



This Stipulation of Settlement, dated February 27, 2019 (the “Stipulation”), is made and entered into by and among: (i) Lead Plaintiff Laurent Sberro (on behalf of himself and each Class Member), by and through his counsel of record in the Litigation; and (ii) Chiasma, Inc. (“Chiasma” or the “Company”), Mark W. Leuchtenberger, Mark J. Fitzpatrick, David Stack, Dror Brandwein, Todd Foley, Ansbert Gadicke, Bard Geesaman, Vincent Miles, Scott Minick and John Scarlett (the “Individual Defendants,” and with Chiasma, the “Chiasma Defendants”), and Barclays Capital Inc., Cowen and Company, LLC, William Blair & Company, L.L.C. and Oppenheimer & Co. Inc. (the “Underwriter Defendants”) (collectively, “Defendants”), by and through their counsel of record in the Litigation.<sup>1</sup> Lead Plaintiff and Defendants are referred to herein as the “Settling Parties.” The Stipulation is intended to fully, finally, and forever resolve, discharge, and settle the Released Claims, subject to the approval of the Court and the terms and conditions set forth in this Stipulation.

## **I. THE LITIGATION**

The Litigation is currently pending before the Honorable Denise J. Casper in the United States District Court for the District of Massachusetts (the “Court”). The initial complaint in this action was filed on June 9, 2016. On December 27, 2016, the Court appointed Lead Plaintiff and Robbins Geller Rudman & Dowd LLP (“Robbins Geller”) and Johnson & Weaver, LLP (n/k/a Johnson Fistel, LLP) as Lead Counsel and Hutchings Barsamian Mandelcorn, LLP as Liaison Counsel.

Lead Plaintiff’s Amended Class Action Complaint for Violation of the Federal Securities Laws (the “Complaint”), filed on February 10, 2017, alleges that Defendants violated Sections 11 and 15 of the Securities Act of 1933 in connection with Chiasma’s initial public offering (“IPO”) of common stock on or about July 15, 2015.

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<sup>1</sup> All capitalized terms not otherwise defined shall have the meanings ascribed to them in §IV.1 herein.

Defendants moved to dismiss the Complaint on March 27, 2017. Lead Plaintiff filed his opposition on May 11, 2017, and Defendants filed their reply on June 1, 2017. On February 15, 2018, the Court issued an order denying Defendants' motion to dismiss the Complaint, but also holding that certain of Lead Plaintiff's allegations did not state a claim under Section 11. Defendants answered the Complaint on March 30, 2018. Discovery commenced, and the Settling Parties served their respective Rule 26 initial disclosures.

On June 14, 2018, Chiasma Defendants and Lead Plaintiff participated in an in-person mediation session with Gregory P. Lindstrom, Esq. of Phillips ADR, an experienced mediator. The mediation was preceded by submission of mediation statements and exhibits, as well as the production of certain documents by Defendants to Lead Plaintiff. Chiasma Defendants and Lead Plaintiff engaged in arm's-length negotiations during the mediation session, but were unable to reach an agreement at the mediation. Following the mediation, the Settling Parties continued to pursue discovery activity while settlement discussions continued through Mr. Lindstrom. On December 20, 2018, the Settling Parties reached an agreement-in-principle to resolve the Litigation. This Stipulation (together with the Exhibits hereto) reflects the final and binding agreement between the Settling Parties.

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

Throughout this Litigation, Defendants have denied, and continue to deny, any and all allegations of fault, liability, wrongdoing, or damages whatsoever. Defendants expressly have denied, and continue to deny, that they have committed any act or omission giving rise to any liability under Sections 11 or 15 of the Securities Act of 1933. Specifically, Defendants expressly have denied, and continue to deny, each and all of the claims alleged by Lead Plaintiff in the Litigation, including, without limitation, any liability arising out of any of the conduct, statements,

acts, or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied, and continue to deny, among other allegations, the allegations that Lead Plaintiff or the Class have suffered any damages, that the Registration Statement contained material misrepresentations or omissions, or that Lead Plaintiff or the Class were harmed by the conduct alleged in the Litigation or that could have been alleged as part of the Litigation. In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the Litigation.

As set forth below, neither the Settlement nor any of the terms of this Stipulation shall in any event be construed or deemed to be evidence of or constitute an admission, concession, or finding of any fault, liability, wrongdoing, or damage whatsoever or any infirmity in the defenses that Defendants have, or could have, asserted. Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as this Litigation. Defendants have determined that it is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

### **III. LEAD PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

Lead Plaintiff and Lead Counsel believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims asserted therein. However, Lead Plaintiff and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial and through appeals. Lead Plaintiff and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the

difficulties and delays inherent in such litigation. Lead Plaintiff and Lead Counsel also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Litigation. Lead Plaintiff and Lead Counsel believe that the Settlement set forth in this Stipulation confers substantial benefits upon the Class. Based on their evaluation, Lead Plaintiff and Lead Counsel have determined that the Settlement set forth in this Stipulation is in the best interests of Lead Plaintiff and the Class.

#### **IV. TERMS OF THE STIPULATION AND AGREEMENT OF SETTLEMENT**

Without any concession by Lead Plaintiff that the Litigation lacks merit, and without any concession by Defendants of any liability or wrongdoing or lack of merit in their defenses, NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Lead Plaintiff (for himself and the Class Members) and Defendants, by and through their counsel or attorneys of record, that, subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, the Litigation and the Released Claims shall be finally and fully compromised, settled, and released, and the Litigation shall be dismissed with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of this Stipulation, as follows:

##### **1. Definitions**

As used in this Stipulation the following terms, when capitalized, have the meanings specified below:

1.1 “Authorized Claimant” means any Class Member who submits a valid Claim to the Claims Administrator that is accepted for payment.

1.2 “Chiasma Defendants” means, collectively, Chiasma and the Individual Defendants.

1.3 “Claim(s)” means a paper claim submitted on a Proof of Claim and Release form or an electronic claim that is submitted to the Claims Administrator.

1.4 “Claims Administrator” means the firm of Gilardi & Co. LLC.

1.5 “Class” means all Persons who purchased or acquired common stock issued by Chiasma on or before June 9, 2016, pursuant or traceable to Chiasma’s IPO held on or about July 15, 2015. Excluded from the Class are: Defendants, the present and former officers and directors of Defendants, members of the immediate family of any Individual Defendant and the legal representatives, heirs, successors or assigns of any of the foregoing, and any entity in which Defendants have or had a controlling interest during the Class Period. Also excluded from the Class is any Class Member that validly and timely requests exclusion in accordance with the requirements set by the Court.

1.6 “Class Member” or “Member of the Class” mean a Person who falls within the definition of the Class as set forth in ¶1.5 above.

1.7 “Class Period” means the period from July 15, 2015 through June 9, 2016.

1.8 “Defendants” means, collectively, Chiasma, the Individual Defendants and the Underwriter Defendants.

1.9 “Defendants’ Counsel” means, collectively, the law firms of Goodwin Procter LLP, Foley Hoag LLP and Shearman & Sterling LLP.

1.10 “Effective Date,” or the date upon which this Settlement becomes “effective,” means the first date by which all of the events and conditions specified in ¶7.1 of the Stipulation have been met and have occurred or have been waived.

1.11 “Escrow Agent” means the law firm of Robbins Geller Rudman & Dowd LLP or its successor(s).

1.12 “Final” means when the last of the following with respect to the Judgment shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) without any such motion having been filed; (ii) the expiration of the time for the filing or noticing of any appeal from the Judgment without any such filing or noticing having been made; and (iii) if a motion to alter or amend is filed or if an appeal is taken, the final determination of that motion or appeal such that no further judicial review or appeal is permitted, whether by reason of affirmance by a court of last resort, expiration of time for any further judicial

review, final dismissal of the appeal or otherwise in such a manner as to permit the consummation of the Settlement. For purposes of this paragraph, an “appeal” shall include any motion for reconsideration or petition for a writ of *certiorari* or other writ that may be filed in connection with approval or disapproval of this Settlement. Any appeal or proceeding seeking subsequent judicial review pertaining solely to an order issued with respect to: (i) attorneys’ fees, costs, or expenses, (ii) the Plan of Allocation (as submitted or subsequently modified), or (iii) the procedures for determining Authorized Claimants’ recognized claims, shall not in any way delay, affect, or preclude the time set forth above for the Judgment to become Final, or otherwise preclude the Judgment from becoming Final.

1.13 “Individual Defendants” means, collectively, Mark W. Leuchtenberger, Mark J. Fitzpatrick, David Stack, Dror Brandwein, Todd Foley, Ansbert Gadicke, Bard Geesaman, Vincent Miles, Scott Minick and John Scarlett.

1.14 “Judgment” means the Order and Final Judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B, as well as any form of final judgment that may be entered by the Court in a form other than the form attached hereto as Exhibit B and where none of the parties hereto elects to terminate this Settlement by reason of such variance.

1.15 “Lead Counsel” means, collectively, the law firms of Robbins Geller Rudman & Dowd LLP and Johnson Fistel, LLP.

1.16 “Lead Plaintiff” means Laurent Sberro.

1.17 “Lead Plaintiff’s Counsel” means any attorney or firm who has appeared in the Litigation on behalf of Lead Plaintiff or the Class.

1.18 “Liaison Counsel” means Hutchings Barsamian Mandelcorn, LLP.

1.19 “Litigation” means the action captioned *Gerneth v. Chiasma, Inc., et al.*, No. 1:16-cv-11082-DJC.

1.20 “Net Settlement Fund” means the Settlement Fund less: (i) any Court-awarded attorneys’ fees, expenses, and interest thereon; (ii) Notice and Administration Expenses; (iii) Taxes and Tax Expenses; and (iv) other Court-approved deductions.

1.21 “Person(s)” means an individual, corporation (including all divisions and subsidiaries), limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, limited liability company, 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 all of their respective spouses, heirs, beneficiaries, executors, administrators, predecessors, successors, representatives, or assignees.

1.22 “Plan of Allocation” means a plan or formula of allocation of the Net Settlement Fund whereby the Net Settlement Fund shall be distributed to Authorized Claimants, subject to the approval of the Court. Any Plan of Allocation is not part of this Stipulation and neither Defendants nor their Related Parties shall have any responsibility or liability with respect thereto.

1.23 “Proof of Claim and Release” means the Proof of Claim and Release form for submitting a Claim, which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit A-2, that a Class Member must complete and submit should that Class Member seek to share in a distribution of the Net Settlement Fund.

1.24 “Related Parties” means each Defendant’s respective former, present or future parents, subsidiaries, divisions and affiliates and the respective present and former employees, members, partners, principals, officers, directors, controlling shareholders, agents, attorneys, advisors, accountants, auditors, and insurers and reinsurers of each of them; and the predecessors, successors, estates, immediate family members, spouses, heirs, executors, trusts, trustees, administrators, agents, legal or personal representatives, assigns, and assignees of each of them, in their capacity as such.

1.25 “Released Claims” means any and all claims, demands, losses, rights, and causes of action of every nature and description whatsoever whether class or individual in nature, including both known claims and Unknown Claims, whether arising under federal, state, common or foreign law, by Lead Plaintiff, any Class Member, or their successors, assigns, executors, administrators, representatives, attorneys and agents, in their capacities as such, whether brought directly or indirectly against any of the Released Defendant Parties, that have been or could have been asserted

in the Litigation or could in the future be asserted in any forum, whether foreign or domestic, or which arise out of, are based upon, or relate in any way to (a) any of the allegations, acts, transactions, facts, events, matters, occurrences, statements, representations, misrepresentations, or omissions that were or could have been involved, set forth, alleged or referred to in this Litigation by Lead Plaintiff or Class Members, and (b) the purchase, acquisition, holding, sale or disposition of Chiasma common stock by Class Members during the Class Period pursuant or traceable to Chiasma's IPO. "Released Claims" does not include any claims to enforce the Settlement. "Released Claims" includes "Unknown Claims" as defined in ¶1.36 hereof.

1.26 "Released Defendants' Claims" means any and all claims and causes of action of every nature and description whatsoever, including both known claims and Unknown Claims, whether arising under federal, state, common or foreign law, or any other law, that Defendants could have asserted against any of the Releasing Plaintiff Parties that arise out of or relate in any way to the institution, prosecution, or settlement of the claims in the Litigation, except for claims relating to the enforcement of the Settlement.

1.27 "Released Defendant Party" or "Released Defendant Parties" mean Defendants, Defendants' Counsel, and each of their respective past, present or future subsidiaries, parents, divisions, affiliates, principals, and their and each of Defendants' and Defendants' Counsel's respective present or former principals, assigns, successors, predecessors, joint venturers, assigns, officers, directors, underwriters, trustees, partners, members, agents, fiduciaries, contractors, employees, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, estates, heirs, related or affiliated entities, any firm, trust, corporation or entity in which a Defendant has or had a controlling interest during the Class Period; the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants, as well as any trust of which an Individual Defendant is a settlor or which is for the benefit of an Individual Defendant and/or member(s) of his family, and each of the heirs, executors, administrators, predecessors, successors, and assigns of the foregoing.

1.28 “Releasing Plaintiff Party” or “Releasing Plaintiff Parties” mean each and every Class Member, Lead Plaintiff, Lead Counsel, Liaison Counsel, Lead Plaintiff’s Counsel, and each of their respective past or present trustees, officers, directors, partners, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors, affiliates, assigns, insurers, parents, subsidiaries, general or limited partners or partnerships, and limited liability companies; and the spouses, members of the immediate families, representatives, and heirs of any Releasing Plaintiff Party who is an individual, as well as any trust of which any Releasing Plaintiff Party is the settlor or which is for the benefit of any of their immediate family members. Releasing Plaintiff Parties do not include any Person who timely and validly seeks exclusion from the Class.

1.29 “Settlement” means the resolution of the Litigation in accordance with the terms and provisions of this Stipulation.

1.30 “Settlement Amount” means Eighteen Million Seven Hundred and Fifty Thousand Dollars (\$18,750,000.00) to be paid by check or wire transfer to the Escrow Agent pursuant to ¶2.2 of this Stipulation.

1.31 “Settlement Fund” means the Settlement Amount plus all interest and accretions thereto.

1.32 “Settlement Hearing” means the hearing set by the Court under Rule 23(e)(2) of the Federal Rules of Civil Procedure to consider final approval of the Settlement.

1.33 “Settling Parties” means, collectively, Defendants and Lead Plaintiff, on behalf of himself and the Class.

1.34 “Tax” or “Taxes” mean any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any governmental authority, including, but not limited to, any local, state, and federal taxes.

1.35 “Underwriter Defendants” means, collectively, Barclays Capital Inc., Cowen and Company, LLC, Oppenheimer & Co. Inc. and William Blair & Company, L.L.C.

1.36 “Unknown Claims” means (a) any and all Released Claims which the Releasing Plaintiff Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Defendant Parties, or might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, whether or not to object to this Settlement or seek exclusion from the Class; and (b) any and all Released Defendants’ Claims that the Released Defendant Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Lead Plaintiff, Lead Plaintiff’s Counsel, or any Class Members, which, if known by him, her, or it, might have affected his, her, or its settlement and release of Lead Plaintiff, Lead Plaintiff’s Counsel, or Class Members. With respect to any and all Released Claims and Released Defendants’ Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have expressly waived, to the fullest extent permitted by law, the provisions, rights, and benefits of California Civil Code §1542, which provides:

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

The Settling Parties shall expressly waive and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. The Releasing Plaintiff Parties and Released Defendant Parties acknowledge that they may hereafter discover facts in addition to or different from those which he, she, it or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims or Released Defendants’ Claims, but the Settling Parties shall expressly fully, finally, and forever

waive, compromise, settle, discharge, extinguish and release, and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date, and by operation of the Judgment shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any and all Released Claims and Released Defendants' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. The Settling Parties acknowledge, and the Releasing Plaintiff Parties and Released Defendant Parties shall be deemed by operation of the Judgment to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and is a material element of the Settlement.

**2. The Settlement**

2.1 The obligations incurred pursuant to the Stipulation are: (a) subject to approval by the Court and the Judgment, reflecting such approval, becoming Final; and (b) in full and final disposition of the Litigation with respect to the Releasing Plaintiff Parties and Released Defendant Parties and any and all Released Claims and Released Defendants' Claims.

**a. The Settlement Amount**

2.2 In full and final settlement of the claims asserted in the Litigation against Defendants and in consideration of the releases specified in ¶4 herein, Chiasma shall cause the Settlement Amount to be paid by check or wire transfer on or before twenty (20) business days after the Court grants preliminary approval of the Settlement, substantially in the form of Exhibit A attached hereto,

provided that Chiasma's counsel and all funding insurers are at or before such time in receipt of: (a) a fully executed copy of this Stipulation; (b) wire transfer and check delivery instructions; (c) payee name, telephone number, and address; and (d) a complete and executed Form W-9 for the Settlement Fund that reflects a valid tax identification number. The Escrow Agent shall deposit the Settlement Amount plus any accrued interest in a segregated escrow account (the "Escrow Account") maintained by the Escrow Agent.

2.3 If the entire Settlement Amount is not timely paid to the Escrow Agent, Lead Counsel may terminate the Settlement but only if: (i) Lead Counsel has notified Defendants' Counsel in writing of Lead Counsel's intention to terminate the Settlement, and (ii) the entire Settlement Amount is not transferred to the Escrow Account within fourteen (14) calendar days after Lead Counsel has provided such written notice.

2.4 Other than the obligation of Chiasma to cause to be paid the Settlement Amount into the Settlement Fund set forth in ¶2.2 herein, the Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to: (i) any act, omission, or determination by Lead Counsel or the Claims Administrator, or any of their respective designees, in connection with the administration of the Settlement or otherwise; (ii) the management, investment, or distribution of the Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration, calculation, or payment of any Claims asserted against the Settlement Fund; (v) any loss suffered by, or fluctuation in value of, the Settlement Fund; or (vi) the payment or withholding of any Taxes, expenses, and/or costs incurred in connection with the taxation of the Settlement Fund, distributions or other payments from the Escrow Account, or the filing of any federal, state, or local returns.

2.5 Other than the obligation of Chiasma to cause the payment of the Settlement Amount pursuant to ¶2.2, Defendants shall have no obligation to make any other payments into the Escrow Account, to any Class Member, or to Lead Plaintiff's Counsel pursuant to the Stipulation. For the avoidance of doubt, under no circumstance shall any Defendant other than Chiasma be required to pay, or cause to be paid, the Settlement Amount or any portion thereof.

**b. The Escrow Agent**

2.6 The Escrow Agent shall invest the Settlement Amount deposited pursuant to ¶2.2 hereof in United States Agency or Treasury Securities or other instruments backed by the Full Faith & Credit of the United States Government or an Agency thereof, or fully insured by the United States Government or an Agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. All risks related to the investment of the Settlement Fund in accordance with the investment guidelines set forth in this paragraph shall be borne by the Settlement Fund, and the Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to investment decisions or the actions of the Escrow Agent, or any transactions executed by the Escrow Agent.

2.7 The Escrow Agent shall not disburse the Settlement Fund except as provided in this Stipulation, by an order of the Court, or with the prior written agreement of Chiasma's counsel.

2.8 Subject to further order(s) and/or directions as may be made by the Court, or as provided in this Stipulation, the Escrow Agent is authorized to execute such transactions as are consistent with the terms of this Stipulation. The Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the actions of the Escrow Agent, or any transaction executed by the Escrow Agent.

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

2.10 Notwithstanding the fact that the Effective Date of the Settlement has not yet occurred, Lead Counsel may pay from the Settlement Fund, without further approval from Defendants and/or order of the Court, reasonable costs and expenses actually incurred in connection with providing notice of the Settlement to the Class by mail, publication and other means, locating Class Members, assisting with the submission of Claims, processing Proof of Claim and Release forms, administering the Settlement, and paying escrow taxes, fees and costs, if any ("Notice and Administration Expenses") actually incurred up to the sum of \$300,000.00. Prior to the Effective

Date, all such Notice and Administration Expenses in excess of \$300,000.00 shall be paid from the Settlement Fund subject to prior approval of the Court. After the Effective Date, Notice and Administration Expenses may be paid as incurred, without approval of Defendants or further order of the Court.

2.11 It shall be Lead Counsel's responsibility to disseminate the Notice, Proof of Claim and Release, and Summary Notice to the Class in accordance with this Stipulation and as ordered by the Court. The Released Defendant Parties shall have no responsibility for or liability whatsoever with respect to the Notice and Administration Expenses, nor shall they have any responsibility or liability whatsoever for any claims with respect thereto.

**c. Taxes**

2.12 (a) The Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. §1.468B-1, and the regulations promulgated thereunder. The Settling Parties and the Escrow Agent further agree that the Settlement Fund shall be established pursuant to the Court's subject matter jurisdiction within the meaning of Treas. Reg. §1.468B-1(c)(1). In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this ¶2.12, including the "relation-back election" (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

(b) For the purpose of §468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the "administrator" (as defined in Treas. Reg. §1.468B-2(k)(3)) shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other federal, state, or local tax returns necessary or advisable with respect to the earnings on the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the elections described in ¶2.12(a) hereof) shall be

consistent with this ¶2.12 and in all events shall reflect that all Taxes (including any estimated Taxes, interest, or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.12(c) hereof.

(c) All (i) Taxes (including any estimated Taxes, interest, or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon the Released Defendant Parties or their counsel with respect to any income earned by the Settlement Fund for any period, after the deposit of the Settlement Amount, during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes, and (ii) expenses and costs incurred in connection with the operation and implementation of this ¶2.12 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this ¶2.12) (“Tax Expenses”), shall be paid out of the Settlement Fund; in all events the Released Defendant Parties and their counsel shall have no liability or responsibility whatsoever for the Taxes or the Tax Expenses. The Escrow Agent, through the Settlement Fund, shall indemnify and hold each of the Released Defendant Parties and their counsel harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order from the Court and the Escrow Agent shall be authorized (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(l)(2)); neither the Released Defendant Parties nor their counsel are responsible nor shall they have any liability for any Taxes or Tax Expenses, nor for the filing of any tax returns or other documents with the Internal Revenue Service or any other taxing authority, nor any expenses associated therewith. The Settling Parties hereto agree to cooperate with

the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this ¶2.12.

2.13 This is not a claims-made settlement. As of the Effective Date, the Released Defendant Parties, and/or any other Person funding the Settlement on their behalf, shall not have any right to the return of the Settlement Fund or any portion thereof for any reason, and shall not have liability should Claims made exceed the amount available in the Settlement Fund for payment of such Claims. The Released Defendant Parties shall not be liable for the loss of any portion of the Settlement Fund, nor have any liability, obligation, or responsibility for the payment of Claims, Taxes, legal fees, or any other expenses payable from the Settlement Fund.

**d. Termination of Settlement**

2.14 In the event that this Stipulation is not approved or the Settlement is not approved, or is terminated, canceled, or the Effective Date otherwise fails to occur for any reason, including, without limitation, in the event the Judgment is reversed or vacated or materially altered following any appeal taken therefrom, or is successfully collaterally attacked, the Settlement Fund less Notice and Administration Expenses or Taxes or Tax Expenses actually paid, incurred, or due and owing pursuant to ¶¶2.10 and 2.12 hereof in connection with the Settlement provided for herein, shall be refunded pursuant to written instructions from Chiasma's counsel in accordance with ¶7.6 herein. At the request of Chiasma's counsel, the Escrow Agent or its designees shall apply for any tax refund owed on the amounts in the Escrow Account or pay the proceeds, after any deduction of any fees or expenses incurred in connection with such application(s), of such refund to the Person(s) that made the deposits or as otherwise directed.

**3. Preliminary Approval Order and Settlement Hearing**

3.1 Immediately following execution of this Stipulation, Lead Counsel shall submit this Stipulation together with its Exhibits to the Court and shall apply for entry of an order (the "Preliminary Approval Order"), substantially in the form of Exhibit A attached hereto, requesting, *inter alia*, certification of the Class for settlement purposes only, the preliminary approval of the Settlement set forth in this Stipulation and approval for the mailing of a settlement notice (the

“Notice”) and publication of a summary notice (“Summary Notice”), substantially in the forms of Exhibits A-1 and A-3 attached hereto. The Notice shall include the general terms of the Settlement set forth in this Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application, as defined in ¶6.1 hereof, and the date of the Settlement Hearing as defined below.

3.2 Chiasma shall provide to the Claims Administrator, at no cost to Lead Plaintiff or the Class, within ten (10) business days of the date of entry of the Preliminary Approval Order or any other order directing notice to the Class, reasonably available transfer records in electronic searchable form, such as Excel, containing the names and addresses of Persons who purchased or acquired Chiasma common stock during the Class Period pursuant or traceable to the IPO. It shall be solely Lead Counsel’s responsibility to disseminate the Notice and Summary Notice to the Class in accordance with this Stipulation and as ordered by the Court. Class Members shall have no recourse as to the Released Defendant Parties with respect to any claims they may have that arise from any failure of the notice process.

3.3 Lead Counsel shall request that, after notice is given and not earlier than ninety (90) calendar days after the later of the dates on which the appropriate Federal official and the appropriate State officials are provided with notice pursuant to the Class Action Fairness Act of 2005, 28 U.S.C. §1715 *et seq.* (“CAFA”) as set forth in ¶3.4 below, the Court hold a hearing (the “Settlement Hearing”) and approve the Settlement of the Litigation as set forth herein. At or after the Settlement Hearing, Lead Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

3.4 Defendants shall no later than ten (10) calendar days following the filing of this Stipulation with the Court serve upon the appropriate State official of each State in which a Class Member resides and the Attorney General of the United States a notice of the proposed Settlement in compliance with the requirements of CAFA. Defendants are solely responsible for the costs of the CAFA notice and administering the CAFA notice.

#### **4. Releases**

4.1 Upon the Effective Date, as defined in ¶1.10 hereof, Lead Plaintiff shall, and each and every Releasing Plaintiff Party shall be deemed to have fully, finally, and forever waived, released, discharged, and dismissed each and every one of the Released Claims against each and every one of the Released Defendant Parties and shall forever be barred and enjoined from commencing, instituting, prosecuting, or maintaining any and all of the Released Claims against any and all of the Released Defendant Parties, whether or not such Releasing Plaintiff Party executes and delivers the Proof of Claim and Release or shares in the Net Settlement Fund. Claims to enforce the terms of this Stipulation are not released.

4.2 Any Proof of Claim and Release that is executed by Class Members shall release all Released Claims against the Released Defendant Parties and shall be substantially in the form contained in Exhibit A-2 attached hereto.

4.3 Upon the Effective Date, the Releasing Plaintiff Parties will be forever barred and enjoined from commencing, instituting, prosecuting, or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, or administrative forum, asserting the Released Claims against any of the Released Defendant Parties.

4.4 Upon the Effective Date, each of the Released Defendant Parties shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Defendants' Claims against the Releasing Plaintiff Parties. Claims to enforce the terms of this Stipulation are not released.

#### **5. Administration and Calculation of Claims, Final Awards, and Supervision and Distribution of the Settlement Fund**

5.1 The Claims Administrator, subject to such supervision and direction of Lead Counsel and the Court as may be necessary or as circumstances may require, shall administer and calculate the Claims submitted by Class Members and shall oversee distribution of the Net Settlement Fund to Authorized Claimants. Other than Chiasma's obligation to provide its securities holders' records as provided in ¶3.2 above, the Released Defendant Parties and Defendants' Counsel shall have no

responsibility for or interest in whatsoever with respect to the administration of the Settlement or the actions or decisions of the Claims Administrator, and shall have no liability whatsoever to the Releasing Plaintiff Parties, including Lead Plaintiff, any other Class Members, or Lead Counsel, in connection with such administration, including, but not limited to: (i) any act, omission, or determination by Lead Counsel, the Escrow Agent, and/or the Claims Administrator, or any of their respective designees or agents, in connection with the administration of the Settlement or otherwise; (ii) the management or investment of the Settlement Fund or the Net Settlement Fund, or the distribution of the Net Settlement Fund; (iii) the Plan of Allocation; (iv) the determination, administration, calculation, or payment of any Claims asserted against the Settlement Fund; (v) any losses suffered by, or fluctuations in value of, the Settlement Fund; or (vi) the payment or withholding of any taxes, expenses, and/or costs incurred with the taxation of the Settlement Fund or the filing of any federal, state, or local returns.

5.2 The Settlement Fund shall be applied as follows:

- (a) to pay all Notice and Administration Expenses;
- (b) to pay the Taxes and Tax Expenses;
- (c) to pay attorneys' fees and expenses of Lead Plaintiff's Counsel (the "Fee and Expense Award"), and to pay any award to Lead Plaintiff pursuant to 15 U.S.C. §77z-1(a)(4) in connection with his representation of the Class, if and to the extent allowed by the Court; and
- (d) after the Effective Date, to distribute the Net Settlement Fund to Authorized Claimants as provided by this Stipulation, the Plan of Allocation, or the orders of the Court.

5.3 After the Effective Date, and in accordance with the terms of this Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the following provisions of this Stipulation.

5.4 Within one hundred-twenty (120) calendar days after the mailing of the Notice or such other time as may be set by the Court, each Class Member shall be required to submit to the Claims Administrator a completed Proof of Claim and Release, substantially in the form of Exhibit

A-2 attached hereto, signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim and Release.

5.5 Except as otherwise ordered by the Court, all Class Members who fail to timely submit a valid Proof of Claim and Release within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to this Stipulation and the Settlement set forth herein, but will in all other respects be subject to and bound by the provisions of this Stipulation, the releases contained herein, and the Judgment, and will be barred from bringing any action against the Released Defendant Parties concerning the Released Claims. Notwithstanding the foregoing, Lead Counsel shall have the discretion (but not an obligation) to accept late-submitted Claims for processing by the Claims Administrator so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed thereby. No Person shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator or any Class Member by reason of the exercise or non-exercise of such discretion.

5.6 Each Proof of Claim and Release shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine, in accordance with this Stipulation and the approved Plan of Allocation, the extent, if any, to which each Claim shall be allowed, subject to review by the Court pursuant to ¶5.8 below.

5.7 Proof of Claim and Release forms that do not meet the submission requirements may be rejected. Prior to rejecting a Proof of Claim and Release in whole or in part, the Claims Administrator shall communicate with the claimant in writing to give the claimant the chance to remedy any curable deficiencies in the Proof of Claim and Release submitted. The Claims Administrator, under the supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all claimants whose Claims the Claims Administrator proposes to reject in whole or in part for curable deficiencies, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose Claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of ¶5.8 below.

5.8 If any claimant whose timely Claim has been rejected in whole or in part for curable deficiency desires to contest such rejection, the claimant must, within twenty (20) calendar days after the date of mailing of the notice required in ¶5.7 above, or a lesser period of time if the Claim was untimely, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the claimant's request for review to the Court.

5.9 Each claimant who declines to be excluded from the Class shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant's Claim, including, but not limited to, all releases provided for herein and in the Judgment, and the Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to the claimant's status as a Class Member and the validity and amount of the claimant's Claim. In connection with processing the Proofs of Claim and Release, no discovery shall be allowed on the merits of the Litigation or the Settlement. All proceedings with respect to the administration, processing and determination of Claims and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Claims, shall be subject to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment. All Class Members, other claimants, and parties to this Settlement expressly waive trial by jury (to the extent any such right may exist) and any right of appeal or review with respect to such determinations.

5.10 The Preliminary Approval Order shall provide that requests for exclusion shall be received no later than twenty-one (21) calendar days prior to the Settlement Hearing. Upon receiving any request for exclusion pursuant to the Notice, the Claims Administrator shall as expeditiously as possible, and certainly no later than five (5) calendar days after receiving any request for exclusion or fifteen (15) calendar days prior to the Settlement Hearing, whichever is earlier, cause to be provided simultaneously to Lead Counsel and Defendants' Counsel copies of all requests for exclusion, and any written revocation of requests for exclusion.

5.11 Following the Effective Date, the Net Settlement Fund shall be distributed to the Authorized Claimants substantially in accordance with the Plan of Allocation set forth in the Notice and approved by the Court. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00. If there is any balance remaining in the Net Settlement Fund after a reasonable period of time after the date of the distribution of the Net Settlement Fund, Lead Counsel shall, if feasible, reallocate such balance among Authorized Claimants who negotiated the checks sent in the initial distribution and who would receive a minimum of \$10.00. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is *de minimis*. Any *de minimis* balance that still remains in the Net Settlement Fund after such reallocation(s) and payments, which is not feasible or economical to reallocate, shall be donated to any appropriate non-sectarian, non-profit charitable organization(s) serving the public interest selected by Lead Counsel.

5.12 The Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of Claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection therewith. No Person shall have any claim of any kind against the Released Defendant Parties with respect to the matters set forth in ¶¶5.1-5.14 hereof; and the Releasing Plaintiff Parties release the Released Defendant Parties from any and all liability and claims arising from or with respect to the administration, investment, or distribution of the Settlement Fund.

5.13 No Person shall have any claim against the Released Defendant Parties, Lead Plaintiff, Lead Plaintiff's Counsel or the Claims Administrator, or any other Person designated by Lead Counsel based on determinations or distributions made substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

5.14 It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund, including, but not limited to, any adjustments to an

Authorized Claimant's Claim set forth therein, is not a part of this Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in this Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel this Stipulation or affect the finality of the Court's Judgment approving this Stipulation and the Settlement set forth herein, or any other orders entered pursuant to the Stipulation.

**6. Lead Plaintiff's Counsel's Attorneys' Fees and Expenses**

6.1 Lead Counsel may submit an application or applications (the "Fee and Expense Application") from the Settlement Fund for: (a) an award of attorneys' fees; plus (b) expenses or charges in connection with prosecuting the Litigation; plus (c) any interest earned on such attorneys' fees and expenses at the same rate and for the same periods as earned by the Settlement Fund (until paid) as may be awarded by the Court. An application for fees and expenses may include a request for an amount to Lead Plaintiff pursuant to 15 U.S.C. §77z-1(a)(4) in connection with his representation of the Class. Lead Counsel reserves the right to make additional applications for fees and expenses incurred.

6.2 The amount of attorneys' fees and expenses awarded by the Court is within the sole discretion of the Court. Any fees and expenses, as awarded by the Court, shall be paid to Lead Counsel from the Settlement Fund, as ordered, immediately after the Court executes the Judgment and an order awarding such fees and expenses, notwithstanding the existence of any timely filed objections thereto or to the Settlement, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. Lead Counsel may thereafter allocate the attorneys' fees among Lead Plaintiff's Counsel in a manner in which it in good faith believes reflects the contributions of such counsel to the initiation, prosecution, and resolution of the Litigation.

6.3 In the event that the Effective Date does not occur, or the Judgment or the order making the Fee and Expense Award is reversed or modified, or this Stipulation is canceled or terminated for any other reason, and such reversal, modification, cancellation or termination becomes Final and not subject to review, and in the event that the Fee and Expense Award has been

paid to any extent, then Lead Counsel, including its respective partners and/or shareholders, and such other Lead Plaintiff's Counsel, including their law firms, partners, and/or shareholders, and Lead Plaintiff who have received any portion of the Fee and Expense Award shall, within five (5) business days from receiving notice from Defendants' Counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund all such fees and expenses previously paid to them from the Settlement Fund plus the interest earned thereon in an amount consistent with such reversal, modification, cancellation or termination. Any refunds required pursuant to ¶6.3 shall be the several obligation of Lead Plaintiff's Counsel, including their law firms, partners, and/or shareholders, and Lead Plaintiff that received fees or expenses to make appropriate refunds or repayments to the Settlement Fund. Each such Lead Plaintiff's Counsel or Lead Plaintiff receiving fees and expenses, as a condition of receiving such fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that (a) such Person and its partners, shareholders, and/or members are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph, and (b) are severally liable for the full amount of all fees, expenses, and costs paid from the Settlement Fund. Without limitation, Lead Plaintiff's Counsel and Lead Plaintiff and their partners, shareholders, and/or members agree that the Court may, upon application of Defendants and notice to Lead Counsel and Lead Plaintiff's Counsel, summarily issue orders, including, but not limited to, judgments and attachment orders, and may make appropriate findings of or sanctions for contempt, should such law firms or their partners, shareholders, or members fail to timely repay fees and expenses pursuant to this paragraph.

6.4 The procedure for and the allowance or disallowance by the Court of any applications by any Lead Plaintiff's Counsel for attorneys' fees and expenses to be paid out of the Settlement Fund is not part of the Settlement set forth in this Stipulation, and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in this Stipulation, and shall have no effect on the terms of the Stipulation or on the validity or enforceability of this Settlement. The approval of the Settlement, and it becoming Final, shall not be contingent on the award of attorneys' fees and expenses, any award to Lead

Plaintiff, Lead Counsel, or Lead Plaintiff's Counsel, nor any appeals to such awards. Any order or proceeding relating to the Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel this Stipulation, or affect or delay the finality of the Judgment approving this Stipulation and the Settlement of the Litigation set forth therein.

6.5 Any fees and/or expenses awarded by the Court shall be paid solely from the Settlement Fund. With the sole exception of Chiasma's obligation to cause the Settlement Amount to be paid into the Escrow Account as provided for in ¶2.2, the Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, any payment of attorneys' fees and/or expenses (including Taxes) to Lead Plaintiff's Counsel, or any other counsel or Person who receives payment from the Net Settlement Fund.

6.6 The Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, the allocation among Lead Plaintiff's Counsel and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation.

6.7 The Released Defendant Parties shall have no responsibility for, and no liability whatsoever with respect to, any attorneys' fees, costs, or expenses (including Taxes) incurred by or on behalf of any Class Member, whether or not paid from the Escrow Account.

**7. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination**

7.1 The Effective Date of the Settlement shall be conditioned on the occurrence of all of the following events:

- (a) the Court has entered the Preliminary Approval Order or any other order directing notice to the Class, as required by ¶3.1 hereof;
- (b) the Settlement Amount has been deposited into the Escrow Account;
- (c) Chiasma has not exercised its option to terminate the Stipulation pursuant to ¶7.3 hereof;

(d) the Court has entered the Judgment following notice to the Class and the Settlement Hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure; and

(e) the Judgment has become Final, as defined in ¶1.12 hereof.

7.2 Upon the Effective Date, any and all remaining interest or right of the Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If the conditions specified in ¶7.1 hereof are not met, then the Settlement shall be canceled and terminated subject to ¶¶7.6, 7.7 and 7.8 hereof unless Lead Counsel and counsel for the Defendants mutually agree in writing to proceed with the Settlement.

7.3 Chiasma shall have the right to terminate the Settlement and render it null and void in the event that Class Members who purchased or otherwise acquired more than a certain percentage of Chiasma common stock subject to this Settlement exclude themselves from the Class, as set forth in a separate agreement (the “Supplemental Agreement”) executed between Lead Plaintiff and Defendants, by and through their counsel. The Settling Parties agree to maintain the confidentiality of the Supplemental Agreement, which is being executed concurrently herewith. The Supplemental Agreement shall not be filed with the Court unless and until: a dispute arises as to its terms, or as otherwise ordered by the Court, nor shall the Supplemental Agreement otherwise be disclosed unless ordered by the Court. If submission of the Supplemental Agreement required for resolution of a dispute or is ordered by the Court, the Settling Parties will seek to have the Supplemental Agreement submitted to the Court *in camera* or filed under seal, but such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Court so as to preserve the confidentiality of the Supplemental Agreement, particularly the threshold aggregate number of shares.

7.4 Lead Plaintiff and Defendants each shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so (“Termination Notice”) to all other parties hereto within thirty (30) calendar days of: (a) the Court’s final non-appealable refusal to enter the Preliminary Approval Order in any respect that the terminating party reasonably and in good faith believes is materially adverse to it; (b) the Court’s final non-appealable refusal to

approve this Stipulation or any material part of it that the terminating party reasonably and in good faith believes is materially adverse to it; (c) the Court's final non-appealable refusal to enter the Judgment in any respect that the terminating party reasonably and in good faith believes is materially adverse to it; or (d) the date upon which the Judgment is modified or reversed in any respect that the terminating party reasonably and in good faith believes is materially adverse to it by the Court, the U.S. Court of Appeals for the First Circuit, or the Supreme Court of the United States. For avoidance of doubt, no order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any attorney's fees, expenses, and interest awarded by the Court to Lead Counsel or Lead Plaintiff shall operate to terminate or cancel this Stipulation or constitute grounds for cancellation or termination of the Stipulation.

7.5 If, before the Settlement becomes Final, Chiasma files for protection under the Bankruptcy Code, or any similar law, or a trustee, receiver, conservator, or other fiduciary is appointed under bankruptcy, or any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the transfer of money or any portion thereof to the Escrow Agent by Defendants to be a preference, voidable transfer, fraudulent transfer or similar transaction under Title 11 of the United States Code (Bankruptcy) or applicable state law and any portion thereof is required to be returned to Defendants out of the Escrow Account, and such amount is not promptly placed in the Escrow Account by others, then, at the election of Lead Plaintiff, the Settling Parties shall jointly move the Court to vacate and set aside the Judgment, including the releases pursuant thereto, and the Settlement and this Stipulation shall terminate, and the Settling Parties shall be restored to their respective positions in the Litigation as of December 20, 2018.

7.6 Unless otherwise ordered by the Court, in the event this Stipulation is not approved or this Stipulation or the Settlement is terminated, or canceled, or the Effective Date otherwise fails to occur for any reason, including, without limitation, in the event the Judgment is reversed or vacated or materially altered following any appeal taken therefrom, or is successfully collaterally attacked, within ten (10) business days after written notification of such event is sent by Defendants' Counsel or Lead Counsel to the Escrow Agent, the Settlement Fund, less Taxes, Tax Expenses and Notice

and Administration Expenses which have either been disbursed pursuant to ¶¶2.10 and/or 2.12 hereof, or are chargeable to the Settlement Fund pursuant to ¶¶2.10 and/or 2.12 hereof, shall be refunded by the Escrow Agent to the Persons who contributed to the Settlement Fund in proportion to their respective contribution. Such refunds shall be pursuant to written instructions from Chiasma's counsel. The Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Amount and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund to the same Persons in the same manner as the Settlement Fund described in this ¶7.6. Such payments shall be pursuant to written instructions from Chiasma's counsel.

7.7 In the event that this Stipulation is not approved or this Stipulation or the Settlement is terminated, canceled, or the Effective Date otherwise fails to occur for any reason, the Settling Parties shall be restored to their respective positions in the Litigation as of December 20, 2018. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶1.1-1.36, 2.8-2.10, 2.12-2.14, 6.3-6.4, 7.4-7.7, and 9.5 hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or any Fee and Expense Award shall operate to terminate or cancel this Stipulation or constitute grounds for cancellation or termination of this Stipulation.

7.8 If the Effective Date does not occur, or if this Stipulation is terminated pursuant to its terms, neither Lead Plaintiff nor Lead Plaintiff's Counsel shall have any obligation to repay any amounts disbursed pursuant to ¶¶2.10 or 2.12. In addition, any amounts already incurred pursuant to ¶¶2.10 or 2.12 hereof at the time of such termination or cancellation but which have not been paid, shall be paid by the Escrow Agent in accordance with the terms of this Stipulation prior to the balance being refunded in accordance with ¶¶2.14 and 7.6 hereof.

**8. No Admission of Wrongdoing**

8.1 Neither the Settlement, this Stipulation (whether or not consummated), including the Exhibits hereto and the Plan of Allocation contained therein (or any other plan of allocation that may be approved by the Court), the negotiations leading to the execution of this Stipulation and the Settlement, nor any proceedings taken pursuant to or in connection with this Stipulation, and/or approval of the Settlement (including any arguments proffered in connection therewith):

(a) shall be offered or received against or to the prejudice of any Defendant as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by any Defendant of the truth of any allegations by Lead Plaintiff or any Member of the Class or the validity of any claim that has been or could have been asserted in the Litigation, or the deficiency of any defense that has been or could have been asserted in the Litigation or in any other litigation, including, but not limited to, litigation of the Released Claims, or of any liability, negligence, fault, or wrongdoing of any kind of any of the Defendants or in any way referred to for any other reason as against or to the prejudice of any of the Defendants, in any civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Stipulation;

(b) shall be offered or received against or to the prejudice of any Defendant as evidence of a presumption, concession, or admission of any fault, misrepresentations, or omission with respect to any statement or written document approved or made by any Defendant, or against or to the prejudice of Lead Plaintiff or any Member of the Class as evidence of any infirmity in the claims of Lead Plaintiff and the Class;

(c) shall be offered or received against or to the prejudice of any Defendant as evidence of a presumption, concession, or admission of any liability, negligence, fault, or wrongdoing, or in any way referred to for any other reason as against or to the prejudice of any of the parties to this Stipulation, in any other civil, criminal, or administrative action or proceeding; provided, however, that if this Stipulation is approved by the Court, Defendants and their Related Parties may refer to it to effectuate the release granted them hereunder; or

(d) shall be construed against or to the prejudice of Defendants, Lead Plaintiff, or the Class as evidence of a presumption, concession or admission that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial or in any proceeding other than this Settlement.

**9. Miscellaneous Provisions**

9.1 The Settling Parties: (a) acknowledge that it is their intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of this Stipulation.

9.2 The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Litigation. The Settlement compromises all claims that were asserted or that could have been asserted by the Settling Parties with respect to the Released Claims and Released Defendants' Claims, and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense. The Judgment will contain a finding that, during the course of the Litigation, the Settling Parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. The Settling Parties agree that the Settlement Amount and the other terms of the Settlement were negotiated in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum regarding the Litigation, including that the Litigation was brought or defended in bad faith or without a reasonable basis.

9.3 Defendants and/or the Released Defendant Parties may file this Stipulation and/or the Judgment from this action in any other action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, statute of limitations, statute of repose, good faith settlement, judgment bar or reduction, or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to effectuate any liability protection under any applicable insurance policy. The Settling Parties may file this Stipulation

and/or the Judgment in any action that may be brought to enforce the terms of this Stipulation and/or Judgment. All Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement.

9.4 All agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Stipulation.

9.5 All of the Exhibits to this Stipulation and the Supplemental Agreement are material and integral parts hereof and are fully incorporated herein by this reference.

9.6 This Stipulation, along with its Exhibits and the Supplemental Agreement, may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

9.7 This Stipulation and the Exhibits attached hereto together with the Supplemental Agreement constitute the entire agreement among the Settling Parties hereto as to the subject matter hereof and supersede any prior or contemporaneous written or oral agreements or understandings between the Settling Parties. No representations, warranties, or inducements have been made to any party concerning this Stipulation, its Exhibits, or the Supplemental Agreement, other than the representations, warranties, and covenants contained and memorialized in such documents.

9.8 If any disputes arise out of the finalization of the settlement documentation or the Settlement itself prior to submission to the Court of the application for preliminary approval of the Settlement, those disputes will be resolved by Mr. Lindstrom first by way of expedited telephonic mediation and, if unsuccessful, then by the Court, with the fees and expenses of Mr. Lindstrom to be divided equally between Lead Plaintiff on the one hand and Defendants on the other.

9.9 Except as otherwise provided herein, each party shall bear his, her, or its own fees and costs. This paragraph shall not alter or amend any previously-agreed-upon indemnification agreements between and among Defendants.

9.10 Lead Counsel, on behalf of the Class, is expressly authorized by Lead Plaintiff to take all appropriate action required or permitted to be taken by the Class pursuant to this Stipulation to

effectuate its terms and also is expressly authorized to enter into any modifications or amendments to this Stipulation on behalf of the Class which it deems appropriate.

9.11 Each counsel or other Person executing this Stipulation, its Exhibits, the Supplemental Agreement, or any related Settlement document, on behalf of any party hereto hereby warrants that such Person has the full authority to do so, and that they have the authority to take appropriate action required or permitted to be taken pursuant to the Stipulation to effectuate its terms, without requiring additional consent, approval, or authorization of any other Person, board, entity, tribunal, or other regulatory or governmental authority.

9.12 This Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of executed counterparts shall be filed with the Court. Signatures sent by facsimile or pdf'd via e-mail shall be deemed originals.

9.13 All notices, requests, demands, claims, and other communications hereunder shall be in writing and shall be deemed duly given (i) when delivered personally to the recipient, (ii) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid), or (iii) seven (7) business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

***If to Lead Plaintiff or to Lead Counsel:***

ROBBINS GELLER RUDMAN  
& DOWD LLP  
ELLEN GUSIKOFF STEWART  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
JOHNSON FISTEL, LLP  
MICHAEL I. FISTEL, JR.  
40 Powder Springs Street  
Marietta, GA 30064

***If to the Chiasma Defendants or to the Chiasma Defendants' Counsel:***

GOODWIN PROCTER LLP  
DEBORAH S. BIRNBACH  
100 Northern Avenue  
Boston, MA 02210

*If to the Underwriter Defendants or to the Underwriter Defendants' Counsel:*

SHEARMAN & STERLING LLP  
ADAM S. HAKKI  
599 Lexington Avenue  
New York, NY 10022

9.14 This Stipulation shall be binding upon, and inure to the benefit of, Defendants, Lead Plaintiff, all other Class Members, Released Defendant Parties, and Releasing Plaintiff Parties, as well as their respective heirs, executors, administrators, predecessors, successors, affiliates and assigns, in their capacities as such.

9.15 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of this Stipulation, and all Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation and matters related to the Settlement, except the Supplemental Agreement.

9.16 The waiver by one Settling Party of any breach of this Stipulation by any other party shall not be deemed a waiver by any other Settling Party or a waiver of any other prior or subsequent breach of this Stipulation.

9.17 Pending approval of the Court of this Stipulation and its Exhibits, all proceedings in this Litigation shall be stayed and all Members of the Class shall be barred and enjoined from prosecuting any of the Released Claims against any of the Released Defendant Parties.

9.18 This Stipulation, its Exhibits and the Supplemental Agreement shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the Commonwealth of Massachusetts and the rights and obligations of the parties to the Stipulation shall be construed and

enforced in accordance with, and governed by, the internal, substantive laws of Massachusetts without giving effect to its choice-of-law principles, except to the extent that federal law requires that federal law govern.

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

9.20 This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations between the Settling Parties and the Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

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

9.22 Unless otherwise provided, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation without further order of the Court.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated February 27, 2019.

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& DOWD LLP  
ELLEN GUSIKOFF STEWART  
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William Blair & Company, L.L.C.

# **EXHIBIT A**

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN J. GERNETH, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

CHIASMA, INC., et al.,

Defendants.

---

) No. 1:16-cv-11082-DJC

) CLASS ACTION

) [PROPOSED] ORDER PRELIMINARILY  
) APPROVING SETTLEMENT AND  
) PROVIDING FOR NOTICE

) EXHIBIT A

WHEREAS, an action pending before this Court is styled *Gerneth v. Chiasma, Inc., et al.*, No. 1:16-cv-11082-DJC (D. Mass.) (the “Litigation”);

WHEREAS, Lead Plaintiff having made a motion, pursuant to Federal Rule of Civil Procedure 23(e), for an order preliminarily approving the Settlement of this Litigation, in accordance with a Stipulation of Settlement, dated February 27, 2019 (the “Stipulation”), which, together with the Exhibits annexed thereto, sets forth the terms and conditions for a proposed Settlement of the Litigation between the Settling Parties and for dismissal of the Litigation against the Released Defendant Parties with prejudice upon the terms and conditions set forth therein; and the Court having read and considered (1) the motion for preliminary approval of the Settlement, and the papers filed and arguments made in connection therewith, and (2) the Stipulation and the Exhibits annexed thereto;

WHEREAS, the Settling Parties having consented to the entry of this Order; and

WHEREAS, unless otherwise defined, all terms used herein have the same meanings as set forth in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court has reviewed the Stipulation and does hereby preliminarily approve the Settlement set forth therein as fair, reasonable and adequate, subject to further consideration at the Final Approval Hearing described below.

2. Pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, and for purposes of this Settlement only, the Litigation is hereby preliminarily certified as a class action on behalf of all Persons who purchased or acquired common stock issued by Chiasma on or before June 9, 2016, pursuant or traceable to Chiasma’s initial public offering held on or about July 15, 2015. Excluded from the Class are: Defendants, the present and former officers and directors of

Defendants, members of the immediate family of any Individual Defendant and the legal representatives, heirs, successors or assigns of any of the foregoing, and any entity in which Defendants have or had a controlling interest during the Class Period.

3. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to the requirements described below and in the Notice of Pendency and Proposed Settlement of Class Action (“Notice”) to be sent to Class Members pursuant to this Order.

4. The Court finds, for the purposes of the Settlement only, that the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure have been satisfied in that: (a) the number of Class Members is so numerous that joinder of all members is impracticable; (b) there are questions of law and fact common to the Class Members; (c) the claims of the Lead Plaintiff are typical of the claims of the Class he seeks to represent; (d) Lead Plaintiff and Lead Counsel have and will fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to the Class Members predominate over any questions affecting only individual Class Members; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

5. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, and for the purposes of the Settlement only, Lead Plaintiff is preliminarily certified as the class representative and Lead Counsel Robbins Geller Rudman & Dowd LLP and Johnson Fistel, LLP are preliminarily appointed as class counsel.

6. The Court preliminarily finds that the proposed Settlement should be approved as: (i) it is the result of serious, extensive arm’s-length and non-collusive negotiations; (ii) falling within a range of reasonableness warranting final approval; (iii) having no obvious deficiencies; and

(iv) warranting notice of the proposed Settlement to Class Members and further consideration of the Settlement at the fairness hearing described below.

7. A hearing shall be held before this Court on \_\_\_\_\_, 2019, at \_\_\_\_\_.m. [a date that is approximately one hundred (100) calendar days from the date of this Order] (the “Final Approval Hearing”), at the John Joseph Moakley U.S. Courthouse, United States District Court for the District of Massachusetts, 1 Courthouse Way, Boston, Massachusetts 02210, to determine whether the proposed Settlement of the Litigation on the terms and conditions provided for in the Stipulation is fair, reasonable and adequate to the Class and should be approved by the Court; to determine whether an Order and Final Judgment as provided in ¶1.14 of the Stipulation should be entered dismissing the Litigation with prejudice against Defendants; to determine whether the proposed Plan of Allocation should be approved; to determine the amount of attorneys’ fees and expenses that should be awarded to Lead Plaintiff’s Counsel; to determine any award to Lead Plaintiff pursuant to 15 U.S.C. §77z-1(a)(4); to determine whether to grant final certification of the Class for purposes of the Settlement; to hear any objections by Class Members to: (i) the Settlement or Plan of Allocation; (ii) the award of attorneys’ fees and expenses to Lead Plaintiff’s Counsel; and (iii) the award to Lead Plaintiff pursuant to 15 U.S.C. §77z-1(a)(4); and to consider such other matters the Court deems appropriate. The Court may adjourn the Final Approval Hearing without further notice to the Class.

8. The Court approves the form, substance, and requirements of the Notice of Pendency and Proposed Settlement of Class Action (“Notice”) and Proof of Claim and Release form (“Proof of Claim”), substantially in the forms annexed hereto as Exhibits A-1 and A-2, respectively.

9. The Court approves the form of the Summary Notice, substantially in the form annexed hereto as Exhibit A-3.

10. The firm of Gilardi & Co. LLC (“Claims Administrator”) is hereby appointed to supervise and administer the notice procedure as well as the processing of claims as more fully set forth below.

11. Not later than \_\_\_\_\_, 2019 [a date twenty-one (21) calendar days after the Court signs and enters this Order] (the “Notice Date”), the Claims Administrator shall cause a copy of the Notice and Proof of Claim, substantially in the forms annexed hereto, to be mailed by First-Class Mail to all Class Members who can be identified with reasonable effort and to be posted on its website at [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com).

12. Not later than \_\_\_\_\_, 2019 [a date seven (7) calendar days after the Notice Date], the Claims Administrator shall cause the Summary Notice to be published once in *Investor’s Business Daily*, and once over a national newswire service.

13. At least seven (7) calendar days prior to the Final Approval Hearing, Lead Counsel shall serve on Defendants’ Counsel and file with the Court proof, by affidavit or declaration, of such mailing and publishing.

14. Nominees who purchased or otherwise acquired shares of Chiasma common stock pursuant or traceable to the Registration Statement and Prospectus for the Company’s July 15, 2015 initial public offering for the benefit of another Person during such time period shall be requested to send the Notice and Proof of Claim to such beneficial owners of Chiasma common stock within fourteen (14) business days after receipt thereof, or send a list of the names and addresses of such beneficial owners to the Claims Administrator within fourteen (14) business days of receipt thereof, in which event the Claims Administrator shall promptly mail the Notice and Proof of Claim to such beneficial owners.

15. The form and content of the notice program described herein and the methods set forth herein for notifying the Class of the Settlement and its terms and conditions, the Fee and Expense Application, and the Plan of Allocation meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, the Private Securities Litigation Reform Act of 1995 and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto.

16. All fees, costs, and expenses incurred in identifying and notifying Members of the Class shall be paid from the Settlement Fund and in no event shall any of the Released Defendant Parties bear any responsibility for such fees, costs, or expenses.

17. All Class Members (except Persons who request exclusion pursuant to ¶20 below) shall be bound by all determinations and judgments in the Litigation concerning the Settlement, including, but not limited to, the releases provided for therein, whether favorable or unfavorable to the Class, regardless of whether such Persons seek or obtain by any means, including, without limitation, by submitting a Proof of Claim or any similar document, any distribution from the Settlement Fund or the Net Settlement Fund.

18. Class Members who wish to participate in the Settlement shall complete and submit a Proof of Claim in accordance with the instructions contained therein. Unless the Court orders otherwise, all Proofs of Claim must be postmarked or submitted electronically no later than \_\_\_\_\_, 2019 [a date one hundred-twenty (120) calendar days from the Notice Date]. Any Class Member who does not submit a Proof of Claim within the time provided shall be barred from sharing in the distribution of the proceeds of the Net Settlement Fund, unless otherwise ordered by the Court, but shall nevertheless be bound by any final judgment entered by the Court. Notwithstanding the foregoing, Lead Counsel shall have the discretion (but not the obligation) to

accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund is not materially delayed thereby. No person shall have any claim against Lead Plaintiff, Lead Plaintiff's Counsel or the Claims Administrator by reason of the decision to exercise such discretion whether to accept late submitted claims.

19. Any Member of the Class may enter an appearance in the Litigation, at his, her, or its own expense, individually or through counsel of his, her, or its own choice. If they do not enter an appearance, they will be represented by Lead Counsel.

20. Any Person falling within the definition of the Class may, upon request, be excluded or "opt out" from the Class. Any such Person must submit to the Claims Administrator a request for exclusion ("Request for Exclusion"), by First-Class Mail, received no later than \_\_\_\_\_, 2019 [a date twenty-one (21) calendar days prior to the Final Approval Hearing]. A Request for Exclusion must be signed and state: (a) the name, address, and telephone number of the Person requesting exclusion; (b) all of the Person's purchases or acquisitions of Chiasma common stock pursuant or traceable to the Registration Statement and Prospectus for the Company's July 15, 2015 initial public offering and the sale of those shares, including the number of shares of Chiasma common stock purchased or acquired, the dates and the number of those shares sold, and the price received for each such sale; and (c) that the Person wishes to be excluded from the Class. All Persons who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph shall have no rights under the Stipulation, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the Stipulation or any final judgment. The Request for Exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

21. The Claims Administrator shall cause to be provided simultaneously to Lead Counsel and Defendants' Counsel copies of all Requests for Exclusion, and any written revocation of Requests for Exclusion, as expeditiously as possible, and certainly no later than five (5) calendar days after receiving any Request for Exclusion or fifteen (15) calendar days prior to the Final Approval Hearing, whichever is earlier.

22. Any Member of the Class may appear at the Final Approval Hearing and object if he, she, or it has any reason why the proposed Settlement of the Litigation should not be approved as fair, reasonable and adequate, or why a judgment should not be entered thereon, why the Plan of Allocation should not be approved, or why fees, costs, and expenses should not be awarded to Lead Plaintiff's Counsel or Lead Plaintiff; provided, however, that no Class Member or any other Person shall be heard at the Final Approval Hearing or entitled to contest the approval of the terms and conditions of the proposed Settlement, or, if approved, the Judgment to be entered thereon approving the same, or the order approving the Plan of Allocation, or any fees and expenses to be awarded to Lead Plaintiff's Counsel or Lead Plaintiff, unless the Person objecting has filed said written objections and copies of any papers and briefs with the Clerk of the United States District Court for the District of Massachusetts and mailed copies thereof by First-Class Mail to Robbins Geller Rudman & Dowd LLP, Ellen Gusikoff Stewart, 655 West Broadway, Suite 1900, San Diego, CA 92101, Johnson Fistel, LLP, Michael I. Fistel, Jr., 40 Powder Springs Street, Marietta, GA 30064, Goodwin Procter LLP, Deborah S. Birnbach, 100 Northern Avenue, Boston, MA 02210, and Shearman & Sterling LLP, Adam S. Hakki, 599 Lexington Avenue, New York, NY 10022, no later than \_\_\_\_\_, 2019 [a date twenty-one (21) calendar days prior to the Final Approval Hearing]. Any Member of the Class who does not make his, her, or its objection in the manner provided 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 proposed Settlement as incorporated in the Stipulation, to the Plan of Allocation, or to the award of fees, costs and expenses to Lead Plaintiff's Counsel or Lead Plaintiff, unless otherwise ordered by the Court. Attendance at the Final Approval Hearing is not necessary. However, Persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the application for an award of fees, costs, and expenses are required to indicate in their written objection their intention to appear at the hearing. Class Members do not need to appear at the Final Approval Hearing or take any other action to indicate their approval.

23. The passage of title and ownership of the Settlement Fund to the Escrow Agent in accordance with the terms and obligations of the Stipulation is approved. No person who is not a Class Member or Lead Counsel shall have any right to any portion of, or to any distribution of, the Net Settlement Fund unless otherwise ordered by the Court or otherwise provided in the Stipulation. As provided in the Stipulation, prior to the Effective Date, Lead Counsel may pay the Claims Administrator a portion of the reasonable fees and costs associated with giving notice to the Class and the review of claims and administration of the Settlement out of the Settlement Fund not to exceed \$300,000 without further approval from Defendants and without further order of the Court. In the event the Court does not approve the Settlement, or it otherwise fails to become effective, neither Lead Plaintiff nor Lead Counsel nor the Claims Administrator shall have any obligation to repay any amounts actually and properly incurred or disbursed pursuant to ¶¶2.10 or 2.12 of the Stipulation. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis*, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

24. All papers in support of the Settlement, Plan of Allocation, and any application by Lead Plaintiff's Counsel for attorneys' fees and expenses and Lead Plaintiff award shall be filed and served no later than \_\_\_\_\_, 2019 [a date thirty-five (35) calendar days prior to the Final Approval Hearing], and any reply papers shall be filed and served no later than \_\_\_\_\_, 2019 [a date seven (7) calendar days prior to the Final Approval Hearing].

25. The Released Defendant Parties shall have no responsibility for the Plan of Allocation or any application for attorneys' fees or expenses submitted by Lead Plaintiff's Counsel or Lead Plaintiff, and such matters will be considered by the Court separately from the fairness, reasonableness, and adequacy of the Settlement.

26. At or after the Final Approval Hearing, the Court shall determine whether the Plan of Allocation proposed by Lead Counsel, and any application for attorneys' fees and expenses, should be approved. The Court reserves the right to enter the Order and Final Judgment approving the Settlement regardless of whether it has approved the Plan or Allocation or awarded attorneys' fees and/or expenses.

27. Neither the Stipulation, nor any of its terms or provisions, nor any of the negotiations, discussions, proceedings connected with it, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement may be construed as an admission or concession by the Defendants or any other Released Defendant Parties of the truth of any of the allegations in the Litigation, or of any liability, fault, or wrongdoing of any kind, or offered or received in evidence, or otherwise used by any person in the Litigation, or in any other action or proceeding, whether civil, criminal, or administrative, in any court, administrative agency, or other tribunal, except in connection with any proceeding to enforce the terms of the Stipulation. The Released Defendant Parties, Lead Plaintiff, Class Members, and each of their counsel may file the

Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

28. All proceedings in the Litigation are stayed until further order of this Court, except as may be necessary to implement the Settlement or comply with the terms of the Stipulation. Pending final determination of whether the Settlement should be approved, neither the Lead Plaintiff nor any Class Member, either directly, representatively, or in any other capacity shall commence or prosecute against any of the Released Defendant Parties any action or proceeding in any court or tribunal asserting any of the Released Claims.

29. The Court reserves the right to alter the time or the date of the Final Approval Hearing without further notice to Class Members, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Settling Parties, if appropriate, without further notice to the Class.

30. If the Settlement fails to become effective as defined in the Stipulation or is terminated, then, in any such event, the Stipulation, including any amendment(s) thereof, except as expressly provided in the Stipulation, and this Order shall be null and void, of no further force or effect, and without prejudice to any Settling Party, and may not be introduced as evidence or used in

any actions or proceedings by any person or entity against the Settling Parties, and they shall be deemed to have reverted to their respective litigation positions as of December 20, 2018.

IT IS SO ORDERED.

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

\_\_\_\_\_  
THE HONORABLE DENISE J. CASPER  
UNITED STATES DISTRICT JUDGE

# **EXHIBIT A-1**

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN J. GERNETH, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

CHIASMA, INC., et al.,

Defendants.

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) No. 1:16-cv-11082-DJC

) CLASS ACTION

) NOTICE OF PENDENCY AND PROPOSED  
) SETTLEMENT OF CLASS ACTION

) EXHIBIT A-1

**TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED CHIASMA, INC. (“CHIASMA” OR THE “COMPANY”) COMMON STOCK ON OR BEFORE JUNE 9, 2016, PURSUANT OR TRACEABLE TO THE JULY 15, 2015 INITIAL PUBLIC OFFERING (“IPO”) (“CLASS” OR “CLASS MEMBERS”)<sup>1</sup>**

**IN ORDER TO QUALIFY FOR A SETTLEMENT PAYMENT, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”) BY \_\_\_\_\_, 2019.**

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

### **WHY SHOULD I READ THIS NOTICE?**

This Notice is given pursuant to an order issued by the United States District Court for the District of Massachusetts (the “Court”). This Notice serves to inform you of the proposed settlement of the above-captioned class action lawsuit for \$18,750,000 in cash (the “Settlement”) and the hearing (the “Settlement Fairness Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as set forth in the Stipulation of Settlement dated February 27, 2019 (the “Stipulation”), by and between Lead Plaintiff Laurent Sberro, on behalf of himself and the Class (as defined below), and Defendants Chiasma, Mark W. Leuchtenberger, Mark J. Fitzpatrick, David Stack, Dror Brandwein, Todd Foley, Ansbert Gadick, Bard Geesaman, Vincent Miles, Scott Minick and John Scarlett (the “Chiasma Defendants”), Barclays Capital Inc., Cowen and Company, LLC, William Blair & Company, L.L.C. and Oppenheimer & Co. Inc. (the “Underwriter Defendants”) (collectively, “Defendants”).<sup>2</sup>

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

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<sup>1</sup> For purposes of this Settlement only, the “Class” includes all persons or entities who purchased or otherwise acquired Chiasma common stock pursuant or traceable to Chiasma’s IPO held on or about July 15, 2015, on or but before June 9, 2016.

<sup>2</sup> The Stipulation can be viewed and/or downloaded at [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com). All capitalized terms used herein have the same meaning as the terms defined in the Stipulation.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>SUBMIT A PROOF OF CLAIM AND RELEASE</b>	The only way to be eligible to receive a payment from the Settlement. <b>Proofs of Claim and Release (“Proof of Claim”) must be postmarked (if mailed) or received (if submitted online) on or before _____, 2019.</b>
<b>EXCLUDE YOURSELF FROM THE SETTLEMENT BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION</b>	Get no payment. This is the only option that, assuming your claim is timely brought, <i>potentially</i> allows you to ever be part of any other lawsuit against any of the Defendants or any other Released Defendant Parties concerning the Released Claims. Should you elect to exclude yourself from the Class, you should understand that Defendants and the other Released Defendant Parties will have the right to assert any and all defenses they may have to any claims that you may seek to assert, including, without limitation, the defense that any such claims are untimely under applicable statutes of limitations and statutes of repose. <b>Exclusions must be received on or before _____, 2019.</b>
<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION</b>	Write to the Court about why you do not like the Settlement, the Plan of Allocation and/or the request for attorneys’ fees and expenses. You will still be a Member of the Class. <b>Objections must be received by the Court and counsel for the Settling Parties on or before _____, 2019.</b>
<b>GO TO THE HEARING ON _____, 2019, AND FILE A NOTICE OF INTENTION TO APPEAR</b>	Ask to speak in Court about the fairness of the Settlement. <b>Requests to speak must be received by the Court and counsel for the Settling Parties on or before _____, 2019. If you submit a written objection, you may (but you do not have to) attend the hearing.</b>
<b>DO NOTHING</b>	Receive no payment. You will, however, still be a Member of the Class, which means that you give up your right to ever be part of any other lawsuit against the Defendants or any other Released Defendant Parties about the legal claims being resolved by this Settlement and you will be bound by any judgments or orders entered by the Court in the Litigation.

## SUMMARY OF THIS NOTICE

### Description of the Litigation and the Class

This Notice relates to a proposed settlement of claims in a pending securities class action brought by Chiasma investors alleging, among other things, that Defendants violated the federal securities laws by making false and misleading statements in the Registration Statement for Chiasma's IPO. A more detailed description of the Litigation is set forth on pages \_\_\_\_ below. The proposed Settlement, if approved by the Court, will settle claims of the Class, as defined on pages \_\_\_\_ below.

### Statement of Class Recovery

Pursuant to the Settlement described herein, an \$18,750,000 settlement fund has been established (the "Settlement Amount"). The Settlement Amount and any interest earned thereon is the "Settlement Fund." The Settlement Fund, less (a) any taxes, (b) any Notice and Administration Expenses, and (c) any attorneys' fees and litigation expenses (including any award to Lead Plaintiff in connection with his representation of the Class) awarded by the Court, will be distributed to Class Members in accordance with a plan of allocation that is approved by the Court. The proposed plan of allocation (the "Plan of Allocation") is set forth on pages \_\_\_\_ below. Based on Lead Plaintiff's estimate of the number of shares of Chiasma common stock damaged during the Class Period, the average distribution per share under the Plan of Allocation is roughly \$0.83, before deduction of any taxes on the income earned on the Settlement Fund, Notice and Administration Expenses, and allowable attorneys' fees and expenses (including any Lead Plaintiff award) as determined by the Court. **Class Members should note, however, that these are only estimates.** A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's claims as compared to the total claims of all Class Members who submit acceptable Proofs of Claim. An individual Class Member may receive more or less than this estimated average amount. *See* Plan of Allocation set forth and discussed at pages \_\_\_\_ below for more information on the calculation of your claim.

### Statement of Potential Outcome of Case

The Settling Parties disagree on both liability and damages and do not agree on the amount of damages per share, if any, that would be recoverable if the Class prevailed on each claim alleged. Throughout this Litigation, Defendants have denied, and continue to deny, any and all allegations of fault, liability, wrongdoing, or damages whatsoever. Defendants deny that they are liable to the Class and deny that the Class has suffered any injury or damages. The issues on which the parties disagree are many, but include: (1) whether Defendants engaged in conduct that would give rise to any liability to the Class under the federal securities laws; (2) whether Defendants have valid defenses to any such claims of liability; (3) the appropriate economic model for determining the amount by which the price of Chiasma common stock was allegedly artificially inflated (if at all) during the Class Period; (4) the amount, if any, by which the price of Chiasma common stock was allegedly artificially inflated (if at all) during the Class Period; (5) the effect of various market forces on the price of Chiasma common stock at various times during the Class Period; (6) the extent to which external factors influenced the price of Chiasma common stock at various times during the Class Period; (7) the extent to which the various matters that Lead Plaintiff alleged were materially

false or misleading influenced (if at all) the price of Chiasma common stock at various times during the Class Period; and (8) the extent to which the various allegedly adverse material facts that Lead Plaintiff alleged were omitted influenced (if at all) the price of Chiasma common stock at various times during the Class Period.

### **Statement of Attorneys' Fees and Expenses Sought**

Lead Counsel will apply to the Court for an award of attorneys' fees not to exceed thirty percent (30%) of the Settlement Amount, plus expenses not to exceed \$250,000.00, plus interest earned on both amounts at the same rate as earned by the Settlement Fund. Since the Litigation's inception, Lead Counsel have expended considerable time and effort in the prosecution of this Litigation on a wholly contingent basis and have advanced the expenses of the Litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In addition, as part of that application, Lead Plaintiff may seek an amount not to exceed \$10,000 in connection with his representation of the Class. The requested attorneys' fees and expenses amount to an average cost of approximately \$0.26 per allegedly damaged Chiasma common share. The average cost per damaged share will vary depending on the number of acceptable Proofs of Claim submitted.

### **Further Information**

For further information regarding the Litigation, this Notice or to review the Stipulation, please contact the Claims Administrator toll-free at \_\_\_\_\_, or visit the website [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com).

You may also contact a representative of counsel for the Class: Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900, [www.rgrdlaw.com](http://www.rgrdlaw.com), or Michael I. Fistel, Jr., Johnson Fistel, LLP, 40 Powder Springs Street, Marietta, GA 30064, 1-470-632-6000, [www.johnsonfistel.com](http://www.johnsonfistel.com).

**Please Do Not Call the Court or Defendants with Questions About the Settlement.**

### **Reasons for the Settlement**

Lead Plaintiff's principal reason for entering into the Settlement is the benefit to the Class now, without further risk or the delays inherent in continued litigation. The cash benefit under the Settlement must be considered against the significant risk that a smaller recovery – or, indeed, no recovery at all – might be achieved after contested motions, trial, and likely appeals, a process that could last several years into the future.

Defendants have denied and continue to deny each and all of the claims alleged by Lead Plaintiff in the Litigation. Defendants expressly have denied and continue to deny all charges of fault, wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied and continue to deny, among other things, the allegations that Lead Plaintiff or the Class have suffered any damage, that the Registration Statement contained material misrepresentations or omissions, that Lead Plaintiff or the Class were harmed by the conduct alleged in the Litigation, or that the Litigation is properly certifiable as a class action for litigation purposes. For Defendants, the

principal reason for entering into the Settlement is to eliminate the uncertainty, risk, costs, and burdens inherent in any litigation, especially in complex cases such as this Litigation. Defendants have concluded that further conduct of this Litigation could be protracted and distracting.

## WHAT IS THIS LAWSUIT ABOUT?

### I. THE ALLEGATIONS

The Litigation is currently pending before the Honorable Denise J. Casper in the United States District Court for the District of Massachusetts (the “Court”). The initial complaint in this action was filed on June 9, 2016. On December 27, 2016, the Court appointed Lead Plaintiff and Robbins Geller Rudman & Dowd LLP (“Robbins Geller”) and Johnson & Weaver, LLP (n/k/a Johnson Fistel, LLP) as Lead Counsel and Hutchings Barsamian Mandelcorn, LLP as Liaison Counsel.

Lead Plaintiff’s Amended Class Action Complaint for Violation of the Federal Securities Laws (the “Complaint”) alleges that Defendants violated Sections 11 and 15 of the Securities Act of 1933 by issuing materially false and misleading statements and omitting material information in the Registration Statement filed in connection with Chiasma’s initial public offering (“IPO”) of common stock on or about July 15, 2015. Lead Plaintiff alleges that Defendants failed to disclose material adverse information concerning Chiasma’s new drug application for Mycapssa, and failed to provide meaningful risk warnings to potential investors in the Registration Statement for the IPO.

Defendants deny all of Lead Plaintiff’s allegations.

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

### II. PROCEDURAL HISTORY

Lead Plaintiff filed the Complaint on February 10, 2017, Defendants moved to dismiss the Complaint on March 27, 2017. Lead Plaintiff filed his opposition on May 11, 2017, and Defendants filed their reply on June 1, 2017. On July 17, 2017, the Court heard arguments in connection with Defendants’ motion to dismiss. On February 15, 2018, the Court issued an order denying Defendants’ motion to dismiss the Complaint, but also holding that certain of Lead Plaintiff’s allegations did not state a claim under Section 11. Defendants answered the Complaint on March 30, 2018. Discovery commenced, and the Settling Parties served their respective Rule 26 initial disclosures.

On June 14, 2018, the Chiasma Defendants and Lead Plaintiff participated in an in-person mediation session with Gregory P. Lindstrom, Esq. of Phillips ADR, an experienced mediator. The mediation was preceded by submission of mediation statements and exhibits, as well as the production of certain documents by Defendants to Lead Plaintiff. Chiasma Defendants and Lead Plaintiff engaged in arm’s-length negotiations during the mediation session, but were unable to reach

an agreement at the mediation. Following the mediation, the Settling Parties continued to pursue discovery activity while settlement discussions continued through Mr. Lindstrom. On December 20, 2018, the Settling Parties reached an agreement-in-principle to resolve the Litigation. The Stipulation (together with the Exhibits thereto) reflects the final and binding agreement between the Settling Parties.

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

If you purchased or acquired Chiasma common stock pursuant or traceable to the Registration Statement filed in connection with Chiasma's IPO, you are a Class Member. For purposes of this Settlement only, you are a Class Member if you purchased or otherwise acquired Chiasma common stock on or before June 9, 2016. As set forth in the Stipulation, excluded from the Class are: Defendants, the present and former officers and directors of Defendants, members of the immediate family of any Individual Defendant and the legal representatives, heirs, successors, or assigns of any of the foregoing, and any entity in which Defendants have or had a controlling interest during the Class Period. Also excluded from the Class is any Person who timely and validly requests exclusion pursuant to the requirements described on page \_\_ below.

**PLEASE NOTE:** Receipt of this Notice does not mean that you are a Class Member or that you will be entitled to receive a payment from the Settlement. If you are a Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Proof of Claim that is being distributed with this Notice and the required supporting documentation as set forth therein postmarked or submitted online on or before \_\_\_\_\_, 2019.

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

The Settlement, if approved, will result in the creation of a cash settlement fund of \$18,750,000. This Fund, plus accrued interest and minus the costs of this Notice and all costs associated with the administration of the Settlement, as well as attorneys' fees and expenses, and the amount to Lead Plaintiff in connection with his representation of the Class, as approved by the Court (the "Net Settlement Fund"), will be distributed to eligible Class Members pursuant to the Plan of Allocation that is described in the next section of this Notice.

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

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

The Claims Administrator shall determine each Class Member's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. A Recognized Loss will be calculated for each share of Chiasma common stock purchased or otherwise acquired pursuant or traceable to the Company's IPO. The calculation of Recognized Loss will depend upon several factors, including when the Chiasma common stock was purchased or otherwise acquired and in what amounts, whether the shares were ever sold, and, if so, when they were sold and for what amounts. The Recognized Loss is not intended to estimate the amount a

Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Class Members pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to Class Members.

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

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

**PLAN OF ALLOCATION**

Claims for the July 2015 Initial Public Offering

Initial Public Offering Price:                   \$16.00 per share

Closing Price on the date the  
lawsuit was filed:<sup>3</sup>                                 \$3.14 per share

A claim will be calculated as follows:

For shares of Chiasma common stock purchased or otherwise acquired between July 15, 2015 and the close of trading on June 9, 2016, and

(a) sold prior to June 9, 2016, the claim per share is the lesser of: (i) the Purchase Price per share less the Sales Price per share; or (ii) \$16.00 less the Sales Price per share; and

(b) retained at the close of trading on June 9, 2016, or sold on or after June 9, 2016, the claim per share is the lesser of: (i) \$16.00 less \$3.14; or (ii) the Purchase Price, not to exceed \$16.00, per share less the Sales Price per share.

In the event a Class Member has more than one purchase or acquisition or sale of Chiasma common stock, pursuant or traceable to the Registration Statement, all such purchases and sales shall be matched on a First-In, First-Out (“FIFO”) basis. Sales will be matched against purchases in chronological order, beginning with the earliest purchase made during the relevant period.

A purchase, acquisition or sale of Chiasma common stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. All purchase, acquisition and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise, or operation of law of Chiasma common stock during the Class Period shall not be deemed a purchase, acquisition or sale of Chiasma common stock for the calculation of a claimant’s recognized claim nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such shares unless specifically provided in the instrument of gift or assignment. The

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<sup>3</sup> Initial class action complaint filed on June 9, 2016.

receipt of Chiasma common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase, acquisition or sale of Chiasma common stock.

With respect to Chiasma common stock purchased or sold through the exercise of an option, the purchase/sale date of the shares is the exercise date of the option and the purchase/sale price of the share is the exercise price of the option. Any recognized claim arising from purchases of Chiasma common stock acquired during the Class Period through the exercise of an option on Chiasma common stock shall be computed as provided for other purchases of Chiasma common stock in the Plan of Allocation.

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

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

Distributions will be made to Authorized Claimants after all claims have been processed, after the Court has finally approved the Settlement, and after any appeals are resolved. If there is any balance remaining in the Net Settlement Fund after at least six (6) months from the initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), the Claims Administrator shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is no longer economically feasible to distribute to Class Members. Thereafter, any balance that still remains in the Net Settlement Fund shall be donated to any appropriate non-sectarian, non-profit charitable organization(s) serving the public interest selected by Lead Counsel.

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

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

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiff, Lead Counsel, any Claims Administrator, any other Person designated by Lead Plaintiff's Counsel, or any of the Released Defendant Parties based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and submit a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

**DO I NEED TO CONTACT LEAD COUNSEL IN ORDER TO PARTICIPATE IN DISTRIBUTION OF THE SETTLEMENT FUND?**

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

*Chiasma Securities Settlement*  
c/o Gilardi & Co. LLC  
P.O. Box \_\_\_\_\_  
Louisville, KY 40233-5023  
Telephone: 1-866-558-9236  
www.ChiasmaSecuritiesSettlement.com

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

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

**WHAT ARE THE REASONS FOR SETTLEMENT?**

The Settlement was reached after contested motion practice directed to the sufficiency of Lead Plaintiff's claims. The parties also conducted document discovery. Nevertheless, the Court has not reached any final decisions in connection with Lead Plaintiff's claims against Defendants. Instead, Lead Plaintiff and Defendants have agreed to this Settlement, which was reached with the substantial assistance of a highly respected mediator. In reaching the Settlement, the Settling Parties have avoided the cost, delay and uncertainty of further litigation.

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

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

**WHO REPRESENTS THE CLASS?**

The following attorneys are counsel for the Class:

Ellen Gusikoff Stewart  
ROBBINS GELLER RUDMAN &  
DOWD LLP

Michael I. Fistel, Jr.  
JOHNSON FISTEL, LLP  
40 Powder Springs Street

655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: 800/449-4900

Marietta, GA 30064  
Telephone: 470/632-6000

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

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

*Chiasma Securities Settlement*  
c/o Gilardi & Co. LLC  
P.O. Box \_\_\_\_\_  
Louisville, KY 40233-5023  
Telephone: 1-866-558-9236  
www.ChiasmaSecuritiesSettlement.com

### **HOW WILL THE LEAD PLAINTIFF'S LAWYERS BE PAID?**

Lead Counsel will file a motion for an award of attorneys' fees and expenses that will be considered at the Settlement Fairness Hearing. Lead Counsel will apply for an attorneys' fee award for Lead Plaintiff's Counsel in the amount of up to 30% of the Settlement Fund, plus payment of Lead Plaintiff's Counsel's expenses incurred in connection with this Litigation in an amount not to exceed \$250,000.00. In addition, Lead Plaintiff may seek a payment of up to \$10,000 for his efforts in representing the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Plaintiff's Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. The fees requested will compensate Lead Plaintiff's Counsel for their work in achieving the Settlement. The Court will decide what constitutes a reasonable fee award and may award less than the amount requested by Lead Plaintiff's Counsel.

### **CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?**

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

To exclude yourself from the Class, you must send a signed letter by mail saying that you want to be excluded from the Class in the following Litigation: *Gerneth v. Chiasma, Inc., et al.*, Case No. 1:16-cv-11082-DJC. Be sure to include your name, address, telephone number, and the date(s), price(s), and number(s) of shares of Chiasma common stock that you purchased or acquired during the Class Period (July 15, 2015 through June 9, 2016). Your exclusion request must be **received no later than \_\_\_\_\_, 2019**, and sent to the Claims Administrator at:

*Chiasma Securities Settlement*  
Claims Administrator  
c/o Gilardi & Co. LLC  
EXCLUSIONS  
3301 Kerner Blvd.  
San Rafael, CA 94901

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

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

Yes. If you are a Class Member, you may object to the terms of the Settlement. Whether or not you object to the terms of the Settlement, you may also object to the requested attorneys' fees, costs and expenses, Lead Plaintiff's request for payment for representing the Class and/or the Plan of Allocation. In order for any objection to be considered, you must file a written statement, accompanied by proof of Class membership, with the Court and send a copy to Lead Counsel and Defendants' Counsel, at the addresses listed below **by \_\_\_\_\_, 2019**. The Court's address is John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Boston, MA 02210; Lead Counsel's addresses are: Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, c/o Ellen Gusikoff Stewart and Johnson Fistel, LLP, c/o Michael I. Fistel, Jr., 40 Powder Springs Street, Marietta, GA 30064; Defendants' Counsel's addresses are: Goodwin Procter LLP, c/o Deborah S. Birnbach, 100 Northern Avenue, Boston, MA 02210 and Shearman & Sterling LLP, c/o Adam S. Hakki, 599 Lexington Avenue, New York, NY 10022. Attendance at the Settlement Fairness Hearing is not necessary; however, persons wishing to be heard orally at the Settlement Fairness Hearing are required to indicate in their written objection their intention to appear at the hearing and identify any witnesses they may call to testify and exhibits, if any, they intend to introduce into evidence.

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

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

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

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

### **HOW CAN I GET A PAYMENT?**

In order to qualify for a payment, you must timely complete and return the Proof of Claim that accompanies this Notice. A Proof of Claim is enclosed with this Notice and also may be downloaded at [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com). Read the instructions carefully; fill out the Proof of Claim; sign it; and mail or submit it online so that it is **postmarked (if mailed) or received (if submitted online) no later than \_\_\_\_\_, 2019**. The Proof of Claim may be submitted online at [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com). If you do not submit a timely Proof of Claim with all of the required information, you will not receive a payment from the Settlement Fund; however, unless you expressly exclude yourself from the Class as described above, you will still be bound in all other respects by the Settlement, the Judgment, and the release contained in them.

### **WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?**

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

- “Released Defendant Parties” means Defendants, Defendants’ Counsel, and each of their respective past, present or future subsidiaries, parents, divisions, affiliates, principals, and their and each of Defendants’ and Defendants’ Counsel’s respective present or former principals, assigns, successors, predecessors, joint venturers, assigns, officers, directors, underwriters, trustees, partners, members, agents, fiduciaries, contractors, employees, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, estates, heirs, related or affiliated entities, any firm, trust, corporation or entity in which a Defendant has or had a controlling interest during the Class Period; the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants, as well as any trust of which an Individual Defendant is a settlor or which is for the benefit of an Individual Defendant and/or member(s) of his family, and each of the heirs, executors, administrators, predecessors, successors, and assigns of the foregoing.
- “Released Claims” means any and all claims, demands, losses, rights, and causes of action of every nature and description whatsoever whether class or individual in nature, including both known claims and Unknown Claims, whether arising under federal, state, common or foreign law, by Lead Plaintiff, any Class Member, or their successors, assigns, executors, administrators, representatives, attorneys and agents, in their capacities as such, whether brought directly or indirectly against any of the Released Defendant Parties, that have been or could have been asserted in the Litigation or could in the future be asserted in any forum, whether foreign or domestic, or which arise out of, are based upon, or relate in any way to (a) any of the allegations, acts, transactions, facts, events, matters, occurrences, statements, representations, misrepresentations, or omissions that were or could have been involved, set forth, alleged or referred to in this Litigation by Lead Plaintiff or Class

Members, and (b) the purchase, acquisition, holding, sale or disposition of Chiasma common stock by Class Members during the Class Period pursuant or traceable to Chiasma's IPO. "Released Claims" does not include any claims to enforce the Settlement. "Released Claims" includes "Unknown Claims" as defined below.

- "Unknown Claims" means (a) any and all Released Claims which the Releasing Plaintiff Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Defendant Parties, or might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, whether or not to object to this Settlement or seek exclusion from the Class; and (b) any and all Released Defendants' Claims that the Released Defendant Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Lead Plaintiff, Lead Plaintiff's Counsel, or any Class Members, which, if known by him, her, or it, might have affected his, her, or its settlement and release of Lead Plaintiff, Lead Plaintiff's Counsel, or Class Members. With respect to any and all Released Claims and Released Defendants' Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have expressly waived, to the fullest extent permitted by law, the provisions, rights, and benefits of California Civil Code §1542, which provides:

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

The Settling Parties shall expressly waive and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. The Releasing Plaintiff Parties and Released Defendant Parties acknowledge that they may hereafter discover facts in addition to or different from those which he, she, it or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims or Released Defendant' Claims, but the Settling Parties shall expressly fully, finally, and forever waive, compromise, settle, discharge, extinguish and release, and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date, and by operation of the Judgment shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any and all Released Claims and Released Defendants' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not

limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. The Settling Parties acknowledge, and the Releasing Plaintiff Parties and Released Defendant Parties shall be deemed by operation of the Judgment to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and is a material element of the Settlement.

### THE SETTLEMENT FAIRNESS HEARING

The Court will hold a Settlement Fairness Hearing on \_\_\_\_\_, 2019, at \_\_\_\_:\_\_\_\_m., before the Honorable Denise J. Casper at the United States District Court for the District of Massachusetts, John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Boston, MA 02210, for the purpose of determining whether: (1) the Settlement as set forth in the Stipulation for \$18,750,000 should be approved by the Court as fair, reasonable and adequate; (2) Judgment as provided under the Stipulation should be entered dismissing the Litigation with prejudice against Defendants; (3) to award Lead Plaintiff’s Counsel attorneys’ fees and expenses out of the Settlement Fund and, if so, in what amount; (4) to grant final certification of the Class for purposes of the Settlement; (5) to pay Lead Plaintiff for his efforts in representing the Class out of the Settlement Fund and, if so, in what amount; and (6) the Plan of Allocation should be approved by the Court. The Court may adjourn or continue the Settlement Fairness Hearing without further notice to members of the Class.

Any Class Member may appear at the Settlement Fairness Hearing and be heard on any of the foregoing matters; provided, however, that no such person shall be heard unless his, her, or its objection is made in writing and is filed, together with proof of membership in the Class and with copies of all other papers and briefs to be submitted by him, her, or it to the Court at the Settlement Fairness Hearing, with the Court no later than \_\_\_\_\_, 2019, and showing proof of service on the following counsel:

Ellen Gusikoff Stewart  
ROBBINS GELLER RUDMAN &  
DOWD LLP  
655 West Broadway, Suite 1900  
San Diego, CA 92101

Michael I. Fistel, Jr.  
JOHNSON FISTEL, LLP  
40 Powder Springs Street  
Marietta, GA 30064

*Attorneys for Lead Plaintiff*

Deborah S. Birnbach  
GOODWIN PROCTER LLP  
100 Northern Avenue  
Boston, MA 02210

Adam S. Hakki  
SHEARMAN & STERLING LLP  
599 Lexington Avenue  
New York, NY 10022

*Attorneys for Defendants*

Unless otherwise directed by the Court, any Class Member who does not make his, her or its objection in the manner provided shall be deemed to have waived all objections to this Settlement and shall be foreclosed from raising (in this or any other proceeding or on any appeal) any objection and any untimely objection shall be barred.

If you hire an attorney (at your own expense) to represent you for purposes of objecting, your attorney must serve a notice of appearance on counsel listed above and file it with the Court (at the address set out above) by no later than \_\_\_\_\_, 2019.

### **INJUNCTION**

The Court has issued an order enjoining all Class Members from instituting, commencing, maintaining or prosecuting any action in any court or tribunal that asserts Released Claims against any Released Defendant Party, pending final determination by the Court of whether the Settlement should be approved.

### **HOW DO I OBTAIN ADDITIONAL INFORMATION?**

This Notice contains only a summary of the terms of the proposed Settlement. The records in this action may be examined and copied at any time during regular office hours, and subject to customary copying fees, at the Clerk of the United States District Court for the District of Massachusetts. For a fee, all papers filed in this Litigation are available at [www.pacer.gov](http://www.pacer.gov). In addition, all of the Settlement documents, including the Stipulation, this Notice, the Proof of Claim and proposed Judgment may be obtained by contacting the Claims Administrator at:

*Chiasma Securities Settlement*  
c/o Gilardi & Co. LLC  
P.O. Box \_\_\_\_\_  
Louisville, KY 40233-5023  
Email: [info@chiasmasecuritiessettlement.com](mailto:info@chiasmasecuritiessettlement.com)  
Telephone: 1-866-558-9236  
[www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com)

In addition, you may contact Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900 or Michael I. Fistel, Jr., Johnson Fistel, LLP, 40 Powder Springs Street, Marietta, GA 30064, if you have any questions about the Litigation or the Settlement.

### **DO NOT WRITE TO OR TELEPHONE THE COURT FOR INFORMATION**

### **SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

If you hold any Chiasma common stock purchased or acquired between July 15, 2015 and June 9, 2016, inclusive, as a nominee for a beneficial owner, then, within fourteen (14) business days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

*Chiasma Securities Settlement*  
c/o Gilardi & Co. LLC  
P.O. Box \_\_\_\_\_  
Louisville, KY 40233-5023  
E-mail: [info@chiasmasecuritiessettlement.com](mailto:info@chiasmasecuritiessettlement.com)  
Telephone: 1-866-558-9236  
[www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com)

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

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

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

# **EXHIBIT A-2**

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN J. GERNETH, Individually and on	)	No. 1:16-cv-11082-DJC
Behalf of All Others Similarly Situated,	)	
	)	<u>CLASS ACTION</u>
Plaintiff,	)	
	)	PROOF OF CLAIM AND RELEASE
vs.	)	
	)	EXHIBIT A-2
CHIASMA, INC., et al.,	)	
	)	
Defendants.	)	
	)	

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## **I. GENERAL INSTRUCTIONS**

1. To recover as a Class Member based on the claims in the action entitled *Gerneth v. Chiasma, Inc., et al.*, Case No. 1:16-cv-11082-DJC (the “Litigation”),<sup>1</sup> you must complete and, on page \_\_\_ hereof, sign this Proof of Claim. If you fail to submit a properly addressed (as set forth in paragraph 3 below) Proof of Claim, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the proposed Settlement.

2. Submission of this Proof of Claim, however, does not assure that you will share in the proceeds of the Settlement of the Litigation.

3. **YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND SIGNED PROOF OF CLAIM, ACCOMPANIED BY COPIES OF THE DOCUMENTS REQUESTED HEREIN, ON OR BEFORE \_\_\_\_\_, 2019, ADDRESSED AS FOLLOWS:**

*Chiasma Securities Settlement*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box \_\_\_\_\_  
Louisville, KY 40233-5023  
Online Submissions: [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com)

If you are NOT a Class Member, as defined in the Notice of Pendency and Proposed Settlement of Class Action (“Notice”), DO NOT submit a Proof of Claim.

4. If you are a Class Member and you do not timely request exclusion, you are bound by the terms of any judgment entered in the Litigation, including the releases provided therein, **WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.**

## **II. CLAIMANT IDENTIFICATION**

You are a Member of the Class if you purchased or otherwise acquired Chiasma, Inc. (“Chiasma”) common stock pursuant or traceable to the Registration Statement and Prospectus filed in connection with Chiasma’s initial public offering (“IPO”) on or about July 15, 2015. For

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<sup>1</sup> This Proof of Claim and Release (“Proof of Claim”) incorporates by reference the definitions in the Stipulation of Settlement (“Stipulation”), which can be obtained at [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com).

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purposes of this Settlement only, you are a Class Member if you purchased or otherwise acquired Chiasma common stock on or before June 9, 2016.

Use Part I of this form entitled “Claimant Identification” to identify each purchaser of record (“nominee”) of the Chiasma common stock that forms the basis of this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER(S) OR ACQUIRER(S) OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER(S) OR ACQUIRER(S) OF THE CHIASMA COMMON STOCK UPON WHICH THIS CLAIM IS BASED.**

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

**III. CLAIM FORM**

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

On the schedules, provide all of the requested information with respect to *all* of your purchases, acquisitions, and sales of Chiasma common stock that took place between July 15, 2015 and June 9, 2016, inclusive, whether such transactions resulted in a profit or a loss. You must also provide all of the requested information with respect to the number of shares you held at the close of

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trading on June 9, 2016. Failure to report all such transactions may result in the rejection of your claim.

List each transaction separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

The date of covering a “short sale” is deemed to be the date of purchase of Chiasma common stock. The date of a “short sale” is deemed to be the date of sale of Chiasma common stock.

**COPIES OF BROKER CONFIRMATIONS OR OTHER DOCUMENTATION OF YOUR TRANSACTIONS IN CHIASMA COMMON STOCK SHOULD BE ATTACHED TO YOUR CLAIM. FAILURE TO PROVIDE THIS DOCUMENTATION COULD DELAY VERIFICATION OF YOUR CLAIM OR RESULT IN REJECTION OF YOUR CLAIM.**

NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All such claimants **MUST** also submit a manually signed paper Proof of Claim whether or not they also submit electronic copies. If you wish to submit your claim electronically, you must contact the Claims Administrator at [edata@gilardi.com](mailto:edata@gilardi.com) to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the claimant a written acknowledgment of receipt and acceptance of electronically submitted data.



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**PART II: SCHEDULE OF TRANSACTIONS IN CHIASMA COMMON STOCK**

A. Purchases or acquisitions of Chiasma common stock (July 15, 2015 – June 9, 2016, inclusive), including purchases or acquisitions in or traceable to Chiasma’s IPO.

Trade Date(s) Month Day Year (List chronologically)	Number of Shares Purchased or Acquired	Total Purchase or Acquisition Price (Excluding commissions, taxes and fees)	Proof of Purchase/ Acquisition Enclosed
1. _____	1. _____	1. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
2. _____	2. _____	2. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
3. _____	3. _____	3. _____	<input type="checkbox"/> Y <input type="checkbox"/> N

IMPORTANT: (i) If any purchase listed covered a “short sale,” please mark Yes:  Yes

(ii) If you received shares through an acquisition or merger, please identify the date, the share amount, and the company acquired:

\_\_\_\_/\_\_\_\_/\_\_\_\_                      \_\_\_\_\_                      \_\_\_\_\_  
MM DD YYYY                      Merger Shares                      Company

B. Sales of Chiasma common stock (July 15, 2015 – June 9, 2016, inclusive):

Trade Date Month Day Year	Number of Shares Sold	Total Sales Price (Excluding commissions, taxes and fees)	Proof of Sale Enclosed
1. _____	1. _____	1. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
2. _____	2. _____	2. _____	<input type="checkbox"/> Y <input type="checkbox"/> N
3. _____	3. _____	3. _____	<input type="checkbox"/> Y <input type="checkbox"/> N

C. Number of shares of Chiasma common stock held at the close of trading on June 9, 2016: \_\_\_\_\_. Proof of Position Enclosed  
 Yes  No

**YOU MUST READ AND SIGN THE RELEASE ON PAGE \_\_. FAILURE TO SIGN THE RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF YOUR CLAIM.**

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**IV. SUBMISSION TO JURISDICTION OF COURT AND  
ACKNOWLEDGMENTS**

I (We) submit this Proof of Claim under the terms of the Stipulation described in the Notice.

I (We) also submit to the jurisdiction of the United States District Court for the District of Massachusetts, with respect to my (our) claim as a Class Member and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we are) bound by and subject to the terms of any judgment that may be entered in the Litigation. I (We) agree to furnish additional information to the Claims Administrator to support this claim if requested to do so. I (We) have not submitted any other claim covering the same purchases, acquisitions or sales of Chiasma common stock during the relevant period and know of no other person having done so on my (our) behalf.

**V. RELEASE**

1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully, finally, and forever settle, release, and discharge from the Released Claims each and all of the Released Defendant Parties.

2. “Released Defendant Parties” means Defendants, Defendants’ Counsel, and each of their respective past, present or future subsidiaries, parents, divisions, affiliates, principals, and their and each of Defendants’ and Defendants’ Counsel’s respective present or former principals, assigns, successors, predecessors, joint venturers, assigns, officers, directors, underwriters, trustees, partners, members, agents, fiduciaries, contractors, employees, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, estates, heirs, related or affiliated entities, any firm, trust, corporation or entity in which a Defendant has or had a controlling interest during the Class Period; the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants, as well as any trust of which an Individual Defendant is a settlor or

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which is for the benefit of an Individual Defendant and/or member(s) of his family, and each of the heirs, executors, administrators, predecessors, successors, and assigns of the foregoing.

3. “Released Claims” means any and all claims, demands, losses, rights, and causes of action of every nature and description whatsoever whether class or individual in nature, including both known and Unknown Claims, whether arising under federal, state, common or foreign law, by Lead Plaintiff, any Class Member, or their successors, assigns, executors, administrators, representatives, attorneys and agents, in their capacities as such, whether brought directly or indirectly against any of the Released Defendant Parties, that have been or could have been asserted in the Litigation or could in the future be asserted in any forum, whether foreign or domestic, or which arise out of, are based upon, or relate in any way to (a) any of the allegations, acts, transactions, facts, events, matters, occurrences, statements, representations, misrepresentations, or omissions that were or could have been involved, set forth, alleged or referred to in this Litigation by Lead Plaintiff or Class Members, and (b) the purchase, acquisition, holding, sale or disposition of Chiasma common stock by Class Members during the Class Period pursuant or traceable to Chiasma’s IPO. “Released Claims” does not include any claims to enforce the Settlement. “Released Claims” includes “Unknown Claims” as defined below.

4. “Unknown Claims” means (a) any and all Released Claims which the Releasing Plaintiff Parties do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Defendant Parties, which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Defendant Parties, or might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, whether or not to object to this Settlement or seek exclusion from the Class; and (b) any and all Released Defendants' Claims that the Released Defendant Parties do not know or suspect to exist in his, her, or its favor at the time

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of the release of the Lead Plaintiff, Lead Plaintiff's Counsel, or any Class Members, which, if known by him, her, or it, might have affected his, her, or its settlement and release of Lead Plaintiff, Lead Plaintiff's Counsel, or Class Members. With respect to any and all Released Claims and Released Defendants' Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have expressly waived, to the fullest extent permitted by law, the provisions, rights, and benefits of California Civil Code §1542, which provides:

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

The Settling Parties shall expressly waive and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542. The Releasing Plaintiff Parties and Released Defendant Parties acknowledge that they may hereafter discover facts in addition to or different from those which he, she, it or their counsel now knows or believes to be true with respect to the subject matter of the Released Claims or Released Defendants' Claims, but the Settling Parties shall expressly fully, finally, and forever waive, compromise, settle, discharge, extinguish and release, and each Releasing Plaintiff Party and Released Defendant Party shall be deemed to have waived, compromised, settled, discharged, extinguished, and released, and upon the Effective Date, and by operation of the Judgment shall have waived, compromised, settled, discharged, extinguished, and released, fully, finally, and forever, any

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and all Released Claims and Released Defendants' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts, legal theories, or authorities. The Settling Parties acknowledge, and the Releasing Plaintiff Parties and Released Defendant Parties shall be deemed by operation of the Judgment to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and is a material element of the Settlement.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

6. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in Chiasma common stock that occurred during the relevant period as well as the number of shares of Chiasma common stock held by me (us) at the close of trading on June 9, 2016.

I (We) declare under penalty of perjury under the laws of the United States of America that all of the foregoing information supplied on this Proof of Claim by the undersigned is true and correct.

Executed this \_\_\_\_\_ day of \_\_\_\_\_  
(Month/Year)

in \_\_\_\_\_  
(City) (State/Country)

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(Sign your name here)

---

(Type or print your name here)

---

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

**ACCURATE CLAIMS PROCESSING TAKES A  
SIGNIFICANT AMOUNT OF TIME.  
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and acknowledgment.
2. Remember to attach copies of supporting documentation.
3. **Do not send** originals of certificates or other documentation as they will not be returned.
4. Keep a copy of your Proof of Claim and all supporting documentation for your records.
5. If you desire an acknowledgment of receipt of your Proof of Claim, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send your new address to the address below.
7. **Do not use red pen or highlighter** on the Proof of Claim or supporting documentation.

**THIS PROOF OF CLAIM MUST BE SUBMITTED ONLINE OR MAILED NO  
LATER THAN \_\_\_\_\_, 2019, ADDRESSED AS FOLLOWS:**

*Chiasma Securities Settlement*  
Claims Administrator  
c/o Gilardi & Co. LLC

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P.O. Box \_\_\_\_\_  
Louisville, KY 40233-5023  
Online Submissions: [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com)

# **EXHIBIT A-3**

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN J. GERNETH, Individually and on  
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

CHIASMA, INC., et al.,

Defendants.

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) No. 1:16-cv-11082-DJC

) CLASS ACTION

) SUMMARY NOTICE OF PROPOSED  
) SETTLEMENT OF CLASS ACTION

) EXHIBIT A-3

**TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED CHIASMA, INC. (“CHIASMA” OR THE “COMPANY”) COMMON STOCK ON OR BEFORE JUNE 9, 2016 PURSUANT OR TRACEABLE TO CHIASMA’S JULY 2015 INITIAL PUBLIC OFFERING (“IPO”) (“CLASS” OR “CLASS MEMBERS”)<sup>1</sup>**

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

YOU ARE HEREBY NOTIFIED that a hearing will be held on \_\_\_\_\_, 2019, at \_\_\_:\_\_\_m., before the Honorable Denise J. Casper at the John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Boston, MA 02210 to determine whether: (1) the proposed settlement (the “Settlement”) of the above-captioned action as set forth in the Stipulation of Settlement (“Stipulation”)<sup>2</sup> for \$18,750,000 should be approved by the Court as fair, reasonable and adequate; (2) the Judgment as provided under the Stipulation should be entered to dismiss the above-captioned action with prejudice; (3) to award Lead Plaintiff’s Counsel attorneys’ fees and expenses out of the Settlement Fund (as defined in the Notice of Pendency and Proposed Settlement of Class Action (“Notice”), which is discussed below) and, if so, in what amount; (4) to make an award to Lead Plaintiff in connection with his representation of the Class out of the Settlement Fund and, if so, in what amount; and (5) the Plan of Allocation should be approved by the Court as fair, reasonable and adequate.

This Litigation is a securities class action brought on behalf of those Persons or entities who purchased or acquired Chiasma common stock pursuant or traceable to the Registration Statement and Prospectus for Chiasma’s IPO, but on or before June 9, 2016, against Chiasma and certain of its officers and directors, and the underwriters of Chiasma’s IPO (collectively, “Defendants”) for,

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<sup>1</sup> For purposes of this Settlement only, the Class includes all persons or entities who purchased or otherwise acquired Chiasma common stock pursuant or traceable to Chiasma’s IPO held on or about July 15, 2015, but on or before June 9, 2016.

<sup>2</sup> The Stipulation can be viewed and/or obtained at [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com).

among other things, allegedly misstating and omitting material facts from the Registration Statement and Prospectus filed with the U.S. Securities and Exchange Commission in connection with the IPO. Lead Plaintiff alleges that these purportedly false and misleading statements inflated the price of Chiasma stock, resulting in damage to Class Members when the truth was revealed. Defendants deny all of Lead Plaintiff's allegations.

IF YOU PURCHASED OR ACQUIRED CHIASMA COMMON STOCK BETWEEN JULY 15, 2015 THROUGH AND INCLUDING JUNE 9, 2016, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release form ("Proof of Claim") by mail (**postmarked no later than \_\_\_\_\_, 2019**) or electronically (**no later than \_\_\_\_\_, 2019**). Your failure to submit your Proof of Claim by \_\_\_\_\_, 2019, will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Litigation. If you are a Member of the Class and do not request exclusion therefrom, you will be bound by the Settlement and any judgment and release entered in the Litigation, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

If you have not received a copy of the Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), and a Proof of Claim, you may obtain these documents, as well as a copy of the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice) and other settlement documents, online at [www.ChiasmaSecuritiesSettlement.com](http://www.ChiasmaSecuritiesSettlement.com), or by writing to:

*Chiasma Securities Settlement*  
c/o Gilardi & Co. LLC  
P.O. Box \_\_\_\_\_  
Louisville, KY 40233-5023

Inquiries should NOT be directed to Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Lead Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP  
Ellen Gusikoff Stewart  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
Telephone: 800/449-4900

JOHNSON FISTEL, LLP  
Michael I. Fistel, Jr.  
40 Powder Springs Street  
Marietta, GA 30064  
Telephone: 470/632-6000

IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS **RECEIVED BY** \_\_\_\_\_, **2019**, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL MEMBERS OF THE CLASS WHO HAVE NOT REQUESTED EXCLUSION FROM THE CLASS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM.

IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT, THE PLAN OF ALLOCATION, THE REQUEST BY LEAD COUNSEL FOR AN AWARD OF ATTORNEYS' FEES NOT TO EXCEED 30% OF THE \$18,750,000 SETTLEMENT AMOUNT AND EXPENSES NOT TO EXCEED \$250,000, AND/OR THE PAYMENT TO LEAD PLAINTIFF IN CONNECTION WITH HIS REPRESENTATION OF THE CLASS NOT TO EXCEED \$10,000. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO LEAD COUNSEL AND DEFENDANTS' COUNSEL **BY** \_\_\_\_\_, **2019**, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

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

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

# **EXHIBIT B**

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

JOHN J. GERNETH, Individually and on	)	No. 1:16-cv-11082-DJC
Behalf of All Others Similarly Situated,	)	
	)	<u>CLASS ACTION</u>
Plaintiff,	)	
	)	[PROPOSED] ORDER AND FINAL
vs.	)	JUDGMENT
	)	
CHIASMA, INC., et al.,	)	EXHIBIT B
	)	
Defendants.	)	
	)	

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On the \_\_\_ day of \_\_\_\_\_, 2019, a hearing having been held before this Court to determine: (1) whether the terms and conditions of the Stipulation of Settlement dated February 27, 2019 (the “Stipulation”), are fair, reasonable and adequate for the settlement of all claims asserted by the Class against the Defendants in the complaint now pending in this Court under the above caption (the “Litigation”), including the release of the Released Defendant Parties, and should be approved; (2) whether judgment should be entered dismissing the complaint on the merits and with prejudice in favor of the Defendants herein and as against all persons or entities who are Members of the Class herein who have not timely and validly requested exclusion therefrom; (3) whether to approve the Plan of Allocation as a fair and reasonable method to allocate the settlement proceeds among the Members of the Class; (4) whether to grant final certification of the Class for purposes of the Settlement; (5) whether and in what amount to award Lead Counsel fees and expenses; and (6) whether and in what amount to award Lead Plaintiff in connection with his representation of the Class. The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that a notice of the hearing substantially in the form approved by the Court was provided to all individuals and entities, reasonably identifiable, who purchased or otherwise acquired Chiasma, Inc. (“Chiasma”) common stock pursuant or traceable to Chiasma’s July 15, 2015 initial public offering (the “IPO”) (the “Class”), as shown by the records compiled by the Claims Administrator in connection with its providing of the Notice, at the respective addresses set forth in such records, and that a summary notice of the hearing, substantially in the form approved by the Court, was published pursuant to the Order Preliminarily Approving Settlement and Providing for Notice as set forth in the Declaration of \_\_\_\_\_, and the Supplemental Declaration of \_\_\_\_\_; and the Court having considered and determined the fairness and reasonableness of the award of attorneys’ fees and expenses requested by Lead Counsel and the request for an award to

Lead Plaintiff in connection with his representation of the Class pursuant to 15 U.S.C. §77z-1(a)(4); and all capitalized terms used herein having the meanings set forth and defined in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Court has jurisdiction over the subject matter of this Litigation, the Lead Plaintiff, all Class Members, and Defendants.

2. For purposes of the Settlement only, the Court finds that the prerequisites for a class action under Federal Rules of Civil Procedure 23(a) and (b)(3) have been satisfied in that: (a) the number of Class Members is so numerous that joinder of all members thereof is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of Lead Plaintiff are typical of the claims of the Class he seeks to represent; (d) Lead Plaintiff and Lead Counsel have and will fairly and adequately represent the interests of the Class; (e) the questions of law and fact common to the Members of the Class predominate over any questions affecting only individual Class Members; and (f) a class action is superior to other available methods for the fair and efficient adjudication of the controversy.

3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure and for purposes of the Settlement only, this Court hereby finally certifies this action as a class action on behalf of all Persons who purchased or acquired common stock issued by Chiasma on or before June 9, 2016, pursuant or traceable to Chiasma's initial public offering held on or about July 15, 2015. Excluded from the Class are: Defendants, the present and former officers and directors of Defendants, members of the immediate family of any Individual Defendant and the legal representatives, heirs, successors or assigns of any of the foregoing, and any entity in which Defendants have or had a controlling interest during the Class Period. Also excluded from the Class are those Class Members

listed on Exhibit 1 hereto, whose requests for exclusion from the Class are hereby accepted by the Court.

4. Notice of the pendency of this Litigation as a class action and of the proposed Settlement was given to all Class Members who could be identified with reasonable effort. The form and method of notifying the Class of the pendency of this Litigation as a class action and of the terms and conditions of the proposed Settlement met the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 27 of the Securities Act of 1933, 15 U.S.C. §77z-1(a)(7), as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), due process, and any other applicable law, constituted the best notice practicable under the circumstances, and constituted due and sufficient notice to all individuals and entities entitled thereto.

5. The Settlement is approved as fair, reasonable and adequate, and in the best interests of the Class. Subject to the terms and provisions of the Stipulation and the conditions therein being satisfied, the parties are directed to consummate the Settlement.

6. The Litigation is hereby dismissed in its entirety with prejudice.

7. The releases as set forth in ¶¶4.1-4.4 of the Stipulation (the “Releases”), together with the definitions contained in ¶¶1.1-1.36 relating thereto, are expressly incorporated herein in all respects. The Releases are effective as of the Effective Date.

8. Upon the Effective Date, Lead Plaintiff and each of the Class Members who have not timely opted out of the Class (“Class Releasers”) are hereby permanently barred and enjoined from the assertion, institution, maintenance, prosecution, or enforcement against Defendants or any Released Defendant Parties in any state or federal court or arbitral forum, or in the court of any foreign jurisdiction, of any and all Released Claims (including Unknown Claims), as well as any

other claims arising out of, relating to, or in connection with, the defense, settlement, or resolution of the Litigation or the Released Claims.

9. Upon the Effective Date, Lead Plaintiff shall, and each of the Class Members shall be deemed to have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Defendant Parties. Lead Plaintiff and each Class Member are bound by this Judgment, including, without limitation, the release of claims as set forth in the Stipulation. The Released Claims are hereby compromised, settled, released, discharged, and dismissed as against the Released Defendant Parties on the merits and with prejudice by virtue of the proceedings herein and this Order and Final Judgment.

10. Upon the Effective Date, each of the Released Defendant Parties shall be deemed to have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and discharged Lead Plaintiff, each and all of the Class Members, and Lead Plaintiff's 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 Litigation or the Released Defendants' Claims.

11. Defendants have denied, and continue to deny, any and all allegations and claims asserted in the Litigation, and Defendants have represented that they entered into the Settlement solely in order to eliminate the burden, expense, and uncertainties of further litigation. Neither this Order and Final Judgment, the Stipulation, nor any of its terms and provisions, nor any of the negotiations, discussions, or proceedings connected with it, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement, nor any of the documents or statements referred to therein, nor any payment or consideration provided for therein, shall be:

(a) offered or received against any of the Released Defendant Parties as evidence of, or construed as evidence of, any presumption, concession, or admission by any of the Released Defendant Parties with respect to the truth of any fact alleged by Lead Plaintiff or the validity of any claim that has been or could have been asserted against any of the Released Defendant Parties in the Litigation or any litigation, or the deficiency of any defense that has been or could have been asserted in the Litigation or any litigation, or of any liability, negligence, fault, or other wrongdoing of any kind by any of the Released Defendant Parties;

(b) offered or received against any of the Released Defendant Parties as evidence of, or construed as evidence of, any presumption, concession, or admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by any of the Released Defendant Parties, or against Lead Plaintiff or any Member of the Class as evidence of, or construed as evidence of, any infirmity of the claims alleged by Lead Plaintiff;

(c) offered or received against the Released Defendant Parties, Lead Plaintiff, or any Member of the Class as evidence of, or construed as evidence of, any presumption, concession, or admission by any of the Released Defendant Parties, Lead Plaintiff, or any Member of the Class with respect to any liability, negligence, fault, or wrongdoing as against any of the Released Defendant Parties, Lead Plaintiff, or any Member of the Class in any other civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation; provided, however, that the Released Defendant Parties, Lead Plaintiff, and any Member of the Class may refer to it to effectuate the liability protection granted them hereunder;

(d) offered or received against any of the Released Defendant Parties as evidence of, or construed as evidence of, any presumption, concession, or admission by any of the Released

Defendant Parties that the Settlement Amount represents the amount which could or would have been recovered after trial;

(e) offered or received against Lead Plaintiff or any Member of the Class as evidence of, or construed as evidence of, any presumption, concession, or admission by Lead Plaintiff or any Member of the Class that any of their claims are without merit, or that any defenses asserted by the Defendants in the Litigation have any merit, or that damages recoverable in the Litigation would not have exceeded the Settlement Fund; or

(f) deemed to be, or argued to be or offered or received as evidence of, or construed as evidence of, any presumption, concession, or admission that class certification is appropriate in the Litigation, except for purposes of this Settlement.

12. Notwithstanding the provisions of the preceding paragraph, the Released Defendant Parties may file the Stipulation and/or this Judgment in any action that may be brought against them in order to support a defense, claim, or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

13. The Court finds that Chiasma has satisfied its financial obligations under the Stipulation by causing the \$18,750,000 Settlement Fund to be paid.

14. The Court finds and concludes that the Lead Plaintiff, Lead Plaintiff's Counsel, Defendants and Defendants' Counsel have complied with each requirement of Rule 11(b) of the Federal Rules of Civil Procedure as to any complaint, responsive pleading, dispositive motion, or other filing.

15. Any Plan of Allocation submitted by Lead Counsel or any order entered regarding any attorneys' fee and expense application shall in no way disturb or affect this Judgment and shall

be considered separate from this Judgment. Separate orders shall be entered regarding approval of a plan of allocation and Lead Counsel's application for an award of attorneys' fees and expenses.

16. The Settling Parties are hereby authorized, without further approval of the Court, to unanimously agree to and adopt in writing such amendments, modifications, and expansions of the Stipulation, provided that such amendments, modifications, and expansions of the Stipulation are not materially inconsistent with this Judgment, and do not materially limit the rights of the Members of the Class under the Stipulation.

17. Any appeal or any challenge affecting the approval of (a) the Plan of Allocation submitted by Lead Counsel and/or (b) this Court's approval regarding any attorneys' fee and expense applications shall in no way disturb or affect the finality of the other provisions of this Order and Final Judgment nor the Effective Date of the Settlement.

18. Jurisdiction is hereby retained over Defendants, the Lead Plaintiff and the Class Members for all matters relating to the administration, interpretation, effectuation or enforcement of the Stipulation and this Order and Final Judgment, including any application for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the Members of the Class.

19. In the event that the Settlement does not become effective in accordance with the terms of the Stipulation, or is terminated pursuant to ¶7.3 of the Stipulation, ¶¶7.6-7.7 of the Stipulation shall apply and this Order and Final Judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation and shall be vacated and may not be introduced as evidence or reflected in any action or proceeding by any person or entity, and each party shall be restored to his, her or its respective position as it existed prior to December 20, 2018.

20. 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.

21. Defendants have provided notification to all appropriate federal and state officials regarding the Settlement as required by 28 U.S.C. §1715.

22. This Litigation and all Released Claims are dismissed with prejudice. The parties are to bear their own costs, except as otherwise provided in the Stipulation or this Order and Final Judgment.

23. There is no just reason for delay in the entry of this Order and Final Judgment and immediate entry by the Clerk of the Court is expressly directed.

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

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HONORABLE DENISE J. CASPER  
UNITED STATES DISTRICT JUDGE