



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE PROSPECT MEDICAL HOLDINGS,) CONSOLIDATED
INC. SHAREHOLDERS LITIGATION) C.A. No. 5760-VCN

ORDER AND FINAL JUDGMENT

On this 21st day of January, 2016, a hearing having been held before this Court to determine whether the terms and conditions of the Stipulation and Agreement of Compromise and Settlement, dated October 16, 2015 (the “Stipulation” or the “Settlement Agreement”), which is incorporated herein by reference, and the terms and conditions of the settlement proposed in the Stipulation (the “Settlement”) are fair, reasonable and adequate for the settlement of all claims asserted; and whether the Settlement should be approved by this Court and the Order and Final Judgment should be entered in the above-captioned consolidated class action (the “Consolidated Action”); and the Court having considered all matters submitted to it at the hearing and otherwise;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. This Order and Final Judgment incorporates and makes part hereof the Stipulation filed with this Court on October 16, 2015, including

Exhibits A-D thereto. Unless otherwise defined in this Order and Final Judgment, the capitalized terms herein have the same meaning as they have in the Stipulation.

2. The mailing of the Notice of Pendency of Class Action, Proposed Settlement of Class Action, and Settlement Hearing (the “Notice”) pursuant to and in the manner prescribed in the Scheduling Order on Approval of Class Action Settlement entered on October 23, 2015 (the “Scheduling Order”), which was mailed by first class mail beginning on November 23, 2015, according to the proof of such mailing of the Notice to the Class filed with the Court by counsel for Plaintiffs, is hereby determined to be the best notice practicable under the circumstances and in full compliance with Rule 23 of the Rules of the Court of Chancery, the requirements of due process, and applicable law.

3. The Court hereby amends the Order Regarding Class Certification, dated May 10, 2012, to recertify a Class as consisting of:

All persons or entities who held shares of Prospect common stock (or any interest therein), either of record or beneficially, for the period from and including April 16, 2010, through and including December 15, 2010 (the “Class Period”), including any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on

behalf of, or claiming under, any of them, and each of them. Excluded from the Class are Defendants, members of the immediate family of any Defendant, any entity in which a Defendant has or had a controlling interest, Prospect, Green Equity Investors V, L.P., Green Equity Investors Side V, L.P., Leonard Green, Ivy Holdings, Ivy Merger Sub, and persons who were officers of Prospect during the Class Period, as well as the legal representatives, heirs, successors, or assigns of any such excluded person.

All other provisions of the Order Regarding Class Certification, dated May 10, 2012, shall remain in full force and effect.

4. The Settlement of this Consolidated Action as provided for in the Stipulation is approved as fair, reasonable, and adequate to Plaintiffs and the Class.

5. The Parties to the Stipulation are hereby authorized and directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation.

6. This Consolidated Action and all Released Claims are hereby dismissed on the merits and with prejudice, and without costs, in full and final discharge of any and all claims or obligations that were or could have been asserted in the Consolidated Action against Defendants.

7. All Class Members shall be and are deemed bound by the Stipulation and this Order and Final Judgment. This Order and Final

Judgment, including the release of all Released Claims against all Released Parties, shall have *res judicata* and other preclusive effect in all pending and future lawsuits, arbitrations, or other proceedings maintained by or on behalf of any of the Plaintiffs and all other Class Members, as well as any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them.

8. Plaintiffs and the Class Members, on behalf of themselves, and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, , for good and sufficient consideration received, hereby shall be deemed to have, and by operation of this Order and Final Judgment shall have, fully, completely and forever released and discharged (i) Defendants, (ii) any Person which is, was, or will be related to or affiliated with any or all of Defendants or in which any or all of Defendants has, had, or will have a controlling interest, (iii) Prospect, (iv) Green Equity Investors V,

L.P., Green Equity Investors Side V, L.P., Ivy Holdings, Ivy Merger Sub, and Leonard Green, and (v) each and all of the foregoing's respective past, present, or future family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, insurers and reinsurers, foundations, agents, employees, fiduciaries, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, managers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, insurers, co-insurers, reinsurers, and associates (consistent with the Stipulation, the "Released Parties") of and from any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature, or description whatsoever,

whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (defined in the Stipulation), that Plaintiffs or any or all other Class Members ever had, now have, or may have, whether direct, derivative, individual, class, representative, legal, equitable, or of any other type, or in any other capacity, against any of the Released Parties, whether based on state, local, foreign, federal, statutory, regulatory, common or other law or rule (including, but not limited to, any claims under federal securities laws, including such claims within the exclusive jurisdiction of the federal courts, or state disclosure law or any claims that could be asserted derivatively on behalf of Prospect), which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, (i) the Transaction, (ii) any deliberations or negotiations in connection with the Transaction, (iii) the consideration received by Class Members or by any other Person in connection with the Transaction, (iv) the Proxy or any other disclosures, public filings, periodic reports, press releases, proxy statements, or other statements issued, made available, or filed relating, directly or indirectly, to the Transaction, (v) the fiduciary duties and obligations of the Released

Parties in connection with the Transaction, (vi) any of the allegations in any complaint or amendment(s) thereto filed in the Consolidated Action, including in any of its constituent actions (*i.e.*, the *Lessey* and *McCormack* actions and the *Wynnefield* Action), or (vii) any other actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims, or any other matters, things, or causes whatsoever, or any series thereof, that were, could have been, or in the future can or might be alleged, asserted, set forth, claimed, embraced, involved, or referred to in, or otherwise related, directly or indirectly, in any way to, the Consolidated Action or the subject matter of the Consolidated Action (consistent with the Stipulation, the “Released Claims”); provided, however, that the Released Claims shall not include claims to enforce the Settlement.

9. Defendants and all Released Parties hereby shall be deemed to have, and by operation of this Order and Final Judgment shall have, fully, completely, finally, and forever released, relinquished, and discharged Plaintiffs and Plaintiffs’ counsel from all claims, including Unknown Claims, arising out of or relating to the institution, prosecution, settlement, or resolution of the Consolidated Action (provided, however, that this release,

relinquishment and discharge shall not include claims by the Parties to enforce the terms of the Settlement or Settlement Agreement).

10. Plaintiffs and all Class Members, and any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns, or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, are hereby permanently barred and enjoined from commencing, instituting, maintaining, prosecuting, or asserting, either directly or in any other capacity, in any forum, any Released Claims against any of the Released Parties.

11. Neither the Stipulation nor this Order and Final Judgment, nor the facts or any terms of the Settlement, is to be considered in this or any other proceeding as evidence, or a presumption, admission or concession by Prospect or any Party in the Consolidated Action, any signatory to the Stipulation, or any Released Party, of any fault, liability or wrongdoing whatsoever, or lack of any fault, liability or wrongdoing, as to any facts or claims alleged or asserted in the Consolidated Action, or any other actions or proceedings. Neither the Stipulation nor this Order and Final Judgment is a finding or evidence of the validity or invalidity of (i) any claims or defenses in

the Consolidated Action or any other actions or proceedings, or any wrongdoing by Prospect, any of the Defendants named therein, or any other Released Party or (ii) any damages or injury to any Class Member. Neither the Stipulation nor this Order and Final Judgment, nor any of the terms and provisions thereof, nor any of the negotiations or proceedings in connection therewith, nor any of the documents or statements referred to herein or therein, nor the Settlement, nor the fact of the Settlement, nor the settlement proceedings, nor any statements in connection therewith, shall (i) be argued to be, used or construed as, offered, or received in evidence as, or otherwise constitute an admission, concession, presumption, proof, evidence, or a finding of any liability, fault, wrongdoing, injury, or damages, or of any wrongful conduct, acts, or omissions on the part of any of the Released Parties, or of any infirmity of any defense, or of any damage to any Plaintiff or Class Member, (ii) otherwise be used to create or give rise to any inference or presumption against any of the Released Parties concerning any fact alleged or that could have been alleged, or any claim asserted or that could have been asserted in the Consolidated Action, or of any purported liability, fault, or wrongdoing of the Released Parties or of any injury or damages to any person or entity, or (iii) otherwise be admissible, referred to, or used in any

proceeding of any nature, for any purpose whatsoever; provided, however, that (x) the Stipulation and/or this Order and Final Judgment may be introduced in any proceeding, whether in this Court or otherwise, as may be necessary to argue that the Stipulation and/or this Order and Final Judgment has *res judicata*, collateral estoppel, or other issue or claim preclusion effect or to otherwise consummate or enforce the Settlement and/or this Order and Final Judgment and (y) Plaintiffs and Plaintiffs' counsel may refer to the final, executed version only of the Stipulation in connection with the Fee Application.

12. Plaintiffs' counsel in the Consolidated Action are hereby awarded attorneys' fees in the sum of \$ 1,787,500⁰⁰, inclusive of expenses, in connection with the Consolidated Action, which sum the Court finds to be fair and reasonable. Such sums shall be paid solely from the Settlement Payment pursuant to the provisions of the Stipulation. No counsel representing any Plaintiff in the Consolidated Action shall make any further or additional application for fees and expenses to the Court or any other court, nor shall counsel for any other Class Member make any further or additional application for fees and expenses to the Court pursuant to the Settlement.

14. The Court hereby finds and concludes that the procedures and plan for allocating the Settlement Payment provides a fair, reasonable, and adequate basis upon which to allocate the net settlement proceeds among Settlement Payment Recipients.

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

16. If the Effective Date does not occur or Defendants withdraw from the Settlement pursuant to Paragraph 20 of the Stipulation, this Order and Final Judgment shall be rendered null and void and shall be vacated and, in such event, all orders entered and releases delivered in connection herewith except for Paragraph 12 hereof and Paragraphs 20, 21, 27, and 28 of the Stipulation, which shall survive any such termination or vacatur, shall be null and void, and the Parties returned, without prejudice in any way, to their respective litigation positions immediately prior to the execution of the Stipulation.

18. The binding effect of this Order and Final Judgment and the obligations of Plaintiffs and Defendants under the Settlement shall not be

conditioned upon or subject to the resolution of any appeal from this Order and Final Judgment that relates solely to the issue of the Fee Application.

19. Without affecting the finality of this Order and Final Judgment in any way, this Court reserves jurisdiction over all matters relating to the administration, consummation and enforcement of the Settlement and this Order and Final Judgment.

20. The Register in Chancery is directed to enter and docket this Order and Final Judgment.



Vice Chancellor

Dated: January 21, 2016