

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

JEFF RIHN, Individually and on Behalf of All Others
Similarly Situated,

Plaintiff,

v.

ACADIA PHARMACEUTICALS INC., ULI HACKSELL,
STEPHEN R. DAVIS, and ROGER G. MILLS,

Defendants.

Case No. 15-cv-00575 BTM DHB

STEVE A. WRIGHT AND VICKI G. WRIGHT, Individually
and on Behalf of All Others Similarly Situated,

Plaintiffs,

v.

ACADIA PHARMACEUTICALS INC., ULI HACKSELL,
STEPHEN R. DAVIS, and ROGER G. MILLS,

Defendants.

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

If you purchased or otherwise acquired publicly traded ACADIA Pharmaceuticals Inc. common stock and/or call options in the United States or on the NASDAQ Global Select Market between November 10, 2014 through and including March 11, 2015, you might be a member of the settlement class in this action entitling you to a payment in connection with a settlement of the action.

A federal court authorized this settlement notice. This is not a solicitation from a lawyer.

- This settlement notice (the “Notice”) relates to a securities class action brought by investors who claim that the prices of ACADIA Pharmaceuticals Inc. (“ACADIA”) common stock and call options were artificially inflated as a result of alleged false and/or misleading statements, and that certain Defendants engaged in insider trading, in violation of the federal securities laws.
- On June 9, 2017, the Court preliminarily approved a settlement of this class action (the “Settlement”). This Settlement is with Defendants ACADIA, Uli Hacksell, Stephen R. Davis and Roger G. Mills (“Defendants”).
- The Settlement provides that Defendants will cause \$2,925,000 to be paid to the Class.¹ After payment of attorneys’ fees, costs, and expenses, what remains of the \$2,925,000 (the “Net Settlement Fund”) will be distributed to investors who are Class Members and who submit a timely and valid Proof of Claim Form. Your recovery will depend on the timing of your purchases and sales of ACADIA common stock and/or call options during the Class Period. Based on the information currently available to Lead Plaintiffs, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution, the estimated average distribution per share of securities will be approximately \$0.40 before deduction of Court-approved fees and expenses, including the cost of notifying Class Members and administering claims. Historically, actual claims rates are less than 100%, which will result in higher average distributions per share.
- By submitting the enclosed Proof of Claim Form, you will be submitting a claim to share in the proceeds of the Settlement, unless you request to be excluded from the Settlement.
- Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiffs, as well as all charges of 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 Action. Defendants believe the Action has no merit. Defendants deny that they made any false or misleading statements during the Class Period, that they had the state of mind required to render any of the alleged misrepresentations and omissions actionable, that they engaged in any insider trading, and that any alleged loss was caused by any alleged misrepresentations. Lead Plaintiffs dispute all of the foregoing. As a result, the Settling Parties disagree on a number of issues, including, but not limited to: (i) whether Defendants violated the federal securities laws as alleged in the Complaint; and (ii) to what extent, if at all, Class Members have sustained damages, and the proper measure of damages.

¹ All capitalized terms not immediately defined are defined below.

- In accordance with the fee agreement between Lead Plaintiffs and the attorneys who have been appointed to represent the class, Lead Counsel will ask the Court to award them a fee equal to 25% of the Settlement Amount, plus reimbursement of expenses incurred in prosecuting this lawsuit to be paid from the Gross Settlement Fund, not to exceed \$125,000. Lead Counsel also intends to ask the Court to grant Lead Plaintiffs an award not to exceed \$5,000 in total. If those applications are granted, Lead Plaintiffs estimate that the amount of fees and costs will be approximately \$0.11 per share of securities.²
- Lead Plaintiffs' principal reason for entering into the settlement is that it provides significant benefits to Class Members and avoids the costs of continuing the lawsuit against Defendants and the risk of a smaller recovery, or no recovery at all. Defendants' principal reason for entering into the Settlement is to eliminate the expense, risk, and uncertainty of further litigation. Defendants have expressly denied and continue to deny all allegations of liability, fault, or wrongdoing whatsoever.
- If you are a member of the Class and the Settlement is approved, your legal rights will be affected whether you act or not. Read this Notice carefully to see what your options are in connection with the Settlement.
- Lead Plaintiffs and the Class are represented by Richard W. Gonnello of Faruqi & Faruqi, LLP, 685 Third Avenue, 26th Floor, New York, NY 10017 (212) 983-9330, www.faruqilaw.com.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT

Submit a Proof of Claim Form (by September 16, 2017)	<p>You must submit a timely and valid Proof of Claim Form to share in the proceeds of the Settlement.</p> <p>If this Settlement is approved and you are a member of the Class, you may also be entitled to receive a payment from the Settlement. The form enclosed with this Notice is a "Proof of Claim Form." You must submit a Proof of Claim Form to share in the Settlement's proceeds. A copy of the Proof of Claim Form is available at www.AcadiaSecuritiesSettlement.com. Note that no claims less than \$10.00 will be paid.</p> <p>If you remain in the Class, you will be bound by the Settlement and will give up any "Settled Claims" (as defined below) you may have against the Defendants and other "Defendant Releasees" (as defined below), so it is in your interest to submit a Proof of Claim Form.</p>
Exclude Yourself (by August 29, 2017)	<p>If you exclude yourself, you will not get a payment from the Settlement and will not be bound by the Settlement.</p> <p>If you do not timely and validly request exclusion from the Class, you will be bound by any judgment entered in the Action pursuant to the Stipulation and Agreement of Settlement (the "Stipulation").</p>
Object (by September 13, 2017)	<p>If you do not exclude yourself, but you wish to object to any part of the Settlement, you may write to the Court about your objections.</p>
Attend the Final Fairness Hearing (on October 3, 2017 at 2:00 p.m.)	<p>If you have submitted a written objection to the Settlement to the Court, you may (but do not have to) attend the Final Fairness Hearing about the Settlement and speak to the Court about your objections.</p>

- These rights and options – and the deadlines to exercise them – are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and that approval is upheld in any appeals. Please be patient.

² The estimated notice and claims administration costs for this Settlement, which shall be paid from the Gross Settlement Fund, are \$260,000. The cost is only an estimate, however, as the administration has not fully commenced as of the date of this Notice. Based upon the estimate, the notice and administration costs per share would be approximately \$0.03.

WHAT THIS NOTICE CONTAINS

BASIC INFORMATION	Page 3
1. Why am I receiving this Notice?	
2. What is a class action?	
3. What is this lawsuit about?	
4. What should I do if my address changes, or if the Notice was sent to the wrong address?	
WHO IS IN THE SETTLEMENT CLASS	Page 4
5. How do I know whether I am a member of the Class?	
6. Are there exceptions to being included?	
7. I am still not sure whether I am included.	
SUMMARY OF THE SETTLEMENT	Page 4
8. How and when was the Settlement reached?	
9. What does the Settlement provide?	
10. What are the reasons for the Settlement?	
11. What is the potential outcome of the lawsuit absent the Settlement?	
THE SETTLEMENT BENEFITS – WHAT YOU GET	Page 5
12. How much will my payment be?	
HOW TO GET A PAYMENT	Page 9
13. What do I have to do to receive a share of the Settlement?	
14. When will I receive my payment?	
15. What am I giving up to get a payment or stay in the Class?	
EXCLUDING YOURSELF FROM THE SETTLEMENT	Page 10
16. What if I want to be excluded from the Settlement?	
17. If I don't exclude myself, can I sue Defendants for the same thing later?	
18. If I exclude myself, can I get money from the Settlement?	
THE LAWYERS REPRESENTING YOU	Page 11
19. Do I have a lawyer in the case?	
20. How will the lawyers be paid?	
OBJECTING TO THE SETTLEMENT OR THE ATTORNEYS' FEES	Page 11
21. How do I tell the Court if I don't like the Settlement?	
22. What's the difference between objecting and requesting exclusion?	
23. When and where will the Court decide whether to approve the Settlement?	
24. Do I have to come to the Final Fairness Hearing?	
25. May I speak at the Final Fairness Hearing?	
IF YOU DO NOTHING	Page 12
26. What happens if I do nothing at all?	
GETTING MORE INFORMATION	Page 12
27. Are there more details about the Settlement?	
28. How do I get more information?	
SPECIAL NOTICE TO BANKS, BROKERS, AND NOMINEES	Page 12

BASIC INFORMATION

1. Why am I receiving this Notice?

The Court caused this Notice to be sent to people who may have purchased or otherwise acquired ACADIA common stock and/or call options in the United States or on the NASDAQ Global Select Market between November 10, 2014 and March 11, 2015, both dates inclusive (the "Class Period"). The Court caused this Notice to be sent out because, if you purchased or acquired those securities during that period, you have a right to know about the proposed Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement.

The purpose of this Notice is to provide you with a Proof of Claim Form and information regarding the deadline to submit that form if you wish to receive a payment from the Settlement.

This Notice describes the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The court in charge of this case is the United States District Court for the Southern District of California (the "Court"). The case is known as *Rihn, et al. v. ACADIA Pharmaceuticals Inc., et al.*

2. What is a class action?

In a class action, one or more plaintiffs, called Lead Plaintiffs or class representatives, sue on behalf of people who have similar claims. All of the individuals and entities on whose behalf the class representatives are suing are known as class members. One court resolves the issues in the case for all class members, except for those who choose to exclude themselves from the class if exclusion is permitted by applicable rules of procedure.

3. What is this lawsuit about?

This lawsuit (the "Action") is a class action alleging violations of the federal securities laws by Defendants. The Court has appointed Paul and Sharyn Levine ("Lead Plaintiffs") to serve as class representatives in the Action and has appointed the law firm Faruqi & Faruqi, LLP ("Lead Counsel") to serve as attorneys on behalf of the class.

The Consolidated Class Action Complaint ("Complaint"), which was filed in the Action on November 16, 2015, alleges that Defendants violated the Securities Exchange Act of 1934 by knowingly misrepresenting to the public during the Class Period that the Company's new drug application for Nuplazid (the "NDA") was on track for submission to the U.S. Food and Drug Administration by March 31, 2015, when in fact it was not. The Complaint alleges that Defendants' purported misrepresentations were revealed to investors on March 11, 2015, when Defendants announced that the NDA submission would be delayed until the second half of 2015.

The Complaint alleges that investors who purchased or otherwise acquired publicly traded ACADIA common stock and/or call options in the United States or on the NASDAQ Global Select Market during the Class Period suffered damages, as alleged therein.

Following the filing of the Complaint, Defendants moved to dismiss the claims asserted against them. By order dated September 20, 2016, the Court denied the motion to dismiss. While the Court allowed Lead Plaintiffs' claims to move forward, the Court has made no substantive determinations on the merits of the claims against Defendants.

4. What should I do if my address changes, or if this Notice was sent to the wrong address?

If this Notice was sent to you at the wrong address, or if your address changes in the future, please send prompt written notification of your correct address to KCC, LLC (the "Claims Administrator") at the following address:

ACADIA Pharmaceuticals Inc. Securities Litigation
c/o KCC Class Action Services
P.O. Box 404009
Louisville, KY 40233-4009

WHO IS IN THE SETTLEMENT CLASS

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

The Court has preliminarily certified for purposes of the Settlement a class that consists of, subject to certain exceptions identified below, the following individuals and entities:

Lead Plaintiffs as well as all Persons who purchased or otherwise acquired the publicly-traded common stock and/or call options of ACADIA in the United States or on the NASDAQ Global Select Market during the period between November 10, 2014 and March 11, 2015, both dates inclusive, and who allege to have been damaged thereby (the "Class").

6. Are there exceptions to being included?

Yes. Excluded from the Class are Defendants, members of their immediate families, any firm, trust, partnership, corporation, officer, director, or other individual or entity in which a Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors-in-interest or assigns of such excluded persons.

Also excluded from the Class are any persons or entities who exclude themselves by submitting a timely request for exclusion in accordance with the requirements set forth in this Notice.

7. I'm still not sure whether I am included.

If you are still not sure whether you are included, you can ask for help, which will be provided to you at no cost. You can call the Claims Administrator toll free at 1-844-515-6321, send an email to info@AcadiaSecuritiesSettlement.com, or write to the Claims Administrator at the address stated in the answer to Question #4 above.

SUMMARY OF SETTLEMENT

8. How and when was the Settlement reached?

Lead Plaintiffs reached an agreement-in-principle with Defendants regarding the Settlement on December 6, 2016. Thereafter, Lead Plaintiffs and Defendants executed the Stipulation to formalize their agreement.

The Settlement was reached after arm's-length negotiation between Lead Counsel and counsel for Defendants, and only after Lead Counsel had (a) conducted a lengthy investigation into the facts alleged in the Action; (b) drafted a

consolidated complaint; (b) briefed a motion to dismiss and received a Court order denying the motion; (c) conducted a mediation with Defendants; (d) researched the applicable law with respect to the Class's claims against Defendants and the potential defenses thereto; and (e) reviewed certain documents produced by Defendants.

9. What does the Settlement provide?

In the Settlement, Defendants agree to cause \$2,925,000 to be paid to the Class (the "Settlement Amount"). The Settlement Amount is to be paid into escrow within fifteen (15) business days after the Court's preliminary approval of the Settlement. The Settlement Amount will fund the "Gross Settlement Fund."

The Settlement shall become effective when and if each of the following conditions is met: (a) the Court has entered a final judgment approving the Settlement, and (b) any appeals from that judgment have been finally resolved, or the time has expired in which to file such appeals (the "Effective Date").

If the Settlement is approved by the Court, then as of the Effective Date of the Settlement all Class Members will be deemed to have released all claims against the Defendant Releasees that arise out of or relate to the allegations in the Complaint. This means that, upon the Effective Date, all Class Members will be permanently barred from asserting any of the claims described above against Defendants. In addition, upon the Effective Date, Defendants will be precluded from suing Lead Plaintiffs, Class Members, or Lead Counsel in connection with the Action.

10. What are the reasons for the Settlement?

Lead Plaintiffs agreed to the Settlement because of the substantial monetary benefit it will provide to the Class, compared to the risk that recovery might not be achieved after a contested trial. Further discovery in this matter, including extensive document review and witness depositions, would be time consuming and costly. Additional litigation of this Action would take several years and the outcome of summary judgment or a trial is uncertain. As well, Defendants might appeal the verdict, resulting in further uncertainty and delay.

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiffs, as well as all charges of 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 Action. Defendants believe the Action has no merit. Defendants deny that they made any false or misleading statements during the Class Period, that they had the state of mind required to render any of the alleged misrepresentations and omissions actionable, that any alleged loss was caused by any alleged misrepresentations, and that any Defendant engaged in insider trading. Defendants agreed to the Settlement to settle and terminate all existing or potential claims against them, and to eliminate the expense, risk, and uncertainty of further litigation.

11. What is the potential outcome of the lawsuit absent the Settlement?

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiffs, as well as all charges of 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 Action. Defendants believe the Action has no merit. Defendants deny that they made any false or misleading statements during the Class Period, that they had the state of mind required to render any of the alleged misrepresentations and omissions actionable, that any alleged loss was caused by any alleged misrepresentations, and that any Defendant engaged in insider trading. Lead Plaintiffs dispute all of the foregoing. As a result, the parties disagree on a number of issues, including, but not limited to: (a) whether Defendants engaged in conduct that would give rise to liability under the federal securities laws; (b) whether Defendants have valid defenses to the claims against them; and (c) the amount, if any, by which the price of ACADIA common stock and call options were artificially inflated as a result of Defendants' alleged violations of the federal securities laws.

Accordingly, one potential outcome of the lawsuit absent the Settlement is that Defendants could prevail in full on a motion for summary judgment and the case could be dismissed in its entirety without any recovery for the Class. Similarly, Defendants could prevail at trial and there could be no recovery for the Class. Alternatively, Lead Plaintiffs could prevail on some or all claims and the damages could be greater or lesser than the Settlement Amount.

THE SETTLEMENT BENEFITS – WHAT YOU GET

12. How much will payment be?

The Plan of Allocation set forth below explains how each Class Member's "Recognized Loss" will be calculated. The amounts to be distributed to individual Class Members will depend on a variety of factors, including: the number of other Class Members who submit valid Proof of Claim Forms; the amount and type of securities you purchased; the prices and dates of those purchases; and the prices and dates of any sales of your securities. The manner of dividing the Net Settlement Fund has not yet been determined. Depending upon which securities you purchased and the timing of your transactions, you may be entitled to recover for all, none, or only some of the claims asserted in the Complaint.

The amount to be distributed to Class Members on a per share basis will depend on future Court proceedings and factual and legal analysis, and it is therefore only possible to make an approximate estimate of the amount of any such distribution at the present time. At the "Final Fairness Hearing" Lead Plaintiffs will seek final Court approval of the below Plan of Allocation that will govern calculation of Class Members' individual distributions.

Proposed Plan of Allocation of the Net Settlement Fund Among Class Members

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Authorized Claimants based on their respective alleged economic losses as a result of the alleged fraud, as opposed to losses caused by market- or industry-wide factors, or Company-specific factors unrelated to the alleged fraud. ACADIA securities for which an Authorized Claimant may be entitled to receive a distribution from the Net Settlement Fund consist of the following:

- i. Publicly-traded ACADIA common stock (“ACADIA Stock”) purchased or otherwise acquired during the period November 10, 2014 through March 11, 2015, inclusive (the “Class Period”);³
- ii. Publicly-traded call options on ACADIA Stock (“Call Options”) purchased or otherwise acquired during the Class Period;

The Claims Administrator shall determine each Authorized Claimant’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 ACADIA Stock and Call Option purchased during the Class Period. The calculation of Recognized Loss will depend upon several factors, including, for ACADIA Stock, when the stock was purchased during the Class Period, and at what price, and whether such shares were sold, and if sold, when they were sold, and at what price. For Call Options, the calculation of Recognized Loss will depend upon when the Call Option was purchased during the Class Period, and at what price, and whether such options were sold or exercised, and if sold or exercised, when they were sold/exercised, and at what price. 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 Authorized Claimants pursuant to the Stipulation. Each Authorized Claimant’s Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimant. The Settlement Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that it is equitably and economically feasible.

The Plan of Allocation was created with the assistance of a consulting damages expert, and reflects the assumption that the price of ACADIA Stock was artificially inflated throughout the Class Period. The estimated alleged artificial inflation in the price of ACADIA Stock is reflected in Table 1 below. The computation of the estimated alleged artificial inflation in the price of ACADIA Stock during the Class Period is based on certain misrepresentations alleged by Lead Plaintiffs and the stock price reactions to public announcements that allegedly corrected the misrepresentations alleged by Lead Plaintiffs, net of market- and industry-wide factors, and Company-specific factors unrelated to the alleged fraud.

Federal securities laws allow investors to recover for losses caused by disclosures which corrected Defendants’ previous misleading statements or omissions. Thus, in order to have been damaged by the alleged violations of the federal securities laws, ACADIA Stock purchased during the Class Period must have been held during a period of time in which its price declined due to the disclosure of information which corrected an allegedly misleading statement or omission. Lead Plaintiffs and Lead Counsel have determined that such a price decline occurred on March 12, 2015. Accordingly, if ACADIA Stock was sold before March 12, 2015, the Recognized Loss for such stock is zero (\$0.00), and any loss suffered is not compensable under the federal securities laws. Likewise, if a Call Option was sold or exercised prior to March 12, 2015, the Recognized Loss for that option is zero (\$0.00).

Table 1		
Artificial Inflation in ACADIA Stock⁴		
From	To	Per-Share Price Inflation⁵
November 10, 2014	March 11, 2015	\$3.24
March 12, 2015	Thereafter	\$0.00

The “90-day look back” provision of the Private Securities Litigation Reform Act of 1995 (“PSLRA”) is incorporated into the calculation of the Recognized Loss for ACADIA Stock. The limitations on the calculation of the Recognized Loss imposed by the PSLRA are applied such that losses on ACADIA Stock purchased during the Class Period and held as of the close of the 90-day period subsequent to the Class Period (the “90-Day Lookback Period”) cannot exceed the difference between the purchase price paid for such stock and the average price of ACADIA Stock during the 90-Day Lookback Period. The Recognized Loss on ACADIA Stock purchased during the Class Period and sold during the 90-Day Lookback Period cannot exceed the difference between the purchase price paid for such stock and the rolling average price of ACADIA Stock during the portion of the 90-Day Lookback Period elapsed as of the date of sale.

In the calculations below, all purchase and sale prices shall exclude any fees, taxes and commissions. If a Recognized Loss amount is calculated to be a negative number, that Recognized Loss shall be set to zero (\$0.00).

³ During the Class Period, ACADIA Stock was listed on the NASDAQ Global Select Market under the ticker symbol “ACAD.”

⁴ Any transactions in ACADIA Stock executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.

⁵ One day prior to the end of the Class Period, on March 10, 2015, the price of ACADIA Stock increased 19.25% (or \$7.49), net of market and industry effects, in response to rumors that the Company would be acquired. (See Complaint, ¶13.) On March 12, 2015, the price of ACADIA Stock declined 23.98% (or -\$10.73), net of market and industry effects, in response to the alleged corrective disclosures as well as to the market’s realization that the takeover rumors were false. The estimated per-share price inflation in ACADIA Stock during the Class Period is based on the Company-specific decline on March 12, 2015, minus \$7.49, which is the amount attributed to the takeover rumors.

Calculation of Recognized Loss Per Share of ACADIA Stock

For each share of ACADIA Stock purchased during the Class Period (*i.e.*, November 10, 2014 through March 11, 2015, inclusive), the Recognized Loss per share shall be calculated as follows:

- i. For each share of ACADIA Stock that was purchased during the Class Period that was subsequently sold prior to March 12, 2015, the Recognized Loss per share is \$0.
- ii. For each share of ACADIA Stock that was purchased during the Class Period that was subsequently sold during the period March 12, 2015 through June 9, 2015, inclusive (*i.e.*, sold during the 90-Day Lookback Period), the Recognized Loss per share is *the lesser of*:
 - a. the amount of per-share price inflation on the date of purchase as appears in Table 1 above; or
 - b. the per-share purchase price *minus* the “90-Day Lookback Value” on the date of sale provided in Table 2 below.
- iii. For each share of ACADIA Stock that was purchased during the Class Period and still held as of the close of the U.S. financial markets on June 9, 2015, the Recognized Loss per share is *the lesser of*:
 - a. the amount of per-share price inflation on the date of purchase as appears in Table 1 above; or
 - b. the per-share purchase price *minus* the average closing price for ACADIA Stock during the 90-Day Lookback Period, which is \$36.98.

Table 2					
Sale / Disposition Date	90-Day Lookback Value	Sale / Disposition Date	90-Day Lookback Value	Sale / Disposition Date	90-Day Lookback Value
3/12/2015	\$34.82	4/13/2015	\$33.74	5/12/2015	\$35.46
3/13/2015	\$34.64	4/14/2015	\$33.88	5/13/2015	\$35.53
3/16/2015	\$34.82	4/15/2015	\$34.03	5/14/2015	\$35.61
3/17/2015	\$34.69	4/16/2015	\$34.21	5/15/2015	\$35.69
3/18/2015	\$34.64	4/17/2015	\$34.36	5/18/2015	\$35.79
3/19/2015	\$34.70	4/20/2015	\$34.50	5/19/2015	\$35.88
3/20/2015	\$34.67	4/21/2015	\$34.65	5/20/2015	\$35.96
3/23/2015	\$34.58	4/22/2015	\$34.79	5/21/2015	\$36.05
3/24/2015	\$34.48	4/23/2015	\$34.92	5/22/2015	\$36.13
3/25/2015	\$34.15	4/24/2015	\$35.03	5/26/2015	\$36.21
3/26/2015	\$33.81	4/27/2015	\$35.07	5/27/2015	\$36.30
3/27/2015	\$33.65	4/28/2015	\$35.09	5/28/2015	\$36.37
3/30/2015	\$33.63	4/29/2015	\$35.12	5/29/2015	\$36.46
3/31/2015	\$33.56	4/30/2015	\$35.09	6/1/2015	\$36.54
4/1/2015	\$33.45	5/1/2015	\$35.11	6/2/2015	\$36.63
4/2/2015	\$33.33	5/4/2015	\$35.15	6/3/2015	\$36.72
4/6/2015	\$33.25	5/5/2015	\$35.16	6/4/2015	\$36.79
4/7/2015	\$33.23	5/6/2015	\$35.20	6/5/2015	\$36.88
4/8/2015	\$33.28	5/7/2015	\$35.24	6/8/2015	\$36.95
4/9/2015	\$33.37	5/8/2015	\$35.30	6/9/2015	\$36.98
4/10/2015	\$33.57	5/11/2015	\$35.37		

Calculation of Recognized Loss Per ACADIA Call Option

For each Call Option purchased during the Class Period, the Recognized Loss per option⁶ shall be calculated as follows:

- i. For each Call Option purchased during the Class Period that was not still held as of the close of the U.S. financial markets on March 11, 2015, the Recognized Loss per option is \$0.00.
- ii. For each Call Option purchased during the Class Period that was still held as of the close of the U.S. financial markets on March 11, 2015,
 - a. that was subsequently sold, the Recognized Loss per option is equal to the purchase price per option *minus* the sale price per option.

⁶ Publicly traded call options are traded in units called contracts. Each call option contract entitles the owner of the call option contract to purchase 100 shares of the underlying stock upon exercise.

- b. that was subsequently exercised, the Recognized Loss per option is equal to the purchase price per option *minus* the price per option on the date of exercise. The price of the option on the date of exercise shall be calculated as the closing price of ACADIA Stock on the date of exercise minus the strike price of the option (*i.e.*, the exercise price).
- c. that expired unexercised while still owned, the Recognized Loss per option is equal to the purchase price per option.

No loss shall be recognized based on a sale or writing of any call option that was subsequently repurchased, exercised or expired.

INSTRUCTIONS APPLICABLE TO ALL CLAIMANTS

The payment you receive will reflect your proportionate share of the Net Settlement Fund. Such payment will depend on the number of eligible securities that participate in the Settlement, and when those securities were purchased and sold. The number of claimants who send in claims varies widely from case to case.

A purchase or sale of ACADIA Stock or Call Option shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

Acquisition by Gift, Inheritance, or Operation of Law: If a Class Member acquired ACADIA Stock or Call Options during the Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent that ACADIA Stock or Call Options were originally purchased prior to commencement of the Class Period, the Recognized Loss for that acquisition shall be deemed to be zero (\$0.00).

Notwithstanding any of the above, receipt of ACADIA Stock or Call Options during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of ACADIA Stock or Call Options.

The first-in-first-out (“FIFO”) basis will be applied to purchases and sales. Sales will be matched in chronological order, by trade date, first against shares/options held immediately prior to the start of the Class Period and then against the purchases of shares/options during the Class Period.

The date of covering a “short sale” is deemed to be the date of purchase of shares. The date of a “short sale” is deemed to be the date of sale of shares. In accordance with the Plan of Allocation, however, the Recognized Loss on “short sales” is zero (\$0.00). In the event that a claimant has an opening short position in ACADIA Stock, the earliest Class Period purchases shall be matched against such opening short position and not be entitled to a recovery until that short position is fully covered.

With respect to ACADIA Stock purchased or sold through the exercise of an option, the purchase/sale date of the stock shall be the exercise date of the option and the purchase/sale price of the stock shall be the exercise price of the option. Any Recognized Loss arising from purchases of ACADIA Stock acquired during the Class Period through the exercise of an option on ACADIA Stock⁷ shall be computed as provided for other purchases of ACADIA Stock in the Plan of Allocation.

Payment according to the Plan of Allocation will be deemed conclusive against all Authorized Claimants. A Recognized Loss will be calculated as defined herein and cannot be less than zero (\$0.00). 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 Loss as compared to the total Recognized Losses of all Authorized Claimants (see the Plan of Allocation for additional details).

However, cumulative payments of all claims associated with ACADIA Call Options will be limited to 2% of the Net Settlement Fund.⁸ Thus, 2% of the Net Settlement Fund will be set aside for losses resulting from ACADIA call options, as described above. The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the respective Net Settlement Funds based upon each Claimant’s respective Common Stock Recognized Loss and Option Recognized Loss (if applicable). If the combined Option Recognized Losses total less than 2% of the Net Settlement Fund, the remaining funds shall be allocated to the losses resulting from ACADIA Stock.

No distribution will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

Class Members who do not submit acceptable Proof of Claim Forms will not share in the Settlement proceeds. The Settlement and the Final Order and Judgment of Dismissal with Prejudice dismissing this Action will nevertheless bind Class Members who do not submit a request for exclusion and/or submit an acceptable Proof of Claim Form.

Please contact the Claims Administrator or Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim Form. If you are unsatisfied 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.

⁷ Including (1) purchases of ACADIA Stock as the result of the exercise of a call option, and (2) purchases of ACADIA Stock by the seller of a put option as a result of the buyer of such put option exercising that put option.

⁸ Call Options account for less than 2% of the combined dollar trading volume of ACADIA Stock and Call Options during the Class Period.

Defendants, their respective counsel, and all other Released Parties will have no responsibility or liability whatsoever for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, or the payment of any claim. Lead Plaintiffs and Lead Counsel, likewise, will have no liability for their reasonable efforts to execute, administer, and distribute the Settlement.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of uncashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund after at least six (6) months after the initial distribution of such funds will be used in the following fashion: (a) first, to pay any amounts mistakenly omitted from the initial disbursement; (b) second, to pay any additional settlement administration fees, costs, and expenses, including those of Lead Counsel as may be approved by the Court; and (c) finally, to make a second distribution to claimants who cashed their checks from the initial distribution and who would receive at least \$10.00, after payment of the estimated costs, expenses, or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. These redistributions shall be repeated, if economically feasible, until the balance remaining in the Net Settlement Fund is *de minimis* and such remaining balance will then be distributed to Investor Protection Trust, a nation-wide not-for-profit organization dedicated to investor education and advocacy.

HOW TO GET A PAYMENT

13. What do I have to do to receive a share of the Settlement?

To qualify for a settlement payment from the proceeds of the Settlement, you **must** send in a Proof of Claim Form. A Proof of Claim Form is enclosed with this Notice. You also may get a Proof of Claim Form on the internet at www.AcadiaSecuritiesSettlement.com, or by calling the Claims Administrator toll-free at 1-844-515-6321. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign the form, and mail it postmarked no later than September 16, 2017.

14. When will I receive my payment?

Lead Plaintiffs do not anticipate being able to distribute the settlement proceeds to Class Members until at least a year from now. Distribution may be delayed in the interest of the Class in order to minimize the number and cost of distributions during the course of the Action.

Any settlement payments from the Net Settlement Fund are also contingent upon the Court approving the Settlement and on such approval becoming final and no longer subject to any appeals.

The Net Settlement Fund will be kept in an interest-bearing account until it is ready for distribution, and the accrued interest will be added to the principal that will be distributed to the Settlement Class.

15. What am I giving up to get a payment or stay in the Class?

Unless you exclude yourself, you will remain a Settlement Class Member, and that means that, if the Settlement is approved, you will give up all "Settled Claims" (as defined below), including all "Unknown Claims" (as defined below), against the "Defendant Releasees" (as defined below):

- "Defendant Releasees" means (1) Defendants, (2) Defendants' Counsel, (3) with regard to ACADIA, all past or present agents, officers, directors, attorneys, accountants, auditors, investment bankers, commercial bankers, underwriters, financial or investment advisors, or other advisors, insurers, co-insurers, reinsurers, partners, limited partners, controlling shareholders, joint venturers, co-developers, co-promoters; related or affiliated entities, advisors, employees, affiliates, predecessors, successors, parents, subsidiaries, and assigns for ACADIA and all such Persons of any entity in which ACADIA has a controlling interest; and (4) with regard to Uli Hacksell, Stephen R. Davis and Roger G. Mills, each individual's spouses, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which either Mr. Hacksell, Mr. Davis or Mr. Mills has a controlling interest, and each and all of their respective past or present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns; and each of Mr. Hacksell, Mr. Davis or Mr. Mills's present and former attorneys, legal representatives, insurers, and assigns in connection with the Action.
- "Settled Claims" means any and all claims, rights, demands, obligations, controversies, debts, damages, losses, causes of action and liabilities of any kind or nature whatsoever (including, but not limited to, any claims for damages, restitution, rescission, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses, or liability whatsoever), whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, whether fixed or contingent, accrued, or un-accrued, liquidated or unliquidated, at law or in equity, matured or unmatured, or class or individual in nature (including both known and Unknown Claims) against Defendants, based on, arising out of, relating in any way to, or in connection with both (i) the facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, or omissions which were or could have been alleged in the Action, and (ii) the purchase or acquisition of ACADIA securities during the Class Period.

- “Unknown Claims” means any and all Settled Claims which Lead Plaintiffs in the Action or any Class Member does not know to exist in his, her, or its favor at the time they agreed to the Stipulation, and any Defendants’ Claims which Defendants did not know to exist in their favor at the time they agreed to the Stipulation, which if known might have affected the decision to enter into the Settlement or the decision not to object to the Settlement. With respect to any and all Settled Claims and Defendants’ Claims, the Settling Parties stipulate and agree that upon the Effective Date, Lead Plaintiffs and Defendants shall expressly, and each Class Member shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights and benefits of Cal. Civ. 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 shall expressly and each of the Class Members 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. Lead Plaintiffs and Class Members 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 matter of the Settled Claims, but Lead Plaintiffs shall expressly, fully, finally and forever settle and release, and each Class member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Settled Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, 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. Lead Plaintiffs and Defendants acknowledge, and other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settled Claims and Defendants’ Claims was separately bargained for and was a key element of this Settlement.

If you remain a member of the Class, all of the Court’s orders will apply to you and legally bind you. You will be bound by the releases whether or not you submit a Proof of Claim Form and/or receive a payment under the Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

16. What if I want to be excluded from the Settlement?

To exclude yourself from the Settlement, you must send a letter by mail to the Claims Administrator saying that you want to be excluded from *Rihn, et al. v. ACADIA Pharmaceuticals Inc., et al.* Be sure to include your name, address, telephone number; the last four digits of your Social Security Number or Taxpayer Identification Number; a list stating the number and type of ACADIA common stock and/or call options purchased and sold between November 10, 2014 and March 11, 2015, and the dates and prices of each purchase and sale; as well as your signature. Mail your exclusion request postmarked no later than August 29, 2017, to:

ACADIA Pharmaceuticals Inc. Securities Litigation
EXCLUSIONS
c/o KCC Class Action Services
3301 Kerner Blvd
San Rafael, CA 94901

If you request exclusion on behalf of any person or entity other than yourself (such as, for example, a trust, a minor, or a pension fund), you also must state the basis of your legal authority to make a request for exclusion on behalf of that person or entity.

You cannot exclude yourself on the phone or by e-mail. If you do not follow the above procedures – including meeting the postmark deadline – you will not be excluded from the Class, and you will be bound by all of the orders and judgments entered by the Court regarding the Settlement. You must exclude yourself even if you already have a pending case against Defendants based on the claims being released.

If you ask to be excluded, you will not get any payment from the Settlement, you cannot object to the Settlement, and you will not be legally bound by anything that happens in this lawsuit. You might be able to sue Defendants in the future.

17. If I don’t exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that the Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit.

18. If I exclude myself, can I get money from the Settlement?

No. Only Class Members who do not exclude themselves will be eligible to recover money in the Settlement.

THE LAWYERS REPRESENTING YOU

19. Do I have a lawyer in this case?

The Court has appointed the law firm of Faruqi & Faruqi, LLP as Lead Counsel to represent Lead Plaintiffs and all other Settlement Class Members in the Action. If you have any questions about the proposed Settlement, you may contact Lead Counsel as follows: Richard W. Gonnello, Faruqi & Faruqi, LLP, 685 Third Avenue, 26th Floor, New York, NY 10017, (212) 983-9330.

If you want to be represented by your own lawyer, you may hire one at your own expense.

20. How will the lawyers be paid?

You will be not charged directly for the fees or expenses of the Lead Counsel appointed by the Court. Instead, those lawyers may apply to the Court for payment of fees and expenses out of the Gross Settlement Fund.

When this case began, Lead Plaintiffs negotiated a fee agreement with Lead Counsel which permits Lead Counsel to apply for fees of up to 33.33% of any recovery achieved by the Class plus out of pocket expenses. For the Settlement, Lead Counsel intends to request a fee of 25% of the net recovery to the Class, plus reimbursement of out-of-pocket expenses. The fees would pay the lawyers for investigating the facts, actively litigating the case, and negotiating the Settlement.

OBJECTING TO THE SETTLEMENT OR THE ATTORNEYS' FEES

21. How do I tell the Court that I don't like the Settlement?

If you are member of the Class and you do not exclude yourself, you can object to the Settlement or any part of it, including Lead Counsel's application for attorneys' fees and expenses, and give reasons why you think the Court should not approve it. Please note, the Court may not change or modify the terms of the Settlement, it may only approve or deny the Settlement in its entirety. To object, you must send a letter or other filing saying that you object to the proposed Settlement and/or the attorneys' fee application in *Rihn, et al. v. ACADIA Pharmaceuticals Inc., et al.*, 15-cv-00575 BTM DHB. Be sure to include your name, address, telephone number, signature, and the reasons for your objection, as well as a list of your purchases and sales of ACADIA common stock and/or call options in the United States or on the NASDAQ Global Select Market made during the Class Period, including the dates, the number of securities purchased or sold, the price(s) paid or received per security for each such purchase or sale, and whether you continue to hold the securities at the time your objection is submitted. If you desire to present evidence at the Final Fairness Hearing, you must include in your written objection the identity of any witnesses you may seek to call to testify and exhibits you may seek to introduce into evidence. Your written objection must be filed with the clerk of the United States District Court for the Southern District of California, postmarked no later than September 13, 2017. The address is:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA
333 West Broadway
San Diego, CA 92101

Any member of the Class who does not object in the manner provided above will be deemed to have waived all objections to the Settlement and to Lead Counsel's application for attorneys' fees.

22. What's the difference between objecting and requesting exclusion?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you are a Class Member.

Excluding yourself is telling the Court that you do not want to be part of the Class for purposes of the Settlement. If you exclude yourself, you have no basis to object, because the case no longer affects you. If you do not exclude yourself, you will be bound by the Settlement and all orders and judgments entered by the Court regarding the Settlement, regardless of whether the Court accepts or denies your objection.

23. When and where will the Court decide whether to approve the Settlement?

The Court has scheduled the Final Fairness Hearing on the proposed Settlement for October 3, 2017 at 2:00 p.m., before the Honorable Barry Ted Moskowitz in Courtroom 15B, in the U.S. District Court for the Southern District of California, United States Courthouse, 333 West Broadway, San Diego, CA 92101. At the Final Fairness Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and will consider Lead Counsel's application for attorneys' fees and expenses. If there are objections, the Court will consider them. At or after the Final Fairness Hearing, the Court will decide whether to approve the Settlement.

Please note that the date of the Final Fairness Hearing is subject to change without further notice. If you plan to attend the Final Fairness Hearing, you should check with Lead Counsel to be sure no change to the date and time of the hearing has been made.

24. Do I have to come to the Final Fairness Hearing?

No. Lead Counsel will answer any questions the Court might have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection so it was postmarked by the deadline, it will be before the Court when the Court considers whether to approve the Settlement. You may also pay your own lawyer to attend the Final Fairness Hearing, but attendance is not necessary.

25. May I speak at the Final Fairness Hearing?

If you are a Class Member who has not asked to be excluded from the Class, you may ask the Court for permission to speak at the Final Fairness Hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *Rihn, et al. v. ACADIA Pharmaceuticals Inc., et al.*" Be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be filed with the Clerk of the Court and sent to the counsel listed above in the answer to Question #19, postmarked no later than September 13, 2017. You cannot speak at the hearing if you have asked to be excluded from the Class.

IF YOU DO NOTHING

26. What happens if I do nothing at all?

If you do nothing in response to this Notice, you will remain a member of the Class and will be bound by the Settlement. You will not be able to start, continue, or be part of any other lawsuit or arbitration against Defendants based on the claims in the Action. If you do not submit a Proof of Claim Form, you will not receive a payment from the Settlement.

GETTING MORE INFORMATION

27. Are there more details about the Settlement?

This Notice contains only a summary of the proposed Settlement. The complete Settlement is set out in the Stipulation dated March 13, 2017. You may request a copy of the Stipulation in writing to *ACADIA Pharmaceuticals Inc. Securities Litigation*, c/o KCC Class Action Services, P.O. Box 404009, Louisville, KY 40233-4009. There may be a charge for copying and mailing the Stipulation. Copies of the Stipulation may be obtained for free at www.AcadiaSecuritiesSettlement.com.

28. How do I get more information?

You can also call the Claims Administrator toll free at 1-844-515-6321, write to the Claims Administrator at the above address, e-mail the Claims Administrator at info@AcadiaSecuritiesSettlement.com or visit the website at www.AcadiaSecuritiesSettlement.com, where you will find a copy of the Stipulation, the Complaint, and certain other documents relating to the Action and the Settlement. Anyone interested in more detail regarding the Action is invited to visit the Office of the Clerk of the United States District Court for the Southern District of California, United States Courthouse, 333 West Broadway, San Diego, CA 92101, during regular business hours, or by accessing the court docket in this Action through the Court's Public Access to Court Electronic Records system ("PACER") at <https://ecf.cand.uscourts.gov> to review the Stipulation, the pleadings, and the other papers maintained there in Case No. 15-cv-00575 BTM DHB.

SPECIAL NOTICE TO BANKS, BROKERS, AND NOMINEES

You are a nominee owner, such as brokerage firms, if you purchased or otherwise acquired ACADIA securities during the Class Period as a record owner but not as beneficial owner. Such nominees who hold or held ACADIA securities for beneficial owners who are Class Members are directed (a) to provide the Claims Administrator with lists of the names and last known addresses of the beneficial owners for whom they purchased or otherwise acquired ACADIA securities during the Class Period within 7 calendar days of receipt of the Settlement Notice, or (b) to send the Settlement Notice and Proof of Claim Form to the beneficial owners. If the nominee owner elects to send the Settlement Notice and Proof of Claim Form to the beneficial owners, the nominee owner is directed (i) to request additional copies of the Settlement Notice and Proof of Claim Form within 7 calendar days of receipt of the Settlement Notice, and (ii) to mail the Settlement Notice and Proof of Claim Form within 7 calendar days of receipt of the copies of the Settlement Notice from the Claims Administrator, and upon such mailing the nominee owner shall send a statement to the Claims Administrator confirming that the mailing was made as directed. Such nominee owners shall be reimbursed from the Settlement Fund, after receipt by the Claims Administrator of proper documentation, for the reasonable expenses of sending the Settlement Notice and Proof of Claim Form to the beneficial owners. Please send all requests to the Administrator either by email to Nominees@AcadiaSecuritiesSettlement.com or by mail to: *ACADIA Pharmaceuticals Inc. Securities Litigation*, c/o KCC Class Action Services, 3301 Kerner Blvd., San Rafael, CA 94901.

Dated: June 9, 2017

BY ORDER OF THE COURT

Hon. Barry Ted Moskowitz
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA