

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

PATRICIA A. SHENK,  
Individually and on Behalf of All Others Similarly  
Situated,

Plaintiff,

v.

MALLINCKRODT PLC, et al.,

Defendants.

Civil Action No. 1:17-cv-00145-DLF

CONSOLIDATED ACTION

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

If you purchased or otherwise acquired Mallinckrodt plc ("Mallinckrodt" or the "Company") common stock during the period from October 6, 2015 through November 6, 2017, inclusive, and were allegedly damaged thereby, you may be entitled to a payment from a class action settlement.

***This notice contains important deadlines that may affect your rights.***

***This is not a solicitation from a lawyer. A Federal Court authorized this Notice.***

- This Notice describes important rights you may have and what steps you must take if you wish to participate in the Settlement of this securities class action, wish to object, or wish to be excluded from the Settlement Class.<sup>1</sup>
- If approved by the U.S. District Court for the District of Columbia (the "District Court" or "Court"), the proposed settlement will create a \$65,750,000.00 cash fund, plus earned interest (the "Settlement Fund"), less Court-approved fees, expenses, and Taxes, for the benefit of eligible Settlement Class Members.
- The Settlement resolves all claims that have been asserted on behalf of the Settlement Class (as defined below) by Court-appointed Lead Plaintiff, the State Teachers Retirement System of Ohio ("STRS Ohio" or "Lead Plaintiff") against Mallinckrodt and Mark C. Trudeau and Matthew K. Harbaugh (the "Individual Defendants" and collectively with Mallinckrodt, the "Defendants"). It avoids the costs and risks of continuing the Action (as defined below); provides a cash payment to Class members who timely submit valid claims; and releases the Released Defendant Parties from liability.
- On October 12, 2020, Mallinckrodt and certain of its subsidiaries and affiliated companies instituted proceedings in the United States Bankruptcy Court in the District of Delaware (the "Bankruptcy Court") under the caption, *In re Mallinckrodt plc*, Case No. 20-12522 (the "Bankruptcy Action"). On February 23, 2022, the Bankruptcy Court entered an order authorizing Mallinckrodt to enter into the Settlement, which remains subject to approval by the District Court.
- This Notice explains important rights you may have, including your possible receipt of cash from the Settlement. **If you are a Settlement Class Member, your legal rights will be affected whether or not you act. Please read this Notice carefully.**
- The Court in charge of the Action (as defined below) still has to decide whether to approve the Settlement. Cash payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

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<sup>1</sup> All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation and Agreement of Settlement dated May 18, 2021, as amended July 22, 2021 (the "Stipulation"), which is available on the website for the Action at [www.MallinckrodtSecuritiesLitigation.com](http://www.MallinckrodtSecuritiesLitigation.com).

## SUMMARY OF THIS NOTICE

### **I. Description of the Action and the Class**

This Notice relates to a proposed Settlement of claims in the pending above-captioned consolidated securities class action lawsuit (the “Action”) brought by investors alleging, among other things, that Defendants violated the federal securities laws by: (1) misrepresenting the portion of Acthar sales attributable to Medicare and Medicaid on an October 6, 2015 investor call; (2) making false statements relating to a Federal Trade Commission investigation in a Form 10-K filed on November 29, 2016; and (3) making a series of false and misleading statements concerning Acthar sales and prospects from January 19, 2017 through August 8, 2017. The proposed Settlement, if approved by the Court, will settle claims of the Settlement Class.

The “Class” or “Settlement Class” is defined as all persons or entities who purchased or otherwise acquired Mallinckrodt common stock between October 6, 2015 and November 6, 2017, inclusive (the “Class Period”), and were allegedly damaged thereby, excluding (i) defendant Mallinckrodt, (ii) defendants Mark C. Trudeau and Matthew K. Harbaugh, (iii) members of the Immediate Family of each of the Individual Defendants; (iv) all subsidiaries and affiliates of Mallinckrodt and the directors and officers of the Company or its subsidiaries or affiliates; (v) all persons, firms, trusts, corporations, officers, directors, and any other individual or entity in which any Defendant has a controlling interest; (vi) the legal representatives, agents, affiliates, heirs, successors-in interest or assigns of all such excluded parties; and (vii) any persons or entities who properly exclude themselves by filing a valid and timely request for exclusion. “Class Member” means a Person that is a member of the Settlement Class.

### **II. Statement of the Plaintiff’s Recovery**

Lead Plaintiff and Defendants have entered into the proposed Settlement, which, if approved by the Court, will resolve the Action in its entirety. Subject to Court approval, and as described more fully on page 8 below, Lead Plaintiff, on behalf of the proposed Class, has agreed to settle all claims in the Action in exchange for a cash payment of \$65,750,000.00 (the “Settlement Amount”). The claims that will be resolved by the Settlement include all claims that were asserted in the Action, could have been asserted in the Action or in any forum, domestic or foreign, or could be asserted in the future against Released Defendant Parties, that (i) arise out of, or relate in any way to, or are based upon, the allegations, transactions, acts, facts, events, matters, occurrences, representations or omissions involved, set forth, alleged or referred to in the Complaint in the Action or in any of the prior complaints from the cases that were consolidated into the Action, and (ii) relate to the purchase, acquisition, sale, disposition, or holding of Mallinckrodt common stock by members of the Settlement Class during the Class Period. The Settlement Amount will be deposited into an interest-bearing Escrow Account. Based on the Plan of Allocation (defined below) being proposed, the estimated average recovery for Mallinckrodt common stock purchased during the Class Period is \$0.49 per share. **Class Members should note, however, that the foregoing average recovery is only an estimate, and Settlement Class Members may recover more or less than that estimate.** A Class Member’s actual recovery will depend on several things, including: (1) the number of claims filed; (2) the amount of the Net Settlement Fund; (3) when, in what quantities and for how much Class Members purchased and/or acquired Mallinckrodt common stock during the Class Period; and (4) whether Class Members sold Mallinckrodt common stock and, if so, when and for how much. The Net Settlement Fund (the Settlement Fund less taxes, notice and administration costs, attorneys’ fees and other litigation expenses that may be awarded to Lead Counsel) will be distributed in accordance with a plan of allocation (the “Plan of Allocation”) that will be approved by the Court and will determine how the Net Settlement Fund shall be allocated to the members of the Class. The proposed Plan of Allocation is included in this Notice (see pages 13 - 16 below).

### **III. Statement of Potential Outcome of the Case**

The Parties do not agree on whether Lead Plaintiff would have prevailed on its claims against the Defendants. Nor do they agree on the average amount of damages per share that might be recoverable if Lead Plaintiff were to prevail on the claims of the Class. The issues on which the Parties disagree include: (i) whether any of the Defendants made any statements or omitted any facts that were materially false or misleading, or otherwise actionable under the federal securities laws during the Class Period; (ii) whether any such statements were made with the requisite level of intent or recklessness; (iii) whether the claims against the Defendants are subject to various defenses that would preclude any liability that might otherwise exist; (iv) the amounts, if any, by which the price of Mallinckrodt common stock was artificially inflated as a result of the alleged misstatements and omissions by the Defendants; (v) the amount, if any, by which the price of Mallinckrodt common stock declined as a result of any alleged corrective disclosure or the materialization of any alleged concealed risk; (vi) the amount, if any, of any alleged damages suffered by purchasers of Mallinckrodt common stock during the Class Period; and (vii) the extent to which factors unrelated to the alleged fraud, such as general market, economic, and industry conditions, influenced the trading prices of Mallinckrodt common stock during the Class Period.

Defendants have denied and continue to deny any and all allegations of wrongdoing or fault asserted in the Action, deny that they have committed any act or omission giving rise to any liability or violation of law, and deny that Lead Plaintiff and the Settlement Class have suffered any loss attributable to Defendants’ actions or omissions.

### **IV. Statement of Attorneys’ Fees and Litigation Expenses Sought**

Lead Counsel (as defined on page 3 below) will apply to the Court for an award of attorneys’ fees from the Settlement Fund in an amount not to exceed 20% of the Settlement Fund, plus interest from the date of funding at the same rate as earned by the Settlement Fund. In addition, Lead Counsel also will apply for the reimbursement of litigation expenses paid or incurred in connection with the prosecution and resolution of the Action, in an amount not to exceed \$500,000, plus interest from the date of funding at the same rate

as earned by the Settlement Fund, which includes reimbursement to the Lead Plaintiff and another proposed Class representative for their reasonable costs and expenses directly relating to their representation of the Class, pursuant to the Private Securities Litigation Reform Act of 1995 (the “PSLRA”). If the Court approves the attorneys’ fees and expense application in full, the average amount of fees and expenses will be approximately \$0.10 per share of common stock purchased during the Class Period.

**V. Identification of Attorneys’ Representatives**

Lead Plaintiff and the Class are being represented by the Court-appointed Lead Counsel: Jeffrey W. Golan, Mark R. Rosen and Jeffrey B. Gittleman of Barrack Rodos & Bacine, 3300 Two Commerce Square, 2001 Market Street, Philadelphia, PA 19103, Tel: (215) 963-0600, www.barrack.com.

**VI. Reasons for the Settlement**

Lead Plaintiff has agreed to settle the claims alleged in the Action pursuant to the terms of the Stipulation, after considering (a) the substantial financial benefit that Lead Plaintiff and the other members of the Class will receive under the proposed Settlement; (b) the significant risks of continued litigation and trial, especially in light of Mallinckrodt’s bankruptcy; and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation. For the Defendants, who deny all allegations of wrongdoing or liability whatsoever and deny that any Class Member was damaged, the sole reason for the Settlement is to eliminate the uncertainty, burden, and expense of further protracted litigation.

**[END OF COVER PAGE]**

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:</b>	
<b>ACTIONS YOU MAY PURSUE</b>	<b>EFFECT OF TAKING THIS ACTION</b>
<b>SUBMIT A PROOF OF CLAIM AND RELEASE FORM POSTMARKED NO LATER THAN OCTOBER 27, 2022.</b>	This is the only way to get a payment from the Settlement.
<b>EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION POSTMARKED NO LATER THAN JUNE 28, 2022.</b>	Get no payment from the Settlement. This is the only option that allows you to ever be part of any other lawsuit against the Defendants and Released Defendant Parties concerning the claims that were, or could have been, asserted in this case. It is also the only way for Class Members to remove themselves from the Class. <b>If you are considering excluding yourself from the Class, please note that there is a risk that new claims asserted against the Defendants may no longer be timely and could be time-barred. See page 10 below.</b>
<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION POSTMARKED NO LATER THAN JUNE 28, 2022.</b>	Write to the Court and explain why you do not like the Settlement, the proposed Plan of Allocation, and/or the request for attorneys’ fees and reimbursement of expenses. In order to object, you must remain a member of the Class, may not exclude yourself, and you will be bound by the Court’s determinations.
<b>ATTEND THE HEARING ON JULY 28, 2022 AT 10:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS POSTMARKED NO LATER THAN JUNE 28, 2022.</b>	Ask to speak in Court about the fairness of the Settlement, the proposed Plan of Allocation, or the request for attorneys’ fees and reimbursement of expenses.
<b>DO NOTHING</b>	Get no payment. Remain a Class Member. Give up your rights. Still be bound by the terms of the Settlement.

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## **BASIC INFORMATION**

### **1. Why did I get this notice package?**

The Court authorized that this Notice be sent to you because you or someone in your family may have purchased or otherwise acquired Mallinckrodt common stock during the Class Period. **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. The Parties do not have access to your individual investment information. If you wish to be eligible for a payment, you are required to submit the Proof of Claim and Release Form that is being distributed with this Notice. See Question 10 below.**

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this Action, and about all of their options, before the Court decides whether to approve the Settlement. If approved, the Settlement will end all claims that were or could have been asserted in the Action. The Court will consider whether to approve the Settlement at a Settlement Hearing on July 28, 2022 at 10:00 a.m. If the Court approves the Settlement, and after any appeals are resolved and the Settlement administration is completed, the claims administrator appointed by the Court will make the payments that the Settlement allows.

The Court in charge of the case is the United States District Court for the District of Columbia, and the case is known as *Shenk, et al. v. Mallinckrodt plc, et al.*, Case No. 17 Civ. 00145-DLF. This case was assigned to United States District Judge Dabney L. Friedrich. The person who is suing is called “Lead Plaintiff” and the company and the persons being sued are called “Defendants.”

### **2. What is this lawsuit about and what has happened so far?**

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT. THE COURT HAS MADE NO FINDINGS WITH RESPECT TO THE FOLLOWING MATTERS AND THESE RECITATIONS SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

Lead Plaintiff’s claims in the Action were stated in the Consolidated Class Action Complaint of Lead Plaintiff, State Teachers Retirement System of Ohio, for Violation of the Federal Securities Laws dated May 18, 2018 (the “Complaint”). Lead Plaintiff alleged that the Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”). The Complaint alleged, among other claims, that Defendants (and Hugh O’Neill, who was subsequently dismissed from the Action) violated the federal securities law by: (1) misrepresenting Acthar’s competitive position and business plans in a Joint Proxy dated July 14, 2014 for a merger of Mallinckrodt and Questcor Pharmaceuticals, Inc. (“Questcor”) and thereafter; (2) on October 6, 2015, misrepresenting the portion of Acthar sales attributable to Medicare and Medicaid; (3) in a Form 10-K filed on November 29, 2016, making false statements relating to a Federal Trade Commission investigation; and (4) from January 19, 2017 through August 8, 2017, making a series of false and misleading statements concerning Acthar sales and prospects, including financial and Acthar-related guidance to the market.

On July 17, 2018, Defendants moved to dismiss the Complaint. On August 30, 2018, Lead Plaintiff filed its opposition papers and, on October 1, 2018, Defendants filed their reply papers. On November 19, 2018, the Court held oral argument on Defendants’ motions to dismiss, and on July 30, 2019, the Court issued a Memorandum Opinion and Order denying Defendants’ motions to dismiss in part and granting them in part, which was reported as *Shenk v. Mallinckrodt plc*, No. 17-CV-00145 (DLF), 2019 WL 3491485 (D.D.C. July 30, 2019) (the “Memorandum Opinion and Order”).

In the Memorandum Opinion and Order, the Court dismissed all claims based on alleged misstatements concerning Acthar’s competitive position and business plans, all claims based on alleged misstatements before October 6, 2015, and one claim based on an alleged misrepresentation made on May 19, 2017, and denied the motions to dismiss for the remainder of the claims. The impact of the Memorandum Opinion and Order was to limit the time period of Lead Plaintiff’s claims to a period from October 6, 2015 through November 6, 2017, inclusive.

On September 23, 2019, Defendants filed their respective answers to the Complaint. Defendants denied the claims and asserted a number of affirmative defenses.

Fact discovery in the Action commenced in September 2019. As part of this fact discovery, the Parties produced and exchanged over 250,000 pages of documents prior to the mediation process, described below.

On July 29, 2020, Lead Plaintiff moved to certify a class of investors consisting of all persons or entities, other than Defendants and their affiliates, who purchased or otherwise acquired Mallinckrodt common stock during the Class Period. Lead Plaintiff sought to have STRS Ohio and the Teamsters Local 677 Health Service and Insurance Plan (“Local 677”), which had also purchased Mallinckrodt common stock during the Class Period, certified as representatives of the Class. In support of the motion for class certification, Plaintiff submitted a 34-page memorandum of law, and a Declaration of Counsel that provided factual support and exhibits, including a 48-page Expert Report of Michael L. Hartzmark, Ph. D. that itself had nearly 300 pages of exhibits.

Following discussions in July and August 2020, Lead Plaintiff and Defendants agreed to pursue mediation (the “Mediation”) to try to reach a global resolution of the Action before the Honorable Layn Phillips (Ret.), a former federal district court judge in the United

States District Court for the Western District of Oklahoma (the “Mediator”). On September 1, 2020, the Court entered a stay of the Action pending the conclusion of the Mediation based on a joint motion of the Parties. Counsel for Lead Plaintiff and Defendants began to establish a framework for the Mediation.

On October 12, 2020, Mallinckrodt filed a Notice of Suggestion of Pendency of Bankruptcy and Automatic Stay of Proceedings in the Action (the “Notice of Bankruptcy”) stating that it and its affiliated debtors had commenced bankruptcy cases on the same date under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 *et seq.* (the “Bankruptcy Code”) in the United States Bankruptcy Court in the District of Delaware (the “Bankruptcy Court”), jointly administered for procedural purposes only under the caption, *In re Mallinckrodt plc*, Case No. 20-12522 (the “Bankruptcy Action”). Through the Notice of Bankruptcy, Mallinckrodt informed the Court that the Action was automatically stayed with regard to Mallinckrodt pursuant to section 362(a) of the Bankruptcy Code. The Court then entered a minute order on October 13, 2020, staying the entire Action.

On November 15, 2020, the Parties filed a stipulation in the Bankruptcy Action requesting that the Bankruptcy Court modify the automatic stay and the additional requested stay regarding the Individual Defendants solely to allow the Parties to participate in the Mediation. On November 16, 2020, the Bankruptcy Court entered an Order approving that stipulation.

In advance of the Mediation, the Parties agreed to exchange additional documents, and prepared and exchanged written submissions to the Mediator in an effort to inform the Mediator of the relative positions of the Parties. The Parties conducted two rounds of simultaneous submissions as part of the Mediation, submitting and exchanging opening statements on November 11, 2020 (which collectively appended over 150 exhibits) and responding submissions on November 25, 2020 (which collectively appended an additional 31 exhibits).

The Mediation was conducted remotely by Zoom over two separate sessions. The Parties and relevant Directors’ and Officers’ insurers (“D&O Insurers”) that had issued policies pertaining to the claims asserted in the Action, with counsel, attended both sessions in full. Counsel for Local 677 also participated during certain parts of the Mediation. The first Mediation session was held on December 7, 2020 from 9:00 a.m. to 7:00 p.m. eastern time; the session did not end in an agreement to settle the Action. The second Mediation session was scheduled for January 12, 2021. Between these two dates, the Parties and D&O Insurers engaged in numerous additional discussions with the Mediator in an attempt to narrow the gap between them in advance of the second Mediation session.

On January 12, 2021, during the second Mediation session, which lasted from 9:00 a.m. to 5:30 p.m. eastern time, the Mediator continued to engage with the Parties and D&O Insurers. At the end of the day, the Parties conditionally agreed to settle this Action for a cash payment of \$65,750,000.00 for the benefit of the Class contingent on approval by the board of directors of Mallinckrodt and Lead Plaintiff’s retirement board (which approvals have now been obtained).

On January 13, 2021, counsel for Defendants and counsel for Lead Plaintiff, on behalf of their respective clients, entered into a term sheet (the “Term Sheet”) setting forth, among other things, the agreement to settle and release all claims that were or could have been asserted in the Action against the Defendants in return for a cash payment of \$65,750,000.00 by Mallinckrodt’s D&O Insurers for the benefit of the Class, subject to certain terms and conditions, including the execution of a stipulation and agreement of settlement and related papers, and appropriate approvals of the Bankruptcy Court and the District Court.

In Judge Phillips’ opinion, “the proposed Settlement is the result of vigorous arm’s-length negotiation by all involved Parties. I believe, based on my extensive discussions with the Parties and the information made available to me both before and during the Mediation, that the Settlement was negotiated in good faith and that the Settlement is fair and reasonable.”

The Parties entered into the Stipulation on May 18, 2021. On February 23, 2022, the Bankruptcy Court authorized Mallinckrodt to enter into the Settlement and proceed to seek approval of the Settlement by the District Court. On April 7, 2022, the District Court preliminarily approved the Settlement, authorized this Notice to be sent to potential Class Members, and scheduled the Settlement Hearing to consider, among other things, whether to grant final approval to the Settlement.

The Defendants have denied and continue to deny any wrongdoing or that they have committed any act or omission giving rise to any liability or violation of law, including the U.S. securities laws. The Defendants have denied and continue to deny each and every one of the claims and contentions alleged in this Action, including all claims in the Complaint. The Defendants have also denied and continue to deny any liability whatsoever and that Lead Plaintiff or Class Members have suffered damage or were otherwise harmed by the conduct alleged in the Action, and the Defendants maintain that they have meritorious defenses to all claims that were raised or could have been raised in the Action. Defendants are entering into this Stipulation solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

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

In a class action, one or more people called a plaintiff sue on behalf of people or entities who have similar claims. A class action allows one court to resolve in a single case many similar claims thus providing the class members with both consistency and efficiency. One court resolves the issues for all class members, except for those who exclude themselves, or “opt out,” from the Class (see page 10 below).

#### 4. Why is there a settlement?

The Court has not decided the Action in favor of Lead Plaintiff or the Defendants, although it did dismiss certain claims in its July 30, 2019 ruling, on Defendants' motions to dismiss. The Settlement will end all the claims against the Defendants in the Action and avoid the uncertainties and costs of further litigation and any future trial. Assuming the Settlement is approved, affected Class Members will be eligible to receive compensation once the claims made against the Net Settlement Fund are validated, calculated and presented to the Court for payment, rather than after the time it would take to (a) allow the case to move forward after the conclusion of Mallinckrodt's bankruptcy proceedings, (b) thereafter have the Parties complete discovery, including document, fact witness and expert witness discovery related to Lead Plaintiff's motion for class certification as well as on the merits of the Action, (c) resolve Lead Plaintiff's motion for class certification, (d) resolve future motions for summary judgment and other pre-trial matters, and (e) have a trial and exhaust all appeals.

The Settlement was reached after more than three years of intense litigation. As described above, Lead Plaintiff, through Lead Counsel, conducted an extensive investigation of the claims and underlying events and transactions relating to the Action. Lead Plaintiff and Lead Counsel, assisted by counsel for Local 677, participated in hard-fought arm's-length negotiations and mediations before an experienced mediator prior to entering into the Settlement. Defendants have denied and continue to deny each and every one of the claims alleged by Lead Plaintiff in the Action, including all claims in the Complaint, and specifically deny any wrongdoing that they have committed any act or omission giving rise to any liability or violation of law. Defendants deny the allegations that they knowingly, or otherwise, made any material misstatements or omissions; that any Member of the Settlement Class has suffered damages; that the prices of Mallinckrodt's common stock were artificially inflated by reason of the alleged misrepresentations, omissions, or otherwise; or that Members of the Settlement Class were harmed by the conduct alleged. Nonetheless, Defendants have concluded that continuation of the Action would be protracted and expensive, and have taken into account the uncertainty and risks inherent in any litigation, especially a complex case like this Action.

#### WHO IS IN THE SETTLEMENT

#### 5. How do I know if I am part of the Settlement?

The Court has issued an Order, for the purposes of the Settlement only, that everyone who fits the following description, and is not excluded by definition from the Class (see Question 6 below), is a member of the Class, or a Class Member, unless they take steps to exclude themselves:

**All Persons or entities who purchased or otherwise acquired Mallinckrodt common stock between October 6, 2015 and November 6, 2017, inclusive and were allegedly damaged thereby.**

Receipt of this Notice does not mean that you are a Class Member. Please check your records or contact your broker to see if you purchased or otherwise acquired Mallinckrodt common stock during the Class Period as described above.

If one of your mutual funds purchased Mallinckrodt common stock during the Class Period, that does not make you a Settlement Class Member, although your mutual fund may be. You are a Class Member only if you (or your broker on your behalf) directly purchased or otherwise acquired Mallinckrodt common stock during the Class Period as described above, or if you are a legal representative, heir, successor or assign of someone who did so.

#### 6. Are there exceptions to being included in the Class?

There are some people who are excluded from the Class by definition. Excluded from the Class are: (i) defendant Mallinckrodt, (ii) Individual Defendants Mark C. Trudeau and Matthew K. Harbaugh, (iii) members of the Immediate Family of each of the Individual Defendants; (iv) all subsidiaries and affiliates of Mallinckrodt and the directors and officers of the Company or its subsidiaries or affiliates; (v) all persons, firms, trusts, corporations, officers, directors, and any other individual or entity in which any Defendant has a controlling interest; (vi) the legal representatives, agents, affiliates, heirs, successors-in interest or assigns of all such excluded parties; and (vii) any persons or entities who properly exclude themselves by filing a valid and timely request for exclusion in accordance with the requirements set forth in this Notice (**see page 10 below**).

#### 7. What if I am not sure if I am included?

If you are not sure whether you are included, you can ask for free help by writing to or calling the Claims Administrator: Mallinckrodt PLC Securities Litigation, Claims Administrator, c/o A.B. Data, Ltd., P.O. Box 170707, Milwaukee, WI 53217, within the U.S. and Canada: 414-921-0496, or outside the U.S. and Canada: 877-315-0590, [www.MallinckrodtSecuritiesLitigation.com](http://www.MallinckrodtSecuritiesLitigation.com). Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim and Release Form") described on page 8, in Question 10, to see if you qualify.

## THE SETTLEMENT BENEFITS—WHAT YOU MAY RECEIVE

### 8. What does the Settlement provide?

In exchange for the Settlement and the release of the Released Plaintiff's Claims against the Released Defendant Parties, Defendants by the D&O Insurers have agreed to pay or cause to be paid \$65,750,000.00 in cash solely from the proceeds of the D&O Policies, which will be deposited in an interest-bearing escrow account for the benefit of the Class (the "Settlement Fund"). The Settlement Fund will be divided, after deduction of Court-awarded attorneys' fees and expenses, settlement administration costs and any applicable taxes, among all Class Members who timely submit valid Proof of Claim and Release Forms that are accepted for payment by the Court ("Authorized Claimants").

### 9. How much will my payment be?

The Plan of Allocation, discussed on pages 13-16 below, explains how the Net Settlement Fund will be allocated among purchasers of Mallinckrodt common stock, and how claimants' "Recognized Losses" will be calculated. Your share of the Net Settlement Fund will depend on several things, including: (i) the quantity of Mallinckrodt common stock you bought; (ii) how much you paid for such common stock; (iii) when you bought such common stock; (iv) whether or when you sold such common stock (and, if so, for how much you sold such common stock); and (v) the amount of Recognized Losses of other Authorized Claimants.

It is unlikely that you will get a payment for your entire Recognized Loss, given the number of potential Class Members. After all Class Members have sent in their Proof of Claim and Release Forms, the payment any Authorized Claimant will get will be their *pro rata* share of the Net Settlement Fund based on the Plan of Allocation approved by the Court. In general, an Authorized Claimant's share will be his, her, or its Recognized Loss divided by the total of all Authorized Claimants' Recognized Losses and then multiplied by the total amount in the Net Settlement Fund. See the Plan of Allocation beginning on page 13 for more information.

Once all the Proof of Claim and Release Forms are processed and claims are calculated, Lead Counsel, without further notice to the Class, will apply to the Court for an order authorizing distribution of the Net Settlement Fund to the Authorized Claimants. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's fees and expenses incurred in connection with administering the Settlement that have not already been reimbursed.

## HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM AND RELEASE FORM

### 10. How can I get a payment?

To qualify for a payment, you must timely send in a valid Proof of Claim and Release Form with supporting documents (DO NOT SEND ORIGINALS of your supporting documents). A Proof of Claim and Release Form is enclosed with this Notice. You may also get copies of the Proof of Claim and Release Form on the Internet at the websites for the Claims Administrator: [www.MallinckrodtSecuritiesLitigation.com](http://www.MallinckrodtSecuritiesLitigation.com), or Lead Counsel: [www.barrack.com](http://www.barrack.com). Please read the instructions carefully, fill out the Proof of Claim and Release Form, include all the documents the form asks for, sign it, and mail it to the Claims Administrator by First-Class Mail, **postmarked on or before October 27, 2022**. *The Claims Administrator needs all of the information requested in the Proof of Claim and Release Form in order to determine if you are eligible to receive a distribution from the Net Settlement Fund.*

Any Settlement Class Member who fails to submit a Proof of Claim and Release Form by the date identified above shall be barred from receiving any distribution from the Net Settlement Fund or payment pursuant to this Stipulation unless, by order of the Court or the discretion of Lead Counsel for good cause shown, late-filed Proof of Claim and Release Forms are accepted, but shall in all other respects be bound by all the terms of this Stipulation and the Settlement, including the terms of the Judgment and all releases provided for herein and therein, and will be permanently barred and enjoined from bringing any action, claim or other proceeding of any kind against any Released Defendant Parties concerning the Released Plaintiff's Claims. All Proof of Claim and Release Forms received before the motion for the Distribution Order shall be deemed to be submitted when mailed, if received with a legible postmark on the envelope and if mailed by first-class or overnight U.S. Mail and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim and Release Form shall be deemed to have been submitted when actually received by the Claims Administrator.

### 11. When would I get my payment?

The Court will hold a hearing on July 28, 2022 at 10:00 a.m., to decide whether to, among other things, approve the Settlement and the proposed Plan of Allocation. All Proof of Claim and Release Forms must be submitted to the Claims Administrator, **postmarked on or before October 27, 2022**. If the Court approves the Settlement, there may still be appeals which would delay payment, perhaps for more than a year. It also takes time for all the Proof of Claim and Release Forms to be processed. Please be patient.



## 12. What am I giving up by staying in the Class?

If you are a Class Member and do not timely and validly exclude yourself from the Class, you will stay in the Class, which means that as of the date that the Settlement becomes effective under the terms of the Stipulation (the “Effective Date”), you will forever give up and release all “Released Claims” (as defined below) against the “Released Parties” (as defined below). You will not in the future be able to bring a case asserting any Released Claim against the Released Parties. All of the Court’s orders about the Settlement, whether favorable or unfavorable, will apply to you and legally bind you.

(a) “Released Claims” means all Released Plaintiff’s Claims and all Released Defendants’ Claims.

(b) “Released Defendants’ Claims” means any and all claims, rights and causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages and liabilities, whether known or unknown (i.e. Unknown Claims), contingent or non-contingent, or suspected or unsuspected, including any claims arising under federal or state statutory or common law or any other law, rule or regulation, whether foreign or domestic, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against the Defendants in the Action, that have been asserted, could have been asserted, or could be asserted in the future against Released Plaintiff Parties except for claims relating to the enforcement of the Settlement.

(c) “Released Defendant Parties” means each and all of the following: defendant Mallinckrodt, the Individual Defendants, and any and all of their related parties in any forum, including, without limitation, any and all of their current or former parents, subsidiaries, predecessors, successors, divisions, investment funds, joint ventures and general or limited partnerships, and each of their respective current or former officers, directors, trustees, partners, members, contractors, auditors, principals, agents, managing agents, employees, attorneys, accountants, investment bankers, underwriters, insurers and reinsurers, as well as each of the Individual Defendants’ Immediate Family members, heirs, executors, personal or legal representatives, estates, beneficiaries, predecessors, successors and assigns.

(d) “Released Parties” means the Released Defendant Parties and the Released Plaintiff Parties collectively.

(e) “Released Plaintiff’s Claims” means any and all claims, rights and causes of action, duties, obligations, demands, actions, debts, losses, sums of money, suits, contracts, agreements, promises, damages and liabilities of any nature whatsoever, whether known or unknown (i.e. Unknown Claims), contingent or non-contingent, derivative or direct, or suspected or unsuspected, whether arising under federal or state statutory or common law or any other law, rule or regulation, whether foreign or domestic, that (a) were asserted in the Action, (b) could have been asserted in the Action or in any forum, domestic or foreign, or (c) could be asserted in the future against Released Defendant Parties, that (i) arise out of, or relate in any way to, or are based upon, the allegations, transactions, acts, facts, events, matters, occurrences, representations or omissions involved, set forth, alleged or referred to in the Complaint in the Action or in any of the prior complaints from the cases that were consolidated into the Action, and (ii) relate to the purchase, acquisition, sale, disposition, or holding of Mallinckrodt common stock by members of the Settlement Class during the Class Period. For avoidance of doubt, Released Plaintiff’s Claims do not include, release, bar or waive any of the Excluded Claims. Released Plaintiff’s Claims do not include, release, bar or waive claims of any Person who submits a valid and timely Exclusion Request.

(f) “Released Plaintiff Parties” means Lead Plaintiff, Local 677 and its counsel, Lead Counsel, and each of their respective successors, assigns, representatives, officers, directors, attorneys and agents.

(g) The Released Claims include “Unknown Claims,” which are defined as any Released Claims that Lead Plaintiff or any other Class Member, each of the Defendants or any of the other Released Parties, does not know or suspect to exist in his, her or its favor at the time of the release of each or any of the other Released Parties, which, if known by him, her or it, might have affected his, her or its decisions(s) with respect to the Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiff and each of the Defendants shall expressly waive, and each of the other Class Members and each of the other Released Parties shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by California Civil Code § 1542 or any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

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

Lead Plaintiff, other Class Members, or Defendants may hereafter discover facts, legal theories, or authorities in addition to or different from those which any of them now knows or believes to be true with respect to the subject matter of the Released Plaintiff’s Claims and the Released Defendants’ Claims, but Lead Plaintiff and Defendants shall expressly, fully, finally, and forever settle and release, and each Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment shall have settled and released, fully, finally, and forever, any and all Released Plaintiff’s Claims and Released Defendants’ Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. Lead Plaintiff and Defendants acknowledge, and other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Plaintiff’s Claims and Released Defendants’ Claims was separately bargained for and was a material element of the Settlement.

## **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you want to keep any right you may have to sue or continue to sue the Released Defendant Parties on your own about the Released Plaintiff's Claims, then you must take steps to exclude yourself from the Class. Excluding yourself is known as "opting out" of the Class. The Defendants may withdraw from and terminate the Settlement if potential Class Members who purchased in excess of a certain amount of Mallinckrodt common stock opt out from the Class.

If you timely and properly request exclusion from the Class, you will retain any rights you have to sue the Defendants yourself with respect to the Released Plaintiff's Claims to the extent those claims are viable under the limitations periods applicable to claims under the Exchange Act. You should note that if you exclude yourself from the Class, certain claims you may have against Defendants relating to your purchases or acquisitions of Mallinckrodt common stock during the Class Period may have expired under the applicable statute of limitations and/or 5-year statute of repose under the Exchange Act (5 years from the date of each alleged false statement). You should further note that due to the filing of bankruptcy proceedings by Mallinckrodt, you may be precluded from asserting claims against the Company and any claims that you may assert against the Individual Defendants may be subjected to a stay of proceedings. Before you decide to request exclusion from the Class, you are urged to consult your counsel, at your own expense, to fully evaluate your rights and the consequences of excluding yourself from the Class.

### **13. How do I "opt out" (exclude myself) from the proposed Settlement?**

To "opt out" (exclude yourself) from the Class, you must mail a signed letter by First-Class Mail stating that you "request exclusion from the Class in *Shenk, et al. v. Mallinckrodt plc, et al.*, Case No. 17 Civ. 00145 (D.D.C)." Your letter **must** state the date(s), price(s) and number of shares of all your purchases, acquisitions and sales of Mallinckrodt common stock during the Class Period, and your holdings of such securities as of the close of business on November 6, 2017. This information is needed to determine whether you are a Class Member. In addition, you must include your name, address, telephone number, and your signature. You must submit your request for exclusion addressed to *Mallinckrodt PLC Securities Litigation*, Claims Administrator, EXCLUSIONS, c/o A.B. Data, Ltd., P.O. Box 173001, Milwaukee WI 53217. The request for exclusion must be **received on or before June 28, 2022**. **You cannot exclude yourself or opt out by telephone or by email.** Your request for exclusion must comply with these requirements in order to be valid. If you are excluded, you will not be eligible to receive any payment from the Settlement proceeds and you cannot object to the Settlement, the proposed Plan of Allocation or the application for attorneys' fees and reimbursement of expenses.

### **14. If I do not exclude myself, can I sue the Defendants and the other Released Defendant Parties for the same thing later?**

No. Unless you exclude yourself, you give up any rights you may have to sue the Defendants and the other Released Defendant Parties for all Released Claims. If you have a pending lawsuit against any of the Defendants for claims that would be released through approval of the Settlement in this Action, speak to your lawyer in that case **immediately**. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **June 28, 2022**.

### **15. If I exclude myself, can I get money from the proposed Settlement?**

No. If you exclude yourself, do not send in a Proof of Claim and Release Form to ask for any money, as any such Proof of Claim and Release Form will be rejected.

## **THE LAWYERS REPRESENTING YOU**

### **16. Do I have a lawyer in this case?**

The law firm of Barrack Rodos & Bacine was appointed to represent all Class Members. This firm is called Lead Counsel. You will not be separately charged for the services of these lawyers. The Court will determine the amount of Lead Counsel's fees and expenses. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. If you want to be represented by your own lawyer, you may hire one at your own expense.

### **17. How will the lawyers be paid?**

Lead Counsel have not received any payment for their services in pursuing the claims against the Defendants on behalf of the Class since the Action was commenced in 2017, nor have they been reimbursed to this point for any of their litigation expenses. At the Settlement Hearing described below, or at such other time as the Court may order, Lead Counsel will ask the Court to award them, from the Settlement Fund, attorneys' fees of no more than 20% of the Settlement Fund, plus interest from the date of funding at the same rate as earned by the Settlement Fund, and to reimburse them for their litigation expenses, such as the cost of experts, that they have incurred in pursuing the Action. The request for reimbursement of expenses will not exceed \$500,000, plus interest on the expenses from the date of funding at the same rate earned by the Settlement Fund. Lead Counsel's overall request for reimbursement of litigation expenses

will include a request for an award to Lead Plaintiff for reimbursement of its reasonable costs and expenses (including lost wages) directly related to its representation of the Class, pursuant to the PSLRA.

An award of attorneys' fees and/or litigation expenses is not a necessary term of the Stipulation and is not a condition of the Settlement described herein. The fairness and reasonableness of the Settlement will be determined without regard to the payment of attorneys' fees and litigation expenses, and no objection, motion, or appeal with respect to such fees or expenses shall affect the finality of any judgment approving the Settlement or any release related thereto. Any order or proceeding relating to Lead Counsel's application for an award of fees or for reimbursement of expenses shall not operate to terminate the Settlement or affect the finality or binding nature of the Settlement or entry of a final judgment. Lead Counsel's fee and expense application shall be treated by the Court separately from the fairness, reasonableness, and adequacy of the Stipulation of Settlement and the associated Settlement. Any disapproval or modification of the application for an award of attorneys' fees and/or litigation expenses by the Court shall not affect the enforceability of the Stipulation, provide any of the Parties with the right to cancel or terminate the Settlement, or impose an obligation on the Defendants to increase the consideration paid in connection with the Settlement. The Settlement Fund will be the sole source of payment for any award of attorneys' fees and expenses.

### **OBJECTING TO THE SETTLEMENT**

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

If you are a Class Member and do not exclude yourself ("opt out") in accordance with Section 13 above, you can object to (a) any part of the Settlement, (b) the proposed Judgment, (c) the proposed Plan of Allocation, and/or (d) Lead Counsel's request for an award of attorneys' fees and reimbursement of litigation expenses, including any request for reimbursement of costs and expenses for Lead Plaintiff.

To object, you must send a signed letter to the Court stating that you object to the proposed Settlement in the case known as: *Shenk, et al. v. Mallinckrodt plc, et al.*, Case No. 17 Civ. 00145 (D.D.C.). The written and signed objection must include (a) the name, address and telephone number of the person or entity making the objection; (b) a statement of the objection or objections, and the specific reasons for each objection, including any legal and evidentiary support the Class Member wishes to bring to the Court's attention; (c) documents sufficient to prove membership in the Class, including the amount of Mallinckrodt common stock that the objecting Class Member purchased or otherwise acquired during the Class Period, as well as any sales of such securities during the Class Period, along with the dates and prices of each such purchase and sale; and (d) the identity of any witness the Class Member may call to testify and copies of any exhibits the Class Member may introduce at the Settlement Hearing. This information is needed to demonstrate your membership in the Class. Your letter must also state the reasons why you object to (a) the Settlement, (b) the proposed Judgment, (c) the proposed Plan of Allocation, and/or (d) Lead Counsel's request for an award of attorneys' fees and reimbursement of litigation expenses, including any request for reimbursement of costs and expenses for Lead Plaintiff, and any legal support for your objection and copies of any papers, briefs, or other documents upon which any objection is based.

Unless otherwise ordered by the Court, any Class Member who does not object in the manner described in this Notice will be deemed to have waived any objection and will not be able to appear separately at the Settlement Hearing or to make any objection to (a) the Settlement, (b) the proposed Judgment, (c) the proposed Plan of Allocation, and/or (d) Lead Counsel's request for an award of attorneys' fees and reimbursement of litigation expenses, including any request for reimbursement of costs and expenses for Lead Plaintiff. If you elect to "opt out," you will not be entitled to share in the Settlement proceeds and will not have a right to make an objection to the Settlement, proposed Plan of Allocation and/or the application for attorneys' fees and reimbursement of expenses.

Any objection must be filed with the United States District Court for the District of Columbia by hand or by mail such that it is **received on or before June 28, 2022**, at the address set forth below. You must also mail or deliver the papers to Lead Counsel and Defendants' counsel at the (i) addresses and (ii) email addresses set forth below so that the papers are **received on or before June 28, 2022**.

**COURT:**  
CLERK OF THE COURT  
United States District Court for the  
District of Columbia  
333 Constitution Avenue N.W.  
Room 1225  
Washington D.C. 20001

**DESIGNATED COUNSEL FOR MALLINCKRODT:**  
WACHTELL, LIPTON, ROSEN & KATZ  
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**DESIGNATED COUNSEL FOR  
INDIVIDUAL DEFENDANTS:**  
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DBrown@paulweiss.com  
WClareman@paulweiss.com

**19. What is the difference between objecting and requesting exclusion?**

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can still recover from the Settlement if it is approved. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class and do not want to receive anything in the Settlement. If you exclude yourself, you have no right to object because the Settlement no longer affects you and you are no longer a member of the Class.

**THE COURT'S SETTLEMENT HEARING**

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

The Court will hold a Settlement Hearing at 10 a.m. on July 28, 2022, in the United States District Court for the District of Columbia, 333 Constitution Avenue, Courtroom 14, Washington D.C. 20001, or as may be undertaken via a remote proceeding such as Zoom or by telephone for the following purposes: (a) to determine whether the proposed Settlement, on the terms and conditions provided for in the Stipulation, is fair, reasonable and adequate, and should be approved by the Court; (b) to determine whether a Judgment substantially in the form attached as Exhibit 5 to the Preliminary Approval Order should be entered dismissing the Action and all claims asserted against the Defendants therein, with prejudice, and releasing all Released Claims as against the Released Parties (as defined in the Stipulation); (c) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (d) to determine whether the motion by Lead Counsel for an award of attorneys' fees and reimbursement of Litigation Expenses should be approved; and (e) to consider any other matters that may properly be brought before the Court in connection with the Settlement. The Court will take into consideration any written objections filed in accordance with the instructions set out above in the answer to Question 18. We do not know how long it will take the Court to make these decisions.

You should also be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to attend the hearing in person or otherwise, you should check with Lead Counsel [or the website [www.MallinckrodtSecuritiesLitigation.com](http://www.MallinckrodtSecuritiesLitigation.com)] beforehand to be sure that the date and/or time has not changed.

**21. Do I have to attend the hearing?**

No. Lead Counsel will answer any questions the Court may have. But, you are welcome to attend at your own expense. If you validly submit an objection, it will be considered by the Court. You may have your own lawyer attend (at your own expense), but it is not required. If you do hire your own lawyer, he or she must file and serve a Notice of Appearance in the manner described in the answer to Question 22 below **no later than June 28, 2022**.

## 22. May I speak at the hearing and submit additional evidence?

You may ask the Court for permission to speak at the Settlement Hearing whether you object to the Settlement or not. To do so, you must file and serve a statement with the Court (in the same manner as stated in Question 18 above) such that it is received no later than thirty (30) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct that presents your “notice of intention to appear in *Shenk, et al. v. Mallinckrodt plc, et al.*, Case No. 17 Civ. 00145 (D.D.C.).” You cannot speak at the hearing if you excluded yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Hearing according to the procedures described above and in the answer to Question 18.

### **IF YOU DO NOTHING**

## 23. What happens if I do nothing at all?

If you do nothing and you are a member of the Settlement Class, you will get no money from this Settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants and the Released Defendant Parties about the Released Claims in this case. To be eligible to share in the Net Settlement Fund you must submit a Proof of Claim and Release Form (*see* Question 10). To start, continue or be a part of any *other* lawsuit against the Defendants and the other Released Defendant Parties about the Released Claims in this case you must exclude yourself from this Class (*see* Question 13).

### **GETTING MORE INFORMATION**

## 24. Are there more details about the proposed Settlement and the lawsuit?

This Notice summarizes the proposed Settlement. More details are in the Stipulation, dated as of May 18, 2021, as amended July 22, 2021, and the Preliminary Approval Order and Exhibits thereto. You may review the Stipulation and the Preliminary Approval Order and Exhibits thereto filed with the Court and all documents filed in the Action during business hours at the Office of the Clerk of the United States District Court for the District of Columbia, United States Courthouse, 333 Constitution Avenue N.W., Washington D.C. 20001. Subscribers to PACER, a fee-based service, can also view the papers filed publicly in the Action through the Court’s on-line Case Management/Electronic Case Files System at <https://www.pacer.gov>.

You also can call the Claims Administrator within the U.S. and Canada: 414-921-0496, or outside the U.S. and Canada call: 877-315-0590; call Lead Counsel Barrack Rodos & Bacine at (215) 963-0600; write to *Mallinckrodt PLC Securities Litigation*, Claims Administrator, c/o A.B. Data, Ltd., P.O. Box 170707, Milwaukee, WI 53217; or visit the websites [www.MallinckrodtSecuritiesLitigation.com](http://www.MallinckrodtSecuritiesLitigation.com) or [www.barrack.com](http://www.barrack.com) where you can download copies of this Notice and the Proof of Claim and Release Form. **Please do not call the Court, the Defendants or their counsel with questions about the Settlement.**

### **PLAN OF ALLOCATION OF NET SETTLEMENT FUND**

## 25. How will my claim be calculated?

### **I. GENERAL PROVISIONS**

The objective of the Plan of Allocation is to distribute the Settlement proceeds equitably among those Class Members who suffered economic losses as a proximate result of the alleged wrongdoing. The Plan of Allocation is not a formal damage analysis, and the calculations made in accordance with the Plan of Allocation are not intended to be estimates of, or indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations in accordance with the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants under the Settlement. The computations under the Plan of Allocation are only a method to weigh, in a fair and equitable way, the claims of Authorized Claimants against one another for the purpose of making *pro rata* allocations of the Net Settlement Fund.

In developing the Plan of Allocation, Lead Plaintiff’s damages expert, based on assumptions provided by Lead Counsel, calculated the estimated amount of artificial inflation in the per share closing prices of Mallinckrodt common stock that was allegedly proximately caused by Defendants’ alleged false and misleading statements and material omissions. In calculating the estimated artificial inflation allegedly caused by Defendants’ alleged misrepresentations and omissions, Lead Plaintiff’s damages expert considered price changes in Mallinckrodt common stock in reaction to certain public announcements allegedly revealing the truth concerning Defendants’ alleged misrepresentations and material omissions, adjusting for price changes that were attributable to market or industry forces. Lead Plaintiff’s expert also consulted with Lead Counsel concerning the relatedness of the alleged curative disclosures to the claims asserted in the case, in particular the time period to which the separate claims pertain, which is also reflected in the estimated artificial inflation in Mallinckrodt common stock.

In order to have recoverable damages, a corrective disclosure of an alleged misrepresentation or omission must be the cause of the decline in the price of Mallinckrodt common stock. In this Action, the Court dismissed all claims Lead Plaintiff alleged based on alleged

misstatements concerning Acthar's competitive position and business plans, all claims based on alleged misstatements before October 6, 2015, and one claim based on an alleged misrepresentation made on May 19, 2017. The Court sustained the claims alleging that Defendants violated the federal securities law by: (1) on October 6, 2015, misrepresenting the portion of Acthar sales attributable to Medicare and Medicaid; (2) in a Form 10-K filed on November 29, 2016, making false statements relating to a Federal Trade Commission investigation; and (3) from January 19, 2017 through August 8, 2017, making a series of false and misleading statements concerning Acthar sales and prospects, including financial and Acthar-related guidance to the market. The impact of this decision by this Court was to limit the time period of Lead Plaintiff's claims to a period from October 6, 2015 through November 6, 2017, inclusive (the Class Period).

Given this, the remaining claims allege that Defendants made false statements and omitted material facts regarding three separate areas, which had the effect of artificially inflating the prices of Mallinckrodt common stock over three distinct time periods. For the first claim, Lead Plaintiff alleged Mallinckrodt's common stock price was inflated beginning on October 6, 2015 and that corrective disclosures removed this artificial inflation from the price of Mallinckrodt common stock on November 16-17, 2016. For the second claim, Lead Plaintiff alleged Mallinckrodt's common stock price was inflated beginning on November 29, 2016 and that corrective disclosures removed this artificial inflation from the price of Mallinckrodt common stock on January 18, 2017. For the third claim, Lead Plaintiff alleged Mallinckrodt's common stock price was inflated beginning on January 19, 2017 and that corrective disclosures removed this artificial inflation from the price of Mallinckrodt common stock on November 7, 2017. In order to have a "Recognized Loss Amount" under the Plan of Allocation, the shares of Mallinckrodt common stock must have been purchased during one of these three periods during the Class Period and held through the claim's respective corrective disclosure dates.<sup>2</sup>

## II. CALCULATION OF RECOGNIZED LOSS AMOUNTS

Based on the formula stated below, a "Recognized Loss Amount" will be calculated for each purchase of Mallinckrodt common stock during the Class Period that is listed on the Proof of Claim and Release Form and for which adequate documentation is provided. If a Recognized Loss Amount calculates to a negative number or zero under the formula below, that Recognized Loss Amount will be zero.

1. For each share of Mallinckrodt common stock purchased during the period from October 6, 2015 through and including the close of trading on November 15, 2016 and:
  - a. Sold prior to the close of trading on November 15, 2016, the Recognized Loss Amount will be \$0.00;
  - b. Sold on November 16, 2016, the Recognized Loss Amount will be *the lesser of*: (i) \$7.18; or (ii) the purchase price minus the sale price;
  - c. Sold during the period from November 17, 2016 through and including the close of trading on November 6, 2017, the Recognized Loss Amount will be *the lesser of*: (i) \$11.93; or (ii) the purchase price minus the sale price;
  - d. Sold during the period from November 7, 2017 through and including the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$11.93; or (ii) the purchase price minus the sale price; or (iii) the purchase price minus the average closing price between November 7, 2017 and the date of sale stated in Table A at the end of this Notice; and
  - e. Held as of the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$11.93; or (ii) the purchase price minus \$21.99, the average closing price for Mallinckrodt common stock between November 7, 2017 and February 2, 2018 (the last entry on Table A).<sup>3</sup>
2. For each share of Mallinckrodt common stock purchased on November 16, 2016 and:
  - a. Sold prior to the close of trading on November 16, 2016, the Recognized Loss Amount will be \$0.00;
  - b. Sold during the period from November 17, 2016 through and including the close of trading on November 6, 2017, the Recognized Loss Amount will be *the lesser of*: (i) \$4.75; or (ii) the purchase price minus the sale price;
  - c. Sold during the period from November 7, 2017 through and including the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$4.75; or (ii) the purchase price minus the sale price; or (iii) the purchase price minus the average closing price between November 7, 2017 and the date of sale stated in Table A at the end of this Notice; and

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<sup>2</sup> Thus, shares purchased between November 17, 2016 and November 28, 2016 or on January 18, 2017 will have a Recognized Loss Amount of \$0.00.

<sup>3</sup> Under Section 21(D)(e)(1) of the Exchange Act, "in any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." Consistent with the requirements of the statute, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of Mallinckrodt common stock during the 90-day look-back period. The mean (average) closing price Mallinckrodt common stock during this 90-day look-back period was \$21.99.

- d. Held as of the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$4.75; or (ii) the purchase price minus \$21.99, the average closing price for Mallinckrodt common stock between November 7, 2017 and February 2, 2018 (the last entry on Table A).
3. For each share of Mallinckrodt common stock purchased during the period from November 29, 2016 through and including the close of trading on January 17, 2017 and:
  - a. Sold prior to the close of trading on January 17, 2017, the Recognized Loss Amount will be \$0.00;
  - b. Sold during the period from January 18, 2017 through and including the close of trading on November 6, 2017, the Recognized Loss Amount will be *the lesser of*: (i) \$3.48; or (ii) the purchase price minus the sale price;
  - c. Sold during the period from November 7, 2017 through and including the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$3.48; or (ii) the purchase price minus the sale price; or (iii) the purchase price minus the average closing price between November 7, 2017 and the date of sale stated in Table A at the end of this Notice; and
  - d. Held as of the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$3.48; or (ii) the purchase price minus \$21.99, the average closing price for Mallinckrodt common stock between November 7, 2017 and February 2, 2018 (the last entry on Table A).
4. For each share of Mallinckrodt common stock purchased during the period from January 19, 2017 through and including the close of trading on November 6, 2017 and:
  - a. Sold prior to the close of trading on November 6, 2017, the Recognized Loss Amount will be \$0.00;
  - b. Sold during the period from November 7, 2017 through and including the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$10.52; or (ii) the purchase price minus the sale price; or (iii) the purchase price minus the average closing price between November 7, 2017 and the date of sale stated in Table A at the end of this Notice; and
  - c. Held as of the close of trading on February 2, 2018, the Recognized Loss Amount will be *the lesser of*: (i) \$10.52; or (ii) the purchase price minus \$21.99, the average closing price for Mallinckrodt common stock between November 7, 2017 and February 2, 2018 (the last entry on Table A).

### III. ADDITIONAL PROVISIONS

The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution Amount (defined below) is \$10.00 or greater.

If a Class Member has more than one purchase or sale of Mallinckrodt common stock, purchases and sales will be matched on a First In, First Out (“FIFO”) basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

A Claimant’s “Recognized Claim” under the Plan of Allocation will be the sum of his, her, or its Recognized Loss Amounts.

The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Claims. Specifically, a “Distribution Amount” will be calculated for each Authorized Claimant, which will be the Authorized Claimant’s Recognized Claim (calculated in accordance with the criteria below) divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

Purchases, acquisitions and sales of Mallinckrodt common stock will be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. The receipt or grant by gift or inheritance of Mallinckrodt common stock during the Class Period will not be deemed a purchase, acquisition or sale of Mallinckrodt common stock for the calculation of an Authorized Claimant’s Recognized Loss Amount, nor will the receipt or grant be deemed an assignment of any claim relating to the purchase of Mallinckrodt common stock unless (i) the donor or decedent purchased or otherwise acquired the shares during the Class Period; (ii) no Proof of Claim or Release Form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to those shares; and (iii) it is specifically so provided in the instrument of gift or assignment.

The date of covering a “short sale” is deemed to be the date of purchase or acquisition of the Mallinckrodt common stock that closed the short position. The date of a “short sale” is deemed to be the date of sale of Mallinckrodt common stock that opened the short position. Under the Plan of Allocation, the Recognized Loss Amount on “short sales” is zero. In the event that a Claimant has an opening short position in Mallinckrodt common stock, his, her, or its earliest Class Period purchases or acquisitions of Mallinckrodt common stock will be matched against the opening short position, and not be entitled to a recovery, until that short position is fully covered.

Option contracts are not securities eligible to participate in the Settlement. With respect to shares of Mallinckrodt common stock purchased or sold through the exercise of an option, the purchase/sale date of the Mallinckrodt common stock is the exercise date of the option and the purchase/sale price of the Mallinckrodt common stock is the exercise price of the option.

If a Claimant had a market gain with respect to his, her, or its aggregate purchases of Mallinckrodt common stock during the Class Period, the value of the Claimant's Recognized Claim will be zero, and the Claimant will in any event be bound by the Settlement. If a Claimant suffered an overall market loss with respect to his, her, or its overall transactions in Mallinckrodt common stock during the Class Period but that market loss was less than the Claimant's total Recognized Claim calculated above, then the Claimant's Recognized Claim will be limited to the amount of the actual market loss.

For purposes of determining whether a Claimant had a market gain with respect to his, her, or its aggregate purchases of Mallinckrodt common stock during the Class Period or suffered a market loss, the Claims Administrator will determine the difference between (i) the Total Purchase Amount<sup>4</sup> and (ii) the sum of the Total Sales Proceeds<sup>5</sup> and Holding Value.<sup>6</sup> This difference will be deemed a Claimant's market gain or loss with respect to his, her, or its overall transactions in Mallinckrodt common stock during the Class Period.

After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the fund nine (9) months after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determine that it is cost-effective to do so, the Claims Administrator will conduct a re-distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such re-distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution. Additional re-distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional re-distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determine that additional re-distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such re-distributions, would be cost-effective. At such time as it is determined that the re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance in the Net Settlement Fund shall be contributed to a non-sectarian, not-for-profit, non-political 501(c)(3) organization(s) dedicated to food, shelter, and/or humanitarian aid, to be recommended by Lead Plaintiff and approved by the Court.

Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, shall be conclusive against all Authorized Claimants. Defendants and Defendants' Counsel have no responsibility for, interest in, or liability whatsoever with respect to the Plan of Allocation. No person shall have any claim against Lead Plaintiff, Plaintiff's Counsel, Lead Plaintiff's damages expert, or the Claims Administrator or other agent designated by Lead Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation approved by the Court, or further orders of the Court. Lead Plaintiff, Defendants and their respective counsel, and all other Released Parties, shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund or the Net Settlement Fund; the Plan of Allocation; the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator; the payment or withholding of Taxes; or any losses incurred in connection therewith.

The Plan of Allocation set forth herein is the plan that is being proposed to the Court for approval by Lead Plaintiff after consultation with Lead Counsel and Lead Plaintiff's damages expert. The Court may approve this plan as proposed or it may modify the Plan of Allocation without further notice to the Class. Any orders regarding any modification of the Plan of Allocation will be posted on the settlement website, [www.MallinckrodtSecuritiesLitigation.com](http://www.MallinckrodtSecuritiesLitigation.com).

Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the District of Columbia with respect to his, her, or its claim.

### **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

#### **26. What if I bought Mallinckrodt common stock on someone else's behalf?**

If you purchased or otherwise acquired Mallinckrodt common stock during the Class Period for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THIS NOTICE, you must either: (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or otherwise acquired securities during the Class Period (preferably in an MS Excel, .CSV, or .TXT

<sup>4</sup> The "Total Purchase Amount" is the total amount the Claimant paid (excluding commissions and other charges) for Mallinckrodt common stock purchased or acquired during the Class Period.

<sup>5</sup> The Claims Administrator will match any sales of Mallinckrodt common stock during the Class Period first against the Claimant's opening position (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of Mallinckrodt common stock sold during the Class Period will be the "Total Sales Proceeds".

<sup>6</sup> The Claims Administrator will ascribe a value of \$20.11 per share for Mallinckrodt common stock purchased during the Class Period and still held as of the close of trading on November 6, 2017 (the "Holding Value"). The Holding Value is based on the closing price of Mallinckrodt common stock on November 7, 2017, the day after the last day of the Class Period.



format), setting forth (i) title/registration, (ii) street address, and (iii) city/state/zip; (b) provide computer-generated mailing labels; or (c) request additional copies of this Notice and the Proof of Claim and Release Form, which will be provided to you free of charge, and within ten (10) calendar days of receipt of such copies send them by First-Class Mail, postage prepaid, directly to the beneficial owners of Mallinckrodt common stock.

If you choose to follow alternative procedure (c), the Court has directed that, upon such mailing, you shall send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expenses and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid after request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

*Mallinckrodt PLC Securities Litigation*  
Claims Administrator  
c/o A.B. Data, Ltd.  
P.O. Box 170707  
Milwaukee, WI 53217  
Phone within the U.S. and Canada: 414-921-0496;  
Phone outside the U.S. and Canada: 1-877-315-0590

[info@MallinckrodtSecuritiesLitigation.com](mailto:info@MallinckrodtSecuritiesLitigation.com)  
[www.MallinckrodtSecuritiesLitigation.com](http://www.MallinckrodtSecuritiesLitigation.com)

**PLEASE DO NOT CONTACT THE COURT FOR INFORMATION OR QUESTIONS ABOUT THE TERMS OF THE SETTLEMENT. INSTEAD, PLEASE DIRECT ALL QUESTIONS TO LEAD COUNSEL AND/OR THE CLAIMS ADMINISTRATOR AS DIRECTED ABOVE UNDER QUESTION 24.**

Dated: April 7, 2022

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

**TABLE A**

**Mallinckrodt Common Stock and Average Closing Price  
November 7, 2017 – February 2, 2018**

<b>Date</b>	<b>Average Closing Price from November 7, 2017 through Date</b>	<b>Date</b>	<b>Average Closing Price from November 7, 2017 through Date</b>	<b>Date</b>	<b>Average Closing Price from November 7, 2017 through Date</b>
11/7/2017	\$20.11	12/6/2017	\$21.65	1/5/2018	\$22.40
11/8/2017	\$20.05	12/7/2017	\$21.63	1/8/2018	\$22.40
11/9/2017	\$20.76	12/8/2017	\$21.66	1/9/2018	\$22.40
11/10/2017	\$21.01	12/11/2017	\$21.72	1/10/2018	\$22.40
11/13/2017	\$21.19	12/12/2017	\$21.82	1/11/2018	\$22.41
11/14/2017	\$21.28	12/13/2017	\$21.90	1/12/2018	\$22.43
11/15/2017	\$21.37	12/14/2017	\$21.94	1/16/2018	\$22.45
11/16/2017	\$21.50	12/15/2017	\$21.99	1/17/2018	\$22.44
11/17/2017	\$21.60	12/18/2017	\$22.05	1/18/2018	\$22.43
11/20/2017	\$21.62	12/19/2017	\$22.09	1/19/2018	\$22.40
11/21/2017	\$21.60	12/20/2017	\$22.13	1/22/2018	\$22.39
11/22/2017	\$21.58	12/21/2017	\$22.17	1/23/2018	\$22.38
11/24/2017	\$21.55	12/22/2017	\$22.21	1/24/2018	\$22.36
11/27/2017	\$21.57	12/26/2017	\$22.24	1/25/2018	\$22.33
11/28/2017	\$21.59	12/27/2017	\$22.27	1/26/2018	\$22.31
11/29/2017	\$21.63	12/28/2017	\$22.29	1/29/2018	\$22.27
11/30/2017	\$21.64	12/29/2017	\$22.30	1/30/2018	\$22.21
12/1/2017	\$21.65	1/2/2018	\$22.33	1/31/2018	\$22.13
12/4/2017	\$21.66	1/3/2018	\$22.36	2/1/2018	\$22.07
12/5/2017	\$21.67	1/4/2018	\$22.38	2/2/2018	\$21.99