

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN MATEO

In re AVALANCHE BIOTECHNOLOGIES, INC. SHAREHOLDER LITIGATION)	Lead Case No. CIV536488
)	<u>CLASS ACTION</u>
)	Assigned for All Purposes to Hon. Marie S. Weiner
This Document Relates To:)	DEPT: 2
ALL ACTIONS.)	DATE ACTION FILED: 12/07/15
)	

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED AVALANCHE BIOTECHNOLOGIES, INC. (“AVALANCHE” OR THE “COMPANY”) COMMON STOCK BETWEEN JULY 30, 2014 AND JUNE 15, 2015 (INCLUSIVE) (“CLASS PERIOD”), INCLUDING THOSE PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED THE COMPANY’S COMMON STOCK PURSUANT OR TRACEABLE TO THE COMPANY’S REGISTRATION STATEMENT AND PROSPECTUS FOR THE COMPANY’S IPO AND THOSE PERSONS THAT PURCHASED OR OTHERWISE ACQUIRED THE COMPANY’S COMMON STOCK PURSUANT OR TRACEABLE TO THE COMPANY’S REGISTRATION STATEMENT AND PROSPECTUS FOR THE COMPANY’S SPO (“CLASS” OR “CLASS MEMBERS”)

IN ORDER TO QUALIFY FOR A SETTLEMENT PAYMENT, YOU MUST TIMELY SUBMIT A PROOF OF CLAIM AND RELEASE FORM (“PROOF OF CLAIM”).

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

WHY SHOULD I READ THIS NOTICE?

This Notice is given pursuant to an order issued by the Superior Court of California, County of San Mateo (the “Court” or “State Court”). This Notice serves to inform you of the proposed settlement of the above-captioned class action lawsuit (the “Settlement”) and the hearing (the “Settlement Fairness Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as set forth in the Stipulation and Agreement of Settlement dated August 3, 2017 (the “Stipulation”), by and between Plaintiff Beaver County Employees Retirement Fund (“State Court Plaintiff”) and Arpan Bachhawat and Srikanth Koneru (“Federal Court Plaintiffs,” and collectively with State Court Plaintiff, “Plaintiffs”), on behalf of themselves and the Class, and Defendants Avalanche, certain current or former officers or directors of Avalanche (the “Individual Defendants,” and collectively with Avalanche, the “Issuer Defendants”), and the underwriters of the Company’s July 30, 2014, initial public offering (“IPO”) and January 7, 2015, secondary public offering (“SPO”), specifically Jefferies LLC, Cowen and Company, LLC, Piper Jaffray & Co., and William Blair & Company, L.L.C. (the “Underwriter Defendants,” and collectively with the Issuer Defendants, “Defendants”).¹ This Notice is intended to inform you how this lawsuit and proposed Settlement may affect your rights and what steps you may take in relation to it. The Settlement also resolves the action filed in the United States District Court for the Northern District of California styled *In re Avalanche Biotechnologies Securities Litigation*, Master File No. 15-cv-03185 (the “Federal Court Action”). This Notice is not an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the lawsuit.

WHAT IS THIS LAWSUIT ABOUT?

I. THE ALLEGATIONS

Avalanche was a clinical-stage biotechnology company focused on the discovery and development of novel gene therapies to treat eye diseases. This Action and the Federal Court Action allege, among other things, that Defendants misrepresented and omitted material facts in the registration statements for the IPO and SPO and thereafter that the Issuer Defendants misrepresented and omitted material facts concerning the status of AVA-101, the Company’s main product under development. AVA-101 was a gene therapy purportedly intended to treat wet age-related macular degeneration (wet AMD). In June 2015, Plaintiffs allege that Avalanche revealed the true results of the AVA-101 study – AVA-101 was neither safe nor effective, as a result the price of Avalanche’s common stock price dropped dramatically.

The Court has not ruled as to whether Defendants are liable to Plaintiffs or to the Class. This Notice is not intended to be an expression of any opinion by the Court with respect to the truth of the allegations in this Action or the Federal Court Action or the merits of the claims or defenses asserted. This Notice is solely to advise you of the pendency of the Action and the Federal Court Action and the proposed Settlement thereof and your rights in connection with that Settlement.

¹ The Stipulation can be viewed and/or downloaded at www.AvalancheSecuritiesLitigationSettlement.com. All capitalized terms used herein have the same meaning as the terms defined in the Stipulation.

II. PROCEDURAL HISTORY

On July 9, 2015, plaintiff Joe Huang filed a putative class action lawsuit alleging violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §78j(b), and Rule 10b-5 thereunder, Section 20(a) of the Exchange Act, 15 U.S.C. §78t(a), Section 11 of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §77k, and Section 15 of the Securities Act, 15 U.S.C. §77o, against Avalanche, and two executives of Avalanche in the United States District Court for the Northern District of California, entitled *Huang v. Avalanche Biotechnologies, Inc. et al.*, No. 3:15-cv-03185 ("Huang Action"). Thereafter, two other actions were filed in federal court making similar allegations against the same defendants.

On September 23, 2015, the Honorable Samuel Conti of the Northern District of California consolidated the three actions filed in federal court and entitled the consolidated action *In re Avalanche Biotechnologies Securities Litigation*, Master File No. 15-cv-03185 (the "Federal Court Action").

On November 3, 2015, the Federal Court Action was reassigned to the Honorable James Donato of the Northern District of California.

On December 7, 2015, State Court Plaintiff filed a Complaint for Violations of the Securities Act of 1933, a putative class action lawsuit alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act, 15 U.S.C. §§77k, 77l(a)(2), and 77o, against Venrock Management VI, LLC, VHCP Management LLC (collectively, the "Venrock Entities"), and Defendants, in the Superior Court for the State of California, County of San Mateo (the "Action").

On December 17, 2015, the Honorable James Donato appointed Arpan Bachhawat as lead plaintiff in the Federal Court Action, pursuant to 15 U.S.C. §78u-4(a)(3)(B)(i), and appointed Faruqi & Faruqi LLP as lead counsel in the Federal Court Action, pursuant to 15 U.S.C. §78u-4(a)(3)(B)(v).

On January 29, 2016, Federal Court Plaintiffs filed a Consolidated Class Action Complaint against Defendants in the Federal Court Action.

On February 19, 2016, the Issuer Defendants filed a motion to dismiss the Consolidated Class Action Complaint in the Federal Court Action, in which the Underwriter Defendants joined.

On February 29, 2016, pursuant to State Court Plaintiff and Defendants' stipulation, the Court designated the Action as complex; ordered State Court Plaintiff to file an Amended or Consolidated Complaint not later than April 7, 2016, or by that date deem the initial complaint the operative complaint; and appointed Robbins Geller Rudman & Dowd LLP lead counsel.

On April 7, 2016, State Court Plaintiff designated the Complaint for Violations of the Securities Act of 1933, filed in this Court on December 7, 2015, as the operative complaint in the Action.

On June 6, 2016, Defendants filed a motion in the State Court to stay the Action pending resolution of the Federal Court Action. Concurrently, the Issuer Defendants and the Underwriter Defendants each filed separate alternative demurrers to State Court Plaintiff's Complaint for Violations of the Securities Act of 1933.

On June 15, 2016, State Court Plaintiff requested that the Court dismiss the Venrock Entities from the Action. The Court granted this request on June 22, 2016, and dismissed State Court Plaintiff's claims against the Venrock Entities without prejudice and without notice to putative class members.

On August 10, 2016, State Court Plaintiff commenced discovery efforts in the Action.

On August 19, 2016, after briefing and hearing oral argument, the State Court denied Defendants' motion to stay without prejudice; overruled Avalanche's demurrer; overruled the remaining Defendants' respective demurrers as to the first cause of action under Section 11 of the Securities Act and the third cause of action under Section 15 of the Securities Act; and sustained with leave to amend as to certain defendants' respective demurrers as to the second cause of action under Section 12(a)(2) of the Securities Act.

On August 31, 2016, the United States District Court for the Northern District of California heard oral argument on Defendants' motion to dismiss the Federal Court Action and, on November 3, 2016, the court dismissed the Federal Court Action without prejudice.

On November 2, 2016, State Court Plaintiff filed a First Amended Complaint for Violations of the Securities Act of 1933 ("FAC") in the State Court.

On November 15, 2016, State Court Plaintiff and Defendants filed a Joint Stipulation and [Proposed] Order in the State Court informing the Court that they had agreed to attend a private mediation and requesting that the Court postpone a pending discovery conference and the deadline for Defendants to answer, demur or otherwise respond to the FAC. The Court signed the Order on November 17, 2016.

On December 2, 2016, Federal Court Plaintiffs filed a First Amended Consolidated Class Action Complaint in the Federal Court Action.

On January 10, 2017, State Court Plaintiff and the Issuer Defendants participated in a day-long mediation with the Hon. Layn R. Phillips, U.S. District Court Judge (Ret.). Although these parties did not reach agreement that day, Judge Phillips continued to work to achieve a resolution of all disputes between all parties in the Action and the Federal Court Action.

On January 23, 2017, Defendants filed a motion to dismiss the First Amended Consolidated Class Action Complaint in the Federal Court Action. Federal Court Plaintiffs opposed the motion on March 6, 2017.

On February 16, 2017, the Issuer Defendants filed a motion in the Federal Court Action requesting that the court stay discovery in the Action pursuant to the Securities Litigation Uniform Standards Act of 1998 ("SLUSA"). The Underwriter Defendants joined in that motion on February 23, 2017. State Court Plaintiff opposed the motion on March 2, 2017. Defendants filed a reply in support of the motion on March 9, 2017.

On February 23, 2017, the Issuer Defendants filed a motion in the Federal Court Action requesting that the court certify a class in the Federal Court Action before ruling on the pending motion to dismiss. The proposed class was comprised of anyone who purchased or otherwise acquired Avalanche common stock between July 31, 2014 and June 15, 2015, inclusive, excluding Defendants. State Court Plaintiff and Federal Court Plaintiffs each filed briefs in opposition to the motion on March 9, 2017, and Federal Court Plaintiffs moved for an order lifting the discovery stay imposed by the Private Securities Litigation Reform Act of 1995. The Issuer Defendants filed a reply in support of the motion on March 16, 2017.

On February 28, 2017, Defendants filed a motion in this Court to stay the Action pending: (1) resolution of the Federal Court Action; and/or (2) the United States Supreme Court's determination of *Cyan, Inc. v. Beaver County Employees Retirement Fund*, No. 15-1439, 2016 WL 3040512 (U.S., Petition for *Certiorari* filed May 24, 2016). Concurrently, the Issuer Defendants and the Underwriter Defendants each filed separate alternative demurrers to State Court Plaintiff's FAC. State Court Plaintiff filed briefs in opposition to the stay motion and demurrers on March 14, 2017.

On or about March 16, 2017, State Court Plaintiff, Federal Court Plaintiffs, the Issuer Defendants, and the Underwriter Defendants (the "Parties") reached a global agreement-in-principle to settle the Action and the Federal Court Action. Thereafter, the Parties negotiated the terms of the settlement which resulted in the Parties executing the Stipulation.

On June 14, 2017, counsel for State Court Plaintiff and counsel for Federal Court Plaintiffs participated in an arbitration hearing before Judge Phillips regarding the division of attorneys' fees between Plaintiffs' Counsel. On June 16, 2017, Judge Phillips entered a stipulation and agreed-upon arbitration order setting forth the percentage allocation of any attorney's fees awarded by the Court between Plaintiffs' Counsel.

Defendants have denied, and continue to deny, that they did anything wrong.

HOW DO I KNOW IF I AM A CLASS MEMBER?

If you purchased or acquired Avalanche common stock between July 30, 2014 and June 15, 2015 (inclusive), including those Persons that purchased or acquired the Company's common stock pursuant or traceable to the Company's Registration Statement and Prospectus in connection with the Company's IPO and/or pursuant or traceable to the Company's SPO, you are a Class Member. As set forth in the Stipulation, excluded from the Class are: the Defendants; any officers or directors of Avalanche or the Underwriter Defendants during or after the Class Period; any corporation, trust or other entity in which any Defendant has a controlling interest; and the members of the immediate families of the Individual Defendants, and the Individual Defendants' successors, heirs, assigns and legal representatives.

WHAT IS THE MONETARY VALUE OF THE PROPOSED SETTLEMENT?

The Settlement, if approved, will result in the creation of a cash settlement fund of \$13,000,000 (the "Settlement Amount"). The Settlement Amount, plus accrued interest (the "Settlement Fund") and minus the costs of this Notice and all costs associated with the administration of the Settlement Fund, as well as attorneys' fees and expenses, and the payment of Plaintiffs' time and expenses in representing the Class, as approved by the Court (the "Net Settlement Fund"), will be distributed to eligible Class Members pursuant to the Plan of Allocation that is described in the next section of this Notice.

WHAT IS THE PROPOSED PLAN OF ALLOCATION?

The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Class Members based on their respective alleged economic losses resulting from the securities law violations alleged in the Action and the Federal Court Action. The Claims Administrator shall determine each Class Member's share of the Net Settlement Fund based upon the recognized loss formula (the "Recognized Loss") described below. A Recognized Loss will be calculated for each share of Avalanche common stock purchased or otherwise acquired during the Class Period, including Avalanche common stock purchased or acquired in the Company's IPO and SPO. The calculation of Recognized Loss will depend upon several factors, including when the shares of Avalanche common stock were purchased or otherwise acquired and in what amounts, whether the shares were purchased or acquired in the SPO or traceable thereto, whether the shares were ever sold, and, if so, when they were sold and for what amounts. The Recognized Loss is not intended to estimate the amount a Class Member might have been able to recover after a trial, nor to estimate the amount that will be paid to Class Members pursuant to the Settlement. The Recognized Loss is the basis upon which the Net Settlement Fund will be proportionately allocated to Class Members. The Claims Administrator will use its best efforts to administer and distribute the Net Settlement Fund to the extent that is equitably and economically feasible. Because the claims in the State Action were subject to a lower pleading standard and were in a more advanced procedural posture having survived a demurrer, Plaintiffs' Counsel believe it's appropriate that the economic losses for Class Members who purchased or acquired shares directly in or traceable to the SPO shall be entitled to 60% of the Net Settlement Fund to account for their greater likelihood of success and the remaining 40% of the Net Settlement Fund shall be distributed to claims related to the Federal Court Action.

FEDERAL COURT ALLOCATION

The Plan of Allocation is based on the statistically significant stock price declines occurring on January 16, 2015 and June 16, 2015. A claim will be calculated as follows:

1. For shares of Avalanche common stock that were purchased or acquired **in the IPO or on the open market from July 30, 2014 through January 15, 2015**, and
 - (a) sold prior to **January 16, 2015**, the claim per share is \$0. No recovery was provided for these Class members as they sold their shares prior to any alleged corrective disclosure;
 - (b) sold from **January 16, 2015 through June 15, 2015**, the claim per share is the lesser of (a) the purchase price less the sales price, or (b) \$5.19 per share (market adjusted price decline on January 16, 2015);
 - (c) retained at the end of June 15, 2015, the claim per share is the lesser of (a) the purchase price less \$17.05 (June 16, 2015 closing price), or (b) \$27.10 per share (market adjusted price declines on January 16, 2015 and June 16, 2015).
2. For shares of Avalanche common stock that were purchased or acquired on **January 16, 2015 through June 15, 2015**, and
 - (a) sold prior to **June 16, 2015**, the claim per share is \$0. No recovery was provided for these Class members as they sold their shares prior to any alleged corrective disclosure;
 - (b) retained at the end of June 15, 2015, the claim per share is the lesser of (a) the purchase price less \$17.05 (June 16, 2015 closing price), or (b) \$21.91 per share (market adjusted price decline on June 16, 2015).

STATE COURT ALLOCATION

The State Court Allocation only includes Avalanche common stock purchased or acquired in or traceable to the SPO and is based on statutory damages pursuant to Section 11(e) of the Securities Act. A claim will be calculated as follows:

For shares of Avalanche common stock that were purchased or acquired in or are traceable to the SPO and

- (a) sold prior to **December 7, 2015**, the claim per share is the purchase price per share (not to exceed the SPO price of \$59.00 per share) less the sales price per share;
- (b) sold from **December 7, 2015 through December 31, 2015**, the claim per share is the purchase price per share (not to exceed the SPO price of \$59.00 per share) less the greater of (a) the sales price per share, or (b) \$8.93 per share (December 7, 2015 closing price when the first State Court Action was filed);
- (c) retained at the end of December 31, 2015, the claim per share is \$50.07 per share (the difference between the \$59.00 per share, the SPO price and the \$8.93 per share December 7, 2015 closing price when the first State Court Action was filed).

In the event a Class Member has more than one purchase or acquisition or sale of Avalanche common stock during the Class Period, all purchases and sales within the Class Period shall be matched on a First-In, First-Out ("FIFO") basis. Class Period sales will be matched against purchases in chronological order, beginning with the earliest purchase made during the Class Period.

A purchase, acquisition or sale of Avalanche common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. All purchase, acquisition and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise, or operation of law of Avalanche common stock during the Class Period shall not be deemed a purchase, acquisition or sale of Avalanche common stock for the calculation of a claimant's Recognized Loss nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such shares unless specifically provided in the instrument of gift or assignment. The receipt of Avalanche common stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase, acquisition or sale of Avalanche common stock.

With respect to Avalanche common stock purchased or sold through the exercise of an option, the purchase/sale date of the common stock is the exercise date of the option and the purchase/sale price of the stock is the exercise price of the option. Any Recognized Loss arising from purchases of Avalanche common stock acquired during the Class Period through the exercise of an option on Avalanche common stock shall be computed as provided for other purchases of Avalanche common stock in the Plan of Allocation.

The total of all profits shall be subtracted from the total of all losses from transactions during the Class Period to determine if a Class Member has a Recognized Loss. Only if a Class Member had a net market loss, after all profits from transactions in Avalanche common stock during the Class Period are subtracted from all losses, will such Class Member be eligible to receive a distribution from the Net Settlement Fund.

If an Authorized Claimant has an overall market gain, the Recognized Loss for that Authorized Claimant will be \$0.00. If an Authorized Claimant has an overall market loss, that Authorized Claimant's Recognized Loss will be limited to the amount

of total market loss. The Claims Administrator shall allocate to each Authorized Claimant a *pro rata* share of the Net Settlement Fund based on his, her, or its Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants. No distribution shall be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

If there is any balance remaining in the Net Settlement Fund after at least six (6) months from the initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), the Claims Administrator shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is no longer feasible to distribute to Class Members. Thereafter, any balance which still remains in the Net Settlement Fund shall be donated to the Investor Justice Clinic of the University of San Francisco Law School.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against Plaintiffs, Plaintiffs' Counsel, any Claims Administrator, any other Person designated by Plaintiffs' Counsel, or any of the Released Parties based on the distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

DO I NEED TO CONTACT PLAINTIFFS' COUNSEL IN ORDER TO PARTICIPATE IN DISTRIBUTION OF THE SETTLEMENT FUND?

No. If you have received this Notice and timely submit your Proof of Claim to the designated address, you need not contact Plaintiffs' Counsel. If your address changes, please contact the Claims Administrator at:

Avalanche Securities Litigation Settlement
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 404025
Louisville, KY 40233-4025
Phone: 877-764-5656
www.AvalancheSecuritiesLitigationSettlement.com

THERE WILL BE NO PAYMENTS IF THE STIPULATION IS TERMINATED

The Stipulation may be terminated under several circumstances outlined in it. If the Stipulation is terminated, the certification of the Class will be vacated, and the Action and the Federal Action will proceed as if the Stipulation had not been entered into.

WHAT ARE THE REASONS FOR SETTLEMENT?

The Court has not reached any final decisions in connection with Plaintiffs' claims against Defendants. Instead, Plaintiffs and Defendants have agreed to this Settlement, which was reached with the substantial assistance of Judge Layn R. Phillips, a highly respected former United States District Court Judge with extensive experience in the mediation of complex class actions. In reaching the Settlement, the Parties have avoided the cost, delay and uncertainty of further litigation.

As in any litigation, Plaintiffs and the proposed Class would face an uncertain outcome if they did not agree to the Settlement. The Parties expected that the case could continue for a lengthy period of time and that if Plaintiffs succeeded, Defendants would file appeals that would postpone final resolution of the case. Continuation of the Action and the Federal Court Action against Defendants could result in a judgment greater than this Settlement. Conversely, continuing the cases could result in no recovery at all or a recovery that is less than the amount of the Settlement.

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

WHO REPRESENTS THE CLASS?

The following attorneys are counsel for the Class:

Richard W. Gonnello, Esq.
FARUQI & FARUQI LLP
685 Third Avenue, 26th Floor
New York, NY 10017
Telephone: (212) 983-9330

James I. Jaconette, Esq.
ROBBINS GELLER RUDMAN &
DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: (800) 449-4900

If you have any questions about the Action, the Federal Action or the Settlement, you are entitled to consult with Plaintiffs' Counsel by contacting counsel at the phone numbers listed above.

You may obtain a copy of the Stipulation by downloading it at www.AvalancheSecuritiesLitigationSettlement.com or by contacting the Claims Administrator at:

Avalanche Securities Litigation Settlement
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 404025
Louisville, KY 40233-4025
Phone: 877-764-5656

HOW WILL THE PLAINTIFFS' LAWYERS BE PAID?

Lead Counsel will file a motion for an award of attorneys' fees and expenses that will be considered at the Settlement Fairness Hearing. Lead Counsel will apply for an attorneys' fee award for Plaintiffs' Counsel in the amount of up to 33% of the Settlement Fund, plus payment of Lead Counsel's expenses incurred in connection with this Action in an amount not to exceed \$200,000 and Federal Court Counsel's expenses incurred in connection with the Federal Court Action in an amount not to exceed \$120,000. In addition, each of the Plaintiffs may seek reimbursement of up to \$2,500 for time and expenses (including lost wages) incurred in representing the Class. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. The fees requested will compensate Plaintiffs' Counsel for their work in achieving the Settlement. The Court will decide what constitutes a reasonable fee award and may award less than the amount requested by Plaintiffs' Counsel.

CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?

If you do not want to receive a payment from this Settlement, or you want to keep the right to sue or continue to sue Defendants on your own about the legal issues in this case, then you must take steps to get out of the Class. This is called excluding yourself from, or "opting out" of, the Class. If you opt-out of the Class, you may not have a claim against Defendants. **Please note:** if you decide to exclude yourself because you want to bring your own lawsuit to pursue claims alleged in this Action or the Federal Court Action, you may want to consult with an attorney and discuss whether your individual claim would be time-barred by the applicable statutes of limitations or repose.

To exclude yourself from the Class, you must send a signed letter by mail saying that you want to be excluded from the Class in the following Action: *In re Avalanche Biotechnologies, Inc. Shareholder Litigation*, Lead Case No. CIV536488. Be sure to include your name, address, telephone number, and the date(s), price(s), and number(s) of shares of the common stock that you purchased or acquired during the Class Period (July 30, 2014 to June 15, 2015). Your exclusion request must be **postmarked no later than November 27, 2017**, and sent to the Claims Administrator at:

Avalanche Securities Litigation Settlement
Claims Administrator
c/o Gilardi & Co. LLC
EXCLUSIONS
3301 Kerner Blvd.
San Rafael, CA 94901

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

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

Yes. If you are a Class Member, you may object to the terms of the Settlement. Whether or not you object to the terms of the Settlement, you may also object to the requested attorneys' fees, costs and expenses, the service awards to Plaintiffs and/or the Plan of Allocation. In order for any objection to be considered, you must file a written statement, accompanied by proof of Class membership, with the Court and send a copy to Plaintiffs' Counsel and Issuer Defendants' Counsel, at the addresses listed below **by November 27, 2017**. The Court's address is Superior Court of San Mateo, Hall of Justice and Records, 400 County Center, Redwood City, CA 94063; Plaintiffs' Counsel's addresses are Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, c/o James I. Jaconette and Faruqi & Faruqi LLP, 685 Third Avenue, 26th Floor, New York, NY 10017, c/o Richard W. Gonnello; and Issuer Defendants' Counsel's address is Munger, Tolles & Olson LLP, 350 South Grand Avenue, 50th Floor, Los Angeles, CA 90071, c/o Robert L. Dell Angelo. Attendance at the Settlement Fairness Hearing is not necessary; however, persons wishing to be heard orally at the Settlement Fairness Hearing are required to indicate in their written objection their intention to appear at the hearing and identify any witnesses they may call to testify and exhibits, if any, they intend to introduce into evidence.

WHAT ARE MY RIGHTS AND OBLIGATIONS UNDER THE SETTLEMENT?

If you are a Class Member and you do not exclude yourself from the Class, you may receive the benefit of, and you will be bound by, the terms of the Settlement described in this Notice, upon approval by the Court.

HOW CAN I GET A PAYMENT?

In order to qualify for a payment, you must timely complete and return the Proof of Claim that accompanies this Notice. A Proof of Claim is enclosed with this Notice or it may be downloaded at www.AvalancheSecuritiesLitigationSettlement.com. Read the instructions carefully; fill out the Proof of Claim; sign it; and mail or submit it online so that it is **postmarked (if mailed) or received (if submitted online) no later than December 27, 2017**. The Proof of Claim may be submitted online at www.AvalancheSecuritiesLitigationSettlement.com. If you do not submit a timely Proof of Claim with all of the required information, you will not receive a payment from the Settlement Fund; however, unless you expressly exclude yourself from the Class as described above, you will still be bound in all other respects by the Settlement, the Final Judgment, and the releases contained in them.

WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?

If the Settlement is approved by the Court, the Court will enter a Final Judgment. If the Final Judgment becomes effective pursuant to the terms of the Stipulation, all Class Members shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever released, relinquished, and discharged any and all of the Released Parties from all Settled Claims. The Settled Claims include those claims that were or could have been asserted in the Federal Court Action.

- “Released Parties” means Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, partners, agents, employees, attorneys, advisors, and investment advisors, insurers, and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants, and the legal representatives, heirs, successors in interest or assigns of the Defendants. Released Parties shall also include any individual, institution, or entity involved in the scientific or commercial development of the Company’s technology, including, but not limited to, The Lions Eye Institute.
- “Settled Claims” means all claims, including “Unknown Claims” as defined in the Stipulation, arising out of, relating to the purchase or acquisition of Avalanche common stock between July 30, 2014 and June 15, 2015 (inclusive), including the purchase or other acquisition of the Company’s common stock pursuant or traceable to the Company’s Registration Statement and Prospectus for the Company’s IPO and/or the purchase or other acquisition of the Company’s common stock pursuant or traceable to the Company’s Registration Statement and Prospectus for the Company’s SPO, that were asserted or could have been asserted, in this Action and/or in the Federal Court Action or in any forum whatsoever, by any Plaintiffs or member of the Class against the Released Parties, whether brought under the Securities Act of 1933, the Securities Exchange Act of 1934, any other federal statute, any state statute, common law, or any other law, rule or regulation. “Settled Claims” also includes any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Action or the Federal Court Action against the Released Parties (including Unknown Claims), except claims to enforce any of the terms of the Stipulation.

The above description of the proposed Settlement is only a summary. The complete terms are set forth in the Stipulation (including its exhibits), which may be obtained at www.AvalancheSecuritiesLitigationSettlement.com, or by contacting Plaintiffs’ Counsel listed on Page 5 above.

THE SETTLEMENT FAIRNESS HEARING

The Court will hold a Settlement Fairness Hearing on January 19, 2018, at 9:00 a.m., before the Honorable Marie S. Weiner at the Superior Court of California, County of San Mateo, Department 2, Courtroom 2E, 400 County Center, Redwood City, CA 94063, for the purpose of determining whether: (1) the Settlement as set forth in the Stipulation for \$13,000,000 in cash should be approved by the Court as fair, reasonable and adequate; (2) Final Judgment as provided under the Stipulation should be entered; (3) this Action satisfies the prerequisites for class action treatment under California Code of Civil Procedure §382; (4) to award Plaintiffs’ Counsel attorneys’ fees and expenses out of the Settlement Fund; (5) to pay Plaintiffs for their time and expenses (including lost wages) they incurred in representing the Class out of the Settlement Fund; and (6) the Plan of Allocation should be approved by the Court. The Court may adjourn or continue the Settlement Fairness Hearing without further notice to members of the Class.

Any Class Member may appear at the Settlement Fairness Hearing and be heard on any of the foregoing matters; provided, however, that no such person shall be heard unless his, her, or its objection is made in writing and is filed, together with proof of membership in the Class and with copies of all other papers and briefs to be submitted by him, her, or it to the Court at the Settlement Fairness Hearing, with the Court no later than November 27, 2017, and showing proof of service on the following counsel:

James I. Jaconette, Esq.
ROBBINS GELLER RUDMAN &
DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 800/449-4900

Robert L. Dell Angelo, Esq.
MUNGER, TOLLES & OLSON LLP
350 South Grand Avenue, 50th Floor
Los Angeles, CA 90071
Telephone: 213/683-9100

Attorneys for Issuer Defendants

Richard W. Gonnello, Esq.
FARUQI & FARUQI LLP
685 Third Avenue, 26th Floor
New York, NY 10017
Telephone: 212/983-9330

Attorneys for Plaintiffs

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

If you hire an attorney (at your own expense) to represent you for purposes of objecting, your attorney must serve a notice of appearance on counsel listed above and file it with the Court (at the address set out above) by no later than November 27, 2017.

INJUNCTION

The Court has issued an order enjoining all Class Members from instituting, commencing, maintaining or prosecuting any action in any court or tribunal that asserts Settled Claims against any Released Party, pending final determination by the Court of whether the Settlement should be approved.

HOW DO I OBTAIN ADDITIONAL INFORMATION?

This Notice contains only a summary of the terms of the proposed Settlement. The records in this Action may be examined and copied at any time during regular office hours, and subject to customary copying fees, at the Clerk of the Superior Court of California, County of San Mateo, records related to the Federal Court Action may be examined and copied at any time during regular office hours and subject to customary copying fees at the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102. In addition, all of the Settlement documents, including the Stipulation, this Notice, the Proof of Claim and proposed Final Judgment may be obtained by contacting the Claims Administrator at:

Avalanche Securities Litigation Settlement
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 404025
Louisville, KY 40233-4025
Email: info@AvalancheSecuritiesLitigationSettlement.com
Phone: 877-764-5656
www.AvalancheSecuritiesLitigationSettlement.com

In addition, you may contact Rick Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, 800-449-4900 or Richard W. Gonnello, Esq. at Faruqi & Faruqi LLP, 685 Third Avenue, 26th Floor, New York, NY 10017, 212-983-9330, if you have any questions about the Action or the Federal Court Action or the Settlement.

DO NOT WRITE TO OR TELEPHONE THE COURT FOR INFORMATION SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

If you hold any Avalanche common stock purchased or acquired between July 30, 2014 and June 15, 2015 (inclusive), as a nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Avalanche Securities Litigation Settlement
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 404025
Louisville, KY 40233-4025

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: September 7, 2017

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