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FILED
SAN MATEO COUNTY

APR 24 2020

Clerk of the Superior Court

By  DEPUTY CLERK

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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN MATEO

10 In re MENLO THERAPEUTICS INC.
SECURITIES LITIGATION

Lead Case No. 18CIV06049

CLASS ACTION

12 This Document Relates To:

Assigned for All Purposes to Dept. 16

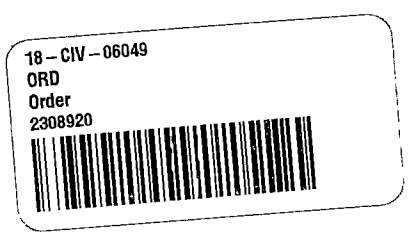
13 ALL ACTIONS.

ORDER PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING FOR
NOTICE

Judge: Honorable Richard H. DuBois

Dept: 16

Date Action Filed: 11/08/18



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1 WHEREAS, on March 26, 2020, the Parties to the above-entitled action (the “Action”)¹ entered
2 into a Stipulation of Settlement (the “Stipulation” or “Settlement”), which is subject to review by this
3 Court and which, together with the exhibits thereto, sets forth the terms and conditions for the
4 Settlement of the claims alleged in the Action; and the Court having read and considered the Stipulation
5 and the accompanying documents; and the Parties to the Stipulation having consented to the entry of
6 this Notice Order; and all capitalized terms used herein having the meanings defined in the Stipulation;

7 NOW, THEREFORE, IT IS HEREBY ORDERED, this 24TH day of APRIL 2020, that:

8 1. The Court preliminarily finds that:

9 (a) the Settlement resulted from informed, extensive arm’s-length negotiations,
10 including mediation among Plaintiffs and the Menlo Defendants under the direction of a very
11 experienced mediator, the Hon. Layn R. Phillips (Ret.);

12 (b) the Settlement is sufficiently fair, reasonable, and adequate to warrant providing
13 notice of the Settlement to the Class; and

14 (c) a Class is certified, pursuant to California Code of Civil Procedure §382, for
15 settlement purposes, consisting of all Persons who purchased or otherwise acquired Menlo common
16 stock pursuant and/or traceable to the Registration Statement and Prospectus issued in connection with
17 Menlo’s January 29, 2018 initial public offering (“IPO”). Excluded from the Class are: the Defendants
18 (meaning, Menlo, the Individual Defendants, and the Underwriter Defendants) and their respective
19 successors and assigns; past and current executive officers and directors of Menlo and the Underwriter
20 Defendants; members of the immediate families of the Individual Defendants; the legal representatives,
21 heirs, successors, or assigns of the Individual Defendants; any entity in which any of the above
22 excluded persons have or had a majority ownership interest; and any person who validly requests
23 exclusion from the Class. The foregoing exclusion shall not cover “Investment Vehicles,” which for
24

25 ¹ As used herein, the term “Parties” means Plaintiffs Pavel Silvestrov and Hugh McKay (“Plaintiffs”),
26 on behalf of themselves and the Class, and Defendants Menlo Therapeutics Inc. (“Menlo” or the
27 “Company”), Steven Basta, Kristine Ball, Paul Berns, Albert Cha, Ted Ebel, David McGirr, Aaron
28 Royston, and Scott Whitcup (collectively, the “Individual Defendants” and with Menlo, the “Menlo
Defendants”), and Jefferies LLC, Piper Sandler & Co. (formerly known as Piper Jaffray & Co.),
Guggenheim Securities, LLC, and JMP Securities LLC (the “Underwriter Defendants”) (all,
collectively, “Defendants”).

1 these purposes shall mean any investment company or pooled investment fund, including, but not
2 limited to, mutual fund families, exchange-traded funds, fund of funds, private equity funds, real estate
3 funds, and hedge funds, in which any Underwriter Defendant or any of its affiliates has or may have a
4 direct or indirect interest or as to which any Underwriter Defendant or any of its affiliates may act as an
5 investment advisor, general partner, managing member, or in other similar capacity, other than an
6 investment vehicle of which the Underwriter Defendant or any of its affiliates is a majority owner or
7 holds a majority beneficial interest and only to the extent of such Underwriter Defendant's or affiliate's
8 ownership or interest. Also excluded from the Class are those Persons who would otherwise be Class
9 Members but who timely and validly exclude themselves therefrom.

10 2. A Settlement Fairness Hearing is hereby scheduled to be held before the Court on
11 August 14, 2020, at 2:00 p.m., for the following purposes:

12 (a) to determine whether, for settlement purposes, this Action satisfies the applicable
13 prerequisites for class action treatment under California Code of Civil Procedure §382;

14 (b) to determine whether the proposed Settlement is fair, reasonable, and adequate,
15 and should be approved by the Court;

16 (c) to determine whether the Judgment as provided under the Stipulation should be
17 entered;

18 (d) to determine whether the proposed Plan of Allocation should be approved by the
19 Court as fair, reasonable, and adequate;

20 (e) to consider Plaintiffs' Counsel's application for an award of attorneys' fees and
21 expenses;

22 (f) to consider Plaintiffs' request for payment for their efforts in prosecuting this
23 Action on behalf of the Class; and

24 (g) to rule upon such other matters as the Court may deem appropriate.

25 3. The Court reserves the right to approve the Settlement with or without modification and
26 with or without further notice to the Class and may adjourn the Settlement Fairness Hearing without
27 further notice to the Class. The Court reserves the right to enter the Judgment approving the Stipulation
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1 regardless of whether it has approved the Plan of Allocation, Plaintiffs' Counsel's request for an award
2 of attorneys' fees and expenses and Plaintiffs' request for payment for their representation of the Class.

3 4. The Court approves the form, substance and requirements of the Notice of Pendency and
4 Proposed Settlement of Class Action (the "Notice"), the Proof of Claim and Release (the "Proof of
5 Claim"), and the Summary Notice of Proposed Settlement of Class Action (the "Summary Notice"),
6 annexed hereto as Exhibits A-1, A-2 and A-3, respectively.

7 5. The Court approves the appointment of Gilardi & Co. LLC as the Claims Administrator
8 to supervise and administer the notice procedure in connection with the proposed Settlement as well as
9 the processing of Proofs of Claim as more fully set forth below.

10 6. The Claims Administrator shall commence mailing the Notice and the Proof of Claim,
11 substantially in the forms annexed hereto, by first class mail, postage prepaid, within twenty-one (21)
12 calendar days of this Notice Order, to all Class Members who can be identified with reasonable effort.
13 Within five (5) calendar days of this Notice Order, Menlo, at its expense, shall provide, or cause to be
14 provided to the Claims Administrator, its shareholder lists as appropriate for providing notice to the
15 Class. The Claims Administrator shall use reasonable efforts to give notice to nominee purchasers such
16 as brokerage firms and other persons or entities who purchased or otherwise acquired Menlo common
17 stock in connection with Menlo's January 29, 2018 IPO as record owners but not as beneficial owners.
18 Such nominee purchasers are directed, within ten (10) calendar days of their receipt of the Notice, to
19 either forward copies of the Notice and Proof of Claim to their beneficial owners or to provide the
20 Claims Administrator with lists of the names and addresses of the beneficial owners, and the Claims
21 Administrator is ordered to send the Notice and Proof of Claim promptly to such identified beneficial
22 owners. Nominee purchasers who elect to send the Notice and Proof of Claim to their beneficial
23 owners shall send a statement to the Claims Administrator confirming that the mailing was made as
24 directed. Additional copies of the Notice shall be made available to any record holder requesting such
25 for the purpose of distribution to beneficial owners, and such record holders shall be reimbursed from
26 the Settlement Fund, upon receipt by the Claims Administrator of proper documentation, for the
27 reasonable expense of sending the Notice and Proof of Claim to beneficial owners.

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1 7. The Claims Administrator shall cause the Summary Notice to be published once in the
2 national edition of *The Wall Street Journal*, and once over a national newswire service, within ten (10)
3 calendar days after the mailing of the Notice.

4 8. Lead Counsel shall, at least seven (7) calendar days before the Settlement Fairness
5 Hearing, file with the Court and serve on the Parties proof of mailing of the Notice and Proof of Claim
6 and proof of publication of the Summary Notice.

7 9. The form and content of the Notice and the Summary Notice, and the method set forth
8 herein of notifying the Class of the Settlement and its terms and conditions, meet the requirements of
9 California law and due process, constitute the best notice practicable under the circumstances, and shall
10 constitute due and sufficient notice to all persons and entities entitled thereto.

11 10. In order to be entitled to participate in the Net Settlement Fund, in the event the
12 Settlement is consummated in accordance with its terms set forth in the Stipulation, each Class Member
13 shall take the following actions and be subject to the following conditions:

14 (a) Within ninety (90) calendar days after such time as set by the Court for the
15 Claims Administrator to mail the Notice to the Class, each Person claiming to be an Authorized
16 Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim,
17 substantially in a form contained in Exhibit A-2 attached hereto and as approved by the Court, signed
18 under penalty of perjury and supported by such documents as are specified in the Proof of Claim and as
19 are reasonably available to the Authorized Claimant.

20 (b) Except as otherwise ordered by the Court, all Class Members who fail to timely
21 submit a Proof of Claim within such period, or such other period as may be ordered by the Court, shall
22 be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth
23 therein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the
24 releases contained therein, and the Final Judgment. Notwithstanding the foregoing, Lead Counsel may,
25 in its discretion, accept for processing late submitted claims so long as the distribution of the Net
26 Settlement Fund to Authorized Claimants is not materially delayed. No Person shall have any claim
27 against Plaintiffs, Lead Counsel or the Claims Administrator by reason of the decision to exercise such
28 discretion whether to accept late-submitted claims.

1 (c) As part of the Proof of Claim, each Class Member shall submit to the jurisdiction
2 of the Court with respect to the claim submitted, and shall (subject to effectuation of the Settlement)
3 release all Released Claims as provided in the Stipulation.

4 11. Class Members shall be bound by all determinations and judgments in this Action,
5 whether favorable or unfavorable, unless they request exclusion from the Class in a timely and proper
6 manner, as hereinafter provided. A Class Member wishing to make such request shall, no later than
7 twenty-one (21) calendar days before the date set for the Settlement Fairness Hearing, mail a request for
8 exclusion in written form by first class mail postmarked to the address designated in the Notice. Such
9 request for exclusion shall clearly indicate the name, address, and telephone number of the person
10 seeking exclusion, that the sender requests to be excluded from the Class, and must be signed by such
11 person. Such persons requesting exclusion are also directed to state the date(s), price(s), and number(s)
12 of Menlo shares they purchased or acquired pursuant or traceable to the Registration Statement issued
13 in connection with Menlo's IPO. The request for exclusion shall not be effective unless it is made in
14 writing within the time stated above, and the exclusion is accepted by the Court. Class Members
15 requesting exclusion from the Class shall not be entitled to receive any payment out of the Net
16 Settlement Fund as described in the Stipulation and Notice.

17 12. The Court will consider objections to the Settlement, the Plan of Allocation, the payment
18 to Plaintiffs, and/or the award of attorneys' fees and expenses. Any person wanting to object must do
19 so in writing and may also appear at the Settlement Fairness Hearing. To the extent any person wants to
20 object in writing, such objections and any supporting papers, accompanied by proof of Class
21 membership, shall be filed with the Clerk of the Court, Superior Court of the State of California, County
22 of San Mateo, 400 County Center, Redwood City, CA 94063, and copies of all such papers served no
23 later than July 24, 2020, which is twenty-one (21) calendar days before the date set for the Settlement
24 Fairness Hearing, to James I. Jaconette, Robbins Geller Rudman & Dowd LLP, 655 West Broadway,
25 Suite 1900, San Diego, CA 92101, on behalf of the Plaintiffs and the Class, and Rodney G. Strickland,
26 Wilson Sonsini Goodrich & Rosati, 650 Page Mill Road, Palo Alto, CA 94304, on behalf of the Menlo
27 Defendants. Persons who intend to object in writing to the Settlement, the Plan of Allocation, the
28 request for an award of attorneys' fees and expenses and/or Plaintiffs' request for payment for

1 representing the Class and desire to present evidence at the Settlement Fairness Hearing must include in
2 their written objections copies of any exhibits they intend to introduce into evidence at the Settlement
3 Fairness Hearing. If an objector hires an attorney to represent him, her, or it for the purposes of making
4 an objection, the attorney must both effect service of a notice of appearance on counsel listed above and
5 file it with the Court by no later than July 24, 2020. A Class Member who files a written objection does
6 not have to appear at the Settlement Fairness Hearing for the Court to consider his, her or its objection.
7 Any member of the Class who does not make his, her, or its objection in the manner provided shall be
8 deemed to have waived such objection and shall forever be foreclosed from making any objection to the
9 fairness or adequacy of the Settlement set forth in the Stipulation, to the Plan of Allocation, and to the
10 award of attorneys' fees and expenses to Plaintiffs' Counsel and Plaintiffs' request for payment, unless
11 otherwise ordered by the Court.

12 13. All papers in support of the Settlement, the Plan of Allocation, and any application by
13 Plaintiffs' Counsel for attorneys' fees and expenses and payment to Plaintiffs shall be filed thirty-five
14 (35) calendar days prior to the Settlement Fairness Hearing. All reply papers shall be filed and served
15 at least seven (7) calendar days prior to the Settlement Fairness Hearing.

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

19 15. Menlo Defendants' Counsel and Plaintiffs' Counsel shall promptly furnish each other
20 with copies of any and all objections that come into their possession.

21 16. Pending final determination of whether the Settlement should be approved, the Plaintiffs,
22 all Class Members, and each of them, and anyone who acts or purports to act on their behalf, shall not
23 institute, commence, maintain or prosecute, and are hereby barred and enjoined from instituting,
24 commencing, maintaining, or prosecuting, any action in any court or tribunal that asserts Released
25 Claims against any of the Released Parties.

26 17. All reasonable expenses incurred in identifying and notifying Class Members, as well as
27 administering the Settlement Fund, shall be paid as set forth in the Stipulation and herein. In the event
28 the Settlement is not approved by the Court, or otherwise fails to become effective, neither Plaintiffs nor


1 any of their counsel shall have any obligation to repay any amounts actually and properly disbursed
2 from the Settlement Fund, except as provided for in the Stipulation.

3 18. If any specified condition to the Settlement set forth in the Stipulation is not satisfied and
4 Plaintiffs or Defendants elect to terminate the Settlement, then, in any such event, the Stipulation,
5 including any amendment(s) thereof, shall be null and void and of no further force or effect (except to
6 the extent otherwise expressly provided in the Stipulation), without prejudice to any party, and may not
7 be introduced as evidence or referred to in this Action or any action or proceeding by any person or
8 entity for any purpose, and each party shall be restored to his, her, or its respective position as it existed
9 on February 12, 2020.

10 19. The Court may adjourn or continue the Settlement Fairness Hearing without further
11 written notice to the Class.

12 20. The Court retains exclusive jurisdiction over the Action to consider all further matters
13 arising out of or connected with the Settlement. The Court may approve the Settlement, with such
14 modifications as may be agreed by the Parties, if appropriate, without further notice to the Class.

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16 DATED: APR 24 2020



THE HONORABLE RICHARD H. DUBOIS
JUDGE OF THE SUPERIOR COURT

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EXHIBIT A-1

1 ROBBINS GELLER RUDMAN
& DOWD LLP
2 JAMES I. JACONETTE (179565)
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3 San Diego, CA 92101
Telephone: 619/231-1058
4 619/231-7423 (fax)

5 Attorneys for Plaintiffs

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

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COUNTY OF SAN MATEO

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10 In re MENLO THERAPEUTICS INC.
SECURITIES LITIGATION

) Lead Case No. 18CIV06049

) CLASS ACTION

11

12 This Document Relates To:

) Assigned for All Purposes to Dept. 16

13

ALL ACTIONS.

) NOTICE OF PROPOSED SETTLEMENT OF
CLASS ACTION

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EXHIBIT A-1

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Judge: Honorable Richard H. DuBois

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Dept: 16

Date Action Filed: 11/08/18

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NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED MENLO THERAPEUTICS INC. (“MENLO” OR THE “COMPANY”) COMMON STOCK PURSUANT OR TRACEABLE TO THE COMPANY’S REGISTRATION STATEMENT AND PROSPECTUS ISSUED IN CONNECTION WITH MENLO’S JANUARY 29, 2018 INITIAL PUBLIC OFFERING (“IPO”) (“CLASS” OR “CLASS MEMBERS”)¹

IN ORDER TO QUALIFY FOR A SETTLEMENT PAYMENT, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) BY AUGUST 17, 2020.

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

WHY SHOULD I READ THIS NOTICE?

This Notice is given pursuant to an order issued by the Superior Court of California, County of San Mateo (the “Court”). This Notice serves to inform you of the proposed Settlement of the above-captioned class action lawsuit (the “Settlement”) and the hearing (the “Settlement Fairness Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as set forth in the Stipulation of Settlement dated March 26, 2020 (the “Stipulation”), by and between Plaintiffs Pavel Silvestrov and Hugh McKay (“Plaintiffs”), on behalf of themselves and the Class (as defined below), and Defendants Menlo Therapeutics Inc., Steven Basta, Kristine Ball, Paul Berns, Albert Cha, Ted Ebel, David McGirr, Aaron Royston, and Scott Whitcup (the “Individual Defendants” and with Menlo, the “Menlo Defendants”), and Jefferies LLC, Piper Sandler & Co. (formerly known as Piper Jaffray & Co.), Guggenheim Securities, LLC, and JMP Securities LLC (the “Underwriter Defendants”) (all, collectively, “Defendants”).²

This Notice is intended to inform you how this lawsuit and proposed Settlement may affect your rights and what steps you may take in relation to it. This Notice is NOT an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the lawsuit or whether the Defendants engaged in any wrongdoing.

WHAT IS THIS LAWSUIT ABOUT?

I. THE ALLEGATIONS

Menlo is a biopharmaceutical company focused on the development and commercialization of its lone product candidate – the drug serlopitant – for the treatment of pruritus (*i.e.*, itch) associated with

¹ For purposes of this Settlement only, the Class includes all persons or entities who purchased or otherwise acquired Menlo common stock on or before between January 29, 2018 and July 24, 2018, inclusive.

² The Stipulation can be viewed and/or downloaded at www.MenloSecuritiesLitigation.com. All capitalized terms used herein have the same meaning as the terms defined in the Stipulation.

1 dermatologic conditions such as atopic dermatitis. Menlo’s common stock trades on the NASDAQ
2 under the ticker symbol “MNLO.”

3 Plaintiffs claim that the Menlo Defendants violated §§11, 12(a)(2) and/or 15 of the Securities
4 Act of 1933 (the “Securities Act”) and that the Underwriter Defendants violated §§11 and 12(a)(2) of
5 the Securities Act by reason of material misrepresentations and omissions in the Registration Statement
6 and Prospectus represented that Menlo was close to the commercialization of serlopitant for the treatment of
7 pruritus associated with atopic dermatitis.

8 Defendants denied all of Plaintiffs’ allegations.

9 **THE COURT HAS NOT RULED AS TO WHETHER DEFENDANTS ARE LIABLE TO
10 PLAINTIFFS OR TO THE CLASS. THIS NOTICE IS NOT INTENDED TO BE AN
11 EXPRESSION OF ANY OPINION BY THE COURT WITH RESPECT TO THE TRUTH OF
12 THE ALLEGATIONS IN THIS ACTION OR THE MERITS OF THE CLAIMS OR DEFENSES
13 ASSERTED. THIS NOTICE IS SOLELY TO ADVISE YOU OF THE PROPOSED
14 SETTLEMENT OF THIS ACTION AND YOUR RIGHTS IN CONNECTION WITH THAT
15 SETTLEMENT.**

16 **II. PROCEDURAL HISTORY**

17 The initial complaint (“Complaint”) was filed in this Court by Pavel Silvestrov on November 8,
18 2018 (the “*Silvestrov* Action”).

19 On December 20, 2018, the Court appointed plaintiff Pavel Silvestrov’s counsel, Robbins Geller
20 Rudman & Dowd LLP, as Lead Counsel for the *Silvestrov* Action and any subsequently consolidated
21 action.

22 On January 25, 2019, Defendants filed demurrers to the Complaint in the *Silvestrov* Action.

23 On January 28, 2019, Plaintiff Hugh McKay filed a complaint in the Court alleging the same
24 claims against the same defendants as those in the *Silvestrov* Action, *McKay v. Menlo Therapeutics
25 Inc., et al.*, No. 19CIV00574 (the “*McKay* Action”).

26 On February 20, 2019, the Court consolidated the *McKay* Action into the lead *Silvestrov* Action.

27 On February 26, 2019, Plaintiffs filed oppositions to Defendants’ demurrers.

28 On March 19, 2019, Defendants filed replies in support of their demurrers.

On May 23, 2019, the Court entered an order overruling Defendants’ demurrers as to Plaintiffs’
claims under §§11 and 15 and sustaining Defendants’ demurrer as to Plaintiffs’ claims under §12(a)(2).

On June 3, 2019, the Defendants answered the Complaint with general denials and affirmative
defenses.

The Parties began fact discovery, ultimately resulting in the Menlo Defendants’ production of
over 261,000 documents totaling over 2,100,000 pages.

1 In an effort to conserve judicial resources and attempt to settle the Action, the Menlo Defendants
2 and Plaintiffs engaged the services of the Hon. Layn R. Phillips (Ret.), a nationally recognized
3 mediator. There was an exchange of detailed mediation statements and a full-day in-person mediation
4 with Judge Phillips on February 12, 2020. That same day, the Parties agreed to settle the Action,
subject to the negotiation of a Stipulation of Settlement and approval by the Court. This Stipulation
(together with the exhibits hereto) reflects the final and binding agreement between the Parties.

5 **HOW DO I KNOW IF I AM A CLASS MEMBER?**

6 If you purchased or acquired Menlo common stock pursuant or traceable to the Registration
7 Statement filed in connection with Menlo's IPO, you are a Class Member. For purposes of this
8 Settlement only, you are a Class Member if you purchased or otherwise acquired Menlo common stock
9 between January 29, 2018 and July 24, 2018, inclusive. As set forth in the Stipulation, excluded from
10 the Class are: the Defendants (meaning, Menlo, the Individual Defendants, and the Underwriter
11 Defendants) and their respective successors and assigns; past and current executive officers and
12 directors of Menlo and the Underwriter Defendants; members of the immediate families of the
13 Individual Defendants; the legal representatives, heirs, successors, or assigns of the Individual
14 Defendants; any entity in which any of the above excluded persons have or had a majority ownership
15 interest; and any person who validly requests exclusion from the Class. The foregoing exclusion shall
16 not cover "Investment Vehicles," which for these purposes shall mean any investment company or
17 pooled investment fund, including, but not limited to, mutual fund families, exchange-traded funds,
fund of funds, private equity funds, real estate funds, and hedge funds, in which any Underwriter
Defendant or any of its affiliates has or may have a direct or indirect interest or as to which any
Underwriter Defendant or any of its affiliates may act as an investment advisor, general partner,
managing member, or in other similar capacity, other than an investment vehicle of which the
Underwriter Defendant or any of its affiliates is a majority owner or holds a majority beneficial interest
and only to the extent of such Underwriter Defendant's or affiliate's ownership or interest. Also
excluded from the Class are those Persons who would otherwise be Class Members but who timely and
validly exclude themselves therefrom.

18 **PLEASE NOTE:** Receipt of this Notice does not mean that you are a Class Member or that
19 you will be entitled to receive a payment from the Settlement. If you are a Class Member and you wish
20 to be eligible to participate in the distribution of proceeds from the Settlement, you are required to
submit the Proof of Claim that is being distributed with this Notice and the required supporting
documentation as set forth therein postmarked or submitted online on or before August 17, 2020.

21 **WHAT IS THE MONETARY VALUE OF THE PROPOSED SETTLEMENT?**

22 The Settlement, if approved, will result in the creation of a cash settlement fund of
23 \$9,500,000.00 (the "Settlement Amount"). The Settlement Amount, plus accrued interest, is the
24 Settlement Fund. The Settlement Fund minus the costs of this Notice and all costs associated with the
25 administration of the Settlement, Taxes and Tax Expenses, attorneys' fees and expenses, and any award
26 to Plaintiffs in connection with their representation of the Class, as approved by the Court (the "Net
Settlement Fund"), will be distributed to eligible Class Members pursuant to the Plan of Allocation that
is described in the next section of this Notice.

1 **WHAT IS THE PROPOSED PLAN OF ALLOCATION?**

2 The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among
3 Class Members based on their respective alleged economic losses resulting from the securities law
4 violations alleged in the Action.

5 The Claims Administrator shall determine each Class Member’s share of the Net Settlement
6 Fund based on the recognized loss formula (the “Recognized Loss”) described below. A Recognized
7 Loss will be calculated for each share of Menlo common stock purchased or otherwise acquired
8 pursuant or traceable to the Company’s IPO. The calculation of Recognized Loss will depend upon
9 several factors, including when the Menlo shares were purchased or otherwise acquired and in what
10 amounts, whether the shares were ever sold, and, if so, when they were sold and for what amounts. The
11 Recognized Loss is not intended to estimate the amount a Class Member might have been able to
12 recover after a trial, nor to estimate the amount that will be paid to Class Members pursuant to the
13 Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be
14 proportionately allocated to Class Members.

15 Your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim that
16 Class Members send in and how many Menlo shares you purchased or otherwise acquired pursuant or
17 traceable to Menlo’s IPO, and whether you sold any of those shares and when you sold them.

18 The calculation of claims below is not an estimate of the amount you will receive. It is a
19 formula for allocating the Net Settlement Fund among all Authorized Claimants. Furthermore, if any of
20 the formulas set forth below yield an amount less than \$0.00, the claim per share is \$0.00.

21 **PLAN OF ALLOCATION**

22 For shares of Menlo common stock that were purchased in the Company’s January 2018 IPO, or
23 on the open market from January 25, 2018 through April 8, 2018, and

24 (a) sold prior to April 9, 2018, the Claim is zero (no loss as the shares were sold prior to the
25 alleged April 9, 2018 corrective disclosure);

26 (b) sold on April 9, 2018 through November 8, 2018, the Claim is the lesser of:

27 (i) \$8.83 per share (the \$17.00 per share IPO price less the April 9, 2018 closing
28 price of \$8.17 per share); or

(ii) \$17.00 per share IPO price less the sales price per share;

(c) retained at the end of November 8, 2018, the Claim is \$8.83 per share (the \$17.00 per
share IPO price less the April 9, 2018 closing price of \$8.17 per share).

For shares of Menlo common stock purchased on or after April 9, 2018, the Claim is zero (no
loss for shares purchased on or after the alleged April 9, 2018 corrective disclosure).

In the event a Class Member has more than one purchase or acquisition or sale of Menlo
common stock, pursuant or traceable to the Registration Statement, all such purchases and sales shall be

1 matched on a First-In, First-Out (“FIFO”) basis. Sales will be matched against purchases in
2 chronological order, beginning with the earliest purchase made during the relevant period.

3 A purchase, acquisition or sale of Menlo shares shall be deemed to have occurred on the
4 “contract” or “trade” date as opposed to the “settlement” or “payment” date. All purchase, acquisition
5 and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise, or
6 operation of law of Menlo shares shall not be deemed a purchase, acquisition or sale of Menlo shares
7 for the calculation of a claimant’s recognized claim nor shall it be deemed an assignment of any claim
relating to the purchase or acquisition of such shares unless specifically provided in the instrument of
gift or assignment. The receipt of Menlo shares in exchange for securities of any other corporation or
entity shall not be deemed a purchase, acquisition or sale of Menlo shares.

8 The total of all profits shall be subtracted from the total of all losses from eligible transactions to
9 determine if a Class Member has a recognized claim. Only if a Class Member had a net market loss,
after all profits from eligible transactions in Menlo common stock are subtracted from all losses, will
such Class Member be eligible to receive a distribution from the Net Settlement Fund.

10 If an Authorized Claimant has an overall market gain, the recognized claim for that Authorized
11 Claimant will be \$0.00. If an Authorized Claimant has an overall market loss, that Authorized
12 Claimant’s recognized claim will be limited to the amount of overall market loss. The Claims
13 Administrator shall allocate to each Authorized Claimant a *pro rata* share of the Net Settlement Fund
14 based on his, her, or its recognized claim as compared to the total recognized claims of all Authorized
Claimants. No distribution shall be made to Authorized Claimants who would otherwise receive a
distribution of less than \$10.00.

15 Distributions will be made to Authorized Claimants after all claims have been processed, after
16 the Court has finally approved the Settlement, and after any appeals are resolved. If there is any
17 balance remaining in the Net Settlement Fund after a reasonable amount of time from the initial date of
18 distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or
19 otherwise), the Claims Administrator shall, if feasible, reallocate such balance among Authorized
20 Claimants in an equitable and economic fashion. These redistributions shall be repeated until the
balance remaining in the Net Settlement Fund is no longer economically feasible to distribute to Class
Members. Thereafter, subject to distribution to state entities, as required by California Code of Civil
Procedure §384(b)(3), any balance that still remains in the Net Settlement Fund shall be donated to Bay
Area Legal Aid.

21 Please contact the Claims Administrator or Plaintiffs’ Counsel if you disagree with any
22 determinations made by the Claims Administrator regarding your Proof of Claim. If you are
23 dissatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Class
Members and the claims administration process, to decide the issue by submitting a written request.

24 The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member
25 on equitable grounds.

26 Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all
27 Authorized Claimants. No Person shall have any claim against Plaintiffs, Plaintiffs’ Counsel, any
28 Claims Administrator, any other Person designated by Plaintiffs’ Counsel, or any of the Released
Parties 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. All Class Members

1 who fail to complete and submit a valid and timely Proof of Claim shall be barred from participating in
2 distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall
3 be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the
releases given.

4 **DO I NEED TO CONTACT PLAINTIFFS' COUNSEL IN ORDER TO PARTICIPATE IN**
5 **DISTRIBUTION OF THE SETTLEMENT FUND?**

6 No. If you have received this Notice and timely submit your Proof of Claim to the designated
7 address, you need not contact Plaintiffs' Counsel. If your address changes, please contact the Claims
Administrator at:

8 *Menlo Securities Litigation Settlement*
9 c/o Gilardi & Co. LLC
10 P.O. Box 43350
11 Providence, RI 02940-3350
12 Telephone: 1-866-526-2201
13 www.MenloSecuritiesLitigation.com

14 **THERE WILL BE NO PAYMENTS IF THE STIPULATION IS TERMINATED**

15 The Stipulation may be terminated under several circumstances outlined in it. If the Stipulation
16 is terminated, the Action will proceed as if the Stipulation had not been entered into.

17 **WHAT ARE THE REASONS FOR SETTLEMENT?**

18 The Settlement was reached after highly contested motion practice directed to the sufficiency of
19 Plaintiffs' claims. The Court has not reached any final decisions in connection with Plaintiffs' claims
20 against Defendants. Instead, Plaintiffs and Defendants have agreed to this Settlement, which was
21 reached with the substantial assistance of the Hon. Layn R. Phillips (Ret.), a highly respected former
22 judge with extensive experience in the mediation of complex class actions. In reaching the Settlement,
23 the Parties have avoided the cost, delay, and uncertainty of further litigation.

24 As in any litigation, Plaintiffs and the proposed Class would face an uncertain outcome if they
25 did not agree to the Settlement. The Parties expected that the case could continue for a lengthy period
26 of time and that if Plaintiffs succeeded, Defendants would file appeals that would postpone final
27 resolution of the case. Continuation of the Action against Defendants could result in a judgment greater
28 than this Settlement. Conversely, continuing the case could result in no recovery at all or a recovery
that is less than the amount of the Settlement.

Plaintiffs and Plaintiffs' Counsel believe that this Settlement is fair and reasonable to the
members of the Class. They have reached this conclusion for several reasons. Specifically, if the
Settlement is approved, the Class will receive a certain and immediate monetary recovery.
Additionally, Plaintiffs' Counsel believe that the significant and immediate benefits of the Settlement,
when weighed against the significant risk, delay, and uncertainty of continued litigation, are a very
favorable result for the Class.

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WHO REPRESENTS THE CLASS?

The following attorneys are counsel for the Class:

James I. Jaconette
ROBBINS GELLER RUDMAN & DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 800/449-4900

If you have any questions about the Action, or the Settlement, you are entitled to consult with Plaintiffs' Counsel by contacting counsel at the phone numbers listed above.

You may obtain a copy of the Stipulation by contacting the Claims Administrator at:

Menlo Securities Litigation Settlement
c/o Gilardi & Co. LLC
P.O. Box 43350
Providence, RI 02940-3350
Telephone: 1-866-526-2201
www.MenloSecuritiesLitigation.com

HOW WILL THE PLAINTIFFS' LAWYERS BE PAID?

Lead Counsel will file a motion for an award of attorneys' fees and expenses that will be considered at the Settlement Fairness Hearing. Lead Counsel will apply for an attorneys' fee award for Plaintiffs' Counsel in the amount of up to one-third of the Settlement Amount, plus payment of Plaintiffs' Counsel's expenses incurred in connection with this Action in an amount not to exceed \$100,000. In addition, Plaintiffs may seek a payment of up to \$12,000 in the aggregate for their efforts in representing the Class. Such sums 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 Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. The fees requested will compensate Plaintiffs' Counsel for their work in achieving the Settlement. The Court will decide what constitutes a reasonable fee award and may award less than the amount requested by Plaintiffs' Counsel.

CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?

Yes. If you do not want to receive a payment from this Settlement, or you want to keep the right to sue or continue to sue Defendants on your own about the legal issues in this case, then you must take steps to get out of the Class. This is called excluding yourself from, or "opting out" of, the Class. If you are requesting exclusion because you want to bring your own lawsuit based on the matters alleged in this Action, you may want to consult an attorney and discuss whether any individual claim that you may wish to pursue would be time-barred by the applicable statutes of limitation or repose.

To exclude yourself from the Class, you must send a signed letter by mail saying that you want to be excluded from the Class in the following Action: *In re Menlo Therapeutics Inc. Securities*

1 *Litigation*, Lead Case No. 18CIV06049. Be sure to include your name, address, telephone number, and
2 the date(s), price(s), and number(s) of Menlo shares that you purchased or acquired in connection with
3 Menlo's January 29, 2018 IPO. Your exclusion request must be **postmarked no later than July 24,**
4 **2020** and sent to the Claims Administrator at:

4 *Menlo Securities Litigation Settlement*
5 Claims Administrator
6 c/o Gilardi & Co. LLC
7 EXCLUSIONS
8 3301 Kerner Blvd.
9 San Rafael, CA 94901

8 You cannot exclude yourself by phone or by e-mail. If you make a proper request for exclusion,
9 you will not receive a settlement payment, and you cannot object to the Settlement. If you make a
10 proper request for exclusion, you will not be legally bound by anything that happens in this lawsuit.

10 **CAN I OBJECT TO THE SETTLEMENT, THE REQUESTED ATTORNEYS' FEES, THE**
11 **REQUESTED PAYMENT OF COSTS AND EXPENSES AND/OR THE PLAN OF**
12 **ALLOCATION?**

12 Yes. If you are a Class Member, you may object to the terms of the Settlement. Whether or not
13 you object to the terms of the Settlement, you may also object to the requested attorneys' fees, costs and
14 expenses, Plaintiffs' request for payment for representing the Class and/or the Plan of Allocation. In
15 order for any objection to be considered, you must file a written statement, accompanied by proof of
16 Class membership, with the Court and send a copy to Plaintiffs' Counsel and the Menlo Defendants'
17 Counsel, at the addresses listed below **by July 24, 2020**. The Court's address is Superior Court of
18 California, County of San Mateo, Hall of Justice and Records, 400 County Center, Redwood City, CA
19 94063; Plaintiffs' Counsel's addresses are Robbins Geller Rudman & Dowd LLP, 655 West Broadway,
20 Suite 1900, San Diego, CA 92101, c/o James I. Jaconette; and the Menlo Defendants' Counsel's
21 address is Wilson Sonsini Goodrich & Rosati, 650 Page Mill Road, Palo Alto, CA 94304, c/o Rodney
22 G. Strickland. Attendance at the Settlement Fairness Hearing is not necessary; however, persons
23 wishing to be heard orally at the Settlement Fairness Hearing are required to indicate in their written
24 objection their intention to appear at the hearing and identify any witnesses they may call to testify and
25 exhibits, if any, they intend to introduce into evidence.

21 **WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING MYSELF**
22 **FROM THE SETTLEMENT?**

22 Objecting is telling the Court that you do not like something about the proposed Settlement, the
23 Plan of Allocation, or Plaintiffs' Counsel's request for an award of attorneys' fees and expenses. You
24 can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to
25 be part of the Class. If you exclude yourself, you have no basis to object because the case no longer
26 applies to you.

26 **WHAT ARE MY RIGHTS AND OBLIGATIONS UNDER THE SETTLEMENT?**

27 If you are a Class Member and you do not exclude yourself from the Class, you may receive the
28 benefit of, and you will be bound by, the terms of the Settlement described in this Notice, upon
approval by the Court.

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HOW CAN I GET A PAYMENT?

In order to qualify for a payment, you must timely complete and return the Proof of Claim that accompanies this Notice. A Proof of Claim is enclosed with this Notice and also may be downloaded at www.MenloSecuritiesLitigation.com. Read the instructions carefully; fill out the Proof of Claim; sign it; and mail or submit it online so that it is **postmarked (if mailed) or received (if submitted online) no later than August 17, 2020**. The Proof of Claim may be submitted online at www.MenloSecuritiesLitigation.com. If you do not submit a timely Proof of Claim with all of the required information, you will not receive a payment from the Settlement Fund; however, unless you expressly exclude yourself from the Class as described above, you will still be bound in all other respects by the Settlement, the Judgment, and the release contained in them.

WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?

If the Settlement is approved by the Court, the Court will enter a Judgment. If the Judgment becomes final pursuant to the terms of the Stipulation, all Class Members shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged any and all of the Released Parties from all Released Claims.

- “Related Parties” means each of a Defendant’s past, present or future direct or indirect parents, subsidiaries, divisions, affiliates or joint ventures, as well as each of their respective present or former directors, officers, employees, partners, members, principals, agents, underwriters, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants, auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, predecessors, successors, assigns, spouses, heirs, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of a Menlo Defendant’s immediate family, any trust of which any Menlo Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his or her family, and the legal representatives, heirs, successors in interest or assigns of the Defendants.
- “Released Persons” means Defendants and each and all of their Related Parties.
- “Released Claims” means any and all claims (including Unknown Claims as defined below) against Defendants and their Related Parties, arising out of, relating to, or in connection with either (i) the facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, or omissions which were or could have been alleged in this Action, or (ii) the purchase, acquisition, holding, sale, or disposition of Menlo common stock purchased or otherwise acquired pursuant and/or traceable to the Registration Statement and Prospectus issued in connection with Menlo’s January 29, 2018 IPO, including any claims for violations for §§11, 12(a)(2), and 15 of the Securities Act of 1933 and §10(b) of the Securities Exchange Act of 1934.
- “Unknown Claims” means any and all Released Claims and potential claims against Defendants which Plaintiffs or any Class Member does not know or suspect to exist in their, his, her, or its favor as of the Effective Date, and any Released Claims against Plaintiffs which Defendants do not know or suspect to exist in their favor, which if known by them, him, her, or it might have affected their, his, her, or its decision(s) with

1 respect to the Settlement. With respect to any and all Released Claims and Released
2 Defendants' Claims, the Parties stipulate and agree that by operation of the Final
3 Judgment, upon the Effective Date, the Plaintiffs and Defendants shall have expressly
4 waived, and each Class Member shall be deemed to have waived, and by operation of
the Final Judgment shall have expressly waived, the provisions, rights and benefits of
Cal. Civ. Code §1542, which provides:

5 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS**
6 **THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW**
7 **OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF**
8 **EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR**
9 **HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER**
10 **SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY;**

11 and any and all provisions, rights, and benefits conferred by any law of any state or
12 territory of the United States, or principle of common law, which is similar, comparable,
13 or equivalent to Cal. Civ. Code §1542. Plaintiffs and Class Members may hereafter
14 discover facts in addition to or different from those which he, she, or it now knows or
15 believes to be true with respect to the subject matter of the Released Claims, but
16 Plaintiffs shall expressly fully, finally, and forever settle and release, and each Class
17 Member, upon the Effective Date, shall be deemed to have, and by operation of the
18 Final Judgment shall have, fully, finally, and forever settled and released, any and all
19 Released Claims, known or unknown, suspected or unsuspected, contingent or non-
contingent, whether or not concealed or hidden, which now exist, or heretofore have
existed, upon any theory of law or equity now existing or coming into existence in the
future, including, but not limited to, conduct which is negligent, intentional, with or
without malice, or a breach of any duty, law or rule, without regard to the subsequent
discovery or existence of such different or additional facts. Plaintiffs and Defendants
acknowledge, and Class Members shall be deemed to have acknowledged, that the
inclusion of "Unknown Claims" in the definition of Released Claims and Released
Defendants' Claims was separately bargained for and was an essential element of the
Settlement.

20 The above description of the proposed Settlement is only a summary. The complete terms are
21 set forth in the Stipulation (including its exhibits), which may be obtained at
www.MenloSecuritiesLitigation.com, or by contacting Plaintiffs' Counsel listed on Page __ above.

22 **THE SETTLEMENT FAIRNESS HEARING**

23 The Court will hold a Settlement Fairness Hearing on August 14, 2020, at 2:00 p.m., before the
24 Honorable Richard H. DuBois at the Superior Court of California, County of San Mateo,
25 Department 16, Courtroom 7A, 400 County Center, Redwood City, CA 94063, for the purpose of
26 determining whether: (1) the Settlement as set forth in the Stipulation for \$9,500,000.00 in cash should
27 be approved by the Court as fair, reasonable and adequate; (2) Judgment as provided under the
28 Stipulation should be entered; (3) to award Plaintiffs' Counsel attorneys' fees and expenses out of the
Settlement Fund and, if so, in what amount; (4) to pay Plaintiffs for their efforts in representing the
Class out of the Settlement Fund and, if so, in what amount; and (5) the Plan of Allocation should be

