

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

MARK ALLEN and SALVATORE RAPPA,  
Individually and On Behalf of All Others  
Similarly Situated,  
Plaintiffs,

v.

PIXARBIO CORPORATION f/k/a BMP  
HOLDINGS INC., FRANCIS M. REYNOLDS,  
KENNETH A. STROMSLAND, KATRIN  
HOLZHAUS, DAVID A. CASS, DEREK S.  
BRIDGES, and LAURA BARKER MORSE,  
Defendants.

Case No. 2:17-cv-00496-CCC-SCM

CLASS ACTION

MICHAEL SCHNIEDERS, derivatively on behalf  
of PIXARBIO CORPORATION,  
Plaintiff,

v.

FRANCIS M. REYNOLDS, KATRIN  
HOLZHAUS, DAVID A. CASS, and LAURA  
BARKER MORSE,  
Defendants,

and

PIXARBIO CORPORATION,  
Nominal Defendant.

Case No. 2:17-cv-02987

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF  
CLASS ACTION AND DERIVATIVE ACTION**

If you purchased or acquired PixarBio Corporation (“PixarBio” or the “Company”) securities: (1) in an offering carried out continuously beginning in December 2015; (2) pursuant and/or traceable to PixarBio’s private placement that closed on October 30, 2016; and/or (3) publicly traded on the open market between October 31, 2016 and January 23, 2017, both dates inclusive (the “Settlement Class Period”), then you are a “Settlement Class Member” and you could get a payment from a class action settlement (the “Settlement”) and if you currently own PixarBio securities and owned them as of September 4, 2019 (“Current PixarBio Shareholder”), your rights may otherwise be affected by the Settlement.

*Under law, a federal court has authorized this Notice. This is not attorney advertising.*

- If approved by the Court, the Settlement will provide seven hundred fifty thousand dollars (\$750,000) (the “Settlement Fund”) with the possibility of the “Additional Settlement Amount,” which would be any remaining funds left in PixarBio’s insurance policy, plus interest as it accrues, minus attorneys’ fees, costs, administrative expenses, and net of any taxes on interest, to pay claims of investors who purchased PixarBio securities during the Settlement Class Period.
- “Additional Settlement Amount” means monies in excess of the Settlement Fund, that may remain in PixarBio’s directors & officers insurance policy by Chubb after all claims, fees, and expenses are paid from other related litigation including the actions *Securities and Exchange Commission v. PixarBio Corp, et al.*,

Case No. 1:18-cv-10797 (D. Mass) and *United States of America v. Reynolds, et al.*, Case No. 18-CR-10154 (D. Mass). After the conclusion of these aforementioned actions, if any funds are to remain in the insurance policy, these funds will be distributed to Authorized Claimants in accordance with the Plan of Allocation. No separate notice will be sent to potential Claimants with respect to the Additional Settlement Amount.

- The Settlement would resolve all claims brought in the securities class action, *Allen v. PixarBio Corporation, et al.*, Case No. 2:17-cv-00496-CCC-SCM (D.N.J.) (the “Securities Class Action”) as well as the shareholder derivative action, *Schnieders v. Reynolds, et al.*, Case No. 2:17-cv-02987-CCC-SCM (D.N.J.) (the “Derivative Action”).
- The Settlement represents an estimated average recovery of \$0.10 per share of PixarBio for the approximately 7.4 million damaged shares during the Class Period. A share may have been traded more than once during the Settlement Class Period. This estimate solely reflects the average recovery per damaged share of PixarBio securities.
- Attorneys for Class Plaintiffs (“Class Counsel”) will ask the Court to award them fees of up to \$200,000 (one-third of the portion of the Settlement Fund that is attributable to the efforts of Class Counsel in the Securities Class Action) plus the proportionate share of interest accrued on the Settlement Fund, and they will ask the Court to award attorneys for Michael Schnieders (“Schnieders”) (“Derivative Counsel”) up to \$50,000 (one-third of the portion of the Settlement Fund attributable to the efforts of Derivative Counsel in the Derivative Action) plus the proportionate share of interest accrued on the Settlement Fund. Class Counsel will also seek reimbursement of no more than \$45,000 in litigation expenses incurred by Class Counsel and Derivative Counsel. Counsel will also seek an Award to Class Plaintiffs not to exceed \$23,000 in total (\$10,000 to each Lead Plaintiff and \$1,500 to each Named Plaintiff), and an Award to Schnieders not to exceed \$1,500. Collectively, if approved by the Court, the attorneys’ fees and expenses and awards to Class Plaintiffs and Schnieders are estimated to average \$0.04 per damaged share of PixarBio securities. If approved by the Court, these amounts will be paid from the Settlement Amount.
- The average approximate recovery, after deduction of attorneys’ fees and interest, expenses approved by the Court, and Awards to Class Plaintiffs and Schneiders is \$0.06 per damaged share of PixarBio securities. This estimate is based on the assumptions set forth in the preceding paragraphs. This is not an estimate of the actual recovery per share you should expect. Your actual recovery if you are a Settlement Class Member, if any, will depend on the aggregate losses of all Settlement Class Members, the date(s) you purchased and sold PixarBio securities, the purchase and sales prices, and the total number of claims filed.
- The Settlement resolves the Securities Class Action concerning whether PixarBio and certain of its officers and directors, Francis M. Reynolds (“Reynolds”), Kenneth A. Stromsland (“Stromsland”), Katrin Holzhaus (“Holzhaus”), David A. Cass (“Cass”), Derek S. Bridges (“Bridges”), and Laura Barker Morse (“Morse” collectively “Securities Defendants”) violated federal securities laws by allegedly making misrepresentations and/or omissions of material fact in various public statements to the investing public concerning PixarBio’s business operations, prospects, and financial health. Securities Defendants have denied and continue to deny each, any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted by Class Plaintiffs. Securities Defendants have also denied, *inter alia*, the allegations that Class Plaintiffs or the Settlement Class have suffered damages or that Class Plaintiffs or the Settlement Class were harmed by the conduct alleged in the Securities Class Action. Securities Defendants continue to believe the claims asserted against them in the Securities Class Action are without merit.
- The Settlement also resolves the Derivative Action concerning whether certain PixarBio officers and directors, Reynolds, Holzhaus, Cass, and Morse (collectively “Derivative Defendants”) breached their fiduciary duty to PixarBio by causing PixarBio to violate federal securities laws. Derivative Defendants have denied and continue to deny each, any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted by Schnieders. Derivative Defendants have also denied, *inter alia*, the allegations that Schnieders or PixarBio have suffered damages or that Schnieders or PixarBio were harmed by the conduct alleged in the Derivative Action. Derivative Defendants continue to believe the claims asserted against them in the Derivative Action are without merit.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this Notice carefully.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT</b>	
<b>Submit a Claim Form if You are a Settlement Class Member</b>	Fill out the attached Proof of Claim and Release Form and submit it no later than <b>February 12, 2020</b> . <b>This is the only way to get a payment.</b>
<b>Exclude Yourself from the Class if You are a Settlement Class Member</b>	Submit a request for exclusion no later than <b>February 21, 2020</b> . This is the only way you can ever be part of any other lawsuit against the Defendants or the other Released Parties about the legal claims in the Securities Class Action. <b>If you exclude yourself, you will receive no payment and cannot object or speak at the hearing.</b>
<b>Object if You are a Settlement Class Member or a Current PixarBio Shareholder</b>	Write to the Court no later than <b>February 21, 2020</b> about why you do not like the Settlement. You can still submit a claim form if you are a Settlement Class Member. If the Court approves the Settlement, you will be bound by it.
<b>Go to the Hearing if You are a Settlement Class Member or a Current PixarBio Shareholder</b>	Ask to speak in Court about the fairness of the Settlement by <b>February 21, 2020</b> at the hearing on <b>March 13, 2020</b> . If the Court approves the Settlement, you will be bound by it. You can still submit a claim form if you are a Settlement Class Member.
<b>Do Nothing if You are a Settlement Class Member or a Current PixarBio Shareholder</b>	<b>If you are a Settlement Class Member, You will get no payment AND give up your right to bring your own individual action or to object to the Settlement. If you are a Current PixarBio Shareholder, you will give up your right to object to the Settlement.</b>

### INQUIRIES

**Please do not contact the Court regarding this Notice.** All inquiries concerning this Notice, the Proof of Claim and Release Form, or the Settlement should be directed to:

PixarBio Corporation Securities and Derivative Litigation c/o Strategic Claims Services P.O. Box 230 600 N. Jackson St., Ste. 205 Media, PA 19063 Tel.: 866-274-4004 Fax: 610-565-7985 info@strategicclaims.net	<b>or</b>	Leah Heifetz-Li THE ROSEN LAW FIRM, P.A. 101 Greenwood Avenue, Suite 440 Jenkintown, PA 19046 Tel: 215-600-2817 Fax: 212-202-3827 lheifetz@rosenlegal.com  <i>Class Counsel</i>  Timothy Brown THE BROWN LAW FIRM, P.C. 240 Townsend Square Oyster Bay, NY 11771 Tel: (516) 922-5427 Fax: (516) 344-6204 tbrown@thebrownlawfirm.net  <i>Derivative Counsel</i>
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## DEFINITIONS

All capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Stipulation and Agreement of Settlement, dated September 4, 2019 (the “Settlement Stipulation”).

### COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

#### 1. Why did I get this Notice?

You or someone in your family may be a “Settlement Class Member” and may have purchased or acquired PixarBio securities: (1) in an offering carried out continuously beginning in December 2015; (2) pursuant and/or traceable to PixarBio’s private placement that closed on October 30, 2016; and/or (3) publicly traded on the open market between October 31, 2016 and January 23, 2017, both dates inclusive. You may be a Settlement Class Member and/or a “Current PixarBio Shareholder” if you currently own PixarBio securities and have owned them as of September 4, 2019, and may have seen this Notice posted on the website of the Claims Administrator, Strategic Claims Services.

#### 2. What are these lawsuits about?

The Settlement proposes to resolve two actions pending in the United States District Court for the District of New Jersey. The Securities Class Action is known as *Allen v. PixarBio Corporation, et al.*, Case No. 2:17-cv-00496-CCC-SCM. The Securities Class Action involves allegations that Securities Defendants violated certain federal securities laws by making misrepresentations or omissions of material fact concerning PixarBio’s business, operations, and prospects. The complaint alleges that the misstatements or omissions artificially inflated the price of PixarBio securities, and that the price of the securities dropped in response to certain subsequent disclosures. Securities Defendants have denied and continue to deny each, any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted in the Securities Class Action. The Settlement shall in no event be construed as, or deemed to be evidence of, liability, fault, wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part of any of the Released Parties, or of any infirmity of any defense, or of any damages to the Class Plaintiffs or any other Settlement Class Member. The Settlement resolves all claims in the Securities Class Action, as well as certain other claims or potential claims, whether known or unknown.

The Settlement also proposes to resolve the Derivative Action, *Schnieders v. Reynolds, et al.*, Case No. 2:17-cv-02987-CCC-SCM. The Derivative Action alleges that the Derivative Defendants caused PixarBio to make the same violations of the federal securities laws as alleged in the Securities Class Action and asserts claims for breach of fiduciary duties, unjust enrichment, abuse of control, gross mismanagement, and waste of corporate assets. Derivative Defendants have denied and continue to deny each, any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted in the Derivative Action. The Settlement shall in no event be construed as, or deemed to be evidence of, liability, fault, wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part of any of the Released Parties, or of any infirmity of any defense, or of any damages to Schnieders or PixarBio. The Settlement resolves all claims in the Derivative Action, as well as certain other claims or potential claims, whether known or unknown.

#### 3. Why is one of these cases a class action?

In a class action, one or more persons and/or entities, called plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a class, and these individual persons and/or entities are known as class members. One court resolves all of the issues for all class members, except for those class members who exclude themselves from the class. Only the Securities Class Action is a class action.

The Derivative Action is not a class action. It is a lawsuit made derivatively by a shareholder on behalf of the company in which he owns stock. No individual shareholder has the right to be compensated as a result of a settlement of a derivative action.

#### **4. Why is there a Settlement?**

The Parties do not agree regarding the merits of Class Plaintiffs' and Schnieders' allegations and Defendants' defenses with respect to liability or the average amount of damages per share, if any, that would be recoverable if Class Plaintiffs' and Schnieders' were to prevail at trial on each claim. The issues on which the Class Plaintiffs and Securities Defendants disagree include: (1) whether the challenged statements were materially false or misleading or otherwise actionable under federal securities law; (2) whether Securities Defendants acted with scienter; (3) whether the alleged disclosures were corrective disclosures; (4) the causes of the loss in the value of the common stock; and (5) the amount of alleged damages, if any, that could be recovered at trial. Schnieders and Derivative Defendants also disagree whether Derivative Defendants: (1) breached their fiduciary duties owed to PixarBio by causing PixarBio to violate the federal securities laws; (2) were unjustly enriched; (3) abused their control over PixarBio; (4) grossly mismanaged PixarBio; and (5) wasted PixarBio's corporate assets.

These matters have not gone to trial, and the Court has not decided in favor of any of the Parties. Instead, the Parties have agreed to settle the cases. Class Plaintiffs and Class Counsel believe the Settlement is best for all Settlement Class Members because of the risks associated with continued litigation and the nature of the defenses raised by Securities Defendants. Among the reasons that Class Plaintiffs and Class Counsel believe the Settlement is fair is the fact that there is uncertainty about whether they will be able to prove that any challenged statement was false or misleading, that the alleged misstatements and omissions actually caused the Settlement Class any damages, and the amount of damages, if any. Similarly, Schnieders and Derivative Counsel believe the Settlement is the best for PixarBio and its shareholders because of the risks associated with continued litigation and the nature of the defenses that could be raised by the Derivative Defendants.

Even if Class Plaintiffs and Schnieders were to win at their respective trials, and also prevail on any on appeals, Class Plaintiffs and Schnieders might not be able to collect some, or all, of any judgment they are awarded. Moreover, while litigation of this type is usually expensive, it appears that, even if Class Plaintiffs' and Schnieders' allegations were found to be true, the total amount of damages to which Settlement Class Members would be entitled could be substantially reduced.

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

For the Securities Class Action, the Settlement Class consists of all persons and entities, other than Defendants and their affiliates, who purchased or acquired PixarBio securities: (1) in an offering carried out continuously beginning in December 2015; (2) pursuant and/or traceable to PixarBio's private placement that closed on October 30, 2016; and/or (3) publicly traded on the open market between October 31, 2016 and January 23, 2017, both dates inclusive. Excluded from the Settlement Class are Securities Defendants and their immediate families, the officers and directors of PixarBio at all relevant times, their legal representatives, heirs, successors or assigns, and any entity in which Defendants have or had a controlling interest.

For the Derivative Action, you must currently own PixarBio securities and have owned them as of September 4, 2019 to have standing to comment or object to the Settlement.

#### **6. Are there exceptions to being included in the Settlement Class?**

Yes. Excluded from the Settlement Class are Securities Defendants and their immediate families, the officers and directors of the Company at all relevant times, their legal representatives, heirs, successors or assigns, and any entity in which Securities Defendants have or had a controlling interest. You are also excluded from the Settlement Class if you have a net profit in purchases and sales of PixarBio securities or otherwise suffered no compensable damages during the Settlement Class Period. You may also choose to be excluded from the Settlement Class by filing a valid and timely request for exclusion as described below in the response to question 11.

**7. I am still not sure whether I am included in the Settlement Class.**

If you are still not sure whether you are included in the Settlement Class, you can ask for free help. For more information, you can contact the Claims Administrator, Strategic Claims Services, by phone at (866) 274-4004 or by facsimile at (610) 565-7985, visit the website at [www.strategicclaims.net](http://www.strategicclaims.net), or fill out and return the Proof of Claim and Release Form described in Question 9, to see if you qualify.

**8. What does the Settlement provide?**

**a. What is the Settlement Fund?**

The proposed Settlement provides for Defendants' insurers to pay seven hundred fifty thousand dollars (\$750,000) into a settlement fund (the "Settlement Fund"). If there are funds in the Additional Settlement Amount, then those funds will be added to the Settlement Fund. The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the Settlement Fund will be used to pay attorneys' fees with interest and reasonable litigation expenses to Class Counsel, Derivative Counsel, and any Awards to Class Plaintiffs and Schnieders. A portion of the Settlement Fund also will be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and the costs of the claims administration process, including the costs of printing and mailing and/or emailing notice and the costs of publishing notice. After the foregoing deductions from the Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Settlement Class Members who submit timely, valid claims, according to the Plan of Allocation to be approved by the Court.

**b. What can you expect to receive under the proposed Settlement if you are a Settlement Class Member?**

If you are a Settlement Class Member, your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed by all Settlement Class Members; (ii) the dates you purchased and sold PixarBio securities; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Class Counsel and Derivative Counsel for attorneys' fees, costs, and expenses and the amounts awarded to the Class Plaintiffs and Schnieders.

The Net Settlement Fund will be distributed to Settlement Class Members who submit a Proof of Claim and Release Form and whose claims for recovery are allowed by the Claims Administrator pursuant to the terms of the Settlement Stipulation or by order of the Court under the below Plan of Allocation ("Authorized Claimants"), which reflects Class Plaintiffs' contention that because of the alleged misrepresentations made by Defendants, the price of PixarBio securities was artificially inflated during the Settlement Class Period and that certain subsequent disclosures caused changes in the inflated price of PixarBio securities. Defendants have denied and continue to deny these allegations and any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted in the Action.

**PROPOSED PLAN OF ALLOCATION OF THE NET SETTLEMENT FUND**

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the Parties, or another plan of allocation, without further notice to Settlement Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Claims Administrator's website, [www.strategicclaims.net](http://www.strategicclaims.net).

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss. **Please Note:** The Recognized Loss formula, set forth below, is not intended to be an estimate of the amount of what a Settlement 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 Loss 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 Loss and subject to the provisions in the preceding paragraph. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized

Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's Recognized Loss bears to the total Recognized Losses of all Authorized Claimants and subject to the provisions in the preceding paragraph (*i.e.*, "*pro rata* share"). Payment in this manner shall be deemed conclusive against all Authorized Claimants. No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any funds remain in the Net Settlement Fund by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants; (ii) second, to pay any additional Administration Costs incurred in administering the Settlement; and (iii) finally, to make a second distribution to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00 from such second distribution, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making this second distribution, if such second distribution is economically feasible. If six (6) months after such second distribution, if undertaken, or if such second distribution is not undertaken, any funds shall remain in the Net Settlement Fund after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a non-profit charitable organization(s) selected by Plaintiffs' Counsel.

#### **THE BASIS FOR CALCULATING YOUR RECOGNIZED LOSS:**

Each Authorized Claimant shall be allocated a *pro rata* share of the Net Settlement Fund based on his, her or its Recognized Loss as compared to the total Recognized Losses of all Authorized Claimants. Recognized Losses will be calculated as follows:

- I) For PixarBio securities purchased or acquired pursuant and/or traceable to the Company's private placement that closed on October 30, 2016, the Recognized Loss shall be calculated as follows:
  - A. For securities held as of the close of trading on January 23, 2017, the Recognized Loss shall be \$1.75 per share<sup>1</sup>.
  - B. For securities sold on or before January 23, 2017<sup>2</sup>, the Recognized Loss shall be zero.
- II) For PixarBio securities purchased or acquired pursuant and/or traceable to the Company's Friends and Family Offering commencing in December 2015, the Recognized Loss shall be calculated as follows:
  - A. For securities retained at the end of trading on January 23, 2017, the Recognized Loss shall be the lesser of:
    - (i) \$2.61 per share; or
    - (ii) the difference between the purchase price per share (not to exceed the offering price) and \$.25 per share.
  - B. For securities sold on or before January 23, 2017, the Recognized Loss per share shall be \$0.
- III) For PixarBio securities purchased between October 30, 2016 and January 23, 2017, inclusive, the Recognized Loss shall be calculated as follows:
  - A. For securities retained at the end of trading on January 23, 2017, the Recognized Loss shall be the lesser of:
    - (iii) \$2.61 per share; or
    - (iv) the difference between the purchase price per share and \$.25 per share<sup>3</sup>.
  - B. For securities sold on or before January 23, 2017, the Recognized Loss per share shall be \$0.

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<sup>1</sup> \$1.75 per share represents the difference between the Company's \$2.00 per share private placement purchase price, that closed on October 30, 2016, and the \$.25 per share 90-day look back price as described in footnote 3.

<sup>2</sup> This the end of the Settlement Class Period.

<sup>3</sup> 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 the 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 ("90-day look back price")." \$.25 per share represents the Company's 90-day look back price.

To the extent a Claimant had a trading gain or “broke even” from his, her or its overall transactions in PixarBio securities during the Settlement Class Period, the value of the Recognized Loss 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 PixarBio securities during the Settlement Class Period, but that trading loss was less than the Recognized Loss calculated above, then the Recognized Loss shall be limited to the amount of the Claimant’s actual trading loss.

For purposes of calculating your Recognized Loss, 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 PixarBio securities shall not be deemed a purchase, acquisition or sale of PixarBio securities for the calculation of an Authorized Claimant’s Recognized Loss. The covering purchase of a short sale is not an eligible purchase. Only publicly traded common securities are eligible purchases.

For purposes of calculating your Recognized Loss, 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 Form enclosed with this Notice, you must provide (1) PixarBio securities purchased or acquired from an offering carried out continuously beginning in December 2015; (2) PixarBio securities purchased or acquired pursuant and/or traceable to the Company’s private placement that closed on October 30, 2016; and (3) all of your purchases and sales of PixarBio securities during the time period from October 30, 2016 through and including January 23, 2017.

Payment pursuant to the Plan of Allocation approved by the Court shall be conclusive against all Authorized Claimants. No person shall have any claim against Defendants, Defendants’ Counsel, Plaintiffs, Plaintiffs’ Counsel or the Claims Administrator or other agent designated by Plaintiffs’ Counsel based on the distributions made substantially in accordance with the Settlement Stipulation and the Settlement contained therein, the Plan of Allocation, 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 Form. 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 Settlement 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.

**9. How can I get a payment if I am a Settlement Class Member?**

To qualify for a payment if you are a Settlement Class Member, you must send in a form titled “Proof of Claim and Release Form.” This Proof of Claim and Release Form is attached to this Notice. You may also obtain a Proof of Claim and Release Form at [www.strategicclaims.net](http://www.strategicclaims.net). Read the instructions carefully, fill out the form, sign it in the location indicated. The Proof of Claim and Release Form may be completed in two ways: (1) by completing and submitting it electronically at [www.strategicclaims.net](http://www.strategicclaims.net) **by 11:59 p.m. EST on February 12, 2020**; or (2) by mailing the claim form together with all documentation requested in the form, **postmarked no later than February 12, 2020**, to:

PixarBio Corporation Securities and Derivative Litigation  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson St., Ste. 205  
Media, PA 19063  
Fax: (610) 565-7985  
[info@strategicclaims.net](mailto:info@strategicclaims.net)

The Claims Administrator will process your claim and determine whether you are an Authorized Claimant.

**10. What am I giving up to get a payment or stay in the Settlement Class?**

Unless you exclude yourself from the Settlement Class by the February 21, 2020 deadline, you will remain a member of the Settlement Class and will be bound by the release of claims against Defendants and other Released Parties if the Settlement is approved. That means you and all other Settlement Class Members and

each of their respective parent entities, associates, affiliates, subsidiaries, predecessors, successors, assigns, attorneys, immediate family members, heirs, representatives, administrators, executors, devisees, legatees, and estates will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) as against Defendants and other Released Parties, any and all claims that arise out of, are based upon or relate in any way to the purchase or acquisition of PixarBio securities during the Settlement Class Period. It means that all of the Court's orders will apply to you and legally bind you. That means you will accept a share of the Net Settlement Fund as sole compensation for any losses you suffered in the purchase, acquisitions, sale or ownership of PixarBio securities during the Settlement Class Period. The specific terms of the release are included in the Settlement Stipulation.

**11. How do I get out of the Securities Class Action Settlement if I am a Settlement Class Member?**

If you are a Settlement Class Member, but you do not want to receive a payment from the Securities Class Action Settlement, and you want to keep any right you may have to sue or continue to sue Securities Defendants or other Released Parties on your own about the claims made in the Securities Class Action, then you must take steps to exclude yourself from the Settlement. To exclude yourself from the Settlement, you must mail a letter that (A) clearly indicates your name, address, phone number and e-mail contact information (if any) and states that you “request to be excluded from the Settlement Class Action in *Allen v. PixarBio Corporation, et al.*, Case No. 2:17-cv-00496-CCC-SCM (D.N.J.)” and (B) states the date, number of shares and dollar amount of each PixarBio securities purchase or acquisition during the Settlement Class Period, any sale transactions, and the number of shares of PixarBio securities held by you as of the Settlement Class Period. In order to be valid, such request for exclusion must be submitted with documentary proof: (i) of each purchase and, if applicable, sale transaction of PixarBio securities during the Settlement Class Period; and (ii) demonstrating your status as a beneficial owner of the PixarBio securities. Any such request for exclusion must be signed and submitted by you, as the beneficial owner, under penalty of perjury. You must mail your exclusion request, to be **received no later than February 21, 2020**, to the Claims Administrator at the following address:

PixarBio Corporation Securities and Derivative Litigation  
c/o Strategic Claims Services  
P.O. Box 230  
600 N. Jackson St., Ste. 205  
Media, PA 19063

**You cannot exclude yourself by telephone or by e-mail.**

If you properly exclude yourself, you will not receive a payment from the Net Settlement Fund, you cannot object to the Settlement of the Securities Class Action, and you will not be legally bound by the judgment in this case.

**12. If I am a Settlement Class Member and I do not exclude myself, can I sue Securities Defendants or the other Released Parties for the same thing later?**

No. Unless you followed the procedure outlined in the Notice to exclude yourself, you give up any right to sue Securities Defendants or other Released Parties for the claims being released in this Settlement. If you have a pending lawsuit related to any Released Claims, speak to your lawyer in that case immediately because you must exclude yourself from this Settlement Class to continue your own lawsuit.

**13. If I am a Settlement Class Member, do I have a lawyer in this case?**

The Court appointed The Rosen Law Firm, P.A. as Lead Counsel to represent you and the other Settlement Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense. Contact information for The Rosen Law Firm, P.A. is provided below.

**14. How will the lawyers be paid?**

Class Counsel and Derivative Counsel have expended considerable time litigating the Securities Class Action and the Derivative Action on a contingent fee basis and have paid for the expenses of the cases themselves. They have not been paid attorneys' fees or been reimbursed for their expenses in advance of this Settlement. Class Counsel have done so with the expectation that, if they are successful in recovering money for the Settlement Class, they will receive attorneys' fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel and Derivative Counsel will not receive attorneys' fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make a collective award of attorneys' fees for Class Counsel and Derivative Counsel in an amount not to exceed one-third of the Settlement Fund (\$200,000 for Class Counsel in the Securities Class Action and \$50,000 for Derivative Counsel in the Derivative Action) plus interest, reimbursement of litigation expenses of no more than \$45,000, an Award to Class Plaintiffs not to exceed \$23,000 in total (\$10,000 to each Lead Plaintiff and \$1,500 to each Named Plaintiff) and \$1,500 to Schnieders. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

**15. If I am a Settlement Class Member or a Current PixarBio Shareholder, how do I tell the Court that I do not like the Settlement?**

You can tell the Court you do not agree with the Settlement, any part of the Settlement, and/or to the motion for attorneys' fees and expenses for Class Counsel and Derivative Counsel and application for Awards to Class Plaintiffs and Schneiders, and that you think the Court should not approve the Settlement.

To object to any aspect of the settlement of the Securities Class Action, if you are a Settlement Class Member, you may do so by mailing a letter stating that you object to the Settlement in the matter of *Allen v. PixarBio Corporation, et al.*, Case No. 2:17-cv-00496-CCC-SCM (D.N.J.). Be sure to include: (1) your name, address, and telephone number; (2) a list of all purchases and sales of PixarBio securities during the Settlement Class Period in order to show membership in the Settlement Class; (3) all grounds for the objection, including any legal support known to you or your counsel; (4) the name, address and telephone number of all counsel, if any, who represent you, including your former or current counsel who may be entitled to compensation in connection with the objection; and (5) the number of times you and/or your counsel has filed an objection to a class action settlement in the last five years, the nature of each such objection in each case, the jurisdiction in each case, and the name of the issuer of the security or seller of the product or service at issue in each case.

To object to any aspect of the settlement of the Derivative Action, if you are a Current PixarBio Shareholder, you may do so by mailing a letter stating that you object to the Settlement in the matter of *Schnieders v. Reynolds, et al.*, Case No. 2:17-cv-02987-CCC-SCM (D.N.J.). Be sure to include: (1) name, address, and telephone number; (2) proof of ownership of PixarBio securities as of September 4, 2019 and through the date of the Settlement Hearing, including the number of shares of PixarBio securities held and the date of purchase; (3) all grounds for the objection, including any legal support known to you and/or your counsel; (4) the name, address and telephone number of all counsel who represent you, including former or current counsel who may be entitled to compensation in connection with the objection; and (5) the number of times you and/or your counsel has filed an objection to a class action or derivative settlement in the last five years, the nature of each such objection in each case, the jurisdiction in each case, and the name of the issuer of the security or seller of the product or service at issue in each case.

Attendance at the Settlement Hearing is not necessary. Objectors wishing to be heard orally at the Settlement Hearing are required to indicate in their written objection (or in a separate writing that is submitted in accordance with the deadline and after instruction pertinent to the submission of a written objection) that they intend to appear at the Settlement Hearing and identify any witnesses they may call to testify or exhibits they intend to introduce into evidence at the Settlement Hearing. Be sure to serve copies

of any objections, papers and briefs to **each** of the addresses listed below, to be **received no later than February 21, 2020**:

Clerk of the Court  
United States District Court  
District of New Jersey  
Martin Luther King Building  
& U.S. Courthouse  
50 Walnut Street  
Newark, NJ 07102

CLASS COUNSEL:

THE ROSEN LAW FIRM, P.A.  
Leah Heifetz-Li  
101 Greenwood Avenue, Suite 440  
Jenkintown, PA 19046

DERIVATIVE COUNSEL:

THE BROWN LAW FIRM, P.C.  
Timothy Brown  
240 Townsend Square  
Oyster Bay, NY 11771

COUNSEL FOR PIXARBIO  
CORPORATION AND DAVID A. CASS:

OBERMAYER REBMANN  
MAXWELL & HIPPEL LLP  
Mathieu J. Shapiro  
Centre Square West  
1500 Market Street, Suite 3400  
Philadelphia, PA 19102

COUNSEL FOR DEFENDANT FRANCIS  
M. REYNOLDS:

CONRAD O'BRIEN PC  
Kevin D. Kent  
1500 Market Street, Suite 3900  
Centre Square, West Tower  
Philadelphia, PA 19102

COUNSEL FOR DEFENDANT KENNETH  
A. STROMSLAND:

ZUKERMAN GORE BRANDEIS &  
CROSSMAN, LLP  
Justin A. Greenblum  
11 Times Square, 15<sup>th</sup> Floor  
New York, NY 10036

COUNSEL FOR DEFENDANTS KATRIN  
HOLZHAUS, DEREK S. BRIDGES AND  
LAURA BARKER MORSE:

GIBBONS P.C.  
Lawrence S. Lustberg  
One Gateway Center  
Newark, NJ 07102

**16. What is the difference between objecting and requesting exclusion?**

Objecting is simply telling the Court you do not like something about the Settlement or some portion thereof. You can object to the settlement of the Securities Class Action only if you stay in the Settlement Class. Requesting exclusion from the Settlement Class is telling the Court you do not want to be part of the Settlement Class and Settlement. If you exclude yourself, you cannot object to the settlement of the Securities Class Action because it no longer concerns you. If you stay in the Settlement Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself.

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

The Court will hold a Settlement Hearing on **March 13, 2020, at 12:30 p.m.**, at the United States District Court, District of New Jersey, 50 Walnut Street, Courtroom MLK 5B, Newark, NJ 07102.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel

and Derivative Counsel for attorneys' fees and expenses and how much to award Class Plaintiffs and Schnieders.

**18. Do I have to come to the hearing?**

No. Class Counsel and Derivative Counsel will answer any questions the Court may have. However, you are welcome to attend 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 mail your written objection on time, the Court will consider it.

**19. What happens if I do nothing at all?**

If you are a Settlement Class Member, but you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants or the Released Parties about the claims made in the Securities Class Action ever again.

**SPECIAL NOTICE TO BROKERS AND OTHER NOMINEES**

If, during the Settlement Class Period, you purchased, otherwise acquired, or sold PixarBio securities for the beneficial interest of a person or organization other than yourself, the Court has directed that, **WITHIN TEN (10) DAYS OF YOUR RECEIPT OF NOTICE**, you either: (a) provide to the Claims Administrator the name, email address, and last known address of each person or organization for whom or which you purchased such PixarBio securities during such time period; (b) request an electronic copy of the Summary Notice and, within ten (10) days after receiving the Summary Notice, email the Summary Notice to the email address to each beneficial purchaser/owner of PixarBio securities; or (c) request additional copies of the Postcard Notice, which will be provided to you free of charge, and within ten (10) days mail the Postcard Notice directly to the beneficial purchaser/owners of the PixarBio securities. If you choose to follow alternative procedures (b) or (c), the Court has directed that, upon such emailing/ mailing, you send a statement to the Claims Administrator confirming that the emailing/ mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable out-of-pocket expenses actually incurred in connection with the foregoing up to \$0.05 for providing names, addresses and email addresses to the Claims Administrator; up to a maximum of \$0.05 per Postcard Notice mailed by you, plus postage at the rate used by the Claims Administrator; or \$0.05 per notice sent by email. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications regarding the foregoing should be addressed to the Claims Administrator at the address listed on page 3 above.

DATED: NOVEMBER 18, 2019

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BY ORDER OF THE UNITED STATES  
DISTRICT COURT FOR THE DISTRICT OF  
NEW JERSEY