

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

DAVID N. ZIMMERMAN, Individually and on)
Behalf of All Others Similarly Situated,) Civ. No. 2:16-cv-14005-AC-SDD
Plaintiff,)
vs.) CLASS ACTION
DIPLOMAT PHARMACY, INC., et al.,)
Defendants.)

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED DIPLOMAT PHARMACY, INC. (“DIPLOMAT” OR “COMPANY”) COMMON STOCK BETWEEN FEBRUARY 29, 2016 AND NOVEMBER 3, 2016, INCLUSIVE, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.¹

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

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have. If you are a Member of the Class, your legal rights will be affected whether or not you act.

Securities and Time Period: Diplomat common stock (CUSIP No. 25456K101) purchased between February 29, 2016 and November 3, 2016, inclusive.

Settlement Fund: \$14,100,000 in cash. Your recovery will depend on the number of shares of Diplomat common stock you purchased between February 29, 2016 and November 3, 2016, inclusive, and the timing of your purchases and any sales. If claims are submitted for 100% of the eligible shares of Diplomat common stock, the estimated average recovery per share of common stock will be approximately \$0.56 before deduction of Court-approved fees and expenses. The actual amount per share you could receive will depend on a number of factors, which are explained in the Plan of Allocation contained below.

Class: The Court has conditionally certified a Class of all purchasers of Diplomat common stock from February 29, 2016 through and including November 3, 2016. Excluded from the Class are Defendants; members of each Defendant’s immediate family; any entity in which any Defendant has or had a controlling interest; directors and senior executive officers of Diplomat during the Class Period; and Defendants’ legal representatives, heirs, successors, or assigns of any such excluded party. Also excluded from the Class are those Persons who timely and validly request exclusion from the Class pursuant to this Notice.

Reasons for Settlement: The Settlement avoids the costs and risks associated with continued litigation, including the danger of no recovery, and provides a benefit to the Class now.

If the Case Had Not Settled: The Settlement must be compared to the risk of no recovery after contested motions, trial, and likely appeals. A trial is a risky proposition and the Lead Plaintiffs might not have prevailed. The claims in this case involve numerous complex legal and factual issues that would require extensive and costly expert testimony. Among the many key issues about which the two sides do not agree are: (1) whether any of the Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) whether the statements alleged by the Lead Plaintiffs were material, false, misleading or otherwise actionable under the securities laws; (3) whether the various facts alleged by the Lead Plaintiffs influenced the trading prices of Diplomat common stock during the relevant period; (4) the method for determining whether the prices of Diplomat common stock were artificially inflated during the relevant period; (5) the amount (if any) of such inflation; and (6) the amount of damages (if any) that could be recovered at trial.

Attorneys’ Fees and Expenses: Lead Counsel have not received any payment for their work investigating the facts, conducting this Litigation, and negotiating the Settlement on behalf of the Lead Plaintiffs and the Class. Lead Counsel will ask the Court for attorneys’ fees not to exceed 30% of the Settlement Fund and expenses up to

¹ Any capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation of Settlement dated April 22, 2019 (the “Stipulation”), which is available on the website established for the Settlement at www.DiplomatSecuritiesSettlement.com.

\$300,000 to be paid from the Settlement Fund. Lead Plaintiffs may also seek awards for their representation of the Class. If the above amounts are requested and approved by the Court, the average cost per share of common stock will be approximately \$0.18, making the estimated average recovery per share after fees and expenses, approximately \$0.38 if claims are submitted for 100% of the eligible shares of Diplomat common stock.

Claims Administrator:

Diplomat Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 404131
Louisville, KY 40233-4131
Telephone: 1-866-431-2092

Lead Counsel:

Rick Nelson
c/o Shareholder Relations
Robbins Geller Rudman
& Dowd LLP
655 West Broadway,
Suite 1900
San Diego, CA 92101
Telephone: 1-800-449-4900

Joseph Cohen
Joshua L. Crowell
Glancy Prongay
& Murray LLP
1925 Century Park East,
Suite 2100
Los Angeles, CA 90067
Telephone: 1-310-201-9150

- Your legal rights are affected whether you act or don't act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM

This is the only way to be eligible to receive a payment. If you are a Class Member, and do not exclude yourself from the Class, you will be bound by the Settlement as approved by the Court and you will give up any "Released Claims" (as defined below) that you have against the Defendants and the other "Released Parties" (as defined below). Proof of Claim and Release forms ("Proof of Claim") must be **postmarked (if mailed) or received (if submitted online) on or before September 23, 2019.**

OBJECT

You may write to the Court if you do not like this Settlement, the Plan of Allocation and/or the request for attorneys' fees and expenses. You will still be a Member of the Class. Objections must be **received** by the Court and counsel for the Settling Parties **on or before July 30, 2019.**

GO TO A HEARING ON AUGUST 20, 2019 at 10:00 a.m.

Submitting a written objection and notice of intention to appear by July 30, 2019, allows you to speak in Court about the fairness of the Settlement, the Plan of Allocation and/or the request for attorneys' fees and expenses. If you submit a written objection, you may (but you do not have to) attend the hearing and speak to the Court about your objection.²

DO NOTHING

If you are a Member of the Class and you do not submit a Proof of Claim by September 23, 2019, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a Member of the Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the action.

EXCLUDE YOURSELF

If you exclude yourself from the Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that potentially allows you to participate in another lawsuit against the Defendants or the other Released Parties relating to the Released Claims being released in this case. Should you elect to exclude yourself from the Class, you should understand that Defendants and the other Released Parties will have the right to assert any and all defenses they may have to any claims that you may seek to assert, including, without limitation, the defense that any such claims are untimely under applicable statutes of limitation and statutes of repose. Exclusions must be **postmarked on or before July 30, 2019.**

- These rights and options – **and the deadlines to exercise them** – are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

² The Court may change this date to a later date and/or time without further written notice to you. However, any different date or time will be posted on the Settlement website: www.DiplomatSecuritiesSettlement.com.

BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased Diplomat common stock between February 29, 2016 and November 3, 2016, inclusive.

The Court directed that you be sent this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This package explains 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 the case is the United States District Court for the Eastern District of Michigan, and the case is known as *Zimmerman v. Diplomat Pharmacy, Inc.*, Civ. No. 2:16-cv-14005-AC-SDD. The institution and individuals that sued, the Government Employees' Retirement System of the Virgin Islands, David Zimmerman and William Kitsonas, are called the Lead Plaintiffs. Diplomat and the individuals that the Lead Plaintiffs sued, Philip R. Hagerman and Sean Whelan, are called the Defendants.

2. What Is This Lawsuit About?

This case was brought as a class action alleging that Defendants made false and misleading statements about Diplomat's business and financial results between February 29, 2016 and November 3, 2016, inclusive. Lead Plaintiffs allege that Defendants misled investors about Diplomat's accounting practices and financial condition related to the assessment of direct and indirect remuneration fees upon the Company by CVS Caremark. Lead Plaintiffs assert that as a result of these and other actions, the market price of Diplomat's common stock was artificially and improperly inflated between February 29, 2016 and November 3, 2016, inclusive. Thus, Lead Plaintiffs allege that Class Members overpaid for Diplomat common stock during the relevant time period. Defendants have vigorously denied and continue to vigorously deny that they did anything wrong.

3. What Has Happened So Far in This Case?

The operative complaint in the Litigation, the Amended Complaint for Violations of the Federal Securities Laws (the "Complaint"), was filed on April 11, 2017. On May 26, 2017, Defendants moved to dismiss the Complaint. By Opinion and Order dated January 19, 2018, the Court denied Defendants' motion to dismiss. On February 2, 2018, Defendants moved for reconsideration of the Court's Order on the motion to dismiss, and Lead Plaintiffs opposed the motion. On August 9, 2018, the Court denied the motion.

Following the Court's ruling on the motion to dismiss and the lifting of the mandated discovery stay, the parties began negotiating the scope of discovery, including the production of documents. In May 2018, the parties commenced mediation efforts presided over by the Hon. Layn R. Phillips (Ret.). The parties participated in an all-day mediation session with Judge Phillips on May 22, 2018, but did not reach an agreement and litigation continued. On December 6, 2018, the parties attended a full-day mediation before the Hon. William J. Cahill (Ret.). The parties negotiated in good faith, but were unable to reach agreement and the litigation continued.

On March 7, 2019, Lead Plaintiffs moved to certify the Class. The motion remains pending.

In the months following the December 2018 mediation session, Judge Cahill engaged in numerous discussions and communications with the parties to explore a potential resolution of the matter. On April 1, 2019, the parties agreed on the amount of the Settlement and negotiated key terms of the Settlement.

4. Why Is This a Class Action?

In a class action, a class representative (in this case the Court-appointed Lead Plaintiffs David Zimmerman, William Kitsonas and the Government Employees' Retirement System of the Virgin Islands) sues on behalf of people who have similar claims. Here, all these people are called the Class or Class Members. One court resolves the issues for all Class Members, except for those who timely and validly exclude themselves from the Class. Judge Avern Cohn is presiding over this class action.

5. Why Is There a Settlement?

The Court did not decide in favor of Lead Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way they avoid the cost and uncertainty of a trial, and eligible Class Members who submit valid

claims will receive compensation. Lead Plaintiffs and their attorneys think the Settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this Settlement, you first have to determine if you are a Class Member.

6. How Do I Know if I Am Part of the Settlement?

The Class includes *all purchasers of Diplomat common stock during the Class Period, which is between February 29, 2016 and November 3, 2016, inclusive.*

7. What Are the Exceptions to Being Included?

You are not a Class Member if you are a Defendant, a member of a Defendant's immediate family, an entity in which a Defendant has or had a controlling interest, a director or senior executive officer of Diplomat during the Class Period, or a Defendant's legal representative, heir, successor, or assign of any such excluded party. You are also not a Class Member if you timely and validly request exclusion from the Class pursuant to this Notice.

If you sold Diplomat common stock during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you purchased Diplomat common stock during the Class Period.

8. I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call representatives of Lead Counsel: Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP at 800/449-4900 or Joshua Crowell, Glancy Prongay & Murray LLP at 310/201-9150 for more information. Or you can fill out and return the claim form described in Question 11, to see if you qualify.

PLEASE DO NOT CALL THE COURT OR DEFENDANTS WITH QUESTIONS ABOUT THE SETTLEMENT

THE SETTLEMENT BENEFITS – WHAT YOU GET

9. What Does the Settlement Provide?

Defendants have agreed to cause to be paid \$14.1 million in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund"), will be divided among all eligible Class Members who send in valid claim forms.

10. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Class Members send in and the number of shares of Diplomat common stock you purchased during the relevant period and when you bought and whether you sold them. As discussed above in answer to Question 2, Lead Plaintiffs contend that, during the Class Period, Defendants misrepresented and/or failed to disclose certain important facts about Diplomat's business. Lead Plaintiffs assert that, as a result, the price of Diplomat common stock was "artificially inflated" during the Class Period and that Class Members paid more for Diplomat common stock than they would have if the truth were known. The Plan of Allocation described below is based on this damage theory as well as U.S. Supreme Court decisions that limit recovery for certain purchases and sales during the Class Period.

WHAT IS THE PROPOSED PLAN OF ALLOCATION?

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Class Members based on their respective alleged economic losses resulting from the securities law violations alleged in the Litigation. In developing the Plan of Allocation, Lead Plaintiffs' damages expert estimated the potential amount of alleged artificial inflation in Diplomat's common stock which allegedly was proximately caused by Defendants' alleged false and misleading statements and/or material omissions. In calculating the estimated alleged artificial inflation allegedly caused by Defendants' alleged misrepresentations and/or omissions, Lead Plaintiffs' damages expert considered the market and industry adjusted price change in Diplomat's stock price following the corrective disclosures on October 25, 2016 and November 2, 2016 (both occurring after the market had closed) that revealed the alleged truth in this matter.

The Claims Administrator shall determine each Class Member's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. A Recognized Loss will be calculated

for each share of Diplomat common stock purchased during the Class Period. The calculation of Recognized Loss will depend upon several factors, including when the Diplomat common stock was purchased and in what amounts, whether the shares were ever sold, and, if so, when they were sold and for what amounts. The Recognized Loss is not intended to estimate the amount a Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Class Members pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to Class Members.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

In order to have recoverable damages, the disclosure of the alleged truth omitted or concealed by the misrepresentations must be the cause of the decline in the price of Diplomat's common stock. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts during the Class Period, which had the effect of artificially inflating the prices of Diplomat's common stock.

The first alleged corrective disclosure that removed the artificial inflation from the stock price occurred on October 25, 2016, after the market had closed, when Diplomat disclosed that Defendant Whelan, the Company's CFO, had resigned. Complaint, ¶106. According to Lead Plaintiffs' damages expert, this disclosure removed \$3.26 per share from the stock price inflation in Diplomat's common stock.

The second alleged corrective disclosure occurred on November 2, 2016, after the market had closed, when Diplomat announced its 3Q2016 results, which were negatively impacted by a significant increase in direct and indirect remuneration fees. Complaint, ¶112. According to Lead Plaintiffs' damages expert, this disclosure removed another \$9.40 per share from the stock price inflation in Diplomat's common stock.

Based on the formula set forth below, a "Recognized Loss Amount" will be calculated for each purchase of Diplomat common stock during the Class Period that is listed in the Proof of Claim and for which adequate documentation is provided. In the calculations below, if a Recognized Loss Amount calculates to a negative number, that Recognized Loss Amount shall be zero.

For shares of Diplomat common stock ***purchased on or between February 29, 2016 through and including November 3, 2016***, and

- (a) sold during the Class Period, the claim per share shall be the lesser of:
 - (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase, minus the amount of artificial inflation per share as set forth in Table A on the date of the sale; and
 - (ii) the purchase price per share minus the sale price per share;
- (b) sold from November 4, 2016 through January 31, 2017, the claim per share shall be the least of:
 - (i) the amount of artificial inflation per share as set forth in Table A on the date of purchase;
 - (ii) the purchase price per share minus the sale price per share; and
 - (iii) the purchase price per share minus the average closing price from November 3, 2016 through the date of sale as shown in Table B; and
- (c) retained at the end of January 31, 2017, the claim per share shall be the lesser of:
 - (i) amount of artificial inflation per share as set forth in Table A on the date of purchase; and
 - (ii) the purchase price per share minus \$13.66, the average closing price from November 3, 2016 through January 31, 2017.³

³ Pursuant to PSLRA Section 21D(e)(1) "in any private action arising under this Act in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market." Consistent with the requirements of the PSLRA, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of Diplomat's common stock during the 90-day look-back period. The mean (average) closing price for Diplomat's common stock during this 90-day look-back period was \$13.66 per share.

TABLE A:

Purchase or Sale Date	Inflation
February 29, 2016 through October 25, 2016	\$12.66
October 26, 2016 through November 2, 2016	\$9.40

TABLE B:

Date of Sale	Closing Price	Average Closing Price From November 3, 2016 through Date Shown	Date of Sale	Closing Price	Average Closing Price From November 3, 2016 through Date Shown
11/3/2016	\$12.95	\$12.95	12/16/2016	\$13.25	\$14.04
11/4/2016	\$12.50	\$12.73	12/19/2016	\$13.35	\$14.02
11/7/2016	\$13.29	\$12.91	12/20/2016	\$13.27	\$14.00
11/8/2016	\$13.73	\$13.12	12/21/2016	\$13.02	\$13.97
11/9/2016	\$13.91	\$13.28	12/22/2016	\$13.01	\$13.94
11/10/2016	\$14.86	\$13.54	12/23/2016	\$13.00	\$13.92
11/11/2016	\$14.63	\$13.70	12/27/2016	\$13.06	\$13.89
11/14/2016	\$14.90	\$13.85	12/28/2016	\$13.09	\$13.87
11/15/2016	\$15.20	\$14.00	12/29/2016	\$12.86	\$13.85
11/16/2016	\$15.20	\$14.12	12/30/2016	\$12.60	\$13.82
11/17/2016	\$15.10	\$14.21	1/3/2017	\$12.70	\$13.79
11/18/2016	\$14.68	\$14.25	1/4/2017	\$13.67	\$13.79
11/21/2016	\$14.73	\$14.28	1/5/2017	\$13.17	\$13.77
11/22/2016	\$14.46	\$14.30	1/6/2017	\$13.23	\$13.76
11/23/2016	\$14.49	\$14.31	1/9/2017	\$12.50	\$13.73
11/25/2016	\$15.03	\$14.35	1/10/2017	\$12.96	\$13.71
11/28/2016	\$15.09	\$14.40	1/11/2017	\$13.09	\$13.70
11/29/2016	\$14.59	\$14.41	1/12/2017	\$13.59	\$13.70
11/30/2016	\$14.16	\$14.39	1/13/2017	\$14.06	\$13.71
12/1/2016	\$14.16	\$14.38	1/17/2017	\$13.75	\$13.71
12/2/2016	\$14.29	\$14.38	1/18/2017	\$13.92	\$13.71
12/5/2016	\$14.40	\$14.38	1/19/2017	\$13.10	\$13.70
12/6/2016	\$14.05	\$14.37	1/20/2017	\$13.51	\$13.70
12/7/2016	\$13.41	\$14.33	1/23/2017	\$13.11	\$13.68
12/8/2016	\$13.35	\$14.29	1/24/2017	\$13.15	\$13.68
12/9/2016	\$13.13	\$14.24	1/25/2017	\$13.68	\$13.68
12/12/2016	\$13.01	\$14.20	1/26/2017	\$13.49	\$13.67
12/13/2016	\$13.07	\$14.16	1/27/2017	\$13.20	\$13.66
12/14/2016	\$12.68	\$14.11	1/30/2017	\$13.28	\$13.66
12/15/2016	\$13.06	\$14.07	1/31/2017	\$13.74	\$13.66

In the event a Class Member has more than one purchase of Diplomat common stock, during the Class Period, all such purchases and sales shall be matched on a First-In, First-Out ("FIFO") basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases in chronological order, beginning with the earliest purchase made during the Class Period.

A purchase of Diplomat common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. All purchases shall exclude any fees and commissions. The receipt or grant by gift, devise, or operation of law of Diplomat common stock during the Class Period shall not be deemed a purchase of Diplomat common stock for the calculation of a claimant's recognized claim nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of Diplomat common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase of Diplomat common stock.

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

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

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

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

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

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

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

HOW YOU OBTAIN A PAYMENT – SUBMITTING A CLAIM FORM

11. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Class Member, send in a timely and valid claim form, and properly document your claim as requested in the claim form. A claim form is enclosed with this Notice, or it may be downloaded at www.DiplomatSecuritiesSettlement.com. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it such that it is **postmarked no later than September 23, 2019, or submit it online by no later than September 23, 2019.**

12. When Will I Receive My Payment?

The Court will hold a hearing on August 20, 2019, at 10:00 a.m., to decide whether to approve the Settlement. If Judge Cohn approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Please be patient.

13. What Am I Giving Up to Receive a Payment or Stay in the Class?

Unless you timely and validly exclude yourself, you are a Member of the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants or any of the other Released

Parties about the Released Claims in this case. It also means that all of the Court's orders, including a judgment ("Judgment") dismissing the Litigation with prejudice on the merits, will apply to you and legally bind you and you will release all Released Claims in this case against the Defendants and any other Released Parties.

"Released Claims" means any and all claims (including Unknown Claims, defined below), rights, demands, liabilities or causes of action of every nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses, or liabilities whatsoever), to the fullest extent that the law permits their release in this action, by or on behalf of Lead Plaintiffs or any other Class Members against any of the Released Parties that have been alleged or could have been alleged in this action (or in any forum or proceeding or otherwise), whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, whether known claims or Unknown Claims, whether class, representative, or individual in nature, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, whether at law or in equity, matured or unmatured, that are based on, relate to, or arise out of both (i) the allegations, transactions, facts, matters, events, disclosures, statements, occurrences, circumstances, representations, conduct, acts, or omissions or failures to act that have been or could have been alleged or asserted in the Litigation, and (ii) Lead Plaintiffs' or any other Class Member's purchase of Diplomat common stock during the Class Period. Released Claims do not include any derivative or ERISA claims or claims to enforce the terms of the Settlement.

"Unknown Claims" means collectively any Released Claims that Lead Plaintiffs or Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties which, if known by him, her or it, might have affected such Class Member's settlement or decisions with respect to the Settlement, including, but not limited to, the release of the Released Parties or the decision not to object to or opt out of this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiffs and Defendants shall expressly waive, and each of the Class Members shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by the law of any state or territory or other jurisdiction or principle of common law or foreign law that is similar, comparable, or equivalent to California Civil Code §1542, which provides:

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

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 Released 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 Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Defendants acknowledge, and Class Members shall be deemed by operation of law (including by operation of the Judgment) to have acknowledged, that the foregoing waiver was separately bargained for and is a key element of the Settlement.

"Released Parties" means each and all of the Defendants, and each and all of their respective Related Parties.

"Related Parties" means each of a Defendant's past or present directors, officers, employees, partners, insurers, co-insurers, reinsurers, principals, controlling shareholders, members, agents, administrators, attorneys, accountants, auditors, bankers, underwriters, investment advisors, personal or legal representatives, predecessors, successors, direct and/or indirect parents, subsidiaries, divisions, joint ventures, partnerships, limited liability companies, affiliates, assigns, spouses, heirs, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any member of a Defendant's immediate family, any trust of which a Defendant is the settlor or which is for the benefit of a Defendant and/or any member of a Defendant's immediate family, and any entity in which a Defendant and/or any member of a Defendant's immediate family has or had a controlling interest (directly or indirectly).

The Judgment will also provide that upon the Effective Date, without any further action by anyone, Lead Plaintiffs and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, compromised, settled, resolved, waived, discharged, and dismissed on the merits with prejudice all Released Claims against the Released Parties, whether or not such Class Member executes and delivers a Proof of Claim form. It is an important element of the Defendants' participation in the Settlement, which Lead Plaintiffs have acknowledged, that the Released Parties obtain the fullest possible legally enforceable release from further liability to any Class Member relating to the Released Claims, and it is the intention of the Settling Parties that all further liability of the Defendants and each of their Related Parties relating to the Released Claims hereby be eliminated. These releases and waivers were separately bargained for and are essential elements of the Settlement.

Moreover, upon the Effective Date, Lead Plaintiffs and all Class Members and anyone claiming through or on behalf of any of them, will be forever barred and enjoined from commencing, instituting, or continuing to prosecute any action or proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting any of the Released Claims against any of the Released Parties, and each of them.

EXCLUDING YOURSELF FROM THE SETTLEMENT

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

14. How Do I Get Out of the Class?

To exclude yourself from the Class you must send a letter by mail stating that you want to be excluded from *Zimmerman v. Diplomat Pharmacy, Inc.*, Civ. No. 2:16-cv-14005-AC-SDD. You must include your name, address, telephone number, your signature, and the number of shares of Diplomat common stock you purchased between February 29, 2016 and November 3, 2016, inclusive, the dates of your purchases, the purchase price, and the dates and sale price of any sales. You must mail your exclusion request **postmarked no later than July 30, 2019**, to:

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

You cannot exclude yourself on the phone or by e-mail. If you properly ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

15. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you timely and validly exclude yourself, you give up any right to sue the Defendants and certain other Released Parties for the Released Claims in this Settlement. If you have a pending lawsuit against any of these parties, including the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is **July 30, 2019**.

16. If I Exclude Myself, Can I Receive Money From This Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may be able to sue, continue to sue, or be part of a different lawsuit involving the Released Claims against the Defendants.

THE LAWYERS REPRESENTING YOU

17. Do I Have a Lawyer in This Case?

The Court appointed the law firms of Robbins Geller Rudman & Dowd LLP and Glancy Prongay & Murray LLP to represent you and other Class Members. These lawyers are called Lead Counsel. You will not be directly charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How Will the Lawyers Be Paid?

Lead Counsel will ask the Court for attorneys' fees not to exceed 30% of the Settlement Fund and for expenses up to \$300,000, plus interest that is incurred. In addition, Lead Plaintiffs may seek, in the aggregate, \$15,000 in connection with their representation of the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Plaintiffs' counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. Counsel for the Lead Plaintiffs have committed a substantial amount of time and significant expenses in litigating this case for the benefit of the Class. To date, counsel for the Lead Plaintiffs have not been paid for their services in conducting this Litigation on behalf of the Lead Plaintiffs and the Class, nor for their expenses. The fees requested will compensate counsel for their work in achieving the Settlement Fund. The Court will decide what is a reasonable fee award and may award less than the amount requested by Lead Counsel.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

19. How Do I Tell the Court That I Do Not Like the Settlement?

If you are a Class Member, you can object to the Settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees or expenses. You can state the reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *Zimmerman v. Diplomat Pharmacy, Inc.*, Civ. No. 2:16-cv-14005-AC-SDD. You must include your name, address, telephone number, your signature, the number of shares of Diplomat common stock you purchased between February 29, 2016 and November 3, 2016, inclusive, the number of any shares sold, the dates of purchases and of any sales, and the reasons you object. Any objection **must** be mailed or delivered such that it is **received** by **each** of the following **no later than July 30, 2019**:

Court:

Clerk of the Court
UNITED STATES DISTRICT
COURT
Eastern District of Michigan
Theodore Levin U.S. Courthouse
231 W. Lafayette Blvd.
Detroit, MI 48226

Counsel for Lead Plaintiffs:

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

Joshua L. Crowell
GLANCY PRONGAY
& MURRAY LLP
1925 Century Park East, Suite 2100
Los Angeles, CA 90067

Counsel for Defendants:

James W. Ducayet
SIDLEY AUSTIN LLP
One South Dearborn Street
Chicago, IL 60603

Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to any aspect of the proposed Settlement, the proposed Plan of Allocation or Lead Counsel's request for an award of attorneys' fees and expenses. Class Members do not need to appear at the Final Approval Hearing or take any other action to indicate their approval.

20. What's the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object **only if** you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

21. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing **at 10:00 a.m., on August 20, 2019**, at the Theodore Levin U.S. Courthouse, Courtroom 218, 231 W. Lafayette Blvd., Detroit, Michigan. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate.⁴ The Court may move the date or time of the fairness hearing to a later date and/or time without further written notice to you. If the date or time of the fairness hearing is changed the new date and/or time will be posted at www.DiplomatSecuritiesSettlement.com. If there are objections, the Court will consider them. Judge Cohn will listen to people who have asked to speak at the hearing. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

22. Do I Have to Come to the Hearing?

No. Lead Counsel will answer any questions Judge Cohn may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

23. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *Zimmerman v. Diplomat Pharmacy, Inc.*, Civ. No. 2:16-cv-14005-AC-SDD. You must include your name, address, telephone number, your signature, and the number of shares of Diplomat common stock you purchased between February 29, 2016 and November 3, 2016, inclusive. Your notice of intention to appear must be **received no later than July 30, 2019**, by the Clerk of the Court, Lead Counsel, and Defendants' counsel, at the four addresses listed in Question 19. If you intend to present evidence or witnesses, you must disclose that information and explain it in your letter. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

24. What Happens if I Do Nothing at All?

If you do nothing, you will be a Class Member. However, you will not receive any money from this Settlement unless you submit a claim form. Unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants or any other Released Parties about the Released Claims.

GETTING MORE INFORMATION

25. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement and does not describe all of the details of the Settlement. More details are in the Stipulation dated April 22, 2019. You can obtain a copy of the Stipulation by going to www.DiplomatSecuritiesSettlement.com, or by writing to or calling representatives of Lead Counsel: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 800-449-4900 or Joshua Crowell, Glancy Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, 310-201-9150, or from the Clerk's office at the United States District Court for the Eastern District of Michigan, 231 W. Lafayette Blvd., Detroit, Michigan during regular business hours.

⁴ The papers in support of approval of the Settlement, the Plan of Allocation, and Lead Counsel's fee and expense application will be submitted to the Court no later than July 16, 2019 and posted on the Settlement website www.DiplomatSecuritiesSettlement.com within three days of filing.

26. How Do I Get More Information?

You can contact Lead Counsel at 1-800-449-4900 or write to Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or Joshua Crowell, Glancy Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, 310/201-9150. You may also contact the Claims Administrator at 1-866-431-2092 or visit the following website: www.DiplomatSecuritiesSettlement.com.

***DO NOT TELEPHONE THE DEFENDANTS OR THE COURT
REGARDING THIS NOTICE***

SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

The Court has ordered that if you hold or held any Diplomat common stock purchased between February 29, 2016 and November 3, 2016, inclusive, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Diplomat Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 404131
Louisville, KY 40233-4131

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing. If you do not intend to comply with the provisions of this section you are requested to notify the Claims Administrator of that fact at the address listed above.

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

DATED: May 7, 2019

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN