

EXECUTION VERSION

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19 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

20 **IN AND FOR THE COUNTY OF MARICOPA**

21 PUBLIC EMPLOYEES’ RETIREMENT)
22 SYSTEM OF MISSISSIPPI, individually)
23 and on behalf of all others similarly situated,) **Case No.: CV2016-050480**
24)
25 Plaintiffs) **Stipulation and Agreement of**
26 v.) **Settlement**
27)
28 SPROUTS FARMERS MARKET, INC., *et*) (*Complex case*)
29 *al.*,)
30)
31 Defendants.) **(Assigned to the Hon. Roger Brodman)**
32)
33)

EXECUTION VERSION

1 This Stipulation and Agreement of Settlement (the “Stipulation”) is made and
2 entered into by and between the Public Employees’ Retirement System of Mississippi
3 (“PERS” or “Lead Plaintiff”), on behalf of itself and all other members of the proposed
4 Settlement Class (defined below), on the one hand, and Sprouts Farmers Market, Inc.
5 (“Sprouts” or the “Company”), J. Douglas Sanders, Amin N. Maredia, Donna Berlinski,
6 Andrew S. Jhawar, Shon Boney, Joseph Fortunato, Lawrence P. Molloy, and Steven H.
7 Townshend (together, the “Individual Defendants” and with Sprouts, the “Sprouts
8 Defendants”), AP Sprouts Holdings, LLC, and AP Sprouts Holdings (Overseas), L.P.
9 (together “AP”), Barclays Capital Inc. and Morgan Stanley & Co. LLC (together, the
10 “Underwriter Defendants”, and with the Sprouts Defendants and AP, the “Defendants”),
11 on the other. Lead Plaintiff and Defendants are each a “Party” and are collectively
12 referred to hereto as “Parties.”

13 **WHEREAS:**

14 A. All words or terms used herein that are capitalized shall have the meanings
15 ascribed to those words or terms herein and in ¶ 1 hereof entitled “Definitions.”

16 B. On March 4, 2016, a securities class action complaint (the “Complaint”)
17 was filed in Arizona Superior Court, Maricopa County (the “Court”) on behalf of
18 investors in the Company, captioned *Public Employees’ Retirement System of*
19 *Mississippi v. Sprouts Farmers Market, Inc., et al.*, No. CV2016-050480 (the “Action”).
20 The Complaint alleges violations of Sections 11, 12(a)(2) and 15 of the Securities Act of
21 1933 (“Securities Act”) for alleged misstatements and omissions in the offering
22 documents for the Company’s secondary public offering of 15,847,800 shares of Sprouts
23 common stock that occurred on or about March 5, 2015 (the “Offering”).

1 C. On March 24, 2016, Defendants filed a notice of removal in the U.S.
2 District Court for the District of Arizona (the “District Court”). On April 18, 2016, Lead
3 Plaintiff filed a motion to remand the Action back to this Court, and the motion was fully
4 briefed by May 27, 2016. On March 27, 2017, the District Court granted Lead
5 Plaintiff’s motion to remand the Action to this Court.

6 D. On April 21, 2017, Defendants filed a notice of appeal to the U.S. Court of
7 Appeals for the Ninth Circuit (the “Ninth Circuit”) challenging the District Court’s
8 decision to remand the case. On May 16, 2017, Lead Plaintiff filed a motion to dismiss
9 the appeal, which was fully briefed as of June 6, 2017. On September 13, 2017, the
10 Ninth Circuit denied the motion to dismiss the appeal and set a briefing schedule for the
11 appeal. Thereafter, on November 30, 2017, the Parties filed with the Ninth Circuit a
12 joint motion to stay the appeal pending the outcome of *Cyan, Inc. v. Beaver County*
13 *Employees’ Retirement Fund*, No. 15-1439, in which the U.S. Supreme Court was
14 considering whether to grant a *writ of certiorari* to determine, *inter alia*, whether state
15 courts have concurrent jurisdiction to hear claims arising solely under the Securities Act.

16 E. On May 10, 2017, Defendants filed a motion to stay the Action in this
17 Court, in light of the pendency of the appeal, other related appeals then pending in the
18 Ninth Circuit, as well as the Supreme Court’s possible grant of *certiorari* (and eventual
19 decision) in *Cyan*. On May 24, 2017, Lead Plaintiff filed its opposition to the stay
20 motion, and Defendants filed a reply on June 6, 2017. On June 28, 2017, the Court
21 heard oral argument on the motion to stay and issued an order denying Defendants’
22 motion in its entirety.

1 F. On May 25, 2017, the Sprouts Defendants filed a motion to dismiss the
2 Complaint and the Underwriter Defendants and AP filed joinders to the Sprouts
3 Defendants' motion. Lead Plaintiff filed an opposition on June 26, 2017 and the Sprouts
4 Defendants filed their reply on July 14, 2017, with the Underwriter Defendants and AP
5 joining the Sprouts Defendants' reply. The Court heard oral argument on the motion to
6 dismiss on August 18, 2017. On August 30, 2017, the Court granted in part and denied
7 in part Defendants' motion to dismiss. Specifically, the Court: (1) granted the motion to
8 dismiss as to the Section 12(a)(2) and Section 15 claims against Sprouts; (2) denied the
9 motion to dismiss as to the Section 11 claims against Sprouts; (3) denied the motion to
10 dismiss as to the Individual Defendants; (4) denied the motion to dismiss as to the
11 Underwriter Defendants; (5) granted the motion to dismiss the Section 11 claims against
12 AP; and (6) denied the motion to dismiss the Section 15 claims against AP. The Sprouts
13 Defendants, the Underwriter Defendants, and AP filed separate Answers to the
14 Complaint on September 28, 2017.

15 G. Discovery commenced, and on December 4, 2017, the Parties exchanged
16 their initial disclosures pursuant to Ariz. R. Civ. P. 26.1 and began negotiations over
17 search terms and custodians related to the Parties' ESI discovery obligations in
18 connection with the production of documents. After several rounds of negotiations,
19 Lead Plaintiff served their ESI discovery on June 4, 2018, and the Sprouts Defendants
20 served their ESI discovery on June 18, 2018.

21 H. Lead Plaintiff, through Lead Counsel, has conducted an investigation of
22 the claims, defenses, and underlying events and transactions that are the subject of the
23 Action. This process included reviewing and analyzing: (i) documents filed publicly by

1 the Company with the U.S. Securities and Exchange Commission (“SEC”); (ii) publicly
2 available information, including press releases, news articles, and other public
3 statements issued by or concerning the Company and the Defendants; (iii) research
4 reports issued by financial analysts concerning the Company; (iv) other publicly
5 available information and data concerning the Company, including information
6 concerning consumer price indices, vegetable prices, inflation and deflation, and
7 shipping and freight information related to fresh produce; (vi) pleadings filed in other
8 pending litigations naming certain Defendants herein as defendants or nominal
9 defendants; and (vii) the applicable law governing the claims and potential defenses.

10 Counsel consulted with experts on valuation, damages, and causation issues.

11 I. On April 20, 2018, Lead Plaintiff moved for certification of a class,
12 appointment as the class representative, and the appointment of Lead Counsel as class
13 counsel, pursuant to Ariz. R. Civ. P. 23(a) and 23(b)(3). The Parties agreed to stay class
14 certification briefing in light of the Parties’ discussions about potentially settling the
15 Action.

16 J. Lead Plaintiff and the Sprouts Defendants engaged Michelle Yoshida, a
17 well-respected and experienced mediator, to assist them in exploring a potential
18 negotiated resolution of the claims against Defendants. On July 20, 2018, counsel for
19 Lead Plaintiff and the Sprouts Defendants met with Ms. Yoshida in an attempt to reach a
20 settlement. The mediation involved an extended effort to settle the claims and was
21 preceded by the exchange of mediation statements. While these discussions narrowed
22 the differences between Lead Plaintiff and Defendants, they did not result in a resolution
23 of the Action. Thereafter, through continued arm’s-length efforts by the Parties and with

1 the assistance of the Mediator, Lead Plaintiff and the Sprouts Defendants reached an
2 agreement in principle to settle the claims against all Defendants, resulting in the
3 Settlement Term Sheet, entered into on September 5, 2018.

4 K. Throughout the course of the Action, in this Stipulation, and as part of this
5 Settlement, Defendants have denied, and continue to deny, each, any, and all allegations
6 of wrongdoing, fault, liability or damage whatsoever that have, or could have been,
7 asserted in the Action by or on behalf of Lead Plaintiff and/or any member of the
8 putative class. Defendants have also denied, and continue to deny, *inter alia*, all of the
9 allegations and claims that have been, or could have been, asserted by Lead Plaintiff, as
10 well as the allegations that Lead Plaintiff or the Settlement Class have suffered damages
11 or that Lead Plaintiff or the Settlement Class were harmed by the conduct alleged in the
12 Action, or that such conduct could give rise to legal liability of any kind. Defendants
13 continue to believe the claims asserted against them in the Action are without merit and
14 would contest class certification for purposes of trial and adjudication of liability and
15 damages. Defendants have not conceded or admitted any wrongdoing or liability, are not
16 doing so by entering into this Stipulation, and disclaim any and all wrongdoing and
17 liability whatsoever.

18 L. Defendants have agreed to enter into this Stipulation solely to avoid the
19 uncertainties, burden and expense of further litigation and to put the Released Claims
20 (defined below) to rest finally and forever. Nothing in this Stipulation, whether or not
21 consummated, any documentation that may be required to obtain the Court's preliminary
22 and final approval of the Settlement, or any press release or other statement or report by
23 the Parties, shall be construed as, or deemed to be, evidence supporting, or an admission

1 or concession on the part of any Defendant or any of the Released Defendant Parties
2 (defined below) with respect to, any of Lead Plaintiff's allegations or claims, or of any
3 wrongdoing, fault, liability or damages whatsoever, or any infirmity in the defenses that
4 Defendants have, or could have, asserted.

5 M. Lead Plaintiff believes that the claims asserted in the Action have merit
6 and that the information developed to date supports the claims asserted. However, Lead
7 Plaintiff and Lead Counsel recognize and acknowledge the expense and length of
8 continued proceedings necessary to prosecute the Action through trial and appeals. They
9 also have taken into account the uncertain outcome and the risk of any litigation,
10 especially in complex actions such as the Action, as well as the difficulties and delays
11 inherent in such litigation. Lead Counsel also is mindful of the inherent problems of
12 proof and the possible defenses to the claims alleged in the Action. Based on their
13 evaluation, Lead Plaintiff and Lead Counsel believe that the Settlement set forth in this
14 Stipulation confers substantial monetary benefits upon the Settlement Class and is in the
15 best interests of Lead Plaintiff and the Settlement Class.

16 NOW THEREFORE, without any concession by Lead Plaintiff that the Action
17 lacks merit, and without any concession by the Defendants of any liability or
18 wrongdoing or lack of merit in their defenses, it is hereby STIPULATED AND
19 AGREED, by and among the Parties, through their respective attorneys, subject to
20 approval by the Court pursuant to Rule 23(e) of the Arizona Rules of Civil Procedure,
21 that, in consideration of the benefits flowing to the Parties hereto, all Released Claims
22 (defined below) and all Released Defendants' Claims (defined below), as against all
23 Released Parties (defined below), shall be fully, finally, and forever compromised,

1 settled, released, discharged, and dismissed with prejudice, and without the assessment
2 of costs, upon and subject to the following terms and conditions:

3 **DEFINITIONS**

4 1. As used in this Stipulation, the following terms shall have the meanings set
5 forth below. In the event of any inconsistency between any definition set forth below
6 and any definition in any other document related to the Settlement, the definition set
7 forth below shall control.

8 (a) “Action” means the civil action captioned *Public Employees’*
9 *Retirement System of Mississippi, v. Sprouts Farmers Market, Inc., et al.*, No. CV2016-
10 050480, pending in the Superior Court of the State of Arizona, Maricopa County, before
11 the Honorable Roger Brodman.

12 (b) “Alternative Judgment” means a form of final judgment that may be
13 entered by the Court but in a form other than the form of Final Judgment provided for in
14 this Stipulation and where none of the Parties hereto elects to terminate this Settlement
15 by reason of such variance.

16 (c) “Authorized Claimant” means a Settlement Class Member who
17 submits a valid Proof of Claim and Release form to the Claims Administrator that is
18 accepted for payment.

19 (d) “Claims” means any and all manner of claims, debts, demands,
20 controversies, obligations, losses, costs, interest, penalties, fees, expenses, rights, duties,
21 judgments, sums of money, suits, contracts, agreements, promises, damages, actions,
22 causes of action and liabilities, of every nature and description in law or equity
23 (including, but not limited to, any claims for damages, whether compensatory, special,

1 incidental, consequential, punitive, exemplary or otherwise, injunctive relief, declaratory
2 relief, rescission or rescissionary damages, interest, attorneys' fees, expert or consulting
3 fees, costs, or expenses), accrued or unaccrued, known or unknown, arising under
4 federal, state, common, administrative, or foreign law, or any other law, rule, or
5 regulation.

6 (e) "Claims Administrator" means the firm to be retained by Lead
7 Counsel, subject to Court approval, to provide all notices approved by the Court to
8 Settlement Class Members, to process proofs of claim, and to administer the Settlement.

9 (f) "Defendants" means Sprouts Farmers Market, Inc., J. Douglas
10 Sanders, Amin N. Maredia, Donna Berlinski, Andrew S. Jhawar, Shon Boney, Joseph
11 Fortunato, Lawrence P. Molloy, Steven H. Townshend, AP Sprouts Holdings, LLC, AP
12 Sprouts Holdings (Overseas), L.P., Barclays Capital Inc., and Morgan Stanley & Co.
13 LLC.

14 (g) "Defendants' Counsel" means the law firms of Morgan, Lewis &
15 Bockius LLP, Beyers Farrell PLLC, O'Melveny & Myers LLP, Shearman & Sterling
16 LLP, and Lewis Roca Rothgerber Christie LLP.

17 (h) "Effective Date" means the date upon which the Settlement shall
18 have become effective, as set forth in ¶ 37 below.

19 (i) "Escrow Account" means the separate escrow account at Citibank,
20 N.A., a national banking institution, established to receive the Settlement Amount for the
21 benefit of the Settlement Class pursuant to this Stipulation and subject to the jurisdiction
22 of the Court.

23 (j) "Escrow Agent" means Labaton Sucharow LLP.

1 (k) “Fee and Expense Application” means Lead Counsel’s application,
2 on behalf of all Plaintiffs’ Counsel, for an award of attorneys’ fees and payment of
3 litigation expenses incurred in prosecuting the case, including any service award to the
4 Lead Plaintiff.

5 (l) “Final,” with respect to a court order, means the later of: (i) if there
6 is an appeal from a court order, the date of final affirmance on appeal and the expiration
7 of the time for any further judicial review whether by appeal, reconsideration or a
8 petition for a *writ of certiorari* and, if *certiorari* is granted, the date of final affirmance
9 of the order following review pursuant to the grant; or (ii) the date of final dismissal of
10 any appeal from the order or the final dismissal of any proceeding on *certiorari* to
11 review the order; or (iii) the expiration of the time for the filing or noticing of any appeal
12 or petition for *certiorari* from the order (or, if the date for taking an appeal or seeking
13 review of the order shall be extended beyond this time by order of the issuing court, by
14 operation of law or otherwise, or if such extension is requested, the date of expiration of
15 any extension if any appeal or review is not sought), without any such filing or noticing
16 being made. However, any appeal or proceeding seeking subsequent judicial review
17 pertaining solely to the Plan of Allocation of the Net Settlement Fund, or to the Court’s
18 award of attorneys’ fees or expenses, shall not in any way delay or affect the time set
19 forth above for the Final Judgment or Alternative Judgment to become Final or
20 otherwise preclude the Final Judgment or Alternative Judgment from becoming Final.

21 (m) “Final Judgment” means the proposed judgment to be entered by
22 the Court approving the Settlement and awarding attorneys’ fees and expenses,
23 substantially in the form attached hereto as Exhibit B.

1 (n) "Individual Defendants" means J. Douglas Sanders, Amin N.
2 Maredia, Donna Berlinski, Andrew S. Jhawar, Shon Boney, Joseph Fortunato, Lawrence
3 P. Molloy, and Steven H. Townshend.

4 (o) "Lead Plaintiff" means the Public Employees' Retirement System
5 of Mississippi.

6 (p) "Lead Counsel" means Labaton Sucharow LLP.

7 (q) "Liaison Counsel" means Christian Anderson, PLC.

8 (r) "Mediator" means Michelle Yoshida, Esq.

9 (s) "Net Settlement Fund" means the Settlement Fund less: (i) Court-
10 awarded attorneys' fees and expenses; (ii) Notice and Administration Expenses; (iii)
11 Taxes; and (iv) any other fees or expenses approved by the Court.

12 (t) "Notice" means the Notice of Pendency of Class Action, Proposed
13 Settlement, and Motion for Attorneys' Fees and Expenses to be sent to Settlement Class
14 Members, which, subject to approval of the Court, shall be substantially in the form
15 attached hereto as Exhibit 1 to Exhibit A hereto.

16 (u) "Notice and Administration Expenses" means all costs, fees, and
17 expenses incurred in connection with providing notice to the Settlement Class and
18 administering the Settlement, including but not limited to: (i) providing notice of the
19 proposed Settlement by mail, publication, and other means to Settlement Class
20 Members; (ii) receiving and reviewing claims; (iii) applying the Plan of Allocation for
21 the proceeds of the Settlement; (iv) communicating with Persons regarding the proposed
22 Settlement and claims administration process; (v) distributing the proceeds of the
23

1 Settlement; and (vi) fees related to the Escrow Account and investment of the Settlement
2 Fund.

3 (v) “Person(s)” means any individual, corporation (including all
4 divisions and subsidiaries), general or limited partnership, association, joint stock
5 company, joint venture, limited liability company, professional corporation, estate, legal
6 representative, trust, unincorporated association, government or any political subdivision
7 or agency thereof, and any other business or legal entity.

8 (w) “Plan of Allocation” means the proposed Plan of Allocation of Net
9 Settlement Fund, which, subject to the approval of the Court, shall be substantially in the
10 form described in the Notice. Any Plan of Allocation is not a condition to the
11 effectiveness of this Stipulation, and the Released Defendant Parties shall have no
12 responsibility or liability with respect thereto.

13 (x) “Plaintiffs’ Counsel” means Labaton Sucharow LLP, Christian
14 Anderson PLC, Zimmerman Reed LLP, and all other legal counsel who performed
15 services in the Action on behalf of the Lead Plaintiff or, at Lead Counsel’s direction, the
16 Class.

17 (y) “Preliminary Approval Order” means the proposed Order Granting
18 Preliminary Approval of Class Action Settlement, Approving Form and Manner of
19 Notice, and Setting Date for Hearing on Final Approval of Settlement, which, subject to
20 the approval of the Court, shall be substantially in the form attached hereto as Exhibit A.

21 (z) “Proof of Claim” or “Claim Form” means the Proof of Claim and
22 Release form for submitting a claim, which, subject to approval of the Court, shall be
23 substantially in the form attached as Exhibit 2 to Exhibit A hereto.

1 (aa) “Released Claims” means and includes any and all Claims and
2 Unknown Claims that were or could have been asserted against Defendants, or could in
3 the future be asserted in any forum, domestic or foreign, whether asserted individually,
4 directly or representatively, which arise out of, are based upon, or relate in any way to
5 both (1) the purchase, acquisition, holding, sale or disposition of Sprouts common stock
6 acquired in or traceable to the Company’s secondary public offering of 15,847,800
7 shares on or about March 5, 2015 and (2) any claims alleged in the Action, and any
8 Claims or Unknown Claims that could have been asserted in the Action related to the
9 allegations, transactions, facts, events, matters, occurrences, acts, disclosures,
10 representations, statements, omissions, failures to act, or any other matter whatsoever
11 involved in, set forth, referred to, arising out of, or otherwise related to, directly or
12 indirectly, the allegations in the Action or the disclosures made in connection therewith
13 (including the adequacy and completeness of such disclosures). Notwithstanding the
14 foregoing, “Released Claims” does not include claims to enforce the terms of this
15 Stipulation or orders or judgments issued by the Court in connection with this Settlement
16 or claims asserted in any related shareholder action including, *Barnes v. Sprouts*
17 *Farmers Mkt., Inc.*, No. 2017-0735-MTZ, 2018 WL 3471351 (Del. Ch. July 18, 2018).

18 (bb) “Released Defendant Parties” means jointly and severally,
19 individually and collectively, Sprouts, the Individual Defendants, AP, and the
20 Underwriter Defendants, and each and all of their respective past, present, or future
21 subsidiaries, parents, affiliates, and divisions, and all of their and each of Sprouts’, the
22 Individual Defendants’, AP’s and the Underwriter Defendants’ principals, investment
23 managers and advisors, successors and predecessors, assigns, officers, directors,

1 shareholders, trustees, partners, agents, fiduciaries, contractors, employees, attorneys,
2 auditors, insurers; the spouses, members of the immediate families, representatives, and
3 heirs of the Individual Defendants, as well as any trust of which any Individual
4 Defendant is the settlor or which is for the benefit of any of their immediate family
5 members; any firm, trust, corporation, or entity in which any Defendant has a controlling
6 interest; and any of the legal representatives, heirs, successors in interest or assigns of
7 Defendants.

8 (cc) “Released Defendants’ Claims” means all Claims and causes of
9 action of every nature and description, including both known claims and Unknown
10 Claims (as defined below), whether arising under federal, state, common or foreign law,
11 or any other law, that Defendants could have asserted against any of the Released
12 Plaintiff Parties that arise out of or relate in any way to the institution, prosecution, or
13 settlement of the claims in the Action, except for claims relating to the enforcement of
14 the Settlement.

15 (dd) “Released Parties” means the Released Defendant Parties and the
16 Released Plaintiff Parties.

17 (ee) “Released Plaintiff Parties” means jointly and severally, individually
18 and collectively, Lead Plaintiff, each and every Settlement Class Member, and each of
19 their respective present, former and future direct and indirect parent entities, affiliates,
20 subsidiaries, predecessors, successors, assigns, and the officers, directors, attorneys,
21 agents, insurers, employees, contractors, auditors, principals, general or limited partners
22 or partnerships, limited liability companies, legal representatives, of each of them, and
23 any person or entity which is or was related to or affiliated with any Released Plaintiff

1 Party or in which any Released Plaintiff Party has a controlling interest, and each of their
2 respective immediate family members, spouses, heirs, representatives, administrators,
3 executors, trustees, successors, assigns, devisees, legatees, estates, as well as any trust of
4 which any Released Plaintiff Party is the settlor or which is for the benefit of any of their
5 immediate family members. Released Plaintiff Parties does not include any Person who
6 timely and validly seeks exclusion from the Settlement Class.

7 (ff) “Relevant Period” means the period from March 4, 2015 through
8 March 10, 2015, inclusive.

9 (gg) “Settlement” means the resolution of the Action in accordance with
10 the terms and provisions of this Stipulation.

11 (hh) “Settlement Amount” means the total principal amount of nine
12 million and five hundred thousand U.S. dollars (\$9,500,000).

13 (ii) “Settlement Class” or “Settlement Class Member” means all
14 Persons that purchased or otherwise acquired Sprouts common stock in or traceable to
15 the Company’s secondary public offering of 15,847,800 shares that occurred on or about
16 March 5, 2015, and who were allegedly damaged thereby. Excluded from the Settlement
17 Class are: (i) the Defendants; (ii) the officers and directors of Sprouts, AP Sprouts
18 Holdings LLC, AP Sprouts Holdings (Overseas), L.P., and the Underwriter Defendants
19 at all relevant times; (iii) members of the immediate families of the Individual
20 Defendants and of the excluded officers and directors; (iv) any entity in which any of the
21 foregoing, other than the Underwriter Defendants, has or had a controlling interest (and
22 in the case of the Underwriter Defendants, only such entities in which they have a
23 majority ownership interest); (v) any affiliates, parents or subsidiaries of Sprouts,

1 including Sprouts' employee retirement and/or benefit plan(s) and their participants or
2 beneficiaries, to the extent they made purchases through such plan(s); (vi) affiliates,
3 parents or subsidiaries of AP Sprouts Holdings LLC, and AP Sprouts Holdings
4 (Overseas), L.P. (but, for the avoidance of doubt, not excluding Persons that are
5 members or partners of such affiliates, parents or subsidiaries); (vii) Persons who have
6 no compensable damages; and (viii) the legal representatives, heirs, successors or
7 assigns of any of the foregoing, in their capacities as such. Also excluded from the
8 Settlement Class will be any member of the Settlement Class who timely and validly
9 seeks exclusion from the Settlement Class or whose request for exclusion is otherwise
10 allowed by the Court.

11 (jj) "Settlement Fund" means the Settlement Amount and any interest
12 earned thereon.

13 (kk) "Settlement Hearing" means the hearing to be held by the Court to
14 determine whether the proposed Settlement is fair, reasonable, and adequate and should
15 be approved.

16 (ll) "Stipulation" means this Stipulation and Agreement of Settlement.

17 (mm) "Summary Notice" means the Summary Notice of Pendency of
18 Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses for
19 publication, which, subject to approval of the Court, shall be substantially in the form
20 attached as Exhibit 3 to Exhibit A hereto.

21 (nn) "Taxes" means all federal, state, or local taxes of any kind on any
22 income earned by the Settlement Fund and the expenses and costs incurred in connection
23

1 with the taxation of the Settlement Fund (including, without limitation, interest, penalties
2 and the reasonable expenses of tax attorneys and accountants).

3 (oo) “Unknown Claims” means and includes any and all Claims that
4 Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his,
5 her or its favor at the time of the release of the Released Defendant Parties, and any and
6 all Released Defendants’ Claims that any Defendant does not know or suspect to exist in
7 his, her, or its favor at the time of the release of the Released Plaintiff Parties. This
8 includes Claims which, if known by him, her or it, might have affected his, her or its
9 settlement with and release of the Released Defendant Parties or the Released Plaintiff
10 Parties, as the case may be, or might have affected his, her or its decision(s) with respect
11 to the Settlement and the Released Claims, or Released Defendants’ Claims, including
12 his, her, or its decision to object or not to object to this Settlement. The Parties expressly
13 acknowledge, and the Settlement Class Members by operation of the Final Judgment or
14 Alternative Judgment shall have, and shall be deemed to have expressly waived and
15 relinquished any and all provisions, rights, and benefits conferred by any law of any state
16 or territory of the United States or any other jurisdiction, or principle of common law
17 that is, or is similar, comparable, or equivalent to California Civil Code § 1542, which
18 provides:

19 **A general release does not extend to claims which the creditor does not**
20 **know or suspect to exist in his or her favor at the time of executing the**
21 **release, which if known by him or her must have materially affected**
22 **his or her settlement with the debtor.**

23 Lead Plaintiff, other Settlement Class Members, or Defendants may hereafter discover
facts, legal theories, or authorities in addition to or different from those which he, she or

1 it now knows or believes to be true with respect to the subject matter of the Released
2 Claims and Released Defendants' Claims, but Lead Plaintiff and Defendants expressly,
3 fully, finally, and forever settle and release, and each other Settlement Class Member
4 shall be deemed to have fully, finally, and forever settled and released, and upon the
5 Effective Date and by operation of the Final Judgment or Alternative Judgment shall
6 have settled and released, fully, finally, and forever, any and all Released Claims and
7 Released Defendants' Claims, as applicable, without regard to the subsequent discovery
8 or existence of such different or additional facts, legal theories, or authorities. The
9 Parties expressly acknowledge, and other Settlement Class Members by operation of law
10 shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the
11 definition of Released Claims and Released Defendants' Claims was separately
12 bargained for and is a material element of the Settlement.

13 **RELEASES AND COVENANTS NOT TO SUE**

14 2. The obligations incurred pursuant to this Stipulation are (a) subject to
15 approval by the Court and the Final Judgment, or Alternative Judgment, reflecting such
16 approval becoming Final; and (b) in full and final disposition of the Action with respect
17 to the Released Parties and any and all Released Claims and Released Defendants'
18 Claims.

19 3. For purposes of this Settlement only, the Parties agree to: (i) certification
20 of the Action as a class action, pursuant to Ariz. R. Civ. P. 23(a) and 23(b)(3), on behalf
21 of the Settlement Class as defined in ¶ 1(ii); (ii) the appointment of Lead Plaintiff as
22 Class Representative for the Settlement Class; and (iii) the appointment of Lead Counsel
23

1 as Class Counsel for the Settlement Class pursuant to Arizona Rule of Civil Procedure
2 23(g).

3 4. By operation of the Final Judgment or Alternative Judgment, as of the
4 Effective Date, Lead Plaintiff and each and every other Settlement Class Member, on
5 behalf of themselves and each of their respective heirs, executors, trustees,
6 administrators, predecessors, successors, and assigns, shall be deemed to have fully,
7 finally, and forever waived, released, discharged, covenanted not to sue with respect to,
8 and dismissed each and every one of the Released Claims against each and every one of
9 the Released Defendant Parties and shall forever be barred and permanently enjoined
10 and restrained from bringing, commencing, instituting, prosecuting, asserting, or
11 maintaining any and all of the Released Claims against any and all of the Released
12 Defendant Parties.

13 5. By operation of the Final Judgment or Alternative Judgment, as of the
14 Effective Date, Defendants, on behalf of themselves and each of their respective heirs,
15 executors, trustees, administrators, predecessors, successors, and assigns, shall be
16 deemed to have fully, finally, and forever waived, released, discharged, covenanted not
17 to sue with respect to, and dismissed each and every one of the Released Defendants'
18 Claims against each and every one of the Released Plaintiff Parties and shall forever be
19 barred, enjoined and restrained from bringing, commencing, instituting, prosecuting,
20 asserting, or maintaining any and all of the Released Defendants' Claims against any and
21 all of the Released Plaintiff Parties.

1 **THE SETTLEMENT CONSIDERATION**

2 6. In full settlement of the claims asserted in the Action against Defendants
3 and in consideration of the releases specified in ¶¶ 4-5, above, all of which the Parties
4 agree are good and valuable consideration, Sprouts, individually or through its insurance
5 carriers on behalf of Sprouts, shall cause the Settlement Amount to be paid into the
6 Escrow Account within fifteen (15) business days of the later of (i) the date of entry of
7 the Preliminary Approval Order or (ii) Labaton Sucharow providing to Morgan, Lewis &
8 Bockius LLP the information necessary to effectuate payment of funds to the Escrow
9 Account, including but not limited to, payee name and telephone number, electronic
10 transfer instructions, check delivery instructions, payment address, and a complete and
11 executed Form W-9 for the Settlement Fund that reflects a valid tax identification
12 number.

13 7. No Defendant or Defendants' Counsel shall have any responsibility for,
14 interest in, or liability whatsoever with respect to: (i) any act, omission, or determination
15 by Lead Counsel or the Claims Administrator, or any of their respective designees or
16 agents, in connection with the administration of the Settlement or otherwise; (ii) the
17 management, investment, or distribution of the Settlement Fund; (iii) the Plan of
18 Allocation; (iv) the determination, administration, calculation, or payment of any claims
19 asserted against the Settlement Fund; (v) any loss suffered by, or fluctuation in value of,
20 the Settlement Fund; or (vi) the payment or withholding of any Taxes, expenses, and/or
21 costs incurred in connection with the taxation of the Settlement Fund, distributions or
22 other payments from the Escrow Account, or the filing of any federal, state, or local
23 returns.

1 8. No Defendant other than Sprouts shall be required to pay, or cause
2 payment of, the Settlement Amount or any portion thereof. Other than the obligation of
3 Sprouts to cause the payment of the Settlement Amount pursuant to ¶ 6, Defendants shall
4 have no obligation to make any other payments into the Escrow Account, to any
5 Settlement Class Member, or to Lead Counsel pursuant to this Stipulation.

6 **USE AND TAX TREATMENT OF SETTLEMENT FUND**

7 9. The Settlement Fund shall be used: (i) to pay any Taxes; (ii) to pay Notice
8 and Administration Expenses; (iii) to pay any attorneys' fees and expenses awarded by
9 the Court; (iv) to pay any other fees and expenses awarded by the Court; and (v) to pay
10 the claims of Authorized Claimants.

11 10. The Net Settlement Fund shall be distributed to Authorized Claimants as
12 provided in ¶¶ 20-32 hereof. The Net Settlement Fund shall remain in the Escrow
13 Account prior to the Effective Date. All funds held in the Escrow Account, and all
14 earnings thereon, shall be deemed to be in the custody of the Court and shall remain
15 subject to the jurisdiction of the Court until such time as the funds shall have been
16 disbursed or returned, pursuant to the terms of this Stipulation, and/or further order of
17 the Court. The Escrow Agent shall invest funds in the Escrow Account in instruments
18 backed by the full faith and credit of the United States Government (or a mutual fund
19 invested solely in such instruments), or deposit some or all of the funds in non-interest-
20 bearing transaction account(s) that are fully insured by the Federal Deposit Insurance
21 Corporation ("FDIC") in amounts that are up to the limit of FDIC insurance. Defendants
22 and Defendants' Counsel shall have no responsibility for, interest in, or liability
23 whatsoever with respect to investment decisions executed by the Escrow Agent. All

1 risks related to the investment of the Settlement Fund shall be borne solely by the
2 Settlement Fund.

3 11. After the Settlement Amount has been paid into the Escrow Account, the
4 Parties agree to treat the Settlement Fund as a “qualified settlement fund” within the
5 meaning of Treas. Reg. § 1.468B-1. All provisions of this Stipulation shall be
6 interpreted in a manner that is consistent with the Settlement Amount being a “qualified
7 settlement fund” within the meaning of Treasury Regulation § 1.468B-1. In addition, the
8 Escrow Agent shall timely make, or cause to be made, such elections as necessary or
9 advisable to carry out the provisions of this paragraph 11, including the “relation-back
10 election” (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted date.
11 Such election shall be made in compliance with the procedures and requirements
12 contained in such regulations. It shall be the responsibility of the Escrow Agent to
13 timely and properly prepare and deliver, or cause to be prepared and delivered, the
14 necessary documentation for signature by all necessary parties, and thereafter take all
15 such actions as may be necessary or appropriate to cause the appropriate filing(s) to
16 timely occur. Consistent with the foregoing:

17 (a) For the purposes of Section 468B of the Internal Revenue Code of
18 1986, as amended, and Treas. Reg. § 1.468B promulgated thereunder, the
19 “administrator” shall be the Escrow Agent or its successors, who shall timely and
20 properly file, or cause to be filed, all federal, state, or local tax returns and information
21 returns (together, “Tax Returns”) necessary or advisable with respect to the earnings on
22 the funds deposited in the Escrow Account (including without limitation the returns
23 described in Treas. Reg. § 1.468B-2(k)). Such Tax Returns (as well as the election

1 described above) shall be consistent with this subparagraph and in all events shall reflect
2 that all Taxes (including any estimated taxes, earnings, or penalties) on the income
3 earned on the funds deposited in the Escrow Account shall be paid out of such funds as
4 provided in subparagraph (c) of this paragraph 11.

5 (b) All Taxes shall be paid out of the Settlement Fund. In all events,
6 Defendants and Defendants' Counsel shall have no liability or responsibility whatsoever
7 for the Taxes or the filing of any Tax Return or other document with the Internal
8 Revenue Service or any other state or local taxing authority. Defendants shall have no
9 liability or responsibility for the Taxes of the Escrow Account with respect to the
10 Settlement Amount nor the filing of any Tax Returns or other documents with the
11 Internal Revenue Service or any other taxing authority, nor any expenses associated
12 therewith. In the event any Taxes are owed by any of the Defendants on any earnings on
13 the funds on deposit in the Escrow Account, such amounts shall also be paid out of the
14 Settlement Fund.

15 (c) Taxes with respect to the Settlement Amount and the Escrow
16 Account shall be treated as, and considered to be, a cost of administration of the
17 Settlement and shall be timely paid, or caused to be paid, by the Escrow Agent out of the
18 Settlement Fund without prior order from the Court or approval by Defendants. The
19 Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to
20 withhold from distribution to Authorized Claimants any funds necessary to pay such
21 amounts (as well as any amounts that may be required to be withheld under Treas. Reg.
22 § 1.468B-2(1)(2)). The Parties agree to cooperate with each other, and their tax attorneys
23

1 and accountants to the extent reasonably necessary, to carry out the provisions of this
2 paragraph 11.

3 12. This is not a claims-made settlement. As of the Effective Date,
4 Defendants, and/or any other Person funding the Settlement on a Defendant's behalf,
5 shall not have any right to the return of the Settlement Fund or any portion thereof for
6 any reason.

7 **ATTORNEYS' FEES AND EXPENSES**

8 13. Lead Counsel, on behalf of all Plaintiffs' Counsel, will apply to the Court
9 for an award from the Settlement Fund of attorneys' fees and payment of litigation
10 expenses incurred in prosecuting the Action, including any earnings on such amounts at
11 the same rate and for the same periods as earned by the Settlement Fund. Defendants
12 shall take no position with respect to any Fee and Expense Application.

13 14. The amount of attorneys' fees and expenses awarded by the Court is within
14 the sole discretion of the Court. Any attorneys' fees and expenses awarded by the Court
15 shall be paid from the Settlement Fund to Lead Counsel immediately after entry of the
16 Final Judgment or Alternative Judgment and an order awarding such attorneys' fees and
17 expenses, notwithstanding the existence of any timely filed objections thereto or to the
18 Settlement, or potential for appeal therefrom, or collateral attack on the Fee and Expense
19 Application, the Settlement, or any part thereof. Lead Counsel shall allocate any Court-
20 awarded attorneys' fees and expenses among Plaintiffs' Counsel.

21 15. In the event that the Effective Date does not occur, or the Final Judgment
22 or Alternative Judgment is reversed or modified in any way that affects the award of
23 attorneys' fees and expenses, or the Stipulation is terminated for any other reason, then

1 Lead Counsel shall be obligated to refund to the Escrow Account, within fifteen (15)
2 business days from receiving notice from any of Defendants' Counsel, or from a court of
3 appropriate jurisdiction, of the termination of the Settlement pursuant to this Stipulation,
4 of the disapproval of the Settlement by Final non-appealable court order, or of any
5 reduction or reversal of the award of attorneys' fees and/or expenses by Final non-
6 appealable court order, either the full amount of the fees and expenses or an amount
7 consistent with any modification of the Final Judgment or Alternative Judgment with
8 respect to the fee and expense award, including accrued interest at the same rate as is
9 earned by the Settlement Fund. Each Plaintiffs' Counsel receiving any payment of
10 attorneys' fees or expenses, as a condition of receiving such fees and expenses, agrees
11 that they accept payment subject to the obligation of each of Plaintiffs' Counsel
12 (including their respective partners, shareholders, and/or firms) to make repayment to the
13 Settlement Fund of the applicable amount paid to them, plus interest thereon at the same
14 rate as earned on the Settlement Fund, within fifteen (15) business days from receiving
15 the notice referenced in this paragraph. Plaintiffs' Counsel agree that the law firms and
16 their partners and/or shareholders are subject to jurisdiction of the Court for the purpose
17 of enforcing the provisions of this paragraph. Any award to Lead Plaintiff shall not be
18 paid from the Settlement Fund until after the Effective Date.

19 16. Any award of attorneys' fees and interest and/or expenses to Plaintiffs'
20 Counsel or award to Lead Plaintiff shall be paid solely from the Settlement Fund. No
21 Defendant shall have any responsibility for payment of Plaintiffs' Counsel's attorneys'
22 fees and interest, expenses or other award to Lead Plaintiff beyond the obligation of
23 Defendant Sprouts to cause the funding of the Settlement Amount as set forth in ¶ 6

1 above. The Released Defendant Parties shall have no responsibility for, and no liability
2 whatsoever with respect to, any payments to Plaintiffs' Counsel, Lead Plaintiff, the
3 Settlement Class and/or any other Person who receives payment from the Settlement
4 Fund.

5 17. The procedure for and the allowance or disallowance by the Court of any
6 Fee and Expense Application are not part of the Settlement set forth in this Stipulation,
7 and are separate from the Court's consideration of the fairness, reasonableness, and
8 adequacy of the Settlement set forth in the Stipulation, and any order or proceeding
9 relating to any Fee and Expense Application, including an award of attorneys' fees or
10 expenses in an amount less than the amount requested by Lead Counsel, or any appeal
11 from any order relating thereto or reversal or modification thereof, shall not operate to
12 terminate or cancel the Stipulation, or affect or delay the finality of the Final Judgment
13 or Alternative Judgment approving the Stipulation and the Settlement set forth herein,
14 including, but not limited to, the release, discharge, and relinquishment of the Released
15 Claims against the Released Defendant Parties, or any other orders entered pursuant to
16 the Stipulation. Lead Plaintiff and Lead Counsel may not cancel or terminate the
17 Stipulation or the Settlement in accordance with ¶ 38 or otherwise based on the Court's
18 or any appellate court's ruling with respect to fees and expenses in the Action.

19 **NOTICE AND ADMINISTRATION EXPENSES**

20 18. Except as otherwise provided herein, the Net Settlement Fund shall be held
21 in the Escrow Account until the Effective Date.

22 19. Prior to the Effective Date, without further approval from Defendants or
23 further order of the Court, Lead Counsel may expend up to \$500,000 from the

1 Settlement Fund to pay Notice and Administration Expenses reasonably and actually
2 incurred. Additional sums for this purpose prior to the Effective Date may be paid from
3 the Settlement Fund upon agreement of the Parties or order of the Court. Taxes and fees
4 related to the Escrow Account and investment of the Settlement Fund may be paid as
5 incurred, without further approval of Defendants or further order of the Court. After the
6 Effective Date, without approval of Defendants or further order of the Court, Notice and
7 Administration Expenses may be paid as incurred. Sprouts shall be responsible for
8 providing any required notice under the Class Action Fairness Act of 2005, if any, at its
9 own expense.

10 **DISTRIBUTION TO AUTHORIZED CLAIMANTS**

11 20. The Claims Administrator, subject to such supervision and direction of
12 Lead Counsel and/or the Court as may be necessary or as circumstances may require,
13 shall administer the Settlement in accordance with the terms of this Stipulation, the
14 Court-approved Plan of Allocation, and subject to the jurisdiction of the Court.
15 Defendants and Defendants' Counsel shall have no responsibility for (except as stated in
16 ¶¶ 6 and 34 hereof), interest in, or liability whatsoever with respect to the administration
17 of the Settlement or the actions or decisions of the Claims Administrator, and shall have
18 no liability to the Settlement Class in connection with such administration.

19 21. The Claims Administrator shall determine each Authorized Claimant's *pro*
20 *rata* share of the Net Settlement Fund based upon each Authorized Claimant's
21 recognized loss, as defined in the Plan of Allocation included in the Notice, or in such
22 other plan of allocation as the Court may approve.
23

1 22. Defendants have no role in the development of, and will take no position
2 with respect to, the Plan of Allocation. The Plan of Allocation is a matter separate and
3 apart from the proposed Settlement, and any decision by the Court concerning the Plan
4 of Allocation shall not affect the validity or finality of the proposed Settlement. The
5 Plan of Allocation is not a necessary term of this Stipulation and it is not a condition of
6 this Stipulation that any particular plan of allocation be approved by the Court. Lead
7 Plaintiff and Lead Counsel may not cancel or terminate the Stipulation or the Settlement
8 in accordance with ¶ 38 or otherwise based on the Court's or any appellate court's ruling
9 with respect to the Plan of Allocation or any plan of allocation in the Action.

10 Defendants and Defendants' Counsel shall have no responsibility or liability for
11 reviewing or challenging claims, the allocation of the Net Settlement Fund, or the
12 distribution of the Net Settlement Fund.

13 23. Upon the Effective Date and thereafter, and in accordance with the terms
14 of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of
15 the Court as may be necessary or as circumstances may require, the Net Settlement Fund
16 shall be distributed to Authorized Claimants.

17 24. If there is any balance remaining in the Net Settlement Fund (whether by
18 reason of tax refunds, uncashed checks or otherwise) after at least six (6) months from
19 the date of initial distribution of the Net Settlement Fund, the Claims Administrator
20 shall, if feasible and economical after payment of Notice and Administration Expenses,
21 Taxes, and attorneys' fees and expenses, if any, redistribute such balance among
22 Authorized Claimants who have cashed their checks in an equitable and economic
23 fashion. Once it is no longer feasible or economical to make further distributions, any

1 balance that still remains in the Net Settlement Fund after re-distribution(s) and after
2 payment of outstanding Notice and Administration Expenses, Taxes, and attorneys' fees
3 and expenses, if any, shall be contributed to a non-sectarian, not-for-profit charitable
4 organization(s) serving the public interest designated by Lead Plaintiff and approved by
5 the Court.

6 **ADMINISTRATION OF THE SETTLEMENT**

7 25. Any Settlement Class Member who fails timely to submit a valid Claim
8 Form (substantially in the form of Exhibit 2 to Exhibit A) will not be entitled to receive
9 any of the proceeds from the Net Settlement Fund, except as otherwise ordered by the
10 Court, but will otherwise be bound by all of the terms of this Stipulation and the
11 Settlement, including the terms of the Final Judgment or Alternative Judgment to be
12 entered in the Action and all releases provided for herein, and will be barred from
13 bringing any action against the Released Defendant Parties concerning the Released
14 Claims.

15 26. Lead Counsel shall be responsible for supervising the administration of the
16 Settlement and disbursement of the Net Settlement Fund by the Claims Administrator.
17 Lead Counsel shall have the right, but not the obligation, to advise the Claims
18 Administrator to waive what Lead Counsel deems to be *de minimis* or formal or
19 technical defects in any Claim Form submitted. Defendants and Defendants' Counsel
20 shall have no liability, obligation or responsibility for the administration of the
21 Settlement, the allocation of the Net Settlement Fund, or the reviewing or challenging
22 claims. Lead Counsel shall be solely responsible for designating the Claims
23 Administrator, subject to approval by the Court.

1 27. For purposes of determining the extent, if any, to which a claimant shall be
2 entitled to be treated as an Authorized Claimant, the following conditions shall apply:

3 (a) Each claimant shall be required to submit a Claim Form,
4 substantially in the form attached hereto as Exhibit 2 to Exhibit A, supported by such
5 documents as are designated therein, including proof of the claimant's loss, or such other
6 documents or proof as the Claims Administrator or Lead Counsel, in their discretion,
7 may deem acceptable;

8 (b) All Claim Forms must be submitted by the date set by the Court in
9 the Preliminary Approval Order and specified in the Notice, unless such deadline is
10 extended by Lead Counsel in its discretion or by Order of the Court. Any Settlement
11 Class Member who fails to submit a Claim Form by such date shall be barred from
12 receiving any distribution from the Net Settlement Fund or payment pursuant to this
13 Stipulation (unless, by Order of the Court or the discretion of Lead Counsel, late-filed
14 Claim Forms are accepted), but shall in all other respects be bound by all of the terms of
15 this Stipulation and the Settlement, including the terms of the Final Judgment or
16 Alternative Judgment and all releases provided for herein, and will be permanently
17 barred and enjoined from bringing any action, claim or other proceeding of any kind
18 against any Released Defendant Party. A Claim Form shall be deemed to be submitted
19 when mailed, if received with a postmark on the envelope and if mailed by first-class or
20 overnight U.S. Mail and addressed in accordance with the instructions thereon. In all
21 other cases, the Claim Form shall be deemed to have been submitted when actually
22 received by the Claims Administrator;

1 (c) Each Claim Form shall be submitted to and reviewed by the Claims
2 Administrator, under the supervision of Lead Counsel, which shall determine in
3 accordance with this Stipulation the extent, if any, to which each claim shall be allowed;

4 (d) Claim Forms that do not meet the submission requirements may be
5 rejected. Prior to rejecting a Claim Form in whole or in part, the Claims Administrator
6 shall communicate with the claimant in writing to give the claimant the chance to
7 remedy any curable deficiencies in the Claim Form submitted. The Claims
8 Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion and
9 in writing, all claimants whose claims the Claims Administrator proposes to reject in
10 whole or in part for curable deficiencies, setting forth the reasons therefor, and shall
11 indicate in such notice that the claimant whose claim is to be rejected has the right to a
12 review by the Court if the claimant so desires and complies with the requirements of
13 subparagraph (e) below; and

14 (e) If any claimant whose timely claim has been rejected in whole or in
15 part for curable deficiency desires to contest such rejection, the claimant must, within
16 twenty (20) calendar days after the date of mailing of the notice required in subparagraph
17 (d) above, or a lesser period of time if the claim was untimely, serve upon the Claims
18 Administrator a notice and statement of reasons indicating the claimant's grounds for
19 contesting the rejection along with any supporting documentation, and requesting a
20 review thereof by the Court. If a dispute concerning a claim cannot be otherwise
21 resolved, Lead Counsel shall thereafter present the request for review to the Court.

22 28. Each claimant who submits a Claim Form shall be deemed to have
23 submitted to the jurisdiction of the Court with respect to the claimant's claim, including

1 but not limited to, all releases provided for herein and in the Final Judgment or
2 Alternative Judgment, and the claim will be subject to investigation and discovery under
3 the Arizona Rules of Civil Procedure, provided that such investigation and discovery
4 shall be limited to the claimant's status as a Settlement Class Member and the validity
5 and amount of the claimant's claim. In connection with processing the Claim Forms, no
6 discovery shall be allowed on the merits of the Action or the Settlement.

7 29. Payment pursuant to the Stipulation and Court-approved Plan of
8 Allocation shall be deemed final and conclusive against any and all claimants. All
9 Settlement Class Members whose claims are not approved shall be barred from
10 participating in distributions from the Net Settlement Fund, but otherwise shall be bound
11 by all of the terms of this Stipulation and the Settlement, including the terms of the Final
12 Judgment or Alternative Judgment to be entered in the Action and the releases provided
13 for herein and therein, and will be barred from bringing any action against the Released
14 Defendant Parties concerning the Released Claims.

15 30. All proceedings with respect to the administration, processing and
16 determination of claims described by this Stipulation and the determination of all
17 controversies relating thereto, including disputed questions of law and fact with respect
18 to the validity of claims, shall be subject to the jurisdiction of the Court, but shall not in
19 any event delay or affect the finality of the Final Judgment or Alternative Judgment.

20 31. No Person shall have any claim of any kind against the Released
21 Defendant Parties or Defendants' Counsel with respect to the matters set forth in this
22 section (*i.e.*, ¶¶ 25-32) or any of its subsections, or otherwise related in any way to the
23

1 administration of the Settlement, including without limitation the processing of claims
2 and distributions.

3 32. No Person shall have any claim against Lead Plaintiff, Lead Counsel, or
4 the Claims Administrator, or other agent designated by Lead Counsel, based on the
5 distributions made substantially in accordance with this Stipulation and the Settlement
6 contained herein, the Plan of Allocation, or further order(s) of the Court.

7 **TERMS OF THE PRELIMINARY APPROVAL ORDER**

8 33. Concurrently with their application for preliminary approval by the Court
9 of the Settlement contemplated by this Stipulation and promptly upon execution of this
10 Stipulation, Lead Counsel shall apply to the Court for entry of the Preliminary Approval
11 Order, which shall be substantially in the form annexed hereto as Exhibit A. The
12 Preliminary Approval Order will, *inter alia*, preliminarily approve the Settlement, set the
13 date for the Settlement Hearing, approve the form of notice, and prescribe the method for
14 giving notice of the Settlement to the Settlement Class.

15 34. Sprouts shall provide, or cause to be provided, to Lead Counsel or the
16 Claims Administrator, at no cost to Lead Plaintiff or the Settlement Class, within ten
17 (10) business days of entry of the Preliminary Approval Order, transfer records in
18 electronic searchable form, such as Excel, containing the names and addresses of
19 Persons who purchased or otherwise acquired Sprouts common stock in or traceable to
20 Sprouts' secondary public offering of 15,847,800 shares that occurred on or about March
21 5, 2015.

1 **TERMS OF THE FINAL JUDGMENT**

2 35. If the Settlement contemplated by this Stipulation is approved by the
3 Court, Lead Counsel and Defendants' Counsel shall jointly request that the Court enter a
4 Final Judgment substantially in the form annexed hereto as Exhibit B.

5 36. The Final Judgment shall contain the following provisions:

6 (a) By operation of this Final Judgment, as of the Effective Date, any
7 and all Persons are permanently barred and enjoined, to the fullest extent permitted by
8 law, from commencing, prosecuting or asserting any and all claims for contribution,
9 indemnification, or any other claim where the alleged injury to that Person is that
10 Person's actual or threatened liability to the Settlement Class or a Settlement Class
11 Member in the Action, arising out of, based upon, relating to, concerning, or in
12 connection with the Released Claims against each and every one of the Released
13 Defendant Parties, whether arising under state, federal, local, common, or foreign law,
14 as claims, cross-claims, counterclaims, or third-party claims, in the Action or a separate
15 action, in the Court or in any other court, arbitration proceeding, administration, or
16 other forum in the United States or elsewhere.

17 (b) By operation of this Final Judgment, as of the Effective Date, each
18 and every Released Defendant Party is permanently barred and enjoined, to the fullest
19 extent permitted by law, from commencing, prosecuting, or asserting any and all claims
20 for contribution, indemnification, or any other claim where the alleged injury to that
21 Released Defendant Party is that Released Defendant Party's actual or threatened
22 liability to the Settlement Class or a Settlement Class Member in the Action, arising out
23 of, based upon, relating to, concerning, or in connection with the Released Claims

1 against any and all Persons, whether arising under state, federal, local, common, or
2 foreign law, as claims, cross-claims, counterclaims, or third-party claims, in the Action
3 or a separate action, in the Court or in any other court, arbitration proceeding,
4 administration, or other forum in the United States or elsewhere.

5 (c) Nothing in this Final Judgment shall bar any action to enforce the
6 Settlement or release, bar or alter the contractual rights, if any, under the terms of any
7 written agreement (i) between or among the Underwriter Defendants, or (ii) between
8 the Underwriter Defendants, the Individual Defendants, or AP, on the one hand, and
9 Sprouts, on the other hand.

10 **EFFECTIVE DATE OF SETTLEMENT**

11 37. The Effective Date of this Settlement shall be the first business day on
12 which all of the following shall have occurred or been waived:

13 (a) Defendants have not exercised their option to terminate the
14 Settlement pursuant to ¶ 38-39;

15 (b) entry of the Preliminary Approval Order, which shall be in all
16 material respects substantially in the form set forth in Exhibit A annexed hereto;

17 (c) payment of the Settlement Amount into the Escrow Account;

18 (d) approval by the Court of the Settlement, following notice to the
19 Settlement Class and the Settlement Hearing, as prescribed by Rule 23 of the Arizona
20 Rules of Civil Procedure;

21 (e) a Final Judgment, which shall be in all material respects
22 substantially in the form set forth in Exhibit B annexed hereto, has been entered by the
23

1 Court and has become Final; or in the event that an Alternative Judgment has been
2 entered, the Alternative Judgment has become Final; and

3 (f) the Action has been dismissed with prejudice.

4 **WAIVER OR TERMINATION**

5 38. Defendants and Lead Plaintiff shall have the right to terminate the
6 Settlement and this Stipulation by providing written notice of their election to do so
7 (“Termination Notice”), through counsel, to all other Parties hereto within fourteen (14)
8 calendar days of: (i) the Court’s Final refusal to enter the Preliminary Approval Order in
9 any respect that the terminating Party reasonably and in good faith believes is materially
10 adverse to it; (ii) the Court’s Final refusal to approve this Stipulation in any respect that
11 the terminating Party reasonably and in good faith believes is materially adverse to it;
12 (iii) the Court’s Final refusal to enter (a) the Final Judgment in any respect that the
13 terminating Party reasonably and in good faith believes is materially adverse to it or (b)
14 an Alternative Judgment that is acceptable to all Parties; (iv) the Court’s Final refusal to
15 dismiss the Action with prejudice; or (v) the date upon which the Final Judgment or
16 Alternative Judgment is modified or reversed in any respect that the terminating Party
17 reasonably and in good faith believes is materially adverse to it by a Final order of the
18 Court, an appellate court, or the U.S. Supreme Court. For the avoidance of doubt, Lead
19 Plaintiff shall not have the right to terminate the Settlement due to any decision, ruling,
20 or order respecting the Fee and Expense Application or any plan of allocation.

21 39. In addition to the foregoing, Defendants shall also have the right to
22 withdraw from the Settlement in the event the Termination Threshold (defined below)
23 has been reached.

1 (a) Simultaneously herewith, Defendants’ Counsel and Lead Counsel
2 are executing a confidential Supplemental Agreement Regarding Requests for Exclusion
3 (“Supplemental Agreement”). The Supplemental Agreement sets forth certain
4 conditions under which Defendants shall have the option, exercisable by a majority of
5 Defendants, to terminate the Settlement and render this Stipulation null and void in the
6 event that requests for exclusion from the Settlement Class exceed certain agreed-upon
7 criteria (the “Termination Threshold”). The Parties agree to maintain the confidentiality
8 of the Supplemental Agreement, which shall not be filed with the Court unless a dispute
9 arises as to its terms, or as otherwise ordered by the Court, nor shall the Supplemental
10 Agreement otherwise be disclosed unless ordered by the Court. If submission of the
11 Supplemental Agreement is required for resolution of a dispute or is otherwise ordered
12 by the Court, the Parties will undertake to have the Termination Threshold submitted to
13 the Court *in camera* or under seal.

14 (b) In the event of a termination of this Settlement pursuant to the
15 Supplemental Agreement, this Stipulation shall become null and void and of no further
16 force and effect, with the exception of the provisions of ¶¶ 44-47, which shall continue
17 to apply.

18 40. The Preliminary Approval Order, attached hereto as Exhibit A, shall
19 provide that requests for exclusion shall be received no later than twenty-one (21)
20 calendar days prior to the Settlement Hearing. Upon receiving any request for exclusion
21 pursuant to the Notice, Lead Counsel shall promptly, and certainly no later than five (5)
22 calendar days after receiving a request for exclusion or fifteen (15) calendar days prior to
23 the Settlement Hearing, whichever is earlier, notify Defendants’ Counsel of such request

1 for exclusion and provide copies of such request for exclusion and any documentation
2 accompanying it by email.

3 41. In addition to all of the rights and remedies that Lead Plaintiff has under
4 the terms of this Stipulation, Lead Plaintiff shall also have the right to terminate the
5 Settlement in the event that the Settlement Amount has not been paid in the time period
6 provided for in ¶ 6 above, by providing written notice of the election to terminate to all
7 other Parties and, thereafter, there is a failure to pay the Settlement Amount within
8 fourteen (14) calendar days of such written notice.

9 42. If, before the Settlement becomes Final, any Defendant files for protection
10 under the Bankruptcy Code or any similar law or a trustee, receiver, conservator, or
11 other fiduciary is appointed under Bankruptcy, or any similar law, and in the event of the
12 entry of a final order of a court of competent jurisdiction determining the transfer of
13 money or any portion thereof to the Settlement Fund by or on behalf of such Defendant
14 to be a preference, voidable transfer, fraudulent transfer or similar transaction and any
15 portion thereof is required to be returned, and such amount is not promptly deposited
16 into the Settlement Fund by others, then, at the election of Lead Plaintiff, the Parties
17 shall jointly move the Court to vacate and set aside the release given and the Final
18 Judgment or Alternative Judgment entered in favor of that Defendant and that Defendant
19 and Lead Plaintiff and the members of the Settlement Class shall be restored to their
20 litigation positions immediately prior to August 14, 2018. All releases and the Final
21 Judgment or Alternative Judgment as to other Defendants shall remain unaffected.

22 (c) Sprouts warrants, as to itself and the payments made on its behalf,
23 that, at the time of such payment, it will not be insolvent, nor will payment on its behalf

1 render it insolvent, within the meaning of and/or for the purposes of the United States
2 Bankruptcy Code, including Sections 101 and 547 thereof.

3 43. If an option to withdraw from and terminate this Stipulation and
4 Settlement arises under any of ¶¶ 38-39, 41-42 above: (i) neither Defendants nor Lead
5 Plaintiff (as the case may be) will be required for any reason or under any circumstance
6 to exercise that option; and (ii) any exercise of that option shall be made in good faith,
7 but in the sole and unfettered discretion of Defendants or Lead Plaintiff, as applicable.

8 44. With the exception of the provisions of ¶¶ 44-47, which shall continue to
9 apply, in the event the Settlement is terminated as set forth herein or cannot become
10 effective for any reason, then the Settlement shall be without prejudice, and none of its
11 terms shall be effective or enforceable except as specifically provided herein; the Parties
12 shall be deemed to have reverted to their respective litigation positions in the Action
13 immediately prior to August 14, 2018; and, except as specifically provided herein, the
14 Parties shall proceed in all respects as if this Stipulation and any related order had not
15 been entered. In such event, this Stipulation, and any aspect of the discussions or
16 negotiations leading to this Stipulation shall not be admissible in this Action and shall
17 not be used against or to the prejudice of Defendants or against or to the prejudice of
18 Lead Plaintiff, in any court filing, deposition, at trial, or otherwise, and any judgment or
19 order entered by the Court in accordance with the terms of this Stipulation, including, for
20 the avoidance of doubt, any order or judgment certifying the Settlement Class as
21 described in ¶ 1(ii), shall be treated as vacated, nunc pro tunc.

22 45. In the event the Settlement is terminated or fails to become effective for
23 any reason, any portion of the Settlement Amount previously paid, together with any

1 earnings thereon, less any Taxes paid or due, less Notice and Administration Expenses
2 actually incurred and paid or payable from the Settlement Amount, shall be returned to
3 the Person(s) that made the deposit(s) within thirty (30) calendar days after written
4 notification of such event in accordance with instructions provided by Defendants'
5 Counsel to Lead Counsel. At the request of Defendants' Counsel, the Escrow Agent or
6 its designees shall apply for any tax refund owed on the amounts in the Escrow Account
7 and pay the proceeds, after any deduction of any fees or expenses incurred in connection
8 with such application(s), of such refund to the Person(s) that made the deposits or as
9 otherwise directed.

10 46. None of the Parties, or any of them, shall have any obligation whatsoever
11 to proceed under any terms other than those provided for and agreed herein.

12 **NO ADMISSION**

13 47. Except as set forth in ¶ 48 below, this Stipulation, whether or not
14 consummated, and whether or not approved by the Court, and any discussion,
15 negotiation, proceeding, or agreement relating to the Stipulation, the Settlement, and any
16 matter arising in connection with settlement discussions or negotiations, proceedings, or
17 agreements, shall not be offered or received against or to the prejudice of any of the
18 Parties or their respective counsel, for any purpose other than in an action to enforce the
19 terms hereof, and in particular:

20 (a) do not constitute, and shall not be offered or received against or to
21 the prejudice of any of the Defendants as evidence of, or construed as, or deemed to be
22 evidence of any presumption, concession, or admission by any of the Defendants with
23 respect to the truth of any allegation by Lead Plaintiff and the Settlement Class, or the

1 validity of any claim that has been or could have been asserted in the Action or in any
2 litigation, including but not limited to the Released Claims, the deficiency of any defense
3 that has been or could have been asserted by the Defendants in this Action or in any
4 other litigation, or of any liability, damages, negligence, fault or wrongdoing of
5 Defendants or any person or entity whatsoever;

6 (b) do not constitute, and shall not be offered or received against or to
7 the prejudice of any of the Defendants as evidence of a presumption, concession, or
8 admission of any fault, misrepresentation, or omission with respect to any statement or
9 written document approved or made by any of the Defendants, or against or to the
10 prejudice of Lead Plaintiff, or any other member of the Settlement Class as evidence of
11 any infirmity in the claims of Lead Plaintiff, or the other members of the Settlement
12 Class;

13 (c) do not constitute, and shall not be offered or received against or to
14 the prejudice of any of the Defendants, Lead Plaintiff, any other member of the
15 Settlement Class, or their respective counsel, as evidence of a presumption, concession,
16 or admission with respect to any liability, damages, negligence, fault, infirmity, or
17 wrongdoing, or in any way referred to for any other reason against or to the prejudice of
18 any of the Defendants, Lead Plaintiff, other members of the Settlement Class, or their
19 respective counsel, in any other civil, criminal, or administrative action or proceeding,
20 other than such proceedings as may be necessary to effectuate the provisions of this
21 Stipulation;

22 (d) do not constitute, and shall not be construed against any of the
23 Defendants, Lead Plaintiff, or any other member of the Settlement Class, as an

1 admission or concession that the consideration to be given hereunder represents the
2 amount that could be or would have been recovered after trial; and

3 (e) do not constitute, and shall not be construed as or received in
4 evidence as an admission, concession, or presumption against Lead Plaintiff, or any
5 other member of the Settlement Class that any of their claims are without merit or infirm
6 or that damages recoverable under the Complaint would not have exceeded the
7 Settlement Amount.

8 48. Notwithstanding ¶ 47 above, the Parties, and their respective counsel, may
9 file this Stipulation and/or the Final Judgment or Alternative Judgment in any action that
10 may be brought against them in order to support a defense or counterclaim based on
11 principles of *res judicata*, collateral estoppel, release, statute of limitations, statute of
12 repose, good-faith settlement, judgment bar or reduction, or any theory of claim
13 preclusion or issue preclusion or similar defense or counterclaim, or to effectuate any
14 liability protection granted them under any applicable insurance policy. The Parties may
15 file this Stipulation and/or the Final Judgment or Alternative Judgment in any action that
16 may be brought to enforce the terms of this Stipulation and/or the Final Judgment or
17 Alternative Judgment. All Parties submit to the jurisdiction of the Court for purposes of
18 implementing and enforcing the Settlement.

19 **MISCELLANEOUS PROVISIONS**

20 49. All of the exhibits to the Stipulation, except any plan of allocation to the
21 extent incorporated in those exhibits, and the Supplemental Agreement are material and
22 integral parts hereof and are fully incorporated herein by this reference.

23

1 50. The Parties and their counsel represent that they will not encourage or
2 otherwise influence (or seek to influence) any Settlement Class Members to request
3 exclusion from, or object to, the Settlement.

4 51. Lead Plaintiff and Lead Counsel represent and warrant that the Lead
5 Plaintiff is a Settlement Class Member and none of Lead Plaintiff’s claims or causes of
6 action against one or more Defendants in the Action, or referred to in this Stipulation, or
7 that could have been alleged against one or more Defendants in the Action have been
8 assigned, encumbered or in any manner transferred in whole or in part.

9 52. The Parties intend the Settlement to be the full, final, and complete
10 resolution of all claims asserted or that could have been asserted by the Parties with
11 respect to the Released Claims and Released Defendants’ Claims. Accordingly, the
12 Parties agree not to assert in any forum that the Action was brought, prosecuted, or
13 defended in bad faith or without a reasonable basis.

14 53. The Parties shall not assert or pursue any action, claim or rights that any
15 Party or their respective counsel violated any provision of Rule 11 of the Arizona Rules
16 of Civil Procedure and/or the Private Securities Litigation Reform Act of 1995 (the
17 “PSLRA”) or any other similar law, rule, statute, or regulation of professional conduct in
18 connection with this Action, the Settlement, the Stipulation or the Supplemental
19 Agreement. The Parties agree that the Action was resolved in good faith following
20 arm’s-length bargaining, in full compliance with applicable requirements of good faith
21 litigation under the Securities Act of 1933, Rule 11 of the Arizona Rules of Civil
22 Procedure and/or the PSLRA. The proposed Final Judgment will contain a statement
23 reflecting that the Parties’ complied with Rule 11 of the Arizona Rules of Civil

1 Procedure and all other similar laws, rules, statutes or regulations of professional
2 conduct, and that the Action was filed in good faith in accordance with the PSLRA.

3 54. This Stipulation, along with its exhibits and the Supplemental Agreement
4 may not be modified or amended, nor may any of its provisions be waived, except by a
5 writing signed by counsel for the Parties hereto, or their successors, that are materially
6 and adversely affected by the modification, amendment, or waiver.

7 55. The Released Parties who do not appear on the signature lines below, are
8 acknowledged and agreed to be third party beneficiaries of this Stipulation and
9 Settlement.

10 56. The headings herein are used for the purpose of convenience only and are
11 not meant to have legal effect.

12 57. The administration and consummation of the Settlement as embodied in
13 this Stipulation shall be under the authority of the Court, and the Court shall retain
14 jurisdiction for the purpose of entering orders providing for awards of attorneys' fees
15 and any expenses, and implementing and enforcing the terms of this Stipulation.

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

21 59. The waiver, express or implied, by any Party of any breach or default by
22 any other Party in the performance of such Party's obligations under the Stipulation shall
23

1 not be deemed or construed to be a waiver of any other breach, whether prior,
2 subsequent, or contemporaneous, under this Stipulation.

3 60. This Stipulation, its exhibits, and the Supplemental Agreement constitute
4 the entire agreement among the Parties concerning the Settlement as against the
5 Defendants, and no representation, warranty, or inducement has been made by any Party
6 concerning this Stipulation and its exhibits other than those contained and memorialized
7 in such documents.

8 61. Nothing in the Stipulation, or the negotiations relating thereto, is intended
9 to or shall be deemed to constitute a waiver of any applicable privilege or immunity,
10 including, without limitation, attorney-client privilege, joint defense privilege, or work
11 product protection.

12 62. Without further order of the Court, the Parties may agree to reasonable
13 extensions of time to carry out any of the provisions of this Stipulation.

14 63. All agreements by, between or among the Parties, their counsel and their
15 other advisors as to the confidentiality of information exchanged between or among
16 them shall remain in full force and effect, and shall survive the execution and any
17 termination of this Stipulation and the final consummation of the Settlement, if finally
18 consummated, without regard to any of the conditions of the Settlement.

19 64. This Stipulation may be executed in one or more counterparts. All
20 executed counterparts and each of them shall be deemed to be one and the same
21 instrument. Signatures sent by facsimile or via e-mail in pdf format shall be deemed
22 originals.

1 65. This Stipulation shall be binding when signed, but the Settlement shall be
2 effective upon the entry of the Final Judgment or Alternative Judgment and the payment
3 in full of the Settlement Amount, subject only to the condition that the Effective Date
4 will have occurred.

5 66. This Stipulation shall be binding upon, and inure to the benefit of, the
6 successors and assigns of the Parties.

7 67. The construction, interpretation, operation, effect, and validity of this
8 Stipulation, and all documents necessary to effectuate it, shall be governed by the laws
9 of the State of Arizona without regard for choice-of-law principles.

10 68. This Stipulation shall not be construed more strictly against one Party than
11 another merely by virtue of the fact that it, or any part of it, may have been prepared by
12 counsel for one of the Parties, it being recognized that it is the result of arm's-length
13 negotiations among the Parties, and all Parties have contributed substantially and
14 materially to the preparation of this Stipulation.

15 69. All counsel and any other person executing this Stipulation and any of the
16 exhibits hereto, or any related Settlement document, warrant and represent that they have
17 the full authority to do so, and that they have the authority to take appropriate action
18 required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

19 70. The Parties and their respective counsel agree to cooperate fully with one
20 another in promptly applying for preliminary approval by the Court of the Settlement
21 and for the scheduling of a hearing for consideration of Final approval of the Settlement
22 and Lead Counsel's Fee and Expense Application, and to agree promptly upon and
23

1 execute all such other documentation as reasonably may be required to obtain Final
2 approval by the Court of the Settlement.

3 71. Lead Plaintiff agrees that it will not intentionally assist or cooperate with
4 any person or entity in the pursuit of legal action related to the subject matter of this
5 Action against the Released Defendant Parties. Lead Plaintiff and Lead Counsel agree
6 that they will not intentionally assist or cooperate with any person or entity seeking to
7 publicly disparage the Released Defendant Parties with respect to any matter relating to
8 the subject matter of this Action, and that they will not discuss any confidential matters
9 related to this Action or the Settlement with anyone other than the Parties hereto, their
10 counsel, the Court, and their agents, in their capacities as such.

11 72. If any disputes arise out of the finalization of the settlement documentation
12 or the Settlement itself prior to joint submission to the Court of the application for
13 preliminary approval of the Settlement as set forth in ¶ 33 above, those disputes will be
14 resolved by the Mediator first by way of expedited telephonic mediation and, if
15 unsuccessful, then by the Court, with the fees and expenses of the Mediator to be divided
16 equally between Lead Plaintiff on the one hand, and Defendants on the other.

17 73. Except as otherwise provided herein, each Party shall bear its own costs.

18 **IN WITNESS WHEREOF**, the Parties have caused this Stipulation to be
19 executed, by their duly authorized attorneys, as of December 27, 2018.

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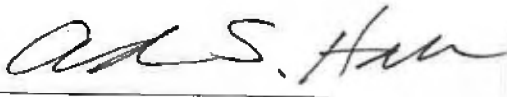
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Exhibit A

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18 *Counsel for Plaintiff Public Employees’*
19 *Retirement System of Mississippi*

20 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

21 **IN AND FOR THE COUNTY OF MARICOPA**

22 PUBLIC EMPLOYEES’ RETIREMENT)
23 SYSTEM OF MISSISSIPPI, individually) **Case No.: CV2016-050480**
and on behalf of all others similarly situated,))
24) **[Proposed] Order Granting**
25 Plaintiffs) **Preliminary Approval of Class Action**
26 v.) **Settlement, Approving Form and**
27) **Manner of Notice, and Setting Date for**
28 SPROUTS FARMERS MARKET, INC., *et*) **Hearing on Final Approval of**
29 *al.*,) **Settlement**
30)
31 Defendants.) (*Complex case*)
32)
33)
34) **(Assigned to the Hon. Roger Brodman)**
35)
36)

1 WHEREAS, as of December 27, 2018, the Public Employees’ Retirement System
2 of Mississippi (“PERS” or “Lead Plaintiff”), on behalf of itself and all other members of
3 the proposed Settlement Class, on the one hand, and Sprouts Farmers Market, Inc.
4 (“Sprouts” or the “Company”), J. Douglas Sanders, Amin N. Maredia, Donna Berlinski,
5 Andrew S. Jhawar, Shon Boney, Joseph Fortunato, Lawrence P. Molloy, and Steven H.
6 Townshend (together, the “Individual Defendants” and with Sprouts, the “Sprouts
7 Defendants”), AP Sprouts Holdings, LLC, and AP Sprouts Holdings (Overseas), L.P.
8 (together “AP”), Barclays Capital Inc., and Morgan Stanley & Co. LLC (the
9 “Underwriter Defendants”, and together with the Sprouts Defendants and AP, the
10 “Defendants”), on the other, entered into a Stipulation and Agreement of Settlement (the
11 “Stipulation”) in the above-titled litigation (the “Action”), which is subject to review by
12 this Court and which, together with the exhibits thereto, sets forth the terms and
13 conditions of the proposed settlement of the Action and the claims alleged in the
14 Complaint for Violation of the Securities Act of 1933, filed on March 4, 2016, on the
15 merits and with prejudice (the “Settlement”); and

16 WHEREAS, the Court has reviewed and considered the Stipulation and the
17 accompanying exhibits; and

18 WHEREAS, the parties to the Stipulation have consented to the entry of this order;
19 and

20 WHEREAS, all capitalized terms used in this order that are not otherwise defined
21 herein have the meanings defined in the Stipulation;

22 NOW, THEREFORE, IT IS HEREBY ORDERED, this _____ day of
23 _____, 2019 that:

1 1. The Court has reviewed the Stipulation and preliminarily finds the
2 Settlement set forth therein to be fair, reasonable, and adequate to all members of the
3 Settlement Class, subject to further consideration at the Settlement Hearing described
4 below.

5 2. Pursuant to Rules 23(a) and (b)(3) of the Arizona Rules of Civil Procedure,
6 the Court hereby preliminarily certifies, for the purposes of the Settlement only, the
7 Settlement Class of: all persons and entities that purchased or otherwise acquired Sprouts
8 common stock in or traceable to the Company's secondary public offering of 15,847,800
9 shares that occurred on or about March 5, 2015, and who were allegedly damaged
10 thereby. Excluded from the Settlement Class are: (i) the Defendants; (ii) the officers and
11 directors of Sprouts, AP Sprouts Holdings LLC, AP Sprouts Holdings (Overseas), L.P.,
12 and the Underwriter Defendants at all relevant times; (iii) members of the immediate
13 families of the Individual Defendants and of the excluded officers and directors; (iv) any
14 entity in which any of the foregoing, other than the Underwriter Defendants, has or had a
15 controlling interest (and in the case of the Underwriter Defendants, only such entities in
16 which they have a majority ownership interest); (v) any affiliates, parents or subsidiaries
17 of Sprouts, including Sprouts' employee retirement and/or benefit plan(s) and their
18 participants or beneficiaries, to the extent they made purchases through such plan(s); (vi)
19 affiliates, parents or subsidiaries of AP Sprouts Holdings LLC, and AP Sprouts Holdings
20 (Overseas), L.P. (but, for the avoidance of doubt, not excluding Persons that are members
21 or partners of such affiliates, parents or subsidiaries); (vii) Persons who have no
22 compensable damages; and (viii) the legal representatives, heirs, successors or assigns of
23 any of the foregoing, in their capacities as such. Also excluded from the Settlement Class

1 are any Settlement Class Members who properly exclude themselves by submitting a
2 valid and timely request for exclusion in accordance with the requirements set forth
3 below and in the Notice.

4 3. This provisional certification of the Settlement Class is made for the sole
5 purpose of the potential consummation of the proposed settlement of the Action in
6 accordance with the Stipulation. If the Court does not grant final approval of the
7 proposed Settlement, or if the Court's grant of final approval does not become Final for
8 any reason, or is modified in any material respect, this provisional class certification shall
9 be deemed void *ab initio*, shall be of no force or effect whatsoever, and shall not be
10 referred to or used for any purpose whatsoever.

11 4. The Court finds and preliminarily concludes that the prerequisites of class
12 certification under Rules 23(a) and 23(b)(3) of the Arizona Rules of Civil Procedure have
13 been satisfied for the Settlement Class defined herein and for the purposes of the
14 Settlement only, in that:

15 (a) the members of the Settlement Class are so numerous that joinder of
16 all Settlement Class Members is impracticable;

17 (b) there are questions of law and fact common to the Settlement Class
18 Members;

19 (c) the claims of Lead Plaintiff are typical of the Settlement Class's
20 claims;

21 (d) Lead Plaintiff and Lead Counsel have fairly and adequately
22 represented and protected the interests of the Settlement Class;

23

1 (e) the questions of law and fact common to Settlement Class Members
2 predominate over any individual questions; and

3 (f) a class action is superior to other available methods for the fair and
4 efficient adjudication of the controversy, considering that the claims of Settlement Class
5 Members in the Action are substantially similar and would, if tried, involve substantially
6 identical proofs and may therefore be efficiently litigated and resolved on an aggregate
7 basis as a class action; the amounts of the claims of many of the Settlement Class
8 Members are too small to justify the expense of individual actions; and it does not appear
9 that there is significant interest among Settlement Class Members in individually
10 controlling the litigation of their claims.

11 5. Pursuant to Rule 23 of the Arizona Rules of Civil Procedure, and for the
12 purposes of the Settlement only, the Public Employees' Retirement System of Mississippi
13 is preliminarily certified as Class Representative for the Settlement Class. The law firm
14 of Labaton Sucharow LLP is preliminarily appointed Class Counsel for the Settlement
15 Class and Christian Anderson PLC is preliminarily appointed as Liaison Counsel for the
16 Settlement Class.

17 6. A hearing (the "Settlement Hearing") pursuant to Rule 23(e) of the Arizona
18 Rules of Civil Procedure is hereby scheduled to be held before the Court on
19 _____, 2019, at __:____.m. (a date that is at least 115 calendar days from
20 entry of this Order) for the following purposes:

21 (a) to determine whether the proposed Settlement is fair, reasonable and
22 adequate, and should be approved by the Court;

1 (b) to determine whether the proposed Final Order and Judgment
2 (“Judgment”) as provided under the Stipulation should be entered, and to determine
3 whether the release by the Settlement Class of the Released Claims, as set forth in the
4 Stipulation, should be provided to the Released Defendant Parties;

5 (c) to determine, for purposes of the Settlement only, whether the
6 Settlement Class should be finally certified; whether Lead Plaintiff should be finally
7 certified as Class Representative for the Settlement Class; whether the law firm of
8 Labaton Sucharow LLP should be finally appointed as Class Counsel for the Settlement
9 Class; and whether Christian Anderson PLC should be finally appointed as Liaison
10 Counsel for the Settlement Class;

11 (d) to determine whether the proposed Plan of Allocation for the
12 proceeds of the Settlement is fair and reasonable and should be approved by the Court;

13 (e) to consider Lead Counsel’s application for an award of attorneys’
14 fees and expenses (which may include an application for a service award to Lead
15 Plaintiff); and

16 (f) to rule upon such other matters as the Court may deem appropriate.

17 7. The Court reserves the right to approve the Settlement with or without
18 modification and with or without further notice to the Settlement Class of any kind. The
19 Court further reserves the right to enter the Judgment approving the Settlement regardless
20 of whether it has approved the Plan of Allocation or awarded attorneys’ fees and/or
21 expenses. The Court may also adjourn the Settlement Hearing or modify any of the dates
22 herein without further notice to members of the Settlement Class.

1 8. The Court approves the form, substance and requirements of the Notice of
2 Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and
3 Expenses (the "Notice") and the Proof of Claim and Release form ("Claim Form"),
4 substantially in the forms annexed hereto as Exhibits 1 and 2, respectively.

5 9. The Court approves the retention of A.B. Data, Ltd. as the Claims
6 Administrator. The Claims Administrator shall cause the Notice and the Claim Form,
7 substantially in the forms annexed hereto, to be mailed, by first-class mail, postage
8 prepaid, on or before seventeen (17) business days after entry of this Preliminary
9 Approval Order ("Notice Date"), to all Settlement Class Members who can be identified
10 with reasonable effort. Sprouts, to the extent it has not already done so, shall use its best
11 efforts to obtain and provide to Lead Counsel, or the Claims Administrator, transfer
12 records in electronic searchable form containing the names and addresses of Persons who
13 purchased or otherwise acquired Sprouts common stock in or traceable to Sprouts'
14 secondary public offering of 15,847,800 shares that occurred on or about March 5, 2015
15 no later than ten (10) business days after entry of this Preliminary Approval Order.

16 10. The Claims Administrator shall use reasonable efforts to give notice to
17 nominee purchasers such as brokerage firms and other persons or entities who purchased
18 or otherwise acquired the publicly traded common stock of Sprouts during the Relevant
19 Period as record owners but not as beneficial owners. Such nominees SHALL EITHER:
20 (a) WITHIN TEN (10) CALENDAR DAYS of receipt of the Notice, request from the
21 Claims Administrator sufficient copies of the Notice to forward to all such beneficial
22 owners and WITHIN TEN (10) CALENDAR DAYS of receipt of those Notices from the
23 Claims Administrator forward them to all such beneficial owners; or (b) WITHIN TEN

1 (10) CALENDAR DAYS of receipt of the Notice, provide a list of the names and
2 addresses of all such beneficial owners to the Claims Administrator and the Claims
3 Administrator is ordered to send the Notice promptly to such identified beneficial
4 owners. Nominees who elect to send the Notice to their beneficial owners SHALL
5 ALSO send a statement to the Claims Administrator confirming that the mailing was
6 made and shall retain their mailing records for use in connection with any further notices
7 that may be provided in the Action. Upon full and timely compliance with these
8 directions, such nominees may seek reimbursement of their reasonable expenses actually
9 incurred by providing the Claims Administrator with proper documentation supporting
10 the expenses for which reimbursement is sought.

11 11. Lead Counsel shall, at or before the Settlement Hearing, file with the Court
12 proof of mailing of the Notice and Claim Form.

13 12. The Court approves the form of the Summary Notice of Pendency of Class
14 Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses ("Summary
15 Notice") substantially in the form annexed hereto as Exhibit 3, and directs that Lead
16 Counsel shall cause the Summary Notice to be published in *Investor's Business Daily* and
17 be transmitted over *PR Newswire* within fourteen (14) calendar days of the Notice Date.
18 Lead Counsel shall, at or before the Settlement Hearing, file with the Court proof of
19 publication of the Summary Notice.

20 13. The form and content of the notice program described herein, and the
21 methods set forth herein of notifying the Settlement Class of the Settlement and its terms
22 and conditions, meet the requirements of Rule 23 of the Arizona Rules of Civil
23 Procedure, Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-1(a)(7), as amended

1 by the PSLRA, and due process, constitute the best notice practicable under the
2 circumstances, and shall constitute due and sufficient notice to all persons and entities
3 entitled thereto.

4 14. In order to be eligible to receive a distribution from the Net Settlement
5 Fund, in the event the Settlement is effected in accordance with the terms and conditions
6 set forth in the Stipulation, each claimant shall take the following actions and be subject
7 to the following conditions:

8 15. A properly executed Claim Form, substantially in the form annexed hereto
9 as Exhibit 2, must be submitted to the Claims Administrator, at the address indicated in
10 the Notice, postmarked no later than 120 calendar days after the Notice Date. Such
11 deadline may be further extended by Court order or by Lead Counsel in its discretion.
12 Each Claim Form shall be deemed to have been submitted when postmarked (if properly
13 addressed and mailed by first-class or overnight mail, postage prepaid). Any Claim Form
14 submitted in any other manner shall be deemed to have been submitted when it was
15 actually received at the address designated in the Notice. Any Settlement Class Member
16 who does not timely submit a Claim Form within the time provided for shall be barred
17 from sharing in the distribution of the Net Settlement Fund, unless otherwise ordered by
18 the Court, but shall remain bound by all determinations and judgments in this Action
19 concerning the Settlement, as provided by paragraph 19 of this order.

20 16. The Claim Form submitted by each claimant must satisfy the following
21 conditions, unless otherwise allowed pursuant to the Stipulation: (i) it must be properly
22 completed, signed and submitted in a timely manner in accordance with the provisions of
23 the preceding subparagraph; (ii) it must be accompanied by adequate supporting

1 documentation for the transactions reported therein, in the form of broker confirmation
2 slips, broker account statements, an authorized statement from the broker containing the
3 transactional information found in a broker confirmation slip, or such other
4 documentation as is deemed adequate by the Claims Administrator and/or Lead Counsel;
5 (iii) if the person executing the Claim Form is acting in a representative capacity, a
6 certification of her current authority to act on behalf of the claimant must be included in
7 the Claim Form; and (iv) the Claim Form must be complete and contain no material
8 deletions or modifications of any of the printed matter contained therein and must be
9 signed under penalty of perjury.

10 17. As part of the Claim Form, each claimant shall submit to the jurisdiction of
11 the Court with respect to the claim submitted.

12 18. Any Settlement Class Member may enter an appearance in this Action, at
13 his, her or its own expense, individually or through counsel of his, her or its own choice.
14 If any Settlement Class Member does not enter an appearance, he, she or it will be
15 represented by Lead Counsel.

16 19. Settlement Class Members shall be bound by all orders, determinations and
17 judgments in this Action concerning the Settlement, whether favorable or unfavorable,
18 unless such Persons request exclusion from the Settlement Class in a timely and proper
19 manner, as hereinafter provided. A putative Settlement Class Member wishing to make
20 such an exclusion request shall mail the request in written form by first-class mail to the
21 address designated in the Notice for such exclusions, such that it is received no later than
22 twenty-one (21) calendar days prior to the Settlement Hearing. Such request for
23 exclusion must state the name, address and telephone number of the Person seeking

1 exclusion, must state that the sender requests to be “excluded from the Settlement Class
2 in *Public Employees’ Retirement System of Mississippi, v. Sprouts Farmers Market, Inc.,*
3 *et al.*, No. CV2016-050480 (Super. Ct. Ariz. Maricopa Cty.)” and must be signed by such
4 Person. Such Persons requesting exclusion are also directed to state the information
5 requested in the Notice, including, but not limited to: the date(s), price(s), and number(s)
6 of shares of all purchases, acquisitions, and sales of Sprouts publicly traded common
7 stock during the Relevant Period. The request for exclusion shall not be effective unless
8 it provides the required information and is made within the time stated above, or the
9 exclusion is otherwise accepted by the Court.

10 20. Putative Settlement Class Members requesting exclusion from the
11 Settlement Class shall not be eligible to receive any payment out of the Net Settlement
12 Fund as described in the Stipulation and Notice.

13 21. The Court will consider any Settlement Class Member’s objection to the
14 Settlement, the Plan of Allocation, and/or the application for an award of attorneys’ fees
15 or expenses only if such Settlement Class Member has served by hand or by mail his, her
16 or its written objection and supporting papers, such that they are received on or before
17 twenty-one (21) calendar days before the Settlement Hearing, upon Lead Counsel: James
18 W. Johnson, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005; and
19 Defendants’ Counsel: Susan F. DiCicco, Morgan, Lewis & Bockius LLP, 101 Park
20 Avenue New York, NY 10178; and has filed said objections and supporting papers with
21 the Clerk of the Court, Superior Court of the State of Arizona, Maricopa County, Central
22 Court Building, 201 W. Jefferson Street, Phoenix, Arizona 85003. Any Settlement Class
23 Member who does not make his, her, or its objection in the manner provided for in the

1 Notice shall be deemed to have waived such objection and shall forever be foreclosed
2 from making any objection to any aspect of the Settlement, to the Plan of Allocation, or
3 to the request for attorneys' fees and expenses, unless otherwise ordered by the Court, but
4 shall otherwise be bound by the Judgment to be entered and the releases to be given.
5 Attendance at the hearing is not necessary, however, persons wishing to be heard orally
6 in opposition to the approval of the Settlement, the Plan of Allocation, and/or the
7 application for an award of attorneys' fees and other expenses are required to indicate in
8 their written objection their intention to appear at the hearing. Persons who intend to
9 object to the Settlement, the Plan of Allocation, and/or the application for an award of
10 attorneys' fees and expenses and desire to present evidence at the Settlement Hearing
11 must include in their written objections the identity of any witnesses they may call to
12 testify and exhibits they intend to introduce into evidence at the Settlement Hearing.

13 22. Settlement Class Members do not need to appear at the hearing or take any
14 other action to indicate their approval.

15 23. Until otherwise ordered by the Court, the Court shall continue to stay all
16 proceedings in the Action other than proceedings necessary to carry out or enforce the
17 terms and conditions of the Stipulation. Pending final determination of whether the
18 Settlement should be approved, Lead Plaintiff, all Settlement Class Members, and each of
19 them, and anyone who acts or purports to act on their behalf, shall not institute,
20 commence or prosecute any action which asserts Released Claims against the Released
21 Defendant Parties.

22 24. As provided in the Stipulation, prior to the Effective Date, Lead Counsel
23 may pay the Claims Administrator a portion of the reasonable fees and costs associated

1 with giving notice to the Settlement Class and the review of claims and administration of
2 the Settlement out of the Settlement Fund not to exceed \$500,000 without further
3 approval from Defendants and without further order of the Court.

4 25. All papers in support of the Settlement, Plan of Allocation, and Lead
5 Counsel's request for an award of attorneys' fees and expenses shall be filed with the
6 Court and served on or before thirty-five (35) calendar days prior to the date set herein
7 for the Settlement Hearing. If reply papers are necessary, they are to be filed with the
8 Court and served no later than seven (7) calendar days prior to the Settlement Hearing.

9 26. The passage of title and ownership of the Settlement Fund to the Escrow
10 Agent in accordance with the terms and obligations of the Stipulation is approved. No
11 person who is not a Settlement Class Member or Lead Counsel shall have any right to
12 any portion of, or to any distribution of, the Net Settlement Fund unless otherwise
13 ordered by the Court or otherwise provided in the Stipulation.

14 27. All funds held in escrow shall be deemed and considered to be in *custodia*
15 *legis* of the Court, and shall remain subject to the jurisdiction of the Court until such time
16 as such funds shall be disbursed pursuant to the Stipulation and/or further order of the
17 Court.

18 28. Neither Defendants nor their counsel shall have any responsibility for the
19 Plan of Allocation or any application for attorney's fees or expenses submitted by Lead
20 Counsel or Lead Plaintiff, and such matters shall be considered separately from the
21 fairness, reasonableness and adequacy of the Settlement.

22 29. If the Settlement fails to become effective as defined in the Stipulation or is
23 terminated, then both the Stipulation, including any amendment(s) thereof, except as

1 expressly provided in the Stipulation, and this Preliminary Approval Order shall be null
2 and void, of no further force or effect, and without prejudice to any Party, and may not be
3 introduced as evidence or used in any actions or proceedings by any person or entity
4 against the Parties, and the Parties shall be deemed to have reverted to their respective
5 litigation positions in the Action as of August 14, 2018.

6 30. The Court retains exclusive jurisdiction over the Action to consider all
7 further matters arising out of or connected with the Settlement.

8 DATED this _____ day of _____, 2019

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BY THE COURT:

Honorable Roger Brodman
Maricopa County Superior Court Judge

Exhibit A-1

1 James S. Christian (SBN 023614)
2 **CHRISTIAN ANDERSON PLC**
3 5050 North 40th Street, Suite 320
4 Phoenix, Arizona 85018
5 Telephone: (602) 478-6828
6 James@ChristianAndersonLaw.com

7 James W. Johnson (*admitted pro hac vice*)
8 Michael H. Rogers (*admitted pro hac vice*)
9 James T. Christie (*admitted pro hac vice*)
10 **LABATON SUCHAROW LLP**
11 140 Broadway
12 New York, New York 10005
13 Telephone: (212) 907-0700
14 jjohnson@labaton.com
15 mrogers@labaton.com
16 jchristie@labaton.com

17 *Counsel for Plaintiff Public Employees’*
18 *Retirement System of Mississippi*

19 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

20 **IN AND FOR THE COUNTY OF MARICOPA**

21 PUBLIC EMPLOYEES’ RETIREMENT)
22 SYSTEM OF MISSISSIPPI, individually)
23 and on behalf of all others similarly situated,) **Case No.: CV2016-050480**
24)
25 Plaintiffs) **Notice of Pendency of Class Action,**
26 v.) **Proposed Settlement, and Motion for**
27) **Attorneys’ Fees and Expenses**
28 SPROUTS FARMERS MARKET, INC., *et*)
29 *al.*,) (*Complex case*)
30)
31 Defendants.)
32) **(Assigned to the Hon. Roger Brodman)**
33)

1 **If you purchased or otherwise acquired the publicly traded common stock of**
2 **Sprouts Farmers Market, Inc. (“Sprouts” or the “Company”) in or traceable to**
3 **the Company’s secondary public offering of 15,847,800 shares that occurred**
4 **on or about March 5, 2015, you may be entitled to a payment from**
5 **a class action settlement.**

6 *This Notice was authorized by the Court. This is not a solicitation from a lawyer.*

7 This Notice describes important rights you may have and what steps you must take if you
8 wish to participate in the proposed Settlement, want to object, or wish to be excluded
9 from the class.

- 10 • The Settlement, if approved by the Court, will provide a total recovery of
11 **\$9,500,000** (on average approximately \$0.60 per share before the deduction of
12 Court-approved fees and expenses) in cash for the benefit of the Settlement Class
13 (described below). Your recovery will depend on, among other things, the number
14 of shares of Sprouts common stock you, and other Settlement Class Members who
15 file claims, purchased and sold, and the prices at which you, and the other
16 Settlement Class Members who file claims, purchased and sold those shares. The
17 terms and conditions of the Settlement are in the Stipulation and Agreement of
18 Settlement, dated _____, 2019 (the “Stipulation”).¹
- 19 • The Settlement resolves claims by Court-appointed Lead Plaintiff Public
20 Employees’ Retirement System of Mississippi (“PERS” or “Lead Plaintiff”), on
21 behalf of itself and the Settlement Class, against Sprouts Farmers Market, Inc.
22 (“Sprouts” or the “Company”), J. Douglas Sanders, Amin N. Maredia, Donna
23 Berlinski, Andrew S. Jhavar, Shon Boney, Joseph Fortunato, Lawrence P.
 Molloy, and Steven H. Townshend (the “Individual Defendants” and with Sprouts,
 the “Sprouts Defendants”), AP Sprouts Holdings, LLC, and AP Sprouts Holdings
 (Overseas), L.P. (together “AP”), Barclays Capital Inc. and Morgan Stanley & Co.
 LLC (the “Underwriter Defendants,” and with the Sprouts Defendants and AP, the
 “Defendants”). It avoids the costs and risks of continuing the litigation; pays
 money to eligible Settlement Class Members; and releases the Released Defendant
 Parties (defined below) from liability.
- Lead Plaintiff claims that Defendants made materially false and misleading
 statements and omissions in the Company’s secondary public offering of
 15,847,800 shares that occurred on or about March 5, 2015 (the “Offering”).
 Defendants have denied and continue to deny each, any and all allegations of
 wrongdoing, fault, liability or damage whatsoever asserted by Lead Plaintiff.
 Defendants have also denied, *inter alia*, the allegations that Lead Plaintiff or the

¹ The Stipulation can be viewed at www._____.com. All capitalized terms not otherwise defined in this Notice have the same meanings as in the Stipulation.

1 Settlement Class have suffered damages or that Lead Plaintiff or the Settlement
 2 Class were harmed by the conduct alleged in the Action. Defendants continue to
 3 believe the claims asserted against them in the Action are without merit. The Court
 4 did not decide in favor of either the investors or Defendants.

- 5 • Court-appointed lawyers for the investors will ask the Court for no more than
 6 \$2,375,000 in attorneys' fees (25% of the Settlement Fund) and up to \$220,000 in
 7 expenses for their and the Lead Plaintiff's work litigating the case and negotiating
 8 the Settlement. If approved by the Court, these amounts (totaling on average
 9 approximately \$0.16 per share) will be deducted from the \$9,500,000 Settlement.
- 10 • The Court in charge of this case still has to decide whether to approve the
 11 Settlement. Payments will be made only if the Court approves the Settlement and
 12 after any appeals are resolved. Please be patient.

13 **If you are a Settlement Class Member, your legal rights will be affected by this
 14 Settlement whether you act or do not act. Please read this Notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM POSTMARKED OR RECEIVED NO LATER THAN _____, 2019	The <u>only</u> way to be eligible to receive a payment from the Net Settlement Fund.
EXCLUDE YOURSELF BY SUBMITTING A WRITTEN REQUEST SO THAT IT IS RECEIVED NO LATER THAN _____, 2019	This is the only option that, assuming your claim is timely brought, might allow you to ever bring or be part of any other lawsuit against Defendants and/or the other Released Defendant Parties concerning the Released Claims. If you exclude yourself, you will not be eligible to receive any payment from the Settlement. <i>See</i> Question 11 below for details.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN _____, 2019	Write to the Court about why you do not like the Settlement, the Plan of Allocation, and/or Lead Counsel's Fee and Expense Application. If you object, you will still be a member of the Settlement Class. <i>See</i> Question 15 below for details.
GO TO A HEARING ON _____, 2019 AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS	Ask to speak in Court about the Settlement. If you submit an objection, you may (but you do not have to) attend the hearing and speak in Court about your objection. <i>See</i> Question 19

RECEIVED NO LATER THAN <u> </u> , 2019	below for details.
DO NOTHING	You will not be eligible to receive a payment, you will give up rights, and you will still be bound by the Settlement.

1. Why did I get this Notice?

1. The Court authorized that this Notice be sent to you because you or someone in your family, or an investment account for which you serve as a custodian, may have purchased or otherwise acquired the publicly traded common stock of Sprouts in or traceable to the Company’s Offering. **Please Note: Receipt of this Notice does not mean that you are a Member of the Settlement Class or that you will be entitled to receive a payment from the Settlement. If you wish to be eligible for a payment, you are required to submit the Claim Form that is being distributed with this Notice and supporting documents, as explained in the Claim Form. See Question 8 below.**

2. The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about the proposed Settlement of this class action lawsuit, and about all of their options, including whether or not to object or exclude themselves from the Settlement Class, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

3. The Court in charge of the Action is the Arizona Superior Court, Maricopa County, and the case is known as *Public Employees’ Retirement System of Mississippi v.*

1 *Sprouts Farmers Market, Inc., et al.*, No. CV2016-050480. The Action is assigned to the
2 Honorable Roger Brodman.

3 **2. What is this case about?**

4 4. On March 4, 2016, a class action complaint (the “Complaint”) was filed in
5 the Court on behalf of investors in the Company, alleging violations of Sections 11,
6 12(a)(2) and 15 of the Securities Act of 1933 (“Securities Act”). The Action involves
7 allegations that Defendants violated certain federal securities laws by making
8 misrepresentations or omissions of material fact in the Registration Statement filed with
9 the U.S. Securities and Exchange Commission in connection with the Company’s
10 secondary public offering of 15,847,800 shares of Sprouts common stock that occurred
11 on or about March 5, 2015 (the Offering).

12 5. The Complaint alleges that the misstatements or omissions, primarily
13 concerning fresh produce price inflation and deflation immediately prior to the Offering,
14 caused the Settlement Class to suffer losses after the truth was revealed.

15 6. Defendants have denied and continue to deny each, any and all allegations
16 of wrongdoing, fault, liability or damage whatsoever asserted in the Action. The
17 Settlement shall in no event be construed as, or deemed to be evidence of, liability, fault,
18 wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part
19 of any of the Released Defendant Parties (as defined in the Stipulation), or of any
20 infirmity of any defense, or of any damages to Lead Plaintiff or any other Settlement
21 Class Member. The Settlement resolves all of the claims in the Action, as well as certain
22 other claims or potential claims, whether known or unknown.

1 **3. Why is this a class action?**

2 7. In a class action, one or more persons or entities (in this case, Lead
3 Plaintiff), sue on behalf of people and entities that have similar claims. Together, these
4 people and entities are a “class,” and each is a “class member.” Bringing a case, such as
5 this one, as a class action allows the adjudication of many individuals’ similar claims that
6 might be too small to bring economically as separate actions. One court resolves the
7 issues for all class members at the same time, except for those who exclude themselves,
8 or “opt-out,” from the class.

9 **4. What are the reasons for the Settlement?**

10 8. The Court did not finally decide in favor of Lead Plaintiff or Defendants.
11 Instead, both sides agreed to a settlement following several mediation discussions with an
12 experienced mediator.

13 9. Lead Plaintiff and Lead Counsel believe that the claims asserted in the
14 Action have merit. Lead Plaintiff and Lead Counsel recognize, however, the expense and
15 length of continued proceedings necessary to pursue their claims in the Action through
16 trial and appeals, as well as the difficulties in establishing liability. For example,
17 Defendants have raised a number of arguments and defenses (which they would raise at
18 summary judgment and trial). Even assuming Lead Plaintiff could establish liability, the
19 amount of damages that could be attributed to the allegedly false and misleading
20 statements would also be hotly contested, for example, because the reduction in the
21 Company’s share price in 2015 could be found not to have been caused by the alleged
22 omissions. In the absence of a settlement, the Parties would present factual and expert
23

1 testimony on each of these issues, and there is a risk that the Court or jury would resolve
2 these issues unfavorably against Lead Plaintiff and the Settlement Class. In light of the
3 Settlement and the guaranteed cash recovery to the Settlement Class, Lead Plaintiff and
4 Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and
5 in the best interests of the Settlement Class.

6 10. Defendants have denied and continue to deny any wrongdoing and deny
7 that they have committed any act or omission giving rise to any liability or violation of
8 law. Defendants deny the allegations that they made any material misstatements or
9 omissions or that any Member of the Settlement Class has suffered damages.
10 Nonetheless, Defendants have concluded that continuation of the Action would be
11 protracted, time-consuming and expensive, and that it is desirable that the Action be fully
12 and finally settled in the manner and upon the terms and conditions set forth in the
13 Stipulation.

14 WHO IS IN THE SETTLEMENT

15 **5. How do I know if I am part of the Settlement Class?**

16 11. To be eligible for a payment from the proceeds of the Settlement, you must
17 be a Settlement Class Member. The Court has directed, for the purposes of the proposed
18 Settlement, that everyone who fits the following description is a Settlement Class
19 Member and subject to the Settlement unless they are an excluded person (*see* Question 6
20 below) or take steps to exclude themselves from the Settlement Class (*see* Question 11
21 below):

22 *All persons and entities that purchased or otherwise acquired Sprouts common*
23 *stock in or traceable to the Company's secondary public offering of 15,847,800*

1 *shares that occurred on or about March 5, 2015, and who were allegedly*
2 *damaged thereby.*

3 12. If you purchased or otherwise acquired Sprouts common stock during the
4 period from March 4, 2015 through March 10, 2015, inclusive (the “Relevant Period”), at
5 the secondary public offering price of \$35.30 per share, or have documentation for
6 purchases that traces your shares to the Company’s March 2015 Offering, you are a
7 Settlement Class Member, unless you are excluded by definition.²

8 13. Check your investment records or contact your broker to see if you have
9 any eligible purchases or acquisitions.

10 **6. Are there exceptions to being included?**

11 14. Yes. There are some individuals and entities that are excluded from the
12 Settlement Class by definition. Excluded from the Settlement Class are: (i) the
13 Defendants; (ii) the officers and directors of Sprouts, AP Sprouts Holdings LLC, AP
14 Sprouts Holdings (Overseas), L.P., and the Underwriter Defendants at all relevant times;
15 (iii) members of the immediate families of the Individual Defendants and of the excluded
16 officers and directors; (iv) any entity in which any of the foregoing, other than the
17 Underwriter Defendants, has or had a controlling interest (and in the case of the
18 Underwriter Defendants, only such entities in which they have a majority ownership
19 interest); (v) any affiliates, parents or subsidiaries of Sprouts, including Sprouts’
20 employee retirement and/or benefit plan(s) and their participants or beneficiaries, to the
21 extent they made purchases through such plan(s); (vi) affiliates, parents or subsidiaries of

22 _____
23 ² March 4, 2015 is the date of the Form S-1 Registration Statement for the Company’s
Offering and March 5, 2015 is the date of the Offering’s Prospectus Supplement.

1 AP Sprouts Holdings LLC, and AP Sprouts Holdings (Overseas), L.P. (but, for the
2 avoidance of doubt, not excluding Persons that are members or partners of such affiliates,
3 parents or subsidiaries); (vii) persons who have no compensable damages; and (viii) the
4 legal representatives, heirs, successors or assigns of any of the foregoing, in their
5 capacities as such. Also excluded from the Settlement Class will be any Person that
6 timely and validly seeks exclusion from the Settlement Class in accordance with the
7 procedures described in Question 11 below.

8 THE SETTLEMENT BENEFITS — WHAT YOU GET

9 7. What does the Settlement provide?

10 15. In exchange for the Settlement and the release of the Released Claims
11 against the Released Defendant Parties (*see* Question 10 below), Defendants have agreed
12 to cause a payment of nine million, five hundred thousand dollars (\$9,500,000.00) to be
13 made, which, along with any interest earned on this amount, will be distributed after
14 deduction of Court-awarded attorneys' fees and litigation expenses, Notice and
15 Administration Expenses, Taxes, and any other fees or expenses approved by the Court
16 (the "Net Settlement Fund"), among all Settlement Class Members who submit valid
17 Claim Forms and are found to be eligible to receive a distribution from the Net
18 Settlement Fund ("Authorized Claimants").

19 8. How can I receive a payment?

20 16. To qualify for a payment from the Net Settlement Fund, you must submit a
21 timely and valid Claim Form. A Claim Form is included with this Notice. If you did not
22 receive a Claim Form, you can obtain one from the website dedicated to the Settlement:
23 www._____.com, or from Lead Counsel's website: www.labaton.com. You can

1 also request that a Claim Form be mailed to you by calling the Claims Administrator toll-
2 free at (____) ____-____.

3 17. Please read the instructions contained in the Claim Form carefully, fill out
4 the Claim Form, include all the documents the form requests, sign it, and mail or submit
5 it to the Claims Administrator so that it is **postmarked or received no later than**
6 _____, **2019**. Settlement Class Members who do not timely submit
7 valid Claim Forms will not share in the Net Settlement Fund, but will still be bound by
8 the Settlement.

9 **9. When will I receive my payment?**

10 18. The Court will hold a Settlement Hearing on _____, **2019** to
11 decide, among other things, whether to finally approve the Settlement. Even if the Court
12 approves the Settlement, there may be appeals which can take time to resolve, perhaps
13 more than a year. It also takes a long time for all of the Claim Forms to be accurately
14 reviewed and processed. Please be patient.

15 **10. What am I giving up to receive a payment or stay in the Settlement Class?**

16 19. If you are a Settlement Class Member, unless you exclude yourself from
17 the Settlement Class by the _____ deadline, you will remain a member of the Settlement
18 Class and will be bound by the release of claims against the Released Defendant Parties if
19 the Settlement is approved. That means you and all other Settlement Class Members and
20 each of their respective heirs, executors, trustees, administrators, predecessors,
21 successors, and assigns, will release (agreeing never to sue, continue to sue, or be part of
22 any other lawsuit), as against the Released Defendant Parties, all Released Claims, which
23

1 are essentially any and all claims which arise out of, are based upon or relate in any way
2 to the purchase or acquisition, holding, sale or disposition of Sprouts common stock
3 issued in the Company's Offering of 15,847,800 shares that occurred on or about March
4 5, 2015. It means that all of the Court's orders will apply to you and legally bind you.
5 That means you will accept a share of the Net Settlement Fund, assuming you submit a
6 timely and valid Claim Form, as sole compensation for any losses you suffered in the
7 purchase, acquisitions, sale or ownership of Sprouts common stock issued in the March 5,
8 2015 Offering. The specific terms of the release are included in the Stipulation and the
9 main definitions are below.

10 (a) "**Released Claims**" means and includes any and all Claims and
11 Unknown Claims that were or could have been asserted against Defendants, or could in
12 the future be asserted in any forum, domestic or foreign, whether asserted individually,
13 directly or representatively, which arise out of, are based upon, or relate in any way to
14 both (1) the purchase, acquisition, holding, sale or disposition of Sprouts common stock
15 acquired in or traceable to the Company's secondary public offering of 15,847,800 shares
16 on or about March 5, 2015 and (2) any claims alleged in the Action, and any Claims or
17 Unknown Claims that could have been asserted in the Action related to the allegations,
18 transactions, facts, events, matters, occurrences, acts, disclosures, representations,
19 statements, omissions, failures to act, or any other matter whatsoever involved in, set
20 forth, referred to, arising out of, or otherwise related to, directly or indirectly, the
21 allegations in the Action or the disclosures made in connection therewith (including the
22 adequacy and completeness of such disclosures). Notwithstanding the foregoing,
23

1 “Released Claims” does not include claims to enforce the terms of this Stipulation or
2 orders or judgments issued by the Court in connection with this Settlement or claims
3 asserted in any related shareholder action including, *Barnes v. Sprouts Farmers Mkt.,*
4 *Inc.*, No. 2017-0735-MTZ, 2018 WL 3471351 (Del. Ch. July 18, 2018).

5 (b) “**Released Defendant Parties**” means jointly and severally,
6 individually and collectively, Sprouts, the Individual Defendants, AP, and the
7 Underwriter Defendants, and each and all of their respective past, present, or future
8 subsidiaries, parents, affiliates, and divisions, and all of their and each of Sprouts’, the
9 Individual Defendants’, AP’s and the Underwriter Defendants’ principals, investment
10 managers and advisors, successors and predecessors, assigns, officers, directors,
11 shareholders, trustees, partners, agents, fiduciaries, contractors, employees, attorneys,
12 auditors, insurers; the spouses, members of the immediate families, representatives, and
13 heirs of the Individual Defendants, as well as any trust of which any Individual
14 Defendant is the settlor or which is for the benefit of any of their immediate family
15 members; any firm, trust, corporation, or entity in which any Defendant has a controlling
16 interest; and any of the legal representatives, heirs, successors in interest or assigns of
17 Defendants.

18 (c) “**Unknown Claims**” means and includes any and all Claims that
19 Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his,
20 her or its favor at the time of the release of the Released Defendant Parties, and any and
21 all Released Defendants’ Claims that any Defendant does not know or suspect to exist in
22 his, her, or its favor at the time of the release of the Released Plaintiff Parties. This
23

1 includes Claims which, if known by him, her or it, might have affected his, her or its
2 settlement with and release of the Released Defendant Parties or the Released Plaintiff
3 Parties, as the case may be, or might have affected his, her or its decision(s) with respect
4 to the Settlement and the Released Claims, or Released Defendants' Claims, including
5 his, her, or its decision to object or not to object to this Settlement. The Parties expressly
6 acknowledge, and the Settlement Class Members by operation of the Final Judgment or
7 Alternative Judgment shall have, and shall be deemed to have expressly waived and
8 relinquished any and all provisions, rights, and benefits conferred by any law of any state
9 or territory of the United States or any other jurisdiction, or principle of common law that
10 is, or is similar, comparable, or equivalent to California Civil Code § 1542, which
11 provides:

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

16 Lead Plaintiff, other Settlement Class Members, or Defendants may hereafter discover
17 facts, legal theories, or authorities in addition to or different from those which he, she or
18 it now knows or believes to be true with respect to the subject matter of the Released
19 Claims and Released Defendants' Claims, but Lead Plaintiff and Defendants expressly,
20 fully, finally, and forever settle and release, and each other Settlement Class Member
21 shall be deemed to have fully, finally, and forever settled and released, and upon the
22 Effective Date and by operation of the Final Judgment or Alternative Judgment shall
23 have settled and released, fully, finally, and forever, any and all Released Claims and
Released Defendants' Claims, as applicable, without regard to the subsequent discovery

1 or existence of such different or additional facts, legal theories, or authorities. The
2 Parties expressly acknowledge, and other Settlement Class Members by operation of law
3 shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the
4 definition of Released Claims and Released Defendants’ Claims was separately bargained
5 for and is a material element of the Settlement.

6 20. If the Settlement is approved, Defendants will also provide a release of any
7 claims against Lead Plaintiff and the Settlement Class arising out of or related to the
8 institution, prosecution, or settlement of the claims in the Action.

9 21. As a Settlement Class Member, you will not be giving up any rights that
10 you currently have by submitting a Proof of Claim to receive a payment.

11 **EXCLUDING YOURSELF FROM THE SETTLEMENT CLASS**

12 22. If you do not want to be eligible to receive a payment from the Settlement
13 and you do not want to release the Released Claims against the Released Defendant
14 Parties, then you must take steps to remove yourself from the Settlement Class. This is
15 called excluding yourself or “opting out.”

16 **11. How do I exclude myself from the Settlement Class?**

17 23. To exclude yourself from the Settlement Class, you must mail a signed
18 letter stating that you “request to be excluded from the Settlement Class in *Public*
19 *Employees’ Retirement System of Mississippi, v. Sprouts Farmers Market, Inc., et al.*, No.
20 CV2016-050480 (Super. Ct. Ariz. Maricopa Cty.)” You cannot exclude yourself by
21 telephone or e-mail. Each request for exclusion must also state: (i) the name, address,
22 and telephone number of the person or entity requesting exclusion; (ii) the number of
23 shares of Sprouts publicly traded common stock purchased or acquired in the Offering, as

1 well as the date, number of shares and price per share of each such purchase, acquisition,
2 and sale; and (iii) be signed by the person or entity requesting exclusion or an authorized
3 representative. A request for exclusion must be submitted so that it is **received no later**
4 **than _____, 2019** to:

5 *Sprouts Farmers Market Securities Litigation*

6 c/o _____

7 P.O. Box _____

8 **Your exclusion request must comply with these requirements in order to be valid.**

9 24. If you ask to be excluded, do not submit a Claim Form because you cannot
10 receive any payment from the Net Settlement Fund. Also, you cannot object to the
11 Settlement because you will not be a Settlement Class Member. However, if you submit
12 a valid exclusion request, you will not be legally bound by anything that happens in the
13 Action, and you may be able to sue (or continue to sue) Defendants and the other
14 Released Defendant Parties in the future. If you have a pending lawsuit related to any
15 Released Claims, speak to your lawyer in that case immediately, since you must exclude
16 yourself from this Settlement Class to continue your own lawsuit.

17 **12. If I exclude myself, can I get money from the proposed Settlement?**

18 25. No. If you exclude yourself, you are no longer a Settlement Class Member,
19 so do not send in a Claim Form to ask for any money.

20 **THE LAWYERS REPRESENTING YOU**

21 **13. Do I have a lawyer in this case?**

22 26. Lead Plaintiff will request that the Court appoint the law firm of Labaton
23 Sucharow LLP to represent all Settlement Class Members. These lawyers are called

1 “Lead Counsel.” You will not be separately charged for these lawyers. The Court will
2 determine the amount of Plaintiffs’ Counsel’s fees and expenses, which will be paid from
3 the Settlement Fund. If you want to be represented by your own lawyer, you may hire
4 one at your own expense.

5 **14. How will the lawyers be paid?**

6 27. Lead Counsel will ask the Court to award Plaintiffs’ Counsel attorneys’
7 fees of no more than 25% of the Settlement Fund, which will include any accrued
8 interest. Plaintiffs’ Counsel have been prosecuting the Action on a contingent basis and
9 have not been paid for any of their work. Lead Counsel will also seek payment of
10 litigation expenses incurred by Plaintiffs’ Counsel in the prosecution of the Action of no
11 more than \$220,000, plus accrued interest, which may include a payment to Lead
12 Plaintiff to reimburse it for its time and expenses incurred in representing the Settlement
13 Class. As explained above, any attorneys’ fees and expenses awarded by the Court will
14 be paid from the Settlement Fund. Settlement Class Members are not personally liable
15 for any such fees or expenses.

16 **OBJECTING TO THE SETTLEMENT, THE PLAN OF ALLOCATION, OR THE**
17 **FEE AND EXPENSE APPLICATION**

18 **15. How do I tell the Court that I do not like something about the proposed**
19 **Settlement?**

20 28. If you are a Settlement Class Member, you can object to the Settlement or
21 any of its terms, the proposed Plan of Allocation of the Net Settlement Fund, and/or Lead
22 Counsel’s Fee and Expense Application. Your objection must state why you are
23 objecting and whether your objection applies only to you, a subset of the Settlement
Class, or the entire Settlement Class. If you would like the Court to consider your views,

1 you must file a proper objection within the deadline, and according to the following
2 procedures.

3 29. To object, you must send a signed letter stating that you object to the
4 proposed Settlement in “*Public Employees’ Retirement System of Mississippi, v. Sprouts*
5 *Farmers Market, Inc., et al.*, No. CV2016-050480 (Super. Ct. Ariz. Maricopa Cty.)”

6 The objection must: (i) state the name, address, and telephone number of the person or
7 entity objecting and must be signed by the objector; (ii) contain a statement of the
8 objection and the specific reasons for it, including any legal and evidentiary support
9 (including witnesses) the Settlement Class Member wishes to bring to the Court’s
10 attention; and (iii) include information sufficient to prove membership in the Settlement
11 Class, including the number of shares of Sprouts publicly traded common stock
12 purchased or acquired in the Offering, as well as the date, number of shares, and price per
13 share of each such purchase, acquisition, and sale. Unless otherwise ordered by the
14 Court, any Settlement Class Member who does not object in the manner described in this
15 Notice will be deemed to have waived any objection and will be forever foreclosed from
16 making any objection to the proposed Settlement, the Plan of Allocation, and/or Lead
17 Counsel’s Fee and Expense Application. Your objection must be filed with the Court **no**
18 **later than _____, 2019 and** mailed or delivered to the following counsel so
19 that it is **received no later than _____, 2019:**

<u>Court</u>	<u>Lead Counsel</u>	<u>Defendants’ Counsel</u>
Clerk of the Court Superior Court of the State of Arizona, Maricopa County Central Court Building	Labaton Sucharow LLP James W. Johnson, Esq. 140 Broadway New York, NY 10005	Morgan Lewis & Bockius LLP Susan F. DiCicco, Esq. 101 Park Avenue New York, NY 10178

1 201 W. Jefferson Street
2 Phoenix, Arizona
3 85003

4 30. You do not need to attend the Settlement Hearing to have your written
5 objection considered by the Court. However, any Settlement Class Member who has not
6 submitted a request for exclusion and who has complied with the procedures described in
7 this Question 15 and below in Question 19 may appear at the Settlement Hearing and be
8 heard, to the extent allowed by the Court, about their objection. An objector may appear
9 in person or arrange, at his, her, or its own expense, for a lawyer to represent him, her, or
10 it at the Settlement Hearing.

11 **16. What is the difference between objecting and seeking exclusion?**

12 31. Objecting is telling the Court that you do not like something about the
13 proposed Settlement, Plan of Allocation, or Lead Counsel's Fee and Expense
14 Application. You can still recover money from the Settlement. You can object *only* if
15 you stay in the Settlement Class. Excluding yourself is telling the Court that you do not
16 want to be part of the Settlement Class. If you exclude yourself from the Settlement
17 Class, you have no basis to object because the Settlement and the Action no longer affect
18 you.

19 **THE SETTLEMENT HEARING**

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

22 32. The Court will hold the Settlement Hearing on _____, 2019 at _____
23 _____.m., in Courtroom _____ at the Superior Court of the State of Arizona, Maricopa County,
Central Court Building, 201 W. Jefferson Street, Phoenix, Arizona, 85003.

1 33. At this hearing, the Court will consider, among other things, whether: (i)
2 the Settlement is fair, reasonable, adequate, and should be finally approved; (ii) the Plan
3 of Allocation is fair and reasonable, and should be approved; and (iii) the application of
4 Lead Counsel for an award of attorneys' fees and payment of litigation expenses,
5 including that of Lead Plaintiff, is reasonable and should be approved. The Court will
6 take into consideration any written objections filed in accordance with the instructions in
7 Question 15 above. We do not know how long it will take the Court to make these
8 decisions.

9 34. You should be aware that the Court may change the date and time of the
10 Settlement Hearing without another notice being sent to Settlement Class Members. If
11 you want to attend the hearing, you should check with Lead Counsel or visit the
12 settlement website, www._____.com, beforehand to be sure that the hearing date
13 and/or time has not changed.

14 **18. Do I have to come to the Settlement Hearing?**

15 35. No. Lead Counsel will answer any questions the Court may have. But, you
16 are welcome to attend at your own expense. If you submit a valid and timely objection,
17 the Court will consider it and you do not have to come to Court to discuss it. You may
18 have your own lawyer attend (at your own expense), but it is not required. If you do hire
19 your own lawyer, he or she must file and serve a Notice of Appearance in the manner
20 described in the answer to Question 19 below **no later than _____, 2019.**

1 **19. May I speak at the Settlement Hearing?**

2 36. You may ask the Court for permission to speak at the Settlement Hearing.
3 To do so, you must include with your objection (*see* Question 15), **no later than**
4 _____, **2019**, a statement that you, or your attorney, intend to appear in “*Public*
5 *Employees’ Retirement System of Mississippi, v. Sprouts Farmers Market, Inc., et al.*, No.
6 CV2016-050480 (Super. Ct. Ariz. Maricopa Cty.)” Persons who intend to present
7 evidence at the Settlement Hearing must also include in their objections (prepared and
8 submitted in accordance with the answer to Question 15 above) the identities of any
9 witnesses they may wish to call to testify and any exhibits they intend to introduce into
10 evidence at the Settlement Hearing. You may not speak at the Settlement Hearing if you
11 exclude yourself or if you have not provided written notice in accordance with the
12 procedures described in this Question 19 and Question 15 above.

13 **IF YOU DO NOTHING**

14 **20. What happens if I do nothing at all?**

15 37. If you do nothing and you are a member of the Settlement Class, you will
16 receive no money from this Settlement and you will be precluded from starting a lawsuit,
17 continuing with a lawsuit, or being part of any other lawsuit against Defendants and the
18 other Released Defendant Parties concerning the Released Claims. To share in the Net
19 Settlement Fund, you must submit a Claim Form (*see* Question 8 above).

20 **GETTING MORE INFORMATION**

21 **21. Are there more details about the Settlement?**

22 38. This Notice summarizes the proposed Settlement. More details are
23 contained in the Stipulation. You may review the Stipulation filed with the Court and

1 other documents in the case during business hours at the Superior Court of the State of
2 Arizona, Maricopa County, Central Court Building, 201 W. Jefferson Street, Phoenix,
3 Arizona, 85003. **DO NOT TELEPHONE THE COURT REGARDING THIS**
4 **NOTICE.**

5 39. You can also get a copy of the Stipulation, and other documents related to
6 the Settlement, as well as additional information about the case and Settlement by visiting
7 the website dedicated to the Settlement, www._____.com, where you will find
8 answers to common questions about the Settlement and can download copies of the
9 Stipulation or Claim Form. You may also call the Claims Administrator toll free at
10 (____) ____-____ or write to the Claims Administrator at *Sprouts Farmers Market*
11 *Securities Litigation*, c/o _____. **Please do not call the Court with**
12 **questions about the Settlement.**

13 **PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND**

14 **22. How will my claim be calculated?**

15 40. As discussed above, the Settlement provides \$9,500,000 in cash for the
16 benefit of the Settlement Class. The Settlement Amount and any interest it earns
17 constitute the Settlement Fund. The Settlement Fund, after deduction of Court-approved
18 attorneys' fees and litigation expenses, Notice and Administration Expenses, Taxes, and
19 any other fees or expenses approved by the Court, is the Net Settlement Fund. If the
20 Settlement is approved by the Court, the Net Settlement Fund will be distributed to
21 eligible Authorized Claimants – *i.e.*, members of the Settlement Class who timely submit
22 valid Claim Forms that are accepted for payment by the Court – in accordance with this
23 proposed Plan of Allocation or such other plan of allocation as the Court may approve.

1 The Court may approve this proposed Plan of Allocation, or modify it, without additional
2 notice to the Settlement Class. Any order modifying the Plan of Allocation will be
3 posted on the settlement website, www._____.com.

4 41. The objective of the Plan of Allocation is to distribute the Net Settlement
5 Fund equitably among those Settlement Class Members who suffered economic losses as
6 a proximate result of the alleged wrongdoing, as opposed to losses caused by market-
7 wide or industry-wide factors, or Company-specific factors unrelated to the alleged
8 wrongdoing. The Plan of Allocation is not a formal damage analysis, and the
9 calculations made in accordance with the Plan of Allocation are not intended to be
10 estimates of, or indicative of, the amounts that Settlement Class Members might have
11 been able to recover after a trial. Nor are the calculations in accordance with the Plan of
12 Allocation intended to be estimates of the amounts that will be paid to Authorized
13 Claimants, because the Net Settlement Fund will be less than the total losses alleged to be
14 suffered by Settlement Class Members. The computations under the Plan of Allocation
15 are only a method to weigh, in a fair and equitable manner, the claims of Authorized
16 Claimants against one another for the purpose of making *pro rata* allocations of the Net
17 Settlement Fund. The Plan of Allocation provides that you will be eligible to participate
18 in the distribution of the Net Settlement Fund only if you have a net loss on all
19 transactions in Sprouts common stock made pursuant and/or traceable to the Company's
20 March 5, 2015 Offering.

21 42. To design this Plan, Lead Counsel has conferred with Lead Plaintiff's
22 damages expert. This Plan is intended to be generally consistent with an assessment of
23

1 the damages that Lead Plaintiff and Lead Counsel believe were recoverable in the Action
2 under the Securities Act. The formulas below are based on the closing price of Sprouts
3 common stock of \$28.67 per share, the day the first complaint was filed: March 3, 2016.

4 43. An individual Settlement Class Member's recovery will depend on, for
5 example: (i) whether the claimant bought shares pursuant or traceable to the Offering; (ii)
6 the total number and value of claims submitted; (iii) when the claimant purchased or
7 acquired Sprouts publicly traded common stock; and (iv) whether and when the claimant
8 sold his, her, or its shares of common stock.

9 44. Defendants, their respective counsel, and all other Released Defendant
10 Parties will have no responsibility or liability for the investment of the Settlement Fund,
11 the distribution of the Net Settlement Fund, the Plan of Allocation or the payment of any
12 claim. Lead Plaintiff, Lead Counsel, and anyone acting on their behalf, likewise will
13 have no liability for their reasonable efforts to execute, administer, and distribute the
14 Settlement.

15 **CALCULATION OF RECOGNIZED LOSS AMOUNTS**

16 45. For purposes of determining whether a claimant has a Recognized Claim,
17 purchases, acquisitions, and sales of Sprouts common stock will first be matched on a
18 First In/First Out ("FIFO") basis, as set forth below.

19 46. The Claims Administrator will calculate a "Recognized Loss Amount" as
20 set forth below for each purchase of Sprouts common stock pursuant or traceable to the
21 Offering that is listed in the Claim Form and for which adequate documentation is
22 provided. Purchases will be considered pursuant or traceable to the Offering if either (i)
23 the shares were purchased during the Relevant Period of March 4, 2015 through March

1 10, 2015, inclusive, at a price of \$35.30 per share, or (ii) the claimant provides adequate
2 documentation tracing the purchase of the shares to the March 2015 Offering.³

3 47. The sum of a claimant's Recognized Loss Amounts will be the claimant's
4 "Recognized Claim." To the extent a claimant had a gain from his, her, or its overall
5 transactions in Sprouts common stock pursuant or traceable to the Offering, the value of
6 the Recognized Claim will be zero.

7 Section 11 Claims for the March 2015 Secondary Public Offering

8
9 Secondary Public Offering Price \$35.30 per share
10 Closing Price on the date the lawsuit was filed \$28.67 per share
(March 3, 2016)

11 For common shares of Sprouts purchased or acquired pursuant or traceable to the
12 Company's Offering that occurred on or about March 5, 2015, and were:

13 1) sold on or before March 2, 2016, the claim per share is the *lesser of*: (i) the
14 purchase price per share *minus* the sales price per share, or (ii) \$35.30 *minus* the
15 sales price per share.

16 2) retained on or after March 3, 2016, or sold on or after March 3, 2016, the claim
17 per share is the *lesser of* (but not less than zero): (i) the purchase price per share
18 *minus* the sales price per share, or (ii) \$6.63 (which is \$35.30 *minus* \$28.67).

19 **ADDITIONAL PROVISIONS**

20 48. Publicly traded Sprouts common stock is the only security eligible for
21 recovery under the Plan of Allocation. The receipt of Sprouts common stock in exchange
22 for securities of any other corporation or entity shall not be deemed an eligible purchase
23 or sale of Sprouts common stock.

³ March 4, 2015 is the date of the Form S-1 Registration Statement for the Offering and
March 5, 2015 is the date of the Offering's Prospectus Supplement.

1 49. If a Settlement Class Member has more than one purchase/acquisition or
2 sale of Sprouts common stock, all purchases/acquisitions and sales shall be matched on a
3 FIFO basis. Sales will be matched first against any holdings at the beginning of the
4 Relevant Period (March 4, 2015 through March 10, 2015) and then against
5 purchases/acquisitions in chronological order, beginning with the earliest
6 purchase/acquisition made during the Relevant Period.

7 50. Purchases or acquisitions and sales of Sprouts common stock shall be
8 deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement”
9 or “payment” date. The receipt or grant by gift, inheritance or operation of law of
10 Sprouts common stock shall not be deemed a purchase, acquisition, or sale of these
11 shares of Sprouts common stock for the calculation of an Authorized Claimant’s
12 Recognized Claim, nor shall the receipt or grant be deemed an assignment of any claim
13 relating to the purchase/acquisition of such shares of such Sprouts common stock unless
14 (i) the donor or decedent purchased or otherwise acquired such shares of Sprouts
15 common stock pursuant or traceable to the Offering; (ii) no Claim Form was submitted
16 by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to
17 such shares of Sprouts common stock; and (iii) it is specifically so provided in the
18 instrument of gift or assignment.

19 51. In accordance with the Plan of Allocation, the Recognized Loss Amount on
20 any portion of a purchase or acquisition that matches against (or “covers”) a “short sale”
21 is zero. The Recognized Loss Amount on a “short sale” that is not covered by a purchase
22 or acquisition is also zero. In the event that a claimant has an opening short position in
23

1 Sprouts common stock at the start of the Relevant Period, the earliest Relevant Period
2 purchases or acquisitions shall be matched against such opening short position in
3 accordance with the FIFO matching described above and any portion of such purchases
4 or acquisition that covers such short sales will not be entitled to recovery. In the event
5 that a claimant newly establishes a short position during the Relevant Period, the earliest
6 subsequent Relevant Period purchase or acquisition shall be matched against such short
7 position on a FIFO basis and will not be entitled to a recovery.

8 52. The Net Settlement Fund will be allocated among all Authorized Claimants
9 whose prorated payment is \$10.00 or greater. If the prorated payment to any Authorized
10 Claimant calculates to less than \$10.00, it will not be included in the calculation and no
11 distribution will be made to that Authorized Claimant.

12 53. Payment according to this Plan of Allocation will be deemed conclusive
13 against all Authorized Claimants. Recognized Claims will be calculated as defined
14 herein by the Claims Administrator and cannot be less than zero.

15 54. Distributions will be made to eligible Authorized Claimants after all claims
16 have been processed and after the Court has finally approved the Settlement. No Person
17 shall have any claim of any kind against the Defendants or their related parties with
18 respect to the investment or distribution of the Settlement Fund. If there is any balance
19 remaining in the Net Settlement Fund (whether by reason of tax refunds, uncashed checks
20 or otherwise) after at least six (6) months from the date of initial distribution of the Net
21 Settlement Fund, the Claims Administrator shall, if feasible and economical after
22 payment of Notice and Administration Expenses, Taxes, and attorneys' fees and
23

1 expenses, if any, redistribute such balance among Authorized Claimants who have cashed
2 their initial checks in an equitable and economic fashion. Any balance that still remains
3 in the Net Settlement Fund after re-distribution(s), which is not feasible or economical to
4 reallocate, after payment of outstanding Notice and Administration Expenses, Taxes, and
5 attorneys' fees and expenses, if any, shall be contributed to a non-sectarian, not-for-profit
6 charitable organization(s) serving the public interest, designated by Lead Plaintiff and
7 approved by the Court.

8 55. Payment pursuant to the Plan of Allocation or such other plan as may be
9 approved by the Court shall be conclusive against all Authorized Claimants. No person
10 shall have any claim against Lead Plaintiff, Lead Counsel, their damages expert, Claims
11 Administrator, or other agent designated by Lead Counsel, arising from determinations or
12 distributions to claimants made substantially in accordance with the Stipulation, the Plan
13 of Allocation approved by the Court, or further orders of the Court. Lead Plaintiff,
14 Defendants, their respective counsel, and all other Released Parties shall have no
15 responsibility for or liability whatsoever for the investment or distribution of the
16 Settlement Fund, the Net Settlement Fund, the Plan of Allocation or the determination,
17 administration, calculation, or payment of any Claim Form or non-performance of the
18 Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund
19 or any losses incurred in connection therewith.

20 56. Each claimant is deemed to have submitted to the jurisdiction of the
21 Superior Court of the State of Arizona, Maricopa County, with respect to his, her, or its
22 claim.

1 **SPECIAL NOTICE TO SECURITIES BROKERS AND NOMINEES**

2 57. If you purchased or acquired Sprouts common stock (CUSIP: ____)

3 pursuant or traceable to the Offering and/or during the Relevant Period for the beneficial

4 interest of a person or entity other than yourself, the Court has directed that **WITHIN**

5 **TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, YOU**

6 **MUST EITHER:** (a) provide to the Claims Administrator the name and last known

7 address of each person or entity for whom or which you purchased or acquired Sprouts

8 common stock; or (b) request additional copies of this Notice and the Claim Form from

9 the Claims Administrator, which will be provided to you free of charge, and **WITHIN**

10 **TEN (10) CALENDAR DAYS** of receipt, mail the Notice and Claim Form directly to

11 all the beneficial owners of those securities. If you choose to follow procedure (b), the

12 Court has also directed that, upon making that mailing, **YOU MUST SEND A**

13 **STATEMENT** to the Claims Administrator confirming that the mailing was made as

14 directed and keep a record of the names and mailing addresses used. You are entitled to

15 reimbursement from the Settlement Fund of your reasonable expenses actually incurred

16 in connection with the foregoing, including reimbursement of postage expense and the

17 cost of ascertaining the names and addresses of beneficial owners. Those expenses will

18 be paid upon submission of appropriate supporting documentation and timely

19 compliance with the above directives. All communications concerning the foregoing

20 should be addressed to the Claims Administrator:

Sprouts Farmers Market Securities Litigation

Claims Administrator

c/o _____

Dated: _____, 2019

BY ORDER OF THE SUPERIOR COURT
OF THE STATE OF ARIZONA,
MARICOPA COUNTY

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Exhibit A-2

1 James S. Christian (SBN 023614)
2 **CHRISTIAN ANDERSON PLC**
3 5050 North 40th Street, Suite 320
4 Phoenix, Arizona 85018
5 Telephone: (602) 478-6828
6 James@ChristianAndersonLaw.com

7 James W. Johnson (*admitted pro hac vice*)
8 Michael H. Rogers (*admitted pro hac vice*)
9 James T. Christie (*admitted pro hac vice*)
10 **LABATON SUCHAROW LLP**
11 140 Broadway
12 New York, New York 10005
13 Telephone: (212) 907-0700
14 jjohnson@labaton.com
15 mrogers@labaton.com
16 jchristie@labaton.com

17 *Counsel for Plaintiff Public Employees’*
18 *Retirement System of Mississippi*

19 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
20 **IN AND FOR THE COUNTY OF MARICOPA**

21 PUBLIC EMPLOYEES’ RETIREMENT)
22 SYSTEM OF MISSISSIPPI, individually)
23 and on behalf of all others similarly situated,) **Case No.: CV2016-050480**
24)
25 Plaintiffs) **Proof of Claim and Release Form**
26 v.)
27) (*Complex case*)
28 SPROUTS FARMERS MARKET, INC., *et*)
29 *al.*,)
30) **(Assigned to the Hon. Roger Brodman)**
31 Defendants.)
32)
33)

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PROOF OF CLAIM AND RELEASE

A. GENERAL INSTRUCTIONS

1. To recover as a member of the Settlement Class based on your claims in the action entitled *Public Employees' Retirement System of Mississippi, v. Sprouts Farmers Market, Inc.*, No. CV2016-050480 (Super. Ct. Ariz. Maricopa Cty.) (the "Action"), you must complete and, on page ____ hereof, sign this Proof of Claim and Release form ("Claim Form"). If you fail to submit a timely and properly addressed (as set forth in paragraph 3 below) Claim Form, your claim may be rejected and you may not receive any recovery from the Net Settlement Fund created in connection with the proposed Settlement.

2. Submission of this Claim Form, however, does not ensure that you will share in the proceeds of the settlement of the Action.

3. **YOU MUST MAIL, OR SUBMIT YOUR COMPLETED AND SIGNED CLAIM FORM ONLINE, SO THAT IT IS POSTMARKED OR RECEIVED NO LATER THAN _____, 2019, ADDRESSED AS FOLLOWS:**

Sprouts Farmers Market Securities Litigation
Claims Administrator
c/o _____

www._____.com

4. If you are NOT a member of the Settlement Class (as defined in the Notice of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses ("Notice"), which accompanies this Claim Form) DO NOT submit a Claim Form.

5. If you are a member of the Settlement Class and you did not timely request exclusion in response to the Notice dated _____, 2019, you are bound by the terms of any judgment entered in the Action, including the releases provided therein, **WHETHER OR NOT YOU SUBMIT A CLAIM FORM.**

1 **B. CLAIMANT IDENTIFICATION**

2 1. If you purchased or otherwise acquired Sprouts common stock during the period
3 from March 4, 2015 through March 10, 2015, inclusive (the “Relevant Period”), at the secondary
4 public offering price of \$35.30 per share, or have documentation for purchases that traces your
5 shares to the Company’s March 2015 secondary public offering (the “Offering”), you are a
6 Settlement Class Member, unless you are excluded by definition.¹

7 2. If you purchased or otherwise acquired Sprouts common stock and held the stock
8 in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you
9 purchased or acquired the common stock of Sprouts through a third party, such as a brokerage
10 firm, you are the beneficial purchaser and the third party is the record purchaser.

11 3. Use Part I of this form entitled “Claimant Identification” to identify each
12 beneficial purchaser or acquirer of Sprouts common stock that forms the basis of this claim, as
13 well as the purchaser or acquirer of record if different. THIS CLAIM MUST BE FILED BY
14 THE ACTUAL BENEFICIAL PURCHASER(S) OR THE LEGAL REPRESENTATIVE OF
15 SUCH PURCHASER(S).

16 4. All joint purchasers must sign this claim. Executors, administrators, guardians,
17 conservators, and trustees must complete and sign this claim on behalf of persons represented by
18 them and their authority must accompany this claim and their titles or capacities must be stated.
19 The Social Security (or taxpayer identification) number and telephone number of the beneficial
20 owner may be used in verifying the claim. Failure to provide the foregoing information could
21 delay verification of your claim or result in rejection of the claim.

22 **C. IDENTIFICATION OF TRANSACTIONS**

23 1. Use Part II of this form entitled “Schedule of Transactions in Sprouts Common
Stock” to supply all required details of your transaction(s) in Sprouts common stock. If you need
more space or additional schedules, attach separate sheets giving all of the required information
in substantially the same form. Sign and print or type your name on each additional sheet.

¹ March 4, 2015 is the date of the Form S-1 Registration Statement for the Company’s Offering and
March 5, 2015 is the date of the Offering’s Prospectus Supplement.

1 2. On the schedules, provide all of the requested information with respect to all of
2 your purchases or acquisitions and all of your sales of Sprouts common stock from March 4,
3 2015 through March 10, 2015, inclusive, which were pursuant or traceable to the Company's
4 Offering of 15,847,800 shares that took place on or about March 5, 2015, whether such
5 transactions resulted in a profit or a loss. Failure to report all such transactions may result in the
6 rejection of your claim.

7 3. The date of covering a "short sale" is deemed to be the date of purchase of
8 Sprouts common stock. The date of a "short sale" is deemed to be the date of sale of Sprouts
9 traded stock.

10 4. Copies of broker confirmations or other documentation of your transactions in
11 Sprouts common stock should be attached to your claim. Failure to provide this documentation
12 could delay verification of your claim or result in rejection of your claim. The Parties do not
13 have information about your transactions in Sprouts common stock.

14 5. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large
15 numbers of transactions may request, or may be requested, to submit information regarding their
16 transactions in electronic files. All claimants MUST submit a manually signed paper Claim
17 Form whether or not they also submit electronic copies. If you wish to file your claim
18 electronically, you must contact the Claims Administrator at (____) ____-____ to obtain the required
19 file layout. No electronic files will be considered to have been properly submitted unless the
20 Claims Administrator issues to the claimant a written acknowledgment of receipt and acceptance
21 of electronically submitted data.
22
23

PART II – SCHEDULE OF TRANSACTIONS IN SPROUTS COMMON STOCK

1. BEGINNING HOLDINGS – State the total number of shares of Sprouts common stock held as of the opening of trading on March 4, 2015. (Must be documented.) If none, write “zero” or “0.”

2. PURCHASES/ACQUISITIONS DURING THE RELEVANT PERIOD – Separately list each and every purchase/acquisition of common stock from after the opening of trading on March 4, 2015 through and including the close of trading on March 10, 2015. (Must be documented.)

Date of Purchase (List Chronologically) (MM/DD/YY)	Number of Shares Purchased	Purchase Price Per Share	Total Purchase Price (excluding taxes, commissions and fees)
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$

4. POST RELEVANT PERIOD PURCHASES – State the total number of shares of common stock purchased after the Relevant Period and through the date of this Claim Form. If none, write “0” or “Zero.” (Must be documented.) ²

5. SALES – Separately list each and every sale/disposition of common stock from after the opening of trading on March 4, 2015 to the date of this Claim Form. (Must be documented.)

Date of Sale (List Chronologically) (MM/DD/YY)	Number of Shares Sold	Sale Price Per Share	Total Sale Price (excluding taxes, commissions and fees)
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$
/ /		\$	\$

6. ENDING HOLDINGS – State the total number of shares of common stock held as of the date of this Claim Form. If none, write “0” or “Zero.” (Must be documented.)

**IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS YOU MUST
PHOTOCOPY THIS PAGE AND CHECK THIS BOX**

² Purchases after the Relevant Period are only needed so that the Claims Administrator can balance your claim. They are not eligible for a recovery under the Plan of Allocation.

1
2 **YOU MUST READ AND SIGN THE RELEASE ON THIS PAGE. FAILURE TO SIGN**
3 **THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR**
4 **THE REJECTION OF YOUR CLAIM.**

5 **PART III – ACKNOWLEDGMENTS AND RELEASE**

6 **A. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS**

7 I (We) submit this Proof of Claim and Release under the terms of the Stipulation and
8 Agreement of Settlement, dated _____, 2018 (the “Stipulation”) described in the Notice. I
9 (We) also submit to the jurisdiction of the Superior Court of the State of Arizona, Maricopa
10 County with respect to my (our) claim as a Settlement Class Member and for purposes of
11 enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by
12 and subject to the terms of any judgment that may be entered in the Action. I (We) agree to
13 furnish additional information to the Claims Administrator to support this claim (including
14 transactions in other Sprouts securities) if requested to do so. I (We) have not submitted any
15 other claim in the Action covering the same purchases or sales of Sprouts common stock during
16 the Relevant Period and know of no other person having done so on my (our) behalf.

17 **B. RELEASE AND ACKNOWLEDGEMENT**

18 1. Upon the occurrence of the Court’s approval of the Settlement, as detailed in the
19 accompanying Notice, I (we) agree and acknowledge that my (our) signature(s) below shall
20 effect and constitute a full and complete release and discharge by me (us) and my (our) heirs,
21 executors, trustees, administrators, predecessors, successors, and assigns, in their capacities as
22 such (or, if I am (we are) submitting this Proof of Claim and Release Form on behalf of one or
23 more other Persons, by it, him, her or them, and by its, his, her or their heirs, executors, trustees,
administrators, predecessors, successors, and assigns, in their capacities as such), of each of the
“Released Defendant Parties” of all “Released Claims,” as those terms are defined in the
Stipulation.

2 2. Upon the occurrence of the Court’s approval of the Settlement, as detailed in the
3 accompanying Notice, I (we) agree and acknowledge that my (our) signature(s) below shall
4 effect and constitute an agreement by me (us) and my (our) heirs, executors, trustees,
5 administrators, predecessors, successors, and assigns, in their capacities as such (or, if I am (we
6 are) submitting this Proof of Claim and Release Form on behalf of one or more other Persons, by
7 it, him, her or them, and by its, his, her or their heirs, executors, trustees, administrators,
8 predecessors, successors, and assigns, in their capacities as such), to permanently refrain from
9 prosecuting or attempting to prosecute any Released Claims against any of the Released
10 Defendant Parties.

11 3. I (We) acknowledge that the inclusion of “Unknown Claims” in the definition of
12 “Released Claims” set forth in the Stipulation was separately bargained for and is a material
13 element of the Settlement of which this release is a part.

14 4. I (We) hereby warrant and represent that I (we) have not assigned or transferred
15 or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to

1 this release or any other part or portion thereof.

2 5. I (We) hereby warrant and represent that I (we) have included the information
3 requested about all of my (our) transactions in Sprouts common stock which are the subject of
4 this claim, as well as the opening and closing positions in such securities held by me (us) on the
5 dates requested in this Claim Form.

6 6. I (We) certify that I am (we are) not subject to backup withholding under the
7 provisions of Section 3406(a)(1)(C) of the Internal Revenue Code. (Note: If you have been
8 notified by the Internal Revenue Service that you are subject to backup withholding, please strike
9 out the prior sentence.)

10 I declare under penalty of perjury under the laws of the United States of America that all
11 of the foregoing information supplied on this Claim Form by the undersigned is true and correct.

12 Executed this _____ day of _____, in _____,
13 (Month / Year) (City) (State/Country)

14 _____
15 Signature of Claimant

16 _____
17 Signature of Joint Claimant, if any

18 _____
19 Print Name of Claimant

20 _____
21 Print Name of Joint Claimant, if any

22 (Capacity of person(s) signing, e.g., Beneficial Purchaser, Executor or Administrator)

23 **REMINDER CHECKLIST**

- 1. Please sign the above release and acknowledgement.
- 2. If this claim is being made on behalf of Joint Claimants, then both must sign.
- 3. Remember to attach copies of supporting documentation, if available.
- 4. **Do not send** originals of certificates.
- 5. Keep a copy of your Claim Form and all supporting documentation for your records.

- 6. If you desire an acknowledgment of receipt of your Claim Form, please send it Certified Mail, Return Receipt Requested.

- 7. If you move, please send your new address to:

Sprouts Farmers Market Securities Litigation
Claims Administrator

c/o _____

www. _____

() ____ - ____

- 8. **Do not use red pen or highlighter** on the Claim Form or supporting documentation.

Exhibit A-3

1 James S. Christian (SBN 023614)
2 **CHRISTIAN ANDERSON PLC**
3 5050 North 40th Street, Suite 320
4 Phoenix, Arizona 85018
5 Telephone: (602) 478-6828
6 James@ChristianAndersonLaw.com

7 James W. Johnson (*admitted pro hac vice*)
8 Michael H. Rogers (*admitted pro hac vice*)
9 James T. Christie (*admitted pro hac vice*)
10 **LABATON SUCHAROW LLP**
11 140 Broadway
12 New York, New York 10005
13 Telephone: (212) 907-0700
14 jjohnson@labaton.com
15 mrogers@labaton.com
16 jchristie@labaton.com

17 *Counsel for Plaintiff Public Employees’*
18 *Retirement System of Mississippi*

19 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

20 **IN AND FOR THE COUNTY OF MARICOPA**

21 PUBLIC EMPLOYEES’ RETIREMENT)
22 SYSTEM OF MISSISSIPPI, individually)
23 and on behalf of all others similarly situated,) **Case No.: CV2016-050480**
24)
25 Plaintiffs) **Summary Notice of Pendency of Class**
26 v.) **Action, Proposed Settlement, and**
27) **Motion for Attorneys’ Fees and**
28 SPROUTS FARMERS MARKET, INC., *et*) **Expenses**
29 *al.*,)
30) (*Complex case*)
31 Defendants.)
32)
33) **(Assigned to the Hon. Roger Brodman)**
34)
35 _____)

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TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF SPROUTS FARMERS MARKET, INC. (“SPROUTS” OR THE “COMPANY”) IN OR TRACEABLE TO THE COMPANY’S SECONDARY PUBLIC OFFERING OF 15,847,800 SHARES THAT OCCURRED ON OR ABOUT MARCH 5, 2015, AND WERE ALLEGEDLY DAMAGED THEREBY (“SETTLEMENT CLASS”), YOU MAY BE ENTITLED TO A PAYMENT FROM A CLASS ACTION SETTLEMENT.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the Superior Court of the State of Arizona, Maricopa County, that Lead Plaintiff Public Employees’ Retirement System of Mississippi, on behalf of itself and the Settlement Class, and Sprouts, J. Douglas Sanders, Amin N. Maredia, Donna Berlinski, Andrew S. Jhawar, Shon Boney, Joseph Fortunato, Lawrence P. Molloy, and Steven H. Townshend, AP Sprouts Holdings, LLC, and AP Sprouts Holdings (Overseas), L.P., Barclays Capital Inc. and Morgan Stanley & Co. LLC (collectively, “Defendants”) have reached a proposed settlement of the above-captioned action (the “Action”) in the amount of \$9,500,000 that, if approved, will resolve the Action in its entirety (the “Settlement”).

A hearing will be held before the Honorable Roger Brodman of the Superior Court of the State of Arizona, Maricopa County, 201 W. Jefferson Street, Phoenix, Arizona, 85003, Courtroom _____, at ____:____.m. on _____, 2019 (the “Settlement Hearing”) to, among other things, determine whether the Court should: (i) approve the proposed Settlement as fair, reasonable, and adequate; (ii) dismiss the Action with prejudice as provided in the Stipulation and Agreement of Settlement, dated December ____, 2018; (iii) approve the proposed Plan of Allocation for distribution of the Net Settlement Fund; and (iv) approve Lead Counsel’s Fee and Expense Application. The Court may change the date of the Settlement Hearing without providing another notice. You do NOT need to attend the Settlement Hearing to receive a distribution from the Net Settlement Fund.

1 **IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS, YOUR RIGHTS**
2 **WILL BE AFFECTED BY THE PROPOSED SETTLEMENT AND YOU MAY BE**
3 **ENTITLED TO A MONETARY PAYMENT.** If you have not yet received a Notice and
4 Proof of Claim and Release form (“Claim Form”), you may obtain copies of these documents by
5 visiting the website dedicated to the Settlement, www._____.com, or by contacting the
6 Claims Administrator at:

7 *Sprouts Farmers Market Securities Litigation*
8 Claims Administrator
9 c/o _____
10 _____
11 (____) ____ - ____

12 Inquiries, other than requests for the Notice/Claim Form or for information about the
13 status of a claim, may also be made to Lead Counsel:

14 James W. Johnson, Esq.
15 **LABATON SUCHAROW LLP**
16 140 Broadway
17 New York, NY 10005
18 www.labaton.com
19 (888) 219-6877

20 If you are a Settlement Class Member, to be eligible to share in the distribution of the
21 Net Settlement Fund, you must submit a Claim Form ***postmarked or received no later than***
22 _____, **2019**. If you are a Settlement Class Member and do not timely submit a valid
23 Claim Form, you will not be eligible to share in the distribution of the Net Settlement Fund, but
you will nevertheless be bound by all judgments or orders entered by the Court in the Action,
whether favorable or unfavorable.

 If you are a Settlement Class Member and wish to exclude yourself from the Settlement
Class, you must submit a written request for exclusion in accordance with the instructions set
forth in the Notice such that it is ***received no later than*** _____, **2019**. If you
properly exclude yourself from the Settlement Class, you will not be bound by any judgments or

1 orders entered by the Court in the Action, whether favorable or unfavorable, and you will not be
2 eligible to share in the distribution of the Net Settlement Fund.

3 Any objections to the proposed Settlement, the proposed Plan of Allocation, and/or Lead
4 Counsel's Fee and Expense Application must be filed with the Court and mailed to counsel for
5 the Parties in accordance with the instructions in the Notice, such that they are *filed and*
6 *received no later than* _____, 2019.

7 **PLEASE DO NOT CONTACT THE COURT, DEFENDANTS, OR**
8 **DEFENDANTS' COUNSEL REGARDING THIS NOTICE.**

9 *Sprouts Farmers Market Securities Litigation*

10 c/o _____

11 Dated: _____, 2019

12 BY ORDER OF THE SUPERIOR COURT OF
13 THE STATE OF ARIZONA, MARICOPA
14 COUNTY

Exhibit B

1 James S. Christian (SBN 023614)
2 **CHRISTIAN ANDERSON PLC**
3 5050 North 40th Street, Suite 320
4 Phoenix, Arizona 85018
5 Telephone: (602) 478-6828
6 James@ChristianAndersonLaw.com

7 James W. Johnson (*admitted pro hac vice*)
8 Michael H. Rogers (*admitted pro hac vice*)
9 James T. Christie (*admitted pro hac vice*)
10 **LABATON SUCHAROW LLP**
11 140 Broadway
12 New York, New York 10005
13 Telephone: (212) 907-0700
14 Facsimile: (212) 818-0477
15 jjohnson@labaton.com
16 mrogers@labaton.com
17 jchristie@labaton.com

18 *Counsel for Plaintiff Public Employees’*
19 *Retirement System of Mississippi*

20 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

21 **IN AND FOR THE COUNTY OF MARICOPA**

22 PUBLIC EMPLOYEES’ RETIREMENT)
23 SYSTEM OF MISSISSIPPI, individually) **Case No.: CV2016-050480**
and on behalf of all others similarly situated,) **[Proposed] Final Order and Judgment**
Plaintiffs)
v.) (*Complex case*)
SPROUTS FARMERS MARKET, INC., et)
al.,) **(Assigned to the Hon. Roger Brodman)**
Defendants.)
_____)

1 WHEREAS:

2 A. As of _____, the Public Employees' Retirement System of
3 Mississippi ("PERS" or "Lead Plaintiff"), on behalf of itself and all other members of the
4 proposed Settlement Class (defined below), on the one hand, and Sprouts Farmers
5 Market, Inc. ("Sprouts" or the "Company"), J. Douglas Sanders, Amin N. Maredia,
6 Donna Berlinski, Andrew S. Jhavar, Shon Boney, Joseph Fortunato, Lawrence P.
7 Molloy, and Steven H. Townshend (together, the "Individual Defendants" and with
8 Sprouts, the "Sprouts Defendants"), AP Sprouts Holdings, LLC, and AP Sprouts
9 Holdings (Overseas), L.P. (together "AP"), Barclays Capital Inc., and Morgan Stanley &
10 Co. LLC (the "Underwriter Defendants", and with AP and the Sprouts Defendants, the
11 "Defendants"), on the other, entered into a Stipulation and Agreement of Settlement (the
12 "Stipulation") in the above-titled litigation (the "Action");

13 B. Pursuant to the Order Granting Preliminary Approval of Class Action
14 Settlement, Approving Form and Manner of Notice, and Setting Date for Hearing on
15 Final Approval of Settlement, entered _____, 2019 (the "Preliminary Approval
16 Order"), the Court scheduled a hearing for _____, 2019, at __:__.m. (the
17 "Settlement Hearing") to, among other things: (i) determine whether the proposed
18 Settlement of the Action on the terms and conditions provided for in the Stipulation is
19 fair, reasonable, and adequate, and should be approved by the Court; (ii) determine
20 whether a judgment as provided for in the Stipulation should be entered; (iii) determine
21 whether the proposed Plan of Allocation for the proceeds of the Settlement should be
22 approved; and (iv) rule on Counsel's Fee and Expense Application;

23

1 C. The Court ordered that the Notice of Pendency of Class Action, Proposed
2 Settlement, and Motion for Attorneys' Fees and Expenses (the "Notice") and a Proof of
3 Claim and Release form ("Claim Form"), substantially in the forms attached to the
4 Preliminary Approval Order as Exhibits 1 and 2, respectively, be mailed by first-class
5 mail, postage prepaid, on or before ten (10) business days after the date of entry of the
6 Preliminary Approval Order ("Notice Date") to all potential Settlement Class Members
7 who could be identified through reasonable effort, and that a Summary Notice of
8 Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and
9 Expenses (the "Summary Notice"), substantially in the form attached to the Preliminary
10 Approval Order as Exhibit 3, be published in *Investor's Business Daily* and transmitted
11 over *PR Newswire* within fourteen (14) calendar days of the Notice Date;

12 D. The Notice and the Summary Notice advised potential Settlement Class
13 Members of the date, time, place, and purpose of the Settlement Hearing. The Notice
14 further advised that any objections to the Settlement were required to be filed with the
15 Court and served on counsel for the Parties such that they were received by
16 _____, 2019;

17 E. The provisions of the Preliminary Approval Order as to notice were
18 complied with;

19 F. On _____, 2018, Lead Plaintiff moved for final approval of the
20 Settlement and the proposed Plan of Allocation, as set forth in the Preliminary Approval
21 Order, and Lead Counsel moved for approval of the Fee and Expense Application. The
22 Settlement Hearing was duly held before this Court on _____, 2019, at which
23 time all interested Persons were afforded the opportunity to be heard; and

1 G. This Court has duly considered Lead Plaintiff's motion, Lead Counsel's
2 motion, the affidavits, declarations, memoranda of law submitted in support thereof, the
3 Stipulation, and all of the submissions and arguments presented with respect to the
4 proposed Settlement;

5 NOW, THEREFORE, after due deliberation, IT IS ORDERED, ADJUDGED
6 AND DECREED that:

7 1. This Judgment incorporates and makes a part hereof: (i) the Stipulation
8 filed with the Court on _____, 2018; and (ii) the Notice, which was filed with
9 the Court on _____ 2018. Capitalized terms not defined in this Judgment shall
10 have the meaning set forth in the Stipulation.

11 2. This Court has jurisdiction over the subject matter of the Action and over
12 all parties to the Action, including all Settlement Class Members.

13 3. The Court hereby affirms its determinations in the Preliminary Approval
14 Order and finally certifies, for purposes of the Settlement only, pursuant to Rules 23(a)
15 and (b)(3) of the Arizona Rules of Civil Procedure, the Settlement Class of: all persons
16 and entities that purchased or otherwise acquired Sprouts common stock in or traceable to
17 the Company's secondary public offering of 15,847,800 shares that occurred on or about
18 March 5, 2015, and who were allegedly damaged thereby. Excluded from the Settlement
19 Class are: (i) the Defendants; (ii) the officers and directors of Sprouts, AP Sprouts
20 Holdings LLC, AP Sprouts Holdings (Overseas), L.P., and the Underwriter Defendants at
21 all relevant times; (iii) members of the immediate families of the Individual Defendants
22 and of the excluded officers and directors; (iv) any entity in which any of the foregoing,
23 other than the Underwriter Defendants, has or had a controlling interest (and in the case

1 of the Underwriter Defendants, only such entities in which they have a majority
2 ownership interest); (v) any affiliates, parents or subsidiaries of Sprouts, including
3 Sprouts' employee retirement and/or benefit plan(s) and their participants or
4 beneficiaries, to the extent they made purchases through such plan(s); (vi) affiliates,
5 parents or subsidiaries of AP Sprouts Holdings LLC, and AP Sprouts Holdings
6 (Overseas), L.P. (but, for the avoidance of doubt, not excluding Persons that are members
7 or partners of such affiliates, parents or subsidiaries); (vii) Persons who have no
8 compensable damages; and (viii) the legal representatives, heirs, successors or assigns of
9 any of the foregoing, in their capacities as such. Also excluded from the Settlement Class
10 are those Persons who have timely and validly sought exclusion from the Settlement
11 Class and are listed on the annexed Exhibit A as having submitted an exclusion request
12 allowed by the Court.

13 4. Pursuant to Ariz. R. Civ. P. 23, and for purposes of the Settlement only, the
14 Court hereby re-affirms its determinations in the Preliminary Approval Order and finally
15 certifies PERS as Class Representative for the Settlement Class; and finally appoints the
16 law firm of Labaton Sucharow LLP as Class Counsel for the Settlement Class and the
17 law firm of Christian Anderson PLC as Liaison Counsel for the Settlement Class.

18 5. The Court finds that the mailing and publication of the Notice, Summary
19 Notice, and Claim Form: (i) complied with the Preliminary Approval Order; (ii)
20 constituted the best notice practicable under the circumstances; (iii) constituted notice
21 that was reasonably calculated to apprise Settlement Class Members of the effect of the
22 Settlement, of the proposed Plan of Allocation, of Lead Counsel's request for an award of
23 attorney's fees and payment of litigation expenses incurred in connection with the

1 prosecution of the Action, of Settlement Class Members' right to object or seek exclusion
2 from the Settlement Class, and of their right to appear at the Settlement Hearing; (iv)
3 constituted due, adequate, and sufficient notice to all Persons entitled to receive notice of
4 the proposed Settlement; and (v) satisfied the notice requirements of Rule 23 of the
5 Arizona Rules of Civil Procedure, the United States Constitution (including the Due
6 Process Clause), and Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-1(a)(7), as
7 amended by the Private Securities Litigation Reform Act of 1995 (the "PSLRA").

8 6. [There have been no objections to the Settlement.]

9 7. In light of the benefits to the Settlement Class, the complexity, expense and
10 possible duration of further litigation against Defendants, the risks of establishing liability
11 and damages, and the costs of continued litigation, the Court hereby fully and finally
12 approves the Settlement as set forth in the Stipulation in all respects, and finds that the
13 Settlement is, in all respects, fair, reasonable and adequate, and in the best interests of
14 Lead Plaintiff and the Settlement Class. This Court further finds the Settlement set forth
15 in the Stipulation is the result of arm's-length negotiations between experienced counsel
16 representing the interests of Lead Plaintiff, the Settlement Class, and Defendants. The
17 Settlement shall be consummated in accordance with the terms and provisions of the
18 Stipulation.

19 8. The Complaint for Violation of the Securities Act of 1933, filed on March
20 4, 2016, is dismissed in its entirety, with prejudice, and without costs to any Party, except
21 as otherwise provided in the Stipulation.

1 9. The Court finds that during the course of the Action, the Parties and their
2 respective counsel at all times complied with the requirements of Rule 11 of the Arizona
3 Rules of Civil Procedure.

4 10. Upon the Effective Date, Lead Plaintiff and each and every other
5 Settlement Class Member, on behalf of themselves and each of their respective heirs,
6 executors, trustees, administrators, predecessors, successors, and assigns, shall be deemed
7 to have fully, finally, and forever waived, released, discharged, covenanted not to sue
8 with respect to, and dismissed each and every one of the Released Claims against each
9 and every one of the Released Defendant Parties and shall forever be barred and
10 permanently enjoined and restrained from bringing, commencing, instituting,
11 prosecuting, asserting, or maintaining any and all of the Released Claims against any and
12 all of the Released Defendant Parties.

13 11. Upon the Effective Date, Defendants, on behalf of themselves and each of
14 their respective heirs, executors, trustees, administrators, predecessors, successors, and
15 assigns, shall be deemed to have fully, finally, and forever waived, released, discharged,
16 covenanted not to sue with respect to, and dismissed each and every one of the Released
17 Defendants' Claims against each and every one of the Released Plaintiff Parties and shall
18 forever be barred, enjoined and restrained from bringing, commencing, instituting,
19 prosecuting, asserting, or maintaining any and all of the Released Defendants' Claims
20 against any and all of the Released Plaintiff Parties.

21 12. Upon the Effective Date, any and all Persons are permanently barred and
22 enjoined, to the fullest extent permitted by law, from commencing, prosecuting or
23 asserting any and all claims for contribution, indemnification, or any other claim where

1 the alleged injury to that Person is that Person's actual or threatened liability to the
2 Settlement Class or a Settlement Class Member in the Action, arising out of, based upon,
3 relating to, concerning, or in connection with the Released Claims against each and every
4 one of the Released Defendant Parties, whether arising under state, federal, local,
5 common, or foreign law, as claims, cross-claims, counterclaims, or third-party claims, in
6 the Action or a separate action, in the Court or in any other court, arbitration proceeding,
7 administration, or other forum in the United States or elsewhere.

8 13. Upon the Effective Date, each and every Released Defendant Party is
9 permanently barred and enjoined, to the fullest extent permitted by law, from
10 commencing, prosecuting, or asserting any and all claims for contribution,
11 indemnification, or any other claim where the alleged injury to that Released Defendant
12 Party is that Released Defendant Party's actual or threatened liability to the Settlement
13 Class or a Settlement Class Member in the Action, arising out of, based upon, relating to,
14 concerning, or in connection with the Released Claims against any and all Persons,
15 whether arising under state, federal, local, common, or foreign law, as claims, cross-
16 claims, counterclaims, or third-party claims, in the Action or a separate action, in the
17 Court or in any other court, arbitration proceeding, administration, or other forum in the
18 United States or elsewhere.

19 14. Nothing in this Final Judgment shall bar any action to enforce the
20 Settlement or release, bar or alter the contractual rights, if any, under the terms of any
21 written agreement (i) between or among the Underwriter Defendants, or (ii) between the
22 Underwriter Defendants, the Individual Defendants, or AP, on the one hand, and Sprouts,
23 on the other hand.

1 15. Each Settlement Class Member, whether or not such Settlement Class
2 Member executes and delivers a Claim Form, is bound by this Judgment, including,
3 without limitation, the release of claims as set forth in the Stipulation.

4 16. This Judgment and the Stipulation, whether or not consummated, and any
5 discussion, negotiation, proceeding, or agreement relating to the Stipulation, the
6 Settlement, and any matter arising in connection with settlement discussions or
7 negotiations, proceedings, or agreements, shall not be offered or received against or to the
8 prejudice of any of the Parties or their respective counsel, for any purpose other than in
9 an action to enforce the terms hereof, and in particular:

10 (a) do not constitute, and shall not be offered or received against or to
11 the prejudice of any of the Defendants as evidence of, or construed as, or deemed to be
12 evidence of any presumption, concession, or admission by any of the Defendants with
13 respect to the truth of any allegation by Lead Plaintiff and the Settlement Class, or the
14 validity of any claim that has been or could have been asserted in the Action or in any
15 litigation, including but not limited to the Released Claims, the deficiency of any defense
16 that has been or could have been asserted by any of the Defendants in this Action or in
17 any other litigation, or of any liability, damages, negligence, fault or wrongdoing of
18 Defendants or any person or entity whatsoever;

19 (b) do not constitute, and shall not be offered or received against or to
20 the prejudice of any of the Defendants as evidence of a presumption, concession, or
21 admission of any fault, misrepresentation, or omission with respect to any statement or
22 written document approved or made by any of the Defendants, or against or to the
23 prejudice of Lead Plaintiff, or any other member of the Settlement Class as evidence of

1 any infirmity in the claims of Lead Plaintiff, or the other members of the Settlement
2 Class;

3 (c) do not constitute, and shall not be offered or received against or to
4 the prejudice of any of the Defendants, Lead Plaintiff, any other member of the
5 Settlement Class, or their respective counsel, as evidence of a presumption, concession,
6 or admission with respect to any liability, damages, negligence, fault, infirmity, or
7 wrongdoing, or in any way referred to for any other reason against or to the prejudice of
8 any of the Defendants, Lead Plaintiff, other members of the Settlement Class, or their
9 respective counsel, in any other civil, criminal, or administrative action or proceeding,
10 other than such proceedings as may be necessary to effectuate the provisions of the
11 Stipulation;

12 (d) do not constitute, and shall not be construed against any of the
13 Defendants, Lead Plaintiff, or any other member of the Settlement Class, as an admission
14 or concession that the consideration to be given hereunder represents the amount that
15 could be or would have been recovered after trial; and

16 (e) do not constitute, and shall not be construed as or received in
17 evidence as an admission, concession, or presumption against Lead Plaintiff, or any other
18 member of the Settlement Class that any of their claims are without merit or infirm or
19 that damages recoverable under the Complaint would not have exceeded the Settlement
20 Amount.

21 17. Notwithstanding the foregoing, the Parties and other Released Parties may
22 file or refer to this Judgment, the Stipulation, and/or any Proof of Claim: (i) to effectuate
23 the liability protections granted hereunder, including without limitation, to support a

1 defense or counterclaim based on principles of res judicata, collateral estoppel, release,
2 good-faith settlement, judgment bar or reduction, or any theory of claim preclusion or
3 issue preclusion or similar defense or counterclaim; (ii) to enforce any applicable
4 insurance policies and any agreements relating thereto; or (iii) to enforce the terms of the
5 Stipulation and/or this Judgment. The Parties and other Released Parties submit to the
6 jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

7 18. The administration of the Settlement, and the decision of all disputed
8 questions of law and fact with respect to the validity of any claim or right of any Person
9 to participate in the distribution of the Net Settlement Fund, shall remain under the
10 authority of this Court.

11 19. In the event that the Settlement does not become effective in accordance
12 with the terms of the Stipulation, then this Judgment shall be rendered null and void to
13 the extent provided by and in accordance with the Stipulation and shall be treated as
14 vacated, *nunc pro tunc*, and in such event, all orders entered and releases delivered in
15 connection herewith shall be null and void to the extent provided by and in accordance
16 with the Stipulation.

17 20. Without further order of the Court, the Parties may agree to reasonable
18 extensions of time to carry out any of the provisions of the Stipulation.

19 21. The Parties are hereby directed to consummate the Stipulation and to
20 perform its terms.

21 **Approval of the Plan of Allocation**

22
23

1 22. Copies of the Notice, which included the proposed Plan of Allocation, were
2 mailed to _____ potential Settlement Class Members and nominees. [No objections to
3 the Plan of Allocation have been received.]

4 23. The Court hereby finds and concludes that the Plan of Allocation for the
5 calculation of the claims of claimants that is set forth in the Notice disseminated to
6 Settlement Class Members, provides a fair and reasonable basis upon which to allocate
7 the Net Settlement Fund among eligible Settlement Class Members.

8 24. The Court hereby finds and concludes that the Plan of Allocation, as set
9 forth in the Notice, is, in all respects, fair and reasonable and the Court hereby approves
10 the Plan of Allocation.

11 25. The Court's approval of the Plan of Allocation is a matter separate and
12 distinct from approval of the Settlement and shall in no way disturb or affect the finality
13 of the Judgment entered with respect to the Settlement.

14 **Lead Counsel's Fee and Expense Application**

15 26. Lead Counsel is hereby awarded, on behalf of all Plaintiffs' Counsel,
16 attorneys' fees in the amount of _____, plus interest at the same rate earned by the
17 Settlement Fund, and payment of litigation expenses in the amount of \$ _____,
18 which sums the Court finds to be fair and reasonable.

19 27. The award of attorneys' fees and litigation expenses may be paid to Lead
20 Counsel from the Settlement Fund immediately upon entry of this Judgment, subject to
21 the terms, conditions, and obligations of the Stipulation, which terms, conditions, and
22 obligations are incorporated herein.

23

1 28. In making this award of attorneys' fees and payment of litigation expenses
2 to be paid from the Settlement Fund, the Court has found that:

3 (a) The Settlement has created a common fund of \$9.5 million in cash
4 and that numerous Settlement Class Members who submit acceptable Claim Forms will
5 benefit from the Settlement created by the efforts of Plaintiffs' Counsel;

6 (b) The requested attorneys' fees and payment of litigation expenses
7 have been reviewed and approved as fair and reasonable by Lead Plaintiff, a sophisticated
8 institutional investor that was directly involved in the prosecution and resolution of the
9 Action and which has a substantial interest in ensuring that any fees paid to Plaintiffs'
10 Counsel are duly earned and not excessive;

11 (c) Plaintiffs' Counsel undertook the Action on a contingent basis, and
12 have received no compensation during the Action, and any fee and expense award has
13 been contingent on the result achieved;

14 (d) The Action involves complex factual and legal issues and, in the
15 absence of settlement, would involve lengthy proceedings whose resolution would be
16 uncertain;

17 (e) Plaintiffs' Counsel conducted the Action and achieved the
18 Settlement with skillful and diligent advocacy;

19 (f) Plaintiffs' Counsel have devoted approximately _____ hours, with
20 a lodestar value of \$_____ to achieve the Settlement;

21 (g) The amount of attorneys' fees awarded are fair and reasonable and
22 consistent with fee awards approved in cases with similar recoveries;

23

1 (h) Notice was disseminated to putative Settlement Class Members
2 stating that Lead Counsel would be submitting an application for attorneys' fees in an
3 amount not to exceed ___% of the Settlement Fund, which includes interest, and payment
4 of litigation expenses incurred in connection with the prosecution of this Action in an
5 amount not to exceed \$_____, plus interest, and that such application also might include
6 a request for a service award for Lead Plaintiff related to its representation of the
7 Settlement Class; and

8 (i) [There were no objections to the application for attorneys' fees or
9 expenses.]

10 29. The Court hereby awards Lead Plaintiff \$_____ for its representation of the
11 Settlement Class.

12 30. The Court's approval of the Fee and Expense Application is a matter
13 separate and distinct from approval of the Settlement and shall in no way disturb or affect
14 the finality of the Judgment entered with respect to the Settlement.

15 31. Without affecting the finality of this Judgment in any way, this Court
16 hereby retains continuing jurisdiction over: (i) implementation of the Settlement; (ii) the
17 allowance, disallowance or adjustment of any Settlement Class Member's claim on
18 equitable grounds; (iii) all parties for the purpose of construing, enforcing and
19 administering the Settlement and this Judgment; and (iv) other matters related or ancillary
20 to the foregoing.

21 32. No further matters remain pending and this Judgment is entered under
22 Arizona Rules of Civil Procedure Rule 54(c) and immediate entry by the Clerk of the
23 Court is expressly directed.

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DATED this _____ day of _____, 2019

BY THE COURT:

Honorable Roger Brodman
Maricopa County Superior Court Judge