

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

ESPOSITO v. AMERICAN RENAL ASSOCS.
HOLDINGS, INC. ET AL.

Case No. 16 Civ. 11797 (ADB)

CLASS ACTION

**NOTICE OF SETTLEMENT OF CLASS ACTION AND SETTLEMENT FAIRNESS HEARING,
AND MOTION FOR AN AWARD OF ATTORNEYS' FEES
AND REIMBURSEMENT OF LITIGATION EXPENSES**

A Federal Court Authorized This Notice. This Is Not A Solicitation From A Lawyer.

TO: ALL PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED AMERICAN RENAL ASSOCIATES HOLDINGS, INC. ("ARAH") SECURITIES (NYSE-ARA) DURING THE PERIOD FROM APRIL 20, 2016 THROUGH AUGUST 18, 2016, INCLUSIVE, INCLUDING ALL PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED ARAH SECURITIES PURSUANT OR TRACEABLE TO THE REGISTRATION STATEMENT FILED IN CONNECTION WITH ARAH'S APRIL 20, 2016 OFFERING, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT. CERTAIN PERSONS ARE EXCLUDED FROM THE DEFINITION OF THE CLASS AS SET FORTH BELOW¹

- PLEASE READ THIS NOTICE CAREFULLY.
- IF YOU WISH TO COMMENT IN FAVOR OF THE SETTLEMENT OR OBJECT TO THE SETTLEMENT, YOU MUST FOLLOW THE DIRECTIONS IN THIS NOTICE.
- YOUR LEGAL RIGHTS MAY BE AFFECTED BY THIS LAWSUIT.
- TO RECEIVE MONEY FROM THIS SETTLEMENT, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM ("CLAIM FORM") POSTMARKED ON OR BEFORE JULY 6, 2018.
- IF YOU DO NOT WISH TO PARTICIPATE IN THE SETTLEMENT, YOU MAY REQUEST TO BE EXCLUDED FROM THE SETTLEMENT BY SENDING A WRITTEN REQUEST FOR EXCLUSION THAT MUST BE POSTMARKED ON OR BEFORE MAY 24, 2018.
- IF YOU RECEIVED THIS NOTICE ON BEHALF OF A SETTLEMENT CLASS MEMBER WHO IS DECEASED, YOU SHOULD PROVIDE THE NOTICE TO THE AUTHORIZED LEGAL REPRESENTATIVE OF THAT SETTLEMENT CLASS MEMBER.

YOU ARE HEREBY NOTIFIED AS FOLLOWS:²

A proposed settlement has been reached by the Parties in the class action pending in the United States District Court for the District of Massachusetts (the "District Court"), which was brought on behalf of the Settlement Class. The District Court has preliminarily approved the settlement, the terms of which are set forth in the Stipulation, which is available at www.ARAsecuritiessettlement.com and has preliminarily certified the Settlement Class for purposes of settlement only. You have received this Notice because the Parties' records indicate that you may be a member of the Settlement Class. This Notice is designed to inform you of your rights, how you can submit a Claim Form, and how you can comment in favor of the settlement or object to the settlement. If the settlement is finally approved by the District Court, the Stipulation and terms set forth therein will be binding upon you, unless you exclude yourself, even if you do not submit a Claim Form to obtain money from the Net Settlement Fund and even if you object to the settlement.

A hearing to be held by the District Court on notice to the Settlement Class, to consider approval of the settlement, the Plan of Allocation, and the Fee and Expense Application (the "Settlement Hearing") will be held before the Honorable Allison D. Burroughs, United States District Court Judge, in Courtroom 17, 5th Floor, at the John Joseph Moakley United States Courthouse, 1 Courthouse Way, Boston, Massachusetts 02210 at 2:00 p.m. on June 14, 2018.

THE FOLLOWING RECITATION DOES NOT CONSTITUTE FINDINGS OF THE COURT AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES. IT IS BASED ON CONTENTIONS OF THE PARTIES AND IS SENT FOR THE SOLE PURPOSE OF INFORMING YOU OF THE EXISTENCE OF THE LAWSUIT AND OF THE FINAL SETTLEMENT HEARING ON A PROPOSED SETTLEMENT SO THAT YOU MAY MAKE APPROPRIATE DECISIONS AS TO STEPS YOU MAY, OR MAY NOT, WISH TO TAKE IN RELATION TO THE LAWSUIT.

¹ All capitalized terms that are not defined in this Notice have the meaning ascribed to them in the Stipulation of Settlement (the "Stipulation") dated January 30, 2018, which is available on the website established for the settlement at www.ARAsecuritiessettlement.com.

² A copy of this Notice may be found at www.ARAsecuritiessettlement.com.

I. BACKGROUND OF THE LAWSUIT

On August 31, 2016, a putative class action captioned *Gelsleichter v. American Renal Assocs. Holdings, Inc.*, No. 16 Civ. 6841 (S.D.N.Y.) (the “*Gelsleichter* Action”), was filed in the United States District Court for the Southern District of New York. Two days later, on September 2, 2016, the instant action was filed in the United States District Court for the District of Massachusetts. On October 28, 2016, the plaintiff in the *Gelsleichter* Action voluntarily dismissed that case. By Order entered on November 30, 2016, the District Court appointed Errol Rudman and Rudman Partners, L.P. as Lead Plaintiffs, and appointed Kirby McInerney LLP as Lead Plaintiffs’ Counsel.

Lead Plaintiffs filed their Amended Complaint on February 1, 2017 against ARAH, Joseph A. Carlucci, Johnathan L. Wilcox, Syed T. Kamal, and Jonathan J. McDonough (the “Individual Defendants”), Centerbridge Capital Partners L.P. (“Centerbridge”), Merrill Lynch, Pierce, Fenner & Smith, Inc., Barclays Capital Inc., Goldman, Sachs & Co. (now known as Goldman Sachs & Co. LLC), Wells Fargo Securities, LLC, SunTrust Robinson Humphrey, Inc., and Leerink Partners LLC (the “Underwriter Defendants” and, together with ARAH, Individual Defendants, and Centerbridge, the “Defendants”). The Amended Complaint alleged violations of: (i) Section 11 of the Securities Act of 1933 (15 U.S.C. § 77k) against all Defendants except Jonathan J. McDonough; (ii) Section 15 of the Securities Act of 1933 (15 U.S.C. § 77o) against Centerbridge and Individual Defendants, except Jonathan J. McDonough; (iii) Section 10(b) of the Securities Exchange Act of 1934 (15 U.S.C. § 78j(b)), and SEC Rule 10b-5 (17 C.F.R. § 240.10b-5), against ARAH and Individual Defendants; and (iv) Section 20(a) of the Securities Exchange Act of 1934 (15 U.S.C. § 78t(a)) against Centerbridge and Individual Defendants. On May 18, 2017, Defendants moved to dismiss the Amended Complaint. On October 23, 2017, Lead Plaintiffs’ Counsel filed a letter with the Court informing the Court that Lead Plaintiffs and ARAH had agreed to participate in mediation in an attempt to reach an amicable resolution of the Action and requesting that the Court hold in abeyance Defendants’ motions to dismiss until after the mediation.

On November 27, 2017, counsel for Lead Plaintiffs and ARAH participated in a mediation conducted by Jed D. Melnick, Esq. of JAMS. Following the mediation, the Parties were able to reach agreement to settle this Action for \$4 million.

The settlement allows both sides to avoid the risks and cost of uncertain litigation and the uncertainty of a trial and appeals, and permits Settlement Class Members to be compensated without further delay. Lead Plaintiffs and their counsel believe the settlement is best for all Settlement Class Members. On November 28, 2017, the Parties agreed in principle to the settlement which was thereafter memorialized in the Stipulation.

Defendants have denied and continue to deny each and all of the claims and contentions alleged in the Action and the Amended Complaint. Defendants have asserted, and continue to assert, many defenses thereto, and expressly deny any wrongdoing or legal liability arising out of any of the conduct alleged in the Action and the Amended Complaint. Neither the Stipulation, nor any document referred to herein, nor any action taken to carry out the Stipulation, is, may be construed as, or may be used as an admission by or against Defendants of any fault, wrongdoing or liability whatsoever or the lack of merit of any defense that had been or could have been asserted to such claims. The District Court has not ruled on the merits of whether Defendants violated the securities laws, or any other laws or rules.

Lead Plaintiffs and Defendants, and their counsel, have concluded that the settlement is advantageous, considering the risks and uncertainties for each side of continued litigation. Lead Plaintiffs and their counsel have determined that the settlement is fair, reasonable, and adequate and is in the best interests of the Settlement Class Members. Defendants have agreed to the settlement solely to eliminate the burden and expense of further protracted litigation.

The Stipulation creates a Settlement Fund in the amount of \$4,000,000 in cash, plus interest that accrues on the fund prior to distribution. Your recovery from the Settlement Fund will depend on a number of variables, such as: the number of ARAH securities that you purchased or otherwise acquired between April 20, 2016 and August 18, 2016, inclusive (the “Settlement Class Period”), including the number of ARAH securities that you purchased or otherwise acquired pursuant or traceable to ARAH’s Form S-1/A, as amended, and the Form 424B Prospectus (together, the “Registration Statement”) filed in connection with ARAH’s April 20, 2016 offering; and the timing of your purchases and any sales. Lead Plaintiffs estimate that if all eligible Claimants submit a valid Claim Form, the average distribution per damaged ARAH security will be approximately \$0.46 before deduction of Court-approved fees, expenses, and incentive awards. Settlement Class Members should note, however, that this is only an estimate based on the overall number of potentially affected ARAH securities. Settlement Class Members may recover more or less than the amount estimated herein, depending on the number of shares that are the subject of valid timely claims by Settlement Class Members.

Lead Plaintiffs and the Defendants do not agree on the average amount of damages per ARAH share that would be recoverable if Lead Plaintiffs were to have prevailed in the Action. The issues on which the Parties disagree include: (1) whether any of Defendants’ Settlement Class Period statements, including in materials in connection with ARAH’s April 2016 IPO, were materially false or misleading; (2) if any statements were false or misleading, whether Defendants knew or recklessly disregarded this fact; and (3) whether, and to what extent, any of Defendants’ allegedly false or misleading statements artificially inflated the price of ARAH securities during the Settlement Class Period.

Lead Plaintiffs’ Counsel, who have been prosecuting this Action on a wholly-contingent basis since its inception, have not received any payment of attorneys’ fees for their representation of the Settlement Class and they have advanced the funds to pay expenses necessarily incurred to prosecute the Action. Lead Plaintiffs’ Counsel will apply to the Court for an award of attorneys’ fees in the amount of 33% of the Settlement Fund. In addition, Lead Plaintiffs’ Counsel will apply for reimbursement of litigation expenses (exclusive of administration costs) paid or incurred in connection with the prosecution and resolution of the claims against the Defendants, in an amount not to exceed \$50,000. Lead Plaintiffs may ask the Court for up to \$10,000 as an incentive award for their respective contributions to this lawsuit. Any fees, expenses, or incentive awards awarded by the Court will be paid from the Settlement

Fund. Settlement Class Members are not personally liable for any such fees or expenses. If the settlement is approved, Lead Plaintiffs' Counsel's fee and expense application is granted in its entirety, and Lead Plaintiffs are awarded an incentive award, the average cost per ARAH share of these fees, expenses, and incentive awards will be approximately \$0.16.

Lead Plaintiffs and the Settlement Class are being represented by Kirby McInerney LLP. Any questions regarding the Action or the settlement should be directed to Ira Press, Esq. at Kirby McInerney LLP, 825 Third Avenue, 16th Floor, New York, NY 10022, (212) 371-6600.

Your Legal Rights and Options in the Settlement:	
Submit A Claim Form By July 6, 2018	This is the only way to be eligible to get a payment in connection with the settlement.
Exclude Yourself From The Settlement Class By Submitting A Written Request Postmarked No Later Than May 24, 2018	If you exclude yourself from the Settlement Class, you will not be eligible to get any payment from the Net Settlement Fund. This is the only option that allows you to be part of any other lawsuit against any of Defendants or the other Released Parties concerning the Released Claims (defined below).
Object To The Settlement or the Request for Fees, Expenses, and Incentive Awards By Submitting A Written Objection To Be <i>Received</i> No Later Than May 24, 2018	If you do not like the proposed settlement, the proposed Plan of Allocation, or the Fee and Expense Application, you may write to the District Court and explain why you do not like them. You cannot object to the settlement, the Plan of Allocation, or the Fee and Expense Application unless you are a Settlement Class Member and do not exclude yourself.
Go To The Settlement Hearing On June 14, 2018 At 2:00 P.M., And File A Notice Of Intention To Appear No Later Than May 24, 2018	Filing a written objection and notice of intention to appear allows you to speak in court about the fairness of the settlement, the Plan of Allocation, and/or the Fee and Expense Application. If you submit a written objection, you may (but do not have to) attend the hearing and speak to the District Court about your objection.
Do Nothing	If you are a member of the Settlement Class and you do not submit a Claim Form by July 6, 2018, you will not be eligible to receive any payment from the Net Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the settlement and you will be bound by any Judgments or Orders entered by the District Court pertaining to the Action.

[END OF COVER PAGE]

II. FREQUENTLY ASKED QUESTIONS CONCERNING THE SETTLEMENT

A. Why Did I Get This Notice?

This Notice is being sent to you because you, someone in your family, or an investment account for which you serve as a custodian may have purchased or otherwise acquired ARAH securities during the Settlement Class Period. The District Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have a right to know about your options before the Court rules on the proposed settlement. If the District Court approves the settlement and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by Lead Plaintiffs' Counsel and approved by the Court will make payments pursuant to the Stipulation and the court-approved Plan of Allocation after any objections and appeals are resolved. This Notice is also being sent to inform you of a hearing to be held by the District Court to consider the fairness, reasonableness, and adequacy of the settlement, the proposed Plan of Allocation, and the Fee and Expense Application.

In a class action lawsuit, the court selects one or more people, known as class representatives, to sue on behalf of all people with similar claims, commonly known as the class or the class members. A class action is a type of lawsuit in which the claims of a number of individuals are resolved together, thus providing the class members with both consistency and efficiency. Once the class is certified, the court must resolve all issues on behalf of the class members, except for any Persons who choose to exclude themselves from the class. The District Court has preliminarily certified this Action to proceed as a class action for settlement purposes only and preliminarily certified the Lead Plaintiffs as the representative for the Settlement Class.

This Notice does not express any opinion by the District Court concerning the merits of any claim in the Action. The District Court has to decide whether to approve the settlement. If the Court approves the settlement and the Plan of Allocation, payments to Authorized Claimants will be made after any appeals are resolved, and after the completion of all claims processing. Please be patient.

B. What Does The Settlement Provide?

In exchange for the release of the Released Claims against each of Defendants and the other Released Parties, as well as dismissal of the litigation against Defendants, ARAH has agreed to pay, or cause to be paid, the sum of four million United States dollars (\$4,000,000), plus interest earned thereon for the benefit of the Settlement Class. The Settlement Fund less all Taxes, Notice and Administration Costs, and Fee and Expense Award paid out of the Settlement Fund in accordance with applicable orders of the District Court (the "Net Settlement Fund") will be divided among all eligible Settlement Class Members who send in a valid Proof of Claim. The Proof of Claim is described in more detail in Section F below.

C. Am I Included In The Settlement?

You are included in the settlement if you purchased or otherwise acquired ARAH securities during the Settlement Class Period, including securities purchased or otherwise acquired pursuant or traceable to the Registration Statement filed in connection with ARAH's April 20, 2016 offering, and were damaged thereby. Excluded from the Settlement Class are Defendants, their spouses, and anyone (other than a tenant or employee) sharing the household of any Defendant. Also excluded from the Settlement Class are any Persons who exclude themselves by submitting a request for exclusion in accordance with the requirements set forth in this Notice (see pages 6-7 below).

PLEASE NOTE: RECEIPT OF THIS NOTICE DOES NOT MEAN THAT YOU ARE A SETTLEMENT CLASS MEMBER OR THAT YOU WILL BE ENTITLED TO RECEIVE PROCEEDS FROM THE SETTLEMENT. IF YOU ARE A SETTLEMENT CLASS MEMBER AND YOU WISH TO BE ELIGIBLE TO PARTICIPATE IN THE DISTRIBUTION OF PROCEEDS FROM THE SETTLEMENT, YOU ARE REQUIRED TO SUBMIT THE CLAIM FORM THAT IS BEING DISTRIBUTED WITH THIS NOTICE AND THE REQUIRED SUPPORTING DOCUMENTATION AS SET FORTH THEREIN POSTMARKED NO LATER THAN JULY 6, 2018.

D. What Might Happen If There Were No Settlement?

If there were no settlement, and Lead Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiffs nor the Settlement Class would recover anything from Defendants.

E. What Is The Legal Effect Of The Settlement On My Rights?

If you are a member of the Settlement Class, the settlement will affect you. If the District Court grants final approval of the settlement, the Action will be dismissed with prejudice and all Settlement Class Members will fully release and discharge Defendants from all claims (as detailed below) for relief arising out of or based on Lead Plaintiffs' allegations. When a Person "releases" claims, that means that Person cannot sue Defendants for any of the claims covered by the release. If you are a Settlement Class Member and you submit a valid and timely Claim Form, you will receive a payment based upon the distribution formula described below.

F. What Will I Receive From The Settlement?

At this time, it is not possible to make any determination as to how much a Settlement Class Member may receive from the settlement. Pursuant to the Stipulation, ARAH has agreed to pay, or cause to be paid, \$4,000,000 in cash. The Settlement Amount will be deposited into an interest-bearing escrow account. If the settlement is approved by the District Court, the Net Settlement Fund will be distributed to Settlement Class Members as set forth in the proposed Plan of Allocation, or such other plan as the District Court may approve.

After approval of the settlement by the District Court and upon satisfaction of the other conditions of the settlement, the Net Settlement Fund will be distributed to Authorized Claimants in accordance with the Plan of Allocation approved by the District Court. Under the proposed Plan of Allocation, your share of the Net Settlement Fund will depend on: (1) the dates you acquired or sold your ARAH securities; (2) the number of ARAH securities acquired or sold and the price paid or received; (3) the expense of administering the claims process; (4) any attorneys' fees and expenses awarded by the Court; (5) interest income received and taxes paid by the Settlement Fund; (6) the number of eligible ARAH securities purchased or otherwise acquired by other Settlement Class Members who submit timely and valid Proof of Claim Forms; and (7) the Recognized Losses of all other Authorized Claimants computed in accordance with the Plan of Allocation set out on pages 5-6 below.

You can calculate your Recognized Loss in accordance with the formula set forth below in the proposed Plan of Allocation. In the event the aggregate Recognized Losses of all timely and validly submitted Proof of Claim Forms exceed the Net Settlement Fund, your share of the Net Settlement Fund will be proportionally less than your calculated Recognized Loss. It is unlikely that you will get a payment for all of your Recognized Loss. After all Settlement Class Members have sent in their Proof of Claim Forms, the payment you get will be that proportion of the Net Settlement Fund equal to your Recognized Loss divided by the total Recognized Losses of all Settlement Class Members who submit timely and valid Proof of Claim Forms (the "Pro Rata Share"). See the Plan of Allocation on pages 5-6 for more information on your Recognized Loss.

The Net Settlement Fund will not be distributed until the District Court has approved a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

Neither ARAH nor any other Person that paid any portion of the Settlement Amount is entitled to get back any portion of the Net Settlement Fund once the District Court's Order and Final Judgment approving the settlement becomes final. Defendants will not have any liability, obligation, or responsibility for the administration of the settlement or disbursement of the Net Settlement Fund or the Plan of Allocation.

Approval of the settlement is independent from approval of the Plan of Allocation. Any determination with respect to the Plan of Allocation will not affect the settlement, if approved.

Each Person wishing to participate in the distribution must timely submit a valid Claim Form establishing membership in the Settlement Class, and including all required documentation, postmarked on or before July 6, 2018, to the address set forth in the Claim Form that accompanies this Notice.

Unless the District Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked on or before July 6, 2018, shall be fully and forever barred from receiving payments pursuant to the settlement, but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation that is approved, including the terms of any judgment entered and releases given.

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

Each Claimant shall be deemed to have submitted to the jurisdiction of the District Court with respect to his, her, or its Claim Form. Upon request of the Claims Administrator, each Person that submits a Claim Form shall subject his, her, or its Claim to investigation as to his, her, or its status as a Claimant and the allowable amount of his, her, or its Claim.

Persons that are excluded from the Settlement Class by definition or that exclude themselves from the Settlement Class will not be eligible to receive a distribution from the Net Settlement Fund and should not submit a Claim Form.

Proposed Plan Of Allocation

The Net Settlement Fund will be distributed to Settlement Class Members who submit valid, timely Claim Forms. If you have a net loss on all transactions in ARAH securities during the Settlement Class Period, you will be paid the percentage of the Net Settlement Fund that your Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants. 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.

Each Authorized Claimant's Recognized Loss will be calculated as follows:

- A. For ARAH securities purchased or otherwise acquired in ARAH's April 2016 IPO at \$22.00 per share:
 - (1) For each share sold before August 19, 2016, the Recognized Loss shall be zero.
 - (2) For each share still held after August 18, 2016, the Recognized Loss shall be \$2.19 per share.
- B. For ARAH securities purchased or otherwise acquired from April 21, 2016 through July 1, 2016:
 - (1) For each share sold before July 2, 2016, the Recognized Loss shall be zero.
 - (2) For each share sold from July 2, 2016 through July 26, 2016, the Recognized Loss shall be the difference between (a) lesser of purchase price and \$28.53 per share, and (b) greater of sale price and \$25.71 per share.
 - (3) For each share sold from July 27, 2016 through August 18, 2016, the Recognized Loss shall be the difference between (a) lesser of purchase price and \$28.53 per share, and (b) greater of sale price and \$24.41 per share.
 - (4) For each share still held after August 18, 2016, the Recognized Loss shall be the lesser of: (a) purchase price minus \$24.41, plus \$2.31 per share, and (b) \$6.43.
- C. For ARAH securities purchased or otherwise acquired from July 2, 2016 through July 27, 2016:
 - (1) For each share sold before July 27, 2016, the Recognized Loss shall be zero.
 - (2) For each share sold from July 27, 2016 through August 18, 2016, the Recognized Loss shall be the difference between (a) lesser of purchase price and \$26.59 per share, and (b) greater of sale price and \$24.41 per share.
 - (3) For each share still held after August 18, 2016, the Recognized Loss shall be the lesser of: (a) purchase price minus \$24.41, plus \$2.31 per share, and (b) \$4.49.
- D. For ARAH securities purchased or otherwise acquired from July 28, 2016 through August 18, 2016:
 - (1) For each share sold before August 19, 2016, the Recognized Loss shall be zero.
 - (2) For each share still held after August 18, 2016, the Recognized Loss shall be the lesser of: (a) purchase price minus \$19.81, and (b) \$2.31.

To the extent an Authorized Claimant had an aggregate gain from his, her or its transactions in ARAH securities during the Settlement Class Period, the value of his, her or its total Recognized Loss will be zero. To the extent that an Authorized Claimant suffered an overall loss on his, her or its transactions in ARAH securities during the Settlement Class Period, but the loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the actual loss. Purchases that were made in order to cover short sales are ineligible and will not be included in the Recognized Loss calculation; however, any aggregate

gains with respect to short sales shall be offset against the Recognized Loss on other transactions. All purchases/acquisitions and sales of ARAH shares during the Settlement Class Period shall be matched on a Last-In-First-Out (“LIFO”) basis.

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” or “payment” date. However, for ARAH securities that were put to investors pursuant to put options sold by those investors, the purchase of ARAH securities shall be deemed to have occurred on the date that the put option was sold, rather than the date on which the ARAH securities were subsequently put to the investor pursuant to that option. The proceeds of any put option sales shall be offset against any losses from ARAH securities that were purchased as a result of the exercise of the put option. Additionally, ARAH securities acquired during the Settlement Class Period through the exercise of a call option shall be treated as a purchase on the date of exercise for the exercise price plus the cost of the call option, and any Claim arising from such transaction shall be computed as provided for other purchases of ARAH securities as set forth herein.

The receipt or grant by gift, devise or inheritance of ARAH securities during the Settlement Class Period shall not be deemed to be a purchase of ARAH securities for the calculation of an Authorized Claimant’s Recognized Loss if the Person from which the ARAH securities were received did not themselves acquire the securities during the Settlement Class Period, nor shall it be deemed an assignment of any claim relating to the purchase of such ARAH securities unless specifically provided in the instrument or gift or assignment.

An Authorized Claimant will be eligible to receive a distribution from the Net Settlement Fund only if the Authorized Claimant had a net loss, after all profits from transactions in ARAH securities during the Settlement Class Period are subtracted from all losses from transactions in ARAH securities during the Settlement Class Period.

If an Authorized Claimant’s distribution amount calculates to less than \$10.00, no distribution will be made to that Authorized Claimant.

Distributions will be made to Authorized Claimants after all Claims have been processed and after the District Court has finally approved the settlement. If there is any balance remaining in the Net Settlement Fund six months from the date of distribution of the Net Settlement Fund by reason of un-cashed distributions or otherwise, then, after the Claims Administrator has made reasonable efforts to have Authorized Claimants cash their distributions, and if it is economically feasible, any balance remaining in the Net Settlement Fund shall be redistributed to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such redistribution after the payment of any taxes and unpaid costs or fees incurred in administering the Net Settlement Fund for such redistribution. Lead Plaintiffs’ Counsel shall, if economically feasible, continue to reallocate any further balance remaining in the Net Settlement Fund after the redistribution is completed among Settlement Class Members in the same manner and time frame as provided for above. In the event that Lead Plaintiffs’ Counsel determines that further redistribution of any balance remaining (following the initial distribution and redistribution) is no longer economically feasible, thereafter Lead Plaintiffs’ Counsel shall donate the remaining funds, if any, to a non-sectarian, not-for-profit 501(c)(3) organization, to be designated by Lead Plaintiffs’ Counsel and approved by the District Court.

Payment pursuant to the Plan of Allocation, or such other plan as may be approved by the District Court, shall be conclusive against all Authorized Claimants. No Person shall have any claim against Lead Plaintiffs, Lead Plaintiffs’ Counsel, Defendants, and their respective counsel or any of the other Released Parties, or the Claims Administrator or other agent designated by Lead Plaintiffs’ Counsel arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation approved by the District Court, or further orders of the District Court. Lead Plaintiffs, Defendants, and their respective counsel, and all other Released Parties shall have no responsibility or liability whatsoever for the investment or distribution of the settlement funds, the Net Settlement Fund, the Plan of Allocation, or the determination, administration, calculation, or payment of any Claim Form or nonperformance of the Claims Administrator, the payment or withholding of taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

The Plan of Allocation set forth herein is the plan that is being proposed by Lead Plaintiffs and Lead Plaintiffs’ Counsel to the District Court for approval. The District Court may approve this Plan of Allocation as proposed or it may modify the Plan of Allocation without further notice to the Settlement Class. Any orders regarding a modification of the Plan of Allocation will be posted on the settlement website, www.ARAHsecuritiessettlement.com.

G. Can I Decide To Opt Out Of This Settlement?

Yes. If you do not wish to be included in the Settlement Class and you do not wish to participate in the settlement, you may request to be excluded. To do so, you must submit a written request for exclusion that must be signed by you or your authorized representative and postmarked on or before May 24, 2018. You must set forth: (a) the name, address, and telephone number of the Person requesting exclusion; (b) the amount of ARAH securities purchased, acquired and/or sold during the Settlement Class Period; (c) prices paid or received for such ARAH securities; (d) the date of each purchase, acquisition or sale transaction; and (e) a statement that the Person wishes to be excluded from the Settlement Class.

The exclusion request should be addressed as follows:

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST AND RECEIVED WITHIN THE TIME STATED ABOVE, OR IS OTHERWISE ACCEPTED BY THE COURT.

If you timely and validly request exclusion from the Settlement Class, (a) you will be excluded from the Settlement Class, (b) you will not share in the proceeds of the settlement described herein, (c) you will not be bound by any judgment entered in the case, and (d) you will not be precluded, by reason of your decision to request exclusion from the Settlement Class, from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the litigation. Defendants may withdraw from and terminate the settlement if Settlement Class Members who purchased the requisite number of ARAH securities exclude themselves from the Settlement Class.

H. What If A Settlement Class Member Is Deceased?

The authorized legal representative(s) of a Settlement Class Member may receive a recovery on behalf of the Settlement Class Member.

I. What If I Bought ARAH Securities On Someone Else's Behalf?

If you purchased or otherwise acquired ARAH securities during the Settlement Class Period for the beneficial interest of a Settlement Class Member, you must either (a) send copies of the Postcard Notice to the beneficial owners of the ARAH securities within fourteen (14) business days from the receipt of the Postcard Notice; or (b) provide the names and addresses of such persons or entities to *Esposito v. American Renal Assocs. Holdings, Inc. et al.*, Claims Administrator, c/o GCG, P.O. Box 10538, Dublin, Ohio 43017-4538. If you choose the second option, the Claims Administrator will send a copy of the Postcard Notice to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the out-of-pocket expenses for which reimbursement is sought.

Copies of this Notice and the Claim Form can be obtained from the website maintained by the Claims Administrator, www.ARAsecuritiessettlement.com, by calling the Claims Administrator toll-free at (888) 684-5083, or from Lead Plaintiffs' Counsel's website, www.kmlp.com.

J. How And What Do I Do To Make Sure The Claims Administrator Has My Correct Address?

If your address changes from the address to which this Notice was directed, you must notify the Claims Administrator of your new address as soon as possible. Failure to keep the Claims Administrator informed of your address may result in the loss of any monetary award you might be eligible to receive. Please send your new contact information to the Claims Administrator at the address listed below and include your old address, new address, new telephone number, date of birth, and Social Security number. These last two items are required so that the Claims Administrator can verify that the address change is from an actual Settlement Class Member.

Esposito v. American Renal Assocs. Holdings, Inc. et al. – ADDRESS CHANGE
Claims Administrator
c/o GCG
P.O. Box 10538
Dublin, Ohio 43017-4538

K. What Are Lead Plaintiffs' Counsels' Fees And Costs?

At the Settlement Hearing, Lead Plaintiffs' Counsel will request that the District Court award attorneys' fees of 33% of the Settlement Fund, plus expenses (exclusive of administration costs) not to exceed \$50,000 which were incurred in connection with the litigation of the Action, plus interest thereon at the same rate as earned on the Settlement Amount. Whatever amount is approved by the Court as legal fees and expenses will be paid from the Settlement Fund.

To date, Lead Plaintiffs' Counsel have not received any payment for their services in conducting this Action, nor have counsel been reimbursed for their substantial expenses. The fees requested by Lead Plaintiffs' Counsel will compensate Lead Plaintiffs' Counsel for their efforts in achieving the Settlement Fund for the benefit of the Settlement Class, and for their risk in undertaking this representation on a wholly contingent basis. If the amount requested is approved by the Court, the average cost per damaged ARAH share will be \$0.16.

L. How Will the Notice Costs and Expenses Be Paid?

Lead Plaintiffs' Counsel are authorized by the Stipulation to pay the Claims Administrator's fees and expenses incurred in connection with giving notice, administering the settlement, and distributing the Net Settlement Fund to Settlement Class Members.

III. LEAD PLAINTIFFS AND LEAD PLAINTIFFS' COUNSEL SUPPORT THE SETTLEMENT

Lead Plaintiffs and Lead Plaintiffs' Counsel believe that the claims asserted against Defendants have merit. Lead Plaintiffs and their Counsel recognize, however, the expense and length of continued proceedings necessary to pursue their claims against Defendants through trial and appeals, as well as the difficulties in establishing liability and damages at trial. The immediate cash benefits under the settlement must be considered against the significant risk that a smaller recovery – or indeed no recovery at all in light of the pending motions to dismiss the Action– might be achieved after heavily contested motions, a contested trial and likely appeals, a process that could be expected to last several years into the future.

In light of the value of the settlement and the immediacy of a cash recovery to the Settlement Class, Lead Plaintiffs and Lead Plaintiffs' Counsel believe that the proposed settlement is fair, reasonable, and adequate. Indeed, Lead Plaintiffs and Lead Plaintiffs' Counsel believe that the settlement achieved is an excellent result and in the best interests of the Settlement Class. The settlement, which provides an immediate \$4,000,000 in cash (less the various deductions described in this Notice), individually and collectively provides substantial benefits now as compared to the risk that a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future.

IV. WHAT OPPORTUNITY WILL I HAVE TO GIVE MY OPINION ABOUT THE SETTLEMENT?

A. How Can I Object To The Settlement, Plan of Allocation, and Fee and Expense Application?

Any Settlement Class Member who does not request exclusion may object to the settlement, the proposed Plan of Allocation, and/or the Fee and Expense Award Application. Objections must be in writing and signed by the Settlement Class Member making the objection. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the District of Massachusetts at the address set forth below on or before **May 24, 2018**. Your written objection should state that you are objecting to the proposed settlement, Plan of Allocation, and/or Fee and Expense Award Application in *Esposito v. American Renal Assocs. Holdings, Inc., et al.*, No. 16 Civ. 11797 (ADB) and should include all reasons for the objection, including any legal and evidentiary support you wish to bring to the Court's attention. The objection must also include your name, address, telephone number, email address, and the number of ARAH securities you purchased, acquired, or sold during the Settlement Class Period, including the number of ARAH securities that you purchased or otherwise acquired pursuant or traceable to the Registration Statement filed in connection with ARAH's April 20, 2016 offering, with written proof of your purchases, acquisitions, or sales of ARAH securities (whether from your bank, broker or otherwise). You must also serve the papers on designated representative Lead Plaintiffs' Counsel and Defendants' Counsel at the addresses set forth below for their respective counsel so that the papers are **received on or before May 24, 2018**.

To be considered, your objection must be filed with the Clerk's Office no later than **May 24, 2018**, and sent to:

Clerk's Office

Clerk of the Court
United States District Court
District of Massachusetts
John Joseph Moakley United States Courthouse
1 Courthouse Way
Boston, Massachusetts 02210
Re: *Esposito v. American Renal Assocs.
Holdings, Inc. et al.*, No. 16 Civ. 11797 (ADB)

Defendants' Counsel

Jed M. Schwartz, Esq.
Milbank, Tweed, Hadley & McCloy LLP
28 Liberty Street
New York, NY 10005

Counsel for ARAH

Lead Plaintiffs' Counsel

Ira M. Press, Esq.
Kirby McInerney LLP
825 Third Avenue,
16th Floor
New York, NY 10022

*Counsel for Lead Plaintiffs
and the Class*

You may file a written objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless you first filed and served a written objection in accordance with the procedures described above, unless the Court orders otherwise.

If you file an objection to the settlement, Plan of Allocation, and/or the Fee and Expense Application you also have a right to appear at the Settlement Hearing either in person or through counsel hired by you at your own expense. You are not required, however, to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. If you file and serve a timely written objection as described above and wish to be heard orally at the Settlement Hearing in opposition to the approval of the settlement, the Plan of Allocation, or the Fee and Expense Application, you must file a notice of appearance with the Clerk's Office and serve it on the Claims Administrator at the address set forth above. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing.

Unless the District Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed settlement, the proposed Plan of Allocation, the Attorneys' Fee and Expense Application, and Lead Plaintiffs' request for an incentive award. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

B. What Rights Am I Giving Up By Remaining In The Class?

If you remain in the Settlement Class, you will be bound by any orders issued by the District Court. For example, if the District Court approves the settlement, the District Court will enter the Final Judgment Order. The Final Judgment Order will dismiss with prejudice the claims against Defendants and will provide that Lead Plaintiffs shall, and each of the Settlement Class Members shall be deemed to have, and by operation of such order shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged all Released Claims, regardless of whether such Settlement Class Member executes and delivers the Claim Form, and that Lead Plaintiffs and each of the Settlement Class Members shall be forever barred and enjoined from commencing, instituting, prosecuting, continuing to prosecute, participating in, or soliciting or encouraging the prosecution of any action or proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting any of the Released Claims.

“Released Claims” means any and all manner of claims, including any Unknown Claims, debts, demands, rights, interests, actions, suits, causes of action, cross-claims, counter-claims, charges, judgments, obligations, setoffs, or liabilities for any obligations of any kind whatsoever (however denominated), whether class, individual or otherwise in nature, for fees, costs, penalties, damages whenever incurred, and liabilities of any nature whatsoever (including, without limitation, direct or indirect claims or demands for rescission, damages, interest, attorneys’ fees, and any other costs, expenses or liabilities whatsoever, including joint and several), whether based on federal, state, local, statutory or common law, in equity, or on any other law, rule, regulation, ordinance, contract, or the law of any foreign jurisdiction, whether fixed or contingent, known or unknown, liquidated or unliquidated, suspected or unsuspected, asserted or unasserted, matured or unmatured, which Settlement Class Members or any of them, whether directly, representatively, derivatively, or in any other capacity, now have, ever had, or ever will have against Released Parties, arising from or relating in any way to, directly or indirectly, (1) the purchase, sale, or other acquisition or disposition, or holding, of ARAH securities during the Settlement Class Period, and/or (2) any conduct alleged in the Action or that could have been alleged in the Action against any of the Defendants or the other Released Parties.

“Released Parties” means all and each of Defendants, and all and each of their respective past and present parent, subsidiary, and affiliated corporations and entities, the predecessors and successors and assigns in interest of any of them, associates (all as defined in SEC Rule 12b-2 promulgated pursuant to the Securities Exchange Act of 1934), and all and each of their respective past and present officers, directors, employees, managers, members, agents, affiliates, partners, representatives, spouses, heirs, executors, trustees, administrators, and insurers (including the Insurer), and legal or other representatives; and the predecessors, successors, heirs, executors, administrators, advisors, and assigns of each of the foregoing.

“Unknown Claims” means any Released Claims that Lead Plaintiffs or any other Settlement Class Member do not know or suspect to exist in his, her or its favor at the time of the grant of such release, which if known by him, her or it might have affected their decision(s) with respect to the settlement of the Action. It is the intention of the Parties hereto that, upon the Effective Date, Lead Plaintiffs and Defendants shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Final Judgment Order shall have expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of any statute or law, which is similar, comparable, equivalent to, or which has the effect of, California Civil Code §1542, which provides: “A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.” Lead Plaintiffs and Defendants acknowledge, and each of the Settlement Class Members shall be deemed by operation of the Final Judgment Order to have acknowledged, that he, she or it is aware that they may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matters of the Released Claims, but that it is his, her, or its intention upon the Effective Date, to have, fully, finally, and forever settled and released any and all claims within the scope of the Released Claims, whether known or unknown, suspected or unsuspected, contingent or noncontingent, whether or not concealed or hidden, which now exist, may hereafter exist or may heretofore have existed, without regard to the subsequent discovery or existence of such different or additional facts. In entering and making the Stipulation, the Parties assume the risk of any mistake of fact or law and the release shall be irrevocable and remain in effect notwithstanding any mistake of fact or law. The Parties acknowledge, and Settlement Class Members shall be deemed to have acknowledged, that the release of such unknown claims was separately bargained for and was a key element of the Stipulation.

V. SETTLEMENT HEARING

The District Court will hold a Settlement Hearing at 2:00 p.m. on June 14, 2018 before the Honorable Allison D. Burroughs, United States District Court Judge, in Courtroom 17, 5th Floor, at the John Joseph Moakley United States Courthouse, 1 Courthouse Way, Boston, Massachusetts 02210, to determine whether the settlement should be finally approved as fair, reasonable, and adequate. The District Court will also be asked to approve the proposed Plan of Allocation and the Fee and Expense Award. The District Court may adjourn or continue the Settlement Hearing without further notice to the Settlement Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Plaintiffs’ Counsel.

Settlement Class Members do not need to attend the Settlement Hearing. The District Court will consider any submission made in accordance with the provisions in this Notice even if the Settlement Class Member does not attend the hearing. You can participate in the settlement without attending the Settlement Hearing. You are not obligated to attend the Settlement Hearing.

VI. GETTING MORE INFORMATION

This Notice is a summary and does not describe all of the details of the Stipulation. For precise terms and conditions of the settlement, you may review the Stipulation filed with the District Court, as well as the other pleadings and records of this litigation, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, District of Massachusetts, John

Joseph Moakley United States Courthouse, 1 Courthouse Way, Boston, Massachusetts 02210, at www.ARAsecuritiessettlement.com, or from Lead Plaintiffs' Counsel's website, www.kmlp.com. Settlement Class Members without access to the internet may be able to review this document online at locations such as a public library.

If you have any questions about the settlement of the Action, you may contact Lead Plaintiffs' Counsel:

Ira M. Press, Esq.
KIRBY McINERNEY LLP
825 Third Avenue, 16th Floor
New York, NY 10022
Tel: (212) 371-6600

You may also call or write to the Claims Administrator at *Esposito v. American Renal Assocs. Holdings, Inc. et al.*, c/o GCG, P.O. Box 10538, Dublin, Ohio 43017-4538 or email info@ARAsecuritiessettlement.com or call (888) 684-5083, stating that you are requesting assistance regarding the ARAH litigation.

DO NOT TELEPHONE OR WRITE THE DISTRICT COURT OR THE OFFICE OF THE CLERK OF THE COURT REGARDING THIS NOTICE.

DATED: February 8, 2018

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