

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

**IN RE ARTHROCARE CORPORATION SECURITIES
LITIGATION**

Civil Action No. 1:08-cv-00574-SS

This Document Applies To: All Actions

PROOF OF CLAIM

I. GENERAL INSTRUCTIONS

1. To potentially recover as an Authorized Claimant based on your claims in the action entitled *In re ArthroCare Corporation Securities Litigation*, Civil Action No. 1:08-cv-00574-SS (the "Action"), you must complete and sign this Proof of Claim form and submit supporting documentation. If you fail to submit a properly completed and addressed Proof of Claim form or fail to submit supporting documentation, your claim may be rejected and you may be precluded from any recovery from the Net Settlement Fund created in connection with the Settlements of the Action.

2. Submission of this Proof of Claim form, however, does not assure that you will share in the Net Settlement Fund.

3. YOU MUST MAIL YOUR COMPLETED AND SIGNED PROOF OF CLAIM FORM POSTMARKED NO LATER THAN June 25, 2012, ADDRESSED AS FOLLOWS:

In re ArthroCare Corporation Securities Litigation
c/o Rust Consulting, Inc.
P.O. Box 2689
Faribault, MN 55021-9689

4. If you are NOT a Class Member (as defined in the Notice of Pendency and Proposed Settlement of Class Action ("Notice")) that accompanies this Proof of Claim, DO NOT submit a Proof of Claim form.

5. If you are a Class Member and have not requested exclusion, you will be bound by the terms of the Settlements and any judgment entered in the Action, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM FORM.

II. DEFINITIONS

Capitalized terms not defined in this Proof of Claim have the same meaning as defined in the Notice that accompanies this form.

III. CLAIMANT IDENTIFICATION

1. If you purchased or otherwise acquired ArthroCare Corporation ("ArthroCare" or the "Company") securities and held the certificate(s) in your name, you are the beneficial purchaser as well as the record purchaser. If, however, you purchased the securities but the certificate(s) were registered in the name of a third party, such as a nominee or brokerage firm, you are the beneficial purchaser and the third party is the record purchaser.

2. Use Part I of this form entitled "Claimant Identification" to identify each purchaser of record ("nominee"), if different from the beneficial purchaser of ArthroCare securities which form the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL PURCHASER OR PURCHASERS, OR THE LEGAL REPRESENTATIVE OF SUCH PURCHASER OR PURCHASERS OF THE SECURITIES UPON WHICH THIS CLAIM IS BASED.

NOTE: Separate Proofs of Claim should be submitted for each separate legal entity (for example, a claim from joint owners should not include separate transactions of just one of the joint owners, and an individual should not combine his or her IRA transactions with transactions made solely in the individual's name). Conversely, a single Proof of Claim should be submitted on behalf of one legal entity including all transactions made by that entity, no matter how

many separate accounts that entity has (for example, a corporation with multiple brokerage accounts should include all transactions made in ArthroCare securities during the Class Period on one Proof of Claim, no matter how many accounts the transactions were made in).

3. All joint purchasers must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of persons represented by them and proof of their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or taxpayer identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

IV. CLAIM FORM

1. Use Part II of this form entitled "Schedule of Transactions in ArthroCare Securities" to supply all required details of your transaction(s) in such securities. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide all of the requested information with respect to all of your purchases or other acquisitions and all of your sales or other dispositions of ArthroCare securities which took place at any time from December 11, 2007 through February 18, 2009, inclusive, whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim.

3. List each transaction separately and in chronological order, by trade date, beginning with the earliest. You must accurately provide the month, day and year of each transaction you list.

4. Broker confirmations or other documentation of your transactions in ArthroCare securities must be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

5. USE PART II SECTION A **ONLY** FOR ARTHROCARE COMMON STOCK, PART II SECTION B **ONLY** FOR ARTHROCARE CALL OPTIONS and PART II SECTION C **ONLY** FOR ARTHROCARE PUT OPTIONS.

6. A purchase or sale of ArthroCare securities shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date; please provide only "contract" or "trade" dates in your claim.

7. NOTICE REGARDING ELECTRONIC FILES: Certain claimants with large numbers of transactions may request, or may be requested, to submit information regarding their transactions in electronic files. All Claimants **MUST** submit a manually signed paper Proof of Claim form whether or not they also submit electronic copies. If you wish to file your claim electronically, you must call the Claims Administrator toll-free at 1-877-847-5795, send an e-mail to info@arthrocaresecuritiessettlement.com, or visit the website for this Settlement at www.arthrocaresecuritiessettlement.com to obtain the required file layout. No electronic files will be considered to have been properly submitted unless the Claims Administrator issues to the Claimant a report listing all transactions contained in the electronic file.

8. A Proof of Claim received by the Claims Administrator shall be deemed to have been submitted when posted, if mailed by June 25, 2012 and if a postmark is indicated on the envelope and it is mailed first class, and addressed in accordance with the above instructions. In all other cases, a Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

9. You should be aware that it will take a significant amount of time to process fully all of the Proofs of Claim and to administer the Settlements. This work will be completed as promptly as time permits, given the need to investigate and tabulate each Proof of Claim. Please notify the Claims Administrator of any change of address.

ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.

THANK YOU FOR YOUR PATIENCE.

MUST BE POSTMARKED
NO LATER THAN
June 25, 2012

*In re ArthroCare Corporation
Securities Litigation*
PROOF OF CLAIM AND RELEASE
Use Blue or Black Ink Only

For Official Use Only

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PART I. CLAIMANT IDENTIFICATION - Complete either Section A or B and then proceed to C. Please type or print.

A. Complete this Section **ONLY** if the Beneficial Owner is an individual, joint, or IRA account. Otherwise, proceed to B.

Last Name (Beneficial Owner)	First Name (Beneficial Owner)
<input type="text"/>	<input type="text"/>
Last Name (Joint Beneficial Owner, if applicable)	First Name (Joint Beneficial Owner)
<input type="text"/>	<input type="text"/>
Name of IRA Custodian, if applicable	
<input type="text"/>	
If this account is an IRA, and if you would like any check that you MAY be eligible to receive made payable to the IRA account, please include "IRA" in the "Last Name" box above (e.g., Jones IRA).	

B. Complete this Section **ONLY** if the Beneficial Owner is an Entity; i.e., corporation, trust, estate, etc. Then, proceed to C.

Entity Name
<input type="text"/>
Name of Representative, if applicable (Executor, administrator, trustee, c/o, etc.)
<input type="text"/>

C. Account/Mailing Information:

Specify one of the following:		
<input type="checkbox"/> Individual(s)	<input type="checkbox"/> Corporation	<input type="checkbox"/> UGMA Custodian
<input type="checkbox"/> IRA	<input type="checkbox"/> Partnership	<input type="checkbox"/> Estate
<input type="checkbox"/> Trust	<input type="checkbox"/> Other: <input type="text"/>	
Number and Street or P.O. Box		
<input type="text"/>		
City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/>
Foreign Province and Postal Code	Foreign Country	
<input type="text"/>	<input type="text"/>	
Telephone Number (Day)	Telephone Number (Evening)	
<input type="text"/>	<input type="text"/>	
E-mail Address	Account Number	
<input type="text"/>	<input type="text"/>	
Enter Taxpayer Identification Number below for the Beneficial Owner(s).		
Social Security No. (for individuals)	or	Taxpayer Identification No.
<input type="text"/>		<input type="text"/>



PART II: SCHEDULE OF TRANSACTIONS IN ARTHROCARE SECURITIES

A. ARTHROCARE COMMON STOCK – CUSIP No. 043136100 ONLY

YOU MUST SUBMIT DOCUMENTATION SUPPORTING THE INFORMATION BELOW.

COMMON STOCK BEGINNING HOLDINGS

1. Number of shares of ArthroCare common stock held at the beginning of trading on December 11, 2007. (If none, write “zero” or “0”; if other than zero, must be documented)

Number of Shares

COMMON STOCK PURCHASES

2. List (in chronological order) all purchases and/or acquisitions of ArthroCare common stock made between December 11, 2007 and May 19, 2009, inclusive:

Check Box if result of an Option Exercised/Assigned	Date(s) of Purchase <i>(List Chronologically)</i> Month/Day/Year	Number of Shares of Common Stock Purchased	Purchase Price Per Share of Common Stock	Amount Paid <i>(Excluding Commissions, Taxes & Fees)</i>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

COMMON STOCK SALES

3. List (in chronological order) all sales of ArthroCare common stock made between December 11, 2007 and May 19, 2009, inclusive.

Check Box if result of an Option Exercised/Assigned	Date(s) of Sale <i>(List Chronologically)</i> Month/Day/Year	Number of Shares of Common Stock Sold	Sale Price Per Share of Common Stock	Amount Received <i>(Excluding Commissions, Taxes & Fees)</i>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="checkbox"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

COMMON STOCK ENDING HOLDINGS

4. Number of shares of ArthroCare common stock held at the close of trading on May 19, 2009: (If none, write “zero” or “0”; if other than zero, must be documented)

Number of Shares

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS, PHOTOCOPY THIS PAGE.



PART II: SCHEDULE OF TRANSACTIONS IN ARTHROCARE SECURITIES

B. ARTHROCARE CALL OPTIONS ONLY

YOU MUST SUBMIT DOCUMENTATION SUPPORTING THE INFORMATION BELOW.

1. THIS PAGE CONTAINS TRANSACTIONS FOR THE FOLLOWING **CALL** OPTION CONTRACT ONLY:

Expiration Date

/	/	/
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(Month / Day / Year)

Strike Price

\$

IF YOU ARE LISTING MORE THAN ONE TYPE OF CALL OPTION CONTRACT, YOU MUST PHOTOCOPY THIS PAGE AND LIST EACH SEPARATE TYPE OF CALL OPTION CONTRACT ON ITS OWN SEPARATE PAGE.

CALL OPTION BEGINNING POSITION:

2. Number of call options *listed in #1 above* on ArthroCare common stock held at the beginning of trading on **December 11, 2007**.
 (If none, write "zero" or "0"; if other than zero, must be documented) Number of Call Options

CALL OPTION PURCHASES AND THEIR DISPOSITION

3. I (We) made the following purchases of call options *listed in #1 above* on ArthroCare common stock *listed in #1 above* during the period **December 11, 2007** and **February 18, 2009**, inclusive (in chronological order) (must be documented):

Date of Purchase Month/Day/Year	Number of Contracts	Purchase Price Per Contract	Amount Paid (excluding commissions, taxes & fees)	FINAL DISPOSITION Exercised (E), Expired (X), Closed(C)	DISPOSITION DATE Exercise, Expiration, or Closing Date (Month/Day/Year)

CALL OPTION SALES AND THEIR DISPOSITION

4. I (We) made the following sales of call options *listed in #1 above* on ArthroCare common stock during the period **December 11, 2007** and **February 18, 2009**, inclusive (in chronological order) (must be documented):

Date of Sale Month/Day/Year	Number of Contracts	Sale Price Per Contract	Amount Received (excluding commissions, taxes & fees)	FINAL DISPOSITION Assigned (A), Expired (X), Closed(C)	DISPOSITION DATE Assigned, Expiration, or Closing Date (Month/Day/Year)

CALL OPTION HOLDINGS

5. Number of call options *listed in #1 above* of ArthroCare common stock held at the close of trading on **February 18, 2009**:
 (If none, write "zero" or "0"; if other than zero, must be documented) Number of Call Options

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS, PHOTOCOPY THIS PAGE.



PART II: SCHEDULE OF TRANSACTIONS IN ARTHROCARE SECURITIES

C. ARTHROCARE PUT OPTIONS ONLY

YOU MUST SUBMIT DOCUMENTATION SUPPORTING THE INFORMATION BELOW.

1. THIS PAGE CONTAINS TRANSACTIONS FOR THE FOLLOWING **PUT** OPTION CONTRACT ONLY:

Expiration Date

/ /

(Month / Day / Year)

Strike Price

\$

IF YOU ARE LISTING MORE THAN ONE TYPE OF PUT OPTION CONTRACT, YOU MUST PHOTOCOPY THIS PAGE AND LIST EACH SEPARATE TYPE OF PUT OPTION CONTRACT ON ITS OWN SEPARATE PAGE.

PUT OPTION BEGINNING POSITION:

2. Number of put options **listed in #1 above** on ArthroCare common stock held at the beginning of trading on **December 11, 2007**.
(If none, write "zero" or "0"; if other than zero, must be documented)

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Number of Put Options

PUT OPTION SALES AND THEIR DISPOSITION

3. I (We) made the following sales of put options **listed in #1 above** on ArthroCare common stock during the period **December 11, 2007** and **February 18, 2009**, inclusive (in chronological order) (must be documented):

Date of Sale Month/Day/Year	Number of Contracts	Sale Price Per Contract	Amount Received (excluding Commissions taxes & fees)	DISPOSITION DATE	
				FINAL DISPOSITION Assigned (A), Expired (X), Closed(C)	Assigned, Expiration, or Closing Date (Month/Day/Year)

PUT OPTION RE-PURCHASES AND THEIR DISPOSITION

4. I (We) made the following re-purchases of put options **listed in #1 above** on ArthroCare common stock **listed in #1 above** during the period **December 11, 2007** and **February 18, 2009**, inclusive (in chronological order) (must be documented):

Date of Re-Purchase Month/Day/Year	Number of Contracts	Purchase Price Per Contract	Amount Paid (excluding commissions taxes & fees)	DISPOSITION DATE	
				FINAL DISPOSITION Exercised (E), Expired (X), Closed(C)	Exercise, Expiration, or Closing Date (Month/Day/Year)

PUT OPTION HOLDINGS

5. Number of put options **listed in #1 above** of ArthroCare common stock held at the close of trading on **February 18, 2009**:
(If none, write "zero" or "0"; if other than zero, must be documented)

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Number of Put Options

IF YOU NEED ADDITIONAL SPACE TO LIST YOUR TRANSACTIONS, PHOTOCOPY THIS PAGE.



PART III. SUBMISSION TO JURISDICTION OF COURT AND ACKNOWLEDGMENTS

I (We) submit this Proof of Claim form under the terms of the Plan of Allocation of Net Settlement Fund described in the Notice. I (We) also submit to the jurisdiction of the United States District Court for the Western District of Texas (the "Court"), with respect to my (our) claim as a Class Member and for purposes of enforcing the releases set forth herein. I (We) further acknowledge that I (we) will be bound by the terms of any judgment(s) entered in connection with the Settlements in the Action, including the releases set forth therein. I (We) agree to furnish additional information to the Claims Administrator to support this claim, such as additional documentation for transactions in ArthroCare securities, if required to do so. I (We) have not submitted any other claim covering the same purchases, acquisitions or sales of ArthroCare securities during the Class Period and know of no other person having done so on my (our) behalf.

PART IV. RELEASES

If the Settlement is approved, the Court will enter a judgment (the "Judgment"). The Judgment will dismiss with prejudice the claims asserted against Defendants in the Action and will provide that all Class Members shall be deemed to have – and by operation of the Judgment shall have – fully and finally released, relinquished, waived, discharged and dismissed each and every Settled Claim (as defined below) against the Released Parties (as defined below), and shall forever be prevented from prosecuting any or all Settled Claims against any Released Party.

"Settled Claims" means any and all claims, rights, causes of action, liabilities or any other matters, whether known or unknown, foreseen or unforeseen, whether arising under federal, state, common or foreign law, that (a) Lead Plaintiff or any other member of the Class asserted in the Action or could have asserted in any forum, that arise out of, are based upon or relate in any way to the allegations, transactions, facts, matters or occurrences, disclosures, representations or omissions involved, set forth or referred to in the Action; or (b) relate in any way to any violation of state, federal or any foreign jurisdiction's securities or other laws, any misstatement, omission or disclosure (including in financial statements), any breach of duty, any negligence or fraud, or any other alleged wrongdoing or misconduct by the Released Parties relating in any way to the purchase or other acquisition the publicly-traded securities of ArthroCare, or the purchase or other acquisition of call options or sale of put options in ArthroCare common stock, by members of the Class during the Class Period. Regardless of the above, "Settled Claims" does not include claims relating to the enforcement of the Settlement.

"Released Parties" means the Company and the Individual Defendants, and their Related Parties.

"Related Parties" means, as to the Company and the Individual Defendants, their respective past or present heirs, executors, estates, administrators, predecessors, successors, assigns, parents, subsidiaries, associates, affiliates, employers, employees, agents, spouses, any members of an Individual Defendants' immediate family, or any trust of which any Individual Defendant is the settler or which is for the benefit of any Individual Defendant and/or member(s) of his family, insurers, reinsurers, directors, managing directors, officers, partners, principals, members, managing members, board members, attorneys, Defendants' Counsel, accountants, outside auditors, financial and other advisors, investment bankers, underwriters, lenders, and any other representatives of any of these persons or entities.

The Judgment also will provide that Defendants and each of the other Released Parties will be deemed by operation of law to have fully, finally, and forever released, waived, discharged and dismissed each and every of the Released Parties' Claims (as defined below), and shall forever be enjoined from prosecuting any or all of the Released Parties' Claims against Lead Plaintiff, its officers, directors, employees, agents and attorneys, and all other Class Members.

"Released Parties' Claims" means any and all claims, rights, causes of action, liabilities or any other matters, whether known or Unknown Claims, foreseen or unforeseen, whether arising under federal, state, common or foreign law, that have been or could have been asserted in the Action or any forum by the Released Parties or their attorneys against Lead Plaintiff, the Class Members or their attorneys, which have been or could have been asserted by the Defendants or their Related Parties against Lead Plaintiff and all other Class Members concerning the subject matter of the Complaint, or otherwise asserted in connection with the litigation (except for claims to enforce the Settlement).



PART V. CERTIFICATION

1. I (We) hereby warrant and represent that I am (we are) a Class Member as defined in the Notice, that I am (we are) not one of the persons excluded from the Class as defined above, and that I (we) believe I am (we are) eligible to receive a distribution from the Net Settlement Fund under the terms and conditions of the Plan of Allocation, as set forth in the Notice.

2. I (We) hereby warrant and represent that I (we) have included information about all of my (our) transactions in ArthroCare securities which occurred between December 11, 2007 and February 18, 2009, and as well as the number and type of ArthroCare securities held by me (us) at the opening of trading on December 11, 2007 and the close of trading on February 18, 2009.

3. I (WE) UNDERSTAND AND INTEND THAT THE SIGNATURE BELOW REGARDING CERTAIN INFORMATION FOR THE INTERNAL REVENUE SERVICE CONCERNING BACKUP WITHHOLDING ALSO SERVES AS THE SIGNATURE VERIFYING THE INFORMATION AND REPRESENTATIONS IN THIS PROOF OF CLAIM.

4. This release shall be of no force or effect unless and until the Court approves the Settlements and they become effective on the Effective Date.

5. I (We) hereby warrant and represent that I (we) have not assigned or transferred or purported to assign or transfer, voluntarily or involuntarily, any matter released pursuant to this release or any other part or portion thereof.

I (We) declare under penalty of perjury under the laws of the United States of America that all of the foregoing information supplied on this Proof of Claim by the undersigned is true and correct.

Executed this _____ day of _____, 2012 in _____, _____.
(City) (State/Country)

Signature of Claimant

(Type/print name of Claimant)

Signature of Joint Claimant, if any

(Type/print name of Joint Claimant, if any)

Signature of person signing on behalf of Claimant

(Type/print name of person signing on behalf of Claimant)

Capacity of person signing on behalf of Claimant, if other than an individual (e.g., Administrator, Executor, Trustee, etc.)

REMINDER CHECKLIST:

1. Your claim **MUST** be postmarked no later than June 25, 2012.
2. Please sign the above release and declaration. If this Proof of Claim is submitted on behalf of joint claimants, then both claimants must sign.
3. Remember, you **MUST** supply supporting documentation for ALL of your transactions and holding positions (beginning and end of Class). Failure to provide support documentation for your claim may result in full or partial denial of your claim. **DO NOT USE HIGHLIGHTER ON YOUR SUPPORT DOCUMENTATION.**
4. Do **NOT** send original stock certificates or original brokerage statements.
5. Keep a copy of your claim form for your records.
6. It is your responsibility to notify the Claims Administrator if your address changes after the submission of your Claim. Failure to do so will result in the Claims Administrator's inability to send you any further communication, including your award portion, if eligible.

