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14 **UNITED STATES DISTRICT COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SAN FRANCISCO DIVISION**

17
18 POLICE AND FIRE RETIREMENT) Case No. 13-cv-00945-VC
SYSTEM OF THE CITY OF DETROIT,)
19 Individually and on Behalf of All Others)
Similarly Situated,) **STIPULATION OF SETTLEMENT**
20)
Plaintiff,)
21)
vs.)
22)
ROSEMARY A. CRANE, PATRICK D.)
23 SPANGLER, and EPOCRATES, INC.,)
24)
Defendants.)
25)
26
27
28

1 This Stipulation of Settlement dated as of October 30, 2015 (the “Stipulation”), is made
2 and entered into by and among the following Settling Parties to the above-entitled Litigation: (i)
3 Lead Plaintiff Police and Fire Retirement System of the City of Detroit (“Detroit” or “Lead
4 Plaintiff”), on behalf of itself and each of the Settlement Class Members, by and through its
5 counsel of record in the Litigation; and (ii) Epocrates, Inc., (“Epocrates” or the “Company”),
6 Rosemary A. Crane, and Patrick D. Spangler (collectively, “Defendants”), by and through their
7 counsel of record in the Litigation. Subject to the approval of the Court, the Stipulation is
8 intended by the Settling Parties to fully, finally, and forever resolve, discharge, and settle the
9 Litigation and the Released Claims, upon and subject to the terms and conditions hereof.

10 **I. THE LITIGATION**

11 On March 1, 2013, Detroit filed a securities class action in the United States District Court
12 for the Northern District of California (the “Court”) titled *Police and Fire Retirement System of*
13 *the City of Detroit v. Crane et al.*, Case No. 13-cv-00945-LHK.¹ On August 9, 2013, the Court
14 appointed Detroit as Lead Plaintiff, and appointed Glancy Binkow & Goldberg LLP² and
15 Scott+Scott, Attorneys at Law, LLP as Lead Counsel (Dkt. No. 29).

16 Lead Plaintiff filed an Amended Class Action Complaint for Violations of the Federal
17 Securities Laws on October 8, 2013 (Dkt. No. 36); a Second Amended Class Action Complaint for
18 Violations of the Federal Securities Laws on June 25, 2014 (Dkt. No. 65); and a Third Amended
19 Class Action Complaint for Violations of the Federal Securities Laws (“Complaint” or “TAC”) on
20 October 23, 2014 (Dkt. No. 81). These complaints named Epocrates, Rosemary A. Crane, and
21 Patrick D. Spangler as defendants on behalf of purchasers of Epocrates securities between
22 February 1, 2011, through August 9, 2011, inclusive (the “Settlement Class Period”).

23 On March 13, 2015, the Court issued an order (Dkt. No. 95) denying Defendants’ motion
24 to dismiss the TAC. The TAC is the operative complaint in this Litigation and alleges that

25 _____
26 ¹ On April 17, 2014, the Litigation was reassigned from Judge Lucy H. Koh to Judge Vince
Chhabria with the new case number 13-cv-00945-VC.

27 ² The law firm of Glancy Binkow & Goldberg LLP has since changed its name to Glancy Prongay
28 & Murray LLP. Notifications were filed with the Court on May 5, 2015 (Dkt. No. 102).

1 Defendants engaged in a scheme to misrepresent and conceal the problems they were having
2 delivering their products, particularly “DocAlerts,” as a result of regulatory queues that had built
3 up at their pharmaceutical clients, by secretly cancelling and reissuing its pharmaceutical clients’
4 contracts and prematurely recognizing revenue. The TAC seeks an unspecified amount of
5 damages and asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of
6 1934, and Rule 10b-5 promulgated thereunder, against Defendants.

7 On March 31, 2015, the Settling Parties conferred regarding the possibility of settlement
8 and a mediation to facilitate resolution of the case. Pursuant to a stipulation of the parties, on
9 April 8, 2015, the Court entered an Order to reschedule the Case Management Conference until
10 July 7, 2015 to allow the Settling Parties to complete a mediation (Dkt. No. 99). The Settling
11 Parties also agreed to engage in certain limited pre-mediation discovery.

12 On April 27, 2015, Defendants filed their Answer to the TAC. (Dkt. No. 101). Pursuant to
13 a stipulation of the Settling Parties, on May 20, 2015, the Court entered a Protective Order for
14 disclosure and discovery activity in the Litigation (Dkt. No. 104).

15 On June 23, 2015, the parties participated in an all-day mediation session before Judge
16 Layn Phillips (Ret.) (“Judge Phillips”). Prior to the mediation, the Settling Parties engaged in
17 limited informal document discovery and exchanged initial and reply mediation statements.
18 Although Lead Plaintiff and Defendants did not reach an agreement to settle this matter during the
19 June 23, 2015 mediation, the Settling Parties continued to engage in settlement negotiations with
20 the assistance of Judge Phillips.

21 On July 28, 2015, the Settling Parties filed a Joint Case Management Statement for an
22 August 3, 2015 Case Management Conference (Dkt. No. 108). On August 14, 2015, the Court set
23 various deadlines for the Litigation, including a discovery deadline of June 17, 2016 and a trial
24 date of March 27, 2017 (Dkt. No. 113). On August 21, 2015, Lead Plaintiff served its First Set of
25 Requests for Production of Documents to Defendants. On August 28, 2015, Defendants served
26 their First Set of Requests for Production of Documents to Lead Plaintiff.

27 On September 8, 2015, the Settling Parties reached an agreement-in-principle to settle the
28 case. The Settling Parties then negotiated and, on September 21, 2015, executed a term sheet that

1 outlined and confirmed many of the material terms of the agreement.

2 **II. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

3 Defendants have expressly denied and continue to deny that they have committed any act
4 or omission giving rise to any liability or violation of law whatsoever. Pursuant to the terms set
5 forth below, this Stipulation shall in no event be construed as or deemed to be evidence of an
6 admission or concession by any Defendant with respect to any claim of any fault, liability,
7 wrongdoing, or damage whatsoever.

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

15 **III. CLAIMS OF LEAD PLAINTIFF AND BENEFITS OF SETTLEMENT**

16 Lead Plaintiff believes that the claims asserted in the Litigation have merit and that the
17 evidence developed to date supports the claims asserted. However, counsel for Lead Plaintiff
18 recognizes and acknowledges the expense and length of continued proceedings necessary to
19 prosecute the Litigation against Defendants through trial and through appeals. Lead Plaintiff has
20 taken into account the uncertain outcome and the risk of any litigation, especially in complex
21 actions such as the Litigation, and the difficulties and delays inherent in such Litigation. Lead
22 Plaintiff is also mindful of the inherent problems of proof under and possible defenses to the
23 claims of securities law violations asserted in the Litigation. Lead Plaintiff believes that the
24 settlement set forth in the Stipulation confers substantial benefits upon the Settlement Class.
25 Based on their evaluation, Lead Plaintiff and counsel for Lead Plaintiff have determined that the
26 settlement set forth in the Stipulation is in the best interests of Lead Plaintiff and the Settlement
27 Class and, therefore, determined that it is desirable and beneficial to Lead Plaintiff and the
28

1 Settlement Class that the Litigation be settled upon the terms and conditions set forth in this
2 Stipulation.

3 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

4 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among
5 Lead Plaintiff (on behalf of itself and each of the Settlement Class Members) and Defendants, by
6 and through their respective duly authorized counsel of record, that, subject to the approval of the
7 Court, the Litigation and the Released Claims shall be finally and fully compromised, settled and
8 released, and the Litigation shall be dismissed with prejudice, upon and subject to the terms and
9 conditions of the Stipulation, as follows.

10 **1. Definitions**

11 As used in the Stipulation, the following terms have the meanings specified below. In the
12 event of any inconsistency between any definition set forth below and any definition set forth in
13 any document attached as an exhibit to this Stipulation, the definition set forth below shall control.

14 1.1. "Authorized Claimant" means any Settlement Class Member who, in
15 accordance with the terms of this Stipulation, is entitled to a distribution from the Settlement Fund
16 pursuant to any Plan of Allocation or any order of the Court.

17 1.2. "Claims Administrator" means Kurtzman Carson Consultants, LLC
18 ("KCC").

19 1.3. "Complaint" or "TAC" means the Third Amended Class Action Complaint
20 filed by Lead Plaintiff on October 23, 2014 (Dkt. No. 81).

21 1.4. "Court" means the United States District Court for the Northern District of
22 California.

23 1.5. "Defendants" means Epocrates, Rosemary A. Crane, and Patrick D.
24 Spangler.

25 1.6. "Defendants' Counsel" means Goodwin Procter LLP.

26 1.7. "Effective Date" means the first date by which all of the events and
27 conditions specified in ¶7.1 of this Stipulation have occurred.

28 1.8. "Epocrates" means Epocrates, Inc.

1 1.9. “Escrow Account” means the interest-bearing account created pursuant to
2 ¶2.1.

3 1.10. “Escrow Agent” means Huntington Bancshares Incorporated, formerly
4 known as The Huntington National Bank.

5 1.11. “Fee and Expense Award” means Lead Counsel’s requested attorneys’ fees
6 and expenses with interest thereon.

7 1.12. “Final” means, with respect to any order of court, including, without
8 limitation, the Judgment, that such order represents a final and binding determination of all issues
9 within its scope and is not subject to further review on appeal or otherwise. Without limitation, an
10 order becomes “Final” when: (a) no appeal has been filed and the prescribed time for commencing
11 any appeal has expired; or (b) an appeal has been filed and either (i) the appeal has been dismissed
12 and the prescribed time, if any, for commencing any further appeal has expired, or (ii) the order
13 has been affirmed in its entirety and the prescribed time, if any, for commencing any further
14 appeal has expired. For purposes of this Paragraph, an “appeal” includes appeals as of right,
15 discretionary appeals, interlocutory appeals, proceedings involving writs of certiorari or
16 mandamus, and any other proceedings seeking review, alteration, amendment or appeal of a
17 court’s order. Any appeal or other proceeding pertaining to the Plan of Allocation, Lead
18 Counsel’s Fee and Expense Award (or any other application for attorneys’ fees or expenses) or the
19 Lead Plaintiff Cost and Expense Award shall not in any way delay or preclude the Judgment from
20 becoming Final.

21 1.13. “Individual Defendants” means Rosemary A. Crane and Patrick D.
22 Spangler.

23 1.14. “Judgment” means the judgment to be rendered by the Court, substantially
24 in the form attached as Exhibit B hereto, but not including ¶¶20-22 of Exhibit B relating to the
25 application for Lead Counsel’s Fee and Expense Award and the Lead Plaintiff Cost and Expense
26 Award.

27 1.15. “Lead Counsel” means Glancy Prongay & Murray LLP and Scott+Scott,
28 Attorneys at Law, LLP.

1 1.16. “Lead Plaintiff” means Police and Fire Retirement System of the City of
2 Detroit.

3 1.17. “Lead Plaintiff Cost and Expense Award” means the requested
4 reimbursement to Lead Plaintiff for its reasonable costs and expenses (including lost wages)
5 directly related to its representation of the Settlement Class in this Litigation.

6 1.18. “Litigation” means *Police and Fire Retirement System of the City of Detroit*
7 *v. Crane et al.*, Case No. 13-cv-00945-VC, pending in the United States District Court for the
8 Northern District of California.

9 1.19. “Net Settlement Fund” shall have the meaning described in ¶5.2(e) below.

10 1.20. “Notice and Administration Expenses” means all expenses incurred in
11 connection with the administration of the Settlement, and shall include, among other things, the
12 cost of publishing summary notice in national news services, locating Settlement Class Members,
13 printing and mailing the notice and Proof of Claim and Release forms as directed by the Court,
14 and the cost of processing proofs of claim and distributing settlement funds to Authorized
15 Claimants.

16 1.21. “Person(s)” means an individual, corporation, limited liability company,
17 professional corporation, partnership, limited partnership, limited liability partnership, association,
18 joint stock company, estate, legal representative, trust, unincorporated association, government or
19 any political subdivision or agency thereof, and any other business or legal entity together with the
20 spouses, heirs, predecessors, successors, representatives, or assignees of any of the foregoing.

21 1.22. “Plan of Allocation” means a plan or formula of allocation of the Settlement
22 Fund, to be approved by the Court, whereby the Settlement Fund shall be distributed to
23 Authorized Claimants after payment of or provision for Notice and Administration Expenses,
24 Taxes and Tax Expenses, and such attorneys’ fees, costs, expenses, and interest and any award to
25 the Lead Plaintiff as may be awarded by the Court. Any Plan of Allocation is not part of this
26 Stipulation, and the Released Persons shall not have any responsibility or liability with respect
27 thereto.

28

1 1.23. “Proof of Claim and Release” means the form to be sent to Settlement Class
2 Members, in the form attached as Exhibit A-2 hereto, upon further order(s) of the Court, by which
3 any Settlement Class Member may make claims against the Settlement Fund for damages
4 allegedly incurred by reason of their investment(s) in Epocrates common stock.

5 1.24. “Released Claims” means any and all claims, known or unknown,
6 contingent or non-contingent, whether suspected or unsuspected, including any claims arising
7 under federal or state statutory or common law or any other law, rule or regulation, whether
8 foreign or domestic, including Unknown Claims, that have been or could have been asserted
9 against all or any of the Defendants or any of the Released Persons that (i) arise out of or relate to
10 the claims or allegations in the Litigation, including the acts, facts, events, disclosures, or
11 omissions alleged in the Litigation; and (ii) relate to the purchase, sale or ownership of Epocrates
12 securities during the period from and including February 1, 2011, and August 9, 2011; including
13 all aspects of Epocrates’ public statements to investors regarding its business, prospects, and
14 operations; and the obligations of any of the Defendants in connection with Epocrates’ public
15 statements to investors regarding its business, prospects, and operations.

16 1.25. “Released Person(s)” means each and all of the Defendants, any other past
17 or present defendants in the Litigation, and any of their respective past, present or future direct or
18 indirect parent entities, affiliates, divisions, subsidiaries or families, and each and all of the
19 foregoing’s respective past, present or future officers, directors, stockholders, agents,
20 representatives, employees, attorneys, advisors, consultants, accountants, investment bankers,
21 underwriters, brokers, dealers, lenders, insurers, co-insurers, reinsurers, heirs, executors,
22 principals, managing directors, managing agents, joint ventures, personal or legal representatives,
23 estates, beneficiaries, predecessors, successors and assigns.

24 1.26. “Settlement” means the settlement of the Litigation as embodied in this
25 Stipulation.

26 1.27. “Settlement Class” means all Persons who purchased or otherwise acquired
27 the common stock of Epocrates between February 1, 2011 through August 9, 2011, inclusive, and
28 who were allegedly damaged thereby. Excluded from the Settlement Class are Defendants,

1 members of the immediate families of the Individual Defendants, the officers and directors of the
2 Company during the Settlement Class Period, the legal representatives, heirs, successors, or
3 assigns of any of the foregoing excluded Persons and any entity in which any of the Defendants
4 have or had a controlling interest. Also excluded from the Settlement Class are those Persons who
5 submit valid and timely requests for exclusion in accordance with the requirements set forth in the
6 Notice.

7 1.28. “Settlement Class Member” means a Person who falls within the definition
8 of the Settlement Class as set forth in ¶1.27.

9 1.29. “Settlement Class Period” means the period commencing on February 1,
10 2011 through August 9, 2011, inclusive.

11 1.30. “Settlement Amount” means Five Million One Hundred Thousand Dollars
12 (\$5,100,000.00).

13 1.31. “Settlement Fund” means the Settlement Amount plus any interest earned
14 thereon.

15 1.32. “Settling Parties” or “Parties” means, collectively, Defendants and Lead
16 Plaintiff on behalf of itself and the Settlement Class Members.

17 1.33. “Unknown Claims” means any Released Claims which Lead Plaintiff or
18 any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time
19 of the release of the Released Persons which, if known by him, her or it, might have affected his,
20 her or its settlement with and release of the Released Persons, or might have affected his, her or its
21 decision not to object to this Settlement. Unknown Claims include those claims in which some or
22 all of the facts comprising the claim may be suspected, or even undisclosed or hidden. With
23 respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the
24 Effective Date, Lead Plaintiff shall expressly waive, and each of the Settlement Class Members
25 shall be deemed to have, and by operation of the Judgment shall have, expressly waived the
26 provisions, rights, and benefits of California Civil Code § 1542, which provides:

27 **A general release does not extend to claims which the creditor does**
28 **not know or suspect to exist in his or her favor at the time of executing**
 the release, which if known by him or her must have materially

1 **affected his or her settlement with the debtor.**

2 Lead Plaintiff shall expressly waive, and each of the Settlement Class Members shall be deemed to
3 have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights,
4 and benefits conferred by any law of any state or territory of the United States, or principle of
5 common law or foreign law, which is similar, comparable or equivalent in effect to California
6 Civil Code § 1542. Lead Plaintiff and Settlement Class Members may hereafter discover facts in
7 addition to or different from those which he, she or it now knows or believes to be true with
8 respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly and each
9 Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of
10 the Judgment shall have, fully, finally, and forever settled and released any and all Released
11 Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or
12 not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or
13 equity now existing or coming into existence in the future, including, but not limited to, conduct
14 which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or
15 rule, without regard to the subsequent discovery or existence of such different or additional facts.
16 Lead Plaintiff acknowledges, and the Settlement Class Members shall be deemed by operation of
17 the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a
18 key element of the Settlement.

19 **2. The Settlement**

20 **A. The Settlement Fund**

21 2.1. Defendants shall pay or cause to be paid Five Million One Hundred
22 Thousand Dollars (\$5,100,000.00) (the “Settlement Amount”) in cash into an interest-bearing
23 escrow account established by Lead Counsel (the “Escrow Account”) as soon as practicable but no
24 later than forty-five (45) business days after the preliminary approval of this Settlement is entered
25 by the Court, as referenced in ¶3.2 below. No later than thirty (30) business days after entry of
26 preliminary approval by the Court, Lead Plaintiff shall provide Defendants’ Counsel a Form W-9
27 from the payee to whom the Settlement Amount shall be paid and payment instructions, including
28 wire transfer information from the payee.

1 2.2. The Settlement Amount shall be the full and sole monetary contribution
2 made by or on behalf of the Defendants and the Released Persons in connection with the
3 Settlement, and without limiting the generality of the foregoing in any way, all costs of notice and
4 settlement administration shall be paid out of the Settlement Fund. Under no circumstances will
5 Defendants, collectively or separately, be required to pay or cause to be paid any amount in
6 addition to the Settlement Amount. Except as otherwise provided in this Settlement Agreement
7 with respect to payment of Lead Counsel’s Fee and Expense Award and the Lead Plaintiff Cost
8 and Expense Award out of the Settlement Fund, the Parties shall bear their own costs and
9 expenses (including attorneys’ fees) in connection with effectuating the Settlement and securing
10 all necessary Court orders and approvals with respect to the same.

11 **B. The Escrow Agent**

12 2.3. The Escrow Agent shall invest the Settlement Fund in instruments either
13 fully insured or backed by the full faith and credit of the United States Government or an agency
14 thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments
15 at their then-current market rates. The Released Persons shall not have any responsibility or
16 liability whatsoever for investment decisions. All risks related to the investment of the Settlement
17 Fund shall be borne by the Settlement Fund and not by any of the Defendants or Released Persons,
18 and the Settlement Fund shall indemnify the Released Persons, Lead Plaintiff, and Lead Counsel
19 and hold them harmless from any losses arising from the investment or disbursement of any
20 portion of the Settlement Fund.

21 2.4. The Escrow Agent shall permit Lead Counsel or the Claims Administrator
22 to withdraw from the Escrow Account the reasonable and necessary Notice and Administration
23 Expenses and Taxes and Tax Expenses without further order of the Court upon funding of the
24 Settlement Amount by Defendants as set forth in ¶2.1 hereof. Other than amounts disbursed for
25 Notice and Administration Expenses, Taxes and Tax Expenses, and the Fee and Expense Award,
26 the Settlement Fund shall not be distributed until the Effective Date of the Settlement, as set forth
27 in ¶7.1.

28

1 2.5. The Escrow Agent is authorized to execute only such transactions as are
2 consistent with the terms of this Stipulation or by order of the Court, or with the written agreement
3 of counsel for all Parties hereto.

4 2.6. All funds held by the Escrow Agent shall be deemed and considered to be
5 in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such
6 time as such funds shall be distributed pursuant to this Stipulation and/or upon further order(s) of
7 the Court.

8 2.7. The Escrow Agent shall not be responsible for the payment of any sums due
9 to Authorized Claimants or other Persons, except to the extent of maintaining account of and
10 appropriately paying sums as required by this Stipulation, but only to the limited extent that such
11 sums have been delivered into the Escrow Account as required by this Stipulation. The Escrow
12 Agent shall be liable only for acts of gross negligence or willful misconduct, and in such instances
13 shall indemnify the Released Persons, Lead Plaintiff, and Lead Counsel and hold them harmless
14 from any losses arising from the investment or disbursement of any portion of the Settlement Fund
15 resulting from such gross negligence or willful misconduct.

16 **C. Taxes**

17 2.8. The Settling Parties and the Escrow Agent shall treat the escrow account as
18 a “qualified settlement fund” for purposes of Section 468B of the Internal Revenue Code of 1986,
19 as amended, and the Treasury Regulations promulgated thereunder. The Escrow Agent, under the
20 supervision of Lead Counsel, shall timely make such elections as are necessary or advisable to
21 carry out the provision of this ¶2.8, including, without limitation, the “relation-back election”
22 described in Treas. Reg. §1.468B-1 back to the earliest permitted date. Such elections shall be
23 made in compliance with the procedures and requirements contained in such regulations. It shall
24 be the responsibility of the Escrow Agent to prepare and deliver timely and properly the necessary
25 documentation for signature by all necessary parties, and thereafter to cause the appropriate filing
26 to occur.

27 2.9. The Escrow Agent shall be the Escrow Account’s “administrator” as that
28 term is used in Treas. Reg. §1.468B-2. As administrator, the Escrow Agent shall satisfy the

1 administrative requirements imposed by Treas. Reg. §1.468B-2 by, *e.g.*, (i) obtaining a taxpayer
2 identification number, (ii) satisfying any information reporting or withholding requirements
3 imposed on distributions from the Settlement Fund, and (iii) timely and properly filing applicable
4 federal, state or local tax returns necessary or advisable with respect to the Settlement Fund
5 (including, without limitation, the returns described in Treas. Reg. §1.468B-2(k)) and paying any
6 taxes reported thereon. Such returns (as well as the election described in ¶2.8) shall be consistent
7 with this ¶2.9 and in all events shall reflect that all Taxes, as defined in ¶2.10, on the income
8 earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.10
9 hereof.

10 2.10. All: (i) taxes (including any estimated taxes, interest, or penalties) arising
11 with respect to the income earned by the Settlement Fund, including, without limitation, any taxes
12 or tax detriments that may be imposed upon the Released Persons or Defendants’ Counsel with
13 respect to any income earned by the Settlement Fund for any period during which the Settlement
14 Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes
15 (collectively, “Taxes”); and (ii) expenses and costs incurred in connection with the operation and
16 implementation of this ¶2.10, including, without limitation, expenses of tax attorneys and/or
17 accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the
18 returns described in this ¶2.10 (collectively, “Tax Expenses”), shall be paid by the Escrow Agent
19 out of the Settlement Fund; in all events neither the Released Persons nor Defendants’ Counsel
20 shall have any liability or responsibility for the Taxes or the Tax Expenses, or the filing of any tax
21 returns or other documents with the Internal Revenue Service or any other state or local taxing
22 authority. With funds from the Settlement Fund, the Escrow Agent shall indemnify and hold
23 harmless the Released Persons and Defendants’ Counsel for Taxes and Tax Expenses (including,
24 without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax
25 Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund
26 and shall timely be paid by the Escrow Agent out of the Settlement Fund without prior order from
27 the Court and the Escrow Agent shall be obligated (notwithstanding anything herein to the
28 contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such

1 amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as
2 well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1)(2)); the
3 Released Persons, Defendants’ Counsel and Defendants’ director and officer liability insurance
4 carriers shall not be responsible in any respect therefore, nor shall they have any liability therefore.
5 The Settling Parties agree to cooperate with the Escrow Agent, each other, and their tax attorneys
6 and accountants to the extent reasonably necessary to carry out the provisions of this ¶2.10.

7 **3. Certification, Notice Order and Settlement Hearing**

8 3.1. The Parties hereby stipulate to certification of the Settlement Class,
9 pursuant to Rule 23(b)(3) of the Federal Rules of Civil Procedure, solely for purposes of this
10 Stipulation and the Settlement set forth herein. If the Stipulation is not approved by the Court,
11 however, then (a) Defendants shall retain all rights to (i) object to and oppose class certification, or
12 (ii) challenge the standing of Lead Plaintiff or any other intervening plaintiff; and (b) this
13 Stipulation and any motion or other papers filed in support of its approval shall not be offered as
14 evidence of any agreement, admission or concession that any class should be or remain certified in
15 the Litigation or that Lead Plaintiff or any other intervening plaintiff has standing or any legal
16 right to represent any class.

17 3.2. As soon as practicable after this Stipulation is fully executed, Lead Counsel
18 shall submit the Stipulation to the Court and shall apply for entry of an order (the “Notice Order”)
19 substantially in the form attached hereto as Exhibit A, requesting, *inter alia*, the preliminary
20 approval of the Settlement set forth in this Stipulation, approval for the mailing of a settlement
21 notice (the “Notice”) substantially in the form attached as Exhibit A-1 hereto, and publication of a
22 summary notice (the “Summary Notice”) substantially in the form attached as Exhibit A-3 hereto.
23 The Notice shall include the general terms of the proposed Settlement set forth in this Stipulation,
24 the proposed Plan of Allocation, the requested Fee and Expense Award, the requested Lead
25 Plaintiff Cost and Expense Award, and the date of the Settlement Hearing as defined below.
26 Defendants do not and shall not take any position on the proposed Plan of Allocation or the
27 application for Lead Counsel’s Fee and Expense Award and the Lead Plaintiff Cost and Expense
28 Award.

1 3.3. Lead Counsel shall request that the Notice Order set forth a date on which
2 the Court will hold a hearing (the “Settlement Hearing”) during which Lead Counsel will request
3 that the Court finally approve the Settlement of the Litigation as set forth herein.

4 3.4. At the Settlement Hearing, the Settling Parties shall jointly request entry of
5 the Judgment:

6 (a) finally approving the Settlement as fair, reasonable, and adequate, within
7 the meaning of Rule 23 of the Federal Rules of Civil Procedure, and directing its consummation
8 pursuant to its terms;

9 (b) certifying a Settlement Class, as defined in ¶1.27 herein, for settlement
10 purposes only;

11 (c) directing that the Litigation be dismissed with prejudice; directing that the
12 Settling Parties are to bear their own costs, except as otherwise provided in this Stipulation, and
13 releasing the Released Claims;

14 (d) permanently barring and enjoining the institution and prosecution, by Lead
15 Plaintiff and the Settlement Class Members, of any other action against the Released Persons in
16 any court asserting any Released Claims; provided, however, that the Judgment shall not bar any
17 action or claim to enforce the terms of the Settlement or the Judgment;

18 (e) reserving jurisdiction over the Litigation, including all future proceedings
19 concerning the administration, consummation, and enforcement of this Stipulation;

20 (f) finding that the Complaint in the Litigation was filed on a good faith basis
21 in accordance with the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) and Rule
22 11 of the Federal Rules of Civil Procedure;

23 (g) finding, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, that
24 there is no just reason for delay, and directing entry of a final judgment; and

25 (h) containing such other and further provisions consistent with the terms of
26 this Stipulation to which the Settling Parties expressly consent in writing.

27
28

1 3.5. At or after the Settlement Hearing, Lead Counsel also will request that the
2 Court approve the proposed Plan of Allocation, Lead Counsel’s Fee and Expense Award, and the
3 Lead Plaintiff Cost and Expense Award.

4 **4. Releases and Bar Order**

5 4.1. Upon the Effective Date, Lead Plaintiff and each of the Settlement Class
6 Members, on behalf of themselves and each of their respective officers, directors, shareholders,
7 employees, agents, personal representatives, spouses, subsidiaries, trustees, heirs, executors,
8 administrators, successors and assigns, and any other Person claiming (now or in the future) to be
9 acting on behalf of any of them, and regardless of whether any such Lead Plaintiff or Settlement
10 Class Member ever seeks or obtains by any means, including, without limitation, by submitting a
11 Proof of Claim and Release, any distribution from the Settlement Fund, shall be deemed to have,
12 and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and
13 discharged all Released Claims against the Released Persons and shall have covenanted not to sue
14 the Released Persons with respect to all such Released Claims, and shall be permanently barred
15 and enjoined from instituting, commencing, participating in, continuing, maintaining, asserting or
16 prosecuting, whether directly or indirectly, whether in the United States or elsewhere, whether on
17 their own behalf or on behalf of any class or any other Person, any Released Claim against the
18 Released Persons, provided, however, that nothing herein shall bar any action or claim to enforce
19 the terms of the Settlement or the Judgment entered pursuant thereto.

20 4.2. Upon the Effective Date, each of Defendants shall be deemed to have, and
21 by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and
22 discharged the Settlement Class, Lead Plaintiff and counsel to Lead Plaintiff from all claims
23 (including Unknown Claims) arising out of, relating to, or in connection with, the institution,
24 prosecution, assertion, settlement, or resolution of the Litigation or the Released Claims provided,
25 however, that nothing herein shall bar any action or claim to enforce the terms of the Settlement or
26 the Judgment entered pursuant thereto.

1 **5. Administration and Calculation of Claims, Final Awards, and Supervision and**
2 **Distribution of the Settlement Fund**

3 5.1. The Claims Administrator, subject to such supervision and direction of the
4 Court or Lead Counsel as may be necessary or as circumstances may require, shall administer and
5 calculate the claims submitted by Settlement Class Members and shall oversee distribution of the
6 Net Settlement Fund (defined below) to Authorized Claimants pursuant to the Plan of Allocation.
7 The Released Persons shall not have any role in, or responsibility or liability to any Person,
8 including without limitation, the Settlement Class Members, for the administration of the
9 Settlement or the solicitation, review or evaluation of Proofs of Claim, nor shall any discovery be
10 taken of Defendants in connection with such matters.

11 5.2. The Settlement Fund shall be applied as follows:

12 (a) to pay Lead Counsel’s Fee and Expense Award in accordance with ¶6.1
13 below, if and to the extent allowed by the Court, immediately upon the entry of the Court’s order
14 awarding such fees and expenses, notwithstanding the existence of any timely filed objections
15 thereto, or potential for appeal therefrom, or collateral attack on the settlement or any part thereof,
16 subject to appropriate undertakings by Lead Counsel to repay those amounts to the Settlement
17 Fund if the fee or cost award is reduced or reversed on appeal;

18 (b) to pay any award of reimbursement to the Lead Plaintiff in accordance with
19 ¶6.1 below, if and to the extent allowed by the Court, immediately upon the entry of the Court’s
20 order awarding such reimbursement;

21 (c) to pay all Notice and Administration Expenses;

22 (d) to pay the Taxes and Tax Expenses described in ¶¶2.8-2.10 hereof; and

23 (e) to distribute the balance of the Settlement Fund (the “Net Settlement Fund”)
24 to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, and order of the
25 Court.

26 5.3. Upon the Effective Date and thereafter, and in accordance with the terms of
27 the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as
28 may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed by

1 the Claims Administrator to Authorized Claimants, subject to and in accordance with the
2 following:

3 (a) Within one hundred and fifty (150) calendar days after the Notice Date or
4 such other time as may be set by the Court, each Person claiming to be an Authorized Claimant
5 shall be required to submit to the Claims Administrator a completed Proof of Claim and Release,
6 substantially in the form of Exhibit A-2 attached hereto, signed under penalty of perjury, and
7 supported by such documents as are specified in the Proof of Claim and Release.

8 (b) The validity of each claim submitted will be initially determined by the
9 Claims Administrator, acting under Lead Counsel's supervision as necessary, in accordance with
10 the Plan of Allocation approved by the Court. In the event a Settlement Class Member disagrees
11 with such determination, the Settlement Class Member may elect to submit the dispute to the
12 Court for summary resolution. Each Settlement Class Member shall be deemed to have submitted
13 to the jurisdiction of the Court with respect to that Settlement Class Member's claim against the
14 Net Settlement Fund.

15 (c) Except as otherwise ordered by the Court, any and all Settlement Class
16 Members who fail to timely submit a properly completed and signed Proof of Claim and Release
17 within such period as is ordered by the Court shall be forever barred from receiving any payments
18 pursuant to the Stipulation and the Settlement set forth therein, but will in all other respects be
19 subject to and bound by the provisions of the Stipulation, the releases contained therein, the
20 Judgment and all proceedings, rulings, orders, and judgments in the Litigation, including, without
21 limitation, the release of the Released Claims and the dismissal with prejudice of the Litigation.
22 Notwithstanding the foregoing, Lead Counsel shall have the discretion to accept late-submitted
23 claims for processing by the Claims Administrator so long as distribution of the Net Settlement
24 Fund is not materially delayed thereby.

25 (d) Lead Counsel, with approval of Lead Plaintiff, shall apply to the Court, on
26 notice to Defendants' Counsel, for an order approving the Claims Administrator's determinations
27 concerning the acceptance or rejection of the submitted Proofs of Claim and Release forms and
28 approving any Notice and Administration Expenses or Taxes and Tax Expenses not previously

1 applied for and, if the Effective Date has occurred, directing payment of the Net Settlement Fund
2 to Authorized Claimants substantially in accordance with the Plan of Allocation set forth in the
3 Notice and approved by the Court (the “Distribution Order”). Any such Plan of Allocation is not a
4 part of this Stipulation. No funds from the Net Settlement Fund shall be distributed to Authorized
5 Claimants until the Effective Date. If there is any balance remaining in the Net Settlement Fund
6 (whether by reason of tax refunds, uncashed checks, or otherwise), as of the later of (a) six (6)
7 months from the date on which the Court entered a Distribution Order; or (b) six (6) months after
8 the Effective Date, then Lead Counsel shall, if feasible, reallocate such balance among Authorized
9 Claimants in an equitable and economic fashion, consistent with the Plan of Allocation.
10 Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to one or
11 more secular §501(c)(3) organization(s) selected by Lead Counsel.

12 5.4. Neither the Released Persons nor their counsel shall have any responsibility
13 for, interest in, or liability whatsoever with respect to the investment or distribution of the
14 Settlement Fund or Net Settlement Fund, the Plan of Allocation, the determination, administration,
15 or calculation of claims, the payment or withholding of Taxes, or any losses incurred in
16 connection with any such matters. Lead Plaintiff and each Settlement Class Member hereby fully,
17 finally, and forever release, relinquish, and discharge the Released Persons and their counsel from
18 any and all such liability.

19 5.5. No Person shall have any claim against Lead Plaintiff, Lead Counsel, the
20 Claims Administrator, or their counsel based on the distributions made substantially in accordance
21 with the Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s)
22 of the Court. No Person shall have any claim against the Released Persons or their counsel arising
23 from or relating to the management of, distributions from, or the disposition of the Settlement
24 Fund or the Net Settlement Fund, and Lead Plaintiff and each Settlement Class Member hereby
25 fully, finally, and forever release, relinquish, and discharge the Released Persons and their counsel
26 from any and all such liability.

27 5.6. It is understood and agreed by the Settling Parties that any proposed Plan of
28 Allocation of the Net Settlement Fund is not a part of the Stipulation and is to be considered by the

1 Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of
2 the Settlement set forth in the Stipulation, and any order, proceeding or dispute relating to the Plan
3 of Allocation including, but not limited to, those related to adjustments to an Authorized
4 Claimant's claim, shall not operate to terminate or cancel the Stipulation or affect or delay the
5 finality of the Court's Judgment approving the Stipulation and the Settlement set forth therein, or
6 any other orders entered pursuant to the Stipulation. The time to appeal from approval of the
7 Settlement shall commence upon the Court's entry of the Judgment regardless of whether a Plan
8 of Allocation has been submitted to the Court or has been approved.

9 5.7. All Persons who fall within the definition of Settlement Class Members
10 shall be subject to and bound by the provisions of this Stipulation, the releases contained herein,
11 and the Judgment with respect to all Released Claims, regardless of whether such Persons seek or
12 obtain by any means, including, without limitation, by submitting a Proof of Claim and Release or
13 any similar document, any distribution from the Settlement Fund or the Net Settlement Fund.

14 **6. Lead Counsel's Attorneys' Fees and Expenses**

15 6.1. Lead Counsel may submit an application or applications (the "Fee and
16 Expense Application") for distributions to Lead Counsel from the Settlement Fund for: (a) an
17 award of attorneys' fees not to exceed 33-1/3% of the Settlement Fund; plus (b) the
18 reimbursement of reasonable expenses incurred in connection with prosecuting the Litigation
19 (including, but not limited to the fees and expenses of experts and consultants), plus any interest
20 on such attorneys' fees and expenses at the same rate as earned by the Settlement Fund from the
21 date the Court orders such award until the date paid as may be awarded by the Court; plus (c) the
22 reimbursement to Lead Plaintiff for reasonable costs and expenses (including lost wages) directly
23 related to its representation of the Settlement Class in this Litigation ("Lead Plaintiff Cost and
24 Expense Award"). Lead Counsel reserves the right to make additional applications to the Court
25 for fees and expenses incurred. Defendants do not and shall not take any position as to Lead
26 Counsel's request for attorneys' fees and expenses and/or Lead Counsel's request for the
27 reimbursement of the Lead Plaintiff Cost and Expense Award.

1 6.2. The Fee and Expense Award, including the fees and expenses of experts
2 and consultants, and interest earned thereon, as well as the Lead Plaintiff Cost and Expense
3 Award, shall be payable to Lead Counsel, from the Settlement Fund immediately upon the entry of
4 the Court's order awarding such fees and expenses, notwithstanding the existence of any timely
5 filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or
6 any part thereof, subject to appropriate undertakings by Lead Counsel to repay those amounts to
7 the Settlement Fund if such awards are reduced or reversed in whole or in part on appeal or further
8 review. Lead Counsel may allocate the Fee and Expense Award among other plaintiffs' counsel in
9 a manner in which they in good faith believe reflects the contributions of such counsel to the
10 initiation, prosecution, and resolution of the Litigation. If, and when, as a result of any appeal
11 and/or further proceedings on remand, or successful collateral attack or otherwise, the Fee and
12 Expense Award or Lead Plaintiff Cost and Expense Award is overturned or reduced, or if the
13 Settlement is terminated, not approved by the Court, or otherwise does not become Final and
14 binding upon the Settlement Class for any reason, then, within ten (10) business days from
15 receiving notice from Defendants' Counsel or from a court of appropriate jurisdiction of such
16 event, Lead Counsel shall refund to the Settlement Fund, in an amount consistent with such
17 reversal or modification, the Fee and Expense Award paid to them and the Lead Plaintiff Cost and
18 Expense Award, and in addition shall pay into the Settlement Fund interest on the total amount
19 refunded at the same rate as earned on the Settlement Fund from the time of payment of the Fee
20 and Expense Award and/or the Lead Plaintiff Cost and Expense Award, whichever is applicable,
21 until the date of refund, in an amount consistent with such reversal or modification. Each
22 Plaintiff's counsel's law firm receiving fees and expenses, as a condition of receiving such fees
23 and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm
24 and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of
25 enforcing the provisions of this paragraph.

26 6.3. The procedure for and the allowance or disallowance by the Court of any
27 Fee and Expense Application by Lead Counsel or any Lead Plaintiff Cost and Expense Award to
28 be paid out of the Settlement Fund are not part of the Settlement set forth in the Stipulation, and

1 are to be considered by the Court separately from the Court’s consideration of the fairness,
2 reasonableness, and adequacy of the Settlement set forth in the Stipulation; and any order,
3 proceeding or dispute relating to any Fee and Expense Application, or any appeal from any order
4 relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the
5 Stipulation or the Settlement or affect or delay the finality of the Judgment approving the
6 Settlement. None of the Parties may terminate or cancel the Settlement on the basis of the amount
7 of any Fee and Expense Award or Lead Plaintiff Cost and Expense Award.

8 6.4. The Released Persons and their counsel shall have no responsibility for, and
9 no liability whatsoever with respect to (a) any payment from the Settlement Fund of any type or
10 nature whatsoever, including attorneys’ fees and expenses paid to any counsel for Plaintiff or the
11 Settlement Class or any amounts paid to Lead Plaintiff; and (b) the allocation among Plaintiff’s
12 counsel, and/or any other Person who may assert some claim thereto, of any Fee and Expense
13 Award that the Court may make in the Litigation.

14 **7. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination**

15 7.1. The Effective Date of the Stipulation, and the Settlement incorporated
16 therein, shall be the date on which all of the following conditions of settlement shall have
17 occurred:

- 18 (a) the Court has entered the Notice Order, as described in ¶3.2 hereof;
- 19 (b) the Court has approved the Settlement as described herein, following notice
20 to the Settlement Class and a Settlement Hearing, as prescribed by Rule 23 of the Federal Rules of
21 Civil Procedure; and
- 22 (c) the Court has entered the Judgment, in accordance with ¶3.4 hereof and the
23 Judgment has become Final, or in the event the Court enters a judgment in a form other than that
24 provided in ¶3.4 (“Alternative Judgment”) and neither Lead Plaintiff nor the Defendants elect to
25 terminate the Settlement, the date that such Alternative Judgment becomes Final.

26 7.2. Upon the occurrence of all of the events referenced in ¶7.1 hereof, any and
27 all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be
28 absolutely and forever extinguished. If either of the conditions specified in ¶7.1(a) or ¶7.1(b)

1 hereof are not met, or if the conditions in ¶7.1(c) are not met and there is no longer any possibility
2 that the conditions in ¶7.1(c) can be met, then the Stipulation shall be canceled and terminated in
3 accordance with ¶7.3 below, unless the Parties, through their counsel, all agree in writing to
4 proceed with the Settlement.

5 7.3. Unless otherwise ordered by the Court, in the event the Effective Date does
6 not occur or this Stipulation shall terminate, or be canceled, or otherwise fail to become effective
7 for any reason, then:

8 (a) within ten (10) business days after written notification of such event is sent
9 by Defendants' Counsel to Lead Counsel, Lead Counsel shall cause the Escrow Agent to return to
10 Defendants any monies remaining in the Settlement Fund (including accrued interest) as well as
11 all payments disbursed, including all expenses, costs, and any Fee and Expense Award, excluding
12 only Notice and Administration Expenses that have either been properly disbursed or are due and
13 owing pursuant to ¶2.4 and Taxes and Tax Expenses that have been paid or that have accrued and
14 will be payable at some later date in accordance with ¶2.10, will be refunded, reimbursed, and
15 repaid by the Escrow Agent in a manner directed by Defendants' Counsel; if said amount or any
16 portion thereof is not returned within such ten (10) day period, then interest shall accrue thereon at
17 the same rate as earned by the Settlement Fund from the date of termination until the date that said
18 amount is returned;

19 (b) at the request of Defendants' Counsel, the Escrow Agent or its designee
20 shall apply for any Tax refund owed on the Settlement Fund and pay the proceeds to Defendants
21 as directed in writing by Defendants' Counsel, after deduction of any fees or expenses reasonably
22 incurred in connection with such application(s) for refund;

23 (c) the Settling Parties shall be restored to their respective positions in the
24 Litigation as of the date that this Stipulation is executed, with all of their respective claims and
25 defenses preserved as they existed on that date;

26 (d) the terms and provisions of the Stipulation shall be null and void and shall
27 have no further force and effect with respect to the Settling Parties, and neither the existence nor
28 the terms of this Stipulation (nor any negotiations preceding this Stipulation nor any acts

1 performed pursuant to, or in furtherance of, this Stipulation) shall be used in this Litigation or in
2 any other proceeding for any purpose; and

3 (e) any judgment or order entered by the Court in accordance with the terms of
4 the Stipulation shall be treated as vacated, *nunc pro tunc*.

5 7.4. Defendants, in their sole discretion, may terminate this Stipulation and the
6 Settlement contemplated herein in the event that Persons who otherwise would be Settlement
7 Class Members timely and validly submit requests for exclusion from the Settlement Class
8 (“Request for Exclusion”) in accordance with the provisions of the Notice Order, and the
9 Termination Threshold, as that term is defined in a separate agreement countersigned
10 simultaneously herewith by Defendants’ Counsel and Lead Counsel (“Supplemental Agreement”),
11 is met. The Supplemental Agreement shall not be filed with the Court unless (a) a dispute among
12 the Parties concerning its interpretation arises; or (b) the Court requires it be filed. If either of
13 these circumstances occur, Lead Plaintiff and Defendants shall request that the Supplemental
14 Agreement and/or any of its terms be disclosed only *in camera* to the Court for purposes of
15 approving the Settlement, and that such disclosure shall be carried out to the fullest extent possible
16 in accordance with the practices of the Court so as to preserve the confidentiality of the
17 Supplemental Agreement, particularly the Termination Threshold specified in the Supplemental
18 Agreement.

19 **8. Miscellaneous Provisions**

20 8.1. Pursuant to Paragraph 13 of the Stipulated Protective Order (“Protective
21 Order”) entered in this Litigation: Within 60 days after the Effective Date, each Party must return
22 all Protected Material to the party that produced it or destroy such material. As defined in the
23 Protective Order, “Protected Material” includes all copies, abstracts, compilations, summaries, and
24 any other format reproducing or capturing any of the Protected Material. Whether the Protected
25 Material is returned or destroyed, the receiving Party must submit a written certification to the
26 Party that produced it (and, if not the same person or entity, to the party who designated it
27 confidential) by the 60 day deadline that (1) identifies (by category, where appropriate) all the
28 Protected Material that was returned or destroyed and (2) affirms that the receiving party has not

1 retained any copies, abstracts, compilations, summaries or any other format reproducing or
2 capturing any of the Protected Material. Notwithstanding this provision, the Parties' counsel are
3 entitled to retain an archival copy of all pleadings, motion papers, trial, deposition, and hearing
4 transcripts, legal memoranda, correspondence, deposition and trial exhibits, expert reports,
5 attorney work product, and consultant and expert work product, even if such materials contain
6 Protected Material. Any such archival copies that contain or constitute Protected Material remain
7 subject to the Protective Order.

8 8.2. The Settling Parties: (a) acknowledge that it is their intent to consummate
9 the Settlement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and
10 implement all terms and conditions of the Stipulation and to exercise their best efforts to
11 accomplish the foregoing terms and conditions of the Stipulation. To the extent the Parties are
12 unable to reach agreement concerning such best efforts, any Party may refer the matter to Judge
13 Phillips for mediated resolution, subject to Court approval, with the fees and expenses of Judge
14 Phillips to be divided equally between Lead Plaintiff on the one hand, and the Defendants on the
15 other.

16 8.3. The Settling Parties intend this Settlement to be a final and complete
17 resolution of all disputes between them. The Settlement compromises claims which are contested
18 and shall not be deemed an admission by any Settling Party as to the merits of any claim or
19 defense.

20 8.4. While Defendants deny that the claims advanced in the Litigation were
21 meritorious, they will not assert in any public statement that the Litigation was not filed in good
22 faith and/or is not being settled voluntarily after consultation with competent legal counsel. The
23 Judgment will contain a finding that, during the course of the Litigation, the parties and their
24 respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure
25 11. The Settling Parties agree that the amount paid to the Settlement Fund and the other terms of
26 the Settlement were negotiated in good faith by the Settling Parties and reflect a Settlement that
27 was reached voluntarily after consultation with competent legal counsel and with the assistance of
28 Judge Philips. The Settling Parties reserve their right to rebut, in a manner that such party

1 determines to be appropriate, any contention made in any public forum that the Litigation was
2 brought or defended in bad faith or without a reasonable basis.

3 8.5. This Stipulation, whether or not it is consummated, and any of its
4 provisions, any negotiations, proceedings or agreements relating to the Stipulation or the
5 Settlement, and all acts performed or documents executed pursuant to or in furtherance of this
6 Stipulation or the Settlement: (a) shall not be deemed to be or used as an admission of, or evidence
7 of, the validity of any Released Claim, any allegation made in the Litigation, or any wrongdoing
8 or liability of Defendants or any Released Persons; and (b) shall not be deemed to be or used as an
9 admission of, or evidence of, any liability, fault, or omission of any of Defendants or any Released
10 Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or
11 other tribunal. Neither this Stipulation nor the Settlement, nor any act performed or document
12 executed pursuant to or in furtherance of this Stipulation or the Settlement shall be offered or
13 admissible in any proceeding for any purpose, except to enforce the terms of the Settlement,
14 except that Defendants may file or refer to the Stipulation and/or the Judgment in any action that
15 may be brought against them in order to enforce the releases or other protections granted herein or
16 to otherwise support a defense or counterclaim based on principles of *res judicata*, collateral
17 estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim
18 preclusion or issue preclusion or similar defense or counterclaim.

19 8.6. The Stipulation may be amended or modified only by a written instrument
20 signed by or on behalf of all Settling Parties or their respective successors-in-interest. After prior
21 notice to the Court, the Settling Parties may agree to reasonable extensions of time to carry out
22 any provisions of this Stipulation.

23 8.7. The Stipulation, including its Exhibits and Supplemental Agreement,
24 constitutes the entire agreement among the parties hereto and no representations, warranties, or
25 inducements have been made to any party concerning the Stipulation other than the
26 representations, warranties, and covenants contained and memorialized in such documents. It is
27 understood by the Settling Parties that, except for the matters expressly represented herein, the
28 facts or law with respect to which this Stipulation is entered into may turn out to be other than, or

1 different from, the facts now known to each party or believed by such party to be true; each party
2 therefore expressly assumes the risk of the facts or law turning out to be so different, and agrees
3 that this Stipulation shall be in all respects effective and not subject to termination by reason of
4 any such different facts or law. Except as otherwise provided herein, each Party shall bear its own
5 costs.

6 8.8. Lead Counsel, on behalf of the Settlement Class, is expressly authorized by
7 Lead Plaintiff to take all appropriate action required or permitted to be taken by the Settlement
8 Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter
9 into any modifications or amendments to the Stipulation on behalf of the Settlement Class which
10 they deem appropriate. Lead Plaintiff and Lead Counsel represent and warrant that none of Lead
11 Plaintiff's claims or causes of action referred to herein or that could have been alleged in the
12 Litigation has been assigned, encumbered, or in any manner transferred in whole or in part.

13 8.9. Each counsel or other Person executing the Stipulation and any documents
14 prepared in furtherance of the Stipulation on behalf of any party hereto, hereby warrants that such
15 Person has the full authority to do so.

16 8.10. The Stipulation may be executed in one or more counterparts. All executed
17 counterparts and each of them shall be deemed to be one and the same instrument. A complete set
18 of executed counterparts shall be filed with the Court. The Settling Parties agree that facsimile or
19 scanned signatures shall have the same force and effect as original signatures.

20 8.11. The Stipulation shall be binding upon, and inure to the benefit of, the heirs,
21 executors, administrators, trustees, successors and assigns of the Parties, including any corporation
22 or other entity into or with which any party merges, consolidates, or reorganizes.

23 8.12. The Court shall retain jurisdiction with respect to implementation and
24 enforcement of the terms of the Stipulation, and all parties and their counsel hereto submit to the
25 jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in
26 the Stipulation.

27 8.13. Nothing in this Stipulation, Settlement, or the negotiations or proceedings
28 relating to the foregoing is intended to or shall be deemed to constitute a waiver of any applicable

1 privilege or immunity, including, without limitation, the accountants' privilege, the attorney-client
2 privilege, the joint defense privilege, or the work-product privilege, and all information
3 transmitted between Lead Counsel and Defendants' Counsel in connection with this Settlement
4 shall be inadmissible in any proceeding in any federal or state court or other tribunal or otherwise,
5 in accordance with Rule 408 of the Federal Rules of Evidence as if such Rule applied in all
6 respects in any such proceeding or tribunal.

7 8.14. This Stipulation and the Settlement contemplated by it, and all disputes
8 arising out of or relating to the Stipulation and Settlement shall be construed and enforced in
9 accordance with, and governed by, the substantive laws and procedural rules of the State of
10 California without giving effect to California's choice-of-law principles. Any dispute relating to
11 this Stipulation or the Settlement shall be brought exclusively in the U.S. District Court for the
12 Northern District of California.

13 8.15. Any written notice required pursuant to or in connection with this
14 Stipulation shall be addressed to the Parties' counsel as designated and identified below, and sent
15 by both email and overnight mail.

16 8.16. The waiver by one Party of any breach of this Stipulation by any other Party
17 shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

18 8.17. The captions contained in this Stipulation are inserted only as a matter of
19 convenience and in no way define, limit, extend or describe the scope of the Stipulation or the
20 intent of any provision.

21 8.18. This Stipulation shall be considered to have been negotiated, executed and
22 delivered, and to be wholly performed, in the State of California, and the rights and obligations of
23 the parties to the Stipulation shall be construed and enforced in accordance with, and governed by,
24 the internal, substantive laws of the State of California without giving effect to that State's choice-
25 of-law principles.

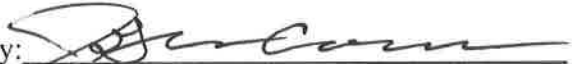
26 8.19. All of the Exhibits to this Stipulation are material and integral parts hereof
27 and are fully incorporated herein by this reference.

28

1 IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed,
2 by their duly authorized attorneys, dated as of October 30, 2015.

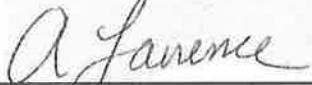
3
4 Dated: Oct. 30, 2015

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11 Dated: Oct. 30, 2015

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*Attorneys for Lead Plaintiff Fire Retirement System
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1 Dated: October 30, 2015

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2
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EXHIBIT A

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14
15 **UNITED STATES DISTRICT COURT**
16 **NORTHERN DISTRICT OF CALIFORNIA**
17 **SAN FRANCISCO DIVISION**

18 POLICE AND FIRE RETIREMENT) Case No. 13-cv-00945-VC
SYSTEM OF THE CITY OF DETROIT,)
19 Individually and on Behalf of All Others)
Similarly Situated,) **EXHIBIT A**
20)
Plaintiff,)
21) **[PROPOSED] ORDER PRELIMINARILY**
vs.) **APPROVING SETTLEMENT AND**
22) **PROVIDING FOR NOTICE OF**
ROSEMARY A. CRANE, PATRICK D.) **PROPOSED SETTLEMENT**
23 SPANGLER, and EPOCRATES, INC.,)
24)
Defendants.)
25)
26
27
28

1 WHEREAS, a class action is pending before the Court entitled *Police and Fire Retirement*
2 *System of the City of Detroit v. Crane et al.*, Case No. 13-cv-00945-VC, United States District
3 Court for the Northern District of California (the “Litigation”);

4 WHEREAS, the Court has received the Stipulation of Settlement dated as of October 30,
5 2015 (the “Stipulation”),¹ which has been entered into by Lead Plaintiff and Defendants, and the
6 Court has reviewed the Stipulation and the exhibits annexed thereto;

7 WHEREAS, the Parties having made application, pursuant to Federal Rule of Civil
8 Procedure 23(e), for an order preliminarily approving the Settlement of this Litigation, in
9 accordance with the Stipulation which sets forth the terms and conditions for a proposed
10 settlement of the Litigation and for dismissal of the Litigation with prejudice upon the terms and
11 conditions set forth therein; and the Court having read and considered the Stipulation and the
12 exhibits annexed thereto;

13 NOW, THEREFORE, IT IS HEREBY ORDERED:

14 1. The Court does hereby preliminarily approve the Stipulation and the Settlement set
15 forth therein, subject to further consideration at the Settlement Hearing described below.

16 2. The Court finds that: (a) the Stipulation resulted from arm’s-length negotiations;
17 and (b) the Stipulation is sufficiently fair, reasonable and adequate as to the Settlement Class
18 Members to warrant providing notice of the Settlement to Settlement Class Members for
19 consideration and holding a Settlement Hearing.

20 3. A hearing (the “Settlement Hearing”) shall be held before this Court on
21 _____, 2016, at ___:___ .m., to determine whether the proposed Settlement of the
22 Litigation on the terms and conditions provided for in the Stipulation is fair, reasonable and
23 adequate to the Settlement Class and should be approved by the Court; whether to certify a
24 Settlement Class for purposes of the Settlement; whether a Judgment finally approving the
25 Settlement should be entered herein; whether the proposed Plan of Allocation should be approved;
26 whether to grant Lead Counsel’s request of attorneys’ fees and expenses; and whether to grant

27 ¹ For purposes of this Order, the Court adopts all defined terms as set forth in the
28 Stipulation, and the terms used herein shall have the same meaning as in the Stipulation.

1 Lead Plaintiff's reimbursement of its reasonable costs and expenses (including lost wages) directly
2 related to representation of the Settlement Class.

3 4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, the Court
4 preliminarily certifies, solely for the purposes of effectuating this Settlement, a Settlement Class
5 consisting of all Persons who purchased or otherwise acquired the common stock of Epocrates,
6 Inc. ("Epocrates" or the "Company") between February 1, 2011 through August 9, 2011, inclusive
7 (the "Settlement Class"), and were allegedly damaged thereby. Excluded from the Settlement
8 Class are Defendants, members of the immediate families of the Individual Defendants, the
9 officers and directors of the Company during the Settlement Class Period, the legal
10 representatives, heirs, successors, or assigns of any of the foregoing excluded Persons and any
11 entity in which any of the Defendants have or had a controlling interest. Also excluded from the
12 Settlement Class are those Persons who submit valid and timely requests for exclusion in
13 accordance with the requirements set forth in the Notice. There has been no prior notice to
14 Settlement Class Members of the certification of the Settlement Class in this Litigation or prior
15 opportunity for any Person to request to be excluded from the Settlement Class.

16 5. Solely for purposes of the Stipulation and the Settlement, the Lead Plaintiff is
17 hereby certified as the class representative pursuant to Rule 23(b)(3) of the Federal Rules of Civil
18 Procedure. Lead Counsel is appointed as class counsel for purposes of the Settlement.

19 6. The Court approves, as to form and content, the Notice of Proposed Settlement of
20 Class Action, Motion for Attorneys' Fees and Expenses, and Settlement Hearing (the "Notice"),
21 the Proof of Claim and Release form (the "Proof of Claim"), and Summary Notice ("Summary
22 Notice") annexed respectively as Exhibits A-1, A-2 and A-3 hereto. The Court further finds that
23 the mailing and distribution of the Notice and publishing of the Summary Notice, substantially in
24 the manner and form set forth in this Order: (i) meet the requirements of Rule 23 of the Federal
25 Rules of Civil Procedure and the Due Process Clause of the U.S. Constitution, (ii) are reasonably
26 calculated, under the circumstances, to describe the terms and effect of the Stipulation and the
27 Settlement; (iii) apprise Settlement Class Members of their right to object to the proposed

1 Settlement or to exclude themselves from the Settlement Class; and (iv) provide the best notice
2 practicable under the circumstances and shall constitute due and sufficient notice to all Persons
3 entitled thereto.

4 7. Pending final determination by the Court as to whether the Settlement, as set forth
5 in the Stipulation, is fair, reasonable, and adequate, and should be finally approved, and whether
6 the Judgment dismissing the Litigation with prejudice should be approved, no Settlement Class
7 Member, either directly, representatively, or in any other capacity, shall assert, commence, or
8 prosecute against any of the Released Persons, any of the Released Claims in this Litigation, or in
9 any other proceeding or forum. This injunction is necessary to protect and effectuate the
10 Settlement, this Order, and the Court’s flexibility and authority to effectuate the Settlement and to
11 enter judgment when appropriate, and is ordered in aid of the Court’s jurisdiction and to protect its
12 judgments.

13 8. The Court appoints Kurtzman Carson Consultants, LLC (“KCC”) (“Claims
14 Administrator”) to supervise and administer the notice procedure as well as the processing of
15 claims under the supervision of Lead Counsel, as more fully set forth below:

16 a. Not later than fifty-five (55) business days after entry of this Order (the
17 “Notice Date”), the Claims Administrator shall cause a copy of the Notice and the Proof of
18 Claim, substantially in the forms annexed as Exhibits A-1 and A-2 hereto, to be mailed to
19 all Settlement Class Members who can be identified with reasonable effort. Such notice
20 shall be sent by first-class mail, postage prepaid, to the Settlement Class Member’s last
21 known address;

22 b. Not later than fifty-five (55) business days after the Notice Date, the Claims
23 Administrator shall cause the Stipulation and its exhibits in final form and a copy of the
24 Notice to be posted on the following website: www._____.com;

25 c. Not later than fifty-five (55) business days after the Notice Date, the Claims
26 Administrator shall cause the Summary Notice to be published once in *Investor’s Business*

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1 *Daily*, and on a different day shall cause the Summary Notice to be published once in *PR*
2 *Newswire*; and

3 d. Not later than one hundred and five (105) calendar days after the Notice
4 Date, Lead Counsel shall cause to be served on Defendants’ Counsel and filed with the
5 Court proof, by affidavit or declaration, of such mailing, publishing and posting.

6 9. Not later than ten (10) calendar days after the Stipulation was filed in this Court,
7 Defendants shall provide notice of the proposed Settlement to appropriate Federal and State
8 officials required by the Class Action Fairness Act of 1995, 28 U.S.C. §1715 (“CAFA Notice”).
9 Not later than 105 days after the Notice Date, Defendants shall file with the Court an affidavit or
10 declaration showing timely compliance with this CAFA Notice directive.

11 10. Banks, brokerage firms, institutions, and other Persons who are nominees who
12 purchased or acquired the common stock of Epocrates for the beneficial interest of other Persons
13 during the Settlement Class Period (“Nominee Purchasers”), shall within ten (10) calendar days of
14 receipt thereof (a) provide to the Claims Administrator the name and last known address of each
15 Person for whom they purchased Epocrates common stock during such the Settlement Class
16 Period or (b) request additional copies of this Notice and the Proof of Claim, which will be
17 provided to them free of charge, and within ten (10) calendar days mail the Notice and Proof of
18 Claim directly to the beneficial owners of Epocrates common stock. If Nominee Purchasers
19 choose to follow alternative procedure (b), upon such mailing, they must send a statement to the
20 Claims Administrator confirming that the mailing was made as directed and retain the names and
21 addresses for any future mailings to Settlement Class Members. If requested and upon appropriate
22 supporting documentation, Lead Counsel and/or the Claims Administrator are authorized to
23 reimburse Nominee Purchasers solely for their reasonable out-of-pocket expenses incurred in
24 providing the Notice and the Proof of Claim to beneficial owners who are Settlement Class
25 Members out of the Settlement Fund, which expenses would not have been incurred except for the
26 sending of such Notice and Proof of Claim, subject to further order of this Court with respect to
27 any dispute concerning such compensation.

1 11. Any Person falling within the definition of the Settlement Class may, upon request,
2 be excluded from the Settlement Class. Any such Person must submit to the Claims Administrator
3 a request for exclusion (“Request for Exclusion”), sent by first-class mail and postmarked no later
4 than twenty-one (21) calendar days prior to the Settlement Hearing or such other date as set by the
5 Court to the address provided in the Notice. A Request for Exclusion must state: (a) the name,
6 address, telephone number and email address of the Person requesting exclusion; (b) each of the
7 Person’s purchases and sales of Epocrates common stock made during the Settlement Class
8 Period, including the dates of purchase or sale, the number of shares purchased and/or sold, and
9 the price paid or received per share for each such purchase or sale; and (c) that the Person wishes
10 to be excluded from the Settlement Class. A Request for Exclusion shall not be effective unless it
11 provides the required information set forth herein and in the Notice and is made within the time
12 stated herein, or the Request for Exclusion is otherwise accepted by the Court. All Persons who
13 submit valid and timely Requests for Exclusion shall have no rights under the Settlement, shall not
14 share in the distribution of the Net Settlement Fund, and shall not be bound by the Settlement or
15 the Judgment entered in this Litigation.

16 12. Unless otherwise ordered by the Court, all Persons who fall within the definition of
17 the Settlement Class and who do not timely and validly request to be excluded from the Settlement
18 Class in accordance with the instructions set forth above and in the Notice shall be subject to and
19 bound by all provisions in the Stipulation, and by all proceedings, rulings, orders, and judgments
20 in the Litigation regardless of whether such Settlement Class Member submits a Proof of Claim
21 form.

22 13. Settlement Class Members who wish to collect in the Settlement shall complete and
23 submit Proof of Claim forms in accordance with the instructions contained therein. All Proof of
24 Claim forms must be sent by first-class mail and postmarked no later than one hundred and fifty
25 (150) calendar days after the Notice Date or such other date as may be set by the Court. Any
26 Settlement Class Member who does not timely submit a Proof of Claim form within the time
27 provided for shall be barred from sharing in the distribution of the proceeds of the Net Settlement
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1 Fund, unless otherwise ordered by the Court, but will in all other respects be subject to and bound
2 by the provisions of the Stipulation and the final Judgment, including the releases contained
3 therein.

4 14. Any Settlement Class Member who wishes to object to the fairness, reasonableness,
5 or adequacy of the Settlement, to the Plan of Allocation, to any term of the Stipulation, or to the
6 proposed awards of attorneys' fees and expenses or to the award to Lead Plaintiff of costs and
7 expenses, may file an objection. An objector must file with the Clerk of the United States District
8 Court for the Northern District of California, a written statement of his, her or its objection
9 (a) clearly indicating the objector's name, mailing address, daytime telephone number, and e-mail
10 address; (b) specifying the reason(s) for each objection, including any legal support and/or
11 evidence that such objector wishes to bring to the Court's attention; and (c) identifying and
12 supplying documentation showing the dates, prices, and numbers of shares of all purchases and
13 sales of Epocrates common stock by such objector during the Settlement Class Period. The
14 objector or the objector's counsel may file the objection in person or by first-class mail at the
15 following address:

16 Clerk of the Court
17 U.S. District Court for the Northern District of California
18 450 Golden Gate Avenue
19 San Francisco, CA 94102

20 If the objection is filed in person, it must be received by the Clerk of the Court no later than
21 twenty-one (21) calendar days prior to the Settlement Hearing. If the objection is filed by first-
22 class mail, it must be postmarked no later than twenty-one (21) calendar days prior to the
23 Settlement Hearing.

24 The objector or the objector's counsel must also serve by first-class mail, postmarked no
25 later than twenty-one (21) calendar days prior to the Settlement Hearing, the objection and all
26 supporting documentation to Lead Counsel and Defendants' Counsel as follows:

27 *To Lead Counsel:*
28 Joshua L. Crowell, Esq.
Glancy Prongay & Murray LLP
1925 Century Park East, Suite 2100
Los Angeles, California 90067

1
2 *To Defendants' Counsel:*
3 Deborah S. Birnbach, Esq.
4 Goodwin Procter LLP
5 53 State Street
6 Boston, MA 02109

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8 A Settlement Class Member may file an objection on his, her or its own or through an
9 attorney hired at his, her or its own expense. Any Settlement Class Member who does not make
10 his, her or its objection in the manner provided above shall be deemed to have waived such
11 objection and shall forever be foreclosed from making any objection, unless otherwise ordered by
12 the Court. Untimely objections shall be barred. Any submissions by the Parties in opposition or
13 response to objections shall be filed with the Court no later than seven (7) days before the
14 Settlement Hearing.

15
16 15. Any objector who submits a timely, written objection in accordance with the
17 instructions herein, may also appear at the Settlement Hearing either in person or through counsel
18 retained at the objector's expense. Objectors or their attorneys intending to appear at the
19 Settlement Hearing must serve by first-class mail, postmarked no later than twenty-one (21)
20 calendar days before the Settlement Hearing, a notice of intention to appear, setting forth the
21 name, mailing address, daytime phone number, and e-mail address of the objector and of the
22 objector's attorney (if any) on Lead Counsel and on Defendants' Counsel. The objector must also
23 file the notice of intention to appear with the Court, either in person or by first-class mail. If the
24 notice is filed in person, it must be received by the Clerk of the Court no later than twenty-one
25 (21) calendar days before the Settlement Hearing; if the notice is filed by first-class mail, it must
26 be postmarked no later than twenty-one (21) calendar days before the Settlement Hearing. Any
27 objector who does not timely file and serve a notice of intention to appear in accordance with this
28 paragraph shall not be permitted to appear at the Settlement Hearing, except otherwise ordered by
the Court.

16. All funds held by the Escrow Agent shall be deemed and considered to be in
custodia legis of the Court, and shall remain subject to the jurisdiction of the Court, until such
time as such funds shall be distributed pursuant to the Stipulation or further order of the Court.

1 17. All papers in support of the Settlement (excluding the Supplemental Agreement),
2 Plan of Allocation, Lead Counsel’s Fee and Expense Award, and the Lead Plaintiff Cost and
3 Expense Award shall be filed and served not later than thirty-five (35) calendar days prior to the
4 Settlement Hearing.

5 18. Neither Defendants nor any of the Released Persons shall have any responsibility
6 for or liability with respect to the Plan of Allocation, any application for attorneys’ fees or
7 expenses submitted by Lead Counsel, or any application for Lead Plaintiff’s reimbursement of
8 costs and expenses (including lost wages) directly related to its representation of the Settlement
9 Class, and such matters will be considered separately from the fairness, reasonableness and
10 adequacy of the Settlement.

11 19. All reasonable Notice and Administration Expenses incurred in identifying and
12 notifying Settlement Class Members, as well as administering the Settlement, shall be paid as set
13 forth in the Stipulation. In the event the Settlement is not approved by the Court, or otherwise
14 fails to become effective, neither Lead Plaintiff nor Lead Counsel shall have any obligation to
15 repay any amounts actually and properly disbursed from the Settlement Fund pursuant to this
16 Paragraph.

17 20. Neither the Stipulation, nor any of its terms or provisions, nor any of the
18 negotiations or proceedings connected with it, shall be construed as an admission or concession by
19 the Defendants of the truth of any of the allegations in the Litigation, or of any liability, fault, or
20 wrongdoing of any kind and shall not be construed as, or deemed to be evidence of, or an
21 admission, or concession that Lead Plaintiff or any Settlement Class Members have suffered any
22 damages, harm, or loss.

23 21. In the event that the Settlement does not become effective in accordance with the
24 terms of the Stipulation or the Effective Date does not occur, then this Order shall be rendered null
25 and void to the extent provided by and in accordance with the Stipulation and shall be vacated and,
26 in such event, all orders entered and releases delivered in connection herewith shall be null and
27 void to the extent provided by and in accordance with the Stipulation.

1 22. Pending the Settlement Hearing, the Court stays all proceedings in the Litigation,
2 other than proceedings necessary to carry out or enforce the terms and conditions of the
3 Stipulation.

4 23. The Court reserves the right to adjourn the date of the Settlement Hearing without
5 further notice to the Settlement Class Members, and retains jurisdiction over the Litigation to
6 consider all further matters arising out of or connected with the Settlement. The Court may
7 approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if
8 appropriate, without further notice to the Settlement Class.

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DATED:

The Honorable Vince Chhabria
United States District Judge

EXHIBIT A-1

1 LIONEL Z. GLANCY (#134180)
JOSHUA L. CROWELL (#295411)
2 ROBERT V. PRONGAY (#270796)
CASEY E. SADLER (#274241)
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10 Telephone: (212) 223-6444
Facsimile: (212) 223-6334

11 *Attorneys for Lead Plaintiff Fire Retirement*
12 *System of the City of Detroit and the Class*

13 *[Additional counsel appear on signature page.]*

14
15 **UNITED STATES DISTRICT COURT**
16 **NORTHERN DISTRICT OF CALIFORNIA**
17 **SAN FRANCISCO DIVISION**

18 POLICE AND FIRE RETIREMENT) Case No. 13-cv-00945-VC
19 SYSTEM OF THE CITY OF DETROIT,)
Individually and on Behalf of All Others)
20 Similarly Situated,) **EXHIBIT A-1**

21 Plaintiff,)
22 vs.) **NOTICE OF PROPOSED SETTLEMENT**
23) **OF CLASS ACTION, MOTION FOR**
ROSEMARY A. CRANE, PATRICK D.) **ATTORNEYS' FEES AND EXPENSES,**
24 SPANGLER, and EPOCRATES, INC.,) **AND SETTLEMENT HEARING**

25 Defendants.)
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1 **NOTICE OF (I) PENDENCY OF CLASS ACTION; (II) PROPOSED SETTLEMENT OF**
2 **CLAIMS AGAINST EPOCRATES, INC., ROSEMARY A. CRANE, AND PATRICK D.**
3 **SPANGLER; AND (III) HEARING ON PROPOSED SETTLEMENT, PLAN OF**
4 **ALLOCATION, AND MOTION FOR ATTORNEYS' FEES AND LITIGATION**
5 **EXPENSES**

6 **NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be
7 affected by the above-captioned class action lawsuit pending in this Court (the "Litigation")
8 if you purchased or otherwise acquired Epocrates, Inc. ("Epocrates" or the "Company")
9 common stock during the period February 1, 2011, through and including August 9, 2011,
10 inclusive.

11 **NOTICE OF SETTLEMENT:** Please be advised that the Lead Plaintiff in this Litigation,
12 the Police and Fire Retirement System of the City of Detroit ("Lead Plaintiff"), on behalf of
13 itself and the other Settlement Class Members (as defined below), has reached a proposed
14 settlement with Defendants Epocrates, Rosemary A. Crane, and Patrick D. Spangler
15 ("Defendants") (together with Lead Plaintiff, the "Settling Parties") for a total of \$5.1
16 million that will resolve all claims against Defendants in this Litigation (the "Settlement") on
17 the terms and conditions set forth in the Stipulation of Settlement entered into by and
18 between Lead Plaintiff and Defendants, dated October 30, 2015 (the "Stipulation"). The
19 Court in charge of this case still has to decide whether to approve the Settlement. The
20 Settlement Fund will be available for distribution to the Settlement Class only if the
21 Settlement is approved and that approval is upheld following any appeals.

22 On _____, 2015, the Court preliminarily approved the Settlement.

23 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE**
24 **EXPLAINS IMPORTANT RIGHTS YOU MAY HAVE, INCLUDING THE POSSIBLE**
25 **RECEIPT OF CASH FROM THE SETTLEMENT. IF YOU ARE A MEMBER OF THE**
26 **SETTLEMENT CLASS, YOUR LEGAL RIGHTS WILL BE AFFECTED WHETHER OR**
27 **NOT YOU ACT AND WHETHER OR NOT YOU ARE ELIGIBLE TO RECEIVE A**
28 **PAYMENT FROM THE SETTLEMENT FUND.**

*A FEDERAL COURT AUTHORIZED THIS NOTICE. IT IS NOT A SOLICITATION FROM A
LAWYER.*

The following table provides a brief summary of the rights you have if you are a
Settlement Class Member and the relevant deadlines, which are described in more detail later in
this Notice.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENTS

<p>Submit a Claim and Release form so that it is postmarked no later than _____.</p>	<p>If the Settlement is approved and you are a member of the Settlement Class, you may be entitled to receive a payment. But you must submit a Proof of Claim and Release form to share in the proceeds. This is the only way to get a payment. A copy of the Proof of Claim and Release form is enclosed, and is also available at _____.</p> <p>If you remain in the Settlement Class, you will be bound by the Settlement and will give up any and all of the Released Claims you may have against the Persons who are being released from liability as described below at pages ____.¹</p>
<p>Exclude Yourself from the Settlement Class by submitting a written request for exclusion so that it is postmarked no later than _____.</p>	<p>If you exclude yourself from the Settlement Class, you will not get a payment from that Settlement but will be able to bring a lawsuit against the Defendants (as well as the other Persons being released under the Settlement).</p>
<p>Object to the Settlement by submitting a written objection so that it is filed with the Court and postmarked to Counsel no later than _____.</p>	<p>If you do not exclude yourself but you wish to object to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel’s application for a Fee and Expense Award and the Lead Plaintiff Cost and Expense Award, you may write to the Court about your objections. You cannot object unless you are a Settlement Class Member. The contents and manner of submitting any written objection is set forth in this Notice. You must comply with these provisions for your objection to be considered.</p>
<p>Attend the Hearing on _____, and submit a Notice of Intention to Appear so that it is filed with the Court and postmarked to Counsel no later than _____.</p>	<p>Filing a written objection and notice of intention to appear allows you to speak in Court about the fairness of the proposed Settlement. If you have submitted a written objection, you may (but do not have to) attend the hearing and speak to the Court about your objections.</p>
<p>Do Nothing.</p>	<p>Receive no payment, remain a Settlement Class Member, give up your rights and be bound by the judgment that will be entered by the Court regarding the Settlement, including, without limitation, the releases that will be set forth in that judgment.</p>

¹ “Person” means an individual, corporation, limited liability company, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity together with the spouses, heirs, predecessors, successors, representatives, or assignees of any of the foregoing.

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WHAT THIS NOTICE CONTAINS

BASIC INFORMATIONPage _

WHO IS IN THE SETTLEMENT CLASS.....Page _

SUMMARY OF THE SETTLEMENTPage _

THE BENEFITS OF THE SETTLEMENT - WHAT YOU GETPage _

PROPOSED PLAN OF ALLOCATIONPage _

HOW TO GET A PAYMENTPage _

EXCLUDING YOURSELF FROM THE SETTLEMENTPage _

THE LAWYERS REPRESENTING YOU.....Page _

THE HEARING REGARDING THE SETTLEMENTPage _

IF YOU DO NOTHING.....Page _

GETTING MORE INFORMATIONPage _

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEESPage _

BASIC INFORMATION

1. Why did I get this Notice?

1. This Notice is being sent to you pursuant to an order of the Court because you or someone in your family or an investment account for which you serve as custodian may have purchased or otherwise acquired Epocrates common stock during the period beginning on February 1, 2011 through August 9, 2011, inclusive (the “Settlement Class Period”). The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you should understand how this class action lawsuit and the proposed Settlement may affect you and further to advise you about your options before the Court rules on the proposed Settlement. You should understand that if the Court approves the Settlement and it becomes effective, among other things: (a) the Litigation will be dismissed with prejudice as to all Defendants; (b) all Settlement Class Members will be deemed to have released each of the Released Claims described at pages ___ below; and (c) the Claims Administrator will make payments to Authorized Claimants, as described below.

2. This Notice is intended to explain this class action, how you might be affected by it, to inform you of the terms of the proposed Settlement, the process by which the Court will consider them, your legal rights, what benefits may be available to you, who is eligible to get a

1 payment, how to get a payment if you are eligible, what rights you will forfeit if the Settlement is
2 approved, and of Lead Counsel’s intention to seek a Fee and Expense Award as well as the Lead
3 Plaintiff Cost and Expense Award.² See pages ___ below for details about the Settlement Hearing.

4 3. This Notice does not express any opinion by the Court concerning the merits of any
5 claim in the Litigation, and the Court still has to decide whether to approve the Settlement. If the
6 Court approves the Settlement, payments to eligible claimants will be made after any appeals are
7 resolved, and after the completion of all claims processing.

8 **2. What is a class action?**

9 4. In a class action, one or more plaintiffs, called “lead plaintiffs” or “class
10 representatives,” sue on behalf of people who have similar claims. All of the Persons on whose
11 behalf the class representatives are suing are known as “class members.” One court resolves the
12 issues in the case for all class members, except for those who choose to exclude themselves from
13 the class if exclusion is permitted by applicable rules of procedure.

14 **3. What is this lawsuit about? What has happened so far?**

15 5. In this lawsuit, Lead Plaintiff alleged that Defendants knowingly or with deliberate
16 recklessness engaged in a scheme to manipulate the price of Epocrates common stock. Epocrates
17 was a Delaware corporation with its principal executive offices located in San Mateo, California.
18 During the Settlement Class Period, Epocrates common stock traded on the NASDAQ Global
19 Market under the ticker symbol “EPOC.”

20 6. Epocrates developed mobile applications for smart phones and tablets that it used
21 to distribute pharmaceutical drug information to its extensive base of doctors and other healthcare
22 professionals. The largest source of Epocrates’ revenue came from selling pharmaceutical
23 companies access to its healthcare user network for marketing purposes, including paid
24 promotional messages, or “DocAlerts.” To ensure that sponsored DocAlerts complied with
25 regulatory guidelines, Epocrates’ pharmaceutical customers had to review and approve each
26 message.

27 7. At all times relevant to this lawsuit, Defendant Rosemary A. Crane was the
28 President and Chief Executive Officer of Epocrates and a member of its Board of Directors, while
29 Defendant Patrick D. Spangler was the Company’s Chief Financial Officer. Together, Ms. Crane
30 and Mr. Spangler are the “Individual Defendants.”

31 8. Lead Plaintiff alleges that before Epocrates’ initial public offering of stock on
32 February 1, 2011, Defendants were aware that there were substantial and growing delays in the
33 pharmaceutical customers’ approval processes, which in turn delayed the publication of DocAlerts
34 and the time that the Company could record revenue on such DocAlerts. Lead Plaintiff alleges that
35 Defendants determined that these delays had created a significant revenue gap in the first quarter
36 of 2011. In response, Lead Plaintiff alleges, Defendants engaged in a scheme to misrepresent and
37 conceal Epocrates’ problems by secretly canceling and reissuing DocAlerts contracts, which

38 ² “Lead Counsel” means Glancy Prongay & Murray LLP and Scott+Scott, Attorneys at Law, LLP.

1 allowed the Company to record DocAlerts revenue sooner. Lead Plaintiff further alleges that in the
2 first quarter of 2011, this scheme succeeded, and Defendants misleadingly touted significant
3 revenue growth for that quarter without disclosing that: (i) such growth was achieved through
canceling and reissuing contracts; and (ii) pharmaceutical customers' approval delays were
materially undermining the Company's ability to record revenue.

4 9. Lead Plaintiff further alleges that Defendants' false and misleading statements
5 materially inflated the price of Epocrates' stock, resulting in damages to Settlement Class
6 Members when the truth was revealed on August 9, 2011, causing the Company's stock price to
fall significantly.

7 10. Defendants have vehemently contested, and continue to deny, Lead Plaintiff's
8 allegations or that they engaged in any wrongdoing whatsoever.

9 11. On October 23, 2014, Lead Plaintiff filed its Third Amended Class Action
10 Complaint for Violations of the Federal Securities Laws, the operative complaint in this Litigation
(the "Complaint"). Based on the allegations described above, Lead Plaintiff asserted claims under
11 Section 10(b) and 20(a) of the Securities Exchange Act of 1934.

12 12. Defendants then filed a motion to dismiss the Complaint, which was fully briefed
13 by the Settling Parties. On March 13, 2015, the Court issued an order denying the motion to
dismiss. On April 27, 2015, Defendants filed their Answer to the Complaint.

14 13. On June 23, 2015, Lead Plaintiff and Defendants participated in an all-day
15 mediation session before Judge Layn Phillips (Ret.) ("Judge Phillips"). Prior to the mediation, the
16 Settling Parties engaged in limited informal document discovery and exchanged initial and reply
17 mediation statements. Although the Settling Parties did not reach an agreement to settle this matter
during the June 23, 2015 mediation, they continued to engage in settlement negotiations with the
assistance of Judge Phillips.

18 14. On August 14, 2015, the Court set various deadlines for the Litigation, including a
19 discovery deadline of June 17, 2016, and a trial date of March 27, 2017. On August 21, 2015,
20 Lead Plaintiff served its first set of document requests on Defendants, and on August 31, 2015,
Defendants served their first set of document requests on Lead Plaintiff.

21 15. On September 8, 2015, the Settling Parties reached an agreement-in-principle to
22 settle the Litigation. The Settling Parties then negotiated and, on September 21, 2015, executed a
term sheet that outlined and confirmed many of the material terms of the agreement.

23 **WHO IS IN THE SETTLEMENT CLASS**

24
25 **4. How do I know whether I am part of the Settlement?**

26 16. The Court has preliminarily certified a Settlement Class that consists of, subject to
27 certain exceptions identified below, those Persons who purchased or otherwise acquired the
28 common stock of Epocrates between February 1, 2011 through August 9, 2011, inclusive, and
who were allegedly damaged thereby.

1 17. PLEASE NOTE THAT RECEIPT OF THIS NOTICE DOES NOT MEAN
2 THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE
3 ENTITLED TO RECEIVE A PAYMENT. IF YOU ARE A SETTLEMENT CLASS
4 MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE
5 DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED
6 TO SUBMIT THE CLAIM FORM THAT ACCOMPANIES THIS NOTICE
7 POSTMARKED NO LATER THAN _____.

6 **5. Are there exceptions to being included?**

7 18. Even if you fall within the Settlement Class definition, you are not a member of the
8 Settlement Class if you: are one of the Defendants; are a member of the immediate families of the
9 Individual Defendants; were an officer or director of the Company during the Settlement Class
10 Period; are a legal representative, heir, successor, or assign of any of the foregoing excluded
11 Persons; or are or were any entity in which any of the Defendants have or had a controlling
12 interest.

13 19. Also excluded from the Settlement Class is any Person that files a valid and timely
14 request for exclusion in accordance with the requirements set forth in this Notice.

13 **6. I am still not sure whether I am included.**

14 20. If you are still not sure whether you are included, you can ask for help, which will
15 be provided to you at no cost. You can call the Claims Administrator toll free at _____, or
16 write to the Claims Administrator at the address stated in the answer to question 14 below.

17 **SUMMARY OF SETTLEMENTS**

19 **7. What does the Settlement provide?**

20 21. The Settlement provides for Defendants to cause to be paid \$5.1 million in cash
21 into an Escrow Account that will be distributed to eligible Settlement Class Members, after certain
22 deductions described below have been made. If the Settlement is finally approved, the payments
23 will be distributed to Settlement Class Members in accordance with a Court-approved Plan of
24 Allocation described elsewhere in this Notice.

25 22. Further, if the Settlement is approved by the Court, all of the Settlement Class
26 Members will be deemed to have released all of the Released Claims against Defendants and other
27 Released Persons as further described in pages ___ below. This means, among other things, that,
28 upon the Effective Date, all Settlement Class Members will be permanently barred from asserting
any of the claims described in the Stipulation (and this Notice) against Defendants and the other
Released Persons. In addition, Defendants will be precluded from suing Lead Plaintiff, other
Settlement Class Members, or Lead Counsel in connection with the Litigation.

1 **8. What are Settling Parties' reasons for the Settlement?**

2 23. Lead Plaintiff, through Lead Counsel, has conducted an investigation and pursued
3 discovery in connection with the June 23, 2015 mediation relating to the claims and the underlying
4 events and transactions alleged in the Litigation, and researched the applicable law regarding the
5 merits of the claims should the Litigation proceed to trial. In addition, Lead Plaintiff, through Lead
6 Counsel, has retained and consulted with a leading expert on possible damages. This work has
7 provided Lead Plaintiff and Lead Counsel with an informed and detailed basis on which to assess
8 the relative strengths and weaknesses of the Settling Parties' respective positions in the Litigation.

9 24. In negotiating and evaluating the terms of the Settlement, Lead Plaintiff and Lead
10 Counsel considered the significant legal and factual defenses to Lead Plaintiff's claims and the
11 expense, length, and risk of pursuing those claims through trial and appeals. While Lead Plaintiff
12 has asserted that Defendants' conduct constitutes violations of the securities laws, Defendants, in
13 their Answer, have denied those allegations and argued that they are not subject to any liability or
14 damages.

15 25. In light of the risks of continued litigation, the amount of the Settlement and the
16 immediacy of recovery to the Settlement Class, Lead Plaintiff and Lead Counsel believe that the
17 proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement
18 Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a substantial benefit to
19 the Settlement Class, namely \$5.1 million in cash (less the deductions described in this Notice), as
20 compared to the risk that the claims in the Litigation would produce a smaller, or no recovery after
21 trial and appeals, possibly years in the future.

22 26. Although Defendants believe that the claims asserted against them in the Litigation
23 are without merit, they nevertheless recognize the uncertainties and risks of the outcome of any
24 lawsuit, especially a complex securities lawsuit, and the difficulties and substantial burdens,
25 expense, and length of time necessary to defend the Litigation. To eliminate the burden and
26 expense of further litigation, Defendants are agreeing to settle and resolve the claims asserted
27 against them in the Litigation. Defendants are entering into the Settlement without admitting any
28 liability to Lead Plaintiff or other Settlement Class Members, and denying that the Settlement
Class Members have suffered any recoverable damages relating to their investments in Epocrates
common stock.

29 27. THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF THE
30 CLAIMS MADE BY LEAD PLAINTIFF AGAINST DEFENDANTS AND HAS NOT
31 FINALLY DETERMINED THE MERITS OF ANY OF DEFENDANTS' DEFENSES. THIS
32 NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF
33 VIOLATION OF THE LAW OR THAT RELIEF IN ANY FORM OR RECOVERY IN ANY
34 AMOUNT COULD BE HAD IF THE LITIGATION WERE NOT SETTLED.

35 **9. What is the potential outcome of the lawsuit absent the Settlement?**

36 28. If there were no Settlement and Lead Plaintiff failed to establish any essential legal
37 or factual element of its claims against Defendants, then neither Lead Plaintiff nor other
38 Settlement Class Members would recover anything from Defendants. Also, if Defendants were

1 successful in proving any of their defenses, the Settlement Class Members likely would recover
2 substantially less than the amount provided in the Settlement, if they recovered anything at all.

3 29. Lead Plaintiff believes that the Settlement must be compared to the risk of no
4 recovery after contested dispositive motions, trial and likely appeals. A trial is a risky proposition.
5 The claims in the Litigation involve numerous complex legal and factual issues, many of which
6 would require expert testimony. The Settling Parties disagree on both liability and damages and do
7 not agree on the average amount of damages per share, if any, that would be recoverable if Lead
8 Plaintiff were to have prevailed on each claim alleged. Among the many key issues about which
9 Plaintiffs and Defendants do not agree are: (i) whether Defendants violated the securities laws or
10 otherwise engaged in any wrongdoing; (ii) the extent (if any) that the alleged misrepresentations
11 and omissions influenced the trading prices of Epocrates common stock during the Settlement
12 Class Period; and (iii) the method for determining whether, and the extent to which (if any),
13 purchasers of Epocrates stock suffered injury and damages that could be recovered at trial.

14 **THE BENEFITS OF THE SETTLEMENT – WHAT YOU GET**

15 **10. How much will be distributed to investors?**

16 30. The Settlement, if approved, will create a cash settlement fund in the principal
17 amount of \$5.1 million, plus interest accrued thereon (the “Settlement Fund”). If the Settlement is
18 approved by the Court and it becomes effective, after the deduction of various court-approved fees
19 and expenses, the balance of the Settlement Fund will be available for distribution to members of
20 the Settlement Class (the “Net Settlement Fund”).

21 31. Your share of the Net Settlement Fund will depend on several factors, including the
22 following: how many Settlement Class Members submit timely and valid Proof of Claim and
23 Release forms; the total Recognized Losses represented by the valid Proof of Claim and Release
24 forms that Settlement Class Members send in; the number of shares of Epocrates common stock
25 that you purchased during the Settlement Class Period; how much you paid for the shares; when
26 you purchased; and if you sold your shares and, if so, for how much.

27 32. By following the instructions below, you can calculate what is called your
28 “Recognized Loss.” It is unlikely that you will get a payment for all of your Recognized Loss.
After all Settlement Class Members have sent in their Proof of Claim and Release forms, the
payment you get will be a part of the Net Settlement Fund equal to your Recognized Loss divided
by the total of everyone’s Recognized Losses. See pages ___ for more information on your
Recognized Loss.

33. Lead Plaintiff and Defendants do not agree on the average amount of damages that
would be recoverable if Lead Plaintiff were to prevail at trial on the claims asserted against
Defendants. They disagree on, among other things: (a) the amount of inflation, if any, allegedly
caused by the alleged misrepresentations and omissions; and (b) the number of shares, if any, that
were allegedly damaged.

34. Lead Plaintiff’s damages expert estimates that approximately 5.36 million shares of
Epocrates common stock may have been damaged as a result of the allegedly wrongful conduct.

1 Thus, assuming that the owners of all affected shares elect to participate, the average per share
2 recovery from the combined Settlement Fund would be approximately \$0.95 per damaged share.

3 35. The Net Settlement Fund will not be distributed unless and until the Court has
4 approved the Settlement and a plan of allocation, and, further, that the Settlement has become
5 effective, as set forth in the Stipulation. Generally, this cannot happen until, among other things,
6 the judgment approving the Settlement has become final and any appeals have been resolved.

7 36. Defendants are not entitled to get back any portion of the Settlement Fund once the
8 Court's judgment approving the Settlement becomes final. Defendants shall not have any liability,
9 obligation, or responsibility for the administration of the Settlement, the disbursement of the Net
10 Settlement Fund, or the Plan of Allocation.

11 37. Approval of the Settlement is independent from approval of a plan of allocation, an
12 award of attorneys' fees and reimbursement of litigation expenses to Lead Counsel, or a
13 reimbursement award to Lead Plaintiff. Any determination with respect to those matters will not
14 affect the Settlement, if approved, or the final judgment, if entered.

15 38. Unless the Court otherwise orders, any Settlement Class Member who fails to
16 submit a valid Proof of Claim and Release form postmarked on or before _____ shall be
17 fully and forever barred from receiving payments pursuant to the Settlement but will in all other
18 respects remain a Settlement Class Member and be subject to the provisions of the Stipulation,
19 including the terms of any final order and judgment entered and the releases given (which are
20 described at pages __ below). This means that, among other things, each Settlement Class Member
21 will release all of the claims described at pages ___ below against each and every one of the
22 Persons described at pages __ below and will be enjoined and prohibited from filing, prosecuting,
23 or pursuing any of those claims against any of those Persons whether or not such Settlement Class
24 Member submits a Proof of Claim and Release form. This is true even if you do not ever seek or
25 obtain a distribution for the Net Settlement Fund or are not entitled to do so under the Plan of
26 Allocation thereunder.

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

29 40. Each person who submits a Proof of Claim and Release form shall be deemed to
30 have submitted to the jurisdiction of the Court with respect to his, her or its Proof of Claim and
31 Release form.

32 41. Only Settlement Class Members will be eligible to share in the distribution of the
33 Net Settlement Fund. Any Person that is excluded from the Settlement Class by definition, or that
34 validly excludes himself/herself/itself from the Settlement Class, will not be eligible to receive a
35 distribution from the Net Settlement Fund and should not submit a Proof of Claim and Release
36 form.

37 42. Please retain all records of your or transactions in Epocrates common stock during
38 the Settlement Class Period, as they may be needed to document your claims.

1 **THE PROPOSED PLAN OF ALLOCATION**

2 **A. Introduction to the Plan of Allocation**

3 43. In developing this plan of allocating the net settlement proceeds (“Plan of
4 Allocation”), Lead Counsel conferred with their economic consultants, and the specific formulas
5 for computing the “Recognized Loss” described below reflect the input of these consultants.
6 Defendants dispute that the Settlement Class is entitled to any damages.

7 44. The purpose of the Plan of Allocation is to establish a reasonable and equitable
8 method of distributing the Net Settlement Fund to Settlement Class Members who suffered
9 economic losses during the Settlement Class Period.

10 45. The \$5.1 million Settlement Amount and any interest it earns, as provided for in the
11 Stipulation, are called the “Settlement Fund.” The Settlement Fund, after deduction of Court-
12 approved attorneys’ fees and expenses, notice and administration expenses, and taxes and tax
13 expenses is the Net Settlement Fund. The Net Settlement Fund will be distributed according to the
14 Plan of Allocation described below to Settlement Class Members who timely submit valid Proof
15 of Claim and Release forms that show Recognized Losses (“Authorized Claimants”), and are
16 entitled to receive a payment from the Net Settlement Fund of no less than ten dollars (\$10.00).
17 Settlement Class Members who do not timely submit a valid Proof of Claim and Release form will
18 not share in the Net Settlement Fund but will otherwise be bound by the terms of the Settlement
19 and all orders and judgments entered in the Litigation and will give up any right to prosecute the
20 Released Claims. The Court may approve the Plan of Allocation or modify it without additional
21 notice to the Settlement Class. Any order modifying the Plan will be posted on the Settlement
22 website at _____.

23 46. The Claims Administrator will determine each Authorized Claimant’s *pro rata*
24 share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Loss,” as
25 described below. The Plan of Allocation is not intended to estimate the amount a Settlement Class
26 Member might have been able to recover after a trial, nor is it intended to estimate the amount that
27 will be paid to Authorized Claimants. The Plan of Allocation is the basis on which the Net
28 Settlement Fund will be proportionately divided among all the Authorized Claimants. The Court
will be asked to approve the Claims Administrator’s determinations before the Net Settlement
Fund is distributed to Authorized Claimants. No distributions to Authorized Claimants who would
receive less than ten dollars (\$10.00) will be made because of the administrative expenses of
processing and mailing such checks. Such Authorized Claimant will still be bound by the terms of
the Settlement.

47. Defendants, Defendants’ Counsel and the other Released Persons had no
involvement in the Plan of Allocation or the investment of the Settlement Fund, and have no
responsibility for or liability whatsoever for the investment of the Settlement Fund, the
distribution of the Net Settlement Fund, the Plan of Allocation, the evaluation of any Proof of
Claim and Release form, or the payment of any claim. Lead Plaintiff and Lead Counsel likewise
will have no liability for their reasonable efforts to execute, administer, and distribute the
Settlement.

48. The following Plan of Allocation reflects Lead Plaintiff’s allegations that the price
of Epocrates common stock during the Settlement Class Period was artificially inflated by reason

1 of Defendants' allegedly false and misleading statements and omissions. Lead Plaintiff alleges that
2 the artificial inflation was eliminated following Defendants' disclosures on August 9, 2011. The
3 Plan of Allocation described below was created with the assistance of a consulting damages expert
4 who analyzed movements in the price of Epocrates common stock after the alleged disclosures on
5 August 9, 2011. It takes into account the portion of the drops in the price of Epocrates common
6 stock Lead Plaintiff believes was attributable to the alleged fraud and the relative strengths and
7 weaknesses of the claims.

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B. Calculating Recognized Losses and Payable Claims

49. The Net Settlement Fund will be allocated among the Authorized Claimants in
accordance with the Plan of Allocation described below. The amount so allocated to each
Authorized Claimant is referred to as the Authorized Claimant's "Payable Claim."

50. The Payable Claim will be calculated so that each Authorized Claimant shall
receive, on a proportionate basis, that share of the Net Settlement Fund that the Authorized
Claimant's Recognized Loss (as defined below) bears to the total Recognized Losses of all
Authorized Claimants, subject to the further provisions of this Plan of Allocation set forth below.

51. An Authorized Claimant's Recognized Loss is determined by the date(s) the
Authorized Claimant purchased or sold Epocrates common stock during the Settlement Class
Period, as set forth below.

For each share of Epocrates common stock purchased between February 1, 2011
and the close of trading on August 9, 2011, inclusive, and:

- i) Sold prior to the close of trading on August 9, 2011, the Recognized Loss
is zero (\$0.00).
- ii) Sold at a loss after the close of trading on August 9, 2011 through and
including the close of trading on November 7, 2011, the Recognized Loss
shall be the lesser of: 1) \$6.20 per share; or 2) the difference between the
purchase price per share and the 90-day average price per share³ on the
date of sale.

³ Pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"), "in any private
action arising under this title in which the plaintiff seeks to establish damages by reference to the
market price of a security, if the plaintiff sells or repurchases the subject security prior to the
expiration of the 90-day period described in paragraph (1), the plaintiff's damages shall not exceed
the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff
for the security and the mean trading price of the security during the period beginning immediately
after dissemination of information correcting the misstatement or omission and ending on the date
on which the plaintiff sells or repurchases the security." 15 U.S.C. § 78u-4(e)(2).

1 iii) Held as of the close of trading on November 7, 2011, the Recognized Loss
2 shall be the lesser of: 1) \$6.20 per share; or 2) the difference between the
3 purchase price per share and \$9.40 per share.⁴

4 52. In processing claims, first in, first out (“FIFO”) accounting will be applied
5 throughout the Settlement Class Period for any purchases and sales during the Settlement Class
6 Period. For example, FIFO will be used to match the first Epocrates shares sold against the first
7 Epocrates shares purchased and then on a FIFO basis against any additional purchases of shares of
8 Epocrates common stock on the basis of the assumption that the first Epocrates share purchased
9 was the first Epocrates share sold.

10 53. The price per share, paid or received, should exclude all commissions, taxes, and
11 fees.

12 54. The purchase or sale date of any Epocrates common stock is the trade date, not the
13 settlement date.

14 55. If you inherited or received a gift of Epocrates common stock during the Settlement
15 Class Period, that inheritance or gift is not considered a purchase of Epocrates common stock
16 unless your ancestor or donor was the actual purchaser of the Epocrates common stock during the
17 Settlement Class Period. You, as a recipient of a gift or inheritance, and the original purchaser
18 may not both file a claim with regard to the same shares of Epocrates common stock. If both you
19 and the donor (or you and your ancestor’s estate) make such a claim, only the claim filed by the
20 recipient (or heir) will be honored.

21 56. The term “Recognized Loss” is used solely for calculating the amount of
22 participation by Authorized Claimants in the Net Settlement Fund. It is not the actual amount an
23 Authorized Claimant can expect to recover.

24 57. Nothing in the Plan of Allocation represents an admission by any of the Defendants
25 that there is liability or damage of any kind as a result of the allegations in the Complaint or that
26 the dollar amounts set forth in the Plan of Allocation reflect actual or potential damages to the
27 Settlement Class.

28 58. Payment in the manner set forth above will be deemed conclusive compliance with
29 the Stipulation as to all Authorized Claimants. All Settlement Class Members who fail to submit a
30 valid and timely Proof of Claim and Release form received by the Claims Administrator will be
31 barred from participating in the distribution of the Net Settlement Fund but otherwise will be
32 bound by all of the terms of the Stipulation, including the terms of any final orders or judgments
33 entered and the releases given to Defendants and others. If you want confirmation that the Claims

34 ⁴ Pursuant to the PSLRA, “in any private action arising under this chapter in which the plaintiff
35 seeks to establish damages by reference to the market price of a security, the award of damages to
36 the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as
37 appropriate, by the plaintiff for the subject security and the mean trading price of that security
38 during the 90 day period beginning on the date on which the information correcting the
39 misstatement or omission that is the basis for the action is disseminated.” 15 U.S.C. § 78u-4(e)(1).
40 The mean (average) closing price of Epocrates common stock during the 90 day period beginning
41 on August 9, 2011, and ending on November 7, 2011 was \$9.40 per share.

1 Administrator received your Proof of Claim and Release Form, you should mail it in a way that
2 allows the United States Postal Service to provide you with delivery confirmation.

3 59. No Authorized Claimant will have any claim against Lead Plaintiff, Lead Counsel,
4 or the Claims Administrator, or any other agent designated by Lead Counsel, based on the
5 distributions made substantially in accordance with the Stipulation, the Plan of Allocation, or
6 further orders of the Court. In addition, in the interest of achieving substantial justice, Lead
7 Counsel will have the right, but not the obligation, to waive what they deem to be formal or
8 technical defects in any Proof of Claim and Release form submitted.

7 **HOW TO GET A PAYMENT**

9 **11. What do I have to do to receive a share of the Settlement?**

10 60. If you qualify as a Settlement Class Member, to be eligible for a settlement
11 payment from the proceeds of the Settlement approved by the Court, you must send in the Proof of
12 Claim and Release form enclosed with this Notice. You also may get a Proof of Claim and
13 Release form on the Internet at _____ or by calling the Claims Administrator at _____.
14 Read the instructions carefully, fill out the form, include all the documents requested, sign the
15 form, and send it by first-class mail postmarked no later than _____.

14 **12. When will I receive my payment?**

15 61. Lead Plaintiff cannot, at this time, say when it will be able to distribute the
16 proceeds to Settlement Class Members if the Settlement is approved. The payments from the
17 Settlement proceeds are contingent upon the Court approving them. The Court will hold a hearing
18 on _____ to decide whether to approve the Settlement. Even if the Court approves the Settlement,
19 there still might be appeals, which can take more than a year to resolve. Further, the administration
20 of the claims will undoubtedly take significant time. Please be patient.

21 62. The Settlement Amount will be kept in an interest-bearing account until it is ready
22 for distribution, and the accrued interest will be added to the principal that will be distributed to
23 the Settlement Class.

22 **13. What am I giving up to get a payment or stay in the Settlement Class?**

23 63. If the Settlement is approved, the Court will enter a final order and judgment that
24 will be binding on all Settlement Class Members. Pursuant to the final order and judgment, the
25 Litigation will be dismissed on the merits with prejudice as against Defendants. Upon the
26 "Effective Date," all Settlement Class Members will release all "Released Claims," including
27 "Unknown Claims," against the "Released Persons." These terms are defined below:

28 (a) "Released Claims" means any and all claims, known or unknown, contingent or
non-contingent, whether suspected or unsuspected, including any claims arising under
federal or state statutory or common law or any other law, rule or regulation, whether

1 foreign or domestic, including Unknown Claims, that have been or could have been
2 asserted against all or any of the Defendants or any of the Released Persons that (i) arise
3 out of or relate to the claims or allegations in the Litigation, including the acts, facts,
4 events, disclosures, or omissions alleged in the Litigation; and (ii) relate to the purchase,
5 sale or ownership of Epocrates securities during the period from and including February 1,
6 2011, and August 9, 2011; including all aspects of Epocrates' public statements to
investors regarding its business, prospects, and operations; and the obligations of any of
the Defendants in connection with Epocrates' public statements to investors regarding its
business, prospects, and operations.

7 (b) "Unknown Claims" means any Released Claims which Lead Plaintiff or any
8 Settlement Class Member does not know or suspect to exist in his, her or its favor at the
9 time of the release of the Released Persons which, if known by him, her or it, might have
10 affected his, her or its settlement with and release of the Released Persons, or might have
11 affected his, her or its decision not to object to this Settlement. Unknown Claims include
12 those claims in which some or all of the facts comprising the claim may be suspected, or
13 even undisclosed or hidden. With respect to any and all Released Claims, the Settling
14 Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly
waive, and each of the Settlement Class Members shall be deemed to have, and by
operation of the final judgment shall have, expressly waived the provisions, rights, and
benefits of California Civil Code § 1542, which provides: "A general release does not
extend to claims which the creditor does not know or suspect to exist in his or her favor at
the time of executing the release, which if known by him or her must have materially
affected his or her settlement with the debtor."

15 Lead Plaintiff shall expressly waive, and each of the Settlement Class Members shall be
16 deemed to have, and by operation of the final judgment shall have, expressly waived any
17 and all provisions, rights, and benefits conferred by any law of any state or territory of the
18 United States, or principle of common law or foreign law, which is similar, comparable or
19 equivalent in effect to California Civil Code § 1542. Lead Plaintiff and Settlement Class
20 Members may hereafter discover facts in addition to or different from those which he, she
21 or it now knows or believes to be true with respect to the subject matter of the Released
22 Claims, but Lead Plaintiff shall expressly and each Settlement Class Member, upon the
23 Effective Date, shall be deemed to have, and by operation of the final judgment shall have,
24 fully, finally, and forever settled and released any and all Released Claims, known or
25 unknown, suspected or unsuspected, contingent or non-contingent, whether or not
concealed or hidden, which now exist, or heretofore have existed, upon any theory of law
or equity now existing or coming into existence in the future, including, but not limited to,
conduct which is negligent, reckless, intentional, with or without malice, or a breach of any
duty, law or rule, without regard to the subsequent discovery or existence of such different
or additional facts. Lead Plaintiff acknowledges, and the Settlement Class Members shall
be deemed by operation of the final judgment to have acknowledged, that the foregoing
waiver was separately bargained for and a key element of the Settlement.

26 (c) "Released Person(s)" means each and all of the Defendants, any other past or
27 present defendants in the Litigation, and any of their respective past, present or future
28 direct or indirect parent entities, affiliates, divisions, subsidiaries or families, and each and
all of the foregoing's respective past, present or future officers, directors, stockholders,
agents, representatives, employees, attorneys, advisors, consultants, accountants,

1 investment bankers, underwriters, brokers, dealers, lenders, insurers, co-insurers,
2 reinsurers, heirs, executors, principals, managing directors, managing agents, joint
3 ventures, personal or legal representatives, estates, beneficiaries, predecessors, successors
and assigns.

4 The “Effective Date” will occur when an order entered by the Court approving the
Settlement becomes final and not subject to appeal.

5 If you remain a Settlement Class Member, all of the Court’s orders will apply to you and
6 legally bind you.

7
8 **EXCLUDING YOURSELF FROM THE SETTLEMENT**

9 If you do not want a payment from this Settlement, but you want to keep any right you
10 may have to sue or continue to sue the Defendants and the other Released Persons on your own,
concerning the Released Claims, then you must take steps to exclude yourself from the Settlement
11 Class. This is called excluding yourself or “opting out” of the Settlement Class.

12
13 **14. What if I want to be excluded from the Settlement?**

14 64. To exclude yourself from the Settlement Class, you must send a written request for
15 exclusion by mail to the Claims Administrator saying that you want to be excluded from the
16 Settlement Class in the Epocrates, Inc. Securities Litigation. You must also include: (a) your
17 name, address, telephone number and e-mail address; (b) your Social Security Number or
18 Taxpayer Identification Number; (c) the date(s), price(s) per share, and number(s) of shares of all
of your purchases and sales of Epocrates common stock during the Settlement Class Period; and
19 (d) the number of Epocrates shares held at the close of trading on January 31, 2011 (*i.e.*,
immediately before the commencement of the Settlement Class Period). Any request for exclusion
must also be signed by the Person requesting exclusion. Your exclusion request must be
postmarked no later than _____.

20 [_____]

21 65. You cannot exclude yourself by phone or by email. If you do not follow the above
22 procedures – including meeting the deadline for the postmarking of your request and including all
of the information described above – you will not be excluded from the Settlement Class, and you
23 will be bound by all of the orders and judgments entered by the Court regarding the Settlement.
You must exclude yourself even if you already have a pending case against Defendants or any
24 other Released Person based on the Released Claims, if you wish to be able to continue that case.

25 66. Keep a copy of everything you mail, in case something is late during shipping or
processing.

26 67. If you ask to be excluded from the Settlement, you will not be eligible to get any
27 payment from the Settlement, and you cannot object to the Settlement, the Plan of Allocation,
Lead Counsel’s Fee and Expense Award, or the Lead Plaintiff Cost and Expense Award. If you
28

1 exclude yourself from the Settlement, you might be able to sue Defendants and certain other
2 Persons in the future.

3 68. Defendants have the right to terminate the Settlement if valid requests for exclusion
4 are received from Persons entitled to be members of the Settlement Class in an amount that
5 exceeds a set amount agreed to by Lead Plaintiff and Defendants.

6 **15. If I don't exclude myself, can I sue Defendants for the same thing later?**

7 69. No. Unless you exclude yourself, you give up any right to sue Defendants for the
8 claims that the Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that
9 case immediately. You must exclude yourself from this Settlement Class to continue your own
10 lawsuit.

11 **16. If I exclude myself, can I get money from the Settlement?**

12 70. No. Only Settlement Class Members who do not exclude themselves will be
13 eligible to recover money in the Settlement.

14 **THE LAWYERS AND LEAD PLAINTIFFS REPRESENTING YOU**

15 **17. Do I have a lawyer in this case?**

16 71. The Court has appointed the law firms Glancy Prongay & Murray LLP and
17 Scott+Scott, Attorneys at Law, LLP, as Lead Counsel to represent Lead Plaintiff and all other
18 Settlement Class Members in the Litigation. If you have any questions about the proposed
19 Settlement, you may contact Joshua L. Crowell, Glancy Prongay & Murray LLP, 1925 Century
20 Park East, Suite 2100 Los Angeles, CA 90067.

21 72. If you want to be represented by your own lawyer, you may hire one at your own
22 expense. You are not required to retain your own counsel, but if you choose to do so, such counsel
23 must file a notice of appearance on your behalf and must serve copies of their notice of appearance
24 on the lawyers identified later in this Notice.

25 **18. How will the lawyers be paid? Will Lead Plaintiff be paid?**

26 73. Lead Counsel have not yet received any payment for their services in pursuing the
27 claims asserted in this Litigation on behalf of Lead Plaintiff and other Settlement Class Members,
28 nor have Lead Counsel been reimbursed yet for their out-of-pocket expenses. Since the
Litigation's inception, Lead Counsel have expended considerable time and effort in the
prosecution of this Litigation on a contingent-fee basis and have advanced expenses in the
expectation that if they were successful in obtaining a recovery for investors, they would be paid
from such recovery.

1 74. Lead Plaintiff intends to request that the Court award Lead Counsel attorneys' fees
2 of no more than thirty-three and one-third percent (33.33%) of the Settlement Fund as well as
3 reimbursement of up to \$200,000.00 of litigation expenses actually incurred (the "Fee and
4 Expense Award"), plus any interest on such attorneys' fees and expenses at the same rate as
5 earned by the Settlement Fund.

6 75. In addition, Lead Plaintiff intends to ask the Court for a fee to be paid to it for its
7 work in prosecuting the Litigation in the amount of \$10,000.00 (the "Lead Plaintiff Cost and
8 Expense Award"). Lead Plaintiff is also entitled to share in the proceeds of the Net Settlement
9 Fund in the same manner as any other Settlement Class Member.

10 76. You will be not charged directly, and are not liable for, Lead Counsel's Fee and
11 Expense Award or the Lead Plaintiff Cost and Expense Award. Instead, any such payments will be
12 paid out of the Settlement Fund and not by Defendants. The Court will determine whether these
13 awards are warranted and the amount thereof. In this type of litigation, it is customary for counsel
14 to be awarded a percentage of the common fund recovery as their attorneys' fees.

15 77. The Court is to consider and rule upon the fairness, reasonableness, and adequacy
16 of the Settlement independently of any consideration and ruling on Lead Counsel's Fee and
17 Expense Award or the Lead Plaintiff Cost and Expense Award. The Settlement, the Stipulation,
18 and the implementation or effectuation thereof, as well as entry of the final judgment, are not
19 conditioned in any way on any award of attorneys' fees or reimbursement of litigation expenses to
20 Lead Counsel or any award to Lead Plaintiff.

21 78. Defendants take no position on the application for Lead Counsel's Fee and Expense
22 Award or for the Lead Plaintiff Cost and Expense Award, or any objections thereto.

23 **THE HEARING REGARDING THE SETTLEMENT**

24 **19. When and where will the Court decide whether to approve the Settlement?**

25 79. A hearing has been scheduled on the proposed Settlement for _____, at
26 _____, before the Honorable Vince G. Chhabria in the United States District Court for the
27 Northern District of California, San Francisco Courthouse, 450 Golden Gate Avenue, San
28 Francisco, California 94102 (the "Settlement Hearing"). At the Settlement Hearing, the Court will
consider whether: (a) to grant final certification of the Settlement Class solely for purposes of the
Settlement; (b) the proposed Settlement is fair, reasonable and adequate to the Settlement Class
and should be approved by the Court; (c) a judgment finally approving the Settlement should be
entered; (d) the Plan of Allocation should be approved; (e) Lead Counsel's request for attorneys'
fees and reimbursement of litigation expenses should be granted; and/or (f) the Lead Plaintiff's
Cost and Expense Award should be granted. The Court can also consider any other matters that it
may wish to address. If there are objections, the Court will consider them. At or after the hearing,
the Court will decide the issues identified in (a) through (f) above. We do not know how long
these decisions will take.

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

4 **20. How do I tell the Court that I don't like the Settlement?**

5 81. If you are a Settlement Class Member and you do not exclude yourself, you can
6 object to the Settlement or any part of it, the proposed Plan of Allocation, the application by Lead
7 Counsel for an award of attorneys' fees and expenses, and/or the application by Lead Plaintiff for
8 an award of costs and expenses and give reasons why you think the Court should not approve the
9 Settlement or any of its terms or arrangements. To object, you must file a written objection with
the Court saying that you object to the proposed Settlement in the case captioned, *Police and Fire
Retirement System of the City of Detroit v. Rosemary A. Crane, Patrick D. Spangler, and
Epocrates, Inc.*, Case No. 13-cv-00945-VC.

10 82. Your written objection must be mailed to the following counsel at the following
11 addresses, so that it is postmarked no later than _____:

12 **LEAD PLAINTIFF**

DEFENDANTS

13 Joshua L. Crowell
14 GLANCY PRONGAY &
15 MURRAY LLP
16 1925 Century Park East
Suite 2100
Los Angeles, CA 90067

Deborah S. Birnbach
GOODWIN PROCTER LLP
Exchange Place
53 State Street
Boston, MA 02109

17 **AND**

18 83. You must also file your objection with the clerk of the United States District Court
19 for the Northern District of California either in person or by first-class mail at the following
address:

20 Clerk of the Court
21 U.S. District Court for the Northern District of California
22 San Francisco Courthouse
450 Golden Gate Avenue
23 San Francisco, CA 94102

24 If you file the objection in person, it must be received by the Clerk of the Court no later than
25 _____. If you file the objection by first-class mail, it must be postmarked no later than
_____.

26 84. You may not object to the Settlement or any aspect of it if you are not a Settlement
Class Member or if you have excluded yourself from the Settlement Class.

27 85. Any objection must include: (a) the full name, mailing address, daytime phone
28 number and e-mail address of the objecting Settlement Class Member; (b) a list and

1 documentation of all of the Settlement Class Member’s transactions involving Epocrates common
2 stock during the Settlement Class Period, including brokerage confirmation receipts or other
3 competent documentary evidence of such transactions, including the amount and date of each
4 purchase or acquisition or sale or disposition and the price paid and/or received and an indication
5 of the number of Epocrates shares held, if any, at the close of trading on January 31, 2011 (*i.e.*,
6 immediately before commencement of the Settlement Class Period); (c) a written statement of all
7 grounds for the objection accompanied by any legal support and evidence for it; (d) copies of any
8 papers, briefs, or other documents upon which the objection is based; (e) a list of all persons who
9 will be called to testify in support of the objection; (f) a statement of whether you intend to appear
10 at the Settlement Hearing; (g) a list of other cases in which you or your counsel have appeared
11 either as settlement objectors or as counsel for objectors in the preceding five years; and (h) the
12 objector’s signature, even if represented by counsel. If you intend to appear at the Settlement
13 Hearing through counsel, the objection must also state the identity of all attorneys who will appear
14 on your behalf at the Settlement Hearing.

10 86. If you wish to be heard orally at the Settlement Hearing in opposition to the
11 approval of the Settlement, the Plan of Allocation, Lead Counsel’s Fee and Expense Award, or the
12 Lead Plaintiff Cost and Expense Award, and if you have submitted a timely written objection as
13 described above, you also must notify the above counsel no later than _____ concerning your
14 intention to appear. You do not need to go to the Settlement Hearing to have your written
15 objection considered by the Court.

14 87. If you submit an objection in the manner stated above to the Settlement, the Plan of
15 Allocation, Lead Counsel’s Fee and Expense Award, or the Lead Plaintiff Cost and Expense
16 Award (or otherwise request to be heard at the Settlement Hearing), you are submitting yourself to
17 the jurisdiction of the Court with respect to the subject matter of the Settlement, including, but not
18 limited to, the release that will be contained in the final judgment.

17 88. Any member of the Settlement Class who does not object in the manner provided
18 above will be deemed to have waived all objections to the Settlement, the Plan of Allocation, Lead
19 Counsel’s Fee and Expense Award, and the Lead Plaintiff Cost and Expense Award.

20 **21. Do I have to come to the Settlement Hearing?**

21 89. No. Lead Counsel will answer any questions the Court might have. But you are
22 welcome to come at your own expense. If you send an objection, you do not have to come to the
23 Court to talk about it. As long as you mailed your written objection in the manner described in the
24 answer to question 20 above and it was submitted by the deadline, it will be before the Court when
25 the Court considers whether to approve the Settlement. You may also pay your own lawyer to
26 attend the hearing, but attendance is not necessary.

25 **22. May I speak at the Settlement Hearing?**

26 90. If you are a Settlement Class Member and you filed an objection as described in the
27 answer to question 20 above, you may ask the Court for permission to speak at the Settlement
28 Hearing. To do so, you must submit a letter or other paper called a “Notice of Intention to Appear
at Settlement Hearing in Epocrates, Inc. Securities Litigation.” Be sure to include your name,

1 address, telephone number, and your signature. Your Notice of Intention to Appear must be filed
2 with the Clerk of the Court and postmarked to the counsel listed at pages ___ no later than
3 _____ . You cannot speak at the hearing if you have asked to be excluded from the
4 Settlement Class.

5 91. If you or your attorney plan to attend the Settlement Hearing **and** present evidence
6 at the hearing, your written objections (prepared and submitted in accordance with the answer to
7 question 20 above) must identify any witness or other evidence you or your attorney may seek to
8 introduce.

9 **23. What's the difference between objecting and requesting exclusion?**

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

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

17 **IF YOU DO NOTHING**

18 **24. What happens if I do nothing at all?**

19 94. If you do nothing in response to this Notice, you will remain a member of the
20 Settlement Class and will be bound by the Settlement. You will not be able to start, continue, or be
21 part of any other lawsuit or arbitration against Defendants or any of the Released Persons
22 described at pages __ that asserts any of the Released Claims described at pages __. And if you do
23 not submit a Proof of Claim and Release form, you will not be eligible to receive a payment from
24 the Settlement.

25 95. UNLESS THE COURT ORDERS OTHERWISE, ANY SETTLEMENT CLASS
26 MEMBER WHO DOES NOT OBJECT IN THE MANNER DESCRIBED ABOVE WILL BE
27 DEEMED TO HAVE WAIVED ANY OBJECTION, AND SHALL BE FOREVER
28 FORECLOSED FROM MAKING ANY OBJECTION TO THE PROPOSED SETTLEMENT,
THE PROPOSED PLAN OF ALLOCATION, LEAD COUNSEL'S FEE AND EXPENSE
AWARD, OR THE LEAD PLAINTIFF COST AND EXPENSE AWARD.

96. SETTLEMENT CLASS MEMBERS DO NOT NEED TO APPEAR AT THE
SETTLEMENT HEARING OR TAKE ANY OTHER ACTION TO INDICATE THEIR
APPROVAL.

1 **GETTING MORE INFORMATION**

2
3 **25. Are there more details about the Settlement?**

4 97. This Notice contains only a summary of the proposed Settlement. The complete
5 Settlement is set out in the Stipulation. You may request a copy of the Stipulation by writing to
6 _____, or calling _____. Copies of the Stipulations may be obtained for free at
7 www._____.

8
9 **26. How do I get more information?**

10 98. You can also call the Claims Administrator toll free at _____, write to the
11 Claims Administrator at the above address, or visit the website at _____, where you will
12 find a copy of the Stipulation, the Complaint, and certain other documents relating to the
13 Litigation and the Settlement. Anyone interested in more detail regarding the Litigation is invited
14 to visit the Office of the Clerk of the United States District Court for the Northern District of
15 California at the San Francisco Courthouse, 450 Golden Gate Ave., San Francisco, CA 94102,
16 during regular business hours, to inspect the papers maintained there in Case No. 13-cv-00945-
17 VC.

18 99. You may also contact representatives of Lead Counsel: Joshua L. Crowell, Glancy
19 Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, (310) 201-
20 9150 (telephone), (310) 432-1495 (facsimile), info@glancylaw.com, www.glancylaw.com.

21 **PLEASE DO NOT CALL OR WRITE THE COURT OR
22 THE OFFICE OF THE CLERK OF COURT REGARDING THIS NOTICE**

23 **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

24 If you purchased or otherwise acquired Epocrates common stock during the Settlement
25 Class Period (CUSIP: 29429D 10 3) for the beneficial interest of an individual or organization
26 other than yourself, the Court has directed that, **WITHIN TEN (10) CALENDAR DAYS OF
27 YOUR RECEIPT OF THIS NOTICE**, you either (a) provide to the Claims Administrator the name
28 and last known address of each Person for whom you purchased such securities during such time
period or (b) request additional copies of this Notice and the Proof of Claim and Release form,
which will be provided to you free of charge, and within ten (10) calendar days mail the Notice
and Proof of Claim and Release form directly to the beneficial owners of the security referred to
herein. If you choose to follow alternative procedure (b), upon such mailing, you must send a
statement to the Claims Administrator confirming that the mailing was made as directed and retain
the names and addresses for any future mailings to Settlement Class Members. You are entitled to
reimbursement from the Settlement Fund of your reasonable expenses actually incurred in
connection with the foregoing, including reimbursement of postage expense and the cost of
ascertaining the names and addresses of beneficial owners. Your reasonable expenses will be paid
upon request and submission of appropriate supporting documentation. All communications
concerning the foregoing should be addressed to the Claims Administrator:

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Epocrates, Inc. Securities Litigation
c/o Kurtzman Carson Consultants, LLC
Claims Administrator
P.O. Box _____

(1-_____)_____
www._____.com.

BY ORDER OF THE COURT

Hon. Vince G. Chhabria
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Dated: _____

EXHIBIT A-2

1 LIONEL Z. GLANCY (#134180)
JOSHUA L. CROWELL (#295411)
2 ROBERT V. PRONGAY (#270796)
CASEY E. SADLER (#274241)
3 GLANCY PRONGAY & MURRAY LLP
1925 Century Park East, Suite 2100
4 Los Angeles, California 90067
Telephone: (310) 201-9150
5 Facsimile: (310) 201-9160

6 BETH A. KASWAN (*pro hac vice*)
DEBORAH CLARK-WEINTRAUB (*pro hac vice*)
7 DONALD A. BROGGI
AMANDA F. LAWRENCE (*pro hac vice*)
8 SCOTT+SCOTT, ATTORNEYS AT LAW, LLP
The Chrysler Building
9 405 Lexington Avenue, 40th Floor
New York, New York 10174
10 Telephone: (212) 223-6444
Facsimile: (212) 223-6334

11 *Attorneys for Lead Plaintiff Fire Retirement*
12 *System of the City of Detroit and the Class*

13 *[Additional counsel appear on signature page.]*

14
15 **UNITED STATES DISTRICT COURT**
16 **NORTHERN DISTRICT OF CALIFORNIA**
17 **SAN FRANCISCO DIVISION**

18 POLICE AND FIRE RETIREMENT) Case No. 13-cv-00945-VC
SYSTEM OF THE CITY OF DETROIT,)
19 Individually and on Behalf of All Others)
Similarly Situated,) **EXHIBIT A-2**
20)
Plaintiff,)
21) **PROOF OF CLAIM AND RELEASE**
vs.)
22)
ROSEMARY A. CRANE, PATRICK D.)
23 SPANGLER, and EPOCRATES, INC.,)
24)
Defendants.)
25)
26
27
28

1 **I. GENERAL INSTRUCTIONS**

2 1. To be eligible to recover as a Settlement Class Member based on your claims in the
3 litigation entitled *Police and Fire Retirement System of the City of Detroit v. Crane et al.*, Case
4 No. 13-cv-00945-VC (the “Litigation”), you must complete and sign this Proof of Claim and
5 Release. Even if you do not fill out this Proof of Claim and Release, if you do not timely exclude
6 yourself from the Settlement Class, any and all claims you may have against the Defendants in this
7 Litigation are released to the full extent defined below. If you fail to submit a properly addressed
8 (as set forth in paragraph 3 below) Proof of Claim and Release, your claim may be rejected and
9 you may be precluded from any recovery from the settlement fund created in connection with the
10 proposed Settlement of the Litigation.

11 2. Submission of this Proof of Claim and Release, however, does not assure that you
12 will share in the proceeds of Settlement in the Litigation.

13 3. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM
14 AND RELEASE POSTMARKED ON OR BEFORE _____, ADDRESSED AS
15 FOLLOWS:

16 *Epocrates, Inc. Securities Litigation*
17 c/o Kurtzman Carson Consultants, LLC
18 Claims Administrator
19 P.O. Box _____
20 _____

21 4. If you are NOT a Settlement Class Member, as defined in the Notice of Proposed
22 Settlement of Class Action, Motion for Attorneys’ Fees and Expenses and Settlement Fairness
23 Hearing (the “Notice”), DO NOT submit a Proof of Claim and Release.

24 5. If you are a Settlement Class Member, you are bound by the terms of any judgment
25 entered in the Litigation, including the releases included in the Stipulation of Settlement,
26 WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE.

27 **II. DEFINITIONS**

28 6. “Litigation” means the action pending in this Court under the caption *Police and
Fire Retirement System of the City of Detroit v. Crane et al.*, Case No. 13-cv-00945-VC.

7. “Lead Counsel” means the law firms of Glancy Prongay & Murray LLP and
Scott+Scott, Attorneys at Law, LLP.

8. “Court” means the United States District Court for the Northern District of
California.

9. “Defendants” means Epocrates, Inc., Rosemary A. Crane, and Patrick D. Spangler.

10. “Effective Date” means the date on which an order entered by the Court approving
the Settlement becomes final and not subject to appeal.

11. “Epocrates” means Epocrates, Inc.

1 12. "Person(s)" means an individual, corporation, limited liability company,
2 professional corporation, partnership, limited partnership, limited liability partnership, association,
3 joint stock company, estate, legal representative, trust, unincorporated association, government or
4 any political subdivision or agency thereof, and any other business or legal entity together with
5 their spouses, heirs, predecessors, successors, representatives, or assignees of any of the foregoing.

6 13. "Released Claims" means any and all claims, known or unknown, contingent or
7 non-contingent, whether suspected or unsuspected, including any claims arising under federal or
8 state statutory or common law or any other law, rule or regulation, whether foreign or domestic,
9 including Unknown Claims, that have been or could have been asserted against all or any of the
10 Defendants or any of the Released Persons that (i) arise out of or relate to the claims or allegations
11 in the Litigation, including the acts, facts, events, disclosures, or omissions alleged in the
12 Litigation; and (ii) relate to the purchase, sale or ownership of Epocrates securities during the
13 period from and including February 1, 2011, and August 9, 2011; including all aspects of
14 Epocrates' public statements to investors regarding its business, prospects, and operations; and the
15 obligations of any of the Defendants in connection with Epocrates' public statements to investors
16 regarding its business, prospects, and operations.

17 14. "Released Person(s)" means each and all of the Defendants, any other past or
18 present defendants in the Litigation, and any of their respective past, present or future direct or
19 indirect parent entities, affiliates, divisions, subsidiaries or families, and each and all of the
20 foregoing's respective past, present or future officers, directors, stockholders, agents,
21 representatives, employees, attorneys, advisors, consultants, accountants, investment bankers,
22 underwriters, brokers, dealers, lenders, insurers, co-insurers, reinsurers, heirs, executors,
23 principals, managing directors, managing agents, joint ventures, personal or legal representatives,
24 estates, beneficiaries, predecessors, successors and assigns.

25 15. "Settlement Class" means all Persons who purchased or otherwise acquired the
26 common stock of Epocrates between February 1, 2011 through August 9, 2011, inclusive, and
27 who were allegedly damaged thereby. Excluded from the Settlement Class are Defendants,
28 members of the immediate families of the Individual Defendants, the officers and directors of the
Company during the Settlement Class Period, the legal representatives, heirs, successors, or
assigns of any of the foregoing excluded Persons and any entity in which any of the Defendants
have or had a controlling interest. Also excluded from the Settlement Class are those Persons who
submit valid and timely requests for exclusion in accordance with the requirements set forth in the
Notice.

16 16. "Settlement Class Member" means a Person who falls within the definition of the
17 Settlement Class (as defined in ¶ 15 above) and who does not validly request exclusion from the
18 Settlement Class in accordance with the procedures to be established by the Court in connection
19 with the approval of this Stipulation and the Settlement.

20 17. "Settlement Class Period" means the period commencing on February 1, 2011
21 through August 9, 2011, inclusive.

22 18. "Unknown Claims" means any Released Claims which Lead Plaintiff or any
23 Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of
24 the release of the Released Persons which, if known by him, her or it, might have affected his, her
25 or its settlement with and release of the Released Persons, or might have affected his, her or its

1 decision not to object to this Settlement. Unknown Claims include those claims in which some or
2 all of the facts comprising the claim may be suspected, or even undisclosed or hidden. With
3 respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the
4 Effective Date, Lead Plaintiff shall expressly waive, and each of the Settlement Class Members
5 shall be deemed to have, and by operation of the final judgment shall have, expressly waived the
6 provisions, rights, and benefits of California Civil Code § 1542, which provides: “A general
7 release does not extend to claims which the creditor does not know or suspect to exist in his or her
8 favor at the time of executing the release, which if known by him or her must have materially
9 affected his or her settlement with the debtor.”

10 Lead Plaintiff shall expressly waive, and each of the Settlement Class Members shall be
11 deemed to have, and by operation of the final judgment shall have, expressly waived any and all
12 provisions, rights, and benefits conferred by any law of any state or territory of the United States,
13 or principle of common law or foreign law, which is similar, comparable or equivalent in effect to
14 California Civil Code § 1542. Lead Plaintiff and Settlement Class Members may hereafter
15 discover facts in addition to or different from those which he, she or it now knows or believes to
16 be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly
17 and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by
18 operation of the final judgment shall have, fully, finally, and forever settled and released any and
19 all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent,
20 whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory
21 of law or equity now existing or coming into existence in the future, including, but not limited to,
22 conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty,
23 law or rule, without regard to the subsequent discovery or existence of such different or additional
24 facts. Lead Plaintiff acknowledges, and the Settlement Class Members shall be deemed by
25 operation of the final judgment to have acknowledged, that the foregoing waiver was separately
26 bargained for and a key element of the Settlement.

27 **III. CLAIMANT IDENTIFICATION**

28 1. If you purchased or otherwise acquired Epocrates common stock and held the
certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If,
however, you purchased the securities but the certificate(s) were registered in the name of a third
party, such as a nominee or brokerage firm through which you purchased the securities, you are
the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled “Claimant Identification” to identify each record
purchaser (“nominee”), if different from the beneficial purchaser of Epocrates common stock
which form the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL
BENEFICIAL PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF
SUCH PURCHASER OR PURCHASERS OF THE EPOCRATES COMMON STOCK UPON
WHICH THIS CLAIM IS BASED.**

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

1 **IV. CLAIM FORM**

2 1. Use Part II of this form entitled “Schedule of Transactions in Epocrates, Inc.
3 Common Stock” to supply all required details of your transaction(s) in Epocrates common stock.
4 If you need more space or additional schedules, attach separate sheets giving all of the required
5 information in substantially the same form. Sign and then print or type your name on each
6 additional sheet.

7 2. On the schedules, provide all of the requested information with respect to all of
8 your purchases and all of your sales of Epocrates common stock that took place at any time
9 between February 1, 2011, through August 9, 2011, inclusive, whether such transactions resulted
10 in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

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

14 4. Broker confirmations, brokerage statements reflecting your purchases, or other
15 documentation of your transactions in Epocrates common stock should be attached to your claim.
16 If you do not have documentation from your broker, you may also attach any documents or
17 schedules that you attached to any federal tax return that reflect Settlement Class Period purchases
18 or sales of Epocrates common stock. Failure to provide this documentation could delay
19 verification of your claim or result in rejection of your claim.

20 5. A purchase or sale of Epocrates common stock shall be deemed to have occurred
21 on the “contract” or “trade” date as opposed to the “settlement” or “payment” date; please provide
22 only “contract” or “trade” dates.

23 6. The above requests are designed to provide the minimum amount of information
24 necessary to process the simplest claims. The Claims Administrator may request additional
25 information as required to efficiently and reliably calculate your losses. In some cases where the
26 Claims Administrator cannot perform the calculation accurately or at a reasonable cost to the
27 Settlement Class with the information provided, the Claims Administrator may condition
28 acceptance of the claim upon the production of additional information that it may, in its discretion,
require to process the claim.

1 **UNITED STATES DISTRICT COURT**
2 **NORTHERN DISTRICT OF CALIFORNIA**

3 *Police and Fire Retirement System of the City of Detroit v. Crane et al.*

4 Case No. 13-cv-00945-VC

5 **PROOF OF CLAIM AND RELEASE**

6
7 Must Be Postmarked No Later Than:
8 _____, 2016

9 **Please Type or Print**

10 **PART I: CLAIMANT IDENTIFICATION**

11 _____
12 Beneficial Purchaser's Name (First, Middle, Last)

13 _____
14 Co-Beneficial Purchaser's Name (if applicable)

15 _____
16 Representative's Name (e.g. Nominee, Trustee, etc.) (if applicable)

17 _____
18 Street Address

19 _____
20 City

21 _____
22 State

23 _____
24 Zip Code

25 _____
26 Foreign Province

27 _____
28 Foreign Country

29 _____
30 Last four digits of Social Security Number or Taxpayer Identification Number: _____

31 _____
32 Area Code

33 _____ (work)
34 Telephone Number

35 _____
36 Area Code

37 _____ (home)
38 Telephone Number

39 _____
40 Account Number

41 _____
42 Email Address

1 **PART II: SCHEDULE OF TRANSACTIONS IN EPOCRATES, INC. COMMON**
 2 **STOCK**

3 A. Number of shares of Epocrates common stock **held at the close of trading on**
 4 **January 31, 2011:**

5 _____.

6 B. **Purchases** of Epocrates common stock (February 1, 2011 and August 9, 2011,
 7 **inclusive):**

Trade Date Mo. Day Year	Number of Shares Purchased	Price Per Share *	Total Purchase Price*
1. _____	1. _____	1. _____	1. _____
2. _____	2. _____	2. _____	2. _____
3. _____	3. _____	3. _____	3. _____

14 * Do not include commission charges

15
 16 C. **Sales** of Epocrates common stock (February 1, 2011 through November 7, 2011,
 17 **inclusive):**

Trade Date Mo. Day Year	Number of Shares Purchased	Price Per Share *	Total Purchase Price*
1. _____	1. _____	1. _____	1. _____
2. _____	2. _____	2. _____	2. _____
3. _____	3. _____	3. _____	3. _____

24 * Do not include commission charges

25
 26 D. Number of shares of Epocrates common stock **held at the close of trading on**
 27 **November 7, 2011:**

28 _____.

1 If you require additional space, attach extra schedules in the same format as above. Sign
2 and print your name on each additional page.

3 **YOU MUST READ AND SIGN THE RELEASE ON THE NEXT PAGE**
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1 **PART III: SUBMISSION TO JURISDICTION OF COURT AND**
2 **ACKNOWLEDGMENTS**

3 I (We), _____ submit this Proof of Claim and Release
4 under the terms of the Stipulation of Settlement dated October 30, 2015 described herein. I (We)
5 also submit to the jurisdiction of the United States District Court for the Northern District of
6 California with respect to my (our) claim as a Settlement Class Member (as defined herein) and
7 for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we
8 are) bound by and subject to the terms of any judgment that may be entered in the Litigation,
9 including the releases set forth therein. I (We) agree to furnish additional information to Lead
10 Counsel or the Claims Administrator to support this claim if required to do so. I (We) have not
11 submitted any other claim covering the same purchases or sales of Epocrates common stock
12 during the Settlement Class Period and know of no other Person having done so on my (our)
13 behalf.

9 **PART IV: RELEASE**

10 7. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully,
11 finally, and forever settle, release, relinquish and discharge with prejudice all of the Released
12 Claims against each and all of the Released Persons (as these terms are defined above).

12 8. I (We) hereby acknowledge that I (we) will not be entitled to receive recovery in
13 any other action against any of the Released Parties based on or arising out of the Released Claims
14 (as these terms are defined above).

14 9. This Release shall be of no force or effect unless and until the Court approves the
15 Settlement and it becomes effective on the Effective Date.

16 10. I (We) hereby warrant and represent that I (we) am (are) a member of the
17 Settlement Class and I (we) have not assigned or transferred or purported to assign or transfer,
18 voluntarily or involuntarily, any matter released pursuant to this release or any other part or
19 portion thereof.

19 **PART V: CERTIFICATION**

20 Under penalty of perjury, I (we) hereby certify and represent that I (we) have included
21 information about all of my (our) transactions in Epocrates common stock that occurred during the
22 Settlement Class Period as well as the number of shares of Epocrates common stock held by me
23 (us) at the close of trading on November 7, 2011. By executing this certification, I (we)
24 acknowledge that all of the foregoing information provided on this Proof of Claim and Release
25 form is accurate, and I (we) agree to be bound by the release set forth above and all orders entered
26 in the Litigation.

24 Executed this _____ day of _____,
25 (Month/Year)
26 in _____,
27 (City) (State/Country)

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(Beneficial Purchaser Sign your name here)

(Beneficial Purchaser Type or print your name here)

(Co-Beneficial Purchaser Sign your name here)

(Co-Beneficial Purchaser Type or print your name here)

(Capacity of person(s) signing, *e.g.* Beneficial
Purchaser(s) Executor or Administrator)

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

Reminder Checklist:

1. Please sign the Proof of Claim and Release at Part V above.
2. Remember to attach supporting documentation, if available.
3. Do not send original stock certificates.
4. Keep a copy of your Proof of Claim and Release for your records.
5. The Claims Administrator will acknowledge receipt of your Proof of Claim and Release within 60 days. Your claim is not deemed filed until you receive an acknowledgment postcard or email. If you do not receive a written acknowledgment within 60 days, please email the Claims Administrator at _____.

If you move, please send us your new address.

EXHIBIT A-3

1 LIONEL Z. GLANCY (#134180)
JOSHUA L. CROWELL (#295411)
2 ROBERT V. PRONGAY (#270796)
CASEY E. SADLER (#274241)
3 GLANCY PRONGAY & MURRAY LLP
1925 Century Park East, Suite 2100
4 Los Angeles, California 90067
Telephone: (310) 201-9150
5 Facsimile: (310) 201-9160

6 BETH A. KASWAN (*pro hac vice*)
DEBORAH CLARK-WEINTRAUB (*pro hac vice*)
7 DONALD A. BROGGI
AMANDA F. LAWRENCE (*pro hac vice*)
8 SCOTT+SCOTT, ATTORNEYS AT LAW, LLP
The Chrysler Building
9 405 Lexington Avenue, 40th Floor
New York, New York 10174
10 Telephone: (212) 223-6444
Facsimile: (212) 223-6334

11 *Attorneys for Lead Plaintiff Fire Retirement*
12 *System of the City of Detroit and the Class*

13 *[Additional counsel appear on signature page.]*

14
15 **UNITED STATES DISTRICT COURT**
16 **NORTHERN DISTRICT OF CALIFORNIA**
17 **SAN FRANCISCO DIVISION**

18 POLICE AND FIRE RETIREMENT) Case No. 13-cv-00945-VC
SYSTEM OF THE CITY OF DETROIT,)
19 Individually and on Behalf of All Others)
Similarly Situated,) **EXHIBIT A-3**
20)
Plaintiff,)
21) **SUMMARY NOTICE**
vs.)
22)
ROSEMARY A. CRANE, PATRICK D.)
23 SPANGLER, and EPOCRATES, INC.,)
24)
Defendants.)
25)
26
27
28

1 **TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED**
2 **EPOCRATES, INC. COMMON STOCK BETWEEN FEBRUARY 1, 2011,**
3 **THROUGH AUGUST 9, 2011, INCLUSIVE**

4 YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court
5 for the Northern District of California, that a hearing will be held on _____, 2016, at _:00
6 __m., before the Honorable Vince G. Chhabria, at the San Francisco Courthouse, 450 Golden
7 Gate Avenue, Courtroom 4 - 17th Floor, San Francisco, California 94102, for the purpose of
8 determining: (1) whether the proposed Settlement of the claims in the Litigation for the sum of
9 \$5.1 million in cash should be approved by the Court as fair, reasonable, and adequate to
10 Settlement Class Members; (2) whether to certify the Settlement Class; (3) whether, thereafter,
11 this Litigation should be dismissed with prejudice pursuant to the terms and conditions set forth
12 in the Stipulation of Settlement dated October 30, 2015; (4) whether the proposed plan to
13 distribute the Settlement proceeds (the "Plan of Allocation") is fair, reasonable, and adequate and
14 therefore should be approved; (5) whether the application of Lead Counsel for the payment of
15 attorneys' fees and expenses incurred in connection with this Litigation should be approved;
16 (6) whether the Court should grant Lead Plaintiff's reimbursement of its reasonable costs and
17 expenses (including lost wages) directly related to its representation of the Settlement Class; and
18 (7) any other matters relevant to the Settlement that the Court considers necessary or appropriate
19 (the "Settlement Hearing"). The Court has reserved the right to reschedule the hearing from time
20 to time without further notice.

21 **IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED**
22 **ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO**
23 **SHARE IN THE SETTLEMENT FUND.** If you have not received a detailed Notice of
24 Proposed Settlement of Class Action, Motion for Attorneys' Fees and Expenses and Settlement
25 Hearing (the "Notice"), and a copy of the Proof of Claim and Release form, you may obtain
26 copies by writing to the Claims Administrator at the address below. Copies of the Notice and
27 Claim Form are also available at _____.

28 To be eligible to participate in the proposed Settlement, you must have purchased or
otherwise acquired the common stock of Epocrates, Inc. from February 1, 2011, through August

1 9, 2011, inclusive, and not be excluded either by definition or by filing a request for exclusion
2 (the "Settlement Class"). Further, to be eligible to participate in the proposed Settlement, you will
3 be required to submit a Proof of Claim and Release postmarked by _____ in accordance
4 with the instructions set forth in the Notice.

5 If you are a member of the Settlement Class and do not exclude yourself, you will be
6 bound by any judgment entered in the Litigation whether or not you make a claim. To exclude
7 yourself from the Settlement Class, you must submit a request for exclusion that is postmarked no
8 later than _____, in accordance with the instructions set forth in the Notice.

9 Any objections to the Settlement, the Plan of Allocation, Lead Counsel's Fee and Expense
10 Award, or the Lead Plaintiff Cost and Expense Award must be filed with the Court and
11 postmarked to counsel identified in the Notice no later than _____. All objections must
12 be prepared and submitted in accordance with the instructions set forth in the Notice. If you are a
13 Settlement Class Member and do not submit a proper Proof of Claim and Release form, you will
14 not share in the proceeds of the Settlement but you will nevertheless be bound by any judgments
15 or orders entered by the Court in the Litigation.

16 This notice provides only a summary of matters regarding the Litigation and the
17 Settlement. A more complete notice has been mailed to persons and entities known to be potential
18 Settlement Class Members regarding the Litigation, the proposed Settlement, and the right of
19 Settlement Class Members to: (i) appear at the Settlement Hearing; (ii) request to be excluded
20 from the Settlement Class; and (iii) object to the Settlement, the Plan of Allocation, Lead
21 Counsel's Fee and Expense Award, or the Lead Plaintiff Cost and Expense Award. You may
22 obtain a copy of the Notice, Proof of Claim and Release form, and other information by writing to
23 the following address or calling the following telephone number:

24 *Epocrates, Inc. Securities Litigation*
25 c/o Kurtzman Carson Consultants, LLC
26 Claims Administrator

27 P.O. Box _____

28 _____
(1-_____)

1 You may also access these documents from the following website: _____.

2 Inquiries, other than requests for copies of the Notice and Proof of Claim and Release or
3 for inclusion on the mailing list for future notices, may be directed to Joshua L. Crowell, Glancy
4 Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, (T) (310)
5 201-9150, (F) (310) 432-1495, info@glancylaw.com, www.glancylaw.com.

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7 PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS
8 NOTICE

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10 Dated: _____ BY ORDER OF THE COURT

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EXHIBIT B

1 LIONEL Z. GLANCY (#134180)
JOSHUA L. CROWELL (#295411)
2 ROBERT V. PRONGAY (#270796)
CASEY E. SADLER (#274241)
3 GLANCY PRONGAY & MURRAY LLP
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4 Los Angeles, California 90067
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6 BETH A. KASWAN (*pro hac vice*)
DEBORAH CLARK-WEINTRAUB (*pro hac vice*)
7 DONALD A. BROGGI
AMANDA F. LAWRENCE (*pro hac vice*)
8 SCOTT+SCOTT, ATTORNEYS AT LAW, LLP
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9 405 Lexington Avenue, 40th Floor
New York, New York 10174
10 Telephone: (212) 223-6444
Facsimile: (212) 223-6334

11 *Attorneys for Lead Plaintiff Fire Retirement*
12 *System of the City of Detroit and the Class*

13 *[Additional counsel appear on signature page.]*

14
15 **UNITED STATES DISTRICT COURT**
16 **NORTHERN DISTRICT OF CALIFORNIA**
17 **SAN FRANCISCO DIVISION**

18 POLICE AND FIRE RETIREMENT) Case No. 13-cv-00945-VC
SYSTEM OF THE CITY OF DETROIT,)
19 Individually and on Behalf of All Others)
Similarly Situated,) **EXHIBIT B**
20)
Plaintiff,)
21) **FINAL JUDGMENT AND ORDER OF**
vs.) **DISMISSAL WITH PREJUDICE; ORDER**
22) **ON APPLICATION FOR LEAD**
ROSEMARY A. CRANE, PATRICK D.) **COUNSEL'S FEE AND EXPENSE AWARD**
23 SPANGLER, and EPOCRATES, INC.,) **AND THE LEAD PLAINTIFF COST AND**
24) **EXPENSE AWARD**
Defendants.)
25)
26)
27)
28)

1 This matter came before the Court for hearing pursuant to an Order of this Court, dated
2 _____, 2015 (the "Preliminary Approval Order"), on the application of the Parties for
3 approval of the Settlement set forth in the Stipulation of Settlement dated as of October 30, 2015,
4 (the "Stipulation"). Due and adequate notice having been given of the Settlement as required in
5 said Preliminary Approval Order, and the Court having considered all papers filed and
6 proceedings held herein and otherwise being fully informed in the premises and good cause
7 appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

8 1. This Judgment incorporates by reference the definitions in the Stipulation, and all
9 terms used herein shall have the same meanings set forth in the Stipulation.

10 2. This Court has jurisdiction over the subject matter of the Litigation, including the
11 terms and conditions of the Stipulation and all exhibits thereto, and over all Parties to the
12 Litigation, and all Settlement Class Members.

13 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby
14 finally certifies, for settlement purposes only, a Settlement Class consisting of all Persons who
15 purchased or otherwise acquired the common stock of Epocrates between February 1, 2011
16 through August 9, 2011, inclusive, and who were allegedly damaged thereby. Excluded from the
17 Settlement Class are Defendants, members of the immediate families of the Individual Defendants,
18 the officers and directors of the Company during the Settlement Class Period, the legal
19 representatives, heirs, successors, or assigns of any of the foregoing excluded Persons and any
20 entity in which any of the Defendants have or had a controlling interest. Also excluded from the
21 Settlement Class are those Persons who submitted valid and timely requests for exclusion in
22 accordance with the requirements set forth in the Notice who are listed on Schedule 1 hereto.

23 4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes
24 of the Settlement only, Lead Plaintiff is appointed as the class representative for the Settlement
25 Class ("Class Representative") and Lead Counsel is appointed as counsel for the Settlement Class.

26 5. The Court finds, for settlement purposes only, that the prerequisites for a class
27 action under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure have been satisfied
28 in that: (a) the number of Settlement Class Members is so numerous that joinder of all members

1 thereof is impracticable; (b) there are questions of law and fact common to the Settlement Class;
2 (c) the claims of the Court-appointed Class Representative, Police and Fire Retirement System of
3 the City of Detroit, are typical of the claims of the Settlement Class it represents; (d) the Class
4 Representative has and will continue to fairly and adequately represent the interests of the
5 Settlement Class; (e) the questions of law and fact common to the Settlement Class Members
6 predominate over any questions affecting only individual Settlement Class Members; and (f) a
7 class action is superior to other available methods for the fair and efficient adjudication of the
8 controversy.

9 6. The distribution of the Notice and the publication of the Summary Notice, as
10 provided for in the Preliminary Approval Order dated _____, 2015, constituted the best
11 notice practicable under the circumstances, including individual notice to all Settlement Class
12 Members who could be identified through reasonable effort. Said notices were reasonably
13 calculated under the circumstances to apprise Settlement Class Members of the nature of the
14 Litigation, including the claims, issues and defenses thereto, the proposed Settlement set forth in
15 the Stipulation, the definition of the Settlement Class, their right to exclude themselves from the
16 Settlement Class and the manner to do so, their right to object to any aspect of the proposed
17 Settlement, their right to appear at the Settlement Hearing, either on their own or through counsel
18 hired at their own expense, and the binding effect of these proceedings, rulings, orders, and
19 judgments in this Litigation on all Persons who are not excluded from the Settlement Class. Said
20 notices fully satisfied the requirements of Federal Rule of Civil Procedure 23, Section 21D(a)(7)
21 of the Securities Exchange Act of 1934, the requirements of Due Process, and any other applicable
22 law.

23 7. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court hereby
24 approves the Settlement set forth in the Stipulation and finds that said Settlement is, in all respects,
25 fair, reasonable and adequate to, and is in the best interests of the Lead Plaintiff, the Settlement
26 Class, and each of the Settlement Class Members. This Court further finds the Settlement set forth
27 in the Stipulation is the result of arm's-length negotiations between experienced counsel
28 representing the interests of the Lead Plaintiff, Settlement Class Members, and the Defendants.

1 Accordingly, the Settlement embodied in the Stipulation is hereby approved in all respects and
2 shall be consummated in accordance with its terms and provisions. The Parties are hereby
3 directed to perform the terms of the Stipulation.

4 8. The Litigation and all Released Claims are dismissed with prejudice. The Parties
5 are to bear their own costs, except as otherwise provided in the Stipulation.

6 9. All Persons whose names appear on Schedule 1 hereto are hereby excluded from
7 the Settlement Class, are not bound by this Judgment, and may not make any claim with respect to
8 or receive any benefit from the Settlement. Such excluded Persons may not pursue Released
9 Claims on behalf of those who are bound by this Judgment.

10 10. In accordance with Paragraph 1.24 of the Stipulation, for purposes of this Judgment
11 the term “Released Claims” shall mean: any and all claims, known or unknown, contingent or
12 non-contingent, whether suspected or unsuspected, including any claims arising under federal or
13 state statutory or common law or any other law, rule or regulation, whether foreign or domestic,
14 including Unknown Claims, that have been or could have been asserted against all or any of the
15 Defendants or any of the Released Persons that (i) arise out of or relate to the claims or allegations
16 in the Litigation, including the acts, facts, events, disclosures, or omissions alleged in the
17 Litigation; and (ii) relate to the purchase, sale or ownership of Epocrates securities during the
18 period from and including February 1, 2011, and August 9, 2011; including all aspects of
19 Epocrates’ public statements to investors regarding its business, prospects, and operations; and the
20 obligations of any of the Defendants in connection with Epocrates’ public statements to investors
21 regarding its business, prospects, and operations, *provided, however*, that the term “Released
22 Claims” shall not include claims to enforce the Settlement or the Judgment entered pursuant
23 thereto.

24 11. In accordance with Paragraph 1.25 of the Stipulation, for purposes of this Judgment
25 the term “Released Persons” shall mean: each and all of the Defendants, any other past or present
26 defendants in the Litigation, and any of their respective past, present or future direct or indirect
27 parent entities, affiliates, divisions, subsidiaries or families, and each and all of the foregoing’s
28 respective past, present or future officers, directors, stockholders, agents, representatives,

1 employees, attorneys, advisors, consultants, accountants, investment bankers, underwriters,
2 brokers, dealers, lenders, insurers, co-insurers, reinsurers, heirs, executors, principals, managing
3 directors, managing agents, joint ventures, personal or legal representatives, estates, beneficiaries,
4 predecessors, successors and assigns.

5 12. Upon the Effective Date, Lead Plaintiff and each of the Settlement Class Members
6 on behalf of themselves and each of their respective officers, directors, shareholders, employees,
7 agents, personal representatives, spouses, subsidiaries, heirs, executors, administrators, successors
8 and assigns, and any other Person claiming (now or in the future) to be acting on behalf of any of
9 them, and regardless of whether any such Lead Plaintiff or Settlement Class Member ever seeks or
10 obtains by any means, including, without limitation, by submitting a Proof of Claim and Release,
11 any distribution from the Settlement Fund, shall be deemed to have, and by operation of the
12 Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released
13 Claims (including known claims and Unknown Claims) against the Released Persons and shall
14 have covenanted not to sue the Released Persons with respect to all such Released Claims, and
15 shall be permanently barred and enjoined from instituting, commencing, participating in,
16 continuing, maintaining, asserting or prosecuting, whether directly or indirectly, whether in the
17 United States or elsewhere, whether their own behalf or on behalf of a class or any other Person,
18 any Released Claims against any of the Released Persons.

19 13. Upon the Effective Date hereof, each of the Defendants shall be deemed to have,
20 and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and
21 discharged Lead Plaintiff, each and all of the Settlement Class Members and Lead Counsel from
22 all claims (including Unknown Claims), arising out of, relating to, or in connection with the
23 institution, prosecution, assertion, settlement, or resolution of the Litigation or the Released
24 Claims, provided that nothing herein shall bar any action or claim to enforce the terms of the
25 Settlement or this Judgment entered pursuant thereto.

26 14. Any further orders or proceedings solely regarding the Plan of Allocation, the Fee
27 and Expense Award or the Lead Plaintiff Cost and Expense Award shall in no way disturb or
28 affect this Judgment, and shall be considered separate and apart from this Judgment.

1 15. Neither the Stipulation nor the Settlement contained therein, nor any act performed
2 or document executed pursuant to or in furtherance of the Stipulation or the Settlement (a) shall be
3 deemed to be or used as an admission of, or evidence of, the validity of any Released Claim, any
4 allegation made in the Litigation, or any wrongdoing or liability of Defendants or any Released
5 Persons; and (b) shall not be deemed to be or used as an admission of, or evidence of, any liability,
6 fault, or omission of any of Defendants or any Released Persons in any civil, criminal, or
7 administrative proceeding in any court, administrative agency, or other tribunal. Neither this
8 Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in
9 furtherance of this Stipulation or the Settlement shall be offered or admissible in any proceeding
10 for any purpose, except to enforce the terms of the Settlement, except that Defendants may file or
11 refer to the Stipulation and/or the Judgment in any action that may be brought against them in
12 order to enforce the releases or other protections granted herein or to otherwise support a defense
13 or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith
14 settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion
15 or similar defense or counterclaim.

16 16. Without affecting the finality of this Judgment in any way, this Court hereby
17 retains continuing jurisdiction over: (a) implementation of this Settlement and any award or
18 distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the
19 Settlement Fund; and (c) all Parties hereto for the purpose of construing, enforcing and
20 administering the Stipulation of Settlement.

21 17. The Court finds that during the course of the Litigation, the Parties and their
22 respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure
23 11, and particularly with Rule 11(b) of the Federal Rules of Civil Procedure.

24 18. In the event that the Settlement does not become effective in accordance with the
25 terms of the Stipulation or the Effective Date does not occur, then this Judgment shall be rendered
26 null and void to the extent provided by and in accordance with the Stipulation and shall be vacated
27 and, in such event, all orders entered and releases delivered in connection herewith shall be null
28

1 and void to the extent provided by and in accordance with the Stipulation and the terms of ¶7.3 of
2 the Stipulation shall apply.

3 19. The Parties are hereby authorized, without further approval of the Court, to
4 unanimately agree to and adopt in writing such amendments, modifications, and expansions of the
5 Stipulation and all exhibits thereto, provided that such amendments, modification, and expansions
6 of the Stipulation are not materially inconsistent with this Judgment and do not materially limit the
7 rights of Settlement Class Members under the Stipulation.

8 20. The Court hereby **GRANTS** Lead Counsel's attorneys' fees of _____% of
9 the Settlement Fund and expenses in an amount of \$_____, together with the interest
10 earned thereon for the same time period and at the same rate as that earned on the Settlement Fund
11 until paid. The Court finds that the amount of fees awarded is fair and reasonable in light of the
12 time and labor required, the novelty and difficulty of the case, the skill required to prosecute the
13 case, the experience and ability of the attorneys, awards in similar cases, the contingent nature of
14 the representation and the result obtained for the Settlement Class. Said fees shall be allocated
15 among Plaintiff's counsel in a manner which, in their good-faith judgment, reflects each counsel's
16 contribution to the institution, prosecution, and resolution of the Litigation.

17 21. The Court hereby **GRANTS** Lead Plaintiff Police and Fire Retirement System of
18 the City of Detroit's reasonable costs and expenses (including lost wages) directly related to its
19 representation of the Class in the amount of \$_____.

20 22. The awarded attorneys' fees and expenses, and interest earned thereon, shall be
21 paid to Lead Counsel from the Settlement Fund immediately after the date this Order is executed
22 subject to the terms, conditions, and obligations of the Stipulation and in particular ¶6.2 thereof,
23 which terms, conditions, and obligations are incorporated herein.

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26 DATED: _____

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The Honorable Vince Chhabria
United States District Judge

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SCHEDULE 1

List of Persons Excluded from the Settlement Class in

Police and Fire Retirement System of the City of Detroit v. Crane et al.

Civil Action No. 13-cv-00945-VC

The following Persons, and only the following Persons, properly excluded themselves from the Settlement Class by the _____, 2016, deadline pursuant to the Court's Preliminary Approval Order dated _____, 2015:
