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**IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**  
**IN AND FOR CLARK COUNTY**

HARDIK KAKADIA et al., Derivatively on Behalf of SPECTRUM PHARMACEUTICALS, INC.,	)	Case No.: A-13-680643-B
	)	
Plaintiff,	)	(Consolidated with Case No.:
	)	A-13-682668-C)
v.	)	Dept. No. XIII
	)	
RAJESH C. SHROTRIYA, JOSEPH KENNETH KELLER, BRETT L. SCOTT, ANTHONY E. MAIDA, III, STUART M. KRASSNER, KRISHAN K. ARORA, LUIGI LENAZ, GILLES GAGNON, and ANTON GUETH,	)	NOTICE OF PROPOSED SETTLEMENT AND SETTLEMENT HEARING
	)	
Defendants,	)	
	)	
-and-	)	
	)	
SPECTRUM PHARMACEUTICALS, INC., a Delaware corporation,	)	
	)	
Nominal Defendant.	)	

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1 **TO: ALL OWNERS OF SPECTRUM PHARMACEUTICALS, INC. ("SPECTRUM"**  
2 **OR "THE COMPANY") COMMON STOCK AS OF APRIL 11, 2017**  
3 **("CURRENT SPECTRUM SHAREHOLDERS").<sup>1</sup>**

4 **PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR**  
5 **RIGHTS MAY BE AFFECTED. THIS NOTICE RELATES TO A PROPOSED**  
6 **SETTLEMENT AND DISMISSAL OF SHAREHOLDER DERIVATIVE**  
7 **LITIGATION AND CONTAINS IMPORTANT INFORMATION REGARDING**  
8 **YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY LEGAL**  
9 **PROCEEDINGS IN THESE DERIVATIVE ACTIONS.**

10 **IF THE COURT APPROVES THE SETTLEMENT AND DISMISSAL OF THE**  
11 **DERIVATIVE ACTIONS, CURRENT SPECTRUM SHAREHOLDERS WILL BE**  
12 **FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE**  
13 **PROPOSED SETTLEMENT AND FROM PURSUING THE SETTLED CLAIMS.**  
14 **THESE ACTIONS ARE NOT "CLASS ACTIONS." THUS, THERE IS NO**  
15 **COMMON FUND UPON WHICH YOU CAN MAKE A CLAIM FOR A**  
16 **MONETARY PAYMENT.**

17 **THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS WITH**  
18 **RESPECT TO THE MERITS OF THE DERIVATIVE ACTIONS. THE**  
19 **RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE**  
20 **SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE**  
21 **FINDINGS OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE**  
22 **TO THE COURT BY COUNSEL FOR THE PARTIES.**

23 **IF YOU WERE NOT THE BENEFICIAL OWNER OF SPECTRUM COMMON**  
24 **STOCK ON THE DATE ABOVE, PLEASE TRANSMIT THIS NOTICE TO**  
25 **SUCH BENEFICIAL OWNER.**

26 **YOU ARE HEREBY NOTIFIED**, pursuant to an Order of the Eighth Judicial District  
27 Court of the State of Nevada in and for Clark County (the "Court"), that a proposed settlement  
28 agreement (the "Settlement") has been reached between Spectrum, the Individual Defendants,  
and Plaintiffs, on behalf of themselves and derivatively on behalf of Spectrum, in connection  
with the following shareholder derivative actions: (a) *Kakadia v. Shrotriya*, No. A-13-680643-B  
and *Besner v. Shrotriya*, No. A-13-682668-C, pending in the above Court (collectively, the  
"State Derivative Action"); and (b) *In re Spectrum Pharmaceuticals, Inc., Derivative*  
*Shareholder Litigation*, Case No. 13-cv-00624-JAD-CWH, pending in the U.S. District Court for

<sup>1</sup> This Notice incorporates by reference the definitions in the Stipulation and Agreement of Settlement ("Stipulation") fully executed as of April 11, 2017, and all capitalized terms used herein, unless otherwise defined, shall have the same meanings as set forth in the Stipulation. The Stipulation may be inspected at the office of the Clerk of the Eighth Judicial District Court of the State of Nevada in and for Clark County, located at 200 Lewis Avenue, Las Vegas, NV 89101, during business hours of each business day and is also available on the investor relations website of Spectrum Pharmaceuticals, Inc. at [investor.sppirx.com](http://investor.sppirx.com) and the websites of Plaintiffs' Counsel at [www.robbinsarroyo.com/notices](http://www.robbinsarroyo.com/notices) and [www.federmanlaw.com/Oklahoma-settlements](http://www.federmanlaw.com/Oklahoma-settlements).

1 the District of Nevada (the "Federal Derivative Action" and, collectively with the State  
2 Derivative Action, the "Derivative Actions").

3 Plaintiffs filed the Derivative Actions derivatively on behalf of Spectrum and allege that  
4 the Individual Defendants breached their fiduciary duties to the Company in connection with  
5 misrepresentations and omissions regarding Spectrum's drug FUSILEV (levoleucovorin)  
6 ("Fusilev"). The proposed Settlement, if approved by the Court, would fully, finally and forever  
7 resolve the Derivative Actions on the terms set forth in the Stipulation, which are summarized in  
8 this Notice, and include the dismissal of the Derivative Actions with prejudice.

9 As explained below, a hearing (the "Settlement Hearing") will be held before the Court in  
10 the State Derivative Action on July 20, 2017 at 9:00 a.m. to determine whether, among other  
11 things, the proposed Settlement is fair, reasonable, and adequate, and should be finally approved  
12 by the Court. You have the right to object to the Settlement in the manner provided herein. If  
13 you fail to object in the manner provided herein *at least fourteen (14) calendar days prior to the*  
14 *Settlement Hearing*, you will be deemed to have waived your objections and will be bound by  
15 the Judgment to be entered and the releases to be given, unless otherwise ordered by the Court.

16 This Notice is not intended to be and should not be construed as an expression of any  
17 opinion by the Court with respect to the merits of the claims made in the Derivative Actions, but  
18 is merely to advise you of the proposed Settlement and of your rights as a Current Spectrum  
19 Shareholder.

20 **I. INTRODUCTION**

21 **A. Factual Background**

22 Spectrum is a biotechnology company with a focus on oncology and hematology drugs,  
23 including FUSILEV (levoleucovorin) ("Fusilev"), an injectable drug that is used as part of  
24 chemotherapy treatment. On March 12, 2013, after the stock market closed, Spectrum issued a  
25 press release announcing that it anticipated a change in ordering patterns of Fusilev distributors.  
26 On March 13, 2013, the Company's stock price declined.

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1                   **B.       Procedural Background**

2                   **1.       The Securities Class Action**

3                   Beginning on March 14, 2013, five securities class action complaints were filed in the  
4 U.S. District Court for the District of Nevada (the "Federal Court") against Spectrum and certain  
5 of the Individual Defendants: *Perry v. Spectrum Pharms., Inc.*, No. 2:13-cv-00433-LDG-CWH;  
6 *Carroll v. Spectrum Pharms., Inc.*, No. 2:13-cv-00498-LDG-CWH; *Santi v. Spectrum Pharms.,*  
7 *Inc.*, No. 2:13-cv-00502-LDG-CWH; *Skene v. Spectrum Pharms., Inc.*, No. 3:13-cv-00175-LDG-  
8 CWH; and *Rubin v. Spectrum Pharms., Inc.*, No. 3:13-ev-00212-LDG-CWH (collectively, the  
9 "Securities Class Action"). The complaints allege violations of Sections 10(b) and 20(a) of the  
10 Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder by  
11 the U.S. Securities and Exchange Commission ("SEC") on behalf of a class of all purchasers of  
12 Spectrum's securities between August 8, 2012 and March 12, 2013, inclusive. The complaints  
13 allege that during the putative class period, certain defendants made false and misleading  
14 statements that: (a) despite the increasing availability of generic leucovorin starting in the  
15 summer of 2012, Fusilev sales and end-user demand had remained stable, and internal data  
16 supported that doctors continued to order Fusilev even knowing that generic leucovorin was  
17 available; (b) the number of accounts ordering Fusilev continued to increase during 2012 and re-  
18 order rates were also up; and (c) contrary to speculation that Spectrum was being forced to  
19 heavily discount Fusilev to keep physicians interested, Fusilev's sales price was actually  
20 increasing, which inflated the trading price of Company stock. The Securities Class Actions  
21 complaints further allege that in a March 12, 2013 press release, Spectrum announced that it  
22 anticipated a change in ordering patterns of the Company's cancer drug Fusilev, and that as a  
23 result of the March 12, 2013 press release, the Company's stock price declined. The Federal  
24 Court subsequently consolidated the cases and appointed a lead plaintiff for the Securities Class  
25 Action, and the lead plaintiff filed a consolidated amended class action complaint on May 20,  
26 2014.<sup>2</sup> On July 18, 2014, Spectrum filed a motion to dismiss the consolidated amended class

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28 <sup>2</sup> Defendants in the Securities Class Action are Spectrum, Rajesh C. Shrotriya, Joseph Kenneth Keller, and Brett L. Scott.

1 action complaint. On March 26, 2015, the Federal Court denied the motion to dismiss. On June  
2 15, 2015, the Federal Court entered an order staying the Securities Class Action to allow the  
3 parties to participate in mediation.

## 4 **2. The Federal Derivative Action**

5 Beginning on April 11, 2013, three federal shareholder derivative complaints were filed  
6 in the Federal Court against the Individual Defendants and nominal defendant Spectrum: *Fik v.*  
7 *Shrotriya*, No. 13-cv-00624-JAD-CWH, *Watkins v. Shrotriya*, No. 13-cv-00684-JAD-CWH, and  
8 *Muenchhagen v. Shrotriya*, No. 13-cv-00942-JAD-CWH (collectively, the "Federal Derivative  
9 Action"). The derivative complaints generally allege breaches of fiduciary duty, unjust  
10 enrichment, abuse of control, gross mismanagement, and waste of corporate assets relating to the  
11 events alleged in the Securities Class Action. The derivative complaints allege that Defendants  
12 overstated the Company's monitoring of end-user demand for Fusilev and downplayed the  
13 impact an increased availability of a competing generic oncology drug would have on the  
14 Company's sales of Fusilev, and that Rajesh C. Shrotriya ("Shrotriya"), the Company's Chief  
15 Executive Officer, President, and Chairman of the Board of Directors (the "Board") used his  
16 knowledge of Spectrum's true business prospects to benefit himself by selling over \$8.7 million  
17 worth of his stock while the Company's stock price was artificially inflated. The derivative  
18 complaints seek compensatory damages, corporate governance reforms, restitution and  
19 disgorgement of defendants' alleged profits, and costs and fees. On May 15, 2013, the Federal  
20 Court entered an order consolidating and staying the *Fik* and *Watkins* actions pending resolution  
21 of the Securities Class Action but allowing the parties to lift the stay following a final ruling on  
22 defendants' motion to dismiss in the Securities Class Action. The Federal Court also appointed  
23 the Federal Derivative Plaintiff as lead plaintiff and Federman & Sherwood as lead counsel, and  
24 re-styled the *Fik* action as *In Re: Spectrum Pharmaceuticals, Inc., Derivative Shareholder*  
25 *Litigation*. On December 6, 2013, the Federal Court determined that the *Muenchhagen* action  
26 should also be consolidated and stayed pursuant to the May 15, 2013 order.

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1                                   **3.     The State Derivative Action**

2           Beginning on April 23, 2013, two state shareholder derivative complaints were filed in  
3 this Court, the Eighth Judicial District Court of the State of Nevada in and for Clark County  
4 against the Individual Defendants and nominal defendant Spectrum: *Kakadia v. Shrotriya*, No.  
5 A-13-680643-B and *Besner v. Shrotriya*, No. A-13-682668-C.<sup>3</sup> The State Derivative Action is  
6 substantially similar to the Federal Derivative Action, alleging breaches of fiduciary duty, unjust  
7 enrichment, abuse of control, gross mismanagement, and waste of corporate assets relating to the  
8 events alleged in the Securities Class Action. The State Derivative Action seeks compensatory  
9 damages, corporate governance reforms, restitution and disgorgement of Defendants' alleged  
10 profits, equitable and/or injunctive relief, and costs and fees. On July 10, 2013, this Court  
11 entered an order consolidating and staying the State Derivative Action pending resolution of the  
12 Securities Class Action, but allowing the parties to meet and confer and decide whether to lift the  
13 stay following a ruling on Defendants' motion to dismiss in the Securities Class Action. The July  
14 10, 2013 order also provided that Defendants would provide the State Derivative Plaintiff: (i)  
15 copies of all documents and written responses to discovery requests produced to the Securities  
16 Class Action plaintiffs; (ii) any written agreements regarding the scope of discovery in the  
17 Securities Class Action; (iii) transcripts of all depositions conducted in the Securities Class  
18 Action; and (iv) consent to the State Derivative Plaintiff's attendance as an observer in any  
19 depositions conducted in the Securities Class Action. On October 11, 2013, this Court entered  
20 an order appointing Robbins Arroyo LLP as lead counsel in the State Derivative Action.

21                                   **4.     Shareholder Demands**

22           Concurrent with the above developments, Spectrum shareholders, including Demanding  
23 Shareholder Mehmet Ali Albayrak, sent letters to Spectrum and its Board demanding books and  
24 records, pursuant to Delaware Code title 8, section 220, and demanding that the Board take  
25 action against certain of the Individual Defendants with respect to conduct relating to the events  
26

27 \_\_\_\_\_  
28 <sup>3</sup> One of the two state derivative plaintiffs, Hardik Kakadia, sold his holdings of Spectrum stock  
and no longer has standing.

1 alleged in the Securities Class Action, to which counsel for the Company made numerous  
2 responses. These shareholder demands are hereinafter referred to collectively as the "Demand."

### 3 **5. The Mediation and Settlement**

4 During the pendency of the Derivative Actions and the Demand, the Parties have  
5 conducted extended arm's-length, good faith settlement discussions. On August 10, 2015,  
6 counsel for the parties in the Securities Class Action, counsel for the parties in the Derivative  
7 Actions, and counsel for the Demanding Shareholder participated in an in-person mediation to  
8 assist them in exploring a potential negotiated resolution of the claims in the actions.

9 On November 19, 2015, the parties to the Securities Class Action entered into a  
10 stipulation of settlement, which the Federal Court preliminarily approved on January 26, 2016.  
11 The Court granted an order finally approving the settlement and entering judgment in the  
12 Securities Class Action on June 13, 2016.

13 Subsequent to the August 2015 mediation, counsel for the Parties hereto have conducted  
14 substantial communications and arm's-length negotiations in an effort to reach a settlement of the  
15 Derivative Actions and the Demand, including agreement on substantive corporate governance  
16 changes for the Company. The Parties believe that a settlement at this juncture on the terms and  
17 on the conditions set forth in the Stipulation is fair, reasonable, and adequate.

## 18 **II. PLAINTIFFS' CLAIMS AND THE BENEFITS OF THE SETTLEMENT**

19 Plaintiffs believe that the Derivative Actions and Demand have substantial merit, and  
20 Plaintiffs' entry into the Stipulation and Settlement is not intended to be and shall not be  
21 construed as an admission or concession concerning the relative strength or merit of the claims  
22 alleged in the Derivative Actions or the Demand. Plaintiffs and Plaintiffs' Counsel also  
23 acknowledge the significant risk, expense, and length of continued proceedings necessary to  
24 prosecute the Derivative Actions and the Demand against Defendants through trial and through  
25 possible appeals. Plaintiffs' Counsel have also taken into account the substantial risks, costs, and  
26 delays involved in complex shareholder derivative litigation, generally, as well as the unique  
27 challenges presented by the Derivative Actions and the Demand, including pleading wrongful  
28 demand refusal with the requisite particularity, and the significant challenges of meeting the

1 burdens of proof applicable to the underlying claims and of defeating the available affirmative  
2 defenses, including the business judgment rule and the exculpation and indemnification rights  
3 afforded the director Defendants pursuant to Delaware General Corporate Law section 102(b)(7).

4 Plaintiffs' Counsel have conducted an extensive investigation over the course of several  
5 years, including: (i) reviewing Spectrum's press releases, public statements, SEC filings, and  
6 securities analysts' reports and advisories about the Company; (ii) reviewing media reports about  
7 the Company; (iii) researching the applicable law with respect to the claims alleged in the  
8 Derivative Actions and the Demand and the potential defenses thereto; (iv) preparing and filing  
9 derivative complaints; (v) conducting damages analyses; (vi) participating in informal  
10 conferences with Defendants' Counsel regarding the specific facts of the cases, the perceived  
11 strengths and weaknesses of the cases, and other issues in an effort to facilitate negotiations and  
12 fact gathering; (vii) evaluating the merits of, and Defendants' potential liability in connection  
13 with the Derivative Actions and the Demand; (viii) reviewing and analyzing confidential  
14 document discovery from the Securities Class Action produced by Defendants; (ix) reviewing  
15 and analyzing relevant documents in the Securities Class Action and evaluating the merits  
16 thereof; (x) submitting comprehensive briefs prior to mediation, outlining their position, and  
17 Plaintiffs' claims in the Derivative Actions and the Demand; (xi) participating in an in-person  
18 mediation; and (xii) negotiating this Settlement with Defendants.

19 Based on Plaintiffs' Counsel's thorough review and analysis of the relevant facts and  
20 difficult circumstances, allegations, defenses, and controlling legal principles, Plaintiffs' Counsel  
21 believe that the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and  
22 confers substantial benefits upon Spectrum and its shareholders. Based on their evaluation,  
23 Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is in the best interests of  
24 Spectrum and its shareholders and have agreed to settle the Derivative Actions and the Demand  
25 upon the terms and subject to the conditions set forth herein.

### 26 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

27 Defendants have denied and continue to deny each and all of the claims, contentions, and  
28 allegations made against them or that could have been made against them in the Derivative

1 Actions and the Demand, and Defendants believe the Derivative Actions and the Demand have  
2 no merit. Defendants have expressly denied and continue to deny all charges of wrongdoing or  
3 liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or  
4 that could have been alleged in the Derivative Actions and the Demand. Defendants assert that  
5 they have satisfied their fiduciary duties and have acted in good faith and in the best interest of  
6 Spectrum and its shareholder at all relevant times. Defendants have entered into the Stipulation  
7 and Settlement to avoid the continuing additional expense, inconvenience, and distraction of the  
8 Derivative Actions and the Demand and to mitigate the risks and uncertainty inherent in any  
9 legal proceedings. Defendants believe that it is desirable and beneficial that the Derivative  
10 Actions and the Demand be settled in the manner and upon the terms and conditions set forth in  
11 the Stipulation because, among other things, it will allow the Company to conclude these legal  
12 proceedings on terms that are just and reasonable, including the adoption and maintenance of  
13 corporate governance measures that the Board of Spectrum have determined, in its business  
14 judgment, serve Spectrum's and its shareholders' best interests. Further, Spectrum, through its  
15 Board, acknowledges that the Settlement is fair, reasonable, and adequate, and in the best  
16 interests of Spectrum and its shareholders.

17         Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor  
18 any document or exhibit referred or attached to the Stipulation, nor any action taken to carry out  
19 the Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the  
20 Released Claims or an admission by or against Defendants of any fault, wrongdoing, or  
21 concession of liability whatsoever.

#### 22 **IV. THE SETTLEMENT HEARING**

23         The Settlement Hearing will be held before the Court on July 20, 2017 at 9:00 a.m. at the  
24 Eighth Judicial District Court of the State of Nevada in and for Clark County, located at 200  
25 Lewis Avenue, Las Vegas, NV 89101, to determine: (a) whether the proposed Settlement, upon  
26 the terms set forth in the Stipulation, should be finally approved in all respects as fair,  
27 reasonable, and adequate; (b) whether the Judgment approving the Settlement should be entered;  
28 (c) whether Plaintiffs' Counsel's agreed-to Fee and Expense Amount should be finally approved;

1 and (d) whether the Incentive Awards to State Derivative Plaintiff and Federal Derivative  
2 Plaintiff should be approved. The Settlement Hearing may be continued by the Court at the  
3 Settlement Hearing, or at any adjourned session thereof without further notice.

4 **V. THE SETTLEMENT**

5 The terms and conditions of the proposed Settlement are set forth fully in the Stipulation.  
6 The Stipulation has been filed with the Court and the following is only a summary of the  
7 corporate governance matters addressed in the Stipulation.

8 In consideration for the Settlement, Defendants acknowledge that the initiation and  
9 prosecution of the Derivative Actions were substantial and material factors in the Company's  
10 decision to adopt the corporate governance reforms set forth in Exhibit A of the Stipulation.  
11 Defendants further acknowledge and agree that the corporate governance reforms are significant  
12 and extensive and were intended to provide substantial benefits to Spectrum's corporate  
13 governance. The settlements in the Derivative Actions and the Securities Class Action, including  
14 the insurance contribution to the settlement, were achieved after and as a result of an extensive  
15 mediation process, in which Plaintiffs' Counsel in the Derivative Actions played an important  
16 role.

17 The corporate governance reforms set forth specific policies and procedures that are  
18 designed to strengthen, among other things, the Company's internal controls concerning its  
19 public disclosures as well as its insider trading policies. In particular, as a result of the Derivative  
20 Actions, the Company has updated its governance structure by adding a dedicated Trading  
21 Compliance Officer, amending the charters of its Audit Committee and Nominating and  
22 Corporate Governance Committee. In addition, Spectrum adopted Corporate Governance  
23 Guidelines which address, in part, the selection process and responsibilities of Spectrum's  
24 directors. Finally, the Company will make its then current Code of Business Conduct and Ethics  
25 available on the Company's website.

26 Spectrum's Board of Directors has approved and implemented the corporate governance  
27 reforms and, subject to the Court's approval of the Settlement, shall maintain these improvements  
28 as provided for in the Stipulation.

1 This Notice provides a summary of some, but not all, of the corporate governance  
2 reforms that Spectrum has enacted or agreed to enact as consideration for the Settlement. For a  
3 list of all of the corporate governance reforms, please see Exhibit A attached to the Stipulation.

4 **VI. DISMISSAL AND RELEASES**

5 If the Court approves the Settlement at the Settlement Hearing, the Parties will jointly  
6 request entry of the Judgment by the Court, the entry of which is a condition of the Stipulation:  
7 (a) approving finally the Settlement set forth in the Stipulation as fair, adequate, and reasonable,  
8 and directing its consummation pursuant to its terms; (b) dismissing with prejudice the  
9 Derivative Actions and all Released Claims<sup>4</sup> against Released Persons; and (c) permanently  
10 barring and enjoining the institution, commencement, or prosecution by Released Persons and all  
11 Current Spectrum Shareholders against Released Persons of any Released Claims or any claims  
12 arising from, relating to, or in connection with the institution, prosecution, assertion, defense,  
13 settlement, or resolution of the Derivative Actions.

14 In consideration of the obligations and commitments undertaken by Defendants and the  
15 releases by the Released Persons, which constitute good and valuable consideration, and subject  
16 to the terms and conditions of the Stipulation, on the Effective Date, Plaintiffs and all Current  
17 Spectrum Shareholders (solely in their capacity as Spectrum shareholders) shall fully, finally and  
18 forever release, relinquish and discharge as against the Released Persons any and all of the  
19 Released Claims (including Unknown Claims), and shall forever be barred and enjoined from  
20  
21

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22 <sup>4</sup> The terms Released Claims and Released Persons are defined as follows:

- 23
- 24 • "Released Claims" means any and all suits, claims, debts, demands, controversies,  
25 obligations, losses, rights, liabilities, and causes of action of every nature, including both  
26 known and Unknown Claims (as defined in paragraph 1.33 of the Stipulation), whether  
27 arising under federal, state, common or foreign law, at law or in equity, that were asserted  
28 or could have been asserted, directly or derivatively on behalf of Spectrum, by Plaintiffs  
as shareholders or by any other Current Spectrum Shareholder, or by Spectrum, that arise  
out of or relate to: (i) the allegations asserted in the Derivative Actions and/or the  
Demand; or (ii) the Settlement, except for any claims to enforce the Settlement.
  - "Released Persons" means each and all of Spectrum, the Individual Defendants, and their  
Related Persons.

1 instituting, commencing, or prosecuting any and all Released Claims against the Released  
2 Persons.

3 **VII. ATTORNEYS' FEES AND EXPENSES**

4 In recognition of the substantial benefits provided to Spectrum and Current Spectrum  
5 Shareholders as a result of the initiation, prosecution, pendency, and settlement of the Derivative  
6 Actions, including the corporate governance matters referred to herein, Plaintiffs' Counsel will  
7 request, and Spectrum and/or its insurers have agreed to pay or cause to be paid, subject to the  
8 Court's approval, attorneys' fees and expenses in the total amount of \$530,000 (the "Fee and  
9 Expense Amount"). To date, Plaintiffs' Counsel have neither received any payment for their  
10 services in conducting the Derivative Actions, nor have they been reimbursed for their out-of-  
11 pocket expenses incurred.

12 Moreover, in light of the substantial benefits they have helped to create for Spectrum and  
13 all Current Spectrum Shareholders, the Plaintiffs may apply for Court-approved service awards  
14 in the amount of \$1,500 each (the "Incentive Awards"). The Incentive Awards shall be funded  
15 from the Fee and Expense Amount, and are subject to Court Approval.

16 **VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE SETTLEMENT  
17 HEARING**

18 Any Current Spectrum Shareholder may object and/or appear and show cause, if he, she,  
19 or it has any concern why the Settlement should not be finally approved as fair, reasonable, and  
20 adequate, or why the Judgment should not be entered, or why the Fee and Expense Amount or  
21 Incentive Awards should not be approved; provided, however, unless otherwise ordered by the  
22 Court, no Current Spectrum Shareholder shall be heard or entitled to contest the approval of the  
23 terms and conditions of the Settlement, or, if approved, the Judgment to be entered thereon  
24 approving the same, or the Fee and Expense Amount or Incentive Awards, unless that  
25 shareholder has, *at least fourteen (14) calendar days prior to the Settlement Hearing*: (a) filed  
26 with the Clerk of the Court a signed, written objection to the Settlement setting forth: (i) the  
27 nature of the objection; (ii) proof of ownership of Spectrum common stock through the date of  
28 the Settlement Hearing, including the number of shares of Spectrum common stock and the date  
of purchase; and (iii) any and all documentation in support of such objection; and (b) if a Current

1 Spectrum Shareholder intends to appear and requests to be heard at the Settlement Hearing, such  
2 shareholder must have, in addition to the requirements of (a) above, filed with the Clerk of the  
3 Court, Eighth Judicial District Court of Clark County, Regional Justice Center, 200 Lewis Ave.,  
4 Las Vegas, NV 89101: (i) a written notice of such shareholder's intention to appear; (ii) a  
5 statement that indicates the basis for such appearance; and (iii) the identities of any witnesses the  
6 shareholder intends to call at the Settlement Hearing and a statement as to the subjects of their  
7 testimony. If a Current Spectrum Shareholder files a written objection and/or written notice of  
8 intent to appear, such shareholder must also simultaneously serve copies of such notice, proof,  
9 statement, and documentation, together with copies of any other papers or briefs such  
10 shareholder files with the Court (either by hand delivery or by first class mail) at least fourteen  
11 (14) calendar days prior to the Settlement Hearing upon each of the following:

12 Felipe J. Arroyo, Esq.  
13 ROBBINS ARROYO LLP  
14 600 B Street, Suite 1900  
15 San Diego, CA 92101

16 *Counsel for State Derivative Plaintiff*

17 William B. Federman, Esq.  
18 FEDERMAN & SHERWOOD  
19 10205 North Pennsylvania Ave.  
20 Oklahoma City, OK 73120

21 *Counsel for Federal Derivative Plaintiff*

22 John F. Cannon, Esq.  
23 STRADLING YOCCA CARLSON  
24 & RAUTH, P.C.  
25 660 Newport Center Drive, Suite 1600  
26 Newport Beach, CA 92660

27 *Counsel for Defendants*

28 Any Current Spectrum Shareholder who does not make his, her, or its objection in the  
manner provided herein shall be deemed to have waived such objection and shall forever be  
foreclosed from making any objection to the fairness, reasonableness, or adequacy of the  
Settlement, or the Fee and Expense Amount and Incentive Awards, unless otherwise ordered by  
the Court, but shall otherwise be bound by the Judgment to be entered and the releases to be  
given.

1 **IX. CONDITIONS FOR SETTLEMENT**

2 The Settlement is conditioned upon the occurrence of certain events described in the  
3 Stipulation, which requires, among other things: (a) entry of the requested Judgment by this  
4 Court; (b) expiration of the time to appeal from or alter or amend the Judgment; (c) dismissal  
5 with prejudice of the Federal Derivative Action; and (d) expiration of the time to appeal from or  
6 alter or amend the dismissal with prejudice of the Federal Derivative Action. If, for any reason,  
7 any one of the conditions described in the Stipulation is not met, the Stipulation might be  
8 terminated and, if terminated, will become, subject to certain exceptions identified in the  
9 Stipulation, null and void, and the Parties to the Stipulation will be restored to their respective  
10 positions as of April 10, 2017.

11 **X. EXAMINATION OF PAPERS AND INQUIRIES**

12 This Notice contains only a summary of the terms of the Settlement. For a more detailed  
13 statement of the matters involved in the Derivative Actions, reference is made to the Stipulation,  
14 which may be inspected at the office of the Clerk of the Eighth Judicial District Court of the  
15 State of Nevada in and for Clark County, located at 200 Lewis Avenue, Las Vegas, NV 89101,  
16 during business hours of each business day.

17 Any other inquiries regarding the Settlement or the Derivative Actions should be  
18 addressed in writing to the following:

19 Felipe J. Arroyo, Esq.  
20 ROBBINS ARROYO LLP  
21 600 B Street, Suite 1900  
22 San Diego, CA 92101  
23 (619) 525-3990

24 *Counsel for State Derivative Plaintiff*

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10205 North Pennsylvania Ave.  
Oklahoma City, OK 73120

*Counsel for Federal Derivative Plaintiff*

25 **PLEASE DO NOT TELEPHONE THE COURT OR SPECTRUM**  
26 **REGARDING THIS NOTICE.**  
27  
28