

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE CORNERSTONE THERAPEUTICS INC.  
STOCKHOLDER LITIGATION

CONSOLIDATED  
C.A. No. 8922-VCG

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

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF ANY SHARES OF COMMON STOCK OF CORNERSTONE THERAPEUTICS, INC. ("CORNERSTONE" OR THE "COMPANY") WHO HELD OR OWNED ANY SUCH STOCK AT ANY TIME DURING THE PERIOD BEGINNING ON AND INCLUDING SEPTEMBER 15, 2013 THROUGH AND INCLUDING FEBRUARY 3, 2014, INCLUDING ANY AND ALL OF THEIR RESPECTIVE SUCCESSORS-IN-INTEREST, SUCCESSORS, PREDECESSORS-IN-INTEREST, PREDECESSORS, EXECUTORS, REPRESENTATIVES, TRUSTEES, ADMINISTRATORS, ESTATES, HEIRS, ASSIGNS OR TRANSFEREES, IMMEDIATE AND REMOTE, AND ANY PERSON OR ENTITY ACTING FOR OR ON BEHALF OF, OR CLAIMING UNDER, ANY OF THEM, AND EACH OF THEM, TOGETHER WITH THEIR PREDECESSORS-IN-INTEREST, PREDECESSORS, SUCCESSORS-IN-INTEREST, SUCCESSORS, AND ASSIGNS, BUT EXCLUDING DEFENDANTS, MEMBERS OF THE IMMEDIATE FAMILY OF ANY DEFENDANT, ANY ENTITY IN WHICH A DEFENDANT HAS OR HAD A CONTROLLING INTEREST, CORNERSTONE, CHIESI FARMACEUTICI S.P.A., AND CHIESI U.S. CORPORATION (EACH DEFINED BELOW), AND ANY PERSONS WHO WERE OFFICERS OF CORNERSTONE DURING THE CLASS PERIOD (DEFINED BELOW), AND ANY CORNERSTONE STOCKHOLDERS WHO PERFECTED THEIR APPRAISAL RIGHTS, AS WELL AS THE LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS, OR ASSIGNS OF ANY SUCH EXCLUDED PERSONS.

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS ACTION. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS OF THE PROPOSED SETTLEMENT OR PURSUING THE "RELEASED CLAIMS" (DEFINED BELOW).

IF YOU ARE A NOMINEE WHO HELD CORNERSTONE COMMON STOCK FOR THE BENEFIT OF ANOTHER, READ THE SECTION BELOW ENTITLED "NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS."

**PURPOSE OF THIS NOTICE**

The purpose of this Notice is to inform you of the proposed settlement (the "Settlement") of the above-captioned lawsuit (the "Consolidated Action") pending in the Court of Chancery of the State of Delaware (the "Court"). Pursuant to the Settlement, plaintiffs Edwin A. Myruski, James Parker, Daniel T. Blaschak, and David Julier (collectively, "Plaintiffs"), on their own behalf and on behalf of all members of the Class (defined herein), have agreed to dismiss with prejudice their claims against Cornerstone Therapeutics, Inc. ("Cornerstone" or the "Company"), Michael Enright ("Enright"), Christopher Codeanne ("Codeanne"), James A. Harper ("Harper"), Michael Heffernan ("Heffernan"), Laura Shawver ("Shawver") (collectively, the "Special Committee Defendants"), Craig A. Collard ("Collard"), Robert M. Stephan ("Stephan," and together with Collard and the Special Committee Defendants, the "Director Defendants"), Anton Giogio Failla ("Failla"), Marco Vecchia ("Vecchia"), Chiesi Farmaceutici S.p.A. ("Chiesi"), and Chiesi U.S. Corporation ("Merger Sub") (collectively, "Defendants"), which relate to the transaction pursuant to which Cornerstone was acquired for \$9.50 per share in cash by Chiesi and its subsidiary, Merger Sub (the "Transaction"). In consideration of the Settlement, Defendants have agreed to cause the sum of \$17,881,555.20 (the "Settlement Amount" or "Settlement Payment") to be paid for benefit of the Class.

This Notice also informs you of your right to participate in a hearing to be held on January 26, 2017, at 2:30 p.m., before the Court in the Court of Chancery Courthouse, 34 The Circle, Georgetown, Delaware 19947 (the "Settlement Hearing") to (i) consider the proposed Settlement; (ii) determine whether the Class should be finally certified for settlement purposes only with Plaintiffs as Class representatives; (iii) determine whether Plaintiffs and Class Counsel have adequately represented the interests of the Class in the Consolidated Action; (iv) determine whether the Stipulation, and the terms and conditions of the Settlement proposed in the Stipulation, are fair, reasonable, and adequate to Class Members and should be approved by the Court; (v) determine whether the requirements of the Delaware Court of Chancery Rules and due process have been satisfied in connection with the Notice; (vi) determine whether the Order and Final Judgment should be entered dismissing the Consolidated Action and Released Claims with prejudice as against Plaintiffs and the Class, without costs except as provided in the Stipulation, releasing and discharging with respect to Plaintiffs and all Class Members the Released Claims against the Released Parties, and permanently barring and enjoining prosecution of any and all Released Claims in any forum; (vii) hear and rule on any objections to the Settlement; (viii) consider and rule on the Fee Application and any objections thereto; and (ix) rule on other such matters as the Court may deem appropriate.

**BACKGROUND OF THE LAWSUIT**

THE DESCRIPTION OF THE CONSOLIDATED ACTION AND SETTLEMENT THAT FOLLOWS HAS BEEN PREPARED BY COUNSEL FOR THE PARTIES (DEFINED BELOW). THE COURT HAS MADE NO FINDINGS WITH RESPECT TO SUCH MATTERS, AND THIS NOTICE IS NOT AN EXPRESSION OR STATEMENT BY THE COURT OF FINDINGS OF FACT.

1. On September 16, 2013, Cornerstone announced that its Board of Directors (the "Board") had entered into a definitive merger agreement dated September 15, 2013 (the "Merger Agreement"), pursuant to which Chiesi and Merger Sub would acquire the remaining outstanding shares of Company common stock that it did not already own for \$9.50 per share in cash (the "Transaction").

2. On September 18, 2013, Plaintiff Edwin A. Myruski filed a Verified Class Action Complaint in the Court, captioned *Myruski v. Codeanne*, C.A. No. 8922-VCG, alleging, among other things, that the Board, Chiesi, and Merger Sub breached their fiduciary duties in connection with the Transaction.
3. On September 24, 2013, Plaintiff James Parker filed a Verified Class Action Complaint in the Court, captioned *Parker v. Cornerstone Therapeutics, Inc.*, C.A. No. 8941-VCG, alleging, among other things, that the Board, Chiesi, and Merger Sub breached their fiduciary duties in connection with the Transaction, and that Cornerstone aided and abetted such breaches.
4. On October 1, 2013, Plaintiff Daniel T. Blaschak filed a Verified Class Action Complaint in the Court, captioned *Blaschak v. Cornerstone Therapeutics, Inc.*, C.A. No. 8966-VCG, alleging, among other things, that the Board, Chiesi, and Merger Sub breached their fiduciary duties in connection with the Transaction, and that Cornerstone aided and abetted such breaches.
5. On October 2, 2013, Plaintiff David Julier filed a Verified Class Action Complaint in the Court, captioned *Julier v. Cornerstone Therapeutics, Inc.*, C.A. No. 8969-VCG, alleging, among other things, that the Board and Chiesi breached their fiduciary duties in connection with the Transaction, and that Chiesi and Merger Sub aided and abetted such breaches.
6. On October 17, 2013, Cornerstone filed a Preliminary Proxy Statement (the "Preliminary Proxy") and Schedule 13E3 with the United States Securities and Exchange Commission ("SEC") in connection with the Transaction.
7. On October 22, 2013, the Court entered an Order of Consolidation and Appointment of Co-Lead Counsel, which consolidated the *Myruski*, *Parker*, *Blaschak*, and *Julier* actions into a consolidated action (the "Consolidated Action"), and appointed Rigrodsky & Long, P.A., Wolf Popper LLP, Kirby McInerney LLP, and Levi & Korsinsky LLP as Plaintiffs' Co-Lead Counsel.
8. On December 11, 2013, Plaintiffs filed a Verified Consolidated Amended Class Action Complaint ("Amended Complaint") in the Court, alleging that the Board, Chiesi, and Merger Sub breached their fiduciary duties in connection with the Transaction, and that Cornerstone aided and abetted such breaches. Specifically, the Amended Complaint alleged, among other things, that the Transaction was not entirely fair as to price or process; that the Special Committee Defendants lacked independence; that the Transaction was locked up; and the Preliminary Proxy contained material misstatements and omissions.
9. On December 26, 2013, Cornerstone filed a Definitive Proxy Statement (the "Definitive Proxy" and, together with the Preliminary Proxy, the "Proxy") and an amendment to the Schedule 13E3 with the SEC in connection with the Transaction.
10. On January 31, 2014, Cornerstone and the Special Committee Defendants filed a Motion to Dismiss the Amended Complaint.
11. Also on January 31, 2014, Defendants Collard and Stephan filed a Motion to Dismiss the Amended Complaint.
12. On or about February 3, 2014, pursuant to the Merger Agreement, Merger Sub was merged with and into Cornerstone completing the Transaction (the "Closing").
13. On March 20, 2014, the Court entered a Stipulated Scheduling Order governing the briefing on the Motions to Dismiss the Amended Complaint.
14. On April 2, 2014, Cornerstone and the Special Committee Defendants, and Collard and Stephan, filed their respective briefs in support of their Motions to Dismiss the Amended Complaint.
15. On May 2, 2014, Plaintiffs filed their brief in opposition to the moving Defendants' Motions to Dismiss the Amended Complaint.
16. On May 22, 2014, Cornerstone and the Special Committee Defendants, and Collard and Stephan, filed their respective reply briefs in further support of their Motions to Dismiss the Amended Complaint.
17. On June 5, 2014, the Court heard oral argument on the moving Defendants' Motions to Dismiss.
18. On June 17, 2014, the Court entered a Stipulated Order for the Production and Exchange of Confidential Information.
19. On September 9, 2014, the Court issued a Memorandum Opinion granting Cornerstone's Motion to Dismiss the Amended Complaint but denying the Director Defendants' Motions to Dismiss the Amended Complaint.
20. On September 22, 2014, the Director Defendants filed an application for certification of an interlocutory appeal from the Court's September 10, 2014 Memorandum Opinion.
21. On September 26, 2014, the Court heard oral argument on the Director Defendants' application for certification of an interlocutory appeal and, later that day, issued a Letter Opinion and Order granting the Director Defendants leave to appeal from the interlocutory order.
22. On October 1, 2014, the Director Defendants filed a notice of appeal from interlocutory order in the Delaware Supreme Court.

23. On October 9, 2014, the Delaware Supreme Court entered an Order accepting interlocutory appeal.
24. On November 24, 2014, the Director Defendants filed their opening brief in support of their interlocutory appeal in the Delaware Supreme Court.
25. On December 23, 2014, Plaintiffs filed their answering brief in opposition to the Director Defendants' interlocutory appeal in the Delaware Supreme Court.
26. On January 7, 2015, the Director Defendants filed their reply brief in further support of their interlocutory appeal in the Delaware Supreme Court.
27. The Delaware Supreme Court held oral argument on May 6, 2015.
28. Pending the Supreme Court's decision, the Parties agreed to mediate the Consolidated Action and scheduled a mediation conference for May 20, 2015 in New York.
29. On March 9, 2015, pursuant to Plaintiffs' request, the Special Committee's financial advisor in connection with the Transaction, Lazard Frères & Co., LLC ("Lazard"), produced to Plaintiffs over 20,000 pages of confidential documents.
30. On May 14, 2015, the Delaware Supreme Court issued its Opinion reversing the Court's decision denying the Director Defendants' Motions to Dismiss the Amended Complaint and remanding the case to the Court to determine whether Plaintiffs alleged sufficient facts to plead claims that each of the Director Defendants breached their non-exculpated fiduciary duties.
31. Also on May 14, 2015, the Parties submitted their respective mediation statements.
32. On May 20, 2015, the Parties engaged in a one-day in-person mediation session in New York, New York, conducted in good faith with arm's length negotiations under the supervision and with the assistance of a JAMS mediator, which did not result in a resolution of the Consolidated Action.
33. Following the mediation, the Parties continued to engage in negotiations concerning a potential resolution of the Consolidated Action.
34. On June 22, 2015, at Plaintiffs' request, Defendants produced to Plaintiffs additional documents, including, *inter alia*, the Company's financial projections, to assist in the potential resolution of the Consolidated Actions.
35. On October 21, 2015, Bragar Eigel & Squire, P.C. was substituted for Kirby McInerney LLP as counsel for plaintiff Parker and Co-Lead Counsel for the Class.
36. On or around February 11, 2016, the Parties agreed to attend another one-day mediation to potentially resolve the Consolidated Action and scheduled a mediation conference for May 9, 2016 in New York.
37. On March 10, 2016, Plaintiffs' deposed the Chief Financial Officer of Chiesi USA, Inc. (the successor to Cornerstone) ("Chiesi USA"), Amy Diebler, CPA.
38. On May 9, 2016, the Parties engaged in a one-day in-person mediation session in New York, New York, conducted in good faith with arm's-length negotiations under the supervision and with the assistance of a JAMS mediator who had presided over the earlier session in May 2015.
39. On May 9, 2016, with the guidance of the mediator, the Parties reached an agreement-in-principle to settle the Consolidated Action and resolve Plaintiffs' claims on the basis of an agreement by Defendants to create a \$17,881,555.20 settlement fund in exchange for a customary release of claims.
40. On May 18, 2016, the Parties informed the Court by letter that the Parties reached an agreement-in-principle to settle the Consolidated Action.
41. On June 23, 2016, Plaintiffs deposed Mr. Giacomo Chiesi, Chiesi's corporate development manager from 2011 until 2014 and Chiesi USA's business development executive since 2014.
42. Beginning on or around July 6, 2016, at Plaintiffs' request, Defendants produced to Plaintiffs additional documents to confirm that the Settlement (defined below) was fair, reasonable, and adequate to the Company's stockholders.
43. On July 14, 2016, Plaintiffs deposed Defendant Enright, the Chair of the Special Committee of the Cornerstone Board.
44. On October 6, 2016, Plaintiffs deposed Andrew Dickinson, a Managing Director and Head of Life Sciences at Lazard.
45. Throughout the course of the Consolidated Action, Defendants and third parties produced, and Plaintiffs' counsel reviewed, over 20,000 pages of documents, including, *inter alia*, Board and Special Committee meeting minutes, presentations, projected financial information, and emails.

46. Throughout the course of the Consolidated Action, Plaintiffs consulted with their own financial expert.

47. The Court has not finally determined the merits of the claims made by Plaintiffs against, or the defenses of, the Defendants. This Notice does not imply that there has been or would be any finding of violation of the law or that relief in any form or recovery in any amount could be had if the Consolidated Action was not settled.

### **THE SETTLEMENT TERMS**

48. The Settlement of the Consolidated Action has been reached among Plaintiffs, acting in their individual capacities and as representatives of the Class, and Defendants. The terms and conditions of the Settlement are set forth in detail in the Stipulation, which has been filed with the Court. The Settlement is subject to and becomes effective only upon approval by the Court. This Notice includes a summary of various terms of the Settlement, but does not purport to be a comprehensive description of its terms, which are available for review as described below.

49. The Stipulation provides, among other things, that the Settlement Amount has been agreed to and will be paid in consideration for the full and final settlement and dismissal with prejudice of the Consolidated Action and the release of any and all Released Claims, against the Released Parties, and that neither Cornerstone nor any Defendant or other Released Party shall have any obligation to pay or bear any additional amounts, expenses, costs, damages, or fees to or for the benefit of Plaintiffs or any Class Member in connection with the Settlement, including but not limited to attorneys' fees and expenses for any counsel to any Class Member or any former stockholder of Cornerstone or objector pursuant to the Settlement, or any costs of notice or settlement administration or otherwise.

50. If the Court approves the Settlement, each of the following will occur:

a. The Consolidated Action and Released Claims will be dismissed with prejudice on the merits. This dismissal on the merits will be binding as to Plaintiffs and all Class Members.

b. As of the Effective Date, Plaintiffs and all Class Members, on behalf of themselves, and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, agree to fully, completely, finally, and forever release, relinquish, and discharge, and by operation of the Order and Final Judgment shall fully, completely, finally, and forever release, relinquish, and discharge, all Released Claims (as defined below) as against all Released Parties (as defined below) (provided, however, that this release, relinquishment and discharge shall not include claims by the Parties to enforce the terms of the Settlement or Settlement Agreement).

c. As of the Effective Date, Defendants and all Released Parties agree to fully, completely, finally, and forever release, relinquish, and discharge Plaintiffs and Plaintiffs' counsel from all claims, including Unknown Claims, arising out of or relating to the institution, prosecution, settlement, or resolution of the Consolidated Action (provided, however, that this release, relinquishment and discharge shall not include claims by the Parties to enforce the terms of the Settlement or Settlement Agreement).

d. As of the Effective Date, the Released Parties shall be deemed to be released and forever discharged from all of the Released Claims.

e. As of the Effective Date, Plaintiffs and all Class Members, on behalf of themselves, and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, will be forever barred and enjoined from commencing, instituting, maintaining, prosecuting or asserting, either directly or in any other capacity, in any forum, any Released Claims against any of the Released Parties.

f. The \$17,881,555.20 Settlement Amount shall be paid as specified below:

i. Within ten (10) business days after the Court's entry of the Scheduling Order (defined herein), Cornerstone, Chiesi and/or Defendants' insurer(s) shall cause \$400,000 of the Settlement Amount (the "Administration Fund") to be deposited into the Account (defined in paragraph 59(a) below), provided that Class Counsel has timely provided payment instructions and certain other information. The Administration Fund shall be used by Class Counsel or its designees only to pay reasonable and necessary Administrative Costs.

ii. Within ten (10) business days after the Effective Date, Cornerstone, Chiesi and/or Defendants' insurer(s) shall deposit the remaining Settlement Amount (net of the \$400,000 Administration Fund advancement provided for above) into the Account, provided that Class Counsel has timely provided payment instructions and certain other information. The Account shall be administered by a paying agent chosen by Class Counsel (the "Paying Agent") and shall be used (i) to pay any Fee and Expense Award, (ii) to pay Administrative Costs, and (iii) following the payment of the foregoing (i) and (ii), for subsequent disbursement of the Net Settlement Amount to the Settlement Payment Recipients as further described herein.

51. The payments specified in paragraph 50 above will be made by Cornerstone, Chiesi and/or Defendants' insurer(s) on behalf of all Defendants, who shall not be required to personally fund any part of the Settlement Amount. Apart from the payment of the

Settlement Amount as described above, none of Defendants, Cornerstone, or Defendants' insurer(s) shall have any further monetary obligation to Plaintiffs, the Class, any Class Member, Class Counsel, or any other Plaintiffs' counsel.

52. Class Counsel shall be solely responsible for determining whether any taxes of any kind are due on income earned by the Account, for filing any necessary tax returns, and for causing any necessary taxes to be paid. Any such taxes, as well as any expenses incurred by Class Counsel in connection with determining the amount of, and paying, such taxes shall be considered Administrative Costs and shall be paid out of the Settlement Amount.

53. As soon as reasonably practicable after the Effective Date, the Net Settlement Amount will be disbursed by the Paying Agent to the Settlement Payment Recipients and will be allocated on a per-share basis amongst the Settlement Payment Recipients who have submitted to the Paying Agent a valid Proof of Claim by the deadline provided herein based on the number of shares of Cornerstone common stock held by the applicable Settlement Payment Recipient upon the Closing (provided that if a Settlement Payment Recipient held shares of Cornerstone common stock in registered form and has not submitted a letter of transmittal as of the Effective Date, such payment shall be allocated to such Settlement Payment Recipient but will not be remitted until such Settlement Payment Recipient has submitted its letter of transmittal or other satisfactory proof sufficient to determine whether such Class Member is a Settlement Payment Recipient) (the "Initial Distribution"). None of Cornerstone, any of the Defendants, or Defendants' insurer(s) shall have any input, responsibility, or liability for any claims, payments, or determinations by the Paying Agent in respect of Class Member claims for payment under the Settlement. If Plaintiffs and/or the Paying Agent have made reasonable efforts to have Settlement Payment Recipients claim their payments, and the amount of the Net Settlement Amount that remains unclaimed by the Settlement Payment Recipients (the "Unclaimed Amount") exceeds \$100,000 after a period of six (6) months after the Initial Distribution, then the Unclaimed Amount will be re-disbursed by the Paying Agent for payment to all Settlement Payment Recipients, who claimed their payments in the Initial Distribution, on a *pro rata* basis. If, however, after a period of six (6) months after the Initial Distribution, the amount of the Unclaimed Amount is equal to or less than \$100,000, or if any of the Unclaimed Amount remains unclaimed after the re-disbursement described in the preceding sentence, then any such unclaimed amount of the Net Settlement Amount shall be transferred to the Office of the State Escheator for handling in accordance with the laws of interstate escheat.

54. Plaintiffs or their designee shall pay out of the Account any and all costs associated with the allocation and distribution of the Net Settlement Amount (including the costs of any re-distribution of the Net Settlement Amount and the costs associated with any transfer to the Office of the State Escheator).

55. Other than as provided in the Stipulation, Cornerstone, Defendants, Defendants' insurers, and the Released Parties shall have no involvement in, responsibility for, or liability relating to the distribution of the Net Settlement Amount to Class Members. No Class Member shall have any claim against any Plaintiff, Plaintiffs' counsel, Cornerstone, any Defendant, any of the Released Parties, or any of their respective counsel or insurers based on the distributions made substantially in accordance with the Stipulation and/or orders of the Court.

#### **PROOF OF CLAIM**

56. Only Class Members who were beneficial holders of Cornerstone common stock on February 3, 2014, and who received consideration for shares of Cornerstone common stock in the Transaction, are eligible to participate in the distribution of the Net Settlement Amount. Any Class Member who satisfies these criteria and who wishes to participate in the distribution of the Net Settlement Amount, shall submit to the Paying Agent a completed Proof of Claim in the form enclosed herein no later than March 27, 2017. Any Proof of Claim submitted to the Paying Agent after such date may be rejected as untimely.

57. The Settlement and any Order and Final Judgment entered by the Court, including the releases described herein, shall be binding on all Class Members even if (i) they are ineligible to submit a Proof of Claim because they sold their shares prior to the Closing, or (ii) they fail to submit a valid and timely Proof of Claim.

#### **DISMISSAL AND RELEASE**

58. It is the intent of the Parties to the Consolidated Action that the proposed Settlement, if the Court approves it, shall completely, fully, finally, forever, and for all time compromise, settle, release, relinquish, discharge, extinguish, and dismiss on the merits and with prejudice, upon and subject to the terms and conditions set forth in the Stipulation, all rights, claims, and causes of action that are or relate to the Released Claims against any of the Released Parties and that each of the Defendants and each of the other Released Parties shall be deemed to be fully, completely, finally, and forever released and discharged from any and all of the Released Claims.

#### **DEFINITIONS**

59. For purposes of the Settlement:

a. "Account" means an account at Citibank, with Class Counsel (defined herein) as escrow agent, which is to be maintained by the Paying Agent (defined herein) and into which the Settlement Amount shall be deposited. The funds deposited into the Account shall be invested in instruments backed by the full faith and credit of the United States Government or an agency thereof, or if the yield on such instruments is negative, in an account fully insured by the United States Government or an agency thereof.

b. "Administrative Costs" means all costs and expenses associated with providing notice of the Settlement to the Class or otherwise administering or carrying out the terms of the Settlement.

c. "Class" means all persons or entities who held shares of Cornerstone common stock (or any interest therein), either of record or beneficially, for the period from and including September 15, 2013, through and including February 3, 2014 (the "Class Period"), including any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them. Excluded from the Class are Defendants, members of the immediate family of any Defendant, any entity in which a Defendant has or had a controlling interest, Cornerstone, and persons who were officers of Cornerstone during the Class Period, and any Cornerstone stockholders who perfected their appraisal rights, as well as the legal representatives, heirs, successors, or assigns of any such excluded person.

d. "Class Counsel" means Rigrodsky & Long, P.A., Wolf Popper LLP, Levi & Korsinsky LLP, and Bragar Eigel & Squire, P.C.

e. "Class Member" or "Class Members" mean a member or members of the Class.

f. "Effective Date" means the first business day following the date on which all of the conditions set forth in Paragraph 14 of the Stipulation shall have occurred.

g. "Fee and Expense Award" means an award to Class Counsel of fees and expenses to be paid from the Settlement Amount (defined herein) approved by the Court in accordance with the Stipulation and in full satisfaction of any and all claims for attorneys' fees that have been, could be, or could have been asserted by Plaintiffs' counsel or any other counsel for any member of the Class.

h. "Final," when referring to the Order and Final Judgment, means that the Order and Final Judgment has been entered by the Court and one of the following has occurred: (i) the time for the filing or noticing of any motion for reconsideration, appeal, or other review of the Order and Final Judgment has expired without any such filing or notice, or (ii) the Order and Final Judgment has been affirmed in all material respects on an appeal or after reconsideration or other review and is no longer subject to review upon appeal, reconsideration, or other review, and the time for any petition for reconsideration, reargument, appeal, or review of the Order and Final Judgment or any order affirming the Order and Final Judgment has expired; provided, however, that any disputes or appeals relating solely to the amount, payment, or allocation of attorneys' fees and expenses shall have no effect on finality for purposes of determining the date on which the Order and Final Judgment became final, and shall not otherwise prevent, limit, or otherwise affect the Order and Final Judgment or prevent, limit, delay, or hinder the Order and Final Judgment's becoming final.

i. "Final Approval of the Fee Application" shall be deemed to occur on the first business day following the date any award of attorneys' fees and expenses in connection with the Fee Application (defined herein) becomes final and no longer subject to further appeal or review, whether by affirmance on or exhaustion of any possible appeal or review, lapse of time, or otherwise.

j. "Net Settlement Amount" means the Settlement Amount as defined herein less any Fee and Expense Award and Administrative Costs.

k. "Order and Final Judgment" means the Order and Final Judgment to be entered in the Consolidated Action substantially in the form attached as Exhibit D to the Stipulation or as modified by the Court with the written consent of the Parties or as modified by agreement of the Parties in writing.

l. "Parties" means Plaintiffs and Defendants.

m. "Person" means any individual, corporation, partnership, limited liability company, association, affiliate, joint stock company, estate, trust, unincorporated association, entity, government and any political subdivision thereof, or any other type of business or legal entity.

n. "Released Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, requests for injunctive or other equitable relief, decrees, matters, issues and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (defined below), that Plaintiffs or any or all other Class Members ever had, now have, or may have, whether direct, derivative, individual, class, representative, legal, equitable, or of any other type, or in any other capacity, against any of the Released Parties (defined below), whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule (including, but not limited to, any claims under the federal securities laws, including such claims within the exclusive jurisdiction of the federal courts, or state disclosure law or any claims that could be asserted derivatively on behalf of Cornerstone), which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the Transaction, (ii) any deliberations or negotiations in connection with the Transaction, (iii) the consideration received by Class Members or by any other Person in connection with the Transaction, (iv) the Preliminary Proxy, the Definitive Proxy, the Proxy or any other disclosures, public filings, periodic reports, press releases, or other statements issued or filed relating, directly or indirectly, to the Transaction, (v) the fiduciary duties and obligations of the Released Parties in connection with the Transaction, (vi) any of the allegations in any complaint or amendment(s) thereto filed in the Consolidated Action, including in any of its constituent actions, or (vii) any other actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims, or any other matters, things, or causes whatsoever, or any series thereof, that were, could have been, or in the future can or might be alleged, asserted, set forth, claimed, embraced, involved, or

referred to in, or otherwise related, directly or indirectly, in any way to, the Consolidated Action or the subject matter of the Consolidated Action; provided, however, that the Released Claims shall not include claims to enforce the Settlement.

o. Whether or not any or all of the following Persons were named, served with process or appeared in the Consolidated Action, "Released Parties" means (i) Defendants, (ii) any Person in which any or all of Defendants has, had, or will have a controlling interest, (iii) Cornerstone, and (iv) each and all of the foregoing's respective past, present, or future family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, insurers and reinsurers, foundations, agents, employees, fiduciaries, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, insurers, co-insurers, reinsurers, and associates, whether or not any such Released Parties were named, served with process or appeared in the Consolidated Action.

p. "Settlement" means the settlement of the Consolidated Action between and among Plaintiffs, on behalf of themselves and the Class, and Defendants, as set forth in the Stipulation.

q. "Settlement Amount" or "Settlement Payment" means a total of \$17,881,555.20.

r. "Settlement Payment Recipients" means all Class Members who were beneficial holders of Cornerstone common stock on February 3, 2014 (the "Closing"), and who received consideration for shares of Cornerstone common stock in the Transaction, and who submitted a valid claim form in the form enclosed herein (the "Proof of Claim") to the Paying Agent in accordance with the Stipulation.

### **PROCEDURE**

60. If the Stipulation is terminated pursuant to Paragraph 20 thereof, (a) Plaintiffs shall within ten (10) business days cause to be refunded to Chiesi all amounts held in the Account as of the date of termination (*i.e.*, the Administration Fund, plus any interest earned thereon and less any reasonable and necessary Administrative Costs incurred prior to such date), and (b) all of the Parties to the Stipulation shall be deemed to have reverted to their respective litigation status immediately prior to the execution of the Stipulation, and they shall proceed in all respects as if the Stipulation had not been executed (except for Paragraphs 20, 21, and 27 thereof, which shall survive the occurrence of any such event) and the related orders had not been entered, and in that event all of their respective claims and defenses as to any issue in the Consolidated Action shall be preserved without prejudice in any way. Furthermore, in the event of such termination, Plaintiffs and their counsel agree that neither the Stipulation, nor any statements made in connection with the negotiation of the Stipulation, may be used or entitle any Party to recover any fees, costs, or expenses incurred in connection with the Consolidated Action or in connection with any other litigation or judicial proceeding other than as expressly provided in the Stipulation.

61. If the Court approves the Settlement, the Consolidated Action and the Released Claims will be dismissed on the merits with respect to all Released Parties and with prejudice against Plaintiffs and all Class Members. Such release and dismissal will bar the institution or prosecution by any of the Plaintiffs or any Class Member of any other action asserting any Released Claim against any of the Released Parties.

### **RELEASE OF UNKNOWN CLAIMS**

62. The releases contemplated in the Settlement and Stipulation extend to Unknown Claims, as defined in the following paragraph.

63. "Unknown Claims" means any claim that any Plaintiff or any other Class Member does not know or suspect exists in his, her, or its favor at the time of the release of the Released Claims as against the Released Parties, including without limitation those which, if known, might have affected the decision to enter into the Settlement or to object or not to object to the Settlement. With respect to any of the Released Claims, the Parties stipulate and agree that upon the occurrence of the Effective Date, Plaintiffs shall expressly and each Class Member shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived, relinquished, and released, to the full extent permitted by law, any and all provisions, rights, and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

64. Plaintiffs acknowledge, and the Class Members by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of Plaintiffs, and by operation of law the Class Members, to completely, fully, finally and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiffs acknowledge, and the Class Members by operation of law and the Order and Final Judgment shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Released Claims" was separately bargained for and was a material element of the Settlement and was relied upon by each and all of Defendants in entering into the Settlement Agreement.

## **ATTORNEYS' FEES**

65. Plaintiffs' counsel intend to petition the Court for an award of attorneys' fees in an aggregate amount not to exceed 33.33% of the Settlement Amount plus reimbursement of expenses incurred in connection with the Consolidated Action (the "Fee Application"), which petition will be wholly inclusive of any request for attorneys' fees and expenses on behalf of any Class Member, or his, her, or its counsel in connection with the Settlement. Defendants agree not to oppose this request and shall take no position as to the Fee Application. The Parties acknowledge and agree that any attorneys' fees and expenses awarded by the Court in the Consolidated Action to Plaintiffs' counsel shall be paid solely from the Settlement Amount, and that none of Cornerstone, Defendants, or Defendants' insurers shall have any responsibility therefor. The Fee Application shall be the only petition for attorneys' fees and expenses filed by or on behalf of Plaintiffs and Plaintiffs' counsel.

66. Final resolution by the Court of the Fee Application shall not be a precondition to the Settlement or the dismissal of the Consolidated Action in accordance with the Settlement and this Stipulation, and the Fee Application may be considered separately from the Settlement. Neither any failure of the Court or any other court (including any appellate court) to approve the Fee Application in whole or in part, nor any other reduction, modification or reversal of the award order or failure of the award order to become final, shall have any impact on the effectiveness of the Settlement, provide any of the Parties with the right to terminate the Settlement or this Stipulation, or affect or delay the binding effect or finality of the Order and Final Judgment and the release of the Released Claims. Notwithstanding any other provision of this Stipulation, no fees or expenses shall be paid to Plaintiffs' counsel in the absence of the occurrence of Final Approval of the Fee Application.

## **CLASS CERTIFICATION**

67. The Parties agree that Plaintiffs shall request that the Court, in the Order and Final Judgment, finally certify the Class for settlement purposes only pursuant to Court of Chancery Rules 23(a) and 23(b)(1) and/or (b)(2).

## **THE SETTLEMENT HEARING**

68. On November 2, 2016, the Court entered a Scheduling Order on Approval of Class Action Settlement (the "Scheduling Order") providing for, among other things, the mailing of this Notice to the Class Members and the scheduling of the Settlement Hearing.

69. The Settlement Hearing will be held on January 26, 2017, at 2:30 p.m., in the Delaware Court of Chancery in the Court of Chancery Courthouse, 34 The Circle, Georgetown, Delaware 19947 to:

- a. Consider the proposed Settlement;
- b. Determine whether the Class should be conditionally certified for settlement purposes only with Plaintiffs as Class representatives;
- c. Determine whether Plaintiffs and Class Counsel have adequately represented the interests of the Class in the Consolidated Action;
- d. Determine whether the Stipulation, and the terms and conditions of the Settlement proposed in the Stipulation, are fair, reasonable, and adequate to the Class Members and should be approved by the Court;
- e. Determine that the requirements of the Delaware Court of Chancery Rules and due process have been satisfied in connection with the Notice;
- f. Determine whether the Order and Final Judgment should be entered dismissing the Consolidated Action and Released Claims with prejudice as against Plaintiffs and the Class, without costs except as in the Stipulation provided, releasing and discharging with respect to Plaintiffs and all Class Members the Released Claims against the Released Parties, and permanently barring and enjoining prosecution of any and all Released Claims in any forum;
- g. Hear and rule on any objections to the Settlement;
- h. Consider and rule on the Fee Application, and any objections thereto; and
- i. Rule on other such matters as the Court may deem appropriate.

## **RIGHT TO APPEAR AT SETTLEMENT HEARING**

70. Any Class Member who objects to the Stipulation, the Settlement, the certification of the Class, the Order and Final Judgment to be entered, and/or the Fee Application, or who otherwise wishes to be heard, may appear in person or through counsel at the Settlement Hearing and present any evidence or argument that may be proper and relevant. To do so, you must, no later than ten (10) calendar days prior to the Settlement Hearing (unless the Court otherwise directs for good cause shown), serve the following documents on the attorneys listed below: (a) a written notice of the intention to appear; (b) proof of membership in the Class, (c) a detailed summary of the objections to any matter before the Court; (d) the grounds therefor or the reasons for wanting to appear and to be heard; and (e) all documents and writings the Court shall be asked to consider. These papers must be served upon the following attorneys by hand delivery, overnight mail, or electronic filing and service:



Rigrodsky & Long, P.A.  
Brian D. Long  
2 Righter Parkway, Suite 120  
Wilmington, DE 19803

Proctor Heyman Enerio LLP  
Patricia L. Enerio  
300 Delaware Avenue, Suite 200  
Wilmington, DE 19801

Potter, Anderson & Corroon LLP  
Kevin R. Shannon  
1313 North Market Street  
Wilmington, DE 19801

Richards, Layton & Finger, P.A.  
Gregory V. Varallo  
920 North King Street  
Wilmington, DE 19801

71. You must also contemporaneously deliver (or electronically serve) a copy to the Register in Chancery, Court of Chancery, Court of Chancery Courthouse, 34 The Circle, Georgetown, Delaware 19947. Even if you do not appear at the Settlement Hearing, the Court will consider your written submission if it is served and filed in accordance with the foregoing procedures. ANY PERSON WHO FAILS TO OBJECT IN THE MANNER PRESCRIBED ABOVE SHALL BE DEEMED TO HAVE WAIVED SUCH OBJECTION AND SHALL FOREVER BE BARRED FROM RAISING SUCH OBJECTION IN THE CONSOLIDATED ACTION OR ANY OTHER ACTION OR PROCEEDING.

#### **ORDER AND FINAL JUDGMENT OF THE COURT**

72. If the Settlement is approved by the Court, the Parties will promptly request the Court to enter an Order and Final Judgment, which will, among other things:

- a. Certify the Class pursuant to Court of Chancery Rules 23(a) and 23(b)(1) and/or (b)(2);
- b. Approve the Settlement, adjudge the terms of the Settlement to be fair, reasonable, and adequate to the Class, and direct consummation of the Settlement in accordance with the terms and conditions of the Stipulation;
- c. Determine that the requirements of the Court of Chancery Rules and due process have been satisfied in connection with notice to the Class;
- d. Dismiss the Consolidated Action and the Released Claims with prejudice, said dismissal subject only to compliance by the Parties with the terms of the Stipulation and any Order of the Court concerning the Stipulation;
- e. Release, settle, and discharge the Released Parties from and with respect to all Released Claims;
- f. Permanently bar and enjoin Plaintiffs and all other Class Members, and any and all of their respective successors-in-interest, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, from commencing, instituting, maintaining, prosecuting, or asserting, either directly or in any other capacity, in any forum, any Released Claims against any of the Released Parties;
- g. Release, settle, and discharge Plaintiffs and Plaintiffs' counsel from all claims, including Unknown Claims, arising out of or relating to the institution, prosecution, settlement, or resolution of the Consolidated Action (other than claims by the Parties to the Stipulation to enforce the terms of the Stipulation or Settlement); and
- h. Provide that the Order and Final Judgment, including the release of all Released Claims against all Released Parties, shall have *res judicata* and other preclusive effect in all pending and future lawsuits, arbitrations, or other proceedings maintained by or on behalf of, any of the Plaintiffs and all other Class Members, as well as any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them.

#### **SCOPE OF THIS NOTICE AND FURTHER INFORMATION**

73. This Notice does not purport to be a comprehensive description of the Consolidated Action, the allegations or transactions related thereto, the Settlement Amount, the terms of the Stipulation and Settlement, or the Settlement Hearing. For a more detailed statement of the matters involved in this litigation, you may inspect the pleadings, the Stipulation, the Orders entered by the Court, and other papers filed in the Consolidated Action, unless sealed, at the Office of the Register in Chancery, Court of Chancery, Court of Chancery Courthouse, 34 The Circle, Georgetown, Delaware 19947, during regular business hours of each business day. DO NOT WRITE OR TELEPHONE THE COURT. Questions regarding the Settlement should be directed to Plaintiffs' counsel as follows:

Levi & Korsinsky LLP  
Shane Rowley  
30 Broad Street, 24th Floor  
New York, NY 10004  
(212) 363-7500

Bragar Eigel & Squire, P.C.  
J. Brandon Walker  
885 3rd Avenue, Suite 3040  
New York, New York 10022  
(212) 308-5858

Wolf Popper LLP  
Chet B. Waldman  
845 Third Avenue  
New York, NY 10022  
(212) 759-4600

Rigrodsky & Long, P.A.  
Brian D. Long  
2 Righter Parkway, Suite 120  
Wilmington, DE 19803  
(302) 295-5310

**NOTICE TO PERSONS OR ENTITIES HOLDING RECORD OWNERSHIP ON BEHALF OF OTHERS**

74. Brokerage firms, banks, and other persons or entities who are members of the Class in their capacities as record holders, but not as beneficial holders, are requested to send this Notice promptly to beneficial holders. Additional copies of this Notice for transmittal to beneficial holders are available by writing to the Paying Agent, as follows:

IN RE CORNERSTONE THERAPEUTICS INC.  
STOCKHOLDER LITIGATION  
c/o GCG  
PO Box 9349  
Dublin, OH 43017-4249

75. You may also furnish the names and addresses of your beneficial holders in writing to the Paying Agent, which will then be responsible for sending the Notice to such beneficial holders, by sending such names and addresses to the Paying Agent, at the following address:

IN RE CORNERSTONE THERAPEUTICS INC.  
STOCKHOLDER LITIGATION  
c/o GCG  
PO Box 9349  
Dublin, OH 43017-4249

BY ORDER OF THE COURT

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Register in Chancery

Dated: November 2, 2016