

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: PART 39

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PUBLIC EMPLOYEES' RETIREMENT SYSTEM :  
OF MISSISSIPPI, :

Plaintiff, :

-against- :

LEONARD S. SCHLEIFER, *et al.*, :

Defendants. :

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CEMENT MASONS LOCAL 780 PENSION :  
FUND and CITY OF WARREN POLICE AND :  
FIRE RETIREMENT SYSTEM, Derivatively on :  
Behalf of REGENERON PHARMACEUTICALS, :  
INC., :

Plaintiffs, :

-against- :

LEONARD S. SCHLEIFER, *et al.*, :

Defendants, :

-and- :

REGENERON PHARMACEUTICALS, INC., a :  
New York corporation, :

Nominal Defendant. :

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Index No. 656813/2017  
Part 39  
Justice Saliann Scarpulla

Index No. 654453/2015  
Part 39  
Justice Saliann Scarpulla

## **STIPULATION OF COMPROMISE AND SETTLEMENT**

This Stipulation of Compromise and Settlement, dated as of October 5, 2018 (this “Stipulation”) is made and entered into by and among: (i) Public Employees’ Retirement System of Mississippi (“MPERS”), Cement Masons Local 780 Pension Fund (“Cement Masons”), and City of Warren Police and Fire Retirement System (“City of Warren,” and together with MPERS and Cement Masons, “Plaintiffs”), each individually and derivatively on behalf of nominal defendant Regeneron Pharmaceuticals, Inc. (“Regeneron” or the “Company”); (ii) the Individual Defendants (defined below); and (iii) nominal defendant Regeneron. This Stipulation is intended by Plaintiffs and Defendants (defined below) to fully, finally, and forever resolve, discharge, and settle the Released Claims (defined below), upon and subject to the terms and conditions hereof.

### **I. PROCEDURAL BACKGROUND**

On or about December 15, 2015, Laborers District Council Construction Industry Pension Fund (“Laborers”) delivered a demand letter to the Board (defined below) asserting that its then-current and certain former non-employee directors and the Chairman of the Board excessively compensated themselves in 2013 and 2014, and requesting that the Board investigate and bring legal action against these directors for breach of fiduciary duty, unjust enrichment, and corporate waste, and implement internal controls and systems designed to prohibit and prevent similar actions in the future (the “Laborers Demand”).

On December 30, 2015, Cement Masons filed a shareholder derivative complaint in the New York Supreme Court, captioned *Cement Masons Local 780 Pension Fund v. Leonard S. Schleifer, et al.*, Index No. 654453/2015 (N.Y. Co.) (the “Cement Masons Action”), alleging that the Company’s then-current and certain former directors breached their fiduciary duties and were unjustly enriched when they approved and/or received allegedly excessive compensation in 2013

and 2014. The complaint sought damages in favor of Regeneron for the alleged breaches of fiduciary duties and unjust enrichment, changes to Regeneron's corporate governance and internal procedures, and other relief.

On March 2, 2016, Defendants moved to dismiss the complaint in the Cement Masons Action. On August 16, 2016, the IA Part heard oral argument on Defendants' motion to dismiss the complaint. On June 28, 2017, the IA Part issued a decision granting in part and denying in part Defendants' motion to dismiss the complaint (the "Decision"). Among other things, the IA Part held that: (i) demand on Regeneron's Board was futile as to Cement Masons' claims relating to the compensation awarded to Drs. Schleifer, Yancopoulos, and Vagelos in 2014, but that demand was required as to the claims relating to the compensation awarded to Drs. Schleifer, Yancopoulos, and Vagelos in 2013; and (ii) Cement Masons had adequately pleaded derivative claims for breach of fiduciary duty and unjust enrichment based on the facts alleged in the complaint.

On November 3, 2017, City of Warren delivered a demand letter to the Board containing allegations and requests for Board action that were substantially similar to those contained in the Laborers Demand (the "City of Warren Demand," and together with the Laborers Demand, the "Demands").

On November 8, 2017, MPERS filed a shareholder derivative complaint in the New York Supreme Court, captioned *Public Employees' Retirement System of Mississippi v. Leonard S. Schleifer et al.*, Index No. 656813/2017 (N.Y. Co.) (the "MPERS Action," and together with the Cement Masons Action, the "Actions"), alleging that the Company's then-current and certain former directors breached their fiduciary duties and were unjustly enriched when they approved and/or received allegedly excessive compensation in 2013, 2014, 2015, and 2016, and that they

breached their fiduciary duties when they approved the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan in 2014 and the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan in 2017, which authorized the award of equity compensation to directors and others. The complaint sought damages in favor of Regeneron for the alleged breaches of fiduciary duties and unjust enrichment, changes to Regeneron's corporate governance and internal procedures, and other relief.

On November 16, 2017, Defendants, MPERS, Cement Masons, Laborers, and City of Warren participated in a mediation before Robert A. Meyer, Esq. (JAMS). The mediation did not result in an agreement to resolve the Actions or the Demands.

On December 4, 2017, MPERS moved to consolidate the Actions and for appointment as lead plaintiff and approval of its selection of lead counsel. Cement Masons and City of Warren opposed MPERS's motion.

On January 10, 2018, the parties to the Cement Masons Action attended a preliminary conference, after which the IA Part entered a preliminary conference order setting a schedule for document discovery and any appeal of the Decision, and appointing Co-Lead Counsel for plaintiffs in the Cement Masons Action. (City of Warren intervened as a plaintiff in the Cement Masons Action on January 18, 2018, and withdrew the City of Warren Demand. Counsel for Laborers confirmed on January 19, 2018, that the Laborers Demand had been withdrawn.) On January 25, 2018, the IA Part entered a preliminary conference order in the MPERS Action setting a similar schedule for discovery and any appeal of the Decision as the schedule entered in the Cement Masons Action. On January 31, 2018, the Parties in the Actions served document requests upon their opposing counsel.

On March 7, 2018, the IA Part held a hearing on the motion of MPERS for an order consolidating the Actions, appointing MPERS as lead plaintiff, and approving its selection of lead counsel. At that hearing, the IA Part declined to consolidate the Actions for all purposes or to appoint any particular lead counsel or lead plaintiff, but ordered that the Actions would be coordinated for purposes of joint discovery and joint trial.

On March 19, 2018, Defendants served and filed their opening brief in their appeal from the Decision (the “Appeal”). On April 19, 2018, MPERS was granted permission to intervene as respondents in the Appeal. On May 11, 2018, the plaintiffs in the Cement Masons Action and the MPERS Action filed their responsive briefs in the Appeal. On June 8, 2018, Defendants served and filed their reply brief in the Appeal.

On March 21, 2018, the parties to the MPERS Action stipulated that Defendants’ time to answer, move to dismiss, or otherwise respond to the complaint in the MPERS Action shall be held in abeyance pending the resolution of the Appeal. On March 30, 2018, Defendants answered the complaint in the Cement Masons Action.

Following the November 16, 2017 mediation session, the Parties (and their respective counsel) engaged in continued, arm’s length negotiations. On July 26, 2018, MPERS and Defendants entered into a proposed settlement that contemplated the release of the claims in the Actions, and that same day, MPERS moved for an order to, among other things, preliminarily approve the proposed settlement. On August 6, 2018, Cement Masons and City of Warren filed an opposition to MPERS’s motion for preliminary approval. On August 8, 2018, the IA Part conducted a hearing on the motion, declined to grant preliminary approval, and directed the Parties to confer regarding mediation in an effort to resolve the objections to the proposed settlement. On August 15, 2018, the Parties informed the IA Part that they had scheduled a

mediation session, and the IA Part stated that it would issue notice of the proposed settlement to Regeneron shareholders after the mediation.

On August 31, 2018, the Parties participated in mediation before the Honorable Shira A. Scheindlin, United States District Judge (Ret.) that resolved the objection of Cement Masons and City of Warren to the July 26, 2018 stipulation. The Parties reached an agreement in principle on the terms of a stipulation documenting the resolution of the objection on September 17, 2018. Subsequently, after the agreement in principle was reached, on September 17, 2018, and October 4, 2018, the Parties participated in mediation before the Honorable Shira A. Scheindlin that resulted in agreement to the amount of Plaintiffs' Counsel's attorneys' fees and expenses referenced below.

Accordingly, Plaintiffs and Defendants have reached an agreement to settle the Actions on the terms and conditions of the proposed Settlement, which are set forth in this Stipulation.

Defendants acknowledge that the pendency and prosecution of the Actions were a substantial factor in Defendants' decision to enter into the Settlement, including the provisions concerning the future reductions in compensation, changes in disclosures, and implementation and maintenance of the corporate governance measures set forth below. Defendants acknowledge that the Actions were a substantial factor in the future reductions in equity compensation set forth in Paragraph 2.1 below and acknowledge that, in light of the partial denial of Defendants' motion to dismiss, the Actions were a consideration in the reductions in equity compensation awarded to Dr. Vagelos in December 2017 and to Regeneron's Non-employee Directors in January 2018. Defendants acknowledge that these reductions in equity compensation confer a financial benefit of \$44.5 million upon the Company, and that the above Settlement consideration confers a substantial benefit upon the Company.

Plaintiffs and Defendants have determined that a settlement at this juncture on the terms and conditions set forth in this Stipulation is fair, reasonable, adequate, and in the best interest of Regeneron and its shareholders. The Board in its business judgment has approved the Settlement and each of its terms as being in the best interests of Regeneron and its shareholders.

## **II. CLAIMS OF THE PLAINTIFF AND BENEFITS OF SETTLEMENT**

Plaintiffs assert that they have brought their claims in good faith and continue to believe that they have legal merit, and the entry by Plaintiffs into this Stipulation is not an admission as to the lack of any merit of any claims asserted in the Actions. In negotiating and evaluating the terms of this Stipulation, Plaintiffs and their respective counsel considered, among other factors: (i) the strengths and weaknesses of Plaintiffs' claims; (ii) the legal and factual defenses of Defendants; (iii) the time and expense that would be incurred by further litigation; (iv) the uncertainties inherent in, and attendant risks of, litigation; (v) the best interests of Regeneron and its shareholders; and (vi) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation.

## **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny each and every one of the claims, contentions, and allegations made against them or that could have been made against them in the Actions, and expressly deny all charges of wrongdoing or liability against them. The Individual Defendants assert that they have satisfied their fiduciary duties at all relevant times, that they have acted in good faith and in the best interests of Regeneron and its shareholders, that they have meritorious defenses to the claims asserted in the Actions, and that judgment should be entered dismissing all claims against them with prejudice. The Individual Defendants also have denied and continue to deny, among other things, the allegations that Plaintiffs, Regeneron, or Regeneron shareholders have suffered damage, or that Plaintiffs, Regeneron, or Regeneron

shareholders were harmed by the conduct alleged in the Actions. The Company and the Individual Defendants also reserve the right to dispute any financial value that Plaintiffs may seek to attach to the Settlement or the existence of any financial value of the Settlement in excess of \$44.5 million. The Company and the Individual Defendants also reserve the right to dispute any financial value that MPERS or its counsel may seek to attach to the prosecution of these Actions beyond any such value described in Paragraph 2.4 of this Stipulation.

Defendants have entered into this Stipulation to avoid the continuing additional expense, inconvenience, and distraction of litigating the Actions and to avoid the risks inherent in any lawsuit, and without admitting any wrongdoing or liability whatsoever.

#### **IV. BOARD APPROVAL OF THE SETTLEMENT**

The Board has approved the Settlement and each of its terms as being in the best interests of Regeneron and its shareholders and has determined that the Settlement provides substantial benefits to the Company and its shareholders. Additionally, on September 14, 2018, a special committee of the Board comprised of the members of the Board who were not named as defendants in the Cement Masons Action, in exercising business judgment of such members, determined that the settlement of the Cement Masons Action conferred a financial benefit upon the Company of \$42.3 million from future reductions in director equity compensation and a financial benefit of \$2.2 million from the reductions in equity compensation awarded to the Chairman of the Board in December 2017 and to the Non-employee Directors in January 2018, and that the Cement Masons Action (along with the MPERS Action) was a substantial factor in the future reductions in equity compensation set forth in this Stipulation.

## V. TERMS OF STIPULATION AND SETTLEMENT AGREEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by Plaintiffs (for themselves and derivatively on behalf of Regeneron), Regeneron, and the Individual Defendants, by and through their respective counsel or attorneys of record, as follows:

### 1. Definitions

- 1.1 “Actions” means: (1) the MPERS Action; and (2) the Cement Masons Action.
- 1.2 “Barrack, Rodos” means “Barrack, Rodos & Bacine.”
- 1.3 “Best Efforts” means an obligation to act in good faith to accomplish the specified action, in light of the circumstances presented and the person’s capabilities.
- 1.4 “Board” and “Regeneron Board” mean the board of directors of Regeneron.
- 1.5 “Cement Masons” means the Cement Masons Local 780 Pension Fund.
- 1.6 “Cement Masons Action” means the shareholder derivative action filed in New York Supreme Court, New York County, on December 30, 2015, captioned *Cement Masons Local 780 Pension Fund v. Leonard S. Schleifer et al.*, Index No. 654453/2015 (N.Y. Co.).
- 1.7 “City of Warren” means the City of Warren Police and Fire Retirement System.
- 1.8 “City of Warren Demand” means the demand letter delivered to the Board by City of Warren on November 3, 2017.
- 1.9 “Defendants” means defendant Regeneron and any or all of the Individual Defendants.
- 1.10 “Demands” means the City of Warren Demand and the Laborers Demand.
- 1.11 “Final Approval” occurs when the IA Part has entered an order and final judgment approving the Settlement and that order and judgment is finally affirmed on appeal or

is no longer subject to appeal or any other form of judicial review. Final Approval of the Settlement shall not include (and the Settlement is expressly not conditioned on) the award of fees and expenses to Plaintiffs' Counsel, or the resolution of any appeal or other form of judicial review related to any award of fees and expenses in the Actions.

1.12 "IA Part" means Justice Saliann Scarpulla, Part 39 of the Commercial Division, the Supreme Court of the State of New York for New York County.

1.13 "Individual Defendants" means any and all individuals who are defendants in the Actions, including defendants Leonard S. Schleifer, George D. Yancopoulos, P. Roy Vagelos, Charles A. Baker, Arthur F. Ryan, George L. Sing, Marc Tessier-Lavigne, Michael S. Brown, Robert A. Ingram, Joseph L. Goldstein, Christine A. Poon, N. Anthony Coles, Bonnie L. Bassler, Huda Y. Zoghbi, Eric M. Shooter (deceased), and Alfred G. Gilman (deceased).

1.14 "Inducement Equity Award" means an award during the first calendar year in which a Non-employee Director serves on the Board.

1.15 "Judgment" means the Order and Final Judgment Approving Settlement and Dismissing the Actions with Prejudice upon its entry by the IA Part and provided that it shall be substantially in the form attached hereto as Exhibit A (except with respect to Paragraph 10 of Exhibit A concerning the award of attorneys' fees and expenses).

1.16 "Laborers" means the Laborers District Council Construction Industry Pension Fund.

1.17 "Laborers Demand" means the demand letter delivered to the Board by Laborers on December 15, 2015.

1.18 "MOU" means the Memorandum of Understanding executed by the Parties on August 31, 2018.

1.19 “MPERS” means the Public Employees’ Retirement System of Mississippi.

1.20 “MPERS Action” means the shareholder derivative action filed in New York Supreme Court, New York County, on November 8, 2017, captioned *Public Employees’ Retirement System of Mississippi v. Leonard S. Schleifer et al.*, Index No. 656813/2017 (N.Y. Co.).

1.21 “Non-employee Directors” means any present, former or future Regeneron non-employee directors, including Individual Defendants Charles A. Baker, Arthur F. Ryan, George L. Sing, Marc Tessier-Lavigne, Michael S. Brown, Robert A. Ingram, Joseph L. Goldstein, Christine A. Poon, N. Anthony Coles, Bonnie L. Bassler, Huda Y. Zoghbi, Eric M. Shooter (deceased), and Alfred G. Gilman (deceased).

1.22 “Notice” means the Notice of Proposed Settlement of Derivative Actions, substantially in the form submitted contemporaneously herewith as Exhibit B.

1.23 “Notice Order” means the order to be rendered by the IA Part, substantially in the form of the attached Exhibit C, requesting (among other things) the approval of the form and manner of providing notice of the Settlement to current Regeneron shareholders.

1.24 “Parties” means Plaintiffs, the Individual Defendants, and Regeneron, collectively.

1.25 “Person” means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government, or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.26 “Plaintiffs” means MPERS, Cement Masons, and City of Warren.

1.27 “Plaintiffs’ Counsel” means the law firms of Barrack, Rodos; Gadow Tyler; Robbins Arroyo; and Robbins Geller.

1.28 “Regeneron” and “Company” mean Regeneron Pharmaceuticals, Inc., a New York corporation.

1.29 “Released Claims” means and includes any and all claims for relief or causes of action, debts, demands, rights, liabilities, losses, and claims whatsoever, known or unknown, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, or known and Unknown Claims, that have been, could have been, or in the future might be asserted by Plaintiffs in the Actions, individually or as shareholders of Regeneron, or any other Regeneron shareholder, or any other Person acting or purporting to act on behalf of Regeneron, against the Released Persons, arising out of or relating to the facts, transactions, events, occurrences, acts, disclosures, statements, or omissions that were alleged in the Actions against Defendants, including without limitation (i) the compensation that Regeneron paid or awarded to the Individual Defendants through the date of this Stipulation; (ii) the compensation to be paid or awarded through 2023 consistent with the terms of this Stipulation; and (iii) the approval of the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the approval of the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, and the approval of the Regeneron Pharmaceuticals, Inc. Amended and Restated 2014 Long-Term Incentive Plan; *provided*, however, that nothing in this Release shall preclude (1) a claim alleging that an award made after the date of this Stipulation through 2023 pursuant to the terms of this Stipulation was the product of actual fraud or waste, or (2) a federal securities law claim based on an award made after the date of this Stipulation through 2023 pursuant to the terms of this Stipulation; and *provided further*, for the avoidance of doubt,

that it is understood that “Released Claims” and any release provided by the Settlement shall not include: (a) any claim to enforce the Settlement; or (b) any claims by the Defendants or any other person to enforce their respective rights under any contract or policy of insurance.

1.30 “Released Persons” means the Individual Defendants and their respective heirs, estates, trustees, executors, administrators, legal representatives, predecessors, successors, subsidiaries, affiliates, agents, attorneys, insurers, and each of their past or present officers, directors, and employees. “Released Persons” also includes Regeneron and all current and former officers, directors, employees, and agents of Regeneron, as well as any individuals who become directors of Regeneron subsequent to the date hereof who receive compensation in accordance with the terms of the Settlement.

1.31 “Robbins Arroyo” means Robbins Arroyo LLP.

1.32 “Robbins Geller” means Robbins Geller Rudman & Dowd LLP.

1.33 “SEC” means the U.S. Securities and Exchange Commission.

1.34 “Settlement” means the terms and conditions set forth herein.

1.35 “Settlement Hearing” means the hearing or hearings at which the IA Part will review the adequacy, fairness and reasonableness of the Settlement.

1.36 “Stipulation” means this Stipulation of Compromise and Settlement.

1.37 “Summary Notice” means the Summary Notice of Proposed Settlement of Derivative Actions, substantially in the form submitted contemporaneously herewith as Exhibit D.

1.38 “Unknown Claims” means any claims, causes of action, debts, demands, disputes, rights, liabilities, losses, matters, suits, and damages a person providing a release of the Released Claims pursuant to this Stipulation does not know of or suspect to exist in his, her, or

its favor at the time of the release of the Released Claims, including without limitation those which, if known, might have affected the decision to enter into the Settlement. With respect to any and all Released Claims, the Parties agree that upon the Final Approval of the Settlement, the Parties shall expressly waive, and any person providing a release pursuant to this Stipulation shall be deemed to have waived, the provisions, rights, and benefits conferred by or under California Civil Code section 1542, or any other law of the United States or any state or territory of the United States or any foreign country, or principle of common law, which is similar, comparable, or equivalent to section 1542, which provides:

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

The Parties acknowledge that they may hereafter discover facts in addition to or different from those now known or believed to be true by them, with respect to the subject matter of the Released Claims, but it is the intention of the Parties to completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any and all Released Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which do now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Parties acknowledge that the foregoing waiver was separately bargained for and is a key element of this Stipulation of which

this release is a part, and was relied upon by each and all of the Parties in entering into the Settlement.

## **2. Consideration for the Settlement**

In consideration of the Actions, the claims asserted by Plaintiffs, the efforts of Plaintiffs' Counsel in prosecuting the Actions, the negotiations with Plaintiffs and their counsel, and subject to all of the other terms of this Stipulation, including without limitation the releases set forth in Paragraph 4, Defendants agree to the following:

2.1 The Board shall impose the following limits on compensation awarded to Regeneron's directors following Final Approval of the Settlement:

2.1.1 The Board shall limit aggregate per-director total annual equity compensation for Regeneron's Non-employee Directors for 2019 through 2020 to \$695,000, as valued for purposes of Regeneron's financial statements. The Board shall thereafter be entitled to increase the limits on annual per-director total equity compensation awarded to Regeneron's Non-employee Directors for 2021 through 2023 by up to 5% annually.

2.1.2 The Board shall limit annual base cash compensation for Regeneron's Non-employee Directors to \$90,000 for 2019 and 2020. Committee chairperson fees and membership fees will be in addition to Non-employee Directors' base compensation, and shall be set at \$10,000 for each committee membership and an additional \$10,000 for each committee chairperson position for 2019 through 2020. The Board shall thereafter be entitled: (i) to increase the limits on annual per-director base compensation awarded to Regeneron's Non-employee Directors for 2021 through 2023 by up to 5% annually; and (ii) to increase the compensation for each committee membership and each committee chairperson position for 2021 through 2023 to up to \$15,000.

2.1.3 For 2018-2022, the Board shall limit aggregate total annual equity compensation for the Chairman of the Board, Dr. P. Roy Vagelos, to ten times the total annual equity compensation for Regeneron's Non-employee Directors awarded in 2019-2023, respectively,<sup>1</sup> as valued for purposes of Regeneron's financial statements. Consistent with Dr. Vagelos' existing employment agreement, his annual salary shall be \$100,000 and he shall be entitled to a Company matching contribution under the Company's 401(k) plan, as well as other amounts (such as the reimbursement of filing fees for filing required to be made by Dr. Vagelos under the Hart-Scott-Rodino Act) consistent with past practice.

2.1.4 Notwithstanding the foregoing, during the first calendar year in which a Non-employee Director serves on the Board, in order to align the newly elected Non-employee Director's financial interests with the interests of the Company's shareholders, in addition to annual compensation as set forth in Paragraphs 2.1.1 and 2.1.2 above (which annual compensation shall be prorated for such calendar year based on the date such director is elected by the Board or the Company's shareholders, whichever comes first), the Non-employee Director may be awarded an Inducement Equity Award of up to five-thirds of (i) the number of shares of Regeneron common stock underlying the most recent annual equity grants to Non-employee Directors, or (ii) the grant date fair value (as valued for purposes of Regeneron's financial statements) of such grants, and no such Inducement Equity Award shall be counted toward the limits on Non-employee Director compensation set forth in Paragraphs 2.1.1 and

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<sup>1</sup> Under Regeneron's historical practice, the decision to award equity compensation to Dr. Vagelos and the Non-employee Directors is made in December of each year, but Dr. Vagelos is awarded his equity compensation in December and the Non-employee Directors are awarded their equity compensation in the following January. For the avoidance of doubt, nothing in this Stipulation shall be construed to place any restriction on the timing of equity compensation awarded to Dr. Vagelos or the Non-employee Directors. The Board shall be entitled to award equity compensation to Dr. Vagelos and the Non-employee Directors at any time it deems appropriate, in its sole discretion, during the relevant year, so long as it abides by the caps on equity compensation set forth in this Stipulation relevant to that specific year.

2.1.2. For the avoidance of doubt, an Inducement Equity Award may consist of any combination of stock options, restricted stock, restricted stock units or other types of equity awards (regardless of the types of equity awards used for the most recent annual equity grants to Non-employee Directors), as determined in the Board's sole discretion.

2.1.5 Notwithstanding the foregoing, if following the 2021 annual shareholder meeting, Regeneron's shareholders (excluding for this purpose any shares beneficially owned by the Individual Defendants, Sanofi, any then-current members of the Board, or any of Regeneron's then-current officers as determined in accordance with Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) vote in favor of higher limits on aggregate per-director equity compensation for Regeneron's Non-employee Directors, those higher limits shall apply to the Non-employee Directors, and Dr. Vagelos shall be subject to an aggregate annual equity compensation limit equal to ten times the higher limits applicable to Regeneron's Non-employee Directors.

2.1.6 The limits on compensation awarded to Regeneron's directors set forth in this Paragraph 2.1 shall not apply to any successor to Dr. Vagelos to the position of the Chairperson of the Board. There is no current plan for Dr. Vagelos to step down as Chairman of the Board, and if he does step down and becomes a Non-employee Director, he will be subject to the limitations in this Paragraph 2.1 applicable to Non-employee Directors.

2.1.7 The limits on compensation awarded to Regeneron's directors set forth in this Paragraph 2.1: (a) shall not limit the compensation paid to any Regeneron executive or other employee serving as a director (except as provided in Paragraphs 2.1.3, 2.1.5, and 2.1.6 of this Stipulation, in each case solely with respect to Dr. Vagelos); and (b) shall not preclude the directors from receiving reimbursements and other amounts (such as the reimbursement of filing

fees for filing required to be made by them under the Hart-Scott-Rodino Act and Company contributions made in respect of charitable gifts made by them under the Regeneron Matching Gift Program or any successor thereto) customarily reported in the director compensation table included in the Company's definitive proxy statements under "All other compensation."

2.2 The Board (or an appropriate committee thereof) shall amend its policies to require the annual review of Non-employee Director compensation by an independent compensation consultant (which, for the avoidance of doubt, may be the independent compensation consultant to the Compensation Committee of the Board, as chosen by such Committee from time to time) for no fewer than five calendar years following Final Approval of the Settlement.

2.3 In its definitive proxy statement filed with the SEC in connection with the 2019 annual meeting of shareholders of Regeneron, and continuing for a period of four years thereafter, Regeneron shall disclose (1) the value of the annual Non-employee Director equity grants per director for the year in which the proxy statement is filed, (2) the compensation philosophy underlying Non-employee Director compensation, and (3) the process by which decisions concerning Non-employee Director compensation are made, including the role of an independent compensation consultant.

2.4 Defendants acknowledge and agree that the future reductions in equity compensation set forth in Paragraph 2.1 confer a financial benefit upon the Company of \$42.3 million, and that the reductions in equity compensation awarded to Dr. Vagelos in December 2017 and to Regeneron's Non-employee Directors in January 2018 confer a financial benefit upon the Company of \$2.2 million in the aggregate. Defendants acknowledge and agree that

these reductions in equity compensation confer a substantial benefit upon the Company and its shareholders.

2.5 MPERS (but not plaintiffs in the Cement Masons Action) retains the right to argue that its actions and the actions of its counsel contributed to reductions in executive and director compensation in excess of the financial benefits described in Paragraph 2.4 of this Stipulation, including (without limitation) the reductions in executive and Non-employee Director compensation and Dr. Vagelos's compensation at Regeneron during the period of 2015 through 2016, and to the reductions in executive compensation in 2017. In the event MPERS makes this argument, Defendants retain the right to oppose it.

### **3. Procedure for Implementing the Settlement**

3.1 Promptly after execution of this Stipulation, (A) Plaintiffs shall submit this Stipulation and its exhibits to the IA Part and shall apply for the approval of the Notice Order substantially in the form of Exhibit C hereto, requesting: (i) approval of the form and manner of providing notice of the Settlement to current Regeneron shareholders; (ii) a date for the Settlement Hearing; and (iii) a stay of all proceedings in the Actions, except for those related to the Settlement; and (B) Cement Masons and City of Warren shall withdraw their objection and not to impose any further objections to the Settlement.

3.2 Upon issuance of the Notice Order, the Parties will jointly seek a stay of the Appeal. Pending Final Approval, Plaintiffs agree not to initiate any other proceedings against any of the Defendants relating to the Released Claims other than those that are incident to the Settlement itself. In the event that the Settlement does not receive Final Approval, the Parties shall negotiate and enter into stipulations providing for the completion of document discovery,

the adjudication of the Appeal (if stayed), and further proceedings consistent with the stipulations now in effect in the Actions.

3.3 The Notice and Summary Notice shall include the general terms of the Settlement set forth in this Stipulation, including the date of the Settlement Hearing. Within five (5) business days after the issuance of the Notice Order, or if circumstances require, as soon as practicable thereafter, the Notice shall be provided to shareholders by: (i) a submission by Regeneron on SEC Form 8-K that includes the Notice; and (ii) a posting of the Notice and this Stipulation on the “Investors & Media” page of the Regeneron website and on the websites of Barrack, Rodos and Robbins Arroyo. In addition, Regeneron will publish the Summary Notice for one day in *Investor’s Business Daily*. All costs of notifying Regeneron’s shareholders of the Settlement as set forth above, except for those incident to publishing the Notice on the websites of Plaintiffs’ Counsel, will be the responsibility of Regeneron. It is understood that Plaintiffs and Plaintiffs’ Counsel shall have no responsibility for the cost of notifying shareholders as set forth above.

3.4 Before the Settlement Hearing, Defendants’ counsel shall file with the IA Part an appropriate affidavit or declaration with respect to submitting, posting, and publishing the Notice and Summary Notice.

3.5 Before the Settlement Hearing, Plaintiffs’ Counsel shall file with the IA Part appropriate affidavits or declarations with respect to posting of the Notice and Stipulation.

#### **4. Releases**

4.1 Except as set forth in Paragraph 4.4 below, upon the Final Approval of the Settlement, Regeneron, Plaintiffs (acting on their own behalf and derivatively on behalf of Regeneron), and each of Regeneron’s shareholders (in their capacity as Regeneron shareholders),

shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled, released, relinquished, discharged, extinguished, and dismissed with prejudice (i) any and all of the Released Claims against any and all of the Released Persons, and (ii) any and all claims against any and all of the Released Persons (including Unknown Claims) arising out of, relating to, or in connection with the defense, settlement or resolution of the Actions or the approval of the Settlement; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of this Stipulation or the Judgment.

4.2 Except as set forth in Paragraph 4.4 below, upon the Final Approval of the Settlement, Regeneron, Plaintiffs (acting on their own behalf and derivatively on behalf of Regeneron), and each of Regeneron's shareholders (in their capacity as Regeneron shareholders), will be forever barred and enjoined from commencing, instituting, or prosecuting (i) any and all of the Released Claims against any and all of the Released Persons, and (ii) any action or other proceeding against any and all of the Released Persons based on any and all of the Released Claims; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of this Stipulation or the Judgment.

4.3 Except as set forth in Paragraph 4.4 below, upon the Final Approval of the Settlement, each of the Released Persons and all Regeneron shareholders (in their capacity as Regeneron shareholders) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged Plaintiffs, Plaintiffs' Counsel, Regeneron, all of the Regeneron shareholders (in their capacity as Regeneron shareholders), and their counsel from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Actions or

the Released Claims; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of this Stipulation or the Judgment.

4.4 Nothing in this Stipulation constitutes or reflects a waiver or release of the following: (i) any rights or claims of any of the Defendants against their insurers, or their insurers' subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any rights or claims by any of the Defendants under any directors' and officers' liability insurance or other applicable insurance coverage; or (ii) any rights or claims of any of the Defendants relating in any way to indemnification or advancement of attorneys' fees relating to the Actions or the Released Claims, whether under any indemnification or advancement agreement, or under Regeneron's charter, by-laws or operating agreement, under applicable law, or in any other form.

#### **5. Plaintiffs' Counsel's Attorneys' Fees and Expenses**

5.1 Regeneron has agreed to pay, and Plaintiffs' Counsel agree to apply for, attorneys' fees in the amount of \$6.0 million and documented expenses not in excess of \$300,000 (the "Fee and Expense Award") in light of the financial benefits of the Settlement to the Company and the time and efforts of Plaintiffs' Counsel. The Fee and Expense Award is subject to the approval of the IA Part, and such approval shall not be a condition of the Settlement.

5.2 Upon approval by the IA Part, the Fee and Expense Award shall be paid to Plaintiffs' Counsel within five (5) business days after final approval of the Settlement by the IA Part, notwithstanding the existence of any timely filed objections to the Settlement, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof, subject to Plaintiffs' Counsel's several obligations to make appropriate refunds or repayment of the

principal amount received within five (5) business days as a result of any appeal and/or further proceedings on remand, successful collateral attack, or cancellation of the Settlement. In the event that Plaintiffs' Counsel become obligated to refund or repay any portion of the Fee and Expense Award, each of Plaintiffs' Counsel shall submit to the jurisdiction of the IA Part for purposes of enforcing such refund or repayment obligations.

5.3 Except as awarded by the IA Part and/or any appellate court, the Parties shall bear their own costs and Defendants shall have no other obligation to pay or reimburse any fees, expenses, costs, or damages alleged or incurred by Plaintiffs, other current or former Regeneron shareholders, or any other Person, or their respective attorneys, experts, advisors, agents, or representatives.

## **6. Conditions of Settlement, Effect of Disapproval, Cancellation or Termination**

6.1 The Settlement is conditioned on the occurrence of all of the following events:

6.1.1 Approval of the Settlement and each of its terms by the Board, which has been obtained;

6.1.2 A determination by a special committee of the Board comprised of the members of the Board who were not named as defendants in the Cement Masons Action (i) that the future reductions in director equity compensation conferred a financial benefit upon the Company of \$42.3 million and the reductions in equity compensation awarded to the Chairman of the Board in December 2017 and to the Non-employee Directors in January 2018 conferred a financial benefit upon the Company of \$2.2 million, and (ii) that the Cement Masons Action and the MPERS Action were a substantial factor in the future

reductions in equity compensation set forth in this Stipulation, both of which determinations have been made;

6.1.3 Entry by the IA Part of the Notice Order;

6.1.4 Entry by the IA Part of the Judgment approving the Settlement;

6.1.5 Dismissal with prejudice of both of the Actions; and

6.1.6 The Judgment receiving Final Approval.

6.2 Notwithstanding any other provision of this Stipulation, the award of attorneys' fees and expenses shall not be a condition of the Settlement.

6.3 Subject to the provisions of Paragraph 6.2, if any of the conditions specified in Paragraph 6.1 are not met, then this Stipulation shall be canceled and terminated, unless Plaintiffs and Defendants mutually agree in writing to proceed with this Stipulation.

6.4 In the event that Final Approval of the Settlement is not obtained, this Stipulation shall be null and void, and the Parties shall be deemed to be in the position they were in prior to its execution. In such event, the statements herein and in connection with the negotiation of this Stipulation shall not be deemed to prejudice in any way the positions of the Plaintiffs or any Defendants with respect to the Actions, or any other litigation or judicial proceeding, or to constitute an admission of fact of wrongdoing by Plaintiffs or any Defendants, and shall not be used or entitle Plaintiffs or any Defendants to recover any fees, costs, or expenses incurred in connection with the Actions, the Demands, or in connection with any other litigation or judicial proceeding, and the existence and contents of this Stipulation, any statements made in connection with its negotiation, and any settlement communications shall not be admissible in evidence and shall not be referred to for any purpose in the Actions or in any other litigation or judicial proceeding.

## **7. Miscellaneous Provisions**

7.1 The Parties: (i) acknowledge that it is their intent to consummate this Stipulation and the Settlement; and (ii) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Stipulation and the Settlement and to exercise their Best Efforts to accomplish the foregoing terms and conditions of this Stipulation and the Settlement.

7.2 Pending the Final Approval of the Settlement or the termination of this Stipulation according to its terms, Plaintiffs agree to refrain from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claims against any Released Person, other than those incident to the Settlement itself.

7.3 The Parties intend the Settlement to be a final and complete resolution of all disputes between Plaintiffs and Defendants with respect to the Released Claims. The Settlement compromises claims that are contested and shall not be deemed an admission by Defendants or Plaintiffs as to the merits or lack of merits of any claim, allegation, or defense. The Parties further agree that the claims are being settled voluntarily after consultation with competent legal counsel. The Parties acknowledge that the Actions have been filed, commenced, and prosecuted by Plaintiffs and defended by Defendants in good faith and with adequate basis in fact and law, and that the Released Claims are being voluntarily released and settled based on the advice of counsel.

7.4 Neither this Stipulation (including any exhibits attached hereto) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Stipulation or the Settlement, including but not limited to any negotiations, discussions, actions,

or proceedings in connection with the Settlement, is or may be deemed to be, or may be offered, attempted to be offered, or used in any way as a presumption, a concession, or an admission of, or evidence of, any fact or issue of law, fault, liability, or wrongdoing or lack of any fault, liability, or wrongdoing, as to any facts or claims alleged or asserted, or that could have been alleged or asserted, in the Actions or any other actions or proceedings, and shall not be offered or received in evidence or otherwise used by any person in the Actions or any other action or proceeding, except in connection with any proceeding to enforce the terms of the Settlement. The Released Persons may file this Stipulation and/or the Judgment in any action that may be brought against them or has been brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, and Plaintiffs or any of the Defendants may file this Stipulation and documents executed pursuant and in furtherance thereto in any action to enforce the Settlement. All negotiations and discussions leading up to the execution of this Stipulation are confidential and intended to be for settlement purposes only.

7.5 The exhibits to this Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

7.6 This Stipulation may be amended or modified only by a written instrument signed by or on behalf of Plaintiffs and Defendants.

7.7 This Stipulation and the exhibits attached hereto constitute the entire agreement among Plaintiffs and Defendants and no representations, warranties, or inducements have been made to Plaintiffs or Defendants concerning this Stipulation or any of its exhibits other than the representations, warranties, and covenants contained and memorialized in such

documents. Except as otherwise provided herein, Plaintiffs and Defendants shall bear their own costs.

7.8 Each counsel or other person executing this Stipulation or the exhibits attached hereto on behalf of Plaintiffs or Defendants hereby warrants that such person has full authority to do so.

7.9 This Stipulation may be executed in one or more counterparts. A faxed signature or electronically scanned (in .pdf format) signature shall be deemed an original signature for the purposes of this Stipulation. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of counterparts shall be filed with the IA Part.

7.10 The Parties agree that the terms of this Stipulation were negotiated in good faith by the Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel.

7.11 This Stipulation and the Settlement shall be binding upon, and inure to the benefit of, the successors and assigns of Plaintiffs, Defendants, and the Released Persons.

7.12 The IA Part shall retain jurisdiction with respect to implementation and enforcement of the terms of this Stipulation and the Settlement, and the Parties submit to the jurisdiction of the IA Part for purposes of implementing and enforcing this Stipulation and the Settlement.

7.13 This Stipulation and the exhibits attached hereto shall be considered to have been negotiated, executed, and delivered, and to be wholly performed, in the State of New York, and the rights and obligations of the parties to this Stipulation shall be construed and enforced in

accordance with, and governed by, the internal, substantive laws of the State of New York without giving effect to that state's choice of law principles.

7.14 The Parties hereby represent and warrant that they have not assigned any rights, claims or causes of action that were asserted or could have been asserted in connection with, under, or arising out of the Released Claims. Plaintiffs further warrant that they have been continuous shareholders of Regeneron at all times relevant to the Actions, including from December 1, 2012 to the date of this Stipulation.

7.15 All agreements made, and orders entered, during the course of the Actions relating to the confidentiality of information shall survive this Stipulation.

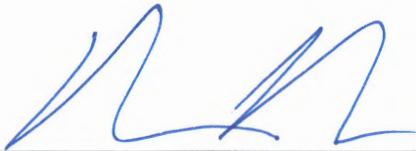
7.16 Without further order of the IA Part, the Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation.

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their duly authorized attorneys and dated:

Dated: New York, New York  
October 5, 2018

WACHTELL, LIPTON, ROSEN & KATZ

By:



Marc Wolinsky  
Joshua J. Card  
51 West 52<sup>nd</sup> Street  
New York, New York 10019  
(212) 403-1000  
(212) 403-2000 (facsimile)

*Counsel for Leonard Schleifer, George Yancopoulos, Charles Baker, Arthur Ryan, Eric Shooter (deceased), George Sing, Marc Tessier-Lavigne, Michael Brown, Robert Ingram, Alfred Gilman (deceased), Joseph Goldstein, Christine Poon, Roy Vagelos, Anthony Coles, Bonnie Bassler, Huda Zoghbi, and Regeneron Pharmaceuticals, Inc.*

ROBBINS ARROYO LLP

By:

Felipe J. Arroyo  
Shane P. Sanders  
600 B Street, Suite 1900  
San Diego, CA 92101  
(619) 525-3990  
(619) 525-3990 (facsimile)

*Counsel for Cement Masons Local 780 Pension Fund*

BARRACK, RODOS & BACINE

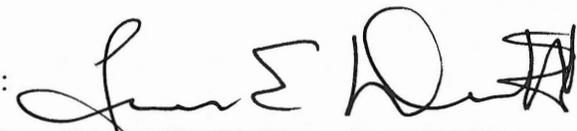
By:

A. Arnold Gershon  
Michael A. Toomey  
11 Times Square  
640 8th Avenue, 10th Floor  
New York, NY 10022  
(212) 688-0782  
(212) 688-0783 (facsimile)

*Counsel for Public Employees' Retirement System of Mississippi*

ROBBINS GELLER RUDMAN & DOWD  
LLP

By:



Travis E. Downs III  
Benny C. Goodman III  
655 West Broadway, Suite 1900  
San Diego, CA 92101-8498  
(619) 231-1058  
(619) 231-7423 (facsimile)

*Counsel for City of Warren Police and Fire Retirement System*

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their duly authorized attorneys and dated:

Dated: New York, New York  
October 5, 2018

WACHTELL, LIPTON, ROSEN & KATZ

BARRACK, RODOS & BACINE

By:

By:

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Marc Wolinsky  
Joshua J. Card  
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New York, New York 10019  
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A. Arnold Gershon  
Michael A. Toomey  
11 Times Square  
640 8th Avenue, 10th Floor  
New York, NY 10022  
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(212) 688-0783 (facsimile)

*Counsel for Leonard Schleifer, George Yancopoulos, Charles Baker, Arthur Ryan, Eric Shooter (deceased), George Sing, Marc Tessier-Lavigne, Michael Brown, Robert Ingram, Alfred Gilman (deceased), Joseph Goldstein, Christine Poon, Roy Vagelos, Anthony Coles, Bonnie Bassler, Huda Zoghbi, and Regeneron Pharmaceuticals, Inc.*

*Counsel for Public Employees' Retirement System of Mississippi*

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*Counsel for Cement Masons Local 780 Pension Fund*

*Counsel for City of Warren Police and Fire Retirement System*

IN WITNESS WHEREOF, the Parties have caused this Stipulation to be executed by their duly authorized attorneys and dated:

Dated: New York, New York  
October 5, 2018

WACHTELL, LIPTON, ROSEN & KATZ

BARRACK, RODOS & BACINE

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655 West Broadway, Suite 1900  
San Diego, CA 92101-8498  
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*Counsel for Cement Masons Local 780 Pension Fund*

*Counsel for City of Warren Police and Fire Retirement System*

# **EXHIBIT A**



\_\_\_\_\_, 2018 (“Notice Order”), on the motion of the Plaintiffs for approval of the proposed Settlement set forth in the Stipulation of Compromise and Settlement dated October 5, 2018, and the Exhibits thereto (the “Stipulation”).

Due and adequate notice having been given to Regeneron Pharmaceuticals, Inc. (“Regeneron”) shareholders as required in the Notice Order and a full opportunity to be heard having been given to the Plaintiffs and Defendants and the persons in interest, and the Court having reviewed and considered all documents, evidence, objections (if any), and arguments presented in support of or against the Settlement; the Court being fully advised of the premises and good cause appearing therefore, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

1. This Judgment incorporates and makes a part hereof the Stipulation and exhibits thereto, and incorporates by reference the definitions in the Stipulation, and all capitalized terms used but not defined herein shall have the same meanings as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of these actions (the “Actions”), including all matters necessary to effectuate the Settlement, and over the Parties to the Actions, for the purpose of construing, enforcing, and administering the Stipulation and the Settlement contemplated thereby.

3. The Court finds that the Notice and Summary Notice provided to Regeneron shareholders constituted the best notice practicable under the circumstances. The Notice and Summary Notice fully satisfied the requirements of New York Business Corporation Law (“BCL”) § 626(d), any other applicable law, and due process.

4. The Court finds that the terms of the Stipulation and Settlement are fair, reasonable, and adequate, and in full compliance with applicable law. The Court hereby finally

approves the Stipulation and Settlement in all respects. The Actions are hereby dismissed with prejudice. The Parties (including the Individual Defendants as defined in the Stipulation) shall bear their own costs and expenses except as otherwise set forth in Paragraph 5 of the Stipulation.

5. Except as set forth in Paragraph 8 below, upon the Final Approval of the Settlement (as defined in the Stipulation), Regeneron, Plaintiffs (acting on their own behalf and derivatively on behalf of Regeneron), and each of Regeneron's shareholders (in their capacity as Regeneron shareholders), shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever settled, released, relinquished, discharged, extinguished, and dismissed with prejudice (i) any and all of the Released Claims against any and all of the Released Persons, and (ii) any and all claims against any and all of the Released Persons (including Unknown Claims) arising out of, relating to, or in connection with the defense, settlement or resolution of the Actions or the approval of the Settlement; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of the Stipulation or this Judgment.

6. Except as set forth in Paragraph 8 below, upon the Final Approval of the Settlement, Regeneron, Plaintiffs (acting on their own behalf and derivatively on behalf of Regeneron), and each of Regeneron's shareholders (in their capacity as Regeneron shareholders), will be forever barred and enjoined from commencing, instituting, or prosecuting (i) any and all of the Released Claims against any and all of the Released Persons, and (ii) any action or other proceeding against any and all of the Released Persons based on any and all of the Released Claims; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of the Stipulation or this Judgment.

7. Except as set forth in Paragraph 8 below, upon the Final Approval of the Settlement, each of the Released Persons and all Regeneron shareholders (in their capacity as Regeneron shareholders) shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and discharged Plaintiffs, Plaintiffs' Counsel, Regeneron, all of the Regeneron shareholders (in their capacity as Regeneron shareholders), and their counsel from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Actions or the Released Claims; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of the Stipulation or this Judgment.

8. Nothing in the Stipulation or this Judgment constitutes or reflects a waiver or release of the following: (i) any rights or claims of any of the Defendants against their insurers, or their insurers' subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any rights or claims by any of the Defendants under any directors' and officers' liability insurance or other applicable insurance coverage; or (ii) any rights or claims of any of the Defendants relating in any way to indemnification or advancement of attorneys' fees relating to the Actions or the Released Claims, whether under any indemnification or advancement agreement, or under Regeneron's charter, by-laws or operating agreement, under applicable law, or in any other form.

9. Neither the Stipulation (including any exhibits attached thereto) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement, including but not limited to any negotiations, discussions, actions, or proceedings in connection with the Settlement, is or may be deemed to be, or may be offered, attempted to be offered, or used in any way as a presumption, a concession, or an admission of,

or evidence of, any fact or issue of law, fault, liability, or wrongdoing or lack of any fault, liability, or wrongdoing, as to any facts or claims alleged or asserted, or that could have been alleged or asserted, in the Actions or any other actions or proceedings, and shall not be offered or received in evidence or otherwise used by any person in the Actions or any other action or proceeding, except in connection with any proceeding to enforce the terms of the Settlement. The Released Persons may file the Stipulation and/or this Judgment in any action that may be brought against them or has been brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, and Plaintiffs or any of the Defendants may file the Stipulation and documents executed pursuant and in furtherance thereto in any action to enforce the Settlement. All negotiations and discussions leading up to the execution of the Stipulation are confidential and intended to be for settlement purposes only.

10. The Court hereby approves Plaintiffs' Counsel's application for attorneys' fees and expenses in the amount of \$ \_\_\_\_\_.

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

12. The Stipulation and the Settlement shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties and the Released Persons.

13. Without affecting the finality of this Judgment in any way, this Court hereby retains continuing jurisdiction over the Actions, including all future proceedings concerning the administration, consummation, and enforcement of the Stipulation, and any action arising under or to enforce the Stipulation shall be commenced and maintained in this Court.

14. This Judgment is a final, appealable judgment and should be entered forthwith by the Clerk in accordance with Rule 5016 of the New York CPLR. However, subject to the provisions of Paragraph 6.2 of the Stipulation, if any of the conditions specified in Paragraph 6.1 of the Stipulation are not met, then the Settlement shall be canceled and terminated, and the Actions shall be reinstated, unless the Parties mutually agree in writing to proceed with the Settlement.

IT IS SO ORDERED.

Dated: \_\_\_\_\_, 2018.

\_\_\_\_\_  
HON. SALIANN SCARPULLA, J.S.C.

# **EXHIBIT B**



**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL (THE “SETTLEMENT”) OF THE ABOVE-CAPTIONED SHAREHOLDER DERIVATIVE ACTIONS AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY THESE LEGAL PROCEEDINGS. IF THE SETTLEMENT RECEIVES FINAL APPROVAL, YOU WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE RELEASED CLAIMS.**

**THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE IA PART (DEFINED HEREIN). IT IS BASED ON REPRESENTATIONS MADE TO THE IA PART BY COUNSEL FOR THE SETTLING PARTIES.**

Notice is hereby provided to you of the proposed settlement (the “Settlement”) of the above-captioned shareholder derivative lawsuits pursuant to Section 626(d) of the New York Business Corporation Law (“BCL”). This Notice is provided by Order of the Supreme Court of the State of New York, New York County (the “IA Part”). It is not an expression of any opinion by the IA Part. It is to notify you of the terms of the proposed Settlement, and your rights related thereto.

## **I. WHY THE COMPANY HAS ISSUED THIS NOTICE**

Your rights may be affected by the Settlement of the above-captioned actions (the “Actions”). Public Employees’ Retirement System of Mississippi (“MPERS”), Cement Masons Local 780 Pension Fund (“Cement Masons”), and City of Warren Police and Fire Retirement System (“City of Warren,” and together with MPERS and Cement Masons, “Plaintiffs”); (ii) individual defendants Leonard S. Schleifer, M.D., Ph.D., George D. Yancopoulos, M.D., Ph.D., P. Roy Vagelos, M.D., Charles A. Baker, Arthur F. Ryan, George L. Sing, Marc Tessier-Lavigne, Ph.D., Michael S. Brown, M.D., Robert A. Ingram, Joseph L. Goldstein, M.D., Christine A. Poon, N. Anthony Coles, M.D., Bonnie L. Bassler, Ph.D., Huda Y. Zoghbi, M.D., Eric M. Shooter, Ph.D., and Alfred G. Gilman, M.D., Ph.D. (the “Individual Defendants”); and (iii) nominal defendant Regeneron<sup>1</sup> have agreed upon terms to settle the above-captioned actions and have signed a written Stipulation of Compromise and Settlement dated October 5, 2018 (the “Stipulation”)<sup>2</sup> setting forth those settlement terms. On December \_\_, 2018, at \_\_\_\_\_.m., the IA Part will hold a hearing (the “Settlement Hearing”) in the above-captioned actions. The purpose of the Settlement Hearing is to determine: (i) whether the terms of the Settlement are fair, reasonable, and adequate and should be approved; (ii) whether final

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<sup>1</sup> Together, the Individual Defendants and nominal defendant Regeneron are referred to as “Defendants.” Defendants and Plaintiffs are collectively referred to as the “Settling Parties.”

<sup>2</sup> Except as otherwise defined herein, all capitalized terms shall have the same meaning as set forth in the Stipulation.

judgment should be entered, dismissing with prejudice the above-captioned actions; (iii) whether Plaintiffs' Counsel's application for an award of attorneys' fees and expenses, and for service awards to the named Plaintiffs, should be approved by the Court; and (iv) such other matters as may be necessary or proper under the circumstances.

## II. SUMMARY OF THE LITIGATION

On or about December 15, 2015, Laborers District Council Construction Industry Pension Fund ("Laborers") delivered a demand letter to the Regeneron Board asserting that its then-current and certain former non-employee directors and the Chairman of the Board excessively compensated themselves in 2013 and 2014, and requesting that the Board investigate and bring legal action against these directors for breach of fiduciary duty, unjust enrichment, and corporate waste, and implement internal controls and systems designed to prohibit and prevent similar actions in the future (the "Laborers Demand").

On December 30, 2015, Cement Masons filed a shareholder derivative complaint in the New York Supreme Court, captioned *Cement Masons Local 780 Pension Fund v. Leonard S. Schleifer, et al.*, Index No. 654453/2015 (N.Y. Co.) (the "Cement Masons Action"), alleging that the Company's then-current and certain former directors breached their fiduciary duties and were unjustly enriched when they approved and/or received allegedly excessive compensation in 2013 and 2014. The complaint sought damages in favor of Regeneron for the alleged breaches of fiduciary duties and unjust enrichment, changes to Regeneron's corporate governance and internal procedures, and other relief.

On March 2, 2016, Defendants moved to dismiss the complaint in the Cement Masons Action. On August 16, 2016, the IA Part heard oral argument on Defendants' motion to dismiss the complaint. On June 28, 2017, the IA Part issued a decision granting in part and denying in part Defendants' motion to dismiss the complaint (the "Decision"). Among other things, the IA Part held that: (i) demand on Regeneron's Board was futile as to Cement Masons' claims relating to the compensation awarded to Drs. Schleifer, Yancopoulos, and Vagelos in 2014, but that demand was required as to the claims relating to the compensation awarded to Drs. Schleifer, Yancopoulos, and Vagelos in 2013; and (ii) Cement Masons had adequately pleaded derivative claims for breach of fiduciary duty and unjust enrichment based on the facts alleged in the complaint.

On November 3, 2017, City of Warren delivered a demand letter to the Board containing allegations and requests for Board action that were substantially similar to those contained in the Laborers Demand (the "City of Warren Demand," and together with the Laborers Demand, the "Demands").

On November 8, 2017, MPERS filed a shareholder derivative complaint in the New York Supreme Court, captioned *Public Employees' Retirement System of Mississippi v. Leonard S. Schleifer et al.*, Index No. 656813/2017 (N.Y. Co.) (the "MPERS Action," and together with the Cement Masons Action, the "Actions"), alleging that the Company's then-current and certain former directors breached their fiduciary duties and were unjustly enriched when they approved and/or received allegedly excessive compensation in 2013, 2014, 2015, and 2016, and that they breached their fiduciary duties when they approved the Regeneron Pharmaceuticals, Inc. 2014

Long-Term Incentive Plan in 2014 and the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan in 2017, which authorized the award of equity compensation to directors and others. The complaint sought damages in favor of Regeneron for the alleged breaches of fiduciary duties and unjust enrichment, changes to Regeneron's corporate governance and internal procedures, and other relief.

On November 16, 2017, Defendants, MPERS, Cement Masons, Laborers, and City of Warren participated in a mediation before Robert A. Meyer, Esq. (JAMS). The mediation did not result in an agreement to resolve the Actions or the Demands.

On December 4, 2017, MPERS moved to consolidate the Actions and for appointment as lead plaintiff and approval of its selection of lead counsel. Cement Masons and City of Warren opposed MPERS's motion.

On January 10, 2018, the parties to the Cement Masons Action attended a preliminary conference, after which the IA Part entered a preliminary conference order setting a schedule for document discovery and any appeal of the Decision, and appointing Co-Lead Counsel for plaintiffs in the Cement Masons Action. (City of Warren intervened as a plaintiff in the Cement Masons Action on January 18, 2018, and withdrew the City of Warren Demand. Counsel for Laborers confirmed on January 19, 2018, that the Laborers Demand had been withdrawn.) On January 25, 2018, the IA Part entered a preliminary conference order in the MPERS Action setting a similar schedule for discovery and any appeal of the Decision as the schedule entered in the Cement Masons Action. On January 31, 2018, the Parties in the Actions served document requests upon their opposing counsel.

On March 7, 2018, the IA Part held a hearing on the motion of MPERS for an order consolidating the Actions, appointing MPERS as lead plaintiff, and approving its selection of lead counsel. At that hearing, the IA Part declined to consolidate the Actions for all purposes or to appoint any particular lead counsel or lead plaintiff, but ordered that the Actions would be coordinated for purposes of joint discovery and joint trial.

On March 19, 2018, Defendants served and filed their opening brief in their appeal from the Decision (the "Appeal"). On April 19, 2018, MPERS was granted permission to intervene as respondents in the Appeal. On May 11, 2018, the plaintiffs in the Cement Masons Action and the MPERS Action filed their responsive briefs in the Appeal. On June 8, 2018, Defendants served and filed their reply brief in the Appeal.

On March 21, 2018, the parties to the MPERS Action stipulated that Defendants' time to answer, move to dismiss, or otherwise respond to the complaint in the MPERS Action shall be held in abeyance pending the resolution of the Appeal. On March 30, 2018, Defendants answered the complaint in the Cement Masons Action.

Following the November 16, 2017 mediation session, the Parties (and their respective counsel) engaged in continued, arm's length negotiations. On July 26, 2018, MPERS and Defendants entered into a Stipulation of Settlement (the "Original Stipulation") that provided for the release of the claims in the Actions, and that same day, MPERS moved for an order to, among other things, preliminarily approve the proposed settlement. On August 6, 2018, Cement

Masons and City of Warren filed an opposition to MPERS's motion for preliminary approval. On August 8, 2018, the IA Part conducted a hearing on the motion, declined to grant preliminary approval, and directed the Parties to confer regarding mediation in an effort to resolve the objections to the proposed settlement. On August 15, 2018, the Parties informed the IA Part that they had scheduled a mediation session, and the IA Part stated that it would issue notice of the proposed settlement to Regeneron shareholders after the mediation.

On August 31, 2018, the Parties participated in mediation before the Honorable Shira A. Scheindlin, United States District Judge (Ret.) that resolved the objection of Cement Masons and City of Warren to the July 26, 2018 stipulation. The Parties reached an agreement in principle on the terms of a stipulation documenting the resolution of the objection on September 17, 2018. Subsequently, after the agreement in principle was reached, on September 17, 2018, and October 4, 2018, the Parties participated in mediation before the Honorable Shira A. Scheindlin that resulted in agreement to the amount of Plaintiffs' Counsel's attorneys' fees and expenses referenced below. As a result of the mediation, the Parties entered into the Stipulation of Settlement that is the subject of this Notice.

Accordingly, Plaintiffs and Defendants have reached an agreement to settle the Actions on the terms and conditions of the proposed Settlement, which are set forth in the Stipulation.

### **III. TERMS OF THE PROPOSED SETTLEMENT**

The principal terms, conditions, and other matters that are part of the Settlement, which are subject to approval by the IA Part, are summarized below. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation, which has been filed with the IA Part and is available at <http://investor.regeneron.com>, <http://www.barrack.com>, and <https://www.robbinsarroyo.com>.

***Consideration for the Settlement.*** In consideration of the Actions, the claims asserted by Plaintiffs, the efforts of Plaintiffs' Counsel in prosecuting the Actions, the negotiations with Plaintiffs and their counsel, and subject to all of the other terms of the Stipulation, including without limitation the release described below, Defendants agree to the following:

- a) The Board shall impose the following limits on compensation awarded to Regeneron's directors following Final Approval of the Settlement:
  - (1) The Board shall limit aggregate per-director total annual equity compensation for Regeneron's Non-employee Directors for 2019 through 2020 to \$695,000, as valued for purposes of Regeneron's financial statements. The Board shall thereafter be entitled to increase the limits on annual per-director total equity compensation awarded to Regeneron's Non-employee Directors for 2021 through 2023 by up to 5% annually.
  - (2) The Board shall limit annual base cash compensation for Regeneron's Non-employee Directors to \$90,000 for 2019 and 2020. Committee chairperson fees and membership fees will be in addition to Non-

employee Directors' base compensation, and shall be set at \$10,000 for each committee membership and an additional \$10,000 for each committee chairperson position for 2019 through 2020. The Board shall thereafter be entitled: (i) to increase the limits on annual per-director base compensation awarded to Regeneron's Non-employee Directors for 2021 through 2023 by up to 5% annually; and (ii) to increase the compensation for each committee membership and each committee chairperson position for 2021 through 2023 to up to \$15,000.

- (3) For 2018-2022, the Board shall limit aggregate total annual equity compensation for the Chairman of the Board, Dr. P. Roy Vagelos, to ten times the total annual equity compensation for Regeneron's Non-employee Directors awarded in 2019-2023, respectively,<sup>3</sup> as valued for purposes of Regeneron's financial statements. Consistent with Dr. Vagelos' existing employment agreement, his annual salary shall be \$100,000 and he shall be entitled to a Company matching contribution under the Company's 401(k) plan, as well as other amounts (such as the reimbursement of filing fees for filing required to be made by Dr. Vagelos under the Hart-Scott-Rodino Act) consistent with past practice.
- (4) Notwithstanding the foregoing, during the first calendar year in which a Non-employee Director serves on the Board, in order to align the newly elected Non-employee Director's financial interests with the interests of the Company's shareholders, in addition to annual compensation as set forth in Paragraphs (a)(1) and (a)(2) above (which annual compensation shall be prorated for such calendar year based on the date such director is elected by the Board or the Company's shareholders, whichever comes first), the Non-employee Director may be awarded an Inducement Equity Award of up to five-thirds of (i) the number of shares of Regeneron common stock underlying the most recent annual equity grants to Non-employee Directors, or (ii) the grant date fair value (as valued for purposes of Regeneron's financial statements) of such grants, and no such Inducement Equity Award shall be counted toward the limits on Non-employee Director compensation set forth in Paragraphs (a)(1) and (a)(2). For the avoidance of doubt, an Inducement Equity Award may consist of any combination of stock options, restricted stock,

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<sup>3</sup> Under Regeneron's historical practice, the decision to award equity compensation to Dr. Vagelos and the Non-employee Directors is made in December of each year, but Dr. Vagelos is awarded his equity compensation in December and the Non-employee Directors are awarded their equity compensation in the following January. Nothing in the Stipulation places any restriction on the timing of equity compensation awarded to Dr. Vagelos or the Non-employee Directors. The Board is entitled to award equity compensation to Dr. Vagelos and the Non-employee Directors at any time it deems appropriate, in its sole discretion, during the relevant year, so long as it abides by the caps on equity compensation set forth in the Stipulation relevant to that specific year.

restricted stock units or other types of equity awards (regardless of the types of equity awards used for the most recent annual equity grants to Non-employee Directors), as determined in the Board's sole discretion.

- (5) Notwithstanding the foregoing, if following the 2021 annual shareholder meeting, Regeneron's shareholders (*excluding* for this purpose any shares beneficially owned by the Individual Defendants, Sanofi, any then-current members of the Board, or any of Regeneron's then-current officers as determined in accordance with Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) vote in favor of higher limits on aggregate per-director equity compensation for Regeneron's Non-employee Directors, those higher limits shall apply to the Non-employee Directors, and Dr. Vagelos shall be subject to an aggregate annual equity compensation limit equal to ten times the higher limits applicable to Regeneron's Non-employee Directors.
  - (6) The limits on compensation awarded to Regeneron's directors set forth in this Paragraph (a) shall not apply to any successor to Dr. Vagelos to the position of the Chairperson of the Board. There is no current plan for Dr. Vagelos to step down as Chairman of the Board, and if he does step down and becomes a Non-employee Director, he will be subject to the limitations in this Paragraph (a) applicable to Non-employee Directors.
  - (7) The limits on compensation awarded to Regeneron's directors set forth in this Paragraph (a): (a) shall not limit the compensation paid to any Regeneron executive or other employee serving as a director (except as provided in Paragraphs (a)(3), (a)(5), and (a)(6) of the Stipulation, in each case solely with respect to Dr. Vagelos); and (b) shall not preclude the directors from receiving reimbursements and other amounts (such as the reimbursement of filing fees for filing required to be made by them under the Hart-Scott-Rodino Act and Company contributions made in respect of charitable gifts made by them under the Regeneron Matching Gift Program or any successor thereto) customarily reported in the director compensation table included in the Company's definitive proxy statements under "All other compensation."
- b) The Board (or an appropriate committee thereof) shall amend its policies to require the annual review of Non-employee Director compensation by an independent compensation consultant (which, for the avoidance of doubt, may be the independent compensation consultant to the Compensation Committee of the Board, as chosen by such Committee from time to time) for no fewer than five calendar years following Final Approval of the Settlement.

- c) In its definitive proxy statement filed with the U.S. Securities and Exchange Commission (“SEC”) in connection with the 2019 annual meeting of shareholders of Regeneron, and continuing for a period of four years thereafter, Regeneron shall disclose (1) the value of the annual Non-employee Director equity grants per director for the year in which the proxy statement is filed, (2) the compensation philosophy underlying Non-employee Director compensation, and (3) the process by which decisions concerning Non-employee Director compensation are made, including the role of an independent compensation consultant.
- d) Defendants have acknowledged and agreed in the Stipulation that the future reductions in equity compensation set forth in Paragraph (a) confer a financial benefit upon the Company of \$42.3 million, and that the reductions in equity compensation awarded to Dr. Vagelos in December 2017 and to Regeneron’s Non-employee Directors in January 2018 confer a financial benefit upon the Company of \$2.2 million in the aggregate. Defendants have further acknowledged and agreed in the Stipulation that these reductions in equity compensation confer a substantial benefit upon the Company and its shareholders.
- e) In the Stipulation, MPERS (but not plaintiffs in the Cement Masons Action) has retained the right to argue that its actions and the actions of its counsel contributed to reductions in executive and director compensation in excess of the financial benefits described in Paragraph (d), including (without limitation) the reductions in executive and Non-employee Director compensation and Dr. Vagelos’s compensation at Regeneron during the period of 2015 through 2016, and to the reductions in executive compensation in 2017. In the event MPERS makes this argument, Defendants have retained the right to oppose it.

***Release of Claims.*** The Stipulation provides for the entry of the Judgment dismissing with prejudice the Actions against the Defendants, and barring and releasing the Released Claims as defined below.

The “Released Claims” means and includes any and all claims for relief or causes of action, debts, demands, rights, liabilities, losses, and claims whatsoever, known or unknown, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, or known and Unknown Claims, that have been, could have been, or in the future might be asserted by Plaintiffs in the Actions, individually or as shareholders of Regeneron, or any other Regeneron shareholder, or any other Person acting or purporting to act on behalf of Regeneron, against the Released Persons, arising out of or relating to the facts, transactions, events, occurrences, acts, disclosures, statements, or omissions that were alleged in the Actions against Defendants, including without limitation (i) the compensation that Regeneron paid or awarded to the Individual Defendants through the date of the Stipulation; (ii) the compensation to be paid or awarded through 2023 consistent with the terms of the Stipulation; and (iii) the approval of the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the approval of the Regeneron Pharmaceuticals, Inc. 2014

Long-Term Incentive Plan, and the approval of the Regeneron Pharmaceuticals, Inc. Amended and Restated 2014 Long-Term Incentive Plan; *provided*, however, that nothing in this Release shall preclude (1) a claim alleging that an award made after the date of the Stipulation through 2023 pursuant to the terms of the Stipulation was the product of actual fraud or waste, or (2) a federal securities law claim based on an award made after the date of the Stipulation through 2023 pursuant to the terms of the Stipulation; and *provided further*, for the avoidance of doubt, that it is understood that “Released Claims” and any release provided by the Settlement shall not include: (a) any claim to enforce the Settlement; or (b) any claims by the Defendants or any other person to enforce their respective rights under any contract or policy of insurance.

“Unknown Claims” means any claims, causes of action, debts, demands, disputes, rights, liabilities, losses, matters, suits, and damages a person providing a release of the Released Claims pursuant to the Stipulation does not know of or suspect to exist in his, her, or its favor at the time of the release of the Released Claims, including without limitation those which, if known, might have affected the decision to enter into the Settlement. With respect to any and all Released Claims, the Parties agree that upon the Final Approval of the Settlement, the Parties shall expressly waive, and any person providing a release pursuant to the Stipulation shall be deemed to have waived, the provisions, rights, and benefits conferred by or under California Civil Code section 1542, or any other law of the United States or any state or territory of the United States or any foreign country, or principle of common law, which is similar, comparable, or equivalent to section 1542, which provides:

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

The Parties acknowledge that they may hereafter discover facts in addition to or different from those now known or believed to be true by them, with respect to the subject matter of the Released Claims, but it is the intention of the Parties to completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any and all Released Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which do now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts.

The “Released Persons” means the Individual Defendants and their respective heirs, estates, trustees, executors, administrators, legal representatives, predecessors, successors, subsidiaries, affiliates, agents, attorneys, insurers, and each of their past or present officers, directors, and employees. “Released Persons” also includes Regeneron and all current and former officers, directors, employees, and agents of Regeneron, as well as any individuals who become directors of Regeneron subsequent to the date hereof who receive compensation in accordance with the terms of the Settlement.

Except as set forth in Paragraph 4.4 of the Stipulation, upon the Final Approval of the Settlement, Regeneron, Plaintiffs (acting on their own behalf and derivatively on behalf of

Regeneron), and each of Regeneron's shareholders (in their capacity as Regeneron shareholders), shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled, released, relinquished, discharged, extinguished, and dismissed with prejudice (i) any and all of the Released Claims against any and all of the Released Persons, and (ii) any and all claims against any and all of the Released Persons (including Unknown Claims) arising out of, relating to, or in connection with the defense, settlement or resolution of the Actions or the approval of the Settlement; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of the Stipulation or the Judgment.

Except as set forth in Paragraph 4.4 of the Stipulation, upon the Final Approval of the Settlement, Regeneron, Plaintiffs (acting on their own behalf and derivatively on behalf of Regeneron), and each of Regeneron's shareholders (in their capacity as Regeneron shareholders), will be forever barred and enjoined from commencing, instituting, or prosecuting (i) any and all of the Released Claims against any and all of the Released Persons, and (ii) any action or other proceeding against any and all of the Released Persons based on any and all of the Released Claims; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of the Stipulation or the Judgment.

Except as set forth in Paragraph 4.4 of the Stipulation, upon the Final Approval of the Settlement, each of the Released Persons and all Regeneron shareholders (in their capacity as Regeneron shareholders) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged Plaintiffs, Plaintiffs' Counsel, Regeneron, all of the Regeneron shareholders (in their capacity as Regeneron shareholders), and their counsel from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Actions or the Released Claims; *provided* that nothing herein shall in any way impair or restrict the rights of the Parties to enforce the terms of the Stipulation or the Judgment.

Nothing in the Stipulation constitutes or reflects a waiver or release of the following: (i) any rights or claims of any of the Defendants against their insurers, or their insurers' subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any rights or claims by any of the Defendants under any directors' and officers' liability insurance or other applicable insurance coverage; or (ii) any rights or claims of any of the Defendants relating in any way to indemnification or advancement of attorneys' fees relating to the Actions or the Released Claims, whether under any indemnification or advancement agreement, or under Regeneron's charter, by-laws or operating agreement, under applicable law, or in any other form.

If the Settlement receives Final Approval, and all of its conditions are met, both of the Actions will be dismissed with prejudice.

#### **IV. PLAINTIFFS' COUNSEL'S ATTORNEYS' FEES AND EXPENSES**

Plaintiffs' Counsel have not received any payment for their services in pursuing the claims against the Defendants on behalf of Regeneron and its shareholders since the litigation commenced in 2015, nor have they been reimbursed to this point for any of their litigation expenses. Regeneron has agreed to pay Plaintiffs' Counsel's attorneys' fees in the amount of

\$6.0 million and documented expenses not in excess of \$300,000 in light of the financial benefits of the Settlement to the Company and the time and efforts of Plaintiffs' Counsel. At the Settlement Hearing, Plaintiffs' Counsel will ask the IA Part to approve this award of attorneys' fees and expenses. The approval is not a condition of the Settlement.

As more fully described above, the Settlement requires that (a) the Board impose certain limits on compensation awarded to Regeneron's directors following Final Approval of the Settlement, including (i) limits on aggregate per-director total annual equity and cash compensation for Regeneron's Non-employee Directors from 2019 through 2023, and (ii) limits on aggregate total annual equity compensation for the Chairman of the Board, Dr. Vagelos, in 2018-2022; (b) the above-described equity caps cannot be changed until after the 2021 annual shareholder meeting, after which the caps can be changed only if a majority of the voting power of the shares that are not held by the Individual Defendants, certain other affiliated shareholders, and Sanofi vote in favor of increasing them; (c) the Board (or appropriate committee thereof) amend its policies to require the annual review of Non-employee Director compensation by an independent compensation consultant for no fewer than five calendar years following Final Approval of the Settlement; and (d) Regeneron disclose in its definitive proxy statement filed with the SEC in connection with the 2019 annual meeting of shareholders—and continuing for a period of four years thereafter—the value of the annual Non-employee Director equity grants per director for the year in which the proxy statement is filed, the compensation philosophy underlying Non-employee Director compensation, and the process by which decisions concerning Non-employee Director compensation are made.

As further stated above, Defendants and a special committee of the Board have acknowledged that the future reductions in equity compensation confer a financial benefit upon the Company of \$42.3 million, and that the reductions in equity compensation awarded to Dr. Vagelos in December 2017 and to Regeneron's Non-employee Directors in January 2018 confer a financial benefit upon the Company of \$2.2 million in the aggregate. Defendants have acknowledged that these reductions in equity compensation confer a substantial benefit upon the Company and its shareholders.

Plaintiffs submit that the Settlement provides additional benefits, including (1) the additional proxy statement disclosures concerning Regeneron's director compensation practices, and (2) the requirement that the caps on equity compensation described in the Stipulation cannot be increased until 2023, absent a shareholder vote that excludes, for this purpose, the voting power of the shares held by the Individual Defendants, certain other affiliated shareholders, and Sanofi.

The amount of Plaintiffs' Counsel's attorneys' fees and expenses is subject to approval by the IA Part. No Regeneron shareholder or Individual Defendant will be required to pay any portion of the amounts awarded by the IA Part as attorneys' fees and expenses. Any such award by the IA Part that becomes a final order will be collected from the Company, which is seeking reimbursement for such a payment from its insurance carrier.

Except as awarded by the IA Part and/or any appellate court, the Parties shall bear their own costs and Defendants shall have no other obligation to pay or reimburse any fees, expenses,

costs, or damages alleged or incurred by Plaintiffs, other current or former Regeneron shareholders, or any other Person, or their respective attorneys, experts, advisors, agents, or representatives.

## **V. REASONS FOR THE SETTLEMENT**

Plaintiffs and Defendants have determined that a settlement at this juncture on the terms and conditions set forth in the Stipulation is fair, reasonable, adequate, and in the best interest of Regeneron and its shareholders. The Regeneron Board in its business judgment has approved the Settlement and each of its terms as being in the best interests of Regeneron and its shareholders.

### **A. Why Did Plaintiff Agree to Settle?**

Plaintiffs assert that they have brought their claims in good faith and continue to believe that they have legal merit, and the entry by Plaintiffs into the Stipulation is not an admission as to the lack of any merit of any claims asserted in the Actions. In negotiating and evaluating the terms of the Stipulation, Plaintiffs and their respective counsel considered, among other factors: (i) the strengths and weaknesses of Plaintiffs' claims; (ii) the legal and factual defenses of Defendants; (iii) the time and expense that would be incurred by further litigation; (iv) the uncertainties inherent in, and attendant risks of, litigation; (v) the best interests of Regeneron and its shareholders; and (vi) the desirability of permitting the Settlement to be consummated as provided by the terms of the Stipulation. Plaintiffs and their respective counsel believe that the financial and other benefits to the Company and its shareholders stemming from the Settlement, as described in Sections III and IV, above, are very substantial, and that achieving these substantial benefits is far preferable to pursuing the litigation, which could result in a dismissal of the Actions on appeal and risk that the Company and its shareholders might not have achieved anything of value.

### **B. Why Did the Defendants Agree to Settle?**

Defendants have entered into the Stipulation to avoid the continuing additional expense, inconvenience, and distraction of litigating the Actions and to avoid the risks inherent in any lawsuit, and without admitting any wrongdoing or liability whatsoever.

Defendants have denied and continue to deny each and every one of the claims, contentions, and allegations made against them or that could have been made against them in the Actions, and expressly deny all charges of wrongdoing or liability against them. The Individual Defendants assert that they have satisfied their fiduciary duties at all relevant times, that they have acted in good faith and in the best interests of Regeneron and its shareholders, that they have meritorious defenses to the claims asserted in the Actions, and that judgment should be entered dismissing all claims against them with prejudice. The Individual Defendants also have denied and continue to deny, among other things, the allegations that Plaintiffs, Regeneron, or Regeneron shareholders have suffered damage, or that Plaintiffs, Regeneron, or Regeneron shareholders were harmed by the conduct alleged in the Actions.

## **VI. BOARD APPROVAL OF THE SETTLEMENT**

The Regeneron Board has approved the Settlement and each of its terms as being in the best interests of Regeneron and its shareholders and has determined that the Settlement provides substantial benefits to the Company and its shareholders. Additionally, a special committee of the Board comprised of the members of the Board who were not named as defendants in the Cement Masons Action, in exercising business judgment of such members, determined that the future reductions in equity compensation confer a financial benefit upon the Company of \$42.3 million, and that reductions in equity compensation awarded to Dr. Vagelos in December 2017 and to Regeneron's Non-employee Directors in January 2018 confer a financial benefit upon the Company of \$2.2 million in the aggregate. The special committee further determined that the Cement Masons Action and the MPERS Action were a substantial factor in the future reductions in equity compensation set forth in the Stipulation.

## **VII. SETTLEMENT HEARING**

On \_\_\_\_\_, at \_\_\_\_\_.m, the IA Part will hold the Settlement Hearing before the Honorable Saliann Scarpulla at the New York Supreme Court, Courtroom \_\_\_\_\_, 60 Centre Street, New York, New York 10007. At the Settlement Hearing, the IA Part will consider whether the terms of the Settlement are fair, reasonable, and adequate and thus should be finally approved, and whether the Actions should be dismissed with prejudice by entry of the Judgment pursuant to the Stipulation.

## **VIII. RIGHT TO ATTEND SETTLEMENT HEARING**

Any current Regeneron shareholder may, but is not required to, appear in person at the Settlement Hearing. If you want to be heard at the Settlement Hearing, then you must first comply with the procedures for objecting, which are set forth below. The IA Part has the right to change the hearing dates or times without further notice. Thus, if you are planning to attend the Settlement Hearing, you should confirm the date and time before going to the IA Part.

**REGENERON SHAREHOLDERS WHO HAVE NO OBJECTION TO THE SETTLEMENT DO NOT NEED TO APPEAR AT THE SETTLEMENT HEARING OR TAKE ANY OTHER ACTION.**

## **IX. RIGHT TO OBJECT TO THE SETTLEMENT AND PROCEDURES FOR DOING SO**

You have the right to object to any aspect of the Settlement. You must object in writing, and you may request to be heard at the Settlement Hearing. If you choose to object, then you must follow these procedures.

### **A. You Must Make Objections in Writing**

Any objections must be presented in writing and must contain the following information:

1. Your name, legal address, and telephone number;
2. Proof of your being a current Regeneron shareholder;
3. A statement of the basis of your objection to the Settlement;
4. Notice of whether you intend to appear at the Settlement Hearing (an appearance in person at the Settlement Hearing is not required if you have served your objection and filed your objection with the IA Part in accordance with the procedure described below); and
5. Copies of any papers you intend to file with the IA Part.

The IA Part may not consider any objection that does not substantially comply with these requirements.

**B. You Must Timely Deliver Written Objections to the IA Part and to Counsel for Plaintiffs, the Individual Defendants, and Regeneron**

YOUR WRITTEN OBJECTIONS MUST BE ON FILE WITH THE CLERK OF THE COURT **NO LATER THAN** \_\_\_\_\_, 2018 (twenty-one (21) calendar days before the Settlement Hearing). The Court Clerk's address is:

Clerk of the Court  
New York County Courthouse  
60 Centre Street, Part 39  
New York, NY 10007

YOU ALSO MUST DELIVER COPIES OF ANY OBJECTIONS TO COUNSEL FOR PLAINTIFFS, THE INDIVIDUAL DEFENDANTS, AND REGENERON SO THEY ARE **RECEIVED NO LATER THAN** \_\_\_\_\_, 2018 (twenty-one (21) calendar days before the Settlement Hearing). Counsel's addresses are:

***Counsel for Plaintiff Public Employees Retirement System of Mississippi:***

A. Arnold Gershon  
Michael A. Toomey  
BARRACK, RODOS & BACINE  
11 Times Square  
640 8th Avenue, 10th Floor  
New York, NY 10022

***Counsel for Plaintiff Cement Masons Local 780 Pension Fund:***

Felipe J. Arroyo  
Shane P. Sanders  
ROBBINS ARROYO LLP  
600 B Street, Suite 1900  
San Diego, CA 92101

***Counsel for Plaintiff City of Warren Police and Fire Retirement System:***

Travis E. Downs III  
Benny C. Goodman III  
ROBBINS GELLER RUDMAN & DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101-8498

***Counsel for Leonard Schleifer, George Yancopoulos, Charles Baker, Arthur Ryan, Eric Shooter (deceased), George Sing, Marc Tessier-Lavigne, Michael Brown, Robert Ingram, Alfred Gilman (deceased), Joseph Goldstein, Christine Poon, Roy Vagelos, Anthony Coles, Bonnie Bassler, Huda Zoghbi, and Regeneron Pharmaceuticals, Inc.:***

Marc Wolinsky  
Joshua J. Card  
WACHTELL, LIPTON, ROSEN & KATZ  
51 West 52nd Street  
New York, NY 10019

Unless the IA Part orders otherwise, your objection will not be considered unless it is timely filed with the IA Part and timely served upon the above-referenced counsel for the Settling Parties.

Any Person or entity who fails to object or otherwise request to be heard in the manner prescribed above will be deemed to have waived the right to object to any aspect of the Settlement or otherwise request to be heard (including the right to appeal) and will be forever barred from raising such objection or request to be heard in this or any other action or proceeding.

**X. HOW TO OBTAIN ADDITIONAL INFORMATION**

This Notice summarizes the Stipulation. It is not a complete statement of the events of the litigation or the Stipulation.

For additional information about the claims asserted in the litigation and the terms of the proposed Settlement, please refer to the documents filed with the IA Part and the Stipulation. The “Investors & Media” section of Regeneron’s website (<http://investor.regeneron.com>) and the websites of Barrack, Rodos (<http://www.barrack.com>) and Robbins Arroyo (<https://www.robbinsarroyo.com>) provide hyperlinks to the Stipulation. You may also inspect the Stipulation and other papers in the Actions at the New York Supreme Court’s Clerk’s office at any time during regular business hours of each business day. The Clerk’s office is located at the New York Supreme Court, 60 Centre Street, New York, New York 10007. However, you must appear in person to inspect these documents. The Clerk’s office will not mail copies to you.

If you have any questions about matters in this Notice you may contact in writing or by telephone as follows:

***Counsel for Plaintiff Public Employees Retirement System of Mississippi:***

A. Arnold Gershon  
Michael A. Toomey  
BARRACK, RODOS & BACINE  
11 Times Square  
640 8th Avenue, 10th Floor  
New York, NY 10022  
Tel: (212) 688-0782

***Counsel for Plaintiff Cement Masons Local 780 Pension Fund:***

Felipe J. Arroyo  
Shane P. Sanders  
ROBBINS ARROYO LLP  
600 B Street, Suite 1900  
San Diego, CA 92101  
Tel: (619) 525-3990

***Counsel for Plaintiff City of Warren Police and Fire Retirement System:***

Greg Wood  
ROBBINS GELLER RUDMAN & DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101-8498  
Tel: (619) 231-1058

**PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS  
TO EITHER THE IA PART OR THE CLERK'S OFFICE.**

DATED: \_\_\_\_\_

By Order of the Supreme Court of the State  
of New York, New York County

# **EXHIBIT C**



Fire Retirement System (“City of Warren,” and together with MPERS and Cement Masons, “Plaintiffs”), each individually and derivatively on behalf of nominal defendant Regeneron Pharmaceuticals, Inc. (“Regeneron” or the “Company”); (ii) the Individual Defendants; and (iii) nominal defendant Regeneron have entered into a Settlement of the claims asserted in the above-captioned actions (the “Actions”);

WHEREAS, the terms and conditions for the proposed settlement and dismissal of the Actions with prejudice are set forth in the Stipulation of Compromise and Settlement dated October 5, 2018, and the exhibits thereto (the “Stipulation” or “Settlement”);

WHEREAS, a condition of the Settlement is the dismissal with prejudice of the Actions;

WHEREAS, pursuant to Section 626(d) of the New York Business Corporation Law (the “BCL”), the Parties seek: (i) approval of the form and content of the Summary Notice of Proposed Settlement of Derivative Actions (the “Summary Notice”) and the Notice of Proposed Settlement of Derivative Actions (“Notice”); and (ii) a hearing date for final approval of the Settlement (the “Settlement Hearing”);

WHEREAS, all capitalized terms contained herein shall have the same meanings as set forth in the Stipulation (in addition to those capitalized terms defined herein); and

WHEREAS, this Court, having considered the Stipulation and the Exhibits annexed thereto, finds that substantial and sufficient grounds exist for entering this Order.

NOW THEREFORE, IT IS HEREBY ORDERED:

1. The Settlement Hearing shall be held before this Court on \_\_\_\_\_, 2018 at \_\_\_\_\_.m., in Courtroom \_\_\_\_ at 60 Centre Street, New York, NY to: (a) determine whether the terms and conditions of the Settlement provided for in

the Stipulation are fair, reasonable, and adequate; (b) consider an Order and Final Judgment Approving Settlement and Dismissing the Actions with Prejudice that provides for, *inter alia*, (i) approving the Settlement in its entirety and, according to its terms, dismissing the Actions with prejudice by entry of judgment by the Court; (ii) releasing and enjoining prosecution of any and all Released Claims to be released pursuant to the Stipulation; and (iii) approving the award of Plaintiffs' Counsel's attorneys' fees and expenses; and (c) hear such other matters as the Court may deem necessary and appropriate.

2. The Court approves the form, substance, and requirements of the Notice and the Summary Notice (together, the "Notices") attached hereto as Exhibits A-1 and A-2, respectively, and finds that the dissemination of the Notices substantially in the manner and form set forth in paragraphs 3 through 7 of this Order meets the requirements of BCL § 626(d) and due process, constitutes the best notice practicable under the circumstances, and shall constitute due and sufficient notice of the Settlement Hearing and other matters referred to in the Notice and Summary Notice to all persons entitled thereto.

3. Not later than five (5) business days following entry of this Order, or if circumstances require, as soon as practicable thereafter, Regeneron shall cause the Notice, substantially in the form annexed as Exhibit A-1 hereto, to be furnished to the U.S. Securities and Exchange Commission via a Form 8-K.

4. Not later than five (5) business days following entry of this Order, or if circumstances require, as soon as practicable thereafter, Regeneron shall cause the Notice and the Stipulation to be conspicuously posted to the "Investors & Media" section of its website. The website posting set forth in this paragraph shall be maintained by Regeneron through the date of the Settlement Hearing.

5. Not later than five (5) business days following entry of this Order, or if circumstances require, as soon as practicable thereafter, Regeneron shall cause the Summary Notice, substantially in the form annexed as Exhibit A-2 hereto, to be published once in the *Investor's Business Daily*. Such Summary Notice shall provide information regarding how to access the Notice posted on the "Investors & Media" section of the Regeneron website.

6. All costs of notifying Regeneron's shareholders of the Settlement, including the furnishing and posting of the Notice and the publication of the Summary Notice, as provided for in paragraphs 3 to 5 above, shall be the responsibility of Regeneron.

7. Not later than five (5) business days following entry of this Order, Barrack, Rodos and Robbins Arroyo shall post copies of the Notice and the Stipulation on their websites, where they will be maintained through the date of the Settlement Hearing.

8. At least twenty-one (21) calendar days before the Settlement Hearing, Regeneron's counsel shall file with the Court an appropriate affidavit or declaration with respect to furnishing, posting, and publishing the Notice and Summary Notice.

9. At least twenty-one (21) calendar days before the Settlement Hearing, Plaintiffs' Counsel shall file with the Court an appropriate affidavit or declaration with respect to posting of the Notice and Stipulation.

10. All Regeneron shareholders shall be bound by all orders, determinations, and judgments concerning the Settlement. Any record holders and beneficial owners of Class A or common stock of Regeneron may appear and show cause why the terms of the Settlement should not be approved as fair, reasonable, and adequate, or why a Judgment should not be entered thereon, provided, however, unless otherwise ordered by the Court, no Regeneron shareholder shall be heard or entitled to contest the approval of all or any of the terms and

conditions of the Settlement, or, if approved, the Judgment to be entered thereon approving the same, unless that Person has, at least twenty-one (21) calendar days before the Settlement Hearing, filed with the Clerk of the Court and served on counsel (delivered by hand or sent by First-Class Mail) appropriate proof of stock ownership, along with written objections, including the basis therefore, and copies of any papers and briefs in support thereof. ***Any objections to the Settlement must be filed and served***, in accordance with the procedures set forth in the Notice, ***such that they are received no later than*** \_\_\_\_\_, 2018.

Counsel's addresses are as follows:

***Counsel for Plaintiff Public Employees Retirement System of Mississippi:***

A. Arnold Gershon  
Michael A. Toomey  
BARRACK, RODOS & BACINE  
11 Times Square  
640 8th Avenue, 10th Floor  
New York, NY 10022

***Counsel for Plaintiff Cement Masons Local 780 Pension Fund:***

Felipe J. Arroyo  
Shane P. Sanders  
ROBBINS ARROYO LLP  
600 B Street, Suite 1900  
San Diego, CA 92101

***Counsel for Plaintiff City of Warren Police and Fire Retirement System:***

Travis E. Downs III  
Benny C. Goodman III  
ROBBINS GELLER RUDMAN & DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101-8498

***Counsel for Leonard Schleifer, George Yancopoulos, Charles Baker, Arthur Ryan, Eric Shooter (deceased), George Sing, Marc Tessier-Lavigne, Michael Brown, Robert Ingram, Alfred Gilman (deceased), Joseph Goldstein, Christine Poon, Roy Vagelos, Anthony Coles, Bonnie Bassler, Huda Zoghbi, and Regeneron Pharmaceuticals, Inc.:***

Marc Wolinsky  
Joshua J. Card  
WACHTELL, LIPTON, ROSEN & KATZ  
51 West 52nd Street  
New York, NY 10019

All written objections and copies of any papers and briefs in support thereof to be filed in Court shall also be delivered by hand or sent by First-Class Mail to:

Clerk of the Court  
New York County Courthouse  
60 Centre Street, Room 161  
New York, NY 10007

Any Regeneron shareholder who does not make his, her, or its objection in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the Settlement as incorporated in the Stipulation, unless otherwise ordered by the Court, but shall otherwise be bound by the Judgment to be entered and the releases to be given.

11. All initial papers in support of Final Approval of the Settlement and an award of attorneys' fees and expenses to Plaintiffs' Counsel shall be filed with the Court and served at least thirty-five (35) calendar days before the Settlement Hearing. Reply briefs in support of Final Approval of the Settlement and/or responding to objections, if any, shall be filed with the Court and served at least seven (7) calendar days before the Settlement Hearing.

12. Neither the Stipulation (including any exhibits attached thereto) nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement, including but not limited to any negotiations, discussions, actions, or proceedings in connection with the Settlement, is or may be deemed to be, or may be offered,

attempted to be offered, or used in any way as a presumption, a concession, or an admission of, or evidence of, any fact or issue of law, fault, liability, or wrongdoing or lack of any fault, liability, or wrongdoing, as to any facts or claims alleged or asserted, or that could have been alleged or asserted, in the Actions or any other actions or proceedings, and shall not be offered or received in evidence or otherwise used by any person in the Actions or any other action or proceeding, except in connection with any proceeding to enforce the terms of the Settlement. The Released Persons may file the Stipulation and/or the Judgment in any action that may be brought against them or has been brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim, and Plaintiffs or any of the Defendants may file the Stipulation and documents executed pursuant and in furtherance thereto in any action to enforce the Settlement. All negotiations and discussions leading up to the execution of the Stipulation are confidential and intended to be for settlement purposes only.

13. The Court reserves the right to adjourn the date of the Settlement Hearing or modify any other dates set forth herein without further notice to Regeneron shareholders, and retains jurisdiction to consider all further applications arising out of or connected with the Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Parties, if appropriate, without further notice to Regeneron shareholders.

14. This Court retains exclusive jurisdiction over the Actions to consider all further matters arising out of or connected with the Settlement.

SO ORDERED.

Dated: \_\_\_\_\_,  
2018.

\_\_\_\_\_  
HON. SALIANN SCARPULLA, J.S.C.

# **EXHIBIT D**



**PLEASE READ THIS NOTICE CAREFULLY AS IT CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS.**

YOU ARE HEREBY NOTIFIED, pursuant to the \_\_\_\_\_, 2018 Order Scheduling Hearing for Final Approval of Settlement and Providing for Notice entered in the above-captioned shareholder derivative actions, that a Stipulation of Compromise and Settlement dated October 5, 2018 (the “Stipulation” or “Settlement”) has been entered to resolve certain shareholder derivative claims pending on behalf of nominal defendant Regeneron.<sup>1</sup>

The above-captioned actions (the “Actions”) allege claims on behalf of Regeneron against the Individual Defendants for, among other things, breaching their fiduciary duties owed to Regeneron. More specifically, Plaintiffs, through their respective shareholder derivative complaints in the Actions, allege that the Company’s current and certain former directors breached their fiduciary duties and were unjustly enriched when they approved and/or received allegedly excessive compensation in 2013, 2014, 2015, and 2016, and that they breached their fiduciary duties when they approved the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan in 2014 and the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan in 2017, which authorized the award of equity compensation to directors and others. In connection with, and conditioned upon the Settlement, the Regeneron Board has agreed to impose limitations on certain director compensation for the next five years among other changes to the Company’s compensation practices.

On \_\_\_\_\_, at \_\_\_\_\_.m, a hearing (the “Settlement Hearing”) will be held before Justice Saliann Scarpulla, New York Supreme Court, Courtroom \_\_\_\_, 60 Centre Street, New York, New York 10007 to determine: (1) whether the Settlement, upon the terms and conditions set forth in the Stipulation, should be approved as fair, reasonable, and adequate; (2) whether the Order and Final Judgment Approving Settlement and Dismissing the Actions with Prejudice should be entered by the Court; and (3) whether to approve the award of Plaintiffs’ Counsel’s attorneys’ fees and expenses. If the Settlement receives Final Approval, and all of its conditions are met, both of the Actions will be dismissed with prejudice and the Released Claims will be fully, finally, and forever released.

**PLEASE READ THIS SUMMARY NOTICE CAREFULLY AND IN ITS ENTIRETY.  
IF YOU ARE A REGENERON SHAREHOLDER YOUR RIGHTS MAY BE  
AFFECTED BY THE SETTLEMENT OF THE ACTIONS.**

This is a summary notice only. For additional information about the claims asserted in the litigation and the terms of the proposed Settlement, please refer to the documents filed with the Court, the Stipulation, and the full-length Notice (“Notice”). The Notice has been furnished as an exhibit to the Company’s Current Report on Form 8-K submitted to the U.S. Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov). The “Investors & Media” section of Regeneron’s website (<http://investor.regeneron.com/>) and the websites of Barrack,

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<sup>1</sup> Except as otherwise defined herein, all capitalized terms shall have the same meaning as set forth in the Stipulation.

Rodos (<http://www.barrack.com>) and Robbins Arroyo (<https://www.robbinsarroyo.com>) provide hyperlinks to the Notice and to the Stipulation.

If you have any questions about matters in this Summary Notice you may contact in writing or by telephone as follows:

***Counsel for Plaintiff Public Employees' Retirement System:***

A. Arnold Gershon  
Michael A. Toomey  
BARRACK, RODOS & BACINE  
11 Times Square  
640 8th Avenue, 10th Floor  
New York, NY 10022  
Tel: (212) 688-0782

***Counsel for Plaintiff Cement Masons Local 780 Pension Fund:***

Felipe J. Arroyo  
Shane P. Sanders  
ROBBINS ARROYO LLP  
600 B Street, Suite 1900  
San Diego, CA 92101  
Tel: (619) 525-3990

***Counsel for Plaintiff City of Warren Police and Fire Retirement System:***

Greg Wood  
ROBBINS GELLER RUDMAN & DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101-8498  
Tel: (619) 231-1058

**PLEASE DO NOT CONTACT THE COURT FOR INFORMATION**

If you are a Regeneron shareholder, and if the Court approves the Settlement, you will be bound by the Order and Final Judgment of the Court granting final approval to the Settlement, and shall be deemed to have waived the right to object (including the right to appeal) and forever shall be barred, in this proceeding or in any other proceeding, from raising such objection. ***Any objections to the Settlement must be filed and served***, in accordance with the procedures set forth in the Notice, ***such that they are received no later than*** \_\_\_\_\_, 2018. As stated above, the Notice may be found at <http://investor.regeneron.com/>, <http://www.barrack.com>, and <https://www.robbinsarroyo.com>.

DATED: \_\_\_\_\_

By Order of the Supreme Court of the State  
of New York, New York County