

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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TRICIA M. BARTELT, Individually and
On Behalf of All Others Similarly Situated,

Plaintiff,

Civil Action No. 3:13 CV 1025 (WHO)
Honorable William H. Orrick

-against-

AFFYMAX, INC., JOHN A. ORWIN,
HERBERT C. CROSS, ANNE-MARIE
DULIEGE, and JEFFREY H. KNAPP,

Defendants.
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**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION, MOTION FOR
ATTORNEYS' FEES AND EXPENSES, AND FINAL APPROVAL HEARING**

TO: ALL PERSONS AND ENTITIES THAT PURCHASED AFFYMAX, INC., (“AFFYMAX”) COMMON STOCK DURING THE PERIOD FROM AUGUST 8, 2012 THROUGH FEBRUARY 22, 2013, BOTH DATES INCLUSIVE (THE “CLASS PERIOD”).

EXCLUDED FROM THE CLASS ARE DEFENDANTS, THE OFFICERS AND DIRECTORS OF AFFYMAX, AND THEIR FAMILIES AND AFFILIATES.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A MEMBER OF THE CLASS DESCRIBED HEREIN, YOU MAY BE ENTITLED TO RECEIVE A PAYMENT PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED BELOW. TO CLAIM YOUR SHARE OF THE SETTLEMENT FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED ON OR BEFORE DECEMBER 27, 2014.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

CLASS RECOVERY: This Notice has been sent to you pursuant to an Order of the United States District Court, Northern District of California (the “Court”) in the above-captioned action (the “Action”). One of the purposes of this Notice is to inform you of the proposed Settlement of the Action for \$6.5 million plus any interest earned. Plaintiffs estimate there were approximately 3.1 million shares allegedly damaged of Affymax common stock purchased during the period in which the Court sustained the allegations in the Complaint. Pursuant to the Plan of Allocation (*see* Section III herein), if all affected Affymax damaged shares elect to participate in the Settlement, the average recovery per share could be \$1.95, before deduction of any fees, expenses, costs, and awards described herein. Shares in the Class Period for which the Court did not sustain the allegations in the Complaint could recover up to \$0.05 per share before the deduction of any fees, expenses, costs, and awards described herein. The actual amount disbursed to members of the Class who participate in the Settlement may be more or less than this figure.

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

REASONS FOR SETTLEMENT: Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate to, and in the best interests of, the Class. Plaintiffs and their counsel have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of Plaintiffs’ claims against Defendants, including the Defendants’ contentions that the Class’s claims are without merit, the uncertainties of this complex litigation, including the risk of not being able to obtain any recovery, and the concrete benefits provided by the Settlement to the members of the Class. Without admitting and expressly denying any wrongdoing or liability on their part whatsoever, Defendants are nevertheless willing to agree to make the payment provided for by the Stipulation provided that all of the claims of the Class are settled and compromised, in order to avoid the continuing burden, expense, inconvenience and distraction to Defendants in this Action.

ATTORNEYS' FEES AND COSTS SOUGHT: Lead Counsel has not received any payment for its services in conducting this litigation on behalf of Plaintiffs and the members of the Class, nor has it been reimbursed for its out-of-pocket expenditures. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees not to exceed 25% of the Settlement Amount, and reimbursement of expenses not to exceed \$75,000. If the amount requested by counsel is approved by the Court, the average cost would be \$0.50 per share for the shares with claims that were sustained by the Court, and \$0.0125 per share for shares with claims that were not sustained by the Court. In addition, a Compensatory Award for the time and expenses incurred by Lead Plaintiffs will be sought, not to exceed \$5,000.

IDENTIFICATION OF PLAINTIFFS' COUNSEL: For further information regarding this Settlement, inquiries may be directed to Lead Counsel: Leigh Handelman Smollar, Esq., Pomerantz LLP, 10 South La Salle Street, Suite 3505, Chicago, IL 60603, lsmollar@pomlaw.com.

I. THE CLASS INVOLVED IN THE PROPOSED SETTLEMENT

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

All persons or entities that purchased Affymax, Inc. common stock during the period from August 8, 2012 through February 22, 2013, both dates inclusive. Excluded from the Class are Defendants, the officers and directors of Affymax, and their families and affiliates.

The sending of this Notice should not be construed as any indication of the Court's view as to the merits of any claims or defenses asserted by any party to this Action.

II. THE LITIGATION

Summary of the Litigation

The Court handling this Action is the United States District Court for the Northern District of California, and the case is known as *Bartelt v. Affymax, Inc.*, Case No. 3:13 CV 01025 (WHO). On May 21, 2013, the Court appointed Tommy Jay Carter to represent the Class as Lead Plaintiff. The Defendants in this Action are Affymax, John A. Orwin, Herbert C. Cross, Anne-Marie Duliege, and Jeffrey H. Knapp.

This Action alleges violations of the Federal Securities Laws (specifically Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78(t)(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5)) against Defendants.

Affymax is a publicly traded Delaware corporation with its principal place of business located in Palo Alto, California. Affymax is a pharmaceutical company whose primary drug offering is peginesatide (trade name OMONTYS, formerly Hematide). OMONTYS was approved by the FDA for treatment of anemia due to chronic kidney disease (CKD) in adult patients on dialysis. During the Settlement Class Period, Affymax common stock traded on NASDAQ Stock Exchange ("NASDAQ") under the ticker symbol "AFFY."

Lead Plaintiff alleges that, during the Settlement Class Period, Affymax's stock price was artificially inflated as a result of a series of untrue or materially misleading statements regarding the safety of OMONTYS to treat anemia in adult patients on dialysis with CKD. Lead Plaintiff further contends that Defendants made these statements knowing them to be false or misleading, or recklessly disregarding their false or misleading natures, and that investors suffered injury as a result of the alleged inflation.

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

The January 21, 2014 Order

On January 21, 2014, the Court issued an order dismissing claims related to the period of August 8, 2012 through February 11, 2013. In effect, the Court held that anyone who purchased shares during this earlier period did not have a viable claim against any of the Defendants. Accordingly, only Class Members that purchased shares between February 12, 2013 and February 22, 2013 have claims which the Court has sustained and will recover for their recognized losses associated with the misrepresentations and omissions alleged in the Complaint under this Settlement. Class Members in the earlier period will be awarded a recognized loss based on a flat rate for their right to appeal in exchange for their release of claims against the Defendants. Because there are no new facts which would support a reversal of the Order on the amended complaint and there is no apparent error in the Court's January 21, 2014 Order, an appeal from the Order was not taken.

Discovery, Investigation, and Research Conducted by Counsel

Before agreeing to the Settlement, Plaintiffs' Counsel conducted extensive investigation and research into the merits of the Action. This investigation has included consultation with experts concerning the amount of damages suffered by the Class; interviews of Confidential Witnesses who previously worked at Affymax; detailed review of Food & Drug Administration documents ("FDA"), including consultation with a FDA information expert; detailed reviews of Affymax's public filings, SEC filings, press releases, and other public statements; review of analyst reports, financial analysts, and industry analysts relating to Affymax; and research of the applicable law with respect to the claims asserted in the complaints filed in the Action, and the potential defenses thereto. Additional investigations were conducted subsequent to the issuance of the Court's January 21, 2014 Order, but no new facts were ascertained that would support reversal of the Court's Order.

Proposed Settlement

On May 8, 2014, the Parties participated in a day-long mediation presided over by the Honorable Layn R. Phillips (Ret.) a former United States District Judge. During these negotiations, the Parties discussed, among other things, the respective claims and defenses, damage analyses, legal analyses, the evidence to be offered by the Parties at trial, and other important factual and legal issues. After a full day of arms-length negotiations supervised by Judge Phillips, the Parties reached an agreement to settle the Action subject to final documentation and Court approval.

These negotiations resulted in the agreement to settle all claims of the Class against the Defendants, *i.e.*, the Stipulation, entered into on July 2, 2014. Lead Counsel believes that the claims asserted in the Action have merit and that the evidence developed to date in the Action supports the claims asserted therein. Lead Counsel assert, and believe the Class would present supporting evidence at trial establishing liability against the Defendants under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

However, Lead Counsel recognizes and acknowledges the expense and length of continued proceedings, trial, and appeals, and has taken into account the uncertain outcome and the risk of any litigation, especially complex actions such as here. Lead Counsel is also mindful of the inherent problems of proof under, as well as the defenses to, the federal securities laws violations asserted in this Action, including the defenses asserted by Defendants.

Most importantly, Lead Counsel took into account the fact, noted above, that on January 21, 2014, the Court dismissed the claims for all Affymax shareholders who purchased their shares prior to February 12, 2013. Accordingly, only Class Members who purchased shares on or after February 12, 2013 through February 22, 2013 have viable claims before the Court. With no new allegations or facts to support the earlier period that was dismissed by the Court, Lead Counsel endeavored to maximize the return to the Class Members whose claims survived the Court's order of dismissal while recognizing that Class Members with dismissed claims had a right of appeal.

In light of the foregoing, Lead Counsel believes that the Settlement set forth in the Stipulation confers a meaningful benefit upon the Class. Based on Lead Counsel's evaluation, Lead Counsel has determined that the Settlement is in the best interests of the Class.

The Release

In return for the payment of the Settlement Fund, upon the Effective Date, Class Members who do not file for exclusion from the Class will fully, finally and forever release, discharge and relinquish all Released Plaintiffs' Claims against Released Persons, without costs to any party except as provided herein, upon the Effective Date. Lead Plaintiff and all Class Members, whether or not any such Person submits a Proof of Claim and Release or shares in the Net Settlement Fund, on behalf of themselves and each of their predecessors, successors, parents, subsidiaries, affiliates, custodians, agents, assigns, representatives, heirs, executors, trustees and administrators, will be deemed by this Settlement on the Effective date to fully, finally, and forever release, discharge, and relinquish the Released Persons from any and all of the Released Plaintiffs' Claims.

On the Effective Date, all Class Members and anyone claiming through or on behalf of any of them, will be forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting the Released Plaintiffs' Claims against any of the Released Persons.

III. PROPOSED PLAN OF ALLOCATION

The \$6,500,000 settlement amount and any interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund less taxes, approved costs, fees and expenses (the “Net Settlement Fund”) shall be distributed to members of the Class who submit valid Proofs of Claim (“Authorized Claimants”).

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s “Recognized Loss.” The Recognized Loss formula is not intended to be an estimate of the amount of what a Class Member lost or might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately allocated to Authorized Claimants.

The Plan of Allocation has taken into consideration the Limitation on Damages provision of the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(e), and the Court’s Order dated January 21, 2014, as well as the principles of economic loss articulated by the Supreme Court in *Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 336 (2005). For purposes of this Settlement, the Recognized Loss shall be calculated as follows:

1. For shares purchased between August 8, 2012 and February 11, 2013, and held through February 22, 2013, the Recognized Loss is \$0.05 per share.
2. For shares purchased between August 8, 2012 and February 11, 2013, and sold on or before February 22, 2013, the recognized is the lesser of (i) the difference between the purchase price and sales price; or (ii) \$0.05 per share.
3. For shares purchased between February 12, 2013 and February 13, 2013 and held through February 22, 2013, the Recognized Loss is \$13.62 per share.
4. For shares purchased between February 12, 2013 and February 13, 2013, and sold on or before February 22, 2013, the Recognized Loss is the lesser of (i) the difference between the purchase price and the sales price; or (ii) \$0.92 per share.
5. For shares purchased between February 14, 2013 and February 22, 2013, and held through February 22, 2013, the Recognized Loss is \$12.70 per share.
6. For shares purchased between February 14, 2013 and February 22, 2013, and sold on or before February 22, 2013, the Recognized Loss is the lesser of (i) the difference between the purchase price and the sales price; or (ii) \$12.70 per share.
7. No claim will be recognized for Affymax common stock purchased on or after February 23, 2014.

General Provisions:

1. There shall be no Recognized Loss attributed to any Affymax securities other than common stock.
2. The date of a purchase or sale of Affymax common stock is the “trade” date, and not the “settlement” date.
3. The first-in, first-out basis (“FIFO”) will be applied to both purchases and sales.
4. The date of covering a “short sale” is deemed to be the date of purchase of Affymax common stock; and the date of a “short sale” is deemed to be the date of sale of Affymax common stock. Shares originally sold short will have a Recognized Loss of zero.
5. No cash payment will be made on a claim where the potential distribution amount is less than \$10.00. Please be advised that if you did not incur a Recognized Loss as defined in the Plan of Allocation you will not receive a cash distribution from the Net Settlement Fund, but you will be bound by all determinations and judgments of the Court in connection with the Settlement, including being barred from asserting any of the Released Claims against the Released Parties.
6. The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.
7. No person shall have any claim against Plaintiffs’ Counsel, the Claims Administrator or other agent designated by Plaintiffs’ Counsel, or any Defendant or any Defendant’s counsel based on the distribution made substantially in accordance with the Stipulation and this Plan of Allocation, or further orders of the Court.
8. Class Members who do not submit valid Proofs of Claim will not share in the settlement proceeds. Class Members who do not either submit a request for exclusion or submit a valid Proof of Claim will nevertheless be bound by the Settlement and the Order and Final Judgment of the Court dismissing this Action.

IV. REQUESTING EXCLUSION FROM THE CLASS

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

Each member of the Class shall be bound by all determinations and judgments of the Court in connection with the Settlement, whether favorable or unfavorable, unless such Class Member shall mail, by first class mail, sufficient postage prepaid, a written request for exclusion from the Class, **postmarked no later than November 26, 2014**, addressed to the Claims Administrator at:

Bartelt v. Affymax, Inc., et al. Claims Administrator
c/o KCC Class Action Services
EXCLUSIONS
P.O. Box 43270
Providence, RI 02940-3270

Such request for exclusion shall be in a form that sufficiently identifies (1) the name and address of the person(s) or entity seeking exclusion, and (2) a list of all transaction(s) involving Affymax common stock during the period August 8, 2012 through February 22, 2013, including the number of shares, principal amount and trade date of each purchase and sale. A request for exclusion shall not be effective unless submitted within the time and in the form and manner provided for herein. **You cannot exclude yourself by telephone, email or fax.**

If a person or entity who is a member of the Class duly requests to be excluded from the Class, such person or entity will not be bound by any orders or judgments entered in respect of the Settlement and shall not be entitled to receive any benefits provided by the Settlement in the event it is finally approved by the Court, nor object to the Settlement.

If a judgment approving the Settlement provided for in the Stipulation is finally entered, all members of the Class who have not requested exclusion shall conclusively be deemed to have released and shall thereafter be barred from asserting any of the Released Claims against the Released Parties.

V. STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT

If the proposed Settlement is approved, Lead Counsel intends to apply to the Court for an award of attorneys' fees and reimbursement of expenses from the Settlement Fund. Lead Counsel will seek no more than 25 percent of the Settlement Fund as fees, plus an additional amount not to exceed \$ 75,000 as reimbursement for the expenses and costs actually incurred, in prosecuting the Action. Lead Counsel believes its intended fee request to be fair and reasonable. Lead Counsel has litigated this case on a wholly contingent basis and has received no compensation during the period the case has been pending. Lead Counsel expended considerable time and expense during the Action. Had the case not been successful, Lead Counsel would have sustained a considerable financial loss.

In addition, Lead Counsel intends to apply to the Court on behalf of the Court-appointed Lead Plaintiff for reimbursement of their reasonable time, costs and expenses, directly relating to his representation of the Class. Lead Counsel will seek no more than \$5,000 for Lead Plaintiff.

VI. THE RIGHT TO BE HEARD AT THE FINAL SETTLEMENT HEARING

The Final Settlement Hearing shall be held before Honorable William H. Orrick on **December 10, 2014, at 2:00 P.M.**, in Courtroom 2, 17th floor of the United States District Court for the Northern District of California, San Francisco Courthouse, 450 Golden Gate Avenue, San Francisco, California 94102, to determine, among other things, whether: (1) the settlement of the Class's claims against Affymax for \$6,500,000, should be approved as fair, reasonable and adequate; (2) the proposed Plan of Allocation is fair and reasonable, and adequate, and should be approved; (3) the application of Lead Counsel for an award of attorneys' fees and expenses should be approved; (4) the Lead Plaintiffs should be granted a compensatory award; and (5) the Action should be dismissed with prejudice as set forth in the Stipulation filed with the Court.

The Final Settlement Hearing may be adjourned or continued from time to time by the Court without further notice to the Class other than an announcement at such Final Settlement Hearing or at any adjournment or continuance thereof.

Any member of the Class who does not timely and validly request exclusion from the Class and who objects to the Settlement, the adequacy of the representation provided by Lead Plaintiffs and Class Counsel, the proposed Plan of Allocation of the Net Settlement Fund, the Final Order and Judgment contemplated by the Stipulation, the application for attorneys' fees and reimbursement of expenses, and/or the application for the reimbursement of the

reasonable costs and expenses of the Lead Plaintiff, or who otherwise wishes to be heard with respect to any of the foregoing, may appear in person or by attorney at the Final Settlement Hearing, at their own expense, and present any evidence or argument that may be proper and relevant.

Please note, that with regards to the Settlement, you can ask the Court to deny approval of the Settlement by filing an objection. You can't ask the Court to order a larger settlement; the Court can only approve or deny the Settlement. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. If that is what you want to happen, you must object.

You may object to the proposed Settlement or the other matters referred to above in writing. You may also appear at the Final Settlement Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. All written objections and supporting papers should (a) clearly identify the case name and number (*Bartelt v. Affymax, Inc. et al.*, Case Number 3:13 CV 01025 (WHO)), (b) be submitted to the Court either by mailing them to the Class Action Clerk, United States District Court for the Northern District of California, 450 Golden Gate Avenue, Box 36060, San Francisco, CA 94102-3489, or by filing them in person at any location of the United States District Court for the Northern District of California, (c) be filed or postmarked on or before **November 26, 2014**; (d) provide: (i) a notice of the person's intention to appear, including the name and address of the person or entity seeking to appear, (ii) a statement of such person's objections to any matter before the Court, (iii) the grounds for such objections or the reason for such person's request to appear and to be heard, and (iv) a list of all transaction(s) involving Affymax common stock during the period August 8, 2012 through February 22, 2013, including the number of shares, principal amount and trade date of each purchase and sale, as well as all other documents and writings which such person desires the Court to consider.

Any person or entity who fails to object in the manner prescribed in the paragraph immediately above may be deemed to have waived any objections that person may have and may be barred from raising such objections in this or any other action or proceeding.

Objections directed solely to the proposed Plan of Allocation, attorneys' fees and expenses, or awards to the Lead Plaintiff will not affect the finality of either the Settlement or the Judgment to be entered thereto, if the Settlement is approved by the Court.

All members of the Class who do not request exclusion therefrom, in the manner provided herein, will be represented by Lead Counsel in connection with the Settlement, but may, if they so desire, also enter an appearance through counsel of their own choice and at their own expense.

VII. PROOF OF CLAIM AND RELEASE FORM

To be eligible to receive a cash distribution from the Settlement Fund, you must timely complete, sign and file a Proof of Claim and Release Form ("Proof of Claim"). A Proof of Claim is annexed to this Notice. You may receive more than one copy of this Notice and the Proof of Claim, but you should **submit only one Proof of Claim per legal entity for which you purchased Affymax common stock during the Class Period.**

The Proof of Claim (1) **must** be completed in accordance with the Instructions on the Proof of Claim, (2) **must** enclose all documentation required by the Instructions, and (3) **must** be filed with the Claims Administrator **postmarked on or before December 27, 2014** at the following address:

Bartelt v. Affymax, Inc., et al. Claims Administrator
c/o KCC Class Action Services
P.O. Box 43270
Providence, RI 02940-3270

Members of the Class who do not exclude themselves from the Class and who fail to submit a valid and timely Proof of Claim will nevertheless be bound by the Settlement if finally approved, and all orders and judgments entered by the Court in connection therewith.

By Order of the Court, the Proof of Claim provides for and requires a Release of all Released Claims as defined in Section II, Subsection F, of the Stipulation of Settlement, by all members of the Class who file Proofs of Claim. The Release will become effective on the Effective Date of the Settlement.

Each person or entity submitting a Proof of Claim thereby submits to the jurisdiction of the Court for purposes of the Litigation, the Settlement and any proceedings relating to such Proof of Claim, and agrees that such a filed

Proof of Claim will be subject to review and further inquiry as to such person's or entity's status as a member of the Class and the allowable amount of the claim.

The Claims Administrator will acknowledge the receipt of your Proof of Claim by postcard within 60 days of receipt. If you do not receive such acknowledgment within 60 days, please contact the Claims Administrator. **Your claim is not deemed filed unless a postcard is received.**

VIII. SPECIAL NOTICE TO BROKERS AND OTHER NOMINEES

Brokerage firms, banks, financial institutions and other nominees ("Nominees") who, during the Class Period, purchased or sold Affymax common stock, CUSIP #00826A109 in the name of the Nominees on behalf of beneficial owners of such securities who may be members of the Class, are requested to provide the Claims Administrator with the name and last known address of each such person or entity for whom the Nominee executed such transactions, **preferably in an MS Excel data table setting forth: (1) title/registration, (2) street address, (3) city/state/zip.** The Claims Administrator will then cause the Notice and the Proof of Claim to be mailed promptly to said beneficial owners. Alternatively, Nominees may request additional copies of this Notice and the Proof of Claim from the Claims Administrator, in which case the Nominees are required to promptly mail the Notice and the Proof of Claim directly to the persons for whom the transactions were made and provide the Claims Administrator with written confirmation of having done so. For either alternative, contact the Claims Administrator by phone at 1-866-247-7259 or by email: Nominees@AffymaxShareholderSettlement.com.

After receipt of a timely request for reimbursement and supporting documentation, the Claims Administrator will reimburse the Nominee for all costs reasonably incurred in gathering and forwarding the names and addresses of beneficial owners to the Claims Administrator, or forwarding the Notice and the Proof of Claim to beneficial owners, as the case may be.

IX. FURTHER INFORMATION

This Notice merely provides a brief summary of the litigation and the proposed Settlement and is qualified by and subject in all respects to the full terms and conditions in the Stipulation. For a more detailed statement of the matters involved in the litigation, you should refer to the pleadings, the Stipulation, and the orders entered by the Court and to the other papers filed in the litigation. For the precise terms and conditions of the Settlement, please see the Stipulation of Settlement available at www.AffymaxShareholderSettlement.com, by contacting Class Counsel at Pomerantz LLP, 10 S. LaSalle Street, Suite 3505, Chicago, Illinois 60603, by accessing the Court docket in this case through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the Court for the United States District Court for the Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102-3489, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

If you have any questions regarding the information contained in this Notice, you may contact Plaintiffs' Counsel **in writing** at the addresses specified on page 2 of this Notice.

You may also visit the settlement website at www.AffymaxShareholderSettlement.com to find the Stipulation and/or download copies of the Notice and Proof of Claim. In addition, you may request additional copies of the Notice and Proof of Claim by contacting the Claims Administrator at:

Bartelt v. Affymax, Inc., et al. Claims Administrator
c/o KCC Class Action Services
P.O. Box 43270
Providence, RI 02940-3270
www.AffymaxShareholderSettlement.com

PLEASE DO NOT TELEPHONE THE COURT, THE COURT CLERK'S OFFICE, DEFENDANTS OR DEFENDANTS' COUNSEL TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS

Dated: September 10, 2014

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA