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SUPERIOR COURT OF THE STATE OF CALIFORNIA

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COUNTY OF SANTA CLARA

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IN RE HANSEN MEDICAL, INC.  
11 SHAREHOLDER DERIVATIVE  
LITIGATION

) Lead Case No. 1:09-CV-157170

11

) (Consolidated with Case No. 1:09-CV-157592)

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This Document Relates To:

) NOTICE OF PENDENCY AND PROPOSED  
) SETTLEMENT OF SHAREHOLDER  
) DERIVATIVE ACTIONS

13

ALL ACTIONS

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) Judge: James P. Kleinberg

) Dept: 1

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) Date Action Filed: November 12, 2009

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1 **TO: ALL OWNERS OF HANSEN MEDICAL, INC. ("HANSEN") COMMON STOCK**  
2 **AS OF DECEMBER 21, 2011:**

3 **THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED SETTLEMENT OF**  
4 **SHAREHOLDER DERIVATIVE LITIGATION. PLEASE READ THIS NOTICE**  
5 **CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A HANSEN SHAREHOLDER,**  
6 **THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS.**

7 **YOU ARE HEREBY NOTIFIED**, pursuant to an Order of the Superior Court of the State  
8 of California, County of Santa Clara (the "Court"), that the parties to the above captioned action  
9 (the "State Action"), as well as the parties to an action filed in the U.S. District Court for the  
10 Northern District of California under the caption *Brown v. Moll*, Case No. 09-CV-5881 and  
11 currently pending on appeal in the U.S. Court of Appeals for the Ninth Circuit under the caption  
12 *Brown v. Moll*, Case No. 10-17811 (the "Federal Action" and collectively with the State Action,  
13 the "Actions"), have reached an agreement to settle the shareholder derivative claims brought on  
14 behalf and for the benefit of Hansen Medical, Inc. ("Hansen" or the "Company").

15 As explained below, the Court will hold a Settlement Hearing on April 6, 2012 at 9:00  
16 a.m., before the Honorable James P. Kleinberg, in the Superior Court of California, County of  
17 Santa Clara, 191 North First Street, San Jose, California 95113, to determine whether to approve  
18 the Settlement. You have an opportunity to be heard at this hearing.

19 The terms of the Settlement are set forth in a Stipulation of Settlement dated December 21,  
20 2011, (the "Stipulation"). The Settlement provides for corporate governance measures that are  
21 designed to strengthen the Company's internal controls and protect the Company going forward. If  
22 approved by the Court, the Settlement will fully resolve the Actions on the terms set forth in the  
23 Stipulation and summarized in this notice, including the dismissal of the Actions with prejudice.  
24 For a more detailed statement of the matters involved in the Actions, the Settlement, and the terms  
25 discussed in this notice, the Stipulation may be inspected at the Clerk of Court's office at the Santa  
26 Clara Superior Courthouse, 191 North First Street, San Jose, California 95113. The Stipulation is  
27 also available for viewing on the websites of Robbins Umeda LLP at  
28 <http://www.robbinsumeda.com/notices.html> and Hansen at  
<http://www.hansenmedical.com/eu/global/investor-relations/corporate-profile.html>.

1 This notice is not intended to be an expression of any opinion by the Court with respect to the  
2 merits of the claims made in the Actions, but is merely to advise you of the pendency and Settlement  
3 of the Actions.

4 **There is no claims procedure.** This case was brought to protect the interests of Hansen and  
5 its shareholders. The Settlement will result in changes to the Company's corporate governance, not in  
6 payment to individuals, and accordingly, there will be no claims procedure.

7 **I. THE DERIVATIVE ACTIONS**

8 According to its public filings, Hansen is a Delaware corporation that develops,  
9 manufactures, and sells medical robotics for accurate positioning, manipulation, and stable control  
10 of catheters and catheter-based technologies. On October 19, 2009, Hansen disclosed that it was  
11 restating its fiscal 2008 through second quarter 2009 financial results to correct improper revenue  
12 recognition in connection with sales of its principal product, the Sensei Robotic Catheter System.  
13 Hansen also disclosed that a whistleblower report, regarding accounting irregularities, triggered  
14 the discovery of the improper revenue recognition.

15 The Actions are brought by Plaintiffs solely on behalf of and for the benefit of Hansen and  
16 against the Individual Defendants. Plaintiffs generally allege, among other things, that the  
17 Individual Defendants breached their fiduciary duties of due care, loyalty, and good faith to the  
18 Company in connection with the accounting irregularities and improper revenue recognition.

19 **II. TERMS OF THE SETTLEMENT**

20 The terms and conditions of the proposed Settlement are set forth in the Stipulation  
21 described above. The Stipulation has been filed with the Court and is also available for viewing on  
22 the websites of Robbins Umeda LLP at <http://www.robbinsumeda.com/notices.html> and Hansen  
23 at <http://www.hansenmedical.com/eu/global/investor-relations/corporate-profile.html>. The  
24 following is only a summary of its terms.

25 In consideration for the Settlement, Hansen has agreed to adopt significant corporate  
26 governance measures designed to strengthen the Company's internal controls. Hansen and the  
27 Individual Defendants acknowledge and agree that the filing, prosecution, and Settlement of the  
28 Actions were a substantial material factor behind the Company's decision to implement these

1 corporate governance measures. Hansen and the Individual Defendants further acknowledge and  
2 agree that the corporate governance measures are significant and extensive and confer substantial  
3 benefits upon Hansen and its shareholders by, among other things, helping to prevent a recurrence  
4 of the wrongdoing alleged in the Actions.

5 For example, the corporate governance measures set forth policies and procedures that are  
6 designed to strengthen, among other things, the Company's accounting policies and procedures  
7 relating to revenue recognition and the internal audit function. In particular, the reforms require  
8 that Hansen's Audit Committee retain an independent firm to assist the Company in the review and  
9 assessment of the Company's internal control structure. The Audit Committee will be required to  
10 meet with the independent firm on an annual basis to review the Company's internal control  
11 structure and must review all quarterly earnings releases prior to issuance. In addition, Hansen has  
12 replaced PricewaterhouseCoopers, LLP, with Deloitte & Touche LLP, and the Audit Committee  
13 shall formally consider, on the seventh year following the retention of Deloitte & Touche or the  
14 assignment of a new audit partner, and every three years thereafter, whether the Company should  
15 retain a new outside audit firm or seek assignment of a new audit partner.

16 In addition to strengthening Hansen's accounting policies and procedures, the corporate  
17 governance measures are also designed to strengthen the independence of the Board of Directors  
18 (the "Board"). For example, the Company will implement policies requiring that at least  
19 two-thirds of the members of the Board be independent directors and the independent directors  
20 meet in executive session at least three times annually. Additionally, once the current Chairman  
21 steps down, the position of Chairman (or Lead Independent Director) shall be held by an  
22 independent director.

23 The reforms also require that the Company adopt certain policies designed to ensure that  
24 Hansen's directors stay abreast of developments in legal standards related to corporate governance,  
25 accounting policies, and industry specific issues.

26 Hansen has agreed to adopt the corporate governance measures within thirty days after  
27 dismissal of the Actions with prejudice and to maintain such reforms for a period of not less than  
28 five years from the date the respective corporate governance measures are adopted.

1 This Notice provides a summary of some, but not all, of the corporate governance  
2 measures that Hansen has agreed to adopt as consideration for the Settlement. For a list of all of  
3 the corporate governance measures, please see the Stipulation, which may be inspected during  
4 business hours at the office of the Clerk of the Court and/or viewed on the websites of Robbins  
5 Umeda LLP at <http://www.robbinsumeda.com/notices.html> and Hansen at  
6 <http://www.hansenmedical.com/eu/global/investor-relations/corporate-profile.html>.

7 **III. DISMISSAL AND RELEASES**

8 The Settlement is conditioned, among other things, upon: (i) entry of an order by the Court  
9 approving the Settlement and dismissing the State Action with prejudice; and (ii) dismissal of the  
10 Federal Action with prejudice. The Settlement will not become effective until such dismissals  
11 have been entered and have become final and non-appealable (the "Effective Date").

12 Upon the Effective Date, Hansen, Plaintiffs, and Current Hansen Shareholders shall be  
13 deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled  
14 released, discharged, extinguished, and dismissed with prejudice any and all claims, debts,  
15 demands, rights, accountings, matters, issues, suits, causes of action or liabilities, of every nature  
16 and description whatsoever, whether based on federal, state, local, statutory, or common law or  
17 any other law, rule, or regulation (whether foreign or domestic), including both known claims and  
18 Unknown Claims, accrued claims and not accrued claims, foreseen claims and unforeseen claims,  
19 matured claims and not matured claims, to the date of the entry of the Judgment that have been or  
20 could have been asserted in any forum or in the action by Plaintiffs, any Current Hansen  
21 Shareholders derivatively on behalf of Hansen, or by Hansen, against Hansen, each of the  
22 Individual Defendants and each of the Individual Defendants' past or present legal representatives,  
23 heirs, assigns, agents, employees, attorneys, advisors, investment advisors, auditors, accountants,  
24 and any firm, trust, corporation, or other Person or entity in which any Individual Defendant has a  
25 controlling interest (the "Released Persons") which arise out of or relate to: (i) the allegations,  
26 transactions, facts, disclosures, acts, matters or occurrences, statements, representations or  
27 omissions, or failures to act that were alleged in the Actions or the Cates Demand, or closely  
28 related thereto; or (ii) any claims in connection with, based upon, arising out of, or relating to the

1 Settlement, except for any claims to enforce the Settlement. Notwithstanding the foregoing,  
2 nothing set forth herein shall constitute a release by Hansen of any claims Hansen may have (i)  
3 against any insurer, co-insurer or reinsurer, or (ii) against any Individual Defendant for (a)  
4 recovery of indemnification and advancement amounts paid by Hansen, or (b) contribution or  
5 indemnity. However, Hansen agrees that it will not seek indemnity or contribution from any  
6 Individual Defendant for any portion of the Fee Amount payment described in paragraph 5.1  
7 below or any portion of the attorneys' fees or other litigation expenses it has incurred in connection  
8 with the Actions or the Cates Demand (the "Released Claims").

9 Further, upon the Effective Date, each of the Released Persons shall be deemed to have,  
10 and by operation of the Judgment shall have, fully, finally, and forever settled released,  
11 extinguished, and dismissed with prejudice any and all claims, debts, rights, or causes of action or  
12 liabilities, including Unknown Claims, that could be asserted in any forum by the Released  
13 Persons or their successors and assigns or their subrogates, against Plaintiffs, Plaintiffs' Counsel,  
14 or Hansen, that arise out of or relate in any way to the institution, prosecution, or settlement of the  
15 Actions (except for any claims to enforce the Settlement).

16 **IV. PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT**

17 Plaintiffs believe the Actions have substantial merit. Nonetheless, Plaintiffs and Plaintiffs'  
18 Counsel recognize and acknowledge the significant risk, expense, and length of continued  
19 proceedings necessary to prosecute the Actions against the Individual Defendants through trial and  
20 through possible appeals. Plaintiffs' Counsel also have taken into account the uncertain outcome  
21 and the risk of any litigation, especially in complex cases such as the Actions, as well as the  
22 difficulties and delays inherent in such litigation. Plaintiffs' Counsel also are mindful of the  
23 inherent problems of proof and possible defenses to the claims alleged in such actions. Plaintiffs'  
24 Counsel have conducted a thorough review and analysis of the relevant facts, allegations,  
25 defenses, and controlling legal principles, and believe that the Settlement set forth in the  
26 Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Hansen and its  
27 shareholders. Based upon Plaintiffs' Counsel's evaluation, Plaintiffs have determined that the  
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1 Settlement is in the best interests of Hansen and have agreed to settle the Actions upon the terms  
2 and subject to the conditions set forth in the Stipulation.

3 **V. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

4 Defendants have denied and continue to deny each and all of the claims and contentions  
5 alleged by Plaintiffs in the Actions. The Individual Defendants expressly have denied and  
6 continue to deny all charges of wrongdoing or liability against them arising out of any of the  
7 conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Actions.

8 Nonetheless, Defendants have concluded that further litigation of the Actions would be  
9 protracted and expensive, and that it is desirable that the Actions be fully and finally settled in the  
10 manner and upon the terms and conditions set forth in the Stipulation. Defendants also have taken  
11 into account the uncertainty and risks inherent in any litigation, especially in complex cases like  
12 the Actions. Defendants have, therefore, determined that it is desirable and beneficial to them and  
13 to Hansen that the Actions be settled in the manner and upon the terms and conditions set forth in  
14 the Stipulation. Further, Defendants believe that the Settlement set forth in the Stipulation confers  
15 substantial benefits upon Hansen and its shareholders and is in the best interests of Hansen and its  
16 shareholders.

17 **VI. PLAINTIFFS' ATTORNEYS' FEES AND EXPENSES**

18 After negotiating the substantive terms of the Settlement, and in recognition of the  
19 substantial benefits conferred on Hansen through the Settlement, the Settling Parties reached an  
20 agreement as to a fair and reasonable sum to be paid for Plaintiffs' attorneys' fees and expenses.  
21 The Individual Defendants' insurer shall pay to Plaintiffs' Counsel the agreed-to amount of  
22 \$300,000 for attorneys' fees and expenses (the "Fee Amount"). Plaintiffs' Counsel shall request  
23 approval by the Court of the Fee Amount at the Settlement Hearing. To date, Plaintiffs' Counsel  
24 have neither received any payment for their services in conducting the Actions, nor have Plaintiffs'  
25 Counsel been reimbursed for their out-of-pocket litigation expenses incurred. Plaintiffs' Counsel  
26 believe that the Fee Amount is within the range of fees and expenses approved by courts under  
27 similar circumstances in litigation of this type.

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1 **VII. THE SETTLEMENT HEARING AND YOUR RIGHT TO BE HEARD**

2 The Settlement Hearing will be held on April 6, 2012 at 9:00 a.m. before the Honorable  
3 James P. Kleinberg in the Superior Court of California, County of Santa Clara, 191 North First  
4 Street, San Jose, California 95113. The Settlement Hearing may be continued by the Court at the  
5 Settlement Hearing, or at any adjourned session thereof without further notice.

6 At the Settlement Hearing, the Court will consider whether to grant final approval to the  
7 Settlement and the Fee Amount. You have the right, but are not required to appear in person or  
8 through counsel at the Settlement Hearing to object to the terms of the proposed Settlement or  
9 otherwise present evidence or argument that may be proper and relevant. However, you shall not  
10 be heard, and no papers, briefs, or other documents by you shall be received and considered by the  
11 Court (unless the Court in its discretion shall thereafter otherwise direct, upon application of such  
12 person and for good cause shown), unless not later than fourteen calendar days prior to the  
13 Settlement Hearing, you file with the Court:

14 (i) a written notice of objection with your name, address, and telephone number, along  
15 with a representation as to whether you intend to appear at the Settlement Hearing;

16 (ii) competent evidence that you held shares of Hansen common stock as of December  
17 21, 2011, and that you continue to hold shares of Hansen common stock as of the date of the  
18 Settlement Hearing;

19 (iii) a statement of your objections to any matters before the Court, the grounds therefor  
20 or the reasons for your desiring to appear and be heard, as well as all documents or writings you  
21 desire the Court to consider; and

22 (iv) the identities of any witnesses you plan on calling at the Settlement Hearing, along  
23 with a summary description of their likely testimony.

24 In addition, on or before the date of such filing, *you must also serve the same documents*  
25 *via first class mail or overnight delivery upon each of the following:*

26 ***The Court:***

27 Clerk of the Court  
28 Superior Court of California  
County of Santa Clara

***Lead Counsel for Plaintiffs:***

ROBBINS UMEDA LLP  
Attn: Kevin A. Seely, Esq.  
600 B Street, Suite 1900

1 191 North First Street  
San Jose, CA 95113

San Diego, CA 92101

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3 ***Counsel for Defendants:***

4 BINGHAM McCUTCHEN LLP  
5 Attn: John D. Pernick, Esq.  
Three Embarcadero Center  
San Francisco, CA 94111

6 Unless the Court otherwise directs, you shall not be entitled to object to the approval of the  
7 Settlement, to the Fee Amount, or to otherwise be heard, except by serving and filing a written  
8 objection and supporting papers and documents as prescribed above. ***If you fail to object in the***  
9 ***manner and within the time prescribed above you shall be deemed to have waived your right to***  
10 ***object (including the right to appeal) and shall forever be barred, in this proceeding or in any***  
11 ***other proceeding, from raising such objection(s).***

12 **VIII. CONDITIONS FOR SETTLEMENT**

13 The Settlement is conditioned upon the occurrence of certain events described in the  
14 Stipulation, which requires, among other things: (i) approval of the Settlement; (ii) dismissal of the  
15 Actions with prejudice; and (iii) expiration of the time to appeal from, or alter or amend, the  
16 Judgment. If, for any reason, any one of the conditions described in the Stipulation is not met and  
17 the entry of the Judgment does not occur, the Stipulation might be terminated and, if terminated,  
18 will become null and void; and the parties to the Stipulation will be restored to their respective  
19 positions as of the execution date of the Stipulation.

20 **IX. EXAMINATION OF PAPERS AND INQUIRIES**

21 There is additional information concerning the Settlement available in the Stipulation of  
22 Settlement, which may be inspected during business hours at the office of the Clerk of the Court  
23 and/or viewed on viewed on the websites of Robbins Umeda LLP at  
24 <http://www.robbinsumeda.com/notices.html> and Hansen at  
25 <http://www.hansenmedical.com/eu/global/investor-relations/corporate-profile.html>.

26 For more information concerning the Settlement, you may also call or write to: Robbins  
27 Umeda LLP, c/o Lauren Levi, Client Relations, 600 B Street, Suite 1900, San Diego, CA 92101,  
28 Telephone: (619) 525-3990.

**PLEASE DO NOT TELEPHONE THE COURT OR HANSEN  
REGARDING THIS NOTICE.**

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