidiaries, successors, and predecessors, (*iii*) any entity in which Schein or any individual identified in (*i*) has or had during the Class Period a Controlling Interest, and (*iv*) for the individuals identified in (*i*), (*ii*), and/or (*iii*), their Family Members, legal representatives, heirs, successors, and assigns.

PLEASE NOTE: Receipt of this Notice does not mean that you are a Class Member or that you will be entitled to a payment from the Settlement.

If you are a Class Member and you wish to be eligible to receive a payment from the Settlement, you must submit the Claim Form that is being distributed with this Notice, as well as the required supporting documentation described in the Claim Form, postmarked no later than September 2, 2020.

WHAT ARE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

24. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages. First, Lead Plaintiff would have faced substantial risks from Defendants' motion for partial reconsideration of the Court's ruling on Defendants' motion to dismiss. That reconsideration motion was pending when the Parties reached an agreement in principle to settle the action. In partially denying Defendants' motion to dismiss, the Court held that Schein's scienter could be established by Defendant Sullivan's alleged knowledge of anticompetitive activities in the dental supplies market and that Defendant Sullivan had sufficient control over Schein so that he could be held liable as a controlling person for Schein's alleged primary securities-law violations. Defendants sought reconsideration of these holdings, contending (among other things) that Lead Plaintiff had failed to plead facts showing that Sullivan had participated in or controlled Schein's allegedly false and misleading statements and omissions. While Lead Plaintiff opposed Defendants' motion seeking reconsideration and believes that the motion lacks merit, Lead Plaintiff acknowledges that there was a meaningful risk that Defendants could have persuaded the Court to reconsider its rulings on the motion to dismiss. Significantly, had Defendants succeeded in convincing the Court that Sullivan's knowledge could not establish Schein's scienter, such a ruling would have led to dismissal of the entire case and eliminated entirely any recovery for the Class.

25. Second, had the Complaint survived Defendants' reconsideration motion, Lead Plaintiff would have faced substantial challenges in developing facts to survive summary judgment or establish Defendants' liability at trial. To start, Lead Plaintiff would have faced challenges showing that Defendants' statements about the competition facing Schein, trends towards cost containment in the healthcare distribution space, and the emergence of buying groups were materially false and misleading. For example, Defendants likely would have contended that each of these statements was factually true and therefore non-actionable. Such arguments likely grew significantly stronger in October 2019, when, following a full trial on the merits, an FTC administrative law judge exonerated Schein from liability over the FTC's claims that Schein violated several provisions of the federal antitrust laws. In addition, Defendants likely would have continued to argue that such statements were mere corporate optimism or puffery, and therefore non-actionable. Lead Plaintiff would also have faced challenges in proving that Schein made the alleged false statements with the intent to mislead investors or was reckless in making the statements. For example, Defendants would likely have continued to argue that scienter was not established as to any of the statements remaining in the case and that Sullivan's knowledge—even if demonstrated—would have been insufficient to establish Schein's scienter.

26. Lead Plaintiff would also have faced significant hurdles in establishing "loss causation"—i.e., that the alleged misstatements were the cause of investors' losses—and in proving damages. The Court has already dismissed Lead Plaintiff's allegations of loss causation as to the August 2017 disclosures, and Defendants would likely have raised various arguments as to the other two disclosures. First, Defendants would likely have argued that key facts that Lead Plaintiff alleged were revealed by the corrective disclosures were actually already well known in the market, because it was public knowledge that Schein had been accused of antitrust law violations before and during the Class Period (including through publicly filed lawsuits by regulators, competitors, and dental practices). Second, with respect to the November 2017 corrective disclosure in the Complaint, Defendants would have argued that intraday stock pricing information demonstrated that Schein's stock price did not respond to the disclosure of two antitrust lawsuits against the Company, the only aspect of the corrective disclosure sustained by the Court, but was responding to other Company news released that day. The two lawsuits were mentioned in Schein's Form 10-Q filing, which was not filed until after 2:00 p.m. on November 6, 2017, so Defendants would argue that the drop in the stock price earlier in the day could not have resulted from any news about the two lawsuits, but must have resulted from the earnings release that had been

issued before the market opened. Third, with respect to the February 2018 disclosure of the FTC's filing of an antitrust complaint against Schein, which was the only other corrective disclosure remaining in the case, Defendants likely would have had strong arguments that the disclosure of a complaint is insufficient to reveal the truth about Defendants' alleged fraud—and that the fact that Schein was exonerated after a trial demonstrates that the filing of the Complaint did not reveal any relevant "truth" to the market. Fourth, Defendants would have had meaningful arguments that Lead Plaintiff and the Class could not demonstrate any damages in connection with the November 2017 disclosure, and that damages associated with the February 2018 disclosure would have been substantially reduced if the effects of confounding negative information about Schein were appropriately disaggregated. Moreover, on all these issues, Lead Plaintiff would have to prevail at several stages – on a motion for summary judgment and at trial, and if it prevailed on those, on the appeals that would likely to follow. Thus, there were very significant risks attendant to the continued prosecution of the Action.

27. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Class, and subject to the satisfactory completion of Due-Diligence Discovery, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to the Class, namely $35,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller recovery, or no recovery, after summary judgment, trial, and appeals, possibly years in the future.

28. Defendants have denied the claims asserted against them in the Action and deny that the Class was harmed or suffered any damages as a result of the conduct alleged in the Action. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

29. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of its claims against Defendants, neither Lead Plaintiff nor the other members of the Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial, or on appeal, the Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

30. As a Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but, if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

31. If you are a Class Member and do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled "What If I Do Not Want To Be A Member Of The Class? How Do I Exclude Myself?," below.

32. If you are a Class Member and you wish to object to the Settlement, the Plan of Allocation, Lead Counsel's application for attorneys' fees and expenses, or Lead Plaintiff's PSLRA Award, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

33. If you are a Class Member and you do not exclude yourself from the Class, you will be bound by any orders issued by the Court even if you have pending or later file any claim or lawsuit against the Releasees (as

defined in ¶ 36 below) relating to the Released Class Claims (as defined in ¶ 35 below). If the Settlement is approved, the Court will enter a judgment (the "Judgment") and a final approval order (the "Approval Order"). The Judgment and Approval Order will dismiss with prejudice the claims against Defendants and will provide that, upon the Final Settlement Date, Lead Plaintiff and each of the other Class Members, on behalf of themselves and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such ("Releasors"), or any person purporting to assert a Released Class Claim on behalf of, for the benefit of, or derivatively for any such Releasors, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of the Approval Order and Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged:

a. all Released Class Claims (as defined in ¶ 35 below) against each and every one of the Releasees as (defined in ¶ 36 below);

b. all Claims, damages, and liabilities as to each and every one of the Releasees to the extent that any such Claims, damages, or liabilities relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences, or oral or written statements or representations in connection with, or directly or indirectly relating to, (i) the prosecution, defense, or settlement of the Action, (ii) the Settlement Agreement or its implementation, (iii) the Settlement terms and their implementation, (iv) the provision of notice in connection with the proposed Settlement, and/or (v) the resolution of any Claim Forms submitted in connection with the Settlement; and

c. all Claims against any of the Releasees for attorneys' fees, costs, or disbursements incurred by Plaintiffs' Counsel or any other counsel representing Lead Plaintiff or any other Class Member in connection with or related in any manner to the Action, the settlement of the Action, or the administration of the Action and/or its Settlement, except to the extent otherwise specified in the Settlement Agreement.

34. In addition, the Judgment and Approval Order will provide that:

a. all Class Members (and their attorneys, accountants, agents, heirs, executors, administrators, trustees, predecessors, successors, Affiliates, representatives, and assigns) who have not validly and timely requested exclusion from the Class – and anyone else purporting to act on behalf of, for the benefit of, or derivatively for any of such persons or entities – are permanently enjoined from filing, commencing, prosecuting, intervening in, participating in (as class members or otherwise), or receiving any benefit or other relief from any other lawsuit, arbitration, or administrative, regulatory, or other proceeding (as well as a motion or complaint in intervention in the Action if the person or entity filing such motion or complaint in intervention purports to be acting as, on behalf of, for the benefit of, or derivatively for any of the above persons or entities) or order, in any jurisdiction or forum, as to the Releasees based on or relating to the Released Class Claims; and

b. all persons and entities are permanently enjoined from filing, commencing, or prosecuting any other lawsuit as a class action (including by seeking to amend a pending complaint to include class allegations or by seeking class certification in a pending action in any jurisdiction) or other proceeding on behalf of any Class Members as to the Releasees, if such other lawsuit is based on or related to the Released Class Claims.

35. "Released Class Claims" means each and every Claim that existed as of, on, or before the Execution Date and that Lead Plaintiff or any other Class Member (*i*) asserted against any of the Releasees in the Action (including all Claims alleged in the Complaint) or (*ii*) could have asserted or could assert against any of the Releasees in connection with or relating directly or indirectly to any of the Operative Facts or any alleged statements about, mischaracterizations of, or omissions concerning them, whether arising under any federal, state, or other statutory or common-law rule or under any foreign law, in any court, tribunal, agency, or other forum, if such Claim also arises out of or relates to the purchase or other acquisition of Schein common stock,

or to any other Investment Decision, during the Class Period; *provided, however*, that the term "Released Class Claims" does not include (and will not release or impair): (*i*) any claims asserted in any action under the Employee Retirement Income Security Act of 1974 or in any derivative action, including without limitation the claims asserted in the Derivative Settlement (*In re Henry Schein, Inc. Derivative Litigation*, Lead Case No. 1:19-cv-06485-LDH-JO (E.D.N.Y.)) or *Finazzo v. Bergman*, No. 1:19-cv-06485-LDH-JO (E.D.N.Y.), or *Sloan v. Bergman*, No. 1:20-cv-0076 (E.D.N.Y.), or any cases consolidated into those actions; (*ii*) any claims asserted in *City of Hollywood Police Officers Ret. Sys. v. Henry Schein, Inc.*, No. 2:19-cv-5530 (E.D.N.Y.), or any cases consolidated into that action; (*iii*) any claims asserted in the Antitrust Proceedings or by any governmental entity that arise out of any governmental investigation of Defendants relating to the Operative Facts except to the extent that any such claims arise from or are based on the purchase of Schein common stock during the Class Period; or (*iv*) any claims to enforce this Settlement Agreement.

36. "Releasees" means Schein, its affiliates, and their current and former officers (including Messrs. Bergman, Paladino, and Sullivan), directors, employees, agents, and representatives, counsel, advisors, administrators, accountants, accounting advisors, auditors, consultants, assigns, assignees, beneficiaries, representatives, partners, successors-in-interest, insurance carriers, reinsurers, parents, affiliates, subsidiaries, successors, predecessors, fiduciaries, service providers, and investment bankers, and other certain persons and entities affiliated with or related to them. The full definition of Releasees is set forth in the Settlement Agreement, available at www.HSICSecuritiesLitigation.com.

37. The Judgment and Approval Order will also provide that, upon the Final Settlement Date, all Releasees, and anyone purporting to act on behalf of, for the benefit of, or derivatively for any such persons or entities, are permanently enjoined from commencing, prosecuting, intervening in, or participating in any claims or causes of action relating to Released Releasees' Claims.

38. "Released Releasees Claims" means each and every Claim that has been, could have been, or could be asserted in the Action or in any other proceeding by any Releasee against Lead Plaintiff, any other Class Members, or any of their respective attorneys (including, without limitation, Plaintiffs' Counsel) and that arises out of or relates in any way to the initiation, prosecution, or settlement of the Action or the implementation of the Settlement Agreement; *provided, however*, that Released Releasees' Claim shall not include any Claim to enforce the Settlement Agreement.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

39. To be eligible for a payment from the Settlement, you must be a member of the Class and you must timely complete and return the Claim Form with adequate supporting documentation ***postmarked*** **no later than September 2, 2020**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.HSICSecuritiesLitigation.com. You may also request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-888-210-5486 or by emailing the Claims Administrator at info@HSICSecuritiesLitigation.com. Please retain all records of your ownership of and transactions in Schein common stock, as they will be needed to document your Claim. The Parties and Claims Administrator do not have information about your transactions in Schein common stock.

40. If you request exclusion from the Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Amount.

HOW MUCH WILL MY PAYMENT BE?

41. At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement.

42. Pursuant to the Settlement, Defendants have agreed to pay or caused to be paid a total of $35,000,000 in cash (the "Settlement Amount"). The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is

approved by the Court, and if the Final Settlement Date occurs, the "Net Settlement Amount" (that is, the Settlement Fund less (i) any Tax Expenses; (ii) any Notice and Administration Expenses; and (iii) any attorneys' fees and expenses awarded to Plaintiffs' Counsel or Lead Plaintiff by the Court) will be distributed to Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other Plan of Allocation as the Court may approve.

43. The Net Settlement Amount will not be distributed unless and until the Court has approved the Settlement and a Plan of Allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

44. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Amount, or the Plan of Allocation.

45. Approval of the Settlement is independent from approval of a Plan of Allocation. Any determination about a Plan of Allocation will not affect the Settlement, if approved.

46. Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked on or before September 2, 2020 shall be fully and forever barred from receiving payments pursuant to the Settlement, but will in all other respects remain a member of the Class and be subject to the provisions of the Settlement Agreement, including the terms of any Judgment entered and the releases given. This means that each Class Member releases the Released Class Claims (as defined in ¶ 35 above) against the Releasees (as defined in ¶ 36 above) and will be barred and enjoined from prosecuting any of the Released Class Claims against any of the Releasees whether or not such Class Member submits a Claim Form.

47. Participants in, and beneficiaries of, any Schein employee-benefit plan covered by ERISA ("ERISA Plan") should NOT include any information relating to their transactions in a Schein common stock held through the ERISA Plan in any Claim Form that they submit in this Action. They should include ONLY those shares that they purchased or acquired outside of the ERISA Plan. Claims based on any ERISA Plan's purchases or acquisitions of Schein common stock during the Class Period may be made by the plan's trustees.

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

49. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

50. Only members of the Class will be eligible to share in the distribution of the Net Settlement Amount. Persons and entities that are excluded from the Class by definition or that request exclusion from the Class will not be eligible for a payment and should not submit Claim Forms. The only security that is included in the Settlement is Schein common stock.

PROPOSED PLAN OF ALLOCATION

51. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Amount to those Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, or indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Amount.

52. For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the Schein common stock. In this case, Lead Plaintiff alleges that Defendants made false statements and omitted material facts during the period from March 7, 2013 through February 12, 2018, inclusive, which had the effect of artificially inflating the price of Schein common stock. Lead Plaintiff further alleges that corrective information was released to the market on November 6, 2017 and on February 12, 2018 (after the close of trading), which removed the artificial inflation from the price of Schein common stock on November 6, 2017 and February 13, 2018. (Lead Plaintiff had also alleged that disclosures on August 8, 2017 constituted corrective information, but the Court dismissed the Complaint's allegations as to those disclosures.)

53. In developing the Plan of Allocation, Lead Plaintiff's damages expert calculated the estimated amount of artificial inflation in the price of Schein common stock allegedly caused by Defendants' allegedly false and misleading statements and material omissions. In calculating the estimated artificial inflation allegedly caused by Defendants' alleged misrepresentations and omissions, Lead Plaintiff's damages expert considered price changes in the stock in reaction to the public disclosures allegedly revealing the truth concerning Defendants' alleged misrepresentations and material omissions, adjusting for price changes on that day that were attributable to market or industry forces. The Plan of Allocation does not consider price changes following the August 2017 disclosures alleged in the Complaint, because the Court dismissed claims relating to that date. In addition, the amount of artificial inflation considered to have been removed from the price of Schein common stock on November 6, 2017 has been reduced by 90% as a result of the Court's partial dismissal of the loss-causation allegations related to that alleged corrective disclosure and to account for other difficulties that the Class would face in establishing that the alleged misstatements were responsible for the abnormal price decline on that date (*i.e.*, Defendants' argument that the disclosure of two lawsuits on that date did not occur until after the stock price had already dropped following Schein's issuance of its earnings release).

54. Recognized Loss Amounts for transactions in Schein common stock are calculated under the Plan of Allocation based primarily on the difference in the amount of alleged artificial inflation in the price of Schein common stock at the time of purchase and the time of sale or the difference between the actual purchase price and sale price. In order to have a Recognized Loss Amount, a Class Member who purchased Schein common stock during the Class Period must have held his, her, or its shares through at least the close of trading on November 5, 2017, and Class Members who purchased Schein common stock on or after November 6, 2017 must have held those shares through at least the close of trading on February 12, 2018.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

55. Based on the formula stated below, a "Recognized Loss Amount" will be calculated for each purchase of Schein common stock during the Class Period that is listed on the Claim Form and for which adequate documentation is provided. If a Recognized Loss Amount calculates to a negative number or zero under the formula below, the Recognized Loss Amount for that transaction will be zero.

56. For each share of Schein common stock purchased during the period from March 7, 2013 through November 5, 2017, inclusive, and

a) sold on or before November 5, 2017, the Recognized Loss Amount is zero;

b) sold from November 6, 2017 through February 12, 2018, the Recognized Loss Amount is ***the lesser of:*** (i) $0.73 per share; or (ii) the purchase price per share *less* the sales price per share;

c) sold from February 13, 2018 through the close of trading on May 11, 2018, the Recognized Loss Amount is ***the least of:*** (i) $5.47; (ii) the purchase price per share *less* the sales price per share, or (iii) the purchase price per share *less* the average closing price per share applicable to the date of sale as found in Table A at the end of this Notice; or

d) held at the end of trading on May 11, 2018, the Recognized Loss Amount is ***the lesser of:*** (i) $5.47 per share; or (ii) the purchase price per share *less* $69.28.[4]

57. For each share of Schein common stock purchased during the period from November 6, 2017 through February 12, 2018, inclusive, and

a) sold before the close of trading on February 12, 2018, the Recognized Loss Amount is zero;

b) sold from February 13, 2018 through the close of trading on May 11, 2018, the Recognized Loss Amount is ***the least of:*** (i) $4.74; (ii) the purchase price per share *less* the sales price per share, or (iii) the purchase price per share *less* the average closing price per share applicable to the date of sale as found in Table A at the end of this Notice; or

c) held at the end of trading on May 11, 2018, the Recognized Loss Amount is ***the lesser of:*** (i) $4.74 per share; or (ii) the purchase price per share *less* $69.28.

58. Schein common stock experienced a 2-for-1 stock split on September 15, 2017. The per-share prices and Recognized Loss Amount values listed above in ¶ 56 and ¶ 57 and in Table A are based on the price and number of Schein shares after giving effect to the September 2017 stock split. Claimants' submitted transactions will be adjusted for this 2-for-1 stock split before calculation of Recognized Loss Amounts. Specifically, share amounts before September 15, 2017 will be multiplied by two, and per-share purchase/acquisition and sale prices before September 15, 2017 will be divided by two.

ADDITIONAL PROVISIONS

59. The Net Settlement Amount will be allocated among all Authorized Claimants whose Distribution Amount (defined in ¶ 68 below) is $10.00 or greater.

60. **Calculation of Claimant's "Recognized Claim":** A Claimant's "Recognized Claim" will be the sum of his, her, or its Recognized Loss Amounts as calculated above for all purchases of Schein common stock during the Class Period.

61. **FIFO Matching:** If a Class Member made more than one purchase/acquisition or sale of Schein common stock during the Class Period, all purchases/acquisitions and sales will be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any holdings of Schein common stock at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

62. **"Purchase/Sale" Dates:** Purchases and sales of Schein common stock will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. "Purchases" eligible under the Settlement and this Plan of Allocation include all purchases or other acquisitions of Schein common stock in

[4] Pursuant to Section 21(D)(e)(1) of the Exchange Act, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." The average (mean) closing price of Schein common stock during the 90-day look-back period from February 13, 2018 through May 11, 2018, inclusive, was $69.28.

exchange for value and are not limited to purchases made on or through a stock exchange, as long as the purchase is adequately documented. However, the receipt or grant by gift, inheritance, or operation of law of Schein common stock during the Class Period shall not be deemed a purchase or sale for the calculation of a Claimant's Recognized Loss Amount; nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/sale of the stock unless (i) the donor or decedent purchased the Schein common stock during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim was submitted by or on behalf of the donor, the decedent, or anyone else as to those shares.

63. **Short Sales:** The date of covering a "short sale" is deemed to be the date of purchase of the Schein common stock. The date of a "short sale" is deemed to be the date of sale of the Schein common stock. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" and the purchases covering "short sales" is zero.

64. If a Claimant has an opening short position in Schein common stock, the earliest purchases or acquisitions of Schein common stock during the Class Period will be matched against such opening short position, and will not be entitled to a recovery, until that short position is fully covered.

65. **Shares Purchased/Sold Through the Exercise of Options:** Option contracts are not securities eligible to participate in the Settlement. For shares of Schein common stock purchased or sold through the exercise of an option, the purchase/sale date of the Schein common stock is the exercise date of the option, and the purchase/sale price is the exercise price of the option.

66. **Market Gains and Losses:** The Claims Administrator will determine whether the Claimant had a "Market Gain" or a "Market Loss" on his, her, or its overall transactions in Schein common stock during the Class Period. For purposes of making this calculation, the Claims Administrator shall determine the difference between (i) the Claimant's Total Purchase Amount[5] and (ii) the sum of the Claimant's Total Sales Proceeds[6] and the Claimant's Holding Value.[7] If the Claimant's Total Purchase Amount *minus* the sum of the Claimant's Total Sales Proceeds and the Holding Value is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain.

67. If a Claimant had a Market Gain from his, her, or its overall transactions in Schein common stock, the value of the Claimant's Recognized Claim will be zero, and the Claimant will not be eligible to receive a payment in the Settlement, but will nonetheless be bound by the Settlement. If a Claimant suffered an overall Market Loss from his, her, or its overall transactions in Schein common stock but that Market Loss was less than the Claimant's Recognized Claim, then the Claimant's Recognized Claim will be limited to the amount of the Market Loss.

68. **Determination of Distribution Amount:** The Net Settlement Amount will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant. That Distribution Amount shall be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Amount.

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[5] The "Total Purchase Amount" is the total amount the Claimant paid (excluding all fees, taxes, and commissions) for all Schein common stock purchased or acquired during the Class Period.

[6] The Claims Administrator shall match any sales of Schein common stock during the Class Period first against the Claimant's opening position in Schein common stock (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (not deducting any fees, taxes, and commissions) for sales of the remaining Schein common stock sold during the Class Period is the "Total Sales Proceeds."

[7] The Claims Administrator shall ascribe a "Holding Value" of $67.39 per share of Schein common stock purchased during the Class Period that was still held as of the close of trading on February 12, 2018.

69. If an Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation, and no distribution will be made to that Authorized Claimant.

70. After the initial distribution of the Net Settlement Amount, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain after the initial distribution, and if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator, no less than seven (7) months after the initial distribution, will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining is not cost-effective, the remaining balance will be contributed to one or more nonsectarian, not-for-profit, § 501(c)(3) organizations to be recommended by Lead Counsel and approved by the Court.

71. Payment pursuant to the proposed Plan of Allocation, or such other Plan of Allocation as may be approved by the Court, will be conclusive against all Claimants. No person or entity shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator, or any other agent designated by Lead Counsel, or Defendants' Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Settlement Agreement, the Plan of Allocation approved by the Court, or any order of the Court. Lead Plaintiff and Defendants, and their respective counsel, and all other Releasees shall have no liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Amount, any Plan of Allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

72. The Plan of Allocation set forth herein is the plan that Lead Plaintiff, after consultation with its damages expert, is proposing to the Court for approval. The Court may approve this plan as proposed, or it may modify the Plan of Allocation without further notice to the Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the case website, www.HSICSecuritiesLitigation.com.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

73. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Class; nor have Plaintiffs' Counsel been paid for their litigation expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund. Lead Counsel has a retention agreement with Lead Plaintiff that provides for a contingency fee to be awarded to Lead Counsel after notice to the class and approval by the Court. The retention agreement between Lead Plaintiff and Lead Counsel also provides that Klausner Kaufman, additional fiduciary counsel for Lead Plaintiff, will work together with Lead Counsel on this action, and Lead Counsel will compensate Klausner Kaufman for that work from the total attorneys' fees that the Court approves. Klausner Kaufman will be compensated in an amount commensurate with its efforts in this litigation. At the same time as its motion for attorneys' fees, Lead Counsel also intends to apply for payment of litigation expenses paid or incurred by Plaintiffs' Counsel in an amount not to exceed $200,000, and for the reasonable costs and expenses incurred by Lead Plaintiff directly related to its representation of the Class, pursuant to the PSLRA, in an amount not to exceed $25,000. The Court will determine the amount of any award of attorneys' fees and expenses to Plaintiffs' Counsel or any PSLRA Award to Lead Plaintiff. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members will not be personally liable for any such fees or expenses.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE CLASS? HOW DO I EXCLUDE MYSELF?

74. Each Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Class, addressed to *In re Henry Schein, Inc. Securities Litigation*, EXCLUSIONS, c/o A.B. Data, Ltd., P.O. Box 173001, Milwaukee, WI 53217. The Request for Exclusion must be ***received*** no **later than August 26, 2020**. You will not be able to exclude yourself from the Class after that date. A potential Class Member's request for exclusion must include the following information: (*i*) name, (*ii*) address, (*iii*) telephone number, (*iv*) email address, if available, (*v*) a statement that the potential Class Member wishes to request exclusion from the Class in *In re Henry Schein, Inc. Securities Litigation*, Master File No. 1:18-cv-01428-MKB-VMS, (*vi*) the number of shares of Schein common stock held as of opening of trading on March 7, 2013 and purchased or otherwise acquired and/or sold during the Class Period, (*vii*) price(s) paid or value at receipt, and, if sold, the sales price(s), (*viii*) the date of each such transaction involving each such security, and (*ix*) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

75. If you do not want to be part of the Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Class Claim against any of the Releasees.

76. If you ask to be excluded from the Class, you will not be eligible to receive any payment out of the Net Settlement Amount.

77. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Class in an amount that exceeds an amount agreed to by Lead Plaintiff and Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO PARTICIPATE IN THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

78. **Class Members do not need to participate in the Fairness Hearing. The Court will consider any submission made in accordance with the provisions below even if a Class Member does not speak at or otherwise observe the hearing. You can participate in the Settlement without attending the Fairness Hearing.**

79. **Please Note:** The date and time of the Fairness Hearing may change without further written notice to the Class. In addition, the recent outbreak of the Coronavirus (COVID-19) is a fluid situation that creates the possibility that the Court may decide to conduct the Fairness Hearing by telephonic conference, or otherwise allow both counsel for the Parties and Class Members to appear at the hearing by phone, without further written notice to the Class. **In order to determine whether the date and time of the Fairness Hearing have changed, or whether Class Members must or may participate by phone, you should monitor the Court's docket and the Settlement website, www.HSICSecuritiesLitigation.com, before making any plans to attend the Fairness Hearing in person. Any updates regarding the Fairness Hearing, including any changes to the date or time of the hearing or updates regarding in-person or telephonic appearances at the hearing, will be posted to the Settlement website, www.HSICSecuritiesLitigation.com. Also, if the Court requires or allows Class Members to participate in the Fairness Hearing by telephone, the phone number for accessing the telephonic conference will be posted to the website.**

80. The Fairness Hearing will be held on **September 16, 2020 at 11:00 a.m.**, before the Honorable Margo K. Brodie either in-person at the United States District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201, Courtroom 6F, or by telephone, to determine, among other things, (i) whether

the proposed Settlement on the terms and conditions provided for in the Settlement Agreement is fair, reasonable, and adequate to the Class, and should be finally approved by the Court; (ii) whether, for purposes of the Settlement only, the Action should be certified as a class action on behalf of the Class, Lead Plaintiff should be certified as Class Representative for the Class, and Lead Counsel should be appointed as Class Counsel for the Class; (iii) whether the Action should be dismissed with prejudice against Defendants and whether the Releases specified and described in the Settlement Agreement (and in this Notice) should be granted; (iv) whether the proposed Plan of Allocation should be approved as fair and reasonable; (v) whether Lead Counsel's motion for attorneys' fees and litigation expenses and Lead Plaintiff's motion for costs and expenses should be approved; and (vi) any other matters that may properly be brought before the Court in connection with the Settlement. The Court reserves the right to certify the Class; approve the Settlement, the Plan of Allocation, and Lead Counsel's motion for attorneys' fees and litigation expenses; and/or consider any other matter related to the Settlement at or after the Fairness Hearing without further notice to the members of the Class.

81. Any Class Member who does not request exclusion may object to the Settlement, the proposed Plan of Allocation, Lead Counsel's motion for attorneys' fees and expenses, or Lead Plaintiff's application for expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Eastern District of New York at the address set forth below **on or before August 26, 2020**. You must also serve the papers on Lead Counsel and on Defendants' Counsel at the addresses set forth below so that the papers are ***received*** **on or before August 26, 2020**.

Clerk's Office	**Lead Counsel**	**Defendants' Counsel**
United States District Court Eastern District of New York 225 Cadman Plaza East Brooklyn, NY 11201	**Bernstein Litowitz Berger & Grossmann LLP** James A. Harrod, Esq. 1251 Avenue of the Americas 44th Floor New York, NY 10020	**Proskauer Rose LLP** Jonathan E. Richman, Esq. Eleven Times Square New York, NY 10036

You must also ***email*** the objection and any supporting papers on or before August 26, 2020 to settlements@blbglaw.com and to jerichman@proskauer.com.

82. Any objection must state the specific reason(s), if any, for each objection, including any legal support the Class Member wishes to bring to the Court's attention and any evidence the Class Member wishes to introduce in support of such objection, and shall state whether the objection applies only to the objector, to a specific subset of the Class, or to the entire Class. In addition to the reason(s) for the objection, an objection must also include the name and docket number of this case (*In re Henry Schein, Inc. Securities Litigation*, Master File No. 1:18-cv-01428-MKB-VMS) and the following information about the Class Member: (*i*) name, (*ii*) address, (*iii*) telephone number, (*iv*) email address, if available, (*v*) number of shares of Schein common stock held as of opening of trading on March 7, 2013 and purchased or otherwise acquired and/or sold during the Class Period, (*vi*) price(s) paid or value at receipt, and, if sold, the sales price(s), (*vii*) the date of each such transaction involving each such security, and (*viii*) account statements verifying all such transactions. You may not object to the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and expenses if you exclude yourself from the Class or if you are not a member of the Class.

83. You may file a written objection without having to speak at the Fairness Hearing. You may not, however, speak at the Fairness Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

84. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and expenses, and if you have timely filed and served a written objection as described above, you must also file a notice of appearance with

the Clerk's Office and serve it on Lead Counsel and on Defendants' Counsel at the addresses set forth in ¶ 81 above so that it is ***received*** **on or before August 26, 2020**. Persons who intend to object and present evidence at the Fairness Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and any exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

85. You are not required to hire an attorney to represent you in making written objections or in appearing at the Fairness Hearing. However, if you decide to hire an attorney, you may do so at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 81 above so that the notice is ***received*** **on or before August 26, 2020**.

86. **Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and expenses. Class Members do not need to appear at the Fairness Hearing or take any other action to indicate their approval of the proposed Settlement.**

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

87. If you purchased or otherwise acquired Schein common stock during the period from March 7, 2013 through February 12, 2018, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either (i) within fourteen (14) calendar days after receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and then, within fourteen (14) calendar days after receipt of those Notice Packets, forward them to all such beneficial owners; or (ii) within fourteen (14) calendar days after receipt of this Notice, provide a list of the names, addresses, and email addresses (if available) of all such beneficial owners to *In re Henry Schein, Inc. Securities Litigation*, c/o A.B. Data, Ltd., Attn: Fulfillment Dept., P.O. Box 173098, Milwaukee, WI 53217, or info@HSICSecuritiesLitigation.com. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the Settlement website, www.HSICSecuritiesLitigation.com, by calling the Claims Administrator toll-free at 1-888-210-5486, or by emailing the Claims Administrator at info@HSICSecuritiesLitigation.com.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

88. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you should review the papers on file in the Action, including the Settlement Agreement, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201. Additionally, copies of the Settlement Agreement and any related orders entered by the Court will be posted on the Settlement website, www.HSICSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

In re Henry Schein, Inc. Securities Litigation
c/o A.B. Data, Ltd.
P.O. Box 173098
Milwaukee, WI 53217

1-888-210-5486
info@HSICSecuritiesLitigation.com
www.HSICSecuritiesLitigation.com

and/or

James A. Harrod, Esq.
Bernstein Litowitz Berger
& Grossmann LLP
1251 Avenue of the Americas, 44th Floor
New York, NY 10020

1-800-380-8496
settlements@blbglaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS, OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: May 29, 2020

By Order of the Court
United States District Court
Eastern District of New York

Table A

Henry Schein Common Stock Closing Price and Average Closing Price
February 13, 2018 – May 11, 2018

Date	Closing Price	Average Closing Price Between February 13, 2018 and Date Shown	Date	Closing Price	Average Closing Price Between February 13, 2018 and Date Shown
2/13/2018	$67.39	$67.39	3/29/2018	$67.21	$67.03
2/14/2018	$68.43	$67.91	4/2/2018	$65.83	$66.99
2/15/2018	$68.38	$68.07	4/3/2018	$66.84	$66.99
2/16/2018	$69.52	$68.43	4/4/2018	$68.51	$67.03
2/20/2018	$67.97	$68.34	4/5/2018	$67.82	$67.05
2/21/2018	$68.68	$68.40	4/6/2018	$66.78	$67.05
2/22/2018	$67.97	$68.33	4/9/2018	$66.87	$67.04
2/23/2018	$68.05	$68.30	4/10/2018	$69.34	$67.10
2/26/2018	$67.69	$68.23	4/11/2018	$69.07	$67.15
2/27/2018	$67.21	$68.13	4/12/2018	$69.72	$67.21
2/28/2018	$66.19	$67.95	4/13/2018	$68.98	$67.25
3/1/2018	$63.44	$67.58	4/16/2018	$69.94	$67.32
3/2/2018	$65.19	$67.39	4/17/2018	$71.02	$67.40
3/5/2018	$66.04	$67.30	4/18/2018	$70.93	$67.48
3/6/2018	$66.03	$67.21	4/19/2018	$69.75	$67.53
3/7/2018	$67.13	$67.21	4/20/2018	$69.07	$67.56
3/8/2018	$67.13	$67.20	4/23/2018	$73.79	$67.69
3/9/2018	$68.43	$67.27	4/24/2018	$73.83	$67.82
3/12/2018	$67.85	$67.30	4/25/2018	$74.49	$67.95
3/13/2018	$68.04	$67.34	4/26/2018	$76.25	$68.11
3/14/2018	$68.30	$67.38	4/27/2018	$76.80	$68.28
3/15/2018	$67.99	$67.41	4/30/2018	$76.00	$68.43
3/16/2018	$68.05	$67.44	5/1/2018	$76.87	$68.58
3/19/2018	$67.83	$67.46	5/2/2018	$76.59	$68.73
3/20/2018	$65.72	$67.39	5/3/2018	$75.02	$68.84
3/21/2018	$65.67	$67.32	5/4/2018	$75.55	$68.96
3/22/2018	$65.93	$67.27	5/7/2018	$76.27	$69.08
3/23/2018	$64.59	$67.17	5/8/2018	$71.08	$69.12
3/26/2018	$65.54	$67.12	5/9/2018	$71.58	$69.16
3/27/2018	$65.08	$67.05	5/10/2018	$72.62	$69.22
3/28/2018	$66.27	$67.02	5/11/2018	$72.94	$69.28

Supplemental Exhibit 4B

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

IN RE HENRY SCHEIN, INC. SECURITIES LITIGATION	**Master File No. 1:18-cv-01428-MKB-VMS** **CLASS ACTION**

ORDER APPROVING
CLASS-ACTION SETTLEMENT

WHEREAS Lead Plaintiff City of Miami General Employees' & Sanitation Employees' Retirement Trust, on behalf of itself and the Class (as defined below), and defendants Henry Schein, Inc. and Timothy J. Sullivan have entered into a Stipulation of Settlement to settle the claims asserted in this Action; and

WHEREAS Lead Plaintiff and Defendants have applied to the Court pursuant to Fed. R. Civ. P. 23(e) and the Private Securities Litigation Reform Act of 1995 (the "PSLRA") for an Order granting final approval of the proposed settlement in accordance with the Stipulation of Settlement (including its exhibits) (the "Settlement Agreement"), which sets forth the terms and conditions of the proposed settlement (the "Settlement"); and

WHEREAS, on May 5, 2020, the Court entered an Order preliminarily approving the proposed Settlement, preliminarily certifying the Class for settlement purposes, directing notice to be sent and published to potential Class Members, and scheduling a hearing (the "Fairness Hearing") to consider whether to approve the proposed Settlement, the proposed Plan of Allocation, Lead Counsel's application for an Attorneys' Fees and Expenses Award, and Lead Plaintiff's application for a PSLRA Award; and

WHEREAS the Court held the Fairness Hearing on September 16, 2020 to determine, among other things, (*i*) whether the terms and conditions of the proposed Settlement are fair, reasonable, and adequate and should therefore be approved; (*ii*) whether the Class should be finally certified for settlement purposes; (*iii*) whether notice to the Class was implemented pursuant to the Preliminary Approval Order and constituted due and adequate notice to potential Class Members in accordance with the Federal Rules of Civil Procedure, the PSLRA, the United States Constitution (including the Due Process Clause), the Rules of the Court, and any other applicable law; (*iv*) whether to approve the proposed Plan of Allocation; (*v*) whether to enter an order and judgment dismissing the Action on the merits and with prejudice as to Defendants and against all Class Members, and releasing all the Released Class Claims and Released Releasees' Claims as provided in the Settlement Agreement; (*vi*) whether to enter the requested permanent injunction and bar orders as provided in the Settlement Agreement; (*vii*) whether and in what amount to grant an Attorneys' Fees and Expenses Award to Lead Counsel; and (*viii*) whether and in what amount to grant a PSLRA Award to Lead Plaintiff; and

WHEREAS the Court received submissions and heard argument at the Fairness Hearing;

NOW, THEREFORE, based on the written submissions received before the Fairness Hearing, the arguments at the Fairness Hearing, and the other materials of record in this action, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

1. **Incorporation of Settlement Documents.** This Order incorporates and makes a part hereof the Settlement Agreement dated as of April 30, 2020, including its defined terms. To

the extent capitalized terms are not defined in this Order, this Court adopts and incorporates the definitions set out in the Settlement Agreement.[1]

2. **Jurisdiction.** The Court has jurisdiction over the subject matter of the Action, the Lead Plaintiff, and all other Class Members (as defined below) and has jurisdiction to enter this Order and the Judgment.

3. **Final Class Certification.** The Court grants certification of the Class solely for purposes of the Settlement pursuant to Fed. R. Civ. P. 23(b)(3). The Class is defined to consist of all persons and entities who purchased or otherwise acquired Schein Common Stock during the period from March 7, 2013 through February 12, 2018, inclusive, and who were damaged thereby. Excluded from the Class are:

a. such persons or entities who submitted valid and timely requests for exclusion from the Class;

b. such persons or entities who, while represented by counsel, settled an actual or threatened lawsuit or other proceeding against one or more of the Releasees arising out of or related to the Released Class Claims; and

c. Schein and (*i*) all officers and directors of Schein currently and during the Class Period (including Stanley Bergman, Steven Paladino, and Timothy J. Sullivan), (*ii*) Schein's Affiliates, subsidiaries, successors, and predecessors, (*iii*) any entity in which Schein or any individual identified in (*i*) has or had during the Class Period a Controlling Interest, and (*iv*) for the individuals identified in (*i*), (*ii*), and/or (*iii*), their Family Members, legal representatives, heirs, successors, and assigns.

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[1] Select definitions from the Settlement Agreement are set out in the Appendix to this Order.

4. This certification of the Class is made for the sole purpose of consummating the Settlement of the Action in accordance with the Settlement Agreement. If the Court's approval of the Settlement does not become Final for any reason whatsoever, or if it is modified in any material respect deemed unacceptable by a Settling Party, this class certification shall be deemed void ab initio, shall be of no force or effect whatsoever, and shall not be referred to or used for any purpose whatsoever, including in any later attempt by or on behalf of Lead Plaintiff or anyone else to seek class certification in this or any other matter.

5. For purposes of the settlement of the Action, and only for those purposes, the Court finds that the requirements of Fed. R. Civ. P. 23(a) and 23(b)(3), and any other applicable laws (including the PSLRA) have been satisfied, in that:

a. The Class is ascertainable from business records and/or from objective criteria;

b. The Class is so numerous that joinder of all members would be impractical;

c. One or more questions of fact and law are common to all Class Members;

d. Lead Plaintiff's claims are typical of those of the other members of the Class;

e. Lead Plaintiff has been and is capable of fairly and adequately protecting the interests of the members of the Class, in that (*i*) Lead Plaintiff's interests have been and are consistent with those of the other Class Members, (*ii*) Lead Counsel has been and is able and qualified to represent the Class, and (*iii*) Lead Plaintiff and Lead Counsel have fairly and adequately represented the Class Members in prosecuting this Action and in negotiating and entering into the proposed Settlement; and

f. For settlement purposes, questions of law and/or fact common to members of the Class predominate over any such questions affecting only individual Class Members, and a class action is superior to all other available methods for the fair and efficient resolution of the Action. In making these findings for settlement purposes, the Court has considered, among other things, (*i*) the questions of law and fact pled in the Complaint, (*ii*) the Class Members' interest in the fairness, reasonableness, and adequacy of the proposed Settlement, (*iii*) the Class Members' interests in individually controlling the prosecution of separate actions, (*iv*) the impracticability or inefficiency of prosecuting separate actions, (*v*) the extent and nature of any litigation concerning these claims already commenced, and (*vi*) the desirability of concentrating the litigation of the claims in a particular forum.

6. **Final Certification of Lead Plaintiff and Appointment of Lead Counsel for Settlement Purposes.** Solely for purposes of the proposed Settlement, the Court hereby confirms its (*i*) certification of Lead Plaintiff as representative of the Class and (*ii*) appointment of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the Class pursuant to Fed. R. Civ. P. 23(g).

7. **Notice.** The Court finds that the distribution of the Individual Notice and Claim Form, the publication of the Summary Notice, and the notice methodology as set forth in the Preliminary Approval Order all were implemented in accordance with the terms of that Order. The Court further finds that the Individual Notice, the Claim Form, the Summary Notice, and the notice methodology (*i*) constituted the best practicable notice to potential Class Members, (*ii*) constituted notice that was reasonably calculated, under the circumstances, to apprise potential Class Members of the pendency of the Action, the nature and terms of the proposed Settlement, the effect of the Settlement Agreement (including the release of claims), their right to

object to the proposed Settlement, their right to exclude themselves from the Class, and their right to appear at the Fairness Hearing, (*iii*) were reasonable and constituted due, adequate, and sufficient notice to all persons or entities entitled to receive notice (including any State and/or federal authorities entitled to receive notice under the Class Action Fairness Act of 2005), and (*iv*) met all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the PSLRA, the Rules of the Court, and any other applicable law.

8. **Final Settlement Approval.** The Court finds that the proposed Settlement resulted from serious, informed, non-collusive negotiations conducted at arm's length by the Settling Parties and their experienced counsel – under the auspices of a retired California Superior Court Judge serving as mediator – and was entered into in good faith. The terms of the Settlement Agreement do not have any material deficiencies, do not improperly grant preferential treatment to any individual Class Member, and treat Class Members equitably relative to each other. Accordingly, the proposed Settlement as set forth in the Settlement Agreement is hereby fully and finally approved as fair, reasonable, and adequate, consistent and in full compliance with all applicable requirements of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the PSLRA, and the Rules of the Court, and in the best interests of the Class Members.

9. The Court hereby finds that the proposed Plan of Allocation is a fair and reasonable method to allocate the Net Settlement Amount among eligible Class Members.

10. In making these findings and in concluding that the relief provided to the Class is fair, reasonable, and adequate, the Court considered, among other factors, (*i*) the complexity, expense, and likely duration of the litigation if it were to continue, including the costs, risks, and

delay of trial and appeal; (*ii*) the reaction of the potential Class Members to the proposed Settlement, including the number of exclusion requests and the number of objections; (*iii*) the stage of the proceedings, the maturity of the Antitrust Proceedings, and the amount of discovery and other materials available to Lead Counsel, including the Due-Diligence Discovery provided to Lead Counsel; (*iv*) the risks of establishing liability and damages, including the nature of the claims asserted and the strength of Lead Plaintiff's claims and Defendants' defenses as to liability and damages; (*v*) Lead Plaintiff's risks of obtaining certification of a litigation class and of maintaining certification through trial; (*vi*) the ability of Defendants to withstand a greater judgment; (*vii*) the range of reasonableness of the Settlement Amount in light of the best possible recovery; (*viii*) the range of reasonableness of the Settlement Amount to a possible recovery in light of all the attendant risks of litigation; (*ix*) the availability of opt-out rights for potential Class Members who do not wish to participate in the Settlement; (*x*) the effectiveness of the procedures for processing Class Members' claims for relief from the Settlement fund and distributing such relief to eligible Class Members; (*xi*) the terms of the proposed award of attorneys' fees, including the timing of the payment; (*xii*) the terms of the Supplemental Agreement; (*xiii*) the treatment of Class Members relative to each other; (*xiv*) the involvement of a respected and experienced mediator (retired California Superior Court Judge Daniel Weinstein); (*xv*) the experience and views of the Settling Parties' counsel; (*xvi*) the submissions and arguments made throughout the proceedings by the Settling Parties; and (*xvii*) the submissions and arguments made at and in connection with the Fairness Hearing.

11. The Settling Parties are directed to implement and consummate the Settlement Agreement in accordance with its terms and provisions. The Court approves the documents submitted to the Court in connection with the implementation of the Settlement Agreement.

12. **Releases.** Pursuant to this Approval Order and the Judgment, without further action by anyone, and subject to paragraph 15 below, on and after the Final Settlement Date, Lead Plaintiff and all other Class Members (whether or not a Claim Form has been executed and/or delivered by or on behalf of any such Class Member), on behalf of themselves and the other Releasors, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of this Order and the Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged:

a. all Released Class Claims against each and every one of the Releasees;

b. all Claims, damages, and liabilities as to each and every one of the Releasees to the extent that any such Claims, damages, or liabilities relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences, or oral or written statements or representations in connection with, or directly or indirectly relating to, (*i*) the prosecution, defense, or settlement of the Action, (*ii*) the Settlement Agreement or its implementation, (*iii*) the Settlement terms and their implementation, (*iv*) the provision of notice in connection with the proposed Settlement, and/or (*v*) the resolution of any Claim Forms submitted in connection with the Settlement; and

c. all Claims against any of the Releasees for attorneys' fees, costs, or disbursements incurred by Plaintiffs' Counsel or any other counsel representing Lead Plaintiff or any other Class Member in connection with or related in any manner to the Action, the settlement of the Action, or the administration of the Action and/or its Settlement, except to the extent otherwise specified in the Settlement Agreement.

13. Pursuant to this Order and the Judgment, without further action by anyone, and subject to paragraph 15 below, on and after the Final Settlement Date, each and every Releasee, including Defendants' Counsel, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of this Order and the Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged each and all Releasors, including Lead Counsel, from any and all Released Releasees' Claims, except to the extent otherwise specified in the Settlement Agreement.

14. Pursuant to this Order and the Judgment, without further action by anyone, and subject to paragraph 15 below, on and after the Final Settlement Date, Plaintiffs' Counsel and any other counsel representing Lead Plaintiff or any other Class Member in connection with or related in any manner to the Action, on behalf of themselves, their heirs, executors, administrators, predecessors, successors, Affiliates, and assigns, and any person or entity claiming by, through, or on behalf of any of them, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and of this Order and the Judgment shall have, fully, finally, and forever released, relinquished, settled, and discharged Defendants, Defendants' Counsel, and all other Releasees from any and all Claims that relate in any way to any or all acts, omissions, nondisclosures, facts, matters, transactions, occurrences, or oral or written statements or representations in connection with, or directly or indirectly relating to, (*i*) the prosecution, defense, or settlement of the Action, (*ii*) the Settlement Agreement or its implementation, or (*iii*) the Settlement terms and their implementation.

15. Notwithstanding paragraphs 12 through 14 above, nothing in this Order or in the Judgment shall bar any action or Claim by the Settling Parties or their counsel to enforce the terms of the Settlement Agreement, this Order, or the Judgment.

16. **Permanent Injunction.** The Court orders as follows:

a. Lead Plaintiff and all other Class Members (and their attorneys, accountants, agents, heirs, executors, administrators, trustees, predecessors, successors, Affiliates, representatives, and assigns) who have not validly and timely requested exclusion from the Class – and anyone else purporting to act on behalf of, for the benefit of, or derivatively for any of such persons or entities – are permanently enjoined from filing, commencing, prosecuting, intervening in, participating in (as class members or otherwise), or receiving any benefit or other relief from any other lawsuit, arbitration, or administrative, regulatory, or other proceeding (as well as a motion or complaint in intervention in the Action if the person or entity filing such motion or complaint in intervention purports to be acting as, on behalf of, for the benefit of, or derivatively for any of the above persons or entities) or order, in any jurisdiction or forum, as to the Releasees based on or relating to the Released Class Claims;

b. All persons and entities are permanently enjoined from filing, commencing, or prosecuting any other lawsuit as a class action (including by seeking to amend a pending complaint to include class allegations or by seeking class certification in a pending action in any jurisdiction) or other proceeding on behalf of any Class Members as to the Releasees, if such other lawsuit is based on or related to the Released Class Claims; and

c. All Releasees, and anyone purporting to act on behalf of, for the benefit of, or derivatively for any such persons or entities, are permanently enjoined from commencing,

prosecuting, intervening in, or participating in any claims or causes of action relating to Released Releasees' Claims.

17. Notwithstanding paragraph 16 above, nothing in this Order or in the Judgment shall bar any action or Claim by the Settling Parties or their counsel to enforce the terms of the Settlement Agreement, this Order, or the Judgment.

18. **Contribution Bar Order.** In accordance with 15 U.S.C. § 78u-4(f)(7)(A), any and all Claims for contribution arising out of any Released Class Claim (*i*) by any person or entity against any of the Releasees and (*ii*) by any of the Releasees against any person or entity other than as set out in 15 U.S.C. § 78u-4(f)(7)(A)(ii) are hereby permanently barred, extinguished, discharged, satisfied, and unenforceable. Accordingly, without limitation to any of the above, (*i*) any person or entity is hereby permanently enjoined from commencing, prosecuting, or asserting against any of the Releasees any such Claim for contribution, and (*ii*) the Releasees are hereby permanently enjoined from commencing, prosecuting, or asserting against any person or entity any such Claim for contribution. In accordance with 15 U.S.C. § 78u-4(f)(7)(B), any Final verdict or judgment that might be obtained by or on behalf of the Class or a Class Member against any person or entity for loss for which such person or entity and any Releasee are found to be jointly liable shall be reduced by the greater of (*i*) an amount that corresponds to such Releasee's or Releasees' percentage of responsibility for the loss to the Class or Class Member or (*ii*) the amount paid by or on behalf of Defendants to the Class or Class Member for common damages, unless the court entering such judgment orders otherwise.

19. **Complete Bar Order.** To effectuate the Settlement, the Court hereby enters the following Complete Bar:

a. Any and all persons and entities are permanently barred, enjoined, and restrained from commencing, prosecuting, or asserting any Claim against any Releasee arising under any federal, state, or foreign statutory or common-law rule, however styled, whether for indemnification or contribution or otherwise denominated, including Claims for breach of contract or for misrepresentation, where the Claim is or arises from a Released Class Claim and the alleged injury to such person or entity arises from that person's or entity's alleged liability to the Class or any Class Member, including any Claim in which a person or entity seeks to recover from any of the Releasees (*i*) any amounts that such person or entity has or might become liable to pay to the Class or any Class Member and/or (*ii*) any costs, expenses, or attorneys' fees from defending any Claim by the Class or any Class Member. All such Claims are hereby extinguished, discharged, satisfied, and unenforceable, subject to a hearing to be held by the Court, if necessary. The provisions of this subparagraph are intended to preclude any liability of any of the Releasees to any person or entity for indemnification, contribution, or otherwise on any Claim that is or arises from a Released Class Claim and where the alleged injury to such person or entity arises from that person's or entity's alleged liability to the Class or any Class Member; *provided, however,* that, if the Class or any Class Member obtains any judgment against any such person or entity based upon, arising out of, or relating to any Released Class Claim for which such person or entity and any of the Releasees are found to be jointly liable, that person or entity shall be entitled to a judgment credit equal to an amount that is the greater of (*i*) an amount that corresponds to such Releasee's or Releasees' percentage of responsibility for the loss to the Class or Class Member and (*ii*) the amount paid by or on behalf of Defendants to the Class or Class Member for common damages, unless the court entering such judgment orders otherwise.

b. Each and every Releasee is permanently barred, enjoined, and restrained from commencing, prosecuting, or asserting any Claim against any other person or entity (including any other Releasee) arising under any federal, state, or foreign statutory or common-law rule, however styled, whether for indemnification or contribution or otherwise denominated, including Claims for breach of contract and for misrepresentation, where the Claim is or arises from a Released Class Claim and the alleged injury to such Releasee arises from that Releasee's alleged liability to the Class or any Class Member, including any Claim in which any Releasee seeks to recover from any person or entity (including another Releasee) (*i*) any amounts that any such Releasee has or might become liable to pay to the Class or any Class Member and/or (*ii*) any costs, expenses, or attorneys' fees from defending any Claim by the Class or any Class Member. All such Claims are hereby extinguished, discharged, satisfied, and unenforceable.

c. Notwithstanding anything stated in the Complete Bar Order, if any person or entity (for purposes of this subparagraph, a "petitioner") commences against any of the Releasees any action either (*i*) asserting a Claim that is or arises from a Released Class Claim and where the alleged injury to such petitioner arises from that petitioner's alleged liability to the Class or any Class Member or (*ii*) seeking contribution or indemnity for any liability or expenses incurred in connection with any such Claim, and if such action or Claim is not barred by a court pursuant to this paragraph 19 or is otherwise not barred by the Complete Bar Order, neither the Complete Bar Order nor the Settlement Agreement shall bar Claims by that Releasee against (*i*) such petitioner, (*ii*) any person or entity who is or was controlled by, controlling, or under common control with the petitioner, whose assets or estate are or were controlled, represented, or administered by the petitioner, or as to whose Claims the petitioner has succeeded, and (*iii*) any person or entity that participated with any of the preceding persons or entities described in

items (*i*) and/or (*ii*) of this subparagraph in connection with the assertion of the Claim brought against the Releasee(s).

d. If any term of the Complete Bar Order entered by the Court is held to be unenforceable after the date of entry, such provision shall be substituted with such other provision as may be necessary to afford all of the Releasees the fullest protection permitted by law from any Claim that is based upon, arises out of, or relates to any Released Class Claim.

e. For avoidance of doubt, nothing in the Contribution Bar Order or Complete Bar Order shall (*i*) expand the release provided by Class Members and other Releasors to the Releasees under Paragraph 12 above or (*ii*) bar any persons who are excluded from the Class by definition or by request from asserting any Released Class Claim against any of the Releasees. Notwithstanding the Complete Bar Order or anything else in the Settlement Agreement, (*i*) nothing shall prevent the Settling Parties from taking such steps as are necessary to enforce the terms of the Settlement Agreement, and (*ii*) nothing shall release, interfere with, limit, or bar the assertion by any Releasee of any Claim for insurance coverage under any insurance, reinsurance, or indemnity policy that provides coverage respecting the conduct and Claims at issue in the Action.

20. **No Admissions.** This Order and the Judgment, the Settlement Agreement, the offer of the Settlement Agreement, and compliance with the Judgment or the Settlement Agreement shall not constitute or be construed as an admission by any of the Releasees of any wrongdoing or liability, or by any of the Releasors of any infirmity in Lead Plaintiff's Claims. This Order, the Judgment, and the Settlement Agreement are to be construed solely as a reflection of the Settling Parties' desire to facilitate a resolution of the Claims in the Complaint and of the Released Class Claims. In no event shall this Order, the Judgment, the Settlement

Agreement, any of their provisions, or any negotiations, statements, or court proceedings relating to their provisions in any way be construed as, offered as, received as, used as, or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory, or other proceeding, except a proceeding to enforce the Settlement Agreement. Without limiting the foregoing, this Order, the Judgment, the Settlement Agreement, and any related negotiations, statements, or court proceedings shall not be construed as, offered as, received as, used as, or deemed to be evidence or an admission or concession (*i*) of any kind against the Settling Parties or the other Releasees and Releasors in the Action, any other action, or any judicial, administrative, regulatory, or other proceeding or (*ii*) of any liability or wrongdoing whatsoever on the part of any person or entity, including Defendants, or as a waiver by Defendants of any applicable defense, or (*iii*) by Lead Plaintiff or the Class of the infirmities of any claims, causes of action, or remedies.

21. Notwithstanding anything in paragraph 20 above, this Order, the Judgment, and/or the Settlement Agreement may be filed in any action against or by any Releasee to support a defense of *res judicata*, collateral estoppel, release, waiver, good-faith settlement, judgment bar or reduction, injunction, full faith and credit, or any other theory of claim preclusion, issue preclusion, or similar defense or counterclaim.

22. **Attorneys' Fees and Expenses Award.** Plaintiffs' Counsel are hereby awarded attorneys' fees in the amount of 25% of the Settlement Fund and expenses in the amount of $102,840.56. Those amounts shall be paid out of the Settlement Fund (as that term is defined in the Settlement Agreement) pursuant to the terms set out in Section X of the Settlement Agreement. The Court finds that the Attorneys' Fees and Expenses Award is fair, reasonable, and appropriate.

23. In making this award of attorneys' fees and reimbursement of expenses, the Court has considered and found that: (a) the Settlement has created a fund of $35 million that has been paid into escrow pursuant to the terms of the Settlement and that numerous Class Members who submit acceptable Claim Forms will benefit from the Settlement; (b) the fee sought by Lead Counsel has been reviewed and approved as fair and reasonable by Lead Plaintiff; (c) copies of the Individual Notice, which were mailed to all potential Class Members who could be identified with reasonable effort, stated that Lead Counsel would apply for attorneys' fees in an amount not to exceed 25% of the Settlement Fund and reimbursement of Litigation Expenses in an amount not to exceed $200,000; (d) Plaintiffs' Counsel conducted the litigation and achieved the Settlement with skill, perseverance, and diligent advocacy; (e) the Action raised complex issues; (f) the Action presented significant risks to establishing liability and damages; and (g) the amount of attorneys' fees and expenses is fair and reasonable and consistent with awards in similar cases. The Court has considered the single objection submitted to the request for fees and expenses and finds the objection to be without merit.

24. **PSLRA Award.** The Court finds that the requested PSLRA Award of $6,000 to the Lead Plaintiff is reasonable in the circumstances. This amount shall be paid out of the Settlement Fund pursuant to the terms set out in Section XI of the Settlement Agreement.

25. **Modification of Settlement Agreement.** Without further approval from the Court, the Settling Parties are hereby authorized to agree to and adopt such amendments, modifications, and expansions of the Settlement Agreement (including its exhibits) that (*i*) are not materially inconsistent with this Order and the Judgment and (*ii*) do not materially limit the rights of Class Members under the Settlement Agreement.

26. **Dismissal of Action.** The Action, including all Claims that have been asserted, is hereby dismissed on the merits and with prejudice, without fees or costs to any Settling Party except as otherwise provided in the Settlement Agreement.

27. **Retention of Jurisdiction.** Without in any way affecting the finality of this Order and the Judgment, and subject to the Mediator's ability to make final, binding, and nonappealable rulings as prescribed in the Settlement Agreement, the Court expressly retains continuing and exclusive jurisdiction over the Settlement and all Settling Parties, the Class Members, and anyone else who appeared before this Court for all matters relating to the Action, including the administration, consummation, interpretation, implementation, or enforcement of the Settlement Agreement or of this Order and the Judgment, and for any other reasonably necessary purposes, including:

a. enforcing the terms and conditions of the Settlement Agreement, this Order, and the Judgment (including the Complete Bar Order, the PSLRA Contribution Bar Order, and the permanent injunction);

b. resolving any disputes, claims, or causes of action that, in whole or in part, are related to or arise out of the Settlement Agreement, this Order, or the Judgment (including whether a person or entity is or is not a Class Member and whether Claims or causes of action allegedly related to the Released Class Claims are or are not barred by this Order and the Judgment or the Release);

c. entering such additional orders as may be necessary or appropriate to protect or effectuate this Order and the Judgment, including whether to impose a bond on any parties who appeal from this Order or the Judgment; and

d. entering any other necessary or appropriate orders to protect and effectuate this Court's retention of continuing jurisdiction.

28. **Rule 11 Findings.** The Court finds that all complaints filed in the Action were filed on a good-faith basis in accordance with the PSLRA and with Rule 11 of the Federal Rules of Civil Procedure based upon all publicly available information. The Court finds that all Settling Parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

29. **Termination.** If the Settlement does not become Final in accordance with the terms of the Settlement Agreement, or is terminated pursuant to the Settlement Agreement (including pursuant to Section XIV), this Order and the Judgment shall be rendered null and void to the extent provided by and in accordance with the Settlement Agreement; *provided, however,* that paragraph 40 of the Preliminary Approval Order (concerning the Confidentiality Agreement) shall remain in effect even if this Order and the Judgment are rendered null and void.

30. **Entry of Judgment.** There is no just reason to delay the entry of this Order and the Judgment, and immediate entry by the Clerk of Court is expressly directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure. Any appeal from this Order or other proceeding seeking subsequent judicial review of this Order pertaining solely to (*i*) the attorneys' fees or expenses awarded to Plaintiffs' Counsel or the PSLRA Award to Lead Plaintiff and/or (*ii*) the Plan of Allocation shall not in any way delay or preclude this Order from becoming Final under the terms of the Settlement Agreement.

SO ORDERED this 16 day of September, 2020.

S/Margo K. Brodie
The Honorable Margo K. Brodie
United States District Judge

APPENDIX OF SELECTED SETTLEMENT DEFINITIONS

"**Action**" means the securities class action pending in this Court and currently captioned *In re Henry Schein, Inc. Securities Litigation*, Master File No. 1:18-cv-01428-MKB-VMS (E.D.N.Y), including any other cases that have been or might be consolidated into it as of the Final Settlement Date.

"**Common Stock**" means common stock issued by Henry Schein, Inc.

"**Operative Facts**" means those facts and circumstances that provide the factual predicate for the claims asserted in the Action and shall include, among other things:

a. any alleged violations of antitrust or other anticompetition laws or regulations by Schein in its dental business and/or any alleged knowledge by Schein of purported violations of antitrust or other anticompetition laws or regulations by others, including Schein's competitors, in the dental business, including any conduct alleged in the Antitrust Proceedings or the Complaint [e.g., Compl. ¶¶ 3, 6, 48, 72, 125-27, 133, 137, 139, 145, 149, 151, 155, 157, 159, 161, 163, 165, 167];

b. any alleged meetings, dealings, arrangements, communications, agreements, conspiracies, or attempts between or among Schein and any of its competitors, including, without limitation, Benco Dental Supply Company, Patterson Companies, Inc., and Burkhart Dental Supply, that allegedly constituted, were related to, or were entered into in connection with an alleged restraint of trade or other anticompetitive conduct whereby Schein or any other party allegedly agreed (or indicated any intention to agree):

(1) to boycott, refuse to offer discounted prices to, or otherwise negotiate with or refuse to deal with a buying group, group purchasing organization, or any other customer or potential customer [*id*. ¶¶ 9, 50-86, 95-100, 126-27];

(2) to fix or adjust prices or margins on dental supplies or equipment, or otherwise not to compete on price, including by charging similar or higher prices or margins on dental supplies or equipment [*id*. ¶¶ 3, 8, 10, 42, 48-50, 52, 60, 64, 92-101, 145];

(3) not to pursue or poach a competitor's existing or prospective business, customers, or sales representatives [*id*. ¶¶ 95-100];

(4) to block, boycott, threaten, or retaliate against entities (including competing distributors) seeking to enter the dental market or to expand their business in that market, or entities seeking to compete on price or to undercut prices in that market [*id*. ¶¶ 7-10, 39, 41-42, 48, 51, 67, 69-83, 87-100, 102-05, 127, 133, 135, 137, 139, 141, 143, 145, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167];

(5) to pressure or boycott manufacturers (through threats or otherwise) to terminate relations with distributors (including online sellers) in the dental market or to cause new entrants to raise prices or face being cut off from products [*id*. ¶¶ 7-10, 39-43, 46, 48, 51, 73-74, 79, 81-83, 87-100, 102-05, 127];

(6) to prevent online sellers from supplying dentists with products at reduced margins [id. ¶¶ 9-10, 69-83, 87-91, 133, 137, 163, 167];

(7) to pressure state dental associations (including the Texas Dental Association and the Arizona Dental Association) or other organizations not to do business with competitors or would-be competitors, including through any alleged boycotts of state dental associations' trade shows [*id*. ¶¶ 9, 40, 43, 51, 69-86, 92-94, 126-27]; or

(8) to prevent buying groups or group purchasing organizations from successfully competing in the dental supply and equipment distribution market [*id*. ¶¶ 3, 9, 51-86, 126-27, 133, 137, 139, 141, 145, 149, 155, 157, 159, 161, 163, 167];

c. any concealment of any alleged dealings, arrangements, communications, agreements, or conspiracies that allegedly involved a restraint of trade or other anticompetitive conduct in the dental market [*id*. ¶¶ 3, 6-7, 9, 11-12, 106, 109-10, 113-14, 119-20, 131-67, 181-83];

d. any alleged boycott of dentists who purchased supplies from price-competing competitors, including by allegedly withholding services or repairs for installed equipment, charging higher prices for any services or repairs, or significantly delaying any services or repairs [*id*. ¶¶ 55, 82, 115];

e. any alleged communications (whether internal to Schein or external, and whether oral or written) relating to or evidencing any of the alleged conduct described in Sections a-d;

f. any allegedly illegal unilateral engaging or involvement in any of the alleged conduct described in Sections a-d;

g. Schein's governance, policies, practices, procedures, and internal controls during the Class Period, including any deficiencies and weaknesses in, or compliance or purported noncompliance with, any of them [*id*. ¶¶ 60, 64, 83, 136-37];

h. any allegedly false or misleading statements or omissions in any SEC filings (including Forms 10-Q and 10-K and proxy statements), Exchange Act or Sarbanes-Oxley certifications, or press releases filed or issued during the Class Period relating to the matters described in Sections a-g, including, without limitation, those addressing (i) competition (or alleged lack of competition) in the dental market, including Schein's competitive position,

Schein's primary competitors, conduct in the dental market, and risks facing Schein as a result of competition in the dental market; (ii) pricing strategies, competitive pricing, cost containment, margins, and profits; (iii) Schein's dental business, including the strength of that business, Schein's value-added model, Schein's products (including private-label products), services, and solutions, Schein's commitment to customer service and value-added products, Schein's customer mix, and the impact of that mix on margins and profit; (iv) Schein's infrastructure; (v) HMOs, group practices, other managed-care accounts, group purchasing organizations, and buying groups in the dental market; (vi) the effect of technological developments on Schein's dental distribution business; (vii) the impact of manufacturers' sales directly to end users; (viii) private or governmental litigation and/or investigations or any other proceedings involving alleged antitrust or competition issues or claims relating to the dental market, including the Antitrust Proceedings; (ix) Schein's financial performance and results; (x) Schein's internal controls and policies; and (xi) the healthcare industry in general [*id*. ¶¶ 5-6, 11, 34, 38-39, 42, 44-45, 49, 105-07, 109-11, 113-14, 117, 119-20, 125, 127-28, 130-47, 180-85, 190-91];

i. any alleged misstatements or omissions at industry or investor conferences, or in analyst meetings, earnings calls, or other public statements, during the Class Period relating to the matters described in Sections a-g [*id*. ¶¶ 5-6, 11, 33-38, 40, 45, 49, 105-07, 109-11, 113-14, 119-20, 125, 128, 130-31, 148-67, 180-85, 190-91];

j. any alleged inflation or decline in the price of Schein Common Stock during the Class Period that is related to or arises out of the alleged conduct and/or topics described in Sections a-i [*id*. ¶¶ 13, 106, 108-10, 113-14, 119-21, 169];

k. any Claims under Exchange Act §§ 10(b) and/or 20(a) and/or SEC Rule 10b-5 arising out of the alleged conduct and/or topics described in Sections a-j [*id*. ¶¶ 1, 22, 177-93]; and

l. any Claims related to sales of Schein Common Stock by any Releasees during the Class Period, including any Claims under Exchange Act §§ 10(b), 20(a), or 20A or SEC Rule 10b-5 relating to such sales, to the extent that such Claims are related in any way to the alleged conduct and/or topics described in Sections a-j [*id*. ¶¶ 12, 129].

"**Released Class Claims**" means each and every Claim that existed as of, on, or before the Execution Date and that Lead Plaintiff or any other Class Member (*i*) asserted against any of the Releasees in the Action (including all Claims alleged in the Complaint) or (*ii*) could have asserted or could assert against any of the Releasees in connection with or relating directly or indirectly to any of the Operative Facts or any alleged statements about, mischaracterizations of, or omissions concerning them, whether arising under any federal, state, or other statutory or common-law rule or under any foreign law, in any court, tribunal, agency, or other forum, if such Claim also arises out of or relates to the purchase or other acquisition of Schein Common Stock, or to any other Investment Decision, during the Class Period; *provided, however*, that the term "Released Class Claims" does not include (and will not release or impair): (*i*) any claims asserted in any action under the Employee Retirement Income Security Act of 1974 or in any derivative action, including without limitation the claims asserted in the Derivative Settlement or *Finazzo v. Bergman*, No. 1:19-cv-06485-LDH-JO (E.D.N.Y.), or *Sloan v. Bergman*, No. 1:20-cv-0076 (E.D.N.Y.), or any cases consolidated into those actions; (*ii*) any claims asserted in *City of Hollywood Police Officers Ret. Sys. v. Henry Schein, Inc*., No. 2:19-cv-5530 (E.D.N.Y.), or any

cases consolidated into that action; (*iii*) any claims asserted in the Antitrust Proceedings or by any governmental entity that arise out of any governmental investigation of Defendants relating to the Operative Facts except to the extent that any such claims arise from or are based on the purchase of Schein Common Stock during the Class Period; or (*iv*) any claims to enforce the Settlement Agreement.

"**Released Releasees' Claims**" means each and every Claim that has been, could have been, or could be asserted in the Action or in any other proceeding by any Releasee, including Defendants and their successors and assigns, or his, her, or its respective estates, heirs, executors, agents, attorneys (including in-house counsel, outside counsel, and Defendants' Counsel), beneficiaries, accountants, professional advisors, trusts, trustees, administrators, and assigns, against Lead Plaintiff, any other Class Members, or any of their respective attorneys (including, without limitation, Plaintiffs' Counsel) and that arises out of or relates in any way to the initiation, prosecution, or settlement of the Action or the implementation of the Settlement Agreement; *provided, however*, that Released Releasees' Claim shall not include any Claim to enforce the Settlement Agreement.

"**Releasee**" means each and every one of, and "Releasees" means all of, (*i*) Schein, (*ii*) Schein Affiliates, (*iii*) each of Schein's and Schein Affiliates' current and former officers (including Messrs. Bergman, Paladino, and Sullivan), directors, employees, agents, representatives, any and all in-house counsel and outside counsel (including Defendants' Counsel), advisors, administrators, accountants, accounting advisors, auditors, consultants, assigns, assignees, beneficiaries, representatives, partners, successors-in-interest, insurance

carriers, reinsurers, parents, affiliates, subsidiaries, successors, predecessors, fiduciaries, service providers, and investment bankers and any entities in which Schein or any Schein Affiliate has or had a Controlling Interest or that has or had a Controlling Interest in Schein or any Schein Affiliate, and (*iv*) for each of the foregoing Releasees, (*y*) to the extent the Releasee is an entity, each of its current and former officers, directors, employees, agents, representatives, any and all in-house counsel and outside counsel (including Defendants' Counsel), advisors, administrators, accountants, accounting advisors, auditors, consultants, assigns, assignees, beneficiaries, representatives, partners, successors-in-interest, insurance carriers, reinsurers, parents, affiliates, subsidiaries, successors, predecessors, fiduciaries, service providers, and investment bankers, and any entities in which any Releasee has or had a Controlling Interest or that has or had a Controlling Interest in the Releasee and (*z*) to the extent the Releasee is an individual, each of his or her Family Members, estates, heirs, executors, beneficiaries, trusts, trustees, agents, representatives, attorneys, advisors, administrators, accountants, consultants, assigns, assignees, representatives, partners, successors-in-interest, insurance carriers, and reinsurers.

"**Releasor**" means each and every one of, and "Releasors" means all of, (*i*) Lead Plaintiff, (*ii*) all other Class Members, and (*iii*) for each of the foregoing Releasors, their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, or any person purporting to assert a Released Class Claim on behalf of, for the benefit of, or derivatively for any such Releasor.

"**Schein Affiliate**" means any Affiliate, holding company, or subsidiary of Schein, and any other person or entity affiliated with Schein through direct or indirect ownership of Schein shares.

SO ORDERED:
s/ MKB 9/16/2020

_____
MARGO K. BRODIE
United States District Judge

Supplemental Exhibit 5A

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

IN RE: VOLKSWAGEN "CLEAN DIESEL" MARKETING, SALES PRACTICES, AND PRODUCTS LIABILITY LITIGATION

MDL No. 2672 CRB (JSC)

CLASS ACTION

_____/

This Document Relates To: Securities Actions
City of St. Clair Shores, 15-1228 (E.D. Va.)
Travalio, 15-7157 (D.N.J.)
George Leon Family Trust, 15-7283 (D.N.J.)
Charter Twp. of Clinton, 15-13999 (E.D. Mich.)
Wolfenbarger, 15-326 (E.D. Tenn.)

_____/

NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) SETTLEMENT HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action") pending in the United States District Court for the Northern District of California (the "Court"), if you purchased or otherwise acquired Volkswagen Aktiengesellschaft ("VWAG") Ordinary American Depositary Receipts (CUSIP: 928662303) ("VWAG Ordinary ADRs") and/or VWAG Preferred American Depositary Receipts (CUSIP: 928662402) ("VWAG Preferred ADRs") (collectively, "VWAG ADRs") from November 19, 2010 through January 4, 2016, inclusive (the "Class Period"), and were allegedly damaged thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff, Arkansas State Highway Employees' Retirement System ("ASHERS" or "Lead Plaintiff"), and named plaintiff Miami Police Relief and Pension Fund ("Miami Police," and together with ASHERS, "Plaintiffs"), on behalf of themselves and the Settlement Class (as defined in ¶ 26 below), have reached a proposed settlement of the Action for $48,000,000 in cash that, if approved, will resolve all claims in the Action (the "Settlement").

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact any of the Defendants in the Action or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 91 below).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors in VWAG ADRs alleging, among other things, that Defendants VWAG, Volkswagen Group of America, Inc. ("VWGoA"), Volkswagen Group of America, Inc. d/b/a Volkswagen of America, Inc. ("VWoA"), Audi of America, Inc. ("AoA"), and three of their officers and directors (the "Individual Defendants")[2] violated the federal securities laws by making false and misleading statements regarding Volkswagen's business. A more detailed description of the Action is set forth in ¶¶ 11-25 below. If the Court approves the proposed Settlement, the Action will be dismissed and members of the Settlement Class (as defined in ¶ 26 below) will settle and release all Released Plaintiffs' Claims (as defined in ¶ 37 below) against Defendants and the other Defendants' Releasees (as defined in ¶ 38 below).

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated August 27, 2018 (the "Stipulation"), which is available at www.VolkswagenADRLitigation.com.

[2] The "Individual Defendants" are Martin Winterkorn ("Winterkorn"), VWAG's former CEO, Michael Horn ("Horn"), the former CEO of VWGoA, and Herbert Diess ("Diess"), a member of VWAG's Management Board. VWAG, VWGoA, VWoA, AoA, and the Individual Defendants are collectively referred to as the "Defendants." The corporate Defendants in the Action, VWAG, VWGoA, VWoA, and AoA, are collectively referred to as "Volkswagen" or "VW."

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Plaintiffs, on behalf of themselves and the Settlement Class, have agreed to settle the Action in exchange for a settlement payment of $48,000,000 in cash (the "Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; (iv) any attorneys' fees awarded by the Court; and (vi) any other costs or fees approved by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the "Plan of Allocation") is set forth in ¶¶ 53-72 below.

3. **Estimate of Average Amount of Recovery Per VWAG Ordinary ADR and VWAG Preferred ADR:** Plaintiffs' damages expert estimates that the conduct alleged in the Action affected approximately 34,300,000 VWAG Ordinary ADRs and approximately 8,300,000 VWAG Preferred ADRs purchased during the Class Period. Assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses, and costs as described herein) will be approximately $1.10 per eligible VWAG Ordinary ADR and approximately $1.24 per eligible VWAG Preferred ADR. **Settlement Class Members should note, however, that the foregoing average recoveries per eligible VWAG Ordinary ADR and eligible VWAG Preferred ADR are only estimates and assume all Settlement Class Members have the same amount of losses under the Plan of Allocation.** Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, when and the price at which they purchased/acquired VWAG ADRs, whether they sold their VWAG ADRs, and the total number and value of valid Claims submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* ¶¶ 53-72 below) or such other plan of allocation as may be ordered by the Court.

4. **The Parties Disagree on the Average Amount of Damages Per VWAG Ordinary ADR and VWAG Preferred ADR; Plaintiffs' Estimate of Aggregate Damages to the Settlement Class:** The Parties do not agree on the average amount of damages per VWAG Ordinary ADR and VWAG Preferred ADR that would be recoverable if Plaintiffs were to prevail in the Action. Among other things, Defendants do not agree with, and expressly dispute, the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their alleged conduct. Nevertheless, based on the amounts of per-ADR inflation reflected in the Plan of Allocation, Plaintiffs' best estimate is that, if they were able to prevail in the Action, they would be able to recover a maximum of approximately $115,900,000 for all eligible VWAG Ordinary ADRs and a maximum of approximately $31,500,000 for all eligible VWAG Preferred ADRs, on behalf of the Settlement Class. Accordingly, the aggregate damages corresponding to the inflation amounts in the Plan of Allocation are approximately $147,400,000, and the Settlement reflects a recovery of approximately 33% for the Settlement Class on that basis.

These estimates are based on publicly available information concerning trading in VWAG ADRs and Plaintiffs' damages expert's calculations of the estimated amount of alleged artificial inflation in the per-security closing price of VWAG ADRs during the Class Period. Defendants do not agree with and dispute these estimates and dispute that the Settlement Class would be entitled to any recovery. Indeed, Plaintiffs faced significant risks in proving loss causation and damages. These risks include that: there may not have been any recoverable damages in reaction to the initial disclosure of Volkswagen's use of "defeat devices" on September 18, 2015; and all of the subsequent disclosure events that allegedly caused declines in the prices of the VWAG ADRs did not reveal any previously unknown information about Defendants' alleged misstatements – they only reflected the materialization of previously known risks – and might not have resulted in any damages.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs' Counsel, who have been prosecuting the Action on a wholly contingent basis, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, will apply to the Court for: (i) an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund (net of Court-approved Litigation Expenses); (ii) reimbursement of Litigation Expenses incurred by Plaintiffs' Counsel in connection with the institution, prosecution, and resolution of the claims against Defendants, in an amount not to exceed $500,000; and (iii) reimbursement of reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class in an amount not to exceed $50,000 in total. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. If the Court approves Lead Counsel's fee and expense application, the estimated average cost per eligible VWAG Ordinary ADR will be approximately $0.28 and the estimated average cost per eligible VWAG Preferred ADR will be approximately $0.32. **Please note that these amounts are only estimates.**

6. **Identification of Attorneys' Representatives:** Plaintiffs and the Settlement Class are represented by James A. Harrod, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, 44th Floor, New York, NY 10020, 1-800-380-8496, settlements@blbglaw.com. Further information regarding the Action, the Settlement, and this Notice may be obtained by contacting Lead Counsel or the Court-appointed Claims Administrator at: Volkswagen ADR Litigation, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 4390, Portland, OR 97208-4390, 1-888-738-3759, info@VolkswagenADRLitigation.com, www.VolkswagenADRLitigation.com.

7. **Reasons for the Settlement:** Plaintiffs' principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after contested motions, a trial of the Action, and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM *POSTMARKED* NO LATER THAN APRIL 18, 2019.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (as defined in ¶ 37 below) that you have against Defendants and the other Defendants' Releasees (as defined in ¶ 38 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN APRIL18, 2019.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS *FILED OR POSTMARKED*NO LATER THAN APRIL 18, 2019.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation, or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
GO TO A HEARING ON MAY 10, 2019 AT 10:00 A.M., AND MAIL OR FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *FILED OR POSTMARKED* NO LATER THAN APRIL 26, 2019.	Filing a written objection and notice of intention to appear by April 26, 2019 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired VWAG ADRs during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), the claims administrator selected by Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). *See* ¶¶ 79-80 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process will take some time to complete.

WHAT IS THIS CASE ABOUT?

11. The Action involves allegations that, during the period from November 19, 2010 through January 4, 2016, inclusive, Defendants made misrepresentations and omissions about, among other things, a key element of Volkswagen's business: its vehicles' compliance with emissions regulations in the United States and other countries. In particular, Plaintiffs allege that Defendants violated the federal securities laws by failing to disclose that Volkswagen sold approximately 585,000 diesel vehicles in the United States and millions of diesel vehicles in other countries that were equipped with illegal "defeat devices." VWAG has admitted that the defeat devices caused the vehicles to emit nitrogen oxide ("NOx"), a regulated pollutant, at levels that complied with U.S. emissions regulations when the vehicles were being tested for regulatory compliance, but caused the vehicles to emit NOx at much higher levels that violated U.S. emissions regulations when the vehicles were being driven in normal road conditions.

12. In September 2015, a class action complaint, styled *City of St. Clair Shores Police and Fire Ret. Sys. v. Volkswagen AG, et al.*, Case No. 15-CV-1228-LMB-TCB, was filed in the United States District Court for the Eastern District of Virginia alleging violations of the federal securities laws on behalf of investors in VWAG ADRs against VWAG, VWGoA, VWoA, AoA, the Individual Defendants, and certain other current or former VWGoA employees. Several related securities class action complaints on behalf of investors in VWAG ADRs were filed in the United States District Courts for the Eastern District of Virginia, the District of New Jersey, the Eastern District of Michigan, and the Eastern District of Tennessee in September 2015–November 2015.

13. In December 2015, the United States Judicial Panel on Multidistrict Litigation ordered that the VWAG ADR class actions be transferred to the United States District Court for the Northern District of California (the "Court").

14. In January 2016, the Court consolidated the VWAG ADR class actions, appointed ASHERS as Lead Plaintiff for the Action, and approved ASHERS' selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the Action.

15. In May 2016, Plaintiffs filed a Consolidated Securities Class Action Complaint (the "First Consolidated Complaint"). The First Consolidated Complaint asserted securities fraud claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Securities and Exchange Commission Rule 10b-5 against Defendants VWAG, VWGoA, VWoA, AoA, Winterkorn, and Diess, as well as claims under Section 20(a) of the Exchange Act against Defendants Winterkorn, Diess, Horn, and another former VWGoA employee. The First Consolidated Complaint alleged that, during the Class Period, Defendants made repeated misrepresentations and omissions about Volkswagen's vehicles' compliance with emissions regulations in the United States and other countries. In particular, the First Consolidated Complaint alleged that Defendants violated the federal securities laws by failing to disclose that Volkswagen sold approximately 585,000 diesel vehicles in the United States and millions of diesel vehicles in other countries that were equipped with illegal "defeat devices," and by representing to the public that VW diesel vehicles complied with U.S. emissions regulations and were "environmentally friendly." The First Consolidated Complaint also alleged that VWAG's financial statements failed to properly record contingent liabilities related to the emissions-cheating scheme. The First Consolidated Complaint further alleged that the prices of VWAG ADRs were artificially inflated during the Class Period as a result of those misrepresentations and omissions, and that the prices fell sharply when the truth began to be revealed in September 2015.

16. In August 2016, Defendants filed motions to dismiss the First Consolidated Complaint. In October 2016, Plaintiffs filed their omnibus opposition to Defendants' motions to dismiss, and in November 2016, Defendants filed their replies in further support of their motions to dismiss. In December 2016, the Court heard oral argument on Defendants' motions to dismiss the First Consolidated Complaint.

17. In January 2017, the Court entered an Order granting in part and denying in part Defendants' motions to dismiss the First Consolidated Complaint. The Court dismissed, without prejudice, the claims with respect to VWAG's financial statements, the claims under Section 20(a) of the Exchange Act against Defendants Diess and Horn, and the claims against the other former VWGoA employee. In all other respects, the Court denied Defendants' motions to dismiss.

18. In February 2017, Plaintiffs filed a First Amended Consolidated Securities Class Action Complaint (the "Amended Complaint" or "Complaint"). The Amended Complaint asserts claims under Section 10(b) of the Exchange Act and Rule 10b-5 against Defendants VWAG, VWGoA, VWoA, AoA, Winterkorn and Diess, and under Section 20(a) of the Exchange Act against Defendants VWAG, Winterkorn, Diess, and Horn. The Amended Complaint generally identifies the same allegedly false and misleading statements as in the First Consolidated Complaint, specifically concerning Volkswagen's vehicles' compliance with U.S. emissions regulations in the United States and other countries, that the diesel vehicles' were "environmentally friendly," and VWAG's allegedly misstated financial statements due to the emissions-cheating scheme. The Complaint's allegations provided additional details

and information based on VWAG's admissions that the defeat devices caused the affected U.S. vehicles to emit NOx, a regulated pollutant, at levels that complied with U.S. emissions regulations when the vehicles were being tested for regulatory compliance, but caused such vehicles to emit NOx at much higher levels that violated U.S. emissions regulations when the vehicles were being driven in normal road conditions, as well as additional details concerning the Individual Defendants' alleged knowledge of or reckless disregard for the impact of the emissions-cheating scheme on Volkswagen and its financial statements.

19. In March 2017, Defendants filed motions to dismiss the Amended Complaint. In May 2017, Plaintiffs filed their omnibus opposition to Defendants' motions to dismiss, and in June 2017, Defendants filed their replies in further support of their motions to dismiss. Later in June 2017, the Court heard oral arguments on Defendants' motions to dismiss the Amended Complaint.

20. In late June 2017, the Court entered an Order granting in part and denying in part Defendants' motions to dismiss the Amended Complaint. The Court dismissed, with prejudice, the claims with respect to VWAG's financial statements issued before May 2014, the claims against Defendant Diess with respect to VWAG's third quarter 2015 financial statements, and the claims against Diess under Section 20(a) of the Exchange Act. In all other respects, the Court denied Defendants' motions to dismiss.

21. In March 2017, Plaintiffs filed a motion for partial summary judgment, arguing that VWAG's guilty plea in the U.S. District Court for the Eastern District of Michigan, where it pleaded guilty to three felonies related to its diesel emissions-cheating scheme, established as a matter of law that certain of the alleged false statements at issue in the Action were knowingly false. After motion practice, where Defendants first obtained an order staying further briefing and proceedings related to Plaintiffs' summary judgment motion while their motions to dismiss the Amended Complaint were pending, Defendants filed their brief opposing the summary judgment motion in August 2017. Plaintiffs filed their reply in support of the motion in September 2017. In December 2017, the Court issued an Order granting Plaintiffs' motion for partial summary judgment with respect to one of the statements and denying the motion with respect to the other statements.

22. Discovery in the Action commenced in August 2017. The Parties served initial disclosures under Fed. R. Civ. P. 26(a)(1), served and responded to interrogatories, served document requests, and engaged in extensive correspondence and numerous meet and confers over search terms and custodians for their respective document searches and productions. While most discovery disputes were resolved by agreement of the Parties, a number of disputes were presented to the Court, including Plaintiffs' request for access to the documents produced by Defendants in the related multidistrict litigation ("MDL") cases, which the Court denied; Plaintiffs' motions to compel the Volkswagen Defendants to produce certain documents concerning European Union emissions standards and the "acoustic function" technology, which the Court granted; Plaintiffs' motion to compel Defendants to produce the list of document custodians from the MDL cases and documents from custodians in addition to those agreed by Defendants, which the Court granted in part and denied in part; and Defendants' motion to compel Plaintiffs to search document custodians in addition to those agreed by Plaintiffs, which the Court denied. Plaintiffs also filed an unopposed motion to depose two former VWGoA employees who are in federal prison, which the Court granted. In connection with discovery, approximately 50 custodians were negotiated by the Parties and more than 4 million pages of documents were produced by Defendants, including documents from approximately 50 custodians negotiated by the Parties. Review of the documents produced in discovery was underway at the time the Settlement was reached.

23. Through the exchange of information concerning both damages and the merits of the case, counsel for Plaintiffs and Defendants engaged in a series of arm's-length negotiations pursuant to which the Parties reached an agreement in principle to settle and release all claims against Defendants in the Action in return for a cash payment of $48,000,000 to be paid by VWAG on behalf of all Defendants for the benefit of the Settlement Class, subject to the execution of a formal stipulation and agreement of settlement and related papers.

24. On August 27, 2018, the Parties entered into a Stipulation and Agreement of Settlement (the "Stipulation"), which sets forth the terms and conditions of the Settlement. The Stipulation can be viewed at www.VolkswagenADRLitigation.com.

25. On November 28, 2018, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

26. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

> all persons and entities in the U.S. or elsewhere who purchased or otherwise acquired VWAG Ordinary American Depositary Receipts (CUSIP: 928662303) and/or VWAG Preferred American Depositary Receipts (CUSIP: 928662402) from November 19, 2010 through January 4, 2016, inclusive (the "Class Period"), and who were allegedly damaged thereby.

Excluded from the Settlement Class are: (i) Defendants; (ii) any person who was an Officer or director of VWAG, VWGoA, VWoA, or AoA during the Class Period; (iii) the Immediate Family Members of all individual persons excluded in (i) or (ii); (iv) the parents, subsidiaries, and affiliates of VWAG, VWGoA, VWoA, or AoA; (v) any entity in which any person or entity excluded in (i), (ii), (iii) or (iv) has, or had during the Class Period, a controlling interest; and (vi) the legal representatives, heirs, affiliates, successors, or assigns of any such excluded person or entity. Also excluded from the Settlement Class are any persons or entities who exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?" on page 15 below. For the avoidance of doubt, VWAG ordinary and preferred shares are not eligible Settlement Class securities, and purchases or other acquisitions of those securities do not establish membership in the Settlement Class.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN *POSTMARKED* NO LATER THAN APRIL 18, 2019.

WHAT ARE PLAINTIFFS' REASONS FOR THE SETTLEMENT?

27. Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit, as indicated by the Court's grant of partial summary judgment for Plaintiffs and by Lead Counsel's review and analysis of both publicly available information and VW documents produced in discovery. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims against Defendants through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages. To develop a complete evidentiary record, Plaintiffs would have to seek testimony from current and former VWAG employees located in Germany, where civil plaintiffs' right to obtain pretrial discovery is significantly more limited than in the United States. To prevail at trial, Plaintiffs would be required to prove not only that Defendants' statements about VW vehicles' compliance with emissions regulations were false, but also that Defendants knew that their statements were false when made or were reckless in making the statements, and that the revelation of the truth about Defendants' false and misleading statements caused declines in the prices of VWAG ADRs. In addition, Plaintiffs would have to establish the amount of Class-wide damages.

28. Defendants would have had substantial arguments to make concerning each of these issues. For example, Defendants would have argued that many of the alleged misstatements they made were immaterial because they vaguely referred to VW's "environmental friendliness" without referring to compliance with emissions regulations. Defendants also would have argued that Plaintiffs could not prove intent to defraud, or "scienter," because VW's senior management, including the Individual Defendants, did not know about the emissions-related misconduct. In addition, Defendants would have argued that the declines in VWAG's ADR prices were not caused by revelations that VW vehicles contained defeat devices, and that, even if some portion of the declines was caused by these revelations, any resulting damages to Plaintiffs and the Settlement Class were small. Had any of these arguments been accepted in whole or in part, they could have eliminated or, at a minimum, drastically limited any potential recovery.

29. Further, in order to obtain any recovery for the Class, Plaintiffs would have to prevail at several stages, including class certification, summary judgment, and trial, and even if they prevailed at those stages, would then have to prevail on the appeals that were likely to follow. Thus, there were significant risks attendant to the continued prosecution of the Action, and there was no guarantee that further litigation would have resulted in a higher recovery, or any recovery at all.

30. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Settlement Class, Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate and in the best interests of the Settlement Class. Plaintiffs and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely $48,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller recovery or no recovery after summary judgment, trial, and appeals, possibly years in the future.

31. Defendants have denied all claims asserted against them in the Action, including any claim that damages were suffered by any members of the Settlement Class, and have also denied having engaged in any wrongdoing or violation of law of any kind whatsoever, except as stated in VWAG's plea agreement in the separate criminal case described in ¶ 21 above. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed or deemed to be evidence of or an admission or concession on the part of any of the Defendants with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants have, or could have, asserted.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

32. If there were no Settlement and Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Plaintiffs nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial, or on appeal, the Settlement Class could recover less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

33. As a Settlement Class Member, you are represented by Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?" on page 15 below.

34. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?" on page 15 below.

35. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?" on page 15 below.

36. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such only, and on behalf of any other person or entity legally entitled to bring Released Plaintiffs' Claims (as defined in ¶ 37 below) on behalf of the respective Settlement Class Member in such capacity only, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim against Defendants and the Defendants' Releasees (as defined in ¶ 38 below), and shall forever be barred and enjoined from commencing, instituting, maintaining, prosecuting, or continuing to prosecute any or all of the Released Plaintiffs' Claims against any of the Defendants or the Defendants' Releasees. This Release shall not apply to any Excluded Plaintiffs' Claims.

37. "Released Plaintiffs' Claims" means any and all claims, debts, demands, rights, and causes of action of every nature and description (including, but not limited to, any claims for damages, interest, attorney's fees, expert, or consulting fees, and any other costs, expenses, or liability whatsoever), whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law or any other law, rule, or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or unliquidated, at law or in equity, matured or un-matured, whether class or individual in nature, that Plaintiffs or any other member of the Settlement Class: (i) asserted in the Complaint, or (ii) could have asserted in any forum that concern, arise out of, relate to, involve, or are based upon any of the allegations, circumstances, events, transactions, facts, matters, representations, or omissions involved, set forth, or

referred to in the Complaint and that relate to the purchase, acquisition, or ownership of VWAG ADRs during the Class Period. Released Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; or (ii) any claims of any person or entity who submits a request for exclusion that is accepted by the Court ("Excluded Plaintiffs' Claims").

38. "Defendants' Releasees" means Defendants, together with their past, present, or future affiliates, divisions, joint ventures, assigns, assignees, direct or indirect parents or subsidiaries, controlling shareholders, successors, predecessors, and entities in which a Defendant has a controlling interest, and each of their past, present, or future officers, directors, agents, employees, partners, attorneys, controlling shareholders, advisors, investment advisors, auditors, accountants, insurers (including reinsurers and co-insurers), and Immediate Family Members, and the legal representatives, heirs, successors in interest, or assigns of any of the foregoing.

39. "Unknown Claims" means any Released Plaintiffs' Claims which Plaintiffs or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Defendant does not know or suspect to exist in his or its favor at the time of the release of such claims. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, 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 or foreign law, which is similar, comparable, or equivalent to 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.

Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

40. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such only, and on behalf of any other person or entity legally entitled to bring Released Defendants' Claims (as defined in ¶ 41 below) on behalf of the respective Defendant in such capacity only, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants' Claim against Plaintiffs and the other Plaintiffs' Releasees (as defined in ¶ 42 below), and shall forever be barred and enjoined from commencing, instituting, maintaining, prosecuting, or continuing to prosecute any or all of the Released Defendants' Claims against Plaintiffs or any of the other Plaintiffs' Releasees.

41. "Released Defendants' Claims" means any and all claims, debts, demands, rights, and causes of action of every nature and description (including, but not limited to, any claims for damages, interest, attorney's fees, expert, or consulting fees, and any other costs, expenses, or liability whatsoever), whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law or any other law, rule, or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or unliquidated, at law or in equity, matured or un-matured, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against Defendants. Released Defendants' Claims do not include: (i) any claims relating to the enforcement of the Settlement; or (ii) any claims against any person or entity who submits a request for exclusion from the Settlement Class that is accepted by the Court ("Excluded Defendants' Claims").

42. "Plaintiffs' Releasees" means Plaintiffs, all other plaintiffs in the Action, all other Settlement Class Members, and their respective attorneys, together with their past, present, or future affiliates, divisions, joint ventures, assigns, assignees, direct or indirect parents or subsidiaries, controlling shareholders, successors, predecessors, and entities in which a Settlement Class Member has a controlling interest, and each of their past, present, or future officers, directors, agents, employees, partners, attorneys, controlling shareholders, trusts, trustees, advisors, investment advisors, auditors, accountants, insurers (including reinsurers and co-insurers), and Immediate Family Members, and the legal representatives, heirs, successors in interest, or assigns of any of the foregoing.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

43. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation ***postmarked*** **no later than April 18, 2019**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.VolkswagenADRLitigation.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-888-738-3759 or by emailing the Claims Administrator at info@VolkswagenADRLitigation.com. Please retain all records of your ownership of and transactions in VWAG ADRs, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE? WHAT IS THE PROPOSED PLAN OF ALLOCATION?

44. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

45. Pursuant to the Settlement, Defendants have agreed to pay or cause to be paid $48,000,000 in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; (iv) any attorneys' fees awarded by the Court; and (v) any other costs or fees approved by the Court) will be distributed to Settlement Class Members who submit valid Claims, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

46. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

47. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf is entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the plan of allocation.

48. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

49. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form ***postmarked*** **on or before April 18, 2019** shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 37 above) against Defendants and the other Defendants' Releasees (as defined in ¶ 38 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants or the other Defendants' Releasees, whether or not such Settlement Class Member submits a Claim.

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

51. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim.

52. Only Settlement Class Members or persons authorized to submit Claims on their behalf will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities who are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claims.

PROPOSED PLAN OF ALLOCATION

53. The Plan of Allocation is not a formal damage analysis. Rather, the objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The calculations made under the Plan of Allocation are not intended to

be estimates of, or indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations under the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants under the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

54. In developing the Plan of Allocation, Plaintiffs' damages expert calculated the estimated amounts of alleged artificial inflation in the per-ADR closing prices of VWAG Ordinary ADRs and VWAG Preferred ADRs, which allegedly were proximately caused by Defendants' alleged materially false and misleading statements and omissions. In calculating the estimated artificial inflation allegedly caused by Defendants' alleged misrepresentations and omissions, Plaintiffs' damages expert considered (i) price changes in VWAG Ordinary ADRs and VWAG Preferred ADRs due to certain allegedly materially false and misleading public announcements and other representations and omissions, adjusting for price changes that were attributable to market, industry, or currency forces; (ii) price changes in VWAG Ordinary ADRs and VWAG Preferred ADRs in reaction to certain public announcements and other statements and events regarding Volkswagen in which the alleged misrepresentations and omissions were alleged to have been revealed to the market, adjusting for price changes that were attributable to market, industry, or currency forces; (iii) the allegations in the Complaint; and (iv) the evidence developed in support of those allegations, as advised by Lead Counsel. The estimated alleged artificial inflation in VWAG Ordinary ADRs is shown in Table A, and the estimated alleged artificial inflation in VWAG Preferred ADRs is shown in Table B, both attached at the end of this Notice.

55. In order to have recoverable damages, the alleged misrepresentations or omissions must be the cause of the decline in the price of the VWAG Ordinary ADRs and/or the VWAG Preferred ADRs. In this case, Plaintiffs allege that Defendants made false statements and omitted material facts during the period from November 19, 2010 through and including the close of trading on January 4, 2016, which had the effect of artificially inflating the prices of VWAG Ordinary ADRs and VWAG Preferred ADRs. Alleged corrective disclosures removed alleged artificial inflation from the prices of VWAG Ordinary ADRs and VWAG Preferred ADRs on September 18, 2015 (VWAG Ordinary ADRs only), September 21, 2015, September 22, 2015, September 25, 2015, October 2, 2015, October 15, 2015, November 2, 2015, and January 5, 2016.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

56. Based on the formulas in ¶¶ 57 and 58 below, a "Recognized Loss Amount" or "Recognized Gain Amount" will be calculated for each purchase or acquisition of VWAG Ordinary ADRs or VWAG Preferred ADRs during the Class Period that is listed in the Proof of Claim Form and for which adequate documentation is provided.[3] As further explained in ¶ 59 below, for VWAG ADRs purchased or otherwise acquired during the period from November 19, 2010 through and including the close of trading on April 30, 2014, the Recognized Loss Amounts and Recognized Gain Amounts calculated under ¶¶ 57 and 58 will be reduced by 50 percent (or one-half).

57. For each VWAG Ordinary ADR purchased or otherwise acquired during the period from November 19, 2010 through and including the close of trading on January 4, 2016, and

(a) Sold during the period from November 19, 2010 through and including the close of trading on January 4, 2016, a "Recognized Amount" will be calculated, which will be ***the lesser of***: (i) the amount of alleged artificial inflation per VWAG Ordinary ADR on the date of purchase/acquisition as stated in Table A attached to the end of this Notice ***minus*** the amount of alleged artificial inflation per VWAG Ordinary ADR on the date of the sale as stated in Table A; or (ii) the purchase/acquisition price (excluding all fees, taxes, and commissions) ***minus*** the sale price (excluding all fees, taxes, and commissions). If the Recognized Amount calculated under the preceding sentence is a positive number, that amount will be the "Recognized Loss Amount" for such VWAG Ordinary ADRs; if the Recognized Amount calculated under the preceding sentence is a negative number or zero, that amount will the "Recognized Gain Amount" for such VWAG Ordinary ADRs.[4]

(b) Sold during the period from January 5, 2016 through and including the close of trading on April 1, 2016, a Recognized Loss Amount will be calculated, which will be ***the least of***: (i) the amount of alleged artificial inflation per VWAG Ordinary ADR on the date of purchase/acquisition as stated in Table A; (ii) the purchase/acquisition price (excluding all fees, taxes, and commissions) ***minus*** the sale price (excluding all fees, taxes, and commissions); or (iii) the purchase/acquisition price

[3] Any transactions in VWAG Ordinary ADRs or VWAG Preferred ADRs executed outside regular trading hours for the U.S. financial markets will be deemed to have occurred during the next regular trading session.

[4] For purposes of determining the "lesser" of two negative values under ¶ 57(a), the value closest to zero will be deemed to be the "lesser" value. In addition, "Recognized Gain Amounts" calculated under ¶ 57(a) will be expressed as positive values for purposes of determining a Claimant's Recognized Claim under the Plan of Allocation.

(excluding all fees, taxes, and commissions) ***minus*** the average closing price for VWAG Ordinary ADRs between January 5, 2016 and the date of sale as stated in Table C attached to the end of this Notice. If the Recognized Loss Amount calculated under the preceding sentence is a negative number or zero, that amount will be zero.

(c) Held as of the close of trading on April 1, 2016, a Recognized Loss Amount will be calculated, which will be ***the lesser of***: (i) the amount of alleged artificial inflation per VWAG Ordinary ADR on the date of purchase/acquisition as stated in Table A; or (ii) the purchase/acquisition price (excluding all fees, taxes, and commissions) ***minus***$27.48. [5] If the Recognized Loss Amount calculated under the preceding sentence is a negative number or zero, that amount will be zero.

58. For each VWAG Preferred ADR purchased or otherwise acquired during the period from November 19, 2010 through and including the close of trading on January 4, 2016, and

(a) Sold during the period from November 19, 2010 through and including the close of trading on January 4, 2016, a "Recognized Amount" will be calculated, which will be ***the lesser of***: (i) the amount of alleged artificial inflation per VWAG Preferred ADR on the date of purchase/acquisition as stated in Table B attached to the end of this Notice ***minus*** the amount of alleged artificial inflation per VWAG Preferred ADR on the date of the sale as stated in Table B; or (ii) the purchase/acquisition price (excluding all fees, taxes, and commissions) ***minus*** the sale price (excluding all fees, taxes, and commissions). If the Recognized Amount calculated under the preceding sentence is a positive number, that amount will be the "Recognized Loss Amount" for such VWAG Preferred ADRs; if the Recognized Amount calculated under the preceding sentence is a negative number or zero, that amount will the "Recognized Gain Amount" for such VWAG Preferred ADRs.[6]

(b) Sold during the period from January 5, 2016 through and including the close of trading on April 1, 2016, a Recognized Loss Amount will be calculated, which will be ***the least of***: (i) the amount of alleged artificial inflation per VWAG Preferred ADR on the date of purchase/acquisition as stated in Table B; (ii) the purchase/acquisition price (excluding all fees, taxes, and commissions) ***minus*** the sale price (excluding all fees, taxes, and commissions); or (iii) the purchase/acquisition price (excluding all fees, taxes, and commissions) ***minus*** the average closing price for VWAG Preferred ADRs between January 5, 2016 and the date of sale as stated in Table D attached to the end of this Notice. If the Recognized Loss Amount calculated under the preceding sentence is a negative number or zero, that amount will be zero.

(c) Held as of the close of trading on April 1, 2016, a Recognized Loss Amount will be calculated, which will be ***the lesser of***: (i) the amount of alleged artificial inflation per VWAG Preferred ADR on the date of purchase/acquisition as stated in Table B; or (ii) the purchase/acquisition price (excluding all fees, taxes, and commissions) ***minus***$24.25. [7] If the Recognized Loss Amount calculated under the preceding sentence is a negative number or zero, that amount will be zero.

59. In this case, Plaintiffs initially alleged that Defendants issued false statements and omitted material facts from November 19, 2010 through January 4, 2016, inclusive (the alleged Class Period) that artificially inflated the prices of VWAG Ordinary ADRs and VWAG Preferred ADRs. The Court, in its June 28, 2017 Order Granting In Part and Denying In Part Defendants' Motions to Dismiss the First Amended Consolidated Securities Class Action Complaint (ECF No. 3392), however, permanently dismissed Plaintiffs' allegations concerning Defendants' alleged failure to record a provision or disclose a contingent liability in VWAG's financial statements for the period before May 2014, on the basis that Plaintiffs' scienter allegations concerning the period prior to May 2014 were inadequate. This dismissal removed a category of allegedly false statements and a theory of liability for the portion of the Class Period prior to May 2014 and reflected a more generalized risk to Plaintiffs' ability to prove scienter for the portion of

[5] Pursuant to Section 21D(e)(1) of the Exchange Act, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." Consistent with the requirements of the Exchange Act, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of VWAG ADRs during the "90-day look-back period," January 5, 2016 through and including the close of trading on April 1, 2016. The mean (average) closing price for VWAG Ordinary ADRs during this 90-day look-back period was $27.48.

[6] For purposes of determining the "lesser" of two negative values under ¶ 58(a), the value closest to zero will be deemed to be the "lesser" value. In addition, "Recognized Gain Amounts" calculated under ¶ 58(a) will be expressed as positive values for purposes of determining a Claimant's Recognized Claim under the Plan of Allocation.

[7] As explained in footnote 5 above, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of the security during the 90-day look-back period, January 5, 2016 through and including the close of trading on April 1, 2016. The mean (average) closing price for VWAG Preferred ADRs during this 90-day look-back period was $24.25.

the Class Period prior to May 2014 on all of their remaining claims. To account for the significant risks on the portion of the claims relating to purchases or acquisitions prior to May 2014, for VWAG ADRs purchased or otherwise acquired during the period from November 19, 2010 through and including the close of trading on April 30, 2014, the Recognized Loss Amounts and Recognized Gain Amounts calculated under ¶¶ 57 and 58 above will be reduced by 50 percent (or one-half).

ADDITIONAL PROVISIONS

60. **FIFO Matching:** If a Settlement Class Member made more than one purchase/acquisition or sale of VWAG Ordinary ADRs and/or VWAG Preferred ADRs during the Class Period, all purchases/acquisitions and sales will be matched on a First In, First Out ("FIFO") basis for each respective security. Class Period sales will be matched first against any holdings of that security at the beginning of the Class Period, and then against purchases/acquisitions of that security in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

61. **"Purchase/Sale" Dates:** Purchases or acquisitions and sales of VWAG ADRs will be deemed to have occurred on the "contract" or "trade" date, as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance, or operation of law of VWAG ADRs during the Class Period will not be deemed a purchase or acquisition of VWAG ADRs for the calculation of an Authorized Claimant's Recognized Loss or Gain Amount, nor will the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of any VWAG ADRs unless: (i) the donor or decedent purchased or otherwise acquired the VWAG ADRs during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to the VWAG ADRs; and (iii) it is specifically provided in the instrument of gift or assignment that the receipt or grant be deemed an assignment of all claims relating to the purchase/acquisition of the VWAG ADRs.

62. **Short Sales:** The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the VWAG ADRs. The date of a "short sale" is deemed to be the date of sale of the VWAG ADRs. Under the Plan of Allocation, however, the Recognized Loss or Gain Amount on "short sales" is zero and the purchases covering "short sales" is zero.

63. In the event that a Claimant has an opening short position in VWAG ADRs, the earliest purchases or acquisitions of like VWAG ADRs during the Class Period will be matched against such opening short position in the respective security, and not be entitled to a recovery, until that short position is fully covered.

64. **Option Contracts:** Option contracts are not securities eligible to participate in the Settlement. With respect to VWAG ADRs purchased or sold through the exercise of an option, the purchase/sale date of the VWAG ADR is the exercise date of the option, and the purchase/sale price of the VWAG ADR is the exercise price of the option.

65. **Calculation of Claimant's "Recognized Claim":** A Claimant's "Recognized Claim" under the Plan of Allocation will be the sum of the Claimant's Recognized Loss Amounts *minus* the sum of the Claimant's Recognized Gain Amounts, unless that calculation results in a negative number (or zero), in which case the Claimant's Recognized Claim under the Plan of Allocation will be zero.

66. **Market Gains and Losses:** The Claims Administrator will determine if the Claimant had a "Market Gain" or a "Market Loss" with respect to his, her, or its overall transactions in VWAG ADRs during the Class Period.

67. For purposes of determining whether a Claimant had a "Market Gain" with respect to his, her, or its overall transactions in VWAG ADRs during the Class Period or suffered a "Market Loss," the Claims Administrator will determine the difference between (i) the Claimant's Total Purchase Amount[8] and (ii) the sum of the Claimant's Total Sales Proceeds[9] and the Claimant's Holding Value.[10] If the Claimant's Total Purchase Amount minus the sum of the Claimant's Total Sales Proceeds and Holding Value is a positive number, that number will be the Claimant's "Market Loss"; if the number is a negative number or zero, that number will be the Claimant's "Market Gain."

[8] The "Total Purchase Amount" is the total amount the Claimant paid (excluding all fees, taxes, and commissions) for all VWAG Ordinary ADRs and/or VWAG Preferred ADRs purchased/acquired during the Class Period.

[9] The Claims Administrator shall match any sales of VWAG Ordinary ADRs and/or VWAG Preferred ADRs during the Class Period first against the Claimant's opening position in the like security (the proceeds of those sales will not be considered for purposes of calculating Market Gains or Market Losses). The total amount received (excluding all fees, taxes, and commissions) for sales of the remaining VWAG ADRs sold during the Class Period is the "Total Sales Proceeds."

[10] The Claims Administrator will ascribe a "Holding Value" of (i) $28.34 to each VWAG Ordinary ADR purchased/acquired during the Class Period that was still held as of the close of trading on January 4, 2016 and (ii) $26.16 to each VWAG Preferred ADR purchased/acquired during the Class Period that was still held as of the close of trading on January 4, 2016.

68. To the extent a Claimant had an overall Market Gain with respect to his, her, or its overall transactions in VWAG ADRs during the Class Period, the value of the Claimant's Recognized Claim will be zero, and the Claimant will in any event be bound by the Settlement. To the extent that a Claimant suffered an overall Market Loss with respect to his, her, or its overall transactions in VWAG ADRs during the Class Period, but that Market Loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim will be limited to the amount of the Market Loss, and the Claimant will in any event be bound by the Settlement.

69. **Calculation of "Distribution Amount":** The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which will be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If an Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to the Authorized Claimant.

70. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator will conduct a second distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for the second distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from the second distribution. Additional distributions to Authorized Claimants who have cashed their prior checks and who would receive at least $10.00 on the additional distributions may occur if Lead Counsel, in consultation with the Claims Administrator, determines that additional distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for the additional distributions, would be cost-effective. When Lead Counsel, in consultation with the Claims Administrator, determines that the further distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance will be contributed to the Investor Protection Trust, a nonprofit organization devoted to investor education.

71. Payment in accordance with the Plan of Allocation, or another plan of allocation approved by the Court, will be conclusive against all Authorized Claimants. No person will have any claim against Plaintiffs, Plaintiffs' Counsel, Plaintiffs' damages expert, Defendants, Defendants' Counsel, any of the other Plaintiffs' Releasees or Defendants' Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Plaintiffs, Defendants, and their respective counsel, and all other Defendants' Releasees, will have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; the plan of allocation; or the determination, administration, calculation, or payment of any Claim or nonperformance of the Claims Administrator; the payment or withholding of Taxes; or any losses incurred in connection with the foregoing.

72. The Plan of Allocation presented in this Notice is the plan that is being proposed to the Court for its approval by Plaintiffs after consultation with their damages expert. The Court may approve this Plan of Allocation as proposed, or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the Settlement website, www.VolkswagenADRLitigation.com.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

73. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund (net of Court-approved Litigation Expenses). At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses incurred by Plaintiffs' Counsel in an amount not to exceed $500,000, and for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class in an aggregate amount not to exceed $50,000.

74. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

75. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails a written Request for Exclusion from the Settlement Class, addressed to Volkswagen ADR Litigation, EXCLUSIONS, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 4390, Portland, OR 97208-4390. The exclusion request must be ***received*** **no later than April 18, 2019**. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (ii) state that such person or entity "requests exclusion from the Settlement Class in *In re: Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation – Securities Actions*, MDL No. 2672 CRB (JSC)"; (iii) state (a) the number of VWAG Ordinary ADRs and/or VWAG Preferred ADRs that the person or entity requesting exclusion owned as of the opening of trading on November 19, 2010, and (b) the number of VWAG Ordinary ADRs and/or VWAG Preferred ADRs that the person or entity requesting exclusion purchased/acquired and/or sold during the Class Period (*i.e.*, from November 19, 2010 through January 4, 2016, inclusive), as well as the dates, number of VWAG ADRs, and prices of each such purchase/acquisition and/or sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

76. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Defendants or the other Defendants' Releasees. Excluding yourself from the Settlement Class is the only option that allows you to be part of any other current or future lawsuit against any of the Defendants or any of the other Defendants' Releasees concerning the Released Plaintiffs' Claims. Please note, however, if you decide to exclude yourself from the Settlement Class, you may be time-barred from asserting the claims covered by the Action by a statute of repose.

77. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

78. VWAG has the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Plaintiffs and VWAG.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I OBJECT TO THE SETTLEMENT AND SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

79. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.** Please note: The date and time of the Settlement Hearing may change without further written notice to the Settlement Class. You should monitor the Court's docket and the Settlement website, www.VolkswagenADRLitigation.com, before making plans to attend the Settlement Hearing. You may also confirm the date and time of the Settlement Hearing by contacting Lead Counsel.

80. The Settlement Hearing will be held on May 10, 2019, at 10:00 a.m., before the Honorable Charles R. Breyer at the United States District Court for the Northern District of California, Courtroom 6 of the Phillip Burton Federal Building & U.S. Courthouse, 450 Golden Gate Avenue, San Francisco, CA 94102. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

81. You can ask the Court to deny approval of the Settlement by filing an objection. You can't ask the Court to order a larger settlement; the Court can only approve or deny the proposed Settlement. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. If that is what you want to happen, you must object.

82. You may object to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses in writing. As described further below, you may also appear at the Settlement Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. Any Settlement Class Member who does not request

exclusion may object. Your objection and supporting papers must clearly identify the case name and action number, *In re: Volkswagen "Clean Diesel" Marketing, Sales Practices, and Products Liability Litigation – Securities Actions*, MDL No. 2672 CRB (JSC). You must file any written objection, together with copies of all other papers and briefs supporting the objection, by mailing them to the Class Action Clerk, United States District Court for the Northern District of California, at the address set forth below, or by filing them in person at any location of the United States District Court for the Northern District of California. Any objections must be ***filed or postmarked*** **on or before April 18, 2019**.

United States District Court
Northern District of California
Class Action Clerk
Phillip Burton Federal Building & U.S. Courthouse
450 Golden Gate Avenue
San Francisco, CA 94102

83. Any objection (i) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (ii) must state whether the objector is represented by counsel and, if so, the name, address, and telephone number of the objector's counsel; (iii) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (iv) must include documents sufficient to prove membership in the Settlement Class, consisting of documents showing the number of VWAG Ordinary ADRs and/or VWAG Preferred ADRs that the objector (a) owned as of the opening of trading on November 19, 2010, and (b) purchased/acquired and/or sold during the Class Period (*i.e.*, from November 19, 2010 through January 4, 2016, inclusive), as well as the dates, number of VWAG ADRs, and prices for each such purchase/acquisition and sale. Documentation establishing membership in the Settlement Class must consist of copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from the objector's broker containing the transactional and holding information found in a broker confirmation slip or account statement.

84. You may not object to the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

85. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file a written objection in accordance with the procedures described above, unless the Court orders otherwise.

86. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file a written objection as described above, you must also mail a notice of appearance to the Class Action Clerk, United States District Court for the Northern District of California, at the address set forth in ¶ 82 above, or file it in person at any location of the United States District Court for the Northern District of California. Any notice of appearance must be ***filed or postmarked*** **on or before April 26, 2019**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

87. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must mail a notice of appearance to the Class Action Clerk, United States District Court for the Northern District of California, at the address set forth in ¶ 82 above, or file it in person at any location of the United States District Court for the Northern District of California. Any notice of appearance by an attorney must be ***filed or postmarked*** **on or before April 26, 2019**.

88. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you plan to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

89. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval**.

WHAT IF I BOUGHT VWAG ADRs ON SOMEONE ELSE'S BEHALF?

90. If you purchased or otherwise acquired VWAG Ordinary ADRs (CUSIP: 928662303) and/or VWAG Preferred ADRs (CUSIP: 928662402) from November 19, 2010 through January 4, 2016, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either (i) within seven calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (ii) within seven calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to the Claims Administrator. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owners. Upon full compliance with these directions, nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.VolkswagenADRLitigation.com, by calling the Claims Administrator toll-free at 1-888-738-3759, or by emailing the Claims Administrator at info@VolkswagenADRLitigation.com.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

91. This Notice summarizes the proposed Settlement. For more detailed information about the terms and conditions of the Settlement, and other matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be reviewed by accessing the Court docket in this case through the Court's Public Access to Court Electronic Records (PACER) system at https://ecf.cand.uscourts.gov, or by visiting the office of the Clerk of the Court, United States District Court for the Northern District of California, Phillip Burton Federal Building & U.S. Courthouse, 450 Golden Gate Avenue, San Francisco, CA 94102, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.VolkswagenADRLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

Volkswagen ADR Litigation
c/o Epiq Class Action & Claims Solutions, Inc.
P.O. Box 4390
Portland, OR 97208-4390
1-888-738-3759
info@VolkswagenADRLitigation.com
www.VolkswagenADRLitigation.com

and/or

James A. Harrod, Esq.
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
1-800-380-8496
settlements@blbglaw.com

PLEASE DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS, OR THEIR COUNSEL REGARDING THIS NOTICE, THE SETTLEMENT, OR THE CLAIMS PROCESS.

Dated: December 19, 2018

By Order of the Court
United States District Court
Northern District of California

TABLE A

Estimated VWAG Ordinary ADR Alleged Artificial Inflation from November 19, 2010 to January 4, 2016

Transaction Date	Inflation Per Ordinary ADR
November 19, 2010 – January 2, 2011	$1.22
January 3, 2011 – January 2, 2012	$2.85
January 3, 2012 – January 1, 2013	$4.97
January 2, 2013 – January 1, 2014	$7.72
January 2, 2014 – January 1, 2015	$10.81
January 2, 2015 – September 17, 2015	$13.54
September 18, 2015 – September 20, 2015	$13.27
September 21, 2015	$8.28
September 22, 2015 – September 24, 2015	$5.27
September 25, 2015 – October 1, 2015	$3.47
October 2, 2015 – October 14, 2015	$2.41
October 15, 2015 – November 1, 2015	$0.95
November 2, 2015 – January 4, 2016	$0.47

TABLE B

Estimated VWAG Preferred ADR Alleged Artificial Inflation from November 19, 2010 to January 4, 2016

Transaction Date	Inflation Per Preferred ADR
November 19, 2010 – January 2, 2011	$1.30
January 3, 2011 – January 2, 2012	$3.05
January 3, 2012 – January 1, 2013	$5.32
January 2, 2013 – January 1, 2014	$8.26
January 2, 2014 – January 1, 2015	$11.56
January 2, 2015 – September 20, 2015	$14.48
September 21, 2015	$8.91
September 22, 2015 – September 24, 2015	$4.74
September 25, 2015 – October 1, 2015	$2.86
October 2, 2015 – October 14, 2015	$1.70
October 15, 2015 – November 1, 2015	$0.31
November 2, 2015 – January 4, 2016	$0.21

TABLE C

VWAG Ordinary ADR Closing Prices and Average Closing Prices
January 5, 2016 – April 1, 2016

Date	Closing Price	Average Closing Price Between January 5, 2016 and Date Shown	Date	Closing Price	Average Closing Price Between January 5, 2016 and Date Shown
1/5/2016	$28.34	$28.34	2/19/2016	$26.11	$26.62
1/6/2016	$28.14	$28.24	2/22/2016	$26.99	$26.63
1/7/2016	$26.85	$27.78	2/23/2016	$26.61	$26.63
1/8/2016	$27.31	$27.66	2/24/2016	$26.09	$26.61
1/11/2016	$27.85	$27.70	2/25/2016	$25.91	$26.59
1/12/2016	$27.88	$27.73	2/26/2016	$26.51	$26.59
1/13/2016	$27.93	$27.76	2/29/2016	$27.42	$26.61
1/14/2016	$27.80	$27.76	3/1/2016	$28.41	$26.66
1/15/2016	$26.43	$27.61	3/2/2016	$29.15	$26.72
1/19/2016	$26.49	$27.50	3/3/2016	$29.71	$26.79
1/20/2016	$25.86	$27.35	3/4/2016	$30.23	$26.88
1/21/2016	$26.90	$27.31	3/7/2016	$29.40	$26.94
1/22/2016	$27.20	$27.31	3/8/2016	$27.99	$26.96
1/25/2016	$26.51	$27.25	3/9/2016	$28.67	$27.00
1/26/2016	$27.21	$27.25	3/10/2016	$28.16	$27.02
1/27/2016	$27.11	$27.24	3/11/2016	$29.17	$27.07
1/28/2016	$26.84	$27.21	3/14/2016	$28.57	$27.10
1/29/2016	$26.42	$27.17	3/15/2016	$28.46	$27.13
2/1/2016	$26.21	$27.12	3/16/2016	$29.34	$27.17
2/2/2016	$25.59	$27.04	3/17/2016	$29.36	$27.21
2/3/2016	$25.77	$26.98	3/18/2016	$29.08	$27.25
2/4/2016	$25.94	$26.93	3/21/2016	$29.00	$27.28
2/5/2016	$26.42	$26.91	3/22/2016	$29.80	$27.33
2/8/2016	$25.34	$26.85	3/23/2016	$28.95	$27.36
2/9/2016	$24.90	$26.77	3/24/2016	$28.45	$27.38
2/10/2016	$24.94	$26.70	3/28/2016	$28.40	$27.40
2/11/2016	$25.14	$26.64	3/29/2016	$28.49	$27.42
2/12/2016	$25.00	$26.58	3/30/2016	$29.05	$27.44
2/16/2016	$26.37	$26.57	3/31/2016	$28.98	$27.47
2/17/2016	$27.41	$26.60	4/1/2016	$28.25	$27.48
2/18/2016	$27.63	$26.64			

TABLE D

VWAG Preferred ADR Closing Prices and Average Closing Prices
January 5, 2016 – April 1, 2016

Date	Closing Price	Average Closing Price Between January 5, 2016 and Date Shown	Date	Closing Price	Average Closing Price Between January 5, 2016 and Date Shown
1/5/2016	$26.16	$26.16	2/19/2016	$22.68	$23.68
1/6/2016	$25.59	$25.87	2/22/2016	$23.52	$23.67
1/7/2016	$24.79	$25.51	2/23/2016	$22.90	$23.65
1/8/2016	$24.90	$25.36	2/24/2016	$22.06	$23.60
1/11/2016	$25.82	$25.45	2/25/2016	$22.04	$23.56
1/12/2016	$26.08	$25.56	2/26/2016	$22.62	$23.53
1/13/2016	$25.90	$25.61	2/29/2016	$23.16	$23.52
1/14/2016	$25.51	$25.59	3/1/2016	$24.60	$23.55
1/15/2016	$24.25	$25.44	3/2/2016	$25.20	$23.59
1/19/2016	$23.98	$25.30	3/3/2016	$25.56	$23.64
1/20/2016	$22.99	$25.09	3/4/2016	$26.45	$23.71
1/21/2016	$24.00	$25.00	3/7/2016	$25.81	$23.76
1/22/2016	$24.52	$24.96	3/8/2016	$24.05	$23.76
1/25/2016	$23.82	$24.88	3/9/2016	$24.87	$23.79
1/26/2016	$24.45	$24.85	3/10/2016	$24.50	$23.80
1/27/2016	$24.01	$24.80	3/11/2016	$25.35	$23.84
1/28/2016	$23.85	$24.74	3/14/2016	$25.17	$23.86
1/29/2016	$23.27	$24.66	3/15/2016	$25.15	$23.89
2/1/2016	$23.10	$24.58	3/16/2016	$25.64	$23.93
2/2/2016	$22.40	$24.47	3/17/2016	$25.98	$23.97
2/3/2016	$22.76	$24.39	3/18/2016	$25.99	$24.00
2/4/2016	$22.60	$24.31	3/21/2016	$26.13	$24.04
2/5/2016	$22.84	$24.24	3/22/2016	$26.30	$24.09
2/8/2016	$21.90	$24.14	3/23/2016	$25.94	$24.12
2/9/2016	$21.61	$24.04	3/24/2016	$25.73	$24.15
2/10/2016	$21.91	$23.96	3/28/2016	$25.64	$24.17
2/11/2016	$21.51	$23.87	3/29/2016	$25.70	$24.20
2/12/2016	$21.46	$23.78	3/30/2016	$25.57	$24.22
2/16/2016	$22.45	$23.74	3/31/2016	$25.41	$24.24
2/17/2016	$23.23	$23.72	4/1/2016	$24.59	$24.25
2/18/2016	$23.33	$23.71			

Supplemental Exhibit 5B

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

IN RE: VOLKSWAGEN "CLEAN DIESEL" MARKETING, SALES PRACTICES, AND PRODUCTS LIABILITY LITIGATION
_____/

This Order Relates To:
City of St. Clair Shores, 15-6167
Travalio, 15-6168
George Leon Family Trust, 15-6168
Charter Twp. of Clinton, 16-190
Wolfenbarger, 16-184
_____/

MDL No. 2672 CRB (JSC)

ORDER GRANTING (I) MOTION FOR FINAL APPROVAL OF SETTLEMENT AND (II) MOTION FOR ATTORNEYS' FEES AND EXPENSES

MDL Dkt. Nos. 6110, 6111

In November 2018, the Court preliminarily approved a class settlement between the parties in the American Depository Receipts ("ADRs") class action. (*See* Preliminary Approval Order, MDL Dkt. No. 5593; *see also* Settlement Agreement, MDL Dkt. No. 5267-1.)[1] The claims administrator subsequently mailed notice of the settlement to potential class members, and the deadline for potential class members to file claims, opt out, or object to the settlement has now passed. On May 10, 2019, the Court held a hearing on Plaintiffs' motion for final approval of the settlement and on Lead Counsel's motion for attorneys' fees and costs. With the benefit of that hearing, and having considered the parties submissions and the class's feedback, the Court GRANTS the motions.

[1] The parties are lead plaintiff Arkansas State Highway Employees' Retirement System ("ASHERS"), named plaintiff Miami Police Relief and Pension Fund ("Miami Police," and together with ASHERS, "Plaintiffs" or "Class Representatives"), and defendants Volkswagen AG ("VW AG"), Volkswagen Group of America, Inc. ("VWGoA"), Volkswagen Group of America, Inc. d/b/a/ Volkswagen of America, Inc. ("VWoA"), Audi of America, Inc. ("AoA"), Martin Winterkorn, Michael Horn, and Herbert Diess (together "Defendants").

I. CLASS CERTIFICATION

In the Preliminary Approval Order, the Court conditionally certified the class. (*See* MDL Dkt. No. 5593 at 2-4.) The class definition has not changed and the Rule 23(a) and (b)(3) requirements remain satisfied. The Court accordingly certifies the class for purposes of the settlement and appoints ASHERS and Miami Police as Class Representatives and James A. Harrod of Bernstein Litowitz Berger & Grossmann LLP as Class Counsel.

II. FAIRNESS REVIEW

When a district court reviews a proposed class action settlement, its "central concern" is whether the settlement is "fair, reasonable, and adequate." Fed. R. Civ. P. 23, Advisory Committee Notes to 2018 Amendment. In making that assessment here, the Court considers the Rule 23(e)(2) factors, which became effective on December 1, 2018, and the factors identified in *In re Bluetooth Headset Products Liability Litigation*, 654 F.3d 935, 946-47 (9th Cir. 2011). The Court divides its analysis into three subsections: procedural fairness, substantive fairness, and administrative fairness.

A. Procedural Fairness

A fair class settlement is the product of arm's-length negotiations by competent and zealous advocates. *See* Fed. R. Civ. P. 23(e)(2)(A), (B). The record supports that these ingredients were present here. Lead Counsel has significant experience in securities litigation and a successful track record of representing investors in cases of this kind. (*See* Harrod's Fees Decl., Ex. 2, MDL Dkt. No. 6112-5.) Lead Counsel also attests that both sides engaged in a series of intensive, arm's-length negotiations before they reached an agreement in principle to settle. (Harrod's Approval Decl. ¶ 61, MDL Dkt. No. 6112.) There is no reason to doubt the veracity of Lead Counsel's representations. Lead Counsel vigorously litigated this action during motion practice and discovery, and the record supports the continuation of that effort during settlement negotiations.

As the Court explained in the Preliminary Approval Order, the structure of the settlement is also consistent with arm's-length bargaining and does not suggest collusion:

> [T]he parties have not negotiated a "clear sailing" arrangement,

> whereby class counsel would receive attorneys' fees separate and apart from class funds; unused funds in the settlement fund will not revert to Defendants; and, as discussed below, class counsel will not receive a disproportionate share of the settlement funds. The absence of these characteristics is strong evidence of noncollusive negotiations. *See In re Bluetooth*, 654 F.3d at 947.

(MDL Dkt. No. 5593 at 9.)

Consistent with Rule 23(e)(3), Lead Counsel has identified one, and only one, agreement that was "made in connection with the proposal": an agreement that would have permitted VW AG to terminate the settlement if the number of class members who opted out had reached an identified threshold. (*See* Mot., MDL Dkt. No. 6110 at 22-23.) An agreement of this kind is not irregular.

The Court is satisfied that the settlement was negotiated and reached in a fair and reasonable manner.

B. Substantive Fairness

A reasonable class settlement provides class members with a recovery that is adequate given the strengths and weaknesses of their claims and given the costs, risks, and delays of continuing to litigate. *See* Fed. R. Civ. P. 23(e)(2)(C)(i); *In re Bluetooth*, 654 F.3d at 946.

The parties here agreed to settle for $48 million. Based on Plaintiffs' expert's estimates, that amount represents approximately 33 percent of what Plaintiffs could have recovered if they prevailed at trial. (*See* Harrod's Approval Decl. ¶¶ 6, 91-92.) The size of this settlement discount strikes the Court as reasonable. Plaintiffs have identified several elements of their claims (materiality, scienter, and loss causation) that Defendants were likely to vigorously contest and that may have been challenging to prove. (*See id.* ¶¶ 71-85.) And even if Plaintiffs had prevailed, their recovery—after class certification, trial, and appeals—would have come years in the future. Taking $48 million now, instead of holding out for the chance of $147 million at some point in the future, is a sensible decision.[2]

[2] The record supports that the median settlement recovery from 2009 to 2017 was only five percent of damages in securities class actions with estimated damages between $75 and $149 million. (*See id.*, Ex. 6, Cornerstone Research, *Securities Class Action Settlements 2018 Review and Analysis* (2019), MDL Dkt. No. 6112-8 at 10.) That amounts to a 95 percent discount. The

The settlement amount is reasonable. So too is the plan of allocation. *See* Fed. R. Civ. P. 23(e)(2)(C)(iii), (D). As proposed, Plaintiffs' Counsel[3] will receive 25 percent of the settlement fund, net of expenses, and the remainder, after administrative costs and taxes, will be distributed to class members. More will be said about attorneys' fees below, *see infra* Part III, but the proposed allocation between Plaintiffs' Counsel and the class is not unreasonable: 25 percent is the benchmark for fee awards in common fund class actions. *See Staton v. Boeing Co.*, 327 F.3d 938, 968 (9th Cir. 2003). After attorneys' fees and other costs and expenses are paid, the settlement funds will be allocated among class members on a pro rata basis based on the relative size of each claimant's recognized claim. (*See* Settlement ¶ 22.) Unclaimed funds will not revert to Defendants (*see id.* ¶ 14), which is a feature that, if present, would have required additional scrutiny. *See In re Bluetooth*, 654 F.3d at 947.

The settlement treats certain class members differently in two respects. (*See* Preliminary Approval Order at 10-11 (explaining that the evidence of scienter was weaker earlier in the class period, so class members who purchased ADRs then will receive smaller relative awards, and explaining that the Class Representatives will seek an additional award to compensate them for their expenses in representing the class).) As explained in the Preliminary Approval Order, both of these differences are appropriate.

Also counseling in favor of the settlement's substantive fairness is the positive reaction of the class. *See In re Bluetooth*, 654 F.3d at 946. A total of 217,589 notice packets were mailed to potential class members. (*See* Villanova Supp. Decl. ¶ 5, MDL Dkt. No. 6256.) Only one class member objected to the settlement and only 16 potential class members opted out of the settlement. (*See id.* ¶ 8 (identifying the opt-out requests); MDL Dkt. No. 6208 (objection).) The small number of objections and opt outs supports that the settlement and plan of allocation are fair, reasonable, and adequate. *See Churchill Vill., L.L.C. v. Gen. Elec.*, 361 F.3d 566, 577 (9th Cir. 2004) (affirming district court's approval of a settlement with higher opt-out and objection rates

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discount here, of 67 percent, is much less.

[3] Plaintiffs' Counsel includes Lead Counsel and also the law firm Klausner, Kaufman, Jensen & Levinson, which represents Miami Police.

than here).[4]

Jason Kerpelman, the sole objector, has taken issue with two components of the settlement and with Lead Counsel's request for attorneys' fees. (*See* Kerpelman Objection, MDL Dkt. No. 6208.) With respect to the structure of the settlement, he argues that the settlement was designed to minimize the number of people who would make claims, so as to increase Plaintiffs' Counsel's fee award.

Mr. Kerpelman mischaracterizes the settlement's mechanics and the Court overrules his objection. Under the settlement, Plaintiffs' Counsel's fees are tied to the size of the settlement fund, not to the number of claims filed. Plaintiffs' Counsel therefore did not stand to gain if fewer claims were filed. The fee structure, whereby Plaintiffs' Counsel's fees are paid from the settlement fund, is also consistent with Ninth Circuit law, *see Staton*, 327 F.3d at 967-70, and is not unreasonable. The Court will address Mr. Kerpelman's other two objections below.

The Court is satisfied that the settlement is substantively fair, reasonable, and adequate.

C. Administrative Fairness

The Court previously concluded that the class notice—both its content and the proposed distribution method—satisfied Rule 23(c)(2). (*See* Preliminary Approval Order at 13-14.) With their motion for final approval, Plaintiffs included a declaration from the claims administrator, Epiq Class Action & Claims Solutions, Inc., which details how and to whom the notice packets were distributed. (*See* Villanova Decl., MDL Dkt. No. 6112-3.) Having reviewed that declaration, the Court is satisfied that the claims administrator distributed the notice in the approved manner. The response rate, approximately 29 percent, is also reasonable for a case of this kind. (*See* Reply, MDL Dkt. No. 6254 at 9 (identifying similar response rates in other securities class settlements, including settlements by ADR purchasers).)

Mr. Kerpelman, the sole objector to the settlement, has also taken issue with the format of the notice. He contends that the notice did not identify the claim filing deadline prominently

[4] A second class member filed a statement that could have been construed as an objection. (*See* MDL Dkt. No. 6177.) However he later withdrew his statement and has agreed to participate in the settlement. (*See* MDL Dkt. No. 6278.)

enough, which caused him to miss the deadline. The Court overrules Mr. Kerpelman's objection. The claim filing deadline was displayed in bold font in a large gray box on page four of the notice, and the deadline also appeared, again in bold, on the top of the first page of the claim form. (*See* Notice, MDL Dkt. No. 5267-1 at 59, 86.) The notice displayed the claim filing deadline clearly and in plain language, as required. *See* Fed. R. Civ. P. 23(c)(2)(B).[5]

The proposed methods for processing claims and for distributing payments to claimants are also adequate. *See id.* 23(e)(2)(C)(ii). The claims administrator, an independent company with extensive experience administering securities class actions, has started to (and will continue to) process and review class members' claim forms, under Lead Counsel's supervision, and will then distribute payments to claimants. (*See* Settlement ¶¶ 19, 22.) Only if subsequent distributions to eligible claimants are not cost effective will a donation to the *cy pres* recipient, the Investor Protection Trust, be made. (*See* Notice ¶ 70.) The Court is satisfied that this processing and distribution plan will lead to the timely payment of class members' claims. And as previously noted, the settlement's *cy pres* provisions are consistent with Ninth Circuit law. (*See* Preliminary Approval Order at 10.)

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In light of the above analysis, as well as the Court's analysis in the Preliminary Approval Order, the Court concludes that final approval of the settlement is appropriate. The settlement is fair, adequate, and reasonable.

III. ATTORNEYS' FEES AND EXPENSES

Lead Counsel seeks an attorneys' fees award equal to 25 percent of the settlement fund, net of expenses, which equates to approximately $11.92 million.

As noted above, 25 percent is the benchmark for fee awards in common fund class actions in this circuit. *See Staton*, 327 F.3d at 968. While the benchmark can "be adjusted upward or downward to account for any unusual circumstances," *Paul, Johnson, Alston & Hunt v. Graulty*,

[5] Mr. Kerpelman did not file a claim with his objection, but after he objected the claims administrator contacted him and informed him that if he promptly filed a late claim, Lead Counsel would recommend that it be paid. (*See* Reply, MDL Dkt. No. 6254 at 13.)

886 F.2d 268, 272 (9th Cir. 1989), none are present here. As a cross check, the Court also notes that a 25 percent fee award is equivalent to 1.59 times Plaintiffs' Counsel's lodestar (*see* Harrod's Approval Decl. ¶¶ 13, 120), which is a reasonable multiplier in a case of this kind. *See Hopkins v. Stryker Sales Corp.*, No. 11-CV-02786-LHK, 2013 WL 496358, at *4 (N.D. Cal. Feb. 6, 2013) ("Multipliers of 1 to 4 are commonly found to be appropriate in complex class action cases."). Plaintiffs' Counsel vigorously litigated this action, and the requested award reflects their effort, the contingency risks they assumed, and the results they achieved. For the same reasons, the Court overrules Mr. Kerpelman's final objection that a 25 percent fee is unreasonably high.

Lead Counsel also seeks reimbursement of $296,879.86 in litigation expenses. Lead Counsel has sufficiently documented and explained these expenses (*see* Harrod's Approval Decl. ¶¶ 133-40, Ex. 5), and the Court concludes that reimbursement of them is appropriate. *See In re Omnivision Techs., Inc.*, 559 F. Supp. 2d 1036, 1048 (N.D. Cal. 2008) ("Attorneys may recover their reasonable expenses that would typically be billed to paying clients in non-contingency matters.").

Finally, Lead Counsel seeks reimbursement of $4,940.49 for ASHERS's and $2,387.50 for Miami Police's costs and expenses related to their representation of the settlement class. The PSLRA expressly permits an award of "reasonable costs and expenses" to "any representative party serving on behalf of a class." 15 U.S.C. § 78u-4(a)(4). The Court has reviewed ASHERS's and Miami Police's declarations and their expense records (*see* Smith Decl., MDL Dkt. No. 6112-1; Kerr Decl., MDL Dkt. No. 6112-2), and is satisfied that their reimbursement requests are reasonable.

Lead Counsel's motion for attorneys' fees and expenses is GRANTED.

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IV. CONCLUSION

For the reasons stated above, the Court ORDERS the following:

1. The Court GRANTS Plaintiffs' motion for final approval of the settlement agreement.
2. The Court CONFIRMS the appointment of James A. Harrod of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel.
3. The Court CONFIRMS the appointment of Epiq Class Action & Claims Solutions, Inc. as the Claims Administrator.
4. The Court CONFIRMS the appointment of Arkansas State Highway Employees' Retirement System and Miami Police Relief and Pension Fund as Class Representatives.
5. The Court GRANTS Lead Counsel's motion for attorneys' fees and expenses.
6. The Court hereby discharges and releases all Released Claims, as that term is used and defined in the settlement agreement.
7. The Court hereby (a) permanently bars and enjoins Plaintiffs and each of the other Settlement Class Members from filing or prosecuting any Released Plaintiffs' Claim against Defendants and the Defendants' Releasees, and (b) permanently bars and enjoins Defendants from filing or prosecuting any Released Defendants' Claim against Plaintiffs and the other Plaintiffs' Releasees.
8. The Court retains the exclusive jurisdiction to enforce, administer, and ensure compliance with all terms of the settlement in accordance with the settlement and this Order.

A separate judgment consistent with this Order, and an attached list of the persons and entities that have requested exclusion from the settlement class, will be issued.

IT IS SO ORDERED.

Dated: May 10, 2019

CHARLES R. BREYER
United States District Judge

Supplemental Exhibit 6A

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

IN RE SCHERING-PLOUGH CORPORATION / ENHANCE SECURITIES LITIGATION	Civil Action No. 08-397 (DMC) (JAD)

NOTICE OF (I) PROPOSED SETTLEMENT AND PLAN OF ALLOCATION; (II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

If you purchased or acquired Schering-Plough Corporation common stock, 6% mandatory convertible preferred stock maturing August 13, 2010 ("Preferred Stock"), or call options, and/or sold Schering put options, during the period between January 3, 2007 through and including March 28, 2008 (the "Class Period"), and did not sell all of those shares and/or options on or before December 11, 2007, you might be a member of the class in this action making you eligible for relief in connection with a settlement achieved in the action.[1]

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

- This Notice relates to the above-captioned securities class action (the "Action") brought by investors who claim that the prices of Schering-Plough Corporation ("Schering") securities were artificially inflated or depressed as a result of allegedly false statements, non-disclosures, and fraudulent conduct in violation of the federal securities laws.

- Lead Plaintiffs the Arkansas Teacher Retirement System, the Public Employees' Retirement System of Mississippi, the Louisiana Municipal Police Employees' Retirement System, and the Massachusetts Pension Reserves Investment Management Board (collectively, "Lead Plaintiffs") have reached a proposed Settlement that, if approved, will resolve all claims in the Action on behalf of Lead Plaintiffs and the other members of the Class (as defined in the response to Question 5 below) against Defendants Schering, Merck/Schering-Plough Pharmaceuticals ("M/S-P"), the Individual Defendants[2], and the Underwriter Defendants[3] (collectively, "Defendants").

- The Settlement provides for the payment of $473,000,000 in cash (the "Settlement Amount") by or on behalf of Merck & Co., Inc. ("Merck") for the benefit of the Class. The Settlement Amount will be deposited into an escrow account (the "Settlement Fund").

- After payment of Taxes, the costs of providing notice and administering the Settlement, and any attorneys' fees and Litigation Expenses awarded by the Court, the remainder of the Settlement Fund (the "Net Settlement Fund") will be distributed in accordance with a plan of allocation that is approved by the Court to Class Members who submit Claim Forms that are valid and approved for payment by the Court. The plan of allocation that is being proposed by Lead Plaintiffs (the "Plan of Allocation") is set forth on pages 7-14 below.

- Lead Plaintiffs' damages expert estimates that approximately 1.05 billion shares of Schering common stock, 13.5 million shares of Preferred Stock, and 142.4 million Schering call options[4] purchased, and 74.5 million Schering put options sold, during the Class Period may have been affected by the conduct at issue in the Action. If all eligible Class Members elect to participate in the Settlement, the estimated average recovery would be approximately $0.39 per affected share of common stock, $3.82 per affected share of Preferred Stock, $0.03 per affected call option, and $0.08 per affected put option, before deduction of Court-awarded attorneys' fees and expenses, Taxes, and the costs of providing notice and administering the Settlement. Class Members should note, however, that these are only estimates based on the overall number of potentially affected shares and options. Some Class Members may recover more or less than these estimated amounts.

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[1] All capitalized terms that are not defined in this Notice have the meaning ascribed to them in the Stipulation and Agreement of Settlement dated June 3, 2013 (the "Stipulation"), which is available on the website established for this Action, www.scheringvytorinsecuritieslitigation.com, or on Co-Lead Counsel's respective websites, www.blbglaw.com and www.labaton.com.

[2] The "Individual Defendants" are Fred Hassan, Carrie S. Cox, Robert J. Bertolini, Steven H. Koehler, Susan Ellen Wolf, and the Director Defendants. The "Director Defendants" are Hans W. Becherer, Thomas J. Colligan, C. Robert Kidder, Philip Leder, M.D., Eugene R. McGrath, Carl E. Mundy, Jr., Antonio M. Perez, Patricia F. Russo, Jack L. Stahl, Kathryn C. Turner, Robert F.W. van Oordt, and Arthur F. Weinbach.

[3] The "Underwriter Defendants" are ABN AMRO Rothschild LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated (as successor by merger to Banc of America Securities LLC), Banca IMI SpA, BBVA Securities Inc., Bear, Stearns & Co. Inc. (now J.P. Morgan Securities LLC), BNP Paribas Securities Corp., BNY Capital Markets, Inc. (now BNY Mellon Capital Markets LLC), Citigroup Global Markets, Inc., Credit Suisse Securities (USA) LLC, Daiwa Securities America Inc. (now Daiwa Capital Markets America Inc.), Goldman, Sachs & Co., ING Financial Markets LLC, J.P. Morgan Securities Inc. (now J.P. Morgan Securities LLC), Mizuho Securities USA Inc., Morgan Stanley & Co. Incorporated (now Morgan Stanley & Co. LLC), Santander Investment Securities Inc., Utendahl Capital Partners, L.P., and The Williams Capital Group L.P.

[4] All options-related amounts in this paragraph are per share of the underlying security (*i.e.*, 1/100 of a contract).

- Only Class Members are eligible to share in the proceeds of the Settlement. If you excluded yourself from the Class, pursuant to the Notice of Pendency of Class Action ("Class Notice") that was previously sent, you will not be eligible to share in the proceeds of the Settlement unless you opt-back into the Class in accordance with the requirements set forth in the response to Question 18 below.

- Lead Plaintiffs and Defendants disagree as to both liability and damages, and do not agree on the average amount of damages per share of common stock and Preferred Stock and per call option and put option that would be recoverable if Lead Plaintiffs were to have prevailed on each claim alleged. The issues on which the Parties disagree include, among others: (i) whether Defendants engaged in conduct that would give rise to liability under the federal securities laws; (ii) whether Defendants have valid defenses to any of the claims against them; (iii) the amount, if any, by which the prices of Schering's common stock, Preferred Stock, and call options were artificially inflated and the amount, if any, that the price of Schering's put options was artificially depressed, as a result of Defendants' alleged violations of the federal securities laws; (iv) the appropriate economic model for measuring damages; and (v) the extent to which confounding news influenced the trading price of Schering's common stock, Preferred Stock, or options at various times during the Class Period.

- Plaintiffs' Counsel, which collectively is Co-Lead Counsel, Liaison Counsel, and all other counsel who, at the direction and under the control of Co-Lead Counsel, performed services on behalf of or for the benefit of the Class, have prosecuted this Action on a wholly contingent basis since its inception in 2008. Co-Lead Counsel (defined below), on behalf of Plaintiffs' Counsel, will apply to the Court for a collective award of attorneys' fees to Plaintiffs' Counsel in an amount not to exceed 17% of the Settlement Fund (which includes accrued interest). In addition, Co-Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the prosecution and resolution of the Action in an amount not to exceed $5,250,000, plus accrued interest (which will include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Class in an amount not to exceed $150,000). Any fees and expenses awarded by the Court will be paid from the Settlement Fund. If the Court approves Co-Lead Counsel's fee and expense application, the average cost of fees and expenses, assuming claims are filed for all affected shares of common stock and Preferred Stock and all affected call options and put options, will be approximately $0.07 per affected share of Schering common stock, $0.69 per affected share of Preferred Stock, $0.005 per affected call option, and $0.01 per affected put option.

- Lead Plaintiffs and the Class are being represented by Salvatore J. Graziano, Esq., of Bernstein Litowitz Berger & Grossmann LLP and Christopher J. McDonald, Esq., of Labaton Sucharow LLP, the Court-appointed Lead Counsel ("Co-Lead Counsel"). Any questions regarding the Settlement should be directed to Mr. Graziano, at Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496, blbg@blbglaw.com, or Mr. McDonald, at Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, (888) 543-3218, settlementquestions@labaton.com.

- **If you are a member of the Class and the Settlement is approved, your legal rights will be affected whether you act or do not act. Read this Notice carefully and in its entirety to see what your options are in connection with the Settlement.**

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
SUBMIT A CLAIM FORM BY NOVEMBER 18, 2013.	The only way to get a payment is if you are a Class Member, as set forth in the response to Question 14 below.
OPT-BACK INTO THE CLASS BY SUBMITTING A WRITTEN REQUEST TO WITHDRAW YOUR PREVIOUSLY SUBMITTED REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN AUGUST 5, 2013.	If you previously submitted a request for exclusion from the Class in connection with the Class Notice and now want to be part of the Class in order to be eligible to receive a payment from the Settlement Fund, you must follow the steps for "Opting-Back Into the Class" as set forth in the response to Question 18 below. If you previously submitted a request for exclusion from the Class in connection with the Class Notice and wish to remain excluded from the Class, no further action is necessary.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS *RECEIVED* NO LATER THAN AUGUST 5, 2013.	If you did not exclude yourself, but you wish to object to any part of the Settlement, the proposed Plan of Allocation, and/or Co-Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court about your objections.

ATTEND THE HEARING ON OCTOBER 1, 2013 AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *RECEIVED* NO LATER THAN AUGUST 5, 2013.	Filing a written objection and notice of intention to appear by August 5, 2013, allows you to speak in Court at the discretion of the Court about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objection.
DO NOTHING.	If you are a member of the Class and you do not submit a Claim Form by November 18, 2013, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Class, which means that you gave up your right to sue about the claims that are resolved by the Settlement, and you are bound by any judgments or orders entered by the Court in the Action.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. The Net Settlement Fund will be available for distribution only if the Settlement is approved and that approval is upheld following any appeals.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION

1. Why did I get this Notice?

You or someone in your family or an investment account for which you serve as a custodian may have purchased or acquired Schering common stock, 6% mandatory convertible preferred stock maturing August 13, 2010, or call options on Schering common stock, or sold put options on Schering common stock during the period January 3, 2007 through and including March 28, 2008. The Court ordered that this Notice be sent to you because, as a potential Class Member, you have a right to know about the proposed Settlement and about all of your options before the Court decides whether to approve the Settlement.

This Notice describes the Settlement, the lawsuit, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of this case is the United States District Court for the District of New Jersey. The case is known as *In re Schering-Plough Corp. / ENHANCE Securities Litigation*, Civil Action No. 08-397 (DMC) (JAD).

2. What is a class action?

In a class action, one or more persons, called "plaintiffs" sue on behalf of people who have similar claims. The court must certify the action to proceed as a class action and it will appoint the "class representatives." All of the individuals and entities on whose behalf the class representatives are suing are known as class members. One court resolves the issues in the case for all class members, except for those who choose to exclude themselves from the class if exclusion is permitted by applicable rules of procedure. In this Action, the Court has appointed Lead Plaintiffs to serve as the class representatives and has appointed Co-Lead Counsel to serve as class counsel.

3. What is this lawsuit about?

This Action is a class action alleging that Schering, M/S-P and certain of Schering's officers violated the federal securities laws, for among other reasons, failing to disclose material information concerning the commercial prospects of Vytorin (a cholesterol-lowering drug that is a combination of a drug developed by Merck (Zocor) and a drug developed by Schering (Zetia)), the commercial prospects of Zetia, and the results of a clinical trial known as ENHANCE that tested whether Vytorin was more effective than Zocor alone in reducing the intima-media thickness of the carotid arteries. The Action also alleges that Schering, certain of Schering's officers, the Director Defendants, and the Underwriter Defendants are statutorily responsible for false or misleading statements made in connection with offerings of Schering common stock and Preferred Stock in August 2007.

Specifically, Lead Plaintiffs alleged that beginning in 2002, Merck and Schering undertook the ENHANCE trial, which was designed as double-blinded to prevent Schering and the other sponsors from learning the results before their publication. Lead Plaintiffs alleged, however, that beginning in the fall of 2006, Schering began to improperly use a series of statistical analyses to discover the results of the ENHANCE trial, and learned that the trial results would show that Vytorin was no better than generic simvastatin in reducing the intima-media thickness of the carotid arteries. Lead Plaintiffs alleged that, thereafter, Schering, M/S-P and certain of Schering's officers improperly delayed releasing the results of the ENHANCE trial so that they could continue to sell larger amounts of Vytorin than they would have been able to sell had the truth about the drug's efficacy been known. Lead Plaintiffs further alleged that, during this delay, those Defendants knowingly or recklessly made public statements that were false and misleading. When the results of the ENHANCE trial were ultimately disclosed to the public, the price of Schering common stock, Preferred Stock, and call options dropped and the price of Schering put options increased significantly, causing substantial investor losses.

On September 15, 2008, Lead Plaintiffs filed their Consolidated Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint"), asserting claims under Sections 10(b), 20(a) and 20A of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act"). The Complaint also alleges that Carrie S. Cox violated federal securities laws against insider trading by selling Schering common stock while in possession of material, non-public information. The Complaint further alleges that Schering, Hassan, Bertolini, Koehler, Wolf, the Director Defendants, and the Underwriter Defendants are statutorily responsible for false or misleading statements made in offering documents in connection with August 2007 offerings of Schering common stock and/or Preferred Stock.

In December 2008, Defendants moved to dismiss the claims asserted against them. By Opinion and Order dated September 2, 2009, the Court denied Defendants' motions to dismiss. On September 17, 2009, Defendants moved for reconsideration of the Court's Opinion and Order denying their motions to dismiss. The motion for reconsideration was denied by the Court on June 21, 2010. On November 18, 2009, Defendants answered the Complaint. Defendants denied any violations of the securities laws and asserted affirmative defenses to Lead Plaintiffs' allegations.

On February 7, 2011, Lead Plaintiffs filed their motion for class certification and, on September 22, 2011, amended that motion. Following class certification discovery, on September 25, 2012, the Court issued an Opinion and entered an Order granting Lead Plaintiffs' motion certifying the Class, appointing Lead Plaintiffs as class representatives, and appointing Co-Lead Counsel as class counsel. On October 11, 2012, the Court entered an Amended Order clarifying the definition of the Class. The Class Notice mailed to potential Class Members informed Class Members of their right to be excluded from the Class, the requirements for requesting exclusion, and the deadline by which requests for exclusion must have been received.

On March 1, 2012, Defendants moved for summary judgment, seeking dismissal of Lead Plaintiffs' claims. The Court denied Defendants' motions by Order dated September 25, 2012.

The trial in this Action was scheduled by the Court to begin on March 4, 2013.

Defendants continue to deny any allegations of fault, wrongdoing, or liability with respect to the allegations in the Complaint, and the Court has not ruled on the merits of the allegations.

4. What should I do if my address changes, or if this Notice was sent to the wrong address?

If this Notice was sent to you at the wrong address, or if your address changes in the future, please send prompt written notification of your correct address to the Claims Administrator, Epiq Systems, Inc. ("Epiq"), at the following address:

In re Schering-Plough Corporation / ENHANCE Securities Litigation
c/o Epiq Systems, Inc.
Claims Administrator
P.O. Box 3127
Portland, OR 97208-3127

WHO IS IN THE CLASS

5. How do I know whether I am part of the Class?

The Court has certified a Class, subject to certain exceptions identified below, of the following individuals and entities:

> *All persons and entities that purchased or acquired Schering common stock, 6% mandatory convertible preferred stock maturing August 13, 2010, or call options, and/or sold Schering put options, during the period between January 3, 2007 through and including March 28, 2008, and who did not sell their stock and/or options on or before December 11, 2007, and who were damaged thereby.*

6. Are there exceptions to being included in the Class?

Even if a person or entity falls within the Class, they may be excluded from the Class by definition. Persons and entities excluded from the Class by definition are (a) Defendants; (b) members of the Immediate Families of the Individual Defendants; (c) the subsidiaries and affiliates of Defendants; (d) any person or entity who was a partner, executive officer, director, or controlling person of Schering, M/S-P or Merck & Co., Inc. (including any of their subsidiaries or affiliates), or any other Defendants; (e) any entity in which any Defendant has a controlling interest; (f) Defendants' directors' and officers'

liability insurance carriers, and any affiliates or subsidiaries thereof; and (g) the legal representatives, heirs, successors and assigns of any such excluded party. For purposes of clarification, any Investment Vehicle (as defined in the Stipulation) shall not be deemed an excluded Person by definition.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN NOVEMBER 18, 2013.

7. What should I do if I am still not sure whether I am included?

If you are still not sure whether you are included, you can ask for help, which will be provided to you at no cost. You can call the Claims Administrator toll-free at (877) 854-4458, or write to the Claims Administrator at the address stated in the answer to Question 4 above. Please note that the Claims Administrator does not have access to your trading records, but will be happy to explain the requirements for membership in the Class.

SUMMARY OF THE SETTLEMENT

8. How and when was the Settlement reached?

Lead Plaintiffs reached an agreement-in-principle to settle with Defendants on February 25, 2013. Thereafter, the terms and conditions of the Settlement were formalized in the Stipulation.

The Settlement was reached only after arm's-length negotiations between Co-Lead Counsel and Defendants' Counsel. The Settlement was reached after Plaintiffs' Counsel had: (a) completed fact discovery during which they obtained access to, and reviewed more than twelve million pages of documents pertinent to the claims and Defendants' defenses to those claims, and took or participated in approximately ninety (90) depositions, including depositions of Defendants and other employees of Merck, M/S-P, and Schering and of numerous expert witnesses; (b) fully briefed Defendants' motions for summary judgment; (c) conducted numerous mediations with Defendants before the Hon. Layn R. Phillips, a retired judge, and before Stephen Greenberg and Jonathan Lerner; (d) investigated and analyzed all available evidence; and (e) researched the applicable law with respect to the claims against Defendants and the potential defenses thereto. At the time the agreement-in-principle to settle was reached, on February 25, 2013, the case was essentially trial ready. As noted above, the trial had been scheduled to begin on March 4, 2013. When the agreement was reached, the Pretrial Order, which included the stipulated and contested facts, deposition transcript designations, witness lists, exhibit lists, and several thousand exhibits, had been submitted to the Court, and Daubert motions and motions *in limine* had been filed.

9. What does the Settlement provide?

The Settlement provides for Merck to cause a total of $473,000,000 in cash to be paid to the Class. If the Settlement is approved by the Court, then as of the Effective Date, all members of the Class will be deemed to have released all Released Plaintiffs' Claims (as defined in the response to Question 16 below) against Defendants and the other Defendants' Releasees (as defined in the response to Question 16 below). This means, among other things, that, upon the Effective Date, all Class Members will be permanently barred from asserting any of the Released Plaintiffs' Claims against Defendants and other Defendants' Releasees. In addition, upon the Effective Date, Defendants will be precluded from suing Lead Plaintiffs, the other members of the Class, or Plaintiffs' Counsel in connection with the institution, prosecution, or resolution of the Action.

If the Settlement is approved by the Court and becomes effective, the Action will be over.

10. What are the reasons for the Settlement?

Lead Plaintiffs agreed to the Settlement because of the certain, substantial, and immediate monetary benefit it will provide to the Class, compared to the risk that a lesser or no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. If the Action were to proceed to trial, Lead Plaintiffs would have to overcome significant defenses asserted by multiple defendants. Among other things, Defendants contended that: (a) they did not make any misrepresentations or omissions, did not engage in any wrongful conduct, and did not violate the securities laws; (b) the alleged misrepresentations and omissions were immaterial as a matter of law; (c) Defendants alleged to have violated the Exchange Act did not act with the requisite state of mind; (d) Lead Plaintiffs and the other members of the Class did not rely on the alleged misrepresentations or omissions; (e) the price of Schering common stock, Preferred Stock, and call options was not artificially inflated, and the price of Schering put options was not artificially deflated, as a result of the

alleged misrepresentations or omissions; (f) Lead Plaintiffs and the other members of the Class did not suffer any damages caused by the alleged misrepresentations or omissions; (g) Lead Plaintiffs did not have standing to bring Section 11 claims on behalf of common stock and Preferred Stock purchasers; (h) Lead Plaintiffs did not have standing to bring Section 12(a)(2) claims on behalf of common stock and Preferred Stock purchasers; (i) the Underwriter Defendants, Individual Defendants, and Director Defendants conducted a reasonable due diligence investigation prior to the August 2007 offering of Schering-Plough securities; and (j) the alleged misinformation was publicly disclosed more than two months before the end of the Class Period, and did not cause investor loss when it was disclosed. While Lead Plaintiffs believe that the claims asserted against Defendants have merit, they recognize that the expense, uncertainty, and risks inherent in every action was heightened here because of the numerous complex legal and factual issues requiring extensive expert medical and statistical testimony. There is no way to predict whether a jury would find liability in a "battle of experts." Even after conducting an extensive investigation and completing expert and fact discovery, Lead Plaintiffs recognize that risks remain with respect to establishing Defendants' liability. Additionally, Lead Plaintiffs are confident that even if they were to prevail at trial, Defendants would appeal such a verdict and this could lead to further delays at best, and at worst, no recovery at all.

Defendants deny any wrongdoing, maintain that the claims in the Action are without merit, and believe that they would ultimately prevail. Nevertheless, Defendants also recognize the uncertainty, risks, and costs of complex securities litigation. Defendants agreed to resolve the matter solely to eliminate the burden and expense of further litigation, including imminent trial.

11. What is the potential outcome of the lawsuit without the Settlement?

If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the other members of the Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, the members of the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

THE BENEFITS OF THE SETTLEMENT — WHAT YOU GET

12. How much will be distributed to investors?

The Settlement will create a cash Settlement Fund in the aggregate principal amount of $473,000,000. If the Settlement is approved by the Court and the Effective Date occurs, after deduction of Notice and Administration Costs, Taxes, and any attorneys' fees and expenses that are approved by the Court, the balance of the Settlement Fund plus accrued interest – the Net Settlement Fund – will be available for distribution to members of the Class.

Class Members who submit timely and valid Claim Forms will be eligible to receive a distribution from the Net Settlement Fund.

13. How much will my payment be?

At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement. The amounts to be distributed to individual Class Members will depend on a variety of factors, including: the number of other Class Members who submit valid Claim Forms; the number of shares of common stock or Preferred Stock or number of call options purchased or put options sold; the prices and dates of those purchases; and the prices and dates of any sales of the stock or options. The Net Settlement Fund will be distributed in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

No entity that paid any portion of the Settlement Amount is entitled to get back any portion of the Settlement Fund if the Court approves the Settlement and the Court's order or judgment approving the Settlement becomes Final.

PROPOSED PLAN OF ALLOCATION

1. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to those Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

2. In developing the Plan of Allocation, Lead Plaintiffs' damages expert reviewed publicly available information regarding Schering and performed statistical analyses of the price movements of Schering common stock ("Common

Stock"), preferred stock ("Preferred Stock"), and put and call options ("Put Options" and "Call Options," collectively "Options") (Schering Common Stock, Preferred Stock and Options are collectively referred to as "Schering Securities") and the price performance of relevant market and peer indices during the Class Period in order to allocate the Settlement proceeds to those Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws as opposed to losses caused by market factors, industry factors, or Company-specific factors unrelated to the alleged violations of law. The Plan of Allocation, however, is not a formal damage analysis.

3. For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price or value of the security. Lead Plaintiffs' damages expert has determined that allegedly corrective information released to the market potentially impacted the market prices of Schering Securities on December 12, 2007, January 14, 2008, January 15, 2008, January 17, 2008, January 25, 2008, January 29, 2008, and March 31, 2008. However, not all of the Schering Securities exhibited statistically significant changes in market price in response to each of those disclosures. In order to have a "Recognized Loss Amount" under the Plan of Allocation, with respect to Common Stock, Preferred Stock and Call Options, the stock or call options must have been purchased during the Class Period and held through at least one corrective disclosure that resulted in a statistically significant change in market price, and with respect to Put Options, those options must have been sold (written) during the Class Period and not closed through at least one corrective disclosure that resulted in a statistically significant change in market price. Based on Lead Plaintiffs' damages expert's analysis, the following are the dates that will support a Recognized Loss Amount under the Plan of Allocation for each of the respective securities:

- Common Stock: The disclosures had a statistically significant impact on the price on each of the dates listed above.
- Preferred Stock: The disclosures had a statistically significant impact on the price on December 12, 2007, January 14, 2008, January 15, 2008, January 17, 2008, and March 31, 2008.
- Call Options: The disclosures had a statistically significant impact on the price on December 12, 2007, January 14, 2008, January 15, 2008, January 17, 2008, January 29, 2008, and March 31, 2008.
- Put Options: The disclosures had a statistically significant impact on the price on December 12, 2007, January 14, 2008, January 15, 2008, January 17, 2008, and March 31, 2008.

4. Recognized Loss Amounts under Section 10(b) of the Exchange Act are based primarily on the change in the level of alleged artificial inflation (or deflation in the case of Schering Put Options) in the respective prices of the Schering Securities at the time of purchase or acquisition and at the time of sale. Accordingly, in order to have a Recognized Loss Amount under Section 10(b), a Class Member who purchased Schering Common Stock or Call Options or sold Schering Put Options prior to December 12, 2007 (the first corrective disclosure), must have held his, her, or its respective Schering Securities through at least the opening of trading on December 12, 2007. With respect to Common Stock, Preferred Stock, or Call Options contracts purchased and Put Options contracts sold on December 12, 2007 through the close of trading on March 28, 2008, in order to have a Recognized Loss Amount, those securities must have been held through at least one of the subsequent statistically significant corrective disclosures as specified in paragraph 3 above.

CALCULATION OF RECOGNIZED LOSS OR GAIN AMOUNTS

5. For purposes of determining whether a Claimant has a Recognized Claim, purchases, acquisitions, and sales of like securities will first be matched on a First In, First Out basis as set forth in paragraph 18 below.

SECTION 10(b) CLAIMS

6. With respect to shares of Schering Common Stock, Preferred Stock, and Call and Put Options, a "Recognized Loss Amount" or a "Recognized Gain Amount" will be calculated as set forth below for each purchase or other acquisition of Schering Common Stock, Preferred Stock, and Call Option contracts and each sale of Schering Put Option contracts from January 3, 2007 through and including March 28, 2008, that is listed in the Claim Form and for which adequate documentation is provided. To the extent that a calculation of a Recognized Loss Amount or a Recognized Gain Amount results in a negative number, that number shall be set to zero.

7. The Recognized Loss and Gain Amounts calculated under paragraphs 8-13 below are referred to as the Claimant's "Section 10(b) Recognized Loss and Gain Amounts."

COMMON STOCK CALCULATIONS

8. For each share of Schering Common Stock purchased or otherwise acquired from January 3, 2007 through and including March 28, 2008, and:

A. sold before the opening of trading on December 12, 2007,

(i) the Recognized Loss Amount for each such share shall be zero; and

(ii) the Recognized Gain Amount for each such share shall be the dollar artificial inflation applicable to each such share on the date of sale as set forth in Table 1 below *minus* the dollar artificial inflation applicable to each such share on the date of purchase as set forth in Table 1 below.

B. sold after the opening of trading on December 12, 2007 and before the close of trading on March 28, 2008,

(i) the Recognized Loss Amount for each such share shall be the dollar artificial inflation applicable to each such share on the date of purchase as set forth in Table 1 below *minus* the dollar artificial inflation applicable to each such share on the date of sale as set forth in Table 1 below; and

(ii) the Recognized Gain Amount for each such share shall be zero.

C. sold after the opening of trading on March 31, 2008 and before the close of trading on June 27, 2008,

(i) the Recognized Loss Amount for each such share shall be ***the lesser of***:

(a) the dollar artificial inflation applicable to each such share on the date of purchase as set forth in Table 1 below; or

(b) the actual purchase price of each such share (excluding all fees, taxes, and commissions) *minus* the average closing price from March 31, 2008, up to the date of sale as set forth in Table 2 below; and

(ii) the Recognized Gain Amount for each such share shall be zero.

D. held as of the close of trading on June 27, 2008,

(i) the Recognized Loss Amount for each such share shall be ***the lesser of***:

(a) the dollar artificial inflation applicable to each such share on the date of purchase as set forth in Table 1 below; or

(b) the actual purchase price of each such share (excluding all fees, taxes, and commissions) *minus* $18.45[5]; and

(ii) the Recognized Gain Amount for each such share shall be zero.

PREFERRED STOCK CALCULATIONS

9. For each share of Schering Preferred Stock purchased or otherwise acquired in the offering on or about August 15, 2007 through and including March 28, 2008, and:

A. sold before the opening of trading on December 12, 2007,

(i) the Recognized Loss Amount for each such share shall be zero; and

(ii) the Recognized Gain Amount for each such share shall be zero.

[5] Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day look-back period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." Consistent with the requirements of the PSLRA, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of Schering Common Stock during the 90-day look-back period beginning on the date of the last corrective disclosure. The mean (average) closing price for Schering Common Stock during this 90-day look-back period was $18.45.

B. sold after the opening of trading on December 12, 2007 and before the close of trading on March 28, 2008,

(i) the Recognized Loss Amount for each such share shall be the dollar artificial inflation applicable to each such share on the date of purchase as set forth in Table 3 below *minus* the dollar artificial inflation applicable to each such share on the date of sale as set forth in Table 3 below; and

(ii) the Recognized Gain Amount for each such share shall be zero.

C. sold after the opening of trading on March 31, 2008 and before the close of trading on June 27, 2008,

(i) the Recognized Loss Amount for each such share shall be ***the lesser of***:

(a) the dollar artificial inflation applicable to each such share on the date of purchase as set forth in Table 3 below; or

(b) the actual purchase price of each such share (excluding all fees, taxes, and commissions) *minus* the average closing price from March 31, 2008, up to the date of sale as set forth in Table 4 below; and

(ii) the Recognized Gain Amount for each such share shall be zero.

D. held as of the close of trading on June 27, 2008,

(i) the Recognized Loss Amount for each such share shall be ***the lesser of***:

(a) the dollar artificial inflation applicable to each such share on the date of purchase as set forth in Table 3 below; or

(b) the actual purchase price of each such share (excluding all fees, taxes, and commissions) *minus* $182.02[6]; and

(ii) the Recognized Gain Amount for each such share shall be zero.

CALL AND PUT OPTION CALCULATIONS

10. Exchange-traded options are traded in units called "contracts" which entitle the holder to buy (in the case of a call) or sell (in the case of a put) 100 shares of the underlying security, which in this case is Schering Common Stock. Throughout this Plan of Allocation, all price quotations are *per share of the underlying security* (*i.e.*, 1/100 of a contract).

11. Each option contract specifies a strike price and an expiration date. Contracts with the same strike price and expiration date are referred to as a "series" and each series represents a different security that trades in the market and has its own market price (and thus artificial inflation or deflation). Under the Plan of Allocation, the dollar artificial inflation per share (*i.e.*, 1/100 of a contract) for each series of Schering Call Options and the dollar artificial deflation per share (*i.e.*, 1/100 of a contract) for each series of Schering Put Options has been calculated by Lead Plaintiffs' damages expert. Table 5 below sets forth the dollar artificial inflation per share in Schering Call Options during the Class Period. Table 6 below sets forth the dollar artificial deflation per share in Schering Put Options during the Class Period.

12. For each Schering Call Option purchased or otherwise acquired from January 3, 2007 through and including March 28, 2008, and:

A. closed (through sale, exercise, or expiration) before the opening of trading on December 12, 2007,

(i) the Recognized Loss Amount for each such Option shall be zero; and

(ii) the Recognized Gain Amount for each such Option shall be zero.

[6] Consistent with the requirements of the PSLRA, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of Schering Preferred Stock during the 90-day look-back period beginning on the date of the last corrective disclosure. The mean (average) closing price for Schering Preferred Stock during this 90-day look-back period was $182.02.

B. closed (through sale, exercise, or expiration) after the opening of trading on December 12, 2007 and before the close of trading on March 28, 2008,

(i) the Recognized Loss Amount for each such Option shall be the dollar artificial inflation applicable to each such Option on the date of purchase as set forth in Table 5 below ***minus*** the dollar artificial inflation applicable to each such Option on the date of close as set forth in Table 5 below; and

(ii) the Recognized Gain Amount for each such Option shall be zero.

C. open as of the opening of trading on March 31, 2008,

(i) the Recognized Loss Amount for each such Option shall be ***the lesser of***:

(a) the dollar artificial inflation applicable to each such Option on the date of purchase as set forth in Table 5 below; or

(b) the actual purchase price of each such Option (excluding all fees, taxes, and commissions) ***minus*** the closing price on March 31, 2008 for each such Option (*i.e.*, the "Holding Price") as set forth in Table 5 below; and

(ii) the Recognized Gain Amount for each such Option shall be zero.

13. For each Schering Put Option sold (written) from January 3, 2007 through and including March 28, 2008 and:

A. closed (through purchase, exercise, or expiration) before the opening of trading on December 12, 2007,

(i) the Recognized Loss Amount for each such Option shall be zero; and

(ii) the Recognized Gain Amount for each such Option shall be zero.

B. closed (through purchase, exercise, or expiration) after the opening of trading on December 12, 2007 and before the close of trading on March 28, 2008,

(i) the Recognized Loss Amount for each such Option shall be the dollar artificial deflation applicable to each such Option on the date of sale as set forth in Table 6 below ***minus*** the dollar artificial deflation applicable to each such Option on the date of close as set forth in Table 6 below; and

(ii) the Recognized Gain Amount for each such Option shall be zero.

C. open as of the opening of trading on March 31, 2008,

(i) the Recognized Loss Amount for each such Option shall be ***the lesser of***:

(a) the dollar artificial deflation applicable to each such Option on the date of sale as set forth in Table 6 below; or

(b) the closing price on March 31, 2008 for each such Option (*i.e.*, the "Holding Price") as set forth in Table 6 below ***minus*** the actual sale price of each such Option (excluding all fees, taxes, and commissions); and

(ii) the Recognized Gain Amount for each such Option shall be zero.

14. The Settlement proceeds available for Schering Call Options purchased during the Class Period and Schering Put Options sold (written) during the Class Period shall be limited to a total amount equal to two percent (2%) of the Net Settlement Fund.

ADJUSTMENT TO RECOGNIZED LOSS AMOUNT FOR SECTION 11 CLAIMS

15. Investors who purchase securities in an offering pursuant or traceable to a registration statement that contained material misrepresentations have a right to assert a claim under Section 11 of the Securities Act. Where the offering is an initial offering of the security, there is no issue as to traceability; all purchasers of that security have a right to assert a Section 11 claim. There were two offerings by Schering that are covered by this Action. A secondary offering of Common Stock that occurred on or about August 15, 2007 and an initial offering of Preferred Stock that occurred on or about August 15, 2007. Class Members who can establish that they purchased Schering Common Stock in or traceable to the secondary offering and all Class Members who purchased Schering Preferred Stock have claims under Section 11.

16. In consideration of the difference in the burden in establishing a Section 11 claim as compared to the burden in establishing a Section 10(b) claim[7], with respect to Schering Common Stock and Preferred Stock that have a Section 11 claim, the Claimant's "Section 11 Recognized Loss Amount" shall be calculated by multiplying the Claimant's Section 10(b) Recognized Loss Amount on those shares by 1.25.[8]

17. With respect to shares that have both Section 10(b) and Section 11 Recognized Loss Amounts, for purposes of calculating the Claimant's Recognized Claim, only the Section 11 Recognized Loss Amount calculated as set forth in paragraph 16 above shall be used.

ADDITIONAL PROVISIONS

18. **FIFO Matching:** If a Class Member has more than one purchase/acquisition or sale of any Schering Security during the Class Period, all purchases/acquisitions and sales of the like security shall be matched on a First In, First Out ("FIFO") basis. With respect to Schering Common Stock, Preferred Stock, and Call Options, Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. For Schering Put Options, Class Period purchases will be matched first to close out positions open at the beginning of the Class Period, and then against Put Options sold (written) during the Class Period in chronological order.

19. **"Purchase/Sale" Dates:** Purchases or acquisitions and sales of Schering Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance, or operation of law of Schering Securities during the Class Period shall not be deemed a purchase, acquisition, or sale of these Schering Securities for the calculation of a Claimant's Recognized Loss or Gain Amounts, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Schering Securities unless (i) the donor or decedent purchased or otherwise acquired such Schering Securities during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Schering Securities.

20. **Short Sales:** With respect to Schering Common and Preferred Stock, the date of covering a "short sale" is deemed to be the date of purchase or acquisition of the Common or Preferred Stock. The date of a "short sale" is deemed to be the date of sale of the respective Schering Common or Preferred Stock. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on "short sales" during the Class Period is zero.

21. In the event that a Claimant has an opening short position in Schering Common or Preferred Stock, the earliest Class Period purchases or acquisitions shall be matched against such opening short position, and shall not be entitled to a recovery, until that short position is fully covered.

22. If a Class Member has "written" Call Options, thereby having a short position in the Call Options, the date of covering such a written position is deemed to be the date of purchase or acquisition of the Call Option. The date on which the Call Option was written is deemed to be the date of sale of the Call Option. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on "written" Call Options is zero. In the event that a Claimant has an opening written position in Call Options, the earliest Class Period purchases or acquisitions of like Call Options shall be matched against such opening written position, and not be entitled to a recovery, until that written position is fully covered.

23. If a Class Member has purchased or acquired Put Options, thereby having a long position in the Put Options, the date of purchase/acquisition is deemed to be the date of purchase/acquisition of the Put Option. The date on which the Put Option was sold, exercised, or expired is deemed to be the date of sale of the Put Option. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on purchased/acquired Put Options is zero. In the event that a Claimant has an opening long position in Put Options, the earliest Class Period sales or dispositions of like Put Options shall be matched against such opening position, and not be entitled to a recovery, until that long position is fully covered.

24. **Common Stock Acquired/Sold Through the Exercise of Options:** With respect to Schering Common Stock purchased or sold through the exercise of an option, the purchase/sale date of the Common Stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

25. **Netting Gains and Losses:** Gains and losses in Schering Securities trades will be netted for purposes of calculating whether a Claimant had an overall gain or loss on his, her, or its transactions. The netting will occur both

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[7] The burden of proof under Section 11 of the Securities Act is less than the burden under Section 10(b) of the Exchange Act. For example, under Section 11, plaintiffs need not prove intent to defraud; such proof is required under Section 10(b). Additionally, under Section 11, defendants have the burden to prove that they did not cause the losses complained of, while under Section 10(b) the burden is on plaintiffs to prove that defendants did cause the losses.

[8] The Claim Form that accompanies this Notice provides more information on what documentation is required for a Class Member to establish that he, she, or it has a claim under Section 11.

with respect to the Claimant's calculated Section 10(b) and Section 11 Recognized Gain and Loss Amounts as set forth in paragraphs 5-17 above as well as with respect to the Claimant's gains or losses based on his, her, or its market transactions.

(a) **Netting of Calculated Recognized Gains and Loss Amounts:** With respect to the calculations made pursuant to the Section 10(b) and Section 11 Recognized Claim calculations, the Claimant's Recognized Common Stock, Preferred Stock, and Options Loss Amounts will be totaled (the "Total Loss Amount") and the Claimant's Recognized Common Stock, Preferred Stock, and Options Gains will be totaled (the "Total Gain Amount"). If the Claimant's Total Loss Amount *minus* the Claimant's Total Gain Amount is a positive number, that will be the Claimant's Recognized Loss Amount; if the number is a negative number or zero, that will be the Claimant's Recognized Gain Amount.

(b) **Netting of Market Gains and Losses:** With respect to all Schering Common Stock, Preferred Stock, and Call Options purchased or acquired or Put Options sold during the Class Period, the Claims Administrator will also determine if the Claimant had a Market Gain or a Market Loss with respect to his, her, or its overall transactions during the Class Period in those shares and options. For purposes of making this calculation, with respect to Schering Common Stock, Preferred Stock, and Call Options, the Claims Administrator shall determine the difference between (i) the Claimant's Total Purchase Amount[9] and (ii) the sum of the Claimant's Sales Proceeds[10] and the Claimant's Holding Value.[11] For Schering Common Stock, Preferred Stock, and Call Options, if the Claimant's Total Purchase Amount *minus* the sum of the Claimant's Sales Proceeds and the Holding Value is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain. With respect to Schering Put Options, the Claims Administrator shall determine the difference between (i) the sum of the Claimant's Total Purchase Amount[12] and the Claimant's Holding Value;[13] and (ii) the Claimant's Sale Proceeds.[14] For Schering Put Options, if the sum of the Claimant's Total Purchase Amount and the Claimant's Holding Value *minus* the Claimant's Sales Proceeds is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain.

26. **Calculation of Claimant's "Recognized Claim":** If a Claimant has a Recognized Gain Amount ***or*** a Market Gain, the Claimant's "Recognized Claim" will be zero. If the Claimant has a Recognized Loss Amount ***and*** a Market Loss, the Claimant's "Recognized Claim" will be the lesser of those two amounts.

27. **Determination of Distribution Amount:** If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

28. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

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[9] For Schering Common Stock, Preferred Stock, and Call Options, the "Total Purchase Amount" is the total amount the Claimant paid (excluding all fees, taxes, and commissions) for all such Schering securities purchased or acquired during the Class Period.

[10] For Schering Common Stock, Preferred Stock, and Call Options, the Claims Administrator shall match any sales of such Schering securities during the Class Period first against the Claimant's opening position in the like Schering securities (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding all fees, taxes, and commissions) for sales of the remaining like Schering securities sold during the Class Period is the "Sales Proceeds."

[11] The Claims Administrator shall ascribe a "Holding Value" of $14.41 to each share of Schering Common Stock purchased or acquired during the Class Period that was still held as of the close of trading on March 28, 2008 and a "Holding Value" of $153.18 to each share of Schering Preferred Stock purchased or acquired during the Class Period that was still held as of the close of trading on March 28, 2008. For each Schering Call Option purchased or acquired during the Class Period that was still held as of the close of trading on March 28, 2008, the Claims Administrator shall ascribe a "Holding Value" for that option which shall be the Holding Price set forth in Table 5 below.

[12] For Schering Put Options, the Claims Administrator shall match any purchases during the Class Period to close out positions in Put Options first against the Claimant's opening position in Put Options (the total amount paid with respect to those purchases will not be considered for purposes of calculating market gains or losses). The total amount paid (excluding all fees, taxes, and commissions) for the remaining purchases during the Class Period to close out positions in Put Options is the "Total Purchase Amount."

[13] For each Schering Put Option sold (written) during the Class Period that was still outstanding as of the close of trading on March 28, 2008, the Claims Administrator shall ascribe a "Holding Value" for that option which shall be the Holding Price set forth in Table 6 below.

[14] For Schering Put Options, the total amount received (excluding all fees, taxes, and commissions) for Put Options sold (written) during the Class Period is the "Sales Proceeds."

29. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is $10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than $10.00, it will not be included in the calculation (*i.e.*, the Recognized Claim will be deemed to be zero) and no distribution will be made to that Authorized Claimant.

30. To the extent that any monies remain in the Net Settlement Fund after the Claims Administrator, Epiq, has caused distributions to be made to all Authorized Claimants, whether by reason of un-cashed distributions or otherwise, then, after Epiq has made reasonable and diligent efforts to have Authorized Claimants cash their distributions, any balance remaining in the Net Settlement Fund at least one (1) year after the initial distribution of such funds shall be re-distributed to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund, including for such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior distribution checks and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Co-Lead Counsel and Lead Plaintiffs, in consultation with Epiq, determine that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the funds, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance in the Net Settlement Fund shall be contributed to non-sectarian, not-for-profit 501(c)(3) organization(s), to be recommended by Co-Lead Counsel and Lead Plaintiffs and approved by the Court.

31. Payment pursuant to the Plan of Allocation, or such other plan as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Plaintiffs' Counsel, Lead Plaintiffs' damages expert, Defendants, Defendants' Counsel or any of the other Releasees, or the Claims Administrator, Epiq, or other agent designated by Co-Lead Counsel arising from the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim or any actions taken (or not taken) by Epiq, the payment or withholding of taxes owed by the Settlement Fund made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further orders of the Court.

32. The Plan of Allocation set forth herein is the plan that is being proposed by Lead Plaintiffs and Co-Lead Counsel to the Court for approval. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any orders regarding a modification of the Plan of Allocation will be posted to the website for this Action, www.scheringvytorinsecuritieslitigation.com.

HOW TO GET A PAYMENT

14. What do I have to do to receive a share of the Settlement?

To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Class and timely complete and return a valid Claim Form with adequate supporting documentation **postmarked no later than November 18, 2013**. A Claim Form is included with this Notice, or you may obtain one on the Internet at www.scheringvytorinsecuritieslitigation.com or by calling the Claims Administrator at (877) 854-4458. Please retain all records of your transactions in Schering common stock, Preferred Stock, call options, and put options, as they may be needed to document your Claim.

Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked on or before November 18, 2013 shall be fully and forever barred from receiving payments pursuant to the Settlement, but will in all other respects remain a Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Class Member releases the Released Plaintiffs' Claims (as defined in the response to Question 16 below) against the Defendants and the other Defendants' Releasees (as defined in the response to Question 16 below) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants or any of the other Defendants' Releasees, whether or not such Class Member submits a Claim Form.

The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Class Member. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

Persons and entities that either are excluded from the Class by definition or whose names appear on Appendix 1 to the Stipulation because they previously submitted a request for exclusion in connection with the Class Notice who do not elect to opt-back into the Class (*see* response to Question 18 below), will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

15. When will I receive my payment?

Lead Plaintiffs cannot, at this time, say when they will be able to distribute the proceeds of the Settlement to

members of the Class. Any payments from the Settlement proceeds are contingent upon the Court approving the Settlement and on such approval becoming final and no longer subject to any appeals. Even if the Court approves the Settlement, there still might be appeals, which can take more than a year to resolve.

The Settlement Amount will be kept in an escrow account until it is ready for distribution, and any accrued interest will be added to the funds available for distribution to the Class.

16. As a Class Member, what am I giving up in the Settlement?

If you are a member of the Class, you will be bound by the orders and judgments entered by the Court in the Action, whether or not you submit a Claim Form. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that Lead Plaintiffs and all other Class Members, by operation of the Judgment, shall release and forever discharge each and every one of the Defendants and the other Defendants' Releasees (as defined below) from any and all of the Released Plaintiffs' Claims (as defined below). Class Members will not be able to sue, continue to sue, or be part of any other lawsuit involving any claims released in the Settlement. Class Members will be bound by the orders of the Court whether or not they submit a Claim Form and/or receive a payment.

"Defendants' Releasees" means the Defendants and their respective present and former parents, subsidiaries, divisions, joint ventures and affiliates, and each of their respective present and former employees, members, partners, principals, officers, directors, attorneys, advisors, accountants, auditors, and insurers (but only in such insurers' capacity as insurers of the foregoing); and the predecessors, successors, estates, heirs, executors, trusts, trustees, administrators, agents, fiduciaries, consultants, representatives and assigns of each of them, in their capacity as such.

"Released Plaintiffs' Claims" means any and all claims, actions, causes of action, controversies, demands, duties, debts, damages, obligations, contracts, agreements, promises, issues, judgments, liabilities, losses, sums of money, matters, suits, proceedings, and rights of every nature and description, whether known claims or Unknown Claims, suspected or unsuspected, concealed or unconcealed, foreseen or unforeseen, fixed or contingent, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, whether based on federal, state, local or foreign statutory law, rule, regulation, common law, or equity, and whether direct, representative, class, or individual, to the fullest extent permitted by law, that Class Representatives or any other member of the Class: (i) asserted in the Action, including in the Complaint; or (ii) could have asserted in any forum arising out of, related to, or based in whole or in part upon, in connection with, or in any way involving any of the occurrences, causes, breaches of duty, neglect, error, misstatements, misleading statements, representations, omissions, acts, or facts, circumstances, situations, events, or transactions alleged, involved, set forth, contained, or referred to in the Action, including in the Complaint, and arise out of the purchase, acquisition, or holding of Schering common stock, Preferred Stock, or call options, or sale of Schering put options during the Class Period. Released Plaintiffs' Claims do not release, bar, or waive: (i) claims which were asserted in the actions entitled *Cain v. Hassan*, Civil Action No. 2:08-cv-01022 (D.N.J.), *In re Schering-Plough Corp. ENHANCE ERISA Litigation,* Civil Action No. 08-CV-1432 (D.N.J.), *In re Vytorin/Zetia Marketing Sales Practices and Products Liability Litigation*, 08-cv-0285 (DMC) (D.N.J.), *In re Merck & Co. Inc., Vytorin/Zetia Securities Litigation,* 08-cv-02177 (DMC) (D.N.J.), *Local No. 38 International Brotherhood Of Electrical Workers Pension Fund v. Clark, et al.*, 09-cv-05668 (DMC) (D.N.J.), or *In re Merck & Co. Inc. Vytorin ERISA Litigation*, 08-cv-1974 (DMC) (D.N.J.) that are not already released, barred or waived by the orders or judgments therein, or by operation of law; (ii) any claims of any Person listed in Appendix 1 to the Stipulation that submitted a valid or Court-approved request for exclusion and who does not opt back into the Class; or (iii) if and only if the Court affords a second opportunity to request exclusion from the Class, any claims of any Person that submits a valid or Court-approved request for exclusion in connection with the Settlement Notice who does not withdraw his, her, or its request for exclusion and whose request is accepted by the Court (collectively, the "Excluded Claims"). Additionally, Released Plaintiffs' Claims do not include claims relating to the enforcement of the Settlement.

"Unknown Claims" means any Released Claims which Class Representatives, any other Class Member, or each of the Defendants or any of the other Releasees, does not know or suspect to exist in his, her, or its favor at the time of the release of each or any of the other Releasees, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Class Representatives and each of the Defendants expressly waive, and each of the other Class Members and each of the other Releasees shall be deemed to have waived, and by operation of the Judgment, or, if applicable, the Alternative 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 or foreign law, which is similar, comparable, or equivalent to 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.

Class Representatives, any other Class Member, Defendants, and their respective Releasees 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 the Parties stipulate and agree that, upon the Effective Date of the Settlement, Class Representatives and each of the Defendants shall expressly waive, and each of the other Class Members and Releasees shall be deemed to have waived, and by operation of the Judgment, or if applicable, the Alternative Judgment, shall have expressly waived any and all Released Claims without regard to the subsequent discovery or existence of such different or additional facts.

REQUESTING EXCLUSION FROM THE CLASS

17. May I now request exclusion from the Class?

No. As set forth in the Class Notice, the Court-ordered deadline to request exclusion from the Class expired on March 1, 2013. The Class Notice also advised you that it was within the Court's discretion as to whether a second opt-out would be permitted if there were a settlement in the Action. The Court has exercised its discretion and ruled that there will not be a second opportunity to request exclusion from the Class.

"OPTING-BACK" INTO THE CLASS

18. What if I previously requested exclusion from the Class and now want to be eligible to receive a payment from the Settlement Fund? How do I opt-back into the Class?

If you previously submitted a request for exclusion from the Class in connection with the Class Notice (*see* Appendix 1 to the Stipulation, available online at www.scheringvytorinsecuritieslitigation.com, which is the list of all persons and entities who requested exclusion), you may elect to opt-back into the Class and be eligible to receive a payment from the Settlement.

If you believe that you previously submitted a request for exclusion but your name does not appear on Appendix 1 to the Stipulation, you can contact the Claims Administrator, Epiq, at (877) 854-4458 for assistance.

In order to opt-back into the Class, you, individually, or through counsel, must submit a written Request to Opt-Back Into the Class to Epiq, addressed as follows: *In re Schering-Plough Corporation / ENHANCE Securities Litigation*, "Opt-In Request," P.O. Box 3127, Portland, OR 97208-3127. This request must be *received* no later than August 5, 2013. Your Request to Opt-Back Into the Class must (a) state the name, address, and telephone number of the person or entity requesting to opt-back into the Class; (b) state that such person or entity "requests to opt-back into the Class in the *In re Schering-Plough Corporation / ENHANCE Securities Litigation*, Civil Action No. 08-397 (DMC)(JAD)"; and (c) be signed by the person or entity requesting to opt-back into the Class or an authorized representative.

You may not opt-back into the Class for the purpose of objecting to any aspect of the Settlement, the Plan of Allocation, or Co-Lead Counsel's request for attorneys' fees and reimbursement of Litigation Expenses.

PLEASE NOTE: OPTING-BACK INTO THE CLASS IN ACCORDANCE WITH THE REQUIREMENTS SET FORTH ABOVE DOES NOT MEAN THAT YOU WILL AUTOMATICALLY BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU OPT-BACK INTO THE CLASS AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE ALSO REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN NOVEMBER 18, 2013.

19. If I am a Class Member and didn't exclude myself, can I sue Defendants or the Other Defendants' Releasees for the same thing later?

No. Unless you followed the procedure outlined in the Class Notice, you have given up any right to sue Defendants or the other Defendants' Releasees for the claims that the Settlement resolves. If you have a pending lawsuit against any of the Defendants or any of the other Defendants' Releasees, speak to your lawyer in that case immediately. You must have excluded yourself from the Settlement to continue your own lawsuit against the Defendants or the other Defendants' Releasees.

20. If I excluded myself, can I get money from the Settlement?

No. Only Class Members who did not exclude themselves, or who opt-back into the Class, will be eligible to recover money in the Settlement.

THE LAWYERS REPRESENTING YOU

21. Do I have a lawyer in this case?

The Court has appointed the law firms of Bernstein Litowitz Berger & Grossmann LLP and Labaton Sucharow LLP as Co-Lead Counsel to represent Lead Plaintiffs and all other Class Members in the Action. If you have any questions about the proposed Settlement, you may contact Co-Lead Counsel as follows: Salvatore J. Graziano, Esq., Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496; or Christopher J. McDonald, Esq., Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, (888) 543-3218.

If you want to be represented by your own lawyer, you may hire one at your own expense.

22. How will the lawyers be paid?

You will be not charged directly for the fees or expenses of Plaintiffs' Counsel. Instead, Co-Lead Counsel will apply to the Court for payment of Plaintiffs' Counsel's fees and expenses out of the proceeds of the recovery achieved in the Action. The Court has appointed Mr. Greenberg and Mr. Lerner as Special Masters to review the fee and expense application.

Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Class, nor have they been reimbursed for their Litigation Expenses. Before final approval of the Settlement, Co-Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 17% of the Settlement Fund, which will include accrued interest. At the same time, Co-Lead Counsel also intend to apply for reimbursement of Litigation Expenses in an amount not to exceed $5,250,000, plus accrued interest, which will include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Class in an amount not to exceed $150,000. The Court will determine the amount of any award of attorneys' fees and reimbursement of expenses.

OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION, OR THE FEE AND EXPENSE APPLICATION

23. How do I tell the Court that I don't like the Settlement?

Any Class Member who did not submit a request for exclusion from the Class in connection with the Class Notice can object to the Settlement or any part of it, the proposed Plan of Allocation, and/or Co-Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and give reasons why the Court should not approve them. To object, you must send a letter or other filing saying that you object to the proposed Settlement, the Plan of Allocation, and/or Co-Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses in *In re Schering-Plough Corporation / ENHANCE Securities Litigation*, Civil Action No. 08-397 (DMC)(JAD). Any objection (a) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Class Member's objection or objections, and the specific reason(s) for each objection, including any legal and evidentiary support the Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove the objector's membership in the Class such as the number of shares of Schering common stock, shares of Preferred Stock, Schering call options, and/or Schering put options purchased, acquired, and sold during the Class Period, as well as the dates and prices of each such purchase, acquisition, and sale. The written objection must be filed with the clerk of the United States District Court for the District of New Jersey and sent to Co-Lead Counsel and Representative Defendants' Counsel at the addresses set forth below so that the papers are ***received*** by the clerk of the Court and counsel **no later than August 5, 2013:**

Clerk of the Court	**Co-Lead Counsel**	**Representative Defendants' Counsel**
Clerk of the U.S. District Court for the District of New Jersey Martin Luther King Building & U.S. Courthouse 50 Walnut Street Room 4015 Newark, NJ 07101	Salvatore J. Graziano, Esq. BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP 1285 Avenue of the Americas New York, NY 10019 and Christopher J. McDonald, Esq. LABATON SUCHAROW LLP 140 Broadway New York, NY 10005	Daniel J. Kramer, Esq. PAUL, WEISS, RIFKIND, WHARTON & GARRISON, LLP 1285 Avenue of the Americas New York, NY 10019

Persons who intend to object and present evidence at the Settlement Hearing must include in their written objection the identity of any witnesses they may call to testify, and any exhibits they intend to introduce into evidence at the hearing.

You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you have first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

Any member of the Class who does not object in the manner provided above will be deemed to have waived all objections to the Settlement, the Plan of Allocation, and Co-Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses.

24. What's the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you are a Class Member.

Excluding yourself is telling the Court that you do not want to be part of the Class. If you excluded yourself, you have no basis to object, because the case no longer affects you. If you did not exclude yourself, you will be bound by the Settlement and all orders and judgments entered by the Court regarding the Settlement, regardless of whether the Court accepts or denies your objection.

25. When and where will the Court decide whether to approve the Settlement?

The Court has scheduled a hearing on the proposed Settlement for October 1, 2013 at 10:00 a.m., before the Honorable Dennis M. Cavanaugh in the U.S. District Court for the District of New Jersey, in Courtroom PO 04 of the United States Post Office and Courthouse Building, Newark, NJ 07101. At the Settlement Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, whether the proposed Plan of Allocation is fair and reasonable, and whether Co-Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses (and any recommendation by the Special Masters with respect to the fee and expense motion) should be approved. If there are objections, the Court will consider them. At or after the Settlement Hearing, the Court will decide whether to approve the Settlement, the Plan of Allocation, and the motion for attorneys' fees and reimbursement of Litigation Expenses.

Please note that the date of the Settlement Hearing is subject to change without further notice. If you plan to attend the hearing, you should check with Co-Lead Counsel to be sure that no change to the date and time of the hearing has been made.

26. Do I have to come to the Settlement Hearing?

No. Co-Lead Counsel will answer any questions the Court might have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection so that it was received by the deadline, it will be before the Court when the Court considers whether to approve the Settlement, the Plan of Allocation, and Co-Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses. You may also pay your own lawyer to attend the hearing, but attendance is not necessary.

27. May I speak at the Settlement Hearing?

If you are a Class Member, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *In re Schering-Plough Corporation / ENHANCE Securities Litigation*." Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be filed with the Clerk of the Court and sent to the counsel listed above in the answer to Question 23 so that it is ***received*** by the Court and counsel **no later than August 5, 2013**. You cannot speak at the hearing if you have asked to be excluded from the Class.

IF YOU DO NOTHING

28. What happens if I do nothing at all?

If you are a member of the Class and do nothing in response to this Notice, you will not be eligible to participate in the distribution of the proceeds of the Settlement, if it is approved, but you will be bound by the Settlement which means that you will not be able to start, continue, or be part of any other lawsuit or arbitration against Defendants or the other Defendants' Releasees based on the Released Plaintiffs' Claims in the Action.

In order for a Class Member to be eligible to receive a payment from the Settlement, a properly completed and documented Claim Form postmarked **on or before November 18, 2013**, must be submitted.

GETTING MORE INFORMATION

29. Are there more details about the Settlement?

This Notice contains only a summary of the proposed Settlement. The complete terms of the Settlement are set out in the Stipulation and Agreement of Settlement dated June 3, 2013. You may request a copy of the Stipulation by writing to *In re Schering-Plough Corporation / ENHANCE Securities Litigation*, P.O. Box 3127, Portland, OR 97208-3127. There may be a charge for copying and mailing the Stipulation. Copies of the Stipulation may be obtained for free at www.scheringvytorinsecuritieslitigation.com.

30. How do I get more information?

You can also call the Claims Administrator toll-free at (877) 854-4458, write to the Claims Administrator at the above address, or visit the website at www.scheringvytorinsecuritieslitigation.com, where you will find copies of the Stipulation, the Complaint, and certain other documents relating to the Action and the Settlement. Anyone interested in more detail regarding the Action is invited to visit the Office of the Clerk of the United States District Court for the District of New Jersey at the Martin Luther King Building & U.S. Courthouse, 50 Walnut Street, Newark, NJ 07101, during regular business hours, to inspect the Stipulation, the pleadings, and the other papers maintained there in Civil Action No. 08-397 (DMC) (JAD).

PLEASE DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

The Class Notice advised you that if, for the beneficial interest of any person or entity other than yourself, you purchased or otherwise acquired Schering common stock, Preferred Stock, or call options, and/or sold Schering put options during the period between January 3, 2007 through and including March 28, 2008, you must either (a) within seven (7) calendar days of receipt of the Class Notice, request from the Claims Administrator, Epiq, sufficient copies of the Class Notice to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notices forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of the Class Notice, provide a list of the names and addresses of all such beneficial owners to Epiq, at *In re Schering-Plough Corporation / ENHANCE Securities Litigation*, P.O. Box 3127, Portland, OR 97208-3127 or via email to info@scheringvytorinsecuritieslitigation.com, in which event Epiq would mail the Class Notice to such beneficial owners.

If you chose the first option, *i.e.*, you elected to mail the Class Notice directly to beneficial owners, you were advised that you must retain the mailing records for use in connection with any further notices that may be provided in the Action. If you elected that option, Epiq will forward the same number of this Notice and Claim Form (together, the "Notice Packet") to you to send to the beneficial owners. If you require more copies than you previously requested, please contact Epiq toll-free at (877) 854-4458 and let them know how many additional Notice Packets you require. You must mail the Notice Packets to the beneficial owners within seven (7) calendar days of your receipt of the Notice Packets. Upon mailing of the Notice Packets, you may seek reimbursement of your reasonable expenses actually incurred, by providing Epiq with proper documentation supporting the expenses for which reimbursement is sought.

If you chose the second option, Epiq will send a copy of the Notice and the Claim Form to the beneficial owners whose names and addresses you previously supplied. Unless you believe that you purchased or acquired Schering common stock, Preferred Stock, or call options and/or sold Schering put options during the Class Period for beneficial owners whose names you did not previously provide to Epiq, you need do nothing further at this time. If you believe that you did purchase or acquire Schering common stock, Preferred Stock, or call options and/or did sell Schering put options during the Class Period for beneficial owners whose names you did not previously provide to Epiq, you must within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to Epiq at *In re Schering-Plough Corporation / ENHANCE Securities Litigation*, P.O. Box 3127, Portland, OR 97208-3127, or via email to info@scheringvytorinsecuritieslitigation.com. Upon full compliance with these directions, you may seek reimbursement of your reasonable expenses actually incurred, by providing Epiq with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website for this Action, www.scheringvytorinsecuritieslitigation.com, or by calling Epiq toll-free at (877) 854-4458.

Dated: June 21, 2013

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

TABLE 1

Common Stock Daily Artificial Inflation

Date	Daily Artificial Inflation
January 3, 2007-April 18, 2007	$12.52
April 19, 2007-December 11, 2007	$12.68
December 12, 2007-January 13, 2008	$11.50
January 14, 2008	$9.22
January 15, 2008-January 16, 2008	$7.97
January 17, 2008-January 24, 2008	$6.70
January 25, 2008-January 28, 2008	$6.02
January 29, 2008-March 30, 2008	$5.41

TABLE 2

Schering Common Stock Price and Rolling Average Closing Price from March 31, 2008 through June 27, 2008

Date	Schering Common Stock Price	Average Closing Price from March 31, 2008 through June 27, 2008
3/31/2008	$14.41	$14.41
4/1/2008	$14.75	$14.58
4/2/2008	$13.86	$14.34
4/3/2008	$15.38	$14.60
4/4/2008	$16.12	$14.90
4/7/2008	$16.76	$15.21
4/8/2008	$16.15	$15.35
4/9/2008	$16.60	$15.50
4/10/2008	$17.01	$15.67
4/11/2008	$17.21	$15.83
4/14/2008	$16.55	$15.89
4/15/2008	$16.41	$15.93
4/16/2008	$16.38	$15.97
4/17/2008	$16.48	$16.01
4/18/2008	$16.87	$16.06
4/21/2008	$17.27	$16.14
4/22/2008	$17.14	$16.20
4/23/2008	$18.27	$16.31
4/24/2008	$18.12	$16.41
4/25/2008	$18.64	$16.52
4/28/2008	$18.75	$16.63
4/29/2008	$18.76	$16.72
4/30/2008	$18.41	$16.80
5/1/2008	$18.85	$16.88
5/2/2008	$18.90	$16.96
5/5/2008	$18.75	$17.03
5/6/2008	$18.69	$17.09
5/7/2008	$18.18	$17.13
5/8/2008	$18.71	$17.19
5/9/2008	$18.65	$17.23
5/12/2008	$18.75	$17.28
5/13/2008	$18.94	$17.34
5/14/2008	$19.59	$17.40
5/15/2008	$19.42	$17.46
5/16/2008	$19.38	$17.52
5/19/2008	$19.04	$17.56
5/20/2008	$19.26	$17.61
5/21/2008	$19.31	$17.65
5/22/2008	$19.75	$17.70
5/23/2008	$19.23	$17.74
5/27/2008	$20.08	$17.80
5/28/2008	$20.09	$17.85
5/29/2008	$19.84	$17.90
5/30/2008	$20.40	$17.96
6/2/2008	$19.86	$18.00
6/3/2008	$20.50	$18.05
6/4/2008	$20.41	$18.10
6/5/2008	$20.72	$18.16
6/6/2008	$19.88	$18.19
6/9/2008	$19.66	$18.22
6/10/2008	$19.61	$18.25
6/11/2008	$19.48	$18.27
6/12/2008	$19.50	$18.30
6/13/2008	$19.24	$18.31
6/16/2008	$19.20	$18.33
6/17/2008	$19.26	$18.35
6/18/2008	$19.28	$18.36
6/19/2008	$19.25	$18.38
6/20/2008	$18.57	$18.38
6/23/2008	$18.62	$18.39
6/24/2008	$19.33	$18.40
6/25/2008	$19.73	$18.42
6/26/2008	$18.98	$18.43
6/27/2008	$19.64	$18.45

TABLE 3

Preferred Stock Daily Artificial Inflation

Date	Daily Artificial Inflation
From the offering-December 11, 2007	$82.12
December 12, 2007-January 13, 2008	$75.06
January 14, 2008	$60.99
January 15, 2008-January 16, 2008	$53.01
January 17, 2008-March 30, 2008	$42.73

TABLE 4

Schering Preferred Stock Price and Rolling Average Closing Price from March 31, 2008 through June 27, 2008

Date	Schering Preferred Stock Price	Average Closing Price from March 31, 2008 through June 27, 2008
3/31/2008	$153.18	$153.18
4/1/2008	$156.88	$155.03
4/2/2008	$148.70	$152.92
4/3/2008	$159.91	$154.67
4/4/2008	$166.50	$157.03
4/7/2008	$171.20	$159.40
4/8/2008	$167.75	$160.59
4/9/2008	$170.70	$161.85
4/10/2008	$173.58	$163.16
4/11/2008	$174.55	$164.30
4/14/2008	$169.50	$164.77
4/15/2008	$168.56	$165.08
4/16/2008	$168.99	$165.38
4/17/2008	$169.50	$165.68
4/18/2008	$172.25	$166.12
4/21/2008	$175.25	$166.69
4/22/2008	$174.25	$167.13
4/23/2008	$181.31	$167.92
4/24/2008	$181.84	$168.65
4/25/2008	$185.74	$169.51
4/28/2008	$186.00	$170.29
4/29/2008	$181.57	$170.81
4/30/2008	$180.53	$171.23
5/1/2008	$183.35	$171.73
5/2/2008	$183.52	$172.20
5/5/2008	$183.60	$172.64
5/6/2008	$183.05	$173.03
5/7/2008	$179.44	$173.26
5/8/2008	$183.08	$173.60
5/9/2008	$181.79	$173.87
5/12/2008	$182.98	$174.16
5/13/2008	$184.42	$174.48
5/14/2008	$189.03	$174.92
5/15/2008	$187.50	$175.29
5/16/2008	$187.58	$175.65
5/19/2008	$185.02	$175.91
5/20/2008	$186.75	$176.20
5/21/2008	$187.55	$176.50
5/22/2008	$190.67	$176.86
5/23/2008	$187.18	$177.12
5/27/2008	$192.64	$177.50
5/28/2008	$192.44	$177.85
5/29/2008	$191.18	$178.16
5/30/2008	$196.00	$178.57
6/2/2008	$191.65	$178.86
6/3/2008	$195.93	$179.23
6/4/2008	$194.17	$179.55
6/5/2008	$197.75	$179.93
6/6/2008	$192.48	$180.18
6/9/2008	$188.91	$180.36
6/10/2008	$190.04	$180.55
6/11/2008	$189.00	$180.71
6/12/2008	$188.44	$180.86
6/13/2008	$187.24	$180.97
6/16/2008	$186.64	$181.08
6/17/2008	$188.15	$181.20
6/18/2008	$188.66	$181.33
6/19/2008	$188.33	$181.46
6/20/2008	$183.54	$181.49
6/23/2008	$183.75	$181.53
6/24/2008	$189.34	$181.66
6/25/2008	$191.22	$181.81
6/26/2008	$186.03	$181.88
6/27/2008	$190.97	$182.02

TABLE 5

Call Option Daily Artificial Inflation and Holding Prices

Expiration Date	Strike Price	Artificial Inflation						Holding Price
		Prior to 12/12/07	12/12/07 through 1/13/08	1/14/08	1/15/08 through 1/16/08	1/17/08 through 1/28/08	1/29/08 through 3/30/08	
12/22/2007	$20.00	$1.20	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$22.50	$1.14	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$25.00	$1.12	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$30.00	$0.11	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$35.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$40.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$45.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$10.00	$6.12	$4.98	$2.65	$1.36	$0.00	$0.00	$0.00
1/19/2008	$12.50	$6.12	$4.98	$2.65	$1.36	$0.00	$0.00	$0.00
1/19/2008	$15.00	$6.14	$5.00	$2.62	$1.33	$0.00	$0.00	$0.00
1/19/2008	$20.00	$6.07	$4.87	$2.55	$1.29	$0.00	$0.00	$0.00
1/19/2008	$22.50	$5.38	$4.24	$1.92	$0.68	$0.00	$0.00	$0.00
1/19/2008	$25.00	$3.56	$2.64	$0.61	$0.00	$0.00	$0.00	$0.00
1/19/2008	$30.00	$0.31	$0.11	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$35.00	$0.09	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$40.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$45.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2/16/2008	$15.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2/16/2008	$17.50	$0.56	$0.56	$0.56	$0.56	$0.56	$0.00	$0.00
2/16/2008	$20.00	$5.89	$4.81	$2.54	$1.32	$0.24	$0.00	$0.00
2/16/2008	$22.50	$4.95	$3.92	$1.70	$0.69	$0.06	$0.00	$0.00
2/16/2008	$25.00	$3.50	$2.70	$0.91	$0.28	$0.09	$0.00	$0.00
2/16/2008	$30.00	$0.61	$0.38	$0.09	$0.00	$0.00	$0.00	$0.00
2/16/2008	$35.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2/16/2008	$40.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2/16/2008	$45.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$15.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$17.50	$0.50	$0.50	$0.50	$0.50	$0.50	$0.00	$0.00
3/22/2008	$20.00	$0.27	$0.27	$0.27	$0.27	$0.27	$0.00	$0.00
3/22/2008	$22.50	$0.15	$0.15	$0.15	$0.15	$0.15	$0.00	$0.00
3/22/2008	$25.00	$0.06	$0.06	$0.06	$0.06	$0.06	$0.00	$0.00
3/22/2008	$30.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$35.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$40.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$12.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$15.00	$4.34	$4.34	$4.34	$4.34	$4.34	$4.34	$0.53
4/19/2008	$17.50	$2.38	$2.38	$2.38	$2.38	$2.38	$2.38	$0.13

Expiration Date	Strike Price	Artificial Inflation						Holding Price
		Prior to 12/12/07	12/12/07 through 1/13/08	1/14/08	1/15/08 through 1/16/08	1/17/08 through 1/28/08	1/29/08 through 3/30/08	
4/19/2008	$20.00	$0.87	$0.87	$0.87	$0.87	$0.87	$0.87	$0.00
4/19/2008	$22.50	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.00
4/19/2008	$25.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$30.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$35.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
5/17/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
5/17/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
5/17/2008	$12.50	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$2.43
5/17/2008	$15.00	$4.52	$4.52	$4.52	$4.52	$4.52	$3.99	$0.95
5/17/2008	$17.50	$2.98	$2.98	$2.98	$2.98	$2.98	$2.51	$0.33
5/17/2008	$20.00	$6.85	$5.82	$3.60	$2.49	$1.59	$1.20	$0.13
5/17/2008	$22.50	$5.20	$4.34	$2.23	$1.33	$0.70	$0.52	$0.00
5/17/2008	$25.00	$3.79	$3.16	$1.37	$0.65	$0.28	$0.19	$0.00
5/17/2008	$30.00	$1.47	$1.27	$0.29	$0.07	$0.00	$0.00	$0.00
5/17/2008	$35.00	$0.44	$0.38	$0.09	$0.05	$0.00	$0.00	$0.00
5/17/2008	$40.00	$0.08	$0.06	$0.06	$0.00	$0.00	$0.00	$0.00
5/17/2008	$45.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
8/16/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
8/16/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
8/16/2008	$12.50	$4.70	$4.70	$4.70	$4.70	$4.70	$4.70	$2.90
8/16/2008	$15.00	$4.50	$4.50	$4.50	$4.50	$4.50	$3.85	$1.58
8/16/2008	$17.50	$7.86	$7.86	$5.58	$4.40	$3.32	$2.73	$0.80
8/16/2008	$20.00	$6.25	$6.25	$4.03	$3.00	$2.16	$1.72	$0.38
8/16/2008	$22.50	$4.92	$4.92	$2.91	$1.99	$1.36	$1.04	$0.18
8/16/2008	$25.00	$3.62	$3.62	$1.88	$1.16	$0.73	$0.52	$0.08
8/16/2008	$30.00	$1.81	$1.81	$0.70	$0.36	$0.23	$0.14	$0.00
8/16/2008	$35.00	$0.72	$0.72	$0.24	$0.11	$0.06	$0.00	$0.00
8/16/2008	$40.00	$0.21	$0.21	$0.07	$0.00	$0.00	$0.00	$0.00
11/22/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
11/22/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
11/22/2008	$12.50	$4.59	$4.59	$4.59	$4.59	$4.59	$4.59	$3.25
11/22/2008	$15.00	$3.82	$3.82	$3.82	$3.82	$3.82	$3.82	$2.05
11/22/2008	$17.50	$2.95	$2.95	$2.95	$2.95	$2.95	$2.95	$1.20
11/22/2008	$20.00	$2.08	$2.08	$2.08	$2.08	$2.08	$2.08	$0.73
11/22/2008	$22.50	$1.42	$1.42	$1.42	$1.42	$1.42	$1.42	$0.40
11/22/2008	$25.00	$0.93	$0.93	$0.93	$0.93	$0.93	$0.93	$0.20
11/22/2008	$30.00	$0.44	$0.44	$0.44	$0.44	$0.44	$0.44	$0.00
1/17/2009	$10.00	$11.42	$10.21	$7.89	$6.60	$5.45	$4.92	$5.25
1/17/2009	$15.00	$10.27	$9.07	$6.74	$5.49	$4.34	$3.69	$2.43
1/17/2009	$20.00	$7.96	$6.93	$4.72	$3.61	$2.77	$2.24	$0.98
1/17/2009	$25.00	$5.10	$4.41	$2.61	$1.80	$1.33	$1.07	$0.40

Expiration Date	Strike Price	Artificial Inflation						Holding Price
		Prior to 12/12/07	12/12/07 through 1/13/08	1/14/08	1/15/08 through 1/16/08	1/17/08 through 1/28/08	1/29/08 through 3/30/08	
1/17/2009	$30.00	$3.07	$2.55	$1.29	$0.81	$0.53	$0.41	$0.18
1/17/2009	$35.00	$1.45	$1.34	$0.55	$0.29	$0.17	$0.14	$0.08
1/17/2009	$40.00	$0.68	$0.68	$0.31	$0.16	$0.11	$0.11	$0.00
1/17/2009	$45.00	$0.38	$0.32	$0.16	$0.07	$0.00	$0.00	$0.00
1/16/2010	$5.00	$5.30	$5.30	$5.30	$5.30	$5.30	$5.30	$9.80
1/16/2010	$10.00	$4.82	$4.82	$4.82	$4.82	$4.82	$4.59	$6.25
1/16/2010	$15.00	$4.13	$4.13	$4.13	$4.13	$4.13	$3.66	$3.80
1/16/2010	$20.00	$7.51	$6.65	$4.59	$3.56	$3.00	$2.70	$2.23
1/16/2010	$25.00	$5.79	$5.16	$3.37	$2.52	$1.99	$1.64	$1.38
1/16/2010	$30.00	$4.02	$3.62	$1.88	$1.41	$1.24	$1.09	$0.80
1/16/2010	$35.00	$2.51	$2.37	$1.21	$0.84	$0.77	$0.71	$0.48
1/16/2010	$40.00	$1.62	$1.30	$0.64	$0.38	$0.38	$0.36	$0.28

TABLE 6

Put Option Daily Artificial Deflation and Holding Prices

Expiration Date	Strike Price	Artificial Deflation					Holding Price
		Prior to 12/12/07	12/12/07 through 1/13/08	1/14/08	1/15/08 through 1/16/08	1/17/08 through 3/30/08	
12/22/2007	$20.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$22.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$25.00	$0.09	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$30.00	$1.12	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$35.00	$1.14	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$40.00	$1.14	$0.00	$0.00	$0.00	$0.00	$0.00
12/22/2007	$45.00	$1.14	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$12.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$15.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
1/19/2008	$20.00	$0.07	$0.07	$0.07	$0.07	$0.00	$0.00
1/19/2008	$22.50	$0.83	$0.72	$0.72	$0.65	$0.00	$0.00
1/19/2008	$25.00	$2.51	$2.26	$1.99	$1.31	$0.00	$0.00
1/19/2008	$30.00	$5.89	$4.86	$2.62	$1.33	$0.00	$0.00
1/19/2008	$35.00	$6.12	$4.98	$2.65	$1.36	$0.00	$0.00
1/19/2008	$40.00	$6.12	$4.98	$2.65	$1.36	$0.00	$0.00
1/19/2008	$45.00	$6.12	$4.98	$2.65	$1.36	$0.00	$0.00
2/16/2008	$15.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2/16/2008	$17.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
2/16/2008	$20.00	$0.52	$0.41	$0.41	$0.30	$0.00	$0.00
2/16/2008	$22.50	$1.39	$1.11	$0.98	$0.70	$0.00	$0.00
2/16/2008	$25.00	$2.76	$2.36	$1.78	$1.12	$0.00	$0.00

Expiration Date	Strike Price	Artificial Deflation					Holding Price
		Prior to 12/12/07	12/12/07 through 1/13/08	1/14/08	1/15/08 through 1/16/08	1/17/08 through 3/30/08	
2/16/2008	$30.00	$5.51	$4.60	$2.62	$1.36	$0.00	$0.00
2/16/2008	$35.00	$6.05	$4.91	$2.58	$1.29	$0.00	$0.00
2/16/2008	$40.00	$6.21	$4.89	$2.62	$1.29	$0.00	$0.00
2/16/2008	$45.00	$6.21	$4.89	$2.62	$1.29	$0.00	$0.00
3/22/2008	$15.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$17.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$20.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$22.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$25.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$30.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$35.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
3/22/2008	$40.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$12.50	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
4/19/2008	$15.00	$1.15	$1.15	$1.15	$1.15	$1.15	$1.05
4/19/2008	$17.50	$3.09	$3.09	$3.09	$3.09	$3.09	$3.15
4/19/2008	$20.00	$4.73	$4.73	$4.73	$4.73	$4.73	$5.60
4/19/2008	$22.50	$5.30	$5.30	$5.30	$5.30	$5.30	$8.05
4/19/2008	$25.00	$5.46	$5.46	$5.46	$5.46	$5.46	$10.55
4/19/2008	$30.00	$5.52	$5.52	$5.52	$5.52	$5.52	$15.55
4/19/2008	$35.00	$5.52	$5.52	$5.52	$5.52	$5.52	$20.55
5/17/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
5/17/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
5/17/2008	$12.50	$0.52	$0.52	$0.52	$0.52	$0.52	$0.48
5/17/2008	$15.00	$1.48	$1.48	$1.48	$1.48	$1.48	$1.53
5/17/2008	$17.50	$3.00	$3.00	$3.00	$3.00	$3.00	$3.40
5/17/2008	$20.00	$5.24	$5.04	$4.94	$4.74	$4.32	$5.70
5/17/2008	$22.50	$6.75	$6.41	$6.15	$5.76	$5.03	$8.10
5/17/2008	$25.00	$8.16	$7.56	$6.98	$6.35	$5.35	$10.60
5/17/2008	$30.00	$10.27	$9.27	$7.90	$6.76	$5.46	$15.55
5/17/2008	$35.00	$11.18	$10.03	$7.92	$6.78	$5.52	$20.55
5/17/2008	$40.00	$11.73	$10.35	$8.03	$6.85	$5.63	$25.55
5/17/2008	$45.00	$11.61	$10.36	$8.14	$6.92	$5.63	$30.55
8/16/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
8/16/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
8/16/2008	$12.50	$0.85	$0.85	$0.85	$0.85	$0.85	$0.95
8/16/2008	$15.00	$1.69	$1.69	$1.69	$1.69	$1.69	$2.10
8/16/2008	$17.50	$3.21	$3.21	$3.13	$3.02	$2.76	$3.80
8/16/2008	$20.00	$4.65	$4.65	$4.46	$4.24	$3.77	$5.90
8/16/2008	$22.50	$5.92	$5.92	$5.60	$5.20	$4.48	$8.20

Expiration Date	Strike Price	Artificial Deflation					Holding Price
		Prior to 12/12/07	12/12/07 through 1/13/08	1/14/08	1/15/08 through 1/16/08	1/17/08 through 3/30/08	
8/16/2008	$25.00	$7.11	$7.11	$6.52	$5.93	$5.03	$10.60
8/16/2008	$30.00	$8.95	$8.95	$7.63	$6.67	$5.41	$15.55
8/16/2008	$35.00	$10.00	$10.00	$7.99	$6.78	$5.52	$20.55
8/16/2008	$40.00	$10.35	$10.35	$8.03	$6.85	$5.63	$25.55
11/22/2008	$5.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
11/22/2008	$10.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
11/22/2008	$12.50	$0.93	$0.93	$0.93	$0.93	$0.93	$1.28
11/22/2008	$15.00	$1.64	$1.64	$1.64	$1.64	$1.64	$2.50
11/22/2008	$17.50	$2.57	$2.57	$2.57	$2.57	$2.57	$4.20
11/22/2008	$20.00	$3.44	$3.44	$3.44	$3.44	$3.44	$6.20
11/22/2008	$22.50	$4.15	$4.15	$4.15	$4.15	$4.15	$8.40
11/22/2008	$25.00	$4.64	$4.64	$4.64	$4.64	$4.64	$10.70
11/22/2008	$30.00	$5.35	$5.35	$5.35	$5.35	$5.35	$15.55
1/17/2009	$10.00	$0.58	$0.58	$0.58	$0.58	$0.55	$0.70
1/17/2009	$15.00	$2.08	$2.00	$2.00	$1.94	$1.75	$2.80
1/17/2009	$20.00	$4.57	$4.32	$4.13	$3.93	$3.39	$6.40
1/17/2009	$25.00	$6.89	$6.37	$5.87	$5.35	$4.48	$10.80
1/17/2009	$30.00	$9.07	$8.21	$7.16	$6.31	$5.19	$15.50
1/17/2009	$35.00	$10.61	$9.52	$7.88	$6.70	$5.41	$20.45
1/17/2009	$40.00	$11.47	$10.21	$8.05	$6.83	$5.57	$25.50
1/17/2009	$45.00	$11.52	$10.27	$8.05	$6.83	$5.57	$30.50
1/16/2010	$5.00	$0.27	$0.27	$0.27	$0.27	$0.27	$0.25
1/16/2010	$10.00	$0.79	$0.79	$0.79	$0.79	$0.79	$1.43
1/16/2010	$15.00	$1.78	$1.78	$1.78	$1.78	$1.78	$3.85
1/16/2010	$20.00	$4.56	$4.13	$3.89	$3.56	$2.95	$7.25
1/16/2010	$25.00	$6.80	$5.97	$5.55	$5.00	$3.88	$11.40
1/16/2010	$30.00	$8.48	$7.51	$6.66	$5.89	$4.70	$15.85
1/16/2010	$35.00	$9.66	$8.57	$7.35	$6.36	$5.14	$20.55
1/16/2010	$40.00	$10.90	$9.64	$7.80	$6.62	$5.46	$25.50

Supplemental Exhibit 6B

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

IN RE SCHERING-PLOUGH CORPORATION / ENHANCE SECURITIES LITIGATION	Civil Action No. 08-397 (DMC) (JAD)

ORDER APPROVING PLAN OF ALLOCATION OF NET SETTLEMENT FUND

This matter came on for hearing on October 1, 2013 (the "Settlement Hearing") on Lead Plaintiffs' motion to determine whether the proposed plan of allocation of the Net Settlement Fund ("Plan of Allocation") created in connection with the Settlement achieved in the above-captioned consolidated class action (the "Action") should be approved. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all Class Members who or which could be identified with reasonable effort, except those persons or entities excluded from the definition of the Class, and that a summary notice of the hearing substantially in the form approved by the Court was published in *The Wall Street Journal* and was transmitted over the *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order approving the proposed Plan of Allocation incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated as of June 3, 2013 (ECF No. 419-1) (the "Stipulation") and all terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. The Court has jurisdiction to enter this Order approving the proposed Plan of Allocation, and over the subject matter of the Action and all parties to the Action, including all Class Members.

3. Notice of Lead Plaintiffs' motion for approval of the proposed Plan of Allocation was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995 (15 U.S.C. §§ 77z-1(a)(4), 78u-4(a)(7)), due process, and all other applicable law and rules, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Copies of the Settlement Notice, which included the Plan of Allocation, were mailed to over 406,000 potential Class Members and nominees and only one objection to the proposed plan was submitted. The Court has considered the objection and found it to be without merit.

5. The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation mailed to Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Class Members with due consideration having been given to administrative convenience and necessity.

6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Class. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiffs.

7. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this 1 day of Oct, 2013.

The Honorable Dennis M. Cavanaugh
United States District Judge

#753410

Supplemental Exhibit 7A

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION	Case No. 2:16-cv-00216-RSL Hon. Robert S. Lasnik **CLASS ACTION**

NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action") pending in the United States District Court for the Western District of Washington (the "Court"), if, during the period from March 9, 2015 through February 9, 2016, inclusive (the "Class Period"), you purchased or otherwise acquired any shares of the common stock of CTI BioPharma Corp. ("CTI"), CTI Series N-1 Preferred Stock, or CTI Series N-2 Preferred Stock, other than shares of such securities that traded on an exchange outside the United States (collectively, the "CTI Securities"), and were damaged thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff, DAFNA LifeScience, LP and DAFNA LifeScience Select, LP ("Lead Plaintiff"), on behalf of itself and the Settlement Class (as defined in ¶ 22 below), has reached a proposed settlement of the Action for $20,000,000 in cash that, if approved, will resolve all claims in the Action (the "Settlement").

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact CTI, any other Defendants in the Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 86 below).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that CTI BioPharma Corp. ("CTI" or the "Company") and its then-CEO James A. Bianco made materially false statements and misleading omissions concerning CTI's drug candidate, pacritinib, and the results of a clinical trial of pacritinib. A more detailed description of the Action and identification of the additional Defendants is set forth in paragraphs 11-21 below. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Class, as defined in paragraph 22 below.

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated September 15, 2017 (the "Stipulation"), which is available at www.CTIBioPharmaSecuritiesSettlement.com.

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Lead Plaintiff, on behalf of itself and the Settlement Class, has agreed to settle the Action in exchange for a settlement payment of $20,000,000 in cash (the "Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys' fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages 9-12 below.

3. **Estimate of Average Amount of Recovery Per Share:** Based on an expert's estimate of the number of CTI Securities purchased during the Class Period that may have been affected by the conduct at issue in the Action and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses and costs) is $0.13 per eligible share of CTI common stock (including shares of common stock converted from CTI Series N-1 or Series N-2 Preferred Stock).[2] Settlement Class Members should note, however, that the foregoing average recovery per share is only an estimate that depends on necessary assumptions. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, which CTI Securities they purchased, when and at what prices they purchased/acquired or sold their CTI Securities, and the total number of valid Claim Forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages 9-12 below) or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs' Counsel, which have been prosecuting the Action on a wholly contingent basis since its inception, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 20% of the Settlement Fund. In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution, and resolution of the claims against the Defendants, in an amount not to exceed $200,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The estimate of the average cost per affected share, if the Court approves Lead Counsel's fee and expense application, is $0.03 per eligible share of CTI common stock.

6. **Identification of Attorneys' Representatives:** Lead Plaintiff and the Settlement Class are represented by David R. Stickney, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130, (800) 380-8496, blbg@blbglaw.com.

7. **Reasons for the Settlement:** Lead Plaintiff's principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against Defendants' ability to pay a judgment and the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after contested motions, a trial of the Action and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

[2] After the end of the Class Period, in January 2017, CTI common stock had a 1-for-10 reverse stock split, meaning that for every ten shares of CTI common stock the shareholder owned before the split, the shareholder now owned one share. The per-share recovery estimate listed above is based on the number of CTI common shares prior to the split.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN FEBRUARY 20, 2018.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 31 below) that you have against Defendants and the other Defendants' Releasees (defined in ¶ 32 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION NO LATER THAN JANUARY 11, 2018.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION NO LATER THAN JANUARY 11, 2018.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation, or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
GO TO A HEARING ON FEBRUARY 1, 2018 AT 8:30 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR NO LATER THAN JANUARY 11, 2018.	Filing a written objection and notice of intention to appear by January 11, 2018 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired CTI common stock, CTI Series N-1 Preferred Stock, or CT Series N-2 Preferred Stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, and the Plan of Allocation (or some other plan of allocation), the claims administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). *See* paragraph 77 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. CTI is a biopharmaceutical company whose stock trades on the NASDAQ stock exchange under the ticker symbol "CTIC." During the Class Period, one of CTI's drug candidates was "pacritinib," a treatment for myelofibrosis, a type of blood-related cancer. In the Action, Plaintiffs allege that Defendants made material misstatements and misleading omissions about pacritinib, including in offering documents for CTI Series N-1 Preferred Stock and CTI Series N-2 Preferred Stock, and that persons who purchased CTI Securities during the Class Period were injured when the truth was revealed.

The Defendants are CTI BioPharma Corp. ("CTI" or the "Company"); James A. Bianco, Louis A. Bianco, Jack W. Singer, Frederick W. Telling, Reed V. Tuckson, Phillip M. Nudelman, John H. Bauer, Karen Ignagni, Richard L. Love, and Mary O. Mundinger (collectively, the "Individual Defendants" and, together with CTI, the "CTI Defendants"); and defendants Piper Jaffray & Co., Landenburg Thalmann & Co. Inc., Roth Capital Partners, LLC, and National Securities Corporation (collectively, the "Underwriter Defendants," and, together with the CTI Defendants, the "Defendants").

12. On February 10, 2016, a securities class action complaint alleging claims against CTI and the Individual Defendants was filed in the United States District Court for the Southern District of New York, styled *Ahrens v. CTI BioPharma Corp.*, No. 1:16-cv-01044-PAE ("*Ahrens*"). On February 12, 2016, a securities class action complaint alleging substantially identical claims was filed in the Western District of Washington, styled *McGlothin v. CTI BioPharma Corp.*, No. 2:16-cv-00216-RSL ("*McGlothin*").

13. On May 19, 2016, the Southern District of New York granted the CTI Defendants' unopposed motion to transfer *Ahrens* to the Western District of Washington, and on June 13, 2016, the Western District of Washington entered an order consolidating *Ahrens* and *McGlothin* and ordering that the consolidated action be recaptioned as *In re CTI BioPharma Corp. Securities Litigation*, No. 16-cv-216-RSL.

14. Following a hearing on August 25, 2016, the Court appointed DAFNA LifeScience, LP and DAFNA LifeScience Select, LP as Lead Plaintiff for the consolidated action; and approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the class.

15. On November 8, 2016, Lead Plaintiff and additional plaintiff Michael Li filed and served the Consolidated Class Action Complaint (the "Complaint"). The Complaint asserts claims under Section 11 of the Securities Act of 1933 (the "Securities Act") against CTI, the Individual Defendants and the Underwriter Defendants; claims under Section 12(a)(2) of the Securities Act against the Underwriter Defendants; and claims under Section 15 of the Securities Act against James A. Bianco. The Complaint alleges, among other things, that the Offering Materials issued by Defendants in connection

with the October 2015 offering of CTI Series N-1 Preferred Stock and the December 2015 offering of CTI Series N-2 Preferred Stock contained materially false statements and misleading omissions concerning pacritinib and the results of a Phase III trial of that drug.

16. The Complaint also asserts claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against CTI and James Bianco; and claims under Section 20(a) of the Exchange Act against James Bianco. The Complaint alleges that CTI and James Bianco made additional misstatements and material omissions concerning pacritinib during investor conferences and in press releases and that CTI and James Bianco made the false statements and omissions with scienter. The Complaint further alleges the truth concealed by Defendants' misstatements and omissions was revealed on February 8 and 9, 2016 when CTI disclosed that the FDA had placed a partial hold and hold on clinical trials of pacritinib due to safety concerns, which caused the price of CTI's securities to drop significantly.

17. On January 9, 2017, Defendants filed and served their motions to dismiss the Complaint. On February 6, 2017, Lead Plaintiff filed and served its opposition to Defendants' motions and, on February 22, 2017, Defendants filed and served their reply papers.

18. The Parties participated in two in-person mediation sessions with Jed D. Melnick of JAMS, an experienced mediator. In advance of the first session on March 29, 2017, the Parties exchanged mediation statements, which were submitted to Mr. Melnick together with numerous exhibits. The first mediation session ended at an impasse. Discussions and the exchange of information continued telephonically and in writing. The Parties submitted supplemental mediation statements prior to the second session on June 26, 2017. That session also ended without agreement being reached.

19. Following the June 26, 2017 mediation, the Parties continued to conduct arm's-length settlement negotiations, with the assistance of Mr. Melnick. On August 3, 2017, the Parties reached an agreement in principle to settle the Action that was memorialized in a term sheet (the "Term Sheet") executed that day. The Term Sheet set forth the Parties' agreement to settle and release all claims asserted in the Action in return for a $20,000,000 cash payment.

20. On September 15, 2017, the Parties entered into a Stipulation and Agreement of Settlement (the "Stipulation"), which sets forth the terms and conditions of the Settlement. The Stipulation can be viewed at www.CTIBioPharmaSecuritiesSettlement.com.

21. On October 24, 2017, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

22. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

> all persons and entities who purchased or otherwise acquired CTI Securities during the period from March 9, 2015 through February 9, 2016, inclusive (the "Class Period"), and were damaged thereby.[3]

Excluded from the Settlement Class are (a) Defendants; (b) the Officers and directors of CTI during the Class Period (the "Excluded Officers and Directors"); (c) the Immediate Family Members of the Individual Defendants and Excluded Officers and Directors; (d) any entity in which any Defendant, any Excluded Officer or Director, or any of their respective Immediate Family Members had during the Class Period and/or has a controlling interest; (e) Defendants' liability insurance carriers; (f) any affiliates, parents or subsidiaries of CTI; (g) all CTI plans that are covered by ERISA; and (h) the legal representatives, heirs, agents, affiliates, successors-in-interest, or assigns of any excluded person or entity, in their respective capacity as such. Also excluded from the Settlement Class are any persons or entities that exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself," on page 13 below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

[3] "CTI Securities" means (i) CTI common stock; (ii) CTI Series N-1 Preferred Stock; and/or (iii) CTI Series N-2 Preferred Stock, but does not include any shares of such securities that traded on an exchange outside the United States.

IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN FEBRUARY 20, 2018.

WHAT ARE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

23. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of proceedings that would be necessary to obtain a judgment against Defendants through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages in this Action and in collecting a judgment against the CTI Defendants considering their ability to pay.

24. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely $20,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no recovery after summary judgment, trial, and appeals, possibly years in the future.

25. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

26. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiff nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

27. As a Settlement Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

28. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," below.

29. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

30. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiff and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, will have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim (as defined in ¶ 31 below) against the Defendants and the other Defendants' Releasees (as

defined in ¶ 32 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

31. "Released Plaintiffs' Claims" means, to the extent allowed by law, all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that Lead Plaintiff or any other member of the Settlement Class, including additional named plaintiff Michael Li: (i) asserted in the Complaint; or (ii) could have asserted or could assert in any forum that arise out of or are based upon the acts, omissions, nondisclosure, allegations, transactions, facts, matters, occurrences, or oral or written representations or statements involved, set forth, or referred to in the Complaint, and that relate to the purchase of CTI Securities during the Class Period. Released Plaintiffs' Claims do not include: (i) any claims relating to the enforcement of the Settlement; (ii) any claims asserted in any shareholder derivative action or action under ERISA that are based on similar allegations, including *In re CTI BioPharma Shareholder Derivative Action*, No. 2:16-cv-00756 (W.D. Wash.) or any of the actions consolidated therein; and (iii) the claims of any person or entity that submits a request for exclusion that is accepted by the Court.

32. "Defendants' Releasees" means (i) Defendants and their current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such; and (ii) Berkley Insurance Company, XL Specialty Insurance Company, Allied World National Assurance Company, Continental Casualty Company, and Old Republic Insurance Company (together, the "CTI Insurers"), and each of the CTI Insurers' respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

33. "Unknown Claims" means any Released Plaintiffs' Claims that Lead Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiff and Defendants shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, 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 or foreign law, which is similar, comparable, or equivalent to 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 and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

34. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants' Claim (as defined in ¶ 35 below) against Lead Plaintiff and the other Plaintiffs' Releasees (as defined in ¶ 36 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

35. "Released Defendants' Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Defendants. Released Defendants' Claims do not include any claims relating to the enforcement of the Settlement or any claims against any person or entity that submits a request for exclusion from the Settlement Class that is accepted by the Court.

36. "Plaintiffs' Releasees" means Lead Plaintiff, all other plaintiffs in the Action, their respective attorneys, and all other Settlement Class Members, and their respective current and former officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

37. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than February 20, 2018**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.CTIBioPharmaSecuritiesSettlement.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-844-402-8599. Please retain all records of your ownership of and transactions in CTI Securities, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

38. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

39. Pursuant to the Settlement, the CTI Defendants agreed to pay or caused to be paid twenty million dollars ($20,000,000) in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (a) all federal, state, and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (c) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

40. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

41. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the plan of allocation.

42. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

43. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before February 20, 2018 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 31 above) against the Defendants' Releasees (as defined in ¶ 32 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants' Releasees whether or not such Settlement Class Member submits a Claim Form.

44. Participants in and beneficiaries of a CTI sponsored plan covered by ERISA ("CTI ERISA Plan") should NOT include any information relating to their transactions in CTI Securities held through any CTI ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares that they purchased or acquired outside of any CTI ERISA Plan.

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

46. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

47. Only Settlement Class Members, *i.e.*, persons and entities who purchased or otherwise acquired CTI Securities during the Class Period and were damaged as a result of such purchases or acquisitions will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

PROPOSED PLAN OF ALLOCATION

48. The proposed Settlement covers members of the Settlement Class who purchased or acquired CTI common stock from March 9, 2015 through February 9, 2016, inclusive. All such Settlement Class members have a potential claim under Section 10(b) of the Exchange Act. In addition, Settlement Class members who purchased either the Company's Series N-1 or Series N-2 Preferred Stock that converted to common stock also have claims under Section 11 of the Securities Act. The claims under Section 11 of the Securities Act are relatively stronger than claims under Section 10(b) of the Exchange Act because the burden of pleading and proving such claims is lower. The Plan of Allocation is divided into two parts. The first part governs purchases of either CTI Series N-1 or Series N-2 Preferred Stock that converted to common stock; and the second part governs purchases or acquisitions of CTI common stock.

49. In developing the Plan of Allocation for purchases of CTI Series N-1 or Series N-2 Preferred Stock that converted to common stock, Lead Plaintiff's damages expert used the statutory formula for Section 11 claims. That formula calculates damages as the difference between (1) the purchase price (or the price at which the securities were initially offered if such price is lower than the purchase price), and (2) the sale price (or, if sold after the initial lawsuit, the value at the time the suit was filed if such price is greater than the sale price). Here, the purchase price is the conversion price at which the Preferred Stock converted to common stock.

50. For purchases or acquisitions of CTI common stock, Lead Plaintiff's damages expert calculated the amount of alleged artificial inflation in the price of CTI's common stock caused by Defendants' alleged false and misleading statements and material omissions. The calculations are set forth in Table A at the end of this Notice. The calculations are based on Company-specific stock-price declines following the alleged corrective disclosures on February 8, 2016 and after the market closed on February 9, 2016, taking into account a partial rebound on February 9, 2016.[4] Such price declines and the partial rebound are set forth below:

February 8, 2016 price decline: Market-adjusted price decline of $0.65 per share

February 9, 2016 partial rebound: Market-adjusted price increase of $0.06 per share

February 10, 2016 price decline: Market-adjusted price decline of $0.20 per share

51. The Plan of Allocation for purchases or acquisitions of CTI common stock also takes into account the statutory limit on damages known as the "90-day look back."

52. The calculations for the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations provide a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

53. A "Recognized Loss Amount" will be calculated for each purchase or acquisition of CTI Preferred Stock and CTI common stock during the Class Period that is listed in the Claim Form and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero. For shares with both a Section 11 claim and a Section 10(b) claim, the greater recovery under either of the two Recognized Loss Amount calculations below shall be used. Specifically, for common stock converted from Series N-1 or Series N-2 Preferred Stock, the Recognized Loss Amount is the greater of the amounts calculated under paragraph 54 or 56.

[4] Complaint ¶¶ 171-174.

Calculation of Recognized Loss for Purchases of Series N-1 or Series N-2 Preferred Stock[5]

54. The Recognized Loss Amount for purchases of Series N-1 or Series N-2 Preferred Stock is 120% of the below calculations for such securities in subparagraphs 54.A and 54.B:

October 27, 2015 Offering of Series N-1

A. On October 27, 2015, CTI issued 50,000 shares of Series N-1 Preferred Stock, at a purchase price of $1,000 per share, or $50,000,000 in aggregate. The Series N-1 Preferred Stock was converted into 40 million shares of CTI common stock based on a conversion price of $1.25 per CTI common share. The closing price of CTI common stock on February 10, 2016, when the first suit was filed, was $0.30 per share. For each share of CTI common stock that was converted from Series N-1 Preferred Stock and

(i) sold prior to February 11, 2016, the Recognized Loss Amount is $1.25 per share *less* the sales price per share;

(ii) sold from February 11, 2016 through September 1, 2017, inclusive, the Recognized Loss Amount is $1.25 per share *less* the greater of (a) the sales price per share, or (b) $0.30 per share (the February 10, 2016 closing price); or,

(iii) was retained as of the close of trading on September 1, 2017, the Recognized Loss Amount is $1.25 per share *less* $0.325 per share (the split-adjusted September 1, 2017 closing price).

December 4, 2015 Offering of Series N-2

B. On December 4, 2015, CTI issued 55,000 shares of Series N-2 Preferred Stock, at a purchase price of $1,000 per share, or $55,000,000 in aggregate. The Series N-2 Preferred Stock was converted into 50 million shares of CTI common stock based on a conversion price of $1.10 per CTI common share. The closing price of CTI common stock on February 10, 2016, when the first suit was filed, was $0.30 per share. For each share of CTI common stock that was converted from Series N-2 Preferred Stock and

(i) sold prior to February 11, 2016, the Recognized Loss Amount is $1.10 per share *less* the sales price per share;

(ii) sold from February 11, 2016 through September 1, 2017, inclusive, the Recognized Loss Amount is $1.10 per share *less* the greater of (a) the sales price per share, or (b) $0.30 per share (the February 10, 2016 closing price); or,

(iii) was retained as of the close of trading on September 1, 2017, the Recognized Loss Amount is $1.10 per share *less* $0.325 per share (the split-adjusted September 1, 2017 closing price).

Calculation of Recognized Loss for Purchases or Acquisitions of CTI Common Stock

55. The Recognized Loss Amount for purchases or acquisitions of CTI Common Stock by means other than conversion from Series N-1 or Series N-2 Preferred Stock is 100% of the below calculations for such securities:

56. For each such share of CTI common stock purchased or acquired from March 9, 2015 through February 9, 2016, inclusive, and:

A. sold prior to February 8, 2016, the Recognized Loss Amount is $0;

B. sold on February 8, 2016 or February 9, 2016, the Recognized Loss Amount is the ***lesser*** of:

a. the amount of artificial inflation per share as set forth in Table A on the date of purchase, minus the amount of artificial inflation per share as set forth in Table A on the date of the sale; or

b. purchase/acquisition price minus the sale price.

C. sold from February 10, 2016 through May 9, 2016, inclusive, the Recognized Loss Amount is the ***least*** of:

a. the amount of artificial inflation per share as set forth in Table A on the date of purchase;

b. the purchase/acquisition price minus the sale price; or

[5] All per-share values in paragraph 54 are subject to adjustment for the 1-for-10 reverse common stock split which occurred on January 3, 2017, as discussed in paragraph 59 below.

c. the purchase/acquisition price minus the average closing price between February 10, 2016 and the date of sale as shown on Table B set forth at the end of this Notice.

D. held as of the close of trading on May 9, 2016, the Recognized Loss Amount is the ***lesser*** of:

a. the amount of artificial inflation per share as set forth in Table A on the date of purchase; or

b. the purchase/acquisition price minus $0.53 per share, the average closing price for CTI common stock between February 10, 2016 and May 9, 2016 (the last entry on Table B).

ADDITIONAL PROVISIONS

57. The Net Settlement Fund will be allocated among Authorized Claimants based on the amount of each Authorized Claimant's Recognized Claim (defined below).

58. If a Settlement Class Member has more than one purchase/acquisition or sale of a CTI Security, purchases/acquisitions and sales of the like security shall be matched on a First In, First Out ("FIFO") basis. For CTI common stock, Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. As noted above, the only shares that are eligible for recovery and for which a Recognized Loss will be calculated are those purchased or acquired during the Class Period. Gains or losses on sales of shares held as of the start of the Class Period are not factored into the calculation of the Recognized Loss Amount.

59. On January 3, 2017, CTI common stock had a 1-for-10 reverse stock split, meaning that for every ten shares of CTI common stock owned pre-split, the shareholder now owned one share. All per-share prices for CTI common stock used in this Plan of Allocation are based on unadjusted values prior to the January 2017 split. If a Claimant has any sales after January 3, 2017 that are used in the calculation of his, her or its Recognized Loss Amount under paragraph 54, the per-share sale price used for purposes of this Plan of Allocation will be his, her or its actual per-share sale price divided by ten.

60. A Claimant's "Recognized Claim" under the Plan of Allocation shall be the sum of his, her or its Recognized Loss Amounts for all purchases or acquisitions of CTI Securities during the Class Period.

61. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

62. Purchases or acquisitions and sales of CTI Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of CTI Securities during the Class Period shall not be deemed a purchase, acquisition or sale of CTI Securities for the calculation of an Authorized Claimant's Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of any CTI Security unless (i) the donor or decedent purchased or otherwise acquired such CTI Security during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to those shares; and (iii) it is specifically so provided in the instrument of gift or assignment.

63. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the CTI common stock. The date of a "short sale" is deemed to be the date of sale of the CTI common stock. Under the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero. In the event that a Claimant has an opening short position in CTI common stock, the earliest Class Period purchases or acquisitions of CTI common stock shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

64. Option contracts are not securities eligible to participate in the Settlement. With respect to CTI common stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price of the common stock is the exercise price of the option.

65. CTI Securities that traded on a foreign exchange are not securities that are eligible to participate in the Settlement.

66. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in CTI Securities during the Class Period, the value of the Claimant's Recognized Claim shall be zero. Such Claimants shall in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its

overall transactions in CTI Securities during the Class Period, but that market loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

67. For purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in CTI Securities during the Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount[6] and (ii) the sum of the Total Sales Proceeds[7] and Holding Value.[8] This difference shall be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in CTI Securities during the Class Period.

68. After the initial distribution of the Net Settlement Fund, the Claims Administrator shall make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s) to be recommended by Lead Counsel and approved by the Court, or as otherwise ordered by the Court.

69. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, Lead Plaintiff's damages expert, or the Claims Administrator or other agent designated by Lead Counsel, or the Defendants' Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further orders of the Court. Lead Plaintiff and Defendants, their respective counsel, Lead Plaintiff's damages expert, and all other Releasees shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

70. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiff after consultation with its damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any orders regarding any modification of the Plan of Allocation will be posted on the settlement website.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

71. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 20% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed $200,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation

[6] The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for all CTI Securities purchased or acquired during the Class Period.

[7] The Claims Administrator shall match any sales of CTI common stock during the Class Period, first against the Claimant's opening position in the common stock (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (not deducting any commissions and other charges) for the remaining sales of CTI Securities sold during the Class Period shall be the "Total Sales Proceeds."

[8] The Claims Administrator shall ascribe a value of $0.30 per share for CTI common stock purchased or acquired during the Class Period (including through conversion from CTI preferred stock) and still held as of the close of trading on February 9, 2016 (the "Holding Value").

Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

72. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to *In re CTI BioPharma Corp. Securities Litigation*, EXCLUSIONS, c/o GCG, P.O. Box 35100, Seattle, WA 98124-1100. The exclusion request must be mailed or delivered no later than **January 11, 2018**. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (a) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (b) state that such person or entity "requests exclusion from the Settlement Class in *In re CTI BioPharma Corp. Securities Litigation*, Case No. 2:16-cv-00216"; and (c) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is mailed or delivered within the time stated above, or is otherwise accepted by the Court.

73. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Defendants' Releasees.

74. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

75. The CTI Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiff and the CTI Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

76. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing**.

77. The Settlement Hearing will be held on February 1, 2018 at 8:30 a.m., before the Honorable Robert S. Lasnik at the United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

78. Any Settlement Class Member that does not request exclusion may object to the Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Western District of Washington at the address set forth below on or before January 11, 2018. You must also serve the papers on Lead Counsel and on Defendants' Counsel at the addresses set forth below so that the papers are mailed or delivered no later than **January 11, 2018**.

Clerk's Office

United States District Court
Western District of Washington
Clerk of the Court
United States Courthouse
700 Stewart Street, Suite 2310
Seattle, WA 98101

Lead Counsel

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Defendants' Counsel

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Ross B. Galin, Esq.
Times Square Tower
7 Times Square
New York, NY 10036

and

Dorsey & Whitney LLP
Thomas P. Swigert, Esq.
50 South Sixth Street,
Suite 1500
Minneapolis, MN 55402

79. Any objection (a) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of each CTI Security that the objecting Settlement Class Member purchased/acquired and/or sold during the Class Period (*i.e.*, from March 9, 2015 through February 9, 2016, inclusive), as well as the dates and prices of each such purchase/acquisition and sale, and the number of shares of CTI common stock held as of the beginning of trading on March 9, 2015. You may not object to the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

80. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

81. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file and serve a written objection as described above, you must also file a notice of appearance with the Clerk's Office no later than January 11, 2018 and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth above so that it is mailed or delivered no later than January 11, 2018. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

82. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 78 by January 11, 2018.

83. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you plan to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

84. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above may be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

85. If you purchased or otherwise acquired any of the CTI Securities from March 9, 2015 through February 9, 2016, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either (a) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *In re CTI BioPharma Corp. Securities Litigation*, c/o GCG, P.O. Box 35100, Seattle, WA 98124-1100. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.CTIBioPharmaSecuritiesSettlement.com, or by calling the Claims Administrator toll-free at 1-844-402-8599.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

86. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.CTIBioPharmaSecuritiesSettlement.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

In re CTI BioPharma Corp.
Securities Litigation
c/o GCG
P.O. Box 35100
Seattle, WA 98124-1100

(844) 402-8599
www.CTIBioPharmaSecuritiesSettlement.com
info@CTIBioPharmaSecuritiesSettlement.com

and/or

David R. Stickney, Esq.
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
12481 High Bluff Drive, Suite 300
San Diego, CA 92130

(800) 380-8496
blbg@blbglaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: November 9, 2017

By Order of the Court
United States District Court
Western District of Washington

TABLE A
Estimated Artificial Inflation in CTI Common Stock

Purchase or Sale Date	Inflation
March 9, 2015 through February 7, 2016	$0.79
February 8, 2016	$0.14
February 9, 2016	$0.20

TABLE B
Closing Price and Average Closing Price of
CTI Common Stock from February 10, 2016 through May 9, 2016

Date	Closing Price	Average Closing Price From February 10, 2016 through Date Shown
2/10/2016	$0.30	$0.30
2/11/2016	$0.32	$0.31
2/12/2016	$0.34	$0.32
2/16/2016	$0.42	$0.34
2/17/2016	$0.50	$0.38
2/18/2016	$0.61	$0.41
2/19/2016	$0.63	$0.44
2/22/2016	$0.69	$0.48
2/23/2016	$0.68	$0.50
2/24/2016	$0.67	$0.51
2/25/2016	$0.63	$0.53
2/26/2016	$0.63	$0.53
2/29/2016	$0.54	$0.53
3/1/2016	$0.56	$0.54
3/2/2016	$0.62	$0.54
3/3/2016	$0.60	$0.55
3/4/2016	$0.59	$0.55
3/7/2016	$0.61	$0.55
3/8/2016	$0.57	$0.55
3/9/2016	$0.55	$0.55
3/10/2016	$0.52	$0.55
3/11/2016	$0.53	$0.55
3/14/2016	$0.53	$0.55
3/15/2016	$0.56	$0.55
3/16/2016	$0.56	$0.55
3/17/2016	$0.55	$0.55
3/18/2016	$0.56	$0.55
3/21/2016	$0.55	$0.55
3/22/2016	$0.55	$0.55
3/23/2016	$0.52	$0.55
3/24/2016	$0.51	$0.55
3/28/2016	$0.50	$0.55
3/29/2016	$0.51	$0.55
3/30/2016	$0.52	$0.55
3/31/2016	$0.53	$0.54
4/1/2016	$0.53	$0.54
4/4/2016	$0.53	$0.54
4/5/2016	$0.51	$0.54
4/6/2016	$0.53	$0.54
4/7/2016	$0.49	$0.54
4/8/2016	$0.49	$0.54
4/11/2016	$0.50	$0.54
4/12/2016	$0.50	$0.54
4/13/2016	$0.52	$0.54
4/14/2016	$0.52	$0.54
4/15/2016	$0.54	$0.54
4/18/2016	$0.54	$0.54
4/19/2016	$0.54	$0.54
4/20/2016	$0.57	$0.54
4/21/2016	$0.56	$0.54
4/22/2016	$0.56	$0.54
4/25/2016	$0.52	$0.54
4/26/2016	$0.53	$0.54
4/27/2016	$0.52	$0.54
4/28/2016	$0.53	$0.54
4/29/2016	$0.50	$0.54
5/2/2016	$0.51	$0.54
5/3/2016	$0.47	$0.54
5/4/2016	$0.44	$0.53
5/5/2016	$0.45	$0.53
5/6/2016	$0.45	$0.53
5/9/2016	$0.44	$0.53

Note: The values in Tables A and B above have not been adjusted for the 1-for-10 reverse stock split which occurred on January 3, 2017.

Supplemental Exhibit 7B

The Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE CTI BIOPHARMA CORP. SECURITIES LITIGATION

Case No. 2:16-cv-00216-RSL

CLASS ACTION

ORDER APPROVING PLAN OF ALLOCATION

This matter came on for hearing on February 1, 2018 (the "Settlement Hearing") on Lead Plaintiff's motion to determine whether the proposed plan of allocation of the Net Settlement Fund ("Plan of Allocation") created by the Settlement achieved in the above-captioned class action (the "Action") should be approved. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who or which could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in *Investor's Business Daily* and was transmitted over the *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation,

BRESKIN | JOHNSON | TOWNSEND PLLC
1000 Second Avenue, Suite 3670
Seattle, Washington 98104 Tel: 206-652-8660

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order approving the proposed Plan of Allocation incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated September 15, 2017 (ECF No. 106-2) (the "Stipulation") and all terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. The Court has jurisdiction to enter this Order approving the proposed Plan of Allocation, and over the subject matter of the Action and all parties to the Action, including all Settlement Class Members.

3. Notice of Lead Plaintiff's motion for approval of the proposed Plan of Allocation was given to all Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the Settlement Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995 (15 U.S.C. § 78u-4(a)(7)), due process, and all other applicable law and rules, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Copies of the Notice, which included the Plan of Allocation, were mailed to over 21,000 potential Settlement Class Members and nominees and no objections to the Plan of Allocation have been received.

5. The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation mailed to Settlement Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Settlement Class Members with due consideration having been given to administrative convenience and necessity.

6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Settlement Class. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiff.

7. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

Dated this 1st day of February, 2018.

Robert S. Lasnik
United States District Judge

Supplemental Exhibit 8A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 1:15-cv-02546-RM-MEH
Consolidated with Civil Action Nos. 15-cv-02547-RM-MEH,
15-cv-02697-RM-MEH, and 16-cv-00459-RM-MEH

SONNY P. MEDINA, *et al.*,

Plaintiffs,

v.

CLOVIS ONCOLOGY, INC., *et al.*,

Defendants.

NOTICE OF (I) PENDENCY OF CLASS ACTION, CERTIFICATION OF SETTLEMENT CLASS, AND PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned consolidated securities class action (the "Action") pending in the United States District Court for the District of Colorado (the "Court") if, during the period between May 31, 2014 and April 7, 2016, inclusive (the "Class Period"), you (i) purchased or otherwise acquired common stock of Clovis Oncology, Inc. ("Clovis" or the "Company") and/or (ii) purchased or otherwise acquired exchange traded call options on Clovis common stock and/or sold/wrote exchange traded put options on Clovis common stock, and were damaged thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff, M.Arkin (1999) LTD and Arkin Communications LTD (collectively, "Lead Plaintiff"), on behalf of itself and the Settlement Class (as defined in ¶ 24 below), has reached a proposed settlement of the Action with defendant Clovis and defendants Patrick J. Mahaffy, Erle T. Mast, Andrew Allen, and Gillian Ivers-Read (collectively, the "Officer Defendants" and, together with Clovis, the "Settling Defendants") for $142 million, with $25 million paid in cash and $117 million paid in shares of Clovis common stock (the "Settlement"). If approved by the Court, the Settlement will settle and release all claims asserted against Defendants in the Action.

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of a payment from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, the Clerk of the Court, Clovis, any of the other Defendants, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 94 below).

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement, dated June 18, 2017 (the "Stipulation"), which is available at www.ClovisSecuritiesLitigation.com. Exchange traded call option contracts on Clovis common stock ("Clovis Call Options") and exchange traded put option contracts on Clovis common stock ("Clovis Put Options") are collectively referred to herein as "Clovis Options." Clovis Options and Clovis common stock are collectively referred to herein as the "Clovis Securities."

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that Defendants violated the federal securities laws by making false and misleading statements regarding the efficacy and safety of rociletinib — a developmental drug presented to investors as a breakthrough therapy in the treatment of lung cancer and one of Clovis' most attractive assets. A more detailed description of the Action is set forth in ¶¶ 11-23 below. The proposed Settlement, if approved by the Court, will settle and release claims of the Settlement Class, as defined in ¶ 24 below.

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Lead Plaintiff, on behalf of itself and the Settlement Class, has agreed to settle the Action in exchange for $142,000,000, with $25,000,000 paid in cash (the "Cash Settlement Amount") and $117,000,000 paid in shares of Clovis common stock (the "Settlement Shares" and, together with the Cash Settlement Amount, the "Settlement Amount"). The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (i) any Taxes, (ii) any Notice and Administration Costs, (iii) any Litigation Expenses awarded by the Court, and (iv) any attorneys' fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages 10–15 below.

3. **Estimate of Average Amount of Recovery Per Share or Option:** Lead Plaintiff's damages expert estimates that the conduct at issue in the Action affected approximately 40,180,997 shares of Clovis common stock and 7,131,000 Clovis Call Options purchased, and 3,043,400 Clovis Put Options sold/written, during the Class Period.[2] Based on the total Settlement Amount, if all eligible Settlement Class Members elect to participate in the Settlement, the estimated average recovery would be approximately $3.46 per affected share of Clovis common stock, $0.14 per affected Clovis Call Option, and $0.61 per affected Clovis Put Option, before the deduction of any Court-approved fees, expenses, and costs as described in this Notice. Settlement Class Members should note, however, that the foregoing average recovery per share or option is only an estimate. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, which Clovis Securities they purchased, when and at what prices they purchased/acquired or sold/wrote their Clovis Securities, and the total number of valid Claim Forms submitted. Distributions to eligible Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages 10–15 below) or such other plan of allocation as may be approved by the Court.

4. **Average Amount of Damages Per Share or Option:** The Parties do not agree on the average amount of damages per share or option that would be recoverable if Lead Plaintiff were to prevail in the Action. Among other things, the Defendants do not agree with the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs' Counsel, which have been prosecuting the Action on a wholly contingent basis since its inception in November 2015, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 22.5% of the Settlement Fund (in combination of cash and stock in the same proportion that the Cash Settlement Amount and the Settlement Shares comprise the Settlement Amount). In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution, and resolution of the claims asserted in the Action, in an amount not to exceed $900,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiff and Named Plaintiff, the City of St. Petersburg Employees' Retirement System ("St. Petersburg" and, together with Lead Plaintiff, "Plaintiffs"), directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. If the Court approves Lead Counsel's fee and expense application, assuming claims are filed for all affected shares and options, the estimated average amount of fees and expenses would be approximately $0.80 per affected share of Clovis common stock, $0.03 per affected Clovis Call Option, and $0.14 per affected Clovis Put Option.

6. **Identification of Attorneys' Representatives:** Lead Plaintiff and the Settlement Class are represented by John C. Browne, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, 44th Floor, New York, NY 10020, 1-800-380-8496, blbg@blbglaw.com.

7. **Reasons for the Settlement:** Lead Plaintiff's principal reason for entering into the Settlement is the substantial and immediate recovery for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial recovery provided under the Settlement must be considered against the significant risk that a smaller recovery — or indeed no recovery at all — might be achieved after contested motions, a trial of the Action, and the likely appeals that would follow a trial. This process could be expected to last several years. Settling Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

[2] All options-related amounts in this paragraph are per share of the underlying security (*i.e.*, 1/100 of a contract).

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN DECEMBER 11, 2017.	This is the only way to be eligible to receive a payment from the Net Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiff's Claims (defined in ¶ 33 below) that you have against the Defendants and the other Defendants' Releasees (defined in ¶ 34 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION, SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 5, 2017.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Net Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiff's Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION, SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 5, 2017.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation, or the fee and expense request, unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
GO TO THE HEARING ON OCTOBER 26, 2017 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR, SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 5, 2017.	Filing a written objection and notice of intention to appear by October 5, 2017 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not receive any payment from the Net Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you, because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Clovis common stock and/or Clovis Call Options, and/or sold/wrote Clovis Put Options, during the Class Period. The Court has directed us to send you this Notice, because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class, if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). *See* ¶¶ 85–86 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), payments pursuant to the Settlement and the Court-approved plan of allocation will be made to Authorized Claimants after any objections and appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. This case is a consolidated securities class action entitled *Medina, et al. v. Clovis Oncology, Inc., et al.*, Civil Action No. 1:15-cv-2546-RM-MEH. The Court in charge of the case is the United States District Court for the District of Colorado, and the presiding judge is the Honorable Raymond P. Moore.

12. This case began on November 19, 2015, when the first of four securities class action complaints was filed in the Court. In accordance with the Private Securities Litigation Reform Act of 1995 ("PSLRA"), notice to the public was issued stating the deadline by which class members could move the Court for appointment as lead plaintiff.

13. By Order dated February 18, 2016, the Court appointed M.Arkin (1999) LTD and Arkin Communications LTD as Lead Plaintiff for the Action, approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel, and consolidated all related actions into the Action.

14. Thereafter, Lead Counsel conducted an extensive investigation into the claims asserted in the Action, including, among other things, the review and analysis of publicly available documents (including SEC filings, news articles, research reports by securities and financial analysts, transcripts of Clovis' investor calls, clinical trial protocols, publications and presentations of clinical trial data, medical journal articles, presentations at medical conferences, and reports and presentations published by the U.S. Food and Drug Administration). Lead Counsel has also retained, and routinely consulted with, statistical and financial economics experts, and interviewed several former Clovis employees.

15. On May 6, 2016, Lead Plaintiff filed and served its Consolidated Class Action Complaint (the "Consolidated Complaint") asserting claims against Clovis and the Officer Defendants under Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder, and against the Officer Defendants under Section 20(a) of the Exchange Act. The Consolidated Complaint also asserted claims under the Securities Act of 1933, as amended (the "Securities Act"), arising from Clovis' July 14, 2015 secondary offering of common stock (the "Secondary Offering"). Specifically, the Consolidated Complaint asserted (i) claims under Section 11 of the Securities Act against Clovis, Patrick J. Mahaffy ("Mahaffy"), and Erle T. Mast ("Mast"), and the Underwriter Defendants;[3] (ii) claims under Section 12(a)(2) of the Securities Act against Clovis and the Underwriter Defendants; and (iii) claims under Section 15 of the Securities Act against Mahaffy, Mast, and the Venture Capital Defendants.[4]

[3] The "Underwriter Defendants" consist of the underwriters of the Secondary Offering: J.P. Morgan Securities LLC; Credit Suisse Securities (USA) LLC; Stifel, Nicolaus & Company, Incorporated; and Mizuho Securities USA Inc.

[4] The "Venture Capital Defendants" consist of: NEA Partners, 13 L.P.; NEA 13 GP, LTD; Aberdare Ventures IV, L.P.; Scott D. Sandell; and Forest Baskett.

16. The Consolidated Complaint alleges, among other things, that Defendants made materially false and misleading statements about the efficacy and safety of rociletinib — a developmental drug presented to investors as a breakthrough therapy in the treatment of lung cancer and one of Clovis' most attractive assets. In particular, the Consolidated Complaint alleges, among other things, that Defendants reported misleadingly inflated trial results purporting to show that rociletinib was at least as effective in shrinking tumors as a key competing drug. The Consolidated Complaint also alleged that Defendants falsely characterized rociletinib as "safe" and "well-tolerated," while concealing from investors clinical trial data showing the drug dangerously increased heart risk. The Consolidated Complaint further alleges that the price of Clovis common stock was artificially inflated as a result of Defendants' allegedly false and misleading statements and omissions, and declined when the truth was revealed in two separate disclosures that occurred before the opening of the market on November 16, 2015 and before the opening of the market on April 8, 2016.

17. On July 27, 2016, Defendants filed motions to dismiss the Consolidated Complaint. On September 23, 2016, Lead Plaintiff served its papers in opposition and, on October 11, 2016, Defendants served their reply papers (the Venture Capital Defendants served their reply papers on October 14, 2016).

18. On February 9, 2017, the Court issued an Opinion and Order (the "Opinion and Order") denying in part and granting in part Defendants' motions to dismiss the Consolidated Complaint. In particular, the Court dismissed Lead Plaintiff's claims against Defendant Gillian Ivers-Read and the Venture Capital Defendants, as well as Lead Plaintiff's claims relating to certain of Defendants' allegedly false statements. The Court also dismissed, without prejudice, Lead Plaintiff's claims against the Underwriter Defendants under Section 12(a)(2). The Court otherwise sustained the Consolidated Complaint's allegations in full.

19. On February 22, 2017, Lead Plaintiff filed and served an Amended Consolidated Class Action Complaint (the "Amended Complaint" or "Complaint"), repleading its Section 12(a)(2) claims against the Underwriter Defendants. On March 17, 2017, the Underwriter Defendants, with the exception of Defendant J.P. Morgan Securities LLC (the "Non-Lead Underwriter Defendants"), moved to dismiss the Amended Complaint's repleaded Section 12(a)(2) claims against them. On April 7, 2017, Lead Plaintiff opposed the Non-Lead Underwriter Defendants' motion to dismiss. The Non-Lead Underwriters filed their reply papers on April 21, 2017.

20. Prior to the Court's issuance of the Opinion and Order, and while Defendants' motions to dismiss were pending, the parties retained retired United States District Court Judge Layn Phillips to act as mediator (the "Mediator"). On February 24, 2017, and again on March 6, 2017, the Parties submitted extensive mediation statements to the Mediator. On March 14, 2017, the Parties participated in an all-day mediation, which did not result in a settlement, and Lead Plaintiff indicated a desire to proceed with discovery rather than settle at the amounts discussed.

21. On May 23, 2017, Clovis CEO Defendant Patrick J. Mahaffy, with counsel, traveled to Israel to meet directly with Lead Plaintiff and Lead Counsel to discuss the merits of the case. Following that meeting, with the assistance of the Mediator, the Parties continued discussions concerning the terms of a potential resolution of the Action. The Parties ultimately agreed, subject to the due diligence discovery described below and the other terms and conditions of the Stipulation, to settle and release all claims asserted against the Defendants in the Action in return for a payment of $142 million, with $25 million paid in cash and $117 million paid in shares of Clovis common stock.

22. On June 18, 2017, the Parties entered into a Stipulation and Agreement of Settlement (the "Stipulation"), which sets forth the final terms and conditions of the Settlement, including the condition that the Settlement is not final until the completion of due diligence discovery to the satisfaction of Lead Plaintiff and Lead Counsel. In connection with the due diligence discovery, the Settling Defendants are producing documents and information regarding the allegations and claims asserted in the Complaint, and up to five individuals from a group consisting of the Individual Defendants, other Clovis employees, or other persons within the Settling Defendants' control, will sit for interviews under oath by Lead Counsel, if requested. Pursuant to the Stipulation, Lead Plaintiff has the right to withdraw from and terminate the Settlement at any time prior to filing its motion in support of final approval of the Settlement, if, in its discretion, information is produced during the due diligence that renders the proposed Settlement unreasonable or inadequate.

23. On July 14, 2017, the Court entered the Order Preliminarily Approving Proposed Settlement and Providing for Notice (the "Preliminary Approval Order"), which, among other things, preliminarily approved the proposed Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

24. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

> all persons and entities who or which (i) purchased or otherwise acquired Clovis common stock and/or (ii) purchased or otherwise acquired exchange traded call options on Clovis common stock and/or sold/wrote exchange traded put options on Clovis common stock, between May 31, 2014 and April 7, 2016, inclusive (the "Class Period"), and who were damaged thereby.

Excluded from the Settlement Class are the Defendants; the affiliates and subsidiaries of: Clovis, the Underwriter Defendants, and the Venture Capital Entity Defendants; the Officers,[5] directors, and partners of: Clovis, the Underwriter Defendants, and the Venture Capital Entity Defendants during the Class Period; members of the Immediate Family[6] of any excluded person; the legal representatives, heirs, successors, and assigns of any excluded person or entity; and any entity in which any excluded person or entity has or had, during the Class Period, a controlling interest; provided, however, that any Investment Vehicle[7] shall not be deemed an excluded person or entity by definition. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," on page 15 below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO PAYMENT FROM THE NET SETTLEMENT FUND. IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO RECEIVE A PAYMENT FROM THE NET SETTLEMENT FUND, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN, POSTMARKED NO LATER THAN DECEMBER 11, 2017.

WHAT ARE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

25. Lead Plaintiff's principal reason for entering into the Settlement is the significant payment that the Settlement Class will receive in a timely fashion without the risk or the delays inherent in further litigation. The substantial payment provided by the Settlement must be considered against the significant risk that a smaller recovery — or indeed no recovery at all — might be achieved after contested motions for class certification, summary judgment and other issues, as well as a trial of the Action, and likely appeals that would follow a trial, a process that could be expected to last several years. Moreover, this case presented a number of substantial risks in establishing Defendants' liability. The Complaint alleges, among other things, that Defendants reported misleading clinical trial results for rociletinib. Defendants responded by arguing that the manner in which they reported the clinical trial data in question was consistent with the methodology they believed the FDA would use in determining whether to approve, and how to label, rociletinib. Defendants also argued that the clinical trial data they publicly reported during the Class Period was not materially different than the data they are alleged to have withheld from investors. While Lead Plaintiff believes it has meritorious responses to each of Defendants' contentions, these arguments involve complicated medical, statistical, and regulatory issues that are hotly contested by the parties. Thus, there were very significant risks attendant to the continued prosecution of the Action.

26. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Settlement Class, and subject to the satisfactory completion of due diligence discovery, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class. Lead

[5] "Officer" means any officer as that term is defined in Securities and Exchange Act Rule 16a-1(f).

[6] "Immediate Family" means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this definition, "spouse" shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

[7] "Investment Vehicle" means any investment company or pooled investment fund, including, but not limited to, mutual fund families, exchange-traded funds, fund of funds and hedge funds, in which any of the Underwriter Defendants, have, has or may have a direct or indirect interest, or as to which any of their respective affiliates may act as an investment advisor but of which any Underwriter Defendant or any of their respective affiliates is not a majority owner or does not hold a majority beneficial interest. This definition of Investment Vehicle does not bring into the Settlement Class any of the Underwriter Defendants or any other person or entity who is excluded from the Settlement Class by definition.

Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely $142,000,000 (in cash and shares of Clovis common stock, less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller recovery, or no recovery, after summary judgment, trial, and appeals, possibly years in the future.

27. The Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. The Settling Defendants have agreed to the Settlement solely to eliminate the uncertainty, burden, and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by the Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

28. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of its claims against the Defendants, neither Lead Plaintiff nor the other members of the Settlement Class would recover anything in this Action. Also, if the Defendants were successful in proving any of their defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

29. As a Settlement Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but, if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," on page 15 below.

30. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," on page 15 below.

31. If you are a Settlement Class Member and you wish to object to the proposed Settlement, the Plan of Allocation, and/or Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," on pages 15–16 below.

32. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims asserted against Defendants in the Action and will provide that, upon the Effective Date (as defined in the Stipulation), Lead Plaintiff and each of the other Settlement Class Members, on behalf of themselves, and, to the extent any of the following persons or entities can assert a claim in the name of or on behalf of the Settlement Class Member, on behalf of (as applicable) their agents, representatives, attorneys, advisors, administrators, accountants, consultants, assigns, assignees, partners, successors-in-interest, insurance carriers and reinsurers, current and former officers, directors, officials, auditors, parents, affiliates, subsidiaries, successors, predecessors, employees, fiduciaries, service providers and investment bankers, estates, heirs, executors, beneficiaries, trusts and trustees, each in their respective capacities as such, will have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiff's Claim (as defined in ¶ 33 below) against all Defendants and the other Defendants' Releasees (as defined in ¶ 34 below), and will forever be barred and enjoined from prosecuting any or all of the Released Plaintiff's Claims against any of the Defendants and the other Defendants' Releasees.

33. "Released Plaintiff's Claims" means all claims and causes of action of every nature and description or liabilities whatsoever, whether known claims or Unknown Claims (as defined in ¶ 35 below), whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Settlement Class: (i) asserted in the Complaint; or (ii) could have been asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase of Clovis common stock or exchange traded Clovis call options, or the sale of exchange traded Clovis put options, during the Class Period. Released Plaintiff's Claims do not include (i) any claims asserted in any pending derivative action, including but not limited to *In re Clovis Oncology, Inc. Derivative*

Litigation, No. 2017-0222 (Del. Ch. Mar. 23, 2017) and *Guo v. Mahaffy et al.*, No. 17-cv-00706 (D. Colo. Mar 20, 2017); (ii) any claim by any governmental entity arising out of any governmental investigation of Clovis relating to the alleged wrongful conduct; (iii) any claims relating to the enforcement of the Settlement; and (iv) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

34. "Defendants' Releasees" means Defendants and each of their respective parents, subsidiaries, affiliates, heirs, executors, administrators, trustees, beneficiaries, assigns, assignees, predecessors, and successors, and all of their respective former, current, and future officers, directors, shareholders, partners, managers, members, agents, representatives, employees, insurers, reinsurers, auditors, and attorneys, in their capacities as such.

35. "Unknown Claims" means any Released Plaintiff's Claims which Lead Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Settling Defendant or any other Defendants' Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and the Settling Defendants shall expressly waive, and each of the other Settlement Class Members and each of the other Defendants' Releasees shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, 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 or foreign law, which is similar, comparable, or equivalent to 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 and the Settling Defendants acknowledge, and each of the other Settlement Class Members and each of the other Defendants' Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

36. The Judgment will also provide that, upon the Effective Date, Defendants, on behalf of themselves, and, to the extent any of the following persons or entities can assert a claim in the name of or on behalf of the Defendant, on behalf of (as applicable) their agents, representatives, attorneys, advisors, administrators, accountants, consultants, assigns, assignees, partners, successors-in-interest, insurance carriers and reinsurers, current and former officers, directors, officials, auditors, parents, affiliates, subsidiaries, successors, predecessors, employees, fiduciaries, service providers and investment bankers, estates, heirs, executors, beneficiaries, trusts and trustees, each in their respective capacities as such, will have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim (as defined in ¶ 37 below) against Lead Plaintiff and the other Plaintiffs' Releasees (as defined in ¶ 38 below), and will forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

37. "Released Defendants' Claims" means all claims and causes of action of every nature and description or liabilities whatsoever, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action. Released Defendants' Claims do not include (i) any claims relating to the enforcement of the Settlement; and (ii) any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

38. "Plaintiffs' Releasees" means Plaintiffs, their respective attorneys, and all other Settlement Class Members, and each of their respective parents, subsidiaries, affiliates, heirs, executors, administrators, trustees, beneficiaries, assigns, assignees, predecessors, and successors, and all of their respective former, current, and future officers, directors, shareholders, partners, managers, members, agents, representatives, employees, insurers, reinsurers, auditors, and attorneys, in their capacities as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

39. To be potentially eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation, **postmarked no later than December 11, 2017**. A Claim Form is included with this Notice. You may also obtain a Claim Form from the website maintained by the Claims Administrator for the Settlement, www.ClovisSecuritiesLitigation.com, or you may request that a Claim Form be mailed to you by calling

the Claims Administrator toll free at 1-888-697-8556 or by emailing the Claims Administrator at info@ClovisSecuritiesLitigation.com. Please retain all records of your ownership of and transactions in Clovis Securities, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

40. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

41. Pursuant to the Settlement, Clovis has agreed to pay or caused to be paid a total of $142,000,0000 for the benefit of the Settlement Class, with (i) $25,000,000 paid in cash (the "Cash Settlement Amount") deposited into an escrow account controlled by Lead Counsel and (ii) $117,000,000 paid in shares of Clovis common stock (the "Settlement Shares").[8]

42. The Settlement Amount (*i.e.*, the Cash Settlement Amount plus the Settlement Shares) plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (i) all federal, state and/or local taxes on any income earned by the Settlement Fund (including any appreciation in value of the Settlement Shares); the reasonable expenses and costs incurred in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); and all taxes imposed on payments by the Settlement Fund, including withholding taxes; (ii) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (iii) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

43. The Net Settlement Fund will not be distributed, unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

44. Neither the Settling Defendants, the Defendants' Releasees, nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Except as otherwise provided in the Stipulation, the Settling Defendants and the other Defendants' Releasees shall not have any involvement in, or any responsibility, authority or liability whatsoever for, the administration of the Settlement or the distribution of the Net Settlement Fund, and shall have no liability whatsoever to any person or entity in connection with the foregoing.

45. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

46. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a valid Claim Form postmarked on or before December 11, 2017 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiff's Claims (as defined in ¶ 33 above) against the Defendants' Releasees (as defined in ¶ 34 above) and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against the Defendants' Releasees with respect to the Released Plaintiff's Claims, whether or not such Settlement Class Member submits a Claim Form.

47. Participants in and beneficiaries of a plan covered by ERISA ("ERISA Plan") should NOT include any information relating to their transactions in Clovis Securities held through the ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares or options that they purchased or acquired outside of the ERISA Plan. Claims based on any ERISA Plan's purchases or acquisitions of Clovis Securities during

[8] The Settlement Shares to be issued will be valued as of the date of the Settlement Hearing in accordance with the terms of the Stipulation. The Settlement Shares, less any Settlement Shares awarded to Plaintiffs' Counsel, are referred to as the "Class Settlement Shares". Subject to Court approval, Lead Counsel will have the right to decide, in its sole discretion, whether to (i) distribute the Class Settlement Shares to Settlement Class Members who submit claims that are approved for payment by the Court ("Authorized Claimants") or (ii) sell all or any portion of the Class Settlement Shares and distribute the net cash proceeds from the sale of the shares to Authorized Claimants. Please Note: After the date on which such shares are valued, the value of the Class Settlement Shares may fluctuate. No representation can be made as to what the value of the Class Settlement Shares will be at the time the shares are distributed or, if applicable, sold for the benefit of Settlement Class Members.

the Class Period may be made by the plan's trustees. To the extent any of the Defendants or any of the other persons or entities excluded from the Settlement Class are participants in the ERISA Plan, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from the Settlement by the ERISA Plan.

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

49. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

50. Only Settlement Class Members, *i.e.*, persons and entities who, during the Class Period, purchased or otherwise acquired Clovis common stock or Clovis Call Options, or sold/wrote Clovis Put Options, and were damaged as a result of such purchases/acquisitions or sales, will be potentially eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only securities that are included in the Settlement are the Clovis Securities.

PROPOSED PLAN OF ALLOCATION

51. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purpose of making *pro rata* allocations of the Net Settlement Fund.

52. In developing the Plan of Allocation, Lead Plaintiff's damages expert calculated the estimated amount of artificial inflation in the per share closing prices of Clovis common stock and Clovis Call Options, and the amount of artificial deflation in the per share closing prices of Clovis Put Options, which allegedly was proximately caused by Defendants' alleged false and misleading statements and material omissions. In calculating the estimated artificial inflation and deflation allegedly caused by Defendants' alleged misrepresentations and omissions, Lead Plaintiff's damages expert considered price changes in Clovis common stock and options in reaction to certain public announcements allegedly revealing the truth concerning Defendants' alleged misrepresentations and material omissions, adjusting for price changes that were attributable to market or industry forces and disclosures of information unrelated to the alleged fraud. The estimated artificial inflation in Clovis common stock is set forth in Table 1 at the end of this Notice; the estimated artificial inflation in Clovis Call Options is set forth in Table 2; and the estimated artificial deflation in Clovis Put Options is set forth in Table 3.

53. For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be, among other things, the cause of the decline in the price or value of the security. In this case, Lead Plaintiff alleges that Defendants made false statements and omitted material facts during the period between May 31, 2014 and April 7, 2016, inclusive, which had the effect of artificially inflating the prices of Clovis common stock and Clovis Call Options and artificially deflating the price of Clovis Put Options. Lead Plaintiff further alleges that corrective information was released to the public before the market opened on November 16, 2015 and before the market opened on April 8, 2016, which partially removed the artificial inflation from the prices of Clovis common stock and Clovis Call Options and partially removed artificial deflation from the price of Clovis Put Options.

54. Recognized Loss Amounts for transactions in Clovis Securities are calculated under the Plan of Allocation based primarily on the difference in the amount of alleged artificial inflation (or deflation in the case of put options) in the respective prices of the Clovis Securities at the time of purchase or acquisition and at the time of sale or the difference between the actual purchase/acquisition price and sale price. Accordingly, in order to have a Recognized Loss Amount under the Plan of Allocation:

(i) a Settlement Class Member who purchased or otherwise acquired Clovis common stock or Clovis Call Options, or sold/wrote Clovis Put Options, from May 31, 2014 through November 15, 2015, inclusive, must have held those Clovis Securities (or with respect to Clovis Options, not closed out his, her or its position in the security) through at least November 15, 2015; and

(ii) a Settlement Class Member who purchased or otherwise acquired Clovis common stock or Clovis Call Options, or sold/wrote Clovis Put Options, from November 16, 2015 through April 7, 2016, inclusive, must have held those Clovis Securities (or with respect to Clovis Options, not closed out his, her or its position in the security) through at least April 7, 2016.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

55. Based on the formulas stated below, a "Recognized Loss Amount" will be calculated for each purchase or acquisition of Clovis common stock and a Clovis Call Option and each sale or writing of a Clovis Put Option during the Class Period that is listed on the Claim Form and for which adequate documentation is provided. If a Recognized Loss Amount calculates to a negative number or zero under the formula below, that Recognized Loss Amount will be zero.

CLOVIS COMMON STOCK CALCULATIONS

56. For each share of Clovis common stock purchased or otherwise acquired during the period from May 31, 2014 through and including November 15, 2015 and:

(i) Sold on or before November 15, 2015, the Recognized Loss Amount will be $0.00.

(ii) Sold during the period from November 16, 2015 through and including the close of trading on April 7, 2016, the Recognized Loss Amount will be ***the least of***: (a) $69.03; (b) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in Table 1 *minus* the amount of artificial inflation per share on the date of sale as set forth in Table 1; or (c) the purchase/acquisition price minus the sale price.

(iii) Held as of the close of trading on April 7, 2016, the Recognized Loss Amount will be ***the least of***: (a) $72.08; (b) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in Table 1; or (c) the purchase/acquisition price minus $15.77, the closing price for Clovis common stock on April 8, 2016.

57. For each share of Clovis common stock purchased or otherwise acquired during the period from November 16, 2015 through and including the close of trading on April 7, 2016, and:

(i) Sold on or before the close of trading on April 7, 2016, the Recognized Loss Amount will be $0.00.

(ii) Held as of the close of trading on April 7, 2016, the Recognized Loss Amount will be ***the least of***: (a) $3.05; (b) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in Table 1; or (c) the purchase/acquisition price minus $15.77, the closing price for Clovis common stock on April 8, 2016.

CLOVIS CALL AND PUT OPTIONS CALCULATIONS

58. Exchange traded options are traded in units called "contracts" which entitle the holder to buy (in the case of a call option) or sell (in the case of a put option) 100 shares of the underlying security, which in this case is Clovis common stock. Throughout this Plan of Allocation, all price quotations are *per share of the underlying security* (*i.e.*, 1/100 of a contract).

59. Each option contract specifies a strike price and an expiration date. Contracts with the same strike price and expiration date are referred to as a "series" and each series represents a different security that trades in the market and has its own market price (and thus artificial inflation or deflation). Under the Plan of Allocation, the dollar artificial inflation per share (*i.e.*, 1/100 of a contract) for each series of Clovis Call Options and the dollar artificial deflation per share (*i.e.*, 1/100 of a contract) for each series of Clovis Put Options has been calculated by Lead Plaintiff's damages expert. Table 2 below sets forth the dollar artificial inflation per share in Clovis Call Options during the Class Period. Table 3 below sets forth the dollar artificial deflation per share in Clovis Put Options during the Class Period. Tables 2 and 3 list only series of exchange traded Clovis Options that expired on or after November 16, 2015 — the date of the first alleged corrective disclosure. Transactions in Clovis Options that expired before November 16, 2015 have a Recognized Loss Amount of zero under the Plan of Allocation. Any Clovis Options that are not found on Tables 2 and 3 have a Recognized Loss Amount of zero under the Plan of Allocation.

60. For each Clovis Call Option purchased or otherwise acquired during the period from May 31, 2014 through and including the close of trading on April 7, 2016, and:

(i) closed (through sale, exercise, or expiration) on or before November 15, 2015, the Recognized Loss Amount will be $0.00.

(ii) closed (through sale, exercise, or expiration) during the period from November 16, 2015 through and including the close of trading on April 7, 2016, the Recognized Loss Amount will be ***the lesser of***: (a) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in Table 2 *minus* the amount of artificial inflation per share on the date of close as set forth in Table 2; or (b) if closed through sale, the purchase/acquisition price *minus* the sale price, or if closed through exercise or expiration, the purchase/acquisition price *minus* the value per option on the date of exercise or expiration.[9]

(iii) open as of the close of trading on April 7, 2016, the Recognized Loss Amount will be ***the lesser of***: (a) the amount of artificial inflation per share on the date of purchase/acquisition as set forth in Table 2; or (b) the purchase/acquisition price *minus* the closing price of that option on April 8, 2016 (*i.e.*, the "Holding Price") as set forth in Table 2 below.

61. For each Clovis Put Option sold (written) during the period from May 31, 2014 through and including the close of trading on April 7, 2016, and:

(i) closed (through purchase, exercise, or expiration) on or before November 15, 2015, the Recognized Loss Amount will be $0.00.

(ii) closed (through purchase, exercise, or expiration) during the period from November 16, 2015 through and including the close of trading on April 7, 2016, the Recognized Loss Amount will be ***the lesser of***: (a) the amount of artificial deflation per share on the date of sale (writing) as set forth in Table 3 *minus* the amount of artificial deflation per share on the date of close as set forth in Table 3; or (b) if closed through purchase, the purchase price *minus* the sale price, or if closed through exercise or expiration, the value per option on the date of exercise or expiration[10] *minus* the sale price.

(iii) open as of the close of trading on April 7, 2016, the Recognized Loss Amount will be ***the lesser of***: (a) the amount of artificial deflation per share on the date of sale (writing) as set forth in Table 3; or (b) the closing price on April 8, 2016 (*i.e.*, the "Holding Price") as set forth in Table 3 below *minus* the sale price.

62. **Maximum Recovery for Options:** The Settlement proceeds available for Clovis Call Options purchased during the Class Period and Clovis Put Options sold (written) during the Class Period shall be limited to a total amount equal to 2% of the Net Settlement Fund. Thus, if the cumulative Recognized Loss Amounts for Clovis Call Options and Clovis Put Options exceeds 2% of all Recognized Claims, then the Recognized Loss Amounts calculated for option transactions will be reduced proportionately until they collectively equal 2% of all Recognized Claims. In the unlikely event that the Net Settlement Fund, allocated as such, is sufficient to pay 100% of the Clovis common stock-based claims, any excess amount will be used to pay the balance on the remaining option-based claims.

ADJUSTMENT TO RECOGNIZED LOSS AMOUNT FOR SECTION 11 CLAIMS

63. For each share of Clovis common stock purchased or acquired between May 31, 2014 and April 7, 2016, inclusive, pursuant to or traceable to the secondary offering of Clovis common stock conducted on or about July 14, 2015, if it calculates to a Recognized Loss Amount that is a positive number pursuant to ¶¶ 56-57 above, that number shall be increased by 15%.

ADDITIONAL PROVISIONS

64. **Calculation of Claimant's "Recognized Claim":** A Claimant's "Recognized Claim" under the Plan of Allocation will be the sum of his, her or its Recognized Loss Amounts as calculated above with respect to all Clovis Securities.

65. **FIFO Matching:** If a Settlement Class Member made more than one purchase/acquisition or sale of any Clovis Security during the Class Period, all purchases/acquisitions and sales of the like security shall be matched on a First In, First Out ("FIFO") basis. With respect to Clovis common stock and Clovis Call Options, Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against

[9] The "value" of the call option on the date of exercise or expiration shall be the closing price of Clovis common stock on the date of exercise or expiration minus the strike price of the option. If this number is less than zero, the value of the call option is zero.

[10] The "value" of the put option on the date of exercise or expiration shall be the strike price of the option minus the closing price of Clovis common stock on the date of exercise or expiration. If this number is less than zero, the value of the put option is zero.

purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period. For Clovis Put Options, Class Period purchases will be matched first to close out positions open at the beginning of the Class Period, and then against Clovis Put Options sold (written) during the Class Period in chronological order.

66. **"Purchase/Sale" Dates:** Purchases or acquisitions and sales of Clovis Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance, or operation of law of Clovis Securities during the Class Period shall not be deemed a purchase, acquisition or sale of these Clovis Securities for the calculation of a Claimant's Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition/sale of such Clovis Securities unless (i) the donor or decedent purchased or otherwise acquired or sold such Clovis Securities during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Clovis Securities.

67. **Short Sales:** With respect to Clovis common stock, the date of covering a "short sale" is deemed to be the date of purchase or acquisition of the common stock. The date of a "short sale" is deemed to be the date of sale of the Clovis common stock. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" and the purchases covering "short sales" is zero.

68. In the event that a Claimant has an opening short position in Clovis common stock, the earliest purchases or acquisitions of Clovis common stock during the Class Period shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

69. If a Settlement Class Member has "written" Clovis Call Options, thereby having a short position in the call options, the date of covering such a written position is deemed to be the date of purchase or acquisition of the call option. The date on which the call option was written is deemed to be the date of sale of the call option. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "written" Clovis Call Options is zero. In the event that a Claimant has an opening written position in Clovis Call Options, the earliest purchases or acquisitions of like call options during the Class Period shall be matched against such opening written position, and not be entitled to a recovery, until that written position is fully covered.

70. If a Settlement Class Member has purchased or acquired Clovis Put Options, thereby having a long position in the put options, the date of purchase/acquisition is deemed to be the date of purchase/acquisition of the put option. The date on which the put option was sold, exercised, or expired is deemed to be the date of sale of the put option. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on purchased/acquired Clovis Put Options is zero. In the event that a Claimant has an opening long position in Clovis Put Options, the earliest sales or dispositions of like put options during the Class Period shall be matched against such opening position, and not be entitled to a recovery, until that long position is fully covered.

71. **Common Stock Purchased/Sold Through the Exercise of Options:** With respect to Clovis common stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

72. **Market Gains and Losses:** With respect to all Clovis common stock and Clovis Call Options purchased or acquired or Clovis Put Options sold (written) during the Class Period, the Claims Administrator will determine if the Claimant had a Market Gain or a Market Loss with respect to his, her, or its overall transactions during the Class Period in those shares and options. For purposes of making this calculation, with respect to Clovis common stock and Clovis Call Options, the Claims Administrator shall determine the difference between (i) the Claimant's Total Purchase Amount[11] and (ii) the sum of the Claimant's Total Sales Proceeds[12] and the Claimant's Holding Value.[13] For Clovis common stock and Clovis Call Options, if the Claimant's Total Purchase Amount ***minus*** the sum of the Claimant's Total Sales Proceeds and the Holding Value is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain. With

[11] For Clovis common stock and Clovis Call Options, the "Total Purchase Amount" is the total amount the Claimant paid (excluding all fees, taxes and commissions) for all such Clovis securities purchased and/or acquired during the Class Period.

[12] For Clovis common stock and Clovis Call Options, the Claims Administrator shall match any sales of such Clovis securities during the Class Period first against the Claimant's opening position in the like Clovis securities (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received for sales of the remaining like Clovis securities sold during the Class Period is the "Total Sales Proceeds."

[13] The Claims Administrator shall ascribe a "Holding Value" of $15.77 to each share of Clovis common stock purchased or acquired during the Class Period that was still held as of the close of trading on April 7, 2016. For each Clovis Call Option purchased or acquired during the Class Period that was still open as of the close of trading on April 7, 2016, the Claims Administrator shall ascribe a "Holding Value" for that option which shall be the Holding Price set forth on Table 2.

respect to Clovis Put Options, the Claims Administrator shall determine the difference between (i) the sum of the Claimant's Total Purchase Amount[14] and the Claimant's Holding Value[15] and (ii) the Claimant's Total Sales Proceeds.[16] For Clovis Put Options, if the sum of the Claimant's Total Purchase Amount and the Claimant's Holding Value *minus* the Claimant's Total Sales Proceeds is a positive number, that number will be the Claimant's Market Loss; if the number is a negative number or zero, that number will be the Claimant's Market Gain.

73. If a Claimant had a Market Gain with respect to his, her, or its overall transactions in Clovis Securities during the Class Period, the value of the Claimant's Recognized Claim will be zero, and the Claimant will in any event be bound by the Settlement. If a Claimant suffered an overall Market Loss with respect to his, her, or its overall transactions in Clovis Securities during the Class Period but that Market Loss was less than the Claimant's Recognized Claim calculated above, then the Claimant's Recognized Claim will be limited to the amount of the Market Loss.

74. **Determination of Distribution Amount:** If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

75. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

76. No cash payments for less than $10.00 will be made. In the event of a distribution of Settlement Shares, no fractional Settlement Shares will be issued.

77. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks and claim their Settlement Shares. To the extent any monies and/or Settlement Shares remain in the Net Settlement Fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator will conduct a re-distribution of the funds and/or Settlement Shares remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and claimed their initial Settlement Shares and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and claimed their prior Settlement Shares and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds and/or Settlement Shares remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Counsel and approved by the Court.

78. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Plaintiffs' Counsel, Lead Plaintiff's damages expert, the Settling Defendants, Settling Defendants' Counsel, or any of the other Plaintiffs' Releasees or Defendants' Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Lead Plaintiff, the Settling Defendants, and their respective counsel, and all other Defendants' Releasees, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; the plan of allocation; the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator; the payment or withholding of Taxes; or any losses incurred in connection therewith. Settlement Class Members shall also release all claims that arise out of, relate to, or are based upon the issuance, transfer, or disposition of the Settlement Shares made in accordance with the terms of the Stipulation.

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[14] For Clovis Put Options, the Claims Administrator shall match any purchases/acquisitions during the Class Period to close out positions in put options first against the Claimant's opening position in put options (the total amount paid with respect to those purchases/acquisitions will not be considered for purposes of calculating market gains or losses). The total amount paid for the remaining purchases/acquisitions during the Class Period to close out positions in put options is the "Total Purchase Amount."

[15] For each Clovis Put Option sold (written) during the Class Period that was still open as of the close of trading on April 7, 2016, the Claims Administrator shall ascribe a "Holding Value" for that option which shall be the Holding Price set forth on Table 3.

[16] For Clovis Put Options, the total amount received for put options sold (written) during the Class Period is the "Total Sales Proceeds."

79. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiff after consultation with its damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.ClovisSecuritiesLitigation.com.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

80. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 22.5% of the Settlement Fund (in combination of cash and stock in the same proportion that the Cash Settlement Amount and the Settlement Shares comprise the Settlement Amount). At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed $900,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees and reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

81. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to Clovis Securities Litigation, EXCLUSIONS, c/o Epiq Systems, PO Box 3127, Portland, OR 97208-3127. The exclusion request must be ***received*** no later than October 5, 2017. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (i) state the name, address, and telephone number of the person or entity requesting exclusion, and, in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity "requests exclusion from the Settlement Class in *Medina v. Clovis Oncology, Inc., et al.*, Civil Action No. 1:15-cv-2546"; (iii) state the number of shares of Clovis common stock, Clovis Call Options, and/or Clovis Put Options that the person or entity requesting exclusion purchased/acquired and/or sold during the Class Period (*i.e.*, between May 31, 2014 and April 7, 2016, inclusive), as well as the dates, number of shares/options, and prices of each such purchase/acquisition and/or sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative thereof. A Request for Exclusion shall not be valid and effective, unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

82. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion, even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiff's Claim against any of the Defendants' Releasees.

83. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

84. Clovis has the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiff and Clovis.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

85. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below, even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing. Please Note: The date and time of the Settlement Hearing may change without further written notice to the Settlement Class. You should monitor the Court's docket and the website maintained by the Claims Administrator, www.ClovisSecuritiesLitigation.com, before making plans to attend the Settlement Hearing. You may also confirm the date and time of the Settlement Hearing by contacting Lead Counsel.**

86. The Settlement Hearing will be held on October 26, 2017 at 10:00 a.m., before the Honorable Raymond P. Moore at the United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, Courtroom A601, 6th Floor, 901 19th Street, Denver, Colorado 80294, to determine, among other things, (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice against the Defendants and the Releases specified and described in the Stipulation (and in this Notice) should be granted; (iii) whether the terms and conditions of the issuance of the Settlement Shares pursuant to an exemption from registration requirements under Section 3(a)(10) of the Securities Act are fair to all persons and entities to whom the shares will be issued; (iv) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (v) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

87. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the District of Colorado at the address set forth below **on or before October 5, 2017**. You must also serve the papers on Lead Counsel and on Settling Defendants' Counsel at the addresses set forth below so that the papers are ***received*** **on or before October 5, 2017**.

Clerk's Office	**Lead Counsel**	**Settling Defendants' Counsel**
United States District Court District of Colorado Clerk of the Court Alfred A. Arraj United States Courthouse 901 19th Street Denver, CO 80294	**Bernstein Litowitz Berger & Grossmann LLP** John C. Browne, Esq. 1251 Avenue of the Americas, 44th Floor New York, NY 10020	**Willkie Farr & Gallagher LLP** Tariq Mundiya, Esq. 787 Seventh Avenue New York, NY 10019

88. Any objection (i) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (ii) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (iii) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of Clovis common stock, Clovis Call Options, and/or Clovis Put Options that the objecting Settlement Class Member purchased/acquired and/or sold during the Class Period (*i.e.*, between May 31, 2014 and April 7, 2016, inclusive), as well as the dates, number of shares/options, and prices of each such purchase/acquisition and/or sale. You may not object to the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

89. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection, unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

90. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file and serve a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Settling Defendants' Counsel at the addresses set forth in ¶ 87 above, so that it is ***received*** **on or before October 5, 2017**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

91. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Settling Defendants' Counsel at the addresses set forth in ¶ 87 above so that the notice is ***received*** **on or before October 5, 2017**.

92. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT SHARES OR OPTIONS ON SOMEONE ELSE'S BEHALF?

93. If you purchased or otherwise acquired Clovis common stock and/or Clovis Call Options, and/or sold (wrote) Clovis Call Options, during the Class Period (*i.e.*, between May 31, 2014 and April 7, 2016, inclusive), for the beneficial interest of persons or organizations other than yourself, you must either (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to Clovis Securities Litigation, c/o Epiq Systems, PO Box 3127, Portland, OR 97208-3127. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.ClovisSecuritiesLitigation.com, by calling the Claims Administrator toll-free at 1-888-697-8556, or by emailing the Claims Administrator at info@ClovisSecuritiesLitigation.com.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

94. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the District of Colorado, Alfred A. Arraj United States Courthouse, 901 19th Street, Denver, CO 80294. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.ClovisSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

Clovis Securities Litigation
c/o Epiq Systems
PO Box 3127
Portland, OR 97208-3127
1-888-697-8556
info@ClovisSecuritiesLitigation.com
www.ClovisSecuritiesLitigation.com

and/or

John C. Browne, Esq.
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
1-800-380-8496
blbg@blbglaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, CLOVIS, ANY OF THE OTHER DEFENDANTS, OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: August 4, 2017

By Order of the Court
United States District Court
District of Colorado

TABLE 1

Estimated Artificial Inflation in Clovis Common Stock from May 31, 2014 through and including April 7, 2016

Date	Artificial Inflation	Date	Artificial Inflation	Date	Artificial Inflation	Date	Artificial Inflation	Date	Artificial Inflation
6/2/2014	$35.56	8/7/2014	$27.47	10/14/2014	$31.91	12/19/2014	$42.18	3/2/2015	$58.87
6/3/2014	$28.47	8/8/2014	$30.45	10/15/2014	$32.93	12/22/2014	$42.40	3/3/2015	$56.27
6/4/2014	$28.60	8/11/2014	$30.99	10/16/2014	$34.83	12/23/2014	$40.33	3/4/2015	$57.65
6/5/2014	$30.36	8/12/2014	$31.20	10/17/2014	$36.13	12/24/2014	$40.65	3/5/2015	$59.33
6/6/2014	$29.73	8/13/2014	$31.83	10/20/2014	$36.75	12/26/2014	$41.89	3/6/2015	$58.98
6/9/2014	$31.03	8/14/2014	$32.27	10/21/2014	$38.05	12/29/2014	$41.69	3/9/2015	$58.61
6/10/2014	$33.32	8/15/2014	$32.93	10/22/2014	$38.31	12/30/2014	$41.07	3/10/2015	$58.74
6/11/2014	$32.62	8/18/2014	$32.78	10/23/2014	$40.26	12/31/2014	$41.71	3/11/2015	$58.62
6/12/2014	$33.16	8/19/2014	$32.43	10/24/2014	$41.39	1/2/2015	$42.44	3/12/2015	$59.05
6/13/2014	$33.73	8/20/2014	$32.47	10/27/2014	$41.48	1/5/2015	$41.70	3/13/2015	$58.08
6/16/2014	$32.67	8/21/2014	$31.24	10/28/2014	$43.98	1/6/2015	$41.54	3/16/2015	$60.91
6/17/2014	$32.61	8/22/2014	$32.64	10/29/2014	$42.63	1/7/2015	$43.35	3/17/2015	$62.04
6/18/2014	$31.98	8/25/2014	$34.77	10/30/2014	$44.06	1/8/2015	$43.91	3/18/2015	$60.27
6/19/2014	$31.59	8/26/2014	$37.16	10/31/2014	$44.43	1/9/2015	$43.98	3/19/2015	$60.65
6/20/2014	$30.96	8/27/2014	$36.20	11/3/2014	$44.86	1/12/2015	$43.16	3/20/2015	$58.29
6/23/2014	$30.61	8/28/2014	$35.56	11/4/2014	$43.90	1/13/2015	$45.68	3/23/2015	$56.53
6/24/2014	$30.69	8/29/2014	$35.42	11/5/2014	$42.56	1/14/2015	$47.50	3/24/2015	$55.93
6/25/2014	$31.28	9/2/2014	$35.97	11/6/2014	$43.62	1/15/2015	$47.36	3/25/2015	$53.63
6/26/2014	$30.95	9/3/2014	$33.51	11/7/2014	$43.43	1/16/2015	$50.32	3/26/2015	$53.78
6/27/2014	$31.68	9/4/2014	$32.78	11/10/2014	$44.79	1/20/2015	$51.01	3/27/2015	$54.70
6/30/2014	$30.84	9/5/2014	$32.28	11/11/2014	$45.66	1/21/2015	$49.56	3/30/2015	$55.82
7/1/2014	$30.90	9/8/2014	$32.64	11/12/2014	$43.52	1/22/2015	$48.87	3/31/2015	$55.28
7/2/2014	$30.91	9/9/2014	$32.70	11/13/2014	$42.30	1/23/2015	$48.22	4/1/2015	$52.97
7/3/2014	$31.85	9/10/2014	$33.92	11/14/2014	$40.88	1/26/2015	$51.21	4/2/2015	$51.78
7/7/2014	$30.28	9/11/2014	$34.32	11/17/2014	$39.72	1/27/2015	$50.98	4/6/2015	$51.12
7/8/2014	$28.24	9/12/2014	$34.32	11/18/2014	$40.05	1/28/2015	$48.70	4/7/2015	$55.19
7/9/2014	$28.52	9/15/2014	$32.96	11/19/2014	$35.96	1/29/2015	$49.21	4/8/2015	$56.75
7/10/2014	$28.62	9/16/2014	$32.80	11/20/2014	$37.83	1/30/2015	$48.55	4/9/2015	$55.71
7/11/2014	$28.81	9/17/2014	$34.27	11/21/2014	$36.20	2/2/2015	$48.34	4/10/2015	$57.65
7/14/2014	$29.55	9/18/2014	$33.78	11/24/2014	$35.96	2/3/2015	$48.51	4/13/2015	$65.16
7/15/2014	$28.79	9/19/2014	$33.17	11/25/2014	$35.34	2/4/2015	$47.17	4/14/2015	$64.31
7/16/2014	$27.78	9/22/2014	$31.48	11/26/2014	$35.90	2/5/2015	$49.83	4/15/2015	$69.15
7/17/2014	$27.14	9/23/2014	$30.97	11/28/2014	$35.44	2/6/2015	$49.47	4/16/2015	$67.77
7/18/2014	$28.03	9/24/2014	$31.15	12/1/2014	$34.83	2/9/2015	$49.45	4/17/2015	$64.16
7/21/2014	$27.85	9/25/2014	$29.81	12/2/2014	$36.30	2/10/2015	$51.81	4/20/2015	$63.99
7/22/2014	$27.08	9/26/2014	$31.65	12/3/2014	$36.33	2/11/2015	$50.64	4/21/2015	$64.35
7/23/2014	$27.45	9/29/2014	$35.81	12/4/2014	$36.22	2/12/2015	$50.70	4/22/2015	$63.34
7/24/2014	$27.56	9/30/2014	$33.78	12/5/2014	$38.02	2/13/2015	$51.23	4/23/2015	$67.22
7/25/2014	$28.06	10/1/2014	$34.54	12/8/2014	$38.46	2/17/2015	$54.38	4/24/2015	$68.54
7/28/2014	$27.27	10/2/2014	$35.76	12/9/2014	$39.82	2/18/2015	$55.01	4/27/2015	$62.35
7/29/2014	$29.05	10/3/2014	$36.35	12/10/2014	$39.63	2/19/2015	$55.98	4/28/2015	$61.90
7/30/2014	$28.66	10/6/2014	$35.28	12/11/2014	$40.84	2/20/2015	$54.96	4/29/2015	$61.43
7/31/2014	$27.15	10/7/2014	$34.84	12/12/2014	$41.07	2/23/2015	$54.90	4/30/2015	$59.85
8/1/2014	$27.41	10/8/2014	$35.58	12/15/2014	$39.61	2/24/2015	$54.54	5/1/2015	$61.14
8/4/2014	$26.99	10/9/2014	$35.38	12/16/2014	$39.68	2/25/2015	$57.01	5/4/2015	$61.04
8/5/2014	$27.67	10/10/2014	$33.27	12/17/2014	$41.54	2/26/2015	$58.01	5/5/2015	$59.37
8/6/2014	$27.77	10/13/2014	$31.84	12/18/2014	$42.96	2/27/2015	$56.95	5/6/2015	$59.52

Date	Artificial Inflation	Date	Artificial Inflation	Date	Artificial Inflation	Date	Artificial Inflation	Date	Artificial Inflation
5/7/2015	$58.46	7/15/2015	$65.96	9/21/2015	$78.54	11/25/2015	$4.73	2/4/2016	$3.33
5/8/2015	$61.72	7/16/2015	$65.07	9/22/2015	$74.66	11/27/2015	$5.23	2/5/2016	$3.22
5/11/2015	$64.48	7/17/2015	$64.84	9/23/2015	$74.27	11/30/2015	$5.10	2/8/2016	$3.05
5/12/2015	$63.93	7/20/2015	$64.10	9/24/2015	$74.37	12/1/2015	$5.20	2/9/2016	$3.01
5/13/2015	$64.05	7/21/2015	$64.17	9/25/2015	$69.52	12/2/2015	$5.48	2/10/2016	$3.08
5/14/2015	$74.78	7/22/2015	$64.07	9/28/2015	$67.43	12/3/2015	$5.40	2/11/2016	$3.02
5/15/2015	$69.07	7/23/2015	$64.02	9/29/2015	$66.31	12/4/2015	$5.51	2/12/2016	$3.08
5/18/2015	$69.53	7/24/2015	$61.53	9/30/2015	$68.49	12/7/2015	$5.17	2/16/2016	$3.16
5/19/2015	$67.91	7/27/2015	$61.76	10/1/2015	$68.53	12/8/2015	$5.35	2/17/2016	$3.22
5/20/2015	$68.27	7/28/2015	$64.60	10/2/2015	$70.64	12/9/2015	$5.31	2/18/2016	$2.89
5/21/2015	$67.42	7/29/2015	$63.71	10/5/2015	$69.71	12/10/2015	$5.31	2/19/2016	$2.91
5/22/2015	$67.60	7/30/2015	$62.53	10/6/2015	$67.32	12/11/2015	$5.18	2/22/2016	$2.96
5/26/2015	$68.68	7/31/2015	$62.88	10/7/2015	$68.33	12/14/2015	$5.05	2/23/2016	$2.86
5/27/2015	$69.86	8/3/2015	$63.79	10/8/2015	$67.02	12/15/2015	$5.42	2/24/2016	$2.93
5/28/2015	$67.48	8/4/2015	$64.68	10/9/2015	$69.71	12/16/2015	$5.28	2/25/2016	$2.80
5/29/2015	$68.85	8/5/2015	$64.45	10/12/2015	$67.54	12/17/2015	$5.41	2/26/2016	$3.20
6/1/2015	$64.80	8/6/2015	$61.94	10/13/2015	$67.47	12/18/2015	$5.32	2/29/2016	$3.02
6/2/2015	$61.68	8/7/2015	$59.98	10/14/2015	$69.10	12/21/2015	$5.43	3/1/2016	$3.14
6/3/2015	$62.87	8/10/2015	$59.44	10/15/2015	$75.58	12/22/2015	$5.46	3/2/2016	$3.40
6/4/2015	$62.24	8/11/2015	$58.44	10/16/2015	$72.27	12/23/2015	$5.49	3/3/2016	$3.48
6/5/2015	$64.04	8/12/2015	$58.70	10/19/2015	$73.14	12/24/2015	$5.54	3/4/2016	$3.50
6/8/2015	$63.15	8/13/2015	$57.53	10/20/2015	$70.77	12/28/2015	$5.40	3/7/2016	$3.65
6/9/2015	$63.75	8/14/2015	$57.40	10/21/2015	$69.12	12/29/2015	$5.68	3/8/2016	$3.34
6/10/2015	$64.30	8/17/2015	$59.82	10/22/2015	$69.44	12/30/2015	$5.58	3/9/2016	$3.21
6/11/2015	$64.91	8/18/2015	$59.25	10/23/2015	$71.89	12/31/2015	$5.68	3/10/2016	$3.08
6/12/2015	$62.05	8/19/2015	$57.06	10/26/2015	$71.33	1/4/2016	$5.41	3/11/2016	$3.19
6/15/2015	$63.24	8/20/2015	$54.54	10/27/2015	$72.90	1/5/2016	$5.14	3/14/2016	$3.29
6/16/2015	$63.42	8/21/2015	$54.13	10/28/2015	$75.45	1/6/2016	$5.00	3/15/2016	$3.07
6/17/2015	$65.82	8/24/2015	$49.91	10/29/2015	$74.67	1/7/2016	$4.84	3/16/2016	$3.07
6/18/2015	$67.91	8/25/2015	$51.76	10/30/2015	$74.41	1/8/2016	$4.73	3/17/2016	$3.00
6/19/2015	$69.41	8/26/2015	$53.26	11/2/2015	$79.10	1/11/2016	$4.24	3/18/2016	$3.15
6/22/2015	$69.41	8/27/2015	$56.66	11/3/2015	$78.11	1/12/2016	$4.45	3/21/2016	$3.21
6/23/2015	$65.78	8/28/2015	$59.98	11/4/2015	$78.02	1/13/2016	$3.92	3/22/2016	$3.34
6/24/2015	$63.97	8/31/2015	$57.99	11/5/2015	$77.12	1/14/2016	$3.86	3/23/2016	$3.02
6/25/2015	$64.14	9/1/2015	$58.84	11/6/2015	$73.90	1/15/2016	$3.65	3/24/2016	$3.09
6/26/2015	$64.07	9/2/2015	$62.08	11/9/2015	$73.86	1/19/2016	$3.54	3/28/2016	$3.01
6/29/2015	$62.42	9/3/2015	$60.62	11/10/2015	$78.86	1/20/2016	$3.61	3/29/2016	$3.22
6/30/2015	$65.45	9/4/2015	$62.43	11/11/2015	$74.69	1/21/2016	$3.52	3/30/2016	$3.12
7/1/2015	$63.96	9/8/2015	$62.84	11/12/2015	$74.04	1/22/2016	$3.66	3/31/2016	$3.11
7/2/2015	$61.77	9/9/2015	$71.54	11/13/2015	$74.05	1/25/2016	$3.73	4/1/2016	$3.14
7/6/2015	$63.18	9/10/2015	$77.65	11/16/2015	$4.91	1/26/2016	$3.63	4/4/2016	$2.80
7/7/2015	$63.87	9/11/2015	$77.53	11/17/2015	$4.35	1/27/2016	$3.45	4/5/2016	$2.84
7/8/2015	$58.86	9/14/2015	$77.91	11/18/2015	$4.38	1/28/2016	$3.35	4/6/2016	$3.01
7/9/2015	$58.24	9/15/2015	$80.85	11/19/2015	$4.35	1/29/2016	$3.39	4/7/2016	$3.11
7/10/2015	$59.60	9/16/2015	$80.96	11/20/2015	$4.28	2/1/2016	$3.39		
7/13/2015	$63.02	9/17/2015	$85.38	11/23/2015	$4.17	2/2/2016	$3.21		
7/14/2015	$65.16	9/18/2015	$85.20	11/24/2015	$4.51	2/3/2016	$3.26		

TABLE 2

Estimated Artificial Inflation in Clovis Call Options from May 31, 2014 through and including April 7, 2016

Expiration Date	Strike Price	Call Option Artificial Inflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
11/20/2015	$60.00	$39.73	$0.00	$0.00
11/20/2015	$65.00	$34.88	$0.00	$0.00
11/20/2015	$70.00	$29.88	$0.00	$0.00
11/20/2015	$75.00	$24.98	$0.00	$0.00
11/20/2015	$80.00	$19.88	$0.00	$0.00
11/20/2015	$85.00	$15.18	$0.00	$0.00
11/20/2015	$90.00	$10.78	$0.00	$0.00
11/20/2015	$95.00	$6.88	$0.00	$0.00
11/20/2015	$100.00	$4.28	$0.00	$0.00
11/20/2015	$105.00	$1.95	$0.00	$0.00
11/20/2015	$110.00	$1.23	$0.00	$0.00
11/20/2015	$115.00	$1.35	$0.00	$0.00
11/20/2015	$120.00	$1.10	$0.00	$0.00
11/20/2015	$125.00	$1.05	$0.00	$0.00
11/20/2015	$130.00	$1.00	$0.00	$0.00
11/20/2015	$135.00	$0.98	$0.00	$0.00
11/20/2015	$140.00	$0.93	$0.00	$0.00
11/20/2015	$145.00	$0.90	$0.00	$0.00
11/20/2015	$150.00	$0.80	$0.00	$0.00
11/20/2015	$155.00	$0.68	$0.00	$0.00
11/20/2015	$160.00	$0.53	$0.00	$0.00
12/18/2015	$50.00	$49.18	$0.00	$0.00
12/18/2015	$55.00	$44.58	$0.00	$0.00
12/18/2015	$60.00	$39.78	$0.00	$0.00
12/18/2015	$65.00	$35.00	$0.00	$0.00
12/18/2015	$70.00	$30.53	$0.00	$0.00
12/18/2015	$75.00	$25.85	$0.00	$0.00
12/18/2015	$80.00	$21.65	$0.00	$0.00
12/18/2015	$85.00	$17.73	$0.00	$0.00
12/18/2015	$90.00	$13.93	$0.00	$0.00
12/18/2015	$95.00	$10.88	$0.00	$0.00
12/18/2015	$100.00	$8.20	$0.00	$0.00
12/18/2015	$105.00	$5.38	$0.00	$0.00
12/18/2015	$110.00	$4.18	$0.00	$0.00
12/18/2015	$115.00	$3.18	$0.00	$0.00
12/18/2015	$120.00	$2.33	$0.00	$0.00
12/18/2015	$125.00	$1.93	$0.00	$0.00
12/18/2015	$130.00	$1.65	$0.00	$0.00
12/18/2015	$135.00	$1.75	$0.00	$0.00
12/18/2015	$140.00	$1.38	$0.00	$0.00
12/18/2015	$145.00	$1.30	$0.00	$0.00
1/15/2016	$22.50	$67.35	$0.00	$0.00
1/15/2016	$25.00	$66.15	$0.00	$0.00
1/15/2016	$30.00	$64.50	$0.00	$0.00
1/15/2016	$35.00	$61.60	$0.00	$0.00

Expiration Date	Strike Price	Call Option Artificial Inflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
1/15/2016	$40.00	$57.80	$0.00	$0.00
1/15/2016	$45.00	$53.28	$0.00	$0.00
1/15/2016	$50.00	$48.90	$0.00	$0.00
1/15/2016	$55.00	$44.45	$0.00	$0.00
1/15/2016	$60.00	$39.95	$0.00	$0.00
1/15/2016	$65.00	$35.48	$0.00	$0.00
1/15/2016	$70.00	$31.08	$0.00	$0.00
1/15/2016	$75.00	$26.78	$0.00	$0.00
1/15/2016	$80.00	$22.85	$0.00	$0.00
1/15/2016	$85.00	$19.28	$0.00	$0.00
1/15/2016	$90.00	$15.98	$0.00	$0.00
1/15/2016	$95.00	$12.80	$0.00	$0.00
1/15/2016	$100.00	$9.80	$0.00	$0.00
1/15/2016	$105.00	$7.78	$0.00	$0.00
1/15/2016	$110.00	$5.98	$0.00	$0.00
1/15/2016	$115.00	$4.90	$0.00	$0.00
1/15/2016	$120.00	$3.55	$0.00	$0.00
1/15/2016	$125.00	$2.85	$0.00	$0.00
1/15/2016	$130.00	$2.38	$0.00	$0.00
1/15/2016	$135.00	$1.55	$0.00	$0.00
1/15/2016	$140.00	$1.45	$0.00	$0.00
1/15/2016	$145.00	$1.28	$0.00	$0.00
1/15/2016	$150.00	$1.08	$0.00	$0.00
1/15/2016	$155.00	$1.33	$0.00	$0.00
1/15/2016	$160.00	$1.10	$0.00	$0.00
1/15/2016	$165.00	$1.08	$0.00	$0.00
1/15/2016	$170.00	$1.08	$0.00	$0.00
4/15/2016	$10.00	$0.00	$3.28	$6.30
4/15/2016	$12.50	$0.00	$2.78	$4.65
4/15/2016	$15.00	$0.00	$2.49	$2.98
4/15/2016	$17.50	$0.00	$2.20	$1.95
4/15/2016	$20.00	$0.00	$1.57	$1.33
4/15/2016	$22.50	$0.00	$1.12	$0.95
4/15/2016	$25.00	$0.00	$0.90	$0.55
4/15/2016	$30.00	$0.00	$0.36	$0.25
4/15/2016	$35.00	$0.00	$0.09	$0.13
4/15/2016	$40.00	$55.42	$0.07	$0.03
4/15/2016	$45.00	$51.61	$0.11	$0.13
4/15/2016	$50.00	$47.72	$0.07	$0.08
4/15/2016	$55.00	$44.08	$0.00	$0.08
4/15/2016	$60.00	$40.12	$0.02	$0.08
4/15/2016	$65.00	$36.85	$0.00	$0.08
4/15/2016	$70.00	$33.00	$0.00	$0.08
4/15/2016	$75.00	$29.55	$0.00	$0.08
4/15/2016	$80.00	$26.40	$0.02	$0.05
4/15/2016	$85.00	$23.30	$0.00	$0.08
4/15/2016	$90.00	$20.60	$0.02	$0.05
4/15/2016	$95.00	$17.65	$0.00	$0.08

Expiration Date	Strike Price	Call Option Artificial Inflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
4/15/2016	$100.00	$15.37	$0.02	$0.05
4/15/2016	$105.00	$13.18	$0.00	$0.08
4/15/2016	$110.00	$11.58	$0.00	$0.08
4/15/2016	$115.00	$9.45	$0.00	$0.08
4/15/2016	$120.00	$8.23	$0.00	$0.08
4/15/2016	$125.00	$7.10	$0.00	$0.08
4/15/2016	$130.00	$5.98	$0.00	$0.08
4/15/2016	$135.00	$5.03	$0.00	$0.08
4/15/2016	$140.00	$4.25	$0.00	$0.08
4/15/2016	$145.00	$3.48	$0.00	$0.08
4/15/2016	$150.00	$2.50	$0.00	$0.08
4/15/2016	$155.00	$2.13	$0.00	$0.08
4/15/2016	$160.00	$1.65	$0.00	$0.08
4/15/2016	$165.00	$0.88	$0.00	$0.08
4/15/2016	$170.00	$1.90	$0.00	$0.08
5/20/2016	$2.50	$0.00	$3.01	$13.70
5/20/2016	$5.00	$0.00	$3.10	$11.20
5/20/2016	$7.50	$0.00	$3.10	$8.85
5/20/2016	$10.00	$0.00	$3.01	$7.00
5/20/2016	$12.50	$0.00	$2.74	$5.40
5/20/2016	$15.00	$0.00	$2.83	$3.65
5/20/2016	$17.50	$0.00	$2.29	$2.50
5/20/2016	$20.00	$0.00	$1.89	$1.80
5/20/2016	$22.50	$0.00	$1.75	$1.13
5/20/2016	$25.00	$0.00	$1.21	$0.88
5/20/2016	$30.00	$0.00	$0.54	$0.43
5/20/2016	$35.00	$0.00	$0.22	$0.28
7/15/2016	$2.50	$0.00	$2.69	$14.10
7/15/2016	$5.00	$0.00	$2.56	$11.90
7/15/2016	$7.50	$0.00	$2.47	$9.90
7/15/2016	$10.00	$0.00	$2.56	$7.80
7/15/2016	$12.50	$0.00	$2.60	$6.25
7/15/2016	$15.00	$0.00	$2.42	$5.00
7/15/2016	$17.50	$0.00	$2.29	$3.75
7/15/2016	$20.00	$0.00	$2.27	$2.78
7/15/2016	$22.50	$0.00	$1.84	$2.25
7/15/2016	$25.00	$0.00	$1.62	$1.68
7/15/2016	$30.00	$0.00	$0.65	$1.45
7/15/2016	$35.00	$0.00	$0.22	$1.03
10/21/2016	$2.50	$0.00	$2.69	$14.10
10/21/2016	$5.00	$0.00	$2.51	$12.15
10/21/2016	$7.50	$0.00	$2.42	$10.35
10/21/2016	$10.00	$0.00	$2.56	$8.35
10/21/2016	$12.50	$0.00	$2.60	$7.05
10/21/2016	$15.00	$0.00	$2.33	$6.00
10/21/2016	$17.50	$0.00	$2.42	$4.70
10/21/2016	$20.00	$0.00	$1.98	$4.10
10/21/2016	$22.50	$0.00	$1.50	$3.78

Expiration Date	Strike Price	Call Option Artificial Inflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
10/21/2016	$25.00	$0.00	$1.21	$3.25
10/21/2016	$30.00	$0.00	$1.39	$1.85
10/21/2016	$35.00	$0.00	$0.20	$1.98
1/20/2017	$2.50	$0.00	$2.65	$14.20
1/20/2017	$5.00	$0.00	$2.15	$12.50
1/20/2017	$7.50	$0.00	$1.98	$10.95
1/20/2017	$10.00	$0.00	$2.38	$8.80
1/20/2017	$12.50	$0.00	$2.51	$7.55
1/20/2017	$15.00	$0.00	$2.07	$6.55
1/20/2017	$17.50	$0.00	$2.60	$5.30
1/20/2017	$20.00	$0.00	$2.11	$4.65
1/20/2017	$22.50	$0.00	$1.66	$4.45
1/20/2017	$25.00	$63.78	$1.68	$3.58
1/20/2017	$30.00	$61.62	$1.57	$2.45
1/20/2017	$35.00	$58.49	$1.59	$2.13
1/20/2017	$40.00	$55.31	$1.21	$1.65
1/20/2017	$45.00	$51.41	$0.31	$1.83
1/20/2017	$50.00	$48.46	$0.61	$0.95
1/20/2017	$55.00	$45.40	$0.00	$1.28
1/20/2017	$60.00	$43.02	$0.52	$0.63
1/20/2017	$65.00	$39.61	$0.11	$0.85
1/20/2017	$70.00	$37.05	$0.00	$0.70
1/20/2017	$75.00	$33.85	$0.00	$0.65
1/20/2017	$80.00	$31.49	$0.31	$0.68
1/20/2017	$85.00	$29.35	$0.00	$0.63
1/20/2017	$90.00	$25.85	$0.00	$0.58
1/20/2017	$95.00	$24.85	$0.00	$0.50
1/20/2017	$100.00	$22.59	$0.27	$0.13
1/20/2017	$105.00	$20.41	$0.11	$0.43
1/20/2017	$110.00	$18.42	$0.04	$0.35
1/20/2017	$115.00	$16.83	$0.13	$0.35
1/20/2017	$120.00	$14.96	$0.16	$0.35
1/20/2017	$125.00	$13.88	$0.20	$0.28
1/20/2017	$130.00	$12.40	$0.18	$0.25
1/20/2017	$135.00	$10.71	$0.16	$0.25
1/20/2017	$140.00	$9.86	$0.11	$0.23
1/20/2017	$145.00	$8.11	$0.16	$0.20
1/20/2017	$150.00	$7.21	$0.13	$0.20
1/20/2017	$155.00	$6.71	$0.13	$0.18
1/20/2017	$160.00	$4.99	$0.11	$0.18
1/20/2017	$165.00	$4.44	$0.11	$0.15
1/20/2017	$170.00	$3.46	$0.09	$0.15

TABLE 3

Estimated Artificial Deflation in Clovis Put Options from May 31, 2014 through and including April 7, 2016

Expiration Date	Strike Price	Put Option Artificial Deflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
11/20/2015	$60.00	$28.95	$0.00	$0.00
11/20/2015	$65.00	$33.23	$0.00	$0.00
11/20/2015	$70.00	$38.03	$0.00	$0.00
11/20/2015	$75.00	$43.03	$0.00	$0.00
11/20/2015	$80.00	$48.73	$0.00	$0.00
11/20/2015	$85.00	$53.20	$0.00	$0.00
11/20/2015	$90.00	$57.83	$0.00	$0.00
11/20/2015	$95.00	$61.45	$0.00	$0.00
11/20/2015	$100.00	$64.45	$0.00	$0.00
11/20/2015	$105.00	$66.70	$0.00	$0.00
11/20/2015	$110.00	$67.70	$0.00	$0.00
11/20/2015	$115.00	$68.60	$0.00	$0.00
11/20/2015	$120.00	$68.75	$0.00	$0.00
11/20/2015	$125.00	$68.75	$0.00	$0.00
11/20/2015	$130.00	$69.20	$0.00	$0.00
11/20/2015	$135.00	$69.00	$0.00	$0.00
11/20/2015	$140.00	$69.10	$0.00	$0.00
11/20/2015	$145.00	$69.10	$0.00	$0.00
11/20/2015	$150.00	$68.90	$0.00	$0.00
11/20/2015	$155.00	$69.10	$0.00	$0.00
11/20/2015	$160.00	$68.90	$0.00	$0.00
12/18/2015	$50.00	$18.55	$0.00	$0.00
12/18/2015	$55.00	$23.38	$0.00	$0.00
12/18/2015	$60.00	$28.25	$0.00	$0.00
12/18/2015	$65.00	$32.70	$0.00	$0.00
12/18/2015	$70.00	$37.53	$0.00	$0.00
12/18/2015	$75.00	$42.48	$0.00	$0.00
12/18/2015	$80.00	$46.95	$0.00	$0.00
12/18/2015	$85.00	$50.70	$0.00	$0.00
12/18/2015	$90.00	$55.00	$0.00	$0.00
12/18/2015	$95.00	$57.45	$0.00	$0.00
12/18/2015	$100.00	$60.40	$0.00	$0.00
12/18/2015	$105.00	$63.10	$0.00	$0.00
12/18/2015	$110.00	$64.10	$0.00	$0.00
12/18/2015	$115.00	$66.10	$0.00	$0.00
12/18/2015	$120.00	$66.40	$0.00	$0.00
12/18/2015	$125.00	$67.30	$0.00	$0.00
12/18/2015	$130.00	$67.80	$0.00	$0.00
12/18/2015	$135.00	$67.95	$0.00	$0.00
12/18/2015	$140.00	$68.20	$0.00	$0.00
12/18/2015	$145.00	$68.50	$0.00	$0.00
1/15/2016	$22.50	$1.45	$0.00	$0.00
1/15/2016	$25.00	$2.20	$0.00	$0.00
1/15/2016	$30.00	$4.45	$0.00	$0.00
1/15/2016	$35.00	$7.80	$0.00	$0.00

Expiration Date	Strike Price	Put Option Artificial Deflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
1/15/2016	$40.00	$10.90	$0.00	$0.00
1/15/2016	$45.00	$14.55	$0.00	$0.00
1/15/2016	$50.00	$19.95	$0.00	$0.00
1/15/2016	$55.00	$23.25	$0.00	$0.00
1/15/2016	$60.00	$27.73	$0.00	$0.00
1/15/2016	$65.00	$32.60	$0.00	$0.00
1/15/2016	$70.00	$37.85	$0.00	$0.00
1/15/2016	$75.00	$41.30	$0.00	$0.00
1/15/2016	$80.00	$45.20	$0.00	$0.00
1/15/2016	$85.00	$49.10	$0.00	$0.00
1/15/2016	$90.00	$52.50	$0.00	$0.00
1/15/2016	$95.00	$55.80	$0.00	$0.00
1/15/2016	$100.00	$58.70	$0.00	$0.00
1/15/2016	$105.00	$60.45	$0.00	$0.00
1/15/2016	$110.00	$62.55	$0.00	$0.00
1/15/2016	$115.00	$64.10	$0.00	$0.00
1/15/2016	$120.00	$65.40	$0.00	$0.00
1/15/2016	$125.00	$66.45	$0.00	$0.00
1/15/2016	$130.00	$67.00	$0.00	$0.00
1/15/2016	$135.00	$67.45	$0.00	$0.00
1/15/2016	$140.00	$68.05	$0.00	$0.00
1/15/2016	$145.00	$68.30	$0.00	$0.00
1/15/2016	$150.00	$68.50	$0.00	$0.00
1/15/2016	$155.00	$68.55	$0.00	$0.00
1/15/2016	$160.00	$68.80	$0.00	$0.00
1/15/2016	$165.00	$68.90	$0.00	$0.00
1/15/2016	$170.00	$68.90	$0.00	$0.00
4/15/2016	$12.50	$0.00	$0.07	$0.90
4/15/2016	$15.00	$0.00	$0.31	$2.00
4/15/2016	$17.50	$0.00	$0.83	$3.55
4/15/2016	$20.00	$0.00	$1.26	$5.35
4/15/2016	$22.50	$0.00	$1.44	$6.85
4/15/2016	$25.00	$0.00	$2.02	$9.25
4/15/2016	$30.00	$0.00	$2.42	$13.70
4/15/2016	$35.00	$0.00	$2.51	$18.55
4/15/2016	$40.00	$14.80	$2.60	$23.50
4/15/2016	$45.00	$18.79	$2.69	$28.45
4/15/2016	$50.00	$22.41	$2.74	$33.40
4/15/2016	$55.00	$26.93	$2.78	$38.50
4/15/2016	$60.00	$31.20	$3.05	$43.70
4/15/2016	$65.00	$35.04	$3.14	$48.80
4/15/2016	$70.00	$37.83	$2.78	$53.40
4/15/2016	$75.00	$41.37	$2.87	$58.50
4/15/2016	$80.00	$44.68	$2.78	$63.40
4/15/2016	$85.00	$47.92	$2.87	$68.50
4/15/2016	$90.00	$51.05	$3.10	$73.75
4/15/2016	$95.00	$54.23	$2.78	$78.40
4/15/2016	$100.00	$56.90	$3.10	$83.75

Expiration Date	Strike Price	Put Option Artificial Deflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
4/15/2016	$105.00	$58.38	$2.78	$88.40
4/15/2016	$110.00	$61.27	$3.32	$94.00
4/15/2016	$115.00	$62.61	$3.01	$98.65
4/15/2016	$120.00	$64.31	$2.96	$103.60
4/15/2016	$125.00	$65.31	$2.96	$108.60
4/15/2016	$130.00	$66.98	$3.28	$113.95
4/15/2016	$135.00	$67.66	$2.96	$118.60
4/15/2016	$140.00	$68.39	$3.14	$123.80
4/15/2016	$145.00	$69.16	$2.96	$128.60
4/15/2016	$150.00	$69.85	$3.05	$133.70
4/15/2016	$155.00	$70.05	$3.05	$138.70
4/15/2016	$160.00	$70.70	$3.10	$143.75
4/15/2016	$165.00	$71.52	$3.37	$149.15
4/15/2016	$170.00	$71.46	$2.96	$153.70
5/20/2016	$5.00	$0.00	$0.02	$0.28
5/20/2016	$10.00	$0.00	$0.11	$0.83
5/20/2016	$12.50	$0.00	$0.27	$1.63
5/20/2016	$15.00	$0.00	$0.54	$2.65
5/20/2016	$17.50	$0.00	$0.58	$3.95
5/20/2016	$20.00	$0.00	$1.03	$5.85
5/20/2016	$22.50	$0.00	$1.08	$7.40
5/20/2016	$25.00	$0.00	$1.89	$9.75
5/20/2016	$30.00	$0.00	$1.98	$13.95
5/20/2016	$35.00	$0.00	$2.24	$18.65
7/15/2016	$2.50	$0.00	$0.02	$0.18
7/15/2016	$7.50	$0.00	$0.09	$0.85
7/15/2016	$10.00	$0.00	$0.09	$1.20
7/15/2016	$12.50	$0.00	$0.29	$2.23
7/15/2016	$15.00	$0.00	$0.43	$3.60
7/15/2016	$17.50	$0.00	$0.63	$5.10
7/15/2016	$20.00	$0.00	$0.94	$6.80
7/15/2016	$22.50	$0.00	$1.08	$8.45
7/15/2016	$25.00	$0.00	$1.21	$10.35
7/15/2016	$30.00	$0.00	$1.53	$14.60
7/15/2016	$35.00	$0.00	$1.84	$19.10
7/15/2016	$40.00	$0.00	$2.07	$23.65
7/15/2016	$45.00	$0.00	$2.15	$28.45
10/21/2016	$7.50	$0.00	$0.20	$1.15
10/21/2016	$10.00	$0.00	$0.18	$2.15
10/21/2016	$12.50	$0.00	$0.43	$3.30
10/21/2016	$15.00	$0.00	$0.49	$4.50
10/21/2016	$17.50	$0.00	$0.58	$5.95
10/21/2016	$20.00	$0.00	$0.45	$7.55
10/21/2016	$22.50	$0.00	$0.85	$9.45
10/21/2016	$25.00	$0.00	$0.72	$11.20
10/21/2016	$30.00	$0.00	$1.12	$15.35
10/21/2016	$35.00	$0.00	$1.48	$19.80
1/20/2017	$7.50	$0.00	$0.13	$1.50

Expiration Date	Strike Price	Put Option Artificial Deflation per Share During Trading Periods		Holding Price
		May 31, 2014 – November 15, 2015	November 16, 2015 – April 7, 2016	
1/20/2017	$10.00	$0.00	$0.36	$2.58
1/20/2017	$12.50	$0.00	$0.22	$3.85
1/20/2017	$15.00	$0.00	$0.49	$5.10
1/20/2017	$17.50	$0.00	$0.31	$6.60
1/20/2017	$20.00	$0.00	$1.08	$8.65
1/20/2017	$22.50	$0.00	$0.63	$10.15
1/20/2017	$25.00	$6.86	$0.99	$12.00
1/20/2017	$30.00	$8.68	$0.85	$16.00
1/20/2017	$35.00	$12.56	$1.44	$20.55
1/20/2017	$40.00	$15.67	$1.17	$24.75
1/20/2017	$45.00	$18.79	$1.44	$29.40
1/20/2017	$50.00	$22.00	$1.75	$34.35
1/20/2017	$55.00	$25.05	$1.80	$38.90
1/20/2017	$60.00	$28.21	$2.11	$44.05
1/20/2017	$65.00	$30.87	$2.07	$48.75
1/20/2017	$70.00	$34.21	$2.51	$53.60
1/20/2017	$75.00	$36.95	$2.60	$58.55
1/20/2017	$80.00	$39.59	$2.69	$63.55
1/20/2017	$85.00	$41.67	$2.42	$68.60
1/20/2017	$90.00	$44.63	$2.78	$73.55
1/20/2017	$95.00	$46.63	$2.83	$78.50
1/20/2017	$100.00	$48.90	$2.60	$83.40
1/20/2017	$105.00	$51.38	$2.83	$88.50
1/20/2017	$110.00	$53.18	$2.83	$93.75
1/20/2017	$115.00	$55.40	$3.10	$98.75
1/20/2017	$120.00	$56.64	$2.69	$103.45
1/20/2017	$125.00	$58.47	$2.87	$108.50
1/20/2017	$130.00	$60.32	$2.92	$113.55
1/20/2017	$135.00	$61.15	$2.65	$118.55
1/20/2017	$140.00	$62.62	$2.92	$123.55
1/20/2017	$145.00	$64.12	$2.87	$128.50
1/20/2017	$150.00	$64.78	$2.78	$133.40
1/20/2017	$155.00	$66.22	$2.92	$138.55
1/20/2017	$160.00	$68.01	$3.46	$144.15
1/20/2017	$165.00	$68.36	$2.96	$149.15
1/20/2017	$170.00	$69.06	$2.96	$154.15

Supplemental Exhibit 8B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. 1:15-cv-02546-RM-MEH
Consolidated with Civil Action Nos. 15-cv-02547-RM-MEH,
15-cv-02697-RM-MEH, and 16-cv-00459-RM-MEH

SONNY P. MEDINA, *et al.*,

Plaintiffs,

v.

CLOVIS ONCOLOGY, INC., *et al.*,

Defendants.

ORDER APPROVING PLAN OF ALLOCATION
OF NET SETTLEMENT FUND

This matter came on for hearing on October 26, 2017 (the "Settlement Hearing") on Lead Plaintiff's motion to determine whether the proposed plan of allocation of the Net Settlement Fund (the "Plan of Allocation") created by the Settlement achieved in the above-captioned class action (the "Action") should be approved. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in the *Wall Street Journal* and was transmitted over the *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulation and Agreement of Settlement, dated June 18, 2017 (Dkt. No. 156-1), as amended (Dkt. No. 170-1) (the "Stipulation"), and all capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. The Court has jurisdiction to enter this Order and over the subject matter of the Action and all parties to the Action, including all Settlement Class Members.

3. Notice of Lead Plaintiff's motion for approval of the proposed Plan of Allocation was given to all Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the Settlement Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. §§ 77z-1(a)(7), as amended, 15 U.S.C. §§ 78u-4(a)(7), as amended, and all other applicable law and rules; constituted the best notice practicable under the circumstances; and constituted due, adequate, and sufficient notice to all persons and entities entitled thereto.

4. Over 53,900 copies of the Notice, which included the Plan of Allocation, were mailed to potential Settlement Class Members and nominees. No objections to the Plan of Allocation have been received.

5. The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation mailed to Settlement Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Settlement Class Members with due consideration having been given to administrative convenience and necessity.

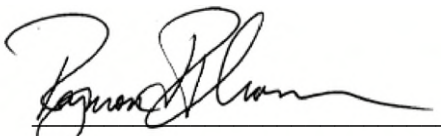
6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Settlement Class.

7. Finally, due to an oversight on the Court's part, although the Court approved the Plan of Allocation of Net Settlement Fund at the October 26, 2017 Settlement Hearing, the instant Order was not entered at that time. To remedy that fact, the Court enters the instant Order *nunc pro tunc* to October 26, 2017.

SO ORDERED.

Dated this 8th day of March, 2018 *nunc pro tunc* to the 26th day of October, 2017.

BY THE COURT:



RAYMOND P. MOORE
United States District Judge

Supplemental Exhibit 9A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

HILL v. STATE STREET CORPORATION	
THIS DOCUMENT RELATES TO THE SECURITIES ACTION	Master Docket No.1:09-cv-12146-GAO
DOCKET NO. 09-cv-12146-GAO	

NOTICE OF (I) PENDENCY OF CLASS ACTION, CERTIFICATION OF SETTLEMENT CLASS, AND PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action") pending in the United States District Court for the District of Massachusetts (the "Court"), if, during the period from October 17, 2006 through October 21, 2009, inclusive (the "Settlement Class Period"), you purchased or otherwise acquired publicly traded common stock of State Street Corporation ("State Street"), including if you purchased or otherwise acquired State Street common stock pursuant and/or traceable to a registered public offering conducted on or about June 3, 2008, and were damaged thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiffs, the Public Employees' Retirement System of Mississippi and Union Asset Management Holding AG ("Lead Plaintiffs"), on behalf of themselves and the Settlement Class (as defined in ¶ 21 below), have reached a proposed settlement of the Action for $60,000,000 in cash that, if approved, will resolve all claims in the Action (the "Settlement").

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact State Street, any other Defendants in the Action, or their counsel. All questions should be directed to Co-Lead Counsel or the Claims Administrator (*see* ¶ 79 below).

1. **Description of the Action and the Settlement Class**: This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging that Defendants (as defined in paragraph 30 below) violated the federal securities laws by, among other things, making false and misleading statements regarding State Street's foreign exchange business and the quality of assets held in State Street's investment portfolio and in off-balance sheet entities known as conduits. The Defendants deny these claims. A more detailed description of the Action is set forth in paragraphs 11-20 below. The proposed Settlement, if approved by the Court, will settle claims in the Action of the Settlement Class, as defined in paragraph 21 below.

The Action is pending before United States District Judge George A. O'Toole. With the consent of the parties, on July 10, 2014, Judge O'Toole referred to Magistrate Judge Judith G. Dein the responsibility to consider approval of the proposed Settlement of the Action and for final decision concerning all matters relating to the proposed Settlement, including, but not limited to, preliminary approval, class certification for settlement purposes, notice, any objections, final approval, fees and expenses of Plaintiffs' Counsel, reimbursement of Plaintiffs' expenses, and entry of final judgment. The parties have consented that Judge Dein's rulings with respect to the Settlement will be final, and those rulings may or may not be reviewed by Judge O'Toole.

2. **Statement of the Settlement Class's Recovery**: Subject to Court approval, Lead Plaintiffs, on behalf of themselves and the Settlement Class, have agreed to settle the Action in exchange for a settlement payment of $60,000,000 in cash (the "Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys' fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages 8-10 below.

[1] Any capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated July 8, 2014 (the "Stipulation"), which is available at www.statestreetclassactionsettlement.com.

3. **Estimate of Average Amount of Recovery Per Share**: Based on Lead Plaintiffs' damages expert's estimate of the number of shares of publicly traded State Street common stock purchased during the Settlement Class Period that may have been affected by the conduct at issue in the Action and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses and costs as described herein) is $0.19 per eligible share. Settlement Class Members should note, however, that the foregoing average recovery per share is only an estimate. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, when and at what prices they purchased/acquired or sold their State Street common stock, and the total number of valid claim forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages 8-10 below) or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share**: The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought**: Plaintiffs' Counsel, which have been prosecuting the Action on a wholly contingent basis since 2010, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Co-Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP and Motley Rice LLC, will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 17% of the Settlement Fund. In addition, Co-Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution and resolution of the claims against Defendants, in an amount not to exceed $1,300,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. Estimates of the average cost per affected share of State Street common stock, if the Court approves Co-Lead Counsel's fee and expense application, is $0.04 per share.

6. **Identification of Attorneys' Representatives**: Lead Plaintiffs and the Settlement Class are represented by John C. Browne, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1285 Avenue of the Americas, New York, NY 10019, (800) 380-8496, blbg@blbglaw.com and William H. Narwold, Esq. of Motley Rice LLC, 28 Bridgeside Blvd., Mt. Pleasant, SC 29464, (843) 216-9000, STTsettlement@motleyrice.com.

7. **Reasons for the Settlement**: Lead Plaintiffs' principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved after contested motions, a trial of the Action and likely appeals that would follow a trial, a process that could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, distraction, burden and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN DECEMBER 16, 2014.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 31 below) that you have against Defendants and the other Defendants' Releasees (defined in ¶ 32 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 6, 2014.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 6, 2014.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.

GO TO A HEARING ON OCTOBER 27, 2014 AT 3:00 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 6, 2014.	Filing a written objection and notice of intention to appear by October 6, 2014 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired publicly traded State Street common stock during the Settlement Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, and the Plan of Allocation (or some other plan of allocation), the claims administrator selected by Lead Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to so do. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Co-Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). *See* paragraph 70 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. Beginning on December 18, 2009, two class action complaints were filed in the United States District Court for the District of Massachusetts (the "Court"). By order dated May 25, 2010, the Court ordered that these cases be consolidated for all purposes as this Action, approved the appointment of Lead Plaintiffs and Co-Lead Counsel, and approved the appointment of Berman DeValerio as liaison counsel for the class.

12. On July 29, 2010, Lead Plaintiffs filed and served their Consolidated Amended Class Action Complaint (the "Complaint"). The Complaint asserted claims against State Street, Ronald E. Logue and Edward J. Resch under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder and against Logue and Resch under Section 20(a) of the Exchange Act, alleging that these defendants made, or controlled others who made, materially false and misleading statements and failed to disclose material facts about (i) State Street's foreign exchange business, (ii) the quality of State Street's internal controls, and (iii) the quality of assets held in State Street's investment portfolio and in off-balance-sheet entities known as conduits. The Complaint alleged that these false and misleading statements and material omissions caused the price of State Street common stock to be artificially inflated. The Complaint also asserted claims against all Defendants under Section 11 of the Securities Act of 1933 (the "Securities Act"); against State Street and the Underwriter Defendants under Section 12(a)(2) of the Securities Act; and against certain of the Individual Defendants under Section 15 of the Securities Act, alleging that the defendants named in the Securities Act claims were statutorily liable for the allegedly materially untrue statements and misleading omissions in the registration statement and offering documents for a public offering of State Street common stock that occurred in June 2008.

13. On September 24, 2010, Defendants filed and served their motions to dismiss the Complaint. The motions were fully briefed and the Court heard oral argument on February 16 and 17, 2011. On August 3, 2011, the Court entered its Memorandum and Order denying Defendants' motions.

14. On September 30, 2011, Defendants filed and served their answers to the Complaint. Defendants denied all liability and interposed a variety of defenses to the claims set forth in the Complaint.

15. Following the entry of the Court's opinion on Defendants' motions to dismiss, the Parties engaged in extensive fact discovery. Document discovery included numerous document requests and interrogatories and resulted in the production of more than 24 million pages of documents that were reviewed and analyzed by Plaintiffs' Counsel. Beginning in September 2013, Lead Plaintiffs took the depositions of witnesses, including senior officers of State Street. The Parties also engaged in extensive discovery relating to class certification, which included Plaintiffs' production of hundreds of thousands of pages of documents to Defendants and the depositions of three Plaintiffs' representatives. Discovery was vigorously contested. There were over 20 discovery motions brought by the various Parties, and there were approximately fifteen hearings before the magistrate judge who oversaw discovery issues in the Action.

16. On October 28, 2013, Lead Plaintiffs filed their motion for class certification. Defendants had not filed their responses to the motion and the Court had not taken any action on the motion at the time that the agreement in principle to settle the Action was reached.

17. On March 12, 2014, following arm's-length settlement negotiations, Lead Plaintiffs and State Street reached an agreement in principle to settle the Action for a cash payment of $60,000,000 to be made on behalf of State Street for the benefit of the Settlement Class.

18. Based on their investigation and prosecution of the case, Lead Plaintiffs and Co-Lead Counsel have concluded that the terms and conditions of the proposed Settlement are fair, reasonable and adequate to Lead Plaintiffs and the other members of the Settlement Class, and in their best interests. Based on Lead Plaintiffs' direct oversight of the prosecution of this matter and with the advice of their counsel, each of the Lead Plaintiffs has agreed to settle and release the claims raised in the Action pursuant to the terms and provisions of the Stipulation, after considering (a) the substantial financial benefit that Lead Plaintiffs and the other members of the Settlement Class will receive under the proposed Settlement; (b) the significant risks of continued litigation and trial; and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation.

19. Defendants are entering into the Stipulation solely to eliminate the uncertainty, distraction, burden and expense of further protracted litigation. Each of the Defendants denies any wrongdoing, and the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Defendants, or any other of the Defendants' Releasees (defined in ¶ 32 below), with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have, or could have, asserted. Similarly, the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any Lead Plaintiff of any infirmity in any of the claims asserted in the Action or an admission or concession that any of the Defendants' defenses to liability had any merit.

20. On July 21, 2014, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

21. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

> all persons and entities who or which purchased or otherwise acquired publicly traded common stock of State Street during the period from October 17, 2006 through October 21, 2009, inclusive (the "Settlement Class Period"), including all persons and entities who or which purchased or otherwise acquired State Street common stock pursuant and/or traceable to a registered public offering conducted on or about June 3, 2008, and who were damaged thereby.

Excluded from the Settlement Class are (a) Defendants; (b) members of the Immediate Families[2] of the Individual Defendants; (c) the subsidiaries and affiliates of State Street (provided, that no ERISA plan for the benefit of any employees of State Street shall be excluded), the Underwriter Defendants, and Ernst & Young; (d) any person or entity who is a partner, chief executive officer, executive vice president, chief financial officer, principal accounting officer (or if there is no such accounting officer, the controller), director, member, or controlling person of State Street, any Underwriter Defendant, or Ernst & Young; (e) any entity in which any Defendant has a controlling interest; and (f) the legal representatives, heirs, successors and assigns of any such excluded party; provided, however, that any Investment Vehicle[3] shall not be excluded from the Settlement Class. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* "What if I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself," on page 11 below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN DECEMBER 16, 2014.

WHAT ARE LEAD PLAINTIFFS' REASONS FOR THE SETTLEMENT?

22. Lead Plaintiffs and Co-Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims against the remaining Defendants through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages. While Lead Plaintiffs allege that State Street's foreign exchange revenues were artificially inflated by the addition of an undisclosed and unauthorized "mark-up" to each transaction for its custodial clients, Defendants contend that State Street's custodial contracts generally did not prohibit it from setting rates for indirect foreign exchange transactions in the way that it did and that there was nothing illicit or improper about the way it conducted its indirect foreign exchange business during the Settlement Class Period. Lead Plaintiffs also faced significant risks in establishing that the declines in the prices of State Street common stock were caused by revelation of the alleged false and misleading statements made by Defendants, rather than other news concerning State Street. Lead Plaintiffs would have to prevail at several stages – including motions for summary judgment, trial, and if they prevailed on those, on the appeals that were likely to follow. Thus, there were very significant risks attendant to the continued prosecution of the Action.

23. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiffs and Co-Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Lead Plaintiffs and Co-Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely $60,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future.

24. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement solely to eliminate the uncertainty, burden, distraction and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

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[2] "Immediate Family" means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, "spouse" shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

[3] "Investment Vehicle" means any investment company, pooled investment fund or customer account of a Defendant, including but not limited to mutual fund families, exchange-traded funds, fund of funds, and hedge funds, in which any Defendant has or may have a direct or indirect interest or as to which its affiliates may act as an investment advisor or custodian but of which any Defendant or any of its respective affiliates is not a majority owner or does not hold a majority beneficial interest.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

25. If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiffs nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

26. As a Settlement Class Member, you are represented by Lead Plaintiffs and Co-Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

27. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," below.

28. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Co-Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

29. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Plaintiffs and other members of the Settlement Class, on behalf of themselves and each of their respective legal representatives, heirs, executors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, remised, released, resolved, relinquished, waived and discharged Defendants and the other Defendants' Releasees (as defined in ¶ 32 below) and each of their respective legal representatives, heirs, executors, successors, and assigns in their capacities as such, of and from each and every Released Plaintiffs' Claim (as defined in ¶ 31 below) and shall forever be enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

30. "Defendants" means State Street Corporation, Ronald E. Logue, Edward J. Resch, Pamela D. Gormley, Kennett F. Burnes, Peter Coym, Nader F. Darehshori, Amelia C. Fawcett, David P. Gruber, Linda A. Hill, Charles R. LaMantia, Maureen J. Miskovic, Richard P. Sergel, Ronald L. Skates, Gregory L. Summe, Robert E. Weissman, Goldman, Sachs & Co., Morgan Stanley & Co. LLC (formerly known as Morgan Stanley & Co. Incorporated), Credit Suisse Securities (USA) LLC, UBS Securities LLC and Ernst & Young LLP.

31. "Released Plaintiffs' Claims" means all individual, representative and class claims, causes of action or rights of recovery of every nature and description, whether known claims or Unknown Claims, direct or indirect, asserted or unasserted, foreseen or unforeseen, matured or unmatured, contingent or vested, whether arising under federal, state, local, statutory, common, foreign or other law, rule or regulation, that Plaintiffs or any other member of the Settlement Class (a) asserted in the Complaint, or (b) could have asserted or could in the future assert in any court or forum based upon, relating to or arising from the allegations, transactions, facts, matters or occurrences, errors, representations, actions, failures to act or omissions that were alleged, set forth, or referred to in the Complaint and that relate in any way, directly or indirectly, to the holding, purchase, or sale of State Street common stock during the Settlement Class Period. Released Plaintiffs' Claims do not include (i) any claims relating to the enforcement of the Settlement, (ii) any claims that as of May 6, 2014 were or had been asserted in (a) *Richard v. State Street Corp.*, Docket No. 1:10-cv-10184-GAO (D. Mass.); (b) *Kenney v. State Street Corp.*, Docket No. 1:09-cv-10750-DJC (D. Mass.); (c) *Operative Plasterers' & Cement Masons' Local Union Officers' & Employees' Pension Fund v. Hooley*, Docket No. 1:12-cv-10767-GAO (D. Mass.); (d) *Arkansas Teacher Retirement System v. State Street Bank & Trust Co.*, Docket No. 1:11-cv-10230-MLW (D. Mass.); (e) *Henriquez v. State Street Bank & Trust Co.*, Docket No. 1:11-cv-12049-MLW (D. Mass.); and/or (f) *The Andover Companies Employee Savings & Profit Sharing Plan v. State Street Bank & Trust Co.*, Docket No. 1:12-cv-11698-MLW (D. Mass.); and (iii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

32. "Defendants' Releasees" means the Defendants and State Street Bank and Trust Company, their predecessors, successors, past, present and future parents, subsidiaries and affiliates, and their respective past or present general partners, limited partners, principals, members, officers, directors, trustees, employees, agents, servants, attorneys, accountants, auditors, underwriters, investment advisors, insurers, co-insurers, reinsurers and related or affiliated entities, in their capacities as such and in their capacities as fiduciaries for any ERISA plan for State Street employees.

33. "Unknown Claims" means any Released Plaintiffs' Claims which any Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs, the other Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, 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 or foreign law, which is similar, comparable, or equivalent to 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 Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

34. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves and each of their respective legal representatives, heirs, executors, successors, and assigns in their capacities as such, will have fully, finally and forever compromised, settled, remised, released, resolved, relinquished, waived and discharged Plaintiffs and the other Plaintiffs' Releasees (as defined in ¶ 36 below) and each of their respective legal representatives, heirs, executors, successors, and assigns in their capacities as such, of and from each and every Released Defendants' Claim (as defined in ¶ 35 below) and shall forever be enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

35. "Released Defendants' Claims" means all claims, causes of action or rights of recovery of every nature and description, whether known claims or Unknown Claims, whether direct or indirect, asserted or unasserted, foreseen or unforeseen, matured or unmatured, contingent or vested, whether arising under federal, state, local, statutory, common, foreign or other law, rule or regulation that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against Defendants in the Action. Released Defendants' Claims do not include any claims relating to the enforcement of the Settlement or any claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

36. "Plaintiffs' Releasees" means all plaintiffs in the Action and their respective attorneys and all other Settlement Class members, and each of the foregoings' predecessors, successors, past, present and future parents, subsidiaries and affiliates, and their respective past or present general partners, limited partners, principals, members, officers, directors, trustees, employees, agents, servants, attorneys, accountants, auditors, insurers, co-insurers, reinsurers and related or affiliated entities, in their capacities as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

37. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than December 16, 2014**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.statestreetclassactionsettlement.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-888-287-8136. Please retain all records of your ownership of and transactions in State Street common stock, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

38. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

39. Pursuant to the Settlement, sixty million dollars ($60,000,000) in cash will be paid on behalf of State Street into an escrow account. This Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (a) all federal, state and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (c) any attorneys' fees and

Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

40. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

41. Neither State Street nor any person or entity that paid any portion of the Settlement Amount is entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund or the plan of allocation.

42. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

43. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before December 16, 2014 shall be fully and forever barred from receiving payments pursuant to the Settlement but will remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Defendants' Releasees (as defined in ¶ 32 above) of and from the Released Plaintiffs' Claims (as defined in ¶ 31 above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants' Releasees whether or not such Settlement Class Member submits a Claim Form.

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

45. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

46. Only Settlement Class Members, *i.e.*, persons and entities who purchased or otherwise acquired publicly traded State Street common stock during the Settlement Class Period and were damaged as a result of such purchases or acquisitions will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only security included in the Settlement is State Street common stock.

PROPOSED PLAN OF ALLOCATION

47. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

48. In developing the Plan of Allocation, Lead Plaintiffs' damages expert calculated the potential amount of estimated alleged artificial inflation in the per share closing prices of State Street common stock which allegedly was proximately caused by Defendants' alleged false and misleading statements and omissions. In calculating the estimated alleged artificial inflation allegedly caused by Defendants' alleged misrepresentations and omissions, Lead Plaintiffs' damages expert considered price changes in State Street common stock in reaction to certain public announcements regarding State Street in which such alleged misrepresentations and omissions were alleged to have been revealed to the market, adjusting for price changes that were attributable to market or industry forces, the allegations in the Complaint and the evidence developed in support thereof, as advised by Co-Lead Counsel. The estimated potential alleged artificial inflation in State Street common stock is shown in Table A set forth at the end of this Notice. Defendants disagree with Lead Plaintiffs' damages expert, for among other reasons, because they do not believe that any harm was caused by the statements challenged in the Actions.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

49. Based on the formula set forth below, a "Recognized Loss Amount" shall be calculated for each purchase or acquisition of State Street publicly traded common stock during the Settlement Class Period that is listed in the Proof of Claim Form and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

50. For each share of State Street common stock purchased or acquired between October 17, 2006 and October 21, 2009, inclusive, and:

(a) Sold between October 17, 2006 and the close of trading on October 21, 2009, the Recognized Loss Amount shall be ***the lesser of***: (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase minus the amount of artificial inflation per share as set forth in Table A on the date of the sale; or (ii) purchase/acquisition price minus the sale price.

(b) Sold between October 22, 2009 and the close of trading on January 19, 2010, the Recognized Loss Amount shall be the ***least of***: (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase; (ii) the purchase/acquisition price minus the sale price; or (iii) the purchase/acquisition price minus the average closing price between October 22, 2009 and the date of sale as shown on Table B set forth at the end of this Notice.

(c) Held as of the close of trading on January 19, 2010, the Recognized Loss Amount shall be ***the lesser of***: (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase; or (ii) the purchase/acquisition price minus $42.54, the average closing price for State Street common stock between October 22, 2009 and January 19, 2010 (the last entry on Table B).[4]

51. For each share of State Street common stock purchased or acquired from October 17, 2006 through October 21, 2009, inclusive, pursuant to or traceable to the offering of State Street common stock conducted on or about June 3, 2008, if it calculates to a Recognized Loss Amount that is a positive number pursuant to ¶ 50 above, that number shall be increased by 15%.

ADDITIONAL PROVISIONS

52. The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution Amount (defined in paragraph 55 below) is $10.00 or greater.

53. If a Settlement Class Member has more than one purchase/acquisition or sale of publicly traded State Street common stock, purchases/acquisitions and sales shall be matched on a First In, First Out ("FIFO") basis. Settlement Class Period sales will be matched first against any holdings at the beginning of the Settlement Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period.

54. A Claimant's "Recognized Claim" under the Plan of Allocation shall be the sum of his, her or its Recognized Loss Amounts.

55. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

56. Purchases or acquisitions and sales of State Street common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of State Street common stock during the Settlement Class Period shall not be deemed a purchase, acquisition or sale of State Street common stock for the calculation of an Authorized Claimant's Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of any State Street common stock unless (i) the donor or decedent purchased or otherwise acquired such State Street common stock during the Settlement Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to those shares; and (iii) it is specifically so provided in the instrument of gift or assignment.

57. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the State Street common stock. The date of a "short sale" is deemed to be the date of sale of the State Street common stock. Under the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero. In the event that a Claimant has an opening short position in State Street common stock, the earliest Settlement Class Period purchases or acquisitions of State Street common stock shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

58. Option contracts are not securities eligible to participate in the Settlement. With respect to State Street common stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price of the common stock is the exercise price of the option.

59. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in State Street common stock during the Settlement Class Period, the value of the Claimant's Recognized Claim shall be zero. Such Claimants shall in any event be bound by the Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its overall transactions in State Street common stock during the Settlement Class Period, but

[4] Pursuant to PSLRA Section 21D(e)(1) "in any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." Consistent with the requirements of the PSLRA, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of State Street common stock during the 90-day look-back period. The mean (average) closing price for State Street common stock during this 90-day look-back period was $42.54.

that market loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

60. For purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in State Street common stock during the Settlement Class Period or suffered a market loss, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount[5] and (ii) the sum of the Total Sales Proceeds[6] and Holding Value.[7] This difference shall be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in State Street common stock during the Settlement Class Period.

61. After the initial distribution of the Net Settlement Fund, the Claims Administrator shall make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Co-Lead Counsel, in consultation with the Claims Administrator, determine that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Co-Lead Counsel, in consultation with the Claims Administrator, determine that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s) to be recommended by Co-Lead Counsel and approved by the Court.

62. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Plaintiffs' Counsel, Lead Plaintiffs' damages expert, or the Claims Administrator or other agent designated by Co-Lead Counsel, or the Defendants' Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Lead Plaintiffs and Defendants, their respective counsel, Lead Plaintiffs' damages expert, and all other Releasees shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith.

63. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiffs after consultation with their damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.statestreetclassactionsettlement.com.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

64. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Co-Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 17% of the Settlement Fund. At the same time, Co-Lead Counsel also intend to apply for reimbursement of Litigation Expenses in an amount not to exceed $1,300,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

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[5] The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for all State Street common stock purchased or acquired during the Settlement Class Period.

[6] The Claims Administrator shall match any sales of State Street common stock during the Settlement Class Period, first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of State Street common stock sold during the Settlement Class Period shall be the "Total Sales Proceeds".

[7] The Claims Administrator shall ascribe a value of $46.68 per share for State Street common stock purchased or acquired during the Settlement Class Period and still held as of the close of trading on October 21, 2009 (the "Holding Value").

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

65. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to *Hill v. State Street Corporation*, EXCLUSIONS, c/o Epiq Systems, Inc., P.O. Box 2876, Portland, OR 97208-2876. The exclusion request must be ***received*** no later than October 6, 2014. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (a) state the name, address and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (b) state that such person or entity "requests exclusion from the Settlement Class in *Hill v. State Street Corporation*, Master Docket No. 1:09-cv-12146-GAO"; (c) state the number of shares of publicly traded State Street common stock that the person or entity requesting exclusion purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, from October 17, 2006 through October 21, 2009, inclusive), as well as the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

66. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Defendants' Releasees.

67. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

68. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

69. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.**

70. The Settlement Hearing will be held on October 27, 2014 at 3:00 p.m., before the Honorable Judith G. Dein at the United States District Court for the District of Massachusetts, Courtroom 15, 5th Floor, John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Boston, MA 02210. The Court reserves the right to approve the Settlement, the Plan of Allocation, Co-Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

71. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation or Co-Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the District of Massachusetts at the address set forth below on or before October 6, 2014. You must also serve the papers on Representative Co-Lead Counsel and on Representative Defendants' Counsel at the addresses set forth below so that the papers are ***received*** on or before October 6, 2014.

Clerk's Office

United States District Court
District of Massachusetts
Clerk of the Court
J. J. Moakley U.S. Courthouse
1 Courthouse Way
Boston, MA 02210

Representative Co-Lead Counsel

Bernstein Litowitz Berger & Grossmann LLP
John C. Browne, Esq.
1285 Avenue of the Americas
New York, NY 10019

Representative Defendants' Counsel

Wilmer Cutler Pickering Hale and Dorr LLP
William H. Paine, Esq.
60 State Street
Boston, MA 02109

72. Any objection (a) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of publicly traded State Street common stock that the objecting Settlement Class Member purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, from October 17, 2006 through October 21, 2009, inclusive), as well as the dates and prices of each such purchase/acquisition and sale. You may not object to the Settlement, the Plan of Allocation or Co-Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

73. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

74. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation or Co-Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Representative Co-Lead Counsel and Representative Defendants' Counsel at the addresses set forth above so that it is ***received*** on or before October 6, 2014. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

75. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Representative Co-Lead Counsel and Representative Defendants' Counsel at the addresses set forth in ¶ 71 above so that the notice is ***received*** on or before October 6, 2014.

76. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Co-Lead Counsel.

77. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation or Co-Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

78. If you purchased or otherwise acquired any State Street common stock from October 17, 2006 through October 21, 2009, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either (a) within ten (10) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within ten (10) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within ten (10) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *Hill v. State Street Corporation*, c/o Epiq Systems, Inc., P.O. Box 2876, Portland, OR 97208-2876. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.statestreetclassactionsettlement.com, or by calling the Claims Administrator toll-free at 1-888-287-8136.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

79. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the District of Massachusetts, John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Boston, MA 02210. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.statestreetclassactionsettlement.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

Hill v. State Street Corporation
c/o Epiq Systems, Inc.
P.O. Box 2876
Portland, OR 97208-2876
888-287-8136
www.statestreetclassactionsettlement.com

John C. Browne, Esq.
Bernstein Litowitz Berger
& Grossmann LLP
1285 Avenue of the Americas
New York, NY 10019
(800) 380-8496
blbg@blbglaw.com

and/or

William H. Narwold, Esq.
Motley Rice LLC
28 Bridgeside Blvd.
Mt. Pleasant, SC 29464
(843) 216-9000
STTsettlement@motleyrice.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: August 18, 2014

By Order of the Court
United States District Court
District of Massachusetts

TABLE A
Purchase and Sale Inflation October 17, 2006 — October 21, 2009

Transaction Date	Inflation
October 17, 2006-October 14, 2008	$2.40
October 15, 2008-January 19, 2009	$18.85
January 20, 2009-October 19, 2009	$2.40
October 20, 2009	$1.73
October 21, 2009	$0.71

TABLE B
State Street Closing Price and Average Closing Price
October 22, 2009 — January 19, 2010

Date	Closing Price	Average Closing Price Between 10/22/09 and Date Shown
10/22/2009	$46.68	$46.68
10/23/2009	$45.70	$46.19
10/26/2009	$44.50	$45.63
10/27/2009	$43.25	$45.03
10/28/2009	$42.58	$44.54
10/29/2009	$44.52	$44.54
10/30/2009	$41.98	$44.17
11/2/2009	$42.45	$43.96
11/3/2009	$42.21	$43.76
11/4/2009	$40.64	$43.45
11/5/2009	$42.81	$43.39
11/6/2009	$41.45	$43.23
11/9/2009	$43.73	$43.27
11/10/2009	$42.90	$43.24
11/11/2009	$42.23	$43.18
11/12/2009	$40.66	$43.02
11/13/2009	$40.45	$42.87
11/16/2009	$40.69	$42.75
11/17/2009	$41.86	$42.70
11/18/2009	$42.73	$42.70
11/19/2009	$41.69	$42.65
11/20/2009	$40.80	$42.57
11/23/2009	$41.74	$42.53
11/24/2009	$41.56	$42.49
11/25/2009	$41.30	$42.44
11/27/2009	$40.20	$42.36
11/30/2009	$41.30	$42.32
12/1/2009	$42.72	$42.33
12/2/2009	$43.04	$42.36
12/3/2009	$41.15	$42.32
12/4/2009	$41.68	$42.30
12/7/2009	$40.84	$42.25
12/8/2009	$40.74	$42.21
12/9/2009	$41.00	$42.17
12/10/2009	$40.56	$42.12
12/11/2009	$39.40	$42.05
12/14/2009	$39.93	$41.99
12/15/2009	$39.80	$41.93
12/16/2009	$40.19	$41.89
12/17/2009	$39.73	$41.83
12/18/2009	$41.60	$41.83
12/21/2009	$42.26	$41.84
12/22/2009	$43.86	$41.89
12/23/2009	$44.64	$41.95
12/24/2009	$44.99	$42.02
12/28/2009	$44.37	$42.07
12/29/2009	$43.96	$42.11
12/30/2009	$43.89	$42.15
12/31/2009	$43.54	$42.17
1/4/2010	$44.46	$42.22
1/5/2010	$44.55	$42.26
1/6/2010	$43.81	$42.29
1/7/2010	$44.60	$42.34
1/8/2010	$45.51	$42.40
1/11/2010	$44.36	$42.43
1/12/2010	$44.20	$42.46
1/13/2010	$44.61	$42.50
1/14/2010	$43.79	$42.52
1/15/2010	$42.67	$42.53
1/19/2010	$43.20	$42.54

Supplemental Exhibit 9B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

HILL v. STATE STREET CORPORATION	)	
	)	
	)	Master Docket No.1:09-cv-12146-GAO
THIS DOCUMENT RELATES TO THE SECURITIES ACTION	)	
	)	
DOCKET NO. 09-cv-12146-GAO	)	

ORDER APPROVING PLAN OF ALLOCATION OF NET SETTLEMENT FUND

This matter came on for hearing on November 20, 2014 (the "Settlement Hearing") on Lead Plaintiffs' motion to determine whether the proposed plan of allocation of the Net Settlement Fund ("Plan of Allocation") created by the Settlement achieved in the above-captioned consolidated class action (the "Action") should be approved. The Court having considered all matters submitted at the Settlement Hearing and otherwise; and it appearing that notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who or which could be identified with reasonable effort, except those persons or entities excluded from the definition of the Settlement Class, and that a summary notice of the hearing substantially in the form approved by the Court was published in *The Wall Street Journal* and was transmitted over the *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order approving the proposed Plan of Allocation incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated July 8, 2014 (ECF No. 478-1) (the "Stipulation") and all terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. The Court has jurisdiction to enter this Order approving the proposed Plan of Allocation, and over the subject matter of the Action and all parties to the Action, including all Settlement Class Members.

3. Notice of Lead Plaintiffs' motion for approval of the proposed Plan of Allocation was given to all Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the Settlement Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995 (15 U.S.C. §§ 77z-1(a)(7), 78u-4(a)(7)), due process, and all other applicable law and rules, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Copies of the Notice, which included the Plan of Allocation, were mailed to over 777,000 potential Settlement Class Members and nominees. One objection to the proposed plan was submitted. The Court has considered the objection and found it to be without merit.

5. The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation mailed to Settlement Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Settlement Class Members with due consideration having been given to administrative convenience and necessity.

6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Settlement Class. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiffs.

7. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this 8th day of January, 2015.

/s/ George A. O'Toole, Jr.
The Honorable George A. O'Toole, Jr.
United States District Judge

#843634

Supplemental Exhibit 10A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE, and WILLIAM HUFF, Individually and on Behalf of All Others Similarly Situated, Plaintiffs, v. COMSCORE, INC., SERGE MATTA, MELVIN WESLEY III, MAGID M. ABRAHAM, KENNETH J. TARPEY, WILLIAM J. HENDERSON, RUSSELL FRADIN, GIAN M. FULGONI, WILLIAM KATZ, RONALD J. KORN, JOAN LEWIS, RENTRAK CORPORATION, DAVID BOYLAN, DAVID I. CHEMEROW, WILLIAM ENGEL, PATRICIA GOTTESMAN, WILLIAM LIVEK, ANNE MACDONALD, MARTIN O'CONNOR, BRENT ROSENTHAL, and RALPH SHAW, Defendants.	Case No.: 1:16-cv-01820-JGK

NOTICE OF (I) PENDENCY OF CLASS ACTION, CERTIFICATION OF SETTLEMENT CLASS, AND PROPOSED SETTLEMENT; (II) SETTLEMENT HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

A FEDERAL COURT AUTHORIZED THIS NOTICE. THIS IS NOT A SOLICITATION FROM A LAWYER.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned consolidated securities class action pending in the United States District Court for the Southern District of New York (the "Court") if: (i) during the period from February 11, 2014 through November 23, 2016, inclusive (the "Settlement Class Period" or "Class Period"), you purchased or otherwise acquired comScore, Inc. ("comScore" or the "Company") common stock; (ii) you held the common stock of Rentrak Corporation ("Rentrak") as of December 10, 2015 and were entitled to vote on the Merger between comScore and Rentrak consummated on January 29, 2016; and/or (iii) you acquired shares of comScore common stock issued pursuant to the Registration Statement on

Form S-4 filed with the Securities and Exchange Commission (the "SEC") on October 30, 2015 and subsequently amended (the "Registration Statement"), and were damaged thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiffs, the Fresno County Employees' Retirement Association and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge (collectively, "Lead Plaintiffs"), and Plaintiff William Huff (together with Lead Plaintiffs, "Plaintiffs"), on behalf of themselves and the Settlement Class (as defined in ¶ 23 below), have reached a proposed settlement of the Action with the remaining Defendants: comScore, Serge Matta, Melvin Wesley III, Magid M. Abraham, Kenneth J. Tarpey, William J. Henderson, Russell Fradin, Gian M. Fulgoni, William Katz, Ronald J. Korn, and Joan Lewis (collectively, the "comScore Defendants" or "Settling Defendants") for $110,000,000.00, with $27,231,527.20 to be paid in cash and $82,768,472.80 to be paid in shares of comScore common stock (the "Settlement"). There is no provision in the Settlement for the claims that Plaintiffs had asserted—and the Court had sustained—against Defendants Rentrak, David Boylan, David I. Chemerow, William Engel, Patricia Gottesman, William Livek, Anne MacDonald, Martin O'Connor, Brent Rosenthal, and Ralph Shaw (the "Rentrak Defendants"). Plaintiffs voluntarily dismissed those claims on September 19, 2017 after an Oregon state court issued an order that released the claims as part of a separate class action settlement (*see* ¶¶ 40-44 below). Thus, if the Court approves this Settlement, it will settle and release all claims remaining in this Action, *i.e.*, the claims asserted against the comScore Defendants.

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of a payment from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, the Clerk of the Court, comScore, Rentrak, any of the other Defendants, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 91 below).

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that the Settling Defendants violated the federal securities laws by filing financial statements for more than three years that were materially false and misleading, violated Generally Accepted Accounting Principles ("GAAP"), and improperly recognized more than $43 million in fictitious revenues. A more detailed description of the Action is set forth in ¶¶ 11-22 below. The proposed Settlement, if approved by the Court, will settle and release claims of the Settlement Class, as defined in ¶ 23 below.

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Plaintiffs, on behalf of themselves and the Settlement Class, have agreed to settle the claims remaining in the Action in exchange for $110,000,000.00, with $27,231,527.20 paid in cash (the "Cash Settlement Amount") and $82,768,472.80 paid in shares of comScore common stock (the "Settlement Shares" and, together with the Cash Settlement Amount, the "Settlement Amount"). The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; and (iv) any attorneys' fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement, dated December 28, 2017 (the "Stipulation" or "Stipulation of Settlement"), which is available at www.comScoreSecuritiesLitigation.com.

how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages 14-18 below.

3. **Estimate of Average Amount of Recovery Per Share:** Lead Plaintiffs' damages expert estimates that the conduct at issue in the Action affected approximately 39,714,110 shares of comScore common stock. Based on the total Settlement Amount, if all eligible Settlement Class Members elect to participate in the Settlement, the estimated average recovery would be approximately $2.77 per affected share of comScore common stock, before the deduction of any Court-approved fees, expenses, and costs as described in this Notice. Settlement Class Members should note, however, that the foregoing average recovery per share is only an estimate. Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors, the total number of valid Claim Forms submitted by Settlement Class Members and, with respect to shares of comScore common stock, when and at what prices they purchased/acquired or sold their shares. Distributions to eligible Settlement Class Members will be made based on the Plan of Allocation set forth herein (*see* pages 14-18 below) or such other plan of allocation as may be approved by the Court.

4. **Average Amount of Damages Per Share:** The Settling Parties do not agree on the average amount of damages per share of comScore common stock that would be recoverable if Plaintiffs were to prevail in the Action. Among other things, the Settling Defendants do not agree with the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs' Counsel, which have been prosecuting the Action on a wholly contingent basis since March 2016, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund (in combination of cash and stock in the same proportion that the Cash Settlement Amount and the Settlement Shares comprise the Settlement Amount). In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution, and resolution of the claims asserted in the Action, in an amount not to exceed $450,000.00, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. If the Court approves Lead Counsel's fee and expense application, assuming claims are filed for all affected shares, the estimated average amount of fees and expenses, would be approximately $0.70 per affected share of comScore common stock.

6. **Identification of Attorneys' Representatives:** Lead Plaintiffs and the Settlement Class are represented by John C. Browne, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, 44th Floor, New York, NY 10020, 1-800-380-8496, blbg@blbglaw.com.

7. **Reasons for the Settlement:** Plaintiffs' principal reason for entering into the Settlement is the substantial and immediate recovery for the Settlement Class without the risk or the delays inherent in further litigation. Moreover, the substantial recovery provided under the Settlement must be considered against the significant risk that a smaller recovery—or indeed no recovery at all—might be achieved after contested motions, a trial of the Action, and the likely appeals that would follow a trial. This process could reasonably be expected to last several years. The Settling Defendants, who make no admissions of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN MAY 29, 2018.	This is the only way to be potentially eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 34 below) that you have against the Settling Defendants and the other Settling Defendants' Released Parties (defined in ¶ 35 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION, SO THAT IT IS *RECEIVED* NO LATER THAN MAY 17, 2018.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Settling Defendants or the other Settling Defendants' Released Parties concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION, SO THAT IT IS *RECEIVED* NO LATER THAN MAY 17, 2018.	If you do not like the proposed Settlement, the proposed Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation, and/or the fee and expense request, unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
GO TO THE HEARING ON JUNE 7, 2018 AT 4:30 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR, SO THAT IT IS *RECEIVED* NO LATER THAN MAY 17, 2018.	Filing a written objection and notice of intention to appear by May 17, 2018 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the proposed Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you, because you or someone in your family or an investment account for which you serve as a custodian may have (i) purchased or otherwise acquired comScore common stock during the Settlement Class Period; (ii) held Rentrak common stock as of December 10, 2015 and were entitled to vote on the Merger between comScore and Rentrak consummated on January 29, 2016; and/or (iii) acquired shares of comScore common stock issued pursuant to the Registration Statement. The Court has directed us to send you this Notice, because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class, if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). *See* ¶¶ 82-89 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), payments pursuant to the Settlement and the Court-approved plan of allocation will be made to Authorized Claimants after any objections and appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. This case is a consolidated securities class action titled *Fresno County Employees' Retirement Association, et al. v. comScore, Inc., et al.*, Case No.: 1:16-cv-1820-JGK. The Court in charge of the case is the United States District Court for the Southern District of New York, and the presiding judge is the Honorable John G. Koeltl.

12. This case began on March 10, 2016, when the first of two securities class action complaints was filed in the Court. In accordance with the Private Securities Litigation Reform Act of 1995 ("PSLRA"), notice to the public was issued stating the deadline by which class members could move the Court for appointment as lead plaintiff.

13. By Order dated July 19, 2016, the Court appointed the Fresno County Employees' Retirement Association and the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as Lead Plaintiffs for the Action, approved Lead Plaintiffs' selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel, and consolidated all related actions into the Action.

14. Thereafter, Lead Counsel conducted an extensive investigation into the claims asserted in the Action, including, among other things, the review and analysis of publicly available documents (including SEC filings; news articles; research reports by securities and financial analysts; transcripts of comScore's investor calls; newspaper, magazine, and trade publication articles; and presentations at investor conferences), as well as interviews with several former comScore employees. Lead Counsel has also retained and consulted with accounting, statistical, and financial economics experts.

15. On October 19, 2016, Lead Plaintiffs filed and served their Consolidated Amended Class Action Complaint (the "First Amended Complaint"), adding Plaintiff Huff as a named Plaintiff. On December 9, 2016, all Defendants filed motions to dismiss the First Amended Complaint. In lieu of responding to the motions to dismiss, Plaintiffs filed the Second Consolidated Amended Class Action Complaint (the "Second Amended Complaint" or "Complaint") on January 13, 2017.

16. The Second Amended Complaint alleges, among other things, that Defendants' publicly filed financial statements for more than three years were materially false and misleading, violated GAAP, improperly recognized more than $43 million in fictitious revenue, and must be formally restated. In particular, the Complaint alleges, among other things, that Defendants reported to investors throughout the Class Period that comScore was achieving record-breaking revenues, and knew that investors valued these statements highly, as the Company touted its revenue and related metrics as the key measures by which it—and its stockholders—gauged its progress. The Second Amended Complaint alleges that, as a result of these statements, comScore's stock price soared, and its officers were compensated accordingly—they engaged in massive insider trading sales and obtained compensation packages tied to the Company's stock price. The Complaint further alleges that comScore's accounting for $43 million in nonmonetary revenue had been false and that comScore would have to restate its financial statements for three years; the Company would also be required to restate its financials for certain monetary transactions. The Complaint further alleges that the price of comScore common stock was artificially inflated as a result of Defendants' allegedly false and misleading statements and omissions, and the price declined when the truth was revealed in disclosures that occurred on August 31, 2015, February 29, 2016, and November 23, 2016.

17. Concerning the above allegations, the Second Amended Complaint asserts (i) claims under Section 10(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder, against comScore, Magid M. Abraham, Serge Matta, Kenneth J. Tarpey, Melvin Wesley III, and William J. Henderson; (ii) claims under Section 20(a) of the Exchange Act against Magid M. Abraham, Serge Matta, Kenneth J. Tarpey, Melvin Wesley III, and William J. Henderson; and (iii) claims under Section 14(a) of the Exchange Act and Section 11 of the Securities

Act of 1933, as amended (the "Securities Act") against Magid M. Abraham, Serge Matta, Kenneth J. Tarpey, Melvin Wesley III, William J. Henderson, Russell Fradin, Gian M. Fulgoni, William Katz, Ronald Korn, Joan Lewis, Rentrak, David Boylan, David I. Chemerow, William Engel, Patricia Gottesman, William Livek, Anne MacDonald, Martin O'Connor, Brent Rosenthal, and Ralph Shaw, arising from comScore's 2015 merger with Rentrak (the "Merger").

18. On March 13, 2017, Defendants filed motions to dismiss the Second Amended Complaint. On April 13, 2017, Plaintiffs served their papers in opposition and, on April 27, 2017, Defendants served their reply papers. On July 14, 2017, Judge Koeltl held oral argument on Defendants' motions to dismiss, and on July 28, 2017, the Court issued an Opinion and Order denying in full Defendants' motions, which sustained in their entirety the Complaint's allegations.

19. On August 17, 2017, Lead Plaintiffs and the comScore Defendants engaged in a full-day, private mediation session before the Honorable Layn Phillips in an attempt to reach a consensual resolution of the Action. On September 10, 2017, Lead Plaintiffs and the comScore Defendants ultimately agreed, subject to the Due Diligence Discovery described below and the other terms and conditions of the Stipulation of Settlement, to settle and release all claims asserted against the Settling Defendants in the Action in return for $110 million, with $27,231,527.20 paid in cash and $82,768,472.80 in value paid in shares of comScore common stock.

20. On September 19, 2017, Plaintiffs voluntarily dismissed with prejudice their claims against the Rentrak Defendants (discussed further in ¶¶ 40-44 below).

21. On December 28, 2017, after months of good-faith negotiations, the Settling Parties entered into the Stipulation of Settlement, which sets forth the final terms and conditions of the Settlement, including the condition that the Settlement is not final until the completion of Due Diligence Discovery to the satisfaction of Lead Plaintiffs and Lead Counsel. In connection with the Due Diligence Discovery, the Settling Defendants are producing documents and information regarding the allegations and claims asserted in the Complaint, and current and former comScore employees, or other persons within the Settling Defendants' control, will sit for interviews under oath by Lead Counsel. Pursuant to the Stipulation, Lead Plaintiffs have the right to withdraw from and terminate the Settlement at any time prior to filing their motion in support of final approval of the Settlement, if, in their discretion, information is produced during Due Diligence Discovery that renders the proposed Settlement unfair, unreasonable, or inadequate.

22. On January 29, 2018, the Court entered the Order Preliminarily Approving Proposed Settlement and Providing for Notice (the "Preliminary Approval Order"), which, among other things, preliminarily approved the proposed Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

23. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

> all persons or entities who or which (i) purchased or otherwise acquired comScore common stock during the period from February 11, 2014 through November 23, 2016, inclusive; (ii) held the common stock of Rentrak as of December 10, 2015 and were entitled to vote on the Merger between comScore and Rentrak consummated on January 29, 2016; or (iii) acquired shares of comScore common stock issued pursuant to the Registration Statement on Form S-4 filed with the SEC on October 30, 2015 and subsequently amended, and who were damaged thereby.

Excluded from the Settlement Class are Defendants; the officers and directors of comScore and Rentrak during the Settlement Class Period; members of the Immediate Families of any such excluded person; any entity in which any excluded person or entity has, or had during the Settlement Class Period, a controlling interest (including, without limitation, any excluded entity's subsidiaries); and the legal representatives, heirs, successors, and assigns of any excluded person or entity. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice that is accepted by the Court. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself," on page 18 below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO PAYMENT FROM THE NET SETTLEMENT FUND. IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO RECEIVE A PAYMENT FROM THE NET SETTLEMENT FUND, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN, POSTMARKED NO LATER THAN MAY 29, 2018.

WHAT ARE PLAINTIFFS' REASONS FOR THE SETTLEMENT?

24. Plaintiffs' principal reason for entering the Settlement is the significant payment that the Settlement Class will receive in a timely fashion without the risk or the delays inherent in further litigation. The substantial payment provided by the Settlement must be considered against the significant risk that a smaller recovery—or indeed no recovery at all—might be achieved after contested motions for class certification, summary judgment and other issues, as well as a trial of the Action, and likely appeals that would follow a trial, a process that could be expected to last several years.

25. Moreover, this case presented a number of substantial risks in establishing the Settling Defendants' liability. Although the Court denied the Settling Defendants' motions to dismiss the Complaint in their entirety—sustaining all of Plaintiffs' allegations concerning the theory of the Action developed through Plaintiffs' investigation—the alleged fraud involved dense, complicated, and highly technical financial and accounting issues that the Settling Defendants continue to contest. Courts and commentators have recognized the difficulties of providing fraudulent intent with respect to such matters, which are difficult to explain to a jury. Thus, even if the case were to proceed to trial, there is no guarantee that the jury would find in Plaintiffs' favor and award a substantial monetary judgment to the Settlement Class.

26. In addition, Plaintiffs and Lead Counsel also recognized a substantial risk that, even if they succeeded in establishing the Settling Defendants' liability at trial, comScore would not have been financially viable enough to pay a judgment. Plaintiffs and Lead Counsel determined that this risk was particularly acute here in light of the fact that, as of this date, comScore still has not completed its restatement and therefore does not have public financial statements for any year after 2012. Consequentially, comScore common stock has been delisted from NASDAQ and the Company lacks the ability to access most sources of capital.

27. Thus, there were very significant risks attendant to the continued prosecution of the Action. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Settlement Class, and subject to the satisfactory completion of Due Diligence Discovery, Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class. Plaintiffs and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely $110,000,000 (in cash and shares of comScore common stock, less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller recovery, or no recovery, after summary judgment, trial, and appeals, possibly years in the future.

28. The Settling Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. The Settling Defendants have agreed to the Settlement solely to eliminate the uncertainty, burden, and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by the Settling Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

29. If there were no Settlement and Plaintiffs failed to establish any essential legal or factual element of their claims against the Settling Defendants, neither Plaintiffs nor the other members of the Settlement Class would recover anything in this Action. Also, if the Settling Defendants were successful in proving any of their defenses, either at summary judgment, at trial, or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

30. As a Settlement Class Member, you are represented by Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but, if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

31. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," below.

32. If you are a Settlement Class Member and you wish to object to the proposed Settlement, the Plan of Allocation, and/or Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

33. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims asserted against the Settling Defendants in the Action and will provide that, upon the Effective Date (as defined in the Stipulation), Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will be deemed to have, and by operation of law and of the Judgment will have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim (as defined in ¶ 34 below) against the Settling Defendants and the other Settling Defendants' Released Parties (as defined in ¶ 35 below), and will forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Settling Defendants' Released Parties.

34. "Released Plaintiffs' Claims" mean any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims (as defined in ¶ 36 below), and any and all debts, disputes, demands, rights, actions, liabilities, damages, losses, obligations, sums of money due, judgments, suits, amounts, matters, issues and charges of any kind whatsoever (including, but not limited to, any claims for interest, attorneys' fees, expert or consulting fees, and any other costs,

expenses, amounts, or liabilities whatsoever), whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, foreseen or unforeseen, whether individual or class in nature, whether arising under federal, state, or foreign statutory or common law, or any other law, rule, or regulation, that Plaintiffs or any other member of the Settlement Class: (i) asserted in any complaint filed in the Action; or (ii) could have asserted in any forum that arise out of or are based upon the facts, allegations (including any and all allegations relating to the financial statements at issue in the Action), transactions, matters, events, disclosures, non-disclosures, occurrences, representations, statements, acts, omissions, or failures to act involved, set forth, or referred to in any complaint filed in the Action and that relate to the purchase or acquisition of comScore common stock during the Settlement Class Period, or that otherwise would have been barred by *res judicata* had the Action been fully litigated to a final judgment. Released Plaintiffs' Claims do not include (i) any claims relating to the enforcement of the Settlement; (ii) any derivative claims asserted in any pending derivative action; (iii) any claims by any governmental entity arising out of any governmental investigation of comScore or Rentrak, or any of their respective former or current officers or directors, relating to the conduct alleged in the Action; (iv) any claims of any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court; and (v) any claims against the Non-Settling Defendants or Ernst & Young.

35. "Settling Defendants' Released Parties" means the Settling Defendants, Settling Defendants' Counsel, and their respective present and former officers and directors, trustees, agents, parents, subsidiaries, affiliates, attorneys, insurers, reinsurers, employees, heirs, executors, administrators, trustees, Immediate Family members, beneficiaries, predecessors, successors, assigns, and assignees, in their capacities as such. For the avoidance of doubt, Settling Defendants' Released Parties do not include any of the Non-Settling Defendants or Ernst & Young.

36. "Unknown Claims" means any Released Plaintiffs' Claims that any Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of those claims, and any Released Settling Defendants' Claims that any Settling Defendant or any other Settling Defendants' Released Party does not know or suspect to exist in his, her, or its favor at the time of the release of those claims, which, if known by him, her, or it might have affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date of the Settlement, the Settling Parties will expressly waive, and each of the other Settlement Class Members and Settling Defendants' Released Parties will be deemed to have waived, and by operation of the Judgment will have expressly waived, all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to 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.

Plaintiffs and the Settling Defendants acknowledge, and each of the other Settlement Class Members and Settling Defendants' Released Parties will be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and is a key element of the Settlement.

37. The Judgment will also provide that, upon the Effective Date, the Settling Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, will be deemed to have, and by operation of law and of the Judgment will have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Settling Defendants' Claim (as defined in ¶ 38 below) against Plaintiffs and the other Plaintiffs' Released Parties (as defined in ¶ 39 below), and will forever be barred

and enjoined from prosecuting any or all of the Released Settling Defendants' Claims against any of the Plaintiffs' Released Parties.

38. "Released Settling Defendants' Claims" means any and all claims and causes of action of every nature and description, whether known claims or Unknown Claims, and any and all debts, disputes, demands, rights, actions, liabilities, damages, losses, obligations, sums of money due, judgments, suits, amounts, matters, issues, and charges of any kind whatsoever (including, but not limited to, any claims for interest, attorneys' fees, expert or consulting fees, and any other costs, expenses, amounts, or liabilities whatsoever), whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, foreseen or unforeseen, whether arising under federal, state, or foreign statutory or common law, or any other law, rule, or regulation, that arise out of, are based upon, or relate in any way to the institution, prosecution, or settlement of the claims against the Settling Defendants. Released Settling Defendants' Claims do not include any claims relating to the enforcement of the Settlement.

39. "Plaintiffs' Released Parties" means Plaintiffs, all other Settlement Class Members, and their respective present and former officers and directors, trustees, agents, parents, subsidiaries, affiliates, attorneys, insurers, reinsurers, employees, heirs, executors, administrators, trustees, Immediate Family members, beneficiaries, predecessors, successors, assigns, and assignees.

ARE THE RENTRAK DEFENDANTS PART OF THE SETTLEMENT? DOES THE SETTLEMENT CLASS STILL HAVE CLAIMS AGAINST THE RENTRAK DEFENDANTS?

40. The Complaint asserted—and the Court sustained—claims arising from the Merger against the Rentrak Defendants. As discussed in further detail below, however, Plaintiffs have since voluntarily dismissed those claims after an Oregon state court issued an order releasing those claims in connection with the settlement of a separate action. Accordingly, the Rentrak Defendants are not parties to the Settlement, and the Settlement does not provide any recovery specific to the claims previously asserted in this Action against the Rentrak Defendants.

41. Specifically, on September 12, 2017, a state court in Oregon issued an order granting final approval of a class settlement in an action entitled *In re Rentrak Corporation Shareholders Litigation*, No. 15CV27429 (Multnomah County Circuit Court, Oregon) ("*In re Rentrak*") which released (among other things) claims under the federal securities laws against the Rentrak Defendants, including explicitly the claims asserted in this Action (the "*In re Rentrak* Settlement"). All Settlement Class Members on whose behalf the Complaint asserted claims against the Rentrak Defendants are included in the *In re Rentrak* Settlement class. Thus, final approval of the *In re Rentrak* Settlement released all claims against the Rentrak Defendants in this Action.

42. No *In re Rentrak* Settlement class members objected to, or opted-out of, the *In re Rentrak* Settlement. When the *In re Rentrak* Settlement was announced, Plaintiffs' Counsel and Plaintiff Huff evaluated the terms of the settlement and considered whether to object or opt-out prior to the final approval hearing. Plaintiff Huff determined not to object or opt-out, and to pursue his remaining federal claims against the remaining Defendants in this Court. Ultimately, the Oregon court found that the *In re Rentrak* Settlement presented a fair and reasonable settlement. The *In re Rentrak* Settlement recovered $19 million, nearly exhausting Rentrak's remaining insurance coverage. The *In re Rentrak* Settlement expressly did not release the other federal securities claims asserted in this Action.

43. It was an express condition of the *In re Rentrak* Settlement that the settlement proceeds could not be distributed until the claims against the Rentrak Defendants in this Action were dismissed with prejudice. Thus, Plaintiffs and Lead Counsel determined that voluntarily dismissing those claims would serve the Settlement Class's interest by accelerating its access to the recovery from the *In re Rentrak*

Settlement. Lead Plaintiffs and Lead Counsel believed that voluntary dismissal would cause no prejudice to the Settlement Class because the *In re Rentrak* Settlement released the claims of the Settlement Class Members against the Rentrak Defendants in this Action, and further because the *In re Rentrak* Settlement notice provided explicit notice that those claims would be released.

44. Accordingly, on September 19, 2017, Plaintiffs voluntarily dismissed with prejudice the Rentrak Defendants from this Action. This dismissal was without a court order, as permitted by Federal Rule of Civil Procedure 41(a)(1)(A). Thus, the Settlement will settle and release all claims remaining in this Action.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

45. To be potentially eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation, **postmarked no later than May 29, 2018**. A Claim Form is included with this Notice. You may also obtain a Claim Form from the website maintained by the Claims Administrator for the Settlement, www.comScoreSecuritiesLitigation.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-833-609-9715 or by emailing the Claims Administrator at info@comScoreSecuritiesLitigation.com. Please retain all records of your ownership of and transactions in comScore and Rentrak common stock, as they may be needed to document your Claim. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

46. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

47. Pursuant to the Settlement, comScore has agreed to pay or caused to be paid a total of $110,000,000.00 for the benefit of the Settlement Class, with (i) $27,231,527.20 paid in cash (the "Cash Settlement Amount") deposited into an escrow account controlled by Lead Counsel; and (ii) $82,768,472.80 paid in shares of comScore common stock (the "Settlement Shares").[2]

48. The Settlement Amount (*i.e.*, the Cash Settlement Amount plus the Settlement Shares) plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund (including, if applicable, the net cash proceeds from the sale of any Class Settlement Shares as well as accrued interest thereon) less (i) all federal, state and/or local taxes on any income earned by the Settlement Fund (including any appreciation in value of the Settlement Shares); the reasonable expenses and costs incurred in connection with determining the amount of, and paying, any taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); and all taxes imposed on payments by

[2] The Settlement Shares to be issued will be valued as of the date of the Settlement Hearing in accordance with the terms of the Stipulation. The Settlement Shares, less any Settlement Shares awarded to Plaintiffs' Counsel as attorneys' fees, are referred to as the "Class Settlement Shares." Pursuant to the Stipulation, Lead Counsel has the right to decide, in its sole discretion, whether to (i) distribute the Class Settlement Shares to Settlement Class Members who submit claims that are approved for payment by the Court ("Authorized Claimants") or (ii) sell all or any portion of the Class Settlement Shares and distribute the net cash proceeds from the sale of the shares to Authorized Claimants. Please Note: After the date on which such shares are valued, the value of the Class Settlement Shares may fluctuate. No representation can be made as to what the value of the Class Settlement Shares will be at the time the shares are distributed or, if applicable, sold for the benefit of Settlement Class Members.

the Settlement Fund, including withholding taxes; (ii) the costs and expenses incurred in connection with providing notice to Settlement Class Members and administering the Settlement on behalf of Settlement Class Members; and (iii) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

49. The Net Settlement Fund will not be distributed, unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

50. Neither the Settling Defendants, the Settling Defendants' Released Parties, nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Except as otherwise provided in the Stipulation, the Settling Defendants and the other Settling Defendants' Released Parties shall not have any involvement in, or any responsibility, authority or liability whatsoever for, the administration of the Settlement or the distribution of the Net Settlement Fund, and shall have no liability whatsoever to any person or entity in connection with the foregoing.

51. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

52. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a valid Claim Form **postmarked on or before May 29, 2018** shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 34 above) against the Settling Defendants' Released Parties (as defined in ¶ 35 above) and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against the Settling Defendants' Released Parties with respect to the Released Plaintiffs' Claims, whether or not such Settlement Class Member submits a Claim Form.

53. Participants in and beneficiaries of a plan covered by ERISA ("ERISA Plan") should NOT include any information relating to their transactions in comScore or Rentrak common stock held through the ERISA Plan in any Claim Form that they may submit in this Action. They should include ONLY those shares that they purchased, acquired, or held outside of the ERISA Plan. Claims based on any ERISA Plan's purchases or acquisitions of comScore common stock during the Class Period (including shares of comScore common stock acquired in exchange for shares of Rentrak common stock in connection with the Merger), may be made by the plan's trustees. To the extent any of the Defendants or any of the other persons or entities excluded from the Settlement Class are participants in the ERISA Plan, such persons or entities shall not receive, either directly or indirectly, any portion of the recovery that may be obtained from the Settlement by the ERISA Plan.

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

55. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

56. Only Settlement Class Members will be potentially eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only securities that are potentially eligible for recovery under the Settlement are shares of comScore common stock

purchased or otherwise acquired during the Settlement Class Period (including shares of comScore common stock acquired in exchange for shares of Rentrak common stock in connection with the Merger).

PROPOSED PLAN OF ALLOCATION

57. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to those Settlement Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

58. Subject to the provisions stated below, the proposed Plan of Allocation will calculate a "Recognized Loss Amount" or "Recognized Gain Amount" for all shares of comScore common stock purchased or otherwise acquired during the Settlement Class Period (*i.e.*, from February 11, 2014 through November 23, 2016, inclusive), with a multiple of 1.15 applied to Recognized Loss Amounts for shares of comScore common stock acquired in exchange for shares of Rentrak common stock in connection with the Merger.[3]

59. In developing the Plan of Allocation, Lead Plaintiffs' damages expert calculated the estimated amount of artificial inflation in the per share closing price of comScore common stock which allegedly was proximately caused by Defendants' alleged false and misleading statements and material omissions. In calculating the estimated artificial inflation allegedly caused by Defendants' alleged misrepresentations and omissions, Lead Plaintiffs' damages expert considered price changes in comScore common stock in reaction to certain public announcements allegedly revealing the truth concerning Defendants' alleged misrepresentations and material omissions, adjusting for price changes that were attributable to market or industry forces. The estimated artificial inflation in comScore common stock is stated in Tables A-1 and A-2 at the end of this Notice.

60. For losses to be compensable damages under Section 10(b) of the Exchange Act, the disclosure of the allegedly misrepresented information must be, among other things, the cause of the decline in the price or value of the security. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts during the period between February 11, 2014 and November 23, 2016, inclusive, which had the effect of artificially inflating the price of comScore common stock. Lead Plaintiffs further allege that corrective information was released to the market on: August 31, 2015 (at 12:37 p.m. New York time), February 29, 2016 (after the close of trading), March 7, 2016 (before the opening of trading), June 27, 2016 (after the close of trading), and November 23, 2016 (after the close of trading), which partially removed the artificial inflation from the price of comScore common stock on: August 31, 2015, September 1, 2015, September 2, 2015, March 1, 2016, March 7, 2016, June 28, 2016, and November 25, 2016.[4]

61. Recognized Loss Amounts are based primarily on the difference in the amount of alleged artificial inflation in the prices of comScore common stock at the time of purchase or acquisition and at

[3] The 15% premium is being applied to Recognized Loss Amounts for shares of comScore common stock acquired in exchange for shares of Rentrak common stock in connection with the Merger on account of the fact that such shares also have claims under Section 11 of the Securities Act and/or Section 14(a) of the Exchange Act.

[4] With respect to the partial corrective disclosure that occurred on August 31, 2015, the alleged artificial inflation was removed from the price of comScore common stock over three days: August 31, 2015, September 1, 2015, and September 2, 2015.

the time of sale or the difference between the actual purchase price and sale price. Accordingly, in order to have a Recognized Loss Amount under the Plan of Allocation, a Settlement Class Member who or which purchased or otherwise acquired comScore common stock prior to the first corrective disclosure, which occurred at 12:37 p.m. New York time on August 31, 2015, must have held his, her or its shares of comScore common stock through at least that time. A Settlement Class Member who purchased or otherwise acquired comScore common stock at or after 12:37 p.m. New York time on August 31, 2015 (including shares of comScore common stock acquired on or about February 1, 2016 in exchange for shares of Rentrak common stock in connection with the Merger), must have held those shares through at least one of the later dates where new corrective information was released to the market and partially removed the artificial inflation from the price of comScore common stock.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

62. Based on the formula stated in ¶ 63 below, a "Recognized Loss Amount" or "Recognized Gain Amount" will be calculated for each purchase or acquisition of comScore common stock during the Settlement Class Period (*i.e.*, from February 11, 2014 through and including the close of trading on November 23, 2016), that is listed on the Claim Form and for which adequate documentation is provided. If a Recognized Loss Amount or Recognized Gain Amount calculates to a negative number or zero under the formula below, that number will be zero.

63. For each share of comScore common stock purchased or otherwise acquired during the period from February 11, 2014 through and including the close of trading on November 23, 2016, and:

(a) Sold at a loss[5] before August 31, 2015 or on August 31, 2015 before 12:37 p.m. New York time, a Recognized Loss Amount will be calculated, which will be $0.00.

(b) Sold for a gain[6] before August 31, 2015 or on August 31, 2015 before 12:37 p.m. New York time, a Recognized Gain Amount will be calculated, which will be the sale price *minus* the purchase/acquisition price.

(c) Sold at a loss during the period from August 31, 2015 at or after 12:37 p.m. New York time through and including the close of trading on November 23, 2016, a Recognized Loss Amount will be calculated, which will be ***the lesser of***: (i) the amount of artificial inflation per share on the date of purchase/acquisition as stated in Table A-1 *minus* the amount of artificial inflation per share on the date of sale as stated in Table A-2; or (ii) the purchase/acquisition price[7] *minus* the sale price.

(d) Sold for a gain during the period from August 31, 2015 at or after 12:37 p.m. New York time through and including the close of trading on November 23, 2016, a Recognized Gain Amount will be calculated, which will be the sale price *minus* the purchase/acquisition price.

(e) Sold during the period from November 25, 2016 through and including the close of trading on February 22, 2017, a Recognized Loss Amount will be calculated, which will be ***the least of***: (i) the amount of artificial inflation per share on the date of purchase/acquisition as stated in Table A-1; (ii) the purchase/acquisition price *minus* the sale price; or (iii) the

[5] "Sold at a loss" means the purchase/acquisition price is greater than the sale price.

[6] "Sold for a gain" means the purchase/acquisition price is less than or equal to the sale price.

[7] For shares of comScore common stock acquired in exchange for shares of Rentrak common stock in connection with the Merger, the acquisition price will be $39.00 per share.

purchase/acquisition price *minus* the average closing price between November 25, 2016 and the date of sale as stated in Table B at the end of this Notice.

(f) Held as of the close of trading on February 22, 2017, a Recognized Loss Amount will be calculated, which will be ***the lesser of***: (i) the amount of artificial inflation per share on the date of purchase/acquisition as stated in Table A-1; or (ii) the purchase/acquisition price *minus* $30.21, the average closing price for comScore common stock between November 25, 2016 and February 22, 2017 (the last entry on Table B).[8]

ADJUSTMENT TO RECOGNIZED LOSS AMOUNTS TO ACCOUNT FOR ADDITIONAL SECTION 11 AND/OR SECTION 14(A) CLAIMS

64. Recognized Loss Amounts (calculated pursuant to ¶ 63 above) for shares of comScore common stock acquired in exchange for shares of Rentrak common stock in connection with the Merger will be multiplied by 1.15.

ADDITIONAL PROVISIONS

65. **FIFO Matching:** If a Settlement Class Member made more than one purchase/acquisition or sale of comScore common stock during the Settlement Class Period, all purchases/acquisitions and sales will be matched on a First In, First Out ("FIFO") basis. Settlement Class Period sales will be matched first against any holdings at the beginning of the Settlement Class Period and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period.

66. **"Purchase/Sale" Dates:** Purchases or acquisitions and sales of comScore common stock will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance, or operation of law of comScore common stock during the Settlement Class Period shall not be deemed a purchase, acquisition or sale of comScore common stock for the calculation of a Claimant's Recognized Loss or Gain Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of comScore common stock unless (i) the donor or decedent purchased or otherwise acquired comScore common stock during the Settlement Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such comScore common stock shares.

67. **Short Sales:** The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the comScore common stock. The date of a "short sale" is deemed to be the date of sale of the comScore common stock. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" and the purchases covering "short sales" is zero.

[8] Under Section 21(D)(e)(1) of the Exchange Act, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day look-back period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." Consistent with the requirements of the statute, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of comScore common stock during the 90-day look-back period, November 25, 2016 through February 22, 2017, inclusive. The mean (average) closing price for comScore common stock during this 90-day look-back period was $30.21.

68. In the event that a Claimant has an opening short position in comScore common stock, the earliest purchases or acquisitions of comScore common stock during the Settlement Class Period will be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

69. **Common Stock Purchased/Sold Through the Exercise of Options:** With respect to comScore common stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

70. **Determination of Recognized Claim:** A Claimant's Recognized Claim will be the sum of the Claimant's Recognized Loss Amounts *minus* the sum of the Claimant's Recognized Gain Amounts, unless that calculation results in a negative number (or zero), in which case the Claimant's Recognized Claim under the Plan of Allocation will be zero.

71. **Determination of Distribution Amount:** If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share will be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

72. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund will be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

73. No cash payments for less than $10.00 will be made. In the event of a distribution of Settlement Shares, no fractional Settlement Shares will be issued.

74. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks and claim their Settlement Shares. To the extent any monies and/or Settlement Shares remain in the Net Settlement Fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator will conduct a re-distribution of the funds and/or Settlement Shares remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and claimed their initial Settlement Shares and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and claimed their prior Settlement Shares and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds and/or Settlement Shares remaining in the Net Settlement Fund is not cost-effective, the remaining balance will be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Counsel and approved by the Court.

75. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, will be conclusive against all Authorized Claimants. No person shall have any claim against Plaintiffs, Plaintiffs' Counsel, Lead Plaintiffs' damages expert, the Settling Defendants, Settling Defendants' Counsel, or any of the other Plaintiffs' Released Parties or Settling Defendants' Released Parties, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or further Orders of the Court. Plaintiffs, the Settling Defendants, and their respective counsel, and all other Settling Defendants' Released Parties, shall have no responsibility or liability whatsoever for the investment or

distribution of the Settlement Fund or the Net Settlement Fund; the plan of allocation; the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator; the payment or withholding of Taxes; or any losses incurred in connection therewith.

76. The Plan of Allocation stated herein is the plan that is being proposed to the Court for its approval by Lead Plaintiffs after consultation with their damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.comScoreSecuritiesLitigation.com.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

77. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against the Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been reimbursed for their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund (in combination of cash and stock in the same proportion that the Cash Settlement Amount and the Settlement Shares comprise the Settlement Amount). Lead Counsel has fee-sharing agreements with the other Plaintiffs' Counsel firms, Kessler Topaz Meltzer & Check, LLP and The McKeige Law Firm, which provide that Lead Counsel will compensate these firms from the attorneys' fees that Lead Counsel receives in this Action in amounts commensurate with those firms' efforts in this litigation. At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses in an amount not to exceed $450,000.00, which may include an application for reimbursement of the reasonable costs and expenses incurred by Plaintiffs directly related to their representation of the Settlement Class. The Court will determine the amount of any award of attorneys' fees and reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

78. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to comScore Securities Litigation, EXCLUSIONS, c/o JND Legal Administration, P.O. Box 91346, Seattle, WA 98111. The exclusion request must be ***received*** **no later than May 17, 2018**. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (i) state the name, address and telephone number of the person or entity requesting exclusion, and, in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity "requests exclusion from the Settlement Class in *Fresno County Employees' Retirement Association, et al. v. comScore, Inc., et al.*, No. 1:16-cv-1820"; (iii) state the number of shares of comScore common stock that the person or entity requesting exclusion purchased/acquired and sold during the period between February 11, 2014 and November 23, 2016, inclusive (including any shares of comScore common stock acquired as a result of the Merger between comScore and Rentrak consummated on January 29, 2016), as well as the dates and prices of each such purchase/acquisition and sale, and the number of shares of comScore common stock held as of the opening of trading on February 11, 2014; and (iv) be signed by the person or entity requesting exclusion or an authorized representative thereof. A Request for

Exclusion shall not be valid and effective, unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

79. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion, even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Settling Defendants' Released Parties.

80. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

81. comScore has the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and comScore.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

82. Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below, even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing. Please Note: The date and time of the Settlement Hearing may change without further written notice to the Settlement Class. You should monitor the Court's docket and the website maintained by the Claims Administrator, www.comScoreSecuritiesLitigation.com, before making plans to attend the Settlement Hearing. You may also confirm the date and time of the Settlement Hearing by contacting Lead Counsel.

83. The Settlement Hearing will be held on **June 7, 2018 at 4:30 p.m.**, before the Honorable John G. Koeltl at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, Courtroom 14A, 500 Pearl Street, New York, NY 10007, to determine, among other things, (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Action should be dismissed with prejudice against the Settling Defendants and the Releases specified and described in the Stipulation (and in this Notice) should be granted; (iii) whether the terms and conditions of the issuance of the Settlement Shares pursuant to an exemption from registration requirements under Section 3(a)(10) of the Securities Act are fair to all persons and entities to whom the shares will be issued; (iv) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (v) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

84. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Southern District of New York at the address set forth below **on or before May 17, 2018**. You must also serve the papers on Lead Counsel and on Representative Settling Defendants' Counsel (defined below) at the addresses set forth below so that the papers are ***received*** **on or before May 17, 2018.**

Clerk's Office	**Lead Counsel**	**Representative Settling Defendants' Counsel**
Office of the Clerk United States District Court Southern District of New York Daniel Patrick Moynihan United States Courthouse 500 Pearl Street New York, NY 10007-1312	Bernstein Litowitz Berger & Grossmann LLP John C. Browne, Esq. 1251 Avenue of the Americas, 44th Floor New York, NY 10020	Jones Day Robert C. Micheletto, Esq. 250 Vesey Street New York, NY 10281

85. Any objection (i) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; (ii) must contain a statement of the Settlement Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (iii) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of comScore common stock that the person or entity requesting exclusion purchased/acquired and sold during the period between February 11, 2014 and November 23, 2016, inclusive (including any shares of comScore common stock acquired as a result of the Merger between comScore and Rentrak consummated on January 29, 2016), as well as the dates and prices of each such purchase/acquisition and sale, and the number of shares of comScore common stock held as of the opening of trading on February 11, 2014. You may not object to the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

86. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection, unless you first file and serve a written objection in accordance with the procedures described above, unless the Court orders otherwise.

87. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you timely file and serve a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Representative Settling Defendants' Counsel at the addresses set forth in ¶ 84 above, so that it is ***received*** **on or before May 17, 2018**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

88. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Representative Settling Defendants' Counsel at the addresses set forth in ¶ 84 above so that the notice is ***received*** **on or before May 17, 2018**.

89. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT OR ACQUIRED SHARES ON SOMEONE ELSE'S BEHALF?

90. If you purchased or otherwise acquired comScore common stock during the Class Period (*i.e.*, between February 11, 2014 and November 23, 2016, inclusive), including any shares of comScore common stock acquired as a result of the Merger between comScore and Rentrak consummated on January 29, 2016, for the beneficial interest of persons or organizations other than yourself, you must either (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to comScore Securities Litigation, c/o JND Legal Administration, P.O. Box 91346, Seattle, WA 98111. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, www.comScoreSecuritiesLitigation.com, by calling the Claims Administrator toll-free at 1-833-609-9715, or by emailing the Claims Administrator at info@comScoreSecuritiesLitigation.com.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

91. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.comScoreSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

comScore Securities Litigation
c/o JND Legal Administration
P.O. Box 91346
Seattle, WA 98111
1-833-609-9715
info@comScoreSecuritiesLitigation.com
www.comScoreSecuritiesLitigation.com

and/or

John C. Browne, Esq.
BERNSTEIN LITOWITZ
BERGER & GROSSMANN LLP
1251 Avenue of the Americas
New York, NY 10020
1-800-380-8496
blbg@blbglaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, COMSCORE, RENTRAK, ANY OF THE OTHER DEFENDANTS, OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: March 13, 2018

By Order of the Court
United States District Court
Southern District of New York

TABLE A-1

Estimated Artificial Inflation from February 11, 2014 through and including November 23, 2016 With Respect to Purchases/Acquisitions of comScore Common Stock

Purchase/Acquisition Transaction Date	Artificial Inflation Per Share
February 11, 2014 - August 30, 2015	$32.78
August 31, 2015: purchased/acquired before 12:37 p.m. New York time	$32.78
August 31, 2015: purchased/acquired at or after 12:37 p.m. New York time	$24.44
September 1, 2015	$24.44
September 2, 2015 - February 29, 2016	$24.44
March 1, 2016 - March 6, 2016	$21.97
March 7, 2016 - June 27, 2016	$8.00
June 28, 2016 - November 23, 2016	$1.71

TABLE A-2

Estimated Artificial Inflation from February 11, 2014 through and including November 23, 2016 With Respect to Sales of comScore Common Stock

Sale Transaction Date	Artificial Inflation Per Share
February 11, 2014 - August 30, 2015	$32.78
August 31, 2015: sold before 12:37 p.m. New York time	$32.78
August 31, 2015: sold at or after 12:37 p.m. New York time	$31.88
September 1, 2015	$29.20
September 2, 2015 - February 29, 2016	$24.44
March 1, 2016 - March 6, 2016	$21.97
March 7, 2016 - June 27, 2016	$8.00
June 28, 2016 - November 23, 2016	$1.71

TABLE B

90-Day Look-Back Table for comScore Common Stock
(comScore Closing Price and Average Closing Price
November 25, 2016 – February 22, 2017)

Date	Closing Price	Average Closing Price Between 11/25/2016 and Date Shown	Date	Closing Price	Average Closing Price Between 11/25/2016 and Date Shown
11/25/2016	$28.94	$28.94	1/10/2017	$33.16	$31.64
11/28/2016	$28.76	$28.85	1/11/2017	$32.75	$31.68
11/29/2016	$29.15	$28.95	1/12/2017	$32.11	$31.69
11/30/2016	$29.04	$28.97	1/13/2017	$32.51	$31.72
12/1/2016	$28.70	$28.92	1/17/2017	$32.13	$31.73
12/2/2016	$28.95	$28.92	1/18/2017	$32.34	$31.75
12/5/2016	$29.16	$28.96	1/19/2017	$31.97	$31.75
12/6/2016	$30.07	$29.10	1/20/2017	$32.26	$31.76
12/7/2016	$30.17	$29.22	1/23/2017	$31.80	$31.77
12/8/2016	$31.85	$29.48	1/24/2017	$32.31	$31.78
12/9/2016	$32.74	$29.78	1/25/2017	$32.86	$31.81
12/12/2016	$31.99	$29.96	1/26/2017	$32.66	$31.83
12/13/2016	$32.17	$30.13	1/27/2017	$33.03	$31.85
12/14/2016	$32.44	$30.30	1/30/2017	$32.88	$31.88
12/15/2016	$32.87	$30.47	1/31/2017	$33.55	$31.91
12/16/2016	$32.86	$30.62	2/1/2017	$32.95	$31.94
12/19/2016	$33.98	$30.81	2/2/2017	$32.40	$31.95
12/20/2016	$34.50	$31.02	2/3/2017	$32.44	$31.96
12/21/2016	$33.38	$31.14	2/6/2017	$23.22	$31.78
12/22/2016	$32.52	$31.21	2/7/2017	$22.86	$31.60
12/23/2016	$32.67	$31.28	2/8/2017	$22.98	$31.43
12/27/2016	$32.54	$31.34	2/9/2017	$23.50	$31.28
12/28/2016	$31.96	$31.37	2/10/2017	$22.81	$31.12
12/29/2016	$31.86	$31.39	2/13/2017	$22.80	$30.96
12/30/2016	$31.58	$31.39	2/14/2017	$21.95	$30.80
1/3/2017	$31.79	$31.41	2/15/2017	$22.49	$30.65
1/4/2017	$32.61	$31.45	2/16/2017	$23.15	$30.52
1/5/2017	$33.00	$31.51	2/17/2017	$24.30	$30.41
1/6/2017	$32.68	$31.55	2/21/2017	$24.42	$30.31
1/9/2017	$32.89	$31.59	2/22/2017	$24.05	$30.21

Supplemental Exhibit 10B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, EMPLOYEES' RETIREMENT SYSTEM OF THE CITY OF BATON ROUGE AND PARISH OF EAST BATON ROUGE, and WILLIAM HUFF, Individually and on Behalf of All Others Similarly Situated,

Plaintiffs,

v.

COMSCORE, INC., SERGE MATTA, MELVIN WESLEY III, MAGID M. ABRAHAM, KENNETH J. TARPEY, WILLIAM J. HENDERSON, RUSSELL FRADIN, GIAN FULGONI, WILLIAM KATZ, RONALD J. KORN, JOAN LEWIS, RENTRAK CORPORATION, DAVID BOYLAN, DAVID I. CHEMEROW, WILLIAM ENGEL, PATRICIA GOTTESMAN, WILLIAM LIVEK, ANNE MACDONALD, MARTIN O'CONNOR, BRENT ROSENTHAL, and RALPH SHAW,

Defendants.

Case No. 1:16-cv-01820-JGK

~~[PROPOSED]~~ ORDER APPROVING PLAN OF ALLOCATION OF NET SETTLEMENT FUND

WHEREAS, this matter came on for hearing on June 7, 2018 (the "Settlement Hearing") on Lead Plaintiffs' motion to determine whether the proposed plan of allocation of the Net Settlement Fund ("Plan of Allocation") created by the Settlement achieved in the above-captioned class action (the "Action") should be approved. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who or which could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in *Investor's Business Daily* and was transmitted over the *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order approving the proposed Plan of Allocation incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated December 28, 2017 (ECF No. 250-1) (the "Stipulation") and all terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. The Court has jurisdiction to enter this Order approving the proposed Plan of Allocation, and over the subject matter of the Action and all parties to the Action, including all Settlement Class Members.

3. Notice of Lead Plaintiffs' motion for approval of the proposed Plan of Allocation was given to all Settlement Class Members who could be identified with reasonable effort. The form and method of notifying the Settlement Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. §§ 77z-1, 78u-4, as amended, and all other applicable law and rules; constituted the best notice practicable under the circumstances; and constituted due and sufficient notice to all persons and entities entitled thereto.

4. Copies of the Notice, which included the Plan of Allocation, were mailed to over 36,000 potential Settlement Class Members and nominees and there are no objections to the Plan of Allocation.

5. The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation mailed to Settlement Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Settlement Class Members with due consideration having been given to

administrative convenience and necessity.

6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Settlement Class. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiffs.

7. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this 7 day of June, 2018.

The Honorable John G. Koeltl
United States District Judge

Supplemental Exhibit 11A

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE IMPINJ, INC. SECURITIES LITIGATION	No. 3:18-cv-05704-RSL CLASS ACTION

NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action" or the "Federal Action") pending in the United States District Court for the Western District of Washington (the "Court"), if you purchased or otherwise acquired the publicly traded common stock of Impinj, Inc. ("Impinj") during the period from July 21, 2016 through February 15, 2018, inclusive (the "Class Period"), and were damaged thereby.[1]

NOTICE OF SETTLEMENT: The Parties have reached a proposed settlement for $20,000,000 in cash (the "Settlement") for the benefit of the Settlement Class (as defined in ¶ 22 below), which is subject to approval by the Court.

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of a payment from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, Impinj, the other Defendants in the Action, or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 68 below).

1. **Description of the Actions and the Settlement Class:** This Notice relates to a proposed settlement of claims in a pending securities class action brought by investors alleging, among other things, that Impinj and certain of its officers, Chris Diorio, Evan Fein, and Eric Brodersen (collectively, the "Individual Defendants," and, together with Impinj, "Defendants") violated the federal securities laws by making false and misleading statements concerning the Impinj Platform. The proposed Settlement will also resolve claims asserted in a related action brought in New York State Supreme Court relating to shares of Impinj common stock that were sold in the Company's July 21, 2016 initial public offering or its December 2, 2016 secondary public offering (the "New York Action" and, together with the Action, the "Actions"). A more detailed description of the Actions is set forth in ¶¶ 11-21 below. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Class, as defined in ¶ 22 below.

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Lead Plaintiff, Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, on behalf of itself and the Settlement Class, has agreed to settle the Action in exchange for $20,000,000 in cash (the "Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; (iv) any attorneys' fees awarded by the Court; and (v) any other costs or fees approved by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court. The Settlement will also resolve the claims asserted by the plaintiff in the New York Action, Plymouth County Retirement System (collectively, with Lead Plaintiff, "Plaintiffs"). The proposed plan of allocation (the "Plan of Allocation") is set forth in Appendix A at the end of

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated July 9, 2020 (the "Stipulation"). The Stipulation is available at www.ImpinjSecuritiesLitigation.com.

this Notice. The Plan of Allocation will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Lead Plaintiff's damages expert's estimate of the number of shares of Impinj common stock purchased during the Class Period that may have been affected by the conduct at issue in the Action, and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses, and costs as described herein) is $0.73 per affected share. Settlement Class Members should note, however, that the foregoing average recovery is only an estimate. Some Settlement Class Members may recover more or less than the estimated amount depending on, among other factors, when and at what prices they purchased or sold their shares, and the total number and value of valid Claim Forms submitted. Distributions to Settlement Class Members will be made based on the Plan of Allocation set forth in Appendix A or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share of Impinj common stock that would be recoverable if Plaintiffs were to prevail in the Actions. Among other things, Defendants vigorously deny the assertion that they violated the federal securities laws or that any damages were suffered by any members of the Settlement Class as a result of their alleged conduct.

5. **Attorneys' Fees and Expenses Sought:** Plaintiffs' Counsel, which have been prosecuting the Actions on a wholly contingent basis, have not received any payment of attorneys' fees for their representation of the Settlement Class and have advanced the funds to pay expenses necessarily incurred to prosecute the Actions.[2] Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund. In addition, Lead Counsel will apply for payment of Litigation Expenses paid or incurred by Plaintiffs' Counsel in connection with the institution, prosecution, and resolution of the Actions in an amount not to exceed $275,000, which may include an application for payment of the reasonable costs and expenses incurred by Lead Plaintiff directly related to its representation of the Settlement Class, pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"), 15 U.S.C. § 78(a)(4). Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The estimated average cost for such fees and expenses, if the Court approves Lead Counsel's fee and expense application, is $0.19 per affected share.

6. **Identification of Attorneys' Representatives:** Lead Plaintiff and the Settlement Class are represented by Jonathan D. Uslaner of Bernstein Litowitz Berger & Grossmann LLP, 2121 Avenue of the Stars, Suite 2575, Los Angeles, CA 90067, 1-800-380-8496, settlements@blbglaw.com.

7. **Reasons for the Settlement:** Plaintiffs' principal reason for entering into the Settlement is the substantial and certain recovery for the Settlement Class without the risk or the delays inherent in further litigation. The substantial recovery provided under the Settlement must be considered against the significant risk that a smaller recovery—or indeed no recovery at all—might be achieved after contested motions, a trial of the Action, and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing, are entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN NOVEMBER 27, 2020.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined in ¶ 32 below) that you have against Defendants and the other Defendants' Releasees (defined in ¶ 33 below), so it is in your interest to submit a Claim Form.

[2] Plaintiffs' Counsel include (i) Court-appointed Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP ("Lead Counsel"), (ii) liaison counsel in the Federal Action, Byrnes Keller Cromwell LLP, and (iii) counsel for the New York Action Plaintiff, Thornton Law Firm LLP, Hedin Hall LLP, and Scott + Scott Attorneys at Law LLP.

EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 29, 2020.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 29, 2020.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation, or the fee and expense request unless you are a Settlement Class Member and do not exclude yourself from the Settlement Class.
GO TO A HEARING ON NOVEMBER 19, 2020 AT 1:30 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 29, 2020.	Filing a written objection and notice of intention to appear by October 29, 2020 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and Litigation Expenses. In the Court's discretion, the November 19, 2020 hearing may be conducted by telephone or video conference (*see* ¶ 56 below). If you submit a written objection, you may (but you do not have to) participate in the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form or request for exclusion, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Impinj common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and payment of Litigation Expenses (the "Settlement Hearing"). *See* ¶¶ 56-57 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. Impinj is a technology company whose common stock trades on the Nasdaq under the ticker symbol "PI." During the Class Period, Impinj's primary business consisted of selling products within the "Impinj Platform," a hardware and software system that uses radio frequency identification ("RFID") technology to assist companies with inventory management.

12. In August 2018 and October 2018, two class action complaints were filed in the Court alleging claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") against Defendants. On January 14, 2019, the Court entered an order consolidating these two actions into the Action, ordered that the Action be captioned *In re Impinj, Inc. Securities Litigation*, No. 3:18-cv-05704-RSL, appointed the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge as Lead Plaintiff for the Action, and approved Lead Plaintiff's selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel and Byrnes Keller Cromwell LLP as liaison counsel.

13. On January 31, 2019, Plymouth County Retirement System filed a class action complaint in New York State Supreme Court entitled *Plymouth County Retirement System v. Impinj, Inc. et al.*, Index No. 650629/2019 (N.Y. Supreme Ct. N.Y. County) (the "New York Action"). The New York Action alleged claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") based on purchases of Impinj common stock in or traceable to the Company's July 21, 2016 Initial Public Offering ("IPO") or its December 2, 2016 Secondary Public Offering ("SPO") against Defendants, as well as other directors of Impinj and the underwriters of the IPO and SPO.

14. On February 13, 2019, Lead Plaintiff filed and served the Consolidated Class Action Complaint (the "Complaint") in the Federal Action asserting claims against all Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, and against the Individual Defendants under Section 20(a) of the Exchange Act. The Complaint alleged that, during the Class Period, Defendants made materially false and misleading statements or material omissions about the capabilities of the Impinj Platform. The Complaint further alleged that the price of Impinj common stock was inflated during the Class Period as a result of Defendants' misstatements and omissions and declined when the truth was revealed through a series of disclosures from August 3, 2017 through February 15, 2018.

15. On March 15, 2019, the parties to the New York Action entered into a Stipulation to stay the New York Action. On April 15, 2019, the court overseeing the New York Action so-ordered the Stipulation in relevant part.

16. On March 19, 2019, Defendants served and filed a motion to dismiss the Complaint in the Federal Action. On April 9, 2019, Lead Plaintiff served its memorandum of law in opposition to this motion and, on April 30, 2019, Defendants served their reply papers. The Court held oral argument on the motion on September 24, 2019.

17. On October 4, 2019, the Court issued an Order granting in part and denying in part Defendants' motion to dismiss the Complaint. On November 15, 2019, Defendants filed and served their Answer to the Complaint.

18. Discovery in the Action commenced in October 2019. Lead Plaintiff and Defendants prepared and exchanged initial disclosures, requests for production of documents, and interrogatories. Lead Plaintiff exchanged numerous letters with Defendants concerning discovery issues, and served document subpoenas on nine third parties. Defendants and third parties produced a total of over 450,000 pages of documents to Lead Plaintiff, and Lead Plaintiff produced over 5,800 pages of documents to Defendants in response to their requests.

19. After the resolution of Defendants' motion to dismiss the Complaint and while discovery in the Federal Action was underway, the Parties agreed to engage in private mediation in an attempt to resolve the Actions and further agreed to the appointment of Michelle Yoshida of Phillips ADR to act as mediator. A mediation session before Ms. Yoshida was held by videoconference on May 28, 2020. No agreement was reached at the mediation session, but following the mediation, Ms. Yoshida issued a double-blind mediator's recommendation that the Actions be settled for $20,000,000. On June 10, 2020, Ms. Yoshida informed the Parties that both Plaintiffs and Defendants had accepted the recommendation.

20. On July 9, 2020, the Parties entered into the Stipulation and Agreement of Settlement, which sets forth the terms and conditions of the Settlement. The Stipulation is available at www.ImpinjSecuritiesLitigation.com.

21. On July 29, 2020, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential Settlement Class Members, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

22. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Class consists of:

> all persons and entities (including, without limitation, their beneficiaries) who purchased or otherwise acquired the publicly traded common stock of Impinj during the period of July 21, 2016 through February 15, 2018, inclusive (the "Class Period"), and were damaged thereby.

The Settlement Class includes, but is not limited to, those persons and entities who purchased or otherwise acquired their Impinj common stock in, pursuant to, or traceable to the Company's July 21, 2016 initial public offering or December 2, 2016 secondary public offering during the Class Period and were damaged thereby.

Excluded from the Settlement Class are (i) Defendants; (ii) members of the Immediate Families of the Individual Defendants; (iii) any person who is or was an Officer or director of Impinj who served in such capacities during the Class Period; (iv) the defendants in the New York Action; (v) Defendants' liability insurance carriers; (vi) any affiliates, parents, or subsidiaries of Impinj; (vii) all Impinj employee plans that are covered by ERISA; (viii) any entity which Defendants or other excluded persons controlled or in which they have a controlling interest, provided however, that any Investment Vehicle[3] shall not be excluded by definition; and (ix) the legal representatives, agents, affiliates, heirs, successors, or assigns of any such excluded person or entity, in their capacity as such. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?" on page 9 below.

PLEASE NOTE: Receipt of this Notice does not mean that you are a Settlement Class Member or that you will be entitled to a payment from the Settlement.

[3] "Investment Vehicle" means any investment company or pooled investment fund, including but not limited to mutual fund families, exchange-traded funds, fund of funds, and hedge funds, in which any person excluded from the Settlement Class by definition (including underwriters who were defendants in the New York Action) has or may have a direct or indirect interest or as to which it or its affiliates may act as an investment advisor but in which the excluded person or entity is not a majority owner or does not hold a majority beneficial interest.

If you are a Settlement Class Member and you wish to be eligible to receive a payment from the Settlement, you are required to submit the Claim Form that is being distributed with this Notice, and the required supporting documentation as set forth therein, postmarked no later than November 27, 2020.

WHAT ARE PLAINTIFFS' REASONS FOR THE SETTLEMENT?

23. Plaintiffs and their counsel believe that the claims asserted against Defendants have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue their claims against Defendants through summary judgment, trial, and appeals, as well as the very substantial risks they would face in establishing liability and damages. For example, those risks include challenges in establishing that Defendants' statements about the Impinj Platform were false or misleading. Defendants have contended—and would have contended at summary judgment or trial—that their statements about the Impinj Platform were not false or misleading when made or were inactionable statements of "puffery." With respect to the Exchange Act claims asserted by Lead Plaintiff, there were additional challenges in proving that Defendants knew that the statements were false or were reckless in making them. Defendants would argue that the statements at issue were not made with intent to mislead and that they had no motive to engage in the alleged fraud.

24. Plaintiffs also faced risks relating to loss causation and damages. Defendants would have contended at summary judgment and trial that Plaintiffs could not establish a causal connection between the alleged misrepresentations and the losses investors allegedly suffered, as required by law.

25. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Settlement Class, Plaintiffs and Plaintiffs' Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class. Plaintiffs and Plaintiffs' Counsel believe that the Settlement provides a substantial benefit to the Settlement Class, namely $20,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller recovery, or no recovery, after summary judgment, trial, and appeals, possibly years in the future.

26. Defendants have vigorously denied and continue to deny each and all of the claims asserted against them in the Action and deny that the Settlement Class was harmed or suffered any damages as a result of the conduct alleged 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 have agreed to the Settlement solely to eliminate the burden and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

27. If there were no Settlement and Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Plaintiffs nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial, or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

28. As a Settlement Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf as provided in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

29. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," below.

30. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel's application for attorneys' fees and Litigation Expenses, and if you do not exclude yourself from the Settlement

Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

31. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims in the Action against Defendants and will provide that, upon the Effective Date of the Settlement, Plaintiffs and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, will have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs' Claim (as defined in ¶ 32 below) against Defendants and the other Defendants' Releasees (as defined in ¶ 33 below), and will forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees. In addition, upon the Effective Date of the Settlement, the New York Action will also be dismissed with prejudice.

32. "Released Plaintiffs' Claims" means any and all Claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that have been, could have been, or in the future can or might be asserted in this Action, the New York Action, or in any other action, court, or forum by any member of the Settlement Class, or their successors, assigns, executors, administrators, representatives, attorneys, and agents, in their capacities as such, against the Defendants' Releasees arising out of, relating to, or in connection with both (a) the purchase or acquisition of publicly traded Impinj common stock during the Class Period and (b) the acts, facts, events, transactions, occurrences, statements, representations, or omissions that were alleged or asserted by Plaintiffs or any member of the Settlement Class in the Actions, or that otherwise would have been barred by res judicata had the Actions been fully litigated to a final judgment. For the avoidance of doubt, this release does not release or impair (i) any Claims asserted on behalf of the Company in the three consolidated shareholder derivative actions pending in the United States District Court for the District of Delaware under the consolidated caption *In re Impinj, Inc. Derivative Litigation*, Lead Case No. 18-cv-01686-RGA (D. Del.); or (ii) any Claims relating to the enforcement of the Settlement.

33. "Defendants' Releasees" means Defendants and the defendants in the New York Action—namely Impinj, Inc., Chris Diorio, Evan Fein, Eric Brodersen, Peter van Oppen, Tom A. Alberg, Clinton Bybee, Gregory Sessler, Theresa Wise, RBC Capital Markets, LLC, KeyBanc Capital Markets Inc. (formerly Pacific Crest Securities, Inc.), Piper Jaffray & Co., Needham & Company, LLC, Canaccord Genuity Inc., and Morgan Stanley & Co. LLC—and their present and former parents, subsidiaries, divisions, departments, affiliates, stockholders, partners, officers, directors, employees, members, principals, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, financial or investment advisors, banks or investment bankers, personal or legal representatives, predecessors, successors, assigns, spouses, heirs, related or affiliated entities, marital communities, any entity in which a Defendant or a defendant in the New York Action has a controlling interest, any member of an Individual Defendant's or defendant in the New York Action's Immediate Family, or any trust of which any Individual Defendant or defendant in the New York Action is the settler or which is for the benefit of any Defendant or defendant in the New York Action and/or member(s) of his or her Immediate Family.

34. "Unknown Claims" means any Released Plaintiffs' Claims which any Plaintiff or any other Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Defendant does not know or suspect to exist in his or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Plaintiffs and Defendants shall expressly waive, and each of the other Settlement Class Members shall be deemed to have waived, 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 or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

> A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Plaintiffs and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

35. The Judgment will also provide that, upon the Effective Date of the Settlement, Defendants, on behalf of themselves and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities

as such, will have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants' Claim (as defined in ¶ 36 below) against Plaintiffs and the other Plaintiffs' Releasees (as defined in ¶ 37 below), and will forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

36. "Released Defendants' Claims" means all Claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common, or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the Claims asserted in the Actions against Defendants. Released Defendants' Claims do not include: (i) any Claims relating to the enforcement of the Settlement; or (ii) any Claims against any person or entity who or which submits a request for exclusion from the Settlement Class that is accepted by the Court.

37. "Plaintiffs' Releasees" means Plaintiffs, all other plaintiffs in the Actions, and all other Settlement Class Members, and their present and former parents, subsidiaries, divisions, departments, affiliates, stockholders, partners, officers, directors, employees, members, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, financial or investment advisors, banks or investment bankers, personal or legal representatives, predecessors, successors, assigns, spouses, heirs, related or affiliated entities, marital communities, any entity in which a Settlement Class Member has a controlling interest, any member of a Settlement Class Member's Immediate Family, or any trust of which any Settlement Class Member is the settler or which is for the benefit of any Settlement Class Member and/or member(s) of his or his Immediate Family.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

38. To be eligible for a payment from the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation ***postmarked*** **no later than November 27, 2020**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, www.ImpinjSecuritiesLitigation.com. You may also request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-877-869-0158 or by emailing the Claims Administrator at info@ImpinjSecuritiesLitigation.com. Please retain all records of your ownership of and transactions in Impinj common stock, as they will be needed to document your Claim. The Parties and Claims Administrator do not have information about your transactions in Impinj common stock.

39. If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

40. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

41. Pursuant to the Settlement, Defendants have agreed to pay or caused to be paid a total of $20,000,000 in cash (the "Settlement Amount"). The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the Net Settlement Fund will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

42. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

43. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, any actions of the Escrow Agent, or the Plan of Allocation.

44. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

45. Unless the Court otherwise orders, any Settlement Class Member who or which fails to submit a Claim Form postmarked on or before November 27, 2020 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a member of the Settlement Class and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the releases given. This means that each Settlement Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 32 above) against the Defendants' Releasees (as defined in ¶ 33 above) and will be barred and enjoined from prosecuting any of the Released Plaintiffs' Claims against any of the Defendants' Releasees whether or not such Settlement Class Member submits a Claim Form.

46. Participants in, and beneficiaries of, any Impinj employee benefit plan covered by ERISA ("ERISA Plan") should NOT include any information relating to their transactions in Impinj common stock held through the ERISA Plan in any Claim Form that they submit in this Action.

47. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

48. Only members of the Settlement Class will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class pursuant to request will not be eligible for a payment and should not submit Claim Forms. The only security that is included in the Settlement is Impinj common stock.

49. **Appendix A to this Notice sets forth the Plan of Allocation for allocating the Net Settlement Fund among Authorized Claimants, as proposed by Plaintiffs. At the Settlement Hearing, Plaintiffs will request that the Court approve the Plan of Allocation. The Court may modify the Plan of Allocation, or approve a different plan of allocation, without further notice to the Settlement Class.**

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

50. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Settlement Class, nor have Plaintiffs' Counsel been paid for their litigation expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for payment of Litigation Expenses paid or incurred by Plaintiffs' Counsel in an amount not to exceed $275,000, which may include an application for the reasonable costs and expenses incurred by Lead Plaintiff directly related to its representation of the Settlement Class, pursuant to 15 U.S.C. § 78(a)(4) of the PSLRA. The Court will determine the amount of any award of attorneys' fees or Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

51. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Class, addressed to *Impinj Securities Litigation*, EXCLUSIONS, c/o A.B. Data, Ltd., P.O. Box 173001, Milwaukee, WI 53217. The Request for Exclusion must be ***received*** **no later than October 29, 2020**. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity "requests exclusion from the Settlement Class in *In re Impinj, Inc. Securities Litigation*, No. 3:18-cv-05704-RSL (W.D. Wash.)"; and (iii) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court. If you exclude yourself from the Settlement Class, you should understand that Defendants and the other Defendants' Releasees will have the right to assert any and all defenses they may have to any claims that you may seek to assert, including, without limitation, the defense that any such claims are untimely under applicable statutes of limitations and statutes of repose.

52. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Defendants' Releasees.

53. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

54. Impinj has the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by Lead Plaintiff and Defendants.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

55. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.**

56. Please Note: The date and time of the Settlement Hearing may change without further written notice to the Settlement Class. In addition, the ongoing COVID-19 health emergency is a fluid situation that creates the possibility that the Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Settlement Class Members to appear at the hearing by phone or video, without further written notice to the Settlement Class. **In order to determine whether the date and time of the Settlement Hearing have changed, or whether Settlement Class Members must or may participate by phone or video, it is important that you monitor the Court's docket and the Settlement website, www.ImpinjSecuritiesLitigation.com, before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or telephonic appearances at the hearing, will be posted to the Settlement website, www.ImpinjSecuritiesLitigation.com. Also, if the Court requires or allows Settlement Class Members to participate in the Settlement Hearing by telephone or video conference, the information needed to access the conference will be posted to the Settlement website, www.ImpinjSecuritiesLitigation.com.**

57. The Settlement Hearing will be held on **November 19, 2020 at 1:30 p.m. Pacific time**, before the Honorable Robert S. Lasnik either in person at the United States District Court for the Western District of Washington, Courtroom 15106, United States Courthouse, 700 Stewart Street, Seattle, WA 98101, or by telephone or videoconference (in the discretion of the Court). At the hearing, the Court will determine, among other things, (i) whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to the Settlement Class, and should be finally approved by the Court; (ii) whether, for purposes of the Settlement only, the Action should be certified as a class action on behalf of the Settlement Class, Plaintiffs should be certified as Class Representatives for the Settlement Class, and Lead Counsel should be appointed as Class Counsel for the Settlement Class; (iii) whether the Action should be dismissed with prejudice against Defendants and the Releases specified and described in the Stipulation (and in this Notice) should be granted; (iv) whether the proposed Plan of Allocation should be approved as fair and reasonable; (v) whether Lead Counsel's motion for attorneys' fees and Litigation Expenses should be approved; and (vi) any other matters that may properly be brought before the Court in connection with the Settlement. The Court reserves the right to certify the Settlement Class; approve the Settlement, the Plan of Allocation, and Lead Counsel's motion for attorneys' fees and Litigation Expenses; and/or consider any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

58. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and Litigation Expenses. Objections must be in writing. To object, you must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Western District of Washington at the address set forth below **on or before October 29, 2020**.

Clerk's Office

United States District Court
Western District of Washington
United States Courthouse
700 Stewart Street
Seattle, WA 98101

59. Any objection must (i) identify the case name and docket number, *In re Impinj, Inc. Securities Litigation*, No. 3:18-cv-05704-RSL; (ii) state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (iii) state with specificity the grounds for the Settlement Class Member's objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention and whether the objection applies only to the objector, to a specific subset of the Settlement Class, or to the entire Settlement Class; and (iv) include documents sufficient to prove membership in the Settlement Class, including documents showing the number of shares of Impinj common stock that the objecting Settlement Class Member (A) owned as of the opening of trading on July 21, 2016 and (B) purchased/acquired and/or sold during the Class Period (*i.e.*, from July 21, 2016 through February 15, 2018, inclusive). You may not object to the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

60. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first file a written objection in accordance with the procedures described above, unless the Court orders otherwise.

61. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's motion for attorneys' fees and Litigation Expenses, assuming you timely file a written objection as described above, you must also file a notice of appearance with the Clerk's Office at the address set forth in ¶ 58 above so that it is ***received*** **on or before October 29, 2020**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. It is within the Court's discretion to allow appearances at the Settlement Hearing either in person or by telephone or videoconference, with or without the filing of written objections.

62. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court so that the notice is ***received*** **on or before October 29, 2020**.

63. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Class. If you plan to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

64. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval**.

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

65. If you purchased or otherwise acquired publicly traded Impinj common stock during the period from July 21, 2016 through February 15, 2018, inclusive, for the beneficial interest of persons or organizations other than yourself, you must either (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names, addresses, and email addresses (if available) of all such beneficial owners to *Impinj Securities Litigation*, c/o A.B. Data, Ltd., Attn: Fulfillment Dept., P.O. Box 173051, Milwaukee, WI 53217.

66. If you choose the first option, you must send a statement to the Claims Administrator confirming that the mailing was made as directed and retain the list of names and addresses for use in connection with any possible future notice to

the Settlement Class. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owners.

67. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the Settlement website, www.ImpinjSecuritiesLitigation.com, by calling the Claims Administrator toll-free at 1-877-869-0158, or by emailing the Claims Administrator at info@ImpinjSecuritiesLitigation.com.

CAN I SEE THE COURT FILE?
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

68. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Western District of Washington, United States Courthouse, 700 Stewart Street, Seattle, WA 98101. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the Settlement website, www.ImpinjSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

Impinj Securities Litigation
c/o A.B. Data, Ltd.
P.O. Box 173051
Milwaukee, WI 53217

1-877-869-0158
info@ImpinjSecuritiesLitigation.com
www.ImpinjSecuritiesLitigation.com

and/or

Jonathan D. Uslaner, Esq.
Bernstein Litowitz Berger
& Grossmann LLP
2121 Avenue of the Stars, Suite 2575
Los Angeles, CA 90067

1-800-380-8496
settlements@blbglaw.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS, OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: August 19, 2020

By Order of the Court
United States District Court
Western District of Washington

APPENDIX A

PROPOSED PLAN OF ALLOCATION

1. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to those Settlement Class Members who suffered economic losses as a proximate result of the alleged violations of the federal securities laws. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

2. In developing the Plan of Allocation in conjunction with Lead Counsel, Lead Plaintiff's damages expert calculated the estimated amount of artificial inflation in the price of Impinj common stock allegedly caused by Defendants' alleged false and misleading statements and material omissions. In calculating the estimated artificial inflation allegedly caused by Defendants' alleged misrepresentations and omissions, Lead Plaintiff's damages expert considered price changes in the stock in reaction to the public disclosures allegedly revealing the truth concerning Defendants' alleged misrepresentations and material omissions, adjusting for price changes on that day that were attributable to market or industry forces and based on assumptions related to the case provided by Lead Counsel.

3. For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the Impinj common stock. In the Action, Lead Plaintiff alleges that Defendants made false statements and omitted material facts during the period from July 21, 2016 through February 15, 2018, inclusive, which had the effect of artificially inflating the price of Impinj common stock. Lead Plaintiff further alleges that corrective information was released to the market on: August 3, 2017, November 1, 2017, February 1, 2018, and February 15, 2018, which partially removed the artificial inflation from the price of Impinj common stock on: August 4, 2017, November 2, 2017, February 2, 2018, and February 16, 2018.

4. Recognized Loss Amounts for transactions in Impinj common stock are calculated under the Plan of Allocation based primarily on the difference in the amount of alleged artificial inflation in the price of Impinj common stock at the time of purchase and the time of sale, as limited by the dollar amount of loss measure at each corrective disclosure, or the difference between the actual purchase price and sale price. In order to have a Recognized Loss Amount under the Plan of Allocation, a Settlement Class Member who purchased or otherwise acquired Impinj common stock prior to the first corrective disclosure, which occurred after the close of the financial markets on August 3, 2017, must have held his, her, or its shares of Impinj common stock through at least the close of trading on August 3, 2017. A Settlement Class Member who purchased or otherwise acquired publicly traded Impinj common stock from August 4, 2017 through and including February 15, 2018, must have held those shares through at least one of the later dates where new corrective information was released to the market and partially removed the artificial inflation from the price of Impinj common stock.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

5. Based on the formula stated below, a "Recognized Loss Amount" will be calculated for each purchase of Impinj common stock during the Class Period that is listed on the Claim Form and for which adequate documentation is provided. If a Recognized Loss Amount calculates to a negative number or zero under the formula below, the Recognized Loss Amount for that transaction will be zero.

6. For each share of publicly traded Impinj common stock purchased or otherwise acquired during the period from July 21, 2016 through February 15, 2018, inclusive, and

a) sold before the close of trading on August 3, 2017, the Recognized Loss Amount is zero;

b) sold from August 4, 2017 through the close of trading on February 15, 2018, the Recognized Loss Amount is **the least of:** (i) (x) the percentage amount of artificial inflation per share on the date of purchase/acquisition as stated in Table A multiplied by the purchase price *minus* (y) the percentage amount of artificial inflation per share on the date of sale as stated in Table A multiplied by the sale price; (ii) the loss limit amount on the date of purchase/acquisition as stated in Table A *minus* the loss limit amount on the date of sale as stated in Table A; or (iii) the purchase price *minus* the sale price;

c) sold from February 16, 2018 through the close of trading on May 16, 2018, the Recognized Loss Amount is **the least of:** (i) the percentage amount of artificial inflation per share on the date of purchase/acquisition as stated in Table A multiplied by the purchase price; (ii) the loss limit amount on the date of purchase/acquisition as stated

in Table A; (iii) the purchase price *minus* the sale price; or (iv) the purchase price *less* the average closing price per share applicable to the date of sale as stated in Table B;

d) held at the end of trading on May 16, 2018, the Recognized Loss Amount is equal to **the least of:** (i) the percentage amount of artificial inflation per share on the date of purchase/acquisition as stated in Table A multiplied by the purchase price; (ii) the loss limit amount on the date of purchase/acquisition as stated in Table A; or (iii) the purchase price per share *less* $13.59.[4]

7. For shares of Impinj common stock that were purchased in Impinj's Initial Public Offering (which occurred on July 21, 2016) or its Secondary Public Offering (which occurred on or about December 2, 2016), the Recognized Loss Amount for those purchases will be increased by 10%. Specifically, the Recognized Loss Amount calculated above in paragraph 6 for these purchases will be multiplied by 1.1. Shares purchased in these offerings will receive this enhancement to their Recognized Loss Amount because the investors who purchased Impinj common stock in those offerings possessed claims under the Securities Act which were not possessed by other members of the Settlement Class, and these Securities Act claims would have been easier to prove at trial because they do not require that plaintiffs prove defendants' fraudulent intent or that the misstatements caused the loss.

ADDITIONAL PROVISIONS

8. The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution Amount (defined in paragraph 16 below) is $10.00 or greater.

9. **Calculation of Claimant's "Recognized Claim":** A Claimant's "Recognized Claim" will be the sum of his, her, or its Recognized Loss Amounts as calculated above with respect to all purchases or acquisitions of publicly traded Impinj common stock during the Class Period.

10. **FIFO Matching:** If a Settlement Class Member made more than one purchase/acquisition or sale of Impinj common stock during the Class Period, all purchases/acquisitions and sales will be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any holdings of Impinj common stock at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

11. **"Purchase/Sale" Prices:** For the purposes of calculations under this Plan of Allocation, "purchase price" means the actual price paid, excluding all fees, taxes, and commissions, and "sale price" means the actual amount received, not deducting any fees, taxes, and commissions.

12. **"Purchase/Sale" Dates:** Purchases, acquisitions, and sales of Impinj common stock will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. However, the receipt or grant by gift, inheritance, or operation of law of Impinj common stock during the Class Period shall not be deemed an eligible purchase, acquisition, or sale for the calculation of a Claimant's Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the stock unless (i) the donor or decedent purchased or acquired the Impinj common stock during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to those shares.

13. **Short Sales:** The date of covering a "short sale" is deemed to be the date of purchase of the Impinj common stock. The date of a "short sale" is deemed to be the date of sale of the Impinj common stock. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" and the purchases covering "short sales" is zero.

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[4] Pursuant to Section 21(D)(e)(1) of the Exchange Act, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." This 90-day period is known as the "90-day look-back period." The average (mean) closing price of Impinj common stock during the 90-day look-back period from February 16, 2018 through May 16, 2018, inclusive, was $13.59.

14. In the event that a Claimant has an opening short position in Impinj common stock, the earliest purchases or acquisitions of Impinj common stock during the Class Period will be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

15. **Shares Purchased/Sold Through the Exercise of Options:** Option contracts are not securities eligible to participate in the Settlement. With respect to shares of Impinj common stock purchased or sold through the exercise of an option, the purchase/sale date of the Impinj common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

16. **Determination of Distribution Amount:** The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

17. If an Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

18. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the Net Settlement Fund after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator, no less than seven (7) months after the initial distribution, will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance will be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s), to be recommended by Lead Counsel and approved by the Court.

19. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, will be conclusive against all Claimants. No person or entity shall have any claim against Plaintiffs, Plaintiffs' Counsel, the Claims Administrator, or any other agent designated by Lead Counsel, or Defendants' Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation approved by the Court, or any order of the Court. Plaintiffs and Defendants, and their respective counsel, and all other Releasees shall have no liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any claim or nonperformance of the Claims Administrator, the payment or withholding of Taxes (including interest and penalties) owed by the Settlement Fund, or any losses incurred in connection therewith

20. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Plaintiffs after consultation with Lead Plaintiff's damages expert. The Court may approve this Plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the case website, www.ImpinjSecuritiesLitigation.com.

TABLE A

Estimated Percent Artificial Inflation and Loss Limit Per Share with Respect to Publicly Traded Impinj Common Stock from July 21, 2016 through February 15, 2018

Date Range	Percent Artificial Inflation Per Share	Loss Limit Per Share
July 21, 2016 – August 3, 2017	76.34%	$34.29
August 4, 2017 – November 1, 2017	69.64%	$23.70
November 2, 2017 – February 1, 2018	53.56%	$12.34
February 2, 2018 – February 15, 2018	17.36%	$2.33
After February 15, 2018	0.00%	$0.00

TABLE B

90-Day Look-Back Table for Impinj Common Stock (Average Closing Price: February 16, 2018 – May 16, 2018)

Date	Average Closing Price from February 16, 2018 through Date	Date	Average Closing Price from February 16, 2018 through Date	Date	Average Closing Price from February 16, 2018 through Date
2/16/2018	$11.07	3/20/2018	$13.22	4/19/2018	$13.20
2/20/2018	$11.56	3/21/2018	$13.25	4/20/2018	$13.20
2/21/2018	$11.76	3/22/2018	$13.24	4/23/2018	$13.19
2/22/2018	$11.95	3/23/2018	$13.23	4/24/2018	$13.18
2/23/2018	$12.13	3/26/2018	$13.22	4/25/2018	$13.17
2/26/2018	$12.28	3/27/2018	$13.21	4/26/2018	$13.15
2/27/2018	$12.47	3/28/2018	$13.19	4/27/2018	$13.12
2/28/2018	$12.50	3/29/2018	$13.19	4/30/2018	$13.10
3/1/2018	$12.58	4/2/2018	$13.17	5/1/2018	$13.09
3/2/2018	$12.65	4/3/2018	$13.16	5/2/2018	$13.08
3/5/2018	$12.76	4/4/2018	$13.15	5/3/2018	$13.07
3/6/2018	$12.83	4/5/2018	$13.14	5/4/2018	$13.07
3/7/2018	$12.90	4/6/2018	$13.13	5/7/2018	$13.08
3/8/2018	$13.00	4/9/2018	$13.11	5/8/2018	$13.16
3/9/2018	$13.04	4/10/2018	$13.10	5/9/2018	$13.24
3/12/2018	$13.10	4/11/2018	$13.11	5/10/2018	$13.33
3/13/2018	$13.13	4/12/2018	$13.14	5/11/2018	$13.40
3/14/2018	$13.16	4/13/2018	$13.15	5/14/2018	$13.47
3/15/2018	$13.17	4/16/2018	$13.15	5/15/2018	$13.53
3/16/2018	$13.19	4/17/2018	$13.17	5/16/2018	$13.59
3/19/2018	$13.21	4/18/2018	$13.19		

Supplemental Exhibit 11B

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

IN RE IMPINJ, INC. SECURITIES LITIGATION	No. 3:18-cv-05704-RSL CLASS ACTION **ORDER APPROVING PLAN OF ALLOCATION OF NET SETTLEMENT FUND**

BYRNES KELLER CROMWELL LLP
1000 Second Avenue, 38th Floor
Seattle, Washington 98104
Telephone: (206) 622-2000

This matter came on for hearing on November 19, 2020 (the "Settlement Hearing") on Lead Plaintiff's motion to determine whether the proposed plan of allocation of the Net Settlement Fund ("Plan of Allocation") created by the Settlement achieved in the above-captioned class action (the "Action") should be approved. The Court having considered all matters submitted to it at the Settlement Hearing and otherwise; and it appearing that notice of the Settlement Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who or which could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in *The Wall Street Journal* and released over *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order approving the proposed Plan of Allocation incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated July 9, 2020 (ECF No. 91-2) (the "Stipulation") and all terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

2. The Court has jurisdiction to enter this Order approving the proposed Plan of Allocation, and over the subject matter of the Action and all Parties to the Action, including all Settlement Class Members.

3. Notice of Lead Plaintiff's motion for approval of the proposed Plan of Allocation was given to all Settlement Class Members who or which could be identified with reasonable effort. The form and method of notifying the Settlement Class of the motion for approval of the proposed Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995 (15 U.S.C. § 78u-4), due process, and all other applicable law and rules, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all persons and entities entitled thereto.

4. No objections to the Plan of Allocation have been received.

BYRNES KELLER CROMWELL LLP
1000 Second Avenue, 38th Floor
Seattle, Washington 98104
Telephone: (206) 622-2000

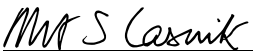
5. The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation mailed to Settlement Class Members provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Settlement Class Members with due consideration having been given to administrative convenience and necessity.

6. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Settlement Class. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiff.

7. Any appeal or any challenge affecting this Court's approval of the Plan of Allocation shall in no way disturb or affect the finality of the Judgment.

8. There is no just reason for delay in the entry of this Order, and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this 20th day of November, 2020.



The Honorable Robert S. Lasnik
United States District Judge

BYRNES KELLER CROMWELL LLP
1000 Second Avenue, 38th Floor
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Supplemental Exhibit 12

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JET CAPITAL MASTER FUND, L.P., J. GOLDMAN MASTER FUND, L.P., LUMX JET FUND LIMITED, and WALLEYE TRADING, LLC, Plaintiffs, v. AMERICAN REALTY CAPITAL PROPERTIES, INC., NICHOLAS S. SCHORSCH, DAVID S. KAY, BRIAN S. BLOCK, and LISA P. MCALISTER, Defendants.	No. 1:15-cv-00307-AKH **FIRST AMENDED COMPLAINT AND JURY DEMAND**

Plaintiffs Jet Capital Master Fund, L.P., J. Goldman Master Fund, L.P., LumX Jet Fund Limited, and Walleye Trading, LLC (collectively, "Plaintiffs") are purchasers of common stock issued by American Realty Capital Properties, Inc. ("ARCP," or the "Company"). Plaintiffs, through their undersigned attorneys, by way of this First Amended Complaint and Jury Demand, for their federal securities and common law claims against ARCP and its former officers Nicholas S. Schorsch, David S. Kay, Brian S. Block, and Lisa P. McAlister (the "Individual Defendants," and, collectively with ARCP, "Defendants"), allege the following upon personal knowledge as to themselves and their own acts, and upon information and belief as to all other matters.

Plaintiffs' information and belief is based on, *inter alia*, an investigation by their attorneys, which investigation includes, among other things, a review and analysis of: ARCP's filings with the United States Securities and Exchange Commission ("SEC"); public documents and media reports concerning ARCP; and a verified complaint filed by Defendant McAlister in

the Supreme Court of the State of New York on or about December 18, 2014. Many of the facts supporting the allegations contained herein are known only to Defendants or are exclusively within their custody and/or control. Plaintiffs believe that further substantial evidentiary support will exist for the allegations in this Complaint after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. Plaintiffs are investment funds who purchased ARCP common stock prior to October 29, 2014. They bring this action under the federal securities laws and under the common law to recover for the investment losses they suffered as a result of numerous false and misleading statements in ARCP's public filings with the SEC (including its annual report for the year ended December 31, 2013, and its quarterly reports for the first two quarters of 2014), as well as due to other misrepresentations that ARCP and its senior executives made to Plaintiffs to induce them to purchase ARCP stock.

2. ARCP is a publicly traded real estate investment trust ("REIT") that purchases and owns commercial properties. It generates income from the rent that it receives from the commercial tenants who lease ARCP's properties. ARCP leases its properties to large, well-established companies, such as Red Lobster, Walgreens, CVS, and FedEx.

3. One of the most important metrics that investors use when valuing ARCP's stock is "adjusted funds from operations," or "AFFO." Generally speaking, AFFO quantifies the cash flows that ARCP receives from the leasing of its properties to commercial tenants by removing from ARCP's net income or loss any gains incurred and losses suffered by ARCP that are not related to the actual leasing of the properties, such as ARCP's acquisition expenses. In its public statements to investors, ARCP repeatedly touted AFFO as a material metric that investors should use in determining the sustainability of ARCP's long-term operating performance and for comparing ARCP's operating performance to other companies.

4. Unbeknownst to the public, in its annual report for the year 2013 ARCP materially overstated its AFFO due to its conflation of different accounting methods for computing AFFO and significant errors in its expense accounting. Thus, ARCP gave the market false information about the sustainability of its long-term operating performance and its operating performance in comparison to other companies, and misrepresented that its condition and performance were materially better than they actually were as of December 31, 2013.

5. Defendant McAlister (who was at that time ARCP's Chief Accounting Officer), Defendant Block (who was at that time ARCP's Chief Financial Officer), and Defendant Kay (who was at that time ARCP's President) learned about the improper accounting with respect to AFFO in ARCP's annual report in early 2014. However, none of those individuals corrected the false financial information. To the contrary, Kay expressly instructed Block and McAlister not to disclose the improper accounting to others.

6. In its first quarter report of 2014, ARCP elected to compound, rather than remedy, this improper accounting. ARCP repeated the improper accounting with respect to AFFO in the first quarter report, this time at the direction of Kay and Defendant Schorsch (who was at that time ARCP's Chairman and CEO).

7. On or about July 28, 2014, Schorsch instructed Block to switch to a single accounting method for calculating AFFO, but to conceal from investors the conflation of accounting methods in the previously filed 2013 annual report and 2014 first quarter report when filing the 2014 second quarter report. To accomplish this fraudulent concealment, Schorsch essentially told Block to "cook the books" for the second quarter. Block's improper changes to ARCP's financials had the effect of overstating ARCP's AFFO and understating ARCP's net loss that were reported in the Form 10-Q for the second quarter. Despite this clear accounting

fraud, Schorsch, Block, and McAlister all signed the Form 10-Q for the second quarter, and Schorsch and Block both signed false certifications as to the accuracy of the financial information contained in the Form 10-Q and the adequacy of ARCP's internal accounting controls.

8. On or about September 7, 2014, the improper AFFO accounting in the 2013 annual report and the 2014 first quarter report, as well as the fraudulent concealment of that improper accounting in the 2014 second quarter report, were brought to the attention of ARCP's audit committee by a corporate whistleblower. The audit committee hired counsel and a forensic accounting team to assist it in conducting an investigation.

9. On or about October 29, 2014, ARCP publicly disclosed the preliminary results of the audit committee's investigation. In a Form 8-K filed with the SEC, ARCP disclosed the improper and fraudulent accounting in the first and second quarter reports for 2014, and stated that those reports, along with its annual report for the year ended December 31, 2013, should no longer be relied upon by the investing public. ARCP also disclosed that the audit committee had requested that Block and McAlister resign from their positions at ARCP because those individuals were responsible for the improper accounting.

10. As a result of this disclosure, ARCP's stock price began to plummet. On October 28, 2014, prior to the public disclosure, ARCP's common stock closed at a price of $12.38 per share. On October 29, 2014, in reaction to the disclosure, ARCP's common stock traded as low as $7.85 per share.

11. The disclosure on October 29, 2014 did not reveal the full extent of ARCP's conduct because it failed to disclose Kay's and Schorsch's participation, and it created the impression that the improper accounting was limited to the 2014 quarterly reports. A few weeks

later, however, on or about December 15, 2014, ARCP issued press releases announcing that Schorsch had "stepped down" from his position with the Company and that ARCP was "unwinding all of its relationships with entities in which Mr. Schorsch maintains an executive or director-level role or is a significant stockholder." Furthermore, ARCP announced that Kay and Lisa Beeson (at that time, ARCP's President and Chief Operating Officer) were also "stepping down." Upon the release of this news, ARCP's stock price again tumbled.

12. Three days later, McAlister filed a lawsuit against ARCP, Schorsch, and Kay, alleging defamation in connection with the termination of her employment. McAlister filed a sworn pleading detailing the involvement of Schorsch, Kay, and Block, as well as her own involvement, in the improper and fraudulent accounting at ARCP with respect to the 2014 quarterly reports. She also disclosed that Kay, Block, and she had learned of the misrepresentations in ARCP's 2013 annual report but had taken no action to correct the misrepresentations. This disclosure caused a further decline in ARCP's stock price.

13. Several government agencies, including the United States Attorney's Office in Manhattan and the SEC, commenced investigations against ARCP based on these disclosures.

14. On March 2, 2015, the audit committee publicly announced the final results of its investigation. The audit committee confirmed that ARCP had overstated AFFO in 2013, that the overstatement had come to the attention of senior management prior to the release of the first quarter results in 2014, that senior management intentionally failed to correct the 2013 reported AFFO or prevent AFFO from being overstated again in the 2014 first quarter report, and that senior management had intentionally cooked ARCP's books in the 2014 second quarter report in order to cover up the prior AFFO misrepresentations.

15. In addition to confirming the improper and fraudulent accounting previously disclosed by ARCP on October 29 and by McAlister on December 18, 2014, the audit committee revealed many more errors and deeper wrongdoing at ARCP. First, ARCP had committed a host of accounting errors and misrepresentations in its financial statements, including serious and repeated misapplications of United States Generally Accepted Accounting Principles ("GAAP") accounting, which caused net loss to be materially understated for 2013 and contributed to the overstatement of AFFO in 2013 and 2014. These misrepresentations included the repeated improper accounting for its non-controlling interests, the repeated mischaracterization of clear general and administrative expenses as merger and other non-routine transaction related expenses, and even the outright exclusion of selected expenses in their entirety. Second, not only had ARCP inflated the actual financial metrics on which management was, in part, to be compensated, but Schorsch and Block had also been granted more equity awards than ARCP's compensation committee had authorized. Third, Schorsch had caused ARCP to pay millions of dollars to fund the renovation of an historic building in Newport, Rhode Island that was owned by his real estate partnership and that ARCP did not utilize for its own operations. Finally, the audit committee identified pervasive material weaknesses in ARCP's internal controls over financial reporting as well as in its disclosure controls and procedures during 2013 and 2014.

16. As a result of the audit committee's findings, ARCP restated its financial results for 2013 and for the first half of 2014.

17. The improper and fraudulent accounting and the complete lack of effective internal controls at ARCP stood in stark contrast to the representations that ARCP was contemporaneously conveying to the market. In response to certain criticisms from investors,

ARCP made several announcements to reassure investors that it was an independently managed company of the highest integrity with superior corporate governance and strong internal controls.

18. ARCP also held a series of individual and group investor meetings in which its senior executives repeatedly touted the purported strength of ARCP's new management team, increased investor transparency, and ARCP's improved corporate governance and internal controls. In one such meeting with Plaintiffs on September 9, 2014, Kay expressed his confidence in the "integrity" of ARCP's numbers. That same day, ARCP issued a press release in advance of its investor day stating that the event would highlight "its focus on value creation." The following week, at the ARCP investor day held on September 17, 2014, Block stood before a full auditorium and confidently made a similar representation about the purported accuracy of ARCP's financial results – this time to ARCP's entire investment community, including Plaintiffs, who attended in person, as well as existing and prospective ARCP investors watching the webcast on www.arcpreit.com.

19. As it turns out, these statements were materially false, deliberately misleading, and had both the intent and effect of giving the investment community conviction in the accuracy of ARCP's financial statements, which in turn supported ARCP's share price. Before ARCP management met with Plaintiffs on September 9, 2014, and then again with both Plaintiffs and ARCP's broader investor base on September 17, 2014, Schorsch, Kay, Block and McAlister all knew that ARCP's published financial results dating back to its 2013 annual report were materially misleading, and that ARCP lacked effective internal controls to protect the investing public from the fraud that they had perpetrated.

20. In making their decisions to invest in ARCP's common stock between July 30 and October 27, 2014, Plaintiffs read, reviewed, listened to, and relied on Defendants' materially

misleading statements. The effect of Defendants' repeated material misstatements and omissions was to give Plaintiffs a materially false account of the Company's financial health as well as of the effectiveness of its internal controls. Had it not been for these repeated material misrepresentations – communicated and conveyed to Plaintiffs both in person and through fraudulently altered financial statements – Plaintiffs either would not have purchased their ARCP shares or would not have paid the prices they paid.

21. As a result of the disclosure of the improper accounting and the subsequent fraudulent concealment, Plaintiffs have suffered tens of millions of dollars of losses.

JURISDICTION AND VENUE

22. The claims asserted herein arise under and pursuant to Sections 10(b), 18 and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§ 78j(b), 78r and 78t(a), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, and under state common law.

23. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331, and has supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367(a).

24. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391. Many of the acts giving rise to the violations complained of herein, including the dissemination of false and misleading information, occurred and had their primary effects in this District.

25. In connection with the acts, transactions, and conduct alleged herein, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the United States mails, interstate telephone communications, and the facilities of a national securities exchange and market.

PARTIES

A. Plaintiffs

26. Plaintiff Jet Capital Master Fund, L.P. purchased ARCP common stock between July 30, 2014 and October 27, 2014. A list of the dates on which it purchased ARCP common stock during the relevant period is attached hereto as Exhibit A.

27. Plaintiff J. Goldman Master Fund, L.P. purchased ARCP common stock between July 30, 2014 and October 27, 2014. A list of the dates on which it purchased ARCP common stock during the relevant period is attached hereto as Exhibit A.

28. Plaintiff LumX Jet Fund Limited purchased ARCP common stock between July 30, 2014 and October 27, 2014. A list of the dates on which it purchased ARCP common stock during the relevant period is attached hereto as Exhibit A.

29. Plaintiff Walleye Trading, LLC purchased ARCP common stock between July 30, 2014 and October 27, 2014. A list of the dates on which it purchased ARCP common stock during the relevant period is attached hereto as Exhibit A.

30. Each of Plaintiffs' purchases of ARCP common stock was made through Jet Capital Investors, L.P. ("Jet Capital"). Jet Capital serves as investment advisor to each of the Plaintiffs.

B. Defendants

31. Defendant ARCP is a Maryland corporation that classifies itself as a REIT for federal tax purposes. Its offices are located at 405 Park Avenue, New York, NY 10022. ARCP closed its initial public offering on September 7, 2011, and since that time its common stock has traded on the NASDAQ Stock Market under the symbol "ARCP."

32. Defendant Nicholas S. Schorsch founded ARCP in 2010. He served as its Chief Executive Officer ("CEO") until on or about September 30, 2014. Schorsch served as the

Chairman of ARCP's Board of Directors from the Company's inception until on or about December 15, 2014. As Chairman and CEO of ARCP, Schorsch signed: (a) ARCP's false and misleading annual report on Form 10-K for the year ended December 31, 2013 (the "2013 Annual Report"), as well as a certification for that report pursuant to the Sarbanes-Oxley Act of 2002 ("SOX"); (b) ARCP's false and misleading quarterly report filed on Form 10-Q for the quarter ended March 31, 2014 (the "2014 First Quarter Report"), as well as a certification for that report pursuant to SOX; and (c) ARCP's false and misleading quarterly report filed on Form 10-Q for the quarter ended June 30, 2014 (the "2014 Second Quarter Report"), as well as a certification for that report pursuant to SOX.

33. Defendant David S. Kay joined ARCP as President on or around December 16, 2013. He was later appointed as CEO on or around October 1, 2014, but stepped down soon thereafter, on or about December 15, 2014. As President of ARCP, Kay signed the false and misleading 2013 Annual Report.

34. Defendant Brian S. Block acted as Chief Financial Officer ("CFO") of ARCP since its inception. His employment with ARCP was terminated on or about October 28, 2014, just prior to the Company's disclosure of the improper accounting and subsequent fraudulent concealment. As CFO of ARCP, Block signed: (a) the false and misleading 2013 Annual Report, as well as a certification for that report pursuant to SOX; (b) the false and misleading 2014 First Quarter Report, as well as a certification for that report pursuant to SOX; and (c) the false and misleading 2014 Second Quarter Report, as well as a certification for that report pursuant to SOX.

35. Defendant Lisa A. McAlister joined ARCP on or about November 4, 2013, as Senior Vice President and Chief Accounting Officer ("CAO"). In or around July 2014,

McAlister was made Principal Accounting Officer of ARCP. Her employment with ARCP was terminated on or about October 28, 2014, just prior to the Company's disclosure of the improper accounting and subsequent fraudulent concealment. As Senior Vice President and CAO of ARCP, McAlister signed: (a) the 2013 Annual Report; and (b) the 2014 Second Quarter Report.

FACTUAL ALLEGATIONS

A. Schorsch's REIT Empire and ARCP

36. According to the *Wall Street Journal*, Nicholas Schorsch is one of the country's top "real-estate power brokers." Schorsch entered the commercial real estate market in 1998 when he purchased 105 First Union Bank branch locations set to be closed down due to First Union's acquisition of CoreStates Financial. Schorsch acquired these branch locations for $22.3 million, and then generated income from them by leasing the properties to other banks. In 2002, Schorsch rolled his bank properties into a REIT named American Financial Realty Trust, which went public in 2003. In 2006, Schorsch left American Financial Realty Trust and moved into the nontraded commercial REIT and advisory market. Schorsch founded the triple net lease REIT American Realty Capital Trust (ARCT) in 2007, publicly listed the company in 2012, and sold the company in 2013 to Realty Income – the industry leader in publicly traded triple net lease REITs – for $1.9 billion in stock. According to *Forbes*, by 2014 Schorsch was Chairman and/or CEO of over a dozen real-estate and alternative-investing companies, and had an estimated net worth of $1.5 billion.

37. One of the companies of which Schorsch became the Chairman and CEO was ARCP. Schorsch founded ARCP in 2010 and took it public in 2011. ARCP is a real estate company that purchases, owns, and operates commercial properties. The properties that ARCP acquires are single-tenant, free-standing, and primarily subject to net leases. Generally speaking, net leases are leases where the tenant pays the expenses that are traditionally borne by the

landlord, such as building maintenance expenses, property taxes, and insurance. ARCP distributes the rent it receives from its properties, less certain fees, to its shareholders in the form of dividends.

38. As of September 2014, ARCP's top ten tenants were Red Lobster, Walgreens, CVS, Dollar General, FedEx, Family Dollar, GSA, Albertson's, Citizens Bank, and AT&T.

39. Substantially all of ARCP's business is conducted through its operating partnership, ARC Properties Operating Partnership, L.P. (the "Operating Partnership"). As of December 31, 2013, ARCP held approximately 96% of the equity interests of the Operating Partnership.

B. The Importance of AFFO as a Measure of ARCP's Operating Performance

40. As a public company, ARCP is required to report its financial results in accordance with United States Generally Accepted Accounting Principles ("GAAP"). GAAP requires a business to report, among other things, its net income or loss in its financial statements.

41. In addition to results from operations, net income or loss under GAAP reflects certain financing methods and the capital structure of the reporting company. To provide investors with a better understanding of its operating performance, therefore, in addition to reporting its net income or loss ARCP also reports funds from operations ("FFO") and adjusted funds from operations ("AFFO").

42. According to ARCP's 2013 Annual Report as originally filed on February 27, 2014, FFO is defined by the National Association of Real Estate Investment Trusts, Inc. as "net income or loss computed in accordance with GAAP, excluding gains or losses from sales of property but including asset impairment writedowns, plus depreciation and amortization, after adjustments for unconsolidated partnerships and joint ventures." Thus FFO is designed to

exclude from net income or loss "such factors as depreciation and amortization of real estate assets and gains or losses from sales of operating real estate assets."

43. ARCP calculates AFFO by making additional adjustments to FFO to exclude "merger related costs, acquisition-related fees and expenses and other non cash charges" to provide investors more clarity about the Company's operating performance.

44. ARCP reported AFFO in its quarterly and year-end publicly filed financial statements. Each of ARCP's Form 10-Ks and Form 10-Qs filed with the SEC during the relevant time period included a table setting forth the items deducted or added to net loss to calculate ARCP's FFO and AFFO.

45. In its 2013 Annual Report as originally filed on February 27, 2014, ARCP described that AFFO was important because removing from FFO merger costs, transaction costs, and costs relating to investment activities allows investors to evaluate the sustainability of ARCP's long-term operating performance and to compare ARCP's operating performance to other companies:

> Changes in the accounting and reporting promulgations under GAAP (for acquisition fees and expenses from a capitalization/depreciation model to an expensed-as-incurred model) that were put into effect in 2009 and other changes to GAAP accounting for real estate subsequent to the establishment of NAREIT's definition of FFO have prompted an increase in cash-settled expenses, specifically acquisition fees and expenses for all industries as items that are expensed under GAAP, that are typically accounted for as operating expenses. Management believes these fees and expenses do not affect our overall long-term operating performance. While certain companies may experience significant acquisition activity, other companies may not have significant acquisition activity and **management believes that excluding costs such as merger and transaction costs and acquisition related costs from property operating results provides useful information to investors and provides information that improves the comparability of operating results with other companies** who do not have significant merger

or acquisition activities. AFFO is not equivalent to our net income or loss as determined under GAAP, and AFFO may not be a useful measure of the impact of long-term operating performance if we continue to have such activities in the future.

We exclude certain income or expense items from AFFO that we consider more reflective of investing activities, other non-cash income and expense items and the income and expense effects of other activities that are not a fundamental attribute of our business plan. These items include unrealized gains and losses, which may not ultimately be realized, such as gains or losses on derivative instruments, gains or losses on contingent valuation rights, gains and losses on investments and early extinguishment of debt. In addition, by excluding non-cash income and expense items such as amortization of above and below market leases, amortization of deferred financing costs, straight-line rent and non-cash equity compensation from AFFO we believe we provide useful information regarding income and expense items which have no cash impact and do not provide us liquidity or require our capital resources. **By providing AFFO, we believe we are presenting useful information that assists investors and analysts to better assess the sustainability of our ongoing operating performance without the impacts of transactions that are not related to the ongoing profitability of our portfolio of properties. We also believe that AFFO is a recognized measure of sustainable operating performance by the REIT industry. Further, we believe AFFO is useful in comparing the sustainability of our operating performance with the sustainability of the operating performance of other real estate companies that are not as involved in activities which are excluded from our calculation.** Investors are cautioned that AFFO should only be used to assess the sustainability of our operating performance excluding these activities, as it excludes certain costs that have a negative effect on our operating performance during the periods in which these costs are incurred.

In addition, we exclude certain interest expenses related to securities that are convertible to common stock as the shares are assumed to have converted to common stock in our calculation of weighted average common shares-fully diluted. As the Company's convertible notes have a cash or stock settlement option and the Company has the ability and intent to settle its convertible notes in cash, the interest expense related to our convertible notes have not been excluded from AFFO, and accordingly, the shares are not assumed to have converted to common stock in our calculation of weighted average common shares-fully diluted.

> In calculating AFFO, we exclude expenses, which under GAAP are characterized as operating expenses in determining operating net income. These expenses are paid in cash by us, and therefore such funds will not be available to distribute to investors. All paid and accrued merger and acquisition fees and certain other expenses negatively impact our operating performance during the period in which expenses are incurred or properties are acquired and will have negative effects on returns to investors, the potential for future distributions, and cash flows generated by us, unless earnings from operations or net sales proceeds from the disposition of other properties are generated to cover the purchase price of the property and certain other expenses. Therefore, AFFO may not be an accurate indicator of our operating performance, especially during periods in which mergers are being consummated or properties are being acquired or certain other expenses are being incurred. AFFO that excludes such costs and expenses would only be comparable to companies that did not have such activities. Further, under GAAP, certain contemplated non-cash fair value and other non-cash adjustments are considered operating non-cash adjustments to net income in determining cash flow from operating activities. In addition, we view fair value adjustments as items which are unrealized and may not ultimately be realized. We view both gains and losses from fair value adjustments as items which are not reflective of ongoing operations and are therefore typically adjusted for when assessing operating performance. Excluding income and expense items detailed above from our calculation of AFFO provides information consistent with management's analysis of the operating performance of the properties. Additionally, fair value adjustments, which are based on the impact of current market fluctuations and underlying assessments of general market conditions, but can also result from operational factors such as rental and occupancy rates, may not be directly related or attributable to our current operating performance. By excluding such changes that may reflect anticipated and unrealized gains or losses, we believe AFFO provides useful supplemental information.
>
> (Emphasis added).

46. Thus, ARCP represented to investors that AFFO was an important metric that should be considered in determining the sustainability of ARCP's long-term operating performance and in comparing ARCP's operating performance to other companies that may not, unlike ARCP, have significant merger and acquisition activity.

47. With the release of its financial results at the end of 2013 and after the first and second quarters of 2014, ARCP also issued a "Quarterly Supplement" and an investor presentation in which ARCP provided "guidance" to the public based on AFFO per share. For example, in connection with the announcement of its financial results for the second quarter of 2014, ARCP used its reported AFFO for the second quarter to determine a "run rate" AFFO for the second half of 2014. Adding this "run rate AFFO" to its reported AFFO for the first half of the year, ARCP publicly stated that its pro forma AFFO per share for 2014 was $1.14, which was supposedly in line with the guidance of $1.13 to $1.19 that ARCP had provided at the beginning of the year with respect to AFFO per share for 2014.

48. ARCP thus not only showcased AFFO as a number investors should use to assess the sustainability of ARCP's long-term operating performance and in comparing ARCP's operating performance to other companies, but also as a metric for valuing the Company.

49. ARCP made numerous references to AFFO in the press releases accompanying the disclosure of its financial results at the end of 2013 and after the first and second quarters of 2014, always including "increased AFFO" as one of the "highlights" of such results.

50. Moreover, when commenting on the financial results in those press releases, ARCP's executives frequently touted AFFO:

- "With strong AFFO per share growth, an attractive property portfolio, strong credit tenants bounded by long-term net leases and an attractively positioned balance sheet, we believe ARCP has the catalysts to provide long-term shareholder returns." (Feb. 27, 2014 ARCP Press Release (quoting Defendant Block).)

- "We had a record quarter with earnings coming exactly in line with our expectations of $0.26 AFFO per share, consistent with our previously stated guidance for the year." (May 8, 2014 ARCP Press Release (quoting Defendant Schorsch).)

- "The daily execution of these collective actions allows us to maintain our 2014 AFFO per share guidance of $1.13 - $1.19, while significantly de-levering the balance sheet and maximizing value for our stockholders." (July 29, 2014 ARCP Press Release (quoting Defendant Kay).)

51. ARCP thus presented AFFO as a cornerstone of its financial results.

52. Indeed, ARCP management was keenly aware of the importance of AFFO. In a press release dated March 2, 2014, ARCP's audit committee plainly stated: "Senior management considered AFFO to be an ***important metric used by analysts and investors in evaluating the Company's performance*** and, for the first two quarters of 2014, sought to maintain reported AFFO within the range of $1.13 to $1.19 per share announced at the end of 2013." (Emphasis added).

C. Schorsch Attempts to Build Investor Confidence in ARCP by Launching his "Self-Management" Initiative

53. Schorsch's strategy with respect to ARCP was one of rapid growth through acquisition. According to the *Wall Street Journal*, between 2012 and 2013, ARCP's assets rose nearly 100-fold, from approximately $220 million to $20.5 billion. In September 2014, ARCP told investors that it owned and managed approximately $30 billion of assets.

54. According to the *Wall Street Journal*, Schorsch's rapid-growth-through-acquisition strategy led to concerns among certain of ARCP's investors. Specifically, questions were raised about the growth strategy because some of the acquisitions involved Schorsch's other companies, which led to multi-million dollar fees being paid to advisory companies controlled by Schorsch. Others criticized Schorsch for overpaying for assets by trying to acquire too much too quickly.

55. ARCP's corporate governance was also questioned by investors. Under the Maryland Unsolicited Takeover Act ("MUTA"), ARCP reserved the right to unilaterally stagger

its board of directors and deny shareholders the ability to elect the entire Board of Directors at each annual meeting.

56. Schorsch attempted to assuage some of these concerns in 2013 by initiating a campaign to make ARCP "self-managed" (as opposed to being managed by ARC Properties Advisors, LLC, a firm controlled by Schorsch).

57. Between October 2013 and February 2014, Schorsch brought several senior executives on board. Among others, he hired Lisa Beeson as Chief Operating Officer, David Kay as President, and Lisa McAlister as Chief Accounting Officer. However, Schorsch retained the position of Chairman and CEO for himself, and kept his longtime friend and colleague, Brian Block, in the position of CFO. Block had been working as a senior financial/accounting executive for Schorsch since Schorsch launched American Financial Realty Trust.

D. Blunders in ARCP's Public Filings Lead to More Questions from Investors and Further Corporate Governance Changes and Proclamations by Schorsch

58. Despite ARCP's grandiose pronouncements about the experience and talent of its new management team, public criticism of Schorsch increased when ARCP made two blunders in its public filings in May 2014.

59. On or about May 19, 2014, ARCP filed a Form 8-K that included pro forma financials reflecting the spin-off of its multi-tenant shopping center business into a publicly traded REIT. However, just two days later, on or about May 21, 2014, ARCP filed another Form 8-K disclosing that its May 19 Form 8-K had contained an inaccurate weighted average share count.

60. Further, on or about May 21, 2014, ARCP filed a Prospectus Supplement for the offering of 100,000,000 shares. In that Prospectus Supplement, ARCP stated that it had incurred $108 million in closing costs and expenses in connection with its recent $1.5 billion acquisition

of certain Red Lobster properties. On or about May 29, 2014, ARCP filed a Form 8-K stating that such closing costs and expenses were in fact only $10.8 million, and that the $108 million figure was the result of "a printer typographical error."

61. In response to these errors, on or about June 2, 2014, one of the Company's largest shareholders, the activist hedge fund Marcato Capital Management LP ("Marcato"), sent a letter to ARCP suggesting, among other things, that ARCP slow down its acquisition strategy. With respect to the Red Lobster closing costs and expenses, Marcato stated: "While we are relieved to know that the Company did not spend $108 million in fees to close a $1.5 billion portfolio acquisition, we are alarmed by what appear to be disorderly financial controls exposed by the Company's second material disclosure error in as many weeks." Marcato continued: "We believe the existence of these errors is symptomatic of the larger problem: The Company is engaging in too many transformative transactions too quickly. . . . In our opinion, the sum of all these recent actions has undermined management's credibility in the capital markets."

62. In response to Marcato's public critique, ARCP set about issuing a series of memos to shareholders and holding shareholder meetings to, among other things, emphasize ARCP's purported focus on corporate governance, shareholder transparency, and the adequacy of its internal controls. ARCP issued these stockholder memoranda on or about June 20, July 8, July 28, and September 10, 2014.

63. In the June 20, 2014 stockholder memorandum, Schorsch announced that he would be transitioning his CEO role to Kay on October 1, 2014. Because investors viewed Schorsch as the driving force behind ARCP's rapid growth, this move was viewed as a long-awaited stabilizing development for ARCP.

64. In the July 28, 2014 stockholder memorandum, Schorsch announced that the Company's directors would be adopting a resolution to give ARCP's shareholders the ability to elect the entire Board of Directors at each annual meeting, rather than permitting the directors to classify the Board under MUTA. Thus, shareholders would have the ability to make changes to the entire Board if they viewed the Company as heading in the wrong direction.

65. By issuing numerous stockholder memoranda claiming improved corporate governance and transparency, ARCP conveyed to investors that any flaws in its internal controls that led to the May errors had been corrected and that ARCP was responding to shareholder concerns.

E. Plaintiffs Begin Purchasing ARCP Stock

66. On July 29, 2014, ARCP released its financial results for the second quarter of 2014. ARCP reported AFFO of $205.3 million for the second quarter and maintained its AFFO guidance for 2014 of $1.13 to $1.19 per share. It also provided a year-end estimated run rate for AFFO per share of $1.18 to $1.20 entering 2015, which was based on the reported second quarter AFFO and which assumed no additional acquisitions in 2015.

67. During the earnings call announcing these results on July 29, 2014, Kay touted the strength of ARCP's operations over the prior quarters and the "transparency" of its second quarter results: "As with any large company there will [be] challenges as well as opportunities but the foundation laid over the past several quarters position [*sic*] the company for the future success. . . . We hope you can appreciate the transparency provided this quarter and we continue to focus on supplying the most meaningful information to you about the Company and our guidance."

68. On that same call, Block made statements about the purported strengthening of ARCP's internal operations with respect to financial reporting: "[O]ur internal operations

continues [*sic*] to strengthen. The synergy created by the innovation of the Cole team and the adoption of new technology has allowed to be [*sic*] more timing efficient in our financial reporting. In fact, this enhanced scale allowed us to move up the timing of our 10-Q filing and earnings call as a result of these improvements by roughly a week."

69. On July 30, 2014, Jet Capital began building a position for Plaintiffs in ARCP common stock. Before purchasing the stock on behalf of Plaintiffs, a senior analyst at Jet Capital reviewed, read and relied on the AFFO and net loss figures reported by ARCP in the 2013 Annual Report, the 2014 First Quarter Report, and the 2014 Second Quarter Report, as well as ARCP's statements about the adequacy and effectiveness of ARCP's internal controls.

F. ARCP Executives Meet with Plaintiffs and then Hold an "Investor Day," Vouching for the Integrity and Accuracy of ARCP's Reported Financial Results

70. On September 9, 2014, a senior analyst at Jet Capital attended the Wells Fargo Securities 3rd Annual Net Lease REIT Forum at the JW Marriott Essex House in New York City. During that conference, the senior analyst at Jet Capital listened to a large group presentation given by Kay and also met with Kay and other representatives of ARCP in a small group session. Kay stated that he had high conviction in the integrity of ARCP's financial statements. Kay also stated that he had been working to improve ARCP's corporate governance and to improve its transparency with investors.

71. Following this conference, Plaintiffs, through Jet Capital, continued to build their position in ARCP common stock.

72. On or about September 17, 2014, ARCP held an "Investor Day" designed, per a press release dated September 9, 2014, to "provide investors [with] an opportunity to hear from the Company's management team regarding the Company's business and its focus on value creation." A senior analyst at Jet Capital attended the Investor Day on behalf of Plaintiffs.

73. At the Investor Day, Schorsch and the other ARCP senior executives repeatedly emphasized to investors the purported strength of the new management team, ARCP's increased investor transparency, and the Company's improved corporate governance and internal controls.

74. During the Investor Day, Block was asked about the May 2014 reporting blunders that had led to the Marcato letter. Block blamed the errors on the volume of acquisitions ARCP had recently completed and on him being out "on the road" talking to investors. He then told investors that since mid-May 2014 he had been working in the office to improve ARCP's finance and accounting department. Block insinuated to investors that any prior flaws in ARCP's internal controls had been addressed, stating: "The proof is in the results in terms of . . . the accuracy and transparency of the numbers." Thus, Block told investors that not only was he standing behind ARCP's recent financial statements, but that the accuracy of those statements demonstrated that the May 2014 blunders were behind the Company.

75. The message that ARCP's senior executives conveyed at the Investor Day was clear: ARCP had adequate and effective internal controls with respect to accounting and financial reporting, and its financial statements were accurate and reliable.

76. Following the Investor Day, Plaintiffs, through Jet Capital, continued to build their position in ARCP common stock.

G. ARCP Publicly Discloses Improper Accounting in the 2014 First Quarter Report and the Intentional Concealment of That Improper Accounting in the 2014 Second Quarter Report

77. On or about October 29, 2014, ARCP filed a Form 8-K announcing that its financial statements and other financial information in its 2013 Annual Report, its 2014 First Quarter Report, and its 2014 Second Quarter Report should no longer be relied upon.

78. ARCP stated that on September 7, 2014 – two days before the Wells Fargo REIT conference and ten days before ARCP's investor day – concerns regarding accounting practices

and other matters were brought to the attention of ARCP's audit committee. The audit committee then conducted an investigation with the assistance of independent counsel and forensic accounting experts.

79. The audit committee's preliminary investigation found that the AFFO for the first quarter of 2014 had been overstated due to a known "error," and that that "error" had been intentionally concealed in the reported financials for the second quarter of 2014. The Company stated:

> [B]ased on the preliminary findings of the investigation, the Audit Committee believes that the Company incorrectly included certain amounts related to its non-controlling interests in the calculation of adjusted funds from operations ("AFFO"), a non-U.S. GAAP financial measure, for the three months ended March 31, 2014 and, as a result, overstated AFFO for this period. The Audit Committee believes that this error was identified but intentionally not corrected, and other AFFO and financial statement errors were intentionally made, resulting in an overstatement of AFFO and an understatement of the Company's net loss for the three and six months ended June 30, 2014.

80. The Company also announced that the audit committee had asked Block and McAlister to resign as a result of its findings.

81. The Company further announced that it needed to reevaluate its internal controls with respect to financial reporting: "In light of the preliminary findings of the Audit Committee's investigation, the Company is reevaluating its internal control over financial reporting and its disclosure controls and procedures. The Company intends to make the necessary changes to its control environment to remediate all control deficiencies that are identified as a result of the ongoing investigation and the restatement process."

82. Attached to the Form 8-K were adjusted financial results for the first and second quarters of 2014. The adjusted AFFO from the 2014 First Quarter Report was presented as follows (with amounts in thousands):

AFFO (Presented on a Net Basis)	**Three Months Ended March 31, 2014**
AFFO – Originally Reported	$147,389
Preliminary Adjustments	(17,638)
AFFO - Adjusted	$129,751

The AFFO from the 2014 Second Quarter Report was presented as follows (with amounts in thousands):

AFFO (Presented on a Gross Basis)	**Three Months Ended March 31, 2014**	**Three Months Ended June 30, 2014**	**Six Months Ended June 30, 2014**
AFFO – Originally Reported	$147,780*	$205,278	$353,058
Preliminary U.S GAAP Adjustments	-	(9,242)	(9,242)
Preliminary Adjustments – AFFO Only	(11,974)	(1,627)	(13,601)
AFFO - Adjusted	$135,806	$194,409	$330,215

* *Represents AFFO as reported for the six months ended June 30, 2014 less AFFO as reported for the three months ended June 30, 2014*

83. Later that day, David Kay hosted an investor conference call to discuss the corporate disclosure. Kay revealed the following during the call:

- On September 7, 2014, an unidentified ARCP employee contacted the audit committee.
- As a result of this contact, the audit committee retained Weil Gotshal and Ernst & Young to conduct an investigation.

- The audit committee reported the preliminary results of the investigation to non-implicated executives on Friday, October 24, 2014.

- ARCP calculated AFFO for the first quarter of 2014 on a "net basis." That is, ARCP calculated its net loss based on ARCP's approximately 96.5% equity interest in the Operating Partnership (taking the net loss of the Operating Partnership and multiplying it by approximately 96.5%). In order to make an "apples-to-apples" comparison when calculating AFFO on a net basis, ARCP also should have multiplied the adjustments to net loss by approximately 96.5% to reflect ARCP's equity interest in the Operating Partnership. However, ARCP did not calculate the adjustments to net loss based on ARCP's approximately 96.5% equity interest in the Operating Partnership, but instead made the adjustments to net loss on a "gross basis," that is, based on the full results of the Operating Partnership. As a result, ARCP added back more adjustments to net loss than it should have in order to properly calculate ARCP's AFFO, which resulted in an improperly inflated AFFO.

- The accounting "error" in the first quarter financials improperly increased AFFO for the first quarter of 2014 by $17.6 million, artificially inflating AFFO to $0.26 per share when it should have been only $0.23 per share.

- In the second quarter of 2014, ARCP calculated its AFFO on a gross basis rather than on a net basis. When calculating AFFO on a gross basis, net loss and adjustments to net loss are based on the full results of the Operating Partnership (neither net loss nor the adjustments to net loss were multiplied by ARCP's approximately 96.5% interest in the Operating Partnership). This switch to the gross basis would reveal, however, that in the prior quarter ARCP had calculated net loss on a net basis but adjusted the net loss to derive AFFO on a gross basis. To conceal the mistakes from the previous quarter that would have been revealed by calculating AFFO on a gross basis, ARCP decided to improperly move approximately $10.5 million of expenses actually accrued in the second quarter of 2014 to the third quarter of 2014. By so doing, ARCP improperly lowered the net loss for the second quarter of 2014 commensurate with the overstated AFFO for the first quarter of 2014.

84. In describing the intentional concealment committed with respect to the second quarter results, Kay commented: "The best way I can describe what happened there is that we don't have bad people; we had some bad judgment there."

85. In describing who was responsible, Kay stated: "[W]e had two employees [Block and McAlister] which [*sic*] have resigned as a result of the effects of that calculation and the nondisclosure of the error in the first quarter. ***None of the executives that are currently at the Company have been implicated during the investigation related to the concealment of the error***." (Emphasis added).

86. Kay also told investors that he did not personally learn of the improper accounting and fraudulent concealment until October 24, 2014, and that he "100%" expected to stay with the Company.

87. Following these disclosures, ARCP's stock price lost more than 35% of its value.

H. ARCP Fires Schorsch, Kay and Beeson, and McAlister Files a Defamation Lawsuit

88. Unfortunately for investors, ARCP's and Kay's disclosures on October 29, 2014, failed to reveal the full extent of what had occurred and who had been involved.

89. On or about December 15, 2014, ARCP filed a Form 8-K announcing that on December 12, 2014, Schorsch had resigned as Chairman of the Company and the Operating Partnership. Furthermore, Schorsch "also [had] resigned from all other employment and board positions that he held at the Company and its subsidiaries and certain Company-related entities (including the non-traded real estate investment trusts sponsored or managed by the Company or its affiliates)."

90. The Company also announced in that same filing that on December 15, 2014, Kay had resigned as CEO and Beeson had resigned as President and COO of ARCP. The Company appointed its lead independent director, William Stanley, as interim CEO and Chairman.

91. ARCP's stock again declined precipitously upon the disclosure of this information.

92. The reason for the sudden departures of Schorsch, Kay and Beeson was revealed in a verified complaint filed by McAlister in the Supreme Court of the State of New York on or about December 18, 2014. In that verified complaint, McAlister asserted claims for defamation against ARCP, Schorsch and Kay in connection with the announcement of her termination from ARCP.

93. McAlister signed a sworn verification affirming the truth of her allegations.

94. According to McAlister, in early 2014, ARCP's Director of External Reporting, Ryan Steel, informed Beeson that in the 2013 Annual Report ARCP had misrepresented AFFO. McAlister brought this misrepresentation to the attention of Block. Block and McAlister then met with Kay to discuss the misrepresentation. Kay told McAlister and Block not to change or correct the misstatement.

95. Kay and Schorsch subsequently specifically directed that the Company continue to use this improper accounting in the 2014 First Quarter Report, resulting in another material overstatement of AFFO.

96. Then, according to McAlister's sworn pleading, on or around July 28, 2014, the very same day that Schorsch issued a stockholder memorandum titled "Executing On Our Continuing Commitment to Enhance Corporate Governance," Schorsch directed Block during a

conference call with Block and McAlister to switch to calculating AFFO on a gross basis and to make fraudulent adjustments to conceal the improper accounting.

97. In sum, McAlister asserted in a sworn court document that: (1) Kay, Block and McAlister learned of misstatements in the 2013 Annual Report, but Kay instructed Block and McAlister not to correct them; (2) the improper accounting with respect to AFFO was repeated in the 2014 First Quarter Report at the specific direction of Schorsch and Kay, and thus the 2014 First Quarter Report deliberately misstated AFFO; and (3) in July 2014 Schorsch directed Block to make improper adjustments to ARCP's numbers in the 2014 Second Quarter Report to conceal the misstatements that had been made in the 2013 Annual Report and the 2014 First Quarter Report.

I. ARCP Is Investigated by Several Government Agencies

98. The disclosure of ARCP's accounting fraud has led to numerous government investigations of ARCP and its management.

99. On or about November 13, 2014, ARCP received the first of two document subpoenas from the SEC relating to the audit committee's investigation. The SEC informed ARCP that it had commenced a formal investigation of the Company.

100. On December 19, 2014, ARCP received a subpoena from the Securities Division of the Commonwealth of Massachusetts.

101. The U.S. Attorney's Office for the Southern District of New York is also reportedly conducting an investigation of ARCP.

J. The Audit Committee Releases the Final Results of Its Investigation and ARCP Files Restated Financial Statements

102. On March 2, 2015, the audit committee released the final results of its investigation. Simultaneously therewith, ARCP restated its financial statements by filing

amendments to the 2013 Annual Report (the "Amended 2013 Annual Report"), the 2014 First Quarter Report (the "Amended 2014 First Quarter Report"), and the 2014 Second Quarter Report (the "Amended 2014 Second Quarter Report" and, collectively with the Amended 2013 Annual Report and the Amended 2014 First Quarter Report, the "Amended Reports").

103. In a press release issued on March 2, 2015, ARCP reported that the audit committee had made the following "key" findings:

- ARCP understated net loss for 2013 (including each quarter of 2013) and for the second quarter of 2014, and overstated AFFO for 2011, 2012, 2013 (including each fiscal quarter of 2013) and the first two quarters of 2014.

- ARCP made payments to Schorsch's real estate partnership that were not sufficiently documented and warranted scrutiny. ARCP recovered consideration valued at approximately $8.5 million in respect of such inappropriate payments.

- ARCP made equity awards to Schorsch and Block that were more favorable to Schorsch and Block than approved by ARCP's compensation committee.

- There are numerous material weaknesses in ARCP's internal controls over financial reporting and its disclosure controls and procedures.

1. Amended 2013 Annual Report's Adjustments to AFFO and Net Loss

104. In the Amended 2013 Annual Report, the audit committee confirmed what McAlister had alleged in her verified complaint: ARCP had materially misrepresented AFFO in its 2013 Annual Report.

105. AFFO was overstated in the 2013 Annual Report for three reasons. First, ARCP had presented AFFO on a net basis but calculated the adjustments to net loss on a gross basis. Second, ARCP had improperly included operating fees incurred to affiliates in calculating AFFO. Finally, in addition to these methodological errors, ARCP had committed a host of GAAP errors in its 2013 financial statements.

106. ARCP overstated AFFO in the 2013 Annual Report by $44.0 million, or 18.6%.

107. Moreover, the GAAP errors identified by the audit committee meant that ARCP had not only overstated AFFO, but it had also understated its net loss in the 2013 Annual Report.

108. Some of the GAAP errors that the audit committee identified in the 2013 Annual Report included:

- Improperly classifying $75.7 million of expenses as merger and other non-routine transaction-related expenses when they were in fact more appropriately classified as recurring general and administrative expenses. The largest component of this misclassified amount was $59.6 million of equity-based compensation expense.

- Outright excluding $14.5 million of additional merger and other non-routine transaction-related expenses when these expenses should have been included.

- Mischaracterizing $13.0 million of management fees as merger and other non-routine transaction-related expenses when they were in fact more appropriately classified as management fees to affiliates.

- Recording $5.9 million of expenses as merger and other non-routine transaction-related expenses when they should have been capitalized as deferred financing costs and amortized accordingly.

- Failing to use the carryover basis of accounting for the American Realty Capital Trust IV, Inc. ("ARCT IV") merger that closed in January 2014. ARCP and ARCT IV were affiliated companies under the common control of AR Capital, LLC during 2013.

- In connection with its merger with American Realty Capital Trust III, Inc. ("ARCT III"), ARCP entered into an agreement to acquire furniture, fixtures, equipment and other assets that it used to capitalize $4.1 million of costs and to expense another $1.7 million of costs in its original 2013 10-K. However, the audit committee found no evidence of receipt of these materials.

- Failing to record a controlling interest transfer tax liability of $8.9 million resulting from certain mergers.

- Neglecting to realize that two of its properties were impaired and that it might not be able to recover the carrying amounts of those properties, resulting in an incremental impairment loss of $3.3 million.

109. Taking into account the recasting of the 2013 financials to present the effects of ARCP's acquisition of ARCT IV, net loss attributable to stockholders was understated in the 2013 Annual Report by $16.8 million, or 3.5%.

2. Amended 2014 First Quarter Report's Adjustments to AFFO

110. In ARCP's Amended 2014 First Quarter Report, the audit committee confirmed that Defendants learned of AFFO misrepresentations in early 2014 but failed to correct the overstatements in the 2013 Annual Report or to prevent the AFFO methodology error from being repeated in the 2014 First Quarter Report. "Some members of senior management," the document states, "were aware of [the AFFO calculation] errors but allowed the [2014 First Quarter Report] to be filed without completing an analysis of the errors."

111. The audit committee disclosed that ARCP's senior management intentionally overstated AFFO because it wanted to meet the AFFO-per-share guidance it had provided to investors and analysts at the end of 2013. "Senior management," the audit committee investigation revealed, "considered AFFO to be an important metric used by analysts and investors in evaluating the Company's performance and, for the first two quarters of 2014, sought to maintain reported AFFO within the 2014 guidance range of $1.13 to $1.19 per share announced at the end of 2013." ARCP management was keenly aware of the importance of supporting ARCP's artificially inflated AFFO in order to support ARCP's share price in the public markets, which in turn helped management maximize their incentive compensation.

112. According to the Amended 2014 First Quarter Report, ARCP overstated AFFO in the 2014 First Quarter Report by $38.5 million, or 26.1%.

113. AFFO was overstated in the 2014 First Quarter Report for two reasons. First, ARCP had presented AFFO on a net basis but calculated the adjustments to net loss on a gross basis. Second, ARCP had committed a host of GAAP errors in its financial statements, including, among others:

- Labeling $9.4 million of expenses as merger and other non-routine transaction-related expenses when they were more appropriately characterized as recurring general and administrative expenses.

- Improperly recording $16.1 million of merger and other non-routine transaction-related expenses in the first quarter. Most of that amount should have been recorded in 2013, and the rest should have been recorded in the second quarter.

- Upon consummation of the ARCT IV merger, the Operating Partnership entered into an agreement with an affiliate to acquire certain furniture, fixtures, equipment and other assets. ARCP originally capitalized $2.1 million of these costs even though there was no evidence of receipt of those materials.

- Mischaracterizing $20.6 million of expenses as merger and other non-routine transaction-related expenses that should have been capitalized as deferred financing costs and amortized accordingly.

- Failing to properly accrue a controlling interested transfer tax liability following consummation of the ARCT III Merger, in the first instance, and the CapLease Merger, in the second instance.

- Misclassifying $13.9 million of management fee expenses as merger and other non-routine transaction-related when they were in fact more appropriately considered management fees to affiliates.

3. Amended 2014 Second Quarter Report's Adjustments to Net Loss and AFFO

114. In the Amended 2014 Second Quarter Report, the audit committee confirmed that senior management had attempted to fraudulently conceal the prior AFFO misrepresentations by switching to calculating AFFO on a gross basis and by cooking the books. Specifically, in the 2014 Second Quarter Report, the errors in calculating AFFO in the first quarter "were intentionally not corrected, and other AFFO and financial statement errors were intentionally made, resulting in an overstatement of AFFO and an understatement of the Company's net loss for the three and six months ended June 30, 2014."

115. The audit committee found that ARCP had failed to account for various expenses and losses in the 2014 Second Quarter Report, including the following:

- The audit committee identified $1.2 million of merger and other non-routine transaction related expenses that should have been recorded during the second quarter.
- ARCP failed to report $5.8 million of annual bonus payments that accrued in the second quarter.
- ARCP failed to properly classify a property as held for sale as of June 30, 2014. The audit committee adjusted the fair value of the property at that date and recognized a loss on held for sale assets of $1.8 million.
- ARCP incorrectly recorded a credit for interest expense of $1.1 million, which credit was already recorded through a separate transaction.
- The audit committee identified $0.9 million of general and administrative expenses that were recorded in the incorrect period that should have been recorded in the second quarter.

116. Further, the audit committee identified numerous additional GAAP errors and mischaracterizations made by ARCP in the 2014 Second Quarter Report, many of which ARCP had also made in the 2014 First Quarter Report, including:

- The audit committee identified $0.8 million of costs that were improperly classified as merger and other non-routine transaction related expense that should have been capitalized as deferred financing costs and amortized accordingly.

- ARCP improperly classified $5.2 million of expenses as merger related. Such amounts should have been accounted for as general and administrative expenses.

- ARCP improperly classified $0.7 million as merger and other non-routine transaction expenses that should have been classified as acquisition related expenses.

- The audit committee identified $0.5 million of general and administrative salary expense that had been improperly recorded as acquisition related expense in the three months ended June 30, 2014. Additionally, the audit committee identified $1.0 million of acquisition related salary expense that had been improperly recorded as general and administrative expense in the three months ended March 31, 2014, resulting in a net understatement of acquisition related expenses of $0.5 million in the six months ended June 30, 2014.

- The audit committee identified $1.8 million of acquisition related expense had been recorded twice in the second quarter.

- As a result of the restatement corrections, the audit committee updated ARCP's tax provision calculation which resulted in additional tax expense of $2.2 million in the second quarter.

- The audit committee identified a swap interest payment of $1.8 million that was incorrectly classified as a loss on derivative instruments.

- The audit committee concluded that $5.0 million of debt extinguishment costs, which were originally reported as interest expense, should have been reported as a separate line item caption within the consolidated statements of operations.

117. As a result of this pervasively improper accounting, ARCP overstated AFFO in the 2014 Second Quarter Report by $19.3 million, or 9.4%, and net loss was understated by $13.3 million, or 30.8%, for the second quarter.

4. Schorsch's Self-Dealing

118. The audit committee's findings were not limited to ARCP's misrepresentations about AFFO and the GAAP violations in ARCP's financial statements. The audit committee also found multiple instances of self-dealing by Schorsch and his cronies.

119. Specifically, in 2013 a subsidiary of Schorsch's real estate partnership purchased the historic Audrain Building in Newport, Rhode Island where Schorsch's mansion is located. Schorsch used the first floor of the Audrain Building to house his vintage car collection. In October 2013, he leased the second floor to ARCP and had ARCP pay for a major renovation. ARCP paid $8.8 million in tenant improvements, furniture and operating expenses during 2014. However, ARCP never moved into or occupied the Audrain Building.

120. As a result of the audit committee's investigation, ARCP terminated the lease agreement. According to ARCP, it has been reimbursed $8.5 million through the delivery and retirement of 916,423 units in the Operating Partnership.

121. The audit committee also found that, in connection with ARCP's transition to self-management, Schorsch and Block had been awarded more ARCP stock than had been approved by ARCP's compensation committee. That is, not only did Schorsch and Block improperly overstate ARCP's AFFO in order to artificially inflate ARCP's stock price in the public markets, but they also positioned themselves to further benefit from ARCP's elevated share price by granting themselves more stock than the compensation committee guidelines had authorized.

122. In connection with their resignations from ARCP, Block relinquished all of his improper equity awards and Schorsch relinquished all of his improper equity awards other than 1,000,000 shares of restricted stock, the vesting of which was accelerated. According to ARCP, the vested shares are subject to claw-back by ARCP if Schorsch is found to have breached his

fiduciary duty of loyalty or is found to have committed or admits to fraud or misconduct in connection with his responsibilities as a director or officer of ARCP.

123. These allegations of self-dealing show a rampant lack of effective internal controls.

5. ARCP Admits to Material Weaknesses in Its Internal Controls during the Relevant Period

124. In each of the Amended Reports, ARCP admitted that, in light of the audit committee's findings, the statements in the 2013 Annual Report, the 2014 First Quarter Report, and the 2014 Second Quarter Report concerning the effectiveness of ARCP's internal controls were false.

125. For example, in the Amended 2013 Annual Report, ARCP stated:

> **Evaluation of Disclosure Controls and Procedures**
>
> The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on February 27, 2014 disclosed that the Company's former management, with the participation of its former Chief Executive Officer and former Chief Financial Officer, had evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act) and, based on that evaluation, had concluded that the Company's disclosure controls and procedures were effective as of December 31, 2013. In light of the findings of the Audit Committee investigation and a review made by the Company in connection with the preparation of the restatement presented in this Form 10-K/A, current management, under the supervision of our current Interim Chief Executive Officer and our current Chief Financial Officer, re-evaluated the Company's disclosure controls and procedures and, based on that evaluation, concluded that ***the Company's disclosure controls and procedures were not effective at December 31, 2013*** . . . .
>
> **Management's Report on Internal Control over Financial Reporting**
>
> The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on February 27, 2014 disclosed that the Company's former management had

> assessed the Company's internal control over financial reporting (excluding that relating to CapLease, Inc., which the Company acquired on November 5, 2013) under the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 1992 Internal Control-Integrated Framework (the "COSO Framework"), and believed that the Company's internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act) was effective as of December 31, 2013. In light of the findings of the Audit Committee investigation and a review made by the Company in connection with preparation of the restatement presented in this Form 10-K/A, current management performed a re-assessment of the Company's internal control over financial reporting under the COSO Framework (excluding both CapLease, Inc. and ARCT IV, the latter of which the Company acquired on January 3, 2014 in a transaction accounted for on a carryover basis of accounting and recast in the Company's historical financial statements) and concluded that ***the Company's internal control over financial reporting was not effective as of December 31, 2013*** . . . .
>
> (Emphasis added to last sentence of each paragraph).

126. ARCP then listed the material weaknesses that the audit committee had identified during its investigation. The audit committee found that ARCP's disclosure controls and procedures had material weaknesses that allowed the information in its SEC filings to differ from its accounting records, gave senior management insufficient time to review SEC filings, did not require that changes to numbers already approved by the audit committee be brought to the audit committee's attention, and allowed AFFO to be improperly formulated. These material weaknesses were described in detail in the Amended 2013 Annual Report as follows:

> **Material Weaknesses in Disclosure Controls and Procedures** – The Company's disclosure controls and procedures were not properly designed or implemented to ensure that the information contained in the Company's periodic reports and other SEC filings correctly reflected the information contained in the Company's accounting records and other supporting information and that AFFO per share (a non-GAAP measure that is an important industry metric) was correctly calculated. In addition, the Company did not have appropriate controls to ensure that its SEC filings were reviewed on a timely basis by senior management or that significant changes to amounts or other disclosures contained

> in a document that had previously been reviewed and approved by the Audit Committee were brought to the attention of the Audit Committee or its Chair for review and approval before the document was filed with the SEC. Finally, the Company did not have appropriate controls over the formulation of AFFO per share guidance or the periodic re-assessment of the Company's ability to meet its guidance.

127. The audit committee also found that ARCP's internal controls over financial reporting had material weaknesses concerning related party transactions, conflicts of interest, and equity-based compensation. Furthermore, the audit committee identified significant deficiencies in ARCP's accounting close process and concerning critical accounting estimates and non-routine transactions, which, when aggregated, constituted a material weakness in ARCP's internal controls over financial reporting.

128. These material weaknesses were described in detail in the Amended 2013 Annual Report as follows:

> **Material Weaknesses in Internal Control Over Financial Reporting** – A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.
>
> During 2013, due in part to a number of large portfolio acquisitions, the Company experienced significant growth and increases in the complexity of its financial reporting and number of non-routine transactions. In late 2013, as a result of three impending transactions – the transition to self-management announced in August 2013 and effective on January 8, 2014, the acquisition of ARCT IV announced in July 2013 and completed on January 3, 2014 and the acquisition of Cole Real Estate Investments, Inc. announced in October 2013 and completed on February 7, 2014 – the complexity of the Company's transactions and the need for accounting judgments and estimates became more prevalent and had a severe impact on the Company's control environment. These changes in business conditions, combined with the pressure of market expectations inherent in announcing AFFO per share guidance for 2014, demanded an enhanced control environment.

The control environment, as part of the internal control framework, sets the tone of an organization, influencing the control consciousness of its people and providing discipline and structure. Current management identified the following material weaknesses through its re-assessment of the Company's internal control over financial reporting:

Related Party Transactions and Conflicts of Interest – The Company did not maintain the appropriate controls to assess, authorize and monitor related party transactions, validate the appropriateness of such transactions or manage the risks arising from contractual relationships with affiliates. Without the appropriate controls, the Company made certain payments to the Former Manager and its affiliates that were not sufficiently documented or that otherwise warrant scrutiny.

Equity-Based Compensation – The Company did not maintain appropriate controls over various grants of equity-based compensation. In the fourth quarter of 2013, in anticipation of the Company's transition to self-management, the Company entered into employment agreements with the Company's former Executive Chairman and Chief Executive Officer and its former Chief Financial Officer, and also approved the 2014 Outperformance Plan pursuant to which awards were made to them on January 8, 2014. Without the appropriate controls, these documents contained terms that were inconsistent with the terms authorized by the Compensation Committee. Additionally, the Company did not obtain copies of or administer the equity awards made by means of block grants allocated by the Former Manager and its affiliates, nor did the Company review the awards for consistency with the Compensation Committee's authorization.

Aggregation of Significant Deficiencies Within Business Process-Level Control Activities and Financial Reporting Controls – The following significant deficiencies together constitute a material weakness:

- **Accounting Close Process** – The Company did not have consistent policies and procedures throughout its offices relating to purchase accounting, accounting for gain or loss on disposition and testing for impairment. In addition, senior management did not establish clear reporting lines and job responsibilities or promote accountability over business process control activities.

- **Critical Accounting Estimates and Non-Routine Transactions** – The Company did not maintain effective

> controls or develop standardized policies and procedures for critical accounting estimates and non-routine transactions, including management review and approval of the accounting treatment of all critical and significant estimates on a periodic basis.

129. Not only were the material weaknesses that existed in 2013 never remediated, but in 2014 ARCP developed additional material weaknesses. The Amended 2014 First Quarter Report and the Amended 2014 Second Quarter Report revealed the following additional deficiencies in ARCP's control environment for 2014:

- Failure to emphasize the importance of adherence to the Company's Code of Business Conduct and Ethics;
- Failure to establish appropriate policies and procedures surrounding the accounting treatment and classification of merger-related expenses, goodwill, impairments and purchase accounting;
- Failure to establish controls designed to prevent changes to the financial statements and supporting financial information by senior management without the proper levels of review, support and approval; and
- Failure to establish controls designed to ensure that accounting employees would not be subject to pressure to make inappropriate decisions affecting the financial statements and/or the financial statement components of the calculation of AFFO, and that accounting concerns raised by employees would be timely and appropriately addressed by senior management.

130. The audit committee also recognized three other material weaknesses in ARCP's internal controls over financial reporting that it believes arose in 2014:

> **Cash Reconciliations and Monitoring** - The Company did not implement appropriate controls to record payments received and to reconcile its cash receipts and bank accounts on a timely basis.
>
> **Information Technology General Controls - Access, Authentication and Information Technology Environment** - The Company did not maintain effective information technology environmental and governance controls, including controls over

> information systems security administration and management functions in the following areas: (a) granting and revoking user access rights; (b) timely notification of user departures; (c) periodic review of appropriateness of access rights; (d) physical access restrictions; and (e) segregation of duties.
>
> **Information Technology General Controls Over Management of Third Party Service Providers** - When the transition services agreement between the Company and [ARC Properties Advisors, LLC] was terminated on January 8, 2014, the Company did not enter into a follow-on formal agreement with the affiliate of [ARC Properties Advisors, LLC] that managed technology infrastructure and systems significant to the Company's financial reporting process. Without a formal agreement governing the delivery of services, the Company's management cannot make any assertions about the operating effectiveness of the third party service provider's controls over information systems, programs, data and processes financially significant to the Company or the security of the Company's data under the control of the related third party service provider.

131. According to the audit committee, by the first quarter of 2014 the significant deficiencies in ARCP's accounting close process and concerning ARCP's critical accounting estimates and non-routine transactions each had escalated into a material weakness in ARCP's internal controls over financial reporting. Thus, in the Amended 2014 First Quarter Report and the Amended 2014 Second Quarter Report, these items were worsened from significant deficiencies to material weaknesses.

132. The "internal controls" created by Schorsch, Block, Kay and McAlister while they were running ARCP were vastly ineffective and severely flawed. Indeed, ARCP's auditor, Grant Thornton, provided an attestation report in the Amended 2013 Annual Report stating that ARCP had not maintained effective internal controls for the 2013 fiscal year:

> Management identified a material weakness related to the Company's failure to maintain controls associated with related party transactions and risks arising from contractual arrangements with affiliates. A material weakness was identified by management related to the Company's failure to maintain controls related to stock based compensation, including the administration

> of certain restricted stock awards. Additionally, a material weakness was identified by management as a result of the Company not maintaining and applying adequate policies and procedures, including those related to the accounting close process, critical accounting estimates and non-routine transactions,. [*sic*]
>
> In our report dated February 27, 2014, we expressed an unqualified opinion on the Company's internal control over financial reporting. The material weaknesses discussed above were subsequently identified in connection with the restatement of the Company's previously issued financial statements. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting, and our present opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013, as presented herein, is different from that expressed in our previous report. The material weaknesses were considered in connection with the aforementioned restatement, and this report does not affect our opinion on the Company's 2013 financial statements.
>
> In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, ***the Company has not maintained effective internal control over financial reporting as of December 31, 2013***, based on criteria established in the 1992 *Internal Control-Integrated Framework* issued by COSO [the Committee of Sponsoring Organizations of the Treadway Commission].
>
> (Emphasis added).

133. Grant Thornton provided a similar attestation report in ARCP's recently filed Form 10-K for the year ended December 31, 2014, which stated in pertinent part:

> The following material weaknesses have been identified and included in management's assessment.
>
> - A material weakness related to the Company's failure to implement and maintain an effective internal control environment.
>
> - A material weakness related to the Company's failure to maintain controls associated with related party transactions and risks arising from contractual arrangements with affiliates.

- A material weakness related to the Company's failure to maintain controls related to stock based compensation, including documentation of key terms of awards and the administration of certain restricted stock awards.

- A material weakness related to the Company's failure to establish appropriate policies, procedures and controls in the internal control environment, including those related to the accounting close process, critical accounting estimates and non-routine transactions.

- A material weakness related to the Company's failure to monitor and reconcile cash.

- A material weakness related to the Company's failure to maintain effective information technology environmental and governance controls, including management of system access and third party service providers.

In our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, ***the Company has not maintained effective internal control over financial reporting as of December 31, 2014***, based on criteria established in the 2013 *Internal Control-Integrated Framework* issued by COSO.

(Emphasis added).

DEFENDANTS' FALSE AND MISLEADING STATEMENTS

A. ARCP's 2013 Annual Report

134. ARCP filed its 2013 Annual Report on or about February 27, 2014. It was signed by, among others, Schorsch, Kay, Block, and McAlister, and the requisite SOX certifications were made by Schorsch and Block. The 2013 Annual Report contained materially false and misleading statements concerning ARCP's financial results and the adequacy of its internal controls.

1. False and Misleading Statements Concerning ARCP's Financial Results

135. In Management's Discussion and Analysis of Financial Condition and Results of Operations (or the "MD&A" portion of the 2013 Annual Report) ARCP stated that its AFFO for

the year ended December 31, 2013, was $163.9 million. This statement was materially false and misleading because, taking into account the recasting of ARCP's financial statements to account for the ARCT IV merger, AFFO was overstated in the 2013 Annual Report by $44.0 million, or 18.6%. AFFO was overstated in the 2013 Annual Report for three reasons. First, ARCP had presented AFFO on a net basis but calculated the adjustments to net loss on a gross basis. Second, ARCP had improperly included operating fees incurred to affiliates in calculating AFFO. Finally, in addition to these methodological errors, ARCP had committed a host of GAAP errors in its 2013 financial statements.

136. In the consolidated financial statements to the 2013 Annual Report, ARCP stated that its net loss attributable to shareholders for the year ended December 31, 2013, was $406.5 million. This statement was materially false and misleading because, taking into account the recasting of ARCP's financial statements to account for the ARCT IV merger, net loss attributable to shareholders was understated in the 2013 Annual Report by $16.8 million, or 3.5%. Net loss was understated because ARCP had committed a host of GAAP errors in its 2013 financial statements, as described above.

137. In their respective certifications to the 2013 Annual Report, Schorsch and Block certified pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code that: "The quarterly report on Form 10-Q of the Company, which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in this quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company." The fact that Schorsch's and Block's certifications to the 2013 Annual Report incorrectly referred to a "quarterly report on Form 10-Q" instead of an "annual report on Form 10-K" further substantiates that neither

Schorsch nor Block carefully reviewed and considered their certifications before they signed them.

138. These statements were materially false and misleading because, as explained above, ARCP had materially overstated its AFFO and understated its net loss for the year ended December 31, 2013.

2. False and Misleading Statements Concerning the Effectiveness of ARCP's Internal Controls

139. In the MD&A, ARCP stated the following with respect to its internal controls and procedures:

> In accordance with Rules 13a-15(b) and 15d-15(b) of the Exchange Act, management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded, as of the end of such period, that our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in our reports that we file or submit under the Exchange Act.
>
> ***Management's Annual Report on Internal Control over Financial Reporting***
>
> Our management is responsible for establishing and maintaining adequate internal control over financial reporting. as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.
>
> . . .
>
> Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, our management used the criteria set forth

> by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the 1992 *Internal Control-Integrated Framework.*
>
> . . .
>
> Based on our assessment, our management believes that, as of December 31, 2013, our internal control over financial reporting is effective.
>
> The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in their report included in this Annual Report on Form 10-K.
>
> ***Changes in Internal Control Over Financial Reporting***
>
> During the fourth quarter of fiscal year ended December 31, 2013, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

140. Further, in their respective certifications to the 2013 Annual Report, Schorsch, and Block both stated as follows:

> The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
>
> (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
>
> (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

141. These statements were materially false and misleading. Whatever internal controls ARCP had in place as of December 31, 2013, were inadequate and ineffective. If ARCP had had effective internal controls, the material misstatement of ARCP's AFFO and net loss in the 2013 Annual Report would not have occurred.

142. Indeed, ARCP subsequently admitted in the Amended 2013 Annual Report that these statements were materially false and misleading when made:

Evaluation of Disclosure Controls and Procedures

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on February 27, 2014 disclosed that the Company's former management, with the participation of its former Chief Executive Officer and former Chief Financial Officer, had evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act) and, based on that evaluation, had concluded that the Company's disclosure controls and procedures were effective as of December 31, 2013. In light of the findings of the Audit Committee investigation and a review made by the Company in connection with the preparation of the restatement presented in this Form 10-K/A, current management, under the supervision of our current Interim Chief Executive Officer and our current Chief Financial Officer, re-evaluated the Company's disclosure controls and procedures and, based on that evaluation, concluded that ***the Company's disclosure controls and procedures were not effective at December 31, 2013*** . . . .

Management's Report on Internal Control over Financial Reporting

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the SEC on February 27, 2014 disclosed that the Company's former management had assessed the Company's internal control over financial reporting (excluding that relating to CapLease, Inc., which the Company acquired on November 5, 2013) under the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the 1992 Internal Control-Integrated Framework (the "COSO Framework"), and believed that the Company's internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act) was effective as of December 31, 2013. In light of the findings of the Audit Committee investigation and a review made by the Company in connection with preparation of the restatement presented in this Form 10-K/A, current management performed a re-assessment of the Company's internal control over financial reporting under the COSO Framework (excluding both CapLease, Inc. and ARCT IV, the latter of which the Company acquired on January 3, 2014 in a transaction accounted for on a carryover basis of accounting and recast in the Company's historical financial statements) and concluded that ***the Company's internal control over financial reporting was not effective as of December 31, 2013*** . . . .

(Emphasis added to last sentence of each paragraph).

B. ARCP's 2014 First Quarter Report

143. ARCP filed its 2014 First Quarter Report on or about May 8, 2014. The report and the requisite SOX certifications were signed by Schorsch and Block. Like the 2013 Annual Report, the 2014 First Quarter Report contained materially false and misleading statements concerning ARCP's financial results and the adequacy of its internal controls.

1. False and Misleading Statements Concerning ARCP's Financial Results

144. In Management's Discussion and Analysis of Financial Condition and Results of Operations (or the "MD&A" portion of the 2014 First Quarter Report) ARCP stated that its AFFO for the quarter ended March 31, 2014, was $147.4 million. This statement was materially false and misleading because ARCP overstated AFFO in the 2014 First Quarter Report by $38.5 million, or 26.1%. AFFO was overstated in the 2014 First Quarter Report for two reasons. First, ARCP had presented AFFO on a net basis but calculated the adjustments to net loss on a gross basis. Second, ARCP had committed a host of GAAP errors in its financial statements.

145. In their respective certifications to the 2014 First Quarter Report, Schorsch and Block both stated as follows:

> Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
>
> Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report . . . .

146. Schorsch and Block further certified pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code that: "The quarterly report on Form 10-Q of the Company, which accompanies this Certificate, fully complies with the requirements of Section 13(a) or

15(d) of the Securities Exchange Act of 1934, and all information contained in this quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company."

147. These statements were materially false and misleading because, as explained above, ARCP had overstated its AFFO for the quarter ended March 31, 2014.

2. False and Misleading Statements Concerning the Effectiveness of ARCP's Internal Controls

148. In the MD&A, ARCP stated the following with respect to its internal controls and procedures:

> In accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act, as amended (the "Exchange Act"), we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q and determined that the disclosure controls and procedures are effective.
>
> No change occurred in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

149. Further, in their respective certifications to the 2014 First Quarter Report, Schorsch and Block both stated as follows:

> The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
>
> (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its

> consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
>
> (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
>
> (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
>
> (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
>
> The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
>
> (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
>
> (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

150. These statements were materially false and misleading. Whatever internal controls ARCP had in place as of March 31, 2014, were inadequate and ineffective. Among

other things, Kay and Schorsch specifically directed that the improper accounting with respect to AFFO contained in the 2013 Annual Report be continued in the 2014 First Quarter Report. ARCP did not have the internal controls necessary to prevent Kay and Schorsch – ARCP's highest-ranking executive officers – from directing that the AFFO be materially misstated in the 2014 First Quarter Report. Moreover, they knew the internal controls were ineffective because they had directed the misstatements to be made.

151. Indeed, ARCP subsequently admitted in the Amended 2014 First Quarter Report that these statements were materially false and misleading when made:

> The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2014 filed with the SEC on May 8, 2014 disclosed that, in accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company's former management, under the supervision and with the participation of its former Chief Executive Officer and former Chief Financial Officer, had carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) and, based on that evaluation, had concluded that the Company's disclosure controls and procedures were effective at March 31, 2014. In light of the findings of the Audit Committee investigation and a review made by the Company in connection with the preparation of the restatement presented in this Form 10-Q/A, current management, under the supervision of our current Interim Chief Executive Officer and our current Chief Financial Officer, re-evaluated the Company's disclosure controls and procedures and, based on that evaluation, concluded that ***the Company's disclosure controls and procedures were not effective at March 31, 2014***.
>
> The Company's current management based its conclusion on the following: ***The controls and procedures and internal control over financial reporting that had existed at December 31, 2013***, as disclosed in the Amended 10-K, ***had not been remediated at March 31, 2014***. Moreover, ***current management identified additional weaknesses in internal control over financial reporting at March 31, 2014***.
>
> (Emphasis added).

C. ARCP's 2014 Second Quarter Report

152. ARCP filed its 2014 Second Quarter Report on or about July 29, 2014. The report was signed by Schorsch, Block and McAlister, and the requisite SOX certifications were made by Schorsch and Block. Like the 2013 Annual Report and the 2014 First Quarter Report, the 2014 Second Quarter Report contained materially false and misleading statements concerning ARCP's financial results and the adequacy of its internal controls.

1. False and Misleading Statements Concerning ARCP's Financial Results

153. In its 2014 Second Quarter Report, ARCP changed its calculation of its AFFO from the net method to the gross method. In Management's Discussion and Analysis of Financial Condition and Results of Operations (or the "MD&A" portion of the 2014 Second Quarter Report) ARCP stated that its AFFO for the quarter ended June 30, 2014, was $205.3 million. This statement was materially false and misleading because ARCP overstated AFFO by $19.3 million, or 9.4%, for the second quarter. Moreover, ARCP stated that its AFFO for the six months ended June 30, 2014 was $353.1 million. This statement was materially false and misleading because ARCP overstated AFFO by $52.4 million, or 14.8%, for the first half of 2014. The figures provided by ARCP were falsely inflated due to Defendants' cooking of the books in an attempt to conceal prior errors in calculating AFFO. This fraudulent accounting also had the effect of materially understating the net loss reported by the Company under GAAP for the three months ended June 30, 2014. ARCP reported that its net loss for the three months ended June 30, 2014 was $43.3 million. ARCP understated net loss by $13.3 million, or 30.8%, for the second quarter.

154. In their respective certifications to the 2014 Second Quarter Report, Schorsch and Block both stated as follows:

> Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
>
> Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report . . . .

155. Schorsch and Block further certified pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code that: "The quarterly report on Form 10-Q of the Company, which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and all information contained in this quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company."

156. These statements were materially false and misleading because, as explained above, ARCP had overstated its AFFO and understated its net loss for the quarter ended June 30, 2014.

2. False and Misleading Statements Concerning the Effectiveness of ARCP's Internal Controls

157. In the MD&A, ARCP stated the following with respect to its internal controls and procedures:

> In accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act, as amended (the "Exchange Act"), we, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q and determined that the disclosure controls and procedures are effective.

> No change occurred in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the three months ended March 31, 2014 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

158. Further, in their respective certifications to the 2014 Second Quarter Report, Schorsch and Block both stated as follows:

> The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
>
> (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
>
> (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
>
> (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
>
> (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

> The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
>
> (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
>
> (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

159. These statements were materially false and misleading. Whatever internal controls ARCP had in place as of June 30, 2014 were inadequate and ineffective. Schorsch knew the internal controls were inadequate because he directed Block and McAlister to cover up the improper accounting from the 2013 Annual Report and the 2014 First Quarter Report by cooking the books in the second quarter. Indeed, ARCP admitted in its October 29, 2014 Form 8-K and in the Amended Reports that the Company's improper accounting in its public filings had been intentionally concealed, and fired the Company's CFO and CAO as a result. ARCP's internal controls with respect to financial reporting were utterly ineffective to prevent the fraudulent concealment of improper accounting by ARCP's highest ranking officials.

160. Indeed, ARCP subsequently admitted in the Amended 2014 Second Quarter Report that these statements were materially false and misleading when made:

> The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2014 filed with the SEC on July 29, 2014 disclosed that, in accordance with Rules 13a-15(b) and 15d-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company's former management, under the supervision and with the participation of its former Chief Executive Officer and former Chief Financial Officer, had carried out an evaluation of the effectiveness of our disclosure controls

> and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) and, based on that evaluation, had concluded that the Company's disclosure controls and procedures were effective at June 30, 2014. In light of the findings of the Audit Committee investigation and a review made by the Company in connection with the preparation of the restatement presented in this Form 10-Q/A, current management, under the supervision of our current Interim Chief Executive Officer and our current Chief Financial Officer, re-evaluated the Company's disclosure controls and procedures and, based on that evaluation, concluded that ***the Company's disclosure controls and procedures were not effective at June 30, 2014***.
>
> The Company's current management based its conclusion on the following: ***The material weaknesses in disclosure controls and procedures and internal control over financial reporting that had existed at December 31, 2013***, as disclosed in the Amended 10-K, ***had not been remediated at June 30, 2014***. Moreover, ***current management identified additional weaknesses in internal control over financial reporting at June 30, 2014***.
>
> (Emphasis added).

D. ARCP's Earnings Call Concerning the Second Quarter Results

161. On or about July 29, 2014, ARCP held an earnings call in connection with the release of its financial results for the second quarter of 2014. During that call, Kay touted the strength of ARCP's operations over the prior quarters and the "transparency" of its second quarter results: "As with any large company there will [be] challenges as well as opportunities but the foundation laid over the past several quarters position [*sic*] the company for the future success. . . . We hope you can appreciate the transparency provided this quarter and we continue to focus on supplying the most meaningful information to you about the Company and our guidance."

162. Kay's statements were materially false and misleading. Kay learned in or around February 2014 that the AFFO in the 2013 Annual Report was overstated due to improper accounting, and he directed ARCP's CFO and CAO not to correct or disclose the improper

accounting. He, along with Schorsch, directed ARCP to continue the improper accounting in the 2014 First Quarter Report. Thus, Kay's assertion on July 29, 2014 that the Company had built a solid foundation over the prior quarters and that the Company was being transparent in its financial reporting were not true.

E. The Wells Fargo Securities 3rd Annual Net Lease REIT Forum in September 2014

163. On or about September 9, 2014, Plaintiffs, through Jet Capital, attended the Wells Fargo Securities 3rd Annual Net Lease REIT Forum in New York City. During this meeting, Kay stated that he had high conviction in the integrity of ARCP's financial statements.

164. These assurances from ARCP's President and soon-to-be CEO were important to Plaintiffs in making investment decisions. The blunders in ARCP's May 2014 public filings had led to a lack of investor confidence in the Company's public reporting. Kay's expressed conviction in the integrity of ARCP's financial statements provided reassurance to Plaintiffs that ARCP had turned the corner and also that the Company's historical results could be relied upon.

165. However, Kay's statements were materially false and misleading. Kay learned in or around February 2014 that the AFFO in the 2013 Annual Report was overstated due to improper accounting, and he directed ARCP's CFO and CAO not to correct or disclose the improper accounting. He, along with Schorsch, directed ARCP to continue the improper accounting in the 2014 First Quarter Report. Thus, Kay was fully aware that ARCP's financial statements were false, and his expressed conviction in the "integrity" of ARCP's numbers was a lie.

F. ARCP's Investor Day in September 2014

166. On or about September 17, 2014, ARCP held its Investor Day, which was attended by Plaintiffs. Schorsch, Kay, Block, and McAlister were all present and spoke at length during the Investor Day.

167. When asked about whether the May 2014 reporting blunders were a thing of the past, Block insinuated that they were, and stated: "The proof is in the results in terms of . . . the accuracy and transparency of the numbers."

168. This statement was materially false and misleading because as of September 17, 2014, ARCP's financial results were not accurate. At that time, Block knew that the 2013 Annual Report and the 2014 First Quarter Report contained inflated AFFO figures due to improper accounting, and he knew that Schorsch had ordered him to conceal that improper accounting in the 2014 Second Quarter Report by cooking the books.

G. ARCP's October 29, 2014 Form 8-K and Kay's Statements on the Investor Conference Call Concerning that Form 8-K

169. On or about October 29, 2014, ARCP issued a Form 8-K stating that:

> the Audit Committee believes that the Company incorrectly included certain amounts related to its non-controlling interests in the calculation of adjusted funds from operations ("AFFO"), a non-U.S. GAAP financial measure, for the three months ended March 31, 2014 and, as a result, overstated AFFO for this period. The Audit Committee believes that this error was identified but intentionally not corrected, and other AFFO and financial statement errors were intentionally made, resulting in an overstatement of AFFO and an understatement of the Company's net loss for the three and six months ended June 30, 2014.
>
> As discussed in Item 5.02 of this Current Report on Form 8-K, at the request of the Audit Committee, the Company's Chief Financial Officer and Chief Accounting Officer have resigned.
>
> Nothing has come to the attention of the Audit Committee that leads it to believe that there are any errors in the Company's previously issued audited consolidated financial statements

> contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013. However, the Audit Committee has expanded its investigation to encompass the Company's audited consolidated financial statements for the fiscal year ended December 31, 2013 in light of the fact that the Company's former Chief Financial Officer and former Chief Accounting Officer had key roles in the preparation of those financial statements.

170. Later that day, Kay held a conference call with investors in which he stated the following:

> "[W]e had two employees [Block and McAlister] which [sic] have resigned as a result of the effects of that calculation and the nondisclosure of the error in the first quarter. None of the executives that are currently at the Company have been implicated during the investigation related to the concealment of the error."

171. Kay also told investors that he did not personally learn of the accounting fraud until October 24, 2014.

172. These statements were materially false and misleading because they did not reveal the extent of the fraud that had been committed and all of the individuals who were involved in perpetrating the fraud. In or around February 2014, Kay, Block, and McAlister all knew of the improper accounting with respect to AFFO in the 2013 Annual Report, and Kay directed Block and McAlister not to disclose or correct the improper accounting. Schorsch and Kay specifically directed ARCP to continue that improper accounting and materially overstate AFFO in the 2014 First Quarter Report. Schorsch then directed Block to cover up the prior improper accounting in the 2014 Second Quarter Report. Thus, ARCP's and Kay's statements that the improper accounting was limited to the 2014 First Quarter Report and the 2014 Second Quarter Report, and that Block and McAlister were the only executives involved in the improper accounting and fraudulent concealment, were materially false and misleading.

DEFENDANTS' SCIENTER

173. Plaintiffs repeat and reallege each and every paragraph contained above as if set forth herein.

174. Except for the materially false and misleading statements in the 2013 Annual Report concerning ARCP's AFFO and net loss, Defendants acted with scienter with respect to the materially false and misleading statements discussed above.

175. As the President of ARCP, Kay took control of the day-to-day operations of ARCP. According to McAlister's verified complaint, Kay learned of the improper accounting in the 2013 Annual Report with respect to AFFO in early 2014. However, Kay directed ARCP to continue to use the improper accounting with respect to AFFO in the 2014 First Quarter Report. Moreover, due to his day-to-day control over ARCP, Kay knew, or was reckless in not knowing, that Schorsch directed Block and McAlister to conceal the improper accounting in the 2013 Annual Report and the 2014 First Quarter Report by converting to the gross method of reporting AFFO and cooking the books in the 2014 Second Quarter Report. Kay knew that ARCP's financial reporting was not accurate when he made false and misleading statements to Plaintiffs in September 2014. Kay also knew that the accounting fraud at ARCP extended beyond Block and McAlister when he stated otherwise on or about October 29, 2014.

176. Kay also knew or was reckless in not knowing that ARCP's internal controls over financial reporting and its disclosure controls and procedures contained material weaknesses. The material weaknesses identified by the audit committee are so pervasive that Kay, as President of the Company, must have known about the systematic ineffectiveness of ARCP's internal controls. Indeed, many of the internal control material weaknesses that the audit committee identified were the responsibility of senior management, including, among other things: failing to design and implement controls and procedures to ensure that information

contained in ARCP's public filings correctly reflected the information contained in ARCP's accounting records and supporting documents; failing to ensure that ARCP's public filings were reviewed on a timely basis by senior management; failing to emphasize to employees the importance of adherence to ARCP's code of business conduct and ethics; failing to establish controls designed to prevent changes to the financial statements and supporting financial information by senior management without the proper level of review, support and approval; failing to establish controls designed to ensure that accounting employees would not be subject to pressure to make inappropriate decisions affecting the financial statements and/or the financial statement components of calculation of AFFO; failing to establish controls designed to ensure that accounting concerns raised by employees would be timely and appropriately addressed by senior management; failing to maintain appropriate controls to assess, authorize and monitor related party transactions, validate the appropriateness of such transactions and manage the risks arising from contractual relationships with affiliates; failing to maintain appropriate controls over the grants of equity-based compensation; failing to maintain and develop standardized procedures for management review and approval of the accounting treatment of all critical and significant estimates on a periodic basis; and failing to establish clear reporting lines and job responsibilities.

177. Kay's scienter is further demonstrated by the fact that he was asked to step down from his position with ARCP on or about December 15, 2014.

178. As the CFO of ARCP, Block bore the ultimate responsibility for ARCP's finances. According to McAlister's verified complaint, Block learned of the improper accounting in the 2013 Annual Report with respect to AFFO in early 2014, yet Block did nothing to correct the accounting error or to prevent the improper accounting being repeated in the 2014

First Quarter Report. In fact, Block certified the accuracy of the 2014 First Quarter Report, as well as the adequacy of ARCP's internal controls, when he knew that the 2014 First Quarter Report contained improper accounting. At Schorsch's behest, Block then attempted to conceal the improper accounting by converting to the gross method of reporting AFFO and cooking the books in the 2014 Second Quarter Report, which he again certified to be accurate. Block was thus fully aware of the inaccuracy of ARCP's financial reports when he vouched for their accuracy during ARCP's Investor Day on or about September 17, 2014.

179. Block also knew or was reckless in not knowing that ARCP's internal controls over financial reporting and its disclosure controls and procedures contained material weaknesses. The material weaknesses identified by the audit committee are so pervasive that Block, as CFO, must have known about the systematic ineffectiveness of ARCP's internal controls. Indeed, many of the internal control material weaknesses that the audit committee identified were the responsibility of senior management, including, among other things: failing to design and implement controls and procedures to ensure that information contained in ARCP's public filings correctly reflected the information contained in ARCP's accounting records and supporting documents; failing to ensure that ARCP's public filings were reviewed on a timely basis by senior management; failing to emphasize to employees the importance of adherence to ARCP's code of business conduct and ethics; failing to establish controls designed to prevent changes to the financial statements and supporting financial information by senior management without the proper level of review, support and approval; failing to establish controls designed to ensure that accounting employees would not be subject to pressure to make inappropriate decisions affecting the financial statements and/or the financial statement components of calculation of AFFO; failing to establish controls designed to ensure that

accounting concerns raised by employees would be timely and appropriately addressed by senior management; failing to maintain appropriate controls to assess, authorize and monitor related party transactions, validate the appropriateness of such transactions and manage the risks arising from contractual relationships with affiliates; failing to maintain appropriate controls over the grants of equity-based compensation; failing to maintain and develop standardized procedures for management review and approval of the accounting treatment of all critical and significant estimates on a periodic basis; and failing to establish clear reporting lines and job responsibilities. Moreover, one of the material weaknesses that the audit committee identified was ARCP's failure to implement appropriate controls over the equity awards granted to Block himself. Thus, Block not only knew about the ineffectiveness of ARCP's internal controls, he took advantage of them to the detriment of ARCP's shareholders.

180. Block's scienter is further demonstrated by the audit committee's request that he leave ARCP following the audit committee's preliminary investigation into the accounting fraud in September and October of 2014.

181. As the CAO of ARCP, McAlister was in charge of ARCP's accounting. By her own judicial admission, McAlister learned of the improper accounting with respect to AFFO in the 2013 Annual Report in early 2014, yet she did nothing to correct the accounting error or to prevent the improper accounting from being repeated in the 2014 First Quarter Report. McAlister also was fully aware of Schorsch's direction to Block to conceal the improper accounting in the 2013 Annual Report and the 2014 First Quarter Report by converting to the gross method of reporting AFFO and cooking the books in the 2014 Second Quarter Report. McAlister willfully signed the 2014 Second Quarter Report despite knowing of the fraudulent accounting contained in such report.

182. McAlister also knew or was reckless in not knowing that ARCP's internal controls over financial reporting and its disclosure controls and procedures contained material weaknesses. The material weaknesses identified by the audit committee are so pervasive that McAlister, as CAO, must have known about the systematic ineffectiveness of ARCP's internal controls. Indeed, many of the internal control material weaknesses that the audit committee identified were the responsibility of senior management, including, among other things: failing to design and implement controls and procedures to ensure that information contained in ARCP's public filings correctly reflected the information contained in ARCP's accounting records and supporting documents; failing to ensure that ARCP's public filings were reviewed on a timely basis by senior management; failing to emphasize to employees the importance of adherence to ARCP's code of business conduct and ethics; failing to establish controls designed to prevent changes to the financial statements and supporting financial information by senior management without the proper level of review, support and approval; failing to establish controls designed to ensure that accounting employees would not be subject to pressure to make inappropriate decisions affecting the financial statements and/or the financial statement components of calculation of AFFO; failing to establish controls designed to ensure that accounting concerns raised by employees would be timely and appropriately addressed by senior management; failing to maintain appropriate controls to assess, authorize and monitor related party transactions, validate the appropriateness of such transactions and manage the risks arising from contractual relationships with affiliates; failing to maintain appropriate controls over the grants of equity-based compensation; failing to maintain and develop standardized procedures for management review and approval of the accounting treatment of all critical and significant

estimates on a periodic basis; and failing to establish clear reporting lines and job responsibilities.

183. McAlister's scienter is further demonstrated by the audit committee's request that she leave ARCP following the audit committee's preliminary investigation into the accounting fraud in September and October of 2014.

184. As the founder, CEO, and Chairman of ARCP, Schorsch was intimately familiar with, and exercised substantial control over, every aspect of ARCP's business. Indeed, Block, Schorsch's longtime friend and colleague, described Schorsch at the September 2014 Investor Day as a "micromanager." Schorsch directed ARCP to commit improper accounting with respect to AFFO in ARCP's 2014 First Quarter Report. Despite directing this improper accounting, Schorsch certified the accuracy of ARCP's financial reporting and the adequacy of its internal controls in the 2014 First Quarter Report. Moreover, according to McAlister's verified complaint, on or about July 28, 2014, Schorsch willfully directed Block to conceal the improper accounting in the 2013 Annual Report and the 2014 First Quarter Report by converting to the gross method of reporting AFFO and cooking the books in the 2014 Second Quarter Report. Even though he instructed his CFO to commit financial fraud, Schorsch still signed a certification verifying the accuracy of the 2014 Second Quarter Report and the adequacy of ARCP's internal controls.

185. Schorsch also knew or was reckless in not knowing that ARCP's internal controls over financial reporting and its disclosure controls and procedures contained material weaknesses. The material weaknesses identified by the audit committee are so pervasive that Schorsch, as CEO and Chairman of the Company, must have known about the systematic ineffectiveness of ARCP's internal controls. Indeed, many of the internal control material

weaknesses that the audit committee identified were the responsibility of senior management, including, among other things: failing to design and implement controls and procedures to ensure that information contained in ARCP's public filings correctly reflected the information contained in ARCP's accounting records and supporting documents; failing to ensure that ARCP's public filings were reviewed on a timely basis by senior management; failing to emphasize to employees the importance of adherence to ARCP's code of business conduct and ethics; failing to establish controls designed to prevent changes to the financial statements and supporting financial information by senior management without the proper level of review, support and approval; failing to establish controls designed to ensure that accounting employees would not be subject to pressure to make inappropriate decisions affecting the financial statements and/or the financial statement components of calculation of AFFO; failing to establish controls designed to ensure that accounting concerns raised by employees would be timely and appropriately addressed by senior management; failing to maintain appropriate controls to assess, authorize and monitor related party transactions, validate the appropriateness of such transactions and manage the risks arising from contractual relationships with affiliates; failing to maintain appropriate controls over the grants of equity-based compensation; failing to maintain and develop standardized procedures for management review and approval of the accounting treatment of all critical and significant estimates on a periodic basis; and failing to establish clear reporting lines and job responsibilities. Moreover, one of the material weaknesses that the audit committee identified was ARCP's failure to implement appropriate controls over the equity awards granted to Schorsch himself. Another material weakness identified by the audit committee was the improper payments that Schorsch had ARCP make to finance the renovations in the Audrain Building, a clear instance of self-dealing by a senior executive. Thus, Schorsch

not only knew about the ineffectiveness of ARCP's internal controls, he took advantage of them to the detriment of ARCP's shareholders.

186. Schorsch's scienter is further demonstrated by ARCP's independent directors' decision to sever all ties between ARCP and Schorsch on or about December 12, 2014.

187. ARCP acted with scienter because Schorsch's, Kay's, Block's, and McAlister's scienter is imputed to ARCP. ARCP has also admitted that its senior management learned of, but intentionally failed to correct, the incorrectly reported AFFO in the 2013 Annual Report, that its senior management intentionally failed to prevent AFFO from being overstated again in the 2014 First Quarter Report, and that its senior management intentionally cooked ARCP's books in the 2014 Second Quarter Report in order to cover up the prior AFFO misrepresentations.

DEFENDANTS' NEGLIGENCE WITH RESPECT TO THE REPORTED AFFO AND NET LOSS IN THE 2013 ANNUAL REPORT

188. Plaintiffs do not allege that Defendants acted with scienter with respect to the materially false and misleading statements in the 2013 Annual Report concerning ARCP's AFFO and net loss.

189. However, for purposes of Plaintiffs' claims under Section 18 of the Exchange Act, ARCP, Schorsch, Kay, Block, and McAlister were at least negligent in making statements in the 2013 Annual Report concerning the accuracy of the financial information presented therein.

190. Had Schorsch acted with the standard of care required of a CEO and Chairman of a public company, he would have been aware that AFFO in the 2013 Annual Report was materially overstated and that net loss was materially understated due to improper accounting.

191. Had Kay acted with the standard of care required of a President of a public company, he would have been aware that AFFO in the 2013 Annual Report was materially overstated and that net loss was materially understated due to improper accounting.

192. Had Block acted with the standard of care required of a CFO of a public company, he would have been aware that AFFO in the 2013 Annual Report was materially overstated and that net loss was materially understated due to improper accounting.

193. Had McAlister acted with the standard of care required of a CAO of a public company, she would have been aware that AFFO in the 2013 Annual Report was materially overstated and that net loss was materially understated due to improper accounting.

194. Schorsch's, Kay's, Block's and McAlister's knowledge concerning the pervasive material weaknesses in ARCP's internal controls over financial reporting and in ARCP's disclosure controls and procedures meant that they should have exercised particular diligence before making statements about the accuracy of the financial information presented in the 2013 Annual Report. Schorsch, Kay, Block and McAlister, however, utterly failed to exercise the required diligence. All of these ARCP executives acted in bad faith. Their failings are imputable to ARCP.

PLAINTIFFS' ACTUAL RELIANCE

195. On July 30, 2014, the day after ARCP released its 2014 Second Quarter Report, Plaintiffs began purchasing ARCP common stock through Jet Capital.

196. Prior to making the decision to purchase, a senior analyst at Jet Capital actually read, reviewed and relied upon the 2013 Annual Report, the 2014 First Quarter Report, and the 2014 Second Quarter Report, including the reported AFFO and net loss figures in those reports, as well as ARCP's statements about the adequacy and effectiveness of ARCP's internal controls.

197. The senior analyst at Jet Capital also read and relied upon the statements made by Kay and Block during the ARCP earnings call on or about July 29, 2014.

198. The senior analyst at Jet Capital listened to and relied upon statements made by Kay at Wells Fargo Securities 3rd Annual Net Lease REIT Forum on or about September 9, 2014. Following that conference, Jet Capital caused Plaintiffs to purchase more ARCP common stock.

199. The senior analyst at Jet Capital listened to and relied upon statements made by Kay and Block at ARCP's Investor Day on or about September 17, 2014. Following the Investor Day, Jet Capital caused Plaintiffs to purchase more ARCP common stock.

200. Plaintiffs continued to purchase ARCP common stock, in reliance on the aforementioned statements, through October 27, 2014.

LOSS CAUSATION

201. During the period when ARCP filed its 2013 Annual Report, its 2014 First Quarter Report, its 2014 Second Quarter Report, and up until October 29, 2014, the Company's shares traded in the $11-to-$14 per share range.

202. On October 28, 2014, ARCP's common stock closed at a price of $12.38 per share.

203. On October 29, 2014, ARCP filed a Form 8-K and Kay held an investor conference call in which the improper accounting with respect to the 2014 First Quarter Report and the fraudulent concealment of that improper accounting in the 2014 Second Quarter Report were revealed. The October 29 disclosure blamed Block and McAlister for the financial misstatements. Prior to the October 29 disclosure, Plaintiffs had not sold any of the ARCP stock that they purchased between July 30, 2014 and October 27, 2014.

204. The October 29 partial corrective disclosure caused the following drops in ARCP's stock price: on October 29, 2014, ARCP's common stock dropped as low as $7.85 per share, and closed at a price of $10.00 per share; on October 30, 2014, ARCP's common stock closed at a price of $9.42 per share; on October 31, 2014, ARCP's common stock closed at a price of $8.87 per share; and on November 3, 2014, ARCP's common stock closed at a price of $7.85 per share.

205. By December 12, 2014, ARCP's common stock had risen back to close at $8.99 per share. However, on December 15, 2014, ARCP issued another partial corrective disclosure concerning the resignations of Schorsch, Kay and Beeson.

206. The December 15, 2014 partial corrective disclosure caused the following drops in ARCP's stock price: on December 15, 2014, ARCP's common stock closed at a price of $8.23 per share; and on December 16, 2014, ARCP's common stock closed at a price of $7.70 per share.

207. On December 17, 2014, ARCP's common stock closed at a price of $8.41 per share. The following day, McAlister filed her verified complaint in New York State Supreme Court, disclosing the full extent of the improper accounting and fraudulent concealment, as well as Kay's and Schorsch's involvement.

208. The December 18, 2014 corrective disclosure caused ARCP's common stock to drop to $8.07 per share at closing on December 18, 2014, and $8.02 per share at closing on December 19, 2014.

209. Moreover, the aforementioned drops in stock price reflected the gradual materialization of the risk that ARCP did not have adequate internal controls to ensure the integrity and accuracy of its financial reporting.

210. In light of general investor concerns about the quality of the Company's accounting functions, internal controls and corporate governance (as highlighted by several embarrassing reporting mishaps), ARCP desperately sought to reassure investors that it had righted the ship and that its internal control systems were above reproach. In doing so, the Company concealed the foreseeable risk that its utter lack of meaningful controls would enable corrupt members of senior management to mislead investors by doctoring ARCP's financial results. Beginning with the October 29, 2014 Form 8-K, that foreseeable risk gradually materialized, culminating in the resignations of senior management and the revelation of their complicity in deliberate accounting fraud, and causing the Company's stock price to decline by $4.53 per share between October 29 and November 3, 2014, by $1.29 per share between December 15 and December 16, 2014, and by $0.39 per share between December 18 and December 19, 2014.

NO SAFE HARBOR

211. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The specific statements pleaded herein were not "forward-looking statements" nor were they identified as "forward-looking statements" when made. Nor was it stated with respect to any of the statements forming the basis of this Complaint that actual results "could differ materially from those projected." To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular

forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of ARCP who knew that those statements were false when made.

FIRST CAUSE OF ACTION

Violations of Section 18 of the Exchange Act
Misstatements and Omissions in 2013 Annual Report Concerning AFFO and Net Loss
Against All Defendants

212. Plaintiffs repeat and reallege each and every paragraph contained above as if set forth herein.

213. As alleged herein, Defendants ARCP, Schorsch, Kay, Block, and McAlister caused (at least negligently) statements to be made in the Company's 2013 Annual Report (filed with the SEC pursuant to the rules or regulations of the Exchange Act) concerning ARCP's AFFO and net loss, which statements were, at the time and in light of the circumstances under which made, false or misleading with respect to material facts.

214. In purchasing ARCP stock, Plaintiffs' investment team actually read, and had direct eyeball reliance on, the statements in the 2013 Annual Report concerning ARCP's AFFO and net loss.

215. Specifically, on or about July 29, 2014, a senior analyst at Jet Capital read ARCP's statement that AFFO for the year ended December 31, 2013 was $163.9 million and that net loss for the year ended December 31, 2013 was $406.5 million. In accordance with ARCP's advice to its investors, the senior analyst at Jet Capital actually relied on AFFO as a useful metric to analyze the sustainability of ARCP's long-term operating performance and to compare ARCP's operating performance to other companies.

216. In ignorance of the falsity of Defendants ARCP's, Schorsch's, Kay's, Block's, and McAlister's statements or of the true facts, Plaintiffs purchased ARCP's securities in actual, eyeball reliance upon Defendants' representations.

217. Defendants ARCP's, Schorsch's, Kay's, Block's, and McAlister's materially false or misleading statements artificially inflated the price of ARCP securities.

218. Had they known the true facts, Plaintiffs would not have purchased the ARCP securities and/or would not have purchased them at the inflated price they paid.

219. Upon disclosure of the true facts and/or the materialization of the concealed risks, the price of ARCP common stock dropped, and Plaintiffs suffered damages in an amount to be proven at trial.

220. By reason of the foregoing, Defendants ARCP, Schorsch, Kay, Block, and McAlister are liable to Plaintiffs for violations of Section 18 of the Exchange Act, 15 U.S.C. §78*r*.

221. Plaintiffs have brought this claim within one year of discovery of the violations alleged herein, and within three years of the accrual of this cause of action.

SECOND CAUSE OF ACTION

Violations of Section 10(b) of the Exchange Act and Rule 10b-5
Misstatements and Omissions in 2013 Annual Report
Concerning Adequacy of ARCP's Internal Controls
Against All Defendants

222. The Plaintiffs repeat and reallege each and every paragraph contained above as if set forth herein.

223. Defendants ARCP, Schorsch, Kay, Block, and McAlister knew, or were reckless in failing to know, of the material misrepresentations contained in, and the material omissions from, the 2013 Annual Report concerning the adequacy of ARCP's internal controls.

224. Defendants Schorsch, Kay, Block, and McAlister, with knowledge of or reckless disregard for the truth, made, disseminated, and approved the filing with the SEC of ARCP's 2013 Annual Report, as set forth above, which was false and misleading in that it contained misrepresentations of material facts concerning the adequacy of ARCP's internal controls and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made concerning the adequacy of ARCP's internal controls, not misleading. Plaintiffs specifically read, reviewed, and relied on the 2013 Annual Report, and the false and misleading statements therein, in purchasing ARCP's securities.

225. By reason of the conduct alleged herein, Defendants ARCP, Schorsch, Kay, Block, and McAlister knowingly or recklessly, directly, and indirectly, violated Section 10(b), 15 U.S.C. § 78j, of the Exchange Act and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, in that they made untrue statements of material facts concerning the adequacy of ARCP's internal controls or omitted to state material facts necessary in order to make statements made concerning the adequacy of ARCP's internal controls, in light of the circumstances under which they were made, not misleading, on which Plaintiffs relied in connection with their purchases of ARCP securities.

226. As a result of the publication of the materially false and misleading information and failure to disclose material facts as set forth above, the market price of ARCP's common stock was artificially inflated at all relevant times alleged herein. In particular, the market price of ARCP common stock was artificially inflated due to the materially false and misleading

representations and omissions alleged herein at all times when Plaintiffs purchased ARCP common stock prior to October 29, 2014.

227. Ignorant of the fact that the market price of ARCP's publicly traded common stock was artificially inflated, and relying directly upon the false and misleading statements alleged herein, as well as on the integrity of the market in which the common stock traded, and thus indirectly on the false and misleading statements made by Defendants ARCP, Schorsch, Kay, Block, and McAlister and/or on the absence of material adverse information, Plaintiffs acquired ARCP common stock at artificially high prices and were damaged thereby when the truth was revealed.

228. In purchasing ARCP stock, Plaintiffs' investment team actually read, and had direct eyeball reliance on, on the false and misleading statements made by Defendants ARCP, Schorsch, Kay, Block, and McAlister and/or on the absence of material adverse information.

229. Had Plaintiffs known of the materially adverse information not disclosed by Defendants ARCP, Schorsch, Kay, Block, and McAlister, and known that ARCP's stock price was artificially inflated due to fraud, Plaintiffs would not have purchased ARCP common stock at all or not at the inflated prices paid.

230. Upon disclosure of the true facts that had still been withheld from the market at the time of Plaintiffs' purchases and/or the materialization of the concealed risks, the price of ARCP's common stock declined, and Plaintiffs suffered damages as a result of Defendants ARCP's, Schorsch's, Kay's, Block's and McAlister's violation of Section 10(b) and Rule 10b-5 in an amount to be proven at trial. Plaintiffs' damages were the direct and proximate result of Defendants ARCP's, Schorsch's, Kay's, Block's, and McAlister's unlawful conduct as alleged herein.

231. Plaintiffs have suffered substantial damages in that, in direct reliance on Defendants ARCP's, Schorsch's, Kay's, Block's, and McAlister's false and misleading statements and omissions, they paid artificially inflated prices for ARCP securities as a result of Defendants ARCP's, Schorsch's, Kay's, Block's, and McAlister's violations of Section 10(b) of the Exchange Act and Rule 10b-5. At the time of purchase by the Plaintiffs of ARCP's securities, the fair and true market value of said securities was substantially less than the prices paid by them.

232. By virtue of the foregoing, Defendants ARCP, Schorsch, Kay, Block, and McAlister violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

233. Plaintiffs have brought this claim within two years of discovery of the violations alleged herein, and within five years of the violations alleged herein. Consequently, this action is timely.

THIRD CAUSE OF ACTION

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Misstatements and Omissions Subsequent to 2013 Annual Report Against All Defendants

234. The Plaintiffs repeat and reallege each and every paragraph contained above as if set forth herein.

235. Defendants knew, or were reckless in failing to know, of the material misrepresentations contained in or made during, and the material omissions from, the 2014 First Quarter Report, the 2014 Second Quarter Report, Kay's meeting with Plaintiffs on or about September 9, 2014, and ARCP's Investor Day on or about September 17, 2014.

236. Defendants Schorsch, Kay and Block, with knowledge of or reckless disregard for the truth, made, disseminated and approved the filing with the SEC of ARCP's 2014 First

Quarter Report, as set forth above, which was false and misleading in that it contained misrepresentations of material facts and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Plaintiffs specifically read, reviewed, and relied on the 2014 First Quarter Report, and the false and misleading statements therein, in purchasing ARCP's securities.

237. Defendants Schorsch, Kay, Block and McAlister, with knowledge of or reckless disregard for the truth, made, disseminated and approved the filing with the SEC of ARCP's 2014 Second Quarter Report, as set forth above, which was false and misleading in that it contained misrepresentations of material facts and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Plaintiffs specifically read, reviewed, and relied on the 2014 Second Quarter Report, and the false and misleading statements therein, in purchasing ARCP's securities.

238. Defendants Kay, with knowledge of or reckless disregard for the truth, made statements during ARCP's earnings call on or about July 29, 2014, as set forth above, which were false and misleading in that they contained misrepresentations of material facts and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Plaintiffs specifically reviewed and relied on these false and misleading statements in purchasing ARCP's securities.

239. Defendant Kay, with knowledge of or reckless disregard for the truth, made statements at the Wells Fargo Securities 3rd Annual Net Lease REIT Forum on or about September 9, 2014, as set forth above, which were false and misleading in that they contained misrepresentations of material facts and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not

misleading. Plaintiffs specifically reviewed and relied on these false and misleading statements in purchasing ARCP's securities.

240. Defendant Block, with knowledge of or reckless disregard for the truth, made public statements on or about September 17, 2014, during ARCP's Investor Day, as set forth above, which were false and misleading in that they contained misrepresentations of material facts and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Plaintiffs specifically reviewed and relied on these false and misleading statements in purchasing ARCP's securities.

241. By reason of the conduct alleged herein, Defendants ARCP, Schorsch, Kay, Block and McAlister knowingly or recklessly, directly and indirectly, violated Section 10(b) of the Exchange Act, 15 U.S.C. § 78j, and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, in that it made untrue statements of material facts or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, on which Plaintiffs relied in connection with their purchases of ARCP securities.

242. As a result of the publication of the materially false and misleading information and failure to disclose material facts as set forth above, the market price of ARCP's common stock was artificially inflated at all relevant times alleged herein. In particular, the market price of ARCP common stock was artificially inflated due to the materially false and misleading representations and omissions alleged herein at all times Plaintiffs purchased ARCP common stock prior to October 29, 2014.

243. In purchasing ARCP stock, Plaintiffs' investment team actually read, and had direct eyeball reliance on, on the false and misleading statements made by Defendants ARCP, Schorsch, Kay, Block and McAlister and/or on the absence of material adverse information.

244. Ignorant of the fact that the market price of ARCP's publicly traded common stock was artificially inflated, and relying directly upon the false and misleading statements alleged herein, as well as on the integrity of the market in which the common stock traded, and thus indirectly on the false and misleading statements made by Defendants and/or on the absence of material adverse information, Plaintiffs acquired ARCP common stock at artificially high prices and were damaged thereby when the truth was revealed.

245. Had Plaintiffs known of the materially adverse information not disclosed by Defendants, and known that ARCP's stock price was artificially inflated due to fraud, Plaintiffs would not have purchased ARCP common stock at all or not at the inflated prices paid.

246. Upon disclosure of the true facts that had still been withheld from the market at the time of Plaintiffs' purchases and/or the materialization of the concealed risks, the price of ARCP's common stock declined, and Plaintiffs suffered damages as a result of Defendants' violation of Section 10(b) and Rule 10b-5 in an amount to be proven at trial. Plaintiffs' damages were the direct and proximate result of Defendants' unlawful conduct as alleged herein.

247. Plaintiffs have suffered substantial damages in that, in direct reliance on Defendants' false and misleading statements and omissions, they paid artificially inflated prices for ARCP securities as a result of Defendants' violations of Section 10(b) of the Exchange Act and Rule 10b-5. At the time of purchase by the Plaintiffs of ARCP's securities, the fair and true market value of said securities was substantially less than the prices paid by them.

248. By virtue of the foregoing, Defendants ARCP, Schorsch, Kay, Block and McAlister violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

249. Plaintiffs have brought this claim within two years of discovery of the violations alleged herein, and within five years of the violations alleged herein. Consequently, this action is timely.

FOURTH CAUSE OF ACTION

Violations of Section 20(a) of the Exchange Act
Against Defendants Schorsch, Kay, Block and McAlister

250. Plaintiffs repeat and reallege each and every allegation contained in each of the foregoing paragraphs as if set forth fully herein.

251. To the extent that any of Defendants Schorsch, Kay, Block and/or McAlister are not found to be liable for any of the statements in the Second Cause of Action or the Third Cause of Action above, this Count is asserted in the alternative against Defendants Schorsch, Kay, Block, and McAlister and is based upon Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

252. Defendants Schorsch, Kay, Block, and McAlister were at the time of the wrongs alleged herein each a controlling person of ARCP within the meaning of Section 20(a) of the Exchange Act.

253. Defendants Schorsch, Kay, Block, and McAlister had the power and influence, and did in fact exercise that power and influence, to cause ARCP to issue the statements set forth above.

254. As the founder, CEO, and Chairman of ARCP, Schorsch was intimately familiar with, and exercised substantial control over, every aspect of ARCP's business. Schorsch specifically directed ARCP to commit improper accounting with respect to AFFO in ARCP's

2014 First Quarter Report. Moreover, on or about July 28, 2014, Schorsch willfully directed Block to conceal the improper accounting in the 2013 Annual Report and the 2014 First Quarter Report by converting to reporting AFFO on a gross basis and fraudulently deferring the accrual of second quarter expenses in the 2014 Second Quarter Report.

255. As the President of ARCP, Kay took control of the day-to-day operations of ARCP. Kay directed Block and McAlister not to correct or disclose the improper accounting in the 2013 Annual Report. Kay then directed ARCP to continue to use the improper accounting with respect to AFFO in the 2014 First Quarter Report.

256. As the CFO of ARCP, Block bore the ultimate responsibility for ARCP's finances. Block was responsible for concealing in the 2014 Second Quarter Report the improper accounting in the 2013 Annual Report and the 2014 First Quarter Report.

257. As the CAO of ARCP, McAlister was in charge of ARCP's accounting. McAlister willfully signed the 2014 Second Quarter Report despite knowing of the fraudulent accounting contained in such report.

258. By reason of the conduct alleged in Counts II and III of the Complaint, Defendant ARCP is liable for violations of Section 10(b) and Rule 10b-5 promulgated thereunder, and Defendants Schorsch, Kay, Block and McAlister are liable based on their control of ARCP.

259. Defendant Schorsch culpably participated in ARCP's violation of Section 10(b) and Rule 10b-5 with respect to Counts II and III because he specifically directed ARCP to use improper accounting with respect to AFFO in the 2014 First Quarter Report, and willfully directed Block to conceal the improper accounting in the 2013 Annual Report and the 2014 First Quarter Report by converting to reporting AFFO on a gross basis and cooking the books in the 2014 Second Quarter Report.

260. Defendant Kay culpably participated in ARCP's violation of Section 10(b) and Rule 10b-5 with respect to Counts II and III because Kay directed Block and McAlister not to correct or disclose the improper accounting in the 2013 Annual Report and directed ARCP to continue to use the improper accounting with respect to AFFO in the 2014 First Quarter Report.

261. Defendant Block culpably participated in ARCP's violation of Section 10(b) and Rule 10b-5 with respect to Counts II and III because Block learned of the improper accounting in the 2013 Annual Report with respect to AFFO in or around February 2014, yet did nothing to correct the accounting error in the 2013 Annual Report or to prevent the improper accounting being repeated in the 2014 First Quarter Report. At Schorsch's behest, Block then attempted to conceal the improper accounting by converting to reporting AFFO on a gross basis and cooking the books in the 2014 Second Quarter Report.

262. Defendant McAlister culpably participated in ARCP's violation of Section 10(b) and Rule 10b-5 with respect to Counts II and III because she became aware of the improper accounting with respect to AFFO in the 2013 Annual Report in or around February 2014, yet she did nothing to correct the accounting error or to prevent the improper accounting from being repeated in the 2014 First Quarter Report. McAlister also was fully aware of Schorsch's direction to Block to conceal the improper accounting in the 2013 Annual Report and the 2014 First Quarter Report by converting to reporting AFFO on a gross basis and cooking the books in the 2014 Second Quarter Report. McAlister willfully signed the 2014 Second Quarter Report despite knowing of the fraudulent accounting contained in such report.

263. Defendants Schorsch, Kay, Block and McAlister are liable for the aforesaid wrongful conduct, and are liable to Plaintiffs for the substantial damages which they suffered in connection with their purchases of ARCP common stock.

264. Plaintiffs have brought this claim within two years of discovery of the violations alleged herein, and within five years of the violations alleged herein. Consequently, this action is timely.

FIFTH CAUSE OF ACTION

Common Law Fraud Under New York Law
Misstatements and Omissions in 2013 Annual Report
Concerning Adequacy of ARCP's Internal Controls
Against All Defendants

265. Plaintiffs repeat and reallege each and every paragraph contained above as if set forth herein.

266. As alleged above, Defendants ARCP, Schorsch Kay, Block and McAlister made material misrepresentations and omitted to disclose material facts in the 2013 Annual Report concerning the adequacy of ARCP's internal controls.

267. These misrepresentations and omissions concerning the adequacy of ARCP's internal controls were made intentionally, or at a minimum, recklessly, to induce reliance thereon by Plaintiffs when making decisions to invest in ARCP stock.

268. These misrepresentations and omissions concerning the adequacy of ARCP's internal controls constitute fraud and deceit under New York law.

269. Plaintiffs actually and reasonably relied upon the representations when making decisions to purchase ARCP's shares and did not know of any of the misrepresentations or omissions.

270. As a direct and proximate result of the fraud and deceit by Defendants ARCP, Kay, Block and McAlister, Plaintiffs suffered damages in connection with their investment in ARCP's common stock.

271. Defendants ARCP, Kay, Block and McAlister's wrongful conduct, as described above, was malicious, reckless, willful, and was directed at the general investing public. Accordingly, punitive damages, in addition to compensatory damages, are appropriate to deter fraudulent conduct of this kind.

SIXTH CAUSE OF ACTION

Common Law Fraud Under New York Law
Misstatements and Omissions Subsequent to 2013 Annual Report
Against All Defendants

272. Plaintiffs repeat and reallege each and every paragraph contained above as if set forth herein.

273. As alleged above, Defendants made material misrepresentations and omitted to disclose material facts in and about the 2014 First Quarter Report, the 2014 Second Quarter Report, the earnings call on or about July 29, 2014, the Wells Fargo Securities 3rd Annual Net Lease REIT Forum on or about September 9, 2014, and ARCP's Investor Day on or about September 17, 2014.

274. These misrepresentations and omissions were made intentionally, or at a minimum, recklessly, to induce reliance thereon by Plaintiffs when making decisions to invest in ARCP stock.

275. These misrepresentations and omissions constitute fraud and deceit under New York law.

276. Plaintiffs actually and reasonably relied upon the representations when making decisions to purchase ARCP's shares and did not know of any of the misrepresentations or omissions.

277. As a direct and proximate result of the fraud and deceit by Defendants, Plaintiffs suffered damages in connection with their investment in ARCP's common stock.

278. Defendants' wrongful conduct, as described above, was malicious, reckless, willful, and was directed at the general investing public. Accordingly, punitive damages, in addition to compensatory damages, are appropriate to deter fraudulent conduct of this kind.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request relief and judgment, as follows:

(a) Awarding compensatory damages against Defendants for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including pre-judgment and post-judgment interest thereon;

(b) Awarding punitive damages against Defendants;

(c) Awarding Plaintiffs their reasonable costs and expenses incurred in this action; and

(d) Such other and further relief as the Court may deem just and proper.

JURY DEMAND

The Plaintiffs hereby demand a trial by jury as to all issues so triable.

Dated: April 17, 2015
New York, New York

LOWENSTEIN SANDLER LLP

By: /s/ Lawrence M. Rolnick
Lawrence M. Rolnick
Marc B. Kramer
Thomas E. Redburn, Jr. (*pro hac vice*)
Michael J. Hampson
1251 Avenue of the Americas
New York, NY 10020
Tel. 212.262.6700

Supplemental Exhibit 13

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

IN RE AMERICAN APPAREL, INC. SHAREHOLDER LITIGATION This Document Relates To: All Actions	Case No. CV-10-6352 MMM (JCG) (**Consolidated**)

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES, AND SETTLEMENT FAIRNESS HEARING

A Federal Court authorized this Notice.
This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by a class action lawsuit (the "Action") pending in the United States District Court for the Central District of California (the "Court") if you purchased or otherwise acquired the publicly traded common stock of American Apparel, Inc. ("American Apparel" or the "Company") between November 28, 2007 and August 17, 2010, inclusive (the "Class Period").

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff Charles Rendelman, on behalf of himself and the Class (as defined in ¶1 below), has reached a proposed settlement of the Action with defendants American Apparel, Dov Charney ("Charney"), Adrian Kowalewski ("Kowalewski" and collectively with American Apparel and Charney, the "American Apparel Defendants"), Lion Capital LLP and Lion Capital (Americas) Inc. (collectively "Lion Capital") (collectively with the American Apparel Defendants, the "Defendants") for a total of $4.8 million in cash that will resolve all claims in the Action (the "Settlement").[1]

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. If you are a Class Member, your legal rights will be affected whether or not you act.

1. **Description of the Action and the Class**: This Notice relates to a proposed Settlement of claims in a pending class action lawsuit brought by investors alleging that the price of American Apparel common stock was artificially inflated during the Class Period as a result of alleged false and misleading statements and omissions by the American Apparel Defendants during the Class Period concerning, *inter alia*, the Company's compliance with immigration laws and certain financials in the Company's 2009 Annual Statement. The proposed Settlement, if approved by the Court, will settle claims of all persons and entities who purchased or otherwise acquired the publicly traded common stock of American Apparel between November 28, 2007 and August 17, 2010, inclusive (the "Class"), except for certain persons and entities who are excluded from the Class by definition (*see* ¶22 below) or who validly elect to exclude themselves from the Class (*see* ¶¶39-42 below).

2. **Statement of the Class' Recovery**: Subject to Court approval and, as described more fully below, Lead Plaintiff, on behalf of himself and the Class, has agreed to settle all Settled Claims (as defined in ¶31 below) against Defendants and the other Released Parties in exchange for a settlement payment of $4.8 million (the "Settlement Amount") to be deposited into an escrow account (the Settlement Amount, plus any interest earned thereon, is referred to in this Notice as the "Settlement Fund"). The Net Settlement Fund (the Settlement Fund less Taxes, Notice and Administration Costs, and attorneys' fees and Litigation Expenses awarded by the Court) will be allocated among members of the Class in accordance with a plan of allocation that is approved by the Court. The proposed plan of allocation (the "Plan of Allocation") is attached hereto as Appendix A. The proposed Plan of Allocation may be modified by the Court without further notice.

3. **Statement of Average Amount of Recovery Per Security**: Lead Plaintiff's damages consultant estimates that approximately 30.6 million shares of American Apparel common stock purchased or otherwise acquired during the Class Period may have been affected by the conduct at issue in the Action. If all Class Members elect to participate in the Settlement, the estimated average recovery per damaged share of

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation and Agreement of Settlement dated January 17, 2014 (the "Stipulation"), which is available on the website www.americanapparelshareholdersettlement.com.

American Apparel common stock would be approximately $0.16 before deduction of Court-awarded attorneys' fees and Litigation Expenses, as described below, and the costs of providing notice and administering the Settlement. Class Members should note, however, that this is only an estimate based on the overall number of potentially damaged shares. Some Class Members may recover more or less than the estimated amount per share. Class Member recoveries will depend on, among other things, the number of claims filed, the amount of American Apparel common stock purchased and/or acquired by the Class Member and the timing of such purchases and/or acquisitions, and the timing of the Class Member's sales, if any, of such American Apparel common stock.

4. **Statement of the Parties' Position on Damages:** Defendants deny all claims of wrongdoing, that they are liable to Lead Plaintiff and/or the Class or that Lead Plaintiff or other members of the Class suffered any injury. Moreover, the Parties do not agree on the amount of recoverable damages or on the average amount of damages per share of American Apparel common stock that would be recoverable if Lead Plaintiff was to prevail on each of his claims. The issues on which the Parties disagree include, but are not limited to: (1) whether the statements made or facts allegedly omitted were material, false or misleading; and (2) whether Defendants are otherwise liable under the securities laws for those statements or omissions.

5. **Statement of Attorneys' Fees and Expenses Sought:** Court-appointed Lead Counsel, Kessler Topaz Meltzer & Check, LLP, has litigated this Action on a wholly contingent basis since its inception and has conducted this litigation and advanced the expenses of litigation with the expectation that if it was successful in recovering money for the Class, it would receive fees and be reimbursed for its expenses from the Settlement Fund, as is customary in this type of litigation. Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 25% of the Settlement Amount, plus interest earned at the same rate as the Settlement Fund. Lead Counsel also will apply for the reimbursement of certain Litigation Expenses paid or incurred in connection with the prosecution and resolution of the Action in an amount not to exceed $300,000, plus interest earned at the same rate as the Settlement Fund. In addition, Lead Plaintiff may seek reimbursement from the Settlement Fund in an amount not to exceed $6,600 for reasonable costs and expenses (including lost wages) in connection with his representation of the Class in accordance with 15 U.S.C. § 78u-4(a)(4). Assuming that all of the investors who purchased or otherwise acquired American Apparel common stock during the Class Period and were damaged as a result of the alleged conduct participate in the Settlement, and if the Court approves Lead Counsel's application for attorneys' fees and Litigation Expenses, Lead Counsel estimates that the average cost will be approximately $0.05 per damaged share of American Apparel common stock.

6. **Identification of Attorney Representative:** Lead Plaintiff and the Class are being represented by Kessler Topaz Meltzer & Check, LLP, the Court-appointed Lead Counsel. Any questions regarding the Settlement should be directed to the following representatives of Lead Counsel: Eli R. Greenstein, Esq. and Stacey M. Kaplan, Esq. of Kessler Topaz Meltzer & Check, LLP, One Sansome Street, Suite 1850, San Francisco, CA 94104, (415) 400-3000, info@ktmc.com, and Jennifer L. Enck, Esq. of Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, (610) 667-7706, info@ktmc.com.

7. **Reasons for the Settlement:** Lead Plaintiff's principal reason for entering into the Settlement is the substantial cash benefit payable to the Class now, without further risk or the delays inherent in further litigation. The significant cash benefit under the Settlement must be considered against the significant risk that a smaller recovery – or, indeed, no recovery at all – might be achieved after contested motions, trial and likely appeals, a process that could last several years into the future. For Defendants, who deny all allegations of wrongdoing or liability whatsoever, the principal reason for entering into the Settlement is to eliminate the expense, risks, and uncertainty of further litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM BY SEPTEMBER 2, 2014.	This is the only way to be eligible to receive a payment from the Settlement. If you are a Class Member and you remain in the Class, you will be bound by the Settlement as approved by the Court and you will give up any Settled Claims (as defined in ¶31 below) that you have against Defendants and the other Released Parties (defined in ¶32 below), so, if you remain in the Class, it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN JULY 7, 2014.	If you exclude yourself from the Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that *potentially* allows you to ever bring or maintain your own lawsuit against the Defendants or the other Released Parties, or to be part of another lawsuit, concerning the Settled Claims. *See* ¶¶40-41 below.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS *RECEIVED* NO LATER THAN JULY 7, 2014.	If you do not like the proposed Settlement, the proposed Plan of Allocation, Lead Counsel's request for attorneys' fees and expenses, and/or Lead Plaintiff's request for reimbursement of expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense requests unless you are a Class Member and do not exclude yourself.
GO TO THE HEARING ON JULY 28, 2014 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *RECEIVED* NO LATER THAN JULY 7, 2014.	Filing a written objection and notice of intention to appear by July 7, 2014 allows you to speak in Court about the fairness of the proposed Settlement, the Plan of Allocation, Lead Counsel's request for attorneys' fees and expenses, and/or Lead Plaintiff's request for reimbursement of expenses. If you submit a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objection.
DO NOTHING.	If you are a member of the Class and you do not submit a Claim Form by September 2, 2014, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. This Notice is being sent to you pursuant to an Order of the United States District Court for the Central District of California because you or someone in your family or an investment account for which you serve as custodian may have purchased or otherwise acquired American Apparel common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the Court rules on the proposed Settlement of this case. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, the claims administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. In a class action lawsuit, the Court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Action, the Court has appointed Charles Rendelman to serve as "Lead Plaintiff" under a federal law governing lawsuits such as this one, and has appointed the law firm Kessler Topaz Meltzer & Check, LLP as Lead Counsel in the Action. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the Court must resolve all issues on behalf of the class members, except for any persons who choose to exclude themselves from the class. (For more information on excluding yourself from the Class, please read "What If I Do Not Want To Participate In the Settlement? How Do I Exclude Myself?," on page 8 below.)

10. The Court in charge of this case is the United States District Court for the Central District of California, and the case is known as *In re American Apparel, Inc. Shareholder Litigation*, Case No. CV-10-6352 MMM (JCG). The Judge presiding over this case is the Honorable Margaret M. Morrow, United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the named plaintiff is referred to as the Lead Plaintiff and he is suing on behalf of himself and the Class, and the Defendants are American Apparel, Dov Charney, Adrian Kowalewski, Lion Capital LLP and Lion Capital (Americas) Inc. If the Settlement is approved, it will resolve all claims in the Action by Class Members against Defendants and will bring the Action to an end.

11. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Class if you wish to do so. It also is being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement, the proposed Plan of Allocation, and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Fairness Hearing").

12. The Settlement Fairness Hearing will be held on **July 28, 2014 at 10:00 a.m.**, before the Honorable Margaret M. Morrow, at the United States District Court for the Central District of California, U.S. Courthouse, 255 East Temple Street, Los Angeles, California 90012, to determine:

(a) whether the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court;

(b) whether the Settled Claims against the Defendants and the other Released Parties should be dismissed with prejudice as set forth in the Stipulation;

(c) whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court;

(d) whether Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved by the Court; and

(e) whether Lead Plaintiff's application for reimbursement of reasonable costs and expenses (including lost wages) in connection with representing the Class should be approved by the Court.

13. This Notice does not express any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

WHAT IS THIS CASE ABOUT?

14. The case concerns claims brought by investors alleging that the price of American Apparel common stock was artificially inflated during the Class Period as a result of alleged false and misleading statements and omissions by the American Apparel Defendants during the Class Period concerning, *inter alia*, the Company's compliance with immigration laws and certain financials in the Company's 2009 Annual Statement.

15. Beginning on August 25, 2010, the following putative class action complaints were filed in the Court against American Apparel and certain of the other Defendants: *Anthony Andrade v. American Apparel, Inc., et al*., No. 2:10-cv-06352-MMM-JCG; *Douglas Ormsby v. American Apparel, Inc., et al*., No. 2:10-cv-06513-MMM; *James Costa v. American Apparel, Inc., et al*., No. 2:10-cv-06516-MMM; and *Wesley Childs v. American Apparel, Inc., et al*., No. 2:10-cv-06680-GW-JCG. On December 3, 2010, the Court consolidated the foregoing cases under the caption *In re American Apparel, Inc. Shareholder Litigation*, Case No. CV-10-6352 MMM (RCx). On March 15, 2011, the Court issued an order appointing Charles Rendelman as Lead Plaintiff and approving his selection of Kessler Topaz Meltzer & Check, LLP as Lead Counsel.

16. On April 29, 2011, Lead Plaintiff filed his Consolidated Class Action Complaint for Violation of Federal Securities Laws ("Consolidated Complaint"). Lead Plaintiff asserted claims against the Defendants pursuant to §§10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and Rule 10b-5 promulgated thereunder. On May 31, 2011, Defendants moved to dismiss the Consolidated Complaint. On September 12, 2011, the Court held a hearing on Defendants' motions to dismiss and issued a tentative order granting Defendants' motions. On January 13, 2012, the Court issued its final order largely adopting its tentative ruling, but granting Lead Plaintiff leave to amend.

17. On February 27, 2012, Lead Plaintiff filed his First Amended Complaint for Violation of Federal Securities Laws ("FAC"). On March 30, 2012, Defendants moved to dismiss the FAC. On May 21, 2012, the Court issued its tentative opinion and heard oral argument on Defendants' motions. On January 16, 2013, the Court issued a final order granting in part and denying in part Defendants' motions to dismiss. By its order, the Court (i) upheld Lead Plaintiff's allegations regarding American Apparel Defendants' immigration compliance statements as to the Company only; (ii) dismissed Lead Plaintiff's allegations regarding the effects of the terminations and the Company's 2009 Annual Report; and (iii) granted Lead Plaintiff one final opportunity to amend.

18. On February 15, 2013, Lead Plaintiff filed his Second Amended Class Action Complaint for Violation of Federal Securities Laws ("SAC" or "Complaint"). On March 15, 2013, Defendants moved to dismiss the SAC. On June 3, 2013, the Court issued a tentative order and held oral argument on Defendants' motions. On August 8, 2013, the Court issued its final order on Defendants' motions to dismiss. By its order, the Court (i) upheld the SAC's allegations regarding immigration compliance statements as to the Company and the Individual Defendants and the SAC's allegations regarding the 2009 Annual Report statements as to the Company only; (ii) upheld control person allegations against Lion Capital (for the 2009 Annual Report statements only) and the Individual Defendants (for both sets of statements); and (iii) dismissed with prejudice the SAC's allegations regarding the effects of the terminations and the Company's compliance with its debt covenants.[2]

19. The Parties thereafter engaged in mediation efforts with the assistance of an experienced mediator, including a formal mediation session and the submission of detailed mediation briefs. The Parties reached a tentative agreement to settle the Action on October 24, 2013.

20. Lead Counsel has conducted an extensive investigation into the claims and the underlying events and transactions alleged in the Action. Lead Counsel has also researched the applicable law with respect to the claims of Lead Plaintiff and the Class against Defendants, as well as the potential defenses thereto. In addition, Lead Counsel has conducted informal discovery in connection with the proposed Settlement. Based upon the foregoing, Lead Counsel has concluded that the terms and conditions of the

[2] The proposed Plan of Allocation attached as Appendix A hereto takes into account the Court's August 8, 2013 Order on Defendants' Motions to Dismiss the Complaint, which dismissed with prejudice claims relating to the American Apparel Defendants' statements between June 30, 2009 and March 30, 2010. Because of the dismissal of these claims, it is far less likely that Lead Plaintiff could prevail on those claims. Accordingly, as set forth in Table 1, 10% of the total estimated artificial inflation for the period July 1, 2009 through March 30, 2010 has been used to reflect the lesser likelihood of success on the dismissed claims.

Stipulation are fair, reasonable and adequate to Lead Plaintiff and the Class, and in their best interests, and, accordingly, Lead Plaintiff has agreed to settle the claims raised in the Action pursuant to the terms and provisions of the Stipulation, after considering (i) the substantial benefits that Lead Plaintiff and the members of the Class will receive from resolution of the Action as against the Defendants, (ii) the attendant risks of litigation, and (iii) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation. Defendants have denied and continue to deny that they have committed any act or omission giving rise to any liability and/or violation of law. Nonetheless, Defendants are entering into this Settlement to eliminate the burden and expense of further litigation and the risk of not prevailing at trial and, therefore, have determined that it is desirable that the Action fully and finally be settled in the manner and upon the terms and conditions set forth in the Stipulation.

21. On April 16, 2014, the Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Fairness Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

22. If you are a member of the Class, you are subject to the Settlement unless you timely request to be excluded from the Class. The Class consists of:

> All persons and entities who purchased or otherwise acquired the publicly traded common stock of American Apparel between November 28, 2007 and August 17, 2010, inclusive.
>
> Excluded from the Class are Defendants, the directors and officers of American Apparel and their families and affiliates. The Class also does not include those persons and entities who timely request exclusion from the Class pursuant to this Notice (*see* "What If I Do Not Want To Participate In The Settlement? How Do I Exclude Myself?," on page 8 below).

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE PROOF OF CLAIM AND RELEASE FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN SEPTEMBER 2, 2014.

WHAT ARE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

23. The principal reason for Lead Plaintiff's consent to the Settlement is that it provides an immediate and substantial benefit to the Class. The benefit of the present Settlement must be compared to the risk that no recovery might be achieved after contested motions, a contested trial and likely appeals, possibly years into the future. In addition to the $4.8 million monetary recovery, the Parties have also agreed that, following the Court's entry of an order granting final approval to the Settlement, the Company's General Counsel and Chief Financial Officer ("CFO") will meet with Lead Plaintiff to in good faith discuss his views on the Company's retail operations. The General Counsel and CFO shall subsequently report Lead Plaintiff's positions to the Company's Chief Executive Officer and Head of Retail Operations for their review and, in their sole discretion, possible implementation.

24. The claims advanced by the Class in this Action involve numerous complex legal and factual issues, which would require discovery, including extensive expert discovery and testimony, adding considerably to the expense and duration of the litigation. If the Action were to proceed, Lead Plaintiff would have to overcome significant defenses. Among other things, the Parties disagree about (i) whether Lead Plaintiff or the Class have suffered any damages, (ii) whether the price of American Apparel common stock was artificially inflated by reason of the alleged misrepresentations, omissions, or otherwise, and (iii) whether Lead Plaintiff or the Class were harmed by the conduct alleged in the Complaint. Even after an extensive investigation, questions remain regarding the extent of Defendants' liability and the extent to which a jury might find them liable, if at all. This Settlement enables the Class to recover without incurring any additional risk or costs.

25. Defendants have expressly denied and continue to deny all assertions 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 continue to believe that the claims asserted against them in the Action are without merit. Defendants have agreed to enter into the Settlement, as embodied in the Stipulation, solely to avoid the expense, distraction, time, and uncertainty associated with continuing the litigation.

26. In light of the risks associated with a trial of this Action, the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to the Class, namely $4,800,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no, recovery after summary judgment, trial and appeals, possibly years in the future.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

27. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of his claims, neither Lead Plaintiff nor the other members of the Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW MUCH WILL MY PAYMENT BE?

28. At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement.

29. Appendix A to this Notice explains the plan for allocation of the Net Settlement Fund among Authorized Claimants ("Plan of Allocation"), as proposed by Lead Plaintiff. The Court may modify the Plan of Allocation, or approve a different plan of allocation, without further notice to the Class.

WHAT RIGHTS AM I GIVING UP BY REMAINING IN THE CLASS?

30. If you remain in the Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiff and all other Class Members, will fully and finally release, to the fullest extent that the law permits their release in this Action, as against Defendants and the other Released Parties (as defined in ¶32 below) all Settled Claims (as defined in ¶31 below).

31. "Settled Claims" means, to the extent allowed by law, all claims and causes of action of every nature and description, whether known or unknown, whether arising under federal, state, common or foreign law, that Lead Plaintiff or any other member of the Class (a) asserted in the Complaint, or (b) could have asserted in any forum that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omission involved, set forth, or referred to in the Complaint and that relate to the purchase or other acquisition of the publicly-traded common stock of American Apparel during the Class Period. Notwithstanding the foregoing, "Settled Claims" does not include claims asserted in any derivative action or ERISA action based on similar allegations or any claims relating to the enforcement of the Settlement.

32. "Released Parties" means the Defendants and their respective past or present officers, directors, partners, members, parents, subsidiaries, controlling persons, affiliates, employees, agents, attorneys, auditors, underwriters, insurers, representatives, spouses, immediate family members, heirs, predecessors, successors in interest and assigns of the Defendants.

33. "Unknown Claims" means any and all Settled Claims that Lead Plaintiff and/or any Class Member does not know or suspect to exist in his, her or its favor as of the Effective Date and any Released Parties' Claims that Defendants or any Released Party does not know or suspect to exist in his, her or its favor as of the Effective Date, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Released Parties' Claims, the Parties stipulate and agree that upon the Effective Date, Lead Plaintiff and Defendants shall expressly waive, and each Class Member and Released Party shall be deemed to have waived, and by operation of the Judgment shall expressly have waived, any and all provisions, rights and benefits conferred by any law of any state of the United States, or principle of common law or otherwise, which is similar, comparable, or equivalent to 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.

The Parties acknowledge, and Class Members and Released Parties by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims and Released Parties' Claims was separately bargained for and was a key element of the Settlement.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

34. Lead Counsel has not received any payment for its services in pursuing claims against the Defendants on behalf of the Class, nor has Lead Counsel been reimbursed for its out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 25% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for reimbursement of Litigation Expenses not to exceed $300,000, plus interest earned on this amount at the same rate as the Settlement Fund. In addition, Lead Plaintiff may seek reimbursement from the Settlement Fund in an amount not to exceed $6,600 for reasonable costs and expenses (including lost wages) in connection with his representation of the Class in accordance with 15 U.S.C. § 78u-4(a)(4). The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Amount. Class Members are not personally liable for any such fees or expenses.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

35. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Class and you must timely complete and return the Claim Form with adequate supporting documentation ***postmarked*** **no later than September 2, 2014**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator, www.americanapparelshareholdersettlement.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-877-263-8642. If you request exclusion from the Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund. Please retain all records of your ownership of and transactions in American Apparel common stock, as they may be needed to document your Claim.

36. As a Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?," below.

37. If you are a Class Member and do not wish to remain a Class Member, you may exclude yourself from the Class by following the instructions in the section entitled, "What If I Do Not Want To Participate in the Settlement? How Do I Exclude Myself?," below.

38. If you are a Class Member and you wish to object to the Settlement, the proposed Plan of Allocation, Lead Counsel's request for attorneys' fees and Litigation Expenses, and/or Lead Plaintiff's request for reimbursement of expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?," below.

WHAT IF I DO NOT WANT TO PARTICIPATE IN THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?

39. Each Class Member will be bound by all determinations and judgments in this lawsuit, including those concerning the Settlement, whether favorable or unfavorable, unless such person or entity mails or delivers a written request for exclusion from the Class, addressed to: *American Apparel, Inc. Shareholder Litigation* - EXCLUSIONS, c/o Gilardi & Co, LLC, P.O. Box 8040, San Rafael, CA 94912-8040. The request for exclusion must be ***received*** **no later than July 7, 2014**. You will not be able to exclude yourself from the Class after that date. Each request for exclusion must (a) state the name, address, and telephone number of the person or entity requesting exclusion; (b) state that such person or entity "requests exclusion from the

Class in *American Apparel, Inc. Shareholder Litigation*, Case No. CV-10-6352 MMM (JCG); (c) state the number of shares of American Apparel common stock that the person or entity requesting exclusion purchased, acquired and/or sold during the Class Period, as well as the date(s) and price(s) of each such purchase, acquisition and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A request for exclusion shall not be effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

40. Even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Settled Claim against any of the Released Parties, you must follow these instructions for exclusion if you do not want to be part of the Class. If you have a pending lawsuit, arbitration, or other proceeding against any of the Defendants or any of the other Released Parties, speak to your lawyer in that action immediately.

41. Should you elect to exclude yourself from the Class, you should understand that Defendants will have the right to assert any and all defenses they may have to any claims that you may seek to assert, including without limitation the defense that any such claims are untimely under applicable statutes of limitations and statutes of repose. Although Defendants have decided to settle the Action in its entirety in order to eliminate the burden and expense of continued litigation, Defendants will retain and are not waiving in any way the right to assert that any subsequent claims asserted by any individual Class Members who exclude themselves from this Settlement are time-barred, are otherwise subject to dismissal, or otherwise lack merit. You should discuss these issues with a lawyer.

42. If you ask to be excluded from the Class, you will not be eligible to receive any payment out of the Net Settlement Fund or any other benefit provided for in the Stipulation.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?
DO I HAVE TO COME TO THE HEARING?
MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?**

43. Class Members do not need to attend the Settlement Fairness Hearing. The Court will consider any submission made in accordance with the provisions below even if a Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Fairness Hearing.

44. The Settlement Fairness Hearing will be held on **July 28, 2014 at 10:00 a.m.** before the Honorable Margaret M. Morrow, at the United States District Court for the Central District of California, U.S. Courthouse, 255 East Temple Street, Los Angeles, California 90012, Courtroom 780. The Court reserves the right to approve the Settlement, the Plan of Allocation and/or the motion for an award of attorneys' fees and reimbursement of Litigation Expenses at or after the Settlement Fairness Hearing without further notice to the members of the Class.

45. Any Class Member who does not request exclusion from the Class may object to the proposed Settlement, the proposed Plan of Allocation, Lead Counsel's request for attorneys' fees and expenses, and/or Lead Plaintiff's request for reimbursement of expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Central District of California at the address set forth below **on or before July 7, 2014**. You must also serve the papers on Lead Counsel for the Class and Defendants' Counsel at the addresses set forth below so that the papers are ***received*** **on or before July 7, 2014**.

Clerk of the Court	**Lead Counsel**	**Defendants' Counsel**
United States District Court Central District of California U.S. Courthouse 255 East Temple Street Los Angeles, CA 90012	Eli R. Greenstein Stacey M. Kaplan Kessler Topaz Meltzer & Check, LLP One Sansome Street, Suite 1850 San Francisco, CA 94104 Jennifer L. Enck Kessler Topaz Meltzer & Check, LLP 280 King of Prussia Road Radnor, PA 19087	Harriet S. Posner Peter B. Morrison Allison B. Holcombe Skadden, Arps, Slate, Meagher & Flom LLP 300 South Grand Avenue, Suite 3400 Los Angeles, CA 90071-3144 Seth Aronson O'Melveny & Myers LLP 400 South Hope Street Los Angeles, CA 90071-2899 Chet A. Kronenberg Simpson Thacher & Bartlett LLP 1999 Avenue of the Stars, 29th Floor Los Angeles, CA 90067

46. Any objection to the Settlement (a) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Class Member wishes to bring to the Court's attention and/or whether the Class Member intends to present any witnesses; and (c) must include documents sufficient to prove the number of shares of American Apparel common stock that the objecting Class Member purchased, acquired and sold during the Class Period, as well as the date(s) and price(s) of each such purchase, acquisition and sale. You may not object to the Settlement, the Plan of Allocation, Lead Counsel's request for attorneys' fees and expenses, and/or Lead Plaintiff's request for reimbursement of expenses if you exclude yourself from the Class or if you are not a member of the Class.

47. You may file a written objection without having to appear at the Settlement Fairness Hearing. You may not, however, appear at the Settlement Fairness Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

48. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, Lead Counsel's request for attorneys' fees and expenses, and/or Lead Plaintiff's request for reimbursement of expenses, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth above so that it is ***received*** **on or before July 7, 2014**. Persons who intend to object and desire to present evidence at the Settlement Fairness Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

49. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Fairness Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel so that the notice is ***received*** **on or before July 7, 2014**.

50. The Settlement Fairness Hearing may be adjourned by the Court without further written notice to the Class. If you intend to attend the Settlement Fairness Hearing, you should confirm the date and time with Lead Counsel.

51. Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, Lead Counsel's request for attorneys' fees and expenses, and/or Lead Plaintiff's request for reimbursement of expenses. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

52. If you purchased American Apparel common stock during the Class Period for the beneficial interest of a person or entity other than yourself, you must either (a) within ten (10) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within ten (10) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within ten (10) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *American Apparel, Inc. Shareholder Litigation*, c/o Gilardi & Co, LLC, P.O. Box 8040, San Rafael, CA 94912-8040. If you choose the second option, the Claims Administrator will send a copy of the Notice and Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and Claim Form may also be obtained from the website maintained by the Claims Administrator, www.americanapparelshareholdersettlement.com, or by calling the Claims Administrator toll-free at 1-877-263-8642.

CAN I SEE THE COURT FILE?
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

53. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Office of the Clerk, United States District Court for the Central District of California, U.S. Courthouse, 255 East Temple Street, Los Angeles, CA 90012. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.americanapparelshareholdersettlement.com. All inquiries concerning this Notice or Claim Form should be directed to the Claims Administrator or Lead Counsel at:

American Apparel, Inc.
Shareholder Litigation
c/o Gilardi & Co, LLC
P.O. Box 8040
San Rafael, CA 94912-8040
1-877-263-8642
www.americanapparelshareholdersettlement.com

Eli R. Greenstein, Esq.
Stacey M. Kaplan, Esq.
KESSLER TOPAZ MELTZER & CHECK, LLP
One Sansome Street, Suite 1850
San Francisco, CA 94104
(415) 400-3000
info@ktmc.com

Jennifer L. Enck, Esq.
KESSLER TOPAZ MELTZER & CHECK, LLP
280 King of Prussia Road
Radnor, PA 19087
(610) 667-7706
info@ktmc.com

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.

Dated: April 16, 2014

By Order of the Court
United States District Court
for the Central District of California

APPENDIX A

PROPOSED PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Parties, or another plan of allocation, without further notice to Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the website maintained by the Claims Administrator, www.americanapparelshareholdersettlement.com.

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim. **Please Note**: The Recognized Claim formula, set forth below, is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. 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 Recognized Claim. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total Recognized Claims of all Authorized Claimants (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants. No distribution will be made on a Claim where the potential distribution amount is less than ten dollars ($10.00) in cash.

If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late but otherwise valid and fully documented Claims received after the cut-off date used to make the initial distribution, which were not previously authorized by the Court to be paid, provided that such distributions to any late post-distribution Claimants meet all of the other criteria for inclusion in the initial distribution, including the $10.00 minimum check amount set forth in the Notice; (ii) second, to pay any additional Notice and Administration Costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least $10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a non-profit charitable organization(s) selected by Lead Counsel and approved by the Court.

THE BASIS FOR CALCULATING YOUR RECOGNIZED CLAIM

1. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants based on their respective alleged economic losses as a result of the alleged fraud, as opposed to losses caused by market-wide or industry-wide factors, or company-specific factors unrelated to the alleged fraud. The calculations made pursuant to the Plan of Allocation are generally based upon the measure of damages set forth in Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by the Securities and Exchange Commission.

2. A "Recognized Loss Amount" or "Recognized Gain Amount" will be calculated as set forth in paragraph 5 below for each share of American Apparel common stock purchased or otherwise acquired during the Class Period (i.e., November 28, 2007 through August 17, 2010, inclusive), and for which adequate documentation is provided (the "Eligible Class Shares"). The calculation of Recognized Loss or Gain Amounts will depend upon several factors, including when the shares of American Apparel common stock were purchased or otherwise acquired during the Class Period, and in what amounts, and whether those shares were sold, and if sold, when they were sold, and for what amounts. An Authorized Claimant's "Recognized

Claim" shall be calculated by totaling all of the Authorized Claimant's Recognized Loss Amounts and subtracting from that total the sum of all of the Authorized Claimant's Recognized Gain Amounts. If this calculation results in a positive number, that figure will be the Authorized Claimant's Recognized Claim; if this calculation results in a negative number or zero, the Authorized Claimant's Recognized Claim shall be zero.

Artificial Inflation in American Apparel Common Stock

3. The estimated alleged artificial inflation in the price of American Apparel common stock during the Class Period is reflected in Table 1 below. The computation of the estimated alleged artificial inflation in the price of American Apparel common stock during the Class Period is based on certain misrepresentations alleged by Lead Plaintiff in the Complaint and the price change of American Apparel common stock, net of market-wide and industry-wide factors, in reaction to the public announcements that allegedly corrected the misrepresentations that survived Defendants' Motions to Dismiss. The computation of the estimated alleged artificial inflation in the price of American Apparel common stock during the Class Period takes into account the Court's August 8, 2013 Order on Defendants' Motions to Dismiss the Complaint, which dismissed with prejudice claims relating to Defendants' statements between June 30, 2009 and March 30, 2010. Because of the dismissal of these claims, it is far less likely that Lead Plaintiff could prevail on those claims. Accordingly, 10% of the total estimated artificial inflation for the period July 1, 2009 through March 30, 2010 is used in Table 1 below to reflect the lesser likelihood of success on the dismissed claims.[3]

Table 1
Artificial Inflation in American Apparel Common Stock

From	To	Per-Share Price Inflation
November 28, 2007	June 30, 2009	$0.38
July 1, 2009	March 25, 2010	$0.24
March 26, 2010	March 30, 2010	$0.17
March 31, 2010	May 18, 2010	$1.69
May 19, 2010	July 28, 2010	$0.62
July 29, 2010	August 16, 2010	$0.37
August 17, 2010	and thereafter	$0.00

90-Day Look Back Provision

4. The "90-day look back" provision of the Private Securities Litigation Reform Act of 1995 ("PSLRA") is incorporated into the calculation of the Recognized Loss Amount. The limitations on the calculation of the Recognized Loss Amount imposed by the PSLRA are applied such that losses on shares purchased/acquired during the Class Period and held as of the close of the 90-day period subsequent to the Class Period (the "90-day look back period") cannot exceed the difference between the purchase price paid for the American Apparel common stock and the average price of American Apparel common stock during the 90-day look back period. Losses on American Apparel common stock purchased/acquired during the Class Period and sold during the 90-day look back period cannot exceed the difference between the purchase price paid for the American Apparel common stock and the rolling average price of American Apparel common stock during the portion of the 90-day look back period elapsed as of the date of sale. Losses on American Apparel common stock purchased/acquired during the Class Period and sold during the Class Period cannot exceed the difference between the purchase price paid for the American Apparel common stock and the average price of American Apparel common stock during the 90-day look back period.

CALCULATION OF RECOGNIZED LOSS OR GAIN AMOUNTS

5. An Authorized Claimant's Recognized Loss or Gain Amount per Eligible Class Share will be calculated as follows:

i. For each share of American Apparel common stock purchased/acquired during the Class Period and subsequently sold during the Class Period, the Recognized Loss Amount shall be calculated as the lesser of:

[3] The total estimated price inflation (which is based on the company-specific price change of American Apparel common stock in reaction to the public announcements that allegedly corrected the misrepresentations) for the period July 1, 2009 through March 25, 2010, inclusive, is $2.35 (10% of which is $0.24). The total estimated price inflation for the period March 26, 2010 through March 30, 2010, inclusive, is $1.69 (10% of which is $0.17).

a. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above, minus the amount of per-share price inflation on the date of sale or disposition as appears in Table 1 above. If this calculation results in a negative number, then the Recognized Loss Amount shall be $0, and a Recognized Gain Amount shall be calculated, which shall be the amount of per-share price inflation on the date of sale or disposition as appears in Table 1 above, minus the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; and

b. the purchase/acquisition price (excluding all fees, taxes and commissions) minus the average closing price for American Apparel common stock during the 90-day period following the Class Period (i.e., August 18, 2010 through November 15, 2010, inclusive), which is $1.12. If this calculation results in a negative number, then the Recognized Loss Amount shall be $0.

ii. For each share of American Apparel common stock purchased/acquired during the Class Period and subsequently sold during the period August 18, 2010, through November 15, 2010, inclusive, the Recognized Loss Amount shall be calculated as the lesser of:

a. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; and

b. the purchase/acquisition price (excluding all fees, taxes and commissions) minus the "90-day look back value" on the date of sale/disposition provided in Table 2 below. If this calculation results in a negative number, then the Recognized Loss Amount shall be $0.

iii. For each share of American Apparel common stock purchased/acquired during the Class Period and still held as of the opening of trading on November 16, 2010, the Recognized Loss Amount shall be calculated as the lesser of:

a. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; and

b. the purchase/acquisition price (excluding all fees, taxes and commissions) minus the average closing price for American Apparel common stock during the 90-day period following the Class Period, which is $1.12. If this calculation results in a negative number, then the Recognized Loss Amount shall be $0.

Table 2
PSLRA Loss Limitation for 90-day Lookback Period

Sale / Disposition Date	Rolling Average Price during 90-day Lookback Period as of the Date of Sale/Disposition	Sale / Disposition Date	Rolling Average Price during 90-day Lookback Period as of the Date of Sale/Disposition
08/18/10	$0.81	10/04/10	$1.09
08/19/10	$0.78	10/05/10	$1.10
08/20/10	$0.77	10/06/10	$1.10
08/23/10	$0.76	10/07/10	$1.10
08/24/10	$0.75	10/08/10	$1.11
08/25/10	$0.75	10/11/10	$1.11
08/26/10	$0.76	10/12/10	$1.11
08/27/10	$0.77	10/13/10	$1.12
08/30/10	$0.77	10/14/10	$1.12
08/31/10	$0.77	10/15/10	$1.12
09/01/10	$0.78	10/18/10	$1.12
09/02/10	$0.81	10/19/10	$1.13
09/03/10	$0.83	10/20/10	$1.13

Table 2 PSLRA Loss Limitation for 90-day Lookback Period			
Sale / Disposition Date	**Rolling Average Price during 90-day Lookback Period as of the Date of Sale/Disposition**	**Sale / Disposition Date**	**Rolling Average Price during 90-day Lookback Period as of the Date of Sale/Disposition**
09/07/10	$0.85	10/21/10	$1.13
09/08/10	$0.87	10/22/10	$1.13
09/09/10	$0.89	10/25/10	$1.13
09/10/10	$0.90	10/26/10	$1.13
09/13/10	$0.92	10/27/10	$1.13
09/14/10	$0.94	10/28/10	$1.13
09/15/10	$0.95	10/29/10	$1.13
09/16/10	$0.97	11/01/10	$1.12
09/17/10	$0.99	11/02/10	$1.12
09/20/10	$1.01	11/03/10	$1.12
09/21/10	$1.02	11/04/10	$1.12
09/22/10	$1.04	11/05/10	$1.12
09/23/10	$1.04	11/08/10	$1.12
09/24/10	$1.05	11/09/10	$1.12
09/27/10	$1.06	11/10/10	$1.12
09/28/10	$1.06	11/11/10	$1.12
09/29/10	$1.07	11/12/10	$1.12
09/30/10	$1.07	11/15/10	$1.12
10/01/10	$1.08		

ADDITIONAL PLAN OF ALLOCATION PROVISIONS

6. For purposes of calculating your Recognized Loss or Gain Amounts, the date of purchase, acquisition or sale is the "contract" or "trade" date and not the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of shares of American Apparel common stock during the Class Period shall not be deemed a purchase, acquisition or sale of those shares of American Apparel common stock for the calculation of an Authorized Claimant's Recognized Loss or Gain Amounts, nor shall such receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such shares of American Apparel common stock during the Class Period unless (a) the donor or decedent purchased or otherwise acquired such American Apparel common stock during the Class Period; (b) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such American Apparel common stock; and (c) it is specifically so provided in the instrument of gift or assignment.

7. All purchases, acquisitions and sales of American Apparel common stock shall be accounted for and matched using the First In, First Out ("FIFO") method of accounting. In the event that a claimant has more than one purchase/acquisition or sale of American Apparel common stock during the Class Period, all purchases/acquisitions and sales shall be matched on a FIFO basis, such that sales will be matched first against the claimant's opening holdings of American Apparel common stock on the first day of the Class Period, if any, and then will be matched against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

8. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of American Apparel common stock. The date of a "short sale" is deemed to be the date of sale of American Apparel common stock. In accordance with the Plan of Allocation, however, the Recognized Loss and Gain Amounts on "short sales" is zero. In the event that an Authorized Claimant has an opening short position in American Apparel common stock, the earliest Class Period purchases or acquisitions shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

9. American Apparel common stock is the only security eligible for recovery under the Plan of Allocation. American Apparel warrants[4] and option contracts with American Apparel common stock as the underlying security are not securities eligible to participate in the Settlement. With respect to American Apparel common stock purchased or sold through the exercise of a warrant or an option, the purchase/sale date of the American Apparel common stock is the exercise date of the warrant or option and the purchase/sale price is the exercise price of the warrant or option. For American Apparel common stock purchased or sold through the purchase/sale of an American Apparel unit, the purchase/sale date of the American Apparel common stock is the purchase/sale date of the unit and the purchase/sale price of the American Apparel common stock is the closing price of American Apparel common stock on the purchase/sale date of the unit.

10. Payment pursuant to the plan of allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, Defendants, Defendants' Counsel, the Claims Administrator or any other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Claim Form. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

[4] American Apparel warrants traded on the American Stock Exchange under the symbol APP.WS, and traded on the American Stock Exchange as part of American Apparel's units under the symbol APP.U. American Apparel units consisted of one share of American Apparel common stock and one American Apparel warrant. The exercise price of the American Apparel warrants was $6.00. All outstanding American Apparel warrants were redeemed by the Company in March of 2008.

Supplemental Exhibit 14A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE TOWER GROUP INTERNATIONAL, LTD. SECURITIES LITIGATION	Master File No. 1:13-cv-5852-AT

NOTICE OF (I) PENDENCY OF CLASS ACTION, CERTIFICATION OF SETTLEMENT CLASSES, AND PROPOSED SETTLEMENT; (II) SETTLEMENT HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the "Action") pending in the United States District Court for the Southern District of New York (the "Court"), if either: (i) you purchased or otherwise acquired the common stock of Tower Group International, Ltd., or its predecessor, Tower Group, Inc. (collectively, "Tower"), between March 1, 2010 and December 17, 2013, inclusive (the "Settlement Class Period"), and were damaged thereby; or (ii) you acquired Canopius Holdings Bermuda Limited ("Canopius") stock in the March 7, 2013 private placement in conjunction to the merger between Canopius and Tower Group, Inc., and were damaged thereby.[1]

NOTICE OF PROPOSED SETTLEMENT WITH TOWER DEFENDANTS: Please also be advised that the Court-appointed Lead Plaintiffs the Kansas City, Missouri Employees' Retirement System, Jacksonville Police and Fire Pension Fund, the Oklahoma Firefighters Pension & Retirement System, ADAR Enhanced Investment Fund, Ltd. and ADAR Investment Fund, Ltd. ("Lead Plaintiffs"), on behalf of themselves and the Settlement Classes (as defined in ¶6 below), have reached a proposed settlement in the Action with defendants Tower Group, Inc. and Tower Group International, Ltd. (collectively, "Tower"), ACP Re, Ltd. ("ACP"), and Michael H. Lee, and William E. Hitselberger (the "Officer Defendants" and, together with Tower and ACP, the "Settling Defendants" or "Tower Defendants") for $20,500,000.00 in cash that, if approved, will resolve all claims in the Action against the Tower Defendants (the "Settlement"). Claims against PricewaterhouseCoopers LLP ("PwC") are not included in the proposed Settlement and continue to be litigated by Lead Plaintiffs.

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Classes, your legal rights will be affected whether or not you act.

If you have any questions about this Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Tower Defendants or the Tower Defendants' counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶6 below).

1. **Description of the Action and the Settlement Classes:** This Notice relates to a proposed Settlement of claims in a pending securities class action brought by investors alleging, among other things, that the Tower Defendants materially misrepresented Tower's financial health, including, among other things, by understating its loss reserves and masking related internal control deficiencies, through the Settlement Class Period. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Classes, as defined below, against the Tower Defendants.

2. **Statement of the Settlement Classes' Recovery:** Subject to Court approval, Lead Plaintiffs, on behalf of themselves and the Settlement Classes, have agreed to settle the Action against the Tower Defendants in exchange for a settlement payment of $20,500,000.00 in cash (the "Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (the "Settlement Fund") less (a) any Taxes, (b) any Notice and Administration Costs, (c) any Litigation Expenses awarded by the Court, and (d) any attorneys' fees awarded by the Court) will be distributed in accordance with a plan of allocation that is approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Classes. The proposed plan of allocation (the "Plan of Allocation") is set forth below in paragraphs 52-71.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Lead Plaintiffs' damages expert's estimates of the number of shares of Tower common stock purchased in the open market during the Settlement Class Period and the number of shares of Canopius stock acquired in the March 7, 2013 private placement that may have been affected by the conduct at issue in the Action, and, assuming that all members of the Settlement Classes elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses and costs as described herein) per affected share of Tower common stock is $0.24, and per affected share of Canopius stock is $0.37. Members of the Settlement Classes should note, however, that the foregoing average recoveries per share are only estimates. Some members of the Settlement Classes may recover more or less than this estimated amount depending on, among other factors, when and at what prices they purchased/acquired or sold their shares, and the total number of valid Claim Forms submitted. Distributions to members of the Settlement Classes will be made based on the Plan of Allocation set forth herein or such other plan of allocation as may be ordered by the Court.

[1] Any capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation And Agreement Of Settlement With Tower Defendants (the "Stipulation"), which is available at www.TowerSecuritiesSettlement.com.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiffs were to prevail in the Action. Among other things, the Tower Defendants do not agree with the assertion that they violated the federal securities laws, made any misstatements, or breached any contracts and warranties, or that any damages were suffered by any members of the Settlement Classes as a result of their conduct.

5. **Attorneys' Fees and Expenses Sought:** Court-appointed Co-Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP, Saxena White P.A., and Bernstein Liebhard LLP ("Lead Counsel"), which have been prosecuting the Action on a wholly contingent basis since its inception, have not received any payment of attorneys' fees for their representation of the Settlement Classes and have advanced the funds to pay expenses necessarily incurred to prosecute this Action. Lead Counsel will apply to the Court for an award of attorneys' fees in an amount not to exceed 25% of the Settlement Amount, plus interest. In addition, Lead Counsel will apply for reimbursement of Litigation Expenses paid or incurred in connection with the institution, prosecution and resolution of the claims against the Tower Defendants, in an amount not to exceed $600,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Settlement Classes. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Members of the Settlement Classes are not personally liable for any such fees or expenses. If the Court approves Lead Counsel's fee and expense application, the average cost per affected share of Tower common stock will be approximately $0.07, and the average cost per affected share of Canopius stock will be approximately $0.10.

6. **Identification of Attorneys' Representatives:** The Court has preliminarily certified for purposes of the proposed Settlement the following classes:

(i) All persons and entities who or which purchased or otherwise acquired the common stock of Tower during the Settlement Class Period and were damaged thereby (the "Settlement Class"); and

(ii) All persons and entities who or which acquired Canopius stock in the March 7, 2013 private placement, and were damaged thereby (the "Settlement PPC").

The Settlement Class and/or the Settlement PPC are referred to herein as the "Settlement Classes"; for example, when this Notice refers to "a member of the Settlement Classes," that reference is to any person or entity that is a member of either the Settlement Class or the Settlement PPC, or both.

The Court has appointed Lead Plaintiffs as Class Representatives for the Settlement Class, and Lead Counsel Bernstein Litowitz Berger & Grossmann LLP, Saxena White P.A., and Bernstein Liebhard LLP as Class Counsel for the Settlement Class. The Court has appointed Lead Plaintiff the ADAR Funds as the Class Representative for the Settlement PPC, and Co-Lead Counsel Bernstein Liebhard LLP as Class Counsel for the Settlement PPC.

Lead Counsel's contact information is set forth below:

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
James A. Harrod, Esq.
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-and-
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-and-
BERNSTEIN LIEBHARD LLP
U. Seth Ottensoser, Esq.
Laurence J. Hasson, Esq.
10 East 40th Street
New York, New York 10016
(212) 779-1414
Ottensoser@bernlieb.com
Hasson@bernlieb.com

7. **Reasons for the Settlement:** Lead Plaintiffs' principal reason for entering into the Settlement is the substantial immediate cash benefit for the Settlement Classes without the risk or the delays inherent in further litigation. Moreover, the substantial cash benefit provided under the Settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all – might be achieved from the Tower Defendants after contested motions, including the Tower Defendants' motion to dismiss that was pending when the Settlement was reached; a trial of the Action against the Tower Defendants; and likely appeals that would follow a trial, a process that could be expected to last several years. The Tower Defendants, who deny all allegations of wrongdoing or liability whatsoever, are entering into the Settlement solely to eliminate the uncertainty, burden and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN DECEMBER 28, 2015.	This is the only way to be potentially eligible to receive a payment from the Settlement Fund. If you are a member of the Settlement Classes and you remain in the Settlement Classes, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs' Claims (defined below) that you have against the Tower Defendants and the other Defendants' Releasees (defined below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASSES BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 28, 2015.	If you exclude yourself from the Settlement Classes, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you ever to be part of any other lawsuit against any of the Tower Defendants or the other Defendants' Releasees concerning the Released Plaintiffs' Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 28, 2015.	If you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of Litigation Expenses, you may write to the Court and explain why you do not like them. You cannot object to the Settlement, the Plan of Allocation or the fee and expense request unless you are a member of the Settlement Classes and do not exclude yourself from the Settlement Classes.
GO TO A HEARING ON NOVEMBER 23, 2015 AT 4:15 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 28, 2015.	Filing a written objection and notice of intention to appear by October 28, 2015, allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys' fees and reimbursement of Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Classes and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Classes, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

8. The Court directed that this Notice be mailed to you because you or someone in your family or an investment account for which you serve as a custodian may have purchased or otherwise acquired Tower common stock during the Settlement Class Period, or acquired Canopius stock in the March 7, 2013 private placement in conjunction to the merger between Canopius and Tower Group, Inc. The Court has directed us to send you this Notice because, as a potential member of the Settlement Classes, you have a right to know about your options before the Court rules on the proposed Settlement. Additionally, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by Lead Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Classes, if you so wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation and the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses (the "Settlement Hearing"). The date and location of the Settlement Hearing are set forth below.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals related to the Settlement are resolved and after the completion of all claims processing. Please be patient, as this process can take some time to complete.

WHAT IS THIS CASE ABOUT?

11. Tower is a property-casualty insurance provider, primarily for commercial lines of business including commercial multi-peril and workers' compensation. As an insurance provider, Tower established loss reserves to ensure that it had sufficient liquid capital to pay submitted claims. Beginning in August 2013, Tower began disclosing that its loss reserves needed to be increased (which Lead Plaintiffs alleged indicated they had been materially understated since 2009). Tower ultimately issued a restatement and increased its historical loss reserves, which also resulted in reductions of profit, and disclosed that its internal controls suffered from material weaknesses. In the Action, Lead Plaintiffs alleged, among other things, that Defendants made false and misleading statements about Tower's loss reserves and internal controls.

12. Beginning on August 20, 2013, class action complaints were filed in the United States District Court for the Southern District of New York (the "Southern District of New York" or the "Court"), styled *Lang v. Tower Group Int'l Ltd.,* 13-cv-5852-AT, *Feighay v. Tower Group Int'l, Ltd.,* 13-cv-6181-AJN, and *Sharma v. Tower Group Int'l, Ltd.,* 13-cv-7085-LLS.

13. By Order dated June 17, 2014, the Court consolidated and recaptioned the cases as *In re Tower Group International, Ltd. Securities Litigation*, 13 Civ. 5852; appointed the Kansas City, Missouri Employees' Retirement System, Jacksonville Police and Fire Pension Fund, the Oklahoma Firefighters Pension & Retirement System, ADAR Enhanced Investment Fund, Ltd. and ADAR Investment Fund, Ltd. (the "ADAR Funds") as Lead Plaintiffs for the consolidated action; and approved Lead Plaintiffs' selection of Bernstein Litowitz Berger & Grossmann LLP, Saxena White P.A., and Bernstein Liebhard LLP, as Lead Counsel for the class.

14. On August 22, 2014, Lead Plaintiffs filed their Consolidated Class Action Complaint (the "Consolidated Complaint"), asserting claims on behalf of the Settlement Class against the Settling Defendants and PwC under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder; against Michael H. Lee and William E. Hitselberger under Section 20(a) of the Exchange Act; and against Michael H. Lee under Section 20(A) of the Exchange Act. The Consolidated Complaint further asserted claims on behalf of the Settlement PPC against Tower under Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder; Section 18 of the Exchange Act; and state law breach of contract, breach of express warranty, and negligent misrepresentation. Among other things, the Consolidated Complaint alleged that the Tower Defendants inflated Tower's financial results, including its net income, by understating loss reserves and masking internal control deficiencies. The Consolidated Complaint further alleged that the prices of Tower securities were artificially inflated as a result of allegedly false and misleading statements, and declined when the truth was revealed. Moreover, the Consolidated Complaint alleged that Tower breached the contracts and warranties it had with members of the Settlement PPC, including, among other things, by improperly restricting members of the Settlement PPC from selling their "Registrable Shares," *i.e.,* Tower shares acquired through the March 7, 2013 private placement conducted in connection with the Canopius-Tower merger, as the price of Tower securities declined.

15. On December 3, 2014, the Tower Defendants and PwC separately filed motions to dismiss the Consolidated Complaint.

16. On December 23, 2014, Lead Plaintiffs filed an Amended Consolidated Class Action Complaint (the "Complaint"), alleging claims under Sections 10(b), 20(a), 20(A) of the Exchange Act and successor and vicarious liability (as to ACP) against the Tower Defendants, and Section 10(b) claims against PwC, on behalf of the Settlement Class, and claims under Sections 10(b) and 18 of the Exchange Act and state law breach of contract, breach of express warranty, and negligent misrepresentation against Tower on behalf of the Settlement PPC.

17. By stipulated order dated December 30, 2014, the Court denied the original motions to dismiss as moot, and set a briefing schedule for renewed motions to dismiss the Complaint.

18. On February 3, 2015, the Tower Defendants and PwC separately filed motions to dismiss the Complaint. Lead Plaintiffs filed their oppositions to the motions to dismiss on March 6, 2015. On April 17, 2015, the Tower Defendants and PwC separately filed their reply briefs in support of their respective motions to dismiss the Complaint.

19. After submitting and exchanging several briefs and written communications addressing issues concerning the merits of the case and damages, on June 9, 2015, Lead Plaintiffs and the Tower Defendants participated in a mediation session before nationally recognized mediator Jed Melnick, Esq. of JAMS. Although a settlement was not reached at that time, the mediator continued to communicate with the Settling Parties, and subsequently made a "mediator's proposal" to settle the claims against the Tower Defendants for $20.5 million in cash, which the Settling Parties separately accepted subject to certain terms and conditions and the execution of a customary "long form" stipulation and agreement of settlement and related papers.

20. On June 22, 2015, the Settling Parties informed the Court that they had reached an agreement in principle to settle the outstanding claims against the Tower Defendants in this Action, and that the Settling Parties were working to fully document the terms of the Settlement and expected to submit a motion for preliminary approval in the next thirty (30) days. The Court ordered that in light of the proposed Settlement, the Tower Defendants' motion to dismiss is withdrawn.

21. Based upon their investigation, prosecution and mediation of the case Lead Plaintiffs and Lead Counsel have concluded that the terms and conditions of the Stipulation are fair, reasonable and adequate to Lead Plaintiffs and the other members of the Settlement Classes, and in their best interests. Based on Lead Plaintiffs' oversight of the prosecution of this matter and with the advice of their counsel, Lead

Plaintiffs have agreed to settle and release the claims raised in the Action as against the Tower Defendants pursuant to the terms and provisions of the Stipulation, after considering (a) the substantial financial benefit that Lead Plaintiffs and the other members of the Settlement Classes will receive under the proposed Settlement; (b) the significant risks of continued litigation and trial against the Tower Defendants; and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation. Claims against Tower's prior auditor, PwC, are not included in the proposed Settlement and continue to be litigated by Lead Plaintiffs.

22. The Tower Defendants are entering into the Stipulation solely to eliminate the uncertainty, burden and expense of further protracted litigation. Each of the Tower Defendants denies any wrongdoing, and, as described in and subject to the terms of the Stipulation, the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Tower Defendants, or any other of the Defendants' Releasees (defined below), with respect to any claim or allegation of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Tower Defendants have, or could have, asserted. Similarly, as described in and subject to the terms of the Stipulation, the Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any Lead Plaintiff or any of the other Plaintiffs' Releasees of any infirmity in any of the claims asserted in the Action, or an admission or concession that any of the defenses to liability had any merit.

23. On August 13, 2015, the Court preliminarily approved the Settlement, authorized this Notice to be disseminated to potential members of the Settlement Classes, and scheduled the Settlement Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASSES?

24. If you are a member of the Settlement Classes, you are subject to the Settlement, unless you timely request to be excluded. The Settlement Classes consist of:

(i) All persons and entities who or which purchased or otherwise acquired the common stock of Tower during the Settlement Class Period and were damaged thereby (the "Settlement Class"); and

(ii) All persons and entities who or which acquired Canopius stock in the March 7, 2013 private placement, and were damaged thereby (the "Settlement PPC").

Excluded from the Settlement Classes are the Tower Defendants; present or former Officers of Tower; members of the Immediate Family of each of the Officer Defendants or present or formers Officers of Tower; PwC; the Officers and/or directors of Tower or PwC; any person, firm, trust, corporation, Officer, director or other individual or entity in which any Settling Defendant or PwC has a controlling interest or which is related to or affiliated with any of the Settling Defendants or PwC; and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Settlement Classes are any persons and entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court, provided that no Lead Plaintiff will seek exclusion from the Settlement Classes. *See* "What if I Do Not Want To Be A Member Of The Settlement Classes? How Do I Exclude Myself," on page 11 below.

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A MEMBER OF THE SETTLEMENT CLASSES OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASSES AND YOU WISH TO BE POTENTIALLY ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN DECEMBER 28, 2015.

WHAT ARE LEAD PLAINTIFFS' REASONS FOR THE SETTLEMENT?

25. Lead Plaintiffs and Lead Counsel believe that the claims they asserted in the Action have merit. They recognize, however, the expense and length of continued proceedings necessary to pursue the claims against the Tower Defendants through trial and appeals, as well as the very substantial risks they would face in establishing liability and damages against the Tower Defendants. In particular, Lead Plaintiffs recognize that the Tower Defendants argued in their motion to dismiss that Tower's loss reserve increases are distinct from its restatement, that the Tower Defendants did not act with scienter, that the loss reserves and related disclosures are not actionable false statements, and that the Complaint's loss causation allegations were inadequate. Tower further argued, among other things, that the state law breach of contract, breach of warranty, and negligent misrepresentation claims asserted by the Settlement PPC sounded in fraud and were nevertheless precluded by the Securities Litigation Uniform Standards Act ("SLUSA"). Had any of these arguments been accepted in whole or part, either at the motion to dismiss stage or at a later stage of litigation, it could have eliminated or, at minimum, dramatically limited any potential recovery against the Tower Defendants. Further, Lead Plaintiffs would have had to prevail at several stages – motions for class certification and summary judgment, trial, and if they prevailed on those, on the appeals that were likely to follow. In addition, Lead Plaintiffs were aware of the Tower Defendants' limited ability to pay a substantial judgment, and of the Tower Defendants' argument that ACP (which acquired Tower in September 2014) was not liable on a successor liability theory. Thus, there were very significant risks attendant to the continued prosecution of the Action against the Tower Defendants.

26. In light of these risks, the amount of the Settlement and the immediacy of recovery to the Settlement Classes, Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Classes. Lead Plaintiffs and Lead Counsel believe that the Settlement provides a substantial benefit to the Settlement Classes, namely $20,500,000.00 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action against the Tower Defendants would produce a smaller, or no recovery after motions, trial and appeals, possibly years in the future.

27. The Tower Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. The Tower Defendants have agreed to the Settlement solely to eliminate the uncertainty, burden

and expense of continued litigation. Accordingly, the Settlement may not be construed as an admission of any wrongdoing by the Tower Defendants.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

28. If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of the claims against the Tower Defendants, neither Lead Plaintiffs nor the other members of the Settlement Classes would recover anything from the Tower Defendants. Also, if the Tower Defendants were successful in establishing any of their defenses or arguments, either at class certification, motion to dismiss or for summary judgment, at trial or on appeal, the Settlement Classes could recover substantially less from the Tower Defendants than the amount provided in the Settlement, or nothing at all.

HOW ARE MEMBERS OF THE SETTLEMENT CLASSES AFFECTED BY THE ACTION AND THE SETTLEMENT?

29. As a member of the Settlement Classes, you are represented by Lead Plaintiffs and Lead Counsel as explained above in paragraph 6, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

30. If you are a member of the Settlement Classes and do not wish to remain a member of the Settlement Classes, you may exclude yourself from the Settlement Classes by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Classes? How Do I Exclude Myself?," below.

31. If you are a member of the Settlement Classes and you wish to object to the Settlement, the Plan of Allocation, or Lead Counsel's application for attorneys' fees and reimbursement of Litigation Expenses, and if you do not exclude yourself from the Settlement Classes, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," below.

32. If you are a member of the Settlement Classes and you do not exclude yourself from the Settlement Classes, you will be bound by any orders issued by the Court related to the Settlement. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims against the Tower Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiffs and each of the other members of the Settlement Classes (whether or not such person submitted a Claim Form), on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns in their capacities as such, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Plaintiffs' Claim (as defined below, including, without limitation, any Unknown Claims) against the Settling Defendants and the other Defendants' Releasees (as defined below), and shall forever be enjoined from prosecuting any or all of the Released Plaintiffs' Claims against any of the Defendants' Releasees.

33. "Released Plaintiffs' Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that Lead Plaintiffs or any other member of the Settlement Classes (i) asserted in the Complaint against the Defendants' Releasees, or (ii) could have asserted in any forum against the Defendants' Releasees that arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint and that relate to the purchase of Tower common stock during the Settlement Class Period or to the acquisition of Canopius Holdings Bermuda Limited stock in the March 7, 2013 private placement. Released Plaintiffs' Claims do not include (i) any claims relating to the enforcement of the Settlement, (ii) any Excluded Claims (defined below), and (iii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

34. "Defendants' Releasees" means Settling Defendants and their current and former Officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, insurers and reinsurers, and attorneys, in their capacities as such. PwC, and its current and former Officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, insurers and reinsurers, and attorneys, in their capacities as such, are excluded from the definition of Defendants' Releasees.

35. "Excluded Claims" means (i) any claims asserted in any pending derivative or deal litigation including *Wilson v. Tower Group International*, 14 Civ. 00254 (S.D.N.Y.); (ii) any claims asserted against PwC; and (iii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court, provided that none of the claims of any of the Lead Plaintiffs against any of the Settling Defendants will be Excluded Claims.

36. "Unknown Claims" means any Released Plaintiffs' Claims which any Lead Plaintiff or any other member of the Settlement Classes does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants' Claims which any Settling Defendant or any other Defendants' Releasee does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs and Settling Defendants shall expressly waive, and each of the other members of the Settlement Classes and each of the other Defendants' Releasees shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, 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 or foreign law, which is similar, comparable, or equivalent to 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 Plaintiffs and Settling Defendants acknowledge, and each of the other members of the Settlement Classes and each of the other Defendants' Releasees shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

37. The Judgment will also provide that, upon the Effective Date of the Settlement, Settling Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, shall be deemed to have fully, finally and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim (as defined below, including, without limitation, any Unknown Claims) against Lead Plaintiffs and the other Plaintiffs' Releasees (as defined below), and shall forever be enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees.

38. "Released Defendants' Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against the Settling Defendants. Released Defendants' Claims do not include any claims relating to the enforcement of the Settlement or any claims against any person or entity who or which submits a request for exclusion from the Settlement Classes that is accepted by the Court.

39. "Plaintiffs' Releasees" means Lead Plaintiffs and all other members of the Settlement Classes, and their respective current and former Officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, and attorneys, in their capacities as such. PwC, and its current and former Officers, directors, agents, parents, affiliates, subsidiaries, successors, predecessors, assigns, assignees, employees, insurers and reinsurers, and attorneys, in their capacities as such, are excluded from the definition of Plaintiffs' Releasees.

40. The Judgment will also provide that, upon the Effective Date of the Settlement, any and all claims for contribution or indemnity, however denominated, based upon, arising out of, or relating to the Released Plaintiffs' Claims (a) by any person or entity against any of the Settling Defendants or (b) by any of the Settling Defendants against any other person or entity, other than a person or entity whose liability has been extinguished by the Settlement, are permanently barred, extinguished, and discharged to the fullest extent permitted by law (the "Bar Order").

41. The Judgment will also provide that any final verdict or judgment that may be obtained by or on behalf of the Settlement Classes or a member of the Settlement Classes against any person or entity subject to the Bar Order shall be reduced by the greater of: (a) an amount that corresponds to the percentage of responsibility of Settling Defendants for common damages; or (b) the amount paid by or on behalf of Settling Defendants to the Settlement Classes or the member of the Settlement Classes for common damages.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

42. To be potentially eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Classes and you must timely complete and return the Claim Form with adequate supporting documentation **postmarked no later than December 28, 2015**. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator for the Settlement, at www.TowerSecuritiesSettlement.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at (800) 328-6074. Please retain all records of your ownership of and transactions in Tower common stock and/or Canopius stock, as they may be needed to document your Claim. If you request exclusion from the Settlement Classes or do not submit a timely and valid Claim Form, you will not be potentially eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

43. At this time, it is not possible to make any determination as to how much any particular member of the Settlement Classes may receive from the Settlement.

44. Pursuant to the Settlement, Tower has agreed to pay or cause to be paid twenty million five hundred thousand dollars ($20,500,000.00) in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Effective Date occurs, the "Net Settlement Fund" (that is, the Settlement Fund less (a) all federal, state and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to members of the Settlement Classes and administering the Settlement; and (c) any attorneys' fees and Litigation Expenses awarded by the Court) will be distributed to members of the Settlement Classes who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

45. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by certiorari or otherwise, has expired.

46. Neither the Tower Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. The Tower Defendants shall not have any liability, obligation or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund or the Plan of Allocation.

47. Approval of the Settlement is independent from approval of a plan of allocation or an award of attorneys' fees or reimbursement of Litigation Expenses. Any determination with respect to a plan of allocation, an award of attorneys' fees, or reimbursement of Litigation Expenses will not affect the Settlement, if approved.

48. Unless the Court otherwise orders, any member of the Settlement Classes who fails to submit a Claim Form postmarked on or before December 28, 2015, shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a member of the Settlement Classes and be subject to the provisions of the Stipulation, including the terms of any Judgment

entered and the releases given. This means that each member of the Settlement Classes releases the Released Plaintiffs' Claims (as defined above) against the Defendants' Releasees (as defined above) and will be enjoined and prohibited from filing, prosecuting, or pursuing any of the Released Plaintiffs' Claims against any of the Defendants' Releasees whether or not such member of the Settlement Classes submits a Claim Form.

49. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any member of the Settlement Classes.

50. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her or its Claim Form.

51. Only members of the Settlement Classes will be potentially eligible to share in the distribution of the Net Settlement Fund. Persons and entities that are excluded from the Settlement Classes by definition or that exclude themselves from the Settlement Classes pursuant to request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only securities included in the Settlement are Tower common stock and Canopius stock.

PROPOSED PLAN OF ALLOCATION

52. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those members of the Settlement Classes who suffered economic losses as a proximate result of the alleged wrongdoing. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that members of the Settlement Classes might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

53. A "Recognized Loss Amount" will be calculated for each purchase or acquisition of Tower common stock during the Settlement Class Period and for each acquisition of Canopius Holdings Bermuda Limited ("Canopius") stock in the March 7, 2013 private placement (the "Private Placement") (collectively, "Tower Securities") for which adequate documentation is provided.[2] The calculation of the Recognized Loss Amount will depend upon several factors, including (i) when the Tower Securities were purchased or acquired, (ii) whether they were sold, and if so, when and at what price they were sold, and (iii) whether they were purchased or acquired on the open market or in the Private Placement (*i.e.*, whether the Claimant, for purposes of its particular transaction, is a member of the Settlement Class or the Settlement PPC).

54. In developing the Plan of Allocation, Lead Plaintiffs' damages expert calculated the amount of estimated alleged artificial inflation in the per share closing price of the Tower Securities which allegedly was proximately caused by the Tower Defendants' alleged false and misleading statements and material omissions. In calculating the estimated alleged artificial inflation caused by the Tower Defendants' alleged misrepresentations and omissions, Lead Plaintiffs' damages expert considered price changes in the Tower Securities in reaction to certain public announcements regarding Tower in which such misrepresentations and material omissions were alleged to have been revealed to the market, adjusting for price changes that were attributable to market or industry forces, the allegations in the Complaint and the evidence developed in support thereof, as advised by Lead Counsel. The estimated potential alleged artificial inflation in the Tower Securities is shown in Table A set forth at the end of this Notice.

55. In order to have recoverable damages, disclosure of the alleged misrepresentations or omissions must be the cause of the decline in the price of the Tower Securities. In this case, Lead Plaintiffs allege, among other things, that the Tower Defendants made false statements and omitted material facts from March 1, 2010 through and including December 17, 2013, which had the effect of allegedly artificially inflating the prices of Tower Securities. Alleged corrective disclosures that removed the alleged artificial inflation from the price of Tower Securities occurred on August 7, 2013 (after the close of trading) and August 8, 2013 (during trading hours); September 17, 2013 (after the close of trading); October 7, 2013 (after the close of trading); November 14, 2013 (during trading hours); and December 17, 2013 (after the close of trading). Accordingly, in order to have a Recognized Loss Amount:

(a) Tower Securities purchased or otherwise acquired from March 1, 2010 through and including August 7, 2013 must have been held through the close of trading on August 7, 2013 and must have suffered a loss.

(b) Tower Securities purchased or otherwise acquired after the close of trading on August 7, 2013 through and including September 17, 2013, must have been held at least through the next alleged corrective disclosure, *i.e.*, through the close of trading on September 17, 2013 and must have suffered a loss.

(c) Tower Securities purchased or otherwise acquired after the close of trading on September 17, 2013 through and including October 7, 2013, must have been held at least through the next alleged corrective disclosure, *i.e.*, through the close of trading on October 7, 2013 and must have suffered a loss.

(d) Tower Securities purchased or otherwise acquired after the close of trading on October 7, 2013 through and including November 13, 2013, must have been held at least through the next alleged corrective disclosure, *i.e.*, through the close of trading on November 13, 2013 and must have suffered a loss.

(e) Tower Securities purchased or otherwise acquired after the close of trading on November 13, 2013 through and including December 17, 2013, must have been held at least through the next alleged corrective disclosure, *i.e.*, through the close of trading on December 17, 2013 and must have suffered a loss.

[2] Each share of Canopius stock became one share of Tower common stock as of the consummation of the merger between Tower Group Inc. and Tower Group International Ltd. (f/k/a Canopius Bermuda Ltd.) on March 13, 2013. Tower common stock (not including the shares acquired in the Private Placement) underwent a 1.1330 for 1 automatic conversion during the Settlement Class Period as a result of the March 13, 2013 merger. All references and calculations in this document with regard to Tower common stock shares and prices per share assume conversion of all shares and prices per share to their post-merger equivalent.

56. To the extent a Claimant's purchase or acquisition does not satisfy one of the conditions set forth in the preceding paragraph, his, her or its Recognized Loss Amount for that purchase or acquisition will be zero.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

57. Based on the formula set forth below, a Recognized Loss Amount shall be calculated for each purchase or acquisition of Tower Securities during the Settlement Class Period that is listed in the Proof of Claim Form and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculation results in a negative number, that Recognized Loss Amount shall be zero.

58. For each share of Tower Securities purchased or acquired between March 1, 2010 and the close of trading on December 17, 2013, inclusive, and:

(a) Sold between March 1, 2010 and the close of trading on December 18, 2013, the Recognized Loss Amount shall be ***the lesser of***: (i) the amount of alleged artificial inflation per share as set forth in Table A on the date of purchase minus the amount of artificial inflation per share as set forth in Table A on the date of the sale; or (ii) purchase/acquisition price minus the sale price.

(b) Sold between December 19, 2013 and the close of trading on March 18, 2014,[3] the Recognized Loss Amount shall be ***the lesser of***: (i) the amount of alleged artificial inflation per share as set forth in Table A on the date of purchase; (ii) the purchase/acquisition price minus the sale price; or (iii) the purchase/acquisition price minus the average closing price between December 19, 2013 and the date of sale as shown on Table B set forth at the end of this Notice.

(c) Held as of the close of trading on March 18, 2014, the Recognized Loss Amount shall be ***the lesser of***: (i) the amount of alleged artificial inflation per share as set forth in Table A on the date of purchase; or (ii) the purchase/acquisition price minus $2.73, the average closing price for Tower common stock between December 19, 2013, and March 18, 2014 (the last entry on Table B).

59. The purchase/acquisition price for shares acquired in the Private Placement shall be the lesser of $15.45 or the actual purchase price.

60. A ten percent (10%) discount will be applied to Recognized Loss Amounts for the members of the Settlement PPC (*i.e.*, those who purchased/acquired Canopius stock in the Private Placement) based on Lead Counsel's determination that such investors would have been subject to a higher degree of litigation risk. Accordingly, Recognized Loss Amounts for the Settlement PPC calculated pursuant to paragraph 58 above shall be multiplied by ninety percent (90%) to reflect the increased litigation risk.

ADDITIONAL PROVISIONS

61. If a Settlement Class Member has more than one purchase/acquisition or sale of Tower Securities during the Settlement Class Period, all purchases/acquisitions and sales of Tower Securities shall be matched on a First-In-First-Out ("FIFO") basis. Settlement Class Period sales will be matched first against any holdings at the beginning of the Settlement Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period.

62. A Claimant's "Recognized Claim" under the Plan of Allocation shall be the sum of his, her or its Recognized Loss Amounts (after taking into consideration the discount pursuant to paragraph 60 above).

63. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

64. Purchases or acquisitions and sales of Tower Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of Tower Securities during the Settlement Class Period shall not be deemed a purchase, acquisition or sale of Tower Securities for the calculation of an Authorized Claimant's Recognized Loss Amount, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of any Tower Securities unless (i) the donor or decedent purchased or otherwise acquired such Tower Securities during the Settlement Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Tower Securities; and (iii) it is specifically so provided in the instrument of gift or assignment.

65. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the Tower Securities. The date of a "short sale" is deemed to be the date of sale of the Tower Securities. Under the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero. In the event that a Claimant has an opening short position in Tower Securities, the earliest Settlement Class Period purchases or acquisitions of that security shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

66. To the extent a Claimant had a market gain with respect to his, her, or its overall transactions in Tower Securities during the Settlement Class Period, the value of the Claimant's Recognized Claim shall be zero. Such Claimants shall in any event be bound by the

[3] Pursuant to Section 21(D)(e)(1) of the PSLRA, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." Consistent with the requirements of the PSLRA, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of Tower common stock during the 90-day look-back period (March 18, 2014 was the last trading day during the 90-day look back period). The mean (average) closing price for Tower common stock during this 90-day look-back period was $2.73.

Settlement. To the extent that a Claimant suffered an overall market loss with respect to his, her, or its overall transactions in Tower Securities during the Settlement Class Period, but that market loss was less than the total Recognized Claim calculated above, then the Claimant's Recognized Claim shall be limited to the amount of the actual market loss.

67. Subject to paragraph 68 below, for purposes of determining whether a Claimant had a market gain with respect to his, her, or its overall transactions in Tower Securities during the Settlement Class Period or suffered a market loss for purposes of the above paragraph, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount[4] and (ii) the sum of the Total Sales Proceeds[5] and Holding Value.[6] This difference shall be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in Tower Securities during the Settlement Class Period.

68. For purposes of determining a Claimant's Recognized Claim, if a Claimant acquired Canopius stock in the Private Placement, the Recognized Claim for that/those purchases will be considered separately from the Claimant's purchases or acquisitions (if any) in the open market of Tower common stock during the Settlement Class Period. In other words, such Claimant would have a Recognized Claim for his, her, or its acquisition of Canopius stock, and a separate Recognized Claim for his, her, or its purchase or acquisition of Tower common stock in the open market during the Settlement Class Period, and such transactions will not be netted against each other. Likewise, market gains and losses for shares of Tower common stock purchased/acquired in the open market during the Settlement Class Period shall not be netted against market gains and losses for shares purchased/acquired in the Private Placement.

69. After the initial distribution of the Net Settlement Fund, the Claims Administrator shall make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator shall conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least $10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance shall be contributed to non-sectarian, not-for-profit organization(s), to be recommended by Lead Plaintiffs and approved by the Court, or as otherwise ordered by the Court.

70. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiffs, Plaintiffs' Counsel, Lead Plaintiffs' damages expert, the Tower Defendants, their counsel, or any of the other Releasees, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or further Orders of the Court. Lead Plaintiffs, the Tower Defendants and their respective counsel, and all other Defendants' Releasees, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

71. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for its approval by Lead Plaintiffs after consultation with their damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Settlement Classes. Any Orders regarding any modification of the Plan of Allocation will be posted on the settlement website, www.TowerSecuritiesSettlement.com.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASSES SEEKING? HOW WILL THE LAWYERS BE PAID?

72. Lead Counsel to date have not received any payment for their services in pursuing claims against the Tower Defendants on behalf of the Settlement Classes, nor have Lead Counsel been reimbursed for any of their out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees in an amount not to exceed 25% of the Settlement Amount, plus interest at the same rate and for the same period as earned by the Settlement Fund. At the same time, Lead Counsel also intend to apply for reimbursement of Litigation Expenses in an amount not to exceed $600,000, which may include an application for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Settlement Classes, plus interest at the same rate and for the same period as earned by the Settlement Amount. The Court will determine the amount of any award of attorneys' fees or reimbursement of Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Members of the Settlement Classes are not personally liable for any such fees or expenses.

[4] The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for all Tower Securities purchased or acquired during the Settlement Class Period.

[5] The Claims Administrator shall match any sales of Tower Securities during the Settlement Class Period, first against the Claimant's opening position in the Tower Securities (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of Tower Securities sold during the Settlement Class Period shall be the "Total Sales Proceeds."

[6] The Claims Administrator shall ascribe a value of $2.55 per share for Tower Securities purchased or acquired during the Settlement Class Period and still held as of the close of trading on December 19, 2013 (the "Holding Value").

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASSES? HOW DO I EXCLUDE MYSELF?

73. Each member of the Settlement Classes will be bound by all determinations and judgments in this lawsuit related to the Settlement, whether favorable or unfavorable, unless such person or entity mails or delivers a written Request for Exclusion from the Settlement Classes, addressed to *In re Tower Group International, Ltd. Securities Litigation*, EXCLUSIONS, c/o A.B. Data, Ltd., P.O. Box 170500, Milwaukee, WI 53217-8091. The exclusion request must be ***received*** no later than October 28, 2015. You will not be able to exclude yourself from the Settlement Classes after that date. Each Request for Exclusion must (a) state the name, address and telephone number of the person or entity requesting exclusion, and in the case of entities the name and telephone number of the appropriate contact person; (b) state that such person or entity "requests exclusion from the Settlement Classes in *In re Tower Group International, Ltd. Securities Litigation*, Master File No. 1:13-cv-5852-AT"; (c) state the number of shares of Tower common stock that the person or entity requesting exclusion purchased/acquired and/or sold during the Settlement Class Period, and the number of Canopius shares the person or entity requesting exclusion acquired in the March 7, 2013 private placement and/or sold, as well as the dates and prices of each such purchase/acquisition and sale; and (d) be signed by the person or entity requesting exclusion or an authorized representative. A Request for Exclusion shall not be valid and effective unless it provides all the information called for in this paragraph and is received within the time stated above, or is otherwise accepted by the Court.

74. If you do not want to be part of the Settlement Classes, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any Tower Defendant or any of the other Defendants' Releasees.

75. Any request for exclusion from one or both of the Settlement Classes will be deemed a request for exclusion from both Settlement Classes, and if the request is approved by the Court, the person or entity will be excluded from both Settlement Classes.

76. If you ask to be excluded from the Settlement Classes, you will not be eligible to receive any payment out of the Net Settlement Fund.

77. The Settling Defendants have the right, provided Tower and ACP unanimously agree, to terminate the Settlement if members of the Settlement Classes timely and validly requesting exclusion from the Settlement Classes meet the conditions agreed to by the Settling Parties.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

78. **Members of the Settlement Classes do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing**.

The Settlement Hearing will be held on November 23, 2015 at 4:15 p.m., before the Honorable Analisa Torres at the United States District Court, Southern District of New York, Daniel Patrick Moynihan United States Courthouse, Courtroom 15D, 500 Pearl St., New York, NY 10007-1312. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Classes.

79. Any member of the Settlement Classes who or which does not request exclusion may object to the Settlement, the proposed Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the Southern District of New York at the address set forth below on or before October 28, 2015. You must also serve the papers on Lead Counsel and on the Tower Defendants' Counsel at the addresses set forth below so that the papers are ***received*** on or before October 28, 2015.

CLERK'S OFFICE	LEAD COUNSEL FOR THE CLASS	TOWER DEFENDANTS' COUNSEL
UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK 500 Pearl Street New York, NY 10007	BERNSTEIN LITOWITZ BERGER GROSSMANN LLP James A. Harrod, Esq. Niki L. Mendoza, Esq. 1285 Avenue of the Americas New York, New York 10019 -and- SAXENA WHITE P.A. Joseph E. White III, Esq. 5200 Town Center Circle, #601 Boca Raton, Florida 33486 -and- BERNSTEIN LIEBHARD LLP U. Seth Ottensoser, Esq. Laurence J. Hasson, Esq. 10 East 40th Street New York, New York 10016	WILLKIE FARR & GALLAGHER LLP Richard D. Bernstein, Esq. 1875 K Street, N.W. Washington, DC 20006-1238

80. Any objection (a) must state the name, address and telephone number of the person or entity objecting and must be signed by the objector; (b) must contain a statement of the objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the member of the Settlement Classes wishes to bring to the Court's attention; and (c) must include documents sufficient to prove membership in the Settlement Classes, including the number of shares of Tower common stock that the objecting member of the Settlement Classes purchased/acquired and/or sold during the Settlement Class Period, and the number of shares of Canopius stock acquired in the March 7, 2013 private placement and/or sold, and as well as the dates and prices of each such purchase/acquisition and sale. You may not object to the Settlement, the Plan of Allocation or Lead Counsel's motion for attorneys' fees and reimbursement of Litigation Expenses if you exclude yourself from the Settlement Classes or if you are not a member of the Settlement Classes.

81. You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

82. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you file and serve a timely written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth above so that it is ***received*** on or before October 28, 2015. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

83. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Tower Defendants' Counsel at the addresses set forth in ¶79 above so that the notice is ***received*** on or before October 28, 2015.

84. The Settlement Hearing may be adjourned by the Court without further written notice to the Settlement Classes, except that notice of any adjournment will be posted on the Settlement website, www.TowerSecuritiesSettlement.com. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

85. **Unless the Court orders otherwise, any member of the Settlement Classes who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation or Lead Counsel's motion for an award of attorneys' fees and reimbursement of Litigation Expenses. Members of the Settlement Classes do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?

86. If you purchased or otherwise acquired Tower common stock between March 1, 2010, and December 17, 2013, inclusive, or acquired Canopius stock in the March 7, 2013 private placement, for the beneficial interest of persons or organizations other than yourself, you must either (a) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form (the "Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (b) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses of all such beneficial owners to *In re Tower Group International, Ltd. Securities Litigation*, c/o A.B. Data, Ltd., FULFILLMENT, 3410 West Hopkins Street, P.O. Box 170500, Milwaukee, WI 53217-8091. If you choose the second option, the Claims Administrator will send a copy of the Notice and the Claim Form to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may also be obtained from the website maintained by the Claims Administrator, at www.TowerSecuritiesSettlement.com, or by calling the Claims Administrator toll-free at (800) 328-6074.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

87. This Notice contains only a summary of the terms of the proposed Settlement. For more detailed information about the matters involved in this Action, you are referred to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl St., New York, NY 10007-1312.

88. Additionally, copies of the Stipulation and any related orders entered by the Court will be posted on the website maintained by the Claims Administrator, www.TowerSecuritiesSettlement.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

IN RE TOWER GROUP INTERNATIONAL, LTD. SECURITIES LITIGATION
c/o A.B. Data, Ltd.
P.O. Box 170500
Milwaukee, WI 53217-8091
(800) 328-6074
info@TowerSecuritiesSettlement.com

and/or

BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP James A. Harrod, Esq. Niki L. Mendoza, Esq. 1285 Avenue of the Americas New York, New York 10019 (866) 648-2524 blbg@blbglaw.com	KLAUSNER, KAUFMAN, JENSEN & LEVINSON Joseph E. White III, Esq. 5200 Town Center Circle, Ste 601 Boca Raton, FL 33486 (561) 394-3399	BERNSTEIN LIEBHARD LLP U. Seth Ottensoser, Esq. Laurence J. Hasson, Esq. 10 East 40th Street New York, New York 10016 (212) 779-1414 Ottensoser@bernlieb.com Hasson@bernlieb.com

DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, THE TOWER DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: August 13, 2015

By Order of the Court
United States District Court
Southern District of New York

TABLE A
Purchase and Sale Inflation from March 1, 2010 to December 18, 2013

Transaction Date	Inflation Per Share
March 1, 2010 - August 7, 2013	$13.84
August 8, 2013 - September 17, 2013	$8.53
September 18, 2013 - October 7, 2013	$4.53
October 8, 2013 - November 13, 2013	$1.64
November 14, 2013 - December 17, 2013	$1.45
December 18, 2013	$0.18

TABLE B
Tower Common Stock Closing Price and Average Closing Price
December 19, 2013 —March 18, 2014

Date	Closing Price	Average Closing Price
12/19/2013	$2.55	$2.55
12/20/2013	$2.65	$2.60
12/23/2013	$2.89	$2.70
12/24/2013	$2.88	$2.74
12/26/2013	$2.88	$2.77
12/27/2013	$2.94	$2.80
12/30/2013	$3.14	$2.85
12/31/2013	$3.38	$2.91
1/2/2014	$3.18	$2.94
1/3/2014	$2.94	$2.94
1/6/2014	$2.96	$2.94
1/7/2014	$2.93	$2.94
1/8/2014	$2.87	$2.94
1/9/2014	$2.73	$2.92
1/10/2014	$2.73	$2.91
1/13/2014	$2.56	$2.89
1/14/2014	$2.52	$2.87
1/15/2014	$2.54	$2.85
1/16/2014	$2.57	$2.83
1/17/2014	$2.62	$2.82
1/21/2014	$2.61	$2.81
1/22/2014	$2.63	$2.80
1/23/2014	$2.62	$2.80
1/24/2014	$2.58	$2.79
1/27/2014	$2.54	$2.78
1/28/2014	$2.59	$2.77
1/29/2014	$2.47	$2.76
1/30/2014	$2.55	$2.75
1/31/2014	$2.50	$2.74
2/3/2014	$2.43	$2.73

Date	Closing Price	Average Closing Price
2/4/2014	$2.49	$2.72
2/5/2014	$2.44	$2.72
2/6/2014	$2.67	$2.71
2/7/2014	$2.70	$2.71
2/10/2014	$2.68	$2.71
2/11/2014	$2.65	$2.71
2/12/2014	$2.72	$2.71
2/13/2014	$2.77	$2.71
2/14/2014	$2.75	$2.71
2/18/2014	$2.76	$2.72
2/19/2014	$2.78	$2.72
2/20/2014	$2.75	$2.72
2/21/2014	$2.76	$2.72
2/24/2014	$2.73	$2.72
2/25/2014	$2.77	$2.72
2/26/2014	$2.75	$2.72
2/27/2014	$2.82	$2.72
2/28/2014	$2.76	$2.72
3/3/2014	$2.80	$2.73
3/4/2014	$2.80	$2.73
3/5/2014	$2.78	$2.73
3/6/2014	$2.74	$2.73
3/7/2014	$2.69	$2.73
3/10/2014	$2.73	$2.73
3/11/2014	$2.68	$2.73
3/12/2014	$2.73	$2.73
3/13/2014	$2.70	$2.73
3/14/2014	$2.75	$2.73
3/17/2014	$2.78	$2.73
3/18/2014	$2.76	$2.73

Supplemental Exhibit 14B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE TOWER GROUP INTERNATIONAL, LTD. SECURITIES LITIGATION

13 Civ. 5852 (AT)

ORDER APPROVING PLAN OF ALLOCATION

WHEREAS, Lead Plaintiffs' motion for final approval of class action Settlement with the Tower Defendants and approval of Plan of Allocation of Settlement proceeds (the "Motion," ECF Nos. 159, 160) duly came before the Court for hearing on November 23, 2015. The Court has considered the Motion and all supporting and other related materials, including the matters presented at the November 23, 2015 hearing. Due and adequate notice having been given to the Settlement Classes as provided by the Court's Order dated August 13, 2015 preliminarily approving the Settlement and providing for Notice (the "Preliminary Approval Order," ECF No. 152), and the Court having considered all papers filed and proceedings had herein and otherwise being fully informed in the proceedings and good cause appearing therefor:

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. This Order incorporates by reference the definitions in the Stipulation and Agreement of Settlement with Tower Defendants (the "Stipulation," ECF No. 148), and all capitalized terms used, but not defined herein, shall have the same meanings as in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Action, and all matters relating to the Settlement, as well as personal jurisdiction over all of the Parties and each of the members of the Settlement Classes.

3. Pursuant to and in full compliance with Rule 23 of the Federal Rules of Civil Procedure, this Court hereby finds and concludes that due and adequate notice was directed to all persons and entities who are members of the Settlement Classes, advising them of the Plan of Allocation and of their right to object thereto, and a full and fair opportunity was accorded to all such persons and entities to be heard with respect to the Plan of Allocation.

4. The Court hereby finds and concludes that the Plan of Allocation which is set forth in the Notice provides a fair and equitable basis upon which to allocate the proceeds of the Net Settlement Fund among members of the Settlement Classes who submit valid Claim Forms.

5. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and equitable to the Settlement Classes. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiffs.

6. The finality of the Judgment entered with respect to the Settlement shall not be affected in any manner by this Order, or any appeal from this Order approving the Plan of Allocation.

SO ORDERED.

Dated: November 23, 2015
New York, New York

ANALISA TORRES
United States District Judge

Supplemental Exhibit 15A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE BANCO BRADESCO S.A. SECURITIES LITIGATION	Civil Case No. 1:16-cv-04155 (GHW) ECF CASE

NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) MOTION FOR AN AWARD OF ATTORNEYS' FEES AND PAYMENT OF LITIGATION EXPENSES; AND (III) SETTLEMENT FAIRNESS HEARING

A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action ("Action") pending in the United States District Court for the Southern District of New York ("Court") if, during the period from August 8, 2014 through July 27, 2016, inclusive ("Settlement Class Period"), you purchased or otherwise acquired the preferred American Depositary Shares ("PADS") issued by Banco Bradesco S.A. ("Bradesco" or the "Company"), and were injured thereby.[1]

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff Public Employees' Retirement System of Mississippi ("Lead Plaintiff") on behalf of itself and the Settlement Class (as defined in ¶ 21 below), has reached a proposed settlement of the Action with defendants Bradesco, Luiz Carlos Trabuco Cappi ("Trabuco"), and Luiz Carlos Angelotti ("Angelotti" and collectively with Bradesco and Trabuco, the "Defendants") for $14,500,000.00 in cash that, if approved, will resolve all claims in the Action ("Settlement").

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have questions about this Notice, the Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, the Defendants or their counsel. All questions should be directed to Lead Counsel or the Claims Administrator (*see* ¶ 65 below).

Additional information about the Settlement is available on the website, www.BancoBradescoSecuritiesLitigation.com.

1. **Description of the Action and the Settlement Class:** This Notice relates to a proposed Settlement of claims in a pending putative securities class action brought by a Bradesco investor alleging, among other things, that Defendants violated the federal securities laws by making false and misleading statements and omissions. A more detailed description of the Action is set forth in ¶¶ 11–20 below. The Settlement, if approved by the Court, will settle .

2. **Statement of the Settlement Class's Recovery:** Subject to Court approval, Lead Plaintiff on behalf of itself and the Settlement Class, has agreed to settle the Action in exchange for a settlement payment of $14,500,000.00 in cash ("Settlement Amount") to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any interest earned thereon while in escrow ("Settlement Fund") less: (i) any Taxes and Tax Expenses; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses, including any reimbursement of costs and expenses to Plaintiffs awarded by the Court; and (iv) any attorneys' fees awarded by the Court) will be distributed in accordance with a plan of allocation approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation ("Plan of Allocation") is attached hereto as Appendix A.

[1] All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated July 1, 2019 ("Stipulation"), which is available at www.BancoBradescoSecuritiesLitigation.com.

3. **<u>Estimate of Average Amount of Recovery Per Share</u>:** Based on Lead □□□□s damages consultant's estimate of the number of Bradesco PADS purchased or otherwise acquired during the Settlement Class Period that may have been □□□□ by the conduct at issue in the Action, and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery (before the deduction of any Court-approved fees, expenses, and costs as described herein) per eligible PADS is approximately $0.05. **Settlement Class Members should note, however, that the foregoing average recovery per eligible PADS is only an estimate.** Some Settlement Class Members may recover more or less than this estimated amount depending on, among other factors: (i) when and the price at which they purchased/acquired Bradesco PADS; (ii) whether they sold their Bradesco PADS and, if so, when; (iii) the total number and value of valid Claims submitted; (iv) the amount of Notice and Administration Costs; and (v) the amount of attorneys' fees and Litigation Expenses awarded by the Court. Distributions to Settlement Class Members will be made based on the Plan of Allocation attached hereto as Appendix A or such other plan of allocation as may be ordered by the Court.

4. **<u>Average Amount of Damages Per Share</u>:** The Parties do not agree on the average amount of damages per Bradesco PADS that would be recoverable if Lead □□□□ was to prevail in the Action. Among other things, Defendants do not agree with the assertion that they violated the federal securities laws or that any damages □□□

5. **<u>Attorneys' Fees and Expenses Sought</u>:** Plainti □□ Counsel have not received any payment of attorneys' fees for their representation of the Settlement Class in the Action and have advanced the funds to pay expenses incurred to prosecute this Action with the expectation that if they were successful in recovering money for the Settlement Class, they would receive fees and be paid for their expenses from the Settlement Fund, as is customary in this type of litigation. Lead Counsel, Kessler Topaz Meltzer & Check, LLP, on behalf of □□□□□□ Counsel, will apply to the Court for an award of attorneys' fees in an amount not to exceed 25% of the Settlement Fund. In addition, Lead Counsel will apply for payment of Litigation Expenses incurred by □□□□□ Counsel in connection with the institution, prosecution, and resolution of the claims against Defendants, in an amount not to exceed $1.1 million, which amount may include a request for reimbursement of the reasonable costs and expenses incurred by □□□□ directly related to their representation of the Settlement Class in accordance with 15 U.S.C. §78u-4(a)(4), in an aggregate amount not to exceed $75,000.00. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The estimated average cost per eligible Bradesco PADS, if the Court approves Lead Counsel's fee and expense application, is approximately $0.018 per PADS. **Please note that this amount is only an estimate**.

6. **<u>Identification of Attorneys' Representatives</u>:** Lead □□□□ and the Settlement Class are represented by Andrew L. Zivitz, Esq. and Johnston de F. Whitman, Jr., Esq. of Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087, 1-610-667-7706, info@ktmc.com. Further information regarding the Action, the Settlement, and this Notice may be obtained by contacting Lead Counsel or the Court-authorized Claims Administrator at: *Banco Bradesco S.A. Securities Litigation Settlement*, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 4259, Portland, OR 97208-4259; 1-877-848-4284; info@BancoBradescoSecuritiesLitigation.com; <u>www.BancoBradescoSecuritiesLitigation.com</u>.

7. **<u>Reasons for the Settlement</u>:** Lead □□□□s principal reason for entering into the Settlement is the immediate □□□□□ for the Settlement Class without the risk or the delays and costs inherent in further litigation. Moreover, the cash □□□ provided under the Settlement must be considered against the risk that a smaller recovery – or indeed no recovery at all – might be achieved after full discovery, contested motions, a trial of the Action, and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants, who deny all allegations of wrongdoing or liability whatsoever, have determined that it is desirable and □□□□ to them that the Action be settled in the manner and upon the terms and conditions of the Settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM ONLINE OR POSTMARKED NO LATER THAN DECEMBER 21, 2019.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Claims in ¶ 30 below) that you have against Defendants and the other Defendant Releasees
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 23, 2019.	Get no payment. If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that allows you to ever be part of any other lawsuit against the Defendants concerning the claims that were, or could have been, asserted in this Action. It is also the *only* way for Settlement Class Members to remove themselves from the Settlement Class. **If you are considering excluding yourself from the Settlement Class, please note that there is a risk that any new claims asserted against the Defendants may no longer be timely and would be time-barred.**
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 23, 2019.	If you do not like the proposed Settlement, the proposed Plan of Allocation, and/or the requested attorneys' fees and Litigation Expenses, you may write to the Court and explain why you do not like them. In order to object, you must remain a member of the Settlement Class, may not exclude yourself, and you will be bound by the Court's determinations.
GO TO A HEARING ON NOVEMBER 13, 2019 AT 4:15 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 23, 2019.	If you have a written objection and wish to appear at the hearing, you must also a notice of intention to appear by October 23, 2019, which allows you to speak in Court, at the discretion of the Court, about the fairness of the Settlement, the Plan of Allocation, and/or the request for attorneys' fees and Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

These rights and options – and the deadlines to exercise them – are further explained in this Notice. Please Note: The date and time of the Settlement Fairness Hearing – currently scheduled for November 13, 2019 at 4:15 p.m. – is subject to change without further notice to the Settlement Class. If you plan to attend the hearing, you should check the website www.BancoBradescoSecuritiesLitigation.com or with Lead Counsel as set forth above to confirm that no change to the date and/or time of the hearing has been made.

WHAT THIS NOTICE CONTAINS

WHAT IS THE PURPOSE OF THIS NOTICE?

8. The Court has directed the issuance of this Notice to inform potential Settlement Class Members about the proposed Settlement and their options in connection therewith before the Court rules on the proposed Settlement. Additionally, Settlement Class Members have the right to understand how this class action lawsuit may generally their legal rights. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by Lead and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform potential Settlement Class Members of the existence of this case, that it is a class action, how you (if you are a Settlement Class Member) might be and how to exclude yourself from the Settlement Class if you wish to do so. This Notice also informs potential Settlement Class Members of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and Lead Counsel's application for an award of attorneys' fees and payment of Litigation Expenses ("Settlement Fairness Hearing"). *See* ¶ 55 below for details about the Settlement Fairness Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time.

WHAT IS THIS CASE ABOUT?

11. This Action arose out of Operation Zealots, the Brazilian Federal Police's multi-year investigation into the bribery of Brazilian tax which revealed that, during the relevant time period, Defendants are alleged to have to pay millions of dollars in bribes in exchange for billions of dollars in favorable tax rulings and for Bradesco. , this Action alleged that the Company and three of its senior executives—Bradesco's Chief Executive , Trabuco, Bradesco's Managing and Investor Relations , Angelotti, and Bradesco's Executive Vice President during the relevant time period, Domingos Figueiredo de Abreu ("Abreu")—issued false and misleading statements and failed to disclose material adverse facts in an attempt to conceal this tax bribery scheme.

12. The Action was commenced on June 3, 2016, with the filing of a putative securities class action complaint in this Court captioned *Bryan v. Banco Bradesco S.A. et al.*, Case No. 1:16-cv-04155-GHW. By Order dated August 15, 2016, the Court appointed Public Employees' Retirement System of Mississippi as lead plaintiff and Kessler Topaz Meltzer & Check, LLP as lead counsel and Labaton Sucharow LLP as liaison counsel.

13. On October 21, 2016, Lead Plaintiff filed the operative complaint in the Action—the Amended Class Action Complaint ("Amended Complaint"). The Amended Complaint asserted claims under §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78j(b) and 78t(a), and the rules and regulations promulgated thereunder, including SEC Rule 10b-5 (17 C.F.R. § 240.10b-5), against Bradesco, Trabuco, Angelotti and Abreu.

14. On December 23, 2016, Bradesco, Trabuco, Angelotti and Abreu moved to dismiss the Amended Complaint ("Motion to Dismiss"). On February 3, 2017, Lead Plaintiff filed its opposition to the Motion to Dismiss, and on March 3, 2017, defendants filed a reply in support of their motion. By Order dated September 29, 2017, the Court granted in part and denied in part defendants' Motion to Dismiss the Amended Complaint. Pursuant to its Order, the Court (i) sustained Lead Plaintiff's claims under § 10(b) of the Exchange Act and Rule 10b-5 thereunder with respect to certain statements made by Bradesco, Trabuco and Angelotti; (ii) sustained Lead Plaintiff's claims under § 20(a) of the Exchange Act against Trabuco; and (iii) granted the Motion to Dismiss in all other respects, including all claims against Abreu.

15. Thereafter, the Parties commenced discovery. Defendants filed their answer to the Amended Complaint on April 6, 2018.

16. On August 17, 2018, Lead Plaintiff moved for certification of the class, including appointment of Lead Plaintiff and Boilermaker-Blacksmith National Pension Fund ("Boilermaker-Blacksmith") as class representatives ("Motion to Certify"). On August 21, 2018, Defendants filed a letter seeking a pre-motion conference regarding Defendants' proposed motion to strike Lead Plaintiff's addition of Boilermaker-Blacksmith. Lead Plaintiff filed its response letter on August 27, 2018. On September 14, 2018, pursuant to request of the Court, Lead Plaintiff filed a motion for leave to add Boilermaker-Blacksmith as a proposed class representative ("Motion to Add").

17. Defendants opposed Lead Plaintiff's Motion to Add and Motion to Certify on September 24, 2018 and November 9, 2018, respectively. Lead Plaintiff filed replies in support of its motions on September 28, 2018 and December 14, 2018. Pursuant to leave by the Court, Defendants filed a sur-reply in opposition to the Motion to Certify on February 7, 2019 and Lead Plaintiff filed a sur-sur-reply in support of its motion on March 8, 2019. Defendants filed a sur-sur-reply on April 5, 2018.

18. While Lead Plaintiff's Motion to Add and Motion to Certify were pending, the Parties agreed to discuss a possible resolution of the Action. To facilitate their negotiations, the Parties scheduled a formal mediation with Jed D. Melnick, Esq. of JAMS and The Weinstein Melnick Team for April 15, 2019. In advance of the mediation, the Parties exchanged detailed mediation statements. At the mediation, the Parties reached an agreement-in-principle to resolve the Action for $14.5 million in cash.

19. On July 1, 2019, the Parties entered into the Stipulation, which sets forth the terms and conditions of the Settlement. The Stipulation can be viewed at www.BancoBradescoSecuritiesLitigation.com.

20. On July 24, 2019, the Court preliminarily approved the Settlement, authorized this Notice to potential Settlement Class Members, and scheduled the Settlement Fairness Hearing to consider whether to grant approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

21. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded from the Settlement Class. The Settlement Class provisionally certified by the Court for purposes of the Settlement is:

All persons and entities who purchased or otherwise acquired Bradesco PADS during the period from August 8, 2014 through July 27, 2016, inclusive, and were injured thereby.

Excluded from the Settlement Class are: (i) Defendants; (ii) the individual Defendants' Immediate Family members; (iii) any person who was an officer or director of Bradesco during the Settlement Class Period; (iv) any trust, corporation, or other entity in which a Defendant has or had a controlling interest; (v) Bradesco's employee retirement and benefit plan(s) and their participants or beneficiaries, to the extent they made purchases or otherwise acquired PADS through such plan(s); and (vi) the legal representatives, heirs, successors-in-interest, or assigns of any such excluded person or entity. Also excluded from the Settlement Class are any persons or entities who or which exclude themselves from the Settlement Class by submitting a request for exclusion that is accepted by the Court. *See* "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself," on page 10 below.

PLEASE READ THIS NOTICE CAREFULLY TO DETERMINE WHETHER YOU ARE A SETTLEMENT CLASS MEMBER AND WHETHER YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT.

IF YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT A CLAIM FORM AND THE REQUIRED SUPPORTING DOCUMENTATION POSTMARKED (IF MAILED), OR ONLINE, NO LATER THAN DECEMBER 21, 2019. YOU CAN OBTAIN A COPY OF THE CLAIM FORM ON THE WEBSITE, WWW.BANCOBRADESCOSECURITIESLITIGATION.COM, OR BY CALLING 1-877-848-4284.

WHAT ARE LEAD PLAINTIFF'S REASONS FOR THE SETTLEMENT?

22. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit; however, they also recognize the substantial risks in continuing to litigate the Action. For example, Defendants have raised a number of arguments and defenses, including that Defendants made no misrepresentations, that the alleged misrepresentations were immaterial, and that Lead Plaintiff would not be able to establish that Defendants acted with the requisite intent. Even assuming Lead Plaintiff could establish Defendants' liability, the amount of damages that could be attributed to the allegedly false statements would be hotly contested. Additionally, Lead Plaintiff and Lead Counsel recognize the substantial expense and length of continued proceedings necessary to pursue their claims against Defendants through the completion of discovery, both foreign and domestic, further motion practice, trial, and appeals. Action.

23. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Settlement Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a favorable result for the Settlement Class, namely $14,500,000.00 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no, recovery after further discovery, summary judgment, trial, and appeals, possibly years in the future.

24. Defendants have denied the claims asserted against them in the Action and deny having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendants have agreed to the Settlement to eliminate the burden and expense of continued litigation, and the Settlement may not be construed as an admission of any wrongdoing by Defendants in this or any other action or proceeding.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

25. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of its claims against Defendants, neither Lead Plaintiff nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, either at summary judgment, at trial, or on appeal, the Settlement Class could recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?

26. The law firm of Kessler Topaz Meltzer & Check, LLP was appointed to represent all Settlement Class Members. These lawyers are called Lead Counsel. You will not be separately charged for the services of these lawyers. The Court will determine the amount of Lead Counsel's fees and expenses. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. As a Settlement Class Member, you are represented by Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense. If you choose to hire your own lawyer, such counsel must file a notice of appearance on your behalf. *See* "When And Where Will The Court Decide Whether To Approve The Settlement? Do I Have To Come To The Hearing? May I Speak At The Hearing If I Don't Like The Settlement?," on page 10 below.

27. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," on page 10 below.

28. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's application for attorneys' fees and payment of Litigation Expenses, and if you do not exclude yourself from the Settlement Class, you may present your objection(s) by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement? Do I Have To Come To The Hearing? May I Speak At The Hearing If I Don't Like The Settlement?," on page 10 below.

29. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment ("Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Date of the Settlement, Lead and each of the other Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, trusts, trustees, estates, insurers, reinsurers, predecessors, successors and assigns (and assignees of each of the foregoing) in their capacities as such, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released s Claim (as in ¶ 30 below) against the Defendant Releasees (as in ¶ 31 below), and shall forever be barred and enjoined Claims against any of the Defendant Releasees.

30. "Released Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, local, common, statutory, administrative or foreign law, or any other law, rule or regulation, at law or in equity, whether class or individual in nature, whether accrued or unaccrued, whether liquidated or unliquidated, whether matured or unmatured, that Lead or any other member of the Settlement Class have, had, or may in the future have that relate in any way, directly or indirectly, to the purchase, sale, acquisition, disposition, or holding of PADS during the Settlement Class Period and (i) were asserted in the Action or (ii) could have been asserted or could in the future be asserted in any court or forum and arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations, or omissions set forth in the Action. "Released Claims" do not include (i) any claims relating to the enforcement of the Settlement; (ii) the right to receive a monetary recovery from any related governmental proceeding; or (iii) any claims of any person or entity who or which submits a timely request for exclusion from the Settlement Class that is accepted by the Court.

31. "Defendant Releasees" means (i) Defendants and their attorneys; (ii) the current and former parents, subsidiaries, successors, predecessors, assigns, and assignees of each of the foregoing in (i); and (iii) the current and former employees, directors, Immediate Family members, heirs, trusts, trustees, executors, estates, administrators, agents, insurers, reinsurers, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns and advisors of each of the persons or entities listed in (i) and (ii), in their capacities as such.

32. "Unknown Claims" means any claims, accrued or unaccrued, that Lead any other Settlement Class Member, or any Defendant does not know or suspect to exist in his, her or its favor at the time of the release of such claims. Unknown Claims include claims that, if known by him, her or it, might have his, her or its decision(s) with respect to this Settlement, including, but not limited to, whether or not to object to the Settlement or to the release of the Released Claims. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Date of the Settlement, Lead and Defendants shall expressly waive, and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment or the Alternative Judgment, if applicable, shall have, expressly waived, the provisions, rights, and conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

> **A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

The Parties acknowledge that they may hereafter discover facts in addition to or from those which he or it or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims, but, upon the Date, Lead and Defendants shall expressly settle and release, and each of the other Settlement Class Members shall be deemed to have, and by operation of the Judgment or the Alternative Judgment, if applicable, shall have, settled and released, any and all Released Claims without regard to the subsequent discovery or existence of such or additional facts. Lead and Defendants acknowledge, and each of the other Settlement Class Members shall be deemed by operation of the Judgment or the Alternative Judgment, if applicable, 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.

33. The Judgment will also provide that, upon the Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, trusts, trustees, estates, insurers, reinsurers, predecessors, successors and assigns (and assignees of each of the foregoing) in their capacities as such, shall be deemed to have, and by operation of law and of the Judgment shall have, fully, and forever compromised, settled, released, resolved, relinquished, waived and discharged each and every Released Defendants' Claim (as in ¶ 34 below) against the Releasees (as in ¶ 35 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants'

34. "Released Defendants' Claims" means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, local, common, statutory, administrative or foreign law, or any other law, rule or regulation, at law or in equity, whether class or individual in nature, whether accrued or unaccrued, whether liquidated or unliquidated, whether matured or unmatured, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against Defendants. "Released Defendants' Claims" do not include any claims relating to the enforcement of the Settlement.

35. Releasees" means (i) Lead its attorneys and all other Settlement Class Members, including Boilermaker-Blacksmith; (ii) the current and former parents, subsidiaries, successors, predecessors, assigns, and assignees of each of the foregoing in (i); and (iii) the current and former directors, Immediate Family members, heirs, trusts, trustees, executors, estates, administrators, agents, insurers, reinsurers, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns and advisors of each of the persons or entities listed in (i) and (ii), in their capacities as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

36. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation ***postmarked (if mailed), or submitted online at www.BancoBradescoSecuritiesLitigation.com, no later than December 21, 2019***. You can obtain a copy of the Claim Form on the website, www.BancoBradescoSecuritiesLitigation.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-877-848-4284, or by emailing the Claims Administrator at info@BancoBradescoSecuritiesLitigation.com. **Please retain all records of your ownership of and transactions in Bradesco PADS, as they may be needed to document your Claim.** If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

37. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

38. Pursuant to the Settlement, Defendants shall pay or cause to be paid $14,500,000.00 in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the "Settlement Fund." If the Settlement is approved by the Court and the Date occurs, the "Net Settlement Fund" (as in ¶ 2 above) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

39. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation and that decision is on appeal (if any) and/or the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

40. Neither Defendants nor any other person or entity that paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final, including following any appeals. Defendants and the other Defendant Releasees shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the plan of allocation.

41. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked (if mailed), or online, on or before December 21, 2019 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the Releases given. This means that each Settlement Class Member releases the Released Claims (as in ¶ 30 above) against the Defendant Releasees (as in ¶ 31 above) and will be enjoined and prohibited from prosecuting any of the Released Claims against any of the Defendant Releasees whether or not such Settlement Class Member submits a Claim Form.

42. Participants in and of any employee retirement and/or plan ("Employee Plan") should NOT include any information relating to Bradesco PADS purchased/acquired through an Employee Plan in any Claim Form they submit in this Action. They should include ONLY those eligible Bradesco PADS purchased/acquired during the Settlement Class Period outside of an Employee Plan. Claims based on any Employee Plan(s)' purchases/acquisitions of eligible Bradesco PADS during the Settlement Class Period may be made by the Employee Plan(s)' trustees. **Please Note**: As set forth in ¶ 21 above, Bradesco's employee retirement and plan(s) and their participants or to the extent they made purchases or otherwise acquired Bradesco PADS through such plan(s) are excluded from the Settlement Class and such persons or entities shall not receive, either directly or indirectly, any payment from the Settlement Fund in connection with such PADS.

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

44. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

45. Only Settlement Class Members will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities who are excluded from the Settlement Class by or who exclude themselves from the Settlement Class pursuant to an exclusion request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

46. **Appendix A to this Notice sets forth the Plan of Allocation for allocating the Net Settlement Fund among Authorized Claimants, as proposed by Lead Plaintiff. At the Settlement Fairness Hearing, Lead Counsel will request the Court approve the Plan of Allocation. The Court may modify the Plan of Allocation, or approve a different plan of allocation, without further notice to the Settlement Class.**

WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

47. Lead Counsel, on behalf of Counsel, will apply to the Court for an award of attorneys' fees and payment of Litigation Expenses. Lead Counsel has fee-sharing agreements with Liaison Counsel, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, and additional counsel Gadow Tyler, PLLC, 511 E. Pearl Street, Jackson, MS 39201, which provide that Lead Counsel will compensate these solely from the attorneys' fees that Lead Counsel receives in this Action in amounts commensurate with those in the Action, such that this will not increase the fees awarded by the Court. Lead Counsel's application for attorneys' fees will not exceed 25% of the Settlement Fund plus payment of Litigation Expenses not to exceed $1.1 million incurred in connection with the prosecution and resolution of this Action. Lead Counsel's application for attorneys' fees and Litigation Expenses, which may include a request for reimbursement of the reasonable costs and expenses incurred by directly related to their representation of the Settlement Class in accordance with 15 U.S.C. §78u-4(a)(4), in an aggregate amount not to exceed $75,000.00, will be by October 9, 2019, and the Court will consider this application at the Settlement Fairness Hearing. A copy of Lead Counsel's application for fees and expenses will be available for review at www.BancoBradescoSecuritiesLitigation.com once it is Any award of attorneys' fees and payment of Litigation Expenses, including any reimbursement of costs and expenses to will be paid from the Settlement Fund prior to allocation and payment to Authorized Claimants. ***Settlement Class Members are not personally liable for any such attorneys' fees or expenses***.

WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS? HOW DO I EXCLUDE MYSELF?

48. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit, whether favorable or unfavorable, unless such person or entity mails or delivers a written request for exclusion addressed to: *Banco Bradesco S.A. Securities Litigation Settlement*, EXCLUSIONS, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 4259, Portland, OR 97208-4259. The request for exclusion must be ***received*** **no later than October 23, 2019**. You will not be able to exclude yourself from the Settlement Class after that date.

49. Each request for exclusion must: (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity "requests exclusion from the Settlement Class in *In re Banco Bradesco S.A. Securities Litigation*, Civil Case No. 1:16-cv-04155 (GHW)"; (iii) state the number of Bradesco PADS that the person or entity requesting exclusion purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, between August 8, 2014 and July 27, 2016, inclusive), as well as the dates, number of Bradesco PADS, and prices of each such purchase/acquisition and/or sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative.

50. A request for exclusion shall not be valid and unless it provides all the information called for in ¶ 49 and is received within the time stated above, or is otherwise accepted by the Court.

51. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later another lawsuit, arbitration, or other proceeding relating to any Released Claim against any of the Defendant Releasees. Excluding yourself from the Settlement Class is the only option that allows you to be part of any other current or future lawsuit against Defendants or any of the other Defendant Releasees concerning the Released Claims. Please note, however, if you decide to exclude yourself from the Settlement Class, you may be time-barred from asserting the claims covered by the Action by a statute of repose. In addition, Defendants and the other Defendant Releasees will have the right to assert any and all defenses they may have to any claims that you may seek to assert.

52. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment from the Net Settlement Fund.

53. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

54. **Settlement Class Members do not need to attend the Settlement Fairness Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing.** Please Note: The date and time of the Settlement Fairness Hearing may change without further written notice to the Settlement Class. If you plan on attending the hearing, please check the website, www.BancoBradescoSecuritiesLitigation.com or contact Lead Counsel to that the date and/or time of the hearing has not changed.

55. The Settlement Fairness Hearing will be held on **November 13, 2019 at 4:15 p.m.**, before the Honorable Gregory H. Woods at the Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY, 10007, Courtroom 12C. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for an award of attorneys' fees and payment of Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Fairness Hearing without further notice to the members of the Settlement Class.

56. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and payment of Litigation Expenses. Objections must be in writing. You must any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's at the United States District Court for the Southern District of New York at the address set forth below as well as serve copies on Lead Counsel and on Defendants' Counsel at the addresses set forth below ***on or before October 23, 2019***.

Clerk's Office	**Lead Counsel**	**Defendants' Counsel**
United States District Court Southern District of New York Daniel Patrick Moynihan U.S. Courthouse 500 Pearl Street New York, NY 10007	Andrew L. Zivitz Johnston de F. Whitman, Jr. Kessler Topaz Meltzer & Check, LLP 280 King of Prussia Road Radnor, PA 19087	Richard C. Pepperman II Marc De Leeuw Sullivan & Cromwell LLP 125 Broad Street New York, NY 10004

57. To object, you must send a letter to the Court saying that you object to the Settlement in *In re Banco Bradesco S.A. Securities Litigation*, Civil Case No. 1:16-cv-04155 (GHW), and stating the reasons that you object to the Settlement, or any part thereof.

58. Any objection must: (i) state the name, address, and telephone number of the person or entity objecting and be signed by the objector; (ii) state whether the objector is represented by counsel and, if so, the name, address, and telephone number of the objector's counsel; (iii) indicate whether the objection applies only to the objector, to a subset of the Settlement Class, or to the entire Settlement Class; (iv) state with the grounds for the Settlement Class Member's objection or objections, and the reasons for each objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention; and (v) include documents to prove membership in the Settlement Class, consisting of documents showing the number of Bradesco PADS that the objector purchased/acquired and/or sold during the Settlement Class Period (*i.e.*, between August 8, 2014 and July 27, 2016, inclusive), as well as the dates, number of Bradesco PADS, and prices of each such purchase/acquisition and/or sale. Documentation establishing membership in the Settlement Class must consist of copies of brokerage slips or monthly brokerage account statements, or an authorized statement from the objector's broker containing the transactional and holding information found in

59. **You may not object to the Settlement, Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and payment of Litigation Expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.**

60. You may submit an objection without having to appear at the Settlement Fairness Hearing. You may not, however, appear at the Settlement Fairness Hearing to present your objection unless (1) you submit a written objection in accordance with the procedures described above, (2) you submit your notice of appearance in accordance with the procedures described below, or (3) the Court orders otherwise.

61. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and payment of Litigation Expenses, and if you timely submit a written objection as described above, you must also a notice of appearance with the Clerk's and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 56 above so that it is ***received*** **on or before October 23, 2019**. Persons who intend to object and desire to present evidence at the Settlement Fairness Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and any exhibits they intend to introduce into evidence at the hearing. Objectors shall be allowed to present argument and evidence solely at the discretion of the Court.

62. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Fairness Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 56 above so that the notice is ***received*** **on or before October 23, 2019**.

63. **Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and payment of Litigation Expenses. Settlement Class Members do not need to appear at the Settlement Fairness Hearing or take any other action to indicate their approval.**

WHAT IF I BOUGHT BRADESCO PADS ON SOMEONE ELSE'S BEHALF?

64. If you purchased or otherwise acquired Bradesco PADS between August 8, 2014 and July 27, 2016, inclusive, for the □ □ □ □ interest of a person or entity other than yourself, you must either (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator □ □ □ □ copies of the Postcard Notice to forward to all such □ □ □ □ owners and within seven (7) calendar days of receipt of those Postcard Notices forward them to all such □ □ □ □ owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names and addresses (and e-mail addresses, if available) of all such □ □ □ □ owners to *Banco Bradesco S.A. Securities Litigation Settlement*, c/o Epiq Class Action & Claims Solutions, Inc., P.O. Box 4259, Portland, OR 97208-4259. If you choose the second option, the Claims Administrator will send a copy of the Postcard Notice to the □ □ □ □ owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Such properly documented expenses shall be paid from the Settlement Fund, with any disputes as to the reasonableness or documentation of expenses incurred subject to review by the Court. Copies of this Notice and the Claim Form may be obtained from the Settlement Website, www.BancoBradescoSecuritiesLitigation.com, by calling the Claims Administrator toll-free at 1-877-848-4284, or by emailing the Claims Administrator at info@BancoBradescoSecuritiesLitigation.com.

CAN I SEE THE COURT FILE? WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

65. This Notice contains only a summary of the terms of the Settlement. For the terms and conditions of the Settlement, please see the Stipulation available at www.BancoBradescoSecuritiesLitigation.com. More detailed information about the matters involved in this Action can be obtained by accessing the Court docket in this case, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system at https://ecf.nysd.uscourts.gov, or by visiting, during regular □ □ □ hours, the □ □ □ of the Clerk, United States District Court for the Southern District of New York, Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY 10007. Additionally, copies of any related orders entered by the Court will be posted on the website for the Settlement, www.BancoBradescoSecuritiesLitigation.com.

All inquiries concerning this Notice and the Claim Form should be directed to:

Banco Bradesco S.A. Securities Litigation Settlement
c/o Epiq Class Action & Claims Solutions, Inc.
P.O. Box 4259
Portland, OR 97208-4259
1-877-848-4284
info@BancoBradescoSecuritiesLitigation.com
www.BancoBradescoSecuritiesLitigation.com

and/or

Andrew L. Zivitz
Johnston de F. Whitman, Jr.
Kessler Topaz Meltzer & Check, LLP
280 King of Prussia Road
Radnor, PA 19087

PLEASE DO NOT CALL OR WRITE THE COURT, THE OFFICE OF THE CLERK OF THE COURT, DEFENDANTS OR THEIR COUNSEL REGARDING THIS NOTICE.

Dated: August 23, 2019

By Order of the Court
United States District Court
Southern District of New York

APPENDIX A

Proposed Plan of Allocation of Net Settlement Fund Among Authorized Claimants

The Plan of Allocation set forth herein is the plan that is being proposed to the Court for approval by Lead [illegible] after consultation with its damages consultant. The Court may approve the Plan of Allocation with or without [illegible] or approve another plan of allocation, without further notice to the Settlement Class. Any Orders regarding a [illegible] of the Plan of Allocation will be posted on the website for the Settlement, www.BancoBradescoSecuritiesLitigation.com. Defendants have had, and will have, no involvement or responsibility for the terms or application of the Plan of Allocation.

The objective of the proposed Plan of Allocation is to equitably distribute the Net Settlement Fund among those Settlement Class Members who [illegible] economic losses as a result of the alleged violations of the federal securities laws set forth in the Amended Complaint, as opposed to economic losses caused by market or industry factors or [illegible] factors unrelated thereto. To that end, Lead [illegible]s damages consultant calculated the estimated amount of alleged [illegible] in the per share price of Bradesco PADS over the course of the Settlement Class Period that was allegedly proximately caused by Defendants' alleged materially false and misleading misrepresentations and omissions. In calculating the estimated [illegible] allegedly caused by those misrepresentations and omissions, Lead [illegible]s damages consultant considered price changes in Bradesco PADS in reaction to public disclosures that allegedly corrected the respective alleged misrepresentations and omissions. The calculations made pursuant to the Plan of Allocation, however, do not represent a formal damages analysis that has been adjudicated in the Action and are not intended to measure the amounts that Settlement Class Members would recover after a trial. Nor are these calculations intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the security. Accordingly, to have a "Recognized Loss Amount" pursuant to the Plan of Allocation, a person or entity must have purchased or otherwise acquired Bradesco PADS during the Settlement Class Period (*i.e.*, from August 8, 2014 through July 27, 2016, inclusive) and ***held such Bradesco PADS through*** at least one of the alleged corrective disclosures that removed alleged [illegible] related to that information. To that end, Lead [illegible]s damages consultant [illegible] four dates (*i.e.*, March 26, 2015, May 20, 2015, May 31, 2016, and July 27, 2016) on which alleged corrective disclosures were made that removed alleged [illegible] from the price of Bradesco PADS on the following dates: March 27, 2015, May 21, 2015, May 31, 2016, and July 28, 2016.[2]

CALCULATION OF RECOGNIZED LOSS AMOUNTS

1. For purposes of determining whether a Claimant has a "Recognized Claim," purchases, acquisitions, and sales of Bradesco P[illegible].

2. A "Recognized Loss Amount" will be calculated as set forth below for each Bradesco PADS purchased or otherwise acquired from August 8, 2014 through July 27, 2016, inclusive, that is listed in the Claim Form and for which adequate documentation is provided. To the extent that the calculation of a Claimant's Recognized Loss Amount results in a negative number, that number shall be set to zero. The sum of a Claimant's Recognized Loss Amounts will be the Claimant's "Recognized Claim."

[2] On March 26, 2015, the Brazilian Federal Police announced their investigation into bribery allegations related to certain tax proceedings, including tax proceedings involving some Brazilian banks. News reports that day and on March 27, 2015 also revealed that certain individuals at some of Brazil's largest banks could face criminal charges for their illegal conduct. On this news, after accounting for a stock dividend, the price of Bradesco PADS fell from an adjusted close of $8.62 [$7.12] on March 25, 2015 to an adjusted close of $8.05 [$6.66] on March 27, 2015. *See* Amended Complaint ¶ 12. Thereafter, on May 20, 2015, the Brazilian Federal Police announced that the police were dividing up their investigation into separate, company-specific investigations in order to expedite the proceedings and that they would focus first on certain "priority" cases. On this day, federal officials also revealed that the Federal Revenue Service of Brazil was "clos[ing] [the] taps" that had previously allowed for companies to illegally manipulate the tax system and divert public funds. In response to this news, the price of Bradesco PADS declined by $0.37 [$0.27] per share, from a close of $10.08 [$7.57] per share on May 20, 2015 to a close of $9.17 [$7.31] per share on May 21, 2015. *See* Amended Complaint ¶ 14. On May 31, 2016, Trabuco, Angelotti and Abreu were formally charged with multiple counts of violating Brazil's anti-corruption laws and in response to news of such indictments, the price of Bradesco PADS declined from a closing price of $6.63 [$5.48] per share on May 27, 2016 to a closing price of $6.26 [$5.17] per share on May 31, 2016. *See* Amended Complaint ¶ 15. Finally, on July 27, 2016 criminal allegations were sustained against Trabuco, Angelotti and Abreu. In response to this news, the price of Bradesco PADS declined from a closing price of $8.73 [$7.21] per share on July 27, 2016 to a closing price of $8.31 [$6.87] per share on July 28, 2016. *See* Amended Complaint ¶¶ 16, 195. The prices appearing in brackets reflect the closing prices after being adjusted to reflect all stock splits that occurred through August 2018.

3. Bradesco PADS underwent a series of stock splits during the Settlement Class Period. To account for this, all prices for Bradesco PADS as well as □ □ □ □□□□ □amounts listed in this Plan of Allocation have been adjusted to □ □ □all stock splits that occurred through August 2018.[3] Claimants' submitted transactions will be adjusted using the Split Adjustment Factors set forth in **Table 1**below. □ □ □ □ □, share amounts will be multiplied by the relevant Split Adjustment Factor set forth in **Table 1** and purchase/acquisition and sale prices will be divided by the relevant Split Adjustment Factor set forth in **Table 1**.

4. For each Bradesco PADS purchased or otherwise acquired between August 8, 2014 and July 27, 2016, inclusive, and sold on or before October 25, 2016,[4] an "Out of Pocket Loss" will be calculated. Out of Pocket Loss is □ □ □ as the per-PADS purchase/acquisition price (excluding all fees, taxes, and commissions) *minus* the per-PADS sale price (excluding all fees, taxes, and commissions) after adjusting for the PADS stock splits as set forth in **Table 1**below. □ □ □ □ □, purchase/acquisition and sale prices will be divided by the relevant Split Adjustment Factor set forth in **Table 1**. To the extent that the calculation of an Out of Pocket Loss results in a negative number, that number shall be set to zero.

5. A Claimant's Recognized Loss Amount per Bradesco PADS purchased or otherwise acquired during the Settlement Class Period will be calculated as follows:

A. For each Bradesco PADS purchased or otherwise acquired during the Settlement Class Period and subsequently sold prior to the opening of trading on March 27, 2015, the Recognized Loss Amount is $0.

B. For each Bradesco PADS purchased or otherwise acquired during the Settlement Class Period and subsequently sold after the opening of trading on March 27, 2015 and prior to the close of trading on July 27, 2016, the Recognized Loss Amount shall be ***the lesser of***:

(i) the dollar amount of alleged □ □ □ □□□□□ □applicable to each such PADS on the date of purchase/acquisition as set forth in **Table 2** below *minus* the dollar amount of alleged □ □ □ □□□□□on applicable to each such PADS on the date of sale as set forth in **Table 2** below; or

(ii) the Out of Pocket Loss.

C. For each Bradesco PADS purchased or otherwise acquired during the Settlement Class Period and subsequently sold after the close of trading on July 27, 2016 and prior to the close of trading on October 25, 2016 (*i.e.*, the last day of the 90-Day Look-back Period), the Recognized Loss Amount shall be ***the least of***:

(i) the dollar amount of alleged □ □ □ □□□□□ □applicable to each such PADS on the date of purchase/acquisition as set forth in **Table 2**;

(ii) the purchase/acquisition price of each such PADS (excluding all fees, taxes, and commissions) *minus* the 90-Day Look-back Value as set forth in **Table 3** below; or

(iii) the Out of Pocket Loss.

D. For each Bradesco PADS purchased or otherwise acquired during the Settlement Class Period and still held as of the close of trading on October 25, 2016 (*i.e.*, the last day of the 90-Day Look-back Period), the Recognized Loss Amount shall be ***the lesser of***:

(i) the dollar amount of alleged □ □ □ □□□□□ □applicable to each such PADS on the date of purchase/acquisition as set forth in **Table 2** below; or

[3] During the Action, expert analysis of Bradesco PADS prices and shares was submitted to the Court in August 2018, and those prices and shares re□ected all stock splits through August 2018. For consistency, the same adjustments to prices and shares are being used herein.

[4] October 25, 2016 represents the last day of the 90-day period subsequent to the end of the Settlement Class Period, *i.e.*, July 27, 2016 (the "90-Day Look-back Period;" the period of July 28, 2016 through October 25, 2016). The PSLRA imposes a statutory limitation on recoverable damages using the 90-Day Look-back Period. This limitation is incorporated into the calculation of a Settlement Class Member's Recognized Loss Amount. Speci□cally, a Settlement Class Member's Recognized Loss Amount cannot exceed the di□erence between the purchase price paid for the Bradesco PADS and the average price of Bradesco PADS during the 90-Day Look-back Period if the Bradesco PADS was held through October 25, 2016, the end of this period. Losses on Bradesco PADS purchased/acquired during the period between August 8, 2014 and July 27, 2016, inclusive, and sold during the 90-Day Look-back Period cannot exceed the di□erence between the purchase price paid for the Bradesco PADS and the average price of Bradesco PADS during the portion of the 90-Day Look-back Period elapsed as of the date of sale (the "90-Day Look-back Value"), as set forth in **Table 3**below.

(ii) the purchase/acquisition price of each such PADS (excluding all fees, taxes, and commissions) *minus* $7.56 (the average closing price of Bradesco PADSs during the 90-Day Look-back Period (*i.e.*, July 28, 2016 through October 25, 2016), as shown on the last line in **Table 3** below).

ADDITIONAL PROVISIONS

6. The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution [illegible] 1 below) is $10.00 or greater.

7. If a Settlement Class Member has more than one purchase/acquisition or sale of Bradesco PADS during the Settlement Class Period, all purchases/acquisitions and sales shall be matched on a FIFO basis. Settlement Class Period sales will be matched [illegible] against any holdings of Bradesco PADS at the beginning of the Settlement Class Period, and then against purchases/acquisitions of Bradesco PADS, in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period.

8. Purchases/acquisitions and sales of Bradesco PADS shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of Bradesco PADS during the Settlement Class Period, shall not be deemed a purchase, acquisition or sale of these Bradesco PADS for the calculation of an Authorized Claimant's Recognized Claim, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such Bradesco PADS unless (i) the donor or decedent purchased or otherwise acquired such Bradesco PADS during the Settlement Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Bradesco P[illegible]

9. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of Bradesco PADS. The date of a "short sale" is deemed to be the date of sale of Bradesco PADS. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero. In the event that a Claimant has an opening short position in Bradesco PADS, the earliest purchases or acquisitions during the Settlement Class Period shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

10. Bradesco PADS are the only security eligible for recovery under the Plan of Allocation. Option contracts to purchase or sell Bradesco PADS are not securities eligible to participate in the Settlement. With respect to Bradesco PADS purchased or sold through the exercise of an option, the purchase/sale date of the Bradesco PADS is the exercise date of the option and the purchase/sale price is the exercise price of the option. Any Recognized Loss Amount arising from purchases of Bradesco PADS acquired during the Settlement Class Period through the exercise of an option on Bradesco PADS[5] shall be computed as provided for other purchases of Bradesco PADS in the Plan of Allocation.

11. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. [illegible], a "Distribution Amount" will be calculated for each Authorized Claimant, which will be the Authorized Claimant's Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

12. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent [illegible] to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is [illegible] to do so, the Claims Administrator will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least $10.00 from such re-distribution. Additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be [illegible] At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not [illegible] the remaining balance shall be contributed to non-sectarian, not-for[illegible] organization(s), to be recommended by Lead Counsel and approved by the Court.

[5] This includes (1) purchases of Bradesco PADS as the result of the exercise of a call option, and (2) purchases of Bradesco PADS by the seller of a put option as a result of the buyer of such put option exercising that put option.

13. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. No person or entity shall have any claim against [illegible] Counsel, the Claims Administrator or any other agent designated by Lead Counsel, or the Defendant Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or any order of the Court. [illegible] and Defendants, and their respective counsel, Lead [illegible]'s damages consultant, and all other Releasees shall have no liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund, the plan of allocation, or the determination, administration, calculation, or payment of any Claim or nonperformance of the Claims Administrator, the payment or withholding of Taxes (including interest and penalties) or Tax Expenses owed by the Settlement Fund, or any losses incurred in connection therewith.

TABLE 1
Split Adjustment Factors to be Applied to Claimants' Transactions

Transaction Date	Split Adjustment Factor
August 8, 2014 - March 26, 2015	1.5972[6]
March 27, 2015 - April 17, 2016	1.331
April 18, 2016 - May 1, 2017	1.21
May 2, 2017 - April 1, 2018	1.1
April 2, 2018 - August 31, 2018	1

TABLE 2
Estimated Alleged Artificial Inflation in Bradesco PADS

From	To	Estimated Alleged Artificial Inflation Per PADS
August 8, 2014	March 26, 2015	$0.83
March 27, 2015	May 20, 2015	$0.69
May 21, 2015	May 31, 2016 (prior to 2:02 p.m. EST)[7]	$0.49
May 31, 2016 (at or after 2:02 p.m. EST)	July 27, 2016	$0.27

PLEASE NOTE: The estimated alleged artificial inflation amounts have been adjusted to reflect all stock splits that occurred through August 2018.

[6] The appropriate Split Adjustment Factor will be applied to any Bradesco PADS held as of the start of the Settlement Class Period.

[7] For purposes of this Plan of Allocation, the Claims Administrator will assume that any Bradesco PADS purchased/acquired or sold on May 31, 2016 at a price less than $5.34 per PADS occurred *after* the corrective information was released to the market at 2:02 p.m. EST on May 31, 2016, and any PADS purchased/acquired or sold on May 31, 2016 at a price equal to or greater than $5.34 per PADS occurred *prior* to the release of the corrective information at 2:02 p.m. EST on May 31, 2016.

TABLE 3
Bradesco PADSs 90-Day Look-back Value by Sale/Disposition Date

Sale Date	90-Day Look-back Value	Sale Date	90-Day Look-back Value
7/28/2016	$6.87	9/13/2016	$7.38
7/29/2016	$7.03	9/14/2016	$7.36
8/1/2016	$7.06	9/15/2016	$7.35
8/2/2016	$7.05	9/16/2016	$7.34
8/3/2016	$7.09	9/19/2016	$7.34
8/4/2016	$7.15	9/20/2016	$7.33
8/5/2016	$7.21	9/21/2016	$7.34
8/8/2016	$7.24	9/22/2016	$7.34
8/9/2016	$7.28	9/23/2016	$7.35
8/10/2016	$7.29	9/26/2016	$7.35
8/11/2016	$7.32	9/27/2016	$7.35
8/12/2016	$7.34	9/28/2016	$7.36
8/15/2016	$7.36	9/29/2016	$7.36
8/16/2016	$7.38	9/30/2016	$7.37
8/17/2016	$7.39	10/3/2016	$7.37
8/18/2016	$7.40	10/4/2016	$7.38
8/19/2016	$7.40	10/5/2016	$7.39
8/22/2016	$7.40	10/6/2016	$7.40
8/23/2016	$7.39	10/7/2016	$7.40
8/24/2016	$7.38	10/10/2016	$7.41
8/25/2016	$7.37	10/11/2016	$7.42
8/26/2016	$7.36	10/12/2016	$7.43
8/29/2016	$7.36	10/13/2016	$7.44
8/30/2016	$7.37	10/14/2016	$7.45
8/31/2016	$7.37	10/17/2016	$7.46
9/1/2016	$7.36	10/18/2016	$7.48
9/2/2016	$7.37	10/19/2016	$7.49
9/6/2016	$7.38	10/20/2016	$7.51
9/7/2016	$7.39	10/21/2016	$7.53
9/8/2016	$7.40	10/24/2016	$7.54
9/9/2016	$7.40	10/25/2016	$7.56
9/12/2016	$7.39		

PLEASE NOTE: The 90-Day Look-back Values have been adjusted to reflect all stock splits that occurred through August 2018.

Supplemental Exhibit 15B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE BANCO BRADESCO S.A. SECURITIES LITIGATION

Civil Case No. 1:16-cv-04155 (GHW)

ECF CASE

ORDER APPROVING PLAN OF ALLOCATION OF NET SETTLEMENT FUND

WHEREAS, this matter came on for hearing on November 13, 2019 (the "Settlement Fairness Hearing") on Lead Plaintiff's motion to determine whether the proposed plan of allocation of the Net Settlement Fund (the "Plan of Allocation") created by the Settlement achieved in the above-captioned action (the "Action") should be approved. The Court having considered all matters submitted to it prior to and during the Settlement Fairness Hearing; and it appearing that notice of the Settlement Fairness Hearing substantially in the form approved by the Court was mailed to all Settlement Class Members who could be identified with reasonable effort, and that a summary notice of the hearing substantially in the form approved by the Court was published in *Investor's Business Daily* and transmitted over the *PR Newswire* pursuant to the specifications of the Court; and the Court having considered and determined the fairness and reasonableness of the proposed Plan of Allocation; and

WHEREAS, this Order incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated July 1, 2019 (ECF No. 189-1) ("Stipulation"), and all capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. **Jurisdiction**—The Court has jurisdiction to enter this Order and over the subject matter of the Action, as well as personal jurisdiction over all of the Parties and each of the Settlement Class Members.

2. **Notice**—Notice of Lead Counsel's motion for approval of the Plan of Allocation was provided to all Settlement Class Members who could be identified with reasonable effort, advising them of their right to object thereto, and a full and fair opportunity was accorded to Settlement Class Members to be heard with respect to the Plan of Allocation. The form and method of notifying the Settlement Class of the motion for approval of the Plan of Allocation satisfied the requirements of Rule 23 of the Federal Rules of Civil Procedure, the United States Constitution (including the Due Process Clause), the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended, and all other applicable law and rules; constituted the best notice practicable under the circumstances; and constituted due and sufficient notice to all persons and entities entitled thereto.

3. More than 50,300 copies of the Postcard Notice and 1,500 copies of the Notice were mailed to potential Settlement Class Members and nominees, and there are no objections to the Plan of Allocation.

4. **Approval of Plan of Allocation**—The Court hereby finds and concludes that the formula for the calculation of the claims of Claimants as set forth in the Plan of Allocation provides a fair and reasonable basis upon which to allocate the proceeds of the Net Settlement Fund among Settlement Class Members with due consideration having been given to administrative convenience and necessity.

5. The Court hereby finds and concludes that the Plan of Allocation is, in all respects, fair and reasonable to the Settlement Class. Accordingly, the Court hereby approves the Plan of Allocation proposed by Lead Plaintiff.

6. **No Impact on Judgment**—Any appeal of or any challenge to this Court's approval of the Plan of Allocation of the Net Settlement Fund shall in no way disturb or affect the finality of the Judgment.

7. **Retention of Jurisdiction**—This Court hereby retains exclusive jurisdiction over the Parties and the Settlement Class Members for all matters relating to this Action, including the administration, interpretation, effectuation, or enforcement of the Stipulation and this Order.

8. **Entry of Order**—There is no just reason for delay in the entry of this Order and immediate entry by the Clerk of the Court is expressly directed.

SO ORDERED this 21st day of November, 2019.

GREGORY H. WOODS
United States District Judge

Supplemental Exhibit 16A

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

RICHARD J. ISOLDE, Individually and on Behalf of All Others Similarly Situated,	§	Civil Action No. 3:15-cv-02093-K
	§	**(CONSOLIDATED)**
Plaintiff,	§	CLASS ACTION
vs.	§	Judge Ed Kinkeade
TRINITY INDUSTRIES, INC., et al.,	§	
Defendants.	§	

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED TRINITY INDUSTRIES, INC. ("TRINITY" OR THE "COMPANY") COMMON STOCK ("SECURITIES") BETWEEN FEBRUARY 16, 2012 AND APRIL 24, 2015, INCLUSIVE, AND WERE DAMAGED THEREBY

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 OR SUBMITTED ONLINE ON OR BEFORE MARCH 25, 2020.

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 Northern District of Texas (the "Court"). The purpose of this Notice of Pendency and Proposed Settlement of Class Action ("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 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 Seven Million, Five Hundred Thousand Dollars ($7,500,000.00) in cash and will include interest that accrues on the fund prior to distribution to eligible Class Members. Based on the information currently available to Plaintiffs and the analysis performed by their damages consultant, it is estimated that if Class Members submit claims for 100% of the Securities eligible for distribution, the estimated average distribution per share will be approximately $0.10 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 amount of Trinity Securities you and all other claimants purchased or otherwise acquired and sold, the expense of administering the claims process, and the timing of your purchases, acquisitions and sales, if any (*see* the Plan of Allocation below for a more detailed description of how the Settlement proceeds will be allocated among Class Members).

The 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, but are not limited to: (1) whether the statements allegedly made or facts allegedly omitted were false or misleading, material, or otherwise actionable under the federal securities laws; (2) whether any of the Defendants acted intentionally or recklessly in making any alleged misstatements; (3) the extent to which the various matters that Plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of Trinity Securities; (4) the extent to which the various allegedly adverse material facts that Plaintiffs alleged were omitted influenced (if at all) the trading price of Trinity Securities; (5) the extent to which external factors, such as general market conditions, influenced the trading price of Trinity Securities; (6) the effect of various market forces influencing the trading price of Trinity Securities; (7) the amount by which the price of Trinity Securities was allegedly

artificially inflated (if at all); and (8) the appropriate economic model for determining the amount by which the price of Trinity Securities was allegedly artificially inflated (if at all). Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if Plaintiffs were to have prevailed on each claim asserted. The Defendants deny that they have violated the federal securities laws or any laws.

Plaintiffs believe 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 through trial, and if the Defendants prevailed at trial, the Class would receive nothing. In addition, the amount of damages recoverable by the Class was and is challenged by the Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law, and had the Action gone to trial, the Defendants intended to assert that they have not violated the law, that they are not liable, and that any losses of Class Members were caused by non-actionable market, industry, general economic or company-specific factors.

Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of Plaintiffs 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, on behalf of all Plaintiffs' Counsel, for attorneys' fees of $1,125,000, plus expenses not to exceed $200,000, 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 Security would be approximately $0.02. In addition, the Plaintiffs intend to seek an amount not to exceed $20,000 pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. §78u-4(a)(4), in connection with their representation of the Class.

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 the Claims Administrator toll-free at 1-866-234-5150 or visit the website www.TrinitySecuritiesSettlement.com. You may also 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, Telephone: 1-800-449-4900. 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 March 31, 2020, at 10:00 a.m., before the Honorable Ed Kinkeade, United States District Judge, at the United States District Court for the Northern District of Texas, Earle Cabell Federal Building, 1100 Commerce Street, Room 1625, Dallas, Texas 75242. The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement consisting of Seven Million, Five Hundred Thousand Dollars ($7,500,000.00) in cash plus accrued interest on the Settlement Fund should be approved as fair, reasonable, and adequate to the Class, which would result in this Action being dismissed with prejudice against the Released Parties as set forth in the Stipulation of Settlement dated September 23, 2019 (the "Stipulation" or the "Settlement Agreement"); (2) whether the proposed plan to distribute the Settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate; and (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses should be approved. 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 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 retained by Lead Counsel, subject to approval of the Court, to provide all notices approved by the Court to potential Class Members and to administer the Settlement.

3. "Class" means all persons and entities who purchased or otherwise acquired publicly traded Trinity common stock between February 16, 2012 and April 24, 2015, inclusive, and were damaged thereby. Excluded from the Class are: (i) Defendants; (ii) the Immediate Family Members of the Individual Defendants; (iii) the officers and directors of Trinity during the Class Period and their Immediate Family Members; (iv) any

parents, subsidiaries, or affiliates of Trinity; (v) any firm, trust, corporation, or other entity in which any Defendant has, or had during the Class Period, a controlling interest; and (vi) the legal representatives, affiliates, heirs, successors-in-interest, or assigns of any such excluded person or entity. Also excluded from the Class are any persons and entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court.

4. "Class Member" means a person or entity who falls within the definition of the Class as set forth above in ¶3.

5. "Class Period" means the period between February 16, 2012 and April 24, 2015, inclusive.

6. "Court" means the United States District Court for the Northern District of Texas.

7. "Defendants" means Trinity Industries, Inc., Timothy R. Wallace, James E. Perry, and Gregory B. Mitchell.

8. "Effective Date" means the first date by which all of the events and conditions specified in ¶7.1 of the Stipulation have been met and have occurred.

9. "Escrow Account" means the account controlled by the Escrow Agents.

10. "Escrow Agents" means Lead Counsel or their successor(s).

11. "Final" means when the last of the following with respect to the Judgment or any other court order shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment or order 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 or order has passed without any appeal having been taken; or (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 Allocation of the Settlement Fund.

12. "Immediate Family Members" means children, stepchildren, parents, stepparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, and sisters-in-law. As used in this paragraph, "spouse" shall mean a husband, a wife, or a partner in a state-recognized domestic relationship or civil union.

13. "Individual Defendants" means Timothy R. Wallace, James E. Perry, and Gregory B. Mitchell.

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

15. "Lead Counsel" means Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101; Lowenstein Sandler LLP, One Lowenstein Drive, Roseland, NJ 07068; and Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, New York, NY 10020.

16. "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 Allocation, or the Court, after provision for the amounts set forth in ¶5.5(a)-(c) of the Stipulation.

17. "Plaintiffs" or "Lead Plaintiffs" means Plumbers and Pipefitters National Pension Fund ("Plumbers and Pipefitters"), United Association Local Union Officers & Employees' Pension Fund (the "UA Fund"), and the Department of the Treasury of the State of New Jersey and its Division of Investment ("New Jersey").

18. "Plaintiffs' Counsel" means any counsel who have appeared for any of the Plaintiffs in the Action.

19. "Plan of Allocation" 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, expenses, and interest and other expenses as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and Defendants and the Released Parties shall have no responsibility or liability with respect to the Plan of Allocation.

20. "Released Claims" means, collectively, the Released Plaintiffs' Claims and the Released Defendants' Claims.

21. "Released Defendants' Claims" means any and all claims and causes of action of every nature and description whatsoever whether known or unknown, whether arising under federal, state, common, or foreign law that arise out of or are based upon or related to the institution, prosecution, assertion, settlement, or resolution of the Action or the Released Plaintiffs' Claims, except for claims relating to the enforcement of the Settlement. "Released Defendants' Claims" includes "Unknown Claims" as defined below in ¶28.

22. "Released Parties" means Defendants and each of their past or present subsidiaries, past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, attorneys, accountants, auditors, underwriters, investment advisors, personal or legal representatives, predecessors, successors, parents, divisions, joint ventures, assigns, spouses, heirs, estates, related or affiliated entities, and Individual Defendants' Immediate Family Members.

23. "Released Plaintiffs' Claims" means any and all claims and causes of action of every nature and description whatsoever whether known or unknown, whether arising under federal, state, common, or foreign law, whether class or individual in nature, that Lead Plaintiffs or any other member of the Class asserted in the Action or could have asserted in any forum that arise out of or are based upon or related to both (i) the purchase or acquisition of Trinity common stock during the Class Period, and (ii) the allegations, transactions, facts, matters, occurrences, representations, or omissions involved, set forth, or referred to in the Complaint, except for claims relating to the enforcement of the Settlement. "Released Plaintiffs' Claims" includes "Unknown Claims" as defined below in ¶28.

24. "Settlement" means the settlement contemplated by the Stipulation.

25. "Settlement Amount" means the principal amount of Seven Million, Five Hundred Thousand Dollars ($7,500,000.00), to be paid pursuant to ¶2.1 of the Stipulation. Such amount is paid as consideration for full and complete settlement and release of all the Released Plaintiffs' Claims.

26. "Settlement Fund" means the Settlement Amount, together with all interest and income earned thereon after being transferred to an account controlled by the Escrow Agents, and which may be reduced by payments or deductions as provided for herein or by Court order.

27. "Settling Parties" means Defendants and Lead Plaintiffs on behalf of themselves and the Class Members.

28. "Unknown Claims" means, collectively, any and all Released Plaintiffs' Claims, of every nature and description, that any Plaintiff or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the Effective Date, and any Released Defendants' Claims, of every nature and description, that any Defendant does not know or suspect to exist in his or its favor at the time of the Effective Date, which, if known by him, her, or it, might have affected his, her or its settlement with and release of the Released Parties, or might have affected his, her, or its decision not to object to or opt out of this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and Defendants shall expressly waive, and each of the other Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived, the provisions, rights, and benefits of California Civil Code §1542, which provides, in relevant part:

> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**

Upon the Effective Date, Lead Plaintiffs and Defendants shall expressly waive and each of the other 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 Plaintiffs and the other 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 Plaintiffs' Claims, but, upon the Effective Date, Lead Plaintiffs shall expressly, and each other Class Member, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Plaintiffs' Claims without regard to the subsequent discovery or existence of such different or additional facts. Defendants may hereafter discover facts in addition to or different from those which he or it now knows or believes to be true with respect to the subject matter of the Released Defendants' Claims, but, upon the Effective Date, Defendants shall expressly, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Defendants' Claims without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Defendants acknowledge, and the other Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

III. THE LITIGATION

This case is currently pending before the Honorable Ed Kinkeade in the United States District Court for the Northern District of Texas and was brought on behalf of the Class of all persons who purchased or otherwise acquired Trinity common stock between February 16, 2012, through and including April 24, 2015, and were damaged thereby. The initial complaint was filed on April 27, 2015. On March 8, 2016, the Court appointed Plumbers and Pipefitters, the UA Fund, and New Jersey as Lead Plaintiffs and Robbins Geller Rudman & Dowd LLP, Lowenstein Sandler LLP, and Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel. On May 11, 2016, Lead Plaintiffs filed the Consolidated Complaint for Violations of the Federal Securities Laws ("Complaint"), which alleges that during the Class Period, Defendants made false and misleading statements by failing to disclose to investors that Trinity secretly made dangerous changes to its ET-Plus guardrail system in 2005 without necessary approval from the Federal Highway Administration, exposing the Company to considerable civil and criminal liabilities, risk of lost business, and other negative financial consequences as a result. These alleged misstatements and omissions artificially inflated Trinity's stock price, ultimately causing substantial damage to the Class when the truth was revealed.

From the outset of the Action, Defendants have denied all of these allegations and consistently maintained that they never made any statement to the market that was false or misleading, nor did they ever direct anyone to make public statements that were false or misleading. Defendants believed at the time and still believe that, during the Class Period and at all other times, Trinity's public statements were truthful, accurate, and not misleading. As a result, Defendants contend that Plaintiffs cannot prove any element of securities fraud, including, but not limited to, falsity, scienter, and loss causation.

On June 14, 2016, Defendants filed a motion to stay and administratively close proceedings pending Trinity's appeal to the Fifth Circuit of a related *qui tam* judgment in *United States ex rel. Joshua Harman v. Trinity Industries, Inc.*, No. 2:12-cv-0089-JRG (E.D. Tex.) ("*Harman*"). Judge Kinkeade denied Defendants' motion to stay on July 5, 2016. On August 18, 2016, Defendants filed motions to dismiss the Complaint on behalf of: 1) Trinity Industries, Inc., James E. Perry and Timothy R. Wallace; and 2) Gregory B. Mitchell. On October 4, 2016, Lead Plaintiffs filed their opposition to Defendants' motions, and Defendants filed their reply briefs on November 18, 2016. On March 13, 2017, the Court *sua sponte* reconsidered its previous denial of Defendants' motion to stay, granted that motion, and administratively closed proceedings pending the Fifth Circuit's decision in the related *Harman* case. On September 29, 2017, the Fifth Circuit reversed the verdict in *Harman* and rendered judgment as a matter of law in favor of Trinity. On February 12, 2018, the plaintiff in *Harman* filed a petition for a writ of certiorari with the U.S. Supreme Court, which was denied on January 7, 2019. On February 21, 2019, the parties in the present Action jointly stipulated to modify the schedule for Plaintiffs to file an amended complaint. On May 8, 2019, the parties agreed to further modify the schedule to allow the parties to focus their efforts on mediation.

On June 18, 2019, the parties engaged in a successful mediation session with Gregory P. Lindstrom, and the parties agreed to settle the Action for financial consideration in the amount of Seven Million, Five Hundred Thousand Dollars ($7,500,000.00). The parties finalized a written term sheet, which documented their agreement to the financial consideration and several non-monetary settlement terms. The term sheet provided, among other things, that the mediator was vested with binding authority to promptly resolve any disputes arising out of the finalization of the settlement documentation.

IV. CLAIMS OF THE PLAINTIFFS AND BENEFITS OF SETTLEMENT

Plaintiffs and Lead Counsel believe that the claims asserted in the Action have merit. However, Plaintiffs and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against the Defendants through trial. Plaintiffs and Lead Counsel also have taken into account the uncertain outcome and the risk of trial, especially in complex matters such as this Action, as well as the risks posed by the difficulties and delays relating to post-trial motions, and potential appeals of the Court's determination of said motions, or the verdict of a jury. Plaintiffs and Lead Counsel also are aware of the defenses to the securities law violations asserted in the Action. Plaintiffs and Lead Counsel believe that the Settlement set forth in the Settlement Agreement confers substantial benefits upon the Class in light of the circumstances present here. Based on their evaluation, Plaintiffs and Lead Counsel have determined that the Settlement set forth in the Settlement Agreement is fair, reasonable, and adequate and in the best interests of 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 and maintain that their conduct was at all times proper and in compliance with all applicable provisions of law. 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, knowingly or otherwise, any material misstatements or omissions; that Defendants acted recklessly or with culpable intent; that any member of the Class has suffered any damages; that the price of Trinity Securities 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 or that could have been alleged as part of 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, costs, and distraction inherent in any litigation, especially in complex cases such as this Action, Defendants have 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 Settlement Agreement. As set forth in ¶¶8.2-8.3 of the Settlement Agreement, the Settlement Agreement shall in no event be construed as or deemed to be evidence of an admission or concession by Defendants or any of the Released Parties with respect to any claim of any fault or liability or wrongdoing or damage whatsoever.

VI. TERMS OF THE PROPOSED SETTLEMENT

The sum of Seven Million, Five Hundred Thousand Dollars ($7,500,000.00) will be transferred to the Escrow Agents within ten (10) business days of the later of (i) entry of preliminary approval order, or (ii) the provision to Defendants of the information necessary to effectuate a transfer of funds. The principal amount of $7,500,000.00, plus any accrued interest once transferred, 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 notice of the Settlement, 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 Plaintiffs' Counsel as attorneys' fees and for expenses in litigating the case and to Plaintiffs for their costs and expenses in representing the Class. 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, timely Proof of Claim and Release forms ("Authorized Claimants") under the Plan of Allocation described below. The Plan of Allocation provides that Authorized Claimants will be eligible to participate in the distribution of the Net Settlement Fund only if Authorized Claimants purchased or otherwise acquired Trinity Securities during the Class Period, between February 16, 2012 and April 24, 2015, inclusive. 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 Allocation, Lead Counsel conferred with their damages consultant and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered had Plaintiffs prevailed at trial. Defendants have had, and shall have, no involvement or responsibility for the terms or application of the Plan of Allocation described herein. The Court may approve the Settlement, even if it does not approve the Plan of Allocation.

A. Eligible Securities

The Trinity Securities for which an Authorized Claimant may be entitled to receive a distribution from the Net Settlement Fund consist of Trinity common stock.

B. Recognized Loss

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 "Recognized Loss," as described below. If, however, as expected, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants – *i.e.*, the Authorized Claimant's *pro rata* share of the Net Settlement Fund. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The proposed Plan of Allocation reflects the Plaintiffs' allegations that over the course of the Class Period, the trading prices of Trinity Securities were artificially inflated as a result of the Defendants' misrepresentations and omissions concerning this matter.

Estimated damages and the Plan of Allocation were developed based on event study analysis, which determines how much artificial inflation was in the stock price on each day during the Class Period by measuring how much the stock price was inflated as a result of the alleged misrepresentations and omissions and declined as a result of alleged disclosures that corrected the alleged misrepresentations and omissions.

C. Calculation of Recognized Loss

The allocation formula set forth below is based on the following inflation per share amount for Class Period common stock purchases and sales as well as the statutory PSLRA 90 day-look back amounts set forth below. If the allocation formula set forth below yields an amount less than $0.00, the claim per share is $0.00.[1]

Inflation Period	Inflation per Share
February 16, 2012 – October 12, 2014	$6.53
October 13, 2014 – October 23, 2014	$4.46
October 24, 2014 – October 28, 2014	$3.54
October 29, 2014 – April 21, 2015	$0.81
April 22, 2015 – April 24, 2015	$0.47

[1] All amounts are adjusted for the Company's June 19, 2014 two for one stock split.

For shares of Trinity common stock ***purchased, or acquired, between February 16, 2012 and April 24, 2015, inclusive***, the claim per share shall be as follows:

(a) If sold prior to October 13, 2014, the claim per share is $0.00.

(b) If sold between October 13, 2014 and April 24, 2015, inclusive, the claim per share shall be the lesser of: (i) the inflation per share at the time of purchase/acquisition less the inflation per share at the time of sale; and (ii) the difference between the purchase/acquisition price and the sale price.

(c) If retained at the end of April 24, 2015 and sold on or before July 24, 2015, the claim per share shall be the least of: (i) the inflation per share at the time of purchase/acquisition; (ii) the difference between the purchase/acquisition price and the sale price; and (iii) the difference between the purchase/acquisition price and the average closing price up to the date of sale as set forth in the table below.

(d) If retained at the end of July 24, 2015, the claim per share shall be the lesser of: (i) the inflation per share at the time of purchase/acquisition; and (ii) the difference between the purchase/acquisition price and $28.62.

Date	Price	Average Closing Price
4/27/2015	$28.13	$28.13
4/28/2015	$28.21	$28.17
4/29/2015	$28.07	$28.14
4/30/2015	$27.09	$27.88
5/1/2015	$28.96	$28.09
5/4/2015	$28.66	$28.19
5/5/2015	$29.06	$28.31
5/6/2015	$29.00	$28.40
5/7/2015	$29.96	$28.57
5/8/2015	$30.37	$28.75
5/11/2015	$30.75	$28.93
5/12/2015	$30.45	$29.06
5/13/2015	$30.90	$29.20
5/14/2015	$30.56	$29.30
5/15/2015	$30.75	$29.39
5/18/2015	$31.13	$29.50
5/19/2015	$30.71	$29.57
5/20/2015	$30.88	$29.65
5/21/2015	$31.37	$29.74
5/22/2015	$31.42	$29.82
5/26/2015	$30.19	$29.84
5/27/2015	$30.75	$29.88
5/28/2015	$30.14	$29.89
5/29/2015	$29.99	$29.90
6/1/2015	$29.71	$29.89
6/2/2015	$30.38	$29.91
6/3/2015	$30.70	$29.94
6/4/2015	$30.37	$29.95
6/5/2015	$30.69	$29.98
6/8/2015	$30.04	$29.98
6/9/2015	$29.23	$29.96
6/10/2015	$29.60	$29.94

Date	Price	Average Closing Price
6/11/2015	$30.05	$29.95
6/12/2015	$30.20	$29.96
6/15/2015	$30.01	$29.96
6/16/2015	$29.19	$29.94
6/17/2015	$29.36	$29.92
6/18/2015	$29.70	$29.91
6/19/2015	$29.52	$29.90
6/22/2015	$29.43	$29.89
6/23/2015	$30.33	$29.90
6/24/2015	$29.59	$29.90
6/25/2015	$28.09	$29.85
6/26/2015	$27.24	$29.79
6/29/2015	$26.86	$29.73
6/30/2015	$26.43	$29.66
7/1/2015	$26.30	$29.59
7/2/2015	$25.79	$29.51
7/6/2015	$25.30	$29.42
7/7/2015	$25.34	$29.34
7/8/2015	$24.39	$29.24
7/9/2015	$25.18	$29.16
7/10/2015	$25.48	$29.09
7/13/2015	$25.82	$29.03
7/14/2015	$25.79	$28.97
7/15/2015	$25.81	$28.92
7/16/2015	$26.18	$28.87
7/17/2015	$25.83	$28.82
7/20/2015	$25.77	$28.77
7/21/2015	$26.29	$28.72
7/22/2015	$26.13	$28.68
7/23/2015	$25.97	$28.64
7/24/2015	$27.33	$28.62

If a Class Member held Trinity Securities at the beginning of the Class Period or made multiple purchases, acquisitions, or sales of Trinity Securities during or after the Class Period, the starting point for calculating an Authorized Claimant's Recognized Loss is to match the Authorized Claimant's holdings, purchases, and acquisitions to their sales using the FIFO (*i.e.*, first-in-first-out) method. Under the FIFO method, Trinity Securities sold during the Class Period will be matched, in chronological order first against Trinity Securities held at the beginning of the Class Period. The remaining sales of Trinity Securities during the Class Period will then be matched, in chronological order against Trinity Securities purchased or acquired during the Class Period.

Purchases or acquisitions and sales of Trinity Securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance, or operation of law of Trinity Securities during the Class Period shall not be deemed a purchase, acquisition, or sale of Trinity Securities for the calculation of Recognized Loss, unless (i) the donor or decedent purchased or otherwise acquired such shares of Trinity Securities during the Class Period; (ii) no Proof of Claim and Release was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of Trinity Securities; and (iii) it is specifically so provided in the instrument of gift or assignment.

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

The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any Orders regarding any modification of the Plan of Allocation will be posted on the Settlement website, www.TrinitySecuritiesSettlement.com.

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 Action against the 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. A Proof of Claim and Release is enclosed with this Notice and also may be downloaded at www.TrinitySecuritiesSettlement.com. Read the instructions carefully; fill out the Proof of Claim and Release; sign it; and mail or submit it online so that it is **postmarked (if mailed) or received (if submitted online) no later than March 25, 2020.** 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:

Trinity Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
EXCLUSIONS
3301 Kerner Blvd.
San Rafael, CA 94901

The request for exclusion must state: (1) your name, address, and telephone number; (2) all purchases, acquisitions, and sales of Trinity Securities made from February 16, 2012 through April 24, 2015, inclusive, including the dates and prices of each purchase, acquisition, or sale, and the amount of Securities purchased, otherwise acquired, or sold; and (3) that you wish to be excluded from the Class in *Isolde v. Trinity Industries, Inc.*, No. 3:15-cv-02093 (N.D. Tex.). **YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE MARCH 10, 2020.** If you submit a valid and timely request for exclusion, you shall have no rights under the Settlement, you shall not share in the distribution of the Net Settlement Fund, and you shall not be bound by the Settlement Agreement or the Judgment.

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 Released Parties 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, including Unknown Claims, against all Released Parties 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 of $1,125,000, plus litigation expenses not to exceed $200,000, plus interest earned on both amounts. Class Members are not personally liable for any such fees, expenses, or compensation. In addition, the Plaintiffs intend to seek an amount not to exceed $20,000 for their costs and expenses incurred in representing the Class.

To date, Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of Plaintiffs and members of the Class, nor have counsel been paid for their expenses. The fee requested by Lead Counsel would compensate Plaintiffs' Counsel's 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 will be restored to their respective positions as of June 17, 2019.

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 Allocation, the application for an award of attorneys' fees and expenses or Plaintiffs' application for an award of their costs and expenses, may appear and be heard at the Settlement Hearing.[1] Any such Person must submit and serve a written notice of objection, to be ***received*** **on or before March 10, 2020,** by **each** of the following:

[1] Lead Counsel's pleadings in support of these matters will be filed with the Court on or before March 24, 2020.

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
Earle Cabell Federal Building
United States Courthouse
1100 Commerce Street, Room 1452
Dallas, TX 75242

ROBBINS GELLER RUDMAN
& DOWD LLP
NATHAN R. LINDELL
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Plaintiffs

GIBSON, DUNN & CRUTCHER LLP
MERYL L. YOUNG
3161 Michelson Drive
Irvine, CA 92612

Counsel for Defendants

The objection must: (a) state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) state whether the objector is represented by counsel and, if so, the name, address, and telephone number of the objector's counsel; (c) contain a statement of the Class Member's objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Class Member wishes to bring to the Court's attention; and (d) include documents sufficient to prove membership in the Class, consisting of documents showing the number of Trinity Securities that the objector (i) owned as of the opening of trading on February 16, 2012, and (ii) purchased/acquired and/or sold during the Class Period (*i.e.*, between February 16, 2012 and April 24, 2015, inclusive), as well as the dates, number of Trinity Securities, and prices for each such purchase/acquisition and sale. Documentation establishing membership in the Class must consist of copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from the objector's broker containing the transactional and holding information found in a broker confirmation slip or account statement. Objectors who enter an appearance and desire to present evidence at the Settlement Hearing in support of their objection must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and any exhibits they intend to introduce into evidence at the hearing. The objection must state whether it applies only to the objector, to a specific subset of the Class, or to the entire Class, and also state with specificity the grounds for the objection.

XIV. SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES

If you hold or held any Trinity Securities purchased or otherwise acquired between February 16, 2012 and April 24, 2015, inclusive, as nominee for a beneficial owner, then, within seven (7) 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:

Trinity Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 43300
Providence, RI 02940-3300

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, which is posted on the Settlement website at www.TrinitySecuritiesSettlement.com, along with certain other papers relating to the Settlement. The Settlement Agreement may also be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Northern District of Texas, Earle Cabell Federal Building, 1100 Commerce Street, Room 1452, Dallas, Texas 75242. The motion papers, with exhibits, including the Settlement Agreement, are also available on the Court's ECF website (for a fee).

If you have any questions about the settlement of the Action, please contact the Claims Administrator toll-free at 1-866-234-5150 or visit the website www.TrinitySecuritiesSettlement.com. You may also 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.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

DATED: November 12, 2019

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS

Supplemental Exhibit 16B

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF TEXAS

DALLAS DIVISION

RICHARD J. ISOLDE, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. TRINITY INDUSTRIES, INC., et al., Defendants.	§ § § § § § § § § § §	Civil Action No. 3:15-cv-02093-K **(CONSOLIDATED)** CLASS ACTION Judge Ed Kinkeade

ORDER APPROVING PLAN OF ALLOCATION OF SETTLEMENT PROCEEDS

THIS MATTER having come before the Court on Plaintiffs' motion for approval of the Plan of Allocation of net settlement proceeds in the above-captioned Action; the Court having considered all papers filed and proceedings had herein; and otherwise being fully informed in the premises;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

1. Pursuant to and in full compliance with Rule 23 of the Federal Rules of Civil Procedure, this Court hereby finds and concludes that due and adequate notice was directed to all persons and entities who are Class Members advising them of the Plan of Allocation and of their right to object thereto, and a full and fair opportunity was accorded to all persons and entities who are Class Members to be heard with respect to the Plan of Allocation.

2. The Court hereby finds and concludes that the formula for the calculation of the claims of Authorized Claimants that is set forth in the Notice of Pendency and Proposed Settlement of Class Action (the "Notice") sent to Class Members, provides a fair and reasonable basis upon which to allocate the net settlement proceeds established by the Stipulation among Class Members, with due consideration having been given to administrative convenience and necessity.

3. The Court hereby finds and concludes that the Plan of Allocation set forth in the Notice is in all respects fair and reasonable and the Court hereby approves the Plan of Allocation.

IT IS SO ORDERED.

Signed March 31st, 2020.

Ed Kinkeade

ED KINKEADE
UNITED STATES DISTRICT JUDGE

Supplemental Exhibit 17

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

IN RE WELLS FARGO MORTGAGE-BACKED CERTIFICATES LITIGATION	Case No. 09-CV-1376-LHK (PSG) CONSOLIDATED CLASS ACTION ECF

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, FINAL APPROVAL HEARING, AND MOTION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

A Federal Court authorized this Notice.
This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by a class action lawsuit pending in this Court (the "Action") if you purchased or otherwise acquired mortgage pass-through certificates pursuant or traceable to Wells Fargo Asset Securities Corporation's July 29, 2005 Registration Statement, October 20, 2005 Registration Statement, or September 27, 2006 Registration Statement, and the accompanying prospectuses and prospectus supplements in the following 28 offerings and were damaged thereby: The WFMBS 2006-1 offering, WFMBS 2006-2 offering, WFMBS 2006-3 offering, WFMBS 2006-4 offering, WFMBS 2006-6 offering, WFMBS 2006-AR1 offering, WFMBS 2006-AR2 offering, WFMBS 2006-AR4 offering, WFMBS 2006-AR5 offering, WFMBS 2006-AR6 offering, WFMBS 2006-AR8 offering, WFMBS 2006-AR10 offering, WFMBS 2006-AR11 offering, WFMBS 2006-AR12 offering, WFMBS 2006-AR14 offering, WFMBS 2006-AR17 offering, WFMBS 2007-11 offering, WFMBS 2006-7 offering, WFMBS 2006-10 offering, WFMBS 2006-AR16 offering, WFMBS 2006-18 offering, WFMBS 2006-AR19 offering, WFMBS 2006-20 offering, WFALT 2007-PA1 offering, WFMBS 2007-AR4 offering, WFMBS 2007-10 offering, WFMBS 2007-13 offering, and WFMBS 2006-AR15 offering (the "Offerings").

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiffs, the Alameda County Employees' Retirement Association, Government of Guam Retirement Fund, New Orleans Employees' Retirement System and Louisiana Sheriffs' Pension and Relief Fund (collectively, "Lead Plaintiffs"), on behalf of themselves and the Settlement Class (defined below), and the other Plaintiffs (defined below), have reached a proposed settlement of the Action for a total of $125 million in cash that will resolve all claims in the Action (the "Settlement").

This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. Your legal rights will be affected whether or not you act. Please read this Notice carefully and in its entirety!

1. **Description of the Litigation and Settlement Class**: This Notice relates to the pendency and proposed settlement of a class action lawsuit against Defendants Wells Fargo Bank, N.A. and Wells Fargo Asset Securities Corporation (together, "Wells Fargo" or the "Company"); David Moskowitz, Franklin Codel, Douglas K. Johnson, and Thomas Neary (collectively, the "Individual Defendants"); and Goldman, Sachs & Co.; Bear Stearns & Co., Inc. (including J.P. Morgan Securities LLC as successor-in-interest); Deutsche Bank Securities, Inc.; UBS Securities, LLC; Credit Suisse Securities (USA) LLC; RBS Securities Inc., f.k.a. Greenwich Capital Markets, Inc.; Banc of America Securities, LLC; Citigroup Global Markets, Inc.; and Merrill Lynch, Pierce, Fenner & Smith Incorporated (collectively, "Underwriter Defendants"). Wells Fargo, the Individual Defendants, and the Underwriter Defendants are collectively referred to as the "Defendants." "Plaintiffs" means the Class Representatives Alameda County Employees' Retirement

Association, Government of Guam Retirement Fund, New Orleans Employees' Retirement System, Louisiana Sheriffs' Pension and Relief Fund, General Retirement System of the City of Detroit, Vermont Pension Investment Committee, Public Employees' Retirement System of Mississippi, Policemen's Annuity & Benefit Fund of the City of Chicago, Southeastern Pennsylvania Transportation Authority, and Plumbers & Steamfitters Local 60 Pension Plan, and Plaintiff First Star Bank. The "Settling Parties" mean (i) Wells Fargo, (ii) Individual Defendants, (iii) Underwriter Defendants, (iv) the Wells Fargo Mortgage Backed Securities 2006-AR15 Trust, (v) the Lead Plaintiffs on behalf of themselves and the Class Members, and (vi) the other Plaintiffs. The proposed Settlement, if approved by the Court, will settle certain claims of all persons and entities who purchased or otherwise acquired mortgage pass-through certificates pursuant or traceable to Wells Fargo Asset Securities Corporation's July 29, 2005 Registration Statement, October 20, 2005 Registration Statement, or September 27, 2006 Registration Statement, and the accompanying prospectuses and prospectus supplements in the 28 Offerings and were damaged thereby (the "Settlement Class").

2. **Statement of the Settlement Class' Recovery**: Subject to Court approval and, as described more fully below, Lead Plaintiffs, on behalf of themselves and the Settlement Class, and the other Plaintiffs, have agreed to settle all Settled Claims (as defined in ¶54 below) against Defendants and other Released Parties in exchange for a settlement payment of $125 million to be deposited into an interest-bearing escrow account (the "Settlement Fund"). The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs, and attorneys' fees and certain Litigation Expenses awarded to Lead Counsel) will be distributed in accordance with a plan of allocation (the "Plan of Allocation") that will be approved by the Court and will determine how the Net Settlement Fund shall be allocated to the members of the Settlement Class. The proposed Plan of Allocation is included in this Notice, and may be modified by the Court without further notice.

3. **Statement of Average Amount of Damages Per $1,000 in Initial Certificate Value**: The Settlement Fund consists of $125 million plus interest earned. Based on the total initial face dollar value of the Certificates as stated in the prospectus supplements (without subtracting the principal paydowns received on the Certificates), and assuming all purchasers of the initially offered certificates elect to participate, the estimated average distribution is $2.70 per $1,000 in initial certificate value of the Wells Fargo Certificates. Class Members may recover more or less than this amount depending on, among other factors, when their certificates were purchased or sold, the amount of principal that has been repaid, the value of the certificates on the applicable Date of First Suit as indicated in the attached Table A, the number of Class Members who timely file Claims, and the Plan of Allocation, as more fully described below in this Notice. In addition, the actual recovery of Class Members may be further reduced by the payment of fees and costs from the Settlement Fund.

4. **Statement of the Parties' Position on Damages:** Defendants deny all claims of wrongdoing, that they are liable to Lead Plaintiffs and/or the Settlement Class or that Lead Plaintiffs or other members of the Settlement Class suffered any injury. Moreover, the parties do not agree on the amount of recoverable damages or on the average amount of damages per certificate that would be recoverable if Lead Plaintiffs were to prevail on each of their claims. The issues on which the parties disagree include, but are not limited to: (1) whether the statements made or facts allegedly omitted were material, false or misleading; and (2) whether Defendants are otherwise liable under the securities laws for those statements or omissions.

5. **Statement of Attorneys' Fees and Expenses Sought:** Lead Counsel will apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 19.75% of the Settlement Fund (or $24,687,500.00), net of Court-approved Litigation Expenses, plus interest earned at the same rate and for the same period as earned by the Settlement Fund. In addition, Lead Counsel also will apply for the reimbursement of certain Litigation Expenses paid or incurred in connection with the prosecution and resolution of the Action in an amount not to exceed $2 million plus interest earned at the same rate and for the same period as earned by the Settlement Fund. Litigation Expenses may include reimbursement of the expenses of Plaintiffs in accordance with 15 U.S.C. § 78u-4(a)(4).

Based on the total initial face dollar value of the Certificates as stated in the prospectus supplements (without subtracting the principal paydowns received on the Certificates), and assuming all purchasers of the initially offered certificates elect to participate, if the Court approves Lead Counsel's fee and expense application, the estimated average cost is per $0.70 per $1,000 in initial certificate value of the Wells Fargo Certificates. The actual cost may be more or less than this amount depending on, among other factors, when their certificates were purchased or sold, the amount of principal that has been repaid, the value of the certificates on the applicable Date of First Suit as indicated in the attached Table A, the number of Class Members who timely file Claims, and the Plan of Allocation, as more fully described below in this Notice.

6. **Identification of Attorney Representative:** Lead Plaintiffs and the Settlement Class are being represented by David R. Stickney, Esq. of Bernstein Litowitz Berger & Grossmann LLP, the Court-appointed Lead Counsel. Any questions regarding the Settlement should be directed to Mr. Stickney or Niki Mendoza at Bernstein Litowitz Berger & Grossmann LLP, 12481 High Bluff Drive, Suite 300, San Diego, CA 92130-3582, (866) 648-2524, blbg@blbglaw.com.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
REMAIN A MEMBER OF THE CLASS	This is the only way to receive a payment. If you wish to obtain a payment as a member of the Settlement Class, you will need to file a claim form (the "Claim Form"), which is included with this Notice, postmarked no later than December 7, 2011.
EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 6, 2011.	Receive no payment pursuant to this Settlement. If you exclude yourself from the Settlement Class, you may be able to seek recovery against the Defendants or other Released Parties through other litigation.
OBJECT TO THE SETTLEMENT BY SUBMITTING WRITTEN OBJECTIONS SO THAT THEY ARE *RECEIVED* NO LATER THAN OCTOBER 6, 2011.	Write to the Court and explain why you do not like the Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses. You cannot object to the Settlement unless you are a member of the Settlement Class and do not validly exclude yourself.
GO TO THE HEARING ON OCTOBER 27, 2011, AT 1:30 P.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS *RECEIVED* NO LATER THAN OCTOBER 6, 2011.	Ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, or the request for attorneys' fees and reimbursement of expenses.
DO NOTHING	Receive no payment, remain a Class Member, give up your rights and be bound by the Final Order and Judgment entered by the Court if it approves the Settlement, including the Release of the Settled Claims.

WHAT THIS NOTICE CONTAINS

WHY DID I GET THIS NOTICE?

7. This Notice is being sent to you pursuant to an Order of the United States District Court for the Northern District of California (the "Court") because you or someone in your family may have purchased certain Wells Fargo mortgage pass-through certificates. The Court has directed us to send you this Notice because, as a potential Class Member, you have a right to know about your options before the Court rules on the proposed settlement of this case. Additionally, you have the right to understand how a class action lawsuit may generally affect your legal rights. If the Court approves the Settlement, a claims administrator selected by Lead Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

8. In a class action lawsuit, the Court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. In this Action, the Court has appointed the Alameda County Employees' Retirement Association, Government of Guam Retirement Fund, New Orleans Employees' Retirement System and Louisiana Sheriffs' Pension and Relief Fund as Lead Plaintiffs under a federal law governing lawsuits such as this one, and approved Lead Plaintiffs' selection of the law firm of Bernstein Litowitz Berger & Grossmann LLP ("Lead Counsel") to serve as Lead Counsel in the Action. The Class Representatives are the four Lead Plaintiffs as well as General Retirement System of the City of Detroit ("Detroit General"), Vermont Pension Investment Committee, Public Employees' Retirement System of Mississippi, Policemen's Annuity & Benefit Fund of the City of Chicago, Southeastern Pennsylvania Transportation Authority, and Plumbers & Steamfitters Local 60 Pension Plan. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the Court must resolve all issues on behalf of the class members, except for any persons who choose to exclude themselves from the class. (For more information on excluding yourself from the Settlement Class, please read "What If I Do Not Want To Be A Part Of The Settlement? How Do I Exclude Myself?" located below.)

9. The Court in charge of this case is the United States District Court for the Northern District of California, San Jose Division, and the case is known as *In re Wells Fargo Mortgage-Backed Certificates Litigation.* The Judge presiding over this case is the Honorable Lucy H. Koh, United States District Judge. The people who are suing are called plaintiffs, and those who are being sued are called defendants. In this case, the four main plaintiffs are referred to as the Lead Plaintiffs, on behalf of themselves and the Settlement Class, and Defendants are Wells Fargo, the Individual Defendants, and the Underwriter Defendants.

10. This Notice explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to receive them. The purpose of this Notice is to inform you of this case, that it is a class action, how you might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It also is being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness and adequacy of the proposed Settlement, the fairness and reasonableness of the proposed Plan of Allocation, and the application by Lead Counsel for attorneys' fees and reimbursement of expenses (the "Final Approval Hearing").

11. The Final Approval Hearing will be held on October 27, 2011, at 1:30 p.m., before the Honorable Lucy H. Koh, in the United States District Court for the Northern District of California, San Jose Division, 280 South 1st Street, Courtroom 4, 5th Floor, San Jose, California, to determine:

- whether the Court should grant final certification of the Settlement Class solely for purposes of the Settlement;
- whether the proposed Settlement is fair, reasonable, adequate and in the best interests of the Settlement Class and should be approved by the Court;
- whether the Settled Claims against Defendants and the other Released Parties should be dismissed with prejudice and fully and finally released by Lead Plaintiffs and the Settlement Class as set forth in the Stipulation of Settlement entered into by the Settling Parties as of July 5, 2011 (the "Stipulation");
- whether the proposed Plan of Allocation is fair and reasonable and should be approved by the Court; and
- whether Lead Counsel's request for an award of attorneys' fees and reimbursement of certain litigation expenses should be approved by the Court.

12. This Notice does not express any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement, payments to Authorized Claimants (defined below) will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

13. On March 27, 2009, plaintiff Detroit General filed a complaint against Wells Fargo Asset Securities Corporation and Wells Fargo Mortgage Backed Securities Trusts and certain other defendants in the United States District Court for the Northern District of California, Case No. 09-CV-01376-SI (N.D. Cal.) ("Detroit Action"), asserting claims under §§ 11, 12 and 15 of the Securities Act of 1933 (the "Securities Act"). On March 31, 2009, pursuant to the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), Detroit General published a notice of its action to investors, which provided a deadline of June 1, 2009, to seek lead plaintiff appointment.

14. On April 13, 2009, plaintiff New Orleans Employees' Retirement System ("New Orleans") filed a related action in the Northern District of California, Case No. 09-CV-01620 (CRB) (N.D. Cal.) ("New Orleans Action"), asserting claims under §§ 11, 12(a)(2) and 15 of the Securities Act. On April 14, 2009, New Orleans published notice of its action, and informed investors of the June 1, 2009 deadline to seek lead plaintiff appointment.

15. By Order dated July 16, 2009, the Court appointed Lead Plaintiffs as lead plaintiffs, and Bernstein Litowitz Berger & Grossmann LLP as lead counsel, and consolidated the Detroit Action and New Orleans Action into this Action.

16. On April 22, 2010, the Court granted in part and denied in part defendants' motions to dismiss Lead Plaintiffs' initial Consolidated Class Action Complaint, granting the rating agencies' motion to dismiss and granting in part and denying in part other defendants' motions to dismiss.

17. Thereafter, on May 28, 2010, Lead Plaintiffs filed the operative complaint in the Action, the Amended Consolidated Class Action Complaint (the "Complaint"), which added five additional named plaintiffs that purchased in ten offerings previously dismissed by the Court. The additional named plaintiffs are Vermont Pension Investment Committee, the Public Employees' Retirement System of Mississippi, the Policemen's Annuity & Benefit Fund of the City of Chicago, the Southeastern Pennsylvania Transportation Authority, and the Plumbers & Steamfitters Local 60 Pension Plan. The Complaint asserts claims under §§ 11, 12(a)(2) and 15 of the Securities Act on behalf of persons or entities who purchased or otherwise acquired mortgage pass-through certificates in certain offerings pursuant or traceable to Wells Fargo Asset Securities Corporation's July 29, 2005 Registration Statement, as amended; October 20, 2005 Registration Statement, as amended; or September 27, 2006 Registration Statement, as amended, and the accompanying prospectuses and prospectus supplements. Defendants named in the Complaint are Wells Fargo Asset Securities Corporation; Wells Fargo Bank, N.A.; Goldman, Sachs & Co.; Bear Stearns & Co., Inc. (of which J.P. Morgan Securities LLC is the successor-in-interest); Deutsche Bank Securities, Inc.; UBS Securities, LLC; Credit Suisse Securities (USA) LLC; RBS Securities Inc., f.k.a. Greenwich Capital Markets, Inc.; Banc of America Securities, LLC; Citigroup Global Markets, Inc.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; and David Moskowitz, Franklin Codel, Douglas K. Johnson, and Thomas Neary.

18. On June 25, 2010, Defendants filed motions to dismiss the Complaint.

19. On August 13, 2010, Detroit General filed a motion to intervene as a representative plaintiff in the Action to pursue claims on behalf of investors who purchased securities in the Wells Fargo Mortgage Backed Securities 2006-AR15 Trust. On September 16, 2010, Lead Plaintiffs filed a statement of non-opposition to the motion to intervene, and defendants and non-party First Star Bank filed oppositions to the motion.

20. On October 5, 2010, the Court granted the Wells Fargo Defendants' motion to dismiss as to certain claims and denied the motion with respect to other claims.

21. On October 19, 2010, the Court granted the motion to dismiss with prejudice of certain underwriter defendants in the Action. It held, *inter alia*, that the claims pursued by the additional plaintiffs based on ten offerings (WFMBS 2007-10, 2007-13, 2007-AR4, 2006-7, 2006-10, 2006-AR16, 2006-AR19, 2006-18, 2006-20 Trusts and the Wells Fargo Alternative Loan 2007-PA1 Trust) were untimely. In the same order, the Court dismissed on the same grounds the claims based on WFMBS 2006-AR15 Trust pursued by proposed intervener Detroit General. The additional

plaintiffs, First Star Bank, and Detroit General have appealed the dismissal to the United States Court of Appeals for the Ninth Circuit. The consolidated appeals will be dismissed as part of this Settlement.

22. On November 23, 2010, Defendants filed Answers to the Complaint.

23. On February 11, 2011, Lead Plaintiffs filed a Motion for Class Certification, including an expert report and other supporting material (the "Class Certification Motion"). On May 5, 2011, Wells Fargo and the Individual Defendants filed an opposition to the Class Certification Motion, in which the other defendants joined. Lead Plaintiffs filed a reply brief on June 2, 2011.

24. On May 5, 2011, Wells Fargo and the Individual Defendants filed a motion for judgment on the pleadings and partial summary judgment, which Lead Plaintiffs opposed on May 26, 2011. Wells Fargo and the Individual Defendants filed a reply brief on June 2, 2011.

25. Among other things, Lead Plaintiffs obtained and reviewed over 4.2 million pages of documents from Defendants, and produced over 51,000 pages to Defendants. Lead Plaintiffs also took 9 depositions (including 2 of Defendants' experts), and defended 6 depositions (including 5 of the Lead Plaintiffs' representatives and one of Lead Plaintiffs' expert).

26. On June 2, 2011, after extensive negotiations, Lead Plaintiffs, Wells Fargo and the Individual Defendants executed a Confidential Term Sheet to Settle Class Action reflecting an agreement in principle to settle the action for $125 million in cash.

27. On or about July 26, 2011, the Court preliminarily approved the Settlement, preliminarily certified the Settlement Class, authorized this Notice to be sent to potential members of the Settlement Class, and scheduled the Final Approval Hearing to consider whether to grant final approval to the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?

28. If you are a member of the Settlement Class, you are subject to the Settlement unless you timely request to be excluded. The Settlement Class consists of all persons and entities who purchased or acquired mortgage pass-through certificates pursuant or traceable to Wells Fargo Asset Securities Corporation's July 29, 2005 Registration Statement, October 20, 2005 Registration Statement, or September 27, 2006 Registration Statement, and the accompanying prospectuses and prospectus supplements in the following 28 Offerings and were damaged thereby: The WFMBS 2006-1 offering, WFMBS 2006-2 offering, WFMBS 2006-3 offering, WFMBS 2006-4 offering, WFMBS 2006-6 offering, WFMBS 2006-AR1 offering, WFMBS 2006-AR2 offering, WFMBS 2006-AR4 offering, WFMBS 2006-AR5 offering, WFMBS 2006-AR6 offering, WFMBS 2006-AR8 offering, WFMBS 2006-AR10 offering, WFMBS 2006-AR11 offering, WFMBS 2006-AR12 offering, WFMBS 2006-AR14 offering, WFMBS 2006-AR17 offering, WFMBS 2007-11 offering, WFMBS 2006-7 offering, WFMBS 2006-10 offering, WFMBS 2006-AR16 offering, WFMBS 2006-18 offering, WFMBS 2006-AR19 offering, WFMBS 2006-20 offering, WFALT 2007-PA1 offering, WFMBS 2007-AR4 offering, WFMBS 2007-10 offering, WFMBS 2007-13 offering, and WFMBS 2006-AR15 offering. Excluded from the Settlement Class are Defendants and their respective officers, affiliates and directors at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which any Defendant has or had a controlling interest, except that Investment Vehicles shall not be excluded from the Class.[1] Also excluded from the Settlement Class are any persons or entities who exclude themselves by submitting a valid request for exclusion in accordance with the requirements set forth in this Notice (*see* "What If I Do Not Want To Participate In The Settlement Class And The Settlement? How Do I Exclude Myself?" below).

RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN THAT YOU ARE A CLASS MEMBER OR THAT YOU ARE ELIGIBLE TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MUST SUBMIT THE ENCLOSED CLAIM FORM POSTMARKED NO LATER THAN DECEMBER 7, 2011.

[1] "Investment Vehicle" means any investment company or pooled investment fund (including but not limited to, mutual fund families, exchange-traded funds, fund of funds and hedge funds) in which any Underwriter Defendant has or may have a direct or indirect interest, or as to which its affiliates may act as investment advisors, but in which the Underwriter Defendant or any of its respective affiliates is not a majority owner or does not hold a majority beneficial interest.

WHAT ARE THE SETTLING PARTIES' REASONS FOR THE SETTLEMENT?

29. Lead Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. Lead Plaintiffs and Lead Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against Defendants through trial and appeals, as well as the difficulties in establishing liability. Lead Plaintiffs and Lead Counsel have considered the uncertain outcome and trial and appellate risk in complex lawsuits like this one.

30. In light of the amount of the Settlement and the immediacy of recovery to the Settlement Class, Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. Lead Plaintiffs and Lead Counsel believe that the Settlement provides a substantial benefit now, namely $125 million (less the various deductions described in this Notice), as compared to the risk that the claims would produce a similar, smaller, or no recovery after summary judgment, trial and appeals, possibly years in the future.

31. Defendants have denied and continue to deny each and all of the claims alleged by Lead Plaintiffs 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, among other things, the allegations that Lead Plaintiffs or the Settlement Class have suffered any damage, or that Lead Plaintiffs or the Settlement Class were harmed by the conduct alleged in the Action. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in a complex case such as this. 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. The Settlement shall in no event be construed or deemed to be evidence of or an admission or concession on the part of Defendants with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that Defendants have or could have asserted. Defendants expressly deny that Lead Plaintiffs have asserted a valid claim and deny any and all allegations of fault, liability, wrongdoing or damages whatsoever.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

32. If there were no Settlement and Lead Plaintiffs failed to establish any essential legal or factual element of their claims, neither Lead Plaintiffs nor the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in proving any of their defenses, the Settlement Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

HOW MUCH WILL MY PAYMENT BE?

I. THE PROPOSED PLAN OF ALLOCATION: GENERAL PROVISIONS

33. The $125 million settlement amount, and the interest earned thereon, shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund"), shall be distributed based on the acceptable Claim Forms submitted by members of the Settlement Class ("Authorized Claimants"). The Net Settlement Fund will be distributed to Authorized Claimants who timely submit acceptable Claim Forms under the Plan of Allocation described below, or as otherwise ordered by the Court.

34. Your share of the Net Settlement Fund will depend on the aggregate number of Wells Fargo mortgage pass-through certificates (represented by valid and acceptable Claim Forms) that members of the Settlement Class submit to the Claims Administrator, relative to the Net Settlement Fund; how many mortgage pass-through certificates you purchased; whether you held or sold those certificates; the date on which you sold those certificates; and the price at which you sold them. At this time, it is not possible to determine how much individual Class Members may receive from the Settlement.

35. A payment to any Authorized Claimant that would amount to less than $10.00 in total will not be included in the calculation of the Net Settlement Fund, and no payment to those members of the Settlement Class will be made.

36. To determine the amount that an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel conferred with a valuation consultant. The proposed Plan of Allocation is generally based upon the statutory measure of damages for claims based on material misrepresentations in Wells Fargo registration statements. For each

Authorized Claimant, a "Recognized Claim" will be calculated. The calculation of a "Recognized Claim," as defined in paragraph 48 below, is not intended to be an estimate of, nor does it indicate, the amount that a Class Member might have been able to recover after a trial. Nor is the calculation of a Recognized Claim pursuant to the Plan of Allocation an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement, which would depend on the total amount of all Recognized Claims. The Recognized Claim formula provides the basis for proportionately allocating the Net Settlement Fund to Authorized Claimants. That computation is only a method to weigh Class Members' claims against one another. Each Authorized Claimant will receive a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Claim.

II. CALCULATION OF RECOGNIZED LOSS OR GAIN AMOUNTS

37. A "Recognized Loss or Gain Amount" will be calculated for each Certificate purchased or acquired for which adequate documentation is provided (each an "Eligible Certificate"). The calculation of the Recognized Loss or Gain Amount will depend on several factors, including: (i) when the Certificate was purchased or acquired; (ii) whether it was sold, and if so, when it was sold and for how much; and (iii) the value of the Certificate on its applicable "Date of First Suit" (as stated in the attached Table A).[2]

38. The "Recognized Loss or Gain Amount" will be calculated solely on the outstanding "Face Value" (*i.e.*, the principal amount) for each Certificate at the time of sale, or if not sold, the applicable Date of First Suit (*i.e.*, Authorized Claimants will not be allocated damages related to principal and interest payments they received). In each calculation of the Recognized Loss or Gain Amount, the Face Value Sold will be limited to 100% of the Face Value Purchased.

39. The percentage of the original aggregate principal balance that remains to be distributed in a mortgage-backed security is known as the "Factor." A Certificate's Factor will be calculated by the Claims Administrator as follows:

$$\textbf{Factor} = \frac{\textbf{outstanding aggregate principal balance}}{\textbf{original aggregate principal balance}}$$

The Factor for each Certificate on the applicable Date of First Suit is stated in the attached Table A.

40. For each calculation of the Recognized Loss or Gain Amount below, the purchase price used for the calculation may not exceed the price at which the Eligible Certificate was offered to the public. Thus, if the actual purchase price exceeds the price at which the Eligible Certificate was offered to the public, the price at which it was offered to the public will be used as the purchase price. If the sales price or value at applicable Date of First Suit exceeds the purchase price, then the calculation will result in a Recognized Gain Amount for that Certificate. If you have a Recognized Gain Amount for a Certificate, you will not receive a recovery in this Settlement for that Certificate.

41. **Certificates Sold Prior To Date Of First Suit:** For each Eligible Certificate sold prior to its applicable Date of First Suit, the Recognized Loss Amount or Gain is calculated as follows:

$$\textbf{Face Value sold x } \left(\frac{\textbf{purchase price} - \textbf{sales price}}{\textbf{100}}\right)$$

Example 1: Investor A purchased $100,000.00 Face Value of Certificate 94983FAA8 (WFMBS 2006-1 A1) on February 27, 2006. The purchase price was 100.00. On February 25, 2007 (prior to the applicable Date of First Suit), Investor A sold $90,000.00 Face Value of Certificate 94983FAA8. The sales price was 90.00. Investor A's Recognized Loss Amount is calculated as follows:

$$\$90,000.00 \text{ x } \left(\frac{100.00 - 90.00}{100}\right)$$

[2] As indicated in Table A, complaints concerning certain of the Offerings were filed on January 29, 2009, March 27, 2009, and April 13, 2009.

Investor A's Recognized Loss Amount is $9,000.00.

If a sale did not result in a complete disposition of an investor's ownership in a particular Certificate (*i.e.*, only a portion of the Certificate was sold), a Recognized Loss Amount, if any, related to the remaining portion of the Certificate will be calculated separately.

42. **Certificates Sold On Or After Date Of First Suit:** For each Eligible Certificate sold on or after its applicable Date of First Suit, the Recognized Loss Amount or Gain shall be calculated as follows:

$$\textbf{Face Value sold x } \left(\frac{\textbf{purchase price} - \textbf{sales price}}{\textbf{100}}\right)$$

For Certificates sold on or after the applicable Date of First Suit, the sales price used to calculate the Recognized Loss Amount or Gain shall be the *greater* of: (i) the Eligible Certificate's value on the applicable Date of First Suit (as reflected in Table A); or (ii) the sales price of the Eligible Certificate.

Example 2: Investor B purchased $100,000.00 Face Value of Certificate 94983FAB6 (WFMBS 2006-1 A2) on February 27, 2006. The purchase price was 100.00. On February 25, 2009 (after the applicable Date of First Suit), Investor B sold $90,000.00 Face Value of Certificate 94983FAB6. The sales price was 85.00. The value on the applicable Date of First Suit was 82.20, as reflected in Table A. Investor B's Recognized Loss Amount is calculated as follows:

$$\$90,000.00 \text{ x } \left(\frac{100.00 - 85.00}{100}\right)$$

Investor B's Recognized Loss Amount is $13,500.00.

Example 3: Investor C purchased $100,000.00 Face Value of Certificate 94983FAC4 (WFMBS 2006-1 A3) on February 27, 2006. The purchase price was 100.00. On March 25, 2009 (after the applicable Date of First Suit), Investor C sold $90,000.00 Face Value of Certificate 94983FAC4. The sales price was 80.00. The value on the applicable Date of First Suit was 84.38, as reflected in Table A. Investor C's Recognized Loss Amount is calculated as follows:

$$\$90,000.00 \text{ x } \left(\frac{100.00 - 84.38}{100}\right)$$

Investor C's Recognized Loss Amount is $14,058.00.

If a sale did not result in a complete disposition of an investor's ownership in a particular Certificate (*i.e.*, only a portion of the Certificate was sold), a Recognized Loss Amount, if any, related to the remaining portion of the Certificate will be calculated separately.

43. **Certificates That Were Not Sold:** For each Eligible Certificate that was not sold (*i.e.*, the Eligible Certificate is still held by the Authorized Claimant), the Recognized Loss Amount or Gain is calculated as follows:

$$\textbf{Face Value at the applicable Date of First Suit x } \left(\frac{\textbf{purchase price} - \textbf{value at applicable Date of First Suit}}{\textbf{100}}\right)$$

For Certificates that were not sold, the Face Value at the applicable Date of First Suit is calculated as follows:

$$\textbf{Face Value purchased} \quad \textbf{x} \quad \frac{\textbf{Factor on the applicable Date of First Suit}}{\textbf{Factor on the purchase date}}$$

Example 4: Investor D purchased $100,000.00 Face Value of Certificate 94983LAA5 (WFMBS 2006-2 1A1) on February 27, 2006. Investor D did not sell its Certificates. The purchase price was 100.00. The factor on the purchase

date was 1.00. As reflected in Table A, the value on the applicable Date of First Suit was 76.69, and the factor on the applicable Date of First Suit was .83093. First, Investor D's Face Value at the applicable Date of First Suit is calculated as follows:

$$\textbf{Face Value at the applicable Date of First Suit} = \$100,000.00 \text{ x } \left(\frac{.83093}{1.00}\right) = \$83,093$$

Using the resulting Face Value at the applicable Date of First Suit (i.e., $83,093), Investor D's Recognized Loss Amount is calculated as follows:

$$\textbf{Recognized Loss Amount} = \$83,093.00 \text{ x } \left(\frac{100.00 - 76.69}{100}\right)$$

Investor D's Recognized Loss Amount is $19,368.98.

44. Notwithstanding the above provisions, the Recognized Gain or Loss Amount for any purchases or acquisitions that occurred after the applicable Date of First Suit (as indicated in Table A) is zero.

45. The Court previously dismissed certain of the claims that were asserted by the Class Members. Those dismissed claims are currently on appeal. The appeals will be dismissed as part of the Settlement. Because those claims were previously dismissed, it is less likely that plaintiffs could prevail on those claims. Accordingly, the Recognized Loss Amount for purchases or acquisitions of Certificates for which the claims have been dismissed will be discounted by 50% to reflect the lesser likelihood of success on the dismissed claims. The dismissed claims are for purchases or acquisitions of Certificates (identified by CUSIP in the attached Table A as Dismissed Claims) in the following Offerings: 2006-7, 2006-10, 2006-AR16, 2006-18, 2006-AR19, 2006-20, 2007-AR4, 2007-10, 2007-13 and WFALT 2007-PA1 (the "Dismissed Certificates").

46. A "Total Recognized Loss By CUSIP" will be calculated for each Authorized Claimant on a CUSIP by CUSIP basis. Accordingly, multiple transactions by an Authorized Claimant in a single CUSIP will be netted; *i.e.*, the total Recognized Gain or Loss Amounts for that CUSIP shall be calculated by (1) totaling all Recognized Loss Amounts for that CUSIP; and (2) subtracting from that total Recognized Loss Amount the total of all Recognized Gain Amounts for that CUSIP. A Total Recognized Loss By CUSIP cannot be less than zero.

47. Each Authorized Claimant's "Recognized Claim" is the sum of all that Authorized Claimant's Total Recognized Loss By CUSIPs.

III. DISTRIBUTION OF THE NET SETTLEMENT FUND

48. The "Recognized Claim" will be used solely to calculate the relative amount of the Net Settlement Fund for each Authorized Claimant and does not reflect the actual amount an Authorized Claimant may expect to recover from the Net Settlement Fund. The combined Recognized Claims of all Authorized Claimants may be greater than the Net Settlement Fund. If this is the case, and subject to the $10.00 minimum payment requirement described in paragraph 35 above, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Fund, which shall be his, her or its Recognized Claim divided by the total of all Recognized Claims to be paid, multiplied by the total amount in the Net Settlement Fund.

49. Payment pursuant to the Plan of Allocation shall be conclusive against all Authorized Claimants. No Person shall have any claim based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further order(s) of the Court against Lead Counsel, Lead Plaintiffs, Plaintiffs in the consolidated cases, Plaintiffs' Counsel in any of the consolidated cases, Class Members, the Claims Administrator, Defendants and their Related Parties (defined below), or any person designated by Lead Counsel. All members of the Settlement Class who fail to timely submit an acceptable Claim Form by the deadline set by the Court, or such other deadline as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Settlement, but will in all other respects be subject to and bound by the terms of the Settlement, including the release of the Settled Claims.

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

51. The Plan of Allocation set forth herein is the proposed plan submitted by Lead Plaintiffs and Lead Counsel for the Court's approval. The Court may approve this plan as proposed or it may modify it without further notice to the Settlement Class.

WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?

52. If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims asserted against Defendants in the Action and will provide that Lead Plaintiffs and all other members of the Settlement Class, on behalf of themselves and any of their personal representatives, spouses, domestic partners, trustees, heirs, executors, administrators, successors or assigns shall be deemed to have – and by operation of the Judgment shall have – fully and finally released, relinquished, waived, discharged and dismissed each and every Settled Claim (as defined in ¶54 below), including Unknown Claims (as defined in ¶53 below), against the Released Parties (as defined in ¶55 below), and shall forever be enjoined from pursuing any or all Settled Claims against any Released Party, whether directly or indirectly, whether on their own behalf or otherwise, and regardless of whether or not such Class Member executes and delivers a Proof of Claim Form (except that the foregoing provision shall not apply to any such representative, spouse, domestic partner, trustee, heir, executor, administrator, successor or assign who independently would be a member of the Settlement Class and timely excludes himself, herself or itself).[3]

53. "Unknown Claims" means any and all Settled Claims that any Lead Plaintiff and/or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Released Parties' Claims that the Released Parties do not know or suspect to exist in his, her or its favor, which if known by him, her or it might have affected his, her or its settlement with and release of the Released Parties (or Lead Plaintiffs, as appropriate), or might have affected his, her or its decision not to object to this Settlement or not exclude himself, herself or itself from the Settlement Class. With respect to any and all Settled Claims and Released Parties' Claims, the parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and Defendants shall expressly waive, and each Class Member and Released Party shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, to the fullest extent permitted by law, any and all provisions, rights and benefits conferred by Cal. Civ. Code § 1542, and any law of any state or territory of the United States, or principle of common law, or the law of any foreign jurisdiction, that is similar, comparable or equivalent to Cal. Civ. 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 Plaintiffs 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 Settled Claims, but each 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 Settled 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 which is negligent, reckless, 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 Plaintiffs and Defendants acknowledge, and Class Members by law and operation of the Judgment shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims and Released Parties' Claims was separately bargained for and was a material element of the Settlement.

54. "Settled Claims" means, to the fullest extent permitted by law or equity, 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, or any other law, rule, or regulation, that were asserted, could have been asserted, or that arise out of the same transactions or occurrences as the claims that were asserted, in the Action.

55. "Released Parties" means Defendants and their Related Parties.

56. "Related Parties" means the Defendants' respective past or present heirs, executors, estates, administrators, predecessors, successors, assigns, attorneys, parents, subsidiaries, affiliates, insurers and reinsurers, employers, employees, members, directors, managing directors and officers, but this term shall not include any Investment Vehicle (as defined in the Stipulation). Related Parties specifically includes, but is not limited to the WFMBS 2006-1, WFMBS 2006-2, WFMBS 2006-3, WFMBS 2006-4, WFMBS 2006-6, WFMBS 2006-7, WFMBS 2006-10,

[3] As part of the Settlement, the following appeals will be voluntarily dismissed with prejudice: *Vermont Pension Investment Committee v. Goldman Sachs & Co.*, Case No. 11-15087 (9th Cir.); *General Retirement Sys. of the City of Detroit v. Goldman Sachs & Co.*, Case No. 10-17647 (9th Cir.); and *First Star Bank v. The Wells Fargo Mortgage Backed Securities*, Case No. 10-17470 (9th Cir.).

WFMBS 2006-18, WFMBS 2006-20, WFMBS 2006-AR1, WFMBS 2006-AR2, WFMBS 2006-AR4, WFMBS 2006-AR5, WFMBS 2006-AR6, WFMBS 2006-AR8, WFMBS 2006-AR10, WFMBS 2006-AR11, WFMBS 2006-AR12, WFMBS 2006-AR14, WFMBS 2006-AR15, WFMBS 2006-AR16, WFMBS 2006-AR17, WFMBS 2006-AR19, WFMBS 2007-10, WFMBS 2007-11, WFMBS 2007-13, and WFMBS 2007-AR4 Trusts and the Wells Fargo Alternative Loan 2007-PA1 Trust.

57. The Judgment also will provide that Defendants and each of the other Released Parties, on behalf of themselves, their heirs, executors, administrators, predecessors, successors and assigns, shall be deemed by operation of law to have released, waived, discharged and dismissed each and every of the Released Parties' Claims (as defined in ¶58 below), and shall forever be enjoined from prosecuting any or all of the Released Parties' Claims, against Plaintiffs, and their respective attorneys, and all other Class Members.

58. "Released Parties' 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, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Defendants, except for claims relating to the enforcement of the settlement, against Plaintiffs, and their respective attorneys, or any other Class Member.

WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING? HOW WILL THE LAWYERS BE PAID?

59. Lead Counsel has not received any payment for its services in pursuing claims against Defendants on behalf of the Settlement Class, nor has Lead Counsel been reimbursed for its out-of-pocket expenses. Before final approval of the Settlement, Lead Counsel intends to apply to the Court for an award of attorneys' fees from the Settlement Fund in an amount not to exceed 19.75% of the Settlement Fund (or $24,687,500.00), net of Court-approved Litigation Expenses, plus interest at the same rate and for the same time period as earned by the Settlement Fund. At the same time, Lead Counsel also intends to apply for the reimbursement of certain Litigation Expenses in an amount not to exceed $2 million plus interest at the same rate and for the same time period as earned by the Settlement Fund. Litigation Expenses may include reimbursement of the expenses of Plaintiffs in accordance with 15 U.S.C. § 78u-4(a)(4). The sums approved by the Court will be paid from the Settlement Fund. Members of the Settlement Class are not personally liable for the payment of these sums.

60. Defendants take no position on the request by Lead Counsel for attorneys' fees and reimbursement of Litigation Expenses or on the allocation of attorneys' fees and expenses among counsel representing the Settlement Class.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

61. If you purchased mortgage pass-through certificates of Wells Fargo through the Offerings listed above, and you are not excluded by the definition of the Settlement Class and you do not elect to exclude yourself from the Settlement Class, then you are a member of the Settlement Class and you will be bound by the proposed Settlement if the Court approves it, and by any judgment or determination of the Court affecting the Settlement Class. If you are a member of the Settlement Class, you must submit a Claim Form and supporting documentation to establish your entitlement to share in the Settlement. A Claim Form is included with this Notice, or you may go to the website maintained by the Claims Administrator for the Settlement to request that a Claim Form be mailed to you. The website is www.WellsFargoRMBSlitigation.com. You may also request a Claim Form by calling toll-free (888) 378-8728. Copies of the Claim Form can also be downloaded from Lead Counsel's website at www.blbglaw.com. Those who exclude themselves from the Settlement Class, and those who do not submit timely and valid Claim Forms with adequate supporting documentation, will not be eligible to share in the Settlement. Please retain all records of your ownership of, or transactions in Wells Fargo mortgage pass-through certificates in the Offerings, as they may be needed to document your claim.

62. As a Class Member, you are represented by Lead Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her notice of appearance on the attorneys listed in the section below entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?"

63. If you do not wish to remain a Class Member, you may exclude yourself from the Settlement Class by following the instructions in the section below entitled, "What If I Do Not Want To Be A Part Of The Settlement Class And The Settlement? How Do I Exclude Myself?"

64. If you wish to object to the Settlement or any of its terms, the proposed Plan of Allocation, or Lead Counsel's application for attorneys' fees and reimbursement of litigation expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section below entitled, "When and Where Will the Court Decide Whether to Approve the Settlement?"

WHAT IF I DO NOT WANT TO BE A PART OF THE SETTLEMENT? HOW DO I EXCLUDE MYSELF?

65. Each Class Member will be bound by all determinations and judgments in this lawsuit, including those concerning the Settlement, whether favorable or unfavorable, unless such person or entity mails, by first-class mail (or its equivalent outside the United States), or otherwise delivers a written Request for Exclusion from the Settlement Class, addressed to: Wells Fargo Project Administration, c/o The Garden City Group, Inc., P.O. Box 9767, Dublin, OH 43017-5667. The exclusion request must be *received* no later than October 6, 2011. You will not be able to exclude yourself from the Settlement Class after that date. Each Request for Exclusion must provide (i) name, (ii) address, (iii) telephone number, (iv) number and type of mortgage pass-through certificates traceable to the Offerings purchased (or otherwise acquired) or sold, (v) prices or other consideration paid or received for such mortgage pass-through certificates, (vi) the date of each purchase or sale transaction, and (vii) a statement that the person or entity wishes to be excluded from the Settlement Class in *In re Wells Fargo Mortgage-Backed Certificates Litigation*, CV 09-01376. It must also be signed by the person or entity requesting exclusion, and provide a telephone number for that person or entity. Requests for exclusion will not be valid if they are not received within the time stated above, unless the Court otherwise determines. Keep a copy of everything you mail, in case something is lost during shipping or processing.

66. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration or other proceeding concerning any of the Settled Claims.

67. If a person or entity requests to be excluded from the Settlement Class, that person or entity will not receive any benefit provided for in the Settlement.

68. If members of the Settlement Class who purchased more than a certain number of mortgage pass-through certificates of Wells Fargo choose to exclude themselves from the Settlement Class, as set forth in a separate supplemental agreement between Lead Plaintiffs and Wells Fargo (the "Supplemental Agreement"), Wells Fargo shall have, in its sole and absolute discretion, the option to terminate the Settlement in accordance with the procedures set forth in the Supplemental Agreement.

WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT? DO I HAVE TO COME TO THE HEARING? MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?

69. If you do not wish to object in person to the proposed Settlement, the proposed Plan of Allocation, and/or the application for attorneys' fees and reimbursement of litigation expenses, you do not need to attend the Final Approval Hearing. You can object to or participate in the Settlement without attending the Final Approval Hearing.

70. The Final Approval Hearing will be held on October 27, 2011, at 1:30 p.m. before the Honorable Lucy H. Koh, in the United States District Court for the Northern District of California, San Jose Division, 280 South 1st Street, Courtroom 4, 5th Floor, San Jose, California. The Court has the right to approve the Settlement, the Plan of Allocation or the request for attorneys' fees and reimbursement of litigation expenses at or after the Final Approval Hearing without further notice to the members of the Settlement Class.

71. Any member of the Settlement Class who does not request exclusion from the Settlement Class in the manner set forth in ¶65 above may object to or oppose the Settlement, the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses. Objections or oppositions must be in writing. You must file any written objection or opposition, together with copies of all other papers (including proof of sales of Wells Fargo mortgage pass-through certificates in the Offerings) and briefs, with the Clerk's Office at the United States District Court for the Northern District of California, San Jose Division, at the address set forth below for receipt on or

before October 6, 2011. You must also serve the papers, by hand or first-class mail, on Lead Counsel for the Settlement Class and counsel for Defendants at the addresses set forth below so that the papers are *received* on or before October 6, 2011.

Clerk's Office

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF
CALIFORNIA, SAN JOSE DIVISION
Clerk of the Court
280 South 1st Street
San Jose, California 95113

Lead Counsel for the Settlement Class

BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
David R. Stickney
Niki L. Mendoza
12481 High Bluff Drive, Suite 300
San Diego, California 92130-3582

Counsel for Wells Fargo and Individual Defendants

MUNGER, TOLLES, & OLSON LLP
David H. Fry
560 Mission Street, 27th Floor
San Francisco, California 94105-2907

72. You may not object to the Settlement or any aspect of it if you are not a member of the Settlement Class or if you excluded yourself from the Settlement Class.

73. You may file a written objection without having to appear at the Final Approval Hearing. Any objection must include: (a) the full name, address and phone number of the objecting Class Member; (b) a list and documentation of all of that Class Member's transactions involving Wells Fargo mortgage pass-through certificates in the Offerings, including brokerage confirmation receipts or other competent documentary evidence of such transactions, including the amount and date of each purchase or sale and the price paid and/or received; (c) a written statement of all grounds for the objection accompanied by any legal support for the objection; (d) copies of any papers, briefs or other documents upon which the objection is based; (e) a list of all persons who will be called to testify in support of the objection; (f) a statement of whether you intend to appear at the Final Approval Hearing; (g) a list of other cases in which you or your counsel have appeared either as settlement objectors or as counsel for objectors in the preceding five years; and (h) the objector's signature, even if represented by counsel. If you intend to appear at the Final Approval Hearing through counsel, the objection must also state the identity of all attorneys who will appear on your behalf at the Final Approval Hearing. Any member of the Settlement Class who does not make his, her or its objection in the manner provided for herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the Settlement as reflected in the Stipulation, to the Plan of Allocation or to the application by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses. You may not appear at the Final Approval Hearing to present your objection, however, unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

74. If you wish to be heard orally at the Final Approval Hearing in opposition to the approval of the Settlement, the Plan of Allocation, or Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses, and if you have filed and served a timely written objection as described above, you also must notify the above counsel on or before October 6, 2011, concerning your intention to appear. Persons who intend to object and desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing.

75. If you object to the Settlement, the Plan of Allocation and/or Lead Counsel's request for an award of attorneys' fees and reimbursement of Litigation Expenses, or otherwise request to be heard at the Final Approval Hearing in the manner stated above, you are submitting to the jurisdiction of the Court with respect to the subject matter of the Settlement, including, but not limited to, the release of the Settled Claims contained in the Final Order and Judgment. If the Court overrules your objection and approves the Settlement or the part of the Settlement to which you have objected, you only will potentially share in the Settlement Fund if you file a Claim Form in the manner stated in ¶61 above and the Claims Administrator approves your claim.

76. You are not required to hire an attorney to represent you in making written objections or in appearing at the Final Approval Hearing. If you decide to hire an attorney, which will be at your own expense, however, he or she

must file a notice of appearance with the Court and serve it on Lead Counsel so that the notice is received on or before October 6, 2011.

77. The Final Approval Hearing may be postponed or adjourned by the Court without further written notice to the Settlement Class. If you intend to attend the Final Approval Hearing, you should confirm the date and time with Lead Counsel.

UNLESS THE COURT ORDERS OTHERWISE, ANY CLASS MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED ABOVE WILL BE DEEMED TO HAVE WAIVED ANY OBJECTION AND SHALL BE FOREVER FORECLOSED FROM MAKING ANY OBJECTION TO THE PROPOSED SETTLEMENT, THE PROPOSED PLAN OF ALLOCATION, OR LEAD COUNSEL'S REQUEST FOR AN AWARD OF ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES. CLASS MEMBERS DO NOT NEED TO APPEAR AT THE HEARING OR TAKE ANY OTHER ACTION TO INDICATE THEIR APPROVAL.

WHAT IF I BOUGHT CERTIFICATES ON SOMEONE ELSE'S BEHALF?

78. If you purchased or otherwise acquired the mortgage pass-through certificates described above for the beneficial interest of a person or organization other than yourself, you must either (i) send a copy of this Notice to the beneficial owner of such certificates, postmarked no later than fourteen (14) days after you receive this Notice, or (ii) provide to Wells Fargo Project Administration, c/o The Garden City Group, Inc., P.O. Box 9767, Dublin, OH 43017-5667 the names and addresses of such persons no later than fourteen (14) days after you receive this Notice. If you choose the second option, the Claims Administrator will send a copy of the Notice to the beneficial owner. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice may also be obtained by calling toll-free 1 (888) 378-8728, and may be downloaded from the settlement website, www.WellsFargoRMBSlitigation.com or from Lead Counsel's website, www.blbglaw.com.

CAN I SEE THE COURT FILE?
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

79. This Notice contains only a summary of the terms of the proposed Settlement. More detailed information about the matters involved in the Action is available at www.WellsFargoRMBSlitigation.com, including, among other documents, copies of the Stipulation, the Claim Form and the Complaint.

80. All inquiries concerning this Notice or the Claim Form should be directed to:

Wells Fargo Project Administration
c/o The Garden City Group, Inc.
P.O. Box 9767
Dublin, Ohio 43017-5667
(888) 378-8728
www.WellsFargoRMBSlitigation.com

Claims Administrator

David R. Stickney Esq.
Niki L. Mendoza, Esq.
BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
12481 High Bluff Drive, Suite 300
San Diego, California 92130-3582
Toll-free (866) 648-2524
blbg@blbglaw.com

Lead Counsel

DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE.

Dated: July 26, 2011

By Order of the Clerk of Court
United States District Court
for the Northern District of California

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Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-1 A1	94983FAA8	1/29/2009	87.38	0.681567
WFMBS 2006-1 A2	94983FAB6	1/29/2009	82.20	0.681567
WFMBS 2006-1 A3	94983FAC4	1/29/2009	84.38	0.681567
WFMBS 2006-1 APO	94983FAD2	1/29/2009	82.05	0.740507
WFMBS 2006-1 B1	94983FAF7	1/29/2009	75.48	0.854399
WFMBS 2006-1 B2	94983FAG5	1/29/2009	63.63	0.854399
WFMBS 2006-1 B3	94983FAH3	1/29/2009	59.61	0.854399
WFMBS 2006-2 1A1	94983LAA5	1/29/2009	76.69	0.830930
WFMBS 2006-2 1A5	94983LAE7	1/29/2009	74.34	0.810339
WFMBS 2006-2 1A6	94983LAF4	1/29/2009	74.59	0.856790
WFMBS 2006-2 1A7	94983LAG2	1/29/2009	77.41	0.830930
WFMBS 2006-2 1A8	94983LAH0	1/29/2009	65.17	1.000000
WFMBS 2006-2 1A9	94983LAJ6	1/29/2009	90.27	0.734791
WFMBS 2006-2 1A10	94983LAK3	1/29/2009	68.17	1.000000
WFMBS 2006-2 1A11	94983LAL1	1/29/2009	46.18	1.000000
WFMBS 2006-2 1A12	94983LAM9	1/29/2009	58.88	0.875900
WFMBS 2006-2 1A13	94983LAN7	1/29/2009	45.48	1.000000
WFMBS 2006-2 1A14	94983LAP2	1/29/2009	77.96	0.879350
WFMBS 2006-2 1A15	94983LAQ0	1/29/2009	0.00	0.000000
WFMBS 2006-2 1A16	94983LAR8	1/29/2009	75.41	0.830930
WFMBS 2006-2 1A17	94983LAS6	1/29/2009	49.15	1.000000
WFMBS 2006-2 2A3	94983LAW7	1/29/2009	88.49	0.695161
WFMBS 2006-2 2A4	94983LAX5	1/29/2009	34.16	1.173529
WFMBS 2006-2 2A5	94983LAY3	1/29/2009	65.24	1.000000
WFMBS 2006-2 2A6	94983LAZ0	1/29/2009	71.41	0.824520
WFMBS 2006-2 2A7	94983LBA4	1/29/2009	75.41	0.824520
WFMBS 2006-2 3A1	94983LBB2	1/29/2009	69.41	0.791125
WFMBS 2006-2 3A2	94983LBC0	1/29/2009	65.08	0.791125
WFMBS 2006-2 4A1	94983LBD8	1/29/2009	78.13	0.773431
WFMBS 2006-2 4A2	94983LBE6	1/29/2009	66.78	0.773428
WFMBS 2006-2 APO	94983LBF3	1/29/2009	71.80	0.862143
WFMBS 2006-2 B1	94983LBG1	1/29/2009	38.01	0.999993
WFMBS 2006-2 B2	94983LBH9	1/29/2009	23.89	0.999993

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-2 B3	94983LBJ5	1/29/2009	21.45	0.999993
WFMBS 2006-3 A1	94983QAA4	1/29/2009	80.20	0.680749
WFMBS 2006-3 A2	94983QAB2	1/29/2009	59.72	1.000000
WFMBS 2006-3 A3	94983QAC0	1/29/2009	48.82	0.870742
WFMBS 2006-3 A4	94983QAD8	1/29/2009	31.58	0.870742
WFMBS 2006-3 A5	94983QAE6	1/29/2009	39.16	0.783057
WFMBS 2006-3 A6	94983QAF3	1/29/2009	31.32	1.173561
WFMBS 2006-3 A7	94983QAG1	1/29/2009	56.22	0.926254
WFMBS 2006-3 A8	94983QAH9	1/29/2009	35.55	0.685843
WFMBS 2006-3 A9	94983QAJ5	1/29/2009	81.31	0.634665
WFMBS 2006-3 A10	94983QAK2	1/29/2009	37.29	1.000000
WFMBS 2006-3 A11	94983QAL0	1/29/2009	60.54	1.000000
WFMBS 2006-3 A12	94983QAM8	1/29/2009	53.92	1.000000
WFMBS 2006-3 APO	94983QAN6	1/29/2009	38.65	0.909894
WFMBS 2006-3 B1	94983QAQ9	1/29/2009	24.32	0.960921
WFMBS 2006-3 B2	94983QAR7	1/29/2009	12.88	0.960921
WFMBS 2006-3 B3	94983QAS5	1/29/2009	6.13	0.960990
WFMBS 2006-4 1A1	94983BAA7	1/29/2009	72.54	0.722093
WFMBS 2006-4 1A2	94983BAB5	1/29/2009	68.35	0.907903
WFMBS 2006-4 1A3	94983BAC3	1/29/2009	43.39	1.176472
WFMBS 2006-4 1A4	94983BAD1	1/29/2009	29.77	1.176472
WFMBS 2006-4 1A5	94983BAE9	1/29/2009	65.06	0.820339
WFMBS 2006-4 1A6	94983BAF6	1/29/2009	3.03	0.820339
WFMBS 2006-4 1A7	94983BAG4	1/29/2009	0.00	0.000000
WFMBS 2006-4 1A8	94983BAH2	1/29/2009	93.52	0.644159
WFMBS 2006-4 1A9	94983BAJ8	1/29/2009	68.99	1.000000
WFMBS 2006-4 1A10	94983BAK5	1/29/2009	34.14	1.176472
WFMBS 2006-4 1A11	94983BAL3	1/29/2009	53.18	1.000000
WFMBS 2006-4 1A12	94983BAM1	1/29/2009	65.29	1.000000
WFMBS 2006-4 1A13	94983BAN9	1/29/2009	55.82	1.000000
WFMBS 2006-4 1A14	94983BAP4	1/29/2009	46.48	1.000000
WFMBS 2006-4 1AR	94983BAQ2	1/29/2009	0.00	0.000000
WFMBS 2006-4 1APO	94983BAR0	1/29/2009	79.96	0.874985
WFMBS 2006-4 2A1	94983BAS8	1/29/2009	63.13	0.813430

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-4 2A2	94983BAT6	1/29/2009	62.41	0.813430
WFMBS 2006-4 2A3	94983BAU3	1/29/2009	55.13	0.813430
WFMBS 2006-4 2APO	94983BAV1	1/29/2009	77.87	0.926073
WFMBS 2006-4 1B1	94983BAW9	1/29/2009	24.08	0.966349
WFMBS 2006-4 1B2	94983BAX7	1/29/2009	10.38	0.966408
WFMBS 2006-4 1B3	94983BAY5	1/29/2009	5.11	0.968957
WFMBS 2006-4 2B1	94983BAZ2	1/29/2009	25.08	0.998929
WFMBS 2006-4 2B2	94983BBA6	1/29/2009	8.97	0.998929
WFMBS 2006-4 2B3	94983BBB4	1/29/2009	5.15	0.998929
WFMBS 2006-6 1A1	94984AAA8	1/29/2009	92.84	0.564545
WFMBS 2006-6 1A2	94984AAB6	1/29/2009	80.92	1.000000
WFMBS 2006-6 1A3	94984AAC4	1/29/2009	81.26	0.687083
WFMBS 2006-6 1A4	94984AAD2	1/29/2009	66.21	1.000000
WFMBS 2006-6 1A5	94984AAE0	1/29/2009	59.33	0.736558
WFMBS 2006-6 1A6	94984AAF7	1/29/2009	41.57	1.170856
WFMBS 2006-6 1A7	94984AAG5	1/29/2009	45.27	1.000000
WFMBS 2006-6 1A8	94984AAH3	1/29/2009	53.46	1.000000
WFMBS 2006-6 1A9	94984AAJ9	1/29/2009	55.43	1.000000
WFMBS 2006-6 1A10	94984AAK6	1/29/2009	86.47	0.609688
WFMBS 2006-6 1A11	94984AAL4	1/29/2009	73.94	0.705763
WFMBS 2006-6 1A12	94984AAM2	1/29/2009	76.44	0.700579
WFMBS 2006-6 1A13	94984AAN0	1/29/2009	70.05	0.711619
WFMBS 2006-6 1A14	94984AAP5	1/29/2009	82.52	0.689540
WFMBS 2006-6 1A15	94984AAQ3	1/29/2009	57.68	1.000000
WFMBS 2006-6 1A16	94984AAR1	1/29/2009	41.52	1.000000
WFMBS 2006-6 1A17	94984AAS9	1/29/2009	59.72	1.000000
WFMBS 2006-6 1A18	94984AAT7	1/29/2009	60.84	1.000000
WFMBS 2006-6 1A19	94984AAU4	1/29/2009	81.27	0.663406
WFMBS 2006-6 1A20	94984AAV2	1/29/2009	48.20	1.000000
WFMBS 2006-6 1A21	94984AAW0	1/29/2009	35.32	1.000000
WFMBS 2006-6 1A22	94984AAX8	1/29/2009	47.02	1.000000
WFMBS 2006-6 2A1	94984AAY6	1/29/2009	42.78	0.783515
WFMBS 2006-6 2A2	94984AAZ3	1/29/2009	7.18	0.783515
WFMBS 2006-6 2A3	94984ABA7	1/29/2009	79.09	0.783515

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-6 APO	94984ABC3	1/29/2009	50.26	0.828153
WFMBS 2006-6 B1	94984ABD1	1/29/2009	41.04	0.972987
WFMBS 2006-6 B2	94984ABE9	1/29/2009	26.63	0.972987
WFMBS 2006-6 B3	94984ABF6	1/29/2009	24.09	0.972987
WFMBS 2007-11 A1	94985WAA9	3/27/2009	65.34	0.876000
WFMBS 2007-11 A2	94985WAB7	3/27/2009	86.86	0.801561
WFMBS 2007-11 A3	94985WAC5	3/27/2009	82.78	0.785276
WFMBS 2007-11 A4	94985WAD3	3/27/2009	84.59	0.785276
WFMBS 2007-11 A5	94985WAE1	3/27/2009	83.49	0.785276
WFMBS 2007-11 A6	94985WAF8	3/27/2009	87.41	0.801561
WFMBS 2007-11 A7	94985WAG6	3/27/2009	6.20	0.801561
WFMBS 2007-11 A8	94985WAH4	3/27/2009	65.60	1.000000
WFMBS 2007-11 A9	94985WAJ0	3/27/2009	58.50	1.000000
WFMBS 2007-11 A10	94985WAK7	3/27/2009	46.82	0.778901
WFMBS 2007-11 A11	94985WAL5	3/27/2009	6.07	0.778901
WFMBS 2007-11 A12	94985WAM3	3/27/2009	64.97	0.778901
WFMBS 2007-11 A13	94985WAN1	3/27/2009	31.44	1.104858
WFMBS 2007-11 A14	94985WAP6	3/27/2009	72.05	0.904048
WFMBS 2007-11 A15	94985WAQ4	3/27/2009	40.53	1.104858
WFMBS 2007-11 A16	94985WAR2	3/27/2009	49.20	0.872783
WFMBS 2007-11 A17	94985WAS0	3/27/2009	5.67	0.872783
WFMBS 2007-11 A18	94985WAT8	3/27/2009	69.15	0.872783
WFMBS 2007-11 A19	94985WAU5	3/27/2009	69.76	0.809759
WFMBS 2007-11 A20	94985WAV3	3/27/2009	48.98	1.000000
WFMBS 2007-11 A21	94985WAW1	3/27/2009	48.71	1.000000
WFMBS 2007-11 A22	94985WAX9	3/27/2009	48.59	1.000000
WFMBS 2007-11 A23	94985WAY7	3/27/2009	48.33	1.000000
WFMBS 2007-11 A24	94985WAZ4	3/27/2009	48.25	1.000000
WFMBS 2007-11 A25	94985WBA8	3/27/2009	48.13	1.000000
WFMBS 2007-11 A26	94985WBB6	3/27/2009	47.87	1.000000
WFMBS 2007-11 A27	94985WBC4	3/27/2009	47.75	1.000000
WFMBS 2007-11 A28	94985WBD2	3/27/2009	47.53	1.000000
WFMBS 2007-11 A29	94985WBE0	3/27/2009	47.27	1.000000
WFMBS 2007-11 A30	94985WBF7	3/27/2009	47.02	1.000000

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2007-11 A31	94985WBG5	3/27/2009	46.94	1.000000
WFMBS 2007-11 A32	94985WBH3	3/27/2009	46.69	1.000000
WFMBS 2007-11 A33	94985WBJ9	3/27/2009	46.59	1.000000
WFMBS 2007-11 A34	94985WBK6	3/27/2009	46.51	1.000000
WFMBS 2007-11 A35	94985WBL4	3/27/2009	44.14	1.000000
WFMBS 2007-11 A36	94985WBM2	3/27/2009	52.65	1.000000
WFMBS 2007-11 A37	94985WBN0	3/27/2009	82.78	0.785277
WFMBS 2007-11 A38	94985WBP5	3/27/2009	49.20	0.872781
WFMBS 2007-11 A39	94985WBQ3	3/27/2009	5.67	0.872781
WFMBS 2007-11 A40	94985WBR1	3/27/2009	69.15	0.872781
WFMBS 2007-11 A41	94985WBS9	3/27/2009	72.05	0.904048
WFMBS 2007-11 A42	94985WBT7	3/27/2009	34.95	1.104858
WFMBS 2007-11 A43	94985WBU4	3/27/2009	50.83	1.000000
WFMBS 2007-11 A44	94985WBV2	3/27/2009	86.00	0.806159
WFMBS 2007-11 A45	94985WBW0	3/27/2009	86.19	0.806159
WFMBS 2007-11 A46	94985WBX8	3/27/2009	86.38	0.806159
WFMBS 2007-11 A47	94985WBY6	3/27/2009	86.57	0.806159
WFMBS 2007-11 A48	94985WBZ3	3/27/2009	86.76	0.806159
WFMBS 2007-11 A49	94985WCA7	3/27/2009	86.94	0.806159
WFMBS 2007-11 A50	94985WCB5	3/27/2009	6.63	0.806159
WFMBS 2007-11 A51	94985WCC3	3/27/2009	67.07	1.000000
WFMBS 2007-11 A52	94985WCD1	3/27/2009	52.07	0.776670
WFMBS 2007-11 A53	94985WCE9	3/27/2009	6.10	0.776670
WFMBS 2007-11 A54	94985WCF6	3/27/2009	66.52	0.776670
WFMBS 2007-11 A55	94985WCG4	3/27/2009	56.49	1.104858
WFMBS 2007-11 A56	94985WCH2	3/27/2009	72.08	0.904047
WFMBS 2007-11 A57	94985WCJ8	3/27/2009	43.05	1.104858
WFMBS 2007-11 A58	94985WCK5	3/27/2009	50.83	1.000000
WFMBS 2007-11 A59	94985WCL3	3/27/2009	39.79	0.876000
WFMBS 2007-11 A60	94985WCM1	3/27/2009	39.90	0.876000
WFMBS 2007-11 A61	94985WCN9	3/27/2009	0.07	0.876000
WFMBS 2007-11 A62	94985WCP4	3/27/2009	6.25	0.876000
WFMBS 2007-11 A63	94985WCQ2	3/27/2009	6.32	0.876000
WFMBS 2007-11 A64	94985WCR0	3/27/2009	55.80	0.876000

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2007-11 A65	94985WCS8	3/27/2009	39.34	0.876000
WFMBS 2007-11 A66	94985WCT6	3/27/2009	39.34	0.876000
WFMBS 2007-11 A67	94985WCU3	3/27/2009	39.34	0.876000
WFMBS 2007-11 A68	94985WCV1	3/27/2009	39.34	0.876000
WFMBS 2007-11 A69	94985WCW9	3/27/2009	71.10	0.785276
WFMBS 2007-11 A70	94985WCX7	3/27/2009	71.31	0.785276
WFMBS 2007-11 A71	94985WCY5	3/27/2009	134.37	0.872781
WFMBS 2007-11 A72	94985WCZ2	3/27/2009	49.70	0.872781
WFMBS 2007-11 A73	94985WDA6	3/27/2009	67.49	0.824654
WFMBS 2007-11 A74	94985WDB4	3/27/2009	43.77	1.000000
WFMBS 2007-11 A75	94985WDC2	3/27/2009	61.67	0.876000
WFMBS 2007-11 A76	94985WDD0	3/27/2009	83.31	0.836273
WFMBS 2007-11 A77	94985WDE8	3/27/2009	138.11	0.776670
WFMBS 2007-11 A78	94985WDF5	3/27/2009	50.95	0.776670
WFMBS 2007-11 A79	94985WDG3	3/27/2009	69.76	0.809757
WFMBS 2007-11 A80	94985WDH1	3/27/2009	44.96	1.000000
WFMBS 2007-11 A81	94985WDJ7	3/27/2009	66.34	0.876000
WFMBS 2007-11 A82	94985WDK4	3/27/2009	56.63	0.876000
WFMBS 2007-11 A83	94985WDL2	3/27/2009	139.80	0.876000
WFMBS 2007-11 A84	94985WDM0	3/27/2009	140.79	0.876000
WFMBS 2007-11 A85	94985WDN8	3/27/2009	61.67	0.876000
WFMBS 2007-11 A86	94985WDP3	3/27/2009	56.63	0.876000
WFMBS 2007-11 A87	94985WDQ1	3/27/2009	134.37	0.872783
WFMBS 2007-11 A88	94985WDR9	3/27/2009	59.34	0.872783
WFMBS 2007-11 A89	94985WDS7	3/27/2009	137.79	0.778901
WFMBS 2007-11 A90	94985WDT5	3/27/2009	59.34	0.778901
WFMBS 2007-11 A91	94985WDU2	3/27/2009	47.59	0.779555
WFMBS 2007-11 A92	94985WDV0	3/27/2009	43.77	1.000000
WFMBS 2007-11 A93	94985WDW8	3/27/2009	50.92	0.777157
WFMBS 2007-11 A94	94985WDX6	3/27/2009	56.63	0.876000
WFMBS 2007-11 A95	94985WDY4	3/27/2009	82.78	0.785276
WFMBS 2007-11 A96	94985WDZ1	3/27/2009	63.34	0.876000
WFMBS 2007-11 A97	94985WEA5	3/27/2009	55.81	0.876000
WFMBS 2007-11 A98	94985WEB3	3/27/2009	48.56	0.872783

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2007-11 A99	94985WEC1	3/27/2009	4.39	0.872783
WFMBS 2007-11 APO	94985WED9	3/27/2009	55.68	0.894718
WFMBS 2007-11 B1	94985WEF4	3/27/2009	20.11	0.989372
WFMBS 2007-11 B2	94985WEG2	3/27/2009	11.54	0.989372
WFMBS 2007-11 B3	94985WEH0	3/27/2009	7.04	0.989857
WFMBS 2006-AR1 1A1	94983JAA0	1/29/2009	60.31	0.741753
WFMBS 2006-AR1 2A1	94983JAC6	1/29/2009	72.46	0.823957
WFMBS 2006-AR1 2A2	94983JAD4	1/29/2009	78.90	0.695055
WFMBS 2006-AR1 2A3	94983JAE2	1/29/2009	68.14	1.000000
WFMBS 2006-AR1 2A4	94983JAF9	1/29/2009	64.85	1.000000
WFMBS 2006-AR1 2A5	94983JAG7	1/29/2009	48.48	1.000000
WFMBS 2006-AR1 2A6	94983JAH5	1/29/2009	35.27	0.823957
WFMBS 2006-AR1 B1	94983JAJ1	1/29/2009	16.84	0.988462
WFMBS 2006-AR1 B2	94983JAK8	1/29/2009	17.87	0.988462
WFMBS 2006-AR1 B3	94983JAL6	1/29/2009	9.24	0.988462
WFMBS 2006-AR2 1A1	94983KAA7	1/29/2009	56.66	0.689555
WFMBS 2006-AR2 2A1	94983KAC3	1/29/2009	68.32	0.709960
WFMBS 2006-AR2 2A2	94983KAD1	1/29/2009	27.35	0.709960
WFMBS 2006-AR2 2A3	94983KAE9	1/29/2009	69.71	0.709960
WFMBS 2006-AR2 2A4	94983KAF6	1/29/2009	27.44	0.709960
WFMBS 2006-AR2 2A5	94983KAG4	1/29/2009	71.90	0.709960
WFMBS 2006-AR2 2A6	94983KAH2	1/29/2009	27.72	0.709960
WFMBS 2006-AR2 2AIO	94983KAJ8	1/29/2009	0.05	0.709960
WFMBS 2006-AR2 B1	94983KAK5	1/29/2009	25.48	0.994702
WFMBS 2006-AR2 B2	94983KAL3	1/29/2009	20.20	0.994702
WFMBS 2006-AR2 B3	94983KAM1	1/29/2009	16.24	0.994702
WFMBS 2006-AR2 B4	94983KAN9	1/29/2009	11.63	0.994702
WFMBS 2006-AR2 B5	94983KAP4	1/29/2009	7.98	0.994702
WFMBS 2006-AR2 B6	94983KAQ2	1/29/2009	7.01	0.994702
WFMBS 2006-AR2 B7	94983KAR0	1/29/2009	6.29	0.994702
WFMBS 2006-AR2 B8	94983KAS8	1/29/2009	5.45	0.994702
WFMBS 2006-AR2 B9	94983KAT6	1/29/2009	4.79	0.994702
WFMBS 2006-AR4 1A1	94983PAA6	1/29/2009	63.95	0.768769
WFMBS 2006-AR4 1A2	94983PAB4	1/29/2009	36.39	0.768769

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-AR4 2A1	94983PAC2	1/29/2009	68.91	0.742737
WFMBS 2006-AR4 2A2	94983PAD0	1/29/2009	89.75	0.365329
WFMBS 2006-AR4 2A3	94983PAE8	1/29/2009	68.44	1.000000
WFMBS 2006-AR4 2A4	94983PAF5	1/29/2009	62.90	1.000000
WFMBS 2006-AR4 2A5	94983PAG3	1/29/2009	46.63	1.000000
WFMBS 2006-AR4 2A6	94983PAH1	1/29/2009	36.56	0.742737
WFMBS 2006-AR4 B1	94983PAK4	1/29/2009	23.35	0.993948
WFMBS 2006-AR4 B2	94983PAL2	1/29/2009	10.40	0.993948
WFMBS 2006-AR4 B3	94983PAM0	1/29/2009	7.78	0.993948
WFMBS 2006-AR5 1A1	94983RAA2	1/29/2009	60.64	0.724109
WFMBS 2006-AR5 1A2	94983RAB0	1/29/2009	34.34	0.724109
WFMBS 2006-AR5 1AR	BCC0PGFB7	1/29/2009	0.00	0.000000
WFMBS 2006-AR5 2A1	94983RAD6	1/29/2009	60.04	0.657166
WFMBS 2006-AR5 2A2	94983RAE4	1/29/2009	33.99	0.657166
WFMBS 2006-AR5 B1	94983RAF1	1/29/2009	16.49	0.996279
WFMBS 2006-AR5 B2	94983RAG9	1/29/2009	11.75	0.996279
WFMBS 2006-AR5 B3	94983RAH7	1/29/2009	6.60	0.996279
WFMBS 2006-AR6 1A1	94983TAA8	1/29/2009	57.76	0.549070
WFMBS 2006-AR6 1AR	94983TAB6	1/29/2009	0.00	0.000000
WFMBS 2006-AR6 2A1	94983TAC4	1/29/2009	71.42	0.711535
WFMBS 2006-AR6 2A2	94983TAD2	1/29/2009	36.98	0.711535
WFMBS 2006-AR6 3A1	94983TAE0	1/29/2009	73.93	0.710203
WFMBS 2006-AR6 3A2	94983TAF7	1/29/2009	40.28	0.710203
WFMBS 2006-AR6 4A1	94983TAG5	1/29/2009	72.20	0.713138
WFMBS 2006-AR6 4A2	94983TAH3	1/29/2009	38.82	0.713138
WFMBS 2006-AR6 5A1	94983TAJ9	1/29/2009	78.95	0.779729
WFMBS 2006-AR6 5A2	94983TAK6	1/29/2009	37.33	0.779729
WFMBS 2006-AR6 6A1	94983TAL4	1/29/2009	78.22	0.805234
WFMBS 2006-AR6 6A2	94983TAM2	1/29/2009	36.21	0.805234
WFMBS 2006-AR6 7A1	94983TAN0	1/29/2009	77.83	0.843387
WFMBS 2006-AR6 7A2	94983TAP5	1/29/2009	36.20	0.843387
WFMBS 2006-AR6 B1	94983TAQ3	1/29/2009	29.86	0.992843
WFMBS 2006-AR6 B2	94983TAR1	1/29/2009	8.76	0.992843
WFMBS 2006-AR6 B3	94983TAS9	1/29/2009	6.73	0.992635

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-AR8 1A1	94983VAA3	1/29/2009	69.25	0.379407
WFMBS 2006-AR8 1A2	94983VAB1	1/29/2009	35.09	0.379407
WFMBS 2006-AR8 1A3	94983VAC9	1/29/2009	71.06	0.379407
WFMBS 2006-AR8 1A4	94983VAD7	1/29/2009	35.09	0.379407
WFMBS 2006-AR8 1AR	94983VAE5	1/29/2009	0.00	0.000000
WFMBS 2006-AR8 2A1	94983VAF2	1/29/2009	72.13	0.719940
WFMBS 2006-AR8 2A2	94983VAG0	1/29/2009	32.78	0.719940
WFMBS 2006-AR8 2A3	94983VAH8	1/29/2009	77.11	0.555054
WFMBS 2006-AR8 2A4	94983VAJ4	1/29/2009	74.74	0.555054
WFMBS 2006-AR8 2A5	94983VAK1	1/29/2009	50.51	0.555054
WFMBS 2006-AR8 2A6	94983VAL9	1/29/2009	51.01	1.000000
WFMBS 2006-AR8 2A7	94983VAM7	1/29/2009	28.85	1.000000
WFMBS 2006-AR8 3A1	94983VAN5	1/29/2009	73.41	0.659082
WFMBS 2006-AR8 3A2	94983VAP0	1/29/2009	48.71	1.000000
WFMBS 2006-AR8 3A3	94983VAQ8	1/29/2009	26.16	0.745155
WFMBS 2006-AR8 B1	94983VAS4	1/29/2009	31.05	0.991609
WFMBS 2006-AR8 B2	94983VAT2	1/29/2009	12.07	0.991609
WFMBS 2006-AR8 B3	94983VAU9	1/29/2009	7.36	0.991609
WFMBS 2006-AR10 1A1	94983YAA7	1/29/2009	64.65	0.715815
WFMBS 2006-AR10 1A2	94983YAB5	1/29/2009	31.01	0.715815
WFMBS 2006-AR10 1AR	94983YAC3	1/29/2009	0.00	0.000000
WFMBS 2006-AR10 2A1	94983YAD1	1/29/2009	63.61	0.763126
WFMBS 2006-AR10 2A2	94983YAE9	1/29/2009	30.76	0.763126
WFMBS 2006-AR10 3A1	94983YAF6	1/29/2009	71.68	0.540532
WFMBS 2006-AR10 3A2	94983YAG4	1/29/2009	30.96	0.540532
WFMBS 2006-AR10 4A1	94983YAH2	1/29/2009	58.51	0.733901
WFMBS 2006-AR10 4A2	94983YAJ8	1/29/2009	30.69	0.733901
WFMBS 2006-AR10 5A1	94983YAK5	1/29/2009	59.72	0.702903
WFMBS 2006-AR10 5A2	94983YAL3	1/29/2009	90.39	0.460870
WFMBS 2006-AR10 5A3	94983YAM1	1/29/2009	58.80	0.643743
WFMBS 2006-AR10 5A4	94983YAN9	1/29/2009	50.00	1.000000
WFMBS 2006-AR10 5A5	94983YAP4	1/29/2009	48.06	1.000000
WFMBS 2006-AR10 5A6	94983YAQ2	1/29/2009	60.88	0.761505
WFMBS 2006-AR10 5A7	94983YAR0	1/29/2009	33.91	0.702903

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-AR10 B1	94983YAS8	1/29/2009	19.94	0.996052
WFMBS 2006-AR10 B2	94983YAT6	1/29/2009	9.01	0.996052
WFMBS 2006-AR10 B3	94983YAU3	1/29/2009	6.42	0.996052
WFMBS 2006-AR11 A1	94984CAA4	1/29/2009	69.92	0.678005
WFMBS 2006-AR11 A2	94984CAB2	1/29/2009	73.41	0.512688
WFMBS 2006-AR11 A3	94984CAC0	1/29/2009	75.96	0.512688
WFMBS 2006-AR11 A4	94984CAD8	1/29/2009	87.21	0.409083
WFMBS 2006-AR11 A5	94984CAE6	1/29/2009	65.11	1.000000
WFMBS 2006-AR11 A6	94984CAF3	1/29/2009	47.92	1.000000
WFMBS 2006-AR11 A7	94984CAG1	1/29/2009	36.10	0.678005
WFMBS 2006-AR11 A8	94984CAH9	1/29/2009	0.02	0.678005
WFMBS 2006-AR11 AIO	94984CAJ5	1/29/2009	0.73	0.678005
WFMBS 2006-AR11 B1	94984CAL0	1/29/2009	18.89	0.996169
WFMBS 2006-AR11 B2	94984CAM8	1/29/2009	9.20	0.996169
WFMBS 2006-AR11 B3	94984CAN6	1/29/2009	7.04	0.996169
WFMBS 2006-AR12 1A1	94984GAA5	1/29/2009	61.53	0.597483
WFMBS 2006-AR12 1A2	94984GAB3	1/29/2009	32.61	0.597483
WFMBS 2006-AR12 2A1	94984GAD9	1/29/2009	70.59	0.663009
WFMBS 2006-AR12 2A2	94984GAE7	1/29/2009	34.23	0.663009
WFMBS 2006-AR12 1B1	94984GAF4	1/29/2009	15.06	0.997075
WFMBS 2006-AR12 1B2	94984GAG2	1/29/2009	9.11	0.997075
WFMBS 2006-AR12 1B3	94984GAH0	1/29/2009	6.12	0.997075
WFMBS 2006-AR12 2B1	94984GAJ6	1/29/2009	13.00	0.995598
WFMBS 2006-AR12 2B2	94984GAK3	1/29/2009	8.79	0.995598
WFMBS 2006-AR12 2B3	94984GAL1	1/29/2009	6.70	0.995598
WFMBS 2006-AR14 1A1	94984MAA2	1/29/2009	74.02	0.671209
WFMBS 2006-AR14 1A2	94984MAB0	1/29/2009	73.81	0.671209
WFMBS 2006-AR14 1A3	94984MAC8	1/29/2009	80.19	0.561612
WFMBS 2006-AR14 1A4	94984MAD6	1/29/2009	80.64	0.561612
WFMBS 2006-AR14 1A5	94984MAE4	1/29/2009	79.60	0.561612
WFMBS 2006-AR14 1A6	94984MAF1	1/29/2009	81.63	0.561612
WFMBS 2006-AR14 1A7	94984MAG9	1/29/2009	58.78	1.000000
WFMBS 2006-AR14 1A8	94984MAH7	1/29/2009	36.39	0.671209
WFMBS 2006-AR14 1A9	94984MAJ3	1/29/2009	0.72	0.671547

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-AR14 1A10	94984MAK0	1/29/2009	0.96	1.000000
WFMBS 2006-AR14 2A1	94984MAM6	1/29/2009	65.18	0.621845
WFMBS 2006-AR14 2A2	94984MAN4	1/29/2009	0.87	0.621845
WFMBS 2006-AR14 2A3	94984MAP9	1/29/2009	64.51	0.621845
WFMBS 2006-AR14 2A4	94984MAQ7	1/29/2009	34.56	0.621845
WFMBS 2006-AR14 3A1	94984MAR5	1/29/2009	67.29	0.677798
WFMBS 2006-AR14 3A2	94984MAS3	1/29/2009	34.96	0.677798
WFMBS 2006-AR14 3A3	94984MAT1	1/29/2009	0.76	0.677798
WFMBS 2006-AR14 CRB1	94984MAU8	1/29/2009	43.14	0.996032
WFMBS 2006-AR14 CRB2	94984MAV6	1/29/2009	11.49	0.996032
WFMBS 2006-AR14 CRB3	94984MAW4	1/29/2009	8.41	0.996032
WFMBS 2006-AR14 2B1	94984MAX2	1/29/2009	30.94	0.995542
WFMBS 2006-AR14 2B2	94984MAY0	1/29/2009	10.56	0.995542
WFMBS 2006-AR14 2B3	94984MAZ7	1/29/2009	6.31	0.969662
WFMBS 2006-AR17 A1	94984LAA4	1/29/2009	59.85	0.577348
WFMBS 2006-AR17 A2	94984LAB2	1/29/2009	60.42	0.577348
WFMBS 2006-AR17 A3	94984LAC0	1/29/2009	35.13	0.577348
WFMBS 2006-AR17 A4	94984LAD8	1/29/2009	35.51	0.577348
WFMBS 2006-AR17 AIO	94984LAE6	1/29/2009	0.62	0.577348
WFMBS 2006-AR17 B1	94984LAG1	1/29/2009	26.81	0.997108
WFMBS 2006-AR17 B2	94984LAH9	1/29/2009	13.24	0.997108
WFMBS 2006-AR17 B3	94984LAJ5	1/29/2009	7.65	0.997108
DISMISSED CLAIMS				
WFMBS 2006-7 1A1	94982XAA0	1/29/2009	83.60	0.644479
WFMBS 2006-7 1APO	94982XAB8	1/29/2009	82.19	0.677900
WFMBS 2006-7 2A1	94982XAD4	1/29/2009	73.13	0.791059
WFMBS 2006-7 3A1	94982XAE2	1/29/2009	68.78	0.746612
WFMBS 2006-7 APO	94982XAF9	1/29/2009	75.28	0.881568
WFMBS 2006-7 1B1	94982XAG7	1/29/2009	77.06	0.872365
WFMBS 2006-7 1B2	94982XAH5	1/29/2009	65.21	0.872365
WFMBS 2006-7 1B3	94982XAJ1	1/29/2009	61.16	0.872365
WFMBS 2006-7 CRB1	94982XAN2	1/29/2009	39.00	0.999998
WFMBS 2006-7 CRB2	94982XAP7	1/29/2009	24.50	0.999998
WFMBS 2006-7 CRB3	94982XAQ5	1/29/2009	22.01	0.999998

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-10 A1	94984EAA0	1/29/2009	89.94	0.576976
WFMBS 2006-10 A2	94984EAB8	1/29/2009	88.48	0.576976
WFMBS 2006-10 A3	94984EAC6	1/29/2009	52.18	1.000000
WFMBS 2006-10 A4	94984EAD4	1/29/2009	77.44	1.000000
WFMBS 2006-10 A5	94984EAE2	1/29/2009	0.00	0.000000
WFMBS 2006-10 A6	94984EAF9	1/29/2009	4.63	0.695789
WFMBS 2006-10 A7	94984EAG7	1/29/2009	90.18	0.695789
WFMBS 2006-10 A8	94984EAH5	1/29/2009	50.78	0.533923
WFMBS 2006-10 A9	94984EAJ1	1/29/2009	39.42	1.161380
WFMBS 2006-10 A10	94984EAK8	1/29/2009	0.00	0.000000
WFMBS 2006-10 A11	94984EAL6	1/29/2009	0.00	0.000000
WFMBS 2006-10 A12	94984EAM4	1/29/2009	50.45	1.161380
WFMBS 2006-10 A13	94984EAN2	1/29/2009	30.48	1.161380
WFMBS 2006-10 A14	94984EAP7	1/29/2009	82.24	0.650718
WFMBS 2006-10 A15	94984EAQ5	1/29/2009	3.26	0.650718
WFMBS 2006-10 A16	94984EAR3	1/29/2009	101.46	0.533923
WFMBS 2006-10 A17	94984EAS1	1/29/2009	94.68	0.533923
WFMBS 2006-10 A18	94984EAT9	1/29/2009	63.38	1.000000
WFMBS 2006-10 A19	94984EAU6	1/29/2009	76.44	0.855415
WFMBS 2006-10 A20	94984EAV4	1/29/2009	67.56	1.000000
WFMBS 2006-10 A21	94984EAW2	1/29/2009	70.51	0.963909
WFMBS 2006-10 A22	94984EAX0	1/29/2009	67.88	1.000000
WFMBS 2006-10 A23	94984EAY8	1/29/2009	61.27	1.000000
WFMBS 2006-10 A24	94984EAZ5	1/29/2009	0.00	0.000000
WFMBS 2006-10 A25	94984EBA9	1/29/2009	81.00	1.000000
WFMBS 2006-10 APO	94984EBB7	1/29/2009	78.08	0.779786
WFMBS 2006-10 B1	94984EBD3	1/29/2009	42.32	0.977339
WFMBS 2006-10 B2	94984EBE1	1/29/2009	27.38	0.977339
WFMBS 2006-10 B3	94984EBJ0	1/29/2009	21.92	0.977339
WFMBS 2006-18 A1	94985BAA5	3/27/2009	62.34	0.736604
WFMBS 2006-18 APO	94985BAB3	3/27/2009	62.63	0.866064
WFMBS 2006-18 B1	94985BAD9	3/27/2009	20.93	0.981309
WFMBS 2006-18 B2	94985BAE7	3/27/2009	20.08	0.981309
WFMBS 2006-18 B3	94985BAF4	3/27/2009	11.41	0.981309

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2006-20 A1	94985EAA9	3/27/2009	89.13	0.555772
WFMBS 2006-20 APO	94985EAB7	3/27/2009	78.14	0.605161
WFMBS 2006-20 B1	94985EAD3	3/27/2009	66.54	0.890363
WFMBS 2006-20 B2	94985EAE1	3/27/2009	48.21	0.890363
WFMBS 2006-20 B3	94985EAF8	3/27/2009	42.95	0.890363
WFMBS 2006-AR15 A1	94985AAA7	1/29/2009	70.89	0.649676
WFMBS 2006-AR15 A2	94985AAB5	1/29/2009	72.42	0.649676
WFMBS 2006-AR15 A3	94985AAC3	1/29/2009	33.68	0.649676
WFMBS 2006-AR15 A4	94985AAD1	1/29/2009	0.01	0.649676
WFMBS 2006-AR15 AIO	94985AAE9	1/29/2009	0.73	0.649676
WFMBS 2006-AR15 B1	94985AAG4	1/29/2009	27.00	0.996991
WFMBS 2006-AR15 B2	94985AAH2	1/29/2009	20.31	0.996991
WFMBS 2006-AR15 B3	94985AAJ8	1/29/2009	17.75	0.996991
WFMBS 2006-AR16 A1	94984NAA0	1/29/2009	64.46	0.567342
WFMBS 2006-AR16 A2	94984NAB8	1/29/2009	42.48	0.567342
WFMBS 2006-AR16 AIO	94984NAC6	1/29/2009	0.54	0.567342
WFMBS 2006-AR16 B1	94984NAE2	1/29/2009	16.93	0.996898
WFMBS 2006-AR16 B2	94984NAF9	1/29/2009	10.01	0.996898
WFMBS 2006-AR16 B3	94984NAG7	1/29/2009	6.67	0.996898
WFMBS 2006-AR19 A1	949789AA9	1/29/2009	72.02	0.696361
WFMBS 2006-AR19 A2	949789AB7	1/29/2009	74.04	0.582138
WFMBS 2006-AR19 A3	949789AC5	1/29/2009	73.02	1.000000
WFMBS 2006-AR19 A4	949789AD3	1/29/2009	96.24	0.504007
WFMBS 2006-AR19 A5	949789AE1	1/29/2009	96.24	0.504007
WFMBS 2006-AR19 A6	949789AF8	1/29/2009	50.19	1.000000
WFMBS 2006-AR19 A7	949789AG6	1/29/2009	34.35	0.696361
WFMBS 2006-AR19 A8	949789AH4	1/29/2009	7.64	0.504007
WFMBS 2006-AR19 AIO	949789AJ0	1/29/2009	0.79	0.696361
WFMBS 2006-AR19 B1	949789AL5	1/29/2009	22.00	0.996036
WFMBS 2006-AR19 B2	949789AM3	1/29/2009	9.91	0.996036
WFMBS 2006-AR19 B3	949789AN1	1/29/2009	7.40	0.996036
WFMBS 2007-10 1A1	949837AA6	3/27/2009	63.34	0.874468
WFMBS 2007-10 1A2	949837AB4	3/27/2009	72.95	0.757861
WFMBS 2007-10 1A3	949837AC2	3/27/2009	46.69	1.000000

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2007-10 1A4	949837AD0	3/27/2009	43.07	1.000000
WFMBS 2007-10 1A5	949837AE8	3/27/2009	76.13	0.857925
WFMBS 2007-10 1A6	949837AF5	3/27/2009	52.72	1.000000
WFMBS 2007-10 1A7	949837AG3	3/27/2009	58.52	0.839648
WFMBS 2007-10 1A8	949837AH1	3/27/2009	44.81	0.796409
WFMBS 2007-10 1A9	949837AJ7	3/27/2009	44.81	0.796409
WFMBS 2007-10 1A10	949837AK4	3/27/2009	61.90	0.856048
WFMBS 2007-10 1A11	949837AL2	3/27/2009	8.97	0.856049
WFMBS 2007-10 1A12	949837AM0	3/27/2009	53.39	1.000000
WFMBS 2007-10 1A13	949837AN8	3/27/2009	0.00	0.000000
WFMBS 2007-10 1A14	949837AP3	3/27/2009	40.86	0.942855
WFMBS 2007-10 1A15	949837AQ1	3/27/2009	96.74	0.942855
WFMBS 2007-10 1A16	949837AR9	3/27/2009	68.86	0.878041
WFMBS 2007-10 1A17	949837AS7	3/27/2009	48.73	1.000000
WFMBS 2007-10 1A18	949837AT5	3/27/2009	38.10	1.110402
WFMBS 2007-10 1A19	949837AU2	3/27/2009	87.29	0.842767
WFMBS 2007-10 1A20	949837AV0	3/27/2009	54.21	1.000000
WFMBS 2007-10 1A21	949837AW8	3/27/2009	49.72	0.702667
WFMBS 2007-10 1A22	949837AX6	3/27/2009	45.56	0.874468
WFMBS 2007-10 1A23	949837AY4	3/27/2009	95.84	0.924403
WFMBS 2007-10 1A24	949837AZ1	3/27/2009	98.22	0.769581
WFMBS 2007-10 1A25	949837BA5	3/27/2009	55.32	0.806060
WFMBS 2007-10 1A26	949837BB3	3/27/2009	46.82	1.000000
WFMBS 2007-10 1A27	949837BC1	3/27/2009	45.97	1.000000
WFMBS 2007-10 1A28	949837BD9	3/27/2009	33.57	1.000000
WFMBS 2007-10 1A29	949837BE7	3/27/2009	46.64	1.000000
WFMBS 2007-10 1A30	949837BF4	3/27/2009	39.05	1.000000
WFMBS 2007-10 1A31	949837BG2	3/27/2009	59.66	1.000000
WFMBS 2007-10 1A32	949837BH0	3/27/2009	59.25	1.000000
WFMBS 2007-10 1A33	949837BJ6	3/27/2009	41.57	1.000000
WFMBS 2007-10 1A34	949837BK3	3/27/2009	45.09	1.000000
WFMBS 2007-10 1A35	949837BL1	3/27/2009	53.59	0.821456
WFMBS 2007-10 1A36	949837BM9	3/27/2009	53.39	0.942855
WFMBS 2007-10 1A37	949837BN7	3/27/2009	48.03	1.000000

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2007-10 1A38	949837BP2	3/27/2009	59.62	0.843086
WFMBS 2007-10 1A39	949837BQ0	3/27/2009	97.25	0.874468
WFMBS 2007-10 1A40	949837BR8	3/27/2009	45.56	0.874468
WFMBS 2007-10 1A41	949837BS6	3/27/2009	94.50	0.874468
WFMBS 2007-10 2A1	949837BU1	3/27/2009	46.55	0.853076
WFMBS 2007-10 2A2	949837BV9	3/27/2009	42.38	0.904375
WFMBS 2007-10 2A3	949837BW7	3/27/2009	126.83	0.904375
WFMBS 2007-10 2A4	949837BX5	3/27/2009	0.00	0.000000
WFMBS 2007-10 2A5	949837BY3	3/27/2009	70.19	0.770830
WFMBS 2007-10 2A6	949837BZ0	3/27/2009	68.88	0.770830
WFMBS 2007-10 2A7	949837CA4	3/27/2009	38.22	1.115245
WFMBS 2007-10 2A8	949837CB2	3/27/2009	68.91	0.804884
WFMBS 2007-10 2A9	949837CC0	3/27/2009	53.39	1.000000
WFMBS 2007-10 2A10	949837CD8	3/27/2009	34.01	1.000000
WFMBS 2007-10 2A11	949837CE6	3/27/2009	51.96	1.000000
WFMBS 2007-10 2A12	949837CF3	3/27/2009	55.25	0.904375
WFMBS 2007-10 APO	949837CG1	3/27/2009	58.08	0.912312
WFMBS 2007-10 B1	949837CH9	3/27/2009	9.59	0.990035
WFMBS 2007-10 B2	949837CJ5	3/27/2009	4.05	0.992215
WFMBS 2007-10 B3	949837CK2	3/27/2009	1.84	0.993572
WFMBS 2007-13 A1	94985LAA3	4/13/2009	80.01	0.922955
WFMBS 2007-13 A2	94985LAB1	4/13/2009	69.97	0.761702
WFMBS 2007-13 A3	94985LAC9	4/13/2009	85.02	0.761702
WFMBS 2007-13 A4	94985LAD7	4/13/2009	65.91	1.000000
WFMBS 2007-13 A5	94985LAE5	4/13/2009	0.00	0.000000
WFMBS 2007-13 A6	94985LAF2	4/13/2009	65.62	1.000000
WFMBS 2007-13 A7	94985LAG0	4/13/2009	67.75	0.853482
WFMBS 2007-13 A8	94985LAH8	4/13/2009	78.75	0.853482
WFMBS 2007-13 A9	94985LAJ4	4/13/2009	39.75	0.853482
WFMBS 2007-13 A10	94985LAK1	4/13/2009	54.43	1.000000
WFMBS 2007-13 APO	94985LAL9	4/13/2009	65.47	0.889909
WFMBS 2007-AR4 A1	94986CAA2	4/13/2009	52.30	0.818496
WFMBS 2007-AR4 A2	94986CAB0	4/13/2009	27.72	0.818496
WFMBS 2007-AR4 B1	94986CAD6	4/13/2009	15.04	0.998376

Table A

Certificate	CUSIP	Date of First Suit	Value On The Date Of First Suit	Factor on Date Of First Suit
WFMBS 2007-AR4 B2	94986CAE4	4/13/2009	8.28	0.998376
WFMBS 2007-AR4 B3	94986CAF1	4/13/2009	6.23	0.998376
WFALT 2007-PA1 A1	94984TAA7	3/27/2009	41.92	0.833445
WFALT 2007-PA1 A2	94984TAB5	3/27/2009	7.05	0.833445
WFALT 2007-PA1 A3	94984TAC3	3/27/2009	44.26	1.000000
WFALT 2007-PA1 A4	94984TAD1	3/27/2009	54.00	0.800355
WFALT 2007-PA1 A5	94984TAE9	3/27/2009	74.43	0.711224
WFALT 2007-PA1 A6	94984TAF6	3/27/2009	56.96	1.000000
WFALT 2007-PA1 A7	94984TAG4	3/27/2009	34.10	1.000000
WFALT 2007-PA1 A8	94984TAH2	3/27/2009	36.10	0.762140
WFALT 2007-PA1 A9	94984TAJ8	3/27/2009	38.23	0.762140
WFALT 2007-PA1 A10	94984TAK5	3/27/2009	43.13	1.000000
WFALT 2007-PA1 A11	94984TAL3	3/27/2009	46.34	0.833445
WFALT 2007-PA1 A12	94984TAM1	3/27/2009	5.16	0.762140
WFALT 2007-PA1 A13	94984TAN9	3/27/2009	0.07	0.762140
WFALT 2007-PA1 AWIO	94984TAP4	3/27/2009	0.93	0.791626
WFALT 2007-PA1 APO	94984TAQ2	3/27/2009	35.75	0.887963
WFALT 2007-PA1 B1	94984TAS8	3/27/2009	4.99	0.983072
WFALT 2007-PA1 B2	94984TAT6	3/27/2009	2.21	0.987129
WFALT 2007-PA1 B3	94984TAU3	3/27/2009	0.73	0.987811

Supplemental Exhibit 18

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SHAWN SHANAWAZ, Individually and On Behalf of All Others Similarly Situated, Plaintiff, vs. INTELLIPHARMACEUTICS INTERNATIONAL INC., ISA ODIDI and DOMENIC DELLA PENNA, Defendants.	Case No. 1:17-cv-05761 HON. J. PAUL OETKEN **NOTICE OF PENDENCY**

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, MOTION FOR ATTORNEYS' FEES AND SETTLEMENT HEARING

If you purchased or otherwise acquired Intellipharmaceutics International Inc. common stock (trading symbol IPCI) between May 21, 2015 and July 27, 2017, inclusive, you could get a payment from a class action settlement.[1]

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

- The Settlement resolves a federal class action lawsuit alleging that Intellipharmaceutics International Inc. ("Intellipharmaceutics") and certain of its officers and directors violated the Securities Exchange Act of 1934 (the "Exchange Act"), and Rule 10b-5 promulgated thereunder, by making materially false and misleading statements and omissions with regard to Intellipharmaceutics' New Drug Application ("NDA") for Rexista, an abuse-deterrent extended release formulation of oxycodone hydrochloride.
- Defendants (as defined below) deny Plaintiffs' allegations. The parties disagree on, among other things, whether Defendants violated any federal securities laws and whether the alleged violations actually caused any damages to the Class Members.
- The federal court has certified, for settlement purposes only, a class consisting of all Persons or entities who purchased or otherwise acquired Intellipharmaceutics common stock in a Covered Transaction between May 21, 2015 and July 27, 2017, inclusive. Excluded from the Class are Defendants, members of their immediate families, and their legal representatives, heirs, successors, or assigns. "Covered Transaction" means either: (i) a transaction in Intellipharmaceutics common stock listed for trading on the NASDAQ Stock Market; or (ii) a transaction in Intellipharmaceutics common stock to which the United States securities laws apply, including as provided in *Morrison v. National Australia Bank*, 561 U.S. 247 (2010). For the avoidance of any doubt, "Covered Transaction" shall not include any transaction in Intellipharmaceutics common stock listed for trading on the Toronto Stock Exchange (TSX).
- The Settlement will provide a $1,600,000 cash Settlement Fund for the benefit of Class Members who purchased or otherwise acquired Intellipharmaceutics common stock between May 21, 2015 and July 27, 2017, inclusive. The minimum "average recovery per damaged share" of Intellipharmaceutics common stock under the Settlement is $0.08 before deduction of fees and expenses.[2]
- The Court-appointed Lead Plaintiffs are David Ducharme, Sam Snyder and Julia Ann Snyder (collectively, "Lead Plaintiffs"). Additional Plaintiffs are Guy Braverman and Eric Ludwig (collectively, "Plaintiffs"). The defendants are Intellipharmaceutics, Isa Odidi and Domenic Della Penna (the "Individual Defendants") (collectively, "Defendants").
- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

[1] All capitalized terms not otherwise defined in this document shall have the meaning provided in the Stipulation of Settlement, dated November 4, 2019.

[2] In September 2018 there was a 1-for-10 reverse split in Intellipharamaceutics common stock. Values in this document (*e.g.*, artificial inflation per share, share prices, volume, and number of shares, etc.) are unadjusted for this stock split and reflect historical values prior to September 2018. If necessary, the Claims Administrator will adjust Authorized Claimants' submissions to per-split levels.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM BY JANUARY 5, 2021	The only way to get a payment in this Settlement.
EXCLUDE YOURSELF FROM THE LAWSUIT BY SUBMITTING AN OPT-OUT FORM BY NOVEMBER 30, 2020	Get no payment pursuant to this Settlement. This is the **only** option that allows you to be a part of any other lawsuit against the Defendants and their affiliates involving the claims released by this Settlement.
OBJECT BY OCTOBER 16, 2020	Write a letter to the Court objecting to the Settlement. You must still file a claim if you want to receive payment from the Settlement.
ATTEND A TELEPHONIC HEARING ON DECEMBER 4, 2020	Ask to speak in Court about the Settlement.
DO NOTHING	Get no payment from this Settlement. You will also be giving up your rights regarding all claims released by this Settlement and any other lawsuit as to the common stock.

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals by Class Members are resolved.

SUMMARY OF THIS NOTICE

Statement of Class Recovery Under the Settlement

Pursuant to the Settlement described herein, a $1,600,000.00 cash Settlement Fund has been established. Plaintiffs estimate that there were approximately 18.9 million Intellipharmaceutics common stock shares traded during the Class Period that may have been damaged. Plaintiffs estimate that the minimum "average recovery per damaged share" of Intellipharmaceutics common stock under the Settlement is $0.08 before deduction of fees and expenses. A Class Member's actual recovery will be a proportion of the Net Settlement Fund (defined below), determined by that Claimant's recognized loss (*i.e.*, a claim proved by timely submission of a valid Proof of Claim and Release form) as compared to the total recognized losses of all Class Members. This proportional allocation is called "proration." *See* the Plan of Allocation beginning on Page 13 for more information.

Statement of Claims, Issues, Defenses, and Potential Outcome of Case

Plaintiffs allege that Defendants violated Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, by making materially false and misleading statements and omissions with respect to Intellipharmaceutics' NDA for Rexista, an abuse-deterrent extended release formulation of oxycodone hydrochloride.

Defendants moved to dismiss the Complaint, denying all claims and contentions alleged by Plaintiffs in this Action, and maintaining that Plaintiffs did not adequately allege any valid claim under the federal securities laws. Specifically, Defendants argued: (1) that the Complaint did not plausibly allege that any challenged statement was materially false or misleading when made; (2) that the Complaint did not plead facts giving rise to the required "strong inference" of scienter; and (3) that because the Complaint did not sufficiently plead the primary violation, the "control person" claims against the Individual Defendants should be dismissed. Plaintiffs filed their opposition to that motion and Defendants filed a reply. After that motion to dismiss was fully briefed, on December 17, 2018, the Motion to Dismiss was denied in part and granted in part by Judge J. Paul Oetken. On May 13, 2019, the proceedings were stayed in connection with an ongoing private mediation with qualified mediator Michelle Yoshida of Phillips ADR. The Parties came to a settlement agreement on August 9, 2019.

At the time the settlement was reached, Plaintiffs faced the possibility that the Class in this Action would not be certified and that the Action would not survive summary judgment. Had the case gone to trial, Defendants would have asserted a myriad of factual and legal defenses, including that Intellipharmaceutics and the Individual Defendants fully complied with the federal securities laws and did not make any materially untrue or misleading statements or omissions. Defendants would also contest: (1) the measure and amount of recoverable damages, if any; (2) the extent to which the statements that Plaintiffs alleged as materially false or misleading influenced (if at all) the trading prices of Intellipharmaceutics common stock at various times during the relevant time period; and (3) whether Plaintiffs have standing to assert all of the claims in the Complaint.

Furthermore, to the extent Plaintiffs succeeded on any claims, Defendants could take those issues on appeal, which could result in additional years of litigation with no certainty as to outcome for either side. Thus, had this Action continued, Plaintiffs and the proposed Class could face the possibility of obtaining no recovery. This Settlement enables the Class to

recover a percentage of the alleged damages as calculated by Lead Counsel in conjunction with their economic consultant, without incurring any additional risk. As a result, Plaintiffs and Counsel believe this settlement is a fair and reasonable recovery.

The Parties disagree on the amount of damages, if any, which would have been recoverable had Plaintiffs prevailed on all claims in this litigation. Plaintiffs contend that the misrepresentations and omissions alleged in the Complaint were the direct cause of the artificial elevation and eventual decline in the price of Intellipharmaceutics' common stock and caused Plaintiffs and the Class to be damaged. Plaintiffs further contend that the alleged stock decline is fully attributable to the alleged misrepresentations and omissions set forth in the Complaint. Defendants contend that they made no misrepresentations or omissions, but in all events the alleged misrepresentations and/or omissions set forth in the Complaint did not cause a decline in Intellipharmaceutics common stock and, therefore, Plaintiffs and the Class have not been damaged.

Statement of Attorneys' Fees and Costs Sought

Lead Counsel will move the Court to award attorneys' fees in an amount not greater than thirty-three and one-third percent (33 1/3%) of the gross Settlement Fund and reimbursement of expenses incurred in connection with the prosecution of this action not to exceed $110,000.00. The requested fees and expenses would amount to an average of not more than $0.037 per damaged share in total for fees and expenses for Intellipharmaceutics common stock shares. *See* Questions 8-11 below for more information. Class Members are not personally liable for any such fees, expenses, or compensation.

Further Information

Further information regarding the Action and this Notice of Pendency of Class Action and Proposed Settlement, Motion for Attorneys' Fees and Settlement Hearing (the "Notice") may be obtained by contacting Lead Counsel: Lewis S. Kahn, Esq., Kahn Swick & Foti, LLC, 1100 Poydras Street, Suite 3200, New Orleans, Louisiana 70163, Telephone: 504-455-1400.

Reasons for the Settlement

For Plaintiffs, the principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. Plaintiffs further considered, after conducting a substantial investigation into the facts of the case, the risks to proving liability and damages. For Defendants, who deny all allegations of wrongdoing or liability, the principal reason for the Settlement is to eliminate the expense, risks, and uncertain outcome of the litigation.

HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM FORM

1. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim and Release form ("Claim Form"). A Claim Form is being circulated with this Notice. You may also get a Claim Form on the Internet at www.IntellipharmaceuticsSecuritiesLitigation.com. Read the instructions carefully, fill out the Claim Form, include all the documents the form asks for, sign it, and mail it postmarked no later than January 5, 2021.

2. When would I get my payment?

The Court will hold a hearing telephonically on December 4, 2020, at 12:00 p.m. EST , to decide whether to approve the settlement. Interested parties should dial in at (888) 557-8511. The access code is 9300838. If the Court approves the settlement, after that, there may be appeals by Class Members. Resolving appeals can take time, perhaps more than a year. It also takes time for all the Claim Forms to be processed.

3. What am I giving up to get a payment?

Unless you specifically exclude yourself, you will be treated as a member of this class action. This means that upon the Effective Date, you will relinquish all Released Claims against the Released Defendants' Parties. These terms are defined below:

"Released Claims" means all claims (including but not limited to Unknown Claims), demands, losses, rights, and causes of action of any nature whatsoever, that have been or could have been asserted in the Action or could in the future be asserted in any forum, whether foreign or domestic, by Plaintiffs, any member of the Class, or their successors, assigns, executors, administrators, representatives, attorneys and agents, whether brought directly, indirectly, or derivatively against any of the Released Defendants' Parties, which arise out of, are based on, or relate in any way to, directly or indirectly, any of the allegations, acts, transactions, facts, events, matters, occurrences, representations or omissions involved, set forth, alleged or referred to in the Action, or which could have been alleged in the Action, and which arise out of, are based upon, or relate in any way, directly or indirectly, to the purchase, acquisition, transfer, holding, ownership, disposition or sale of Intellipharmaceutics common stock, by any members of the Class during the Class Period, and/or any disclosures, public filings, registration statements, or other statements by Intellipharmaceutics or any Defendant based upon or arising out of

any facts, matters, allegations, transactions, events, disclosures, statements, acts or omissions that were asserted or could have been asserted in this Action or in any other action or forum, whether arising under federal, state, common or foreign law. For the avoidance of doubt, "Released Claims" does not include claims to enforce the Settlement.

"Released Defendants' Parties" means each and all of the Defendants, each of their respective family members (for individuals) and past, present and future direct and indirect parent entities, subsidiaries, related entities and affiliates, and, as applicable, their respective past and present general partners, limited partners, principals, shareholders, investors (however denominated), joint ventures, members, officers, directors, managers, managing directors, supervisors, employees, contractors, consultants, auditors, accountants, financial advisors, professional advisors, investment bankers, representatives, insurers, trustees, trustors, agents, attorneys, professionals, predecessors, successors, assigns, heirs, executors, administrators, and any controlling person thereof.

"Released Plaintiffs' Parties" means each and all of the plaintiffs, consisting of Plaintiffs and members of the Class, and, as applicable, their respective family members, and their respective past, present and future general partners, limited partners, principals, shareholders, investors (however denominated), joint ventures, members, officers, directors, managers, managing directors, supervisors, employees, contractors, consultants, auditors, accountants, financial advisors, professional advisors, investment bankers, representatives, insurers, trustees, trustors, agents, attorneys, professionals, predecessors, successors, assigns, heirs, executors, administrators, and any controlling person thereof.

The "Effective Date" will occur when an order entered by the Court approving the settlement becomes final and not subject to appeal.

If you remain a Member of the Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue the Defendants and the other Released Defendants' Parties in some other lawsuit as to the Released Claims in this lawsuit, then you must take steps to remove yourself from this lawsuit. This is called excluding yourself from or "opting out" of the Class. If more than a certain percentage of Class Members opt out or exclude themselves from the Class, Defendants may withdraw from and terminate the Settlement.

4. How do I exclude myself from the proposed settlement?

To exclude yourself from the Class, you must send a signed letter by mail stating that you "request exclusion from the Class in *Shanawaz v. Intellipharmaceutics International Inc. et al.*, Civil Action No. 17-CV-05761-JPO." Your letter should state the date(s), price(s), and number of shares of all your purchases and sales of Intellipharmaceutics common stock in Covered Transactions during the Class Period. In addition, be sure to include your name, address, telephone number, and signature. You must mail your exclusion request postmarked no later than November 30, 2020 to:

Intellipharmaceutics Securities Litigation
c/o Rust Consulting, Inc. - 7053
P.O. Box 44
Minneapolis, MN 55440-0044
(by regular mail)

Intellipharmaceutics Securities Litigation
c/o Rust Consulting, Inc. - 7053
625 Marquette Ave., Suite 900
Minneapolis, MN 55402
(by express delivery service)

You cannot exclude yourself by telephone or by email. If you ask to be excluded, you will not get any settlement payment and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) the Defendants and the other Released Defendants' Parties in the future. If you exclude yourself, do not send in a Claim Form to ask for any money.

5. If I do not exclude myself from the Settlement, can I sue the Defendants and the other Released Defendants' Parties later for the same alleged conduct?

No. Unless you exclude yourself, you give up any rights to sue the Defendants and the other Released Defendants' Parties for any and all Released Claims. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is November 30, 2020.

6. If I exclude myself from the settlement, can I get money from the proposed settlement?

No, but you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against the Defendants and the other Released Defendants' Parties.

IF YOU DO NOTHING

7. What happens if I do nothing at all?

The judgment of the Court will be binding upon you if you do nothing. You will get no money from this Settlement and you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Defendants and the other Released Defendants' Parties about the Released Claims in this case, ever again. To share in the Net Settlement Fund, you must submit a Claim Form (*see* Question 1). To start, continue, or be a part of any other lawsuit against the Defendants and the other Released Defendants' Parties about the Released Claims in this case, you must exclude yourself from this Class (*see* Question 4).

THE LAWYERS REPRESENTING CLASS MEMBERS

8. Do I have a lawyer in this case?

The Court ordered that the law firm of Kahn Swick & Foti, LLC represent all Class Members. This firm is called Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Counsel's fees and expenses, which will be paid from the gross Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

9. How will Lead Counsel be paid?

Lead Counsel will move the Court to award plaintiff's counsel's attorneys' fees from the gross Settlement Fund in a total amount not greater than thirty-three and one-third percent (33 1/3%) of the gross Settlement Fund and reimbursement of their expenses in an amount no greater than $110,000.00, plus interest on such expenses may be sought.

10. How will the notice costs and expenses be paid?

Lead Counsel is authorized by the Stipulation to pay the Claims Administrator's fees and expenses incurred in connection with giving notice, administering the settlement, and distributing the settlement proceeds to the members of the Class. The Claims Administrator's fees and expenses will be paid out of the gross Settlement Fund and are estimated to be $115,000.00. The Claims Administrator was selected through a competitive bidding process and multiple bids were reviewed and considered.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

11. How do I object to the Settlement?

If you are a Class Member, you can object to the Settlement or any of its terms, the proposed Plan of Allocation, and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection(s). You should state reasons why you think the Court should not approve any or all of the settlement terms or arrangements.

You must object in writing by sending a signed letter stating that you object to the proposed settlement in *Shanawaz v. Intellipharmaceutics International Inc. et al.*, Civil Action No. 17-CV-05761-JPO. Your objection must include a cover page identifying this case name and number and naming the telephonic hearing date of December 4, 2020, at 12:00 p.m. EST. Be sure to include your name, address, telephone number, and signature; identify the date(s), price(s), and number of shares of all purchases and sales of Intellipharmaceutics common stock you made during the Class Period, and state the reasons why you object to the settlement. Your objection must be postmarked on or before to the Court; Kahn Swick & Foti, LLC, on behalf of the Plaintiffs; and Counsel for the Defendants at the following addresses:

COURT:

Clerk of the Court
Daniel Patrick Moynihan
United States Courthouse
500 Pearl Street
New York, NY 10007

FOR LEAD PLAINTIFFS:

Lewis S. Kahn
Kahn Swick & Foti, LLC
1100 Poydras Street, Suite 3200
New Orleans, LA 70163

Lead Counsel for Lead Plaintiffs and the Class

FOR DEFENDANTS:

John J. Clarke, Jr.
DLA Piper LLP (US)
1251 Avenue of the Americas
New York, NY 10020

Counsel for Defendants Intellipharmaceutics, Isa Odidi and Domenic Della Penna

You do not need to call in to the Settlement Hearing to have your written objection considered by the Court.

At the Settlement Hearing, any Class Member who has not previously submitted a request for exclusion from the Class may call in and be heard, to the extent allowed by the Court, to state any objection to the settlement, the Plan of Allocation, or Lead Counsel's motion for an award of attorneys' fees and reimbursement of expenses. Any such objector may arrange, at that objector's expense, for a lawyer to represent the objector at the Settlement Hearing. If you or your representative intend to call in but have not submitted a written objection postmarked by October 16, 2020, it is recommended that you give advance notice to Lead Counsel for the Class and/or counsel for Defendants of your intention to attend the hearing in order to object and the basis for your objection. You may contact them at the addresses provided above.

12. What is the difference between objecting to the Settlement and excluding myself from the Settlement?

Objecting is simply telling the Court that you do not like something about the proposed settlement. You can object only if you remain in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing telephonically to decide whether to approve the proposed settlement. You may call in and you may ask to speak, but you do not have to.

13. When and where will the Court decide whether to approve the proposed settlement?

The Court will hold a Settlement Hearing telephonically on December 4, 2020 at12:00 p.m. EST. Interested parties should dial in at (888) 557-8511. The access code is 9300838. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. At the Settlement Hearing, the Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections mailed in accordance with the instructions in the answer to Question 11. The Court also will listen to people who seek to speak at the hearing, but decisions regarding the conduct of the hearing will be made by the Court. *See* Question 11 for more information about speaking at the hearing. The Court will also decide how much to pay to Lead Counsel. After the hearing, the Court will decide whether to approve the settlement. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Settlement Hearing. Thus, if you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

GETTING MORE INFORMATION

14. Are there more details about the proposed settlement?

This Notice summarizes the proposed settlement. More details are contained in a Stipulation and Agreement of Settlement with Defendants dated November 4, 2019 (the "Stipulation"). You can get a copy of the Stipulation by writing to Lead Counsel at their address above.

You also can call the Claims Administrator toll-free at 1-866-645-4810; write to the Claims Administrator at Intellipharmaceutics Securities Litigation, c/o Rust Consulting, Inc. - 7053, P.O. Box 44, Minneapolis, MN 55440-0044; or visit the website at www.IntellipharmaceuticsSecuritiesLitigation.com, where you will find a Claim Form, answers to common questions about the Settlement, and other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

15. How do I get more information?

For more detailed information concerning the matters involved in this Action, you can inspect the pleadings, the Stipulation, the Orders entered by the Court, and the other papers filed in the Action at the office of the Clerk of Daniel Patrick Moynihan United States Courthouse, 500 Pearl St., Courtroom 706, New York, NY 10007, during regular business hours. You may also contact Lead Counsel.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

This Plan of Allocation has been prepared by Plaintiffs and Lead Counsel with the assistance of their economics consultant. Defendants do not agree with the characterization that any damages were suffered by any Members of the Class.

The $1,600,000 cash Settlement Amount, together with any amounts paid in accordance with the Contribution Agreement, and the interest earned thereon, shall be the gross Settlement Fund. The gross Settlement Fund, less all taxes and approved costs, fees, and expenses (the "Net Settlement Fund") shall be distributed to Members of the Class who submit acceptable Claim Forms ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's recognized loss. The recognized loss formula is not intended to be an estimate of the amount a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the settlement. The recognized loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The following proposed Plan of Allocation reflects the allegations in the Class Action Complaint for Violation of Securities Laws (the "Complaint") that Defendants made materially untrue and misleading statements and omissions with respect to Intellipharmaceutics' NDA for Rexista, an abuse-deterrent, extended-release formulation of oxycodone hydrochloride. The Complaint alleges that these misrepresentations resulted in the artificial inflation of the prices of the Company's common stock during the Class Period from May 21, 2015 to July 27, 2017, inclusive. Defendants deny that they did anything wrong.

Each Authorized Claimant shall be paid based on the percentage of the Net Settlement Fund that each Authorized Claimant's recognized loss bears to the total of the recognized losses of all Authorized Claimants (the "Pro Rata Share").

Shares eligible for recognizable losses are those shares of Intellipharmaceutics' common stock purchased or otherwise acquired in Covered Transactions from May 21, 2015 to July 27, 2017, inclusive.

"Covered Transaction" means either: (i) a transaction in Intellipharmaceutics common stock listed for trading on the NASDAQ Stock Market; or (ii) a transaction in Intellipharmaceutics common stock to which the United States securities laws apply, including as provided in *Morrison v. National Australia Bank*, 561 U.S. 247 (2010). For the avoidance of any doubt, "Covered Transaction" shall not include any transaction in Intellipharmaceutics common stock listed for trading on the Toronto Stock Exchange (TSX).

INTELLIPHARMACEUTICS PLAN OF ALLOCATION

1. The objective of the Plan of Allocation is to equitably distribute the Settlement proceeds to those Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws as opposed to losses caused by market or industry factors or company-specific factors unrelated to the alleged violations of law. The Plan of Allocation reflects Plaintiffs' damages expert's analysis undertaken to that end, including a review of publicly available information regarding Intellipharmaceutics and statistical analysis of the price movements of Intellipharmaceutics common stock and the price performance of relevant market and peer indices during the Class Period. The Plan of Allocation, however, is not a formal damages analysis.

2. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

3. The Plan of Allocation generally measures the amount of loss that a Class Member can claim for purposes of making *pro rata* allocations of the cash in the Net Settlement Fund to Authorized Claimants. For losses to be compensable damages under the federal securities laws, the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of the security. In this case, Plaintiffs allege that Defendants made false statements and omitted material facts from May 21, 2015 through July 27, 2017 that inflated the price of Intellipharmaceutics Securities. It is alleged that an FDA disclosure denying Intellipharmaceutics' NDA for Rexista on July 27, 2017 impacted the market price of Intellipharmaceutics Securities and removed the alleged artificial inflation from the stock price.

4. In addition, the Plan of Allocation takes into account the fact that the Court's December 17, 2018 Order dismissed all claims related to allegedly false and misleading statements made between May 21, 2015 and November 24, 2016, inclusive. Because of the dismissal of these claims, it is far less likely that Plaintiffs could prevail on those claims. Accordingly, Recognized Losses resulting from purchases/acquisitions during this time period calculated pursuant to paragraph 6 below shall be discounted by fifty percent (50%) to reflect the increased litigation risk on the dismissed claims.

CALCULATION OF RECOGNIZED LOSS

5. A Recognized Loss Amount will be calculated for each Intellipharmaceutics common stock purchased or acquired in a Covered Transaction during the Class Period from May 21, 2015 (inclusive) through July 27, 2017 (prior the opening of the market).[3] If the calculation of a Recognized Loss Amount for any particular share purchased or acquired during the Class Period results in a negative number, that number shall be set to zero.

6. For each Intellipharmaceutics common stock share purchased or acquired in a Covered Transaction during the Class Period, and

(i) Sold before the market opened on July 24, 2017, the Recognized Loss Amount for each share shall be zero;

(ii) sold after the market opened on July 24, 2017, and before July 27, 2017, the Recognized Loss Amount for each share is ***the least of***; (i) the dollar artificial inflation applicable to each such share on the date of purchase/acquisition as set forth in Table 1 below minus the dollar artificial inflation applicable to each such share on the date of sale as set forth in Table 1 below; or (ii) the purchase/acquisition price minus the sale price.;

(iii) sold after the market opened for trading on July 27, 2017, through the close of market trading on October 24, 2017, the Recognized Loss Amount for each share is ***the least of*** (i) the dollar artificial inflation applicable to each such share on the date of purchase/acquisition as set forth in Table 1 below; (ii) the purchase/acquisition price minus the sale price; or (iii) the purchase/acquisition price **minus** the average closing price of Intellipharmaceutics common stock between July 27, 2017 and the date of sale, as shown in Column [3] of Table21 attached to this Notice;

(iv) held as of the close of market trading on October 24, 2017, the Recognized Loss Amount for each share is ***the lesser of*** (i) the dollar artificial inflation applicable to each such share on the date of purchase/acquisition as set forth in Table 1 below; or (ii) the purchase/acquisition price **minus** $1.03, the average closing price of Intellipharmaceutics between July 27, 2017, and October 24, 2017, as shown on the last line of Column [3] of Table 2 attached to this Notice.

ADDITIONAL PROVISIONS

7. If a Class Member has more than one purchase/acquisition or sale of Intellipharmaceutics common stock in Covered Transactions during the Class Period, all purchases/acquisitions and sales of like securities shall be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

8. Purchases or acquisitions and sales of Intellipharmaceutics Securities in Covered Transactions shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, inheritance or operation of law of Intellipharmaceutics Securities during the Class Period shall not be deemed a purchase, acquisition or sale of these shares of Intellipharmaceutics Securities for the calculation of an Authorized Claimant's Recognized Claim nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such shares of Intellipharmaceutics Securities unless (i) the donor or decedent purchased or otherwise acquired such shares of Intellipharmaceutics Securities during the Class Period; (ii) no Claim Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of Intellipharmaceutics Securities; and (iii) it is specifically so provided in the instrument of gift or assignment.

9. The date of covering a "short sale" is deemed to be the date of purchase or acquisition of the Intellipharmaceutics shares. The date of a "short sale" is deemed to be the date of sale of Intellipharmaceutics Securities. In accordance with the Plan of Allocation, however, the Recognized Loss Amount on "short sales" is zero. In the event that a Claimant has an opening short position in Intellipharmaceutics Securities, the earliest Class Period purchases or acquisitions shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

10. The sum of a Claimant's Recognized Loss Amounts will be the Claimant's "Recognized Claim."

11. With respect to all shares of Intellipharmaceutics Securities purchased or acquired by a Claimant in Covered Transactions during the Class Period, the Claims Administrator will determine if the Claimant had a market gain or loss with respect to his, her or its overall transactions during the Class Period in those shares. For purposes of making this calculation, the Claims Administrator shall determine the difference between (i) the Total Purchase Amount[4] and (ii) the sum of the Sales

[3] The Recognized Loss Amount for each Intellipharmaceutics common stock share purchased on July 27, 2017 shall be zero.

[4] The "Total Purchase Amount" is the total amount the Claimant paid (excluding all fees, taxes and commissions) for Intellipharmaceutics Securities purchased or acquired in a Covered Transaction during the Class Period.

Proceeds[5] and the Holding Value.[6] This difference will be deemed a Claimant's market gain or loss with respect to his, her or its overall transactions in Intellipharmaceutics Securities. If a Claimant has a market gain, the value of that Claimant's Recognized Claim, and thus that Claimant's actual recovery, will be zero. If the Claimant has a Recognized Claim ***and*** a market loss, the value of the Claimant's Recognized Claim will be the lesser of the two.

12. An Authorized Claimant's Recognized Claim shall be the amount used to calculate the Authorized Claimant's *pro rata* share of the Net Settlement Fund. If the sum total of Recognized Claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant's Recognized Claim divided by the total of Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

13. If the Net Settlement Fund exceeds the sum total amount of the Recognized Claims of all Authorized Claimants entitled to receive payment out of the Net Settlement Fund, the excess amount in the Net Settlement Fund shall be distributed *pro rata* to all Authorized Claimants entitled to receive payment.

14. The Net Settlement Fund will be allocated among all Authorized Claimants whose prorated payment is $10.00 or greater. If the prorated payment to any Authorized Claimant calculates to less than $10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

TABLE 1

Intellipharmaceutics Common Share Artificial Inflation

Transaction Date	Artificial Inflation Per Share
May 21, 2015 - July 23, 2017	$1.38
July 24, 2017 – July 26, 2017	$1.11

TABLE 2

Intellipharmaceutics Common Share Price and Average 90-Day Look-Back Price
July 27, 2017 – October 24, 2017

Date	IPCI Common Stock Closing Price	IPCI Common Stock Average Closing Price Between July 27, 2017 and Date Shown Closing Price
July 27, 2017	$1.36	$1.36
July 28, 2017	$1.41	$1.39
July 31, 2017	$1.27	$1.35
August 1, 2017	$1.22	$1.32
August 2, 2017	$1.25	$1.30
August 3, 2017	$1.23	$1.29
August 4, 2017	$1.17	$1.27
August 7, 2017	$1.26	$1.27
August 8, 2017	$1.14	$1.26
August 9, 2017	$1.00	$1.23
August 10, 2017	$0.92	$1.20
August 11, 2017	$0.86	$1.17
August 14, 2017	$0.85	$1.15

[5] The Claims Administrator shall match any sales of Intellipharmaceutics Securities during the Class Period first against the Claimant's opening position in Intellipharmaceutics Securities (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received for sales of the remaining Intellipharmaceutics Securities sold during the Class Period is the "Sales Proceeds."

[6] For each common stock share purchased or acquired in a Covered Transaction during the Class Period that was still held as of the close of trading on October 24, 2017, the Claims Administrator shall ascribe a "Holding Value" of $1.03.

Date	IPCI Common Stock Closing Price	IPCI Common Stock Average Closing Price Between July 27, 2017 and Date Shown Closing Price
August 15, 2017	$1.09	$1.15
August 16, 2017	$0.96	$1.13
August 17, 2017	$0.97	$1.12
August 18, 2017	$0.95	$1.11
August 21, 2017	$0.93	$1.10
August 22, 2017	$0.89	$1.09
August 23, 2017	$0.94	$1.08
August 24, 2017	$0.93	$1.08
August 25, 2017	$1.00	$1.07
August 28, 2017	$0.97	$1.07
August 29, 2017	$0.95	$1.06
August 30, 2017	$0.93	$1.06
August 31, 2017	$0.95	$1.05
September 1, 2017	$0.97	$1.05
September 5, 2017	$0.97	$1.05
September 6, 2017	$0.93	$1.04
September 7, 2017	$0.99	$1.04
September 8, 2017	$1.03	$1.04
September 11, 2017	$1.03	$1.04
September 12, 2017	$0.98	$1.04
September 13, 2017	$0.98	$1.04
September 14, 2017	$1.00	$1.04
September 15, 2017	$0.98	$1.04
September 18, 2017	$0.92	$1.03
September 19, 2017	$0.92	$1.03
September 20, 2017	$0.92	$1.03
September 21, 2017	$0.90	$1.02
September 22, 2017	$0.85	$1.02
September 25, 2017	$1.01	$1.02
September 26, 2017	$1.04	$1.02
September 27, 2017	$1.11	$1.02
September 28, 2017	$1.07	$1.02
September 29, 2017	$0.99	$1.02
October 2, 2017	$1.02	$1.02
October 3, 2017	$1.03	$1.02
October 4, 2017	$1.09	$1.02
October 5, 2017	$1.11	$1.02
October 6, 2017	$1.11	$1.03
October 9, 2017	$1.13	$1.03
October 10, 2017	$1.15	$1.03
October 11, 2017	$1.08	$1.03
October 12, 2017	$1.07	$1.03

Date	IPCI Common Stock Closing Price	IPCI Common Stock Average Closing Price Between July 27, 2017 and Date Shown Closing Price
October 13, 2017	$1.06	$1.03
October 16, 2017	$1.03	$1.03
October 17, 2017	$0.99	$1.03
October 18, 2017	$0.98	$1.03
October 19, 2017	$1.00	$1.03
October 20, 2017	$1.00	$1.03
October 23, 2017	$0.98	$1.03
October 24, 2017	$0.98	$1.03

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased common stock of Intellipharmaceutics in a Covered Transaction from May 21, 2015 to July 27, 2017, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that WITHIN TEN DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased Intellipharmaceutics common stock during such time period or (b) request additional copies of this Notice and the Claim Form, which will be provided to you free of charge, and within ten days mail the Notice and Claim Form directly to the beneficial owners of that Intellipharmaceutics common stock. If you choose to follow alternative procedure (b), the Court has directed that upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Intellipharmaceutics Securities Litigation
c/o Rust Consulting, Inc. - 7053
P.O. Box 44
Minneapolis, MN 55440-0044
(by regular mail)

Intellipharmaceutics Securities Litigation
c/o Rust Consulting, Inc. - 7053
625 Marquette Ave., Suite 900
Minneapolis, MN 55402
(by express delivery service)

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

DATED: 08/13/2020

THE HONORABLE J. PAUL OETKEN
UNITED STATES DISTRICT JUDGE
SOUTHERN DISTRICT OF NEW YORK