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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

Richard Di Donato, Individually and On  
Behalf of all Others Similarly Situated,  
  
Plaintiff,  
  
v.  
  
Insys Therapeutics, Inc.; et al.,  
  
Defendants.

No. CV-16-00302-PHX-NVW

**ORDER PRELIMINARILY  
APPROVING SETTLEMENT WITH  
DEFENDANT JOHN N. KAPOOR  
AND PROVIDING FOR NOTICE**

Before the Court is Class Representative’s Motion for an Order Preliminarily Approving Settlement with Defendant John N. Kapoor and Providing Notice (Doc. 371). Good cause appearing,

IT IS HEREBY ORDERED granting Class Representative’s Motion for an Order Preliminarily Approving Settlement with Defendant John N. Kapoor and Providing Notice (Doc. 371).

WHEREAS, an action is pending in this Court entitled *Di Donato v. Insys Therapeutics, Inc., et al.*, No. 16-cv-00302-NVW (the “Action”);

WHEREAS, by Order dated September 20, 2019 (Doc. 271), this Court certified the Action to proceed as a class action on behalf of all persons and entities who purchased or otherwise acquired Insys Therapeutics, Inc. (“Insys”) common stock during the period

1 from March 3, 2015, through January 25, 2016 (the “Class Period”), and were damaged  
2 thereby (the “Class”);<sup>1</sup>

3 WHEREAS, pursuant to the Court’s Order dated March 20, 2020 (Doc. 331), notice  
4 was disseminated to potential members of the Class to notify them of, among other things:  
5 (i) the pendency of the Action against defendants Michael L. Babich, Darryl S. Baker, and  
6 John N. Kapoor (collectively, “Defendants”); (ii) the Court’s certification of the Action to  
7 proceed against Defendants as a class action on behalf of the Class;  
8 (iii) the right of Class Members to request to be excluded from the Class, the effect of  
9 remaining in the Class or requesting exclusion, and the requirements for requesting  
10 exclusion;<sup>2</sup> (iv) the then-pending motion to voluntarily dismiss Insys from the Action with  
11 prejudice (“Insys Dismissal Motion”) given the Company’s bankruptcy and the Class’s  
12 inability to pursue claims against Insys in the Action; and (v) the right of Class Members  
13 to object to the Insys Dismissal Motion (“Class Notice”);<sup>3</sup>

14 WHEREAS, Court-appointed Lead Plaintiff and Class Representative Clark Miller  
15 (“Class Representative”), on behalf of himself and the other members of the Court-certified  
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17 <sup>1</sup> Excluded from the Class are: (i) Defendants; (ii) present and former directors or  
18 executive officers of Insys and members of their immediate families (as defined in  
19 17 C.F.R. § 229.404, Instructions (1)(a)(iii) and (1)(b)(ii)); (iii) any of the foregoing  
20 individuals’ or entities’ legal representatives, heirs, successors, or assigns; and (iv) any  
21 entity in which any Defendant has or had a controlling interest, or which is related to or  
22 affiliated with, any Defendant. The Court did not certify the Action against Insys, as claims  
23 against Insys are subject to a mandatory and automatic stay of litigation pursuant to 11  
24 U.S.C. § 362 of the United States Code due to its bankruptcy filing.

25 <sup>2</sup> Pursuant to the Court’s Order Preliminarily Approving Settlement with Defendant  
26 Darryl S. Baker and Providing for Notice dated June 5, 2020 (Doc. 347), because Class  
27 Members had the opportunity to exclude themselves in connection with Class Notice, the  
28 Court exercised its discretion not to permit Class Members a second opportunity to exclude  
themselves from the Class in connection with the settlement proceedings, which became  
the law of this case, thereby precluding Class Members from excluding themselves from  
all subsequent settlements.

<sup>3</sup> By Order dated May 15, 2020 (Doc. 338), Insys was dismissed from the Action with  
prejudice.

1 Class, and John N. Kapoor (the “Settling Defendant” or “Defendant Kapoor” and, together  
2 with Class Representative, the “Settling Parties”) have determined to settle all claims  
3 asserted against Defendant Kapoor in the Action with prejudice on the terms and conditions  
4 set forth in the Stipulation and Agreement of Settlement Between Lead Plaintiff and  
5 Defendant John N. Kapoor dated July 1, 2020 (the “Stipulation”), subject to the approval  
6 of this Court (the “Settlement”);

7 WHEREAS, this Settlement does not resolve the claims asserted in the Action  
8 against Michael L. Babich and Darryl S. Baker (together, the “Non-Settling Defendants”);<sup>4</sup>

9 WHEREAS, Class Representative has made a motion, pursuant to Rule 23(e)(1) of  
10 the Federal Rules of Civil Procedure, for an order preliminarily approving the Settlement  
11 of the Action with Defendant Kapoor in accordance with the Stipulation and authorizing  
12 notice of the Settlement to Class Members as more fully described herein;

13 WHEREAS, the Court has read and considered: (i) Class Representative’s motion  
14 for preliminary approval of the Settlement with Defendant Kapoor and authorization to  
15 disseminate notice of the Settlement to the Class, and the papers filed and arguments made  
16 in connection therewith; and (ii) the Stipulation and the exhibits attached thereto; and

17 WHEREAS, unless otherwise defined in this Order, the capitalized terms herein  
18 shall have the same meanings as they have in the Stipulation;

19 NOW THEREFORE, IT IS HEREBY ORDERED:  
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21 1. **Preliminary Approval of the Settlement** – The Court hereby preliminarily  
22 approves the Settlement of the Action with Defendant Kapoor, as embodied in the  
23 Stipulation, and finds, pursuant to Rule 23(e)(1)(B)(i) of the Federal Rules of Civil  
24 Procedure, that it will likely be able to finally approve the Settlement under Rule 23(e)(2)

25 \_\_\_\_\_  
26 <sup>4</sup> While defendant Darryl S. Baker is among the defendants identified in this  
27 Settlement as a Non-Settling Defendant, there is a separate settlement pending before this  
28 Court with respect to Mr. Baker that received preliminary approval from this Court on June  
5, 2020 (Doc. 347) (the “Baker Settlement”).

1 as being fair, reasonable, and adequate to the Class, subject to further consideration at the  
2 Settlement Fairness Hearing to be conducted as described below.

3 2. **Settlement Fairness Hearing** – The Court will hold a settlement hearing  
4 (the “Settlement Fairness Hearing”) on **October 15, 2020 at 9:30 a.m.** at the Sandra Day  
5 O’Connor United States Courthouse, 401 W. Washington St., Phoenix, AZ 85003,  
6 Courtroom 401, for the following purposes: (a) to determine whether the proposed  
7 Settlement of the Action with Defendant Kapoor on the terms and conditions provided for  
8 in the Stipulation is fair, reasonable, and adequate to the Class, and should be finally  
9 approved by the Court; (b) to determine whether a Judgment substantially in the form  
10 attached as Exhibit B to the Stipulation should be entered dismissing the Action with  
11 prejudice against Defendant Kapoor; (c) to determine whether the proposed Plan of  
12 Allocation for the proceeds of the Settlement is fair and reasonable and should be approved;  
13 (d) to determine whether the motion by Class Counsel for an award of attorneys’ fees and  
14 Litigation Expenses should be approved; and (e) to consider any other matters that may  
15 properly be brought before the Court in connection with the Settlement. Notice of the  
16 Settlement and the Settlement Fairness Hearing shall be given to Class Members as set  
17 forth in ¶ 4 of this Order.

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19 3. The Court may adjourn the Settlement Fairness Hearing or decide to hold the  
20 Settlement Fairness Hearing telephonically without further notice to the Class, and may  
21 approve the proposed Settlement with such modifications as the Settling Parties may agree  
22 to, if appropriate, without further notice to the Class. The Court may also combine the  
23 Settlement Fairness Hearing with the final hearing for any other settlement(s) entered into  
24 under this same caption, including without limitation, the Baker Settlement.

25 4. **Retention of Claims Administrator and Manner of Giving Notice** – Class  
26 Counsel is hereby authorized to retain A.B. Data, Ltd. (“Claims Administrator” or “A.B.  
27 Data”), the administrator previously approved by the Court to administer the dissemination  
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1 of Class Notice and the Court-authorized claims administrator for the Baker Settlement, to  
2 supervise and administer the notice procedure in connection with the proposed Settlement  
3 with Defendant Kapoor as well as the processing of Claims as more fully set forth below.  
4 Notice of the Settlement and the Settlement Fairness Hearing shall be given by Class  
5 Counsel as follows:

6 (a) not later than ten (10) ten calendar days after the date of entry  
7 of this Order (“Notice Date”), the Claims Administrator shall cause a copy of the Postcard  
8 Settlement Notice, substantially in the form attached hereto as Attachment 1, to be mailed  
9 by first-class mail, or emailed, to potential Class Members who were previously mailed, or  
10 emailed, notice in connection with Class Notice and/or the Baker Settlement and any other  
11 potential Class Member who otherwise may be identified, and shall cause a copy of the  
12 Settlement Notice and Claim Form, substantially in the forms attached hereto as  
13 Attachments 2 and 4, respectively, to be mailed to the brokers and other nominees (the  
14 “Nominees”) contained in the Claims Administrator’s Nominee database;

15 (b) contemporaneously with the mailing of the Postcard  
16 Settlement Notice, the Claims Administrator shall cause a copy of the Settlement Notice  
17 and Claim Form to be posted on the website [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com), from  
18 which copies of the Settlement Notice and Claim Form can be downloaded;

19 (c) not later than ten (10) calendar days after the Notice Date, the  
20 Claims Administrator shall cause the Summary Settlement Notice, substantially in the form  
21 attached hereto as Attachment 3, to be published once in *Investor’s Business Daily* and to  
22 be transmitted once over *PR Newswire*; and

23 (d) not later than seven (7) calendar days prior to the Settlement  
24 Fairness Hearing, Class Counsel shall serve on Defendant Kapoor’s Counsel and file with  
25 the Court proof, by affidavit or declaration, of such mailing, posting, and publication.  
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1           5.       **Approval of Form and Content of Notice** – The Court (a) approves, as to  
2 form and content, the Postcard Settlement Notice, the Settlement Notice, the Summary  
3 Settlement Notice, and the Claim Form, attached hereto as Attachments 1, 2, 3, and 4  
4 respectively, and (b) finds that the mailing and distribution of the Postcard Settlement  
5 Notice, the posting of the Settlement Notice and Claim Form on the Website, and the  
6 publication of the Summary Settlement Notice in the manner and forms set forth in ¶ 4 of  
7 this Order (i) is the best notice practicable under the circumstances; (ii) constitutes notice  
8 that is reasonably calculated, under the circumstances, to apprise Class Members of the  
9 effect of the proposed Settlement with Defendant Kapoor (including the Releases to be  
10 provided thereunder), of Class Counsel’s motion for an award of attorneys’ fees and  
11 Litigation Expenses, of their right to object to the Settlement, the Plan of Allocation, and/or  
12 Class Counsel’s motion for an award of attorneys’ fees and Litigation Expenses, and of  
13 their right to appear at the Settlement Fairness Hearing; (iii) constitutes due, adequate, and  
14 sufficient notice to all persons and entities entitled to receive notice of the proposed  
15 Settlement; and (iv) satisfies the requirements of Rule 23 of the Federal Rules of Civil  
16 Procedure, the United States Constitution (including the Due Process Clause), the Private  
17 Securities Litigation Reform Act of 1995, 15 U.S.C. §§ 77z-1, 78u-4, as amended, and all  
18 other applicable law and rules. The date and time of the Settlement Fairness Hearing shall  
19 be included in the Postcard Settlement Notice, the Settlement Notice, and the Summary  
20 Settlement Notice before they are mailed (and/or emailed), posted, and published,  
21 respectively.  
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23           6.       **Nominee Procedures** – In connection with the previously disseminated  
24 Class Notice, Nominees were advised that, if they purchased or otherwise acquired Insys  
25 common stock during the period from March 3, 2015, through January 25, 2016, for the  
26 beneficial interest of any person or entity other than themselves, they must either:  
27 (i) within seven (7) calendar days of receipt of the Notice of Pendency of Class Action,  
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1 request from A.B. Data sufficient copies of the postcard Class Notice to forward to all such  
2 beneficial owners and within seven (7) calendar days of receipt of those postcard Class  
3 Notices forward them to all such beneficial owners; or (ii) within seven (7) calendar days  
4 of receipt of the Notice of Pendency of Class Notice, provide a list of the names and  
5 addresses of all such beneficial owners to A.B. Data.

6 (a) For Nominees who chose the first option (i.e., elected to mail  
7 the postcard Class Notice directly to beneficial owners), A.B. Data shall forward the same  
8 number of Postcard Settlement Notices to such Nominees (unless that number was updated  
9 in connection with the Baker Settlement and in that case A.B. Data shall forward the  
10 updated number of Postcard Settlement Notices), and the Nominees shall, within seven (7)  
11 calendar days of receipt of the Postcard Settlement Notices, mail the Postcard Settlement  
12 Notices to their beneficial owners;

13 (b) For Nominees who chose the second option (i.e., provided a  
14 list of names and addresses of beneficial owners to A.B. Data), A.B. Data shall promptly  
15 mail a Postcard Settlement Notice to each of the beneficial owners whose names and  
16 addresses the Nominee previously supplied in connection with Class Notice and/or the  
17 Baker Settlement. Unless the Nominee purchased or otherwise acquired Insys common  
18 stock during the Class Period for beneficial owners whose names and addresses were not  
19 previously provided to A.B. Data, or the Nominee is aware of name and address changes  
20 for these beneficial owners, **these Nominees need not take any further action;**

21 (c) For Nominees who purchased or otherwise acquired Insys  
22 common stock during the Class Period for beneficial owners whose names and addresses  
23 were not previously provided to A.B. Data or if a Nominee is aware of name and address  
24 changes for beneficial owners whose names and addresses were previously provided to  
25 A.B. Data, such Nominees shall within seven (7) calendar days of receipt of the Settlement  
26 Notice, provide a list of the names and addresses of all such beneficial owners to A.B. Data,  
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1 or shall request from A.B. Data sufficient copies of the Postcard Settlement Notice to  
2 forward to all such beneficial owners which the Nominee shall, within seven (7) calendar  
3 days of receipt of the Postcard Settlement Notices from A.B. Data, mail to the beneficial  
4 owners; and

5 (d) Upon full and timely compliance with this Order, Nominees  
6 may seek reimbursement of their reasonable expenses actually incurred in complying with  
7 this Order by providing the Claims Administrator with proper documentation supporting  
8 the expenses for which reimbursement is sought. Such properly documented expenses  
9 incurred by Nominees in compliance with the terms of this Order shall be paid from the  
10 Settlement Fund, with any disputes as to the reasonableness or documentation of expenses  
11 incurred subject to review by the Court.

12 7. **CAFA Notice** – As provided in the Stipulation, Defendant Kapoor shall  
13 serve the notice required under the Class Action Fairness Act, 28 U.S.C. § 1715 et seq.  
14 (“CAFA”) no later than ten (10) calendar days following the filing of the Stipulation with  
15 the Court. Defendant Kapoor is solely responsible for the costs of the CAFA notice and  
16 administering the CAFA notice. No later than seven (7) calendar days before the Settlement  
17 Fairness Hearing, Defendant Kapoor shall cause to be served on Class Counsel and filed  
18 with the Court proof, by affidavit or declaration, regarding compliance with 28 U.S.C.  
19 § 1715(b).

20 8. **Participation in the Settlement** – Class Members who wish to participate  
21 in the Settlement and to be eligible to receive a distribution from the Net Settlement Fund  
22 must complete and submit a Claim Form in accordance with the instructions contained  
23 therein, or they must submit a valid Claim Form in connection with the Baker Settlement.  
24 Only one Claim Form must be completed and submitted in accordance with its instructions  
25 to participate in both this Settlement and the Baker Settlement. Unless the Court orders  
26 otherwise, all Claim Forms for this Settlement must be postmarked no later than ninety  
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1 (90) calendar days after the Notice Date. Notwithstanding the foregoing, Class Counsel  
2 may, at its discretion, accept for processing late Claims provided such acceptance does not  
3 delay the distribution of the Net Settlement Fund to the Class. By submitting a Claim, a  
4 person or entity shall be deemed to have submitted to the jurisdiction of the Court with  
5 respect to his, her, or its Claim and the subject matter of the Settlement.

6 9. Each Claim Form submitted must satisfy the following conditions: (a) it must  
7 be properly completed, signed, and submitted in a timely manner in accordance with the  
8 provisions of the preceding paragraph; (b) it must be accompanied by adequate supporting  
9 documentation for the transactions and holdings reported therein, in the form of broker  
10 confirmation slips, broker account statements, an authorized statement from the broker  
11 containing the transactional and holding information found in a broker confirmation slip or  
12 account statement, or such other documentation as is deemed adequate by Class Counsel  
13 or the Claims Administrator; (c) if the person executing the Claim Form is acting in a  
14 representative capacity, a certification of his, her, or its current authority to act on behalf  
15 of the Class Member must be included in the Claim Form to the satisfaction of Class  
16 Counsel or the Claims Administrator; and (d) the Claim Form must be complete and  
17 contain no material deletions or modifications of any of the printed matter contained therein  
18 and must be signed under penalty of perjury.

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20 10. Any Class Member that does not timely submit a valid Claim Form in  
21 connection with this Settlement, or does not submit a valid Claim Form in connection with  
22 the Baker Settlement, or whose Claim is not otherwise approved by the Court:  
23 (a) shall be deemed to have waived his, her, or its right to share in the Net Settlement Fund;  
24 (b) shall be forever barred from participating in any distributions therefrom;  
25 (c) shall be bound by the provisions of the Stipulation and the Settlement and all  
26 proceedings, determinations, orders, and judgments in the Action relating thereto,  
27 including, without limitation, the Judgment or Alternate Judgment, if applicable, and the  
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1 Releases provided for therein, whether favorable or unfavorable to the Class; and (d) will  
2 be barred from commencing, maintaining, or prosecuting any of the Released Class  
3 Representative's Claims against each and all of the Settling Defendant's Releasees, as more  
4 fully described in the Stipulation and Settlement Notice. Notwithstanding the foregoing,  
5 late Claim Forms may be accepted for processing as set forth in ¶ 8 above.

6 11. **Appearance and Objections at Settlement Fairness Hearing** – Any Class  
7 Member may enter an appearance in the Action, at his, her, or its own expense, individually  
8 or through counsel of his, her, or its own choice, by filing with the Clerk of Court and  
9 delivering a notice of appearance to both Class Counsel and Defendant Kapoor's Counsel,  
10 at the addresses set forth in ¶ 12 below, such that it is received no later than twenty-one  
11 (21) calendar days prior to the Settlement Fairness Hearing, or as the Court may otherwise  
12 direct. Any Class Member who does not enter an appearance will be represented by Class  
13 Counsel.

14 12. Any Class Member may file a written objection to the proposed Settlement,  
15 the proposed Plan of Allocation, and/or Class Counsel's motion for an award of attorneys'  
16 fees and Litigation Expenses and appear and show cause, if he, she, or it has any cause,  
17 why the proposed Settlement, the proposed Plan of Allocation, and/or Class Counsel's  
18 motion for an award of attorneys' fees and Litigation Expenses should not be approved;  
19 provided, however, that no Class Member shall be heard or entitled to contest the approval  
20 of the terms and conditions of the proposed Settlement, the proposed Plan of Allocation,  
21 and/or the motion for an award of attorneys' fees and Litigation Expenses unless that  
22 person or entity has filed a written objection with the Court and served copies of such  
23 objection on Class Counsel and Defendant Kapoor's Counsel at the addresses set forth  
24 below such that they are received no later than twenty-one (21) calendar days prior to the  
25 Settlement Fairness Hearing.

Class Counsel

Kessler Topaz Meltzer & Check, LLP  
Johnston de F. Whitman, Jr., Esq.  
280 King of Prussia Road  
Radnor, PA 19087

Defendant Kapoor's Counsel

Nixon Peabody LLP  
Brian T. Kelly, Esq.  
Matthew T. McLaughlin, Esq.  
Exchange Place  
53 State Street  
Boston, MA 02109-2835

13. Any objections, filings, and other submissions by the objecting Class Member must: (a) state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) state with specificity the grounds for the Class Member's objection, including any legal and evidentiary support the 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 Class, or to the entire Class; and (c) include documents sufficient to prove membership in the Class, including the number of shares of Insys common stock that the objecting Class Member: (A) owned as of the opening of trading on March 3, 2015, and (B) purchased/acquired and/or sold during the Class Period, as well as the dates, number of shares, and prices of each such purchase/acquisition and sale. The objecting Class Member shall provide documentation establishing membership in the Class through 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 Fairness 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.

14. Any Class Member who or which does not make his, her, or its objection in the manner provided herein shall be deemed to have waived his, her, or its right to object to any aspect of the proposed Settlement, the proposed Plan of Allocation, and Class

1 Counsel's motion for an award of attorneys' fees and Litigation Expenses and shall be  
2 forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy  
3 of the Settlement, the Plan of Allocation, or the requested award of attorneys' fees and  
4 Litigation Expenses, or from otherwise being heard concerning the Settlement, the Plan of  
5 Allocation, or the requested award of attorneys' fees and Litigation Expenses in this or any  
6 other proceeding.

7 15. **Stay and Temporary Injunction** – Until otherwise ordered by the Court,  
8 the Court stays all proceedings against or by Defendant Kapoor in the Action other than  
9 the proceedings necessary to carry out or enforce the terms and conditions of the  
10 Stipulation. Pending final determination of whether the Settlement should be approved, the  
11 Court bars and enjoins Class Representative and all other members of the Class from  
12 commencing or prosecuting any and all of the Released Class Representative's Claims  
13 against each and all of the Settling Defendant's Releasees. For the avoidance of doubt, this  
14 paragraph does not stay, or affect in any way, any of the proceedings against or by the Non-  
15 Settling Defendants.

16 16. **Notice and Administration Costs** – All reasonable Notice and  
17 Administration Costs shall be paid from the Settlement Fund as set forth in the Stipulation  
18 without further order of the Court.

19 17. **Settlement Fund** – The contents of the Settlement Fund held by the Escrow  
20 Agent, Huntington National Bank, shall be deemed and considered to be in *custodia legis*  
21 of the Court, and shall remain subject to the jurisdiction of the Court, until such time as the  
22 contents shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

23 18. **Taxes** – Class Counsel is authorized and directed to prepare any tax returns  
24 and any other tax reporting form for or in respect to the Settlement Fund, to pay from the  
25 Settlement Fund any Taxes owed with respect to the Settlement Fund, and to otherwise  
26 perform all obligations with respect to Taxes and any reporting or filings in respect thereof  
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1 without further order of the Court in a manner consistent with the provisions of the  
2 Stipulation.

3 19. **Termination of Settlement** – If the Settlement of the Action with Defendant  
4 Kapoor is terminated as provided in the Stipulation, the Settlement is not approved, or the  
5 Effective Date of the Settlement otherwise fails to occur, this Order shall be vacated,  
6 rendered null and void, and be of no further force and effect, except as otherwise provided  
7 by the Stipulation, and this Order shall be without prejudice to the rights of Class  
8 Representative, the other Class Members, and Defendant Kapoor, and the Settling Parties  
9 shall revert to their respective positions in the Action as of June 24, 2020, as provided in  
10 the Stipulation.

11 20. **Use of this Order** – Neither this Order, the Stipulation (whether or not  
12 consummated), including the exhibits thereto and the Plan of Allocation contained therein  
13 (or any other plan of allocation that may be approved by the Court), the negotiations leading  
14 to the execution of the Stipulation, nor any proceedings taken pursuant to or in connection  
15 with the Stipulation, and/or approval of the Settlement (including any arguments proffered  
16 in connection therewith):


17 (a) shall be offered against any of the Settling Defendant’s  
18 Releasees as evidence of, or construed as, or deemed to be evidence of any presumption,  
19 concession, or admission by any of the Settling Defendant’s Releasees with respect to the  
20 truth of any fact alleged by Class Representative or the validity of any claim that was or  
21 could have been asserted or the deficiency of any defense that has been or could have been  
22 asserted in this Action or in any other litigation, or of any liability, negligence, fault, or  
23 other wrongdoing of any kind of any of the Settling Defendant’s Releasees or in any way  
24 referred to for any other reason as against any of the Settling Defendant’s Releasees, in any  
25 arbitration proceeding or other civil, criminal, or administrative action or proceeding, other  
26 than such proceedings as may be necessary to effectuate the provisions of the Stipulation;  
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1 (b) shall be offered against any of the Class Representative's  
2 Releasees, as evidence of, or construed as, or deemed to be evidence of any presumption,  
3 concession, or admission by any of the Class Representative's Releasees that any of their  
4 claims are without merit, that any of the Settling Defendant's Releasees had meritorious  
5 defenses, or that damages recoverable under the Second Amended Complaint against  
6 Defendant Kapoor would not have exceeded the Settlement Consideration or with respect  
7 to any liability, negligence, fault, or wrongdoing of any kind, or in any way referred to for  
8 any other reason as against any of the Class Representative's Releasees, in any arbitration  
9 proceeding or other civil, criminal, or administrative action or proceeding, other than such  
10 proceedings as may be necessary to effectuate the provisions of the Stipulation; or

11 (c) shall be construed against any of the Releasees as an  
12 admission, concession, or presumption that the consideration to be given hereunder  
13 represents the amount which could be or would have been recovered from Defendant  
14 Kapoor after trial; *provided, however*, that if the Stipulation is approved by the Court, the  
15 Settling Parties and the Releasees and their respective counsel may refer to it to effectuate  
16 the protections from liability granted hereunder or otherwise to enforce the terms of the  
17 Settlement.

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19 **21. Supporting Papers** – Class Counsel shall file and serve its opening papers  
20 in support of final approval of the proposed Settlement, the proposed Plan of Allocation,  
21 and Class Counsel's motion for an award of attorneys' fees and Litigation Expenses no  
22 later than thirty-five (35) calendar days prior to the Settlement Fairness Hearing; and reply  
23 papers, if any, shall be filed and served no later than seven (7) calendar days prior to the  
24 Settlement Fairness Hearing.

25 Dated this 2nd day of July, 2020.

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28 \_\_\_\_\_  
Neil V. Wake  
Senior United States District Judge

**THIS POSTCARD PROVIDES ONLY LIMITED INFORMATION ABOUT THE SETTLEMENT. PLEASE VISIT [WWW.INSYSRXSECURITIESLITIGATION.COM](http://WWW.INSYSRXSECURITIESLITIGATION.COM) FOR MORE INFORMATION.**

Class Representative Clark Miller and defendant John N. Kapoor (“Defendant Kapoor”) have reached a proposed Settlement of the claims asserted in *Di Donato v. Insys Therapeutics, Inc., et al.*, No. 16-cv-00302-NW (“Action”) **against Defendant Kapoor only**. The proposed Settlement does not resolve any of the claims asserted against the other defendants in the Action. The Action alleges that all defendants made materially false or misleading statements regarding the marketing and sales of Subsys, a sublingual fentanyl spray designed to treat breakthrough cancer pain in opioid tolerant patients. The proposed Settlement, if approved, will resolve these allegations against Defendant Kapoor. Defendant Kapoor denies any liability or wrongdoing. You received this notice because you, or an investment account for which you serve as a custodian, may be a member of the following Court-certified Class and affected by the Settlement: all persons and entities who purchased or otherwise acquired Insys Therapeutics, Inc. common stock during the period from March 3, 2015, through January 25, 2016, and were damaged.

Pursuant to the Settlement, Defendant Kapoor has agreed to pay or cause to be paid consideration of at least \$700,000 in cash with the potential to increase to up to \$10,000,000 in cash (the “Settlement Consideration”) in accordance with the terms and schedule set forth in the settling parties’ settlement agreement. The Settlement Consideration, after deduction of Court-approved fees, expenses, notice and administration costs, and taxes, will be allocated among Class Members who submit valid claims, in exchange for the Settlement and the release of all claims asserted in the Action against Defendant Kapoor and related claims. **For additional information regarding the Settlement, please review the detailed Settlement Notice at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com).** If you are a Class Member, your *pro rata* share of the Settlement will depend on the number of valid claims submitted, and the number, size, and timing of your transactions in Insys common stock during the relevant time period. If all Class Members elect to participate in the Settlement, the estimated average recovery per eligible share of Insys common stock will be between approximately \$0.02 and \$0.29 depending on the ultimate amount of the Settlement Consideration, before deduction of Court-approved fees and expenses. Your actual share of the Settlement will be determined by the Plan of Allocation in the Settlement Notice, or other plan ordered by the Court.

**To qualify for a payment, you must submit a valid Claim Form.** If you already submitted a Claim Form in connection with the settlement of the Action with defendant Darryl S. Baker (“Baker Settlement”) or plan to do so, you do not need to resubmit your Claim Form. Your Baker Settlement Claim Form will be processed in connection with this Settlement. If you did not submit a Claim Form for the Baker Settlement, you can find and submit the Claim Form on the Website, or you can request that a Claim Form be mailed to you. **Claim Forms must be postmarked (if mailed), or submitted online, by \_\_\_\_\_, 2020.** If you want to object to any aspect of the Settlement, you must file and serve an objection by \_\_\_\_\_, 2020. The Settlement Notice provides instructions on how to object. Because Class Members were previously provided the opportunity to request exclusion from the Class in connection with class certification, Class Members are not permitted to request exclusion in connection with the Settlement proceedings.

The Court will hold a hearing on \_\_\_\_\_, 2020 at \_\_\_\_\_.m., to consider, among other things, approval of the Settlement and counsel’s request for attorneys’ fees not to exceed 30% of the Settlement Consideration, inclusive of expenses not sought for reimbursement from the Baker Settlement (which equals a cost of between approximately \$0.006 and \$0.086 per share of Insys common stock depending on the ultimate amount of the Settlement Consideration). You may attend the hearing and ask to be heard, but you do not have to. **For more information, call 1-866-905-8102, email [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com), or visit [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com).**



~~Insys Therapeutics, Inc.~~  
*Securities Litigation*  
c/o A.B. Data, Ltd.  
P.O. Box 170999  
Milwaukee, WI 53217

***COURT-ORDERED LEGAL NOTICE***

*Di Donato v. Insys Therapeutics, Inc., et al.*  
No. 16-cv-00302-NVW (D. Ariz.)

**Your legal rights may be affected by this securities class action. You may be eligible for a cash payment from the settlement. Please read this notice carefully.**

**For more information, please visit [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com), call 1-866-905-8102, or send an email to [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com).**

**UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA**

Richard Di Donato, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

Insys Therapeutics, Inc.; Michael L. Babich;  
Darryl S. Baker; and John N. Kapoor,

Defendants.

No. 16-cv-00302-NVW

**CLASS ACTION**

**NOTICE OF (I) PROPOSED SETTLEMENT WITH DEFENDANT  
JOHN N. KAPOOR; (II) SETTLEMENT FAIRNESS HEARING; AND  
(III) MOTION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES**

**TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR OTHERWISE  
ACQUIRED INSYS THERAPEUTICS, INC. ("INSYS") COMMON STOCK  
DURING THE PERIOD FROM MARCH 3, 2015, THROUGH JANUARY 25,  
2016, AND WERE DAMAGED THEREBY.**

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

**NOTICE OF SETTLEMENT:** This notice ("Settlement Notice") has been issued pursuant to Rule 23 of the Federal Rules of Civil Procedure ("Federal Rules") and an Order of the United States District Court for the District of Arizona ("Court"). Please be advised that the Court-appointed Lead Plaintiff and Class Representative for the Court-certified Class, Clark Miller, on behalf of himself and the Class, has reached a proposed settlement of the above-captioned action ("Action") with defendant John N. Kapoor ("Settling Defendant" or "Defendant Kapoor") for consideration of at least Seven Hundred Thousand Dollars in cash (\$700,000) with the potential to increase to up to Ten Million Dollars in cash (\$10,000,000), payable in accordance with the terms and schedule set forth in ¶ 31 below ("Settlement"). If approved, the Settlement will resolve all claims in the Action against Defendant Kapoor. The terms and provisions of the Settlement are contained in the Stipulation and Agreement of Settlement between Lead Plaintiff and Defendant John N.

Kapoor dated July 1, 2020 (“Stipulation”).<sup>1</sup> **Please Note: This Settlement does not resolve any of the claims asserted in the Action against defendants Michael L. Babich and Darryl S. Baker (together, “Non-Settling Defendants”).**<sup>2</sup> There is a separate settlement currently being evaluated by the Court with respect to defendant Darryl S. Baker (“Baker Settlement”).

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

**If you have questions about this Settlement Notice, the proposed Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, the Clerk’s Office, Defendant Kapoor, or Defendant Kapoor’s Counsel. All questions should be directed to the Claims Administrator or Class Counsel (see ¶ 75 below).**

**Additional information about the Settlement is available on the website, [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com).**

1. **Description of the Action and the Class:** This Settlement Notice relates to a proposed partial settlement of claims in a pending securities class action brought by Insys investors alleging, among other things, that defendants violated the federal securities laws by making materially false or misleading statements during the class period regarding their marketing and sales of Subsys, a sublingual fentanyl spray designed to treat breakthrough cancer pain in opioid tolerant adult cancer patients. A more detailed description of the Action is set forth in ¶¶ 11-30 below. The Settlement, if approved by the Court, will settle the claims of the Class, as defined in ¶ 32 below, *against Defendant Kapoor only*.

2. **Statement of the Class’s Recovery:** Subject to Court approval, Class Representative, on behalf of himself and the Class, has agreed to settle the Action against Defendant Kapoor in exchange for consideration of at least \$700,000 in cash with the potential to increase to up to \$10,000,000 in cash (the “Settlement Consideration”), payable in accordance with the terms and schedule set forth in ¶ 31 below, to be deposited into an

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<sup>1</sup> The Stipulation can be viewed at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com). Any capitalized terms used in this Settlement Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation.

<sup>2</sup> On June 10, 2019, Insys notified the Court and the parties to the Action that it had filed for bankruptcy protection under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware. Accordingly, pursuant to 11 U.S.C. § 362(a) of the United States Code, the Action was automatically stayed as to Insys. By Order dated May 15, 2020, Insys was dismissed from the Action with prejudice.

escrow account.<sup>3</sup> The Settlement Consideration plus any and all interest earned thereon is referred to herein as the “Settlement Fund.” The Settlement Fund less any: (i) Taxes; (ii) Notice and Administration Costs; (iii) Litigation Expenses awarded by the Court; (iv) attorneys’ fees awarded by the Court; and (v) any other costs or fees approved by the Court (“Net Settlement Fund”) 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 Class. The proposed plan of allocation (“Plan of Allocation”) is attached hereto as Appendix A.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Class Representative’s damages expert’s estimate of the number of shares of Insys common stock purchased or otherwise acquired during the Class Period 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 of the Action with Defendant Kapoor, the estimated average recovery (before the deduction of any Court-approved fees, expenses, and costs as described herein) per eligible share of Insys common stock will be between approximately \$0.02 and \$0.29 depending on the ultimate amount of the Settlement Consideration. **Class Members should note, however, that the foregoing average recoveries per eligible share are only estimates.** Some 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 shares of Insys common stock; (ii) whether they sold their shares of Insys common stock and, if so, when; (iii) the total number and value of valid Claims submitted to participate in the Settlement (including the Claims submitted in the Baker Settlement); (iv) the amount of Notice and Administration Costs; and (v) the amount of attorneys’ fees and Litigation Expenses awarded by the Court. Distributions to 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.

**PLEASE NOTE: If you already submitted a Claim Form in connection with the Baker Settlement or plan to do so, you do not need to resubmit your Claim Form in connection with this Settlement. The Claim Form you submitted (or plan to submit) for the Baker Settlement will be processed in connection with this Settlement. If you did not submit a Claim Form for the Baker Settlement, you must submit a Claim Form now in order to be potentially eligible to participate in this Settlement.**

4. **Average Amount of Damages Per Share:** The Settling Parties do not agree on the average amount of damages per share of Insys common stock that would be recoverable if Class Representative was to prevail in the Action against Defendant Kapoor. Among other things, Defendant Kapoor does not agree with the assertion that he violated

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<sup>3</sup> The Settlement with Defendant Kapoor is in addition to the Baker Settlement. See ¶ 39 below.

the federal securities laws or that any damages were suffered by any members of the Class as a result of his conduct.

5. **Attorneys' Fees and Expenses Sought:** Class Counsel has not received any payment of attorneys' fees for its representation of the Class in the Action, which has been pending since 2016, and has advanced the funds to pay expenses incurred to prosecute this Action 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. Class Counsel, Kessler Topaz Meltzer & Check, LLP, on behalf of Plaintiffs' Counsel, will apply to the Court for an award of attorneys' fees, *inclusive* of any remaining Litigation Expenses incurred by Plaintiffs' Counsel in connection with the institution, prosecution, and resolution of the claims against Defendant Kapoor which were not sought to be reimbursed in connection with the Baker Settlement, in an amount not to exceed 30% of the Settlement Fund in the aggregate. Unreimbursed Litigation Expenses that have not been sought in connection with the Baker Settlement currently total approximately \$625,000. As a result, were such a 30% attorneys' fee and expense award approved by the Court, Class Counsel would only receive the full amount of its unreimbursed Litigation Expenses if the Settlement Consideration ultimately exceeds \$2,083,333.33 and would receive no fees if the Settlement Consideration is below that amount. Any attorneys' fees and Litigation Expenses awarded by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees and expenses. The estimated average cost per eligible share of Insys common stock, if the Court approves Class Counsel's request for attorneys' fees and Litigation Expenses, will amount to between approximately \$0.006 and \$0.086 per share of Insys common stock depending on the ultimate amount of the Settlement Consideration. **Please note that these amounts are only estimates.**

6. **Identification of Attorneys' Representatives:** Class Representative and the Class are represented by 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, [www.ktmc.com](http://www.ktmc.com). Further information regarding the Action, the Settlement of the Action with Defendant Kapoor, and this Settlement Notice may be obtained by contacting the Claims Administrator at: *Insys Therapeutics, Inc. Securities Litigation*, c/o A.B. Data, Ltd., P.O. Box 170999, Milwaukee, WI 53217; 1-866-905-8102; info@InsysRXSecuritiesLitigation.com; or by visiting the website for the Action, [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com).

7. **Reasons for the Settlement:** Class Representative's principal reason for entering into the Settlement with Defendant Kapoor is the immediate cash benefit for the Class. Here, had the Settlement not been reached, the Settling Parties would have proceeded to a jury trial. The benefit of the Settlement must be considered against the risk that a smaller recovery – or no recovery at all – might be obtained with respect to Defendant Kapoor after trial, or after the likely and lengthy appeals that would have followed a trial.

In reaching the Settlement of the Action, Class Representative also considered the bankruptcy of the corporate defendant and Defendant Kapoor's limited uncommitted financial resources, including available insurance, to fund a settlement or judgment in the Action. Defendant Kapoor, who denies all allegations of wrongdoing or liability whatsoever, is entering into the Settlement solely to eliminate the uncertainty, burden, and expense of further litigation.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:</b>	
<b>SUBMIT A CLAIM FORM POSTMARKED (IF MAILED), OR ONLINE, NO LATER THAN _____, 2020.</b>	<p>You must submit a Claim Form in order to be eligible to receive a payment from the Settlement Fund. If you are a Class Member, you will be bound by the Settlement of the Action with Defendant Kapoor as approved by the Court and you will give up any Released Class Representative's Claims (defined in ¶ 43 below) that you have against Defendant Kapoor and the other Settling Defendant's Releasees (defined in ¶ 44 below), so it is in your interest to submit a Claim Form.</p> <p><b><u>Please Note:</u> If you previously submitted or plan to submit a Claim Form in connection with the Baker Settlement, you need not submit another Claim Form in connection with this Settlement. See ¶ 49 below.</b></p>
<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN _____, 2020.</b>	<p>If you do not like the proposed Settlement, the proposed Plan of Allocation, and/or the requested attorneys' fees and Litigation Expenses, you may object by writing to the Court and explaining why you do not like them. In order to object, you must be a member of the Class.</p>
<b>GO TO A HEARING ON _____, 2020 AT ____:____.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN _____, 2020.</b>	<p>If you have filed a written objection and wish to appear at the hearing, you must also file a notice of intention to appear by _____, 2020, 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 requested attorneys' fees and Litigation Expenses. If you submit a written objection, you may (but you do not have to) attend the hearing.</p>

<b>DO NOTHING.</b>	If you are a member of the Class and you do not submit a valid Claim Form in connection with this Settlement or the Baker Settlement, 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 being resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.
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**These rights and options – and the deadlines to exercise them – are further explained in this Settlement Notice. Please Note: The date and time of the Settlement Fairness Hearing – currently scheduled for \_\_\_\_\_, 2020 at \_\_:\_\_ .m. – is subject to change without further notice to the Class. If you plan to attend the hearing, you should check the website [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com) or with Class Counsel as set forth above to confirm that no change to the date and/or time of the hearing has been made.**

<b>WHAT THIS NOTICE CONTAINS</b>
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Proposed Plan of Allocation of Net Settlement Fund Among  
Authorized Claimants

Appendix A

**WHAT IS THE PURPOSE OF THIS NOTICE?**

8. The Court has directed the issuance of this Settlement Notice to inform potential Class Members about the proposed Settlement of the Action with Defendant Kapoor and their options in connection therewith before the Court rules on the proposed Settlement. Additionally, Class Members have the right to understand how this class action lawsuit may generally affect 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 Class Representative and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Settlement Notice is to inform potential Class Members of the terms of the proposed Settlement of the Action with Defendant Kapoor, and of the 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 Class Counsel for an award of attorneys' fees and Litigation Expenses ("Settlement Fairness Hearing"). *See* ¶ 63 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 with Defendant Kapoor. 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 is a securities class action against defendants for alleged violations of the federal securities laws during the Class Period. Class Representative alleges that all of the defendants made materially false or misleading statements during the Class Period regarding the marketing and sales of Subsys, a sublingual fentanyl spray designed to treat breakthrough cancer pain in opioid tolerant adult cancer patients. Class Representative alleges that when the relevant truth was revealed, the price of Insys common stock declined, causing damage to Insys shareholders.

12. This Action commenced on February 2, 2016, with the filing of the initial complaint in the Court against Insys, Michael L. Babich ("Babich"), Darryl S. Baker

(“Baker”), Alec Burlakoff,<sup>4</sup> and Defendant Kapoor. The complaint asserted violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5, promulgated thereunder by the U.S. Securities and Exchange Commission (“SEC”), 17 C.F.R. § 240.10b-5.

13. Pursuant to the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4, as amended (“PSLRA”), notice to the public was issued setting forth the deadline by which putative class members could move the Court to be appointed to act as lead plaintiffs. On June 3, 2016, the Court appointed Clark Miller as Lead Plaintiff and approved Lead Plaintiff’s selection of Kessler Topaz Meltzer & Check, LLP as Lead Counsel and Bonnett, Fairbourn, Friedman & Balint, P.C. as Liaison Counsel.

14. On June 24, 2016, Lead Plaintiff filed the Amended Complaint for Violation of the Federal Securities Laws (“Amended Complaint”). On August 19, 2016, defendants filed a motion to dismiss the Amended Complaint for failure to state a claim pursuant to Rules 9(b) and 12(b)(6) of the Federal Rules and pursuant to the pleading requirements of the PSLRA. Lead Plaintiff opposed this motion on September 6, 2016.

15. Thereafter, based on information that became available after the filing of the Amended Complaint, and with the consent of all defendants, Lead Plaintiff, on December 22, 2016, filed the operative complaint – the Second Amended Class Action Complaint for Violation of the Federal Securities Laws (“Second Amended Complaint”), asserting claims under Sections 10(b) and/or 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

16. On January 18, 2017, defendants moved to dismiss the Second Amended Complaint for failure to state a claim pursuant to Rules 9(b) and 12(b)(6) of the Federal Rules and pursuant to the pleading requirements of the PSLRA. This motion was fully briefed and, following oral argument by the parties, the Court granted in part and denied in part defendants’ motion to dismiss on August 1, 2017.

17. Defendants filed their answer to the Second Amended Complaint on April 13, 2018, and an amended answer on May 4, 2018.

18. Thereafter, discovery in the Action commenced. From June 2018 through November 2019, the parties engaged in extensive fact and expert discovery, including: (i) the production of over 14 million pages of documents by defendants and third parties and 70 pages of documents by Class Representative; (ii) 15 fact and expert depositions; and (iii) the exchange of opening and rebuttal reports for a total of 4 merits

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<sup>4</sup> The Court dismissed Lead Plaintiff’s claims against Alec Burlakoff in its Order dated August 1, 2017.

experts. The parties also served and responded to interrogatories and requests for admission, exchanged numerous letters, and held numerous conferences concerning discovery issues.<sup>5</sup>

19. On August 31, 2018, Lead Plaintiff filed a motion for class certification. Defendants opposed this motion on October 26, 2018.

20. While the parties' discovery efforts were ongoing and Lead Plaintiff's motion for class certification was pending, Insys, on June 10, 2019, notified the Court and the parties to the Action that it had filed for bankruptcy protection under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware. Pursuant to 11 U.S.C. § 362(a) of the United States Code, the Action was automatically stayed as to Insys.

21. On July 19, 2019, Lead Plaintiff and Defendant Kapoor, participated in a full-day mediation in New York, New York before Michelle Yoshida of Phillips ADR, which did not result in an agreement to resolve any portion of the Action.

22. On September 20, 2019, the Court granted Lead Plaintiff's motion for class certification ("Class Certification Order"), while making clear that the Class Certification Order did not apply to Insys based upon the automatic stay provisions of 11 U.S.C. § 362(a) of the United States Code. On October 4, 2019, Defendant Kapoor filed with the United States Court of Appeals for the Ninth Circuit a petition for permission to appeal the Court's Class Certification Order pursuant to Federal Rule 23(f). The Ninth Circuit denied Defendant Kapoor's petition on December 18, 2019.

23. On December 13, 2019, Class Representative filed a consent motion to voluntarily dismiss Insys from the Action with prejudice ("Insys Dismissal Motion"). On the same day, Class Representative also filed a consent motion to approve the form and manner of providing notice to the Class regarding the Court's certification of the Action as a class action pursuant to Federal Rule 23, as well as the Insys Dismissal Motion ("Class Notice Motion").

24. The Court granted the Class Notice Motion on March 20, 2020. Thereafter, notice was provided to the Class (collectively, "Class Notice"). The Class Notice informed potential Class Members that the deadline for requesting exclusion from the Class and objecting to the Insys Dismissal Motion was April 30, 2020. Out of the thousands of notices disseminated, not one request for exclusion from the Class was received, and there were

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<sup>5</sup> The parties completed discovery on November 22, 2019.

no objections to the Insys Dismissal Motion.<sup>6</sup> The Court subsequently granted the Insys Dismissal Motion by Order dated May 15, 2020, dismissing Insys from the Action with prejudice.

25. During the same time, defendants Kapoor, Babich, and Baker, on December 20, 2019, filed a motion for summary judgment asserting that Class Representative would be unable to establish a triable issue of fact as to certain elements of his claims, and that defendants are entitled to summary judgment under Rule 56 of the Federal Rules. Following full briefing by the parties, the Court, on May 8, 2020, denied the motion for summary judgment in its entirety.

26. On May 8, 2020, Class Representative and defendant Baker informed the Court that they had reached an agreement in principle to resolve the Action as to defendant Baker only (i.e., the Baker Settlement).

27. On May 22, 2020, the Court scheduled a jury trial to commence on August 17, 2020. Thereafter, the Settling Parties engaged in substantial trial preparations, including submission of proposed exhibit and witness lists; filed in limine motions; and exchanged their contentions of law and fact and other key pretrial disclosures.

28. While the Settling Parties' trial preparations were ongoing, Class Representative and Defendant Kapoor restarted their earlier discussions concerning the possibility of resolving the Action with the assistance of Ms. Yoshida. Following hard-fought, arm's-length direct negotiations, the Settling Parties agreed to resolve the Action against Defendant Kapoor for the Settlement Consideration described in ¶ 31 below. On June 25, 2020, the Settling Parties filed a Notice of Settlement informing the Court that they had reached an agreement in principle to resolve the Action as to Defendant Kapoor.

29. On July 1, 2020, the Settling Parties entered into the Stipulation, which sets forth the specific terms and conditions of the Settlement. The Stipulation can be viewed at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com).

30. On \_\_\_\_\_, 2020, the Court preliminarily approved the Settlement with Defendant Kapoor, authorized notice of the Settlement to the Class, and scheduled the Settlement Fairness Hearing to consider whether to grant final approval to the Settlement.

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<sup>6</sup> Pursuant to the Court's Order Preliminarily Approving Settlement with Defendant Darryl S. Baker and Providing for Notice dated June 5, 2020, because Class Members had the opportunity to exclude themselves in connection with Class Notice, the Court exercised its discretion not to permit Class Members a second opportunity to exclude themselves from the Class in connection with the settlement proceedings. This ruling became the law of the case for all subsequent settlements in the Action including this Settlement.

<b>WHAT CONSIDERATION IS BEING PROVIDED BY THE SETTLEMENT?</b>
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31. By the Settlement, Defendant Kapoor has agreed to pay or cause to be paid to the Class consideration of at least \$700,000 in cash (the “Minimum Settlement Amount”) with the potential to increase to up to \$10,000,000 in cash (collectively referred to as the “Settlement Consideration”), payable in accordance with the terms and schedule set forth below. The components of the Settlement Consideration are as follows:

- **Down Payment:** \$250,000 (the “Down Payment”) of the Minimum Settlement Amount shall be paid by or on behalf of Defendant Kapoor into the Escrow Account within fifteen (15) business days following the Court’s entry of the Preliminary Approval Order.
- **Monthly Payments:** On the first day of the month following the Court’s entry of the Judgment, Defendant Kapoor shall pay or cause to be paid \$25,000 and will continue to pay \$25,000 per month, on the first day of each month, for a period of ten (10) months (for a monthly payment consideration totaling \$250,000), into the Escrow Account.
- **Appeal Payment:** In connection with Defendant Kapoor’s criminal conviction in *United States of America v. Babich, et al.*, No. 1:16-cr-10343-ADB (D. Mass.) (the “Criminal Conviction”), Defendant Kapoor’s sentencing included an obligation to pay \$59,755,362.45 in restitution, \$1,914,771.20 in forfeiture, and a fine of \$250,000.00 (collectively, this \$61,920,133.65 shall be referred to herein as the “Criminal Obligation”). Defendant Kapoor is in the process of appealing his Criminal Conviction, and the appeal will also implicate his Criminal Obligation. In the event that Defendant Kapoor is unsuccessful in having the Criminal Conviction overturned on appeal, within thirty (30) calendar days after the entry of the aforementioned appellate decision, Defendant Kapoor shall pay or cause to be paid \$200,000 (the “Appeal Loss Payment”), into the Escrow Account. In the event that Defendant Kapoor is successful at having the Criminal Conviction overturned on appeal, even if the Department of Justice retries Defendant Kapoor or otherwise seeks further relief in connection with the ruling on the appeal of the Criminal Conviction, within thirty (30) calendar days after the entry of the aforementioned appellate decision, Defendant Kapoor shall pay or cause to be paid \$2,000,000 (the “Appeal Win Payment”), into the Escrow Account.
- **Savings Payment:** Separate and distinct from the Down Payment, the Monthly Payments and/or the Appeal Loss Payment or Appeal Win Payment, as part of the Settlement, within thirty (30) calendar days after the satisfaction in full of the Criminal Obligation (regardless of how the Criminal Obligation is satisfied or who pays the Criminal Obligation), Defendant Kapoor shall pay into the Escrow Account, subject to the cap set forth below, Fifty Percent (50%) of any amount of the original Criminal Obligation that has not been paid by Defendant Kapoor (the “Savings

Payment”). For purposes of clarity, this Savings Payment obligation can arise from a scenario in which Defendant Kapoor does not pay the full amount of the Criminal Obligation (a) because the Criminal Obligation is satisfied in part or in full by persons other than Defendant Kapoor (e.g., if any portion of the Criminal Obligation is paid by or on behalf of Defendant Michael L. Babich, the bankrupt estate of Insys, through insurance proceeds covering any insured including Defendant Kapoor or by or on behalf of any person or corporate entity other than Defendant Kapoor); or (b) if the Criminal Obligation is reduced in any amount or eliminated for any reason and not subject to reinstatement or reassessment in further proceedings. In no event shall the Savings Payment exceed \$7,500,000. Defendant Kapoor agrees that the obligation set forth in this provision is non-dischargeable in the event he files for bankruptcy.

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

32. If you are a member of the Class, you are subject to the Settlement. The Class certified by the Court on September 20, 2019 consists of:

**All persons and entities who purchased or otherwise acquired Insys common stock during the period from March 3, 2015, through January 25, 2016, and were damaged thereby.**

Excluded from the Class are: (a) Defendants;<sup>7</sup> (b) present and former directors or executive officers of Insys and members of their immediate families (as defined in 17 C.F.R. § 229.404, Instructions (1)(a)(iii) and (1)(b)(ii)); (c) any of the foregoing individuals’ or entities’ legal representatives, heirs, successors, or assigns; and (d) any entity in which any Defendant has or had a controlling interest, or which is related to or affiliated with any Defendant.

**PLEASE NOTE: RECEIPT OF THIS SETTLEMENT NOTICE DOES NOT MEAN THAT YOU ARE A CLASS MEMBER OR THAT 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 WITH DEFENDANT KAPOOR, YOU ARE REQUIRED TO SUBMIT A CLAIM FORM AND THE REQUIRED SUPPORTING DOCUMENTATION POSTMARKED (IF MAILED), OR ONLINE, NO LATER THAN \_\_\_\_\_, 2020, UNLESS YOU ALREADY SUBMITTED**

<sup>7</sup> For purposes of the Class definition, the term “Defendants” refers collectively to the Settling Defendant and the Non-Settling Defendants.



**OR PLAN TO SUBMIT A CLAIM FORM IN CONNECTION WITH THE BAKER SETTLEMENT. IF YOU ALREADY SUBMITTED OR PLAN TO SUBMIT A CLAIM FORM FOR THE BAKER SETTLEMENT, YOU DO NOT NEED TO SUBMIT A CLAIM FORM FOR THIS SETTLEMENT AS YOUR BAKER SETTLEMENT CLAIM FORM WILL BE PROCESSED IN CONNECTION WITH THIS SETTLEMENT. IF YOU NEED A CLAIM FORM, YOU CAN GET ONE BY VISITING THE WEBSITE [WWW.INSYSRXSECURITIESLITIGATION.COM](http://WWW.INSYSRXSECURITIESLITIGATION.COM) OR BY CALLING 1-866-905-8102.**

**WHAT ARE CLASS REPRESENTATIVE'S REASONS FOR THE SETTLEMENT?**

33. The Settlement is the result of more than four years of hard-fought litigation and extensive, arm's-length negotiations by the Settling Parties and was reached while preparations for a trial - scheduled to commence in August 2020 - were well underway. Class Representative believes that the claims asserted against Defendant Kapoor have merit; however, he recognized the risks faced in collecting upon a successfully obtained favorable verdict against Defendant Kapoor at trial and through the likely appeals that would follow.

34. If the Action continued against Defendant Kapoor, Class Representative faced some challenges to proving that Defendant Kapoor made a materially false or misleading statement. Throughout the Action, Defendant Kapoor maintained that the sole statement for which he is being sued in the Action was true when made. Additionally, Defendant Kapoor asserted that the statement at issue is not actionable, as a matter of law, because it is a vaguely optimistic, forward-looking statement that does not amount to a securities violation and is, in any event, within the statutory safe harbor. Class Representative also would have faced formidable challenges to establishing loss causation and damages, as Defendant Kapoor would have continued to argue at trial that the declines in the price of Insys common stock on the dates at issue could not be linked to any alleged misstatement regarding oncology. Finally, and most importantly, there were severe limitations on the ability of Defendant Kapoor to pay a substantial judgment, and Class Representative faced a significant risk that he would not be able to collect any payment at all from Defendant Kapoor - even if a judgment was obtained against him at trial. Indeed, in light of Defendant Kapoor's current and expected future financial condition and the substantial likelihood that, in connection with Defendant Kapoor's Criminal Conviction, the Department of Justice could seize and ultimately liquidate the entirety of Defendant Kapoor's assets, the Class could be left with nothing if Class Representative demanded and received more consideration as part of the Settlement or was ultimately successful in obtaining a judgment against Defendant Kapoor at trial. In addition, the bankruptcy of the corporate defendant, Insys, seriously limited the sources of recovery in this proceeding,



and it created a number of other challenges to a successful prosecution of claims against the remaining defendants.

35. In light of these risks and the amount of the recovery to the Class, Class Representative and Class Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Class. Class Representative and Class Counsel believe that the Settlement provides a favorable result for the Class, namely consideration of at least \$700,000 in cash with the possibility of an increase to up to \$10,000,000 in cash (less the various deductions described in this Settlement Notice), as compared to the risk that the claims against Defendant Kapoor would produce a smaller, or no, recovery after trial and appeals, possibly years in the future.

36. Defendant Kapoor has denied the claims asserted against him in the Action and denies having engaged in any wrongdoing or violation of law of any kind whatsoever. Defendant Kapoor has agreed to the Settlement to eliminate the burden and expense of continued litigation against him, and the Settlement with Defendant Kapoor may not be construed as an admission of any wrongdoing by him in this or any other action or proceeding.

**WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?**

37. If there were no Settlement with Defendant Kapoor and Class Representative failed to establish any essential legal or factual element of his claims against Defendant Kapoor at trial, neither Class Representative nor the other members of the Class would recover anything from Defendant Kapoor. Also, if Defendant Kapoor was successful in proving any of his defenses at trial, or on appeal, the Class could recover substantially less than the amount provided in the Settlement, or nothing at all. If Class Representative was successful at trial and appeal and obtained a judgment against Defendant Kapoor, there was also a substantial likelihood that the United States Department of Justice would execute on its previously obtained judgment in connection with the Criminal Obligation to seize and ultimately liquidate all of Defendant Kapoor's assets leaving him without means to pay any amount of any judgment obtained in this Action.

**ARE THE OTHER DEFENDANTS INCLUDED IN THE  
PARTIAL SETTLEMENT?**

38. No. This Settlement only includes Defendant Kapoor. This Settlement does not resolve claims against the Non-Settling Defendants Michael L. Babich and Darryl S. Baker.

**WHAT IS THE OTHER SETTLEMENT REACHED IN THE ACTION?**

39. Class Representative previously reached a settlement with defendant Darryl S. Baker for Two Million Dollars in cash (\$2,000,000). On June 5, 2020, the Court entered an order preliminarily approving the settlement with Defendant Baker. Please visit [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com) for more information regarding the Baker Settlement. **If you previously submitted or plan to submit a Claim Form for the Baker Settlement, your Claim Form will also be processed in connection with this Settlement. You only need to submit one Claim Form to participate in both this Settlement and the Baker Settlement.**

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

40. As a Class Member, you are represented by Class Representative and Class Counsel, unless you enter an appearance through counsel of your own choice and 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 \_\_ below.

41. If you are a Class Member and you wish to object to the Settlement of the Action with Defendant Kapoor, the Plan of Allocation, and/or Class Counsel’s application for an award of attorneys’ fees and Litigation Expenses, 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 \_\_ below.

42. If you are a Class Member, you will be bound by any orders issued by the Court. If the Settlement with Defendant Kapoor is approved, the Court will enter a judgment (“Judgment”). The Judgment will dismiss with prejudice the claims against Defendant Kapoor and will provide that, upon the Effective Date of the Settlement, Class Representative and each of the other Class Members, on behalf of themselves, and their respective spouses, 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 Class Representative’s Claim (as defined in ¶ 43 below) against the Settling Defendant and the other Settling Defendant’s Releasees (as defined in ¶ 44), and shall forever be barred and enjoined from prosecuting any or all of the Released Class Representative’s Claims against any of the

Settling Defendant's Releasees whether or not such Class Member executes and delivers a Claim Form.<sup>8</sup>

43. "Released Class Representative's 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 Class Representative or any other member of the Class: (i) asserted in any of the complaints filed in the Action or (ii) could have asserted in the Action or in any other court or forum that arise out of or in any way relate to the allegations, transactions, facts, matters or occurrences, representations, or omissions set forth in any of the complaints filed in the Action and that relate to the purchase, acquisition or sale of Insys common stock during the period from August 12, 2014 through December 8, 2016. "Released Class Representative's Claims" shall not include: (i) any claims against the Non-Settling Defendants; (ii) any claims relating to the enforcement of the settlement with Defendant Kapoor; or (iii) any of the claims asserted in the following actions: *Soltau v. Kapoor, et al.*, No. 28-1720-SPL (D. Ariz.), *In re Insys Therapeutics, Inc. Deriv. Litig.*, No. 12696-VCL (Del. Ch.), *Bennett v. Kapoor*, No. 2:18-cv-02170-DCG (D. Ariz.), and *In re Insys Therapeutics, Inc. Sec. Litig.*, No. 17-1954-PAC (S.D.N.Y.).

44. "Settling Defendant's Releasees" means Defendant Kapoor, all past, present, or future entities owned, affiliated with or controlled by Defendant Kapoor, including any of those entities' parents, consultants, insurers, attorneys, advisors, successors, heirs, assigns, executors, personal representatives, marital communities and members of his immediate family (as defined in 17 C.F.R. §229.404, Instructions (1)(a)(iii) and (1)(b)(ii)), or any trust of which Defendant Kapoor is the settler or which is for the benefit of Defendant Kapoor or member(s) of his family. "Settling Defendant's Releasees" does not include any of the Non-Settling Defendants, nor any of their related persons or entities.

45. "Unknown Claims" means any Released Class Representative's Claims which Class Representative or any other Class Member do not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Settling Defendant's Claims which the Settling Defendant does not know or suspect to exist in his

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<sup>8</sup> The Settling Parties will also seek, among other things, a judgment reduction order in connection with the Judgment in the Action. A judgment reduction order generally reduces the liability of non-settling defendants and/or certain other parties for common damages by the greater of the settlement amount paid by or on behalf of the settling defendant for common damages or the percentage share of responsibility of the settling defendant for common damages. The Settling Parties will also seek to include in the Judgment a "bar order" that will, among other things, bar certain claims for contribution and indemnification against or by Defendant Kapoor and/or certain other related parties.

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, 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 Settling Parties stipulate and agree that, upon the Effective Date of the Settlement, Class Representative and the Settling Defendant shall expressly waive, and each of the 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 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.

Class Representative and the Settling Defendant acknowledge, and each of the other 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.

46. The Judgment will also provide that, upon the Effective Date of the Settlement, the Settling Defendant, on behalf of himself, and his spouses, 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 Settling Defendant's Claim against Class Representative and the other Class Representative's Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Settling Defendant's Claims against any of the Class Representative's Releasees.

47. "Released Settling Defendant's 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 Defendant Kapoor. "Released Settling Defendant's Claims" shall not include any claims relating to the enforcement of the Settlement.

48. "Class Representative's Releasees" means (i) Class Representative, his attorneys and all other Class Members; (ii) the current and former parents, affiliates, subsidiaries, successors, predecessors, assigns, and assignees of each of the foregoing in (i), if applicable; and (iii) the current and former officers, directors, immediate family

members (as defined in 17 C.F.R. §229.404, Instructions (1)(a)(iii) and (1)(b)(ii)), heirs, trusts, trustees, executors, estates, administrators, beneficiaries, agents, affiliates, insurers, reinsurers, predecessors, successors, 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?**

49. **IF YOU PREVIOUSLY SUBMITTED OR PLAN TO SUBMIT A CLAIM FORM IN CONNECTION WITH THE BAKER SETTLEMENT, YOU NEED NOT SUBMIT ANOTHER CLAIM FORM IN ORDER TO PARTICIPATE IN THIS SETTLEMENT AS YOUR BAKER SETTLEMENT CLAIM FORM WILL BE PROCESSED IN CONNECTION WITH THIS SETTLEMENT.** If you are unsure as to whether you submitted a Claim Form for the Baker Settlement, please contact the Claims Administrator at 1-866-905-8102 or [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com).

50. If you are a member of the Class and you did not submit or do not plan to submit a Claim Form in connection with the Baker Settlement, to be eligible for a payment from the proceeds of the Settlement of the Action with Defendant Kapoor, you must timely complete and return the Claim Form with adequate supporting documentation *postmarked (if mailed), or submitted online at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com), no later than \_\_\_\_\_, 2020*. You can obtain a copy of the Claim Form on the website for the Action, [www.InsysRxSecuritiesLitigation.com](http://www.InsysRxSecuritiesLitigation.com), or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-866-905-8102, or by emailing the Claims Administrator at [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com). **Please retain all records of your ownership of and transactions in Insys common stock, as they may be needed to document your Claim.** If you 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?**

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

52. Pursuant to the Settlement, Defendant shall pay or cause to be paid at least \$700,000 in cash with the potential to increase to up to \$10,000,000 in cash in accordance with the terms and schedule set forth in ¶ 31 above. The Settlement Consideration will be deposited into an escrow account. The Settlement Consideration, plus any interest earned thereon, is referred to as the “Settlement Fund.” If the Settlement with Defendant Kapoor is approved by the Court and the Effective Date occurs, the Net Settlement Fund 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.

53. 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 affirmed on appeal (if any) and/or the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

54. Neither Defendant Kapoor nor any other person or entity that paid any portion of the Settlement Consideration on his behalf are entitled to get back any portion of the Settlement Fund once the Court's order or judgment approving the Settlement becomes Final. Defendant Kapoor and the other Settling Defendant's 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.

55. Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked (if mailed), or online, on or before \_\_\_\_\_, 2020 shall be fully and forever barred from receiving payments pursuant to the Settlement with Defendant Kapoor, 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 Class Representative's Claims (as defined in ¶ 43 above) against the Settling Defendant's Releasees (as defined in ¶ 44 above) and will be enjoined and prohibited from prosecuting any of the Released Class Representative's Claims against any of the Settling Defendant's Releasees whether or not such Class Member submits a Claim Form.

56. Participants in and beneficiaries of any employee retirement and/or benefit plan ("Employee Plan") should NOT include any information relating to shares of Insys common stock purchased/acquired through an Employee Plan in any Claim Form they submit in this Action. They should include ONLY those eligible shares of Insys common stock purchased/acquired during the Class Period outside of an Employee Plan. Claims based on any Employee Plan(s)' purchases/acquisitions of eligible Insys common stock during the Class Period may be made by the Employee Plan(s)' trustees.

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

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

59. Only Class Members or persons authorized to submit a Claim on their behalf will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities



that are excluded from the Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms.

60. **Appendix A to this Notice sets forth the Plan of Allocation for allocating the Net Settlement Fund among Authorized Claimants, as proposed by Class Representative. At the Settlement Fairness Hearing, Class 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 Class.**

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

61. Class Counsel, on behalf of Plaintiffs' Counsel, will apply to the Court for an award of attorneys' fees, inclusive of any remaining Litigation Expenses incurred by Plaintiffs' Counsel in connection with the institution, prosecution, and resolution of the claims against Defendant Kapoor which were not sought to be reimbursed in connection with the Baker Settlement, in an amount not to exceed 30% of the Settlement Fund in the aggregate. Unreimbursed Litigation Expenses that have not been sought in connection with the Baker Settlement currently total approximately \$625,000. Class Counsel's motion for an award of attorneys' fees and Litigation Expenses will be filed by \_\_\_\_\_, 2020, and the Court will consider Class Counsel's motion at the Settlement Fairness Hearing. A copy of Class Counsel's motion for an award of attorneys' fees and Litigation Expenses will be available for review at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com) once it is filed. Any award of attorneys' fees and Litigation Expenses will be paid from the Settlement Fund prior to allocation and payment to Authorized Claimants. *Class Members are not personally liable for any such fees and expenses.*

**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?**

62. **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. Please Note:** The date and time of the Settlement Fairness Hearing may change without further written notice to the Class. If you plan on attending the hearing, please check the website, [www.InsyRXSecuritiesLitigation.com](http://www.InsyRXSecuritiesLitigation.com), or contact Class Counsel to confirm that the date and/or time of the hearing has not changed.

63. The Settlement Fairness Hearing will be held on \_\_\_\_\_, 2020 at \_\_: \_\_ .m., before the Honorable Neil V. Wake at the Sandra Day O'Connor United States



Courthouse, 401 W. Washington St., Phoenix, AZ 85003, Courtroom 401. The Court reserves the right to approve the Settlement of the Action with Defendant Kapoor, the Plan of Allocation, Class Counsel's motion for an award of attorneys' fees and 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 Class. The Court may also combine the Settlement Fairness Hearing with the final hearing for any other settlement(s) entered into under this same caption.

64. Any Class Member may object to the Settlement, the Plan of Allocation, and/or Class Counsel's motion for an award of attorneys' fees and 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 Arizona at the address set forth below, as well as serve copies on Class Counsel and Defendant Kapoor's Counsel at the addresses set forth below *on or before* \_\_\_\_\_, 2020.

<u>Clerk's Office</u>	<u>Class Counsel</u>	<u>Defendant Kapoor's Counsel</u>
United States District Court District of Arizona Sandra Day O'Connor U.S. Courthouse Suite 130 401 West Washington Street, SPC 1 Phoenix, AZ 85003-2118	Johnston de F. Whitman, Jr. Kessler Topaz Meltzer & Check, LLP 280 King of Prussia Road Radnor, PA 19087	Brian T. Kelly Matthew T. McLaughlin Nixon Peabody LLP Exchange Place 53 State Street Boston, MA 02109-2835

65. Any objection, filing, or other submission by an objecting Class Member: (a) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (b) must state with specificity the grounds for the Class Member's objection, including any legal and evidentiary support the 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 Class, or to the entire Class; and (c) must include documents sufficient to prove membership in the Class, *including* the number of shares of Insys common stock that the objecting Class Member: (A) owned as of the opening of trading on March 3, 2015, and (B) purchased/acquired and/or sold during the Class Period, as well as the dates, number of shares, and prices of each such purchase/acquisition and sale. The objecting Class Member shall provide documentation establishing membership in the Class through 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.

66. **You may not object to the Settlement, Plan of Allocation, and/or Class Counsel’s motion for an award of attorneys’ fees and Litigation Expenses if you are not a member of the Class.**

67. 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 first submit a written objection in accordance with the procedures described above, (2) you first submit your notice of appearance in accordance with the procedures described below, or (3) the Court orders otherwise.

68. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, and/or Class Counsel’s motion for an award of attorneys’ fees and Litigation Expenses, and if you timely submit a written objection as described above, you must also file a notice of appearance with the Clerk’s Office and serve it on Class Counsel and Defendant Kapoor’s Counsel at the addresses set forth in ¶ 64 above so that it is *received on or before* \_\_\_\_\_, 2020. 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. Such persons may be heard orally at the discretion of the Court.

69. 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 Class Counsel and Defendant Kapoor’s Counsel at the addresses set forth in ¶ 64 above so that the notice is *received on or before* \_\_\_\_\_, 2020.

70. **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 with Defendant Kapoor, the proposed Plan of Allocation, and/or Class Counsel’s motion for an award of attorneys’ fees and Litigation Expenses. 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 SHARES OF INSYS COMMON STOCK  
ON SOMEONE ELSE’S BEHALF?**

71. **Please Note: If you previously provided the names and addresses of persons and entities on whose behalf you purchased or otherwise acquired Insys common stock during the period from March 3, 2015, through January 25, 2016, in**

connection with Class Notice or the Baker Settlement, and (i) those names and addresses remain current and (ii) you have no additional names and addresses for potential Class Members to provide to the Claims Administrator, *you need do nothing further at this time*. The Claims Administrator will mail a Postcard Settlement Notice to the beneficial owners whose names and addresses were previously provided in connection with Class Notice and the Baker Settlement. If 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 this option, the Claims Administrator will forward the same number of Postcard Settlement Notices (unless that number was updated in connection with the Baker Settlement and in that case, the Claims Administrator shall forward the updated number of Postcard Settlement Notices) to you to send to the beneficial owners. If you require more copies of the Postcard Settlement Notice than you previously requested in connection with the Class Notice and/or Baker Settlement, please contact the Claims Administrator, A.B. Data, Ltd., toll free at 1-866-905-8102, and let them know how many additional Postcard Settlement Notices you require. You must mail the Postcard Settlement Notice to the beneficial owners within seven (7) calendar days of your receipt of the Postcard Settlement Notices.

72. If you have not already provided the names and addresses for persons and entities on whose behalf you purchased or otherwise acquired Insys common stock during the period from March 3, 2015, through January 25, 2016, in connection with Class Notice or the Baker Settlement, then the Court has ordered that you must, **WITHIN SEVEN (7) CALENDAR DAYS OF YOUR RECEIPT OF THIS SETTLEMENT NOTICE**, either: (i) send the Postcard Settlement Notice to all beneficial owners of such Insys common stock, or (ii) send a list of the names and addresses of such beneficial owners to the Claims Administrator at *Insys Therapeutics, Inc. Securities Litigation, c/o A.B. Data, Ltd., P.O. Box 170999, Milwaukee, WI 53217*, in which event the Claims Administrator shall promptly mail the Postcard Settlement Notice to such beneficial owners. **AS STATED ABOVE, IF YOU HAVE ALREADY PROVIDED THIS INFORMATION IN CONNECTION WITH CLASS NOTICE OR THE BAKER SETTLEMENT, UNLESS THAT INFORMATION HAS CHANGED (E.G., BENEFICIAL OWNER HAS CHANGED ADDRESS), IT IS UNNECESSARY TO PROVIDE SUCH INFORMATION AGAIN.**

73. Upon full and timely compliance with these directions, nominees who mail the Postcard Settlement Notice to beneficial owners 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 incurred by nominees in compliance with these directions 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.

74. Copies of this Settlement Notice and the Claim Form may be obtained from the website for the Action, [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com), by calling the Claims Administrator toll free at 1-866-905-8102, or by emailing the Claims Administrator at [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com).

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

75. This Notice contains only a summary of the terms of the Settlement of the Action with Defendant Kapoor. For the terms and conditions of the Settlement, please see the Stipulation available at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.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.azd.uscourts.gov>, or by visiting, during regular office hours, the Office of the Clerk, United States District Court for the District of Arizona, Sandra Day O'Connor U.S. Courthouse, Suite 130, 401 West Washington Street, SPC 1, Phoenix, AZ 85003-2118. Additionally, copies of any related orders entered by the Court and certain other filings in this Action will be posted on the website [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com).

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

*Insys Therapeutics, Inc. Securities Litigation*  
c/o A.B. Data, Ltd.  
P.O. Box 170999  
Milwaukee, WI 53217

1-866-905-8102  
[info@InsyRXSecuritiesLitigation.com](mailto:info@InsyRXSecuritiesLitigation.com)  
[www.InsyRXSecuritiesLitigation.com](http://www.InsyRXSecuritiesLitigation.com)

and/or

**KESSLER TOPAZ MELTZER  
& CHECK, LLP**

Johnston de F. Whitman, Jr., Esq.  
280 King of Prussia Road  
Radnor, PA 19087  
Telephone: (610) 667-7706  
Facsimile: (610) 667-7056

-and-

Jennifer L. Joost, Esq.  
One Sansome Street, Suite 1850  
San Francisco, CA 94104  
Telephone: (415) 400-3000  
Facsimile: (415) 400-3001

info@ktmc.com  
www.ktmc.com

**PLEASE DO NOT CALL OR WRITE THE COURT, THE CLERK'S OFFICE,  
DEFENDANT KAPOOR, OR DEFENDANT KAPOOR'S COUNSEL  
REGARDING THIS SETTLEMENT NOTICE.**

Dated: \_\_\_\_\_, 2020

By Order of the Court  
United States District Court  
District of Arizona

## 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 Class Representative after consultation with his damages expert. The Plan of Allocation below is the same plan that is being proposed for approval by Class Representative in connection with the Baker Settlement. The Court may approve the Plan of Allocation with or without modification, or approve another plan of allocation, without further notice to the Class. Any Orders regarding a modification of the Plan of Allocation will be posted on [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com). Defendant Kapoor has 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 Class Members who purportedly suffered economic losses as a result of the alleged violations of the federal securities laws set forth in the Second Amended Complaint. **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 with the Settling Defendant.** 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. These calculations have not in any way been agreed to or conceded by Defendant Kapoor.

In developing the Plan of Allocation, Class Representative's damages expert calculated the estimated amount of alleged artificial inflation in the per-share price of Insys common stock that allegedly was proximately caused by defendants' alleged materially false and misleading statements and omissions during the Class Period. In calculating the estimated alleged artificial inflation allegedly caused by those alleged misleading statements and omissions, Class Representative's damages expert considered price changes in Insys common stock in reaction to certain public announcements allegedly revealing the truth concerning defendants' alleged misrepresentations and omissions, adjusting for price changes on those days that were attributable to market or industry forces. The estimated artificial inflation in the per-share price of Insys common stock for each day of the Class Period is provided in **Table 1** below.

In order to have recoverable damages under the Exchange Act, 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, Insys common stock must have been purchased or otherwise acquired during the Class Period certified by the Court (i.e., the period from March 3, 2015, through January 25, 2016) and *held through at least one of the alleged corrective disclosures* that removed alleged artificial inflation related to that information. For purposes of the Plan of Allocation, Class Representative's damages expert has identified the following dates on which alleged corrective disclosures removed alleged artificial inflation from the per-share price of Insys common stock: November 4, 2015, December 3, 2015, and January 25, 2016.

### **CALCULATION OF RECOGNIZED LOSS AMOUNTS**

1. For purposes of determining whether a Claimant has a "Recognized Claim," purchases, acquisitions, and sales of Insys common stock will first be matched on a First In, First Out ("FIFO") basis as set forth in ¶ 6 below.

2. A "Recognized Loss Amount" will be calculated as set forth below for each share of Insys common stock purchased or otherwise acquired during the Class Period (i.e., the period from March 3, 2015, through January 25, 2016), that is listed in the Claim Form and for which adequate documentation is provided.<sup>9</sup> 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."

3. For each share of Insys common stock purchased or otherwise acquired during the period from March 3, 2015, through January 25, 2016, and sold on or before April 22, 2016,<sup>10</sup> an "Out of Pocket Loss" will be calculated. Out of Pocket Loss is defined as the per-share purchase/acquisition price (excluding all fees, taxes, and commissions)

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<sup>9</sup> All shares, prices per share, and artificial inflation per share reflect the 2-for-1 stock split that occurred during the Class Period on June 8, 2015. If necessary, the Claims Administrator will adjust Claimants' submissions to reflect post-split levels.

<sup>10</sup> April 22, 2016 represents the last day of the 90-day period subsequent to the end of the Class Period (the "90-Day Look-Back Period"). 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 Class Member's Recognized Loss Amount. Specifically, a Class Member's Recognized Loss Amount cannot exceed the difference between the purchase price paid for the Insys common stock and the average price of Insys common stock during the 90-Day Look-Back Period if the share was held through April 22, 2016, the end of this period. Losses on Insys common stock purchased/acquired during the period from March 3, 2015, through January 25, 2016 and sold during the 90-Day Look-Back Period cannot exceed the difference between the purchase price paid for the Insys common stock and the average price of Insys common stock 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 2** below.



*minus* the per-share sale price (excluding all fees, taxes, and commissions). To the extent that the calculation of an Out of Pocket Loss results in a negative number, that number shall be set to zero.

4. A Claimant's Recognized Loss Amount per share of Insys common stock purchased or otherwise acquired during the Class Period will be calculated as follows:

- A. For each share of Insys common stock purchased or otherwise acquired during the Class Period and subsequently sold prior to the opening of trading on November 4, 2015, the Recognized Loss Amount is \$0.
- B. For each share of Insys common stock purchased or otherwise acquired during the Class Period and subsequently sold after the opening of trading on November 4, 2015 and prior to the close of trading on January 22, 2016, the Recognized Loss Amount shall be *the lesser of*:
  - (i) the dollar amount of alleged artificial inflation applicable to each such share on the date of purchase/acquisition as set forth in **Table 1** below *minus* the dollar amount of alleged artificial inflation applicable to each such share on the date of sale as set forth in **Table 1** below; or
  - (ii) the Out of Pocket Loss.
- C. For each share of Insys common stock purchased or otherwise acquired during the Class Period and subsequently sold after the close of trading on January 22, 2016 and prior to the close of trading on April 22, 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 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 of each such share (excluding all fees, taxes, and commissions) *minus* the 90-Day Look-Back Value on the date of sale as set forth in **Table 2** below; or
  - (iii) the Out of Pocket Loss.
- D. For each share of Insys common stock purchased or otherwise acquired during the Class Period and still held as of the close of trading on April 22,

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 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 of each such share (excluding all fees, taxes, and commissions) *minus* \$16.93 (i.e., the average closing price of Insys common stock during the 90-Day Look-Back Period from January 25, 2016 through April 22, 2016, as shown on the last line in **Table 2** below).

### **ADDITIONAL PROVISIONS**

5. The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution Amount (defined in ¶10 below) is \$10.00 or greater.

6. If a Class Member has more than one purchase/acquisition or sale of Insys common stock during the Class Period, all purchases/acquisitions and sales shall be matched on a FIFO basis. Class Period sales will be matched first against any holdings of Insys common stock at the beginning of the Class Period, and then against purchases/acquisitions of Insys common stock, in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

7. Purchases/acquisitions and sales of Insys 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 Insys common stock during the Class Period, shall not be deemed a purchase, acquisition, or sale of the Insys common stock 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 Insys common stock unless (i) the donor or decedent purchased or otherwise acquired such Insys common stock 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 Insys common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

8. The date of covering a “short sale” is deemed to be the date of purchase or acquisition of the Insys common stock. The date of a “short sale” is deemed to be the date of sale of the Insys common stock. 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 Insys common stock, the earliest purchases or acquisitions during

the Class Period shall be matched against such opening short position and shall not be entitled to a recovery until that short position is fully covered.

9. Insys common stock is the only security eligible for recovery under the Plan of Allocation. Option contracts to purchase or sell Insys common stock are not securities eligible to participate in the Settlement. With respect to Insys common stock purchased or sold through the exercise of an option, the purchase/sale date of the Insys common stock 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 Insys common stock acquired during the Class Period through the exercise of an option on Insys common stock<sup>11</sup> shall be computed as provided for other purchases of Insys common stock in the Plan of Allocation.

10. 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 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.

11. 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 by reason of uncashed checks, or otherwise, nine (9) months after the initial distribution, if Class 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 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 Class 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 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 Class Counsel and approved by the Court.

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<sup>11</sup> This includes (1) purchases of Insys common stock as the result of the exercise of a call option, and (2) purchases of Insys common stock by the seller of a put option as a result of the buyer of such put option exercising that put option.

12. 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 Class Representative, Plaintiffs' Counsel, Class Representative's damages expert, the Settling Defendant, Settling Defendant's Counsel, any of the other Class Representative's Releasees or Settling Defendant's Releasees, or the Claims Administrator or other agent designated by Class 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. Class Representative, the Settling Defendant and their respective counsel, and all other Settling Defendant's 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.

<b>TABLE 1</b>		
<b>Estimated Alleged Artificial Inflation in the Per-Share Price of Insys Common Stock</b>		
<b>From</b>	<b>To</b>	<b>Estimated Alleged Artificial Inflation Per Share</b>
March 3, 2015	November 3, 2015	\$7.76
November 4, 2015	December 3, 2015 (prior to 12:16 PM EST) <sup>12</sup>	\$5.31
December 3, 2015 (at or after 12:16 PM EST)	January 24, 2016	\$1.13
January 25, 2016	January 25, 2016	\$0.00*
<p>* For shares of Insys common stock <i>sold</i> on January 25, 2016, the estimated alleged artificial inflation per share, as set forth in the chart, is \$0.00. For shares of Insys common stock <i>purchased/acquired</i> on January 25, 2016, the estimated alleged artificial inflation per share is \$1.13.</p>		

<sup>12</sup> For purposes of this Plan of Allocation, the Claims Administrator will assume that any shares of Insys common stock purchased/acquired or sold on December 3, 2015 at a price less than \$30.74 per share occurred *after* the corrective information was released to the market at 12:16 p.m. EST on December 3, 2015, and any shares of Insys common stock purchased/acquired or sold on December 3, 2015 at a price equal to or greater than \$30.74 per share occurred *prior* to the release of the corrective information at 12:16 p.m. EST on December 3, 2015.

**TABLE 1**  
**Estimated Alleged Artificial Inflation in the Per-Share Price of**  
**Insys Common Stock**

From	To	Estimated Alleged Artificial Inflation Per Share
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**TABLE 2**  
**Insys Common Stock 90-Day Look-Back Value by Sale/Disposition Date**

Sale Date	90-Day Look-back Value	Sale Date	90-Day Look- Back Value
1/25/2016	\$21.58	3/10/2016	\$17.29
1/26/2016	\$21.23	3/11/2016	\$17.28
1/27/2016	\$20.85	3/14/2016	\$17.33
1/28/2016	\$20.20	3/15/2016	\$17.34
1/29/2016	\$19.63	3/16/2016	\$17.33
2/1/2016	\$19.14	3/17/2016	\$17.32
2/2/2016	\$18.64	3/18/2016	\$17.34
2/3/2016	\$18.26	3/21/2016	\$17.38
2/4/2016	\$18.08	3/22/2016	\$17.45
2/5/2016	\$17.91	3/23/2016	\$17.45
2/8/2016	\$17.63	3/24/2016	\$17.44
2/9/2016	\$17.47	3/28/2016	\$17.42
2/10/2016	\$17.41	3/29/2016	\$17.39
2/11/2016	\$17.36	3/30/2016	\$17.36
2/12/2016	\$17.33	3/31/2016	\$17.33
2/16/2016	\$17.36	4/1/2016	\$17.32
2/17/2016	\$17.38	4/4/2016	\$17.32
2/18/2016	\$17.39	4/5/2016	\$17.31
2/19/2016	\$17.37	4/6/2016	\$17.33
2/22/2016	\$17.34	4/7/2016	\$17.34
2/23/2016	\$17.29	4/8/2016	\$17.34
2/24/2016	\$17.28	4/11/2016	\$17.28
2/25/2016	\$17.26	4/12/2016	\$17.22

**TABLE 1**  
**Estimated Alleged Artificial Inflation in the Per-Share Price of**  
**Insys Common Stock**

<b>From</b>		<b>To</b>		<b>Estimated Alleged Artificial Inflation Per Share</b>	
2/26/2016	\$17.29		4/13/2016	\$17.16	
2/29/2016	\$17.30		4/14/2016	\$17.11	
3/1/2016	\$17.30		4/15/2016	\$17.06	
3/2/2016	\$17.33		4/18/2016	\$17.03	
3/3/2016	\$17.36		4/19/2016	\$17.00	
3/4/2016	\$17.38		4/20/2016	\$16.97	
3/7/2016	\$17.40		4/21/2016	\$16.95	
3/8/2016	\$17.38		4/22/2016	\$16.93	
3/9/2016	\$17.33				

**UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA**

Richard Di Donato, Individually and On  
Behalf of All Others Similarly Situated,

Plaintiff,

v.

Insys Therapeutics, Inc.; Michael L. Babich;  
Darryl S. Baker; and John N. Kapoor,

Defendants.

No. 16-cv-00302-NVW

**CLASS ACTION**

**SUMMARY NOTICE OF (I) PROPOSED SETTLEMENT WITH DEFENDANT  
JOHN N. KAPOOR; (II) SETTLEMENT FAIRNESS HEARING; AND  
(III) MOTION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES**

**TO: All persons and entities who purchased or otherwise acquired Insys Therapeutics, Inc. (“Insys”) common stock during the period from March 3, 2015, through January 25, 2016, and were damaged thereby (“Class”).** Certain persons and entities are excluded from the Class as set forth in detail in the Stipulation and Agreement of Settlement between Lead Plaintiff and Defendant John N. Kapoor dated July 1, 2020 (“Stipulation”) and the Settlement Notice described below.

**PLEASE READ THIS NOTICE CAREFULLY;  
YOUR RIGHTS WILL BE AFFECTED BY A  
CLASS ACTION LAWSUIT PENDING IN THIS COURT.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of Arizona (“Court”), that the Court-appointed Lead Plaintiff and Class Representative Clark Miller (“Class Representative”), on behalf of himself and the Court-certified Class in the above-captioned securities class action (“Action”), has reached a proposed settlement of the Action with defendant John N. Kapoor (“Defendant Kapoor”) for consideration of at least Seven Hundred Thousand Dollars in cash (\$700,000) with the potential to increase to up to Ten Million Dollars in cash (\$10,000,000) (the “Settlement Consideration”) in accordance with the terms and schedule set forth in Stipulation. If approved, the Settlement will resolve all claims in the Action against Defendant Kapoor only. **Please Note: This**



**settlement does not resolve any of the claims asserted against the other defendants in the Action.**

A hearing will be held on \_\_\_\_\_, 2020 at \_\_:\_\_.m., before the Honorable Neil V. Wake at the Sandra Day O'Connor United States Courthouse, 401 W. Washington St., Phoenix, AZ 85003, Courtroom 401, to determine whether: (i) the proposed Settlement of the Action with Defendant Kapoor should be approved as fair, reasonable, and adequate; (ii) the Action should be dismissed with prejudice against Defendant Kapoor, and the releases specified and described in the Stipulation (and in the Settlement Notice described below) should be entered; (iii) the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) Class Counsel's motion for an award of attorneys' fees and litigation expenses should be approved.

**If you are a member of the Class, your rights will be affected by the pending Action and the Settlement of the Action with Defendant Kapoor, and you may be entitled to share in the Settlement Consideration.** This notice provides only a summary of the information contained in the detailed Notice of (I) Proposed Settlement with Defendant John N. Kapoor; (II) Settlement Fairness Hearing; and (III) Motion for Attorneys' Fees and Litigation Expenses ("Settlement Notice"). You may obtain a copy of the Settlement Notice, along with the Claim Form, on the website for the Action, [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com). You may also obtain a copy of the Settlement Notice and the Claim Form by writing to the Claims Administrator at *Insys Therapeutics, Inc. Securities Litigation*, c/o A.B. Data, Ltd., P.O. Box 170999, Milwaukee, WI 53217; by calling toll free 1-866-905-8102; or by sending an email to [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com).

If you previously submitted or plan to submit a Claim Form in connection with the settlement of the Action with defendant Darryl S. Baker ("Baker Settlement"), **it is not necessary to resubmit a Claim Form for this Settlement. Your Baker Settlement Claim Form will be processed in connection with this Settlement.** If you did not previously submit or are not planning to submit a Claim Form in connection with the Baker Settlement and you are a member of the Class, in order to be eligible to receive a payment under the proposed Settlement with Defendant Kapoor, you must submit a Claim Form ***postmarked (if mailed), or online, no later than \_\_\_\_\_, 2020***, in accordance with the instructions set forth in the Claim Form. If you are a Class Member and do not submit a valid Claim Form either in connection with this Settlement or in connection with the Baker Settlement, you will not be eligible to share in the distribution of the net proceeds of the Settlement of the Action with Defendant Kapoor, but you will nevertheless be bound by any releases, judgments, or orders entered by the Court in the Action.

Any objections to the proposed Settlement of the Action with Defendant Kapoor, the proposed Plan of Allocation, and/or Class Counsel's motion for an award of attorneys' fees and litigation expenses, must be filed with the Court and delivered to Class Counsel

and Defendant Kapoor's Counsel such that they are *received no later than* \_\_\_\_\_, 2020, in accordance with the instructions set forth in the Settlement Notice. As this Class was previously certified and, in connection therewith, Class Members had the opportunity to exclude themselves from the Class, the Court, in connection with the Baker Settlement, exercised its discretion not to allow a second opportunity for exclusion in connection with the settlement proceedings.

**PLEASE DO NOT CONTACT THE COURT, THE CLERK'S OFFICE, DEFENDANT KAPOOR, OR DEFENDANT KAPOOR'S COUNSEL REGARDING THIS NOTICE.** All questions about this notice, the Settlement of the Action with Defendant Kapoor, or your eligibility to participate in the Settlement with Defendant Kapoor should be directed to the Claims Administrator or Class Counsel.

Requests for the Settlement Notice and Claim Form should be made to the Claims Administrator:

*Insys Therapeutics, Inc. Securities Litigation*  
c/o A.B. Data, Ltd.  
P.O. Box 170999  
Milwaukee, WI 53217

1-866-905-8102  
info@InsyRXSecuritiesLitigation.com  
www.InsyRXSecuritiesLitigation.com

All other inquiries should be made to Class Counsel:

**KESSLER TOPAZ MELTZER  
& CHECK, LLP**

Johnston de F. Whitman, Jr., Esq.  
280 King of Prussia Road  
Radnor, PA 19087  
Telephone: (610) 667-7706  
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-and-

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One Sansome Street, Suite 1850  
San Francisco, CA 94104  
Telephone: (415) 400-3000  
Facsimile: (415) 400-3001

info@ktmc.com

www.ktmc.com

DATED: \_\_\_\_\_, 2020

BY ORDER OF THE COURT  
United States District Court  
District of Arizona

*Insys Therapeutics, Inc. Securities Litigation*  
c/o A.B. Data, Ltd.  
P.O. Box 170999  
Milwaukee, WI 53217

**Toll-Free Number: 1-866-905-8102**  
**Email: [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com)**  
**Website: [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com)**

**PROOF OF CLAIM AND RELEASE FORM**

To be eligible to receive a share of the Net Settlement Fund in connection with the proposed Settlement of the Action with defendant John N. Kapoor (the “Settling Defendant” or “Defendant Kapoor”), you must complete and submit a Proof of Claim and Release Form (“Claim Form”).

**PLEASE NOTE: IF YOU ALREADY SUBMITTED A CLAIM FORM IN CONNECTION WITH THE SETTLEMENT OF THE ACTION WITH DEFENDANT DARRYL S. BAKER (“BAKER SETTLEMENT”) OR PLAN TO DO SO, YOU SHOULD NOT SUBMIT ANOTHER CLAIM FORM. YOUR BAKER SETTLEMENT CLAIM FORM WILL BE PROCESSED IN CONNECTION WITH THE SETTLEMENT WITH DEFENDANT KAPOOR. IF YOU ARE UNSURE ABOUT WHETHER OR NOT YOU SUBMITTED A CLAIM FORM FOR THE BAKER SETTLEMENT, PLEASE CONTACT A.B. DATA, LTD. AT THE ADDRESS, TOLL-FREE NUMBER, OR EMAIL ADDRESS SET FORTH ABOVE.**

If you did not submit or do not plan to submit a Claim Form in connection with the Baker Settlement and you want to be eligible to receive a payment from the Settlement with Defendant Kapoor, you must complete and sign this Claim Form and mail it by first-class mail to the above address, or submit it online at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com), **postmarked (or received) no later than \_\_\_\_\_, 2020**. Failure to submit your Claim Form by the date specified will subject your claim to rejection and may preclude you from being eligible to recover any money in connection with the proposed Settlement.

**Do not mail or deliver your Claim Form to the Court, the Settling Parties, or their counsel. Submit your Claim Form only to the Claims Administrator at the address set forth above, or online at [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com).**

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## **PART I – GENERAL INSTRUCTIONS**

1. It is important that you completely read and understand the Notice of (I) Proposed Settlement with Defendant John N. Kapoor; (II) Settlement Fairness Hearing; and (III) Motion for Attorneys’ Fees and Litigation Expenses (“Settlement Notice”), including the proposed Plan of Allocation set forth therein. The Settlement Notice is available for download on the website [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com). The Settlement Notice describes the proposed Settlement of the Action with Defendant Kapoor, how Class Members are affected by the Settlement, and the manner in which the Net Settlement Fund will be distributed if the Settlement and Plan of Allocation are approved by the Court. The Settlement Notice also contains the definitions of many of the defined terms (which are indicated by initial capital letters) used in this Claim Form. By signing and submitting this Claim Form, or if you previously submitted a Claim Form in connection with the Baker Settlement, you will be certifying that you have read and that you understand the Settlement Notice, including the terms of the Releases described therein and provided for herein.

2. This Claim Form is directed to **all persons and entities who purchased or otherwise acquired Insys Therapeutics, Inc. (“Insys”) common stock during the period from March 3, 2015, through January 25, 2016, and were damaged thereby (“Class”)**. Certain persons and entities are excluded from the Class by definition as set forth in ¶ 32 of the Settlement Notice.

3. By submitting this Claim Form, you are making a request to share in the proceeds of the Settlement described in the Settlement Notice. **IF YOU ARE NOT A CLASS MEMBER** (*see* definition of Class contained in ¶ 32 of the Settlement Notice), **DO NOT SUBMIT A CLAIM FORM AS YOU MAY NOT, DIRECTLY OR INDIRECTLY, PARTICIPATE IN THE SETTLEMENT. THUS, IF YOU ARE EXCLUDED FROM THE CLASS, ANY CLAIM FORM THAT YOU SUBMIT, OR THAT MAY BE SUBMITTED ON YOUR BEHALF, WILL NOT BE ACCEPTED.**

4. **Submission of this Claim Form does not guarantee that you will share in the proceeds of the Settlement. The distribution of the Net Settlement Fund will be governed by the Plan of Allocation set forth in the Notice, if it is approved by the Court, or by such other plan of allocation as the Court approves.**

5. Use the Schedule of Transactions in Part III of this Claim Form to supply all required details of your transaction(s) (including free transfers and deliveries) in and holdings of Insys common stock. On this schedule, please provide all of the requested information with respect to your holdings, purchases, acquisitions, and sales of Insys common stock, whether such transactions resulted in a profit or a loss. **Failure to report all transaction and holding information during the requested time period may result in the rejection of your claim.**

6. **Please note:** Only Insys common stock purchased or otherwise acquired during the Class Period (*i.e.*, March 3, 2015 through January 25, 2016), is eligible under the Settlement. However, pursuant to the “90-Day Look-Back Period” (described in the Plan of Allocation set forth in the Settlement Notice), your sales of Insys common stock during the period from January 25, 2016 through

and including the close of trading on April 22, 2016 will be used for purposes of calculating loss amounts under the Plan of Allocation. Therefore, in order for the Claims Administrator to be able to balance your claim, the requested purchase information during the 90-Day Look-Back Period must also be provided. **Failure to report all transaction and holding information during the requested time periods may result in the rejection of your claim.**

7. You are required to submit genuine and sufficient documentation for all of your transactions in and holdings of Insys common stock set forth in the Schedule of Transactions in Part III of this Claim Form. Documentation may consist of copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from your broker containing the transactional and holding information found in a broker confirmation slip or account statement. The Settling Parties and the Claims Administrator do not independently have information about your investments in Insys common stock. **IF SUCH DOCUMENTS ARE NOT IN YOUR POSSESSION, PLEASE OBTAIN COPIES OF THE DOCUMENTS OR EQUIVALENT DOCUMENTS FROM YOUR BROKER. FAILURE TO SUPPLY THIS DOCUMENTATION MAY RESULT IN THE REJECTION OF YOUR CLAIM. DO NOT SEND ORIGINAL DOCUMENTS. Please keep a copy of all documents that you send to the Claims Administrator. Also, do not highlight any portion of the Claim Form or any supporting documents.**

8. All joint beneficial owners each must sign this Claim Form and their names must appear as “Claimants” in Part II of this Claim Form. The complete name(s) of the beneficial owner(s) must be entered. If you purchased or otherwise acquired Insys common stock during the Class Period and held the shares in your name, you are the beneficial owner as well as the record owner. If you purchased or otherwise acquired Insys common stock during the Class Period and the shares were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial owner of these shares, but the third party is the record owner. The beneficial owner, not the record owner, must sign this Claim Form.

9. **One Claim should be submitted for each separate legal entity.** Separate Claim Forms should be submitted for each separate legal entity (*e.g.*, a claim from joint owners should not include separate transactions of just one of the joint owners, and an individual should not combine his or her IRA transactions with transactions made solely in the individual’s name). Conversely, a single Claim Form should be submitted on behalf of one legal entity including all transactions made by that entity on one Claim Form, no matter how many separate accounts that entity has (*e.g.*, a corporation with multiple brokerage accounts should include all transactions made in all accounts on one Claim Form).

10. Agents, executors, administrators, guardians, and trustees must complete and sign the Claim Form on behalf of persons represented by them, and they must:

- (a) expressly state the capacity in which they are acting;
- (b) identify the name, account number, last four digits of the Social Security Number (or Taxpayer Identification Number), address, and telephone number of the

beneficial owner of the Insys common stock (or other person or entity on whose behalf they are acting with respect to); and

- (c) furnish herewith evidence of their authority to bind to the Claim Form the person or entity on whose behalf they are acting. (Authority to complete and sign a Claim Form cannot be established by stockbrokers demonstrating only that they have discretionary authority to trade securities in another person's accounts.)

11. By submitting a signed Claim Form, you will be swearing to the truth of the statements contained therein and the genuineness of the documents attached thereto, subject to penalties of perjury under the laws of the United States of America. The making of false statements, or the submission of forged or fraudulent documentation, will result in the rejection of your claim and may subject you to civil liability or criminal prosecution.

12. If the Court approves the Settlement, payments to eligible Authorized Claimants pursuant to the Plan of Allocation (or such other plan of allocation as the Court approves) will be made after any appeals with respect to the Settlement are resolved, and after the completion of all claims processing. The claims process will take substantial time to complete fully and fairly. Please be patient.

13. **PLEASE NOTE:** As set forth in the Plan of Allocation, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. 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.

14. If you have questions concerning the Claim Form, or need additional copies of the Claim Form or a copy of the Settlement Notice, you may contact the Claims Administrator, A.B. Data, Ltd., by writing to the above address, by sending an email to [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com), or by calling toll-free 1-866-905-8102, or you can visit the website for the Action, [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com), where copies of the Claim Form and Settlement Notice are available for downloading.

15. **NOTICE REGARDING ELECTRONIC FILES:** Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. To obtain the *mandatory* electronic filing requirements and file layout, you may visit the website for the Action, [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com), or you may email the Claims Administrator's electronic filing department at [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com). **Any file that is not in accordance with the required electronic filing format will be subject to rejection.** No electronic files will be considered to have been properly submitted unless the Claims Administrator issues an email to you to that effect. **Do not assume that your file has been received until you receive this email. If you do not receive such an email within 10 days of your submission, you should contact the Claims Administrator's electronic filing department at [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com) to inquire about your file and confirm it was received.**



**IMPORTANT PLEASE NOTE:**

**YOUR CLAIM IS NOT DEEMED FILED UNTIL YOU RECEIVE AN ACKNOWLEDGEMENT POSTCARD. THE CLAIMS ADMINISTRATOR WILL ACKNOWLEDGE RECEIPT OF YOUR CLAIM FORM BY MAIL WITHIN 60 DAYS. IF YOU DO NOT RECEIVE AN ACKNOWLEDGEMENT POSTCARD WITHIN 60 DAYS, CALL THE CLAIMS ADMINISTRATOR TOLL FREE AT 1-866-905-8102.**

**PART II – CLAIMANT IDENTIFICATION**

**Please complete this PART II in its entirety. The Claims Administrator will use this information for all communications regarding this Claim Form. If this information changes, you MUST notify the Claims Administrator in writing at the address above.**

Beneficial Owner’s First Name

Beneficial Owner’s Last Name

Co-Beneficial Owner’s First Name

Co-Beneficial Owner’s Last Name

Entity Name (if Beneficial Owner is not an individual)

Representative or Custodian Name (if different from Beneficial Owner(s) listed above)

Address 1 (street name and number)

Address 2 (apartment, unit or box number)

City

State

Zip Code

Country

Last four digits of Social Security Number or Taxpayer Identification Number

Telephone Number (home)

Telephone Number (work)

Email address (E-mail address is not required, but if you provide it you authorize the Claims Administrator to use it in providing you with information relevant to this claim.)



**PART III – SCHEDULE OF TRANSACTIONS IN INSYS THERAPUETICS, INC.**  
**COMMON STOCK**

Complete this Part III if and only if you purchased or otherwise acquired Insys common stock from March 3, 2015 through January 25, 2016. Please be sure to include proper documentation with your Claim Form as described in detail in Part I – General Instructions, ¶ 7, above. Do not include information regarding securities other than Insys common stock.

<b>1. HOLDINGS AS OF MARCH 3, 2015</b> – State the total number of shares of Insys common stock held as of the opening of trading on March 3, 2015. (Must be documented.) If none, write “zero” or “0.” _____				Confirm Proof of Holding Position Enclosed <input type="checkbox"/>
<b>2. PURCHASES/ACQUISITIONS FROM MARCH 3, 2015 THROUGH JANUARY 25, 2016</b> – Separately list each and every purchase/acquisition (including free receipts) of Insys common stock from after the opening of trading on March 3, 2015 through and including the close of trading on January 25, 2016. (Must be documented.)				
Date of Purchase/ Acquisition (List Chronologically) (Month/Day/Year)	Number of Shares Purchased/ Acquired	Purchase/ Acquisition Price Per Share	Total Purchase/ Acquisition Price (excluding taxes, commissions, and fees)	Confirm Proof of Purchases/ Acquisitions Enclosed
/ /		\$	\$	<input type="checkbox"/>
/ /		\$	\$	<input type="checkbox"/>
/ /		\$	\$	<input type="checkbox"/>
/ /		\$	\$	<input type="checkbox"/>
/ /		\$	\$	<input type="checkbox"/>
<b>3. PURCHASES/ACQUISITIONS FROM JANUARY 26, 2016 THROUGH APRIL 22, 2016</b> – State the total number of shares of Insys common stock purchased/acquired (including free receipts) from after the opening of trading on January 26, 2016 through and including the close of trading on April 22, 2016. (Must be documented.) If none, write “zero” or “0.” <sup>2</sup> _____				

<sup>2</sup> **Please note:** Information requested with respect to your purchases/acquisitions of Insys common stock from after the opening of trading on January 26, 2016 through and including the close of trading on April 22, 2016 is needed in order to perform the necessary calculations for your claim;

<b>4. SALES FROM MARCH 3, 2015 THROUGH APRIL 22, 2016</b> – Separately list each and every sale/disposition (including free deliveries) of Insys common stock from after the opening of trading on March 3, 2015 through and including the close of trading on April 22, 2016. (Must be documented.)				<b>IF NONE, CHECK HERE</b> <input type="radio"/>
Date of Sale (List Chronologically) (Month/Day/Year)	Number of Shares Sold	Sale Price Per Share	Total Sale Price (excluding taxes, commissions, and fees)	Confirm Proof of Sales Enclosed
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
/ /		\$	\$	<input type="radio"/>
<b>5. HOLDINGS AS OF APRIL 22, 2016</b> – State the total number of shares of Insys common stock held as of the close of trading on April 22, 2016. (Must be documented.) If none, write “zero” or “0.” _____				Confirm Proof of Holding Position Enclosed <input type="radio"/>

**IF YOU REQUIRE ADDITIONAL SPACE FOR THE SCHEDULE ABOVE, ATTACH EXTRA SCHEDULES IN THE SAME FORMAT. PRINT THE BENEFICIAL OWNER’S FULL NAME AND LAST FOUR DIGITS OF SOCIAL SECURITY/TAXPAYER IDENTIFICATION NUMBER ON EACH ADDITIONAL PAGE. IF YOU DO ATTACH EXTRA SCHEDULES, CHECK THIS BOX**

\_\_\_\_\_ purchases/acquisitions during this period, however, are not eligible transactions and will not be used for purposes of calculating Recognized Loss Amounts pursuant to the Plan of Allocation.

**PART IV - RELEASE OF CLAIMS AND SIGNATURE**

**YOU MUST ALSO READ THE RELEASE AND CERTIFICATION BELOW AND SIGN ON PAGE \_\_ OF THIS CLAIM FORM.**

I (we) hereby acknowledge that, pursuant to the terms set forth in the Stipulation, without further action by anyone, upon the Effective Date of the Settlement, I (we), on behalf of myself (ourselves) and my (our) spouses, 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 Class Representative's Claim against the Settling Defendant and the other Settling Defendant's Releasees, and shall forever be barred and enjoined from prosecuting any or all of the Released Class Representative's Claims against any of the Settling Defendant's Releasees.

**CERTIFICATION**

By signing and submitting this Claim Form, the claimant(s) or the person(s) who represent(s) the claimant(s) agree(s) to the release above and certifies (certify) as follows:

1. that I (we) have read and understand the contents of the Settlement Notice and this Claim Form, including the Releases provided for in the Settlement of the Action with Defendant Kapoor and the terms of the Plan of Allocation;
2. that the claimant(s) is a (are) member(s) of the Class, as defined in the Settlement Notice, and is (are) not excluded by definition from the Class as set forth in the Settlement Notice;
3. that I (we) own(ed) the Insys common stock identified in the Claim Form and have not assigned the claim against Defendant Kapoor or any of the other Settling Defendant's Releasees to another, or that, in signing and submitting this Claim Form, I (we) have the authority to act on behalf of the owner(s) thereof;
4. that the claimant(s) has (have) not submitted any other claim covering the same purchases/acquisitions of Insys common stock and knows (know) of no other person having done so on the claimant's (claimants') behalf;
5. that the claimant(s) submit(s) to the jurisdiction of the Court with respect to claimant's (claimants') claim and for purposes of enforcing the Releases set forth herein;
6. that I (we) agree to furnish such additional information with respect to this Claim Form as Class Counsel, the Claims Administrator, or the Court may require;
7. that the claimant(s) waive(s) the right to trial by jury, to the extent it exists, agree(s) to the determination by the Court of the validity or amount of this Claim and waives any right of appeal or review with respect to such determination;
8. that I (we) acknowledge that the claimant(s) will be bound by and subject to the terms of any judgment(s) that may be entered in the Action; and

9. that the claimant(s) is (are) NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code because (a) the claimant(s) is (are) exempt from backup withholding or (b) the claimant(s) has (have) not been notified by the IRS that he/she/it/they is (are) subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified the claimant(s) that he/she/it/they is (are) no longer subject to backup withholding. **If the IRS has notified the claimant(s) that he/she/it/they is (are) subject to backup withholding, please strike out the language in the preceding sentence indicating that the claim is not subject to backup withholding in the certification above.**

UNDER THE PENALTIES OF PERJURY, I (WE) CERTIFY THAT ALL OF THE INFORMATION PROVIDED BY ME (US) ON THIS CLAIM FORM IS TRUE, CORRECT, AND COMPLETE, AND THAT THE DOCUMENTS SUBMITTED HEREWITH ARE TRUE AND CORRECT COPIES OF WHAT THEY PURPORT TO BE.

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Signature of claimant Date

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Print claimant name here

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Signature of joint claimant, if any Date

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Print joint claimant name here

***If the claimant is other than an individual, or is not the person completing this form, the following also must be provided:***

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Signature of person signing on behalf of claimant Date

---

Print name of person signing on behalf of claimant here

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Capacity of person signing on behalf of claimant, if other than an individual, *e.g.*, executor, president, trustee, custodian, etc. (Must provide evidence of authority to act on behalf of claimant – *see* ¶ 10 on page \_\_ of this Claim Form.)



**REMINDER CHECKLIST**

1. **If you already submitted, or plan to submit, a Claim Form for the Baker Settlement, you should not submit another Claim Form as your Baker Settlement Claim Form will also be processed in connection with the Settlement with Defendant Kapoor. If you are unsure about whether you submitted a Claim Form for the Baker Settlement, please contact A.B. Data, Ltd.**
2. Sign the above release and certification. If this Claim Form is being made on behalf of joint claimants, then both must sign.
3. Attach only **copies** of acceptable supporting documentation as these documents will not be returned to you.
4. Do not highlight any portion of the Claim Form or any supporting documents.
5. Keep copies of the completed Claim Form and any supporting documentation for your own records.
6. The Claims Administrator will acknowledge receipt of your Claim Form by mail, within 60 days. Your claim is not deemed filed until you receive an acknowledgement postcard. **If you do not receive an acknowledgement postcard within 60 days, please call the Claims Administrator toll free at 1-866-905-8102.**
7. If your address changes in the future, you must send the Claims Administrator written notification of your new address. If you change your name, inform the Claims Administrator.
8. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at the address below, by email at [info@InsysRXSecuritiesLitigation.com](mailto:info@InsysRXSecuritiesLitigation.com), or by toll-free phone at 1-866-905-8102, or you may visit the website [www.InsysRXSecuritiesLitigation.com](http://www.InsysRXSecuritiesLitigation.com). DO NOT call the Court, Defendant Kapoor, or Defendant Kapoor's Counsel with questions regarding your claim.

THIS CLAIM FORM MUST BE MAILED TO THE CLAIMS ADMINISTRATOR BY FIRST-CLASS MAIL, OR SUBMITTED ONLINE AT [WWW.INSYSRXSECURITIESLITIGATION.COM](http://WWW.INSYSRXSECURITIESLITIGATION.COM), **POSTMARKED (OR RECEIVED) NO LATER THAN \_\_\_\_\_, 2020.** IF MAILED, THE CLAIM FORM SHOULD BE ADDRESSED AS FOLLOWS:

***Insys Therapeutics, Inc. Securities Litigation***  
**c/o A.B. Data, Ltd.**  
**P.O. Box 170999**  
**Milwaukee, WI 53217**

If mailed, a Claim Form received by the Claims Administrator shall be deemed to have been submitted when posted, if a postmark date on or before \_\_\_\_\_, 2020, is indicated on the envelope and it is mailed First Class, and addressed in accordance with the above instructions. In all other cases, a Claim Form shall be deemed to have been submitted when actually received by the Claims Administrator.

You should be aware that it will take a significant amount of time to fully process all of the Claim Forms. Please be patient and notify the Claims Administrator of any change of address.