

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

JOSH CRYSTAL, Individually And On
Behalf Of All Others Similarly Situated,

Plaintiff,

v.

MEDBOX, INC., PEJMAN VINCENT
MEHDIZADEH, BRUCE BEDRICK,
THOMAS IWANSKI, GUY
MARSALA, and DOUGLAS
MITCHELL,

Defendants.

Case No.: 2:15-CV-00426-BRO (JEMx)

CLASS ACTION

Notice of Proposed Class Action Settlement

A Federal Court Authorized This Notice.

This Is Not A Solicitation From A Lawyer.

If you purchased or otherwise acquired shares of Medbox, Inc. common stock between April 2, 2013 and December 29, 2014, inclusive, and incurred damages and are not otherwise excluded from the Class (see Question 6 below), you could receive a payment from a class action settlement.¹

NOTICE OF PENDENCY OF CLASS ACTION. Please be advised that your rights may be affected by a putative class action lawsuit pending in this Court (the “Class Action”) if you purchased or otherwise acquired shares of Medbox, Inc. common stock between April 2, 2013 and December 29, 2014, inclusive.

NOTICE OF SETTLEMENT. Please also be advised that the Court-appointed Lead Plaintiffs, Peter Phan and Paul Poon, on behalf of themselves and the Class (defined below), have reached a settlement of the Class Action with Defendants Medbox, Inc. (“Medbox” or the “Company”), Pejman Vincent Mehdizadeh, Bruce Bedrick, Thomas Iwanski, Guy Marsala, C. Douglas Mitchell, J. Mitchell Lowe, Ned Siegel, Timothy Quintanilla, and Q Accountancy Corporation for total consideration of One Million Eight Hundred Fifty Thousand United States Dollars (USD \$1,850,000.00) in cash and Two Million Three Hundred Thousand (2,300,000) shares of Medbox common stock, that will resolve all claims in the Class Action (the “Settlement”).

This Notice explains important rights you may have, including possible receipt of compensation from the Settlement. Your legal rights are affected whether or not you act. Please read this Notice carefully.

SUMMARY OF KEY PROVISIONS AND REASONS FOR SETTLEMENT

Security and Time Period: Medbox common stock (stock symbol: MDBX) purchased or otherwise acquired between April 2, 2013 and December 29, 2014, inclusive (the “Class Period”). Excluded from the Class are: (1) Defendants and their families, the officers and directors of the Company, at all relevant times, members of their families and their legal representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a controlling interest; (2) any Persons who have separately filed actions against one or more of Defendants, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Class Action or otherwise alleged, asserted, or contended in the Class Action; and (3) those persons or entities who submit valid and timely requests for exclusion pursuant to this Notice.

Settlement Fund: USD \$1,850,000.00 (One Million Eight Hundred Fifty Thousand United States Dollars) in cash and 2,300,000 (Two Million Three Hundred Thousand) shares of Medbox common stock. Your recovery will depend on the number of shares of Medbox common stock you, and other Class Members who file claims, purchased and sold and the prices at which you, and the other Class Members who file claims, purchased and sold those shares. Based on the information currently available to Lead Plaintiffs and the analysis performed by their damages expert, it is estimated that if Class Members submit claims for 100% of the shares eligible for distribution under the Plan of Distribution (described below), the estimated average value of the distribution per share of common

¹ This Notice incorporates by reference the definitions in the Stipulation and Agreement of Settlement dated as of December 17, 2015 (“Settlement Agreement”), and all capitalized terms used, but not defined herein, shall have the same meanings as in the Settlement Agreement. The Settlement Agreement can be obtained at www.strategicclaims.net.

stock will be \$0.21 per share, before deduction of Court-approved fees and expenses, including the cost of notifying Class Members and settlement administration and any attorneys' fees and expenses awarded by the Court to counsel for Lead Plaintiffs, based on a valuation of the stock component of the Settlement at \$0.014 per share, the closing price of Medbox common stock on December 17, 2015. The Plan of Distribution is included in this Notice and may be modified by the Court without further notice. Historically, actual claims rates are less than 100%, which result in higher distributions per share. A Class Member's actual recovery will be a proportion of the Net Settlement Fund (the Settlement Fund less Taxes and Tax Expenses, Notice and Administration Expenses, and attorneys' fees and expenses awarded to Lead Counsel) determined by that claimant's recognized claim as compared to the total recognized claims of all Class Members who submit valid Proof of Claim and Release forms.

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery.

Lead Plaintiffs believe that the claims asserted in the Class Action have merit and that the facts developed to date support the claims asserted. Nevertheless, Lead Plaintiffs recognize and acknowledge the uncertain outcome and the risk of any litigation, especially in complex actions such as the Class Action, as well as the difficulties and delays inherent in such litigation. Lead Plaintiffs and their counsel believe that the Settlement provides the Class with a substantial benefit now in lieu of engaging in further litigation, with the risk of no recovery.

Defendants have denied, and continue to deny, all charges of wrongdoing or liability against them arising out of any of the claims alleged in the Class Action. Nonetheless, Defendants have concluded that further conduct of the Class Action would be uncertain, protracted, and expensive, and that it is desirable that the Class Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Settlement Agreement. Defendants also have taken into account risks inherent in any litigation, especially in complex cases like the Class Action.

If the Case Had Not Settled: Continuing with the case could have resulted in dismissal at the pleadings stage, no class being certified, or dismissal on the merits at summary judgment, trial or on appeal. The two sides vigorously disagree on both liability and the amount of money that could have been won if Lead Plaintiffs prevailed at trial. The Settling Parties disagree about, among other things: (1) whether there was any wrongdoing on the part of Defendants; (2) whether Defendants made any material, false, misleading, or otherwise actionable statements under the federal securities laws; (3) whether class certification is appropriate; (4) whether the price of Medbox common stock was artificially inflated during the Class Period and the amount of any such alleged inflation; (5) the extent that various facts alleged by Lead Plaintiffs influenced the trading price of Medbox common stock during the Class Period; and (6) the method for determining whether, and the extent to which, purchasers of Medbox common stock suffered injury and damages that could be recovered at trial.

Attorneys' Fees and Expenses: Lead Counsel have not received any payment for their work or expenses incurred in investigating the facts, prosecuting this Class Action, and negotiating the Settlement on behalf of Lead Plaintiffs and the Class. Lead Counsel will ask the Court for attorneys' fees not to exceed 30% of the Settlement Fund and expenses not to exceed \$100,000 to be paid from the Settlement Fund.

If the above amounts are requested and approved by the Court, then the average cost per share of common stock will be approximately \$0.07 per share, making the estimated recovery per share after fees and expenses approximately \$0.14.

Dismissal and Releases: If the proposed Settlement is approved, the Court will enter a Final Judgment and Order of Dismissal with Prejudice (the "Judgment"). The Judgment will dismiss the Released Claims with prejudice as to the Released Persons, which include Defendants, Lead Plaintiffs, and their respective related parties (including, but not limited to, their parents, subsidiaries and affiliates, and all of their employees, directors and officers). The Judgment will provide that all Class Members shall be deemed to have released and forever discharged all Released Claims (to the extent Class Members have such claims) against all Released Persons. The terms of the releases, including the meaning of the term "Released Claims," are set forth in this Notice.

Deadlines:

Submit Proof of Claim and Release form:	June 1, 2016
File Objection:	April 25, 2016
Request Exclusion:	April 25, 2016
Final Settlement Approval Hearing:	May 16, 2016

More Information: www.strategicclaims.net *or*

Claims Administrator:

Lead Counsel:

Medbox, Inc. Securities Litigation

c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Suite 3
Media, PA 19063
Telephone: (866) 274-4004
Facsimile: (610) 565-7985
Email: info@strategicclaims.net

Frank J. Johnson
JOHNSON & WEAVER, LLP
600 West Broadway
Suite 1540
San Diego, CA 92101
Telephone: (619) 230-0063
Facsimile: (619) 255-1856
Email: medboxclass@johnsonandweaver.com

- Your legal rights are affected whether you act, or don't act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A CLAIM	The only way to receive a payment. Proof of Claim and Release forms must be submitted by June 1, 2016.
OBJECT	You may write to the Court if you do not like this Settlement, the Plan of Distribution, or the request for attorneys' fees and expenses. You cannot object to the Settlement unless you are a member of the Class and do not validly exclude yourself. Any objections must be filed with the Court and received by counsel by April 25, 2016.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to participate in another lawsuit against Defendants for the legal claims being released in this case. Exclusions must be postmarked by April 25, 2016.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement. The Final Settlement Approval Hearing is currently scheduled for May 16, 2016, at 1:30 p.m. ²
DO NOTHING	Get no payment. Give up your rights.

- You may submit a Proof of Claim and Release or object, or do both, or do nothing. However, if you timely exclude yourself, that is the only thing you can do: you may not object in writing, you may not appear at the Final Settlement Approval Hearing to state any objections, and you may not submit a Proof of Claim and Release.
- If you object and do not request exclusion, you will remain a member of the Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Class Members who do not object.
- Unless you timely request exclusion from the Class, or unless the Court rejects the proposed Settlement, you are bound by the Settlement Agreement and its release, whether or not you submit a Proof of Claim and Release or object.
- These rights and options are explained in this Notice. *Please take careful note of the deadlines to exercise them, as set forth above.*
- The Court presiding over this case must decide whether to approve the Settlement. Payments will be made only if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.
- The Court has authorized this Notice, but no money will be paid to anyone until the Court holds the Final Settlement Approval Hearing on May 16, 2016. The Court has not decided the merits of this case.

² The date and/or time of the Final Settlement Approval Hearing may change without further notice to the Class. If you plan on attending the Final Settlement Approval Hearing, please check the website, www.strategicclaims.net, or call Lead Counsel at (619) 230-0063 to confirm that the date and/or time has not changed.

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BASIC INFORMATION

1. Why did I receive this notice package?

You or someone in your family may have purchased or otherwise acquired Medbox common stock between April 2, 2013 and December 29, 2014, inclusive, and incurred damages.

The Court directed that you be sent this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments to those Persons who timely submit claims in the manner described below.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Central District of California, Western Division, and the case is known as *Crystal v. Medbox, Inc., et al.*, Case No. 2:15-CV-00426-BRO (JEMx). The United States District Court Judge overseeing the Class Action is the Hon. Beverly Reid O'Connell. The persons that lead the Class Action, Peter Phan and Paul Poon, are called Lead Plaintiffs, and the Company and the individuals they sued are called Defendants.

2. What is this lawsuit about?

This Class Action alleges that Medbox and certain of its current and former officers and directors violated the federal securities laws by issuing a series of untrue or materially misleading statements, or omitted material facts to make such statements not false and misleading, related to, among other things, Medbox's questionable accounting practices which ultimately led to Medbox having to restate eleven consecutive quarters of financial statements, as well as investigations into Medbox and certain of its former officers and directors by the U.S. Department of Justice and the U.S. Securities and Exchange Commission. Lead Plaintiffs allege that, as a result of these untrue or materially misleading statements or omissions, the price of Medbox common stock was artificially inflated during the Class Period. Lead Plaintiffs allege that, through several partial revelations of the truth regarding the Company's accounting practices, Class Members suffered damages as a result of declines in the price of Medbox common stock.

Defendants deny all of Lead Plaintiffs' allegations and further deny that they did anything wrong. Defendants also deny that Lead Plaintiffs or the Class suffered damages or that the price of Medbox common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise.

3. Why is this a class action?

In a class action, one or more people called class representatives (in this case, the Court appointed Peter Phan and Paul Poon as Lead Plaintiffs), sue on behalf of people who have similar claims. All of these people and/or entities are called a class or class members. One judge – in this case United States District Court Judge Beverly Reid O'Connell – resolves the issues for all class members, except for those who exclude themselves from the class.

4. Why is there a settlement?

The Court did not decide in favor of Lead Plaintiffs or Defendants. Instead, both sides agreed to a Settlement. This permits them to avoid the cost, delay, and uncertainty of a trial, and permits eligible Class Members who submit valid claims to receive some compensation rather than risk ultimately receiving nothing. Lead Plaintiffs and their attorneys believe the Settlement is best for all Class Members. Defendants have concluded that further defense of the Class Action would be protracted and expensive, and that it is desirable that the Class Action be fully and finally settled in the manner and upon the terms and conditions set forth in the Settlement Agreement. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as the Class Action.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this Settlement, you first have to determine if you are a possible Class Member.

5. How do I know if I am part of the Settlement?

The potential Class includes all persons or entities who **purchased or otherwise acquired shares of Medbox common stock between April 2, 2013 and December 29, 2014, inclusive.**

6. What are the exceptions to being included?

You are excluded from the Class if: (1) you are a Defendant; any parent or subsidiary, present or former director, officer, or subsidiary of Medbox; any entity in which any excluded Person has a controlling interest; their legal representatives, heirs, successors and assigns; or any immediate family member of a Defendant; (2) you are a person or entity who has separately filed actions against one or more of Defendants, based in whole or in part on any claim arising out of or relating to any of the alleged acts, omissions, misrepresentations, facts, events, matters, transactions, or occurrences referred to in the Class Action or otherwise alleged, asserted, or contended in the Class Action; or (3) you are a person or entity who submits a valid and timely request for exclusion pursuant to this Notice.

7. I am still not sure if I am included.

If you are still not sure whether you are included, you can ask for free help. You can call 1-866-274-4004 or visit www.strategicclaims.net for more information; or, you can call Frank J. Johnson of Johnson & Weaver, LLP at 1-619-230-0063 for more information; or you can fill out and return the Proof of Claim and Release form described in Question 10 to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What does the Settlement provide?

The Settlement will result in a payment of USD \$1,850,000.00 (One Million Eight Hundred Fifty Thousand United States Dollars) in cash (“Cash Amount”) and 2,300,000 (Two Million Three Hundred Thousand) shares of Medbox common stock (“Settlement Shares,” and collectively with the Cash Amount, the “Settlement Amount”). The Settlement Amount, plus interest earned on the Cash Amount from the date it is deposited into an escrow account to fund the Settlement (the “Settlement Fund”), less costs, fees, and expenses (the “Net Settlement Fund”), will be divided among all eligible Class Members who send in valid Proofs of Claim and Release forms (“Authorized Claimants”). Costs, fees, and expenses include Court-approved attorneys’ fees and expenses, the costs of notifying Class Members of the Settlement, including the costs of printing and mailing this Notice, the cost of publishing newspaper notice in *Investor’s Business Daily*, the cost associated with issuing the Internet wire service notice, the costs of claims administration, and taxes on the Settlement Fund.

9. How much will my payment be?

The payment you receive will reflect your *pro rata* share of the Net Settlement Fund. Your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim and Release forms that Class Members send in, the number of shares of Medbox common stock you purchased during the Class Period, and the timing of your purchases and sales. Depending on the number of eligible shares that participate in the Settlement, and when those shares were purchased and sold, the estimated average payment will be approximately \$0.21 for each damaged share, assuming a claims rate of 100% of damaged shares, before deduction of Court-approved fees and expenses, with the stock value as of the end of trading on December 17, 2015 (\$0.014/share). The number of claimants who send in claims varies widely from case to case. If fewer than anticipated Class Members send in valid Proof of Claim and Release forms, you could receive additional money. You will not receive a payment, however, if your proportionate share of the Net Settlement Fund is less than \$10.00.

You can calculate your Recognized Claim in accordance with the formula shown below in the proposed Plan of Distribution, which was formulated following consultation with Lead Plaintiffs’ damages expert. After all Class Members have sent in their Proof of Claim and Release forms, the payment you receive will reflect your Recognized Claim in relation to the Recognized Claims of all Persons submitting valid Proof of Claim and Release forms. The Recognized Claim is not the amount of the payment that you can expect, but is used to determine how the Net Settlement Fund is to be allocated among all Persons submitting Proof of Claims and Release forms.

PROPOSED PLAN OF DISTRIBUTION OF THE NET SETTLEMENT FUND TO AUTHORIZED CLAIMANTS

The purpose of the Plan of Distribution is to allocate Settlement proceeds equitably to those Class Members who suffered economic losses resulting from the alleged misrepresentations and omissions by Defendants in the Class Period. The Plan of Distribution is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Distribution shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Distribution with or without modifications agreed to among the Settling Parties, or another plan of distribution, without further notice to Class Members. Any orders regarding a modification of the Plan of Distribution will be posted to the

Claims Administrator's website, www.strategicclaims.net.

One requirement for eligibility to share in the allocation of the Net Settlement Fund is that Class Members must have purchased Medbox common stock in the Class Period, from April 2, 2013 through December 29, 2014, inclusive. Federal securities laws allow investors to recover for losses caused by disclosures which corrected Defendants' previous misleading statements and omissions, but not for losses caused by broad market conditions or by other events unrelated to the alleged securities fraud. Therefore, another requirement for eligibility is that the Class Member held Medbox common stock at the time its price declined due to a disclosure of information which corrected an allegedly misleading statement or omission. Lead Plaintiffs and Lead Counsel have identified the following dates of such price declines: February 18 and 19, 2014 (price declines following February 18, 2014 publication of a report by *Citron Research* accusing Medbox of keeping three sets of books and of inflating market capitalization by fraud), November 3, 4, and 5, 2014 (price declines following revelations concerning, among other things, that a committee of the Company's Board of Directors was formed to investigate a letter from a former employee to the U.S. Securities and Exchange Commission alleging wrongdoing by a former officer of Medbox, and disclosure that the U.S. Department of Justice had served a grand jury subpoena on Medbox's accountants in August 2014), and December 31, 2014 (price decline following Medbox's press release of December 30, 2014, disclosing that Medbox would be restating its financial statements and that the Company was in default of debt covenants). If the stock was purchased and then sold before February 18, 2014, or purchased and then sold between consecutive dates above, those transactions are excluded from consideration in allocation of the Settlement proceeds.

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Claim. **Please Note:** The Recognized Claim formula, set forth below, is not intended to be an estimate of the amount of what a Class Member 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 Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Claim. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Claim bears to the total Recognized Claims of all Authorized Claimants (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants.

If there is any balance remaining in the Settlement Fund after six (6) months from the date of the initial distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks or otherwise), Lead Counsel shall, if feasible, distribute in an equitable and economical fashion such balance among Authorized Claimants who negotiated the checks sent to them in the initial distribution. However, no Authorized Claimant will receive a redistribution if his, her, or its proportionate share of the Net Settlement Fund is less than \$10.00. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is *de minimis* (an amount less than \$10,000) and such remaining balance shall then be donated to an appropriate non-profit organization designated as the Court may direct and approve.

RECOGNIZED CLAIM FORMULA

- (1) **Recognized Claim for Medbox common stock purchased or otherwise acquired during the Class Period (*i.e.*, April 2, 2013 to December 29, 2014, inclusive) will be calculated as follows:**
 - (A) For shares purchased or otherwise acquired during the Class Period and sold during the Class Period, the Recognized Claim per share will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below) less the inflation per share upon sale (as set forth in Inflation Table A below); or (2) the purchase price per share minus the sales price per share.
 - (B) For shares purchased or otherwise acquired during the Class Period and sold during the period December 30, 2014 through March 29, 2015, inclusive, the Recognized Claim will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below); or (2) the difference between the purchase price per share and the average closing stock price as of the date of sale provided in Table B below.

- (C) For shares purchased or otherwise acquired during the Class Period April 2, 2013 through December 29, 2014 inclusive, and retained as of March 29, 2015, the Recognized Claim will be the *lesser* of: (1) the inflation per share upon purchase (as set forth in Inflation Table A below); or (2) the purchase price per share minus \$3.34³ per share.

INFLATION TABLE A	
Medbox Common Stock Purchased or Acquired During the Class Period	
Period	Inflation
April 2, 2013 to February 17, 2014, inclusive	\$9.85 per share
February 18, 2014	\$7.71 per share
February 19, 2014 to November 2, 2014, inclusive	\$5.59 per share
November 3, 2014	\$4.06 per share
November 4, 2014	\$3.62 per share
November 5, 2014 to December 30, 2014, inclusive	\$0.65 per share
December 31, 2014 and after	\$0.00 per share

TABLE B					
<u>Date</u>	<u>Closing Price</u>	<u>Avg. Closing Price</u>	<u>Date</u>	<u>Closing Price</u>	<u>Avg. Closing Price</u>
12/30/2014	\$6.39	\$6.39	2/13/2015	\$1.44	\$4.68
12/31/2014	\$5.58	\$5.99	2/17/2015	\$1.84	\$4.59
1/2/2015	\$6.21	\$6.06	2/18/2015	\$2.14	\$4.52
1/5/2015	\$6.75	\$6.23	2/19/2015	\$2.03	\$4.45
1/6/2015	\$6.30	\$6.25	2/20/2015	\$2.21	\$4.39
1/7/2015	\$6.26	\$6.25	2/23/2015	\$2.14	\$4.32
1/8/2015	\$6.22	\$6.24	2/24/2015	\$2.03	\$4.26
1/9/2015	\$6.45	\$6.27	2/25/2015	\$1.92	\$4.20
1/12/2015	\$6.68	\$6.32	2/26/2015	\$1.83	\$4.15
1/13/2015	\$6.14	\$6.30	2/27/2015	\$1.81	\$4.09
1/14/2015	\$6.07	\$6.28	3/2/2015	\$1.86	\$4.04
1/15/2015	\$6.01	\$6.26	3/3/2015	\$1.80	\$3.98
1/16/2015	\$6.00	\$6.24	3/4/2015	\$2.38	\$3.95
1/20/2015	\$6.00	\$6.22	3/5/2015	\$2.05	\$3.90
1/21/2015	\$5.94	\$6.20	3/6/2015	\$2.16	\$3.87
1/22/2015	\$5.10	\$6.13	3/9/2015	\$2.08	\$3.83
1/23/2015	\$4.64	\$6.04	3/10/2015	\$1.97	\$3.79
1/26/2015	\$4.87	\$5.98	3/11/2015	\$1.97	\$3.75
1/27/2015	\$4.89	\$5.92	3/12/2015	\$1.92	\$3.72
1/28/2015	\$4.62	\$5.86	3/13/2015	\$1.97	\$3.68
1/29/2015	\$4.25	\$5.78	3/16/2015	\$1.97	\$3.65
1/30/2015	\$4.11	\$5.70	3/17/2015	\$1.79	\$3.61
2/2/2015	\$4.08	\$5.63	3/18/2015	\$1.66	\$3.58
2/3/2015	\$3.98	\$5.56	3/19/2015	\$1.65	\$3.54
2/4/2015	\$3.28	\$5.47	3/20/2015	\$1.49	\$3.51
2/5/2015	\$2.29	\$5.35	3/23/2015	\$1.57	\$3.47
2/6/2015	\$1.56	\$5.21	3/24/2015	\$1.48	\$3.44
2/9/2015	\$2.29	\$5.11	3/25/2015	\$1.40	\$3.40
2/10/2015	\$1.88	\$4.99	3/26/2015	\$1.41	\$3.37
2/11/2015	\$1.79	\$4.89	3/27/2015	\$1.65	\$3.34
2/12/2015	\$1.60	\$4.78			

³ Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated.” \$3.34 per share was the mean (average) daily closing trading price of Medbox’s common stock during the 90-day period beginning on December 30, 2014 and ending on March 29, 2015.

FURTHER INFORMATION APPLICABLE TO ALL CLAIMANTS

To the extent a claimant had a trading gain or “broke even” from his, her or its overall transactions in Medbox shares during the Class Period, the value of the Recognized Claim will be zero and the claimant will not be entitled to a share of the Net Settlement Fund. To the extent that a claimant suffered a trading loss on his, her or its overall transactions in Medbox shares during the Class Period, but that trading loss was less than the Recognized Claim calculated above, then the Recognized Claim shall be limited to the amount of the claimant’s actual trading loss. The purchase and sales prices exclude any brokerage commissions, transfer taxes, or other fees.

For purposes of calculating your Recognized Claim, the date of purchase, acquisition or sale is the “contract” or “trade” date and not the “settlement” or “payment” date. The receipt or grant by gift, inheritance or operation of law of Medbox shares shall not be deemed a purchase, acquisition or sale of Medbox shares for the calculation of an Authorized Claimant’s Recognized Claim. The covering purchase of a short sale is not an eligible purchase.

For purposes of calculating your Recognized Claim, all purchases, acquisitions and sales shall be matched on a First In, First Out (“FIFO”) basis in chronological order. Therefore, on the Proof of Claim and Release enclosed with this Notice, you must provide all of your purchases and acquisitions of Medbox shares during the time period from April 2, 2013 through and including March 29, 2015.

Notwithstanding any of the above, receipt of Medbox common stock during the Class Period in exchange for common stock of any other corporation or entity shall not be deemed a purchase or sale of Medbox common stock.

Upon receipt of Medbox Settlement Shares, Lead Counsel will have the right to take any measures they deem appropriate to protect the overall value of the Settlement Shares prior to distribution to the Authorized Claimants, including, but not limited to, sales of all or part of the Settlement Shares. Lead Counsel shall have no liability for any sale, liquidation, transfer, or other disposition of the Settlement Shares absent gross negligence or willful misconduct. Lead Counsel shall also have the right to use the cash component of the Settlement Fund to protect the overall value of the Settlement Fund.

Payment pursuant to the Plan of Distribution approved by the Court shall be conclusive against all Authorized Claimants. No Person shall have any claim against Defendants, Defendants’ Counsel, Lead Plaintiffs, Lead Counsel or the Claims Administrator or other agent designated by Lead Counsel based on the distributions made substantially in accordance with the Settlement Agreement contained therein, the Plan of Distribution, or further orders of the Court. Each claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the claimant’s Proof of Claim and Release. All Persons involved in the review, verification, calculation, tabulation, or any other aspect of the processing of the claims submitted in connection with the Settlement, or otherwise involved in the administration or taxation of the Settlement Fund or the Net Settlement Fund shall be released and discharged from any and all claims arising out of such involvement, and all Class Members, whether or not they are to receive payment from the Net Settlement Fund, will be barred from making any further claim against the Net Settlement Fund beyond the amount allocated to them as provided in any distribution orders entered by the Court.

Class Members who do not submit a timely request for exclusion and do not submit an acceptable Proof of Claim and Release form by the deadline for submitting claims, will not share in the recovery, but nevertheless will be bound by the Settlement and the Judgment entered by the Court dismissing the Class Action.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How will I obtain a payment?

To qualify for payment, you must be an eligible Class Member, send in a valid Proof of Claim and Release form, and properly document your claim as requested in the Proof of Claim and Release form. A Proof of Claim and Release form is enclosed with this Mailed Notice. You may also get a Proof of Claim and Release form on the internet at www.strategicclaims.net. Read the instructions carefully, fill out the Proof of Claim and Release form, include the documents the form asks for, sign it, and mail it postmarked no later than June 1, 2016 to the Claims Administrator (see address above).

11. When will I receive my payment?

The Court will hold a Final Settlement Approval Hearing on May 16, 2016, at 1:30 p.m., to decide whether to approve the

Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain whether or when these appeals will be resolved, and resolving them can take time, perhaps more than a year. Even if no appeals are filed, it will take several months for the Claims Administrator to process all of the Proofs of Claim and Release forms and determine the ultimate distribution amounts.

12. What am I giving up to receive a payment?

Unless you timely exclude yourself from the Class by the April 25, 2016 deadline, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Defendants about the same issues in this case or about issues that could have been asserted in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your Released Claims in this case against Defendants and the Released Persons.

"Released Claims" means any and all claims and causes of action of every nature and description, whether known or unknown, whether arising under federal, state, common or foreign law, that arise out of or are related in any way to (a) Lead Plaintiffs' or any Class Member's investments in Medbox securities, including the purchase, acquisition, sale, or holding of Medbox securities; (b) the subject matter of the Class Action; or (c) the facts alleged or that could have been alleged in any complaint filed in the Class Action. Released Claims do not include, and expressly exclude: (i) claims to enforce the Settlement and/or the terms of the Settlement Agreement; (ii) any governmental or regulatory agency's claims in any criminal or civil action against any Defendants; and (iii) claims in any Shareholder Derivative Litigations.

"Unknown Claims" means any Released Claims which Lead Plaintiffs or any Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to or to seek exclusion from this Settlement, and include, without limitation, any such claims, rights, benefits or provisions released or waived pursuant to ¶1.40 of the Settlement Agreement.

"Released Persons" means each and all of Defendants and each and all of their present or former parents, subsidiaries, affiliates (as defined in 17 C.F.R. §210.1-02(b)), successors and assigns, and each and all of the present or former officers, principals, directors, employees, employers, attorneys, accountants, auditors, advisors, lenders, insurers, investment bankers, representatives, general and limited partners and partnerships, subsidiaries, divisions, predecessors, stockholders, trustees, fiduciaries, consultants, agents, heirs, executors, administrators, successors, affiliates, and assigns of each of them.

EXCLUDING YOURSELF FROM THE CLASS ACTION SETTLEMENT

If you do not want a payment from the Class Action Settlement, but you want to keep the right to sue or continue to sue Defendants on your own for the Released Claims in the Class Action, then you must take steps to get out of the Class. This is called excluding yourself, or is sometimes referred to as "opting out" of the Class.

13. How do I get out of the Class?

To exclude yourself from the Class, you must send a letter by first-class mail stating that you want to be excluded from *Crystal v. Medbox, Inc., et al.*, Case No. 2:15-CV-00426-BRO (JEMx). You must include your name, address, telephone number, your signature, and the number of shares of Medbox common stock you purchased or acquired between April 2, 2013 and December 29, 2014, inclusive, the number of shares of common stock sold during this time period, if any, the dates of such purchases and/or sales, and the price paid or received per share for each purchase or sale. You must mail your exclusion request postmarked no later than April 25, 2016 to:

Medbox, Inc. Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Suite 3
Media, PA 19063

You cannot exclude yourself on the phone or by e-mail. Any request for exclusion must also be signed by the Person requesting exclusion, under penalty of perjury, and accompanied, if said Person is acting in a representative capacity, by a certification of the Person's current authority to act on behalf of the Person requesting exclusion from the Class. Requests for exclusion will not be valid if they are not received within the time stated above unless the Court orders otherwise. If you ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the Class Action Settlement. You will not be legally bound by anything that happens in the Class Action lawsuit.

14. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself from the Class, you give up any right to sue Defendants or the Released Persons for the Released Claims in the Settlement. If you have a pending lawsuit against any of Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is April 25, 2016.

15. If I exclude myself, can I receive money from the Class Action Settlement?

No. If you exclude yourself, do not send in a Proof of Claim and Release form to ask for any money. Once you exclude yourself, you will receive no cash payment or any other benefit provided for in the Settlement even if you also submit a Proof of Claim and Release form. However, a Class Member may submit a written revocation of a request for exclusion up until May 12, 2016 and receive payments pursuant to this Settlement and the Settlement Agreement provided the Class Member also timely submits a valid Proof of Claim and Release form.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firm Johnson & Weaver, LLP to represent you and other Class Members. These lawyers are called Lead Counsel. You will not be personally liable for the fees and expenses incurred by these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel will ask the Court for attorneys' fees of up to 30% of the Settlement Fund and for expenses up to \$100,000, which were advanced in connection with the Class Action. If awarded, the cost would be \$0.07 per share. This compensation, 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. To date, Lead Counsel have not received any payment for their services in conducting this Class Action on behalf of Lead Plaintiffs and the Class, nor have counsel been paid for their expenses. The fee requested will compensate Lead Counsel for their work in achieving the Settlement Fund and is within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement, the Plan of Distribution, or Lead Counsel's request for an award of attorneys' fees and expenses.

18. How do I tell the Court that I do not like the Settlement?

If you are a Class Member (and you have not excluded yourself), you can object to the Settlement if you do not like any part of it, including the Plan of Distribution and the request for attorneys' fees and expenses. You can state the reasons why you think the Court should not approve the Settlement, the request for attorneys' fees and expenses, or the Plan of Distribution, and the Court will consider your views. To object, you must send a signed letter saying that you object to the Settlement in *Crystal v. Medbox, Inc., et al.*, Case No. 2:15-CV-00426-BRO (JEMx). Be sure to include your full name, address, telephone number, your signature (the objection must be signed by the objector even if represented by counsel); a list of all of your transactions involving Medbox common stock during the Class Period (between April 2, 2013 and December 29, 2014, inclusive); identify any case, by name, court, and docket number, in which you or your attorney, if any, has objected to a settlement in the last three years; and the reasons you object to the Settlement, the request for attorneys' fees and expenses, or the Plan of Distribution. The motions in support of the Settlement and the request for attorneys' fees will be filed no later than, April 11, 2016, and they will be available from Lead Counsel, the Claims Administrator or the Court. (The Claims Administrator's contact information is listed in Section 24, below.) Any objection must be sent by first-class mail or hand delivered such that it is received by *each* of the following no later than April 25, 2016:

<i>Court:</i> Clerk of the Court United States District Court Central District of California Western Division 312 North Spring Street, Room G-8 Los Angeles, CA 90012-4701	<i>Lead Counsel:</i> Frank J. Johnson JOHNSON & WEAVER, LLP 600 West Broadway, Suite 1540 San Diego, CA 92101	<i>Defendants' Counsel Designee:</i> Phillip R. Kaplan MANATT, PHELPS & PHILLIPS, LLP Park Tower 695 Town Center Drive, 14th Floor Costa Mesa, CA 92626
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If you object to the Settlement, the Plan of Distribution, and/or Lead Counsel's request for an award of attorneys' fees and expenses, you are submitting to the jurisdiction of the Court with respect to the subject matter of the Settlement.

Any Class Member who does not make his, her or its objection in the manner provided for herein shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness or adequacy of the Settlement as reflected in the Settlement Agreement, to the Plan of Distribution, and/or to the application by Lead Counsel for an award of attorneys' fees and expenses.

19. What is the difference between objecting and excluding myself from the Settlement?

Objecting is telling the Court that you do not like something about the proposed Settlement. You can object *only* if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer applies to you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Settlement Approval Hearing on May 16, 2016 at 1:30 p.m., at the United States District Court, Central District of California, Western Division, 312 North Spring Street, Courtroom 14, Los Angeles, CA 90012-4701. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will also consider how much money from the Settlement Fund will be allocated to pay Lead Counsel for their work on the Class Action and to reimburse their expenses, and whether the Plan of Distribution is fair, reasonable and adequate. The Court may decide these issues at the hearing or take them under consideration for a later decision.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Persons who intend to object and desire to present evidence at the Final Settlement Approval Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Final Settlement Approval Hearing.

22. May I speak at the hearing?

You may ask the Court for permission to speak at the Final Settlement Approval Hearing. To do so, you must send a letter saying that it is your intention to appear in *Crystal v. Medbox, Inc., et al.*, Case No. 2:15-CV-00426-BRO (JEMx). Be sure to include your name, address, telephone number, your signature, and a list of all of your transactions involving Medbox common stock during the Class Period (between April 2, 2013 and December 29, 2014, inclusive). Your notice of intention to appear must be received no later than April 25, 2016, by the Clerk of the Court, Lead Counsel and Defendants' Counsel Designee, at the three addresses listed in Question 18.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself, **you will be bound by the Judgment** and will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the same issues in this case.

GETTING MORE INFORMATION

24. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Settlement Agreement dated as of December 17, 2015. You can obtain a copy of the Settlement Agreement or more information about the Settlement by contacting Lead Counsel:

Frank J. Johnson
JOHNSON & WEAVER, LLP
600 West Broadway
Suite 1540
San Diego, CA 92101
Telephone: (619) 230-0063
Facsimile: (619) 255-1856
Email: medboxclass@johnsonandweaver.com

or the Claims Administrator:

Medbox, Inc. Securities Litigation
c/o Strategic Claims Services
P.O. Box 230
600 N. Jackson St., Suite 3
Media, PA 19063
Telephone: (866) 274-4004
Facsimile: (610) 565-7985
Email: info@strategicclaims.net

or by visiting www.strategicclaims.net.

You can also obtain a copy from the Clerk's office during regular business hours:

Clerk of the Court
United States District Court
Central District of California
Western Division
312 North Spring Street, Room G-8
Los Angeles, CA 90012-4701

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any Medbox common stock purchased or acquired between April 2, 2013 and December 29, 2014, inclusive, as nominee for a beneficial owner, then, within twenty (20) 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:

Medbox, Inc. Securities Litigation

c/o Strategic Claims Services

P.O. Box 230

600 N. Jackson St., Suite 3

Media, PA 19063

Telephone: (866) 274-4004

Facsimile: (610) 565-7985

Email: info@strategicclaims.net

If you choose to mail the Notice and Proof of Claim and Release 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 administrative costs actually incurred in connection with forwarding the Mailed Notice and which would not have been incurred but for the obligation to forward the Mailed Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: FEBRUARY 3, 2016

**BY ORDER OF THE UNITED STATES DISTRICT
COURT FOR THE CENTRAL DISTRICT OF
CALIFORNIA, WESTERN DIVISION**