

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION
CIVIL ACTION NO. 3:12-CV-213-MOC-DCK**

CAMERON MCINTYRE,

Plaintiff,

v.

CHELSEA THERAPEUTICS
INTERNATIONAL, LTD., et al.,

Defendants.

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

If you purchased or otherwise acquired Chelsea Therapeutics International, Ltd. common stock in the United States or on the NASDAQ Stock Market from September 20, 2010 through May 21, 2012, both dates inclusive, you might be a member of the 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 relates to a securities class action brought by investors who claim that the prices of Chelsea Therapeutics International, Ltd. (“Chelsea”) common stock were artificially inflated as a result of false statements, non-disclosures, and fraudulent conduct in violation of the federal securities laws.
- On June 1, 2016, the Court preliminarily approved a settlement of this class action (the “Settlement”). This Settlement is with Defendants Chelsea, Simon Pedder, and William D. Schwieterman (“Defendants”).
- The Settlement Provides that Chelsea will cause \$5,500,000 to be paid to the Class. After payment of attorneys’ fees, costs, and expenses, the Settlement proceeds will be distributed to investors who are members of the Class and who submit a timely and valid Proof of Claim form. Your recovery will depend on the timing of your purchases and sales of Chelsea common stock during the Class Period. Based on the information currently available to Lead Plaintiff, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution, the estimated average distribution per share of common stock will be approximately \$0.14 before deduction of Court-approved fees and expenses, including the cost of notifying Members of the Class 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.
- The two sides disagree on the amount of money that could have been recovered if the Lead Plaintiff won at trial. The issues on which the Settling Parties disagree include, but are 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.
- In accordance with the fee agreement between Lead Plaintiff and the attorneys who have been appointed to represent the Class, the plaintiff’s attorneys will ask the Court to award them a fee equal to 33.3% of the Class’s recovery, plus reimbursement of expenses incurred in prosecuting this lawsuit to be paid from the Settlement proceeds, not to exceed \$125,000. The plaintiff’s attorneys also intend to ask the Court to grant Lead Plaintiff an expense award not to exceed \$10,000 in total. If those applications are granted, Lead Plaintiff estimates that the amount of fees and costs will be approximately \$0.05 per share of Chelsea common stock.¹
- The Settlement was reached because 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, who have expressly denied and continue to deny all allegations of liability, fault, or wrongdoing whatsoever, entered into the Settlement to eliminate the expense, risk, and uncertainty of further litigation.
- 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 Settlement Notice carefully to see what your options are in connection with the Settlement.
- Lead Plaintiff 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.

¹ The estimated notice and claims administration costs for this Settlement, which shall be paid from the Settlement Fund, are \$275,000. The cost is only an estimate, however, as the administration has not fully commenced as of the date of this Notice; thus, the cost is subject to increase as a result of unforeseen circumstances. Based upon this estimate, the notice and administration costs per share would be approximately \$0.007.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT	
Submit a Proof of Claim Form (by September 4, 2016)	You must submit a timely and valid Proof of Claim form to share in the proceeds of the Settlement. 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. 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.ChelseaTherapeuticsSettlement.com If you remain in the Class, you will be bound by the Settlement and will give up any "Released 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.
Exclude Yourself (by August 29, 2016)	If you exclude yourself, you will not get a payment from the Settlement and will not be bound by the Settlement.
Object (by August 29, 2016)	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.
Attend the Hearing (on September 19, 2016)	If you have submitted a written objection to the Settlement to the Court, you may (but do not have to) attend the hearing about the Settlement and speak to the Court about your objections.

- 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.

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BASIC INFORMATION

1. Why am I receiving this Settlement Notice?

The Court caused this Settlement Notice to be sent to people who may have purchased or acquired Chelsea common stock in the United States or on the NASDAQ Stock Market between September 20, 2010 and May 21, 2012, inclusive. The Court caused this Settlement 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 Settlement 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 Settlement 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 Western District of North Carolina. The case is known as *McIntyre v. Chelsea Therapeutics International, Ltd., et al.*, No 3:12-CV-213-MOC-DCK.

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 Chelsea and certain members of its senior management. The Court has appointed Roman Zak ("Lead Plaintiff") to serve as Lead Plaintiff in the Action and has appointed the law firm of Faruqi & Faruqi, LLP to serve as Lead Counsel on behalf of the Class.

The Third Amended Class Action Complaint (the "Complaint"), which was filed in the Action on July 8, 2015, alleges that the Defendants violated the Securities Exchange Act of 1934 by engaging in a fraudulent scheme to conceal negative efficacy results from the public and the U.S. Food and Drug Administration ("FDA") and by making materially false and misleading statements regarding Chelsea's communications with the FDA, study data, and New Drug Application ("NDA") for its drug Northera™.

As alleged in the Complaint, the truth regarding Chelsea's fraudulent activities was revealed in four separate disclosures: (a) on February 13, 2012, after receiving the FDA's Briefing Document for Northera™, Defendants announced that several lines of inquiry have emerged regarding the risk/benefit profile of the drug; (b) on February 21, 2012 the FDA publicly released the Briefing Document which revealed that, in addition to raising several lines of inquiry, the FDA recommended against approval of the drug; (c) on March 28, 2012 Chelsea announced that it had received a complete response letter from the FDA denying approval of the NDA for Northera™ for, among other things, failing to include evidence of durability of effect or sufficient efficacy data; and (d) on May 22, 2012 Chelsea announced that one of the reasons that the FDA denied the NDA was that one site provided a disproportionate impact on the efficacy results for Northera™.

The fraudulent activity alleged in the Complaint and later disclosed to the public caused investors who purchased or otherwise acquired Chelsea common stock in the United States or on the NASDAQ Stock Market during the Settlement Class Period to suffer damages.

A number of Defendants moved to dismiss the claims asserted against them. By order dated August 26, 2015, the Court denied the motion to dismiss in its entirety. While the Court has ruled that Lead Plaintiff's claims should not be dismissed at this stage of the litigation, 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 Settlement Notice was sent to the wrong address?

If this Settlement 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 the Claims Administrator at the following address:

McIntyre v. Chelsea Therapeutics International, Ltd., et al.
c/o Rust Consulting, Inc.
Claims Administrator
P.O. Box 3065003
Des Moines, IA 50306-5003

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:

All Persons who purchased or otherwise acquired Chelsea common stock in the United States or on the NASDAQ Stock Market during the period between September 20, 2010 and May 21, 2012, inclusive, and who were allegedly damaged thereby.

6. Are there exceptions to being included?

Even if you fall within the Class definition, you are not a member of the Class if you are a Defendant in the Action; if you were a member of the immediate families of Defendants; if you were a firm, trust, partnership, corporation, officer, director, or other individual or entity in which a Defendant has a controlling interest or property interest; or if you were the legal representatives, heirs, successors-in-interest or assigns of such excluded persons with respect to that excluded purchase or acquisition of Chelsea common stock.

Also excluded from the Class is any Person who suffered no compensable losses (such as Persons who purchased Chelsea common stock during the Settlement Class Period but sold prior to any partial corrective disclosure).

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 1-877-251-1451, 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 Plaintiff reached an agreement-in-principle with Defendants regarding the Settlement on March 10, 2016. Thereafter, Lead Plaintiff and Defendants executed a Stipulation and Agreement of Settlement (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) successfully obtaining reversal of the Court's original motion to dismiss order on appeal in the Fourth Circuit; (b) briefed a motion to dismiss and received a Court order denying that motion; (c) reviewed thousands of pages of discovery documents submitted by Defendants; (d) conducted a mediation with Defendants; and (e) researched the applicable law with respect to the Class's claims against Defendants and the potential defenses thereto.

9. What does the Settlement provide?

In the Settlement, Defendants agree to cause \$5,500,000 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 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 members of the Class will be deemed to have released all claims against Defendants 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 the Lead Plaintiff, members of the Class, or Lead Counsel in connection with the Action.

10. What are the reasons for the Settlement?

Lead Plaintiff 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 agreed to the Settlement to settle and terminate all existing or potential claims against them, to eliminate the risk of a judgment against them, and to avoid the burden and expense of further litigation, without acknowledging any fault or liability.

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

Lead Plaintiff and Defendants do not agree on the average amount of damages per share that would have been recoverable from Defendants if Lead Plaintiff were to have prevailed on each claim asserted. The issues on which the parties disagree include (a) whether Defendants engaged in conduct that would give rise to liability under the federal securities laws; (b) whether Defendants have valid defenses to any of the claims against them; and (c) the amount, if any, by which the prices of Chelsea common stock was artificially inflated as a result of Defendants' alleged violations of the federal securities laws.

THE SETTLEMENT BENEFITS – WHAT YOU GET

12. How much will my 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 of Chelsea common stock you purchased; the prices and dates of those purchases; and the prices and dates of any sales of your Chelsea common stock. The manner of dividing the Settlement proceeds 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 not possible to estimate the amount of any such distribution at the present time. After further notice to the Class and an opportunity to be heard, Lead Plaintiff will seek Court approval of the below Plan of Allocation that will govern calculation of Class Members' individual distributions.

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

The Claims Administrator shall determine each Class Member's *pro rata* share of the Net Settlement Fund based upon the recognized loss formula described below ("Recognized Loss"). A Recognized Loss will be calculated for each share of Chelsea common stock purchased or otherwise acquired during the Settlement Class Period,² including Chelsea common stock acquired in one of the Company's follow-on public stock offerings completed during the Settlement Class Period.³ The calculation of Recognized Loss will depend upon several factors, including when each share of Chelsea common stock was purchased or otherwise acquired during the Settlement Class Period, and in what amounts, whether those shares were sold, and if sold, when they were sold, and for what amounts.

The Recognized Loss is not intended to estimate the amount a Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Class Members pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to the Class Members. The Claims Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that it is equitably and economically feasible.

² During the Settlement Class Period, Chelsea common stock was listed on the NASDAQ exchange under the ticker symbol "CHTP."

³ According to its SEC filings, Chelsea made at least four follow-on offerings of its common stock during the Settlement Class Period: (i) in September 2010, the Company sold 634,500 shares of common stock under "an at-the-market common equity sales program" pursuant to its 2009 shelf registration statement; (ii) in October 2010, the Company sold 8,214,286 shares of its common stock in a publicly-marketed offering made pursuant to its 2009 shelf registration statement; (iii) in February 2011, the Company sold 10,062,500 shares of its common stock in a publicly-marketed offering made pursuant to its 2011 shelf registration statement; and (iv) in January 2012, the Company sold 4,989,275 shares of its common stock in a publicly-marketed offering made pursuant to its 2011 shelf registration statement. (Source: Form 10-K for the fiscal year ended December 31, 2012 filed March 7, 2013, p. 43.)

To the extent there are sufficient funds in the Net Settlement Fund, each Class Member will receive an amount equal to their total Recognized Losses. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Losses for all Class Members, then each Class Member shall be paid the percentage of the Net Settlement Fund that their total Recognized Losses bears to the total Recognized Losses of all Class Members (*i.e.*, “*pro rata share*”). Payment in this manner shall be deemed conclusive against all Class Members. No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, 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 distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Class Members or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, which were not previously authorized by the Court to be paid, provided that such distributions to any late post-distribution claimants meet all of the other criteria for inclusion in the initial distribution, including the \$10.00 minimum check amount set forth in the Settlement Notice; (ii) second, to pay any additional notice and administration costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Class Members who cashed their checks from the initial distribution and who would receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a non-profit charitable organization(s) selected by Lead Counsel and approved by the Court.

The Basis for Calculating Your Recognized Losses

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Class Members based on their respective alleged economic losses 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.

The Plan of Allocation was created with the assistance of a consulting damages expert, and reflects the assumption that the price of Chelsea common stock was artificially inflated throughout the Settlement Class Period. The estimated alleged artificial inflation in the price of Chelsea common stock during the Settlement Class Period is reflected in Table 1 below. The computation of the estimated alleged artificial inflation in the price of Chelsea common stock during the Settlement Class Period is based on certain misrepresentations alleged by Lead Plaintiff and the price change of Chelsea common stock, net of market- and industry-wide factors, in reaction to the public announcements that allegedly corrected the misrepresentations alleged by Lead Plaintiff.

Federal securities laws allow investors to recover for losses caused by disclosures which correct Defendants’ previous misleading statements or omissions. Thus, in order to have been damaged by the alleged violations of the federal securities laws, shares of Chelsea common stock purchased or otherwise acquired during the Settlement 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 Plaintiff and Lead Plaintiff’s Counsel have determined that such price declines occurred on the following dates: (i) February 13, 2012; (ii) February 21, 2012; (iii) February 22, 2012; (iv) March 29, 2012; and (v) May 22, 2012. Accordingly, if Chelsea common stock was sold prior to February 13, 2012 (the earliest corrective disclosure date), the Recognized Loss for those shares is \$0.00, and any loss suffered is not compensable under the federal securities laws. Similarly, if Chelsea common stock was purchased and then sold between two dates of corrective disclosures, the Recognized Loss for those shares is \$0.00, and any loss suffered is not compensable under the federal securities laws.

Table 1
Artificial Inflation in Chelsea Common Stock

From	To	Per-Share Price Inflation*
September 20, 2010	February 12, 2012	\$4.19
February 13, 2012	February 20, 2012	\$2.19
February 21, 2012	February 21, 2012	\$1.51
February 22, 2012	March 28, 2012	\$1.26
March 29, 2012	May 21, 2012	\$0.24
May 22, 2012	Thereafter	\$0.00

* If the per-share price inflation on the date of acquisition of Chelsea common stock provided in Table 1 above exceeds the purchase/acquisition price of such stock, then the per-share price inflation shall be equal to the per-share purchase/acquisition price for such stock.

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 Chelsea common stock. The limitations on the calculation of the Recognized Loss imposed by the PSLRA are applied such that losses on Chelsea common stock purchased/acquired during the Settlement Class Period and held as of the close of the 90-day period subsequent to the Settlement Class Period (the “90-Day Lookback Period”) cannot exceed the difference between the purchase price paid for such stock and the average price of the Chelsea common stock during the 90-Day Lookback Period. The Recognized Loss on Chelsea common stock purchased/acquired during the Settlement 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 the Chelsea common 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.

Calculation of Per Share Recognized Loss

For each share of Chelsea common stock purchased or otherwise acquired during the Settlement Class Period (*i.e.*, September 20, 2010 through May 21, 2012, inclusive), the Recognized Loss per share shall be calculated as follows:

- i. For each share of Chelsea common stock sold before February 13, 2012, the Recognized Loss per share shall be \$0.
- ii. For each share of Chelsea common stock purchased/acquired during the Settlement Class Period that was subsequently sold during the period February 13, 2012 through May 21, 2012, inclusive, the Recognized Loss per share shall be calculated as the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above, *minus* the amount of per-share price inflation on the date of sale or disposition as appears in Table 1 above.
- iii. For each share of Chelsea common stock purchased/acquired during the Settlement Class Period that was subsequently sold during the period May 22, 2012 through August 17, 2012, inclusive (*i.e.*, sold during the 90-Day Lookback Period), the Recognized Loss per share shall be calculated as the lesser of:
 - a. the amount of per-share price inflation on the date of purchase/acquisition as appears in Table 1 above; and
 - b. the purchase/acquisition price minus the “90-Day Lookback Value” on the date of sale/disposition provided in Table 2 below. If this calculation results in a negative number, then the Recognized Loss per share shall be \$0.
- iv. For each share of Chelsea common stock purchased/acquired during the Settlement Class Period that was still held as of the opening of trading on August 18, 2012, the Recognized Loss per share shall be calculated as the lesser of:
 - a. the amount of per-share price inflation on the date of purchase/acquisition as appears in Table 1 above; and
 - b. the purchase/acquisition price minus the average closing price of Chelsea common stock during the 90-Day Lookback Period, which is \$1.25. If this calculation results in a negative number, then the Recognized Loss per share shall be \$0.

Table 2

Sale / Disposition Date	90-Day Lookback Value
5/22/2012	\$1.84
5/23/2012	\$1.81
5/24/2012	\$1.84
5/25/2012	\$1.85
5/29/2012	\$1.86
5/30/2012	\$1.87
5/31/2012	\$1.80
6/1/2012	\$1.74
6/4/2012	\$1.70
6/5/2012	\$1.66
6/6/2012	\$1.63
6/7/2012	\$1.60
6/8/2012	\$1.57

Table 2

Sale / Disposition Date	90-Day Lookback Value
6/11/2012	\$1.53
6/12/2012	\$1.51
6/13/2012	\$1.49
6/14/2012	\$1.48
6/15/2012	\$1.47
6/18/2012	\$1.46
6/19/2012	\$1.45
6/20/2012	\$1.44
6/21/2012	\$1.45
6/22/2012	\$1.45
6/25/2012	\$1.45
6/26/2012	\$1.45
6/27/2012	\$1.44
6/28/2012	\$1.44
6/29/2012	\$1.44
7/2/2012	\$1.44
7/3/2012	\$1.43
7/5/2012	\$1.41
7/6/2012	\$1.40
7/9/2012	\$1.40
7/10/2012	\$1.39
7/11/2012	\$1.38
7/12/2012	\$1.38
7/13/2012	\$1.37
7/16/2012	\$1.36
7/17/2012	\$1.36
7/18/2012	\$1.35
7/19/2012	\$1.35
7/20/2012	\$1.34
7/23/2012	\$1.34
7/24/2012	\$1.33
7/25/2012	\$1.33
7/26/2012	\$1.32
7/27/2012	\$1.32
7/30/2012	\$1.31
7/31/2012	\$1.31
8/1/2012	\$1.30
8/2/2012	\$1.30
8/3/2012	\$1.29
8/6/2012	\$1.29
8/7/2012	\$1.28
8/8/2012	\$1.27
8/9/2012	\$1.27

Table 2

Sale / Disposition Date	90-Day Lookback Value
8/10/2012	\$1.27
8/13/2012	\$1.26
8/14/2012	\$1.26
8/15/2012	\$1.25
8/16/2012	\$1.25
8/17/2012	\$1.25

Additional Plan of Allocation Provisions

For purposes of calculating your Recognized Loss, the date of purchase, acquisition or sale is the “contract” or “trade” date and not the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of shares of Chelsea common stock during the Settlement Class Period shall not be deemed a purchase, acquisition or sale of those shares of Chelsea common stock for the calculation of each Class Member’s Recognized Loss, nor shall such receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of such shares of Chelsea common stock during the Settlement Class Period unless (a) the donor or decedent purchased or otherwise acquired such Chelsea common stock during the Settlement Class Period; (b) no Proof of Claim form was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such Chelsea common stock; and (c) it is specifically so provided in the instrument of gift or assignment.

In the event that a Class Member has more than one purchase/acquisition or sale of Chelsea common stock during the Settlement Class Period, all purchases/acquisitions and sales shall be matched using a First In, First Out (“FIFO”) method of accounting, such that sales will be matched first against the Class Member’s opening holdings of Chelsea common stock on the first day of the Settlement Class Period, if any, and then will be matched against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Settlement Class Period.

The date of covering a “short sale” is deemed to be the date of purchase/acquisition of Chelsea common stock. The date of a “short sale” is deemed to be the date of sale of Chelsea common stock. In accordance with the Plan of Allocation, however, the Recognized Loss on “short sales” is zero. In the event that a Class Member has an opening short position in Chelsea common stock, the earliest Settlement Class Period purchases or acquisitions shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

Chelsea common stock is the only security eligible for recovery under the Plan of Allocation. Option contracts with Chelsea common stock as the underlying security are not securities eligible to participate in the Settlement. With respect to Chelsea common stock purchased or sold through the exercise of an option, the purchase/sale date of the Chelsea common stock is the exercise date of the option and the purchase/sale price is the exercise price of the option.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Class Members. No person shall have any claim against Lead Plaintiff, Lead Counsel, Defendants, Defendants’ Counsel, the Claims Administrator or any other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. Each Class Member shall be deemed to have submitted to the jurisdiction of the Court with respect to the Class Member’s claim form. All persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

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 attached to this Settlement Notice. You also may get a Proof of Claim form on the internet at www.ChelseaTherapeuticsSettlement.com, or by calling the Claims Administrator. 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 4, 2016.

NOTICE TO INSTITUTIONAL FILERS. Institutions who file claims with 100 or more transactions, or who file claims on behalf of 20 or more different accounts, must submit their claims electronically, in the required filing format.

Proper filing of claims electronically includes the submission of a manually signed paper (master) Proof of Claim form along with the electronically submitted data. Electronically submitted data must be submitted in the required file layout. To obtain the required file layout and details of the electronic filing requirements, you may visit the website at www.ChelseaTherapeuticsSettlement.com. The electronic file must be in accordance with the electronic filing format and include all purchase and sale transactions as well as beginning and unsold holdings as required in the Proof of Claim form. Any file not in accordance with the required electronic filing format will be rejected. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues a written acknowledgement of receipt and acceptance of electronically submitted data.

14. When will I receive my payment?

Lead Plaintiff does not anticipate being able to distribute the Settlement proceeds to members of the Class for at least 9 months 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 Settlement proceeds 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 Class.

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

If you remain a member of the Class and do not exclude yourself, you will be bound by all orders, judgments, and releases entered by the Court regarding the Settlement. If the Settlement is approved, you will not be able to sue, continue to sue, or be part of any other lawsuit involving any claims released in the Settlement. You will be bound by the releases whether or not you submit a proof of claim 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 *McIntyre v. Chelsea Therapeutics International, Ltd.* Be sure to include your name, address, telephone number; your Social Security Number or Taxpayer Identification Number; a list stating the number of Chelsea common stock purchased and sold between September 20, 2010 and May 21, 2012, and the dates of each purchase and sale; as well as your signature. You must mail your exclusion request so it is received no later than August 29, 2016, to:

McIntyre v. Chelsea Therapeutics, International, Ltd., et al.
c/o Rust Consulting, Inc.
Claims Administrator
P.O. Box 3065003
Des Moines, IA 50306-5003

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 Plaintiff and all other 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.

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 proceeds of any recoveries achieved in the Action.

When this case began, Lead Plaintiff negotiated a fee agreement with Lead Counsel which permits Lead Counsel to apply for fees of up to 33.3% of any recovery achieved by the Class plus out of pocket expenses. For the Settlement, Lead Counsel intends to request a fee of 33.3% of the 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 for more than three years, 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 give reasons why you think the Court should not approve it. 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 *McIntyre v. Chelsea Therapeutics International Ltd., et al.*, No 3:12-CV-213-MOC-DCK. 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 Chelsea common stock made during the Settlement 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. Your written objection must be sent to the following counsel no later than August 29, 2016:

Lead Counsel for Plaintiff:

Richard W. Gonnello
FARUQI & FARUQI, LLP
685 Third Avenue
26th Floor
New York, NY 10017

Counsel for Defendants:

Barry M. Kaplan
WILSON SONSINI GOODRICH & ROSATI, PC
701 Fifth Avenue
Suite 5100
Seattle, WA 98104

You must also file your objection with the clerk of the United States District Court for the Western District of North Carolina, so it is received no later than August 29, 2016. The address is:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
100 Otis Street
Asheville, NC 28801

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 a hearing on the proposed Settlement for September 19, 2016 at 10:00 a.m., before the Honorable Max O. Cogburn, Jr. in the U.S. District Court for the Western District of North Carolina, United States Courthouse, 100 Otis Street, Asheville, NC, 28801. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and will consider Lead Counsel's application for attorneys' fees. If there are objections, the Court will consider them. At or after the hearing, the Court will decide whether to approve the Settlement.

Please note that the date of the Court hearing is subject to change without further notice. If you plan to attend the 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 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 received 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 hearing, but attendance is not necessary.

25. May I speak at the 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 hearing. To do so, you must send a letter or other paper called a "Notice of Intention to Appear at Fairness Hearing in *McIntyre v. Chelsea Therapeutics International, Ltd.*" 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 #22 so it is received by the Court and counsel no later than August 29, 2016. 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 Settlement 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, you will not receive a payment from the Settlement.

GETTING MORE INFORMATION

27. Are there more details about the Settlement?

This Settlement Notice contains only a summary of the proposed Settlement. The complete Settlement is set out in a Stipulation and Agreement of Settlement dated May 23, 2016. You may request a copy of the Stipulation in writing to *McIntyre v. Chelsea Therapeutics International, Ltd., et al.*, c/o Rust Consulting, Inc., Claims Administrator, P.O. Box 3065003, Des Moines, IA 50306-5003. There may be a charge for copying and mailing the Stipulation. Copies of the Stipulation may be obtained for free at www.ChelseaTherapeuticsSettlement.com.

28. How do I get more information?

You can also call the Claims Administrator toll free at 1-877-251-1451, write to the Claims Administrator at the above address, or visit the website at www.ChelseaTherapeuticsSettlement.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 Western District of North Carolina at the United States Courthouse, 100 Otis Street, Asheville, NC, 28801, during regular business hours, to inspect the Stipulation, the pleadings, and the other papers maintained there in Case No. 12-cv-00213-MOC-DCK.

Dated: June 21, 2016

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA