

EXHIBIT 1

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10 **UNITED STATES DISTRICT COURT**
11 **FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

12 Case No. 3:17-cv-00182-BTM-RBB

13
14 **IN RE REGULUS THERAPEUTICS**
INC. SECURITIES LITIGATION
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16
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CLASS ACTION

18
19 **AMENDED STIPULATION AND AGREEMENT OF SETTLEMENT**

20 **THIS AMENDED STIPULATION OF SETTLEMENT**, dated February
21 6, 2020 is made and entered into by and among the following Settling Parties¹ to this
22 Litigation: (i) the Plaintiffs (on behalf of themselves and Settlement Class members),
23 by and through counsel of record in the Litigation; and (ii) the Defendants, by and
24

25 ¹ All capitalized terms are defined in Section IV.1. of this Stipulation, unless
26 otherwise noted.

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1 through their counsel of record in the Litigation. The Stipulation is intended by the
2 Settling Parties to fully, finally, and forever resolve, discharge, and settle the
3 Released Claims and Released Defendants' Claims, upon and subject to the terms
4 and conditions hereof.

5 **I. THE LITIGATION**

6 On January 31, 2017, a putative class action complaint was filed against Paul
7 C. Grint ("Grint"), Joseph P. Hagan ("Hagan"), and Regulus Therapeutics Inc.
8 ("Regulus") for claims under Section 10(b) and Section 20(a) of the Securities
9 Exchange Act of 1934 (the "Exchange Act"). ECF 1.

10 On April 3, 2017, Plaintiffs Mark Appel and Michael Spitters moved for
11 appointment as lead plaintiff pursuant to 15 U.S.C. §78u-4. ECF 10.

12 On May 3, 2017, Grint, Hagan, and Regulus filed a statement of non-
13 opposition in response to Plaintiffs' motion for appointment as lead plaintiff. ECF
14 13.

15 On October 26, 2017, the Court appointed Mark Appel and Michael Spitters
16 as Co-Lead Plaintiffs, and approved the selection of Levi & Korsinsky, LLP as Lead
17 Counsel. ECF 16.

18 On December 22, 2017, Plaintiffs filed a Consolidated Complaint with Jury
19 Demand against Grint, Hagan, Regulus, and Michael Huang, M.D. (collectively,
20 "Defendants"). ECF 19.

21 On February 6, 2018, Defendants filed a Motion to Dismiss the Consolidated
22 Complaint pursuant to Rules 8, 9 and 12(b)(6) of the Federal Rules of Civil
23 Procedure and the Private Securities Litigation Reform Act of 1995, 15 U.S.C.
24 § 78u-4, *et seq.* ECF 22.

25 On March 23, 2018, Plaintiffs filed a response in opposition to Defendants'
26 Motion to Dismiss. ECF 23.

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1 On April 24, 2018, Defendants filed a reply in support of their Motion to
2 Dismiss the Consolidated Complaint. ECF 24.

3 On September 5, 2019, the Court granted Defendants' Motion to Dismiss the
4 Consolidated Complaint (ECF 22) and granted Plaintiffs leave to file an amended
5 complaint. ECF 32.

6 On October 1, 2019, Plaintiffs filed the Second Amended Consolidated
7 Complaint for Violations of the Federal Securities Laws. ECF 33.

8 **II. CLAIMS OF PLAINTIFFS AND BENEFITS OF SETTLEMENT**

9 Plaintiffs believe that the claims asserted in the action have merit and that the
10 evidence developed to date supports the claims. However, Plaintiffs and their
11 counsel recognize and acknowledge the expense and length of continued
12 proceedings necessary to prosecute the action against Defendants through trial and
13 through appeals. Plaintiffs and their counsel also have taken into account the
14 uncertain outcome and the risk of any litigation, especially in complex actions such
15 as this action, as well as the difficulties and delays inherent in such litigation.
16 Plaintiffs and their counsel also are mindful of the inherent problems of proof, and
17 possible defenses to the securities law violations asserted in the action. Plaintiffs and
18 their counsel believe that the Settlement set forth in the Stipulation confers
19 substantial benefits upon the Settlement Class. Based on their evaluation, Plaintiffs
20 and their counsel have determined that the Settlement set forth in the Stipulation is
21 in the best interests of Plaintiffs and the Settlement Class.

22 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

23 Defendants believe that the claims asserted in the action are without merit.
24 Defendants have denied and continue to deny any and all wrongdoing whatsoever
25 and maintain that their conduct was at all times proper and in compliance with all
26 applicable provisions of law. Defendants have denied, and continue to deny each

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1 and all of the claims alleged by Plaintiffs in the Litigation and deny that they have
2 committed any of the wrongful acts or violations of law that are alleged in the
3 Litigation, including that they made any material misrepresentations or omissions.
4 Defendants deny all charges of wrongdoing or liability against them arising out of
5 any of the conduct, statements, acts, or omissions alleged, or that could have been
6 alleged, in the Litigation. Defendants also deny, among other things, the allegations
7 that the Plaintiffs or the Settlement Class have suffered damages and that the
8 Plaintiffs or the Settlement Class were harmed by the conduct alleged in the Second
9 Amended Consolidated Complaint or its predecessor complaints. In addition,
10 Defendants believe they have meritorious defenses to all claims alleged in the
11 Litigation. Nonetheless, Defendants have agreed to enter into the Settlement to avoid
12 the expense, distraction, and time associated with continuing the Litigation.
13 Defendants have concluded that further conduct of the Litigation would be
14 protracted and expensive and that it is desirable that the Litigation be fully and
15 finally settled in the manner and upon the terms and conditions set forth in this
16 Stipulation. Nothing in this Stipulation shall be construed or deemed to be an
17 admission or concession on the part of Defendants with respect to any claim or any
18 fault or liability or wrongdoing or damages whatsoever, or any infirmity in the
19 defenses that Defendants have asserted or may assert in the Litigation.

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

21 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by
22 and among Plaintiffs, acting on behalf of themselves and all Settlement Class
23 members, and Defendants, by and through their attorneys of record, that, subject to
24 the approval of the Court pursuant to Federal Rule of Civil Procedure 23(e), the
25 Litigation, the Released Claims and Released Defendants' Claims, and all matters
26 encompassed within the scope of the releases set forth or referenced in this

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1 Stipulation shall be finally, fully, and forever compromised, settled, and released,
2 and the Litigation shall be dismissed with prejudice as to all Released Parties, upon
3 and subject to the terms and conditions of the Stipulation, as follows:

4 **1. DEFINITIONS**

5 As used in this Stipulation, the following terms have the meanings specified
6 below:

7 1.1 “Authorized Claimant” means any member of the Settlement Class
8 whose claim for recovery has been allowed pursuant to the terms of the
9 Stipulation.

10 1.2 “Claimant” means any Settlement Class member who files a Proof
11 of Claim and Release in such a manner, and within such time, as the Court shall
12 prescribe.

13 1.3 “Claims Administrator” means Analytics Consulting LLC.

14 1.4 “Class Period” means the period between February 17, 2016 and
15 June 11, 2017, inclusive.

16 1.5 “Complaint” means the Second Amended Consolidated Complaint
17 filed in the Litigation on October 1, 2019. ECF 33.

18 1.6 “Court” means the United States District Court for the Southern
19 District of California.

20 1.7 “Defendants’ Counsel” means Cooley LLP.

21 1.8 “Effective Date” means the first date by which all of the events and
22 conditions specified in ¶ 7.1 of the Stipulation have been met and have occurred.

23 1.9 “Escrow Account” means the interest-bearing account controlled by
24 the Escrow Agent.

25 1.10 “Escrow Agent” means an independent third party to be determined
26 by Lead Counsel.

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1 1.11 “Fee and Expense Application” means the application or
2 applications Lead Counsel may submit for an award of attorneys’ fees not to
3 exceed 25% of the Settlement Amount, plus expenses incurred in connection with
4 prosecuting the Litigation, plus any interest on such attorneys’ fees and expenses
5 at the same rate and for the same time periods as earned by the Settlement Fund
6 (until paid), as may be awarded by the Court.

7 1.12 “Fee and Expense Award” means the order of the Court authorizing
8 the payment from the Settlement Fund of Lead Counsel’s attorneys’ fees and
9 expenses if and to the extent allowed by the Court.

10 1.13 “Final” means when the last of the following with respect to the
11 Judgment approving the Stipulation, substantially in the form of **Exhibit B**
12 attached hereto, shall occur: (i) the expiration of the time to file a motion to alter
13 or amend the Judgment under Federal Rule of Civil Procedure 59(e) has passed
14 without any such motion having been filed, or if such a motion is filed, an order
15 denying such motion; (ii) the expiration of the time in which to appeal the
16 Judgment has passed without any appeal having been noticed or taken; and (iii) if
17 any appeal is taken, immediately after (a) the date of final dismissal of any appeal
18 from the Judgment or the final dismissal of any proceeding on certiorari to review
19 the Judgment, or (b) the date of final affirmance on appeal of the Judgment, the
20 expiration of time for any further judicial review, whether, by appeal,
21 reconsideration, or a petition for writ of certiorari and if, certiorari is granted, the
22 date of final affirmance of the Judgment following review pursuant to such grant.
23 For purposes of this paragraph, an “appeal” shall include any petition for a writ
24 of certiorari or other writ that may be filed in connection with approval or
25 disapproval of this Settlement, but shall not include any appeal that concerns only
26 the issue of attorneys’ fees and/or expenses, the Plan of Allocation of the

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1 Settlement Fund, or the procedures for determining Authorized Claimants’
2 recognized claims; any proceeding or appeal pertaining solely to one or more of
3 these excluded issues shall not in any way delay or affect the time set forth above
4 for the Judgment to become Final, or otherwise preclude the Judgment from
5 becoming Final.

6 1.14 “Final Approval Hearing” means the hearing to determine whether
7 the proposed Settlement embodied by this Stipulation is fair, reasonable, and
8 adequate to the Settlement Class, and whether the Court should enter a Judgment
9 approving the proposed Settlement.

10 1.15 “Judgment” means the Final Judgment and Order of Dismissal with
11 Prejudice to be rendered by the Court, in the form attached hereto as **Exhibit B**,
12 or such other substantially similar form agreed to by the Settling Parties and
13 approved by the Court.

14 1.16 “Lead Counsel” means Levi & Korsinsky, LLP.

15 1.17 “Litigation” means this proceeding, *In Re Regulus Therapeutics Inc.*
16 *Securities Litigation*, No. 17-CV-00182 (S.D. Cal.).

17 1.18 “Net Settlement Fund” means the Settlement Fund less (i) any Fee
18 and Expense Award; (ii) notice and administration costs; (iii) Taxes and Tax
19 Expenses; and (iv) other Court-approved deductions that occur before
20 distribution of the proceeds of the Settlement Fund to the Settlement Class.

21 1.19 “Notice” shall mean the Notice of Proposed Class Action
22 Settlement, in the form annexed hereto as **Exhibit A-1** to the Preliminary
23 Approval Order, or such other substantially similar form agreed to by the Settling
24 Parties and approved by the Court.

25 1.20 “Person” means a natural person, individual, corporation,
26 partnership, limited partnership, association, joint stock company, joint venture,
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1 limited liability company, professional corporation, estate, legal representative,
2 trust, unincorporated association, government or any political subdivision or
3 agency thereof, and any business or legal entity and their spouses, heirs,
4 predecessors, successors, representatives or assignees.

5 1.21 “Plan of Allocation” means a plan or formula of allocation of the
6 Settlement Fund whereby the Settlement Fund shall be distributed to Authorized
7 Claimants after payment of expenses of notice and administration of the
8 Settlement, Taxes and Tax Expenses, and such attorneys’ fees, costs, expenses,
9 and interest as may be awarded by the Court. Any Plan of Allocation is not part
10 of the Stipulation, and Defendants and the other Released Defendant Parties shall
11 have no responsibility for the Plan of Allocation or its implementation and no
12 liability with respect thereto.

13 1.22 “Plaintiffs” means Mark Appel and Michael Spitters, appointed as
14 lead plaintiff by order of the Court dated October 26, 2017 (ECF 16).

15 1.23 “Preliminary Approval Order” means the [Proposed] Order
16 Granting Preliminary Approval of Settlement and Directing Dissemination of
17 Notice to Settlement Class, in the form annexed hereto as **Exhibit A**, or such
18 other substantially similar form agreed to by the Settling Parties, as entered by
19 the Court.

20 1.24 “Proof of Claim and Release” means a completed Proof of Claim
21 and Release, substantially in the form of **Exhibit A-2** attached hereto, signed
22 under penalty of perjury and supported by such documents as are specified in the
23 Proof of Claim and Release, submitted as required under ¶¶ 5.3-5.4 herein.

24 1.25 “Released Claims” means all actions, suits, claims, demands, rights,
25 liabilities, damages, costs, restitution, rescission, interest, attorneys’ fees, expert
26 or consulting fees, expenses, matters and issues known or unknown, contingent

1 or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or
2 unliquidated, matured or unmatured, accrued or unaccrued, apparent or
3 unapparent, whether concealed or hidden, and causes of action of every nature
4 and description, including both known claims and Unknown Claims, that have
5 been or that might have been asserted by any Releasing Plaintiff Party against
6 any of the Released Defendant Parties, arising out of, relating to, based upon, or
7 in connection with: (a) any purchase, acquisition, sale, or holding of Regulus
8 publicly traded common stock during the Class Period; and (b) any facts, claims,
9 matters, allegations, activities, transactions, events, disclosures, representations,
10 statements, acts, or omissions or failures to act that were alleged, set forth,
11 referred to, or that could have been alleged in the Litigation against the Released
12 Defendant Parties. Released Claims does not include claims relating to the
13 enforcement of the Settlement.

14 1.26 “Released Defendant Party” or “Released Defendant Parties” means
15 (1) Defendants, (2) Defendants’ Counsel, (3) with regard to Regulus, all past or
16 present agents, officers, directors, attorneys, accountants, auditors, investment
17 bankers, commercial bankers, underwriters, or other advisors, insurers, co-
18 insurers, reinsurers, partners, limited partners, joint venturers, related or affiliated
19 entities, advisors, employees, affiliates, predecessors, successors, parents,
20 subsidiaries, and assigns for Regulus, and (4) with regard to Paul C. Grint, Joseph
21 P. Hagan, and Michael Huang, each such individual’s spouse, marital
22 communities, immediate family members, heirs, executors, personal
23 representatives, estates, administrators, trusts, predecessors, successors, and
24 assigns or other individual or entity in which Paul C. Grint, Joseph P. Hagan, or
25 Michael Huang has a controlling interest, and each and all of their respective past
26 or present officers, directors, employees, agents, affiliates, parents, subsidiaries,

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1 divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-
2 insurers, and each of Paul C. Grint’s, Joseph P. Hagan’s, and Michael Huang’s
3 present and former attorneys, legal representatives, insureds, and assigns in
4 connection with the Litigation.

5 1.27 “Released Defendants’ Claims” means all claims, demands, rights,
6 remedies, liabilities, costs, attorneys’ fees, expenses, and causes of action,
7 including both known claims and Unknown Claims, that the Releasing Defendant
8 Parties could have asserted against any of the Released Plaintiff Parties that arise
9 out of or relate in any way to the institution, prosecution, or settlement of the
10 claims in the Action, except for claims relating to the enforcement of the
11 Settlement.

12 1.28 “Released Parties” means the Released Defendant Parties and the
13 Released Plaintiff Parties.

14 1.29 “Released Plaintiff Party” or “Released Plaintiff Parties” means (1)
15 Mark Appel and Michael Spitters, (2) Lead Counsel, and (3) with regard to Mark
16 Appel and Michael Spitters, each such individual’s spouse, marital communities,
17 immediate family members, heirs, executors, personal representatives, estates,
18 administrators, trusts, predecessors, successors, and assigns or other individual
19 or entity in which Mark Appel or Michael Spitters has a controlling interest, and
20 each and all of their respective past or present officers, directors, employees,
21 agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants,
22 auditors, advisors, insurers, co-insurers, re-insurers, and each of Mark Appel’s
23 and Michael Spitters’s present and former attorneys, legal representatives,
24 insureds, and assigns in connection with the Litigation.

25 1.30 “Releasing Defendant Party” or “Releasing Defendant Parties”
26 means each and every Defendant, and each of their respective heirs, executors,
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1 trustees, administrators, predecessors, successors, and assigns, in their capacities
2 as such.

3 1.31 “Releasing Plaintiff Party” or “Releasing Plaintiff Parties” means
4 each and every Plaintiff and Settlement Class members (who is not otherwise
5 properly excluded from the Settlement Class), and each of their respective heirs,
6 executors, trustees, administrators, predecessors, successors, and assigns, in their
7 capacities as such.

8 1.32 “Settlement” means the settlement between Plaintiffs, on behalf of
9 themselves and the Settlement Class members, and the Defendants on the terms
10 set forth in this Stipulation.

11 1.33 “Settlement Amount” means Nine Hundred Thousand Dollars
12 (\$900,000).

13 1.34 “Settlement Class” means, for purposes of this Settlement, and to be
14 certified pursuant to Fed. R. Civ. P. 23, for purposes of effectuating this
15 Settlement only: all persons and entities that purchased or otherwise acquired
16 shares of the publicly traded common stock of Regulus during the Class Period
17 who allege to have been damaged thereby. Excluded from the Settlement Class
18 are (i) Defendants; (ii) members of the immediate families of Defendants; (iii)
19 any person who is or was an officer or director of Regulus during or after the
20 Class Period; (iv) any entity in which any of the Defendants had or has a
21 controlling interest; and (v) any legal representatives, agents, affiliates, heirs,
22 beneficiaries, successors-in-interest, or assigns of any such excluded party in
23 their capacity as such. Also excluded from the Settlement Class is any Person
24 who validly requests exclusion pursuant to the requirements set forth in the
25 Notice.

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1 1.35 “Settlement Fund” means the principal amount of Nine Hundred
2 Thousand Dollars (\$900,000), plus any accrued interest earned thereon.

3 1.36 “Settling Parties” means, collectively, Defendants and Plaintiffs on
4 behalf of themselves and the Settlement Class members.

5 1.37 “Stipulation” means this Amended Stipulation of Settlement,
6 including the recitals and Exhibits hereto, each of which is incorporated by
7 reference as though set forth in the Stipulation itself.

8 1.38 “Summary Notice” means the summary notice describing the
9 Settlement of the Litigation and the hearing on the Settlement, in the form
10 annexed hereto as **Exhibit A-3** to the Preliminary Approval Order, or such other
11 substantially similar form agreed to by the Settling Parties and approved by the
12 Court.

13 1.39 “Supplemental Agreement” means the confidential agreement
14 executed between Lead Counsel and Defendants’ Counsel allowing for the
15 termination of this Settlement under certain circumstances.

16 1.40 “Taxes” means all taxes (including any estimated taxes, interest or
17 penalties) arising with respect to the income earned by the Settlement Fund.

18 1.41 “Tax Expenses” means any tax-related expenses and costs incurred
19 in connection with the calculation and payment of taxes or the preparation of tax
20 returns and related documents including, without limitation, expenses of tax
21 attorneys and/or accountants and mailing and distribution costs and expenses
22 relating to filing (or failing to file) the returns described in ¶ 2.09-2.10.

23 1.42 “Unknown Claims” means all any and all Released Claims that any
24 Settlement Class member does not know or suspect to exist in his, her or its favor
25 at the time of the release of the Released Defendant Parties, and any and all
26 Released Defendants’ Claims that any Defendant does not know or suspect to

1 exist in his, her, or, its favor at the time of the release of the Released Plaintiff
2 Parties, which, if known by him, her or it, might have affected his, her or its
3 settlement with and release of the Released Parties, or might have affected his,
4 her or its decision not to opt-out or object to this Settlement. With respect to any
5 and all Released Claims and Released Defendants' Claims, the Parties stipulate
6 and agree that, upon the Effective Date (defined below), the Plaintiffs and
7 Defendants shall expressly, and each Settlement Class member shall be deemed
8 to have, and by operation of the Judgment shall have, to the fullest extent
9 permitted by law expressly waived and relinquished any and all provisions, rights
10 and benefits conferred by any law of any state or territory of the United States,
11 or principle of common law, which is similar, comparable, or equivalent to
12 California Civil Code § 1542, which provides:

13 **A general release does not extend to claims that the**
14 **creditor or releasing party does not know or suspect to**
15 **exist in his or her favor at the time of executing the**
16 **release and that, if known by him or her, must have**
materially affected his or her settlement with the
debtor or released party.

17 Plaintiffs, Settlement Class members, or Defendants may hereafter discover facts in
18 addition to or different from those which he, she or it now knows or believes to be
19 true with respect to the subject matter of the Released Claims or the Released
20 Defendants' Claims, but Plaintiffs and Defendants shall expressly fully, finally and
21 forever settle and release, and each Settlement Class member, upon the Effective
22 Date, shall be deemed to have, and by operation of the Judgment shall have, fully,
23 finally and forever settled and released, any and all Released Claims and Released
24 Defendants' Claims, known or unknown, suspected or unsuspected, contingent or
25 non-contingent, whether or not concealed or hidden, which now exist, or heretofore
26 have existed, without regard to the subsequent discovery or existence of such

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1 different or additional facts. The Plaintiffs and Defendants acknowledge, and the
2 Settlement Class members shall be deemed by operation of the Judgment to have
3 acknowledged, that the foregoing waiver was separately bargained for and a key
4 element of the Settlement of which this release is a part.

5 **2. THE SETTLEMENT**

6 *The Settlement Fund*

7 2.1 In consideration of the terms of this Stipulation, Defendants or their
8 designee shall, within twenty-one (21) calendar days of the entry of the
9 Preliminary Approval Order granting preliminary approval of the Settlement or
10 within twenty-one (21) days of provision of wire instructions and a W-9 by Lead
11 Counsel (whichever date is later), deposit the sum of \$900,000 (Nine Hundred
12 Thousand Dollars) into the Escrow Account.

13 2.2 The payment described in ¶ 2.1 is the only payment to be made by
14 or on behalf of Defendants in connection with this Settlement. All fees, costs, and
15 expenses incurred by or on behalf of the Plaintiffs and the Settlement Class
16 associated with this Settlement, including, but not limited to, Taxes, Tax
17 Expenses, any administrative costs and costs of providing notice of the
18 Settlement to Settlement Class members, and any award of attorneys' fees and
19 expenses of Lead Counsel shall be paid from the Settlement Fund, and in no event
20 shall Defendants or the other Released Defendant Parties bear any additional
21 responsibility or liability for any such fees, costs, or expenses.

22 2.3 This is not a claims-made settlement. Upon the occurrence of the
23 Effective Date, neither Defendants nor any person or entity that paid any portion
24 of the Settlement Fund on their behalf shall have any right of the return of the
25 Settlement Fund or any portion thereof irrespective of the collective amount of
26 losses of Authorized Claimants, the percentage of recovery of losses, or the

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1 amounts to be paid to Authorized Claimants from the Net Settlement Fund. In no
2 instance shall any of the Defendants or the other Released Defendant Parties be
3 required to pay any amount in excess of the Settlement Amount.

4 ***The Escrow Agent***

5 2.4 The Escrow Agent shall invest the Settlement Amount(s) deposited
6 pursuant to ¶ 2.1 hereof in short term United States agency or other Treasury
7 securities or other instruments backed by the full faith and credit of the United
8 States Government or fully insured by the United States Government or an
9 agency thereof and shall reinvest the proceeds of these instruments as they mature
10 in similar instruments at their then-current market rates. All risks related to the
11 investment of the Settlement Fund shall be borne by the Escrow Agent. In no
12 instance shall the Defendants or the other Released Defendant Parties have
13 responsibility for, interest in, or any liability whatsoever with respect to
14 investment decisions or the actions of the Escrow Agent.

15 2.5 The Escrow Agent shall not disburse the Settlement Fund except as
16 provided in the Stipulation or by an order of the Court.

17 2.6 Subject to further order and/or directions as may be made by the
18 Court, or as provided in the Stipulation, the Escrow Agent is authorized to
19 execute such transactions as are consistent with the terms of the Stipulation.

20 2.7 All funds held by the Escrow Agent shall be deemed and considered
21 to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of
22 the Court, until such time as such funds shall be distributed or returned pursuant
23 to this Stipulation and/or further order(s) of the Court.

24 2.8 Without further order of the Court, the Settlement Fund may be used
25 by Lead Counsel to pay required taxes and tax expenses and to pay administrative
26 costs in connection with the Settlement up to \$100,000 (one hundred thousand).

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1 If the Effective Date does not occur, the Settlement Fund will be returned to
2 Defendants, less the costs or expenses incurred in connection with providing
3 notice to the Settlement Class and administering the Settlement. In no event shall
4 Defendants or the other Released Defendant Parties have any responsibility or
5 liability for the administration of the Settlement Fund

6 ***Taxes***

7 2.9 (a) The Settling Parties and the Escrow Agent agree to treat the
8 Settlement Fund as being at all times a “qualified settlement fund” within the
9 meaning of Treas. Reg. § 1.468B-1. In addition, the Escrow Agent shall timely
10 make such elections as necessary or advisable to carry out the provisions of this
11 ¶ 2.9, including the “relation-back election” (as defined in Treas. Reg. § 1.468B-
12 1) back to the earliest permitted date. Such elections shall be made in compliance
13 with the procedures and requirements contained in such regulations. It shall be
14 the responsibility of the Escrow Agent to timely and properly prepare and deliver
15 the necessary documentation for signature by all necessary parties, and thereafter
16 to cause the appropriate filing to occur.

17 (b) For the purpose of § 1.468B of the Internal Revenue Code of 1986,
18 as amended, and the regulations promulgated thereunder, the “administrator”
19 shall be the Escrow Agent. The Escrow Agent shall timely and properly file all
20 informational and other tax returns necessary or advisable with respect to the
21 Settlement Fund (including, without limitation, the returns described in Treas.
22 Reg. § 1.468B-2(k)). Such returns (as well as the election described in ¶ 2.9(a)
23 hereof) shall be consistent with this ¶ 2.9 and in all events shall reflect that all
24 Taxes (including any estimated Taxes, interest or penalties) on the income earned
25 by the Settlement Fund shall be paid out of the Settlement Fund as provided in
26 ¶ 2.9(c) hereof.

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1 (c) All Taxes and Tax Expenses shall be paid out of the Settlement
2 Fund; in no event shall the Defendants or the other Released Defendant Parties
3 have any responsibility for, or liability whatsoever with respect to, the Taxes or
4 the Tax Expenses. The Escrow Agent, through the Settlement Fund, shall
5 indemnify and hold each of the Defendants and other Released Defendant Parties
6 harmless for any Taxes and Tax Expenses (including, without limitation, Taxes
7 payable by reason of any such indemnification). Further, Taxes and Tax
8 Expenses shall be treated as, and considered to be, a cost of administration of the
9 Settlement Fund and shall be timely paid by the Escrow Agent out of the
10 Settlement Fund without prior order from the Court and the Escrow Agent shall
11 be authorized (notwithstanding anything herein to the contrary) to withhold from
12 distribution to Authorized Claimants any funds necessary to pay such amounts,
13 including the establishment of adequate reserves for any Taxes and Tax Expenses
14 (as well as any amounts that may be required to be withheld under Treas. Reg.
15 § 1.468B-2(1)(2)); neither the Defendants or other Released Defendant Parties,
16 their counsel, nor their insurers are responsible, nor shall they have any liability,
17 with respect to any Taxes or Tax Expenses. The Settling Parties agree to
18 cooperate with the Escrow Agent, each other, and their tax attorneys and
19 accountants to the extent reasonably necessary to carry out the provisions of this
20 paragraph.

21 ***Termination of the Settlement***

22 2.10 In the event that the Stipulation is not approved, or is terminated,
23 canceled, or fails to become effective for any reason (*see infra* ¶¶ 7.1-7.6), the
24 Settlement Amount, including accrued interest, less any expenses and taxes paid,
25 incurred or due and owing in connection with notice and administration of the
26 Settlement shall be refunded to such Persons that paid the Settlement Amount(s)

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1 pursuant to written instructions from Defendants' Counsel to the Escrow Agent
2 in accordance with ¶ 7.4 herein.

3 2.11 Promptly after execution of the Stipulation and no later than ten (10)
4 business days Lead Counsel shall submit the Stipulation together with its Exhibits
5 to the Court, and Lead Counsel shall apply for entry of the Preliminary Approval
6 Order, substantially in the form of **Exhibit A** attached hereto, requesting, among
7 other things, the preliminary approval of the Settlement set forth in the
8 Stipulation; approval for mailing the Notice, in the form of **Exhibit A-1** attached
9 hereto, or such other substantially similar form agreed to by the Settling Parties
10 and approved by the Court; and publication of the Summary Notice, in the form
11 of **Exhibit A-3** attached hereto, or such other substantially similar form agreed
12 to by the Settling Parties and approved by the Court.

13 2.12 Lead Counsel shall request that, after notice is given, the Court hold
14 a Final Approval Hearing to consider and determine whether to approve the
15 Settlement pursuant to the terms of this Stipulation as fair, reasonable, and
16 adequate, and whether the Judgment, substantially in the form of **Exhibit B**
17 attached hereto, should be entered approving the Settlement as set forth herein
18 and dismissing the Litigation with prejudice. At or after the Final Approval
19 Hearing, Lead Counsel also will request that the Court approve the proposed Plan
20 of Allocation and the Fee and Expense Application

21 **3. CERTIFICATION OF THE SETTLEMENT CLASS**

22 3.1 Solely for purposes of this Settlement, and subject to approval by
23 the Court, the Settling Parties agree that the Settlement Class shall be certified
24 and Plaintiffs and Lead Counsel shall be appointed as representatives of the
25 Settlement Class pursuant to Federal Rule of Civil Procedure 23, as set forth in
26 the Preliminary Approval Order. For settlement purposes only, and for no other

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1 purpose than as set forth in and to effectuate this Stipulation, Defendants will not
2 object to such certification on the terms set forth in this Stipulation. If the
3 Settlement Class is not certified, the Litigation will, for all purposes with respect
4 to the Settling Parties, revert to its status as of the day immediately preceding the
5 execution of the Stipulation. In such event, (i) Defendants will not be deemed to
6 have consented to the certification of any class, (ii) the Stipulation concerning
7 the class definition or class certification shall not be used as evidence or in an
8 argument in support of class definition or class certification, and (iii) Defendants
9 will retain all rights to oppose class certification.

10 **4. RELEASES**

11 4.1 The satisfaction of the obligations incurred pursuant to this
12 Stipulation shall be in full and final disposition of the Litigation and any and all
13 Released Claims and Released Defendants' Claims.

14 4.2 Upon the Effective Date, each Plaintiff and each Settlement Class
15 members (who is not otherwise properly excluded from the Class), on behalf of
16 themselves and each of the Releasing Plaintiff Parties, shall be deemed to have,
17 and by operation of the Judgment shall have, fully, finally, and forever released,
18 relinquished, and discharged all Released Claims against the Released Defendant
19 Parties and shall be permanently barred and enjoined from commencing,
20 instituting, prosecuting, or maintaining any and all of the Released Claims against
21 any of the Released Defendant Parties.

22 4.3 Upon the Effective Date, Defendants, on behalf of themselves and
23 each of the Releasing Defendant Parties, shall be deemed to have fully, finally,
24 and forever waived, released, discharged, covenanted not to bring, and dismissed
25 each and every one of the Released Defendants' Claims against each and every
26 one of the Released Plaintiff Parties and shall forever be barred and enjoined from

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1 commencing, instituting, prosecuting, or maintaining any and all of the Released
2 Defendants' Claims against any and all of the Released Plaintiff Parties.

3 4.4 Nothing in this Stipulation constitutes or reflects a waiver or release
4 of any rights or claims of Defendants with respect to their insurers and/or their
5 related or affiliated Persons or entities, including, but not limited to, any rights or
6 claims under any directors' and officers' liability insurance or other applicable
7 insurance coverage maintained by Regulus.

8 **5. ADMINISTRATION AND CALCULATION OF CLAIMS AND**
9 **SUPERVISION AND DISTRIBUTION OF SETTLEMENT FUND**

10 5.1 The Claims Administrator, subject to such supervision and direction
11 of Lead Counsel and the Court as may be necessary or as circumstances may
12 require, shall administer and calculate the claims submitted by members of the
13 Settlement Class and shall oversee distribution of the Net Settlement Fund to
14 Authorized Claimants.

15 5.2 The Settlement Fund shall be applied as follows:

- 16 (a) To pay the fees and expenses reasonably and actually incurred in
17 connection with providing notice, including:
18 (b) Printing and mailing of the Notice and Proof of Claim and
19 Release to the Settlement Class;
20 (c) Publication of the Summary Notice;
21 (d) The Claims Administrator's costs and fees for services
22 performed in connection with the administration of the
23 Settlement contemplated by this Stipulation;
24 (e) Costs to reimburse brokers or nominees in connection with
25 dissemination of the Notice to the Class;
26

- 1 (f) Fees and expenses reasonably and actually incurred in locating
- 2 Settlement Class members;
- 3 (g) To pay the fees and expenses reasonably and actually incurred in
- 4 connection with assisting with the filing of claims, administering
- 5 and distributing the Net Settlement Fund to Authorized
- 6 Claimants, and processing Proofs of Claim and Releases;
- 7 (h) To pay escrow fees and costs, if any;
- 8 (i) To pay Taxes and Tax Expenses;
- 9 (j) After the Judgment is Final, to pay the Fee and Expense Award;
- 10 and
- 11 (k) After the Effective Date, to distribute the balance of the Net
- 12 Settlement Fund to Authorized Claimants as allowed by the
- 13 Stipulation and Plan of Allocation, as approved by the Court.

14 5.3 After the Effective Date, and in accordance with the terms of the

15 Stipulation, the Plan of Allocation, or such further approval and further order(s)

16 of the Court as may be necessary or as circumstances may require, the Net

17 Settlement Fund shall be distributed to Authorized Claimants, subject to and in

18 accordance with the following: Within one hundred ten (110) days of the date of

19 the Preliminary Approval Order or such other time as may be set by the Court,

20 each Person claiming to be an Authorized Claimant shall be required to submit

21 to the Claims Administrator a completed Proof of Claim and Release,

22 substantially in the form of **Exhibit A-2** attached hereto, signed under penalty of

23 perjury and supported by such documents as are specified in the Proof of Claim

24 and Release. All Proofs of Claim and Releases must be submitted by the date

25 specified in the Notice, unless such period is extended by the Court.

26

1 5.4 Except as otherwise ordered by the Court, all Settlement Class
2 members who fail to timely submit a Proof of Claim and Release within such
3 period, or such other period as may be ordered by the Court, or otherwise
4 allowed, shall be forever barred from receiving any payments pursuant to the
5 Settlement, but will in all other respects be subject to and bound by the provisions
6 of the Stipulation, the releases contained herein, and the Judgment.
7 Notwithstanding the foregoing, Lead Counsel shall have the discretion to accept
8 late-submitted claims so long as distribution of the Net Settlement Fund is not
9 materially delayed thereby.

10 5.5 The Net Settlement Fund shall be distributed to Authorized
11 Claimants substantially in accordance with the Plan of Allocation set forth in the
12 Notice and approved by the Court. If there is any balance remaining in the Net
13 Settlement Fund after six (6) months from the date of distribution of the Net
14 Settlement Fund (whether by reason of tax refunds, uncashed checks or
15 otherwise), Lead Counsel shall, if feasible, reallocate such balance among
16 Authorized Claimants in an equitable and economic fashion. Thereafter, any
17 balance which still remains in the Net Settlement Fund shall be, subject to the
18 payment of any additional previously unreimbursed fees, costs, and expenses
19 related to the administration of the Settlement, donated to an appropriate, non-
20 profit 501(c)(3) charitable organization as determined by Lead Counsel.

21 5.6 Defendants, their counsel, and their insurers shall have no role in,
22 responsibility for, interest in, or liability with respect to any of the following:
23 (i) any act, omission, or determination of Lead Counsel, the Escrow Agent, or the
24 Claims Administrator, or any of their respective designees or agents, in
25 connection with administering the Settlement; (ii) the management, investment,
26 or distribution of the Settlement Fund; (iii) the Plan of Allocation; (iv) the review,

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1 determination, administration, calculation, or payment of any claims asserted
2 against the Settlement Fund; (v) any losses suffered by, or fluctuations in the
3 value of, the Settlement Fund; or (vi) the payment or withholding of any Taxes,
4 Tax Expenses, and/or costs incurred in connection with the taxation of the
5 Settlement Fund or filing of any returns. No Person shall have any claim of any
6 kind against the Released Defendant Parties with respect to the administration,
7 investment, distribution, and/or supervision of the Settlement Fund, and
8 Plaintiffs, the Settlement Class members, and Lead Counsel release Defendants
9 their counsel, and their insurers from any and all liability arising from or with
10 respect to the administration, investment, distribution, and/or supervision of the
11 Settlement Fund. Notwithstanding, Defendants shall provide to Plaintiffs a list of
12 Regulus' record stockholders in advance of the notice deadline set by the Court.

13 5.7 It is understood and agreed by the Settling Parties that any proposed
14 Plan of Allocation of the Net Settlement Fund including, but not limited to, any
15 adjustments to an Authorized Claimant's claim set forth therein, is not a part of
16 this Stipulation and is to be considered by the Court separately from the Court's
17 consideration of the fairness, reasonableness, and adequacy of the Settlement set
18 forth in this Stipulation. It is further understood and agreed by the Settling Parties
19 that any order or proceeding relating to the Plan of Allocation shall not operate
20 to terminate or cancel this Stipulation or affect or delay the finality of the Court's
21 Judgment approving this Stipulation and the Settlement set forth herein
22 (including the releases contained herein), or any other orders entered pursuant to
23 this Stipulation.

24 **6. LEAD COUNSEL'S ATTORNEYS' FEES AND EXPENSES**

25 6.1 Lead Counsel may submit the Fee and Expense Application for an
26 award of attorneys' fees not to exceed 25% of the Settlement Amount, plus

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1 expenses incurred in connection with prosecuting the Litigation, plus any interest
2 on such attorneys' fees and expenses at the same rate and for the same time
3 periods as earned by the Settlement Fund (until paid), as may be awarded by the
4 Court. Lead Counsel reserves the right to make additional applications for fees
5 and expenses incurred in connection with the preservation of the Settlement Fund
6 and/or the administration of the Settlement. Defendants and the other Released
7 Defendant Parties shall have no obligation to pay any portion of Lead Counsel's
8 attorneys' fees or Litigation Expenses, aside from payment of the Settlement
9 Amount, and take no position with respect to Lead Counsel's Fee and Expense
10 Application.

11 6.2 The amount of attorneys' fees and expenses awarded by the Court
12 is within the sole discretion of the Court. Any attorneys' fees and expenses
13 awarded by the Court shall be paid from the Settlement Fund to Lead Counsel on
14 the first business day after entry of the Order awarding such attorneys' fees and
15 expenses and entry of the Judgment, notwithstanding the existence of any timely
16 filed objections thereto or to the Settlement, or potential for appeal therefrom, or
17 collateral attack on the Fee and Expense Application, the Settlement, or any part
18 thereof. Lead Counsel shall allocate any Court awarded attorneys' fees and
19 expenses.

20 6.3 In the event that the Effective Date does not occur, or the Judgment
21 or the order making the Fee and Expense Award is reversed or modified, or the
22 Stipulation is canceled or terminated for any other reason, and in the event that
23 the Fee and Expense Award has been paid to any extent, then Lead Counsel shall
24 within ten (10) business days from receiving notice from Defendants' counsel or
25 from a court of appropriate jurisdiction, refund (less the deductions provided in
26 ¶¶ 2.8) to the Settlement Fund the fees and expenses previously paid to Lead

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1 Counsel from the Settlement Fund, plus interest thereon at the same rate as earned
2 by the Settlement Fund in an amount consistent with such reversal or
3 modification. Lead Counsel receiving fees and expenses, agree as a condition of
4 receiving such fees and expenses, that they are subject to the jurisdiction of the
5 Court for the purpose of enforcing this paragraph.

6 6.4 The procedure for and the allowance or disallowance by the Court
7 of any applications by Lead Counsel for attorneys' fees and expenses, to be paid
8 out of the Settlement Fund, are not part of the Settlement set forth in this
9 Stipulation, and are to be considered by the Court separately from the Court's
10 consideration of the fairness, reasonableness, and adequacy of the Settlement set
11 forth in this Stipulation, and any order or proceeding relating to the Fee and
12 Expense Application, or any appeal from any order relating thereto or reversal or
13 modification thereof, shall not operate to terminate or cancel this Stipulation, or
14 affect or delay the finality of the Judgment approving the Stipulation and the
15 Settlement of the Litigation set forth herein.

16 6.5 The Defendants and the other Released Defendant Parties shall have
17 no responsibility for, or liability with respect to, the payment of any Fee and
18 Expense Award to Lead Counsel out of the Settlement Fund.

19 6.6 The Defendants and the other Released Defendant Parties shall have
20 no responsibility for the allocation of any Fee and Expense Award among Lead
21 Counsel and/or any other Person who may assert some claim thereto, and the
22 Defendants and the other Released Defendant Parties take no position with
23 respect to such matters.

24 **7. CONDITIONS OF SETTLEMENT, EFFECT OF DISAPPROVAL,**
25 **CANCELLATION OR TERMINATION**

1 7.1 The Effective Date of this Stipulation shall be the date when all of
2 the following shall have occurred and is conditioned on the occurrence of all of
3 the following events:

- 4 (a). Preliminary approval of the Settlement by the District Court;
- 5 (b). Regulus has not exercised its option to terminate the Settlement
6 pursuant to the provisions of the Stipulation or Supplemental
7 Agreement;
- 8 (c). District Court approval of the Settlement contemplated by the
9 Stipulation;
- 10 (d). Entry of a Judgment substantially in the form of **Exhibit B**
11 attached hereto, or such other substantially similar form agreed
12 to by the Settling Parties; and
- 13 (e). The Judgment becoming Final.

14 7.2 Upon the occurrence of all of the events referenced in ¶ 7.1 hereof,
15 any and all remaining interest or right of Defendants in or to the Settlement Fund,
16 if any, shall be absolutely and forever extinguished. If all of the conditions
17 specified in ¶ 7.1 hereof are not met, then the Stipulation shall be canceled and
18 terminated subject to ¶ 7.5 hereof unless Lead Counsel and counsel for
19 Defendants mutually agree in writing to otherwise proceed with the Stipulation.

20 7.3 Defendants shall have the option in their sole discretion to terminate
21 the Settlement in the event that Persons who purchased more than a certain
22 amount of shares of Regulus common stock during the Class Period choose to
23 exclude themselves from the Settlement Class, as set forth in a separate
24 agreement executed between Lead Counsel and Defendants' Counsel, which is
25 incorporated by reference into this Stipulation. The Supplemental Agreement
26 will be "Confidential" and will not be filed with the Court unless requested by

1 the Court or unless a dispute among the Settling Parties concerning its
2 interpretation or application arises and, in that event, the parties shall request that
3 the Supplemental Agreement be filed and maintained under seal. In the event of
4 a termination of this Settlement pursuant to the Supplemental Agreement, this
5 Stipulation shall become null and void and of no further force and effect.

6 7.4 Unless otherwise ordered by the Court, in the event the Stipulation
7 shall terminate, or be canceled, or the Effective Date shall not occur for any
8 reason, then within ten (10) business days after written notification of such event
9 is sent by counsel for Defendants or Lead Counsel to the Escrow Agent, the
10 Settlement Fund (including accrued interest), less any expenses and costs
11 reasonably and actually incurred pursuant to ¶ 2.8 and Taxes and Tax Expenses
12 that have been paid pursuant to ¶ 2.9 hereof, shall be refunded by Lead Counsel
13 to the entity or entities that provided the funds, based on their *pro rata*
14 contribution to the Settlement Fund, as indicated in writing to Lead Counsel and
15 the Escrow Agent by Defendants' Counsel. The Escrow Agent or its designee
16 shall apply for any tax refund owed on the Settlement Fund and pay the proceeds,
17 after deduction of any fees or expenses incurred in connection with such
18 application(s) for refund, in a similar *pro rata* manner, pursuant to written
19 instructions from Defendants' Counsel.

20 7.5 In the event that the Stipulation is not approved by the Court or the
21 Settlement set forth in the Stipulation is terminated or fails to become effective
22 for any reason, the Settling Parties shall be deemed to have reverted to their
23 respective status and litigation positions in the Litigation as of the date and time
24 immediately prior to the execution of this Stipulation. In such event, the terms
25 and provisions of the Stipulation shall have no further force and effect with
26 respect to the Settling Parties and shall not be used in this Litigation or in any

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1 other proceeding for any purpose, and any judgment or order entered by the Court
2 in accordance with the terms of the Stipulation shall be treated as vacated, *nunc*
3 *pro tunc*. No order of the Court or modification or reversal on appeal of any order
4 of the Court concerning the Plan of Allocation or the amount of any Fee and
5 Expense Award shall constitute grounds for cancellation or termination of the
6 Stipulation.

7 7.6 Notwithstanding any provision herein to the contrary, if the
8 Effective Date does not occur, or if the Stipulation is terminated pursuant to its
9 terms, neither the Plaintiffs nor Lead Counsel shall have any obligation to repay
10 any amounts actually and properly disbursed pursuant to ¶¶ 2.8 hereof. In
11 addition, any expenses already incurred and properly chargeable pursuant to ¶ 2.8
12 hereof at the time of such termination or cancellation, but which have not been
13 paid, shall be paid by the Escrow Agent in accordance with the terms of the
14 Stipulation prior to the balance being refunded in accordance with ¶¶ 2.10 and
15 7.4 hereof.

16 **8. NO ADMISSION OF WRONGDOING**

17 8.1 The Settling Parties intend this Settlement to be a final and complete
18 resolution of all disputes between them with respect to the Litigation. The
19 Settlement compromises claims that are contested and shall not be deemed an
20 admission by any Settling Party as to the merits of any claim or defense. The
21 Judgment will contain a finding that, during the course of the Litigation, the
22 parties and their respective counsel at all times complied with the requirements
23 of Federal Rule of Civil Procedure 11. The Settling Parties agree that the terms
24 of the Settlement were negotiated in good faith by the Settling Parties and reflect
25 a settlement that was reached voluntarily after consultation with competent legal
26 counsel.

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1 8.2 Whether or not the Settlement is approved by the Court, and whether
2 or not the Settlement is consummated, the fact and terms of this Stipulation,
3 including its exhibits, all negotiations, discussions, drafts, and proceedings in
4 connection with this Settlement, and any act performed or document signed in
5 connection with the Settlement, shall not, in this or any other court,
6 administrative agency, arbitration forum, or other tribunal, constitute an
7 admission of, or evidence of, or be deemed to create any inference of: (i) any acts
8 of wrongdoing or lack thereof; (ii) any liability on the part of any of the
9 Defendants or the Released Defendant Parties to Plaintiffs, the Settlement Class,
10 or anyone else; (iii) any deficiency of any claim or defense that has been or could
11 have been asserted in the Litigation; or (iv) any damages, or lack of damages,
12 suffered by Plaintiffs, the Settlement Class, or anyone else.

13 8.3 The Stipulation and the Settlement contained herein, and any act
14 performed or document executed pursuant to or in furtherance of the Stipulation
15 or the Settlement: (i) is not nor may be deemed to be nor may be used as an
16 admission of, or evidence of, the validity of any Released Claim, or of any
17 wrongdoing or liability of Defendants; and (ii) is not nor may be deemed to be
18 nor may be used as an admission of, or evidence of, any fault or omission of any
19 Defendant in any civil, criminal or administrative proceeding in any court,
20 administrative agency or other tribunal. Defendants and the other Released
21 Parties may file the Stipulation and/or the Judgment in any action that may be
22 brought against them in order to support a defense or counterclaim based on
23 principles of *res judicata*, collateral estoppel, release, good faith settlement,
24 judgment bar or reduction, or any other theory of, without limitation, claim
25 preclusion or issue preclusion or similar defense or counterclaim.

1 9.4 The Settling Parties shall not assert or pursue any action, claim or
2 rights that any party violated any provision of Rule 11 of the Federal Rules of
3 Civil Procedure in connection with the Litigation, the Settlement, the Stipulation
4 or the Supplemental Agreement. The Settling Parties agree that the Litigation
5 was resolved in good faith following arm's-length bargaining.

6 9.5 Lead Counsel represents and warrants that the Plaintiffs are
7 Settlement Class members and none of the Plaintiffs' claims or causes of action
8 against one or more Defendants in the Litigation, or referred to in this Stipulation,
9 or that could have been alleged against one or more Defendants in the Litigation,
10 have been assigned, encumbered or in any manner transferred in whole or in part.

11 9.6 All agreements made and orders entered during the course of the
12 Litigation relating to the confidentiality of information shall survive this
13 Stipulation.

14 9.7 All of the Exhibits to the Stipulation are material and integral parts
15 hereof and are fully incorporated herein by this reference.

16 9.8 This Stipulation shall not be construed more strictly against one
17 Settling Party than another merely by virtue of the fact that it, or any part of it,
18 may have been prepared by counsel for one of the Settling Parties, it being
19 recognized that it is the result of arm's-length negotiations between the Settling
20 Parties and that all Settling Parties have contributed substantially and materially
21 to the preparation of this Stipulation.

22 9.9 The Stipulation may be amended or modified only by a written
23 instrument signed by or on behalf of all Settling Parties or their respective
24 successors-in-interest.

25 9.10 The Stipulation and the Exhibits attached hereto and the
26 Supplemental Agreement constitute the entire agreement among the Settling
27

1 Parties hereto and no representations, warranties, or inducements have been made
2 to any Settling Party concerning the Stipulation, its Exhibits, or the Supplemental
3 Agreement other than the representations, warranties, and covenants contained
4 and memorialized in such documents. Except as otherwise provided herein, each
5 Settling Party shall bear its own costs.

6 9.11 Lead Counsel, on behalf of the Settlement Class, are expressly
7 authorized by Plaintiffs to take all appropriate action required or permitted to be
8 taken by the Settlement Class pursuant to the Stipulation to effectuate its terms
9 and also are expressly authorized to enter into any modifications or amendments
10 to the Stipulation on behalf of the Settlement Class that they deem appropriate.

11 9.12 Each counsel or other Person executing the Stipulation or any of its
12 Exhibits on behalf of any Settling Party hereto hereby warrants that such Person
13 has the full authority to do so.

14 9.13 Any failure by any of the Settling Parties to insist upon the strict
15 performance by any other Settling Party of any of the provisions of the
16 Stipulation shall not be deemed a waiver of any of the provisions hereof, and such
17 Settling Party, notwithstanding such failure, shall have the right thereafter to
18 insist upon the strict performance of any and all of the provisions of this
19 Stipulation to be performed by the other Settling Parties to this Stipulation.

20 9.14 The waiver by one Settling Party of any breach of this Stipulation
21 by any other Settling Party shall not be deemed a waiver of any other prior or
22 subsequent breach of this Stipulation.

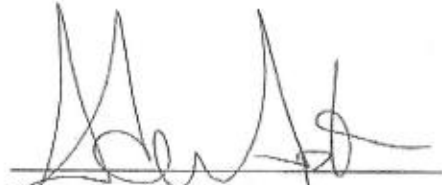
23 9.15 The Stipulation may be executed in one or more counterparts,
24 including by signature transmitted by email in pdf format. All executed
25 counterparts and each of them shall be deemed to be one and the same instrument.
26 A complete set of executed counterparts shall be filed with the Court.

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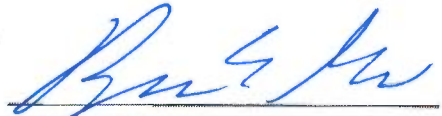
DATED: February 6, 2020



Nicholas I. Porritt
Adam M. Apton
Adam C. McCall
Levi & Korsinsky, LLP

*Counsel for Plaintiffs Mark Appel and
Michael Spitters and Lead Counsel
for the Class*

DATED: February 6, 2020



COOLEY LLP
Koji F. Fukumura
Ryan E. Blair
Craig TenBroeck

Counsel for Defendants

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STIPULATION AND AGREEMENT OF SETTLEMENT

EXHIBIT “A”

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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

IN RE REGULUS THERAPEUTICS
INC. SECURITIES LITIGATION

) Case No. 3:17-cv-00182-BTM-RBB

) **[PROPOSED] ORDER GRANTING**
) **PRELIMINARY APPROVAL OF**
) **SETTLEMENT**

EXHIBIT A

1 WHEREAS, a consolidated securities class action is pending before the
2 Court entitled *In Re Regulus Therapeutics Inc. Securities Litigation*, No. 17-CV-
3 00182 (S.D. Cal.);

4 WHEREAS, Plaintiffs have filed an unopposed motion pursuant to Federal
5 Rule of Civil Procedure 23(e), for an order preliminarily approving the Settlement
6 of this Litigation, in accordance with the Amended Stipulation of Settlement dated
7 as of February 6, 2020 which, together with the Exhibits annexed thereto, sets forth
8 the terms and conditions for a proposed settlement of the Litigation and for
9 dismissal of the Litigation with prejudice upon the terms and conditions set forth
10 therein; and the Court having read and considered the Stipulation and the Exhibits
11 annexed thereto; and

12 NOW, THEREFORE, IT IS HEREBY ORDERED that:

13 1. This Preliminary Approval Order hereby incorporates by reference the
14 definitions in the Stipulation, and all capitalized terms used herein, unless otherwise
15 defined, shall have the same meanings as set forth in the Stipulation.

16 2. The Court does hereby preliminarily approve the Stipulation and the
17 Settlement set forth therein, subject to further consideration at the Final Approval
18 Hearing described below.

19 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure and solely
20 for the purposes of the proposed Settlement, the Court preliminarily certifies the
21 following Settlement Class:

22 **All persons or entities who purchased or otherwise acquired shares of**
23 **the publicly traded common stock of Regulus between February 17, 2016 and**
24 **June 11, 2017, inclusive (the “Class Period”), who allege to have been damaged**
25 **thereby.**

26 Excluded from the Settlement Class are: (i) Defendants; (ii) members of the
27 immediate families of Defendants; (iii) any person who is or was an officer or
28

EXHIBIT A

1 director of Regulus during or after the Class Period; (iv) any entity in which any of
2 the Defendants had or has a controlling interest; and (v) any legal representatives,
3 agents, affiliates, heirs, beneficiaries, successors-in-interest, or assigns of any such
4 excluded party in their capacity as such. Also excluded from the Settlement Class
5 is any Person who validly requests exclusion pursuant to the requirements set forth
6 in the Notice.

7 4. For purposes of the Settlement only, this Court preliminarily finds and
8 concludes that the Settlement Class is ascertainable and that there is a well-defined
9 community of interest in the questions of law and fact involved affecting the
10 Settlement Class members. For purposes of the Settlement only, the Court finds
11 and concludes that (a) the Persons who are part of the Settlement Class are so
12 numerous that joinder of all such Persons is impracticable; (b) there are questions of
13 law and fact common to the Settlement Class that predominate over any individual
14 questions; (c) the claims of the Plaintiffs are typical of those of the Settlement
15 Class; (d) in negotiating and entering into the Stipulation, Plaintiffs and their
16 counsel have fairly and adequately represented and protected the interests of all
17 Persons who are part of the Settlement Class; and (e) a class action is superior to
18 other available methods for the fair and efficient adjudication of the controversy,
19 considering: (i) the interests of the Persons who are part of the Settlement Class in
20 individually controlling the prosecution of separate actions; (ii) the extent and
21 nature of any litigation concerning the controversy already commenced by Persons
22 who are part of the Settlement Class; (iii) the desirability or undesirability of
23 concentrating the litigation of the claims in this particular forum; and (iv) the
24 difficulties likely to be encountered in the management of the Litigation as a class
25 action.

26 5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure and for
27 purposes of the Settlement only, Lead Plaintiffs Mark Appel and Michael Spitters
28

EXHIBIT A

1 are appointed as class representative and Lead Counsel Levi & Korsinsky, LLP is
2 appointed class counsel.

3 6. The Court finds that: (a) the Stipulation resulted from good faith,
4 arm's-length negotiations; and (b) the Stipulation is sufficiently fair, reasonable and
5 adequate to the Settlement Class members to warrant providing notice of the
6 Settlement to Settlement Class members and holding a Final Approval Hearing.

7 7. If the Stipulation is not approved by the Court or the Settlement is
8 terminated or fails to become effective in accordance with the terms set forth in the
9 Stipulation, this conditional certification shall be vacated without further order of
10 the Court and without prejudice to the right of any party to seek or oppose class
11 certification thereafter.

12 8. A Final Approval Hearing shall be held before this Court on
13 _____, 2020 at _____ a.m./p.m., at the United States District Court,
14 Southern District of California, James M. Carter and Judith N. Keep Courthouse,
15 333 West Broadway, Courtroom 15B, 15th Floor, San Diego, California 92101, for
16 the following purposes: (i) to determine, for purposes of the Settlement only,
17 whether the Court should grant final certification to the Settlement Class pursuant
18 to Federal Rule of Civil Procedure 23; (ii) to determine whether the proposed
19 Settlement of the Litigation on the terms and conditions provided for in the
20 Stipulation is fair, reasonable, and adequate to the Settlement Class and should be
21 approved by the Court; (iii) to determine whether the Judgment, in the form
22 attached as Exhibit B to the Stipulation, should be entered herein; (iv) to rule upon
23 the proposed Plan of Allocation; (v) to rule upon any Fee and Expense Application;
24 and (vi) to consider any other matters that may properly be brought before the Court
25 in connection with the Settlement. The Court may adjourn the Final Approval
26 Hearing without further notice to the Settlement Class members.

EXHIBIT A

1 9. The Court approves, as to form and content, the Notice of Proposed
2 Class Action Settlement (the “Notice”) (annexed hereto as Exhibit A-1), the Proof
3 of Claim and Release form (the “Proof of Claim”) (annexed hereto as Exhibit A-2),
4 and the Summary Notice of Proposed Settlement of Class Action (the “Summary
5 Notice”) (annexed hereto as Exhibit A-3), and finds that the mailing and
6 distribution of the Notice and publishing of the Summary Notice substantially in the
7 manner and form set forth in ¶¶ 9-10 of this Order meet the requirements of Federal
8 Rule of Civil Procedure 23; Section 21D(a)(7) of the Securities Exchange Act of
9 1934, as amended by the Private Securities Litigation Reform Act of 1995, 15
10 U.S.C. § 78u-4(a)(7); the Constitution of the United States (including the Due
11 Process clause); and any other applicable law, and is the best notice practicable
12 under the circumstances and shall constitute due and sufficient notice to all Persons
13 entitled thereto.

14 10. The Court appoints the firm of Analytics Consulting LLC as Claims
15 Administrator to supervise and administer the notice procedure as well as the
16 processing of claims as more fully set forth below:

17 (a) Not later than fourteen (14) days after entry of this Preliminary
18 Approval Order, Lead Counsel shall cause a copy of the Notice and the Proof of
19 Claim, substantially in the forms annexed hereto as Exhibits A-1 and A-2,
20 respectively, to be mailed by first class mail to all Settlement Class members who
21 can be identified with reasonable effort; and Lead Counsel shall cause the Summary
22 Notice to be published once in the national edition of *Investor’s Business Daily* and
23 on a website maintained by the Claims Administrator; and

24 (b) At least seven (7) days prior to the Final Approval Hearing,
25 Lead Counsel shall serve on Defendants’ Counsel and file with the Court proof, by
26 affidavit or declaration, of such mailing and publishing.
27
28

EXHIBIT A

1 11. Nominees who purchased or acquired Regulus' common stock for
2 beneficial owners who are Settlement Class members shall send the Notice and the
3 Proof of Claim to such beneficial owners of Regulus' common stock within thirty
4 (30) days after receipt thereof, or send a list of the names and addresses of such
5 beneficial owners to the Claims Administrator within ten (10) days of receipt
6 thereof in which event the Claims Administrator shall promptly mail the Notice and
7 Proof of Claim to such beneficial owners. A nominee's failure to transmit the
8 Notice and Proof of Claim to a beneficial owner shall not impact whether that
9 beneficial owner is considered a Settlement Class member. Nothing in this Order
10 creates any duties, liabilities, obligations, responsibilities, or rights as between any
11 nominee and any beneficial owner that do not already otherwise exist in contract or
12 by law.

13 12. All Settlement Class members who do not request exclusion from the
14 Settlement Class in the manner stated in this Preliminary Approval Order shall be
15 bound by all determinations and judgments in the Litigation concerning the
16 Settlement, whether favorable or unfavorable to the Settlement Class.

17 13. Any potential Settlement Class member may request to be excluded
18 from the Settlement Class. Such request for exclusion must be mailed in written
19 form by first class mail to the address designated in the Notice for such exclusions,
20 such that it is received no later than thirty-five (35) days prior to the Final Approval
21 Hearing. Such requests shall clearly indicate the name, address, and telephone
22 number of the Person seeking exclusion; the date(s), price(s), and number(s) of
23 shares of all purchases, other acquisitions, and sales of Regulus common stock
24 during the Settlement Class Period; and a statement that the sender requests to be
25 excluded from the Settlement Class in *In Re Regulus Therapeutics, Inc. Securities*
26 *Litigation*, No. 17-CV-00182 (S.D. Cal.), and must be signed by such Person. A
27 request for exclusion shall not be effective unless it provides the required
28

EXHIBIT A

1 information and is made within the time stated above, or the request for exclusion is
2 otherwise accepted by the Court.

3 14. Settlement Class members who wish to participate in the Settlement
4 Fund, in the event the Settlement is approved, shall complete and submit a Proof of
5 Claim in accordance with the instructions contained therein. Unless the Court
6 orders otherwise, all Proof of Claim forms must be submitted no later than one
7 hundred ten (110) days from the date of this Preliminary Approval Order. Any
8 Settlement Class member who does not submit a Proof of Claim within the time
9 provided for shall be barred from sharing in the distribution of the proceeds of the
10 Settlement Fund, unless otherwise determined by Lead Counsel or ordered by the
11 Court. Unless the Settlement Class member requests exclusion from the Settlement
12 as indicated above, a Settlement Class member who does not submit a Proof of
13 Claim form will in all other respects be subject to and bound by the provisions of
14 the Stipulation, the releases contained therein, and the Judgment.

15 15. Any Settlement Class member may enter an appearance at the Final
16 Approval Hearing, individually or through counsel of their own choice, at their own
17 expense. If they do not enter an appearance, Settlement Class members will be
18 represented by Lead Counsel.

19 16. The Court will consider any Settlement Class member's objection to
20 the Settlement, the Plan of Allocation, and/or the application for an award of
21 attorneys' fees or expenses only if such Settlement Class member has (a) served by
22 hand or by mail his, her, or its written objection and supporting papers, such that
23 they are received on or before twenty-one (21) days prior to the Final Approval
24 Hearing, and mailed to Lead Counsel Nicholas I. Porritt, Esq., Levi & Korsinsky
25 LLP, 1101 30th Street, N.W., Suite 115, Washington, DC 20007, and Defendants'
26 Counsel Koji Fukumura, Cooley LLP, 4401 Eastgate Mall, San Diego, CA 92121,
27 and (b) filed said objections and supporting papers with the Clerk of the United
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EXHIBIT A

1 States District Court, Southern District of California, 333 West Broadway, San
2 Diego, CA 92101. Any Settlement Class member who does not make his, her, or its
3 objection in the manner provided shall be deemed to have waived such objection
4 and shall forever be foreclosed from making any objection to the fairness or
5 adequacy of the proposed Settlement as incorporated in the Stipulation, the Plan of
6 Allocation, and/or the Fee and Expense Application, unless otherwise ordered by
7 the Court, but shall otherwise be bound by the Judgment to be entered and the
8 releases to be given. The Court will consider all proper objections even if a
9 Settlement Class member does not attend the Final Approval Hearing. However,
10 Persons wishing to be heard orally in opposition to the Settlement, the Plan of
11 Allocation, and/or the Fee and Expense Application are required to indicate in their
12 written objections their intention to appear at the final Approval Hearing and
13 identify any witnesses they intend to call or evidence they intend to introduce.

14 17. Pending final determination of whether the Settlement should be
15 approved, Lead Counsel, Plaintiffs, and the Settlement Class members, either
16 directly, representatively, or in any other capacity, are barred from commencing or
17 prosecuting any action asserting any Released Claims against any Released
18 Defendant Parties.

19 18. All funds held by the Escrow Agent shall be deemed and considered to
20 be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the
21 Court, until such time as such funds shall be distributed pursuant to the Stipulation
22 and/or further order(s) of the Court.

23 19. All papers in support of the Settlement, the Plan of Allocation, and any
24 Fee and Expense Application shall be filed and served on or before thirty-five (35)
25 days prior to the Final Approval Hearing.

26 20. The Settling Parties may respond to any objection to the Stipulation,
27 the Plan of Allocation, or the Fee and Expense Application, provided that such
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EXHIBIT A

1 response is filed and served no later than seven (7) days prior to the Final Approval
2 Hearing.

3 21. At or after the Final Approval Hearing, the Court shall determine
4 whether the Plan of Allocation and any Fee and Expense Application shall be
5 approved.

6 22. All reasonable expenses incurred in identifying and notifying
7 Settlement Class members, as well as administering the Settlement Fund, shall be
8 paid as set forth in the Stipulation. In the event the Settlement is not approved by
9 the Court, or otherwise fails to become effective, neither Plaintiffs nor Lead
10 Counsel shall have any obligation to repay any amounts actually and properly
11 disbursed from or chargeable to the Settlement Fund.

12 23. The Released Defendant Parties, their counsel, and their insurers shall
13 have no responsibility for, or liability with respect to, the Plan of Allocation or any
14 Fee and Expense Application, and such matters will be considered separately from
15 the fairness, reasonableness, and adequacy of the Settlement.

16 24. Neither the Stipulation nor the Settlement, nor any act performed or
17 document executed pursuant to or in furtherance of the Stipulation or the
18 Settlement: (a) is or may be deemed to be or may be used as an admission of, or
19 evidence of, the validity of any Released Claim, or of any wrongdoing or liability of
20 Defendants; or (b) is or may be deemed to be or may be used as an admission of, or
21 evidence of, any fault or omission of any Defendant in any civil, criminal, or
22 administrative proceeding in any court, administrative agency, or other tribunal.
23 The Released Parties may file the Stipulation and/or the Judgment in any action that
24 may be brought against them in order to support a defense or counterclaim based on
25 principles of *res judicata*, collateral estoppel, release, good faith settlement,
26 judgment bar or reduction, or any other theory of, without limitation, claim
27 preclusion or issue preclusion or similar defense or counterclaim.

EXHIBIT A

1 25. The Court reserves the right to adjourn the date of the Final Approval
2 Hearing without further notice to the Settlement Class members, and retains
3 jurisdiction to consider all further applications arising out of or connected with the
4 proposed Settlement. The Court may approve the Settlement, with such
5 modifications as may be agreed to by the Settling Parties, if appropriate, without
6 further notice to the Settlement Class. If the Settlement is not approved or
7 consummated for any reason whatsoever, this Order shall be rendered null and void
8 to the extent provided by and in accordance with the Stipulation and shall be
9 vacated, and, in such event, all orders entered and releases delivered in connection
10 herewith shall be null and void to the extent provided by and in accordance with the
11 Stipulation. Each party shall be restored to his, her, or its respective position as it
12 existed immediately prior to the execution of the Stipulation.

13

14 IT IS SO ORDERED.

15

16 DATED: _____

THE HONORABLE BARRY TED MOSKOWITZ
UNITED STATES DISTRICT JUDGE

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EXHIBIT “A-1”

EXHIBIT A-1

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

IN RE REGULUS THERAPEUTICS
INC. SECURITIES LITIGATION

Case No. 3:17-cv-00182-BTM-RBB

**NOTICE OF PENDENCY AND
PROPOSED SETTLEMENT OF
CLASS ACTION**

**IF YOU PURCHASED STOCK OF REGULUS THERAPEUTICS INC.
BETWEEN FEBRUARY 17, 2016 AND JUNE 11, 2017, INCLUSIVE,
YOU COULD GET A PAYMENT FROM A CLASS ACTION
SETTLEMENT.**

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

- This Notice describes important rights you may have and important steps you must take if you wish to participate in the Settlement of a class action lawsuit or if you wish to be excluded from the Settlement Class.
- The Settlement, if approved by the Court, will provide **\$900,000** (on average approximately \$0.175 per allegedly damaged share before the deduction of Court-approved fees and expenses) in cash for the benefit of the Settlement Class (described below).
- The Settlement resolves claims by Mark Appel and Michael Spitters (“Plaintiffs”) in a securities class action against Regulus Therapeutics, Inc. (“Regulus”), Joseph P. Hagan, Paul C. Grint and Michael Huang, M.D. (collectively, “Defendants”). Plaintiffs claim that these Defendants made materially false and misleading statements and omissions concerning RG-101, a treatment of hepatitis C, in violation of the Securities Exchange Act of 1934 (“Exchange Act”). Plaintiffs allege that these allegedly material false and misleading statements artificially inflated the price of Regulus’s stock and that the stock price fell when the truth became public, harming investors. Defendants deny all allegations of misconduct. The Court has not decided in favor of either party.
- Plaintiffs, with the assistance of an economic expert, have estimated that if they prevailed on each and every claim they have alleged, damages would be approximately \$46.15 million (approximately \$8.96 per allegedly damaged share). Defendants do not agree on the amount of damages per share, if any, that would be recoverable if the class prevailed at trial. The issues on which the parties disagree are many, but include the extent to which various matters Plaintiffs claim were false or misleading influenced (if at all) the price of Regulus’s common

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NOTICE OF PROPOSED SETTLEMENT

EXHIBIT A-1

stock during the Class Period.

- Court-appointed lawyers for investors (“Lead Counsel”) have litigated this matter on a contingent basis and advanced all expenses incurred on behalf of the Settlement Class. These lawyers will ask the Court for \$225,000 in attorneys’ fees (25% of the Settlement Fund) and reimbursement for expenses of up to \$15,000 for their work litigating the case and negotiating the Settlement. If approved by the Court, these amounts (on average approximately \$0.047 per allegedly damaged share) will be deducted from the \$900,000 settlement. Plaintiffs will also apply for their “reasonable costs and expenses (including lost wages) directly relating to the representation of the class,” not to exceed a combined \$3,500 pursuant to 15 U.S.C. § 78u-4(a)(4). This amount (approximately \$0.00007 per allegedly damaged share) is reimbursement for lost wages due to the representation of the class.
- The Court has not yet approved the Settlement. Payments will be made only if the Court approves the Settlement and after any appeals are resolved. Please be patient.
- Inquiries, other than requests for the Notice, may be made to Lead Counsel for the Class: Nicholas I. Porritt, Esq., Levi & Korsinsky, LLP, 1101 30th Street, N.W., Suite 115, Washington, D.C. 20007, nporritt@zlk.com, (202) 524-4290. You also can contact the Claims Administrator by mail at Analytics Consulting, LLC, PO Box 2002, Chanhassen, MN 55317-2002; by toll free phone at 1-844-913-1257; or by visiting the website www.RegulusSecuritiesLitigation.com to obtain information and forms.
- You may enter an appearance in this action either individually, or through an attorney if you so desire. *If you want to be represented by your own lawyer, you may hire one at your own expense.*
- **Your legal rights are affected whether you act or don’t act. Read this Notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM	Fill out a Proof of Claim and release form and submit it no later than _____, 2020. This is the only way to get a payment if you have a recognized claim.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS	Submit a written request for exclusion no later than _____, 2020. This is the only option that allows you to ever be part of any other lawsuit against the Defendants and related parties about the legal claims in this case. If you exclude yourself, you will get no payment and cannot object or speak at the hearing.
OBJECT TO THE SETTLEMENT	Write to the Court no later than _____, 2020 about why you do not like the proposed Settlement, the proposed Plan of Allocation, or the request for attorneys’ fees and

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EXHIBIT A-1

	reimbursement of litigation expenses. You may still submit a claim form. If the Court approves the Settlement, you will be bound by it.
<p>GO TO A HEARING AND FILE A NOTICE OF INTENTION TO APPEAR</p>	<p>You may ask to speak in Court about the fairness of the Settlement at the hearing on _____, 2020. You may still submit a claim form. If the Court approves the Settlement, you will be bound by it.</p>
<p>DO NOTHING</p>	<p>Get no payment from the Settlement and give up rights to bring an individual action relating to the legal claims in this case.</p>

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BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased or otherwise acquired shares of Regulus' common stock between February 16, 2016 and June 11, 2017, inclusive (the "Class Period"). The Court directed that this Notice be sent to potential Settlement Class members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and any appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

2. What is this lawsuit about?

Regulus is a biopharmaceutical company. During the Class Period, Regulus was developing a drug called RG-101, a microRNA treatment for hepatitis C. Plaintiffs allege that Defendants violated Sections 10(b) and/or Section 20(a) of the Exchange Act by making false or misleading statements relating to RG-101's safety profile and a "significant adverse event" of jaundice that occurred in one of RG-101 clinical studies. Plaintiffs allege that Defendants fraudulently downplayed the possibility that the significant adverse event of jaundice was related to RG-101. Plaintiffs allege that when the truth became public, Regulus' share price fell and shareholders were damaged. Plaintiffs seek money from Defendants.

Defendants deny all allegations, deny that they did anything wrong, deny that any of their statements inflated the price of Regulus's stock, and deny that Plaintiffs or investors suffered damages.

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NOTICE OF PROPOSED SETTLEMENT

EXHIBIT A-1**3. Why is this a class action?**

In a class action, one or more people called Class Representatives (in this case, Plaintiffs Mark Appel and Michael Spitters), sue on behalf of people who have similar claims. All persons with similar claims are Settlement Class members, who together constitute the class. Bringing a case as a class action allows the collective adjudication of many similar claims that might be economically too small to bring in individual actions. One court resolves the issues for all class members, except for those who exclude themselves from the class. Judge Barry Ted Moskowitz of the Southern District of California is overseeing this class action.

4. Why is there a settlement?

Plaintiffs and Defendants vigorously disagree on both liability and the amount of money that could have been won if Plaintiffs prevail at trial. Among other things, the Parties disagree about the following: (1) whether any statement was false or misleading; (2) whether any alleged omitted fact was material; (3) whether there was any wrongdoing on the part of the Defendants; (4) the amount of damages per share, if any, that Plaintiffs would be able to prove at trial; and (5) whether there were any mitigating circumstances which would reduce any or all of the damages alleged by Plaintiffs.

Both sides have agreed to the Settlement to avoid the cost, delay and uncertainty of further litigation. Lead Counsel believe that the Settlement would provide the Settlement Class with significant and certain benefits now and eliminate the risk of no recovery following what would be years of further uncertain litigation, including the resolution of motions to dismiss, a class certification motion, motions for summary judgment, and if summary judgment is not granted to Defendants, a contested trial and likely appeals, with the possibility of no recovery at all. Plaintiffs, in proposing that the Court approve the \$900,000 (nine hundred thousand dollar) settlement as fair, reasonable and adequate to the Settlement Class, has considered, among other factors, Plaintiffs' ability to prevail on the contested factual and legal issues. There is a significant risk that the Court may again dismiss Plaintiffs' claims, or dismiss or limit Plaintiffs' claims prior to or at trial, or on appeal from a jury verdict.

Plaintiffs will file with the Court on or before ____, 2020 a formal motion for approval of the proposed Settlement further discussing the reasons justifying the Settlement.

WHO IS PART OF THE SETTLEMENT?**5. How do I know if I am part of the Settlement?**

The Court directed that, for the purposes of the proposed Settlement, everyone who fits this description is a Settlement Class member: all persons or entities who purchased or otherwise acquired shares of the publicly traded common stock of Regulus between February 17, 2016 and June 11, 2017, inclusive.

6. Are there exceptions to being included?

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NOTICE OF PROPOSED SETTLEMENT

EXHIBIT A-1

1 Yes. Excluded from the Settlement Class are (i) Defendants; (ii) members of the immediate
 2 families of Defendants; (iii) any person who is or was an officer or director of Regulus during or
 3 after the Class Period; (iv) any entity in which any of the Defendants had or has a controlling
 4 interest; and (v) any legal representatives, agents, affiliates, heirs, beneficiaries, successors-in-
 5 interest, or assigns of any such excluded party in their capacity as such. Also excluded from the
 6 Settlement Class is any person or entity who validly requests exclusion pursuant to the
 7 requirements set forth in this Notice.

8 If one of the mutual funds in which you are invested purchased or otherwise acquired Regulus
 9 common stock during the Class Period, that does not make you a Settlement Class member. You
 10 are a Settlement Class member only if you directly purchased or otherwise acquired Regulus
 11 common stock during the Class Period. Contact your broker to see if you purchased or otherwise
 12 acquired Regulus common stock during the Class Period.

13 If you **sold** but did not purchase Regulus common stock during the Class Period, you are not a
 14 Settlement Class member. You are a Settlement Class member only if you **purchased or
 15 otherwise acquired** your shares during the Class Period.

16 **7. What if I am still not sure if I am included?**

17 If you are still not sure whether you are included, you can ask for free help. You can contact the
 18 Claims Administrator by writing to PO Box 2002, Chanhassen MN 55317-2002, by calling the
 19 Claims Administrator toll free at 1-844-913-1257 for more information.

20 **WHAT ARE THE SETTLEMENT BENEFITS?**

21 **8. What does the Settlement provide to class members?**

22 The Settlement, if approved by the Court, will result in a \$900,000 fund, plus any accrued interest
 23 earned thereon (the "Settlement Fund"). Subject to the Court's approval, a portion of the
 24 Settlement Fund will be used to pay claims administration and notice costs and Plaintiffs'
 25 attorneys' fees and expenses. After these deductions to the Settlement Fund have been made, the
 26 amount remaining (the "Net Settlement Fund") will be distributed to Settlement Class members
 27 who send in a valid and timely Proof of Claim and Release form. The \$900,000 fund represents
 28 on average approximately \$0.175 per allegedly damaged share before the deduction of Court-
 approved fees and expenses.

Plaintiffs, with the assistance of an economic expert, have estimated that if they prevailed on each
 and every claim they have alleged, damages for the common stock would be approximately \$46.15
 million (approximately \$8.96 per allegedly damaged share). Defendants disagree with that
 calculation.

9. How will the Settlement be allocated among class members?

The Net Settlement Fund will be distributed to the Settlement Class according to the Plan of
 Allocation.

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund to those
 Settlement Class members who suffered economic losses as a proximate result of the alleged

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EXHIBIT A-1

wrongdoing. Plaintiffs, with the assistance of an economic expert, estimated that damages for the common stock were approximately \$46.15 million. The Plan of Allocation generally measures the amount of loss that a Settlement Class member can claim for purposes of making *pro rata* allocations of the Net Settlement Fund to Settlement Class members who submit valid Proof of Claim and Release forms (the “Authorized Claimants”). The Plan of Allocation is not a formal damage analysis. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.

If the sum total of recognized claims of all Authorized Claimants who are entitled to receive payment out of the Net Settlement Fund is greater than the Net Settlement Fund, each Authorized Claimant shall receive his, her, or its *pro rata* share of the Net Settlement Fund. The *pro rata* share shall be the Authorized Claimant’s recognized claim divided by the total recognized claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

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

For each share of Regulus common stock *purchased or otherwise acquired during the Class Period*, the amount of the claim will be:

CLAIM AMOUNT	SOLD					
	2/17/2016 – 6/27/2016	6/28/2016 – 7/27/2016	7/28/2016 – 1/29/2017	1/30/2017 – 6/11/2017	Sold on or retained beyond 6/12/2017	
PURCHASED	2/17/2016 – 6/27/2016	\$0/share	\$29.64	\$36.06	\$47.46	\$50.16
	6/28/2016 – 7/27/2016	N/A	\$0/share	\$6.42	\$17.82	\$20.52
	7/28/2016 – 1/29/2017	N/A	N/A	\$0/share	\$11.40	\$14.10
	1/30/2017 – 6/11/2017	N/A	N/A	N/A	\$0/share	\$2.70

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1 The amounts listed in the above table represent the per-share declines in the price of Regulus
 2 common stock that occurred on June 28, 2016, July 28, 2016, January 30, 2017, and June 12, 2017.
 3 The Plan of Allocation compensates Authorized Claimants for these declines only because these
 4 declines were statistically significant relative to the overall market on those particular days.
 5 Authorized Claimants will have a recognized loss only if they purchased shares prior to these dates
 6 and held these shares when the per-share declines occurred.

10. How much will my payment be?

7 If you are entitled to a payment, your share of the Net Settlement Fund will depend on the number
 8 of Authorized Claimants. Payments will be calculated on a *pro rata* basis, meaning that the
 9 Settlement Fund (less all administrative costs, including the costs of notice, attorneys' fees and
 10 expenses) will be divided among the Authorized Claimants and distributed accordingly after the
 11 deadline for submission of Proof of Claim forms has passed.

12 Claims which result in payment of less than \$10 will be deemed to be *de minimis* and will not be
 13 issued. No claims will be calculated for any purchase of Regulus' securities to cover a short sale.

14 To the extent that any amount of the Settlement Fund remains after the Claims Administrator has
 15 caused distributions to be made to all Authorized Claimants, whether by reason of uncashed
 16 distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent
 17 efforts to have Authorized Claimants cash their distributions, any balance remaining in the
 18 Settlement Fund six months after the initial distribution of such funds shall be redistributed to
 19 Authorized Claimants who have cashed their initial distributions, after payment of any unpaid
 20 costs or fees incurred in administering the Settlement Fund for such redistribution if Lead Counsel,
 21 in consultation with the Claims Administrator, determines that additional redistributions, after
 22 deduction of any additional fees and expenses that would be incurred with respect to such
 23 redistribution, would be cost-effective. At such time as it is determined that the redistribution of
 24 funds remaining in the Settlement Fund is not cost-effective, the remaining balance in the
 25 Settlement Fund shall be contributed to non-sectarian, not-for-profit 501(c)(3) organization(s), to
 26 be recommended by Lead Counsel and approved by the Court.

HOW CAN YOU RECEIVE A PAYMENT?

11. How can I get a payment?

27 To qualify for a payment, you must send in a Proof of Claim and Release form. A Proof of Claim
 28 and Release form accompanies this Notice. You may also download a Proof of Claim and Release
 form from the Claims Administrator's website, www.RegulusSecuritiesLitigation.com. Read the
 instructions carefully, fill out the Proof of Claim and Release form, include all the documents the
 form asks for, sign it, and mail it postmarked no later than _____, 2020. Any Settlement Class
 member who fails to submit a Proof of Claim and Release by such date shall be forever barred
 from receiving any distribution from the Settlement Fund (unless by order of the Court the deadline
 to submit a Proof of Claim and Release is extended or such Settlement Class member's Proof of
 Claim and Release is accepted), but otherwise shall be bound by all of the terms of the Stipulation
 and the Settlement, including the releases in the Stipulation, and will be permanently barred and
 enjoined from bringing any action against any and all Defendants and Released Parties concerning
 any and all of Plaintiffs' Released Claims.

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NOTICE OF PROPOSED SETTLEMENT

EXHIBIT A-1

12. When would I get my payment?

The Court will hold a hearing on _____, 2020, to decide whether to approve the Settlement. If the Settlement is approved, the Claims Administrator will complete the administration process and determine how much each Authorized Claimant is entitled to receive. Lead Counsel will then seek permission from the Court to distribute the Settlement Amount on a *pro rata* basis to Authorized Claimants. This may take several months.

13. What am I giving up to get a payment?

Unless you exclude yourself, you will remain a Settlement Class member and will be giving up certain rights that you currently have if the Court approves the Settlement. If the Court approves the Settlement, you and all Settlement Class members will release (agreeing never to sue or be part of any other proceeding) all claims against the “Released Defendant Parties” in connection with your acquisition of Regulus stock during the Class Period and which arise out of facts or events that were raised (or could have been raised) in this litigation, except that you will not release claims or actions to enforce the Settlement.

Released Defendant Parties means (1) Defendants, (2) Defendants’ Counsel, (3) with regard to Regulus, all past or present agents, officers, directors, attorneys, accountants, auditors, investment bankers, commercial bankers, underwriters, or other advisors, insurers, co-insurers, reinsurers, partners, limited partners, joint venturers, related or affiliated entities, advisors, employees, affiliates, predecessors, successors, parents, subsidiaries, and assigns for Regulus, and (4) with regard to Paul C. Grint, Joseph P. Hagan, and Michael Huang, each such individual’s spouse, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which Paul C. Grint, Joseph P. Hagan, or Michael Huang has a controlling interest, and each and all of their respective past or present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, and each of Paul C. Grint’s, Joseph P. Hagan’s, and Michael Huang’s present and former attorneys, legal representatives, insureds, and assigns in connection with the Litigation.

Unknown Claims. Your release will extend to claims of which you are not currently aware. Each Settlement Class shall be deemed to have, to the fullest extent permitted by law expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, must have materially affected his or her settlement with the debtor or released party.

If you remain a Settlement Class member, all of the Court’s Orders will apply to you and legally bind you.

EXHIBIT A-1

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue Defendants on your own about the released claims, then you must take steps to exclude yourself—or as it is sometimes referred to, you must “opt out” of the Settlement Class.

14. How do I exclude myself from the proposed Settlement?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you “request exclusion from the Settlement Class in *In Re Regulus Therapeutics Inc. Securities Litigation.*, No. 17-CV-00182 (S.D. Cal.)” Your letter must state the date(s), price(s) and number(s) of shares of all your purchases, acquisitions and sales of Regulus common stock during the Settlement Class Period. In addition, be sure to include your name, address, daytime telephone number and your signature. You must mail your exclusion request **postmarked no later than _____, 2020** to the Claims Administrator at:

Analytics Consulting, LLC
PO Box 2002
Chanhassen, MN 55317-2002

You cannot exclude yourself by telephone, by fax or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue Regulus and the other released parties about the released claims in the future.

15. If I do not exclude myself, can I sue Regulus, Defendants or the other released parties later for the released claims?

No. Unless you exclude yourself, you give up any rights to sue Defendants and the other Released Defendant Parties, or to enforce any existing judgments against any of the Released Defendant Parties, for any and all released claims. If you have a pending lawsuit against Defendants or the other Released Defendant Parties, speak to your lawyer in that case immediately, to determine if you have to exclude yourself from *this* Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is _____, 2020.

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

No. If you exclude yourself, do not send in a Proof of Claim form to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against Defendants and the other Released Defendant Parties.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

The Court appointed the law firm of Levi & Korsinsky, LLP as Lead Counsel to represent all Settlement Class members. These lawyers are called Lead Counsel. You will **not** be separately charged for these lawyers. You may enter an appearance in this action either individually, or

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EXHIBIT A-1

1 through an attorney if you so desire. If you want to be represented by your own lawyer, you may
2 hire one at your own expense.

3 **18. How will the lawyers be paid?**

4 Lead Counsel are moving the Court to award attorneys' fees from the Settlement Fund in an
5 amount not to exceed twenty-five percent (25%) of the Settlement Fund and for reimbursement of
6 their expenses of approximately \$15,000, plus interest on such fees and expenses at the same rate
7 as earned by the Settlement Fund. Lead Counsel, without further notice to the Settlement Class,
8 may subsequently apply to the Court for fees and expenses incurred in connection with
9 administering and distributing the Settlement proceeds to the Settlement Class members and any
10 proceedings subsequent to the Final Approval Hearing.

11 The attorneys' fees and expenses requested will be the only payment to Lead Counsel for its efforts
12 in achieving the Settlement and for their risk in undertaking this representation on a wholly
13 contingent basis. To date, Lead Counsel has not been paid for its services for conducting this
14 Litigation on behalf of Plaintiffs and the Class nor for its substantial out-of-pocket expenses. The
15 fee requested will compensate Lead Counsel for its work in achieving the Settlement Fund. The
16 Court may, however, award less than this amount. In that case, the difference will remain with the
17 Settlement Fund. Plaintiffs will also apply for their "reasonable costs and expenses (including lost
18 wages) directly relating to the representation of the class," not to exceed a combined \$3,500
19 pursuant to 15 U.S.C. § 78u-4(a)(4). This amount (totaling on average approximately \$0.00007
20 per allegedly damaged share) is reimbursement for lost wages due to the representation of the
21 class.

22 **OBJECTING TO THE SETTLEMENT**

23 **19. How do I tell the Court that I do not like the proposed Settlement?**

24 If you are a Settlement Class member, you can object to the Settlement or any of its terms, the
25 proposed Plan of Allocation, or the application by Lead Counsel for an award of fees and
26 reimbursement of expenses. You may write to the Court setting out your objections. You may give
27 reasons why you think the Court should not approve any or all of the Settlement terms or
28 arrangements and submit any documentation you believe is appropriate. The Court will only
consider your views if you file a proper objection within the deadline identified and according to
the following procedures.

To object, you must send a signed letter or other court submission stating that you object to the
Settlement in *In Re Regulus Therapeutics Inc. Securities Litigation*, No. 17-CV-00182 (S.D. Cal.).
You must include your name, address, telephone number, and your signature, identify the date(s),
price(s) and number(s) of shares of all purchases and sales of the Regulus' shares you made during
the Class Period, and state the reasons why you object to the Settlement. Your objection must be
filed with the Court and served on all the following counsel so that **it is actually received, not
merely postmarked, on or before _____, 2020:**

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NOTICE OF PROPOSED SETTLEMENT

EXHIBIT A-1

COURT:

Clerk of the Court
United States District Court Southern District of California
333 West Broadway, Suite 420
San Diego, CA 92101

PLAINTIFFS' LEAD COUNSEL:

Nicholas Porritt, Esq.
LEVI & KORSINSKY, LLP
1101 30th Street NW, Suite 115
Washington, D.C. 20007

COUNSEL FOR THE DEFENDANTS:

Koji F. Fukumura, Esq.
COOLEY LLP
4401 Eastgate Mall
San Diego, CA 92121

THE COURT'S SETTLEMENT HEARING

20. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you cannot object because the case no longer affects you.

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

The Court will hold a Final Approval Hearing at ____ a.m./p.m. on _____, 2020, at the United States District Court for the Southern District of California, James M. Carter and Judith N. Keep United States Courthouse, 333 West Broadway, Courtroom 15B- 15th Floor, San Diego, CA 92101. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. At the Final Approval Hearing, the Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the application of Lead Counsel for attorneys' fees, and reimbursement of expenses. The Court will take into consideration any written objections. The Court may change the date and time of the Final Approval Hearing. Please check with Lead Counsel before coming to be sure that the date and/or time has not changed.

22. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have, but you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but attendance is not mandatory. The Settlement Class members do not need to appear at the hearing or take any other action to indicate their approval.

23. May I speak at the hearing?

Case No. 3:17-cv-00182-BTM-RBB

NOTICE OF PROPOSED SETTLEMENT

EXHIBIT A-1

1 If you object to the Settlement, you may ask the Court for permission to speak at the Final Approval
 2 Hearing. To do so, you must include with your objection (see Question 19 above) a statement
 3 stating that it is your “Notice of Intention to Appear in *In Re Regulus Therapeutics Inc. Securities*
 4 *Litigation*, No. 17-CV-00182 (S.D. Cal.)” Settlement Class members who intend to object to the
 5 Settlement, the Plan of Allocation, or Lead Counsel’s application for an award of attorneys’ fees
 6 and reimbursement of expenses, and desire to present evidence at the Final Approval Hearing must
 include in their written objections the identity of any witnesses they propose to call to testify and
 any exhibits they intend to offer into evidence at the Final Approval Hearing. You cannot speak at
 the hearing if you excluded yourself from the Settlement Class or if you have not provided written
 notice of your intention to speak at the Final Approval Hearing by the deadline identified.

IF YOU DO NOTHING

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 8 24. What happens if I do nothing at all?

9 If you do nothing, you will get no money from this Settlement and, unless you exclude yourself,
 10 you will not be able to start a lawsuit, continue with a lawsuit or be part of any other lawsuit against
 11 Defendants or the Released Defendant Parties about the claims being released in the Settlement.
 12 All Settlement Class members who do not submit valid and timely Proof of Claim forms shall be
 forever barred from receiving any payments from the Settlement, but will in all other respects be
 subject to and bound by the provisions of the Stipulation and any Order and Final Judgment
 entered.

GETTING MORE INFORMATION

13
 14 25. Are there more details about the proposed Settlement?

15 This notice summarizes the proposed Settlement. More details are in a Stipulation of Settlement
 16 dated as of February 6, 2020 (the “Stipulation”). You may obtain a copy of the Stipulation by
 17 contacting Nicholas Porritt, Esq., Levi & Korsinsky, LLP, 1101 30th Street, N.W., Suite 115,
 18 Washington, D.C. 20007, (202) 524-4290. You also can contact the Claims Administrator by mail
 19 at Analytics Consulting, LLC, PO Box 2002, Chanhassen, MN 55317-2002; by toll free phone at
 1-844-913-1257; or by visiting the website www.RegulusSecuritiesLitigation.com to obtain
 information and forms. The pleadings and other court filings are available for inspection at the
 Office of the Clerk of the United States District Court for the Southern District of California, 333
 West Broadway, Suite 420, San Diego, CA 92101, during regular business hours.

20 **DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

SPECIAL NOTICE TO NOMINEES

21 If you hold Regulus common stock pursuant to a transaction that took place within the United
 22 States within the Class Period, as nominee for a beneficial owner, then you must either: (1) send a
 23 copy of this Notice by first-class mail to all such persons or entities within thirty (30) days of
 24 receipt of this Notice: or (2) provide a list of the names and addresses of such persons or entities
 to the Claims Administrator at _____ within ten (10) days of receipt of this Notice.

25 If you choose to mail this Notice and the Proof of Claim and Release yourself, you may obtain
 26 from the Claims Administrator (without cost to you) as many additional copies of these documents
 as you will need to complete the mailing.

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28 **NOTICE OF PROPOSED SETTLEMENT**

EXHIBIT A-1

1 Regardless of whether you choose to complete the mailing yourself or elect to have the mailing
2 performed for you, you may obtain reimbursement for or advancement of reasonable
3 administrative costs actually incurred or expected to be incurred in connection with forwarding
4 this Notice, and which would not have been incurred but for the obligation to forward this Notice,
5 upon submission of appropriate documentation to the Claims Administrator.

6 Dated:

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

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28 NOTICE OF PROPOSED SETTLEMENT

EXHIBIT “A-2”

EXHIBIT A-2

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

Case No. 3:17-CV-00182-BTM-RBB

IN RE REGULUS THERAPEUTICS
INC. SECURITIES LITIGATION

CLASS ACTION

PROOF OF CLAIM AND RELEASE FORM

THIS FORM MUST BE POSTMARKED BY _____, 2020

**IF YOU PURCHASED OR OTHERWISE ACQUIRED REGULUS THERAPEUTICS
INC. (“REGULUS”) COMMON STOCK BETWEEN FEBRUARY 17, 2016 AND JUNE 11,
2017, INCLUSIVE, YOU MAY BE A SETTLEMENT CLASS MEMBER ENTITLED TO
RECOVERY. YOU MUST COMPLETE THIS FORM TO RECEIVE PAYMENT AS
PART OF THE CLASS ACTION SETTLEMENT.**

I. GENERAL INSTRUCTIONS

A. To recover as a Settlement Class member based on your claims in the action entitled
In Re Regulus Therapeutics Inc. Securities Litigation, No. 17-CV-00182 (S.D. Cal.) (the
“Litigation”), you must complete and, on page ____ hereof, sign this Proof of Claim and Release.
If you fail to file a properly addressed Proof of Claim and Release (as set forth in paragraph C
below), your claim may be rejected and you may be precluded from any recovery from the
Settlement Fund created in connection with the proposed Settlement of the Litigation.

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PROOF OF CLAIM

EXHIBIT A-2

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

3 C. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM
4 AND RELEASE **POSTMARKED ON OR BEFORE** _____, 2020, ADDRESSED TO
5 THE CLAIMS ADMINISTRATOR AS FOLLOWS: _____.

6 **You will bear all risks of delay or non-delivery of your claim.** If you are NOT a
7 Settlement Class member (as defined in the “Notice of Pendency and Proposed Settlement of Class
8 Action”), DO NOT submit a Proof of Claim and Release form.

9 D. If you are a Settlement Class member, you are bound by the terms of any judgment
10 entered in the litigation, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND
11 RELEASE.

12 **II. CLAIMANT IDENTIFICATION INSTRUCTIONS**

13 A. The “Settlement Class” is defined as all persons and entities that purchased or
14 otherwise acquired shares of the publicly traded common stock of Regulus Therapeutics Inc.
15 between February 17, 2016 and June 11, 2017, inclusive (the “Class Period”), who allege to have
16 been damaged thereby. Excluded from the Settlement Class are: (i) Defendants; (ii) members of
17 the immediate families of Defendants; (iii) any person who is or was an officer or director of
18 Regulus during or after the Class Period; (iv) any entity in which any of the Defendants had or has
19 a controlling interest; and (v) any legal representatives, agents, affiliates, heirs, beneficiaries,
20 successors-in-interest, or assigns of any such excluded party in their capacity as such. Also
21 excluded from the Settlement Class is any Person who validly requests exclusion. The Settlement
22 Class shall be certified for purposes of this Settlement only. If you fall under the definition of a
23 Settlement Class member, follow the below instructions.

24 B. If you purchased Regulus common stock and held the certificate(s) in your name,
25 you are the beneficial owner as well as the record owner. If, however, the certificate(s) were
26

EXHIBIT A-2

1 registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial
2 owner and the third party is the record owner.

3 C. Use Section IV of this form entitled “Claimant Identification” to identify each
4 owner of record (“nominee”), if different from the beneficial owner of Regulus common stock
5 which forms the basis of this claim.

6 D. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL OWNERS,
7 OR THE LEGAL REPRESENTATIVE OF SUCH OWNERS, OF THE REGULUS COMMON
8 STOCK UPON WHICH THIS CLAIM IS BASED.

9 E. A separate claim must be filed for each type of account or ownership (i.e.,
10 individual account, IRA account, joint account, custodial account, etc.). Joint tenants or UGMA
11 custodians should file a single claim.

12 F. All joint owners must sign this claim. Executors, administrators, guardians,
13 conservators and trustees must complete and sign this claim on behalf of persons represented by
14 them. Documentation establishing their authority must accompany this claim and their titles or
15 capacities must be stated.

16 G. The Social Security or Taxpayer Identification number and telephone number of
17 the beneficial owner may be used in verifying the claim. Failure to provide the foregoing
18 information could delay verification of your claim or result in rejection of the claim.

19 **III. TRANSACTION SCHEDULE INSTRUCTIONS**

20 A. Use Section V of this form entitled “Schedule of Transactions in Regulus Common
21 Stock” to supply all required details of your transaction(s) in Regulus common stock. If you need
22 more space or additional schedules, attach separate sheets giving all of the required information in
23 substantially the same form. Sign and print or type your name and Social Security or Taxpayer
24 Identification number on each additional sheet.

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PROOF OF CLAIM

EXHIBIT A-2

1 B. List each transaction in the Class Period separately and in chronological order, by
2 trade date (not the “settlement” date), beginning with the earliest. You must accurately provide the
3 month, day and year of each transaction you list.

4 D. The price per share, paid or received, should be exclusive of all commissions, taxes,
5 fees and other charges.

6 E. **Copies of broker confirmation slips or monthly statements of your**
7 **transactions in Regulus common stock must be attached to your claim.** If such documents are
8 not in your possession, please obtain equivalent contemporaneous documents from your broker or
9 financial advisor. A complete list of acceptable supporting documentation can be found at the
10 Claims Administrator’s website: www.RegulusSecuritiesLitigation.com. Failure to provide this
11 documentation could delay verification of your claim or result in rejection of your claim.

12 F. If your trading activity during the Class Period exceeds 50 transactions, you must
13 provide, in electronic file, all purchase and sale information required in the Schedule of
14 Transactions. For a copy of instructions and parameters concerning such a submission, contact the
15 Claims Administrator by toll-free phone at 1-844-913-1257, or via the website at
16 www.RegulusSecuritiesLitigation.com.

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EXHIBIT A-2

IV. CLAIMANT IDENTIFICATION

Please Type or Print

Beneficial Owner's Name *(as it appears on your brokerage statement)*

Joint Beneficial Owner's name *(as it appears on your brokerage statement)*

Street Address

City

State

Zip Code

Foreign Province

Foreign Country

Social Security Number or
Taxpayer Identification Number

OR

Tax Payer Identification Number

Specify one of the following:

- Individual/Sole Proprietor
- Joint Ownership
- Corporation
- UGMA Custodian
- IRA
- Partnership
- Pension Plan
- Estate
- Trust
- IRA
- Other: _____

Area Code & Telephone Number (day)

Area Code & Telephone Number (evening)

Record Owner's Name and Address *(if different from beneficial owner listed above)*

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PROOF OF CLAIM

EXHIBIT A-2

V. SCHEDULE OF TRANSACTIONS IN REGULUS COMMON STOCK

A. Separately list each and **every purchase** of Regulus common stock during the period February 17, 2016 **through** June 11, 2017, inclusive and provide the following information (*must be documented*):

Trade Date (list chronologically) Month/Day/Year	Number of Shares Purchased	Price per Share (excluding commissions, taxes and fees)

B. Separately list each and **every sale** of Regulus common stock during the period February 17, 2016 **through** June 11, 2017, inclusive and provide the following information (*must be documented*):

Trade Date (list chronologically) Month/Day/Year	Number of Shares Sold	Price per Share (excluding commissions, taxes and fees)

C. State the total number of shares of Regulus common stock owned at the close of trading on June 11, 2017, (*if none, enter "0"; if other than zero, must be documented*): _____

D. Please check applicable box:

I certify that the submitting party is **not** an ERISA plan

I/We certify that the submitting party is an ERISA plan and has complied with the applicable ERISA exemption

If you need additional space, attach the required information on separate, numbered sheets in the same format as above and print your name and Social Security or Taxpayer Identification number at the top of each additional sheet.

EXHIBIT A-2

YOU MUST READ THE RELEASE AND SIGN ON PAGE 10

VI. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I/We submit this Proof of Claim and Release under the terms of the Amended Stipulation of Settlement described in the Notice (the “Stipulation”). I/We hereby acknowledge that I/we submit to the jurisdiction of the United States District Court for the Southern District of California with respect to my/our claim as a Settlement Class member(s), for purposes of enforcing the release set forth in any judgments or orders which may be entered in the Litigation. I agree to furnish additional information to Lead Counsel to support this claim if required to do so. I/we have not submitted any other claim covering the same purchases or sales of Regulus common stock during the Class Period and know of no other person having done so on my/our behalf.

VII. RELEASE

A. I/We hereby warrant and represent that I/we have read the Notice, Proof of Claim and Release, and the Stipulation and understand that, pursuant to ¶ 4.2 of the Stipulation and through operation of the final judgment to be entered by the Court, I/we shall have fully and finally relinquished all Released Claims against the Released Defendant Parties as set forth in ¶ 4.2 of the Stipulation and the defined terms set forth therein. I/We further acknowledge and agree that I am/we are bound by and subject to the terms of any judgment that may be entered in the Litigation, including without limitation, the release of claims against the Released Defendant Parties as set forth in ¶ 4.2 of the Stipulation and the defined terms set forth therein.

B. “Released Claims” means all actions, suits, claims, demands, rights, liabilities, damages, costs, restitution, rescission, interest, attorneys’ fees, expert or consulting fees, expenses, matters and issues known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, liquidated or unliquidated, matured or unmatured, accrued or unaccrued, apparent or unapparent, whether concealed or hidden, and causes of action of every nature and description, including both known claims and Unknown Claims, that have been or that might have been asserted by any Releasing Plaintiff Party against any of the Released Defendant Parties, arising

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PROOF OF CLAIM

EXHIBIT A-2

1 out of, relating to, based upon, or in connection with: (a) any purchase, acquisition, sale, or holding
2 of Regulus publicly traded common stock during the Class Period; and (b) any facts, claims,
3 matters, allegations, activities, transactions, events, disclosures, representations, statements, acts,
4 or omissions or failures to act that were alleged, set forth, referred to, or that could have been
5 alleged in the Litigation against the Released Defendant Parties. Released Claims does not include
6 claims relating to the enforcement of the Settlement.

7 D. This release shall be of no force or effect unless and until the Court approves the
8 Stipulation and the Stipulation becomes effective on the Effective Date (as defined in the
9 Stipulation).

10 E. I/We hereby warrant and represent that I/we have not assigned or transferred or
11 purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this
12 release or any other part or portion thereof.

13 F. I/We hereby warrant and represent that I/we have included information about all of
14 my/our transactions in Regulus common stock which occurred during the Class Period.

15 **VIII. CERTIFICATION**

16 UNDER THE PENALTY OF PERJURY, I/WE CERTIFY THAT:

17 A. The number shown on this form is my correct Social Security or Taxpayer
18 Identification number.

19 B. I/We certify that I am/we are NOT subject to backup withholding under the
20 provisions of Section 3406 (a)(1)(C) of the Internal Revenue Code.

21 **NOTE:** If you have been notified by the Internal Revenue Service that you are subject to
22 backup withholding, you must cross out the word “NOT” in the sentence above.

23 C. I/We declare under penalty of perjury under the laws of the United States of
24 America that the foregoing information supplied by the undersigned and any supporting
25 documents attached hereto are true, correct and complete to the best of my/our knowledge,
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28 **PROOF OF CLAIM**

EXHIBIT A-2

information and belief, and that this Proof of Claim and Release was executed this _____ day
of _____, in _____, _____
(Month/Year) (City) (State/Country)

Signature of Claimant

(Print your name here)

Signature of Joint Claimant, if any

(Print your name here)

Signature of person signing on behalf of Claimant

(Print your name here)

Capacity of person signing on behalf of Claimant,
if other than an individual, (e.g., Executor,
President, Custodian, etc.)

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

Reminder Checklist:

1. Remember to sign the above release and declaration.
2. Remember to attach only **copies** of acceptable supporting documentation, a complete list of which can be found on the Claims Administrator’s website.
3. Do not send originals of securities certificates.
4. Keep copies of the completed claim form and documentation for your own records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested, or its equivalent. **You will bear all risks of delay or non-delivery of your claim.**

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PROOF OF CLAIM

EXHIBIT A-2

6. If your address changes in the future, or if these documents were sent to an old or incorrect address, please send us **written** notification of your new address.
7. If you have any questions or concerns regarding your claim, please contact the Claims Administrator at: www.RegulusSecuritiesLitigation.com.

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EXHIBIT “A-3”

1 UNITED STATES DISTRICT COURT
2 FOR THE SOUTHERN DISTRICT OF CALIFORNIA
3

4 Case No. 3:17-CV-00182-BTM-RBB

5 IN RE REGULUS THERAPEUTICS
6 INC. SECURITIES LITIGATION
7

**SUMMARY NOTICE OF
PROPOSED CLASS ACTION
SETTLEMENT AND
MOTION FOR ATTORNEYS'
FEES AND EXPENSES**

8
9 **TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE**
10 **ACQUIRED SHARES OF THE PUBLICLY TRADED COMMON STOCK**
11 **OF REGULUS THERAPEUTICS INC. BETWEEN FEBRUARY 17, 2016**
12 **THROUGH JUNE 11, 2017, INCLUSIVE.**
13

14 **YOU ARE HEREBY NOTIFIED**, pursuant to an Order of the United States
15 District Court for the Southern District of California, that Mark Appel and Michael
16 Spitters (collectively “Plaintiffs”), on behalf of themselves and a certified class, and
17 Regulus Therapeutics, Inc., Joseph P. Hagan, Paul C. Grint and Michael Huang,
18 (collectively, “Defendants”), have reached a proposed settlement in the above-
19 captioned case (the “Litigation”) in the amount of \$900,000 in cash (the “Settlement
20 Amount”) that would resolve all claims in the Litigation.¹
21

22 A hearing will be held on _____, 2020, at ____:00 __.m., before the
23 Honorable Barry Ted Moskowitz at the United States District Court of the Southern
24 _____

25 ¹ The complete terms of the Settlement are in the Amended Stipulation and
26 Agreement of Settlement, dated February 6, 2020 (the “Stipulation”), which can be
27 viewed at www.RegulusSecuritiesLitigation.com. All capitalized terms used, but
28 not defined in this Summary Notice, shall have the same meaning as in the
Stipulation.

1 District of California, James M. Carter and Judith N. Keep United States
2 Courthouse, 333 West Broadway, Courtroom 15B, San Diego, CA 92101, to
3 determine: (1) whether the Settlement should be approved by the Court as fair,
4 reasonable, and adequate; (2) whether the proposed plan to distribute the Settlement
5 Amount, and any interest thereon, less Court-awarded attorneys' fees, notice and
6 administration costs, taxes, and any other deduction approved by the Court (the
7 "Net Settlement Fund") should be approved as fair, reasonable, and adequate; (3)
8 whether the application for an award of attorneys' fees of \$250,000 and
9 reimbursement of expenses of not more than \$15,000 and a payment not to exceed
10 a combined \$3,500 to each of the two class representatives for their reasonable costs
11 and expenses should be approved; and (4) whether the Litigation should be
12 dismissed on the merits with prejudice as set forth in the Stipulation. The Court
13 may change the date of the hearing without providing another notice.

14

15 If you have not received the detailed Notice of Pendency and Proposed Settlement
16 of Class Action (the "Notice") and Proof of Claim and Release Form, you may
17 obtain them free of charge at www.RegulusSecuritiesLitigation.com or by contacting the
18 Claims Administrator, by mail at: Analytics Consulting, LLC, PO Box 2002,
19 Chanhassen, MN 55317-2002.

20

21 If you purchased or otherwise acquired shares of Regulus common stock, from
22 February 17, 2016 through June 11, 2017, inclusive, ***your rights may be affected***
23 ***by the Settlement***. As further described in the Notice, ***you will be bound by any***
24 ***Judgment entered in the Litigation***, whether or not you make a claim, unless you
25 exclude yourself from the Settlement Class, in the manner set forth in the Notice,
26 no later than _____, 2020.

27

28

1 allegations of misconduct. The Settlement, if approved by the Court, will provide
2 \$900,000 (on average approximately \$0.175 per allegedly damaged share before
3 the deduction of Court-approved fees and expenses) in cash for the benefit of the
4 Settlement Class. Plaintiffs and members of the Settlement Class will release
5 (agreeing never to sue or be part of any other proceeding) all claims against the
6 “Released Defendant Parties,” as defined the Stipulation, in connection with their
7 acquisition of Regulus stock during the Class Period and which arise out of facts or
8 events that were raised (or could have been raised) in the Litigation.

9

10 Plaintiffs, with the assistance of an economic expert, estimate that if Plaintiffs
11 prevailed on each claim alleged in the Litigation, damages for the common stock
12 would be approximately \$46.15 million (on average approximately \$8.96 per
13 allegedly damaged share). Defendants do not agree on the amount of damages per
14 share, if any, that would be recoverable if the class prevailed at trial.

15

16 Court-appointed lawyers for investors have litigated this matter on a contingent
17 basis and advanced all expenses incurred on behalf of the Class. These lawyers will
18 ask the Court for \$225,000 in attorneys’ fees (25% of the Settlement Fund) and
19 reimbursement for expenses of up to \$15,000 for their work litigating the case and
20 negotiating the Settlement. If approved by the Court, these amounts (totaling on
21 average approximately \$0.047 per allegedly damaged share) will be deducted from
22 the \$900,000 settlement. The Plaintiffs will also apply for their “reasonable costs
23 and expenses (including lost wages) directly relating to the representation of the
24 class,” not to exceed a combined \$3,500 pursuant to 15 U.S.C. § 78u-4(a)(4). This
25 amount (totaling on average approximately \$0.00007 per allegedly damaged share)
26 is reimbursement for lost wages due to the representation of the class.

27

28

1 Inquiries, other than requests for the Notice, may be made to Lead Counsel for the
2 Class: Nicholas I. Porritt, Esq., Levi & Korsinsky, LLP, 1101 30th Street, N.W.,
3 Suite 115, Washington, D.C. 20007, nporritt@zlk.com, (202) 524-4290. You can
4 also contact the Claims Administrator by mail at Analytics Consulting, LLC, PO
5 Box 2002, Chanhassen, MN 55317-2002; by toll free phone at 1-844-913-1257; or
6 by visiting the website www.RegulusSecuritiesLitigation.com to obtain
7 information and forms.

8
9 You may enter an appearance in this action either individually, or through an
10 attorney if you so desire. *If you want to be represented by your own lawyer, you*
11 *may hire one at your own expense.*

12
13 **INQUIRIES SHOULD NOT BE DIRECTED TO THE COURT, THE**
14 **CLERK’S OFFICE, DEFENDANTS, OR DEFENDANTS’ COUNSEL.**

15
16 **DATED:** _____, 2020

17
18 **BY ORDER OF THE UNITED STATES**
19 **DISTRICT COURT FOR THE SOUTHERN**
20 **DISTRICT OF CALIFORNIA**

EXHIBIT “B”

EXHIBIT B

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**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

IN RE REGULUS THERAPEUTICS,
INC. SECURITIES LITIGATION

Case No. 3:17-cv-00182-BTM-RBB

**[PROPOSED] FINAL JUDGMENT
AND ORDER OF DISMISSAL
WITH PREJUDICE**

This matter came before the Court for hearing pursuant to the Order of this Court, dated ____, on the motion of Plaintiffs for final approval of the Settlement set forth in the Amended Stipulation of Settlement dated February 6, 2020 (the “Stipulation”). Due and adequate notice having been given to the Settlement Class as required in said Order, and the Court having considered all papers filed and proceedings had herein, and otherwise being fully informed in the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

Case No. 3:17-cv-00182-BTM-RBB

[Proposed] Final Judgment

EXHIBIT B

1 but if that does not happen, no portion of the Settlement Fund will revert to
2 Defendants. If any amounts remain in the Settlement Fund (after payment of all
3 notice and claim administration expenses, necessary taxes and tax expenses,
4 attorneys' fees and expenses, and eligible claims, including after the upward
5 adjustments of eligible claims), the amount remaining in the Settlement Fund will
6 be distributed pursuant to the *cy pres* doctrine to the Investor Protection Trust with
7 specific directions that such funds be used for investor education, or such other
8 organization as the Court directs.

9 7. Upon the Effective Date hereof, Plaintiffs, each and every Settlement
10 Class member and any other person or entity who has the right, ability, standing, or
11 capacity to assert, prosecute, or maintain on behalf of any Settlement Class member
12 any of the Released Claims (or to obtain the proceeds of any recovery therefrom),
13 shall be deemed to have, and by operation of this Judgment shall have, fully, finally,
14 and forever released, relinquished, discharged, and dismissed all Released Claims
15 (including Unknown Claims) against the Released Defendant Parties, whether or not
16 such member of the Settlement Class executes and delivers the Proof of Claim and
17 Release, seeks or obtains a distribution from the Net Settlement Fund, is entitled to
18 receive a distribution under the Plan of Allocation, or has objected to the Settlement,
19 the Plan of Allocation, or Lead Counsel's Fee and Expense Application. The
20 Settling Parties acknowledge, and the Settlement Class members shall be deemed by
21 operation of this Judgment to acknowledge, that the inclusion of Unknown Claims
22 in the definition of Released Claims and the waiver of the provisions, rights, and
23 benefits of Section 1542 of the California Civil Code, were separately bargained for
24 and are key elements of the Settlement of which the release in this paragraph is a
25 material and essential part.

26 8. Upon the Effective Date, Plaintiffs and all Settlement Class members

27 Case No. 3:17-cv-00182-BTM-RBB

28 [Proposed] Final Judgment

EXHIBIT B

1 and anyone claiming through or on behalf of any of them, are forever barred and
2 enjoined from commencing, instituting, or continuing to prosecute any action or
3 proceeding in any court of law or equity, arbitration tribunal, administrative forum,
4 or other forum of any kind, asserting any of the Released Claims (including
5 Unknown Claims) against any of the Released Defendant Parties; provided,
6 however, that nothing herein shall in any way restrict or impair the rights of any
7 Settling Party to enforce the terms of the Stipulation and Settlement.

8 9. Upon the Effective Date, each of the Defendants shall be deemed to
9 have, and by operation of this Judgment shall have, fully, finally, and forever
10 released, relinquished and discharged Plaintiffs, the Settlement Class members, and
11 Lead Counsel from all claims (including Unknown Claims) arising out of, relating
12 to, or in connection with the institution, prosecution, assertion, settlement, or
13 resolution of the Litigation or the Released Claims; provided, however, that nothing
14 herein shall in any way restrict or impair the rights of any Settling Party to enforce
15 the terms of the Stipulation and Settlement.

16 10. The mailing and distribution of the Notice of Proposed Class Action
17 Settlement and publishing of the Summary Notice of Proposed Settlement of Class
18 Action, including the individual notice to all Settlement Class members who could
19 be identified through reasonable effort, was the best notice practicable under the
20 circumstances. Said notice provided the best notice practicable under the
21 circumstances of those proceedings and of the matters set forth therein, including
22 the proposed Settlement set forth in the Stipulation, to all Persons entitled to such
23 notice, and said notice fully satisfied the requirements of Federal Rule of Civil
24 Procedure 23; Section 21D(a)(7) of the Securities Exchange Act of 1934, as
25 amended by the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-
26 4(a)(7); the Constitution of the United States (including the Due Process clause); and

27 Case No. 3:17-cv-00182-BTM-RBB

28 [Proposed] Final Judgment

EXHIBIT B

1 any other applicable law.

2 11. Any Plan of Allocation submitted by Lead Counsel or any order entered
3 regarding Lead Counsel’s Fee and Expense Application shall in no way disturb,
4 affect, or delay the entry of this Judgment and shall be considered separate from this
5 Judgment.

6 12. Neither the Stipulation nor the Settlement, nor any act performed or
7 document executed pursuant to or in furtherance of the Stipulation or the Settlement:
8 (a) is or may be deemed to be or may be used as an admission of, or evidence of, the
9 validity of any Released Claim, or of any wrongdoing or liability of the Defendants;
10 or (b) is or may be deemed to be or may be used as an admission of, or evidence of,
11 any fault or omission of any Defendant in any civil, criminal, or administrative
12 proceeding in any court, administrative agency, or other tribunal. The Released
13 Parties may file the Stipulation and/or the Judgment from this action in any action
14 that may be brought against them in order to support a defense or counterclaim based
15 on principles of *res judicata*, collateral estoppel, release, good faith settlement,
16 judgment bar or reduction, or any theory of claim preclusion or issue preclusion or
17 similar defense or counterclaim.

18 13. Without affecting the finality of this Judgment in any way, this Court
19 hereby retains continuing jurisdiction over (a) implementation of the Settlement and
20 any award or distribution of the Settlement Fund, including interest earned thereon;
21 (b) disposition of the Settlement Fund; (c) hearing and determining applications for
22 attorneys’ fees, interest, and reimbursement of expenses in the Litigation; and (d) all
23 parties hereto for the purpose of construing, enforcing, and administering the
24 Stipulation.

25 14. The Court finds that during the course of the Litigation, the Settling
26 Parties and their respective counsel at all times prosecuted and defended the

EXHIBIT B

1 Litigation in good faith and at all times complied with the requirements of Federal
2 Rule of Civil Procedure 11.

3 15. In the event that the Settlement does not become effective in accordance
4 with the terms of the Stipulation or in the event that the Settlement Fund, or any
5 portion thereof, is returned to the Defendants except as provided for in the
6 Stipulation, then this Judgment shall be rendered null and void to the extent provided
7 by and in accordance with the Stipulation and shall be vacated, and, in such event,
8 all orders entered and releases delivered in connection herewith shall be null and
9 void to the extent provided by and in accordance with the Stipulation.

10 16. The Court hereby dismisses the Litigation and all Released Claims of
11 Plaintiffs and the Settlement Class with prejudice, without costs as to any Settling
12 Party. There is no reason for delay in the entry of this Final Judgment and Order of
13 Dismissal with prejudice and immediate entry by the Clerk of the Court is expressly
14 directed pursuant to Rule 54 of the Federal Rules of Civil Procedure.

15
16
17 IT IS SO ORDERED.

18 DATED: _____
19 HON. BARRY TED MOSKOWITZ
20 UNITED STATES DISTRICT JUDGE
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27 Case No. 3:17-cv-00182-BTM-RBB

28 [Proposed] Final Judgment