

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____	X	
HOWARD LEVINE, Individually and On Behalf of	:	Civil Action No. 1:06-cv-14324-RJH
All Others Similarly Situated,	:	
	:	<u>CLASS ACTION</u>
Plaintiff,	:	
	:	
vs.	:	
	:	
ATRICURE, INC., et al.,	:	
	:	
Defendants.	X	

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED ATRICURE, INC. (“ATRICURE” OR THE “COMPANY”) COMMON STOCK PURSUANT AND/OR TRACEABLE TO ATRICURE’S INITIAL PUBLIC OFFERING ON OR ABOUT AUGUST 5, 2005, THROUGH AND INCLUDING FEBRUARY 16, 2006, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

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

Securities Involved: AtriCure common stock purchased pursuant and/or traceable to AtriCure’s initial public offering during the period from August 5, 2005 through February 16, 2006, inclusive (the “Class Period”). If you purchased AtriCure common stock during the Class Period, you may be a member of the class (the “Class”) entitled to share in the settlement proceeds. ***Please read this Notice carefully for further important details.***

Settlement Amount: \$2,000,000 in cash plus interest (the “Settlement Fund”). Your recovery from the Settlement Fund will depend on the number of shares of AtriCure common stock you purchased during the Class Period, and the timing of your sales, if any, of such AtriCure shares. Depending on the number of claims filed and allowed, and when Class Members purchased their AtriCure shares, the estimated average recovery per share will be approximately \$0.43. **Please Note: This average is only an estimate, and is before deduction of Court-approved fees and expenses.**

The Lawsuit: The settlement described in this Notice (the “Settlement”) resolves class action litigation (the “Action” or “Litigation”) over allegations as to whether the registration statement and prospectus for AtriCure’s initial public offering on or about August 5, 2005 contained material misrepresentations and/or omissions concerning the fact that the Cleveland Clinic, where a significant number of procedures using AtriCure products were being performed, was an investor in the Company and that doctors from the Cleveland Clinic had been paid consultants to the Company, and whether these alleged misrepresentations and omissions caused the price of AtriCure common stock to be inflated, causing financial injury to members of the Class. See Question 2 below for more information. All defendants in the case (the “Defendants”) have denied, and continue to deny, all allegations of wrongdoing and violations of law alleged in this Action.

Attorneys’ Fees and Expenses: Co-Lead Counsel have litigated this class action on a contingent fee basis and have conducted the Litigation and advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Class, they would receive fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation. Court-appointed Co-Lead Counsel will apply to the Court for attorneys’ fees not to exceed 33-1/3% of the Settlement Fund plus expenses not to exceed \$100,000, plus interest earned on both amounts at the same rate earned on the Settlement Fund, all to be paid from the Settlement Fund. If the above amounts are requested and approved by the Court, the average cost per damaged share for attorneys’ fees and expenses will be approximately \$0.17, providing an average net recovery of \$0.26. Please note that this amount is only an estimate.

Deadlines:

Submit Claim:	April 21, 2011
Request Exclusion from the Class:	April 21, 2011
File Objections to the Settlement:	May 13, 2011
Court Hearing on Fairness of Settlement:	May 27, 2011

More Information:

AtriCure Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100
1-888-222-2848

Co-Lead Counsel:

Samuel H. Rudman, Esq.
David A. Rosenfeld, Esq.
Robbins Geller Rudman & Dowd LLP
58 South Service Road, Suite 200
Melville, NY 11747
Telephone: (631) 367-7100

David Kessler, Esq.
**Barroway Topaz Kessler
Meltzer & Check, LLP**
280 King of Prussia Road
Radnor, PA 19087
Telephone: (610) 667-7706

Your legal rights may be affected whether you act or do not act. Please read this Notice carefully.

Statement of Recovery

A total of 4.6 million shares of AtriCure common stock were sold by AtriCure in its initial public offering, and potentially damaged. Plaintiffs estimate that if valid claim forms for all damaged shares are submitted, the average payment recovery per damaged share will be \$0.43 before deducting attorneys’ fees, costs, and expenses, as approved by the Court. A Class Member’s actual recovery will depend on: (1) the number of claims filed; (2) when Class Members purchased their AtriCure shares and the price paid for such shares; (3) whether Class Members sold their AtriCure shares and, if so, when; (4) administrative costs, including the costs of notice; and (5) the amount awarded by the Court for attorneys’ fees and expenses. Distributions to Class Members will be made based on the Plan of Allocation set forth in this Notice or other plan of allocation as may be ordered by the Court. See Plan of Allocation set forth in Question 9 below.

The Circumstances of the Settlement

The principal reason for Plaintiffs’ consent to the Settlement is to provide an immediate benefit to the Class. While Co-Lead Counsel believe that Plaintiffs’ claims had merit, they also recognize that continued litigation and trial come with risks. The benefit of the present Settlement must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. The claims advanced by the Class in this Litigation involve numerous complex legal and factual issues, which would require voluminous discovery and extensive expert discovery and testimony, adding considerably to the expenses and duration of the Litigation. If the Action were to proceed, Plaintiffs would have to overcome significant defenses. Among other things, the Parties disagree about (i) whether Plaintiffs or the Class have suffered damages, (ii) whether the price of AtriCure common stock was artificially inflated by reason of the alleged misrepresentations, omissions, or otherwise, and (iii) whether Plaintiffs or the Class were harmed by the conduct alleged in the Complaint. Even after an extensive investigation, questions remain regarding the extent of Defendants’ potential liability and the extent to which a jury might find them liable, if at all. This Settlement therefore enables the Class to recover without incurring any additional risk or costs. As a result, Plaintiffs believe this Settlement is a fair, reasonable, and adequate recovery for the Class.

The Defendants have denied, and continue to deny, that they have committed any act or omission giving rise to any liability and/or violation of the federal securities laws, and assert that the claims in this case are entirely without merit. Defendants are entering into the Settlement solely to eliminate the burden and expense of further protracted litigation.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM	The only way to receive a payment from the Settlement Fund. The deadline for submitting a claim form is April 21, 2011.
EXCLUDE YOURSELF FROM THE CLASS	Receive no payment from the Settlement Fund. This is the only option that allows you to participate in another lawsuit against the Defendants or the Released Persons concerning the Released Claims as defined in the Settlement. The deadline for filing a request to exclude yourself from the Class is April 21, 2011.
OBJECT	You may write to the Court if you do not like the Settlement, the Plan of Allocation, or Co-Lead Counsel’s request for attorneys’ fees and expenses. The deadline for filing an objection is May 13, 2011.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement. A hearing on the fairness of the Settlement has been scheduled for May 27, 2011.
DO NOTHING	Receive no payment from the Settlement Fund and give up your rights with regard to the claims in this lawsuit.

These rights and options – and the deadlines to exercise them – are explained in this Notice. Please note the date of the Fairness Hearing – currently scheduled for May 27, 2011 – is subject to change without further notice. If you plan to attend the hearing, you should check with Co-Lead Counsel as set forth above, to be sure that no change to the date and time of the hearing has been made.

The Court in charge of this Action still has to decide whether to approve the Settlement. Payments will be made to Class Members only if the Court approves the Settlement and that approval is upheld after any appeals are filed. Please be patient.

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased AtriCure common stock pursuant and/or traceable to AtriCure's initial public offering on or about August 5, 2005, through and including February 16, 2006.

If this description applies to you or someone in your family, such person may be a member of the Class. You have a right to know about the proposed Settlement of this class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

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

2. What Is This Lawsuit About?

On December 11, 2006, a securities class action complaint (the "Complaint") was filed in the United States District Court for the Southern District of New York (the "Court") on behalf of purchasers of AtriCure common stock pursuant and/or traceable to the Company's initial public offering on or about August 5, 2005 through February 16, 2006, inclusive. By Memorandum Opinion and Order dated September 13, 2007, the Court appointed James Duncan and Jackie Byrd Lead Plaintiffs, and approved Lead Plaintiffs' choice of Co-Lead Counsel.

AtriCure and defendants David J. Drachman and Thomas Etergino (the "AtriCure Defendants") filed a motion to dismiss the Complaint on January 23, 2007, which motion was joined by defendants UBS Securities LLC and Piper Jaffray & Co. (the "Underwriter Defendants"). Following briefing, on September 13, 2007, the Court entered the Memorandum Opinion and Order denying the motion to dismiss. The AtriCure Defendants moved for reconsideration of the Court's September 13, 2007 Memorandum Opinion and Order, or in the alternative, to certify the order for interlocutory appeal pursuant to 28 U.S.C. §1292(b) and to stay proceedings pending any such appeal. Plaintiffs opposed the AtriCure Defendants' motion, and on January 29, 2009, the Court denied the motion.

In an effort to resolve the Litigation, the Parties held numerous settlement discussions over the course of several months. Following those discussions between the Parties, the Parties reached an agreement-in-principle to settle the Litigation on the terms set forth in a Stipulation of Settlement dated October 22, 2010 (the "Stipulation").

3. Why Is This Action a Class Action?

In a class action, one or more individuals and/or entities called class representatives (in this case the Court-appointed Lead Plaintiffs, James Duncan and Jackie Byrd (collectively with Howard Levine, "Plaintiffs")), prosecute their claims on behalf of individuals and entities who have similar claims. All of these individuals and entities who have similar claims are referred to collectively as a Class, or individually as Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. Judge Richard J. Holwell of the United States District Court for the Southern District of New York is in charge of the Litigation.

4. Why Is There a Settlement?

In order to avoid the cost and risks of further litigation and trial, both sides have agreed to a settlement. As explained above, Plaintiffs and Co-Lead Counsel believe the Settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you may be entitled to receive money from this Settlement, you first have to determine if you are a Class Member.

5. How Do I Know if I Am Part of the Settlement?

The Class includes all Persons who purchased the common stock of AtriCure pursuant and/or traceable to AtriCure's initial public offering on or about August 5, 2005, through and including February 16, 2006, except those persons and entities that are excluded, as described below.

6. Who is Not Included in the Class?

Excluded from the Class are Defendants, members of the immediate family of each of the Defendants, any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or of which he or it is a beneficiary, and the legal representatives, agents, heirs, successors-in-interest, or assigns of any such excluded party. Also excluded from the Class are all persons and entities who act to exclude themselves from the Settlement by timely requesting exclusion in accordance with the requirements set forth herein.

If you sold AtriCure common stock during the period from August 5, 2005 through February 16, 2006, inclusive, that sale does not make you a member of the Class. You may be a member of the Class only if you purchased AtriCure common stock during the Class Period.

If one of your mutual funds purchased or owns AtriCure common stock, that purchase by one of your mutual funds does not make you a member of the Class.

7. What if I Am Still Not Sure if I Am Included?

If you are still not sure whether you are included, you can ask for free help. You can call the Claims Administrator, Gilardi & Co. LLC, at 1-888-222-2848, for more information. Or you can fill out and return the claim form described in Questions 9 and 10 below to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU RECEIVE

8. What Does the Settlement Provide?

Defendants have agreed to create a \$2,000,000 cash Settlement Fund. The balance of this fund, after payment of Court-approved attorneys' fees and expenses, and the costs of notice and claims administration (the "Net Settlement Fund"), will be divided among Class Members who submit timely and valid claim forms ("Authorized Claimants") pursuant to a Court-approved Plan of Allocation described below.

9. How Much Will My Payment Be?

Each person or entity claiming to be an Authorized Claimant shall be required to submit a separate Proof of Claim and Release form ("Proof of Claim") signed under penalty of perjury and supported by such documents as specified in the Proof of Claim as are reasonably available to the Authorized Claimant. If you are entitled to a payment, your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim submitted by other Class Members, the number of shares of AtriCure common stock you purchased during the period from August 5, 2005 through February 16, 2006, inclusive, the price you paid, and whether and when you sold your AtriCure common stock. By following the Plan of Allocation described herein, you can calculate your "Recognized Claim." The Claims Administrator will distribute the Net Settlement Fund according to the Plan of Allocation after the deadline for submission of Proofs of Claim has passed and all claims have been reviewed and processed.

All Proofs of Claim must be postmarked not later than April 21, 2011, addressed as follows:

AtriCure Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100

Unless otherwise ordered by the Court, any Class Member who fails to submit a properly completed and signed Proof of Claim within such period, or such other period as may be ordered by the Court, shall be forever barred from receiving any payments pursuant to the Settlement, but will in all other respects be bound by all of the terms of the Settlement, including the terms of the final judgment to be entered in the Action and will be barred from bringing any Released Claim against any Released Persons, including Unknown Claims (as those terms are defined in the Proof of Claim enclosed with this Notice and in the parties' Stipulation, which is available at www.gilardi.com, or through the mail upon request).

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds. Each claimant is deemed to have submitted to the jurisdiction of the Court with respect to the claimant's claim, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that claimant's status as a Class Member and the validity and amount of that claimant's claim. No discovery shall be allowed on the merits of the Litigation.

PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim. Please Note: The Recognized Claim formula, set forth below, is not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total Recognized Claims of all Authorized Claimants (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants. No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash. In addition, no Class Member shall receive more than his, her, or its actual loss on AtriCure common stock purchased during the Class Period.

If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the

distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (a) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, provided that such distributions to any late post-distribution claimants meet all of the other criteria for inclusion in the initial distribution; (b) second, to pay any additional settlement administration fees and expenses, including those of Co-Lead Counsel as may be approved by the Court; and (c) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution, if, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, such second distribution is economically feasible. If after six (6) months following such second distribution, if undertaken, or if such second distribution is not undertaken, any funds remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in this Settlement cash their checks, any such balance shall be distributed as provided by order of the Court made following notice to Defendants.

THE BASIS FOR CALCULATING YOUR RECOGNIZED CLAIM

As stated above, each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants. Recognized Claims are only for those shares of AtriCure common stock purchased during the period between August 5, 2005 and February 16, 2006, inclusive. Recognized Claims for these shares will be computed as follows:

For shares that were purchased during the Class Period and sold prior to the initial corrective disclosure on December 12, 2005, Class Members shall have no actual loss and shall not participate in the Net Settlement Fund. For shares that were purchased during the Class Period and sold at a loss between December 12, 2005 and December 11, 2006, the date of filing of plaintiff's complaint alleging violations of the Securities Act of 1933, actual loss shall be calculated as the purchase price (but in no event more than \$12) less the sale price. For shares that were purchased during the Class Period and still held as of December 11, 2006, actual loss shall be calculated as the difference between the purchase price (but in no event more than \$12) and \$9.51, representing the closing price on December 11, 2006, provided, however, that if such shares were sold subsequent to December 11, 2006, the actual loss shall be calculated as the difference between the purchase price (but in no event more than \$12) and either: (i) \$9.51, or (ii) the sale price, whichever loss is smaller.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No Person shall have any claim against Defendants, Defendants' counsel, Plaintiffs, Plaintiffs' Counsel or the Claims Administrator or other agent designated by Plaintiffs' Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's Proof of Claim. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Settling Parties, or another plan of allocation, without further notice to Class Members.

HOW YOU RECEIVE A PAYMENT – SUBMITTING A CLAIM FORM

10. How Will I Receive a Payment?

To qualify for payment, you must be an eligible Class Member and you must submit a Proof of Claim. A Proof of Claim is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form requests, sign it, and mail it in an envelope addressed to the Claims Administrator, postmarked no later than April 21, 2011. Please retain a copy of everything you mail in case the materials are lost or destroyed during shipping.

11. When Will I Receive My Payment?

The Court will hold a hearing on May 27, 2011 (the "Fairness Hearing"), to decide whether to approve the Settlement as fair, reasonable, and in the best interest of the Class. If the Court approves the Settlement, there may be appeals. It is always uncertain in what manner appeals, if any, will be resolved, and resolving them can take time, perhaps several years. In addition, the Claims Administrator must process all of the Proofs of Claim. The processing of the claims is complicated and will take several months. Please be patient.

12. What Am I Giving Up By Staying in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants or the Released Persons about the Released Claims. It also means that all of

the Court's orders will apply to you and legally bind you, and you will release your claims in this Action against the Defendants. The terms of the release are included in the Proof of Claim that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep the right to sue or continue to sue the Defendants or the Released Persons on your own about the same claims being released in this Settlement, then you must take steps to exclude yourself from the Settlement. This is sometimes referred to as "opting out" of the Class.

13. How Do I Exclude Myself from the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from the Class in *Levine v. AtriCure, Inc., et al.*, Civil Action No. 1:06-cv-14324-RJH. You must include your name, address, telephone number, your signature, and information concerning your purchase(s) of AtriCure common stock during the period from August 5, 2005 through February 16, 2006, inclusive, and your sale(s) of such AtriCure common stock, and the dates of each purchase(s) and sale(s). You must mail your exclusion request so that it is postmarked no later than April 21, 2011 to:

AtriCure Securities Litigation
EXCLUSIONS
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100

Please keep a copy of everything you send by mail, in case it is lost or destroyed during shipping.

You cannot exclude yourself over the phone or by e-mail. If you ask to be excluded from the Class, you are not eligible to receive any payment from the Net Settlement Fund, 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 pursue the claims that are being released in this Settlement.

Defendants shall have the option to terminate the Settlement in the event that members of the Class who would otherwise be entitled to participate in the Class, but who timely and validly request exclusion in accordance with the requirements set forth in this Notice, purchased in the aggregate a certain amount of AtriCure common stock during the Class Period.

14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you exclude yourself, you give up any right to sue the Defendants or the Released Persons for the claims being released by this Settlement. If you have a pending lawsuit relating to the claims being released in the Action against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is April 21, 2011.

15. If I Exclude Myself, Can I Receive a Payment from This Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may sue, continue to sue, or be part of a different lawsuit asserting the claims being released in this Settlement against the Defendants or the Released Persons.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court appointed the law firms of Robbins Geller Rudman & Dowd LLP (f/k/a Coughlin Stoia Geller Rudman & Robbins LLP) and Barroway Topaz Kessler Meltzer & Check, LLP (f/k/a Schiffrin Barroway Topaz & Kessler, LLP) to represent you and the other Class Members. These lawyers are called Co-Lead Counsel. You will not be separately charged for these lawyers beyond your *pro rata* share of any attorneys' fees and expenses awarded by the Court that will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Co-Lead Counsel will apply to the Court for attorneys' fees not to exceed 33-1/3% of the Settlement Fund plus expenses incurred in connection with the Action up to an aggregate amount of \$100,000, plus interest on such amounts at the same rate as earned by the Settlement Fund. Such amount as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Co-Lead Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Co-Lead Counsel have not been paid for their services for conducting this Action on behalf of Plaintiffs and the Class or for their substantial out-of-pocket expenses. The fee requested will compensate Co-Lead Counsel for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may, however, award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Class Member, you can object to the Settlement if you do not like any part of it. To object, you must send a letter saying that you object to the Settlement in *Levine v. AtriCure, Inc., et al.*, Civil Action No. 1:06-cv-14324-RJH and the reasons why you object to the Settlement. Be sure to include your name, address, telephone number, and your signature. You must also include information concerning your purchase(s) of AtriCure common stock during the period from August 5, 2005 through February 16, 2006, inclusive, including the number of shares of AtriCure common stock purchased and/or sold and the dates of each purchase and sale. Any objection to the Settlement **must be received** by each of the following by May 13, 2011:

COURT

Clerk of the Court
United States District Court for the Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

CO-LEAD COUNSEL

Ellen Gusikoff Stewart, Esq.
**Robbins Geller Rudman
& Dowd LLP**
655 West Broadway
Suite 1900
San Diego, CA 92101

David Kessler, Esq.
**Barroway Topaz Kessler
Meltzer & Check, LLP**
280 King of Prussia Road
Radnor, PA 19087

DEFENDANTS' COUNSEL

Douglas M. Kraus, Esq.
**Skadden, Arps, Slate,
Meagher & Flom LLP**
Four Times Square
New York, NY 10036

William J. Sushon, Esq.
O'Melveny & Myers LLP
Times Square Tower
7 Times Square
New York, NY 10036

19. What Is the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you do not like something about the Settlement, the Plan of Allocation, and/or the application for attorneys' fees and expenses. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT FAIRNESS HEARING

20. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold the Fairness Hearing at 10:00 a.m., on May 27, 2011, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, Courtroom 17B. At this hearing, the Court will consider whether the Settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have requested in writing by May 13, 2011 to speak at the hearing. The Court may also consider Co-Lead Counsel's application for attorneys' fees and expenses at this time.

21. Do I Have to Come to the Fairness Hearing?

No. Co-Lead Counsel will answer any questions the Court may have. But, you are welcome to attend the hearing at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as your written objection was received on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not required.

22. May I Speak at the Fairness Hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter stating your intention to appear in *Levine v. AtriCure, Inc., et al.*, Civil Action No. 1:06-cv-14324-RJH. Be sure to include your name, address, telephone number, your signature, and also identify the date(s), price(s), and amount(s) of all purchases of AtriCure common stock you made during the period from August 5, 2005 through February 16, 2006, inclusive, and your sale(s) of such AtriCure common stock. Your notice of intention to appear must be received no later than May 13, 2011, by the Clerk of the Court, Co-Lead Counsel, and Defendants' counsel, at the addresses listed in Question 18. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

23. What Happens if I Do Nothing at All?

If you do nothing, you will receive no money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants or the Released Persons about the same claims being released in this Settlement.

OBTAINING MORE INFORMATION

24. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are contained in the Stipulation. All terms used in this Notice shall have the same meanings as in the Stipulation. You can obtain a copy of the Stipulation or more information about the Settlement by visiting www.gilardi.com or by writing to Co-Lead Counsel listed above in Question 18. You can also obtain a copy of the Stipulation from the Clerk's office at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, during regular business hours.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

If you purchased AtriCure common stock during the period from August 5, 2005 through February 16, 2006, inclusive, as nominee for a beneficial owner, then, the Court has ordered that within ten (10) business days after you receive this Notice, you must either: (1) mail copies of the Notice and Proof of Claim directly to all such beneficial owners; or (2) provide a list of the names and addresses of such beneficial owners to the Claims Administrator, at the following address:

AtriCure Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 5100
Larkspur, CA 94977-5100

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

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

DATED: December 23, 2010

**BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**