

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS**

CHAZ CAMPTON, INDIVIDUALLY AND ON)
BEHALF OF ALL OTHERS SIMILARLY)
SITUATED,)

Plaintiffs,)

v.)

IGNITE RESTAURANT GROUP, INC.,)
RAYMOND A. BLANCHETTE, III, JEFFEREY)
L. RAGER, EDWARD W. ENGEL, CREDIT)
SUISSE SECURITIES (USA) LLC, ROBERT W.)
BAIRD & CO. INC., PIPER JAFFRAY & CO.,)
KEYBANC CAPITAL MARKETS INC.,)
LAZARD CAPITAL MARKETS LLC,)
RAYMOND JAMES & ASSOCIATES, INC.,)

Defendants.)
_____)

No. 4:12-cv-02196

CLASS ACTION

District Judge Vanessa D. Gilmore

STIPULATION AND AGREEMENT OF SETTLEMENT

This Stipulation and Agreement of Settlement (the “Stipulation”) dated January 23, 2015, is hereby submitted to the Court pursuant to Rule 23 of the Federal Rules of Civil Procedure. Subject to the approval of the Court, this Stipulation is entered into among Lead Plaintiffs Chaz Campton and Cynthea Rumenapp, on behalf of themselves and the putative class (collectively, “Plaintiffs”), Ignite Restaurant Group, Inc., Raymond A. Blanchette, III, Jeffrey L. Rager, and Edward W. Engel, Credit Suisse Securities (USA) LLC, Robert W. Baird & Co. Inc., Piper Jaffray & Co., KeyBanc Capital Markets Inc., Lazard Capital Markets LLC, and Raymond James & Associates, Inc., by and through their respective counsel.

1. WHEREAS, on July 20, 2012, Plaintiff Chaz Campton filed a lawsuit in the United States District Court for the Southern District of Texas (the “Court”) styled as *Chaz Campton v. Ignite Restaurant Group, Inc., et al.*, No. 4:12-cv-02196 alleging violations of federal securities laws against Defendants (the “Litigation”);

2. WHEREAS, on October 22, 2012, the Court entered an order appointing Chaz Campton and Cynthea Rumenapp as Lead Plaintiffs;

3. WHEREAS, on December 6, 2012, Lead Plaintiffs filed the First Amended Complaint alleging: (Count 1) violations of Section 11 of the Securities Act of 1933 (the “Securities Act”) against Defendants (as defined below); and (Count 2) violations of Section 15 of the Securities Act against Individual Defendants (as defined below);

4. WHEREAS, on February 13, 2013, Defendants (as defined below) moved to dismiss the First Amended Complaint on the grounds that Lead Plaintiffs lacked standing to prosecute the Litigation and failed to allege a misstatement or omission of material fact;

5. WHEREAS, by order dated September 3, 2013, Judge Gilmore granted Defendants' (as defined below) Motions to Dismiss the First Amended Complaint without prejudice, ordering Lead Plaintiffs to replead their allegations within fifteen days;

6. WHEREAS, on September 18, 2013, Lead Plaintiffs filed the operative Second Amended Complaint alleging: (Count 1) violations of Section 11 of the Securities Act of 1933 against Defendants; and (Count 2) violations of Section 15 of the Securities Act against Individual Defendants;

7. WHEREAS, on October 28, 2013, Defendants moved to dismiss the Second Amended Complaint on the grounds that Lead Plaintiffs lacked standing to prosecute the Litigation and failed to allege a misstatement or omission of material fact;

8. WHEREAS, by order dated January 7, 2014, Judge Gilmore denied Defendants' Motions to Dismiss the Second Amended Complaint;

9. WHEREAS, Defendants filed answers to the Second Amended Complaint on February 2, 2014, denying any violations of the Securities Act or liability as alleged in the Second Amended Complaint;

10. WHEREAS, the Lead Plaintiffs and Defendants engaged in discovery whereby Lead Plaintiffs and Defendants served and responded to interrogatories; the Defendants and one subpoenaed non-party combined to produce over 50,000 pages of documents; and Lead Plaintiffs took the deposition of Robert Clifton, the Company's former Vice President of Accounting;

11. WHEREAS, in recognition of the attendant risks and costs of continued litigation and the benefits of resolving this litigation, the parties hereto desire to settle and resolve any and all actual or potential claims by, between, or among Plaintiffs, on the one hand, and the

Defendants, on the other hand, arising out of or relating to the subject matter of the Litigation, which includes but is not limited to the following allegations by Plaintiffs:

- that Ignite Defendants overstated the Company's true financial performance in its financial statements for Fiscal years 2007, 2008, 2009, 2010, and 2011 and for the 12 week periods ending in March 28, 2011 and March 26, 2012;
- that those financial statements were materially false and misleading because the Company admitted that they had to be restated due to material accounting errors and should not be relied upon;
- that Plaintiffs suffered recoverable damages as a result; and
- that Defendants are liable for the alleged damage suffered by Plaintiffs.

12. WHEREAS, the Defendants have denied and continue to deny that they have violated the federal securities laws or any laws and maintain that their conduct was at all times proper and in compliance with all applicable provisions of law. The Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Litigation, along with 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 Litigation. The Defendants also have denied and continue to deny, *inter alia*, the allegations that any of the Defendants made, knowingly or otherwise, any material misstatements or omissions; or that any of Plaintiffs has suffered any damages. In addition, the Defendants maintain that they have meritorious defenses to all claims alleged in the Litigation. Nonetheless, taking into account the uncertainty, risks, and costs inherent in any litigation, especially in complex cases such as this Action, the Defendants have concluded that further conduct of the Litigation could be protracted and distracting. The Defendants have, therefore, determined that it

is desirable and beneficial to them that the Litigation be settled in the manner and upon the terms and conditions set forth in this Stipulation. As set forth in paragraphs M.16-17 below, this Stipulation shall in no event be construed as, or be deemed to be evidence of, an admission or concession on the part of any Defendant or any of the Released Parties with respect to any actual or potential claim, liability, wrongdoing, or damage whatsoever, or any infirmity in the defenses that the Defendants have asserted. This Stipulation also shall not be construed as or be deemed to be a concession by the Lead Plaintiffs of any infirmity in the claims asserted in the Litigation. The Settling Parties (as defined below) to this Stipulation wish to settle and compromise any dispute regarding the Litigation or its subject matter, including but not limited to whether the Litigation was filed by the Lead Plaintiffs and defended by the Defendants in good faith and with adequate basis in fact under Rule 11 of the Federal Rules of Civil Procedure. The Settling Parties agree that the Litigation is being voluntarily settled after advice of counsel and that the terms of the Settlement are fair, adequate, and reasonable;

13. WHEREAS, Lead Plaintiffs' Counsel (as defined below) has conducted an investigation relating to the claims and the underlying events and transactions alleged in the Litigation. Lead Plaintiffs' Counsel has analyzed the facts and the applicable law with respect to the claims of the Lead Plaintiffs against Defendants and the potential defenses thereto, which in the Lead Plaintiffs' judgment have provided an adequate and satisfactory basis for the evaluation of an agreement to settle, as described herein;

14. WHEREAS, Lead Plaintiffs' Counsel and counsel for the Defendants participated in two full-day mediation conferences with a well-respected mediator, Jed D. Melnick, Esq., who has extensive experience mediating complex class action litigations such as this Litigation. At and following the mediations, the participants engaged in extensive arm's-length negotiations

with each other, and ultimately agreed to settle the Litigation based upon a Mediator's Proposal issued by Jed Melnick;

15. WHEREAS, based upon the investigation conducted by Lead Plaintiffs' Counsel, Lead Plaintiffs' Counsel has concluded that the terms and conditions of this Stipulation are fair, reasonable, and adequate to Plaintiffs, and in their best interests, and Lead Plaintiffs have agreed to settle the claims asserted in the Litigation pursuant to the terms and conditions of this Stipulation, after considering: (a) the substantial benefits that Plaintiffs will receive from settlement of the Litigation; (b) the attendant risks of litigation; and (c) the desirability of permitting the Settlement to be consummated as provided by the terms of this Stipulation;

16. NOW THEREFORE, without any admission or concession on the part of the Lead Plaintiffs of any lack of merit in the Litigation whatsoever, and without any admission or concession on the part of the Defendants of any liability, wrongdoing, or lack of merit in the defenses asserted in the Litigation whatsoever, it is hereby STIPULATED AND AGREED, by and among the Settling Parties, through their respective attorneys, subject to approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Settling Parties hereto from the Settlement, that any and all claims made, or that could have been made, including all Settled Claims (as defined below), by Plaintiffs against the Released Parties (as defined below) shall be finally and fully compromised, settled, and released, and the Litigation shall be dismissed with prejudice, without costs as to Lead Plaintiffs or Defendants, subject to the approval of the Court, upon and subject to the terms and conditions of the Stipulation, as follows.

A. CERTAIN DEFINITIONS

As used in this Stipulation, the following terms have the meanings specified below:

1. “Attorneys’ Fees and Expenses” means the portion of the Gross Settlement Fund approved by the Court for payment to Lead Plaintiffs’ Counsel, including attorneys’ fees, costs, litigation expenses, and fees and expenses of experts (excluding Notice and Administration Expenses).

2. “Authorized Claimant” means any Claimant (as defined below) whose claim for recovery has been allowed pursuant to the terms of the Stipulation or by order of the Court.

3. “Award to Lead Plaintiffs” means any award by the Court to Lead Plaintiffs of reasonable costs and expenses (including lost wages) directly relating to the representation of the Settlement Class pursuant to 15 U.S.C. § 78u-4(a)(4).

4. Class Period means the period time between the IPO (defined below) and October 30, 2012, both dates inclusive.

5. “Claimant” means any Settlement Class Member who files a Proof of Claim and Release (as defined below) in such form and manner, and within such time, as set forth in this Stipulation, or as the Court shall prescribe.

6. “Claims Administrator” means the accounting and claims administration firm, Strategic Claims Services, Inc., that Lead Plaintiffs’ Counsel requests be appointed by the Court to administer the Settlement and disseminate notice to the Settlement Class.

7. “Company” means Ignite Restaurant Group, Inc.

8. “Court” means the United States District Court for the Southern District of Texas.

9. “Effective Date” means the date on which all of the conditions set forth below in paragraph K.1. shall have been satisfied and the Court’s Order and Final Judgment, substantially in the form of Exhibit B hereto, becomes “Final.” The Court’s Order and Final Judgment shall be deemed to be “Final” when the last of the following with respect to the Judgment approving

the Settlement, in the form of Exhibit B attached hereto, shall occur: (i) the expiration of the time in which to appeal the Judgment has passed without any appeal having been taken; and (ii) if an appeal is taken, the determination of that appeal in such a manner as to permit the consummation of the Settlement, in accordance with the terms and conditions of this Stipulation. For purposes of this paragraph, an “appeal” shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this Settlement, but shall not include any appeal that concerns only the issues of Attorneys’ Fees and Expenses, Award to Lead Plaintiffs or any Plan of Allocation of the Gross Settlement Fund.

10. “Escrow Account” means the interest-bearing account selected by the Escrow Agent. The Escrow Account shall be managed by the Escrow Agent for the benefit of Lead Plaintiffs and the Settlement Class until the Effective Date of the Settlement.

11. “Escrow Agent” means the Claims Administrator or its duly appointed agent(s). The Escrow Agent shall perform the duties as set forth in this Stipulation.

12. “Gross Settlement Fund” means the Settlement Amount plus all interest earned thereon.

13. “Ignite’s Registration Statement” means the amended registration statement on Form S-1/A the Company filed with the SEC on May 8, 2012 and amended on May 10, 2012.

14. “Ignite Defendants” means Ignite Restaurant Group, Inc., Raymond A. Blanchette, III, Jeffrey L. Rager, and Edward W. Engel.

15. “Ignite’s Prospectus” means the preliminary prospectus included in Ignite’s Registration Statement and the final prospectus the Company filed with the SEC on May 14, 2012.

16. “Individual Defendants” means Raymond A. Blanchette, III, Jeffrey L. Rager, and Edward W. Engel.

17. “IPO” means the initial public offering of the Company’s securities that occurred on or about May 11, 2012.

18. “Lead Plaintiffs” means Chaz Campton and Cynthea Rumenapp.

19. “Lead Plaintiffs’ Counsel” means The Rosen Law Firm, P.A.

20. “Liaison Counsel” means the Payne Mitchell Law Group.

21. “Net Settlement Fund” means the Gross Settlement Fund, less: (i) Attorneys’ Fees and Expenses; (ii) Notice and Administration Expenses; (iii) taxes; (iv) any Award to Lead Plaintiffs; and (v) other fees and expenses authorized by the Court.

22. “Notice and Administration Account” means the portion of the Gross Settlement Fund maintained by Lead Plaintiffs’ Counsel. The Notice and Administration Account may be drawn upon by Lead Plaintiffs’ Counsel for Notice and Administration Expenses without further order of the Court. The Notice and Administration Account is not required to be in an account separate of the Escrow Account.

23. “Notice and Administration Expenses” means all expenses incurred (whether or not paid) in connection with the preparation, printing, mailing, and publication of the Notice to the Settlement Class of the proposed settlement, and all expenses of Settlement administration; provided, however, that none of these expenses shall be deemed to include Attorneys’ Fees and Expenses through the Effective Date. All such Notice and Administration Expenses shall be paid from the Gross Settlement Fund.

24. “Order and Final Judgment” means the order and judgment entered by the Court, including a Bar Order, approving the Settlement and dismissing the Litigation as against the Defendants with prejudice and without costs to any party.

25. “Person” means any individual, corporation, partnership, limited liability company or partnership, limited partnership, professional corporation, association, affiliate, joint stock company, trust, estate, unincorporated association, government, or any political subdivision or agency thereof, any other type of legal, business, or political entity, any legal representative, and, as applicable, their respective spouses, heirs, predecessors, successors, representatives, and assigns.

26. “Plaintiffs” means the Lead Plaintiffs and the Settlement Class.

27. “Plaintiffs’ Counsel” means the Lead Plaintiffs’ Counsel, Liaison Counsel, and any counsel working under the direction of Lead Plaintiffs’ Counsel.

28. “Plan of Allocation” means the plan for allocating the Net Settlement Fund (as set forth in the Notice of Pendency and Settlement of Class Action (the “Notice”), attached as Exhibit A-1 to the Order of Preliminary Approval of Settlement) to Authorized Claimants after payment or determination of Notice and Administration Expenses, Taxes and Tax Expenses, and Attorneys’ Fees and Expenses. Any Plan of Allocation is not part of the Stipulation and the Released Parties shall have no responsibility or liability with respect to the Plan of Allocation.

29. “Released Parties” means Defendants and the Whitney Entities (as defined below), and each and all of their respective current, former, or future parents, subsidiaries, affiliates, successors and assigns, general and limited partners and partnerships, and each and all of their respective present or former joint venturers, officers, directors, principals, shareholders, members, agents, employees, employers, attorneys, trustees, financial advisors, commercial bank

lenders, investment bankers, representatives, insurers (including, without limitation, their respective businesses, affiliates, subsidiaries, parents and affiliated corporations, divisions, predecessors, shareholders, partners, joint venturers, principals, insurers, reinsurers, successors and assigns, and their respective past, present and future employees, officers, directors, attorneys, agents and representatives), reinsurers, advisors, associates, spouses and/or any other individual or entity in which any Defendant or Whitney Entity has or had a controlling interest or which is or was related to or affiliated with any Defendant or Whitney Entity, and/or any trust of which any Defendant or Whitney Entity is the settlor or which is for the benefit of any Defendant or Whitney Entity, and the current, former, and future legal representatives, heirs, successors-in-interest, or assigns of any Defendant or Whitney Entity.

30. “SEC” means the U.S. Securities and Exchange Commission.

31. “Settled Claims” means any and all claims, debts, demands, rights, liabilities or causes of action (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses, or amounts), whether based on federal, state, local, statutory or common 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, whether individual, class or of any other description, including both known claims and Unknown Claims (as defined below) (i) that have been asserted in the Litigation against any of the Released Parties, or (ii) that could have been asserted in the Litigation or any forum by Lead Plaintiffs and/or the Settlement Class Members or any of them, or by their heirs, agents, executors, administrators, trustees, beneficiaries, predecessors, successors, attorneys or assigns, against any of the Released Parties, which arise out of or are related to any of the allegations, transactions, facts, matters or occurrences, representations or omissions, involved, set forth or

referred to in the Second Amended Complaint, including, without limitation, claims for fraud, negligent misrepresentation, or claims based upon or related in any way to the purchase, acquisition, or sale of the Company's securities pursuant and/or traceable to Ignite's Registration Statement or Ignite's Prospectus issued in connection with the Company's IPO, except claims to enforce any of the terms of this Stipulation.

32. "Settled Defendants' Claims" means all claims, demands, rights, remedies, liabilities, and causes of action of every nature and description whatsoever, whether based on federal, state, local, statutory, or common law, or any other law, rule, or regulation, including both known and Unknown Claims, that (i) have been or could have been asserted in the Litigation by the Defendants, or any of them, or the successors and assigns of any of them, against any of the Lead Plaintiffs, Settlement Class Members, or any of their attorneys, and (ii) arise out of or relate in any way to the institution, prosecution, or Settlement of this Litigation or the Settled Claims, including but not limited to all claims for malicious prosecution or sanctions. Notwithstanding the foregoing, "Settled Defendants' Claims" does not include claims to enforce any of the terms of this Stipulation.

33. "Settlement" means the settlement contemplated by this Stipulation.

34. "Settlement Amount" means a fund in the amount of \$1,800,000.00 (One Million Eight Hundred Thousand Dollars) in cash. Such amount is paid as consideration for full and complete settlement of all the Settled Claims.

35. "Settlement Class" and "Settlement Class Members" mean, for purposes of this Settlement, all persons who purchased or otherwise acquired the common stock of the Company pursuant and/or traceable to Ignite's Registration Statement or Ignite's Prospectus issued in connection with the Company's IPO during the Class Period, and were allegedly damaged

thereby. Excluded from the Settlement Class are Defendants, the present and former officers and directors of the Company and any subsidiary thereof, “Whitney Entities” (defined as J.H. Whitney VI, L.P, and J.H. Whitney Capital Partners LLC, JCS Holdings, LLC), members of the immediate family of each of the Defendants or the Whitney Entities, any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant or Whitney Entity has a controlling interest or which is related to or affiliated with any of the Defendants or the Whitney Entities, and the legal representatives, agents, affiliates, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Settlement Class are those persons who file valid and timely requests for exclusion in accordance with the Court’s Order of Preliminary Approval of Settlement (“Preliminary Approval Order”) concerning this Stipulation.

36. “Settlement Class Distribution Order” means the order entered by the Court, upon application of Lead Plaintiffs’ Counsel following the occurrence of the events identified in paragraph D.13. below, which authorizes the Claims Administrator to distribute the Net Settlement Fund to the Settlement Class.

37. “Settlement Hearing” means the final hearing to be held by the Court to determine: (1) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (2) whether all Settled Claims should be dismissed with prejudice; (3) whether an order approving the Settlement should be entered thereon; (4) whether the allocation of the Settlement Fund should be approved; and (5) whether the application for an award of Attorneys’ Fees and Expenses and an Award to Lead Plaintiffs should be approved.

38. “Defendants” means Ignite Restaurant Group, Inc., Raymond A. Blanchette, III, Jeffrey L. Rager, Edward W. Engel, Credit Suisse Securities (USA) LLC, Robert W. Baird &

Co. Inc., Piper Jaffray & Co., KeyBanc Capital Markets Inc., Lazard Capital Markets LLC, and Raymond James & Associates, Inc.

39. “Settling Parties” means Defendants, and Lead Plaintiffs on behalf of themselves and the Settlement Class Members.

40. “Unknown Claims” means (a) any Settled Claim that the Lead Plaintiffs 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 Parties, which if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, the decision not to object to the Settlement, and (b) any Settled Defendants’ claims that any Defendant does not know or expect to exist in his, her, or its favor, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled Defendants’ Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Settling Parties shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived and by operation of the Order and Final Judgment shall have 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 that is similar, comparable, or equivalent to Cal. Civ. 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.

Lead Plaintiffs acknowledge, 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 an essential term of the Settlement of which this release is a part.

B. SCOPE AND EFFECT OF SETTLEMENT AND RELEASES

1. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Litigation and any and all Settled Claims as against all Released Parties and any and all Defendants' Claims as against the Lead Plaintiffs, the Settlement Class Members, and their attorneys.

2. Pursuant to the Order and Final Judgment, upon the Effective Date of this Settlement, Lead Plaintiffs and each of the Settlement Class Members on behalf of themselves, their current and future heirs, executors, administrators, successors, attorneys, insurers, agents, representatives, and assigns, and any person they represent, shall, with respect to each and every Settled Claim, generally and fully release and forever relinquish and discharge, and shall forever be enjoined from prosecuting, all Settled Claims and any and all claims arising out of, relating to, or in connection with the Settlement, the Litigation, or the resolution of the Litigation against the Released Parties, whether or not such Settlement Class Member executes and delivers the Proof of Claim and Release, except claims to enforce any of the terms of this Stipulation. Further, Lead Plaintiffs and each of the Settlement Class Members on behalf of themselves, their current and future heirs, executors, administrators, successors, attorneys, insurers, agents, representatives, and assigns, expressly covenant not to assert any Settled Claim, and shall forever be enjoined from commencing, instituting, or prosecuting any such claim.

3. The Proof of Claim and Release to be executed by the Settlement Class Members shall be substantially in the form and content contained in Exhibit A-3 to the Preliminary Approval Order attached hereto as Exhibit A.

4. Pursuant to the Order and Final Judgment, upon the Effective Date of this Settlement, Defendants shall release and forever discharge each and every one of the Settled Defendants' Claims, and shall forever be enjoined from prosecuting the Settled Defendants'

Claims as against any of the Lead Plaintiffs, Settlement Class Members, or their attorneys, including but not limited to claims for malicious prosecution or sanctions.

C. THE SETTLEMENT CONSIDERATION

1. Subject to the terms of this Stipulation, the Company shall pay \$1,800,000 (One Million Eight Hundred Thousand Dollars) to be transferred into the Escrow Account within fifteen (15) business days after the later of (a) the Court issuing the Preliminary Approval Order or (b) the receipt by Defendants' counsel of wire/check payee instructions and a Form W-9 providing the tax identification number for the Escrow Account. That payment shall constitute the Settlement Amount. In the event that the Company fails to cause the Settlement Amount to be transferred into the Escrow Account as provided herein, Defendants are not permitted to terminate the Settlement, and Lead Plaintiffs may reduce the amounts due to a judgment and enforce the same against the Company.

2. The Gross Settlement Fund, net of any Taxes (as defined below) on the income thereof and any Tax Expenses (as defined below), shall be used to pay: (i) the Notice and Administration Expenses as authorized by this Stipulation; (ii) Attorneys' Fees and Expenses authorized by the Court; (iii) any Award to Lead Plaintiffs authorized by the Court; and (iv) other fees and expenses authorized by the Court. The balance of the Gross Settlement Fund remaining shall be the Net Settlement Fund, which shall be distributed to the Authorized Claimants in accordance with this Stipulation.

3. Any sums required to be held in escrow hereunder shall be held by the Escrow Agent for the benefit of the Lead Plaintiffs and the Settlement Class until the Effective Date.

4. The Escrow Agent shall not disburse the Gross Settlement Fund, or any portion thereof, except (a) as provided in the Stipulation, (b) by an order of the Court, or (c) with the written agreement of counsel for the Settling Parties.

5. Subject to further order(s) and/or directions as may be made by the Court, or as provided in the Stipulation, the Escrow Agent is authorized to execute such transactions as are consistent with the terms of the Stipulation. The Released Parties shall have no responsibility for, interest in, or liability whatsoever with respect to, the actions of the Escrow Agent, or any transaction executed by the Escrow Agent.

6. All funds held by the Escrow Agent shall be deemed to be in *custodia legis* and shall remain subject to the jurisdiction of the Court until such time as the funds shall be distributed or returned pursuant to this Stipulation and/or further order of the Court. Other than amounts disbursed for providing notice to the Settlement Class, customary administration costs, and Taxes and Tax Expenses, the Settlement Fund shall not be distributed until the Effective Date.

7. The Escrow Agent may invest any funds in excess of \$150,000 in short-term United States Treasury Securities (or a mutual fund invested solely in such instruments), and shall collect and reinvest all interest accrued thereon. Any funds held in escrow in an amount of less than \$150,000 may be held in a bank account insured to the extent possible by the FDIC. Interest earned on the money deposited into the Escrow Account shall be part of the Gross Settlement Fund. All costs and risks related to the investment of the Gross Settlement Fund in accordance with the guidelines set forth in this paragraph shall be borne by the Gross Settlement Fund.

8. The Notice and Administration Expenses shall be paid from the Gross Settlement Fund. In order to pay the Notice and Administration Expenses, \$100,000 shall be designated from the Gross Settlement Fund upon the entry of the Preliminary Approval Order. Any monies from the Notice and Administration Fund that remain after administration shall be returned to the

Net Settlement Fund. The Notice and Administration Account may be drawn upon by Lead Plaintiffs' Counsel for Notice and Administration Expenses without further Court approval. The Notice and Administration Account shall be administered solely by the Escrow Agent. Any taxes or other expenses incurred in connection with the Notice and Administration Account shall be paid from the Notice and Administration Account or from the remainder of the Gross Settlement Fund. The Released Parties shall not have any obligation for payment of taxes or other expenses associated with the Notice and Administration Account. Notice and Administration Expenses in excess of \$100,000 shall not be paid out of the Gross Settlement Fund until after the Effective Date. In no event shall an amount more than the Settlement Amount be paid for Notice and Administration Expenses, and in no event shall the Released Parties be responsible to pay any amount for Notice and Administration Expenses.

9. Defendants shall have access to all records of the Escrow Account, and upon request made to the Escrow Agent, shall receive copies of all records of disbursements, deposits, and statements of accounts.

10. After the Effective Date, the Released Parties shall have no interest in the Gross Settlement Fund or in the Net Settlement Fund. The Released Parties shall not be liable for the loss of any portion of the Settlement Fund, nor have any liability, obligation, or responsibility for the payment of claims, taxes, legal fees, or any other expenses payable from the Gross Settlement Fund.

D. ADMINISTRATION AND CALCULATION OF CLAIMS, FINAL AWARDS, AND DISTRIBUTION OF NET SETTLEMENT FUND

1. The Claims Administrator shall administer and calculate the claims that shall be allowed and oversee distribution of the Net Settlement Fund, under the supervision of Lead Plaintiffs' Counsel, and subject to appeal to, and jurisdiction of, the Court. The Released Parties

shall have no liability, obligation, or responsibility for the administration of the Gross Settlement Fund or Net Settlement Fund, or for the distribution of the Net Settlement Fund.

2. Except as otherwise provided below, on and after the Effective Date, the Gross Settlement Fund shall be applied as follows:

a. To the extent not paid from the Notice and Administration Account, to pay following an order of the Court approving any such payment, the expenses incurred in connection with providing notice to Settlement Class Members, administering and distributing the Net Settlement Fund to Settlement Class Members, processing Proofs of Claim, processing requests for exclusion, escrow fees and costs, and any applicable taxes.

b. Subject to the approval and further order(s) of the Court, the Net Settlement Fund shall be allocated to Authorized Claimants as set forth in Section F. below.

c. After the Claims Administrator calculates the recognized losses of each Authorized Claimant, Lead Plaintiffs' Counsel shall file a motion for distribution of the Settlement Fund with the Court listing each Authorized Claimant, the amount of each claim that Lead Plaintiffs' Counsel believes should be allocated and distributed to each such Authorized Claimant, accounting for all Notice and Administration Expenses, and requesting Court approval to distribute the Settlement Fund to the Authorized Claimants and pay any further Notice and Administration expenses.

3. Each Settlement Class Member wishing to participate in the Settlement shall be required to submit a Proof of Claim and Release (in substantially the form set forth in Exhibit A-3 hereto, which inter alia releases all Settled Claims against all Released Parties), signed under penalty of perjury by the beneficial owner(s) of the securities that are the subject of the Proof of

Claim and Release, or by someone with documented authority to sign for the beneficial owners and supported by such documents as specified in the instructions accompanying the Proof of Claim and Release.

4. All Proofs of Claim must be postmarked or received within the time prescribed in the Preliminary Approval Order unless otherwise ordered by the Court. Any Settlement Class Member who fails to submit a properly completed Proof of Claim within such period as shall be authorized by the Court shall be forever barred from receiving any payments pursuant to this Stipulation or from the Net Settlement Fund (unless Lead Plaintiffs' Counsel in its discretion deems such late filing to be a formal or technical defect, or unless by Order of the Court a later submitted Proof of Claim by such Settlement Class Member is approved), but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment. Provided that it is received before the motion for the Settlement Class Distribution Order is filed, a Proof of Claim shall be deemed to have been submitted when posted if received with a postmark indicated on the envelope and if mailed by first-class mail and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

5. Each Proof of Claim shall be submitted to the Claims Administrator who shall determine, under the supervision of Lead Plaintiffs' Counsel, in accordance with this Stipulation and any applicable orders of the Court, the extent, if any, to which each claim shall be allowed, subject to appeal to the Court. No later than seven (7) days prior to disbursement of the Net Settlement Fund, Lead Plaintiffs' Counsel shall provide the Defendants with a list of Proofs of Claim received by the Claims Administrator indicating which Proofs of Claim have been allowed by the Claims Administrator.

6. Following notice to the Defendants' counsel, Lead Plaintiffs' Counsel shall have the right, but not the obligation, to waive what they deem to be formal or technical defects in any Proofs of Claim filed, where doing so is in the interest of achieving substantial justice.

7. Proofs of Claim that do not meet the filing requirements may be rejected. Prior to rejection of a Proof of Claim, the Claims Administrator shall communicate with the Claimant in order to remedy curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under the supervision of Lead Plaintiffs' Counsel, shall notify in a timely fashion and in writing, all Claimants whose Proofs of Claim they propose to reject in whole or in part, setting forth the reasons thereof, and shall indicate in such notice that the Claimant whose claims are to be rejected has the right to review by the Court if the Claimant so desires and complies with the requirement of paragraph D.8. below.

8. If any Claimant whose claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required by paragraph D.7. above, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's ground for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Plaintiffs' Counsel shall thereafter present the request for review to the Court.

9. The administrative determination of the Claims Administrator accepting and rejecting claims shall be presented to the Court, on notice to the Defendants' Counsel, for approval by the Court in the Settlement Class Distribution Order.

10. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's claim, and the claim will be subject to investigation and discovery

under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that Claimant's status as a Settlement Class Member and the validity and amount of the Claimant's claim. No discovery shall be allowed on the merits of the Litigation or Settlement in connection with processing of the Proofs of Claim.

11. Payment pursuant to this Stipulation shall be deemed final and conclusive against all Settlement Class Members. All Settlement Class Members whose claims are not approved by the Court shall be barred from participating in distributions from the Net Settlement Fund, but will in all other respects be subject to and bound by the provisions of the Stipulation, the releases contained herein, and the Judgment.

12. All proceedings with respect to the administration, processing, and determination of claims described by this paragraph of this Stipulation and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of claims, shall be subject to the jurisdiction of the Court.

13. The Net Settlement Fund shall be distributed to Authorized Claimants by the Claims Administrator upon application to the Court by Lead Plaintiffs' Counsel for a Settlement Class Distribution Order only after all of the following having occurred: (i) the Effective Date; (ii) all claims have been processed, and all Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to be heard concerning such rejection or disallowance; (iii) all objections with respect to all rejected or disallowed claims have been resolved by the Court, and all appeals therefrom have been resolved or the time therefor has expired; (iv) all matters with respect to Attorneys' Fees and Expenses, costs, and disbursements have been resolved by the Court, and all appeals therefrom have been resolved or the time therefor has expired; and (v) all costs of administration have been paid.

14. If any funds remain in the Net Settlement Fund by reason of uncashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Settlement Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution, to Settlement Class Members who have cashed their checks and who would receive at least \$10.00 from such re-distribution. If any funds shall remain in the Net Settlement Fund six months after such re-distribution, then such balance shall be contributed to non-sectarian charity or any not-for-profit successor of it chosen by Lead Plaintiffs' Counsel.

15. Before the Effective Date, Lead Plaintiffs' Counsel shall file with the Court a declaration under penalty of perjury describing how notice of the Settlement was given to the Settlement Class and listing the names and addresses of all persons to whom individual notice of the Settlement was mailed.

E. TAX TREATMENT

1. The Settling Parties agree to treat the Gross Settlement Fund as being at all times a qualified settlement fund within the meaning of Treasury Regulation § 1.468B-1 and Section 468B of the Internal Revenue Code, as amended, for the taxable years of the Gross Settlement Fund, beginning with the date it is created. In addition, the Escrow Agent shall timely make such elections as are necessary or advisable to carry out the provisions of this paragraph, including the "relation-back election" (as defined in Treas. Reg. § 1.468B-1(j)(2)) 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 Lead Plaintiffs'

Counsel to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

2. For purposes of Section 468B of the Internal Revenue Code, as amended, and the regulations promulgated thereunder, the “administrator” shall be Lead Plaintiffs’ Counsel. Lead Plaintiffs’ Counsel shall timely and properly file all tax returns necessary or advisable with respect to the Gross Settlement Fund, and make all required tax payments, including deposits of estimated tax payments in accordance with Treas. Reg. § 1.468B-2(k). Such returns (as well as the election described in paragraph E.1. hereof) shall be consistent with this paragraph and in all events shall reflect that all taxes (including any interest or penalties) on the income earned by the Gross Settlement Fund shall be paid out of the Gross Settlement Fund as provided in paragraph E.3. hereof.

3. All (i) taxes (including any interest or penalties) arising with respect to the income earned by the Gross Settlement Fund, including any taxes or tax detriments that may be imposed upon the Released Parties with respect to any income earned by the Gross Settlement Fund for any period during which the Gross Settlement Fund does not qualify as a qualified settlement fund for Federal or state income tax purposes (“Taxes”); and (ii) expenses and costs incurred in connection with the operation and implementation of this paragraph (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 this paragraph) (“Tax Expenses”), shall be paid out of the Gross Settlement Fund. In all events, the Released Parties and their counsel shall have no liability or responsibility for Taxes or the Tax Expenses, and Lead Plaintiffs and Lead Plaintiffs’ Counsel agree to indemnify and hold the Released Parties harmless 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 and shall be timely paid by the Escrow Agent out of the Gross Settlement Fund without prior order from the Court. The Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to the Settlement Class Members any funds necessary to pay such Taxes and Tax Expenses, 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. § 1468B-2(1)(2)). The Released Parties and their counsel shall have no responsibility or liability therefor. The Settling Parties hereto 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 paragraph.

F. ALLOCATION OF NET SETTLEMENT FUND

1. The Plan of Allocation is based upon Lead Plaintiffs' Counsel's assessment of the merits and the relative strengths and weaknesses, including recoverable damages, of the claims of the Settlement Class Members.

2. The Defendants do not and shall not take any position as to the proposed Plan of Allocation.

3. The Released Parties shall have no responsibility for, interest in, or liability whatsoever with respect to the distribution of the Net Settlement Fund, the Plan of Allocation, the determination, administration, or calculation of claims, the payment or withholding of Taxes, or payment of claims to Settlement Class Members.

4. The Defendants and their counsel shall have no involvement in the solicitation of, or review of Proofs of Claim, or involvement in the administration process itself, which shall be

conducted by the Claims Administrator in accordance with this Stipulation and the Order and Final Judgment to be entered by the Court.

5. No Person shall have any claim against Lead Plaintiffs, Plaintiffs' Counsel, the Released Parties, Defendants' counsel, or the Claims Administrator based on, or in any way relating to distributions made substantially in accordance with the Settlement, the Stipulation, and the Plan of Allocation, or otherwise as further ordered by the Court.

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. Settlement Class Members and Defendants shall be bound by the terms of this Stipulation, irrespective of whether the Court disapproves or modifies the Plan of Allocation.

G. OBLIGATIONS OF AND LIMITATIONS OF LIABILITY OF ESCROW AGENT

1. 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 properly paying sums as required by this Stipulation to the limited extent that such sums have been delivered into the Escrow Account or Notice and Administration Account as required by this Stipulation. The Escrow Agent shall be liable only for acts of gross negligence or willful misconduct.

H. LEAD PLAINTIFFS' COUNSEL'S REQUEST FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES

1. Lead Plaintiffs' Counsel intends to submit an application to the Court, on notice to counsel for the Defendants, for the payment of Attorneys' Fees and Expenses, including: (i) an award of attorneys' fees up to one-third of the Settlement Amount; (ii) reimbursement of litigation costs and expenses, plus interest, including fees and expenses of experts, incurred in connection with the prosecution of the Litigation; and (iii) an Award to Lead Plaintiffs (for reimbursement of time and expenses). Any and all such fees, expenses and costs awarded by the Court (whether payable to Lead Plaintiffs' Counsel or Lead Plaintiffs) shall be payable solely out of the Gross Settlement Fund.

2. Any attorneys' fees and costs and Award to Lead Plaintiffs awarded by the Court shall be paid from the Gross Settlement Fund within three business days after the Court executes an order awarding such fees and expenses. Lead Plaintiffs' Counsel may thereafter allocate the attorneys' fees among other Plaintiffs' counsel in a manner in which Lead Plaintiffs' Counsel in good faith believe reflects the contributions of such counsel to the initiation, prosecution, and resolution of the Litigation. Any such awards shall be paid solely by the Gross Settlement Fund. If, and when, as a result of any appeal and/or further proceedings on remand, or successful collateral attack, the Attorneys' 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 Settlement Class, then, within five (5) business days from receiving notice from Defendants' counsel or from a court of appropriate jurisdiction, Lead Plaintiffs' Counsel shall refund to the Gross Settlement Fund such fees and expenses previously paid to them from the Gross Settlement Fund plus interest thereon at the same rate as earned on the Gross Settlement Fund in an amount consistent with such

reversal or modification. Any refunds required pursuant to this paragraph shall be the joint and several obligation of each Plaintiffs' counsel receiving fees or expenses to make appropriate refunds or repayments to the Gross Settlement Fund. Each such Plaintiffs' 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. Without limitation, each Plaintiffs' counsel agrees that the Court may, upon application of Defendants and notice to Lead Plaintiffs' Counsel, summarily issue orders including, but not limited to, judgments and attachment orders and may make appropriate findings of or sanctions for contempt, should such law firm fail timely to repay fees and expenses pursuant to this paragraph.

3. Lead Plaintiffs' Counsel waives the right to make an additional application or applications for payment from the Gross Settlement Fund for fees and expenses incurred after the Settlement Hearing. The other Settling Parties shall take no position on any application concerning Lead Plaintiffs' Counsel's request or award of attorneys' fees and reimbursement of expenses, or Award to Lead Plaintiffs.

4. It is agreed that the procedure for and the allowance or disallowance by the Court of any applications by Lead Plaintiffs' Counsel for Attorneys' Fees and Expenses, including fees for experts and consultants to be paid out of the Gross Settlement Fund, and any order or proceeding relating thereto, are not part of the Settlement set forth in the Stipulation, and any order or proceeding relating to such applications, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Stipulation, or affect

or delay the finality of the Judgment approving the Stipulation and the Settlement of the Litigation.

5. Released Parties shall have no responsibility for any payment of attorneys' fees and expenses to Lead Plaintiffs' Counsel or any Settlement Class Member's counsel apart from payment of the Settlement Amount pursuant to paragraph C.1.

6. Released Parties shall have no responsibility for the allocation among Lead Plaintiffs' counsel or any Settlement Class Member's counsel, and/or any other Person who may assert some claim thereto, of any award of fees and expenses that the Court may make in the Litigation.

I. THE PRELIMINARY APPROVAL ORDER

1. Promptly after execution of this Stipulation, the Defendants and Lead Plaintiffs shall submit the Stipulation together with its exhibits to the Court and shall jointly apply for entry of a Preliminary Approval Order in connection with settlement proceedings substantially in the form annexed hereto as Exhibit A, providing for, among other things, preliminary approval of the Settlement and notice to the Settlement Class of the Settlement Hearing. The Preliminary Approval Order (Exhibit A hereto) to be submitted to the Court shall contain exhibits substantially in the form set forth in: (i) the Notice of Pendency and Settlement of Class Action (the "Notice") (Exhibit A-1 to the Preliminary Approval Order); (ii) the Summary Notice of Pendency and Settlement of Class Action ("Summary Notice") (Exhibit A-2 to the Preliminary Approval Order); and (iii) the Proof of Claim and Release (Exhibit A-3 to the Preliminary Approval Order).

2. The Released Parties are not liable or responsible for the method of, or representations made in, the Notice or the Summary Notice.

J. ORDER AND FINAL JUDGMENT TO BE ENTERED BY THE COURT APPROVING THE SETTLEMENT

1. Lead Plaintiffs' Counsel shall request that after the Notice is disseminated to the Settlement Class, the Court hold the Settlement Hearing, where Defendants and Lead Plaintiffs shall seek to have the Court enter an Order and Final Judgment substantially in the form of Exhibit B hereto, approving the Settlement of the Litigation as set forth herein.

K. CONDITIONS OF SETTLEMENT

1. The Effective Date of the Settlement shall be conditioned upon the occurrence of all of the following events:

a. Execution of the Stipulation and such other documents as may be required to obtain final Court approval of the Stipulation in a form satisfactory to the Settling Parties;

b. The Court shall enter the Preliminary Approval Order in all material respects, as required by Section I. above;

c. No party shall have exercised within the required time period any right to terminate the Settlement as permitted by Section L. below;

d. The Court shall have entered the Order and Final Judgment in all material respects, as required by Section J. above;

e. The Court's Order and Final Judgment, substantially in the form of Exhibit B, shall have become "Final," as defined in paragraph A.9.; and

f. The Company shall have paid \$1,800,000 (One Million Eight Hundred Thousand Dollars) to be transferred into the Escrow Account, as set forth in paragraph C.1. above.

2. Upon occurrence of all of the events referenced in paragraph K.1. above, Lead Plaintiffs shall have, and each and all of the members of the Settlement Class shall hereby be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally, and forever, released, settled, and discharged, in accordance with the terms of Section B. above, the Released Parties from and with respect to the Settled Claims, whether or not such members of the Settlement Class execute and deliver a Proof of Claim.
3. Upon occurrence of all of the events referenced in paragraph K.1. above, the obligation of the Escrow Agent to return funds from the Gross Settlement Fund to the Defendants pursuant to paragraph L.4. or any other provision hereof shall be absolutely and forever extinguished.

L. RIGHTS OF TERMINATION AND EFFECTS THEREOF

1. The Defendants and Lead Plaintiffs shall each have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so (“Termination Notice”) to all other counsel of the Settling Parties within thirty (30) calendar days after the date on which any of the following occurs:

- a. the Court issues an order declining to enter the Preliminary Approval Order in any material respect;
- b. the Court issues an order declining to approve this Stipulation or any material part of it;
- c. the Court declines to enter the Order and Final Judgment in all material respects as required by Section J. above;
- d. the Order and Final Judgment is modified or reversed in any material respect by a Court of Appeals or the United States Supreme Court; or

e. in the event that the Court enters an order and final judgment in a form other than that provided above (an “Alternative Judgment”) and none of the Settling Parties elects to terminate this Settlement, the date that such Alternative Judgment is modified or reversed in any material respect by a Court of Appeals or the Supreme Court.

2. If prior to the Settlement Hearing, (i) Persons who otherwise would be Settlement Class Members have filed with the Court valid and timely requests for exclusion (“Requests for Exclusion”) from the Settlement Class in accordance with the provisions of the Preliminary Approval Order and the notice given pursuant thereto, and such Persons purchased stock pursuant and/or traceable to Ignite’s Registration Statement or Ignite’s Prospectus issued in connection with the Company’s IPO in an amount that, in aggregate, exceeds the amounts specified in a separate Supplemental Agreement between the Settling Parties (the “Supplemental Agreement”), or (ii) Persons file lawsuits alleging Securities Act violations in connection with the Company’s initial public offering that is the subject of this action, representing the number shares specified in the Supplemental Agreement, then the Defendants shall have the option (which option must be exercised unanimously) to terminate this Stipulation and Settlement in strict accordance with the requirements and procedures set forth in the Supplemental Agreement (“Opt-out Termination Option”). The Supplemental Agreement shall not be filed with the Court unless and until a dispute among the Lead Plaintiffs and Defendants concerning its interpretation or application arises. Copies of all Requests for Exclusion received, together with copies of all written revocations of Requests for Exclusion, shall be delivered to the Defendants no later than fourteen (14) days prior to the Settlement Hearing. The required procedure for and consequences of exercising an Opt-out Termination Option are as follows:

a. To exercise the Opt-out Termination Option, Defendants must serve written notice, signed by Defendants' counsel, upon counsel for the other Settling Parties, on or before the later of seven (7) calendar days prior to the Settlement Hearing or three (3) business days after receipt of copies of Requests for Exclusion in an amount greater than the amounts specified in the Supplemental Agreement.

b. If Defendants or Lead Plaintiffs exercise the Optout Termination Option as provided herein, this Stipulation shall be null and void, and the provisions of paragraph L. hereof shall apply.

3. If the Settlement Amount is not paid, then Lead Plaintiffs, in their sole discretion, may elect at any anytime prior to the Court entering the Order and Final Judgment, (a) to terminate the Settlement by providing written notice to the Settling Parties; or (b) enforce the terms of the Settlement and seek a judgment effecting the terms herein. Defendants cannot not terminate this Settlement on the ground that the Settlement Amount set forth in paragraph C.1. of this Stipulation is not paid.

4. Upon termination of the Stipulation pursuant to the terms of the Stipulation, the Escrow Agent shall refund the Gross Settlement Fund, less amounts already expended for notice to the Settlement Class pursuant to the terms of the Stipulation, to the Defendants within ten (10) business days thereafter (the "Returned Settlement Amount").

5. If this Stipulation is terminated pursuant to its terms, and at the request of any Defendant or Lead Plaintiffs, the Escrow Agent or his designee shall apply for any tax refund owed to the Gross Settlement Fund and pay the percentage of the proceeds of the tax refund, after deduction of any fees and expenses incurred in connection with such application(s) for refund, to the Defendants.

6. In the event that the Stipulation is not approved by the Court or the Settlement set forth in the Stipulation is terminated or fails to become effective in accordance with its terms, all of the Settling Parties shall be deemed to have reverted to their respective status prior to the execution of this Stipulation, and they shall proceed in all respects as if this Stipulation had not been executed and the related orders had not been entered, preserving in that event all of their respective claims and defenses in the Litigation, and shall revert to their respective positions in the Litigation. In such event, the terms and provisions of the Stipulation, with the exception of paragraphs E.1-3., G.1., L.4-7., M.12-13., and M.15. hereof, shall have no further force and effect with respect to the Settling Parties and shall not be used in this Litigation or in any other proceeding for any purpose, and any Judgment or order entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*, and the Settling Parties shall be deemed to return to their status prior to the execution of this Stipulation, and shall promptly present an amended trial schedule to the Court.

7. No order of the Court or modification or reversal of any order of the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs, and expenses awarded by the Court shall constitute grounds for cancellation or termination of the Stipulation.

M. MISCELLANEOUS PROVISIONS

1. No later than ten (10) days after the Stipulation is filed with the Court, the Claims Administrator shall, at Defendants' expense, serve proper notice of the proposed Settlement upon the appropriate federal and state officials pursuant to the Class Action Fairness Act, 28 U.S.C. § 1715(b)-(c). Simultaneously, the Claims Administrator shall provide a copy of such notice as well as proof of service of such notice to counsel for Lead Plaintiffs and Defendants.

2. The Settling Parties: (a) acknowledge that it is their intent to consummate the Settlement contemplated by this Stipulation; (b) agree to cooperate to the extent necessary to

effectuate and implement all terms and conditions of this Stipulation; and (c) agree to exercise their best efforts and to act in good faith to accomplish the foregoing terms and conditions of the Stipulation.

3. The Settling Parties acknowledge and warrant as follows:

a. By executing this Stipulation, each of the Settling Parties represents that they have carefully read and fully understand this Stipulation and its final and binding effect;

b. By executing this Stipulation, each of the Settling Parties represents that they have the right, legal capacity, power and authority to enter into this Stipulation and to perform their obligations hereunder, without the consent, approval, or authorization of any person, board, entity, tribunal, or other regulatory or governmental authority;

c. By executing this Stipulation, each of the Settling Parties represents that the execution and delivery of this Stipulation and the performance of each and every obligation in this Stipulation do not and will not result in a breach of or constitute a default under, or require any consent under, any duty, relationship, contract, agreement, covenant, promise, guarantee, obligation or instrument to which the executing Settling Party is a party or by which the executing Settling Party is bound or affected.

d. By executing this Stipulation, each of the Settling Parties represents that there is no demand for monetary, non-monetary, or injunctive relief, or any civil, criminal, administrative, or arbitration proceeding for monetary, non-monetary, or injunctive relief known or suspected to exist against them that would affect this Stipulation or their ability to enter into, execute or perform each and every obligation in this Stipulation.

e. By executing this Stipulation, each of the Settling Parties represents that this Stipulation is fair and is executed voluntarily, with full knowledge of the consequences and implications of the obligations contained herein.

f. By executing this Stipulation, each of the Settling Parties represents that this Stipulation is not the result of any fraud, duress, or undue influence, and that they have not assigned, transferred, or conveyed or purported to assign, transfer, or convey, voluntarily, involuntarily or by operation of law, any or all of their respective rights and claims.

g. By executing this Stipulation, each of the Settling Parties represents that they have had the opportunity to be represented by counsel of their choice that is duly licensed to practice in the State of Texas throughout the negotiations which preceded the execution of this Stipulation and in connection with the preparation and execution of this Stipulation.

h. By executing this Stipulation, each of the Settling Parties represents that they have been afforded sufficient time and opportunity to review this Stipulation with advisors and counsel of their choice.

4. All of the exhibits attached hereto are material and integral parts hereof and are fully incorporated herein by this reference.

5. No amendment or modification of this Stipulation shall be effective unless in writing and signed by or on behalf of all Settling Parties or their respective successors-in-interest.

6. This Stipulation, and the exhibits attached hereto, (together with the Supplemental Agreement referred to in paragraph L.2.) constitute the entire agreement among the Settling

Parties, and no representations, warranties, or inducements have been made to any Settling Party concerning this Stipulation or its exhibits, other than the representations, warranties, and covenants contained and memorialized in such documents.

7. Except as otherwise provided herein, each Settling Party shall bear its own costs. Lead Plaintiffs' Counsel's Attorneys' Fees and Expenses, subject to Court approval, shall be paid only out of the Gross Settlement Fund, and the Released Parties shall have no obligation with respect to the payment of said Attorneys' Fees and Expenses.

8. Lead Plaintiffs' Counsel, on behalf of the Settlement Class, is expressly authorized to take all appropriate action required or permitted to be taken by the Settlement Class pursuant to this Stipulation to effectuate its terms and is also expressly authorized to enter into any modifications or amendments to this Stipulation on behalf of the Settlement Class which they deem appropriate.

9. The persons signing this Stipulation represent that they are authorized to do so on behalf of their respective clients.

10. Lead Plaintiffs and Lead Plaintiffs' Counsel represent and warrant that none of the Lead Plaintiffs' claims or causes of action referred to in this Litigation or this Stipulation has been assigned, encumbered, or in any manner transferred in whole or in part.

11. This Stipulation may be executed in one or more original, photocopied, or facsimile counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. The Settling Parties shall exchange among themselves original signed counterparts of this Stipulation, and a complete set of executed counterparts of this Stipulation shall be filed with the Court.

12. This Stipulation shall be binding upon, and inure to the benefit of, the successors, assigns, executors, administrators, heirs, and legal representatives of the Settling Parties. No assignment shall relieve any party hereto of any obligations hereunder.

13. All terms of this Stipulation and all exhibits hereto shall be governed and interpreted according to the laws of the State of Texas without regard to its rules of conflicts of law, except to the extent that federal law requires that federal law governs, and in accordance with the laws of the United States.

14. The Settling Parties hereby irrevocably submit to the jurisdiction of the Court for any suit, action, proceeding, or dispute arising out of or relating to this Stipulation, the applicability of this Stipulation, or the enforcement of this Stipulation. The administration and consummation of the Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the purpose of entering orders providing for awards of Attorneys' Fees and Expenses to Lead Plaintiffs' Counsel, Awards to Lead Plaintiffs, and enforcing the terms of this Stipulation.

15. None of the Settling Parties shall be considered to be the drafter of this Stipulation or any provision hereof for purposes of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof. Because of the arm's-length negotiations that preceded the execution of this Stipulation, all Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

16. The Settling Parties intend the Settlement to be a final and complete resolution of all claims and disputes asserted or that could be asserted by Lead Plaintiffs and the Settlement Class Members against the Released Parties with respect to the Settled Claims. The Settlement

shall not be deemed an admission by any Settling Party or any Released Party as to the merits of any claim or defense. Accordingly, unless the Court's Order and Final Judgment approving the Settlement does not become Final, the Settling Parties agree not to assert in any forum that the Litigation was brought by Lead Plaintiffs or defended by the Defendants in bad faith or without a reasonable basis. Additionally, the Settling Parties shall not assert any claims of any violation of Rule 11 of the Federal Rules of Civil Procedure relating to the prosecution, defense, or settlement of the Litigation. The Settling Parties agree that the amount paid and the other terms of the Settlement were negotiated at arm's-length in good faith by the Settling Parties, and reflect a settlement that was reached voluntarily after consultation with experienced legal counsel.

17. Neither this Stipulation, nor the Settlement contained herein, nor any act performed or document executed pursuant to or in furtherance of the 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 Settled Claim, or of any wrongdoing or liability of the Released Party; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Released Parties; or (c) is or may be deemed to be or may be used as an admission or evidence that any claims asserted by Lead Plaintiffs were not valid or that the amount recoverable was not greater than the Settlement amount, in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. The Released Parties 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.

18. The headings in this Stipulation are used for purposes of convenience and ease of reference only and are not meant to have any legal effect, nor are they intended to influence the construction of this Stipulation in any way.

19. The waiver of one Settling Party of any breach of this Stipulation by any other Settling Party shall not be deemed a waiver of any other breach of this Stipulation. The provisions of this Stipulation may not be waived except by a writing signed by the affected Settling Party or counsel for that Settling Party. No failure or delay on the part of any Settling Party in exercising any right, remedy, power, or privilege under this Stipulation shall operate as a waiver thereof or of any other right, remedy, power, or privilege of such Settling Party under this Stipulation; nor shall any single or partial exercise of any right, remedy, power, or privilege under this Stipulation on the part of any Settling Party operate as a waiver thereof or of any other right, remedy, power, or privilege of such Settling Party under this Stipulation, or preclude further exercise thereof or the exercise of any other right, remedy, power, or privilege.

20. The Settling Parties agree that nothing contained in this Stipulation shall cause any Settling Party to be the agent or legal representative of another Settling Party for any purpose whatsoever, nor shall this Stipulation be deemed to create any form of business organization between the Settling Parties, nor is any Settling Party granted any right or authority to assume or create any obligation or responsibility on behalf of any other Settling Party, nor shall any Settling Party be in any way liable for any debt of another Settling Party as a result of this Stipulation except as explicitly set forth herein.

21. All agreements made and orders entered during the course of the Litigation relating to the confidentiality of documents and information shall survive this Stipulation.

22. All notices, requests, demands, claims, and other communications hereunder shall be in writing and shall be deemed duly given (i) when delivered personally to the recipient, (ii) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid), or (iii) five (5) business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to Lead Plaintiffs or to Lead Plaintiffs' Counsel:

Laurence M. Rosen
Phillip Kim
The Rosen Law Firm P.A.
275 Madison Avenue, 34th Floor
New York, New York 10016

If to Defendants or to Defendants' Counsel:

Yosef J. Riemer, P.C.
Shireen A. Barday
Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022

With a copy (which shall not constitute notice) to:

Robert Y. Sperling
Joseph L. Motto
Winston & Strawn LLP
35 W. Wacker Drive
Chicago, Illinois 60601

Edward W. Engel
Ignite Restaurant Group, Inc.
9900 Westpark Drive, Suite 300
Houston, Texas 77063

23. This Stipulation shall be construed and interpreted to effectuate the intent of the Settling Parties, which is to resolve completely those claims and disputes, including in the Litigation, and as more fully described herein. If any provision of this Stipulation shall be determined to be invalid, void, or illegal, such provision shall be construed and amended in a

manner that would permit its enforcement, but in no event shall such provision affect, impair, or invalidate any other provision hereof.

24. Pending approval of the Court of the Stipulation and its exhibits, all proceedings in this Litigation shall be stayed and Lead Plaintiffs and all members of the Settlement Class shall be barred and enjoined from prosecuting any of the Settled Claims against any of the Released Parties.

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IN WITNESS WHEREOF, the Settling Parties hereto, intending to be legally bound hereby, have caused this Stipulation to be executed, by their duly authorized attorneys, as of the day and year first above written.

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