

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

**Civil Action No. 08-cv-02048-REB-KLM**

**(Consolidated with Civil Action No. 08-cv-02055-CMA-CBS, 08-cv-02078-MSK-BNB, 08-cv-02267-MSK-CBS,  
08-cv-02420-PAB, 08-cv-02603-MSK-BNB)**

**In re SPECTRANETICS CORPORATION SECURITIES LITIGATION**

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**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT**

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**This Notice provides you with important information in connection with the settlement of a lawsuit concerning The Spectranetics Corporation (“Spectranetics”). Your rights may be affected by this Notice. If you wish to recover money you must act by February 21, 2011. You should read this Notice carefully.**

**TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF SPECTRANETICS FROM MARCH 16, 2007 TO SEPTEMBER 4, 2008, INCLUSIVE (THE “SETTLEMENT CLASS”).**

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

- The Settlement will provide an \$8,500,000 Settlement Consideration for the benefit of investors who purchased or otherwise acquired shares of Spectranetics common stock between March 16, 2007 and September 4, 2008, inclusive (the “Settlement Class Period”). That Settlement Consideration equals, in the aggregate, an average per share recovery to Settlement Class Members of approximately \$0.45 per damaged share.
- The Settlement resolves a class litigation (the “Class Action”) over whether Spectranetics misled investors about the value of Spectranetics common stock during the Settlement Class Period.
- Settling Class Action Plaintiff’s Counsel will seek an award of attorneys’ fees not to exceed 30% of the Settlement Consideration and reimbursement of expenses not to exceed \$200,000. That amount, if awarded, will equal an average of \$0.145 per damaged share.
- Your legal rights are affected whether you act, or do not act. Read this Notice carefully.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:</b>		
	<b>DATE</b>	
<b>SUBMIT A CLAIM FORM</b>	FEBRUARY 21, 2011	The only way to receive a payment.
<b>EXCLUDE YOURSELF</b>	NOVEMBER 23, 2010	Receive no payment. This is the only option that allows you to ever be part of any other lawsuit against Spectranetics and the other Released Class Action Defendants about the legal claims being released in this case.
<b>OBJECT</b>	NOVEMBER 23, 2010	Write to the Court about why you do not like the Settlement.
<b>GO TO A HEARING</b>	JANUARY 21, 2011	Ask to speak in Court about the fairness of the Settlement.
<b>DO NOTHING</b>		You will receive no payment, and give up your right to file your own lawsuit or participate in any other lawsuit against Spectranetics and the other Released Class Action Defendants concerning the legal claims being released in the case.

- 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 if the Court approves the Settlement, the Settlement becomes final after the resolution of all appeals, and after the claims processing procedure is complete.

## **SUMMARY NOTICE**

### **Statement of Settlement Class Members' Recovery**

This Notice has been sent to you pursuant to an Order of the United States District Court for the District of Colorado (the "Notice"). The purpose of this Notice is to inform you of the proposed Settlement of this Class Action for \$8,500,000 in cash (the "Settlement Consideration"). This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this Class Action, as well as the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. A Settlement Class Member's actual recovery will be a proportion of the Settlement Consideration determined by that claimant's claim as compared to the total claims of all Settlement Class Members who submit acceptable Proofs of Claim.

### **Statement of the Reasons for the Settlement**

The Settlement resolves claims against the Settling Class Action Defendants regarding alleged violations of the federal securities laws. The Settling Class Action Defendants deny all allegations of wrongdoing. In light of the amount of the Settlement and the immediacy of the recovery of the Settlement Class, Settling Class Action Plaintiff believes that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Settlement Class. The Settlement provides a substantial benefit, namely, \$8,500,000 in cash, less the various deductions described in this Notice, as compared to the risks that a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Settling Class Action Defendants would have the opportunity to assert substantial defenses to the claims asserted against them.

### **Statement of Average Amount of Damage Per Share**

Settling Class Action Plaintiff and Settling Class Action Defendants do not agree on the average amount of damages per share that would be recoverable if Settling Class Action Plaintiff were to have prevailed on each claim alleged under the Exchange Act. The issues on which the Parties disagree include (1) the appropriate economic model for determining the amount by which Spectranetics' common stock was allegedly artificially inflated (if at all) during the Settlement Class Period; (2) the amount by which Spectranetics' common stock was allegedly artificially inflated (if at all) during the Settlement Class Period; (3) the various market forces influencing the trading price of Spectranetics common stock at various times during the Settlement Class Period; (4) the extent to which external factors, such as general market conditions, influenced the trading price of Spectranetics' common stock at various times during the Settlement Class Period; (5) the extent to which the various matters that Settling Class Action Plaintiff alleged were false or misleading influenced (if at all) the trading price of Spectranetics' common stock at various times during the Settlement Class Period; (6) the extent to which the various allegedly material facts that Settling Class Action Plaintiff alleged were omitted influenced (if at all) the trading price of Spectranetics' common stock at various times during the Settlement Class Period; and (7) whether the statements made or facts omitted were actionable under the federal securities laws.

That Settlement Consideration equals, in the aggregate, an average per share recovery to Settlement Class Members with damaged share of approximately \$0.45 per damaged share.

### **Statement of Attorneys' Fees and Expenses**

Settling Class Action Plaintiff's Counsel are moving the Court for an award of attorneys' fees from the Settlement Consideration not to exceed thirty percent (30%), and reimbursement of expenses of no greater than \$200,000. The requested fees and expenses would amount to an average of \$0.145 per damaged share. Settling Class Action Plaintiff's Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis, and have advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Settlement Class, they would receive fees and be reimbursed for their expenses from the recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees.

### **Identification of Attorney's Representatives**

For further information regarding this Settlement, you may contact Settling Class Action Plaintiff's Counsel:

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Mark S. Goldman  
Carol C. Villegas  
140 Broadway  
New York, New York 10005  
Telephone: (888) 219-6877  
Counsel for Settling Class Action Plaintiff

BROWER PIVEN,  
A PROFESSIONAL CORPORATION  
Charles J. Piven  
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1925 Old Valley Road  
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Counsel for Settling Class Action Plaintiff

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## BASIC INFORMATION

### **1. Why did I receive this notice package?**

You or someone in your family may have purchased or otherwise acquired shares of The Spectranetics Corporation ("Spectranetics" or the "Company") between March 16, 2007 and September 4, 2008, inclusive. The Court ordered that this Notice be sent to you because, as a potential Settlement Class Member, you have a right to know about a proposed Settlement of certain claims in a class action lawsuit and your options before the Court decides whether to approve the Settlement. A class action is a lawsuit in which one or more persons sues on behalf of all other persons who appear to have similar claims.

If the Court approves the Settlement, and after objections and appeals are resolved, a claims administrator approved by the Court will make payments pursuant to the Settlement.

The Court in charge of the case is the United States District Court for the District of Colorado, and the case is known as *In re Spectranetics Corporation Securities Litigation*, Civil Action No. 08-cv-02048-REB-KLM. This case was assigned to United States District Judge Robert E. Blackburn. The people who sued are called Settling Class Action Plaintiff and the people who have been sued are called the Settling Class Action Defendants.

Your interests have been represented in this lawsuit by Settling Class Action Plaintiff's Counsel, LABATON SUCHAROW LLP, 140 Broadway, New York, New York 10005, Telephone: (888) 219-6877; and BROWER PIVEN, A PROFESSIONAL CORPORATION, 1925 Old Valley Road, Stevenson, Maryland 21153, Telephone: (410) 332-0030.

This package explains the lawsuit, the Settlement, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

### **2. What is this lawsuit about?**

Spectranetics develops, manufactures, markets, and distributes single-use fiber-optic laser catheters for use in minimally invasive surgical procedures to clear blocked arteries within the body. It has a range of laser catheters that are used to treat

peripheral arterial disease by removing stenoses and occlusions in the legs both above and below the knee. Spectranetics also has a range of laser catheters used to clear blockages in and around the heart.

On September 4, 2008, the FDA and the U.S. Immigration and Customs Enforcement (“ICE”) executed a search warrant on Spectranetics. The search warrant requested information in four areas related to potential violations of FDA and immigration rules and regulations including (i) the promotion, use, testing, marketing and sales regarding certain of the company’s products for the treatment of in-stent restenosis, payments made to medical personnel and an identified institution for this application, (ii) the promotion, use, testing, experimentation, delivery, marketing and sales of catheter guidewires and balloon catheters manufactured by certain third parties outside of the United States, (iii) two post-market studies completed during the period from 2002 to 2005 and payments to medical personnel in connection with those studies and (iv) compensation packages for certain of the company’s personnel.

On December 29, 2009, the Company announced that it had reached a resolution with the United States Department of Justice (“DOJ”) and the Office of Inspector General (“OIG”) of the United States Department of Health and Human Services regarding the federal investigation which had commenced on September 4, 2008. As part of the resolution, in December 2009 the Company entered into a Non-Prosecution Agreement with the DOJ, a civil Settlement Agreement with the DOJ and the OIG, and a five-year Corporate Integrity Agreement with the OIG. There were no criminal charges against the Company. As part of the Settlement Agreement, the Company also expressly denied the contentions of the United States, except those specifically included in the Non-Prosecution Agreement, and there was no admission of wrongdoing by the Company.

On or after September 23, 2008, six federal securities class action complaints, including *Hancock v. Spectranetics Corp.*, 08-cv-02048-REB-KLM, were filed against Spectranetics and various other defendants, including Guy A. Childs, Donald Fletcher, Emile J. Geisenheimer, Jonathan W. McGuire, John G. Schulte, and Craig M. Walker, M.D. Pursuant to a Court Order dated January 16, 2009, these complaints were consolidated in this Court and captioned *In re Spectranetics Corporation Securities Litigation*, Civil Case No. 08-cv-02048-REB-KLM (the “Class Action”).

The Class Action asserted claims against Spectranetics and various individual defendants (collectively, the “Settling Class Action Defendants”) for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. The Class Action sought recovery of money damages for purchasers of Spectranetics common stock during the period between March 16, 2007 and September 4, 2008, inclusive. The Settling Class Action Defendants deny the Settling Class Action Plaintiff’s allegations in the Class Action.

### **3. Why is this lawsuit a class action?**

In a class action, one or more people called the lead plaintiff or class representatives (in this case, Settling Class Action Plaintiff), sue on behalf of people or entities who have similar claims. All these people and/or entities are referred to collectively as a Settlement Class, or individually as Settlement Class Members. One court resolves the issues for all Settlement Class Members except for those who exclude themselves from the Settlement Class.

By Court Order dated June 15, 2009, the Court appointed the Spectranetics Investor Group – comprised of Genesee County Employees’ Retirement System, the Wayne County Employees’ Retirement System, and Peter J. Tortora – as Lead Plaintiff for the Class Action (hereinafter, “Settling Class Action Plaintiff”).

### **4. Why is there a settlement?**

The Class Action alleges, among other things, that the Settling Class Action Defendants made misrepresentations to the investing public regarding Spectranetics’ products, and that the misrepresentations and omissions artificially inflated the price of Spectranetics common stock, injuring Spectranetics’ shareholders who purchased or otherwise acquired the stock at inflated prices during the Settlement Class Period.

On September 18, 2009, Spectranetics and the other defendants filed a Motion to Dismiss the Class Action Complaint, which the Settling Class Action Plaintiff opposed. The Settling Class Action Plaintiff sought and received permission from the Court to file a Supplemental Class Action Complaint on February 10, 2010. On March 12, 2010, Spectranetics and the other defendants filed a Supplemental Motion to Dismiss the Supplemental Class Action Complaint, which the Settling Class Action Plaintiff opposed.

On March 24 and 25, 2010, the parties, through their respective counsel, participated in a two-day mediation session with the Honorable Nicholas H. Politan (Ret.). The mediation involved extensive up-front briefing of Judge Politan regarding the merits of the Class Action, as well as in-depth discussions with Judge Politan of, among other things, the parties’ respective claims and defenses, the motions to dismiss filed in the Class Action, and other important factual and legal issues and matters relating to the merits of the Class Action. The parties did not reach a settlement at the mediation, but through subsequent negotiations and conferences, including additional discussions with Judge Politan, the parties were able to reach an agreement in principle providing for the settlement of the Class Action.

The Court did not decide in favor of Plaintiffs or the Defendants. Instead, Settling Class Action Plaintiff and Settling Class Action Defendants agreed to a settlement. As explained above, the Settling Class Action Plaintiff and its counsel think the Settlement is best for all Settlement Class Members.

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

The Settlement Class includes all persons or entities who purchased or otherwise acquired the common stock of Spectranetics from March 16, 2007 to September 4, 2008, inclusive, and were damaged thereby.

**6. Are there exceptions to being included in the Settlement Class?**

You are not a Settlement Class Member if you are any one of the Settling Class Action Defendants in this action and their corporate affiliates; any officers or directors of Spectranetics; or members of their immediate families, and their heirs, successors and assigns.

Also excluded from the Settlement Class and from being a Settlement Class Member are any putative Settlement Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in this Notice as described in Question 13 below.

You are a Settlement Class Member only if you purchased or otherwise acquired Spectranetics common stock during the Settlement Class Period.

If one of your mutual funds purchased or owns shares of Spectranetics common stock, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you directly purchased or otherwise acquired shares of Spectranetics common stock during the Settlement Class Period. Contact your broker to see if you purchased Spectranetics common stock during that period.

**7. I am still not sure whether I am included.**

If you are still not sure whether you are included, you can ask for free help. You can call 1-877-625-9406 or visit [www.spectraneticssettlement.com](http://www.spectraneticssettlement.com) for more information. Or you can fill out and return the claim form described on page 8, in Question 10, to see if you qualify.

**8. What does the Settlement provide?**

The Settling Class Action Defendants and their insurers have agreed to create an \$8,500,000 fund. The balance of this fund, after deduction of Court-awarded attorneys' fees and expenses and settlement administration costs will be divided among all Settlement Class Members who send in valid claim forms.

**9. How much will my payment be?**

**PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG SETTLEMENT CLASS MEMBERS**

If you are entitled to a payment, your share of the Settlement Consideration will depend on the number of valid claim forms that Settlement Class Members submit, how many shares of Spectranetics common stock you purchased or otherwise acquired, and when you bought and sold your shares. By following the Plan of Allocation described here, you can calculate your maximum "Recognized Claim."

**UNDERSTANDING THE PLAN OF ALLOCATION**

The \$8,500,000 Settlement Consideration and any interest it earns is called the Settlement Consideration. The Settlement Consideration, minus all taxes, costs, fees and expenses (the "Net Settlement Consideration"), will be distributed according to the Plan of Allocation described herein to Members of the Settlement Class who timely submit valid Proofs of Claim that show a Recognized Loss ("Authorized Claimants"), as defined herein, and who have a net loss on all Settlement Class Period transactions in Spectranetics common stock. Settlement Class Members who do not timely submit valid Proofs of Claim will not share in the Settlement Consideration, but will otherwise be bound by the terms of the Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Settling Parties, or another Plan of Allocation, without further notice to the Settlement Class.

The Claims Administrator will determine each Authorized Claimant's *pro rata* share of the Net Settlement Consideration based upon each Authorized Claimant's "Recognized Loss," as described herein. The Plan of Allocation is not intended to estimate the amount a Settlement Class Member might have been able to recover after a trial, nor is it intended to estimate the amount that will be paid to Authorized Claimants. The Plan of Allocation is the basis upon which the Net Settlement Consideration will be proportionately divided among all the Authorized Claimants. The Court will be asked to approve the Claims Administrator's determinations before the Net Settlement Consideration is distributed to Authorized Claimants.

The Settling Class Action Defendants, their respective counsel, and all other Released Defendant Parties will have no responsibility for distribution of the Net Settlement Consideration, the Plan of Allocation or the payment of any claim. Settling Class Action Plaintiff and Settling Class Action Plaintiff's Counsel likewise will have no liability for their reasonable efforts to execute, administer and distribute the Net Settlement Consideration.

The Plan of Allocation, which was developed by Settling Class Action Plaintiff's Counsel in conjunction with their expert damages and market consultants, seeks to allocate the proceeds of the Net Settlement Consideration based on the allegations that the price of Spectranetics common stock during the Class Period was inflated artificially by reason of the Settling Class Action

Defendants allegedly false statements and omissions regarding the Company's compliance with FDA rules and regulations, which Settling Class Action Plaintiff alleges was eliminated after Settling Class Action Defendants disclosed on September 4, 2008 that Spectranetics had been served a search warrant and its facilities were searched by federal officials. The Plan of Allocation takes into account the movement of Spectranetics common stock after the alleged curative disclosure, and estimates of the portion of the declines in Spectranetics common stock prices attributable to the alleged fraud.

#### **I. DEFINITIONS:**

A. The term "market loss" means the amount by which the actual purchase or acquisition price is greater than the actual sale or holding price of Spectranetics common stock.

B. The term "market profit" means the amount by which the actual purchase or acquisition price is less than the actual sale or holding price of Spectranetics common stock.

C. The terms "net market loss" and "net market profits" means any market loss or profit that occurs from the trading of Spectranetics common stock during the Settlement Class Period, as discussed in "Computation of Net Recognized Loss for Each Settlement Class Member" below. Any market profit attributable to short sales will be used to offset market losses.

D. The term "Net Settlement Consideration" means the Settlement Consideration less any costs associated with notice to the Settlement Class and administration of the Settlement, any taxes, attorneys' fees, expert fees, costs and expenses approved by the Court.

E. The term "Recognized Loss," as used herein, is not market loss or net market loss. Rather, it is a calculation to arrive at a loss figure for purposes of calculating an Authorized Claimant's *pro rata* participation in the Net Settlement Consideration as described below.

#### **II. GENERAL PROVISIONS**

A Recognized Loss will be calculated for each purchase or acquisition of Spectranetics common stock that occurred during the Settlement Class Period, March 16, 2007 through September 4, 2008, and for which adequate documentation is provided. A purchase or sale of Spectranetics common stock will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.

Any person or entity that sold Spectranetics common stock "short" will have no Recognized Loss with respect to such purchase during the Settlement Class Period to cover said short sale. In the event that there is an opening short position in Spectranetics common stock, the earliest Settlement Class Period purchases shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

A Recognized Loss for a claimant's transactions will be calculated by the Claims Administrator in consultation with Settling Class Action Plaintiff's Counsel and in accordance with the provisions of this Plan of Allocation.

##### **A. Computation of Recognized Losses for Common Stock Purchases/Acquisitions**

For purposes of developing the Plan of Allocation, Settling Class Action Plaintiff's damages consultant estimated the amount of loss per share in the daily closing market prices for Spectranetics common stock for each of the Settlement Class Period based on the allegations of Settling Class Action Plaintiff. In computing the loss per share, Settling Class Action Plaintiff's consultant considered price changes of Spectranetics common stock in reaction to certain public announcements regarding Spectranetics, and adjusted the price changes in Spectranetics common stock for changes that were attributable to market forces.

##### **B. Use of "FIFO" Methodology for Computation of Recognized Losses for Settlement Class Members Who Made Multiple Transactions in Spectranetics Common Stock During the Settlement Class Period**

For Settlement Class Members who made multiple purchases, acquisitions or sales of Spectranetics common stock during the Settlement Class Period, the earliest subsequent sale shall be matched first against the claimant's closing position on March 15, 2007 (the day before the first day of the Settlement Class Period), and then matched chronologically thereafter against each purchase or acquisition made during the Settlement Class Period. Sales of Spectranetics common stock purchased before the Settlement Class Period shall have no recognized loss.

##### **C. Acquisition by Gift, Inheritance or Operation of Law**

If a Settlement Class Member acquired Spectranetics common stock during the Settlement Class Period by way of gift, inheritance or operation of law, such a claim will be computed by using the date and price of the original purchase and not the date and price of transfer. To the extent those shares were originally purchased prior to commencement of the Settlement Class Period, the Recognized Loss for that acquisition shall be zero.

##### **D. Payments Less Than \$10**

A payment to any Settlement Class Member that would amount to less than \$10.00 in total will not be included in the calculation of the Net Settlement Consideration, and no payment to these Settlement Class Members will be distributed.

#### **III. CALCULATION OF RECOGNIZED LOSS PER SHARE**

The \$8,500,000 cash settlement amount and the interest earned on that amount is the gross Settlement Consideration. The Net Settlement Consideration consists of the gross Settlement Consideration less taxes owed, administrative costs (including costs of

notice) and attorneys' fees and expenses as awarded by the Court. The Claims Administrator will distribute the Net Settlement Consideration according to the Plan of Allocation after the deadline has passed for submission of Proof of Claim and Release forms.

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Consideration based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount a Settlement Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Consideration will be proportionately allocated to the Authorized Claimants. Based on the dates of the purchase(s) and/or sale(s) of Spectranetics common stock during the Settlement Class Period, Authorized Claimants' Recognized Loss will be calculated as follows:

For shares of Spectranetics acquired between March 16, 2007 and September 4, 2008, Recognized Loss per share will be:

1. For shares sold on or before September 3, 2008, the Recognized Loss will be Zero.
2. For shares sold on September 4, 2008, the Recognized Loss will be **the lesser** of:
  - a) \$3.12,
  - b) \$9.00 less the price received (less all commissions and transaction costs),
  - c) The price paid less the price received (less all commissions and transaction costs), **or**
  - d) The price paid (less all commissions and transaction costs) minus \$4.73.
3. For shares sold between September 5, 2008 and December 2, 2008, the Recognized Loss will be **the lesser** of:
  - a) \$3.12,
  - b) The price paid (less all commissions and transaction costs) minus \$4.73,
  - c) The price paid less the price received (less all commissions and transaction costs), **or**
  - d) The price paid (less all commissions and transaction costs) minus the amount listed in Table A below on the date of sale.
4. For shares held after December 2, 2008, Recognized Loss will be the lesser of:
  - a) \$3.12, **or**
  - b) The price paid (less all commissions and transaction costs) minus \$4.73.

**TABLE A**

09/04/2008	4.73	09/26/2008	4.58	10/20/2008	4.42	11/11/2008	3.90
09/05/2008	5.18	09/29/2008	4.56	10/21/2008	4.40	11/12/2008	3.86
09/08/2008	5.22	09/30/2008	4.57	10/22/2008	4.38	11/13/2008	3.84
09/09/2008	5.13	10/01/2008	4.57	10/23/2008	4.35	11/14/2008	3.81
09/10/2008	5.06	10/02/2008	4.58	10/24/2008	4.31	11/17/2008	3.78
09/11/2008	4.94	10/03/2008	4.58	10/27/2008	4.25	11/18/2008	3.75
09/12/2008	4.90	10/06/2008	4.58	10/28/2008	4.21	11/19/2008	3.72
09/15/2008	4.82	10/07/2008	4.59	10/29/2008	4.18	11/20/2008	3.70
09/16/2008	4.75	10/08/2008	4.59	10/30/2008	4.15	11/21/2008	3.68
09/17/2008	4.68	10/09/2008	4.55	10/31/2008	4.12	11/24/2008	3.66
09/18/2008	4.65	10/10/2008	4.53	11/03/2008	4.10	11/25/2008	3.64
09/19/2008	4.62	10/13/2008	4.53	11/04/2008	4.07	11/26/2008	3.63
09/22/2008	4.63	10/14/2008	4.53	11/05/2008	4.03	11/28/2008	3.61
09/23/2008	4.62	10/15/2008	4.49	11/06/2008	4.00	12/01/2008	3.59
09/24/2008	4.60	10/16/2008	4.46	11/07/2008	3.97	12/02/2008	3.58
09/25/2008	4.58	10/17/2008	4.43	11/10/2008	3.93		

#### **IV. COMPUTATION OF NET RECOGNIZED LOSS FOR EACH CLAIM**

The Recognized Loss with respect to a purchase or acquisition of Spectranetics common stock is calculated by multiplying the number of shares purchased or acquired during the Settlement Class Period by the appropriate Recognized Loss Per Share, as set forth above. The Net Recognized Loss equals the sum of all Recognized Losses for all transactions.

**NOTE:** ALL MARKET PROFITS SHALL BE SUBTRACTED FROM ALL MARKET LOSSES ON ALL TRANSACTIONS IN SPECTRANETICS COMMON STOCK DURING THE SETTLEMENT CLASS PERIOD TO DETERMINE THE NET MARKET LOSS OF EACH SETTLEMENT CLASS MEMBER.

For purposes of determining whether an Authorized Claimant had a market profit or suffered a market loss from his, her or its overall transactions in Spectranetics common stock during the Settlement Class Period, the Claims Administrator shall: (i) total the amount paid (excluding commissions and other charges) for Spectranetics common stock purchased during the Settlement Class

Period by the Authorized Claimant (the "Total Purchase Amount"); (ii) match any sales of Spectranetics common stock during the Settlement Class Period first against the Authorized Claimant's opening position in Spectranetics common stock on March 15, 2007 (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received (excluding commissions, etc.) for sales of Spectranetics common stock sold during the Settlement Class Period (the "Sales Proceeds"); and (iv) assign the holding price of \$3.58 per share for Spectranetics common stock (the average closing price of Spectranetics common stock from September 4, 2008 through December 2, 2008, inclusive) for Spectranetics common stock purchased or acquired during the Settlement Class Period and still held at the end of the Settlement Class Period ("Holding Value"). The Total Purchase Amount (i) less the Sales Proceeds (iii) and less the Holding Value (iv) will be deemed an Authorized Claimant's net market profit or net market loss (a profit occurs if a negative number is calculated) on his, her or its overall transactions of Spectranetics common stock during the Settlement Class Period.

IF, DURING THE SETTLEMENT CLASS PERIOD, A SETTLEMENT CLASS MEMBER MADE A NET MARKET PROFIT IN HIS, HER OR ITS TRANSACTIONS IN SPECTRANETICS COMMON STOCK, THE AMOUNT OF THE SETTLEMENT CLASS MEMBER'S CLAIM SHALL BE ZERO.

IF, DURING THE SETTLEMENT CLASS PERIOD, A SETTLEMENT CLASS MEMBER HAS A NET MARKET LOSS IN HIS, HER OR ITS TRADING IN SPECTRANETICS COMMON STOCK THAT IS LESS THAN HIS, HER OR ITS NET RECOGNIZED LOSS, THE SETTLEMENT CLASS MEMBER'S CLAIM SHALL BE LIMITED TO THE SETTLEMENT CLASS MEMBER'S NET MARKET LOSS.

#### **V. DISTRIBUTION OF THE NET SETTLEMENT CONSIDERATION**

The Net Recognized Loss will be used for calculating the relative amount of participation by Authorized Claimants in the Net Settlement Consideration and may not reflect the actual amount an Authorized Claimant can expect to recover from the Net Settlement Consideration. The Net Recognized Losses of all Authorized Claimants may be greater than the Net Settlement Consideration. In such event, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Consideration, which shall be his, her or its Net Recognized Loss divided by the total of all Net Recognized Losses to be paid, multiplied by the total amount in the Net Settlement Consideration. If there are sufficient funds in the Net Settlement Consideration, each Authorized Claimant will receive an amount equal to his, her or its Net Recognized Loss.

#### **10. How can I receive a payment?**

To qualify for payment, you must submit a Proof of Claim form. A Proof of Claim form is enclosed with this Notice. You also may obtain a Proof of Claim form on the Internet at [www.spectraneticssettlement.com](http://www.spectraneticssettlement.com). Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than February 21, 2011.

#### **11. When will I receive my payment?**

The Court will hold a hearing on January 21, 2011, to decide whether to approve the Settlement. Even if the Court approves the Settlement, it could take more than a year before the Net Settlement Consideration is distributed to the Settlement Class Members. One reason that it may take more than a year for the Settlement Consideration to be distributed is that delays could be caused by the filing of appeals. The other reason that it may take more than a year for the Settlement Consideration to be distributed is that once the Settlement has been approved, and any appeals are resolved, the Claims Administrator must process all of the Proof of Claim and Release forms. The processing is a complicated process and will take many months.

#### **12. What am I giving up to receive a payment?**

Unless you exclude yourself, you are staying in the Settlement Class, and that means that, if the Settlement is approved, you will release all "Released Claims by Settling Class Action Plaintiff" against the "Released Class Action Defendants."

"Released Claims by Settling Class Action Plaintiff" means any and all claims, causes of action, proceedings, obligations, suits, debts, damages (including interest, attorneys' fees, expert or consulting fees, and any other costs), demands, agreements, promises, controversies or liabilities whatsoever whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, direct or indirect, past, present or future which they ever had, now have, claim to have or may in the future have or claim to have, including both known claims and Unknown Claims, (i) that have been asserted in the Class Action by the Settling Class Action Plaintiff against any of the Released Class Action Defendants, or (ii) that could have been asserted in any forum by the Settling Class Action Plaintiff or any Settlement Class Member against any of the Released Class Action Defendants which arise out of, are related to, or are based upon in any way, either directly or indirectly, in part or in whole, any of the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Class Action, the Consolidated Class Action Complaint, the Supplemental Consolidated Class Action Complaint, and the six federal securities class action complaints. Released Claims by Settling Class Action Plaintiff does not include the claims asserted in the Derivative Action.

"Unknown Claims" shall mean any Released Claims by Settling Class Action Plaintiff which the Settling Class Action Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Class Action Defendants which, if known by him, her or it, might have affected his, her or its settlement with and release of the



Released Class Action Defendants, or might have affected his, her or its decision not to object to, or opt out of, this Settlement. With respect to any and all Released Claims by Settling Class Action Plaintiff, the Settling Class Action Parties stipulate and agree that, upon the Effective Date, the Settling Class Action Plaintiff expressly waives and relinquishes, and the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of § 1542 of the California Civil Code, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Settling Class Action Plaintiff expressly waives and the Settlement Class Members shall be deemed to have waived, and upon the Effective Date and by operation of the Judgment shall have waived any and all provisions, rights and benefits conferred by any law of the United States or of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to § 1542 of the California Civil Code. The Settling Class Action Plaintiff and the Settlement 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 by Settling Class Action Plaintiff, but each of them hereby stipulate and agree that the Settling Class Action Plaintiff does settle and release, and each Settlement Class Member shall be deemed to have, and upon the Effective Date and by operation of the Judgment shall have fully, finally, and forever settled and released any and all Released Claims by Settling Class Action Plaintiff, 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, all Released Claims by Settling Class Action Plaintiff without regard to the subsequent discovery or existence of such different or additional facts. The Settling Class Action Parties acknowledge that the foregoing waiver was bargained for and a key element of the Settlement of which this release is a part.

“Released Class Action Defendants” shall mean each and every one of the following: the Settling Class Action Defendants and, whether or not identified in any complaint filed in the Class Action, each and all of every Settling Class Action Defendant’s past and present directors, officers and employees, controlling stockholders, partners, members, affiliates, principals, agents, representatives, stockholders, predecessors, successors, parents, subsidiaries, divisions, joint ventures, attorneys, investment bankers, commercial bankers, underwriters, financial or investment advisors, advisors, consultants, accountants, insurers, co-insurers and reinsurers, assigns, spouses, heirs, assigns, executors, personal representatives, marital communities, associates, related or affiliated entities, general or limited partners or partnerships, limited liability companies, member firms, estates, administrators, or any members of their immediate families, or any trusts for which any of them are trustees, settlers or beneficiaries, or any persons or other entities in which any Released Class Action Defendant has a controlling interest or which is related to or affiliated with any Released Class Action Defendant, and any other representatives of any of these Persons or other entities, whether or not any such Released Class Action Defendant was named, served with process or appeared in the Class Action.

If you remain a member of the Settlement Class and do not exclude yourself from the Settlement Class as provided in this Notice, all of the Court’s orders will apply to you and legally bind you.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue Spectranetics and the other Released Class Action Defendants, on your own, about the Released Claims by Settling Class Action Plaintiff, then you must take steps to get out. This is called excluding yourself — or is sometimes referred to as “opting out” of the Settlement Class. Settling Class Action Defendants may withdraw from and terminate the Settlement if putative Settlement Class Members who purchased in excess of a certain amount of Spectranetics common stock exclude themselves from the Settlement Class.

### **13. How do I exclude myself from the Settlement?**

You can exclude yourself from the Settlement. If you do not want a payment from the Settlement, but you want to keep the right to sue or continue to sue Spectranetics or any of the other Released Class Action Defendants for the Released Claims by Settling Class Action Plaintiff, then you must take steps to exclude yourself from the Settlement. This is sometimes referred to as “opting out” of the Settlement Class.

To exclude yourself from the Settlement, you must send a letter by mail saying that you want to be excluded from the *In re Spectranetics Corporation Securities Litigation*. Be sure to include your name, address, telephone number, information concerning your purchase(s) and sale(s) of Spectranetics stock during the Settlement Class Period, including the number of shares and the dates of each purchase and sale, and your signature. You cannot exclude yourself on the telephone or by e-mail. You must mail your exclusion request postmarked no later than November 23, 2010 to:

Spectranetics Corp. Securities Litigation  
c/o Rust Consulting, Inc.  
P.O. Box 2381  
Faribault, MN 55021-9081

If you exclude yourself from the Settlement Class, you will not receive a Settlement payment, and you cannot object to the Settlement. If you exclude yourself, you will not be legally bound by anything that happens in this lawsuit, and you may be able to sue (or continue to sue) Spectranetics and the other Released Class Action Defendants in the future for Released Claims by Settling Class Action Plaintiff.

**14. If I do not exclude myself, can I sue Spectranetics or the other Released Class Action Defendants later for the claims that I am releasing in this Settlement?**

No. Unless you exclude yourself, you give up any right to sue Spectranetics and the other Released Class Action Defendants for Released Claims by Settling Class Action Plaintiff. You must exclude yourself from the Settlement Class to bring your own lawsuit. Remember, the exclusion deadline is November 23, 2010.

**15. If I exclude myself, can I obtain a payment from this Settlement?**

No. Unless you exclude yourself, you give up any right to sue Spectranetics and the other Released Class Action Defendants for Released Claims by Settling Class Action Plaintiff. You must exclude yourself from the Settlement Class to bring your own lawsuit. Remember, the exclusion deadline is November 23, 2010.

**16. Do I have a lawyer in this case?**

The Court ordered that the following lead counsel and their law firms will represent you and the other Settlement Class Members: LABATON SUCHAROW LLP, David J. Goldsmith, Mark S. Goldman, Carol C. Villegas, 140 Broadway, New York, New York 10005, Telephone: (888) 219-6877; and BROWER PIVEN, A PROFESSIONAL CORPORATION, Charles J. Piven, Yelena Trepetin, 1925 Old Valley Road, Stevenson, Maryland 21153, Telephone: (410) 332-0030. The Labaton Sucharow and Brower Piven lawyers are called Lead Plaintiff's Counsel and sometimes referred to herein as Settling Class Action Plaintiff's Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

**17. How will the lawyers be paid?**

Settling Class Action Plaintiff's Counsel are moving the Court to award attorneys' fees from the Settlement Consideration in an amount not greater than thirty percent (30%) of the Settlement Consideration and for reimbursement of their expenses up to a maximum amount of \$200,000.00, plus interest on such expenses at the same rate as earned by the Settlement Consideration. Settling Class Action Plaintiff's Counsel, without further notice to the Settlement Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the settlement proceeds to the members of the Settlement Class and any proceedings after the Settlement Fairness Hearing.

**18. How do I notify the Court that I do not like the Settlement?**

If you are a Settlement Class Member you can object to the Settlement if you do not like any part of it. To object, you must send a signed letter saying that you are a Settlement Class Member in the Spectranetics Securities Litigation, that you object to the Settlement and the reasons why you object. In your objection, you must include your name, address, telephone number, and your signature. You must also include information concerning your purchase(s) and sale(s) of Spectranetics common stock during the Settlement Class Period, including the number of shares and the dates of each purchase and sale. Your objection must be filed with the Court and served on all of the following on or before November 23, 2010:

COURT	SETTLING CLASS ACTION PLAINTIFF'S COUNSEL	SETTLING CLASS ACTION PLAINTIFF'S COUNSEL
United States District Court for the District of Colorado U.S. District Clerk's Office Room A1001 901 19th Street Denver, CO 80294-3589	LABATON SUCHAROW LLP Mark S. Goldman 140 Broadway New York, NY 10005 Telephone: (888) 219-6877	BROWER PIVEN, A PROFESSIONAL CORPORATION Charles J. Piven 1925 Old Valley Road Stevenson, MD 21153 Telephone: (410) 332-0030

SETTLING CLASS ACTION DEFENDANT'S COUNSEL	SETTLING CLASS ACTION DEFENDANT'S COUNSEL
KATTEN MUCHIN ROSENMAN LLP Richard H. Zelichov 2029 Century Park East Suite 2600 Los Angeles, CA 90067-3012 Telephone: (310) 788-4400	WINSTON & STRAWN LLP Stephen C. Schulte 35 W. Wacker Drive Chicago, IL 60601 Telephone: (312) 558-5890

**19. What is the difference between objecting and requesting exclusion from the Settlement?**

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

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

The Court will hold a Settlement Fairness Hearing at 2:30 p.m. on the 21<sup>st</sup> day, January, 2011, at the United States District Court for the District of Colorado, 901 19th Street, Room A1041, Denver, Colorado 80294. At this hearing, the Court will consider whether the Settlement and the Plan of Allocation are fair, reasonable and adequate. If there are written objections, the Court will consider them. The Court will also listen to people who have asked in writing by November 23, 2010 to speak at the hearing. The Court may also decide how much to award Settling Class Action Plaintiff's Counsel for attorneys' fees and expenses.

**21. Do I have to come to the hearing if I object?**

No. You may rely on your written objection.

**22. May I speak at the hearing?**

You may ask the Court for permission to speak at the Settlement Fairness Hearing. To do so, you must include with your objection, described in Question 18 above, the statement, "I hereby give notice that I intend to appear at the Settlement Fairness Hearing in Spectranetics Corporation Securities Litigation." Be sure to include your name, address and telephone number, identify the date(s), price(s), and number(s) of shares of all purchases and sales of the common stock of Spectranetics you made during the Settlement Class Period, and sign the letter. If you intend to have any witnesses testify or to introduce any evidence at the Fairness Hearing, you must list the witnesses and evidence in your objection. Your Notice of Intention to Appear must be postmarked no later than November 23, 2010, and be sent to the Clerk of the Court, Settling Class Action Plaintiff's Counsel, and Settling Class Action Defendants' Counsel, at the addresses shown in the answer to Question 18. You cannot speak at the hearing if you exclude yourself.

**23. What happens if I do nothing at all?**

If you do nothing, you will not receive any money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Spectranetics and the other Released Class Action Defendants asserting the Released Claims by Settling Class Action Plaintiff, ever again.

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

The Court has ordered that if you purchased one or more shares of Spectranetics common stock during the Settlement Class Period as nominee for a beneficial owner, then within ten (10) days after you receive this Notice, you must either: (a) send a copy of this Notice and the accompanying Proof of Claim and Release by first class mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial owners to the Claims Administrator:

Spectranetics Corp. Securities Litigation  
c/o Rust Consulting, Inc.  
P.O. Box 2381  
Faribault, MN 55021-9081

**GETTING MORE INFORMATION**

This Notice summarizes the proposed Settlement. More details are contained in the Stipulation of Settlement. You can obtain a copy of the Stipulation of Settlement by visiting [www.spectraneticssettlement.com](http://www.spectraneticssettlement.com). If you have questions regarding how to obtain copies of documents related to this Settlement, completing your Proof of Claim and Release Form, correspondence you have received from the Claims Administrator, or the calculation of your Recognized Claim, you may contact the administrator for the distribution of Settlement Consideration toll free at 1-877-625-9406.

For further information regarding this Settlement, you may contact Settling Class Action Plaintiff's Counsel:

LABATON SUCHAROW LLP  
David J. Goldsmith  
Mark S. Goldman  
Carol C. Villegas  
140 Broadway  
New York, New York 10005  
Telephone: (888) 219-6877

BROWER PIVEN,  
A PROFESSIONAL CORPORATION  
Charles J. Piven  
Yelena Trepetin  
1925 Old Valley Road  
Stevenson, Maryland 21153  
Telephone: (410) 332-0030

**DO NOT CONTACT THE COURT OR ANY REPRESENTATIVE OF SPECTRANETICS CONCERNING THIS NOTICE.**

DATED: September 24, 2010  
Denver, Colorado

By Order of the Court  
CLERK OF THE COURT