

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
KNOXVILLE DIVISION**

In re Provectus Biopharmaceuticals, Inc.
Securities Litigation

Case No. 3:14-cv-00338-PLR-HBG

CLASS ACTION

District Judge Pamela L. Reeves

Magistrate Judge H. Bruce Guyton

STIPULATION OF SETTLEMENT

This Stipulation of Settlement dated as of March 8, 2016 (the “Stipulation”), is made and entered into by and among the following Settling Parties to the above-captioned Litigation: (i) Lead Plaintiff Fawwaz Hamati (“Lead Plaintiff” or “Plaintiff”) on behalf of himself and each of the Settlement Class Members, by and through his counsel of record in the Litigation; and (ii) Provectus Biopharmaceuticals, Inc. (“Provectus” or the “Company”), H. Craig Dees, Timothy C. Scott, Peter R. Culpepper, and Eric Wachter (collectively, “Defendants”), by and through their counsel of record in the Litigation. Subject to the approval of the Court, the Stipulation is intended by the Settling Parties to fully, finally, and forever resolve, discharge, and settle the Litigation and Released Claims, upon and subject to the terms and conditions hereof.

I. THE LITIGATION

On May 27, 2014, this Litigation was filed as a class action on behalf of purchasers of Provectus securities. By Order dated November 26, 2014, this Court appointed Fawwaz Hamati as Lead Plaintiff and appointed Glancy Prongay & Murray LLP as Lead Counsel. Dkt. No. 95. By Order dated February 3, 2015, this Court granted Plaintiff’s motion to file an amended class action complaint. Dkt. No. 102. On April 6, 2015, Plaintiff filed the Amended Class Action Complaint (the “Complaint”), on behalf of purchasers of Provectus securities between December 17, 2013 and May 22, 2014, inclusive (the “Settlement Class Period”), against Provectus, H. Craig Dees, Timothy C. Scott, Peter R. Culpepper, and Eric Wachter. Dkt. No. 103. The Complaint seeks an unspecified amount of damages and alleges that all Defendants violated Section 10(b) of the Securities Act of 1934 (the “Securities Act”), and that the Individual Defendants violated Section 20(a) of the Securities Act.

On June 5, 2015, Defendants filed a Motion to Dismiss the Complaint, in which they argued, among other things, that the Complaint failed to identify any material misrepresentation or omission,

or to adequately plead scienter. Dkt. No. 112. On July 20, 2015, Plaintiff filed and briefed an opposition to the Motion to Dismiss the Complaint, in which Plaintiff argued, among other things, that Defendants disseminated materially false and misleading information to the investing public about the commercialization of PV-10, and that Defendants had actual knowledge of and access to materially adverse facts concerning the Company's communications with the Food and Drug Administration ("FDA") regarding PV-10. Dkt. No. 113. On September 17, 2015, Defendants filed and briefed their reply in further support of the Motion to Dismiss. Dkt. No. 117. On October 1, 2015, the Plaintiff and Defendants (collectively, the "Parties") filed a joint motion to stay proceedings pending mediation. Dkt. No. 118. Thereafter, by Order dated October 2, 2015, the Court granted the joint motion to stay proceedings pending mediation. Dkt. No. 119.

The Parties participated in a full-day mediation session with third-party neutral Jill Sperber in New York, New York, on October 28, 2015, and provided a joint status report regarding the mediation session to the Court on November 4, 2015, informing the Court that "[w]hile the mediation session did not result in a mutually-agreeable settlement, negotiations among the Parties, with the aid of Ms. Sperber, are continuing." Dkt. No. 121. Thereafter, in December 2015, the Parties agreed to the material terms of the settlement of this Litigation, and entered into a memorandum of understanding reflecting that agreement on January 28, 2016. The Parties thereafter promptly proceeded to draft this Stipulation and related settlement documentation.

II. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Each Defendant has expressly denied and continues to deny all charges of wrongdoing or liability arising out of any of the conduct, statements, acts, or omissions alleged in the Complaint. Pursuant to the terms set forth below, this Stipulation shall in no event be construed as or deemed to be evidence of an admission or concession by any Defendant with respect to any claim of any fault,

liability, wrongdoing, or damage whatsoever.

Nonetheless, Defendants have concluded that further conduct of the Litigation would be protracted and expensive, and that it is desirable that the Litigation be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Defendants have, therefore, determined that it is desirable and beneficial that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation.

III. CLAIMS OF PLAINTIFF AND BENEFITS OF SETTLEMENT

Plaintiff believes that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims asserted. However, counsel for Plaintiff recognizes and acknowledges the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial, as well as potential appeals. Plaintiff has taken into account the uncertain outcome and the risk of continued litigation, especially in complex actions such as the Litigation, and the difficulties and delays inherent in such Litigation. Plaintiff is also mindful of the inherent problems of proof under and possible defenses to the claims of securities law violations asserted in the Litigation. Plaintiff believes that the settlement agreement set forth in this Stipulation confers substantial benefits upon the Settlement Class. Based on this evaluation, Plaintiff and counsel for Plaintiff have determined that the Settlement set forth in the Stipulation is in the best interests of Plaintiff and the Settlement Class and, therefore, determined that it is desirable and beneficial to Plaintiff and the Settlement Class that the Litigation be settled upon the terms and conditions set forth in this Stipulation.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among

Plaintiff (for himself and the Settlement Class Members) and Defendants, by and through their respective counsel or attorneys of record, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled and released, and the Litigation shall be dismissed with prejudice, upon and subject to the terms and conditions of this Stipulation, as follows:

1. Definitions

As used in this Stipulation, the following terms have the meanings specified below. In the event of any inconsistency between any definition set forth below and any definition set forth in any document attached as an exhibit to this Stipulation, the definition set forth below shall control.

- 1.1. “Provectus” means Provectus Biopharmaceuticals, Inc.
- 1.2. “Individual Defendants” means Craig Dees, Timothy C. Scott, Peter R. Culpepper, and Eric Wachter.
- 1.3. “Authorized Claimant” means any Member of the Settlement Class who, in accordance with the terms of this Stipulation, is entitled to a distribution from the Settlement Fund pursuant to any Plan of Allocation or any order of the Court.
- 1.4. “Claims Administrator” means Kurtzman Carson Consultants LLC (“KCC”).
- 1.5. “Complaint” means the Amended Class Action Complaint filed by Plaintiff on April 6, 2015. Dkt. No. 103.
- 1.6. “Court” means the United States District Court for the Eastern District of Tennessee.
- 1.7. “Defendants” means Provectus, Craig Dees, Timothy C. Scott, Peter R. Culpepper, and Eric Wachter.
- 1.8. “Defendants’ Counsel” means Baker, Donelson, Bearman, Caldwell &

Berkowitz, P.C.

1.9. “Effective Date” means the first date by which all of the events and conditions specified in ¶7.1 of this Stipulation have been met and have occurred.

1.10. “Escrow Agent” means Glancy Prongay & Murray LLP.

1.11. “Final” means, with respect to any order of court, including, without limitation, the Judgment, that such order represents a final and binding determination of all issues within its scope and is not subject to further review on appeal or otherwise. Without limitation, an order becomes “Final” when: (a) no appeal has been filed and the prescribed time for commencing any appeal has expired; or (b) an appeal has been filed and either (i) the appeal has been dismissed and the prescribed time, if any, for commencing any further appeal has expired, or (ii) the order has been affirmed in its entirety and the prescribed time, if any, for commencing any further appeal has expired. For purposes of this Paragraph, an “appeal” includes appeals as of right, discretionary appeals, interlocutory appeals, proceedings involving writs of certiorari or mandamus, and any other proceedings of like kind. Any appeal or other proceeding pertaining to any order adopting or approving a Plan of Allocation, or to any order issued in respect to an application for attorneys’ fees and expenses, pursuant to ¶¶ 6.1 and 6.2, below, shall not in any way delay or preclude the Judgment from becoming Final.

1.12. “Judgment” means the judgment to be rendered by the Court, in the form attached as Exhibit B hereto.

1.13. “Lead Plaintiff” means Fawwaz Hamati.

1.14. “Litigation” means *In re Provectus Biopharmaceuticals, Inc. Securities Litigation*, Civil Action No. 3:14-cv-00338-PLR-HBG, pending in the United States District Court for the Eastern District of Tennessee.

1.15. “Internet Long Form Notice” means the notice of the proposed Settlement, which shall be made available online to members of the Class at a later date, in the form attached as Exhibit A-1 hereto.

1.16. “Summary Notice” means the notice of the proposed Settlement, which shall be published in the national edition of *Investor’s Business Daily* and over a national newswire service at a later date, in the form attached as Exhibit A-3 hereto.

1.17. “Postcard Notice” means the notice of the proposed Settlement, which shall be mailed to members of the Class at a later date, in the form attached as Exhibit A-4 hereto.

1.18. “Notices” means the Internet Long Form Notice, Summary Notice, and Postcard Notice, collectively.

1.19. “Person(s)” means an individual, corporation, limited liability company, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity together with their spouses, heirs, predecessors, successors, representatives, or assignees of any of the foregoing, and any other representative or person or entity acting on behalf of, or claiming under, any of these persons and entities.

1.20. “Plaintiff” means Fawwaz Hamati.

1.21. “Plaintiff’s Lead Counsel” or “Lead Counsel” means Glancy Prongay & Murray LLP.

1.22. “Plan of Allocation” means a plan or formula of allocation of the Settlement Fund, to be approved by the Court, whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of or provision for expenses of notice and administration of the settlement,

Taxes and Tax Expenses, and such attorneys' fees, costs, expenses, and interest and any award to the Lead Plaintiff as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation and the Released Persons shall not have any responsibility or liability with respect thereto.

1.23. "Proof of Claim and Release" means the form to be sent to Settlement Class Members, in the form attached as Exhibit A-2 hereto, upon further order(s) of the Court, by which any Settlement Class Member may make claims against the Settlement Fund for damages allegedly incurred by reason of their investment(s) in Provectus common stock.

1.24. "Released Claims" means any and all claims and causes of action of every nature and description, whether known or unknown, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to both: (i) the purchase or acquisition of Provectus common stock during the Class Period, and (ii) the acts, facts, statements, or omissions that were asserted or could have been asserted in the Litigation by Lead Plaintiff or Members of the Class. "Released Claims" does not include: (i) claims to enforce the Settlement; and (ii) any derivative claims. "Released Claims" includes "Unknown Claims" as defined herein.

1.25. "Released Person(s)" means each and all of Defendants, and/or any of their respective past, present or future, family members and spouses, parent entities, associates, affiliates or subsidiaries and each and all of their past, present, or future officers, directors, stockholders, representatives, employees, attorneys, financial or investment advisors, consultants, accountants, underwriters, investment banks or bankers, commercial bankers, insurers, reinsurers, excess insurers, co-insurers, engineers, advisors, principals or agents, heirs, executors, trustees, estates, beneficiaries, distributees, foundations, general or limited partners or partnerships, joint ventures, personal representatives, administrators, and each of their respective predecessors, successors, and assigns,

and any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family.

1.26. “Settlement” means the settlement of the Litigation as embodied in this Stipulation.

1.27. “Settlement Amount” means \$3.5 million dollars (\$3,500,000.00).

1.28. “Settlement Class” means all persons and/or entities other than Defendants, the officers and directors of Provectus, members of their immediate families, and the heirs, successors, or assigns of any of the foregoing, who purchased Provectus securities between December 17, 2013 and May 22, 2014, inclusive (as defined herein, the “Settlement Class Period”).

1.29. “Settlement Class Member” or “Member of the Settlement Class” means a Person who falls within the definition of the Settlement Class as set forth in ¶1.28 and who does not validly request exclusion from the Settlement Class in accordance with the procedures to be established by the Court in connection with the approval of this Stipulation and the Settlement.

1.30. “Settlement Class Period” means the period from December 17, 2013 through May 22, 2014, inclusive.

1.31. “Settlement Fund” means the deposited \$3.5 million dollars (\$3,500,000.00) principal Settlement Amount, plus any interest earned thereon.

1.32. “Settling Parties” means, collectively, Defendants and Plaintiff, on behalf of himself and the Members of the Settlement Class.

1.33. “Unknown Claims” means any Released Claims which 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 Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision

not to object to this Settlement. Unknown Claims include those claims in which some or all of the facts comprising the claim may be suspected, or even undisclosed or hidden. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiff shall expressly waive, and each of the Settlement Class Members shall be deemed to have by operation of the Judgment expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

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

Plaintiff and 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, but Plaintiff shall expressly and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiff acknowledges, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

2. The Settlement

A. The Settlement Fund

2.1. Provectus shall cause \$1,850,000 to be deposited with the Escrow Agent, pursuant to wire instructions to be timely provided in writing by Plaintiff's Lead Counsel to Defendants' Counsel, on or before the fifteenth (15th) business day following the execution of this Stipulation (the "Initial Payment").

2.2. Provectus shall cause the entirety of the remaining portion of the principal Settlement Amount (*i.e.*, the total Settlement Amount minus the Initial Payment) to be deposited with the Escrow Agent, pursuant to wire instructions to be timely provided in writing by Plaintiff's Lead Counsel to Defendants' Counsel, on or before the fifteenth (15th) business day following the Court's entry of an order granting preliminary approval of the Settlement.

B. The Escrow Agent

2.3. The Escrow Agent shall invest the Settlement Fund transferred pursuant to ¶2.1 and ¶2.2 hereof, in instruments either fully insured or backed by the full faith and credit of the United States Government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then-current market rates. All risks related to the investment of the Settlement Fund shall be borne by the Settlement Fund and not by any of Defendants or Released Persons.

2.4. The Escrow Agent shall permit Plaintiff's Lead Counsel or the Claims Administrator to withdraw up to four hundred thousand dollars (\$400,000) from the Settlement Fund following the Court's entry of an order granting preliminary approval of this Settlement and upon full funding of the Settlement Fund as set forth in ¶2.1 and ¶2.2, to be used to pay the reasonable costs of providing notice of the Settlement to the Settlement Class, as well as customary

administration costs (see “Administration Costs” defined herein). Other than amounts disbursed for providing notice to the Settlement Class, customary Administration Costs, and Taxes and Tax Expenses, and the Fee and Expense Award (which shall be paid to Plaintiff’s Lead Counsel immediately following the Court’s execution of an order awarding such fees and expenses), the Settlement Fund shall not be distributed until the Effective Date of the Settlement, as set forth in ¶7.1.

2.5. Subject to further order(s) and/or direction(s) as may be made by the Court, or as provided in this Stipulation, the Escrow Agent is authorized to execute such transactions as are consistent with the terms of this Stipulation.

2.6. All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such funds shall be distributed pursuant to this Stipulation or are returned to the Persons paying the same pursuant to this Stipulation and Settlement and/or upon further order(s) of the Court.

2.7. The Escrow Agent shall not be responsible for the payment of any sums due to Authorized Claimants or other Persons, except to the extent of maintaining account of and appropriately paying sums as required by this Stipulation, but only to the limited extent that such sums have been delivered into the Escrow Account as required by this Stipulation. The Escrow Agent shall be liable to the extent provided for under the laws of the State of Tennessee.

C. Taxes

2.8. The Settling Parties and the Escrow Agent shall treat the escrow account as a “qualified settlement fund” for purposes of Section 468B of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The Escrow Agent and the Settling Parties shall timely make such elections as are necessary or advisable to carry out the provision of

this paragraph, including, without limitation, the “relation-back election” described in Treas. Reg. §1.468B-1 back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to prepare and deliver timely and properly the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

2.9. The Escrow Agent shall be the escrow account’s “administrator” as that term is used in Treas. Reg. §1.468B-2. As administrator, the Escrow Agent shall satisfy the administrative requirements imposed by Treas. Reg. §1.468B-2 by, *e.g.*, (i) obtaining a taxpayer identification number, (ii) satisfying any information reporting or withholding requirements imposed on distributions from the Settlement Fund, and (iii) timely and properly filing applicable federal, state or local tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treas. Reg. §§1.468B-2(k)) and paying any taxes reported thereon. Such returns (as well as the election described in ¶2.8) shall be consistent with this paragraph and in all events shall reflect that all Taxes, as defined in this subsection 2(C), on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶2.10 herein.

2.10. All: (i) taxes (including any estimated taxes, interest, or penalties) arising with respect to the income earned by the Settlement Fund, including, without limitation, any taxes or tax detriments that may be imposed upon Defendants or Defendants’ Counsel with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a “qualified settlement fund” for federal or state income tax purposes (collectively, “Taxes”); and (ii) expenses and costs incurred in connection with the operation and implementation of ¶2.9, including, without limitation, expenses of tax attorneys and/or accountants and mailing and

distribution costs and expenses relating to filing (or failing to file) the returns described in ¶2.9 (collectively, “Tax Expenses”), shall be paid out of the Settlement Fund; in all events neither Defendants nor Defendants’ Counsel shall have any liability or responsibility for the Taxes or the Tax Expenses. With funds from the Settlement Fund, the Escrow Agent shall indemnify and hold harmless Defendants and Defendants’ Counsel for Taxes and Tax Expenses (including, without limitation, Taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement Fund and shall timely be paid by the Escrow Agent out of the Settlement Fund without prior order from the Court and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay such amounts, including the establishment of adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1)(2)); Defendants, Defendants’ Counsel and Defendants’ director and officer liability insurance carriers shall not be responsible in any respect therefore, nor shall they have any liability therefore. The Settling Parties agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Section 2(C).

3. Notice Order and Settlement Hearing

3.1. As soon as practicable after execution of this Stipulation, Plaintiff’s Lead Counsel shall submit the Stipulation to the Court and shall apply for entry of an order (the “Notice Order”) attached hereto as Exhibit A, requesting, *inter alia*, the preliminary approval of the Settlement set forth in this Stipulation, approval for the mailing of the Postcard Notice in the form attached as Exhibit A-4 hereto, and publication of the Summary Notice in the form attached as Exhibit A-3 hereto. The Internet Long Form Notice, attached as Exhibit A-1 hereto, shall also be

made available to Class Members online at a later date. The Internet Long Form Notice shall include the general terms of the Settlement set forth in this Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application as defined in ¶6.1 hereof, and the date of the Settlement Hearing as defined below. Defendants do not and shall not take any position as to the proposed Plan of Allocation.

3.2. Plaintiff's Lead Counsel shall request that the Court hold a hearing (the "Settlement Hearing") at which time Plaintiff's Lead Counsel shall request that the Court finally approve the Settlement of the Litigation as set forth herein.

3.3. At the Settlement Hearing, the Settling Parties shall jointly request entry of a Judgment, substantially in the form attached hereto as Exhibit B:

(a) finally approving the Settlement as fair, reasonable, and adequate, within the meaning of Rule 23 of the Federal Rules of Civil Procedure, and directing its consummation pursuant to its terms;

(b) directing that the Litigation be dismissed without costs and with prejudice, and releasing the Released Claims;

(c) permanently barring and enjoining the institution and prosecution, by Plaintiff and the Settlement Class Members, of any other action against the Released Persons in any court asserting any Released Claims; provided, however, that the Judgment shall not bar any action or claim to enforce the terms of the Settlement, as approved by the Court, or the Judgment;

(d) reserving jurisdiction over the Litigation, including all future proceedings concerning the administration, consummation, and enforcement of this Stipulation;

(e) finding that the Complaint in the Litigation was filed on a good faith basis in accordance with the Private Securities Litigation Reform Act of 1995 and Rule 11 of the Federal Rules of Civil Procedure;

(f) finding, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, that there is no just reason for delaying and directing entry of a final judgment; and

(g) containing such other and further provisions consistent with the terms of this Stipulation to which the Settling Parties expressly consent in writing.

3.4. At or after the Settlement Hearing, Plaintiff's Lead Counsel also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

4. Releases and Bar Order

4.1. Upon the Effective Date, Plaintiff and each of the Settlement Class Members, for themselves and for each of their respective officers, directors, shareholders, employees, agents, spouses, subsidiaries, heirs at law, successors and assigns, and any other Person claiming (now or in the future) through or on behalf of them, and regardless of whether any such Plaintiff or Settlement Class Member ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim and Release, any distribution from the Settlement Fund, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Persons and shall have covenanted not to sue the Released Persons with respect to all such Released Claims, and shall be permanently barred and enjoined from instituting, commencing, or prosecuting any Released Claim against the Released Persons except to enforce the releases and other terms and conditions contained in this Stipulation or the Judgment entered pursuant thereto.

4.2. Upon the Effective Date, each of the Defendants shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Settlement Class (except any Settlement Class Member who opts out of the Settlement), Plaintiff and counsel to Plaintiff from all claims (including Unknown Claims) arising out of, relating to, or in connection with, the institution, prosecution, assertion, settlement, or resolution of the Litigation or the Released Claims except to enforce the releases and other terms and conditions contained in this Stipulation

5. Administration and Calculation of Claims, Final Awards, and Supervision and Distribution of the Settlement Fund

5.1. The Claims Administrator, subject to such supervision and direction of the Court as may be necessary or as circumstances may require, shall administer and calculate the claims submitted by Settlement Class Members and shall oversee distribution of the Net Settlement Fund (defined below) to Authorized Claimants pursuant to the Plan of Allocation.

5.2. Upon the Effective Date and thereafter, the Settlement Fund shall be applied as follows:

- (a) to pay counsel for Plaintiff's attorneys' fees and expenses with interest thereon (the "Fee and Expense Award"), if and to the extent allowed by the Court;
- (b) to pay any award of reimbursement to the Lead Plaintiff (the "Lead Plaintiff Award");
- (c) to pay all the costs and expenses reasonably and actually incurred in connection with providing notice, locating Settlement Class Members, soliciting Settlement Class claims, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, and paying escrow fees and costs ("Administration Expenses"), if any;

(d) to pay the Taxes and Tax Expenses described in Section 2(C) hereof; and

(e) to distribute the balance of the Settlement Fund (the “Net Settlement Fund”) to Authorized Claimants as allowed by the Stipulation, the Plan of Allocation, or order of the Court.

5.3. Upon the Effective Date and thereafter, and in accordance with the terms of the Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to Authorized Claimants, subject to and in accordance with the following:

(a) Within one hundred twenty (120) days after the mailing of the Postcard Notice or such other time as may be set by the Court, each Person claiming to be an Authorized Claimant shall be required to submit to the Claims Administrator a completed Proof of Claim and Release form (“Proof of Claim”), substantially in the form of Exhibit A-2 attached hereto, signed under penalty of perjury, and supported by such documents as are specified in the Proof of Claim and as are reasonably available to such Person.

(b) Except as otherwise ordered by the Court, any and all Settlement Class Members who fail to timely submit a Proof of Claim within such period, or such other period as may be ordered by the Court, or otherwise allowed, shall be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth therein, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained therein, and the Judgment. Notwithstanding the foregoing, Plaintiff’s Lead Counsel shall have the discretion to accept late-submitted claims for processing by the Claims Administrator so long as distribution of the Net Settlement Fund is not materially delayed thereby.

(c) The Net Settlement Fund shall be distributed to Authorized Claimants substantially in accordance with the Plan of Allocation set forth in the Internet Long Form Notice

and approved by the Court. Any such Plan of Allocation is not a part of this Stipulation. No funds from the Net Settlement Fund shall be distributed to Authorized Claimants until the Effective Date. If there is any balance remaining in the Net Settlement Fund after six (6) months from the date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), Plaintiff's Lead Counsel shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to one or more secular §501(c)(3) organization(s) selected by mutual agreement of the Parties.

5.4. The Released Persons, Defendants' Counsel and Defendants' directors and officers liability insurance carriers shall have no responsibility for, interest in, or liability whatsoever with respect to any act, omission or determination of the Escrow Agent, Claims Administrator, Plaintiff's counsel, including Plaintiff's Lead Counsel, or designees of said persons regarding the investment or distribution of the Settlement Fund or Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection with any such matters. Plaintiff and each Settlement Class Member hereby fully, finally, and forever release, relinquish, and discharge the Released Persons and their counsel from any and all such liability.

5.5. No Person shall have any claim against Plaintiff, Plaintiff's Lead Counsel, the Claims Administrator, or their counsel based on the distributions made substantially in accordance with the Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court. No Person shall have any claim against the Released Persons or their counsel arising from or relating to the management of, distributions from, or the disposition of the Settlement Fund or the Net Settlement Fund, and Plaintiff and each Settlement Class Member hereby fully, finally,

and forever release, relinquish, and discharge the Released Persons and their counsel from any and all such liability.

5.6. It is understood and agreed by the Settling Parties that any proposed Plan of Allocation of the Net Settlement Fund including, but not limited to, any adjustments to an Authorized Claimant's claim set forth therein, is not a part of the Stipulation and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in the Stipulation, and any order or proceeding relating to the Plan of Allocation shall not operate to terminate or cancel the Stipulation or affect the finality of the Court's Judgment approving the Stipulation and the Settlement set forth therein, or any other orders entered pursuant to the Stipulation. The time to appeal from approval of the Settlement shall commence upon the Court's entry of the Judgment regardless of whether a Plan of Allocation has been submitted to the Court or has been approved.

5.7. All Persons who fall within the definition of Members of the Settlement Class shall be subject to and bound by the provisions of this Stipulation, the releases contained herein, and the Judgment with respect to all Released Claims, regardless of whether such Persons seek or obtain by any means, including, without limitation, by submitting a Proof of Claim or any similar document, any distribution from the Settlement Fund or the Net Settlement Fund.

6. Plaintiff's Counsel's Attorneys' Fees and Expenses

6.1. Plaintiff's Lead Counsel may submit an application or applications (the "Fee and Expense Application") for distributions to Plaintiff's counsel from the Settlement Fund for: (a) an award of attorneys' fees; plus (b) the payment of reasonable expenses incurred in connection with prosecuting the Litigation (including, but not limited to the fees and expenses of experts and consultants), plus any interest on such attorneys' fees and expenses at the same rate and for the same

periods as earned by the Settlement Fund (until paid) as may be awarded by the Court; plus (c) the payment to Lead Plaintiff for time and expense in litigation this action. Plaintiff's Lead Counsel reserve the right to make additional applications to the Court for fees and expenses incurred.

6.2. The Fee and Expense Award, including the fees and expenses of experts and consultants as awarded by the Court, shall be payable to Plaintiff's Lead Counsel, from the Settlement Fund, immediately upon the entry of the Court's order awarding such fees and expenses. Plaintiff's Lead Counsel may thereafter allocate the attorneys' fees among other Plaintiff's counsel in a manner in which they in good faith believe reflects the contributions of such counsel to the initiation, prosecution, and resolution of the Litigation. If, and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the Fee and Expense Award is overturned or lowered, or if the Settlement is terminated or is not approved by the Court, or if there is an appeal and any order approving the Settlement does not become Final and binding upon the Class, or if the conditions of ¶7.1 are not satisfied, then, within ten (10) business days from receiving notice from Defendants' Counsel or from a court of appropriate jurisdiction, Plaintiff's Lead Counsel shall refund to the Settlement Fund such fees and expenses previously paid to them from the Settlement Fund plus interest thereon at the same rate as earned on the Settlement Fund in an amount consistent with such reversal or modification. Each such Plaintiff's counsel's law firm receiving fees and expenses, as a condition of receiving such fees and expenses, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this Paragraph.

6.3. The procedure for and the allowance or disallowance by the Court of any Fee and Expense Application by Plaintiff's Lead Counsel to be paid out of the Settlement Fund, are not part of the Settlement set forth in the Stipulation, and are to be considered by the Court separately

from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set forth in the Stipulation; and any order or proceeding relating to any Fee and Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation or the Settlement.

6.4. The Released Persons and their counsel shall have no responsibility for, and no liability whatsoever with respect to, any payment from the Settlement Fund of any type or nature whatsoever, including attorneys' fees and expenses paid to any counsel for Plaintiff or the Settlement Class.

6.5. The Released Persons and their counsel shall have no responsibility for, and no liability whatsoever with respect to, the allocation among Plaintiff's counsel, and/or any other Person who may assert some claim thereto, of any Fee and Expense Award that the Court may make in the Litigation.

7. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination

7.1. The Effective Date of the Stipulation, and the Settlement incorporated therein, shall be conditioned on the occurrence of all of the following events:

(a) the Court has entered the Notice Order, as required by ¶3.1 hereof;

(b) the Court has approved the Settlement as described herein, following notice to the Settlement Class and a Settlement Hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure, and has entered the Judgment, in accordance with ¶3.3 hereof; and

(c) the Judgment has become Final, as defined in ¶1.11 hereof.

7.2. Upon the occurrence of all of the events referenced in ¶7.1 hereof, any and all remaining interest or right of Defendants in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If either of the conditions specified in ¶7.1(a) or ¶7.1(b) hereof are not met, or

if the conditions in ¶7.1(c) are not met and there is no longer any possibility that the conditions in ¶7.1(c) can be met, then the Stipulation shall be canceled and terminated subject to ¶7.3 hereof, unless Plaintiff's Lead Counsel and Defendants' Counsel all mutually agree in writing to proceed with the Settlement in accordance with ¶7.4.

7.3. Unless otherwise ordered by the Court, in the event the Effective Date does not occur or this Stipulation shall terminate, or be canceled, or otherwise fail to become effective for any reason, including, without limitation, in the event that the Settlement as described herein is not approved by the Court or the Judgment is reversed or vacated following any appeal taken there from, then:

(a) within ten (10) business days after written notification of such event is sent by Defendants' Counsel or Plaintiff's Lead Counsel to the Escrow Agent, the Settlement Fund (including accrued interest), excluding only (i) Administration Expenses that have either been properly disbursed or are due and owing to the Claims Administrator and (ii) Taxes and Tax Expenses that have been paid or that have accrued and will be payable at some later date, will be refunded by the Escrow Agent to Defendants as directed by Defendants' Counsel; if said amount or any portion thereof is not returned within such ten (10) day period, then interest shall accrue thereon at the same rate as earned by the Settlement Fund until the date that said amount is returned;

(b) at the request of Defendants' Counsel, the Escrow Agent or its designee shall apply for any Tax refund owed on the Settlement Fund and pay the proceeds as directed in writing by Defendants' Counsel, after deduction of any fees or expenses reasonably incurred in connection with such application(s) for refund pursuant to such written request;

(c) the Settling Parties shall be restored to their respective positions in the Litigation as October 1, 2015, with all of their respective claims and defenses preserved as they

existed on that date;

(d) the terms and provisions of the Stipulation shall be null and void and shall have no further force and effect with respect to the Settling Parties, and neither the existence nor the terms of this Stipulation (nor any negotiations preceding this Stipulation nor any acts performed pursuant to, or in furtherance of, this Stipulation) shall be used in this Litigation or in any other proceeding for any purpose; and

(e) any judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*.

7.4. If the Court does not enter the Judgment in the form attached as Exhibit B hereto, or if the Court enters the Judgment and appellate review is sought and, on such review, the entry of the Judgment is finally vacated, modified, or reversed, then this Stipulation and the Settlement incorporated therein shall be cancelled and terminated, unless all parties who are adversely affected thereby, in their sole discretion within thirty (30) days from the date of the mailing of such ruling to such parties, provide written notice to all other parties hereto of their intent to proceed with the Settlement under the terms of the Judgment as modified by the Court or on appeal. Such notice may be provided on behalf of Plaintiff and the Settlement Class Members by Plaintiff's Lead Counsel. No Settling Party shall have any obligation whatsoever to proceed under any terms other than substantially in the form provided and agreed to herein; provided, however, that no order of the Court concerning any Fee and Expense Application or Plan of Allocation, or any modification or reversal on appeal of such order, shall constitute grounds for cancellation or termination of this Stipulation by any Settling Party. Without limiting the foregoing, Defendants shall have, in their sole and absolute discretion, the option to terminate the Settlement in its entirety in the event that the Judgment, upon becoming Final, does not provide for the dismissal with

prejudice of the Litigation against them.

7.5. If, prior to the Settlement Hearing, any Persons who otherwise would be Settlement Class Members have validly requested exclusion from the Settlement Class (“Requests for Exclusion”) in accordance with the provisions of the Internet Long Form Notice or Notice Order, and such Persons, in the aggregate, during the Settlement Class Period purchased equal to or more than a certain percentage of Provectus common stock specified in a separate Supplemental Agreement to the Stipulation, then Provectus Defendants shall have, in their sole and absolute discretion, the option to terminate this Stipulation on behalf of all Parties in accordance with the procedures set forth in the Supplemental Agreement. Plaintiff’s Lead Counsel shall, however, have an opportunity to seek retraction of any Request for Exclusion until the deadline for such retractions as set forth in the Internet Long Form Notice or Notice Order. The Supplemental Agreement shall not be filed with the Court. If required by the Court, Plaintiff and Defendants shall request that the Supplemental Agreement be filed under seal and/or any of its terms be disclosed only *in camara* to the Court for purposes of approving the Settlement, and that such disclosure shall be carried out to the fullest extent possible in accordance with the practices of the Court so as to preserve the confidentiality of the Supplemental Agreement, particularly the threshold percentage amount of Provectus common stock specified in the Supplemental Agreement. Plaintiff’s Lead Counsel shall promptly provide copies of any or all Requests for Exclusion received by Plaintiff’s Counsel to Defendants’ Counsel. A listing of all persons who have validly requested exclusion from the Settlement Class shall be provided to Defendants’ Counsel and the Court no later than five (5) days prior to the Settlement Hearing.

8. Miscellaneous Provisions

8.1. The Settling Parties: (a) acknowledge that it is their intent to consummate this

Stipulation; and (b) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of the Stipulation.

8.2. The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between them. The Settlement compromises claims which are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim or defense.

8.3. While Defendants deny that the claims advanced in the Litigation were meritorious, they will not assert in any public statement that the Litigation was not filed in good faith and/or is not being settled voluntarily after consultation with competent legal counsel. The Judgment will contain a finding that, during the course of the Litigation, the parties and their respective counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11. The Settling Parties agree that the amount paid to the Settlement Fund and the other terms of the Settlement were negotiated in good faith by the Settling Parties and reflect a Settlement that was reached voluntarily after consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Litigation was brought or defended in bad faith or without a reasonable basis.

8.4. Neither this Stipulation nor the Settlement contained herein, nor any act performed or document executed pursuant to or in furtherance of this Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claim, any allegation made in the Litigation, or any wrongdoing or liability of Defendants or any Released Persons; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any liability, fault, or omission of any of Defendants or any Released Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal.

Neither this Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Stipulation or the Settlement shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, except that Defendants may file the Stipulation and/or the Judgment in any action that may be brought against them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

8.5. The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest. After prior notice to the Court, the Settling Parties may agree to reasonable extensions of time to carry out any provisions of this Stipulation.

8.6. The Stipulation, including its Exhibits and Supplemental Agreement which are material parts thereof, constitutes the entire agreement among the parties hereto and no representations, warranties, or inducements have been made to any party concerning the Stipulation other than the representations, warranties, and covenants contained and memorialized in such documents. It is understood by the Settling Parties that, except for the matters expressly represented herein, the facts or law with respect to which this Stipulation is entered into may turn out to be other than or different from the facts now known to each party or believed by such party to be true; each party therefore expressly assumes the risk of the facts or law turning out to be so different, and agrees that this Stipulation shall be in all respects effective and not subject to termination by reason of any such different facts or law. Except as otherwise provided herein, each party shall bear its own costs.

8.7. Plaintiff's Lead Counsel, on behalf of the Settlement Class, is expressly

authorized by Plaintiff to take all appropriate action required or permitted to be taken by the Settlement Class pursuant to the Stipulation to effectuate its terms and also are expressly authorized to enter into any modifications or amendments to the Stipulation on behalf of the Settlement Class which they deem appropriate. Plaintiff and Plaintiff's Lead Counsel represent and warrant that none of Plaintiff's claims or causes of action referred to herein or that could have been alleged in the Litigation has been assigned, encumbered or in any manner transferred in whole or in part.

8.8. Each counsel or other Person executing the Stipulation and any documents prepared in furtherance of the Stipulation on behalf of any party hereto, hereby warrants that such Person has the full authority to do so.

8.9. The Stipulation may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of executed counterparts shall be filed with the Court.

8.10. The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto, including any corporation or other entity into or with which any party merges, consolidates, or reorganizes.

8.11. The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Stipulation.

8.12. Nothing in this Stipulation, Settlement, or the negotiations or proceedings relating to the foregoing is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, the accountants' privilege, the attorney-client privilege, the joint defense privilege, or work product immunity.

8.13. This Stipulation and the Settlement contemplated by it, and all disputes arising out of or relating to the Stipulation and Settlement shall be construed and enforced in accordance with, and governed by, the substantive laws and procedural rules of the State of Tennessee without giving effect to that Tennessee's choice-of-law principles.

8.14. Any written notice required pursuant to or in connection with this Stipulation shall be addressed to the parties' counsel as designated and identified below.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated as of March 8, 2016.

Dated: March 8, 2016

GLANCY PRONGAY & MURRAY LLP

By: Kara M. Wolke
Kara M. Wolke (*admitted pro hac vice*)
Peter A. Binkow (*admitted pro hac vice*)
Robert V. Prongay (*admitted pro hac vice*)
1925 Century Park East, Suite 2100
Los Angeles, California 90067
Telephone: (310) 201-9150
Facsimile: (310) 201-9160
Email: info@glancylaw.com

*Lead Counsel for Lead Plaintiff
and the Class*

Dated: March 8, 2016

BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, P.C.

By: John Hicks / by permission KMW
John S. Hicks (BPR # 010478)
211 Commerce Street, Suite 800
Nashville, Tennessee 37201
Telephone: (615) 726-7337
Facsimile: (615) 744-7337
Email: jhicks@bakerdonelson.com
Email: nhildebrand@bakerdonelson.com

and

Kristine Roberts (BPR # 023856)
(admitted pro hac vice)
165 Madison Avenue, Suite 2000
Memphis, Tennessee 38103
Email: klroberts@bakerdonelson.com

Counsel for Defendants