

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

IN RE MISONIX, INC. STOCKHOLDER
DERIVATIVE LITIGATION

This Document Relates To:

ALL DERIVATIVE ACTIONS.

Lead Case No. 2:17-cv-03385-ADS-AYS

(Consolidated with No. 2:17-cv-03657)

Honorable Arthur D. Spatt
Courtroom 1020

STIPULATION OF SETTLEMENT

This Stipulation of Settlement, dated May 3, 2019 (the "Stipulation"), is made and entered into by and among the following Settling Parties in this consolidated shareholder derivative action, by and through their respective counsel of record: (i) plaintiffs Irving Feldbaum and Michael Rubin ("Plaintiffs"), individually and derivatively on behalf of nominal defendant Misonix, Inc. ("Misonix" or the "Company"); (ii) nominal defendant Misonix; and (iii) individual defendants Stavros G. Vizirgianakis; Richard A. Zaremba; John W. Gildea; Charles Miner III; Patrick A. McBrayer; Thomas M. Patton; Michael A. McManus, Jr.; and T. Guy Minetti (collectively, the "Individual Defendants," and together with Misonix the "Defendants").¹ This Stipulation is intended by the Settling Parties² to fully, finally, and forever resolve, discharge, and settle the Released Claims, subject to the terms and conditions set forth herein.

I. BACKGROUND

Misonix is a New York Corporation that principally conducts the business of designing, manufacturing, developing, and marketing therapeutic ultrasonic products for neurosurgical, spinal,

¹ Collectively, Plaintiffs, the Individual Defendants and Misonix are referred to as the Settling Parties.

² All capitalized terms not otherwise defined are defined in section V.1.

advanced wound care, and general surgical procedures. Misonix's stock is traded on the NasdaqGM under the ticker symbol "MSON."

On June 6, 2017, and June 16, 2017, Plaintiffs Feldbaum and Rubin, respectively, filed verified shareholder derivative complaints on behalf of Misonix with the Court. The Plaintiffs' complaints asserted claims, derivatively on behalf of Misonix, against the Individual Defendants for: (i) violation of Section 14(a) of the Securities Exchange Act of 1934; (ii) breach of fiduciary duty, (iii) gross mismanagement, (iv) unjust enrichment; and (v) waste of corporate assets. Plaintiffs also sought to cause the enactment of material enhancements to the Company's internal controls and corporate governance practices, in particular with regard to, among other things, the Company's compliance with the Foreign Corrupt Practices Act ("FCPA"), so that the alleged damage to the Company would not recur. Defendants deny each and every claim alleged by Plaintiffs.

On July 21, 2017, the Court entered an order consolidating the two cases under the caption *In re Misonix, Inc. Stockholder Derivative Litigation*, Civil Action NO. 2:17-cv-03385-ADS-AYS. Pursuant to the order, the Court also appointed the Plaintiffs as Lead Plaintiffs, and appointed Robbins Arroyo LLP and WeissLaw LLP as Co-Lead Counsel for Plaintiffs in the consolidated action.

The parties began exploring the possibility of a resolution of the Action in August of 2017. Over the course of more than five months, the parties negotiated corporate governance enhancements addressing the Company's internal controls relating to FCPA compliance, among other reforms. In order to facilitate the parties' discussions, the Company provided Plaintiffs with nonpublic documents reflecting analyses of the Company's prior and existing internal controls, certain actions being taken by the Company with respect to the FCPA issues raised in this litigation, and the status of the Company's efforts to enhance its internal controls. The parties' negotiations included numerous telephonic conferences and exchanges of draft corporate governance proposals.

As a result of the parties' efforts, on April 6, 2018, the parties agreed in principle on a set of corporate governance reforms that, among other things, will enhance the Company's internal controls relating to FCPA compliance and corporate governance best practices (the "Corporate Governance Reforms"). Exhibit 1. The Company has agreed to maintain the reforms for a period of at least six (6) years.

After the parties had agreed in principle on the substantive consideration for the settlement, they began to discuss a reasonable attorneys' fees and expense amount to be paid to Plaintiffs' Counsel for their efforts in prosecuting the derivative action and negotiating the material Corporate Governance Reforms. Despite the parties' good faith efforts, they were unable to reach an agreement on attorneys' fees on their own. The parties then agreed to mediate the attorneys' fees issue with Michelle Yoshida, a mediator with extensive experience in derivative and other shareholder litigation. After months of mediated negotiations, Ms. Yoshida made a "mediator's recommendation" of \$500,000 in attorneys' fees and expenses to be paid to Plaintiffs' Counsel. All parties agreed to accept the mediator's recommendation.

II. PLAINTIFFS' CLAIMS AND THE BENEFITS OF SETTLEMENT

Plaintiffs believe that the Action has substantial merit, and Plaintiffs' entry into this Stipulation and Settlement is not intended to be and shall not be construed as an admission or concession concerning the relative strength or merit of the claims alleged in the Action. However, Plaintiffs and Plaintiffs' Counsel recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against the Individual Defendants through trial and possible appeals. Plaintiffs' Counsel has also taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs' Counsel are also mindful of the inherent problems of pleading

demand futility and thereby establishing standing to pursue derivative claims on the Company's behalf, and the possible defenses to the claims alleged in the Action.

Plaintiffs' Counsel have conducted extensive investigation and analysis, including, *inter alia*: (i) reviewing Misonix's press releases, public statements, SEC filings, and securities analysts' reports and advisories about the Company; (ii) reviewing related media reports about the Company; (iii) researching applicable law with respect to the claims alleged in the Action and potential defenses thereto; (iv) preparing and filing derivative complaints; (v) conducting damages analyses; (vi) reviewing and analyzing confidential nonpublic documents produced by the Defendants in this Action; and (vii) negotiating this Settlement with Defendants, including researching corporate governance best practices – as well as, in particular, best practices for ensuring FCPA compliance – and negotiating the Corporate Governance Reforms. Based on Plaintiffs' Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiffs' Counsel believe that the Settlement set forth in this Stipulation is fair, reasonable, and adequate, and confers substantial benefits upon Misonix and its shareholders. Based upon Plaintiffs' Counsel's evaluation, Plaintiffs have determined that the Settlement is in the best interests of Misonix and its shareholders and has agreed to settle the Action upon the terms and subject to the conditions set forth herein.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

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

Nonetheless, the Defendants have concluded that it is desirable for the Action to be fully and finally settled in the matter and upon the terms and conditions set forth in this Stipulation. Defendants have also taken into account the uncertainty and risks inherent in any litigation, especially in complex

shareholder derivative cases like the Action. Defendants have, therefore, determined that it is in their best interests, and Misonix and the Misonix Board of Directors have determined that it is in the best interest of Misonix, for the Action to be settled in the manner and upon the terms and conditions set forth in this Stipulation.

Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to this Stipulation, nor any action taken to carry out this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against the Individual Defendants of any fault, wrongdoing, or concession of liability whatsoever.

IV. INDEPENDENT MISONIX APPROVAL

Misonix, acting through nondefendant officers, and in consultation with outside counsel, reviewed the allegations and the Settlement terms, and in a good faith exercise of business judgment determined the terms of the Settlement and each of its terms, as set forth in this Stipulation of Settlement, to be in the best interests of Misonix.

V. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the undersigned counsel for the Settling Parties herein, in consideration of the benefits flowing to the Settling Parties from the Settlement, and subject to the approval of the Court pursuant to Rule 23.1 of the Federal Rules of Civil Procedure, that the claims asserted in the Action and the Released Claims shall be finally and fully compromised, settled, and released, and the Action shall be dismissed with prejudice and with full preclusive effect as to all Settling Parties, upon and subject to the terms and conditions of this Stipulation, as set forth below.

1. Definitions

As used in this Stipulation, the following terms have the meanings specified below:

1.1 "Action" means this shareholder derivative action styled as "Consolidated Action."

1.2 "Court" means the U.S. District Court for the Eastern District of New York.

1.3 "Current Misonix Shareholders" means any Person who owned Misonix common stock as of the date of the execution of this Stipulation and continues to hold that Misonix common stock as of the date of the Settlement Hearing, excluding the Individual Defendants, the officers and directors of Misonix, members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which Individual Defendants have or had a controlling interest.

1.4 "Defendants" means, collectively, nominal defendant Misonix and the Individual Defendants.

1.5 "Defendants' Counsel" means the law firm of Williams & Connolly LLP and Kramer Levin Naftalis & Frankel LLP.

1.6 "Effective Date" means the date by which the events and conditions specified in paragraph 6.1 of this Stipulation have been met and have occurred.

1.7 "Fee and Expense Amount" means the agreed-upon amount of \$500,000 for attorneys' fees and expense reimbursement to be paid to Plaintiffs' Counsel, subject to Court approval, as described in paragraph 4.1 of this Stipulation.

1.8 "Final" means the date upon which the last of the following shall occur with respect to the Judgment approving this Stipulation, substantially in the form of Exhibit B attached hereto: (1) the expiration of the time to file a notice of appeal from the Judgment; or (2) if an appeal has been filed, the court of appeals has either affirmed the Judgment or dismissed that appeal and the time for any reconsideration or further appellate review has passed; or (3) if a higher court has granted further appellate review, that court has either affirmed the underlying Judgment or affirmed the court of appeal's decision affirming the Judgment or dismissing the appeal. For purposes of this paragraph, an "appeal" shall not include any appeal that concerns only the issue of the Fee and Expense Amount or

the payment of a service award. Any proceeding or order, or any appeal or petition for a writ of certiorari pertaining solely to the application for attorneys' fees, costs, or expenses, shall not in any way delay or preclude the Judgment from becoming Final.

1.9 "Individual Defendants" means any and all individuals who are defendants in the Action, including defendants Stavros G. Vizirgianakis, Richard A. Zaremba, John W. Gildea, Charles Miner III, Patrick A. McBrayer, Thomas M. Patton, Michael A. McManus, Jr., and T. Guy Minetti.

1.10 "Judgment" means the Order and Final Judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.

1.11 "Notice" means the Notice of Proposed Settlement and of Settlement Hearing, substantially in the form attached hereto as Exhibit A-1.

1.12 "Person" means an individual, corporation, limited liability corporation, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

1.13 "Plaintiffs" means Irving Feldbaum and Michael Rubin.

1.14 "Plaintiffs' Counsel" means the law firms of Robbins Arroyo LLP; and WeissLaw LLP.

1.15 "Misonix" or the "Company" means nominal defendant Misonix, a New York Corporation, and its affiliates, subsidiaries, predecessors, successors, and assigns.

1.16 "Related Persons" means: (i) with regard to each Individual Defendant, the Individual Defendants' spouses, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which any Individual Defendant has a controlling interest, and each and all of their respective past and present officers, directors, employees, agents, affiliates, parents, subsidiaries,

divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns; and (ii) with regard to Misonix, all past or present agents, officers, directors, attorneys, accountants, auditors, advisors, insurers, co-insurers, reinsurers, partners, controlling shareholders, joint venturers, related or affiliated entities, advisors, employees, affiliates, predecessors, successors, parents, subsidiaries, insurers, and assigns.

1.17 "Released Claims" means any and all actions, suits, claims, debts, rights, liabilities, and causes of action of every nature and description whatsoever, known or unknown (including Unknown Claims (as defined in paragraph 1.24 below)), accrued or un-accrued, liquidated or un-liquidated, matured or un-matured, whether or not concealed or hidden, asserted or un-asserted, existing directly or derivatively on behalf of Misonix, by Plaintiffs or any other shareholder of Misonix, with respect to any and all conduct, matters, transactions, filings, or occurrences that (i) were alleged in the Action; (ii) arise from or related to any of the conduct, matters, transactions, filings, or occurrences that were alleged in the Action; (iii) could have been asserted with respect to any of the matters, transactions, filings, or occurrences that were alleged in the Action, or (iv) arise out of or relate to the defense, prosecution, settlement, or resolution of the Action, including the Settlement. Excluded from the term "Released Claims" are (i) all claims alleged in the Securities Class Action, (ii) any claims to enforce the Settlement, and (iii) any claims brought under or reserved by the agreements or by-laws identified in paragraph 5.4.

1.18 "Released Persons" means, collectively, Misonix, the Individual Defendants, and their Related Persons. "Released Person" means, individually, any of the Released Persons.

1.19 "Releasing Parties" means Plaintiffs, all other Current Misonix Shareholders, Plaintiffs' Counsel, Defendants' Counsel, and Defendants. "Releasing Party" means, individually, any of the Releasing Parties.

1.20 "Settlement" means the settlement and compromise of the Action as provided for herein.

1.21 "Settlement Hearing" means the hearing or hearings at which the Court will review the adequacy, fairness, and reasonableness of the Settlement and determine whether to enter a Judgment that is in substance materially the same as the [Proposed] Judgment attached hereto as Exhibit B, including the Fee and Expense Amount.

1.22 "Settling Parties" means, collectively, Plaintiffs and Defendants. "Settling Party" means, individually, any of the Settling Parties.

1.23 "Summary Notice" means the Summary Notice of Pendency and Proposed Settlement of Shareholder Derivative Action, substantially in the form attached hereto as Exhibit A-2.

1.24 "Unknown Claims" means any Released Claim(s) which Plaintiffs or Defendants do not know of or suspect to exist in his, her, or its favor at the time of the release of the Released Persons. With respect to any and all Released Claims, the Settling Parties agree that upon the Effective Date, the Settling Parties expressly waive the provisions, rights and benefits conferred by or under California Civil Code section 1542, or any other law of the United States or any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

The Settling Parties acknowledge that they may hereafter discover facts in addition to or different from those now known or believed to be true by them, with respect to the subject matter of the Released Claims, but it is the intention of the Settling Parties to completely, fully, finally, and forever compromise, settle, release, discharge, and extinguish any and all Released Claims, known or

unknown, suspect or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which do now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. The Settling Parties acknowledge that the foregoing waiver was separately bargained for and is a key element of this Stipulation of which this release is a part.

2. Terms of the Settlement

2.1 As a result of the filing, prosecution, and settlement of the Action, Misonix shall, within thirty (30) days of final approval of the Settlement, and to the extent not already accomplished, take all necessary steps to ensure adherence to the Corporate Governance Reforms identified in Exhibit 1 attached hereto. Misonix and the Individual Defendants acknowledge and agree that the Corporate Governance Reforms identified in Exhibit 1 are significant and confer substantial benefits upon Misonix and its shareholders. Misonix and the Misonix Board of Directors acknowledge the Action was: a factor in the personnel changes at Misonix outlined in Exhibit 1, § I.A; a material factor in the corporate governance enhancements outlined in Exhibit 1, §I.C; and a substantial and material factor in the Board's decision to implement and maintain the corporate governance enhancements outlined in Exhibit 1, § II.

3. Approval and Notice

3.1 Promptly after execution of this Stipulation, the Settling Parties shall submit this Stipulation together with its exhibits to the Court and shall jointly apply for entry of an order (the "Preliminary Approval Order"), substantially in the form of Exhibit A attached hereto, requesting: (i) preliminary approval of the Settlement set forth in this Stipulation; (ii) approval of the form and manner of providing Notice of the Settlement to Current Misonix Shareholders; and (iii) a date for the

Settlement Hearing, approximately forty-five (45) days from the date of entry of the Preliminary Approval Order, pursuant to Rule 23.1 of the Federal Rules of Civil Procedure.

3.2 Notice to Current Misonix Shareholders shall consist of a Notice of Pendency and Proposed Settlement of Shareholder Derivative Action ("Notice"), which includes the general terms of the Settlement set forth in this Stipulation and the date of the Settlement Hearing, substantially in the form attached hereto as Exhibit A-1, as well as a Summary Notice of Pendency and Proposed Settlement of Shareholder Derivative Action ("Summary Notice"), substantially in the form attached hereto as Exhibit A-2.

3.3 Within ten (10) business days after the entry of the Preliminary Approval Order, Misonix shall cause the Stipulation of Settlement and Notice to be filed with the SEC along with a Current Report on Form 8-K or other appropriate filing, and Misonix shall publish the Summary Notice one time in the national edition of *Investors' Business Daily*. For a period of forty-five (45) days following the date of entry of the Preliminary Approval Order, Misonix shall also publish the Stipulation of Settlement and Notice on an Internet page that Misonix shall create for this purpose, which shall be accessible via a link on the "Investor Relations" page of Misonix's website, the address of which shall be contained in the Notice and Summary Notice. The Settling Parties believe the content and manner of the Notice, as set forth in this paragraph, constitutes adequate and reasonable notice to Current Misonix Shareholders pursuant to applicable law and due process. Misonix shall undertake the administrative responsibility for giving the Notice to Current Misonix Shareholders and shall be solely responsible for paying the costs and expenses related to providing such Notice to its current shareholders. If additional notice is required by the Court, then the cost and administration of such additional notice will be borne by Misonix. At least twenty-one days prior to the Settlement Hearing, Defendants' Counsel shall file with the Court an appropriate affidavit or declaration attesting

to the filing and posting the Notice and Summary Notice in accordance with the terms of this Stipulation and the Preliminary Approval Order.

3.4 Pending the Court's determination as to final approval of the Settlement, Plaintiffs are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any Released Claim against any of the Released Persons.

4. The Fee and Expense Amount

4.1 In recognition of the substantial benefits conferred upon Misonix as a direct result of the prosecution and Settlement of the Action, and subject to Court approval, the Individual Defendants shall cause their insurers to pay Plaintiffs' Counsel the agreed-to amount of \$500,000 (the "Fee and Expense Amount") in accordance with the terms set forth herein. The Fee and Expense Amount shall constitute final and complete payment for Plaintiffs' attorneys' fees and expenses that have been incurred or will be incurred in connection with the Action. The Fee and Expense Amount shall be funded to Robbins Arroyo LLP and WeissLaw LLP, within twenty (20) business days of the later of (a) the entry of the Final Approval Order, and (b) the provision by Robbins Arroyo LLP and WeissLaw LLP of all required wire instructions to include ABA number, SWIFT Code and bank name, address and account number, as well as W-9 form(s) notwithstanding the existence of any timely filed objections thereto, or potential for appeal therefrom, or collateral attack on the Settlement or any part thereof.

4.2 The Settling Parties further stipulate that Plaintiffs' Counsel may apply to the Court for a service award of up to \$6,000 for Plaintiffs (\$3,000 for each Plaintiff), only to be paid upon Court approval, and to be paid only from Plaintiffs' Counsel's Fee and Expense Amount in recognition of Plaintiffs' participation and effort in the prosecution of the Action. The failure of the Court to approve any requested service award, in whole or in part shall have no effect on the Settlement set forth in this

Stipulation. Neither Misonix nor any of the Individual Defendants shall be liable for any portion of any service award.

4.3 In the event that the Judgment fails to become Final as defined in paragraph 1.8 herein, then it shall be the obligation of Plaintiffs' Counsel to make appropriate refunds or repayments to the Defendants' insurers of any attorneys' fees and expenses previously paid within ten business days from receiving notice from Defendants' Counsel or from a court of appropriate jurisdiction.

5. Releases

5.1 Upon the Effective Date, the Releasing Parties shall be deemed to have fully, finally, and forever released, relinquished, and discharged the Released Claims (including Unknown Claims) against the Released Persons and any and all claims arising out of, relating to, or in connection with the defense, settlement, or resolution of the Action against the Released Persons, except as provided in paragraph 5.4. Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce the terms of this Stipulation.

5.2 Upon the Effective Date, the Releasing Parties shall be deemed to have fully, finally, and forever released, relinquished, and discharged Plaintiffs and Plaintiffs' Counsel from all claims (including Unknown Claims), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Action or the Released Claims.

5.3 Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce the terms of this Stipulation.

5.4 Notwithstanding the foregoing, nothing herein shall (a) release Misonix of any obligation to indemnify any or all of the Individual Defendants under any indemnification, severance, employment, retirement, or release agreement, or as mandated under Misonix's articles of incorporation or bylaws; or (b) alter, amend, or modify any of the terms, conditions, or provisions under any indemnification, severance, employment, retirement, or release agreement between any of

the Individual Defendants and Misonix. The Individual Defendants and Misonix agree that any indemnification, severance, employment, retirement, or release agreement between any of the Individual Defendants and Misonix are not affected by this Stipulation.

6. Conditions of Settlement; Effect of Disapproval, Cancellation, or Termination

6.1 The Effective Date of this Stipulation shall be conditioned on the occurrence of all of the following events:

- a. Board approval of the Settlement;
- b. Court entry of the Preliminary Approval Order;
- c. Court approval of the method of providing Notice of the proposed Settlement to Current Misonix Shareholders, as set forth in paragraph 3.2, and a hearing as required by Rule 23.1 of the Federal Rules of Civil Procedure;
- d. final approval of the Settlement by the Court following notice to Current Misonix Shareholders and the Settlement Hearing contemplated by the Stipulation;
- e. Court entry of the Judgment, in all material respects in the form set forth as Exhibit B annexed hereto, approving the Settlement and dismissing the Action with prejudice, without awarding costs to any party, except as provided herein;
- f. Court approval and payment of the Fee and Expense Amount in accordance with paragraph 4; and
- g. the passing of the date upon which the Judgment becomes Final.

6.2 The Settling Parties: (a) acknowledge that it is their intent to consummate this Stipulation; (b) agree to act in good faith and cooperate to take all reasonable and necessary steps to expeditiously implement the terms and conditions of this Stipulation; and (c) agree to not take any actions to terminate or cause Court disapproval of the Stipulation. If, after making such good faith and cooperative efforts and taking all reasonable and necessary steps to expeditiously implement the

terms and conditions of this Stipulation, any of the terms and conditions specified above in paragraph 6.1 are not met, then this Stipulation shall be canceled and terminated subject to paragraph 6.3, unless counsel for the Settling Parties mutually agree in writing to proceed with this Stipulation.

6.3 If this Stipulation is canceled or terminated as set out in paragraph 6.2 or fails to become Final in accordance with its terms: (a) all Settling Parties and Released Persons shall be restored to their respective positions in the Action as of the date of the execution of this Stipulation; (b) all releases delivered in connection with this Stipulation shall be null and void, except as otherwise provided for in this Stipulation; (c) the Fee and Expense Amount paid to Plaintiffs' Counsel shall be refunded and returned within thirty (30) calendar days; and (d) all negotiations, proceedings, documents prepared, and statements made in connection herewith shall be without prejudice to the Settling Parties, shall not be deemed or construed to be an admission by a Settling Party of any act, matter, or proposition, and shall not be used in any manner for any purpose in any subsequent proceeding in the Action or in any other action or proceeding. In such event, the terms and provisions of this Stipulation shall have no further force and effect with respect to the Settling Parties and shall not be used in the Action or in any other proceeding for any purpose.

7. Miscellaneous Provisions

7.1 The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Action. The Settlement comprises claims that are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim, allegation, or defense. The Settling Parties and their respective counsel agree that at all times during the course of the litigation, each has complied with the requirements of the applicable laws and rules of the Court, including, without limitation, Rule 11 of the Federal Rules of Civil Procedure.

7.2 Each of the Individual Defendants denies and continues to deny all allegations of wrongdoing or liability against himself or herself arising out of any conduct, statements, acts, or

omissions alleged, or which could have been alleged, in the Action. The existence of the provisions contained in this Stipulation shall not be deemed to prejudice in any way the respective positions of the Settling Parties with respect to the Action, shall not be deemed a presumption, a concession, or admission by any of the Settling Parties of any fault, liability, or wrongdoing as to any facts, claims, or defenses that have been or might have been alleged or asserted in the Action or with respect to any of the claims settled in the Action, or any other action or proceeding, and shall not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used by any person in the Action, or in any other action or proceeding, except for any litigation or judicial proceeding arising out of or relating to this Stipulation or the Settlement whether civil, criminal, or administrative, for any purpose other than as provided expressly herein.

7.3 In the event that any part of the Settlement is found to be unlawful, void, unconscionable, or against public policy by a court of competent jurisdiction, the remaining terms and conditions of the Settlement shall remain intact.

7.4 This Stipulation may be modified or amended only by a writing signed by the signatories hereto.

7.5 This Stipulation shall be deemed drafted equally by all Settling Parties.

7.6 No representations, warranties, or inducements have been made to any of the Settling Parties concerning this Stipulation or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.

7.7 Each counsel or other Person executing this Stipulation or its exhibits on behalf of any of the Settling Parties hereby warrants that such Person has the full authority to do so.

7.8 The exhibits to this Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

7.9 This Stipulation and the exhibits attached hereto constitute the entire agreement among the Settling Parties with respect to the subject matter hereof and supersede all prior and contemporaneous oral and written agreements and discussions.

7.10 In the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit hereto, the terms of this Stipulation shall prevail.

7.11 This Stipulation may be executed in one or more counterparts, including by signature transmitted by facsimile or e-mailed PDF files. Each counterpart, when so executed, shall be deemed to be an original, and all such counterparts together shall constitute the same instrument.

7.12 This Stipulation shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of New York, and the rights and obligations of the parties to this Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of New York without giving effect to that State's choice of law principles.

7.13 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms of this Stipulation, and the Settling Parties and their counsel submit to the jurisdiction of the Court solely for purposes of implementing and enforcing the Settlement embodied in this Stipulation.

IN WITNESS WHEREOF, the Settling Parties have caused this Stipulation to be executed by their duly authorized attorneys.

Dated: May 3, 2019

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Dated: May 3, 2019

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EXHIBIT 1 to the Stipulation of Settlement

EXHIBIT 1

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

IN RE MISONIX, INC. STOCKHOLDER
DERIVATIVE LITIGATION

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ALL DERIVATIVE ACTIONS.

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03657)

Honorable Arthur D. Spatt
Courtroom 1020

CORPORATE GOVERNANCE AND INTERNAL CONTROL REFORMS

I. REMEDIAL MEASURES ALREADY IMPLEMENTED OR IN THE PROCESS OF IMPLEMENTATION

A. Personnel Changes Made by Misonix, Inc. Since the Action was Commenced

The Board of Directors ("Board") shall acknowledge that the Action was a factor in the following personnel changes at Misonix, Inc. ("Misonix" or the "Company"):

1. On August 23, 2017, Misonix appointed Joseph P. Dwyer as the Company's Chief Financial Officer, effective August 21, 2017.

2. On September 18, 2017, the Company announced Senior Vice President, Treasurer, and Secretary Richard A. Zarembo had agreed to step down on September 12, 2017, effective September 18, 2017.

B. Distribution Agreements

1. The Company has terminated the agreement with its former independent distributor of its products in China, Cidel (Beijing) Science & Technology Co. Ltd.

2. The Company is in the process of amending distribution agreements with all of its international distributors with respect to legal compliance, including compliance with the Foreign Corrupt Practices act, 15 U.S. C. § 78dd-1, *et seq.* (the "FCPA") and other applicable anti-bribery laws and regulations. The Board shall acknowledge that the Action was a material factor in the aforementioned amending of distribution agreements.

C. Corporate Governance Reforms

Misonix has implemented and/or is in the process of implementing certain corporate governance changes relevant to the allegations in this Action. The Board shall acknowledge that the Action was a material factor in the corporate governance enhancements adopted and the changes made after the Action was filed. With respect to all of the following reforms and changes (whether adopted before or after the Action was commenced), the Company shall maintain the

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measures, or substantially similar measures, for a period of at least six (6) years. The Board shall acknowledge that the Board's agreement to maintain these measures for a period of at least six (6) years was a direct result of the Action.

1. FCPA/Compliance Reforms

1. In November 2016, the Company created a new "Compliance Officer" position. It has now filled that position and will continue to endeavor to have that position filled and its functions performed. The Compliance Officer is responsible for reviewing and evaluating areas relevant to the Company's compliance, including, without limitation: (i) the Health Insurance Portability and Accountability Act ("HIPAA"); (ii) the FCPA; (iii) Anti-Bribery/Anti-Corruption; (iv) Privacy; and (v) Regulatory Compliance.

2. The Board reconstituted the Company's internal compliance committee ("Compliance Committee") to include the entire senior management team, appointing the Compliance Officer as Chair and the sales and marketing officers as non-voting members.

3. The Company has developed a number of new compliance-related policies, including: (a) the Compliance Program Policy; (b) the Handling Contracts with Compliance Policy; (c) the Insider Trading Policy; (d) the Distributor and Representative Screening Process; (e) General Compliance & SARBOX Certifications; and (f) the Anti-bribery/Anti-corruption policy.

4. The Company has developed a "Distributor Screening Process/Policy" that requires that all international distributors (including existing renewals) be screened through the proprietary "Trace Screening Process." Pursuant to the formal Trace Screening Process: (a) all new distributors are run through the "Trace Corruption Index"; (b) all new distributors are ranked by level of country risk (high/medium/low); (c) for all medium- or high-risk distributors, a detailed report is provided by Trace indicating any prior distributor issues and the Company's internal Compliance Committee reviews the information, evaluates the distributor and provides its own independent report to management; and (e) reputational screenings are performed on low risk accounts and those screenings are reviewed by the Compliance Committee.

5. Under the supervision of the Board, the Company is seeking to emphasize to key leadership the importance of setting an appropriate tone at the top and of appropriate behavior with respect to accurate financial reporting, compliance with laws, and adherence to the Company's internal control over financial reporting framework and accounting policies. Some of the key changes include:

(a) The CEO (i) engages employees in periodic "Town Hall Meetings" to provide updates on current issues and business activity; (ii) holds regular senior management meetings with his direct reports to discuss current critical business issues; (iii) realigned the international sales responsibility to the Senior Vice President of Global Sales and Marketing ("SVP") with oversight by the CEO; (iv) created a position of Compliance Officer; and (v) evaluates Board and Committee membership to better ensure that those in place provide the correct balance and support for the Company's goals and attitudes.

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(b) The Chief Financial Officer ("CFO") (i) tracks Company stock options (including through use of certain software); (ii) developed a standardized sales compensation plan; (iii) engaged outside tax advisors to better ensure accuracy of tax reporting, and may retain or re-engage similar outside tax advisors in the future; and (iv) engaged outside internal audit advisors to formalize existing policies and procedures available and to develop for the Company an Accounting Manual based on current financial practices, and may retain or re-engage similar outside internal audit advisors in the future.

(c) The SVP now has reporting responsibilities for international sales, and is now partially responsible for compliance with respect to international sales. In addition, an individual on the SVP's team is charged with working with the Compliance Officer to better ensure international distributor screening methods, such as the Trace system, are strictly followed.

6. The Company regularly assesses risks of financial misstatement due to error and/or fraud, including management override controls. These assessments are performed by senior management, and is part of the portfolio of the Compliance Officer.

7. The Company has updated its policies and procedures to better ensure proper processing of transactions with senior executives, to enhance the review and approval of these types of transactions, and to better ensure their proper disclosure. The Company has and will continue to train relevant employees on such updated policies. The CFO engaged Accume Partners ("Accume") to prepare formalized policies and procedures from existing internal controls and procedures, and may retain or re-engage similar outside internal audit advisors in the future. Accume prepared a comprehensive Accounting Manual using internal practices as the foundation and, in addition, prepared the following nineteen (19) policies and procedures:

- (a) Accounts Payable Invoice Review Process
- (b) Accounts Payable Payment Process
- (c) Capital Approval Process
- (d) Chart of Accounts – Accounts Approval Process
- (e) Customer Billing Process
- (f) Cycle Count Process
- (g) Employee Compensation Change Approval Process
- (h) Employee Termination Process
- (i) Fixed Asset Disposal Process
- (j) Inventory Movement Process
- (k) Inventory Receiving Process

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- (l) Journal Entry Process
- (m) New Customer Approval Process
- (n) New Hire Process
- (o) Physical Inventory Count Process
- (p) Purchase Order Process
- (q) Return Materials Authorization Process
- (r) Shipping Process
- (s) Vendor Approval Process

8. Misonix has engaged a third-party expert consulting firm specializing in tax and technical accounting and financial reporting issues (Citrin Cooperman) to assist management with the review of the Company's quarterly and annual tax provisions and tax footnotes in quarterly and annual reporting to ensure compliance with GAAP. Misonix may retain or re-engage similar outside tax advisors in the future.

2. Code of Ethics, Whistleblower Process, and Training

1. The Company updated its Code of Business Conduct and Ethics ("Code"), which now includes the following sections (among others):

(a) An "Anti-Bribery and Corruption" section, which states that Misonix has a zero-tolerance policy in regard to bribery or corruption in any form; states that such action violates the Code; and summarizes the FCPA as well as certain other anti-corruption statutes;

(b) A "Business Meals and Other Courtesies" section, which states that Misonix employees may only provide business meals or similar courtesies when the amount is objectively reasonable and is incurred in the course of conducting Misonix business;

(c) An "Insider Trading" section, which states that Misonix employees are prohibited from trading or providing others with nonpublic material information about the company;

(d) Summaries of other statutes, including the Anti-Kickback Statute, the False Claims Act, and anti-trust laws;

(e) A "Conflicts of Interest" policy, which addresses that employees must avoid actual or potential conflicts of interest, or situations that create the appearance of a conflict of interest;

(f) A "Harassment" policy, which states that Misonix has zero tolerance for harassment in any form "Respect for Our Community," which discusses working with government

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and regulatory authorities and makes clear the requirement that the Company comply with global rules.

(g) An "Outcomes of Reporting a Concern" section, which states that Misonix offers an anonymous hotline, that reports on the line will be forwarded to the Compliance Officer and Audit Committee Chair, that Misonix will investigate all claims in a timely manner, and individuals may be subject to discipline, termination or in serious cases may be reported the authorities;

2. The Company has implemented a toll-free whistleblower hotline that is reported directly to the Chairman of the Audit Committee. The Company enhanced the "Whistleblower" process as follows: (a) an outside service provider (currently, Lighthouse Services, Inc.) has been engaged to manage the call-in process; (b) a number (sequential) is assigned to each call; (c) information from each call is documented; (d) all call information is forwarded directly to the Audit Committee Chairman; and (e) an investigation file is created for each incident.

3. In addition, the Company has increased communication and training to employees regarding the ethical values of the Company and the requirement to comply with laws, rules, regulations, and Company policies, including the Code, and the importance of accurate and transparent financial reporting.

3. Changes to Board Committee Charters

1. The Audit Committee Charter was amended to include the following:

(a) stricter guidelines relating to membership on the Committee, including enhanced director independence requirements; limitations on prior finance executives sitting on the Committee; broader statements regarding independence; and expansion of the "finance experience" requirement;

(b) additional and more explicitly delineated oversight responsibilities, including specific expectations surrounding interface with the external auditors and improved oversight of the external audit process; and

(c) additional duties and responsibilities specific to the Committee's interaction with the external auditors, including: specific requirements defined around questioning accounting treatments; duties to discuss any disagreements with management throughout the audit process; duties to discuss the application of GAAP using interpretation of auditor judgement by finance management; duties to address and discuss internal control issues; duty to formally approve financial statements; and requirement to disclose conflicts of interest.

2. The Nominating and Governance Committee Charter was amended as follows: (a) explicitly defined level of review required for candidate review; (b) expanded considerations to shareholder recommendations; (c) expanded candidate requirements to comply with laws; (d) enhanced responsibilities for managing outside advisors; and (e) removed the Committee's ability to delegate its authority.

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3. The Compensation Committee Charter was amended to remove the Committee's ability to delegate its authority.

II. ADDITIONAL CORPORATE GOVERNANCE REFORMS

In addition to the above measures already implemented, or in the process of implementation, by the Company, the Board shall agree to implement within one hundred and twenty (120) days of final settlement approval, and to maintain for a minimum period of six (6) years, the corporate governance enhancements detailed below. The Board shall acknowledge that the Action was a substantial and material factor in the Board's decision to implement and maintain these corporate governance enhancements.

A. FCPA- and Compliance-Related Policies**1. Responsibilities for FCPA Compliance:**

(a) Substantial knowledge of, and experience with, ethics and compliance standards or similar experience or qualifications from experience in law enforcement shall be a qualification for the position of Compliance Officer.

(b) The Compliance Officer shall update the Audit Committee at least annually regarding the Company's FCPA compliance policies, efforts, remedial measures, as well as any identified potential violations, internal control weaknesses, and related risk exposures.

(c) The Compliance Officer shall, as necessary and appropriate, provide relevant updates and written summaries to the Audit Committee on significant FCPA-related issues and remedial steps, investigations, or reviews of potential violations of law.

(d) The minutes of the Audit Committee meetings shall reflect that such updates and written summaries were made.

(e) The Compliance Officer shall cause appropriate personnel to maintain, for a period of at least four (4) years, copies of (i) presentations made to the Compliance Committee, the Audit Committee, and the Board; and (ii) training materials.

(f) A member of the Audit Committee shall report, at least bi-annually, to the Board with respect to Misonix's compliance with legal or regulatory requirements. The minutes of the Board meeting shall reflect that such report was made.

(g) The Audit Committee shall have the authority (i) to take or direct any necessary and appropriate corrective or remedial action, including notifying the U.S. Securities and Exchange Commission and the United States Department of Justice, if Misonix fails in any material respect to comply with the FCPA or any other anti-bribery or anti-corruption laws or regulations; and (ii) to direct steps to maintain or implement effective internal controls.

2. FCPA Compliance Programs/Policies: The relevant FCPA compliance policies (such as the Code and the Anti-Bribery/Anti-Corruption Policy) either (a) already include or reflect or (b) will be amended to include or reflect the following:

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(a) The policies apply to all positions at Misonix, regardless of tenure or location, including Misonix's Board members, executive officers, and employees throughout the world.

(b) The policies also apply to individuals or entities acting on behalf of Misonix and Misonix's international distributors.

(c) The policies shall be posted as a worldwide policy on Misonix's intranet (upon completion of Misonix's intranet), and any changes or modifications to the policies shall be appropriately communicated to employees via the intranet or other means.

(d) Employees shall periodically complete a certification of their understanding of their obligations and agreement to comply with Misonix's Code of Conduct.

(e) The policies include a statement expressing a prohibition any form of bribery or corruption, which shall include the giving, promising, offering, or accepting anything of value to improperly influence a decision affecting Misonix's business, with no materiality or *de minimis* exceptions;

(f) The policies are explicitly applicable to all directors, officers and employees and concern:

- (i) Gifts;
- (ii) Hospitality, entertainment and expenses;
- (iii) Customer travel;
- (iv) Political contributions;
- (v) Charitable donations and sponsorships;
- (vi) Facilitation payments; and
- (vii) Solicitation and extortion.

(g) The policies include directions on a reporting process to be followed if any Misonix employee has any reason to believe that any action or proposed course of action does not comply with anti-corruption laws, the Company, or any other relevant Misonix policy or procedure.

(h) The Compliance Officer and the Compliance Committee shall, at least bi-annually, review the relevant policies and report to the Board regarding any necessary improvements to the effectiveness of the policies.

3. FCPA Testing: Misonix shall implement and maintain a FCPA Testing Program to, among other things, monitor and evaluate a risk-based sample of interactions in high-risk environments. The goal shall be to identify potential violations of the FCPA. In the event that a

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potential issue is identified, there shall be an appropriate investigation of the incident and, if appropriate, remedial action shall be taken.

4. FCPA Review of Acquisitions: Misonix shall implement the following practices when conducting a review of a candidate for acquisition:

(a) Misonix shall ensure that new business entities are only acquired after FCPA and anticorruption due diligence. Where such due diligence is not practicable prior to the acquisition of a new business for reasons beyond Misonix's control, or due to any applicable law, rule, or regulation, Misonix shall conduct the above-described FCPA and anticorruption due diligence as promptly as practical subsequent to the acquisition and report to the Compliance Officer any corrupt payments, falsified books and records, or inadequate internal controls.

(b) Misonix shall (i) ensure that Company's anticorruption policies and procedures apply as quickly as is practicable, but in any event no less than one year post-closing, to newly-acquired businesses; and (ii) train directors, officers, employees, agents, consultants, representatives, distributors, joint venture partners, and relevant employees thereof, who present corruption risk to Misonix on the anticorruption laws and regulations and Misonix's related policies and procedures.

5. FCPA Compliance and Compensation: Compliance with the FCPA shall be a consideration employed by the Compensation Committee when making decisions with respect to performance-based or incentive compensation plans and individual awards for executive officers and other members of senior management. In the event that the Company is found to be out of compliance with the FCPA, the Compensation Committee shall review and assess the circumstances of such violation and recommend to the Board of Directors whether to modify, up to and including nullifying, previously-awarded, but as-yet-unpaid or unvested, performance-based or incentive compensation for those individuals found to be responsible for the FCPA violation.

B. Amendments to Audit Committee Charter

1. On at least an annual basis, the Audit Committee shall consider matters relating to FCPA compliance, including any material violations that have been identified, any changing risk patterns, training matters, potential changes to the relevant compliance policies, and assessments of the effectiveness of Misonix's internal controls and compliance function;

2. The Audit Committee shall review at least annually with management and the independent auditors the effectiveness and adequacy of the Company's internal reporting procedures and controls, including FCPA compliance, and any significant or material weaknesses and steps taken or recommended to be taken to address them; and

3. The Audit Committee, upon its request, may have copies of all reports or reviews by the Compliance Officer, outside counsel, and the FCPA Testing Program concerning Misonix's compliance with the relevant compliance policies.

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C. Compliance Training and Whistleblower Policy

1. Misonix shall provide mandatory training concerning compliance with the FCPA and related Misonix policies for all Misonix officers.
2. Training shall include coverage of the relevant compliance policies, as appropriate, and the Code of Conduct. The content of the training materials shall be annually reviewed by the Compliance Officer to better ensure the materials are current and appropriately tailored to address, if applicable, recent developments, updates, or changes to the FCPA, applicable state and federal false claims and anti-kickback laws, and other applicable anti-corruption laws.
3. Training shall be conducted through live training or online, as appropriate.
4. On at least a bi-annual basis, the Compliance Officer shall provide training of officers and their direct reports with respect to ethics and compliance matters pertinent to the Company's business, including training addressing FCPA matters and best practices for conducting business in high risk environments.
5. Misonix shall maintain written documentation reflecting the identities of officers and other employees who have successfully completed such training.
6. Misonix shall prominently display the telephone numbers for the toll-free hotline, a link to the website through which employees may submit complaints, and the Whistleblower Policy in its entirety on its company intranet (upon completion of the Company's intranet).

D. General Board Governance / Independence

1. Related Party Transaction Disclosures: Misonix shall disclose the results of the Audit Committee's evaluation of related party transactions in the Company's public filings in accordance with federal securities law and regulations.
2. Number of Meetings: The Company shall establish a provision requiring the Board of Directors to meet at least four times per year.

EXHIBIT A to the Stipulation **of Settlement**

EXHIBIT A

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

IN RE MISONIX, INC. STOCKHOLDER
DERIVATIVE LITIGATION

Lead Case No. 2:17-cv-03385-ADS-AYS

(Consolidated with No. 2:17-cv-03657-
ADS-GRB)

This Document Relates To:

Honorable Arthur D. Spatt

ALL DERIVATIVE ACTIONS.

Courtroom 1020

**[PROPOSED] ORDER PRELIMINARILY APPROVING STOCKHOLDER
DERIVATIVE SETTLEMENT AND PROVIDING FOR NOTICE OF SETTLEMENT**

WHEREAS, an action is pending before this Court entitled *In re Misonix, Inc. Stockholder Derivative Litigation.*, Lead Case No. 2:17-cv-03385-ADS-AYS (the “Action”);

WHEREAS, Plaintiffs Irving Feldbaum and Michael Rubin (the “Plaintiffs”) have made application, pursuant to Federal Rule of Civil Procedure 23.1, for an order (i) preliminarily approving the Settlement of this Action, in accordance with a Stipulation of Settlement dated as of May 3, 2019 (“Stipulation”), which, together with the exhibits annexed thereto, sets forth the terms and conditions for the proposed settlement and dismissal of the Action with prejudice; (ii) approving the form and manner for dissemination of the Notice and Summary Notice, and (iii) setting a date forty-five days after entry of this Preliminary Approval Order for the hearing at which the Court will determine whether to approve the terms of the Settlement as fair, reasonable, and adequate, including the Fee and Expense Amount, and the entry of the Order and Final Judgment attached as Exhibit B to the Stipulation (“Settlement Hearing”);

WHEREAS, the Court is familiar with and has reviewed the record in the Action and has reviewed the Stipulation, including the exhibits attached to the Stipulation, and found good cause for entering the following Preliminary Approval Order; and

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Court preliminarily approves the Stipulation and the terms set forth therein, subject to further consideration at the Settlement Hearing described below.

2. This Preliminary Approval Order hereby incorporates by reference the definitions in the Stipulation, and all capitalized terms used herein, unless otherwise defined, shall have the same meanings as set forth in the Stipulation.

3. The Court approves, as to form and content, the Notice of Proposed Settlement of Derivative Action, Settlement Hearing and Right to Appear (“Notice”) and the Summary Notice of Proposed Settlement of Shareholder Derivative Action (“Summary Notice”), annexed hereto as Exhibits A-1 and A-2, respectively, and finds that the distribution of the Notice substantially in the manner and form set forth in this Order pursuant to Section V.3 of the Stipulation meets the requirements of Federal Rule of Civil Procedure 23.1, the United States Constitution (including the Due Process Clause), and any other applicable law, is the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all Persons entitled thereto.

4. No later than ten (10) business days after the entry of the Preliminary Approval Order, Misonix shall: (i) cause the Stipulation of Settlement and the Notice to be filed with the SEC along with a Current Report on Form 8-K or other appropriate filing; (ii) cause the Summary Notice to be published one time in the national edition of *Investors’ Business Daily*; and (iii) publish on an Internet page that Misonix shall create for this purpose, which shall be accessible via a link on the “Investor Relations” page of Misonix’s website, the address of which shall be contained in the Notice and Summary Notice, for a period of forty-five (45) days following the date of entry of the Preliminary Approval Order, the Stipulation of Settlement and Notice. All costs incurred in posting and publishing the Notice in the form and manner ordered by the Court shall be paid by Misonix.

5. At least twenty-one (21) days prior to the Settlement Hearing, counsel for Misonix shall serve on Plaintiffs' Counsel and file with the Court an appropriate affidavit or declaration with respect to posting and publishing the Notice in accordance with ¶ 4 above.

6. The Settlement Hearing shall be held before this Court at ____:____ __.m. on _____ __, 2019, [a date that is at least 45 calendar days from the date entry of this Preliminary Approval Order] at the United States District Court for the Eastern District of New York, Long Island Courthouse, 100 Federal Plaza, Central Islip, New York, 11722, to determine: (i) whether the proposed Settlement of the Action on the terms and conditions provided for in the Stipulation is fair, reasonable, adequate, and in the best interest of Misonix and Current Misonix Shareholders and should be approved by the Court; (ii) whether the Order and Final Judgment, as attached to the Stipulation as Exhibit B, should be entered by the Court; and (iii) whether to approve the Fee and Expense Amount to be paid to Plaintiffs' Counsel and the service award to Plaintiffs to be paid therefrom, as provided in the Stipulation. The Court may adjourn the Settlement Hearing without further notice to Current Misonix Shareholders.

7. Any Current Misonix Shareholder as of May 3, 2019 may appear and show cause why the proposed Settlement of the Action as set forth in the Stipulation should or should not be approved as fair, reasonable, and adequate, why a judgment should or should not be entered thereon, or the Fee and Expense Amount should or should not be awarded to Plaintiffs' Counsel, or a service award should or should not be granted to Plaintiffs; provided, however, that no Current Misonix Shareholder or any other Person shall be heard or entitled to contest such matters unless that Person has delivered by hand or sent by First-Class Mail written objections and copies of any papers and briefs such that they are received (and not simply postmarked) by the counsel listed below at least ten (10) calendar days before the Settlement Hearing. Moreover, said objections, papers, and briefs must be filed with the Clerk of the United States District Court for the Eastern District of New York, Long Island Courthouse, 100 Federal Plaza, Central Islip, New York, 11722, at least ten (10) calendar days before the Settlement Hearing.

Any such objection must: (a) clearly indicate the objector's name, mailing address, telephone number, and e-mail address; (b) specify the reason(s), if any, for the objection, including any legal support for such objection; and (c) provide written documentation (whether from the objector's bank, broker or otherwise) of current Misonix stock ownership. In order to be considered, an objection also must be signed by the Current Misonix Shareholder making the objection. Any Current Misonix Shareholder who does not make his, her, or its objection in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement as set forth in the Stipulation and the Order and Final Judgment, or to the Fee and Expense Amount, or the service award to Plaintiffs, unless otherwise ordered by the Court. A person or entity objecting or otherwise requesting to be heard at the Settlement Hearing, shall be deemed to have submitted to the jurisdiction of the Court with respect to the objection or request to be heard and the subject matter of the Settlement, including, but not limited to, enforcement of the terms of the Settlement (including the release of the Released Claims provided for in the Stipulation and Order and Final Judgment).

Plaintiffs' Counsel

Robbins Arroyo LLP, Shane P. Sanders, 5040 Shoreham Place, San Diego, California, 92122

WeissLaw LLP, David C. Katz, 1500 Broadway, 16th Floor, New York, New York 10036

Counsel for Defendants Misonix, Inc. Stavros G. Vizirgianakis, Richard A. Zaremba, John W. Gildea, Charles Miner III, Patrick A. McBrayer, Thomas M. Patton, and T. Guy Minetti

Williams & Connolly LLP, John S. Williams, 725 Twelfth Street, N.W., Washington, D.C. 20005

Counsel for Defendant Michael A. McManus, Jr.

Kramer Levin Naftalis & Frankel LLP, Arthur H. Aufses III, 1177 Avenue of the Americas, New York, New York 10036

8. All papers in support of the Settlement and the award of the Fee and Expense Amount, and service award to Plaintiffs to be paid therefrom, shall be filed and served no later than fourteen (14) calendar days prior to the Settlement Hearing. All papers in reply to any objection that may be filed shall be filed and served no later than three (3) calendar days prior to the Settlement Hearing.

9. The Court reserves the right to adjourn the date of the Settlement Hearing and to modify any other dates set forth herein without further notice to the Current Misonix Shareholders, and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement. The Court may approve the Settlement, with such modifications as may be agreed to by the Parties, if appropriate, without further notice to Current Misonix Shareholders. The Court further reserves the right to enter its Order and Final Judgment approving the Settlement and dismissing the Action with prejudice regardless of whether it has awarded the Fee and Expense Amount.

10. All Current Misonix Shareholders shall be bound by all determinations and judgments in the Action concerning the Settlement, whether favorable or unfavorable to the Current Misonix Shareholders. If the Settlement is approved, all Current Misonix Shareholders will be bound by the Settlement, including, but not limited to, the release of the Released Claims provided for in the Stipulation, and by any judgment or determination of the Court.

11. Neither the Stipulation, whether or not consummated, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it:

(a) shall be offered or received against any of the Defendants for any purpose, including without limitation as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Defendants with respect to the truth of any fact alleged by Plaintiffs or the validity of any claim that had been or could have been asserted against Defendants in the Action or in any proceeding, or the lack of merit of any defense that

had been or could have been asserted to such claim, or of any liability, negligence, fault or wrongdoing of the Defendants;

(b) shall be offered or received against any of the Defendants for any purpose, including without limitation as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant;

(c) shall be offered or received against any of the Defendants for any purpose, including without limitation as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Defendants, in any other civil, criminal or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of the Stipulation or to enforce its terms; provided, however, that if the Stipulation is approved by the Court, Defendants may refer to the Stipulation to effectuate and enforce the liability protection granted them hereunder; and/or

(d) shall be construed against any of the Defendants for any purpose, including without limitation as a presumption, concession, or admission that the consideration to be given thereunder represents the amount that could be or would have been recovered after trial.

12. If the Stipulation and the Settlement set forth therein fail to become effective in accordance with their terms, or if the Order and Final Judgment is not entered or is reversed, vacated, or materially modified on appeal (and, in the event of material modification, if any Party elects to terminate the Settlement), this Preliminary Approval Order (except ¶ 11) shall be null and void, the Settlement shall be deemed terminated, and the Parties shall return to their positions as of May 3, 2019, without prejudice to the rights of the Parties *status quo ante*.

13. All proceedings in the Action are stayed until further order of this Court, except as may be necessary to implement the Settlement or comply with the terms of the Stipulation. Pending final determination of whether the Settlement should be approved, all Current Misonix

Shareholders are enjoined from commencing, instituting, prosecuting, continuing to prosecute, soliciting, encouraging, or participating in the prosecution of any action or proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting any of the Released Claims.

IT IS SO ORDERED.

DATED: _____

ARTHUR D. SPATT
UNITED STATES DISTRICT JUDGE

EXHIBIT A-1 to the Stipulation **of Settlement**

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

IN RE MISONIX, INC. STOCKHOLDER
DERIVATIVE LITIGATION

Lead Case No. 2:17-cv-03385-ADS-AYS

(Consolidated with No. 2:17-cv-03657-
ADS-GRB)

This Document Relates To:

Honorable Arthur D. Spatt

ALL DERIVATIVE ACTIONS.

Courtroom 1020

**NOTICE OF PROPOSED SETTLEMENT OF DERIVATIVE ACTION,
SETTLEMENT HEARING, AND RIGHT TO APPEAR**

**TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF MISONIX, INC.
("MISONIX" OR THE "COMPANY") COMMON STOCK AS OF MAY 3, 2019.¹**

- PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
- THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF THE ABOVE-CAPTIONED DERIVATIVE ACTION (THE "ACTION") AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY THESE LEGAL PROCEEDINGS. IF THE COURT APPROVES THE SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING THE RELEASED CLAIMS.
- IF YOU HOLD MISONIX COMMON STOCK FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.
- PLEASE NOTE THAT THE ACTION IS A DERIVATIVE ACTION BROUGHT BY STOCKHOLDERS OF THE COMPANY FOR THE BENEFIT OF THE COMPANY, AND THERE IS NO CLAIM FORM BECAUSE NO INDIVIDUAL HAS A RIGHT TO BE COMPENSATED AS A RESULT OF THE SETTLEMENT OF THE DERIVATIVE ACTION.

¹ All capitalized terms that are not defined in this Notice have the meaning ascribed to them in the Stipulation of Settlement (the "Stipulation") dated May 3, 2019, which is available on the Misonix website at www.misonix.com/derivativesettlementpapers.

- THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS CONCERNING THE MERITS OF ANY CLAIMS OR DEFENSES BY ANY OF THE PARTIES IN THE ACTION. THE RECITATION OF THE BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY COUNSEL FOR THE PARTIES.

Notice is hereby provided to you of the proposed settlement of this stockholder derivative action. This Notice is provided by Order of the United States District Court for the Eastern District of New York (the “Court”). It is not an expression of any opinion by the Court with respect to the truth of the allegations in the Action or merits of the claims or defenses asserted by or against any party. It is solely to notify you of the terms of the proposed Settlement and your rights related thereto. Capitalized terms not otherwise defined shall have the definitions set forth in the Stipulation of Settlement, dated May 3, 2019 (“Stipulation”). The text of the Stipulation can be viewed and/or downloaded at www.misonix.com/derivativesettlementpapers.

Your rights may be affected by the settlement of the Action styled *In re Misonix, Inc. Stockholder Derivative Litigation*, Lead Case No. 2:17-cv-03385-ADS-AYS. The Plaintiffs, Irving Feldbaum and Michael Rubin, derivatively on behalf of nominal defendant Misonix, Inc. (“Misonix” or the “Company”); nominal defendant Misonix; and Defendants Michael A. McManus, Jr., Stavros G. Vizirgianakis, Richard A. Zaremba, John W. Gildea, Charles Miner, III, Patrick A. McBrayer, Thomas M. Patton, and T. Guy Minetti (“Individual Defendants”) (together with Misonix, the “Defendants,” and together with Plaintiffs and Misonix, the “Parties”), have agreed upon terms to settle the above-captioned litigation and have signed the Stipulation setting forth those settlement terms.

On [XX], 2019 at [XX], a hearing (the “Settlement Hearing”) will be held before the Court at the United States District Court for the Eastern District of New York, Long Island Courthouse, 100 Federal Plaza, Central Islip, New York 11722, to determine: (i) whether the terms of the Settlement are fair, reasonable, and adequate, including the separately negotiated Attorneys’ Fee and Expense Amount and the service award to be paid to Plaintiffs therefrom, and should be finally approved; (ii) whether the Order and Final Judgment should be entered and the Action dismissed with prejudice pursuant to the Stipulation; and (iii) such other matters as may be necessary or proper under the circumstances.

I. BACKGROUND OF THE ACTION

Misonix is a New York corporation that principally conducts the business of designing, manufacturing, developing, and marketing therapeutic ultrasonic products for neurosurgical, spinal, advanced wound care, and general surgery procedures. Misonix stock trades on the NasdaqGM under the ticker symbol “MSON.”

On August 26, 2016, Misonix announced that its Chairman of the Board had resigned from that position and retired from his positions as the President and Chief Executive Officer. Thereafter, the Company disclosed that certain internal control deficiencies prevented the timely filing with the Securities and Exchange Commission (the “SEC”) of the Company’s Annual Report on Form 10-K (the “2016 10-K”).

On September 28, 2016, Misonix filed with the SEC a Current Report on Form 8-K disclosing that the Company had voluntarily contacted the SEC and U.S. Department of Justice regarding certain business practices of the independent entity that distributes its products in China that raised questions under the Foreign Corrupt Practices Act (the “FCPA”).

On February 9, 2017, Misonix filed with the SEC the 2016 10-K, which disclosed that the Company’s Board of Directors (the “Board”) was informed by management of potential violations of Company policies and procedures and possible violations of laws and regulations involving the director and officer who resigned in 2016 and other Company personnel. The 2016 10-K further disclosed that an investigation by the Audit Committee of the Board found “material weaknesses in internal control over [the Company’s] financial reporting” and that “disclosure controls and procedures were not effective, and were not operating at a reasonable assurance level, as of June 30, 2016.”

On June 6, 2017, and June 16, 2017, Plaintiffs Feldbaum and Rubin, respectively, filed with the Court verified shareholder derivative complaints on behalf of Misonix. The Plaintiffs’ complaints asserted claims, derivatively on behalf of Misonix, against the Individual Defendants for: (i) violation of Section 14(a) of the Securities Exchange Act of 1934; (ii) breach of fiduciary duty, (iii) gross mismanagement, (iv) unjust enrichment; and (v) waste of corporate assets. Plaintiffs also sought to cause the enactment of material enhancements to the Company’s internal controls and corporate governance practices, in particular with regard to, among other things, the Company’s compliance with the FCPA, so that the alleged damage to the Company would not recur. Defendants deny each and every claim alleged by Plaintiffs.

On July 21, 2017, the Court entered an Order consolidating the two derivative cases under the caption *In re Misonix, Inc. Stockholder Derivative Litigation*, Lead Case No. 2:17-cv-03385-ADS-AYS. The Court’s Order also appointed the Plaintiffs as Lead Plaintiffs, and appointed Robbins Arroyo LLP and WeissLaw LLP as Co-Lead Counsel for Plaintiffs in the consolidated action.

The Parties began exploring the possibility of a resolution of the Action in August of 2017. Over the course of more than five months, the parties negotiated, among other reforms, corporate governance enhancements regarding the Company’s internal controls relating to FCPA compliance. In order to facilitate the Parties’ discussions, Misonix provided Plaintiffs with nonpublic documents reflecting analyses of the Company’s prior and existing internal controls, certain actions being taken by the Company with respect to the FCPA issues raised in this litigation, and the status of the Company’s efforts to enhance its internal controls. The Parties’ negotiations included numerous telephonic conferences and exchanges of draft corporate governance proposals.

As a result of the Parties’ efforts, on April 6, 2018, the parties agreed in principle on a set of corporate governance reforms that, among other things, will enhance the Company’s internal controls relating to FCPA compliance and corporate governance best practices (the “Corporate Governance Reforms”). The Company has agreed to maintain the reforms for a period of at least six (6) years.

After the Parties had agreed in principle on the substantive consideration for the settlement, they began to discuss a reasonable attorneys' fee and expense amount to be paid to Plaintiffs' Counsel for their efforts in prosecuting the derivative action and negotiating the material Corporate Governance Reforms. Despite the Parties' good faith efforts, they were unable to reach an agreement on attorneys' fees on their own. The Parties then agreed to mediate the attorneys' fee issue with Michelle Yoshida, a mediator with extensive experience in derivative and other shareholder litigation. After months of mediated negotiations, Ms. Yoshida made a "mediator's recommendation" of \$500,000 in attorneys' fees and expenses to be paid to Plaintiffs' Counsel, subject to Court approval. All Parties agreed to accept the mediator's recommendation.

II. TERMS OF THE PROPOSED DERIVATIVE SETTLEMENT

The principal terms, conditions, and other matters that are part of the Settlement, which is subject to approval by the Court, are summarized below. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the Stipulation, which is available at www.misonix.com/derivativesettlementpapers.

Plaintiff's Action was a substantial and material factor in the Board's agreement to enact certain additional corporate governance reforms. The Board has agreed to maintain these changes for a minimum period of six (6) years. These changes include:

- additional FCPA-related responsibilities for Misonix's Compliance Officer;
- FCPA-compliance policies will be posted on Misonix's intranet, and employees will periodically certify their understanding of their obligations and agreement to comply with Misonix's Code of Conduct;
- the implementation of an FCPA Testing Program to, among other things, monitor and evaluate a risk-based sample of interactions in high-risk environments;
- Misonix shall ensure that newly-acquired businesses' anticorruption policies and procedures are put into place quickly, and training of appropriate employees is conducted with regard to anticorruption laws and Misonix's policies and procedures;
- the use of FCPA compliance as a consideration of the Compensation Committee in making decisions regarding performance-based or incentive compensation, and the potential for modification of compensation to individuals who violate FCPA policies;
- review by the Audit Committee with management and the independent auditors of the effectiveness and adequacy of the Company's internal reporting procedures and controls, including FCPA compliance;
- mandatory training concerning compliance with the FCPA and related Misonix policies for all Misonix officers; and

- the Company will require its Board to meet at least four times per year.

Misonix had also implemented and/or was in the process of implementing certain corporate governance changes relevant to the allegations in the Action, some of which are included below. The Misonix Board acknowledges that the Action was a material factor with regard to the enhancements adopted and the changes made during the pendency of the Action. The Board has agreed to maintain these changes for at least six (6) years as a direct result of this Action.

- creation of a new “Compliance Officer” position;
- the reconstitution of Misonix’s Compliance Committee to include the entire senior management team, appointing the Compliance Officer as Chair and the sales and marketing officers as non-voting members;
- the development of a “Distributor Screening Process/Policy” regarding international distributors;
- hiring an internal auditor adviser to help Misonix update its policies and procedures;
- retention of a third party expert consulting firm to assist management with the review of the Company’s quarterly and annual tax provisions and tax footnotes in financial reporting;
- revision of Misonix’s Code of Business Conduct and Ethics;
- increased communications and training to employees regarding the ethical values of the Company; and
- amendment of the Charters for the Audit Committee, Nominating and Governance Committee and Compensation Committee.

The Misonix Board also acknowledges that the Action was a factor in certain remedial measures implemented or in the process of implementation, including, but not limited to: certain personnel changes made since the Action was commenced; the termination of Misonix’s agreement with its former independent distributor of the Company’s products in China; and amendment of distribution agreements with Misonix’s international distributors to ensure compliance with the FCPA, as well as all other applicable laws.

III. PLAINTIFFS’ COUNSEL’S SEPARATELY NEGOTIATED ATTORNEYS’ FEES AND EXPENSES

In recognition of the foregoing, and subject to Court approval, Misonix, on behalf of the Individual Defendants, has agreed to pay, or cause to be paid, Plaintiffs’ Counsel’s attorneys’ fees and expenses in the amount of \$500,000 (the “Fee and Expense Amount”), which shall include all of Plaintiffs’ Counsel’s attorneys’ fees and costs and any service awards of up to

\$3,000 to each Plaintiff for participation and efforts in the Action . To date, Plaintiffs' Counsel has not received any payments for its efforts on behalf of Misonix shareholders. The Fee and Expense Amount will compensate Plaintiffs' Counsel for their efforts in achieving the results of the Action. The Fee and Expense Amount was negotiated with the help of the mediator and was the result of arm's-length negotiation between the Parties conducted after reaching the principal terms of Settlement as specified herein.

IV. REASONS FOR THE SETTLEMENT

The Parties have determined that it is desirable and beneficial that the Action and any dispute related thereto is fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation, and Plaintiffs' Counsel believes that the Settlement is in the best interest of the Parties and Current Misonix Shareholders.

A. Why Did Plaintiffs Agree to Settle?

Plaintiffs and Plaintiffs' Counsel believe that the claims asserted in the Action have merit. Nonetheless, Plaintiffs and Plaintiffs' Counsel also recognize and acknowledge the significant risk, expense, and length of continued proceedings necessary to prosecute the Action against the Individual Defendants through trial and appeal. Plaintiffs and Plaintiffs' Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as the Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs and Plaintiffs' Counsel are also mindful of the inherent problems of proving the violations asserted in the Action. After weighing the risks of continued litigation, Plaintiffs and Plaintiffs' Counsel have determined that it is in the best interests of Misonix and Current Misonix Shareholders that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation, and that these terms and conditions are fair, reasonable, adequate, and confer substantial benefits to Misonix and Current Misonix Shareholders.

B. Why Did the Defendants Agree to Settle?

Defendants deny each and all of the claims and contentions alleged in the Action. Moreover, Defendants expressly deny the conduct alleged in the Action and further deny any wrongdoing, legal liability, or violation of any laws arising out of any of the conduct alleged in the Action. Furthermore, Defendants believe they have substantial defenses to the claims alleged against them in the Action. And neither the Stipulation, nor any document referred to therein, nor any action taken to carry out the Stipulation, is, may be construed as, or may be used as an admission by or against Defendants of any fault, wrongdoing, or liability whatsoever or the lack of merit of any defense that had been or could have been asserted to such claim.

Defendants nevertheless recognize that further conduct of the Action against them would be protracted, expensive, and distracting. Substantial amounts of time, energy, and resources have been and, unless this Settlement is made, will have to be devoted to the defense of the claims asserted in the Action. The Individual Defendants have, therefore, determined that it is desirable and beneficial to them, and Misonix and the Misonix Board of Directors have determined that it is desirable and beneficial to the Company, that the Action should be fully and

finally settled in the manner and upon the terms and conditions set forth in this Stipulation to eliminate the burden and expense of further protracted litigation.

V. SETTLEMENT HEARING

On [XX], 2019 at [XX], the Court will hold the Settlement Hearing at the United States District Court for the Eastern District of New York, Long Island Courthouse, 100 Federal Plaza, Central Islip, New York 11722. At the Settlement Hearing, the Court will consider: (i) whether the terms of the Settlement are fair, reasonable, and adequate, including the separately negotiated Fee and Expense Amount to Plaintiff's Counsel, as well as the service award to Plaintiffs to be paid therefrom, and should be finally approved; (ii) whether the Order and Final Judgment should be entered and the Action dismissed with prejudice pursuant to the Stipulation; and (iii) such other matters as may be necessary or proper under the circumstances.

Pending final determination of whether the Settlement should be approved, all Current Misonix Shareholders are enjoined from commencing, instituting, prosecuting, continuing to prosecute, soliciting, encouraging, or participating in the prosecution of any action or proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting any of the Released Claims.

VI. RIGHT TO ATTEND SETTLEMENT HEARING

Current Misonix Shareholders as of May 3, 2019, may, but are not required to, appear in person at the Settlement Hearing. If you want to be heard at the Settlement Hearing, then you must first comply with the procedures for objecting, which are set forth below. The Court has the right to change the date or time of the Settlement Hearing without further notice. Thus, if you are planning to attend the Settlement Hearing, you should confirm the date and time before going to the Court. Misonix shareholders who have no objection to the Settlement do not need to appear at the Settlement Hearing or take any other action.

Any Current Misonix Shareholder as of May 3, 2019, may appear and show cause, if he, she, or it has any reason why the Settlement of the Action should not be approved as fair, reasonable, and adequate, or why a judgment should not be entered thereon, or why the separately negotiated Fee and Expense Amount or the service award to Plaintiffs to be paid therefrom should not be approved. You must object in writing, and you may request to be heard at the Settlement Hearing. If you choose to object, then you must follow these procedures.

A. You Must Make Detailed Objections in Writing

Any objections must be presented in writing and must contain the following information:

1. Your name, legal address, telephone number, and e-mail address;
2. Proof of being a Current Misonix Shareholder as of May 3, 2019;
3. A statement of your position with respect to the matters to be heard at the Settlement Hearing, including a statement of each objection being made and any legal support for such objection;

4. Notice of whether you or your counsel intend to appear at the Settlement Hearing (appearance is not required if you have lodged your objection with the Court); and
5. Signature of the shareholder making the objection.

The Court may not consider any objection that does not substantially comply with these requirements.

A. You Must Timely Deliver Written Objections to the Court and Counsel for Plaintiffs and Defendants

YOUR WRITTEN OBJECTIONS MUST BE ON FILE WITH THE CLERK OF THE COURT NO LATER THAN _____, 2019 [10 calendar days before Settlement Hearing]. The Court Clerk's address is:

Clerk of the Court
United States District Court
Eastern District of New York
Long Island Courthouse
100 Federal Plaza
Central Islip, New York 11722

YOU ALSO MUST DELIVER COPIES OF THE MATERIALS TO COUNSEL FOR PLAINTIFFS AND DEFENDANTS SO THEY ARE RECEIVED NO LATER THAN [10 calendar days before Settlement Hearing], 2019. Counsel's addresses are:

Plaintiffs' Counsel

Shane P. Sanders
Robbins Arroyo LLP
5040 Shoreham Place
San Diego, California, 92122

David C. Katz
WeissLaw LLP
1500 Broadway, 16th Floor
New York, NY 10036

Counsel for Defendants Misonix, Inc., Stavros G. Vizirgianakis, Richard A. Zaremba, John W. Gildea, Charles Miner III, Patrick A. McBrayer, Thomas M. Patton, and T. Guy Minetti

John S. Williams
Williams & Connolly LLP
725 Twelfth Street, N.W.
Washington, D.C. 20005

Counsel for Defendant Michael A. McManus, Jr.

Arthur H. Aufses III
 Kramer Levin Naftalis & Frankel LLP
 1177 Avenue of the Americas
 New York, New York 10036

Unless the Court orders otherwise, your objection will not be considered unless it is timely filed with the Court and timely delivered to the above counsel. Any Person or entity who fails to object in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement as set forth in the Stipulation and the Order and Final Judgment, or to the award of the Fee and Expense Amount to Plaintiffs' Counsel, or the service award to Plaintiffs to be paid therefrom, unless otherwise ordered by the Court.

VII. HOW TO OBTAIN ADDITIONAL INFORMATION

This Notice is a summary and does not describe all of the details of the Stipulation. For precise terms and conditions of the settlement, you may review the Stipulation filed with the Court, as well as the other pleadings and records of this litigation, which may be inspected during business hours, at the office of the Clerk of the Court, United States District Court, Eastern District of New York, Long Island Courthouse, 100 Federal Plaza, Central Islip, New York, 11722. You may also view and/or download the Stipulation at www.misonix.com/derivativesettlementpapers.

If you have any questions about the settlement of the Action, you may contact Plaintiffs' Counsel:

David C. Katz, WeissLaw LLP, 1500 Broadway, 16th Floor, New York, NY 10036, telephone: (212) 682-3025, email: dkatz@weisslawllp.com.

Shane P. Sanders, Robbin Arroyo LLP, 5040 Shoreham Place, San Diego, California, 92122, telephone: (619) 525-3990, email: ssanders@robbinsarroyo.com.

PLEASE DO NOT CALL, WRITE, OR OTHERWISE DIRECT QUESTIONS TO EITHER THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.

DATED: _____, 2019

BY ORDER OF THE DISTRICT COURT,
 UNITED STATES DISTRICT COURT
 EASTERN DISTRICT OF NEW YORK

EXHIBIT A-2 to the Stipulation **of Settlement**

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

IN RE MISONIX, INC. STOCKHOLDER
DERIVATIVE LITIGATION

Lead Case No. 2:17-cv-03385-ADS-AYS

(Consolidated with No. 2:17-cv-036570-
ADS-GRB)

This Document Relates To:

Honorable Arthur D. Spatt

ALL DERIVATIVE ACTIONS.

Courtroom 1020

**SUMMARY NOTICE OF PROPOSED SETTLEMENT OF
SHAREHOLDER DERIVATIVE ACTION**

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF MISONIX, INC. (“MISONIX” OR THE “COMPANY”) COMMON STOCK AS OF MAY 3, 2019. PLEASE NOTE THAT THIS ACTION IS NOT A “CLASS ACTION” AND NO INDIVIDUAL MISONIX SHAREHOLDER HAS THE RIGHT TO BE COMPENSATED AS A RESULT OF THIS SETTLEMENT. PLEASE NOTE THAT THE ACTION IS A DERIVATIVE ACTION BROUGHT BY THE SHAREHOLDERS OF THE COMPANY FOR THE BENEFIT OF THE COMPANY, AND THERE IS NO CLAIM FORM BECAUSE NO INDIVIDUAL HAS A RIGHT TO BE COMPENSATED AS A RESULT OF THE SETTLEMENT OF THE DERIVATIVE ACTION.

PLEASE TAKE NOTICE that the shareholder derivative action captioned *In re Misonix, Inc. Stockholder Derivative Litigation*, Case No. 2:17-cv-03385-ADS-AYS, (the “Action”) is being settled and the parties have entered into a Stipulation of Settlement dated May 3, 2019 (the “Stipulation”). The terms of the proposed Settlement of the Action are set forth in the Stipulation and all capitalized terms herein have the same meaning as defined in the Stipulation. This notice should be read in conjunction with, and is qualified in its entirety by reference to, the text of the Stipulation, which has been filed with the Court. A further notice describing the Action along with the text of the Stipulation is available on the Misonix website at www.misonix.com/derivativesettlementpapers.

The terms of the Settlement set forth in the Stipulation include: (i) implementation and/or continuation of certain corporate governance and internal controls measures specified in the Stipulation; and (ii) Misonix’s payment of the Fee and Expense Amount to Plaintiffs’ Counsel, from which a service award will be paid to Plaintiffs, subject to Court approval.

IF YOU ARE A CURRENT RECORD OR BENEFICIAL OWNER OF MISONIX COMMON STOCK AS OF MAY 3, 2019, YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION.

On [XX], 2019 at [XX], a hearing (the “Settlement Hearing”) will be held before the Honorable Arthur D. Spatt at the United States District Court for the Eastern District of New York (the “Court”), Long Island Courthouse, 100 Federal Plaza, Central Islip, New York 11722, to determine: (i) whether the terms of the Settlement are fair, reasonable, and adequate, including the separately negotiated amount for Plaintiffs’ Counsel’s attorneys’ fees and expenses, as well as the service award to Plaintiffs, and should be finally approved; (ii) whether the Order and Final Judgment should be entered and the Action dismissed with prejudice pursuant to the Stipulation; and (iii) such other matters as may be necessary or proper under the circumstances.

Any Misonix shareholder as of May 3, 2019 shall have a right to appear and to be heard at the Settlement Hearing. However, no shareholder shall be heard at the Settlement Hearing unless, no later than ten (10) calendar days prior to the date of the Settlement Hearing, such shareholder has filed with the Court and delivered to counsel for the Parties a written notice of objection, the grounds for objecting to the Settlement, and proof of both the shareholder’s status as a current shareholder and the date of ownership. Only shareholders who have filed and delivered validly and timely written notices of objection will be entitled to be heard at the Settlement Hearing unless the Court orders otherwise.

Any written notice of objection must contain the following information:

1. Your name, legal address, telephone number, and e-mail address;
2. Proof of being a Misonix shareholder as of May 3, 2019;
3. A statement of your position with respect to the matters to be heard at the Settlement Hearing, including a statement of each objection being made and any legal support for such objection;
4. Notice of whether you or your counsel intend to appear at the Settlement Hearing (appearance is not required if you have lodged your objection with the Court);
5. Signature of the shareholder making the objection.

If you wish to object to the Settlement, you must file a written objection setting forth the grounds for such objection and the information listed above with the Court on or before [XX], 2019, with service to the following parties:

Plaintiffs’ Counsel

Shane P. Sanders
Robbins Arroyo LLP
5040 Shoreham Place

San Diego, California, 92122

David C. Katz
WeissLaw LLP
1500 Broadway, 16th Floor
New York, NY 10036;

Counsel for Defendants Misonix, Inc., Stavros G. Vizirgianakis, Richard A. Zaremba, John W. Gildea, Charles Miner III, Patrick A. McBrayer, Thomas M. Patton, and T. Guy Minetti

John S. Williams
Williams & Connolly LLP
725 Twelfth Street, N.W.
Washington, D.C. 20005

Counsel for Defendant Michael A. McManus, Jr.

Arthur H. Aufses III
Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036

Unless the Court orders otherwise, your objection will not be considered unless it is timely filed with the Court and delivered to the above counsel. ***Any Person or entity who fails to object in the manner provided shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, reasonableness, or adequacy of the proposed Settlement as set forth in the Stipulation and the Order and Final Judgment, or to the award of attorneys' fees and expenses to Plaintiffs' Counsel, unless otherwise ordered by the Court. Misonix shareholders who have no objection to the settlement do not need to appear at the Settlement Hearing or take any other action.***

Inquiries may be made to Plaintiffs' Counsel:

David C. Katz, WeissLaw LLP, 1500 Broadway, New York, New York 10036, telephone: (212) 682-3025, email: dkatz@weisslawllp.com.

Shane P. Sanders, Robbins Arroyo LLP, 5040 Shoreham Place, San Diego, California 92122, telephone: (619) 525-3990, email: ssanders@robbinsarroyo.com.

PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE

DATED: _____, 2019

BY ORDER OF THE DISTRICT COURT,
UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF NEW YORK

Exhibit A-2

EXHIBIT B to the Stipulation **of Settlement**

EXHIBIT B

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

IN RE MISONIX, INC. STOCKHOLDER
DERIVATIVE LITIGATION

Lead Case No. 2:17-cv-03385-ADS-AYS

(Consolidated with No. 2:17-cv-03657-
ADS-GRB)

This Document Relates To:

Honorable Arthur D. Spatt

ALL DERIVATIVE ACTIONS.

Courtroom 1020

[PROPOSED] ORDER AND FINAL JUDGMENT

WHEREAS, this matter in the above-captioned action (the “Action”) came before the Court for a Settlement Hearing pursuant to the Order of this Court dated _____, 2019 (the “Preliminary Approval Order”), on the application of the parties for preliminary approval of the proposed Settlement set forth in the Stipulation of Settlement dated as of May 3, 2019, and the exhibits thereto (the “Stipulation”); and

WHEREAS, due and adequate notice has been given of the Settlement as required in the Preliminary Approval Order; and

WHEREAS, the Court has reviewed and considered all documents, evidence, objections (if any), and arguments presented in support of or against the Settlement, and the Court has been fully advised of the premises for the Settlement and good cause appearing therefor;

NOW, THEREFORE, IT IS HEREBY ORDERED AND ADJUDGED that:

1. This Order incorporates by reference the definitions in the Stipulation, and all capitalized terms not otherwise defined herein shall have the same meanings set forth in the Stipulation.

2. For purposes of effectuating the Settlement, the Court has jurisdiction over the subject matter of the Action and all parties to the Action, including but not limited to: Irving

Feldbaum and Michael Rubin (the “Plaintiffs”); nominal defendant Misonix, Inc. (“Misonix”); Michael A. McManus, Jr., Stavros G. Vizirgianakis, Richard A. Zaremba, John W. Gildea, Charles Miner, III, Patrick A. McBrayer, Thomas M. Patton, and T. Guy Minetti (the “Individual Defendants”); and any Person who held or beneficially held Misonix common stock as of May 3, 2019 and who continued to hold that Misonix common stock as of the date of the Settlement Hearing, excluding the Individual Defendants, the officers and directors of Misonix, members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which Individual Defendants have or had a controlling interest (the “Current Misonix Shareholders”).

3. The Court finds that the Notice and Summary Notice provided to Current Misonix Shareholders constituted the best notice practicable under the circumstances. The Notice and Summary Notice fully satisfied the requirements of federal law and due process.

4. The Court finds, pursuant to 15 U.S.C. § 78u-4(c)(1), that all counsel and parties appearing in this Action have complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure during the course of the litigation of the Action.

5. The Court finds that the terms of the Settlement as set forth in the Stipulation are fair, reasonable, and adequate as to each of the Parties and to Current Misonix Shareholders, and hereby finally approves in all respects the Settlement as set forth in the Stipulation, and orders the Parties to perform its terms to the extent the Parties have not already done so.

6. Judgment shall be, and hereby is, entered dismissing the Action with prejudice, and without taxation of costs in favor of or against any Party except as otherwise provided in the Stipulation.

7. Plaintiffs and all Current Misonix Shareholders are hereby conclusively deemed to have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged Misonix, Michael A. McManus, Jr., Stavros G. Vizirgianakis, Richard A. Zaremba, John W. Gildea, Charles Miner, III, Patrick A. McBrayer, Thomas M. Patton, and T. Guy Minetti, all and each of them, and all and each of their (i) respective spouses, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which any Individual Defendant has a controlling interest, and each and all of their respective past and present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns; and (ii) with regard to Misonix, all past or present agents, officers, directors, attorneys, accountants, auditors, advisors, insurers, co-insurers, reinsurers, partners, controlling shareholders, joint venturers, related or affiliated entities, advisors, employees, affiliates, predecessors, successors, parents, subsidiaries, insurers, and assigns (the “Released Parties”), with respect to the “Released Claims,” defined as any and all actions, suits, claims, debts, rights, liabilities, and causes of action of every nature and description whatsoever, known or unknown (including Unknown Claims (as defined in § V.1.24 of the Stipulation)), accrued or un-accrued, liquidated or un-liquidated, matured or un-matured, whether or not concealed or hidden, asserted or un-asserted, existing directly or derivatively on behalf of Misonix, by Plaintiffs or any other shareholder of Misonix, with respect to any and all conduct, matters, transactions, filings, or occurrences that (a) were alleged in the Action; (b) arise from or related to any of the conduct, matters, transactions, filings, or occurrences that were alleged in the Action; (c) could have been

asserted with respect to any of the matters, transactions, filings, or occurrences that were alleged in the Action; or (d) arise out of or relate to the defense, prosecution, settlement, or resolution of the Action, including the Settlement. Excluded from the term "Released Claims" are (i) all claims alleged in the Securities Class Action, (ii) any claims to enforce the Settlement, and (iii) any claims brought under or reserved by the agreements or by-laws identified in § V.5.4 of the Stipulation.

8. Misonix, the Released Parties, their insurers, and all Current Misonix Shareholders, and their respective (i) spouses, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which any Individual Defendant has a controlling interest, and each and all of their respective past and present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns; and (ii) with regard to Misonix, all past or present agents, officers, directors, attorneys, accountants, auditors, advisors, insurers, co-insurers, reinsurers, partners, controlling shareholders, joint venturers, related or affiliated entities, advisors, employees, affiliates, predecessors, successors, parents, subsidiaries, insurers, and assigns are hereby conclusively deemed to have fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged Plaintiffs and Plaintiffs' Counsel, and all and each of their respective past and present spouses, marital communities, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns or other individual or entity in which any Individual Defendant has a controlling interest, and each and all of their respective past and present officers,

directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns from all claims (including Unknown Claims (as defined in § V.1.24 of the Stipulation)) accrued or un-accrued, liquidated or un-liquidated, matured or un-matured, whether or not concealed or hidden, asserted or un-asserted, existing directly or indirectly with respect to any and all conduct, matters, transactions, filings, or occurrences that (a) were alleged in the Action; (b) arise from or related to any of the conduct, matters, transactions, filings, or occurrences that were alleged in the Action; (c) could have been asserted with respect to any of the matters, transactions, filings, or occurrences that were alleged in the Action; or (d) arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Action or the Released Claims. Excluded from the term "Released Claims" are (i) all claims alleged in the Securities Class Action, (ii) any claims to enforce the Settlement, and (iii) any claims brought under or reserved by the agreements or by-laws identified in § V.5.4 of the Stipulation.

9. Plaintiffs and all Current Misonix Shareholders are hereby barred and permanently enjoined from commencing, instituting, prosecuting, continuing to prosecute, soliciting, encouraging, or participating in the prosecution of any action or proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting any of the Released Claims.

10. Nothing herein shall in any way impair or restrict the rights of any Party to enforce the terms of the Stipulation.

11. This Court hereby approves the Fee and Expense Amount of \$500,000, in accordance with the Stipulation, and finds that such fee is fair and reasonable.

12. The Court hereby approves the service award of \$3,000 to each of the Plaintiffs to be paid from the Fee and Expense Amount, which the Court finds to be fair and reasonable.

13. Except as otherwise expressly provided herein, the Stipulation and Settlement, whether or not consummated, and any proceedings taken pursuant to it:

a. shall not be offered or received against any of the Defendants for any purpose, including without limitation as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any of the Defendants with respect to the truth of any fact alleged by Plaintiffs or the validity of any claim that had been or could have been asserted against Defendants in the Action or in any proceeding, or the lack of merit of any defense that had been or could have been asserted to such claim, or of any liability, negligence, fault or wrongdoing of the Defendants;

b. shall not be offered or received against any of the Defendants for any purpose, including without limitation as evidence of a presumption, concession or admission of any fault, misrepresentation or omission with respect to any statement or written document approved or made by any Defendant;

c. shall not be offered or received against any of the Defendants for any purpose, including without limitation as evidence of a presumption, concession or admission with respect to any liability, negligence, fault or wrongdoing, or in any way referred to for any other reason as against any of the Defendants, in any other civil, criminal or administrative action or proceeding; and/or

d. shall not be construed against any of the Defendants for any purpose, including without limitation as a presumption, concession or admission that the consideration to be given hereunder represents the amount that could be or would have been recovered after trial.

14. Without affecting the finality of this Judgment in any way, the Court hereby retains and reserves jurisdiction over: (a) implementation of this Settlement; (b) the Action, until the Effective Date; (c) all Parties, for the purpose of enforcing and administering the Stipulation and the terms set forth therein; and (d) any other matters solely related to the Settlement.

15. In the event that this Judgment does not become Final in accordance with § V.1.8 of the Stipulation, and the Effective Date in accordance with § V.6.1. of the Stipulation does not occur, then the judgment shall be rendered null and void to the extent provided by and in accordance with the Stipulation, and this Order shall be vacated. In such event, all orders entered and releases delivered in connection with the Settlement shall be null and void, except to the extent provided by and in accordance with the Stipulation. In such event, the Parties shall return to their positions as of May 3, 2019.

16. This Judgment is a final, appealable judgment and should be entered forthwith by the Clerk.

LET JUDGMENT BE ENTERED ACCORDINGLY.

DATED: _____

ARTHUR D. SPATT
UNITED STATES DISTRICT JUDGE