

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

**IN RE PUDA COAL SECURITIES INC.
ET AL. LITIGATION**

Case No: 1:11-CV-2598 (DLC)

CLASS ACTION

AMENDED STIPULATION OF SETTLEMENT

This Amended Stipulation of Settlement, dated October 16, 2015 (the “Stipulation”), is made and entered into by and among the following Settling Parties to the above-titled litigation (the “Litigation” or the “Action”): (i) Lead Plaintiffs Salomon Querub, Howard Pritchard, and Hotel Ventures LLC and named plaintiffs Trellus Management Company LLC (“Trellus”) and Steven Weissmann, on behalf of themselves and all others similarly situated (“Plaintiffs”), and (ii) Defendant Brean Murray, Carret & Co. (the “Settling Defendant” or “Brean Murray”) (collectively, the “Settling Parties”) by and through their counsel of record in the Litigation. The Stipulation is intended by the Settling Parties to fully, finally, and forever resolve, discharge, release, and settle the Released Claims (as defined herein), upon and subject to the terms and conditions thereof and subject to the approval of the United States District Court for the Southern District of New York (the “Court”).

I. THE LITIGATION

This Stipulation concerns a federal securities class action on behalf of the following three certified Classes:

- Section 10(b) Class: Those persons or entities who purchased Puda Coal, Inc. (“Puda” or the “Company”) common stock or call options on Puda common stock or sold put options on Puda common stock during the period commencing December 8, 2010, through the market close on April 7, 2011 (the “Class Period”), who did not sell those securities prior to April 8, 2011, and who were damaged thereby;
- Section 11 Class: Those persons or entities who purchased Puda shares pursuant or traceable to the public offering of Puda shares on or about December 8, 2010 (the “December Offering”), and who were damaged thereby; and
- Section 12 Class: Those persons or entities who purchased Puda shares directly in the December Offering from either Brean Murray or Macquarie Capital (USA) Inc. (“Macquarie”), or whose purchase of Puda shares was directly solicited by Puda, Ming Zhao, Macquarie, or Brean Murray, and who were damaged thereby.

On December 6, 2011, the Court issued an order consolidating various individual actions, appointing Salomon Querub, Howard Pritchard and Hotel Ventures LLC as Lead Plaintiffs, and

approving Lead Plaintiffs' selection of The Rosen Law Firm P.A. and Glancy Binkow & Goldberg LLP (now Glancy Prongay & Murray LLP) as Co-Lead Counsel.

On February 9, 2012, Plaintiffs filed a Corrected Consolidated Complaint against Puda; Ming Zhao, Liping Zhu, and Qiong Laby Wu (the "Officer Defendants"); Brean Murray and Macquarie (the "Underwriter Defendants"); Moore Stephens International Ltd. ("MSIL"), Moore Stephens Hong Kong ("MSHK"), and Moore Stephens, P.C. ("MSPC") (together, MSHK and MSPC are the "Auditor Defendants"); and Jianfei Ni ("Ni"), C. Mark Tang ("Tang"), and Lawrence Wizer ("Wizer") (together, Tang and Wizer are the "U.S. Director Defendants"). Plaintiffs asserted claims under Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") against Puda, the Officer Defendants, the Auditor Defendants, and MSIL; Section 20(a) of the Exchange Act against the Officer Defendants; Section 11 of the Securities Act of 1933 (the "Securities Act") against all Defendants; Section 12(a)(2) of the Securities Act against Puda and the Underwriter Defendants; and Section 15 of the Securities Act against the Officer Defendants, Ni, and the U.S. Director Defendants.

On June 1, 2012, the U.S. Director Defendants, Brean Murray, Macquarie, and MSPC each filed motions to dismiss. On September 24, 2012, MSHK and MSIL also filed motions to dismiss. On March 18, 2013, the Court entered an Order denying Brean Murray's, Macquarie's MSPC's, and MSHK's motions to dismiss in their entirety; granting the U.S. Director Defendants' motion to dismiss as to the Section 20 and Section 15 claims but otherwise denying their motion; and granting MSIL's motion to dismiss in its entirety.

On May 29 and 30, 2013, the Underwriter Defendants, the U.S. Director Defendants, and Auditor Defendants filed motions for summary judgment on the issue of Plaintiffs' standing to bring claims under the Securities Act.

On May 13, 2013, Trellus filed a motion to intervene in this case for all purposes, including to assert claims under the Securities Act on behalf of the Class. On April 7, 2014, the Court granted Trellus's motion to intervene.

On June 10, 2013, the parties participated in the first of two in-person mediation sessions before the Honorable Daniel Weinstein (Ret.). In connection with this mediation, parties exchanged detailed mediation statements.

On July 1, 2013, Plaintiffs filed a motion for class certification.

By order dated October 1, 2013, the Court granted Plaintiffs' class certification motion and granted the Underwriter Defendants', U.S. Director Defendants', and Auditor Defendants' motions for summary judgment. The Court also denied Trellus's motion to intervene effectively disposing of Plaintiffs' Securities Act claims and dismissing the Underwriter Defendants and U.S. Director Defendants from the case.

On January 6, 2014, Plaintiffs filed a motion to amend the consolidated amended complaint.

On February 2, 2014, Trellus filed a motion for an indicative ruling pursuant to Fed. R. Civ. P. 62.1(a)(3) requesting, *inter alia*, that the Court inform the Second Circuit that it intended on granting Trellus's underlying 60(b) motion and would permit Trellus to intervene in this case.

By order dated February 21, 2014, the Court granted the motion to amend or correct the complaint. The Court also granted Trellus's motion for an indicative ruling, permitting Trellus to intervene in this case.

On February 28, 2014, the Consolidated Amended Complaint for Violation of the Federal Securities Laws was filed against all Defendants.

On April 21, 2014, Plaintiffs filed a Second Amended Complaint, which asserted claims under Section 10(b) of the Exchange Act and Sections 11 and 12(a)(2) of the Securities Act against the Underwriter Defendants, among other claims.

On May 20, 2014, Brean Murray filed a motion to dismiss the Section 10(b) claim, and on May 21, 2014, Macquarie filed a motion to dismiss the Section 10(b), Section 11, and Section 12(a)(2) claims. By order dated July 14, 2014, the Court denied the Underwriter Defendants' motions to dismiss in their entirety.

On August 14, 2014, Macquarie filed an answer to the Second Amended Complaint. Shortly thereafter, on August 22, 2014, Brean Murray filed its answer to the Second Amended Complaint.

On September 10, 2014, the parties participated in their second in-person mediation session before the Honorable Daniel Weinstein (Ret.). As with the first mediation, parties exchanged detailed mediation statements.

On October 1, 2014, Plaintiffs filed another class certification motion. After the Underwriter Defendants and the U.S. Director Defendants filed their papers opposing Plaintiffs' motion in part, the parties filed a stipulation on class certification. On January 12, 2015, the Court entered the stipulated order.

In April 2015, Plaintiffs reached a resolution with Brean Murray that would, if approved by the Court, resolve all claims against Brean Murray in the Action on the terms and conditions set forth in the Stipulation of Settlement entered into by and between Plaintiffs and Brean Murray, dated July 20, 2015, and subsequently amended on October 16, 2015.

On September 30, 2015, Plaintiffs and Macquarie agreed in principle to a resolution of the claims asserted by Plaintiffs against Macquarie in this Action, subject to Court approval and

the execution of customary settlement documentation, which agreement of settlement is memorialized in a separate stipulation. The Macquarie settlement is independent of this Settlement.

II. THE SETTling DEFENDANT'S DENIALS OF WRONGDOING AND LIABILITY

The Settling Defendant has denied and continues to deny that it committed any violation of the federal securities laws or other laws, and maintains that its conduct was at all times proper and in compliance with all applicable provisions of law. Settling Defendant denies specifically each and all of the claims and contentions alleged by Plaintiffs in the Litigation, along with all charges of wrongdoing or liability against it arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Litigation. Settling Defendant also has denied and continues to deny, *inter alia*, the allegations that it made a materially false statement or had any intent to make one; the allegation that the Settlement Class has suffered damages; the allegation that the price of Puda stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise; or that the Settlement Class was harmed by the conduct that was or could have been alleged in the Litigation. Settling Defendant denies having ever received or otherwise having knowledge or information of or concerning the document at issue in this case known as the "Kroll Report" at any time prior to the disclosure of the Kroll Report in this case by Macquarie. In addition, Settling Defendant maintains that it has meritorious defenses to all claims alleged in the Litigation.

As set forth below, this Stipulation shall in no event be construed or deemed to be evidence of an admission or concession on the part of Settling Defendant with respect to any claim or allegation of any fault, liability, wrongdoing, or damage whatsoever, or any infirmity in the defenses that Settling Defendant has, or could have, asserted. Settling Defendant's decision

to settle the Litigation was based on the conclusion that the proposed Settlement would eliminate the burden, distraction, and expense associated with further litigation. The provisions contained in this Stipulation, any documentation that may be required to obtain the Court's preliminary and final approval of the Settlement, or any press release or other statement or report by the Settling Parties, shall not be offered or deemed as, written to suggest, or received in any proceeding as a presumption, concession, admission, or evidence of any fault, liability, or wrongdoing as to any facts or claims that have been, or could have been, asserted in the Litigation, or any other actions or proceedings.

III. CLAIMS OF PLAINTIFFS AND BENEFITS OF SETTLEMENT

Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports those claims. Plaintiffs and their counsel, however, recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against the Settling Defendant through the conclusion of expert discovery, summary judgment, trial, potential post-trial proceedings, and appeals. Plaintiffs also have taken into account the uncertain outcome and the risk in connection with Settling Defendant's anticipated summary judgment motions or other pre-trial and post-trial motions, and a jury trial, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. Plaintiffs also are mindful of the inherent problems of proof and possible defenses related to the securities law violations asserted in the Litigation. Lead Counsel believe that the Settlement set forth in this Stipulation confers substantial benefits upon the Settlement Class. Based on their evaluation, Plaintiffs and Lead Counsel have determined that the Settlement set forth in this Stipulation is in the best interests of the Settlement Class, and that the Settlement provided for herein is fair, reasonable and adequate.

IV. TERMS OF THE STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among Plaintiffs (for themselves and on behalf of the Settlement Class Members) and the Settling Defendant, by and through their counsel 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 claims against Settling Defendant in the Litigation shall be dismissed with prejudice (with respect to Settling Defendant only), upon and subject to the terms and conditions of the Stipulation, as follows:

1. Definitions

1.1. “Authorized Claimant” means any Settlement Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

1.2. “Claims Administrator” means the firm of Gilardi & Co. LLC.

1.3. “Class Period” means the period commencing on December 8, 2010, and ending on April 11, 2011, inclusive.

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

1.5. “Escrow Account” means an interest bearing escrow account controlled by the Escrow Agent.

1.6. “Escrow Agent” means The Huntington National Bank and its successor(s).

1.7. “Final” means when the last of the following with respect to the Order and Final Judgment, substantially in the form of Exhibit B attached hereto, shall occur: (i) the expiration of three (3) business days after the time for the filing of any motion to alter or amend the Order and Final Judgment under Federal Rule of Civil Procedure 59(e) has passed without any such motion

having been filed; (ii) the expiration of the time for the filing or noticing of any appeal from the Order and Final Judgment without any appeal having been filed; and (iii) if such motion to alter or amend is filed or if an appeal is filed or noticed, then immediately after the determination of that motion or appeal so that the Order and Final Judgment is no longer subject to any further judicial review or appeal whatsoever, whether by reason of affirmance by court of last resort, lapse of time, voluntary dismissal of the appeal or otherwise, and 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 the approval or disapproval of this Settlement, but shall not include any appeal that concerns only the issue of attorneys' fees and expenses or the Plan of Allocation of the Settlement Fund. Any proceeding or order, or any appeal or petition for a writ of certiorari pertaining solely to any plan of distribution and/or application for attorneys' fees, costs, or expenses shall not in any way delay or preclude the Order and Final Judgment from becoming Final.

1.8. "Lead Counsel" means Glancy Prongay & Murray LLP and The Rosen Law Firm, P.A., or their respective successor(s).

1.9. "Notice" means the Notice of (a) Pendency of Class Action, (b) Proposed Settlements of Claims Against Macquarie and Brean, and (c) Hearing on Proposed Settlements, Plan of Allocation and Motion for Attorneys' Fees and Reimbursement of Litigation Expenses, that is to be sent to Settlement Class Members, and which shall be substantially in the form attached as Exhibit A-1 to the Macquarie Stipulation.

1.10. "Notice Order" means the order described in ¶ 3.1 hereof.

1.11. “Order and Final Judgment” means the judgment to be rendered by the Court, substantially in the same form attached hereto as Exhibit B.

1.12. “Person” means a natural person, individual, corporation, limited liability corporation, professional corporation, limited liability partnership, partnership, limited partnership, limited liability company, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and all of their respective spouses, heirs, beneficiaries, executors, administrators, predecessors, successors, representatives, or assignees.

1.10. “Plaintiffs” means Lead Plaintiffs Salomon Querub, Howard Pritchard, and Hotel ventures LLC and named plaintiffs Trellus Management Company LLC and Steven Weissmann, on behalf of themselves and all others similarly situated.

1.13. “Plaintiffs’ Counsel” means any counsel who have appeared for Plaintiffs in the Litigation, including Lead Counsel, Pomerantz LLP, and any liaison counsel.

1.14. “Plan of Allocation” means the plan or formula of allocation of the Settlement Fund, which will be proposed to the Court, whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes and Tax Expenses, and such attorneys’ fees, costs, expenses, and interest as may be awarded by the Court. Any Plan of Allocation is not part of the Stipulation, and Settling Defendant and the Released Parties shall have no responsibility or liability whatsoever with respect to the administration of the Plan of Allocation, the determination, administration or calculation of claims, the payment or withholding of Taxes, the distribution of the Settlement proceeds, the administration of the Settlement or any losses incurred in such matters.

1.15. “Released Claims” means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys’ fees, actions, potential actions, causes of action, suits, judgments, decrees, matters, as well as issues and controversies of any kind, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or unapparent, foreseen or unforeseen, suspected or unsuspected, fixed or contingent, including Unknown Claims (defined below), that Plaintiffs or any and all members of the Settlement Class ever had, now have, or may have, or otherwise could, can, or might assert, whether direct, individual, class, representative, derivative, legal, equitable, or of any other type, against any of the Released Parties, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including, but not limited to, any claims under federal securities laws or state law), which, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims, or any other matters, that were or could have been, or in the future can or might be alleged, asserted, set forth, or claimed in connection with the Litigation or the subject matter of the Litigation in any court, tribunal, forum, or proceeding, including, but not limited to, and without limitation, any and all claims that are based upon, arise out of, relate in any way to, or involve, directly or indirectly, both to the purchase, sale, and/or holding of Puda common stock, call options or put options purchased or sold during the Class Period by Plaintiffs or any member of the Settlement Class and the Settling Defendant’s statements or omissions and SEC filings during the Class Period which arise out of, relate in any way to the allegations or subject matter of the Litigation; provided however, that the Released Claims shall not include (i) the right to enforce the Memorandum of Understanding, dated April

17, 2015, or this Stipulation; or (ii) the right to enforce any confidentiality agreement to which the Settling Parties have entered or may enter into in connection with the Litigation.

1.16. “Released Parties” means, whether or not each or all of the following persons or entities were named in the Action or any related suit, (i) the Settling Defendant; (ii) any person or entity in which Settling Defendants has, had, or will have a controlling interest; and (iii) the Settling Defendant’s past or present direct or indirect family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, general partners, limited partners, partnerships, joint ventures, affiliated investment funds, affiliated investment vehicles, affiliated investment managers, affiliated investment management companies, member firms, corporations, parents, subsidiaries, divisions, affiliates, associated entities, principals, officers, directors, managing directors, members, managers, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, bankers, underwriters, brokers, dealers, lenders, attorneys, insurers, co-insurers, reinsurers, and associates of each and all of the foregoing; provided however, that Released Parties shall not include any other defendant named in the Litigation.

1.17. “Settlement” means the settlement of the Litigation as set forth in this Stipulation.

1.18. “Settlement Amount” means the principal amount of One Million Two Hundred Thousand U.S. Dollars (\$1,200,000.00 USD), to be paid pursuant to ¶ 2.1 of this Stipulation, plus any interest that may accrue thereon after Settling Defendant has paid the principal amount pursuant to ¶ 2.1 of this Stipulation. Such amount is paid as consideration for full and complete settlement of all the Released Claims. Neither Settling Defendant nor the Released Parties shall have any obligation whatsoever to pay any amount over and above the Settlement Amount.

1.19. “Settlement Class” or “Class” means those Persons who during the Settlement Class Period: (a) purchased or otherwise acquired Puda common stock, (b) purchased or otherwise acquired call options on Puda common stock, and/or (b) sold or otherwise disposed of put options on Puda common stock. Excluded from the Settlement Class are: (a) the Defendants; (b) any Person who was a partner, executive officer, director, controlling person, subsidiary, or affiliate of any Defendant during the Settlement Class Period; (c) members of the Defendants’ immediate families; (d) any Person in which any Defendant has a Controlling Interest; and (e) the legal representatives, heirs, estates, administrators, predecessors, successors or assigns of any of the foregoing excluded Persons. Also excluded from the Settlement Class is any Person who or which properly excludes himself, herself or itself by filing a valid and timely request for exclusion in accordance with the requirements set forth herein and in the Notice. The Settling Parties have agreed to request that the Court use this definition to replace the class definition contained in the January 12, 2015 Order.

1.20. “Settlement Class Member” or “Settlement Class Members” mean any Person who falls within the definition of the Settlement Class as set forth in ¶ 1.19 of this Stipulation.

1.21. “Settlement Fund” means the interest-bearing Escrow Account controlled by the Escrow Agent into which Settling Defendant shall deposit or cause its insurance carriers to pay or deposit the Settlement Amount on behalf of Settling Defendant.

1.22. “Settlement Hearing” means the hearing to determine whether the proposed Settlement embodied by this Stipulation is fair, reasonable, and adequate to the Settlement Class, and whether the Court should (1) enter an Order and Final Judgment approving the proposed Settlement, (2) approve the Plan of Allocation of Settlement proceeds, and (3) determine an

award of attorneys' fees and expenses to Plaintiffs' Counsel and reasonable costs and expenses to Plaintiffs directly relating to their representation of the Settlement Class.

1.23. "Settling Defendant" means Brean Murray, Carret & Co. and its successor(s).

1.24. "Settling Defendant's Released Claims" means all claims and causes of action of every nature and description, whether known or unknown, contingent or absolute, mature or immature, discoverable or undiscoverable, whether concealed or hidden, suspected or unsuspected, whether arising under federal, state, common or foreign law, which now exist or heretofore have existed, that have been or could have been asserted in the Litigation or any forum by the Released Parties against the Plaintiffs or Plaintiffs' Counsel that arise out of or relate in any way to the institution, prosecution, or settlement of the claims in the Litigation, except for claims relating to (i) enforcement of the Memorandum of Understanding, dated April 17, 2015, or this Stipulation; or (ii) any confidentiality agreement to which the Settling Parties have entered or may enter into in connection with the Action.

1.25. "Settling Parties" means, collectively, the Settling Defendant and Plaintiffs on behalf of themselves and each of the Settlement Class Members.

1.26. "Stipulation" means this Stipulation of Settlement, including the recitals and Exhibits hereto.

1.27. "Taxes" means all taxes (including any estimated taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund as described in ¶ 2.9.

1.28. "Tax Expenses" means expenses and costs incurred in connection with the calculation and payment of taxes or the preparation of tax returns and related documents including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs relating to filing (or failing to file) the returns described in ¶ 2.9.

1.29. “Unknown Claims” means any claim that Plaintiffs or any Settlement Class Member does not know or suspect exists in his, her, or its favor at the time of the release of the Released Claims as against the Released Parties, including, without limitation, those claims which, if known, might have affected the decision to enter into the Memorandum of Understanding, dated April 17, 2015, or this Stipulation. With respect to any of the Released Claims, the Settling Parties stipulate and agree that upon final approval of the Settlement, Plaintiffs shall expressly and each Settlement Class Member shall be deemed to have waived, relinquished, and released any and all provisions, rights, and benefits conferred by or under California Civil Code § 1542 or any law of the United States or any state 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.

Plaintiffs acknowledge, and the Settlement Class Members by operation of law shall be deemed to have acknowledged, that they may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of Plaintiffs, and by operation of law the Settlement Class Members, to completely, fully, finally, and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or previously existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiffs acknowledge, and the Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of “Released Claims” was separately bargained

for and was a material element of the Settlement and was relied upon by the Settling Defendants in entering into the Memorandum of Understanding, dated April 17, 2015, and this Stipulation.

2. The Settlement

a. The Settlement Fund

2.1. In consideration of the terms of this Stipulation, the Settling Defendant agrees to cause the payment of \$1,200,000.00 USD (the “Settlement Amount”) to be paid or deposited into the Settlement Fund (by wire or check). The Settlement Amount shall be paid in two installments. No later than the earlier of (i) ten (10) business days following the Court’s entry of an order preliminarily approving the Settlement, or (ii) July 24, 2015, Settling Defendant shall deposit \$600,000.00 USD into an interest bearing Escrow Account that shall be established and maintained by Plaintiffs. The remaining balance of \$600,000.00 USD shall be deposited into the Escrow Account no later than seven (7) days before the date that Plaintiffs’ papers in support of final approval of the Settlement are due to be filed with the Court.

2.2. The two installment deposits of the Settlement Amount are the only payments to be made by or on behalf of Settling Defendant and the Released Parties in connection with this Settlement. As set forth below, all fees, costs, and expenses incurred by or on behalf of Plaintiffs and the Settlement Class associated with the Settlement, including, but not limited to, Taxes, Tax Expenses, administrative costs and costs of providing notice of the Settlement to Settlement Class Members, any award of attorneys’ fees and expenses to Lead Counsel or Plaintiffs’ Counsel shall be paid from the Settlement Fund, and in no event shall Settling Defendant or the Released Parties bear any additional responsibility or liability for any such fees, costs or expenses.

b. The Escrow Agent

2.3. The Escrow Agent will invest the Settlement Fund created pursuant to ¶ 2.1 hereof only in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof, and will 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 in accordance with the guidelines set forth in this paragraph shall be borne by the Settlement Fund, and neither Settling Defendant nor the Released Parties shall have any responsibility for or liability whatsoever with respect to the maintenance, investment, or distribution of the Settlement Fund, the actions of the Escrow Agent, or any transactions executed by the Escrow Agent.

2.4. The Escrow Agent shall not disburse the Settlement Fund except as provided by: (i) this Stipulation; or (ii) an order of the Court.

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

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 or returned pursuant to the Stipulation and/or further order(s) of the Court.

2.7. Notwithstanding the fact that the Effective Date has not yet occurred, the Escrow Agent may pay from the Settlement Fund, without further order of the Court, the costs and

expenses, up to \$100,000.00 USD, reasonably and actually incurred in connection with providing notice to members of the Settlement Class, mailing the Notice and Proof of Claim and Release form and publishing notice (such amount shall include, without limitation, the actual costs of publication, printing and mailing the Notice, and reimbursement to nominee owners for forwarding notice to their beneficial owners), and the administrative expenses incurred and fees charged by the Claims Administrator in connection with providing notice and processing the submitted claims (“Notice and Administration Costs”). In the event that the Settlement does not become final, any actual notice or administrative costs paid or incurred for the above purposes shall not have to be returned or repaid to Settling Defendant or their insurers by Plaintiffs, the Settlement Class or Lead Counsel. 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 Plaintiffs’ 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.

2.8. It shall be Lead Counsel’s sole responsibility to disseminate the Notice and Proof of Claim and Release form to the Settlement Class in accordance with this Stipulation and as ordered by the Court. Settlement Class Members shall have no recourse as to the Released Parties with respect to any claims they may have that arise from any failure of the notice process.

c. Taxes

2.9. (a) The Settling Parties and their counsel agree that the Settlement Fund is intended to be and should be treated as being at all times a “qualified settlement fund” within the meaning of Treasury Regulation § 1.468B-1. In addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out the provisions of this ¶ 2.9, including the

“relation-back election” (as defined in Treasury Regulation § 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 Treasury Regulations promulgated under § 1.468B of the Internal Revenue Code of 1986, as amended (the “Code”). It shall be the responsibility of the Escrow Agent 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.

(b) For the purpose of § 1.468B of the Code and the Treasury Regulations promulgated thereunder, the Escrow Agent shall be designated as the “administrator” of the Settlement Fund. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns described in Treasury Regulation §1.468B-2(k)). Such returns (as well as the election described in ¶ 2.9(a) hereof) shall be consistent with this ¶ 2.9 and in all events shall reflect that all Taxes as defined in ¶ 1.19 above (including any estimated Taxes, interest, or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in ¶ 2.9(c) hereof.

(c) All: (i) Taxes (including any estimated Taxes, interest, or penalties) arising with respect to the income earned by the Settlement Fund, including any Taxes or tax detriments that may be imposed upon Settling Defendant or the Released Parties 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; and (ii) Tax Expenses, and costs incurred in connection with the operation and implementation of this ¶ 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 this ¶ 2.9), shall be

paid out of the Settlement Fund. In no event shall Settling Defendant or the Released Parties have any responsibility for or liability whatsoever with respect to the Taxes or the Tax Expenses. The Escrow Agent shall indemnify and hold Settling Defendant, its counsel, and 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 Fund and shall be timely 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 amount, 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 Treasury Regulation § 1.468B-2(1)(2)); neither Settling Defendant nor its counsel or the Released Parties are responsible therefor, nor shall they have any liability with respect thereto. 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 ¶ 2.9.

(d) Settling Defendant and the Released Parties shall have no responsibility for or liability whatsoever with respect to Taxes (including the payment or withholding of Taxes), Tax Expenses, costs and expenses reasonably and actually incurred in connection with providing notice to the Settlement Class, locating Settlement Class Members, assisting with the filing of claims, administering and distributing the Net Settlement Fund to Authorized Claimants, processing Proof of Claim and Release forms, or paying escrow fees and costs, nor shall they have any responsibility for or liability whatsoever for any claims with respect thereto.

d. Termination of Settlement

2.10. In the event that the Stipulation is not approved, or is terminated or canceled, or fails to become effective for any reason, including, without limitation, in the event the Order and Final Judgment is reversed or vacated following any appeal taken therefrom, or is successfully collaterally attacked, the Settlement Amount, including any interest accrued thereon, less expenses actually incurred or due and owing from the Settlement Fund for the Notice and Administration Costs of the Settlement, shall be refunded by wire transfer in accordance with the instructions to be provided by counsel for Settling Defendant.

2.11. Any of the Settling Parties shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so to all other Settling Parties within fifteen (15) days of: (a) the Court's denial of Plaintiffs' motion for preliminary approval of the Settlement in any material respect without leave to amend and resubmit; (b) the Court's refusal to approve this Stipulation and Settlement or any material part of it without leave to amend and resubmit; (c) the Court's declining to enter final judgment in any material respect without leave to amend and resubmit; (d) Settling Defendant's failure to timely make payment of their respective contribution of the Settlement Fund into the Escrow Account; or (e) the date upon which the final judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. Any decision with respect to any Fee and Expense Application, or with respect to any Plan of Allocation, shall not be considered material to this Stipulation and Settlement and shall not be grounds for termination. In the event that this Stipulation is terminated, the Settlement Amount, including any interest accrued thereon, less expenses actually incurred or due and owing from the Settlement Fund for the Notice and Administration

Costs of the Settlement pursuant to ¶ 2.7 above, shall be refunded by wire transfer in accordance with the instructions to be provided by counsel for Settling Defendant.

3. Notice Order and Settlement Hearing

3.1. Promptly after execution of the Stipulation, the Settling Parties shall submit the Stipulation together with its Exhibits to the Court and shall apply for entry of the Notice Order, substantially in the form and content of Exhibit A attached hereto, requesting, *inter alia*, the preliminary approval of the Settlement set forth in the Stipulation, conditional certification of the Settlement Class for settlement purposes, approval for the mailing of the Notice and the Proof of Claim and Release form, substantially in the forms of Exhibit A-1 and A-2 attached to the Macquarie Stipulation, and approval of the publication of a Summary Notice, substantially in the form of Exhibit A-3 attached to the Macquarie Stipulation, or such other substantially similar form agreed to by the Settling Parties. The Notice shall include the general terms of the Settlement as set forth in the Stipulation, the proposed Plan of Allocation, the general terms of the Fee and Expense Application as defined in ¶ 6.1, and the date of the Settlement Hearing.

3.2. Plaintiffs will request that the Court hold a hearing (the “Settlement Hearing”) and finally approve the Settlement of the Litigation as set forth herein. At or after the Settlement Hearing, Plaintiffs also will request that the Court approve the proposed Plan of Allocation and the Fee and Expense Application.

3.3. Except for their obligation to pay or cause payment of the principal amount of the Settlement Amount into the Settlement Fund as set forth herein, Settling Defendant and the Released Parties shall have no responsibility for, obligation or liability whatsoever with respect to the administration of the Plan of Allocation, the determination, administration or calculation

of claims, the payment or withholding of Taxes, the distribution of Settlement proceeds, the administration of the Settlement, as defined below, or any losses incurred in such matters.

4. Releases

4.1. Upon the Effective Date, Plaintiffs, each and all of the Settlement Class Members and anyone claiming through or on behalf of any of them (including, without limitation, their predecessors, successors, agents, representatives, attorneys, and affiliates, and their heirs, executors, administrators, successors, and assigns of each of them, in their capacity as such), shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally, and forever waived, remised, released, relinquished, and discharged all Released Claims (including, without limitation, Unknown Claims) against the Released Parties, regardless of whether such Settlement Class Member executes and delivers the Proof of Claim and Release form.

4.2. Upon the Effective Date, Plaintiffs, each and all of the Settlement Class Members and anyone claiming through or on behalf of any of them (including, without limitation, their predecessors, successors, agents, representatives, attorneys, and affiliates, and their heirs, executors, administrators, successors, and assigns of each of them, in their capacity as such), are forever barred and enjoined from asserting, commencing, instituting, maintaining, prosecuting, or continuing to prosecute any action or proceeding, whether direct, individual, class, representative, derivative, legal, equitable, or of any other type, and whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule, in any court of law or equity, arbitration, tribunal, administrative forum, or other forum of any kind, concerning any of the Released Claims against any or all of the Released Parties.

4.3. The Proof of Claim and Release to be executed by Settlement Class Members shall release all Released Claims against the Released Parties and shall be substantially in the form contained in Exhibit A-2 attached to the Macquarie Stipulation.

4.4. Upon the Effective Date, each of the Released Parties shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged Plaintiffs, and each and all of the Settlement Class Members, and Plaintiffs' Counsel from Settling Defendant's Released Claims, and shall forever be enjoined from prosecuting such claims, except for claims relating to the enforcement of the Settlement or any confidentiality agreement to which the Settling Parties have entered or may enter into in connection with the Litigation.

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

5.1. The Claims Administrator, subject to such supervision and direction of the Court and Lead Counsel 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.

5.2. The Settlement Fund shall be applied as follows:

- (a) To pay all the costs and expenses described in ¶ 2.7 above;
- (b) To pay the Taxes and Tax Expenses described in ¶ 2.9 above;
- (c) To pay Plaintiffs' Counsel's attorneys' fees, expenses, and costs with interest thereon, if and to the extent allowed by the Court (the "Fee and Expense Award"); and
- (d) To distribute the valance of the Settlement Fun (the "Net Settlement Fund") to Authorized Claimants as allowed by the Stipulation, the Plan of Allocations, or 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) Each Settlement Class Member shall be required to submit a Proof of Claim and Release form, substantially in a form approved by the Court, supported by such documents as are designated therein, including proof of the transactions claimed, or such other documents or proof as the Claims Administrator, in its discretion, may deem acceptable;

(b) All Proof of Claim and Release forms must be submitted by the date specified in the Notice unless such period is extended by order of the Court. Except as otherwise ordered by the Court, any Settlement Class Member who fails to submit a Proof of Claim and Release form by such date shall be forever barred from receiving any payment pursuant to this Stipulation, but shall in all other respects be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Order and Final Judgment to be entered in the Litigation and the releases provided for herein, and will be barred from bringing any action against the Released Parties concerning the Released Claims. A Proof of Claim and Release form 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 and Release form shall be deemed to have been submitted when actually received by the Claims Administrator. Notwithstanding the foregoing, Lead Counsel may, in their discretion, accept for processing late submitted claims so long as the distribution of the Net Settlement Fund to Authorized Claimants is not materially delayed but shall have no liability for declining to accept any late-submitted claims;

(c) Each Proof of Claim and Release form shall be submitted to and reviewed by the Claims Administrator, who shall determine in accordance with this Stipulation and the approved Plan of Allocation the extent, if any, to which each claim shall be allowed, subject to review by the Court pursuant to subparagraph (e) below;

(d) Proof of Claim and Release forms that do not meet the submission requirements may be rejected. Prior to rejection of a Proof of Claim and Release form, the Claims Administrator shall make reasonable efforts to communicate with the claimant in order to remedy the curable deficiencies in the Proof of Claim and Release form submitted. The Claims Administrator shall notify, in a timely fashion and in writing, all claimants whose Proof of Claim and Release forms it proposes to reject in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the claimant whose claim is to be rejected has the right to a review by the Court if the claimant so desires and complies with the requirements of subparagraph (e) below;

(e) 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 in subparagraph (d) above, serve upon the Claims Administrator a notice and statement of reasons indicating the claimant's grounds 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 Counsel shall thereafter present the request for review to the Court; and

(f) The Claims Administrator shall calculate the claims of Authorized Claimants in accordance with the Plan of Allocation. Following the Effective Date, the Claims Administrator shall send to each Authorized Claimant his, her or its *pro rata* share of the Net

Settlement Fund. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

(g) A Settlement Class Member seeking exclusion from the Settlement Class shall be requested to provide the information identified in the Notice to the Claims Administrator (in the manner and on the schedule set forth therein and in the Preliminary Approval Order), including, without limitation, the following: (a) name, address, telephone number; (b) Social Security Number or Taxpayer Identification Number; and (c) a list stating the number of shares of Puda common stock purchased and sold during the Settlement Class Period, and the dates and prices of each such purchase and sale. Any request for exclusion must also be signed by the Person requesting exclusion. All Persons who submit valid and timely requests for exclusion in the manner forth in the Notice shall have no rights under the Stipulation or the Settlement and shall not be bound by the Final Order and Judgment. Unless otherwise ordered by the Court, any Settlement Class Member who does not submit a timely written request for exclusion shall be bound by the terms of this Stipulation, including without limitation, the Releases provided for herein.

5.4. Except for their obligation to pay or cause payment of the Settlement Fund into the Escrow Account as set forth herein, Settling Defendant and the Released Parties shall have no responsibility for or liability whatsoever with respect to the investment or distribution of the Settlement Fund, administration of 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 therewith.

5.5. No Person shall have any claim against Plaintiffs, the Escrow Agent, Plaintiffs' Counsel, the Claims Administrator, Settling Defendant, the Released Parties, or counsel for

Settling Defendant based on distributions made substantially in accordance with the Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the Court.

5.6. Settling Defendant shall not have a reversionary interest in the Net Settlement Fund. 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), 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 distributions, any balance remaining shall be re-distributed on a *pro rata* basis among Authorized Claimants who negotiated the checks sent to them in the initial distribution and who would receive a minimum of \$10.00. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is *de minimis* and any remainder shall thereafter be donated to an appropriate non-profit organization selected by Lead Counsel as approved by the Court.

5.7. 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 this 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 Order and Final Judgment approving the Stipulation and the Settlement set forth therein, or any other orders entered pursuant to the Stipulation. Settlement Class Members and Settling Defendant shall be bound by the terms of this Stipulation, irrespective of whether the Court disapproves or modifies the Plan of Allocation.

The time to appeal from approval of the Settlement shall commence upon the entry of the Court's Order and Final Judgment approving the Stipulation regardless of whether a Plan of Distribution has been approved.

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

6.1. Lead Counsel may submit an application or applications (the "Fee and Expense Application") to the Court for distributions to Plaintiffs' Counsel from the Settlement Fund for: (a) an award of attorneys' fees from the Settlement Fund; (b) payment of expenses and costs incurred in connection with prosecuting the Litigation; (c) any interest on such costs and expenses at the same rate and for the same periods as earned by the Settlement Fund; (d) the request by Plaintiffs for reasonable costs and expenses; and (e) an award to Lead Plaintiffs for reimbursement of their expenses and lost wages in connection with serving as a Lead Plaintiff. The portion of Lead Counsel's application for attorneys' fees (but not expenses) shall not exceed one-third of the Settlement Fund. Settling Defendant shall take no position with respect to Lead Counsel's requested attorneys' fees and expenses or a request by Plaintiffs for reimbursement of his reasonable costs and expenses directly relating to their representation of the Settlement Class.

6.2. The attorneys' fees, expenses, and costs, as awarded by the Court, shall be paid to Lead Counsel from the Settlement Fund, as ordered, immediately after the Court executes an order awarding such fees and expenses, notwithstanding the existence of any objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof. Lead Counsel shall thereafter allocate, subject to the conditions below, the attorneys' fees amongst Plaintiffs' Counsel in a manner in which they in good faith believe reflects the contributions of such counsel to the prosecution and settlement of the Litigation.

6.3. The Settling Parties further agree that the denial, in whole or in part, of any Fee and Expense Application by Lead Counsel shall in no way affect the enforceability, validity or finality of the Settlement or this Stipulation, nor shall any order or proceeding relating solely to an award of attorneys' fees and expenses, or any appeal from any order relating thereto, affect or delay the finality of the final judgment approving the Settlement.

6.4. In the event that the Effective Date does not occur, or the Order and Final Judgment or the order making the Fee and Expense Award is reversed or modified, or the Stipulation is canceled or terminated for any other reason, and in the event that the Fee and Expense Award has been paid to any extent, then Plaintiffs' Counsel shall be severally obligated to repay to the Escrow Account the reversed portion of the fees and expenses, with interest, less any Notice and Administration Costs referred to in ¶ 2.7 actually paid or incurred. Each such Plaintiffs' Counsel's law firm, as a condition of receiving such fees and expenses, on behalf of itself and each partner, shareholder or member of it, agrees that the law firm and its partners, shareholders, and/or members are subject to the jurisdiction of the Court for the purposes of enforcing the provisions of this paragraph.

6.5. Settling Defendant shall have no obligation to pay any fees, expenses, costs, or interest that the Court may award to Plaintiffs' Counsel or Plaintiffs. Settling Defendant and the Released Parties shall have no responsibility for, and no liability whatsoever with respect to, any payment to Lead Counsel, Plaintiffs, Plaintiffs' Counsel or any other counsel or Person who receives payment from the Settlement Fund.

6.6. Settling Defendant and the Released Parties shall have no responsibility for, and no liability whatsoever with respect to, the allocation among Plaintiffs' 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 shall be conditioned on the occurrence of all the following events:

(a) Defendants have made or caused the contributions to be made to the Settlement Fund, as required by ¶ 2.1 above;

(b) The Court has entered the Notice Order, as required by ¶ 3.1 above;

(c) The Settling Defendant has not exercised its option to terminate the Stipulation pursuant to ¶ 7.4 hereof;

(d) The Court has approved this Stipulation, following notice to the Settlement Class Members and the Settlement Hearing, as prescribed by Rule 23 of the Federal Rules of Civil Procedure;

(e) The Court has entered the Order and Final Judgment, or a judgment substantially in the form of Exhibit B attached hereto; and

(f) The Order and Final Judgment has become Final, as defined in ¶ 1.7 above.

7.2. This is not a claims-made settlement. As of the Effective Date, Settling Defendant shall not have any right to the return of the Settlement Fund or any portion thereof for any reason. Upon the occurrence of all of the events referenced in ¶ 7.1 above, any and all remaining interest or right of Settling Defendant in or to the Settlement Fund, if any, shall be absolutely and forever extinguished. If all of the conditions specified in ¶ 7.1 are not met, then this Stipulation

shall be cancelled and terminated subject to ¶ 7.5 hereof unless Lead Counsel and counsel for Settling Defendant mutually agree in writing to proceed with the Settlement.

7.3. The Settling Parties shall have the right to terminate the Settlement and this Stipulation by providing written notice of their election to do so to all other Settling Parties within fifteen (15) days of: (a) the Court's denial of Plaintiffs' motion for preliminary approval of the Settlement in any material respect without leave to amend and resubmit; (b) the Court's refusal to approve this Stipulation and Settlement or any material part of it without leave to amend and resubmit; (c) the Court's declining to enter final judgment in any material respect without leave to amend and resubmit; or (d) the date upon which the final judgment is modified or reversed in any material respect by the Court of Appeals or the Supreme Court. No order of the Court or modification or reversal on appeal of any order of the Court concerning the Plan of Allocation or the amount of any fees, costs, expenses, and interest awarded by the Court to Lead Counsel, Plaintiffs' Counsel or Plaintiffs shall constitute grounds for cancellation or termination of the Settlement. If Settling Defendant fails to timely make payment of the Settlement Fund into the Escrow Account, then Plaintiffs may at their sole discretion move for an order enforcing the Settlement or terminating the Settlement, but such non-payment by Settling Defendant is not a basis for Settling Defendant to terminate the Settlement.

7.4. If prior to the Settlement Hearing, the aggregate number of shares of Puda securities purchased during the Class Period by Persons who would otherwise be members of the Settlement Class, but who request exclusion from the Settlement Class, exceeds the sum specified in a separate supplemental agreement ("Supplemental Agreement") between the Settling Parties, Settling Defendant shall have the option to terminate the Stipulation in accordance with the procedures set forth in the Supplemental Agreement. The Supplemental

Agreement and all of its terms are hereby incorporated into this Stipulation (and vice versa); however, the Supplemental Agreement will not be filed with the Court unless and until a dispute among the Settling Parties concerning its interpretation or application arises. If the Court requires disclosure of the Supplemental Agreement and/or any of its terms for any reason, including for purposes of approving the Settlement, the Settling Parties shall jointly move to preserve the confidentiality of the Supplemental Agreement, particularly the threshold aggregate number of shares, to the fullest extent possible and in accordance with the practices of the Court. Copies of all requests for exclusion received and copies of all written revocations of requests for exclusion received shall be sent to counsel for Settling Defendant and to Lead Counsel within a reasonable time of receipt by the Claims Administrator, and in any event not less than fourteen (14) days prior to the Settlement Hearing.

7.5. In the event that the Settlement set forth in the Stipulation is terminated or fails to become effective for any reason, the Settling Parties shall be restored to their respective positions in the Litigation as of April 17, 2015 and shall proceed in all respects as if the Memorandum of Understanding, dated April 17, 2015 and this Stipulation had not been executed and/or entered. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶ 2.9, 6.4, 7.5, 7.6, 8.1, 8.2, 9.3, 9.5, and 9.6 hereof, shall have no further force and effect with respect to the Settling Parties, 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*.

7.6. If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its terms, the Settlement Fund (including accrued interest), less Notice and Administration Costs, Taxes, and Tax Expenses that have been incurred or disbursed pursuant to ¶¶ 2.7 and 2.9, shall be refunded pursuant to written instructions from Settling Defendant's counsel. At the request of

counsel for Settling Defendant, the Escrow Agent or its designee shall apply for any tax refund owed on the Settlement Fund and pay the proceeds at the written direction of Settling Defendant's counsel.

7.7. The Settling Parties have agreed that the Macquarie settlement is not a condition to this Settlement or to entry of the Final Order and Judgment and is to be considered by the Court separately from and independently of the Court's consideration of the question whether the Settlement is fair, reasonable, adequate and in the best interests of the Settlement Class. Any orders or proceedings relating to the Macquarie settlement, or any appeal from any order or proceedings relating thereto, shall not: (a) operate to modify, terminate or cancel this Settlement; (b) affect or delay the validity or finality of the Final Order and Judgment or any other orders entered by the Court giving effect to this Stipulation; (c) affect or delay the Effective Date; (d) provide any ground or otherwise permit any Person (including Plaintiffs and the other Settlement Class Members), or any of their counsel, to cancel, terminate or withdraw from the Stipulation or the Settlement; and/or (e) affect or delay the validity of the Settlement.

8. No Admission of Wrongdoing

8.1. Settling Defendant's execution of this Stipulation does not constitute an admission by any Settling Defendant or the Released Parties: (i) of any wrongdoing, violation of law, or liability whatsoever; or (ii) that recovery could be had in any amount should the Litigation not be settled. Settling Defendant denies any and all wrongdoing and liability and maintains that its conduct was at all times legal and proper. Settling Defendant enters into this Settlement solely because the proposed Settlement would eliminate the burden, distraction, and expense associated with further litigation. The provisions contained in the Memorandum of Understanding, dated April 17, 2015, this Stipulation, any documentation that may be required to

obtain the Court's preliminary and final approval of the Settlement, or any press release or other statement or report by the Settling Parties, shall not be offered or deemed as, written to suggest, or received in any proceeding as a presumption, concession, admission, or evidence of any fault, liability, or wrongdoing as to any facts or claims asserted in the Action, or any other actions or proceedings.

8.2. Plaintiffs' execution of this Stipulation does not constitute an admission by Plaintiffs: (i) of the lack of any wrongdoing, violation of law, or liability on behalf of any Defendant whatsoever; or (ii) that recovery could not be had should the Litigation not be settled. Neither this Stipulation, nor any term hereof, may be offered or received into evidence in any proceeding or used in any manner as an admission or concession by Plaintiffs that Settling Defendant or any other Defendant has not engaged in any wrongdoing or that their conduct was at all times legal and proper.

9. Bar And Judgment Reduction Order

9.1. This Stipulation of Settlement is conditioned upon the entry by the Court of a Final Bar and Judgment Reduction Order substantially in the form of Exhibit C, attached hereto.

10. Miscellaneous Provisions

10.1. 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.

10.2. This Stipulation, the Exhibits attached hereto, and the Supplemental Agreement constitute the entire agreement between the Settling Parties as to the subject matter hereof and supersede any prior or contemporaneous written or oral agreements or understandings between

the Settling Parties. No representations, warranties, or inducements have been made to any party concerning the Stipulation, its Exhibits, or the Supplemental Agreement other than the representations, warranties, and covenants contained and memorialized in such documents.

10.3. Except as otherwise provided for herein, each Settling Party shall bear his, her or its own costs.

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

10.5. This Stipulation, whether or not consummated, and any negotiations, discussions, or proceedings in connection herewith shall not be:

(a) Offered or received against Settling Defendant or the Released Parties as evidence of or construed as or deemed to be evidence of any presumption, concession, or admission by Settling Defendant or the Released Parties of the truth of any fact alleged by the Settlement Class Members, the validity of any claim that has been or could have been asserted in the Litigation, the deficiency of any defense that has been or could have been asserted in the Litigation, or of any liability, negligence, fault, or wrongdoing of Settling Defendant or the Released Parties;

(b) Offered or received against Settling Defendant or the Released Parties as evidence of a presumption, concession, admission of any fault, misrepresentation, or omission with respect to any statement or written document approved or made by Settling Defendant or the Released Parties;

(c) Offered or received against Settling Defendant or the Released Parties as evidence of a presumption, concession, or admissibility of any liability, negligent, fault, or wrongdoing, or in any way referred to for any other reason as against any of the parties to the Stipulation, in any other civil, criminal, or administrative action or proceeding other than such proceedings as may be necessary to effectuate the provisions of this Stipulation; provided, however, that Settling Defendant or the Released Parties may file the Stipulation and/or the Order and Final 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. In addition, nothing contained in this paragraph shall prevent this Stipulation (or any agreement or order relating thereto) from being used, offered, or received in evidence in any proceeding to approve, enforce, or otherwise effectuate the Stipulation (or any agreement or order relating thereto) or the Order and Final Judgment, or to enforce or effectuate provisions of this Settlement, the Order and Final Judgment, or the Proofs of Claim and Release as to Settling Defendant and the Released Parties; or

(d) Construed against Settling Defendant or the Released Parties as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial.

10.6. Except as otherwise provided for herein, all agreements made and orders entered during the course of the Litigation relating to the confidentiality of information shall survive this Stipulation.

10.7. All of the Exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

10.8. 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.

10.9. Each counsel or other Person executing the Stipulation or any of its Exhibits on behalf of any party hereto hereby warrants that such Person has the full authority to do so.

10.10. 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.

10.11. The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties.

10.12. The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of the Stipulation, and the Settling Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

10.13. The waiver by one party of any breach of this Stipulation by any other party shall not be deemed a waiver by any other party or a waiver of any other prior or subsequent breach of this Stipulation.

10.14. The Stipulation and the Exhibits attached hereto and the Supplemental Agreement shall be considered to have been negotiated, executed, and delivered, and to be wholly

performed, in the State of New York, and the rights and obligations of the parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of New York without giving effect to that State's choice-of-law principles.

10.15. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

10.16. Pending approval of the Court of the Stipulation and its Exhibits, all proceedings in this Litigation shall be stayed with respect to the Settling Defendant only and all Settlement Class Members shall be barred and enjoined from prosecuting any of the Released Claims against any of the Released Parties.

10.17. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations between the Settling Parties and the Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

IN WITNESS WHEREOF, the parties hereto have caused the Stipulation to be executed by their duly authorized attorneys on October 16, 2015.

Dated: October 16, 2015

By: 
Joshua L. Crowell
GLANCY PRONGAY & MURRAY LLP
Counsel for Lead Plaintiffs and the Class

Dated: October 16, 2015

By: 
Laurence M. Rosen
THE ROSEN LAW FIRM, P.A.
Counsel for Lead Plaintiffs and the Class

Dated: October 16, 2015

By: 
Robert S. Wolf
MOSES & SINGER LLP
Counsel for Defendant Brean Murray, Carret & Co.