

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

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JOHN M. FLYNN, Individually and on Behalf of All  
Others Similarly Situated,

Plaintiff,

v.

SIENTRA, INC., HANI ZEINI, MATTHEW  
PIGEON, NICHOLAS SIMON, TIMOTHY  
HAINES, R. SCOTT GREER, KEVIN O'BOYLE,  
JEFFREY NUGENT, PIPER JAFFRAY & CO.,  
STIFEL, NICOLAUS & CO., INC., LEERINK  
PARTNERS LLC, and WILLIAM BLAIR & CO.,  
L.L.C.,

Defendants.

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No. 2:15-cv-07548-SJO-RAO

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF SAN MATEO**

OKLAHOMA POLICE PENSION & RETIREMENT  
SYSTEM, Individually and on Behalf of All Others  
Similarly Situated,

Plaintiff,

vs.

SIENTRA, INC., et al.,

Defendants.

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Master File No. CIV 536013

CLASS ACTION

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTIONS**

**PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE  
AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION.**

**TO: ALL PERSONS OR ENTITIES ("PERSONS") THAT PURCHASED OR OTHERWISE ACQUIRED SIENTRA, INC. ("SIENTRA" OR THE "COMPANY") COMMON STOCK PURSUANT OR TRACEABLE TO THE REGISTRATION STATEMENT AND PROSPECTUS FOR SIENTRA'S SEPTEMBER 2015 SECONDARY OFFERING OR THAT PURCHASED OR OTHERWISE ACQUIRED SIENTRA COMMON STOCK DURING THE PERIOD MAY 14, 2015 THROUGH AND INCLUDING OCTOBER 28, 2015 (THE "CLASS")**

Excluded from the Class are Defendants, members of the immediate families of Defendants, any firm, trust, partnership, corporation, officer, director or other entity in which any Defendant has a controlling interest, and the legal representatives, heirs, successors-in-interest or assigns of any such excluded person.

**IF YOU ARE A MEMBER OF THE CLASS DESCRIBED HEREIN, YOU MAY BE ENTITLED TO RECEIVE A PAYMENT PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED BELOW. TO CLAIM YOUR SHARE OF THE SETTLEMENT FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED OR SUBMITTED ONLINE ON OR BEFORE MAY 8, 2017 TO PARTICIPATE IN THE SETTLEMENT.**

**THIS NOTICE WAS AUTHORIZED BY THE COURTS IDENTIFIED BELOW. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.**

## **WHY SHOULD I READ THIS NOTICE?**

This Notice is given pursuant to orders issued by the United States District Court for the Central District of California (the “Federal Court”) and the Superior Court of the State of California, County of San Mateo (the “State Court” and with the Federal Court, the “Courts”). This Notice serves to inform you of the proposed settlement of two class action lawsuits (the “Settlement”) and the hearings (the “Final Approval Hearings”) to be held by the Courts to consider the fairness, reasonableness, and adequacy of the Settlement, as set forth in the Stipulation of Settlement dated December 2, 2016 (the “Stipulation”).<sup>1</sup> The Stipulation is by and between (i) Quad Development LLC and John M. Flynn (the “Federal Plaintiffs”); (ii) Oklahoma Police Pension & Retirement System, Angelo Albano, Charles Albano d/b/a CA Productions, and Midtown Partners, Inc. (“State Plaintiffs” and collectively with Federal Plaintiffs, “Plaintiffs”); (iii) Sientra, Hani Zeini, Matthew Pigeon, Nicholas Simon, Timothy Haines, R. Scott Greer, Kevin O’Boyle, Jeffrey Nugent (collectively, the “Sientra Defendants”); and (iv) the underwriters of Sientra’s September 2015 secondary offering, specifically, Piper Jaffray & Co., Stifel, Nicolaus & Company, Incorporated, Leerink Partners LLC, and William Blair & Company, L.L.C. (the “Underwriter Defendants,” and collectively with the Sientra Defendants, the “Defendants”), by and through their respective counsel of record in the two cases (the “Actions”). Upon and subject to the terms and conditions hereof, Plaintiffs, on behalf of themselves and the Class, on the one hand, and each of the Defendants, on the other hand (collectively, “Parties”), intend this Settlement to be a final and complete resolution of all disputes between the Parties with respect to the Actions. This Notice is not an expression of any opinion by either Court as to the merits of the claims or defenses asserted in the lawsuits.

## **WHAT IS THE MONETARY VALUE OF THE PROPOSED SETTLEMENT?**

The Settlement, if approved, will result in the creation of a cash settlement fund of \$10,900,000 (the “Settlement Amount”). The Settlement Amount, plus accrued interest (the “Settlement Fund”) and minus the costs of this Notice and all costs associated with the administration of the Settlement, as well as attorneys’ fees and expenses, as approved by the Courts (the “Net Settlement Fund”), will be distributed to Class Members pursuant to the Plan of Allocation that is described in this Notice. A total of \$9.65 million of the Settlement Amount will be allocated to the Securities Act of 1933 (“1933 Act”) claims, and \$1.25 million of the Settlement Amount will be allocated to the Securities Exchange Act of 1934 (“1934 Act”) claims.

Pursuant to the Plan of Allocation (see pages 6-9 hereof), if all affected Sientra damaged shares for the claims sustained by the Federal Court elect to participate in the Settlement, the average recovery per share could be \$2.32, before deduction of any fees, expenses, costs, and awards described herein. Shares in the Class Period for which the Federal Court did not sustain the allegations in the complaint could recover up to \$0.05 per share before the deduction of any fees, expenses, costs, and awards described herein.

A Class Member’s actual recovery will be a proportion of the Net Settlement Fund determined by that claimant’s recognized claim as compared to the total recognized claims submitted. An individual Class Member may receive more or less than this average amount depending on the number of claims submitted, when a Class Member purchased or acquired Sientra common stock, the purchase price paid, and whether those shares were held at the end of the Class Period or sold during the Class Period, and, if sold, when they were sold and the amount received. See Plan of Allocation below for more information on your recognized claim.

## **POTENTIAL OUTCOME OF THE CASES**

Continuing the cases could result in a loss at class certification, summary judgment, trial or on appeal. The two sides vigorously disagree on both liability and the amount of money that could be won if Plaintiffs prevailed at trial. Plaintiffs and Defendants disagree, among other things, about: (1) the method for determining whether Sientra’s stock price was artificially inflated; (2) the amount of any such alleged inflation; (3) whether any statement was false or misleading; (4) whether any alleged omitted fact was material; (5) whether there was any wrongdoing on the part of Defendants; (6) the amount of damages per share, if any, Plaintiffs would be able to prove at trial; (7) the methodology used to determine any such damages; and (8) whether there were any mitigating circumstances which would reduce any or all of the damages alleged by Plaintiffs.

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<sup>1</sup> The Stipulation and all of its Exhibits can be viewed at [www.sientrashareholderlitigation.com](http://www.sientrashareholderlitigation.com). All capitalized terms used herein have the same meanings as the terms defined in the Stipulation.

## REASONS FOR SETTLEMENT

The Settlement was reached after highly contested motion practice directed to the proper forum for litigating the 1933 Act claims and to the sufficiency of Plaintiffs' claims, and after certain limited discovery provided by Defendants. Nonetheless, the Courts have not reached any final decisions in connection with Plaintiffs' claims against Defendants. Instead, Plaintiffs and Defendants have agreed to this Settlement, which was reached with the substantial assistance of Robert A. Meyer, a highly experienced mediator of complex class actions. In reaching the Settlement, the Parties have avoided the cost, delay and uncertainty of further litigation.

As in any litigation, Plaintiffs and the Class would face an uncertain outcome if they did not agree to the Settlement, and would have to overcome a variety of significant defenses anticipated to be interposed by Defendants. The fact that a significant part of the cases centered on circumstances in the facilities of a non-party to the lawsuits located in Brazil, which were subsequently damaged by fire, also presented complications, costs and challenges to any recovery in the Actions. Moreover, the Parties expected that the cases could continue for a lengthy period of time and that if Plaintiffs succeeded, Defendants would file appeals that would postpone final resolution of the cases. Continuation of the cases against Defendants could result in a judgment greater than this Settlement. Conversely, continuing the cases could result in no recovery at all or a recovery that is less than the amount of the Settlement.

Plaintiffs and Plaintiffs' Counsel believe that this Settlement is fair and reasonable to the members of the Class. They have reached this conclusion for several reasons. Specifically, if the Settlement is approved, the Class will receive a significant monetary recovery. Additionally, Plaintiffs' Counsel believe that the significant and immediate benefits of the Settlement, when weighed against the significant risk, delay and uncertainty of continued litigation, are an excellent result for the Class.

## ATTORNEYS' FEES AND COSTS SOUGHT

Plaintiffs' Counsel will file motions for awards of attorneys' fees and expenses that will be considered at the Final Approval Hearings. Plaintiffs' Counsel will apply in each Court for awards of attorneys' fees cumulatively amounting to 25% of the Settlement Fund, plus payment of expenses incurred in connection with the Actions in an amount not to exceed \$105,000.00. Such sums as may be approved by the Courts 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 Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. Plaintiffs' Counsel have committed significant time and expenses in litigating these cases for the benefit of the Class. To date, Plaintiffs' Counsel have not been paid for their services in conducting the Actions on behalf of the Plaintiffs and the Class, or for their expenses. The fees requested will compensate Plaintiffs' Counsel for their work in achieving the Settlement. The Courts will decide what constitutes a reasonable fee award and may award less than the amount requested by Plaintiffs' Counsel. The requested fees and expenses, if approved, would represent, on average, no more than \$0.57 per share in the aggregate. In addition, Plaintiffs' Counsel intend to apply to the Courts on behalf of the Court appointed Lead Plaintiffs for reimbursement of their reasonable time, costs and expenses, directly related to his/her representation of the Class. Plaintiffs' Counsel will seek no more than \$5,000 for each Lead Plaintiff.

## HOW DO I KNOW IF I AM A CLASS MEMBER?

The proposed Settlement affects the rights of the members of the Class. The Class consists of:

All persons who purchased or otherwise acquired Sientra Common Stock pursuant or traceable to Sientra's secondary offering in September 2015, and all Persons who purchased or acquired Sientra Common Stock during the period May 14, 2015 through and including October 28, 2015 (the "Class Period"). As set forth in the Stipulation, excluded from the Class are Defendants, members of the immediate families of Defendants, any firm, trust, partnership, corporation, officer, director or other entity in which any Defendant has a controlling interest, and the legal representatives, heirs, successors-in-interest or assigns of any such excluded Person; and any Person who validly requests exclusion from the Class.

***The sending of this Notice should not be construed as any indication of the Courts' view as to the merits of any claims or defenses asserted by any party to these Actions.***

## THE LITIGATION

### Summary of the Litigation

Sientra is a publicly-traded Delaware corporation with its principal place of business located in Santa Barbara, California. Sientra is a medical aesthetics company that develops and sells medical aesthetics products to plastic surgeons. In particular, Sientra offers silicone gel breast implants for use in breast augmentation and breast reconstruction procedures, as well as breast tissue expanders.

The exclusive manufacturer of Sientra's products is Silimed Indústria de Implantes Ltda. ("Silimed"), located in Brazil.

The Actions arise from allegations that the Sientra Defendants made false statements and material omissions in violation of Sections 11 and 15 of the 1933 Act, and Sections 10(b) and 20(a) of the 1934 Act and U.S. Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated thereunder, and the Underwriter Defendants made false statements and material omissions in violations of Sections 11 and 12(a)(2) of the 1933 Act regarding alleged particle contamination on Sientra's primary products, silicone breast implants, which were manufactured by Silimed in Brazil.

Plaintiffs allege that Sientra, together with the Underwriter Defendants, completed a Secondary Public Offering ("SPO") that raised more than \$65 million in September 2015. After the SPO closed, the UK Medicines and Healthcare Products Regulatory Agency issued a press release announcing the suspension of sales and implanting in the UK of all medical devices manufactured by Silimed due to the alleged contamination of Silimed's implant products, including those manufactured in the same facility that Silimed manufactured products for Sientra.

Plaintiffs allege that Defendants misrepresented and/or omitted material facts concerning Silimed's manufacturing plant's compliance with Good Manufacturing Practices such that silicate and cotton fibers and other substances were contaminating the finished product; that Defendants knew of, or recklessly disregarded, these allegedly noncompliant conditions; that investigations undertaken both by third parties and Silimed itself confirmed the above contamination and allegedly non-compliant conditions; and that such manufacturing problems and contamination were serious, ultimately compelling the September 2015 suspension of the CE Mark for Silimed's products by European regulators. The Federal Action relates to events and statements during the entire Class Period, whereas the State Action focuses on events and statements related to the SPO. Defendants' motions to dismiss the complaint in the Federal Action were granted in part and denied in part, and Defendants' subsequent motions to reconsider that decision were denied; and a consolidated amended complaint was filed in the State Action that has not yet been the subject of a demurrer. Defendants have provided certain limited discovery pertaining to the claims herein.

On June 9, 2016, the Federal Court issued an order dismissing claims related to the period of May 14, 2015 through September 17, 2015. In effect, the Federal Court held that anyone who purchased or acquired shares during this earlier period did not have a viable claim against any of the Defendants. Accordingly, only Class Members that purchased or acquired shares between September 18, 2015 and October 28, 2015 have claims which the Federal Court has sustained and will recover for their recognized losses associated with the misrepresentations and omissions alleged in the complaint under this Settlement. Class Members in the earlier period will be awarded a recognized loss based on a flat rate for their right to appeal in exchange for their release of claims against the Defendants. Because there were no new significant facts discovered which would support a reversal of the Order on the amended complaint and there is no apparent error in the Federal Court's June 9, 2016 Order, an appeal from the Order was not taken.

Defendants have denied and continue to deny, *inter alia*, each and all of the claims and contentions alleged in the Actions, as well as all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Actions, and believe the Actions have no merit. In particular, Defendants deny that they made any false or misleading statements during the Class Period, that they had the state of mind required to render any of the alleged misrepresentations and omissions actionable, and that any alleged loss was caused by any alleged misrepresentations.

## **Discovery, Investigation, and Research Conducted by Counsel**

Before agreeing to the Settlement, Plaintiffs' Counsel conducted extensive investigation and research into the merits of the Actions. This investigation has included consultation with experts concerning the amount of damages suffered by the Class; interviews of Confidential Witnesses who previously worked at Sientra and Silimed; detailed review of both domestic and foreign documents pertaining to investigations abroad; detailed reviews of Sientra's public filings, SEC filings, press releases, and other public statements; review of analyst reports, and the reports of financial analysts, and industry analysts relating to Sientra; and research of the applicable law with respect to the claims asserted in the complaints filed in the Actions, and the potential defenses thereto.

## **Proposed Settlement**

On July 29, 2016, the parties in the Federal Action participated in a full-day formal mediation conducted by the mediator, Robert A. Meyer. During these negotiations, the Parties discussed, among other things, the respective claims and defenses, damage analyses, legal analyses, the evidence to be offered by the Parties at trial, and other important factual and legal issues. Following the mediation session and additional negotiations amongst all Parties, the mediator advised the Parties on August 22, 2016, that all Parties in the litigation had accepted a mediator's proposal. On September 9, 2016, the Parties to the Actions executed a Memorandum of Understanding ("MOU") memorializing the principal terms of the Settlement reflected herein.

The Parties continued to negotiate the detailed terms of the Settlement and these negotiations resulted in the agreement to settle all claims of the Class against the Defendants, *i.e.*, the Stipulation entered into on December 2, 2016. Plaintiffs' Counsel believe that the claims asserted in the Actions have merit and that the evidence developed to date in the Actions supports the claims asserted therein. Plaintiffs' Counsel assert, and believe the Class would present supporting evidence at trial to establish liability of the Defendants under Sections 10(b) and 20(a) of the 1934 Act and/or Sections 11 and 15 of the 1933 Act. However, Plaintiffs' Counsel recognize and acknowledge the expense and length of continued proceedings, trial, and appeals, and have taken into account the uncertain outcome and the risk of any litigation, especially complex actions such as here. Plaintiffs' Counsel are also mindful of the inherent problems of proof under, as well as the defenses to, the federal securities laws violations asserted in the Actions, including the defenses asserted by Defendants.

Plaintiffs' Counsel believe that the Settlement set forth in the Stipulation confers a meaningful benefit upon the Class. Plaintiffs' Counsel have determined that the Settlement is in the best interests of the Class.

## **The Release**

Unless you exclude yourself, you will remain 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 about the same issues in the Actions or about issues that could have been asserted in the Actions. It also means that all of the Courts' orders will apply to you and legally bind you and you will release your Released Claims in this case against Defendants and the other Released Persons. "Released Claims" shall collectively mean any and all claims, debts, demands, disputes, rights, causes of action, suits, damages, or liabilities of any kind, nature, and character whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any and all other costs, expert or consulting fees, and any and all other costs, expenses or liabilities whatsoever), whether under federal, state, local, statutory, common law, foreign law, or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, including Unknown Claims (as defined in the Stipulation), whether or not concealed or hidden that have been or could have been or in the future could be asserted in any forum by Plaintiffs or any Class Member, or any Person claiming through or on behalf of them, against any of the Released Persons that arise out of the purchase or sale of Sientra Common Stock during the Class Period and are based on or relate in any way, directly or indirectly, to the allegations, facts, events, transactions, acts, occurrences, statements, representations, misrepresentations, or omissions which were or could have been alleged in the Actions, including, but not limited to, allegations relating to the Prospectus or Registration Statement dated September 18, 2015. "Released Claims" further includes any and all claims arising out of, based upon or related to the Settlement or resolution of the Actions, except for any alleged breaches of the Stipulation.

“Released Persons” means (i) Defendants, (ii) any entity in which Defendants have a controlling interest or which is related to or affiliated with Defendants, (iii) the respective families, associates and affiliates of any of the Persons named in (i) and (ii) above, and (iv) each and all of the respective past or present officers, directors, agents, employees, attorneys, advisors, auditors, accountants, insurers, co-insurers and reinsurers, current and future heirs, executors, trustees, general or limited partners or partnerships, limited liability companies, personal or legal representatives, estates, administrators, predecessors, successors and assigns of any of the Persons or entities named in (i), (ii), and (iii) above, whether or not any such Released Persons were named, served with process or appeared in the Actions.

**NEITHER OF THE COURTS HAVE RULED AS TO WHETHER DEFENDANTS ARE LIABLE TO PLAINTIFFS OR TO THE CLASS. THIS NOTICE IS NOT INTENDED TO BE AN EXPRESSION OF ANY OPINION BY THE COURTS WITH RESPECT TO THE TRUTH OF THE ALLEGATIONS IN THE ACTIONS OR THE MERITS OF THE CLAIMS OR DEFENSES ASSERTED. THIS NOTICE IS SOLELY TO ADVISE YOU OF THE PENDENCY OF THE ACTIONS AND PROPOSED SETTLEMENT THEREOF AND YOUR RIGHTS IN CONNECTION WITH THAT SETTLEMENT.**

### **THE PROPOSED PLAN OF ALLOCATION**

Your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim that Class Members send in and how many shares of Sientra common stock you purchased or otherwise acquired during the relevant period and when you bought and sold them.

The \$10,900,000.00 Settlement Amount and any interest earned thereon shall be the Settlement Fund. The Settlement Fund less taxes, approved costs, fees and expenses (the “Net Settlement Fund”) shall be distributed to members of the Class who submit valid Proofs of Claim (“Authorized Claimants”). \$9,650,000.00 of the Settlement Fund shall be apportioned to settle 1933 Act claims (the “1933 Act Fund”), and \$1,250,000.00 of the Settlement Fund shall be apportioned to settle 1934 Act claims (the “1934 Act Fund”).

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Loss.” The Recognized Loss formula is not intended to be an estimate of the amount of what a Class Member lost or 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 Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately allocated to Authorized Claimants. To be eligible to share in the net proceeds of the 1933 Act Fund, an Authorized Claimant must submit a valid Proof of Claim that establishes that they purchased or acquired shares on or after September 18, 2015 at the offering price of \$22 per share.<sup>2</sup>

The 1934 Act allows investors to recover for losses caused by disclosures which corrected Defendants’ previous misleading statements or omissions.<sup>3</sup> Thus, in order to have been damaged by the alleged violations of the federal securities laws, Sientra common stock purchased or otherwise acquired during the Class Period must have been held during a period of time in which its price declined due to the disclosure of information which corrected an allegedly misleading statement or omission. Plaintiffs allege such disclosures occurred in late September and through October 2015.

The Plan of Allocation, which was developed with the assistance of Plaintiffs’ damages consultants, has taken into consideration the Limitation on Damages provision of the Private Securities Litigation Reform

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<sup>2</sup> The public market price for Sientra common stock was below the \$22 offering price at all times on and after the September 18, 2015 offering date, such that purchase or acquisition of shares at the offering price is sufficient to establish a purchase or acquisition of shares in or traceable to the offering, as required to establish a right to recovery under the 1933 Act. The 1934 Act does not have a tracing requirement. Thus, Authorized Claimants who purchased or acquired at the lower prices prevailing in the market on or after the offering date, or before the offering, are eligible to share in the net proceeds of the 1934 Act Fund.

<sup>3</sup> Like the loss causation requirement under Section 10(b) of the 1934 Act, Section 11 of the 1933 Act provides for an affirmative defense of negative causation which prevents recovery for losses that Defendants prove are not attributable to misrepresentations and/or omissions alleged by Plaintiffs in the offering’s Registration Statement. Accordingly, for all Authorized Claimants, the Recognized Loss calculation for all shares purchased or acquired during the Class Period assumes that the Company-specific declines in the price of Sientra common stock in response to the Corrective Disclosures are the only compensable losses.

Act of 1995 (“PSLRA”), 15 U.S.C. § 78u-4(e),<sup>4</sup> as well as the principles of economic loss articulated by the Supreme Court in *Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 336 (2005). The calculation of Recognized Loss also takes into account the Federal Court’s order on Defendants’ motion to dismiss the complaint, in which the Federal Court did not sustain claims relating to Defendants’ statements between May 14, 2015 and September 17, 2015, inclusive. Because of the dismissal of these claims, it is far less likely that Plaintiffs could prevail on such claims. Accordingly, for shares purchased or acquired during the period May 14, 2015 through September 17, 2015, inclusive, the Recognized Loss per-share is limited to \$0.05. The inflation related to the alleged false or misleading statements sustained by the Federal Court is listed in the following Table 1:

<b>Table 1</b>		
<b>Artificial Inflation in Sientra Common Stock</b>		
<b>From</b>	<b>To</b>	<b>Per-Share Price Inflation</b>
September 18, 2015	September 23, 2015	\$14.93
September 24, 2015	October 4, 2015	\$4.07
October 5, 2015	October 11, 2015	\$1.73
October 12, 2015	October 28, 2015	\$0.83
October 29, 2015	Thereafter	\$0.00

**For purposes of this Settlement, claims shall be calculated as follows:**

For each share of Sientra common stock purchased or otherwise acquired during the Class Period (*i.e.*, May 14, 2015 through October 28, 2015, inclusive), the Recognized Loss per share shall be calculated as follows:

1. There is no recognized loss for any shares purchased or acquired on or before May 13, 2015.
2. For each share of Sientra common stock that was purchased or acquired during the period May 14, 2015 through September 17, 2015, inclusive, that was subsequently sold prior to September 24, 2015, the Recognized Loss per share is \$0.00.
3. For each share of Sientra common stock that was purchased or acquired during the period May 14, 2015 through September 17, 2015, inclusive, and still held as of September 24, 2015, the Recognized Loss per share is \$0.05.
4. For each share of Sientra common stock that was purchased or acquired during the period September 18, 2015 through October 28, 2015, inclusive, that was subsequently sold prior to October 29, 2015, the Recognized Loss per share is: the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above, *minus* the amount of per-share price inflation on the date of sale as appears in Table 1 above.
5. For each share of Sientra common stock that was purchased or acquired during the period September 18, 2015 through October 28, 2015, inclusive, that was subsequently sold during the period October 29, 2015 through January 26, 2016, inclusive (*i.e.*, sold during the 90-Day Lookback Period), the Recognized Loss per share is *the lesser of*:
  - a. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; or
  - b. the per-share purchase or acquisition price *minus* the “90-Day Lookback Value” on the date of sale provided in Table 2 below.
6. For each share of Sientra common stock that was purchased or acquired during the period September 18, 2015 through October 28, 2015, inclusive, and still held as of January 26, 2016, the Recognized Loss per share is *the lesser of*:

<sup>4</sup> The PLSRA’s Limitation on Damages 90-day “look back” provision is only applicable to claims filed under Section 10(b). However, the value of Plaintiffs’ claims under Section 11 for shares purchased or acquired in the September 2015 Offering will not be reduced by the 90-day look back provision because the difference between the offering price and the 90-Day Lookback Value is greater than the estimated price inflation in Sientra common stock at the time of the offering.

- a. the amount of per-share price inflation on the date of purchase or acquisition as appears in Table 1 above; or
  - b. the per-share purchase or acquisition price *minus* the average closing price for Sientra common stock during the 90-Day Lookback Period, which is \$5.37.
7. There is no recognized loss for shares purchased or acquired on or after October 29, 2015.

<b>Table 2</b>					
<b>90-Day Lookback Period</b>					
<b>Sale / Disposition Date</b>	<b>90-Day Lookback Value</b>	<b>Sale / Disposition Date</b>	<b>90-Day Lookback Value</b>	<b>Sale / Disposition Date</b>	<b>90-Day Lookback Value</b>
10/29/2015	\$3.92	11/27/2015	\$3.96	12/28/2015	\$4.55
10/30/2015	\$3.84	11/30/2015	\$4.00	12/29/2015	\$4.58
11/2/2015	\$3.90	12/1/2015	\$4.03	12/30/2015	\$4.61
11/3/2015	\$4.00	12/2/2015	\$4.08	12/31/2015	\$4.64
11/4/2015	\$4.20	12/3/2015	\$4.13	1/4/2016	\$4.66
11/5/2015	\$4.30	12/4/2015	\$4.17	1/5/2016	\$4.71
11/6/2015	\$4.36	12/7/2015	\$4.19	1/6/2016	\$4.75
11/9/2015	\$4.38	12/8/2015	\$4.22	1/7/2016	\$4.77
11/10/2015	\$4.33	12/9/2015	\$4.24	1/8/2016	\$4.81
11/11/2015	\$4.29	12/10/2015	\$4.26	1/11/2016	\$4.87
11/12/2015	\$4.25	12/11/2015	\$4.28	1/12/2016	\$4.94
11/13/2015	\$4.18	12/14/2015	\$4.28	1/13/2016	\$5.00
11/16/2015	\$4.10	12/15/2015	\$4.29	1/14/2016	\$5.05
11/17/2015	\$4.02	12/16/2015	\$4.32	1/15/2016	\$5.10
11/18/2015	\$3.95	12/17/2015	\$4.35	1/19/2016	\$5.13
11/19/2015	\$3.93	12/18/2015	\$4.38	1/20/2016	\$5.17
11/20/2015	\$3.89	12/21/2015	\$4.42	1/21/2016	\$5.21
11/23/2015	\$3.88	12/22/2015	\$4.45	1/22/2016	\$5.26
11/24/2015	\$3.90	12/23/2015	\$4.48	1/25/2016	\$5.32
11/25/2015	\$3.92	12/24/2015	\$4.52	1/26/2016	\$5.37

**General Provisions:**

1. There shall be no Recognized Loss attributed to any Sientra securities other than common stock.
2. The date of a purchase or sale of Sientra common stock is the “trade” date, and not the “settlement” date.
3. Any transaction for Sientra common stock executed outside of regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next regular trading session.
4. The first-in, first-out basis (“FIFO”) will be applied to both purchases, acquisitions and sales. Class Period sales or acquisitions will be matched first against any holdings at the beginning of the Class Period, and then against purchases or acquisitions in chronological order, beginning with the earliest purchase or acquisition made during the Class Period. The total of all profits shall be subtracted from the total of all losses from transactions 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 Sientra 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. Shares held as of the beginning of the Class Period will be excluded for purposes of calculating a market gain or loss.
5. In the calculations for Recognized Loss, all purchase or acquisitions and sale prices shall exclude any fees, taxes and commissions. If a Recognized Loss amount is calculated to be a negative number, that Recognized Loss shall be set to zero.

6. The date of covering a “short sale” is deemed to be the date of purchase of Sientra common stock; and the date of a “short sale” is deemed to be the date of sale of Sientra common stock. Shares originally sold short will have a Recognized Loss of zero.

7. No cash payment will be made on a claim where the potential distribution amount is less than \$10.00. Please be advised that if you did not incur a Recognized Loss as defined in the Plan of Allocation you will not receive a cash distribution from the Net Settlement Fund, but you will be bound by all determinations and judgments of the Courts in connection with the Settlement, including being barred from asserting any of the Released Claims against the Released Persons.

8. The Courts have reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.

9. No person shall have any claim against Plaintiffs’ Counsel, the Claims Administrator or other agent designated by Plaintiffs’ Counsel, or any Defendant or any Defendant’s counsel based on the distribution made substantially in accordance with the Stipulation and this Plan of Allocation, or further orders of the Courts.

10. Class Members who do not submit valid Proofs of Claim will not share in the settlement proceeds. Class Members who do not either submit a request for exclusion or submit a valid Proof of Claim will nevertheless be bound by the Settlement and the Order of Final Approval and Final Judgment of the Courts dismissing the Actions.

Please contact the Claims Administrator or Plaintiffs’ 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 the Courts, which retain jurisdiction over all Class Members and the claims administration process, to decide the issue by submitting a written request.

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

Distributions will be made to Authorized Claimants after all claims have been processed and after the Courts have finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund after at least six (6) months after the initial distribution of such funds shall be used: (a) first, to pay any amounts that may have erroneously been omitted from the initial disbursement; (b) second, to pay any additional settlement administration fees, costs, and expenses, including those of Plaintiffs’ Counsel as may be approved by the Courts; and (c) finally, to make a second distribution to claimants who cashed their checks from the initial distribution and who would receive at least \$10.00, after payment of the estimated costs, expenses, or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. These redistributions shall be repeated, if economically feasible, until the balance remaining in the Net Settlement Fund is *de minimis* and such remaining balance shall then be distributed to the Investor Justice Clinic of the University of San Francisco Law School, or as the Federal Court or the State Court may direct.

### **PROOF OF CLAIM AND RELEASE FORM**

***To be eligible to receive a cash distribution from the Settlement Fund, you must timely complete, sign and file a Proof of Claim and Release Form (“Proof of Claim”).*** A Proof of Claim is annexed to this Notice or it may be downloaded at [www.sientrashareholderlitigation.com](http://www.sientrashareholderlitigation.com). Read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail or submit it online so that it is ***postmarked (if mailed) or received (if filed electronically) no later than May 8, 2017.*** The Proof of Claim may be submitted online at [www.sientrashareholderlitigation.com](http://www.sientrashareholderlitigation.com). If you do not submit a valid Proof of Claim with all of the required information, you will not receive a payment from the Net Settlement Fund; however, unless you expressly exclude yourself from the Class as described below, you will still be bound in all other respects by the Settlement, the Judgments, and the releases contained in them.

Members of the Class who do not exclude themselves from the Class and who fail to submit a valid and timely Proof of Claim will nevertheless be bound by the Settlement if finally approved, and all orders and judgments entered by the Courts in connection therewith. By Order of the Courts, the Proof of Claim provides for and requires a Release of all Released Claims as defined in Paragraph 1.22 of the Stipulation, by all members of the Class who file Proofs of Claim. The Release will become effective on the Effective Date of the Settlement.

Each person or entity submitting a Proof of Claim thereby submits to the jurisdiction of the Courts for purposes of the Actions, the Settlement and any proceedings relating to such Proof of Claim, and agrees that such a filed Proof of Claim will be subject to review and further inquiry as to such person's or entity's status as a member of the Class and the allowable amount of the claim. The Claims Administrator will acknowledge the receipt of your Proof of Claim by postcard within 60 days of receipt. If you do not receive such acknowledgment within 60 days, please contact the Claims Administrator. **Your claim is not deemed filed unless a postcard is received.**

#### **THERE WILL BE NO PAYMENTS IF THE STIPULATION IS TERMINATED**

The Stipulation may be terminated under several circumstances outlined in it. If the Stipulation is terminated, the Actions will proceed as if the Stipulation had not been entered into.

#### **WHO REPRESENTS THE CLASS?**

The Federal Court appointed the law firms of Glancy Prongay & Murray LLP, Pomerantz LLP and Wolf Popper LLP to represent Plaintiffs and the Class in the Federal Action, and the State Court appointed the law firms of Robbins Geller Rudman & Dowd LLP, Johnson & Weaver, LLP, Kaufman, Coren & Ress, P.C. and Abraham, Fruchter & Twersky, LLP to represent Plaintiffs and the Class in the State Action. These lawyers are called Plaintiffs' Counsel. These lawyers will apply to the Courts for payment of attorneys' fees and expenses from the Settlement Fund; you will not be otherwise charged for their work. If you want to be represented by your own lawyer, you may hire one at your own expense.

#### **CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?**

**IF YOU ARE A MEMBER OF THE CLASS, YOU MAY BE ELIGIBLE TO SHARE IN THE BENEFITS OF THIS SETTLEMENT AND WILL BE BOUND BY ITS TERMS UNLESS YOU EXCLUDE YOURSELF FROM THE CLASS.**

If you want to keep the right to sue or continue to sue Defendants on your own about the legal issues in the Actions, then you must take steps to get out of the Class. This is called excluding yourself from, or "opting out" of, the Class.

To exclude yourself from the Class, you must send a letter by mail saying that you want to be excluded from the Class. Be sure to include your name, address, telephone number, and sign the letter. You should also include the number of shares of Sientra common stock you purchased or acquired that are subject to the Actions. Your exclusion request must be **postmarked no later than April 24, 2017**, and sent to the Claims Administrator at:

*Sientra Shareholder Litigation*  
EXCLUSIONS  
c/o Gilardi & Co. LLC  
3301 Kerner Blvd.  
San Rafael, CA 94901

You cannot exclude yourself by phone or by e-mail. If you make a proper request for exclusion, you will not receive a Settlement payment, and you cannot object to the Settlement. If you make a proper request for exclusion, you will not be legally bound by anything that happens in the lawsuits.

#### **CAN I OBJECT TO THE SETTLEMENT, THE REQUESTED ATTORNEYS' FEES AND EXPENSES, AND/OR THE PLAN OF ALLOCATION?**

Yes. If you are a Class Member, you may object to the terms of the Settlement. Whether or not you object to the terms of the Settlement, you may also object to the requested attorneys' fees, costs and expenses, and/or the Plan of Allocation. In order for any objection to be considered, you must send a written statement, accompanied by proof of Class membership, to the Claims Administrator and Plaintiffs'

Counsel **by May 8, 2017**. The Claims Administrator's address is Claims Administrator c/o Gilardi & Co. LLC, 3301 Kerner Blvd., San Rafael, CA 94901, and Plaintiffs' Counsel's addresses are Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, c/o Ellen Gusikoff Stewart, Esq., elleng@rgrdlaw.com and Pomerantz LLP, 10 South LaSalle Street, Suite 3505, Chicago, IL 60603, c/o Leigh Handelman Smollar, Esq., lsmollar@pomlaw.com.

Attendance at the Final Approval Hearings is not necessary; however, persons wishing to be heard orally at one or both of the Final Approval Hearings are required to indicate in their written objection their intention to appear at the hearing and identify any witnesses they may call to testify and exhibits, if any, they intend to introduce into evidence.

### **WHAT IS THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING MYSELF FROM THE SETTLEMENT?**

Objecting is telling the Courts that you do not like something about the proposed Settlement, the Plan of Allocation, or Plaintiffs' Counsel's request for an award of attorneys' fees and expenses. You can object **only** if you stay in the Class. Excluding yourself is telling the Courts that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the cases no longer apply to you.

### **THE FINAL APPROVAL HEARINGS**

The Federal Court will hold a Final Approval Hearing on May 22, 2017, at 10:00 a.m., before the Honorable S. James Otero at the United States District Court for the Central District of California, Courtroom 10C, 350 W. 1st Street, Los Angeles, CA 90012, and the State Court will hold a Final Approval Hearing on May 31, 2017, at 9:00 a.m., before the Honorable Marie S. Weiner at the Superior Court of the State of California, County of San Mateo, Department 2, Courtroom 2E, 400 County Center, Redwood City, CA 94063, for the purpose of determining whether: (1) the Settlement of the Actions for \$10,900,000 in cash should be approved by the Courts as fair, reasonable and adequate; (2) to award Plaintiffs' Counsel attorneys' fees and expenses out of the Settlement Fund; and (3) the Plan of Allocation should be approved by the Courts. The Courts may adjourn or continue the Final Approval Hearings without further notice to members of the Class.

Any Class Member may appear at the Final Approval Hearings and be heard on any of the foregoing matters; provided, however, that no such person shall be heard unless his, her, or its objection is made in writing and is submitted, together with proof of membership in the Class and with copies of all other papers and briefs to be submitted by him, her, or it **no later than May 8, 2017**, to the following, and showing proof of service:

*Sientra Shareholder Litigation*  
OBJECTIONS  
c/o Gilardi & Co. LLC  
3301 Kerner Blvd.  
San Rafael, CA 94901

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

Leigh Handelman Smollar, Esq.  
POMERANTZ LLP  
10 South LaSalle Street, Suite 3505  
Chicago, IL 60603

Unless otherwise directed by the Courts, any Class Member who does not make his, her or its objection in the manner provided shall be deemed to have waived all objections to this Settlement and shall be foreclosed from raising (in this proceeding or on any appeal) any objection to the Settlement, and any untimely objection shall be barred.

### **HOW DO I OBTAIN ADDITIONAL INFORMATION?**

This Notice contains only a summary of the terms of the proposed Settlement. The records in the Actions may be examined and copied at any time during regular office hours, and subject to customary copying fees, at the Clerk of the Court, United States District Court for the Central District of California, and the Clerk of the Superior Court of the State of California, County of San Mateo. In addition, all of the

Settlement documents, including the Stipulation, this Notice, the Proof of Claim and proposed Judgments may be obtained by contacting the Claims Administrator at:

*Sientra Shareholder Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 30252  
College Station, TX 77842-3252  
Phone: 1-866-801-6780  
www.sientrashareholderlitigation.com  
info@sientrashareholderlitigation.com

In addition, you may contact Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 1-800-449-4900, or Leigh Handelman Smollar, Esq., Pomerantz LLP, 10 South LaSalle Street, Suite 3505, Chicago, IL 60603, 1-888-476-6529, if you have any questions about the Actions or the Settlement.

**DO NOT WRITE TO OR TELEPHONE THE COURTS FOR INFORMATION**

**SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

If you hold any Sientra common stock purchased or otherwise acquired pursuant or traceable to Sientra's September 2015 secondary offering or between May 14, 2015 and October 28, 2015, inclusive, as a 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:

*Sientra Shareholder Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 30252  
College Station, TX 77842-3252  
Phone: 1-866-801-6780  
www.sientrashareholderlitigation.com  
info@sientrashareholderlitigation.com

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.

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: February 6, 2017

BY ORDER OF THE UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA  
HONORABLE S. JAMES OTERO

BY ORDER OF THE SUPERIOR COURT OF  
CALIFORNIA, COUNTY OF SAN MATEO  
HONORABLE MARIE S. WEINER