

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

In re Atossa Genetics, Inc.
Securities Litigation

Civil Action No. 13-cv-01836-RSM

**Notice of Pendency of Class Action,
Proposed Settlement, Settlement Hearing and Right to Appear**

If you purchased or otherwise acquired shares of Atossa Genetics, Inc. common stock at any time between and including December 20, 2012 and October 4, 2013, you could receive a payment from a proposed settlement of the above-captioned consolidated class action.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

The proposed settlement. This Notice is being sent regarding a proposed settlement (the “Settlement”) of the above-captioned consolidated class action (the “Action”) memorialized in the Stipulation and Agreement of Settlement dated March 23, 2018 (the “Stipulation”) between and among the following parties in the Action: (i) Miko Levi, Bandar Almosa, and Gregory Harrison (“Lead Plaintiffs”) by and through their undersigned counsel, on their own behalf and on behalf of the Class (defined below), and (ii) defendants Atossa Genetics, Inc. (“Atossa” or the “Company”) and Dr. Steven C. Quay (collectively, “Defendants,” and with Lead Plaintiffs, each a “Party” and collectively, the “Parties”), by and through their undersigned counsel.

Securities, Class, and Class Period. The Settlement class is comprised of: any and all record and beneficial holders of Atossa common stock who purchased or otherwise acquired shares of Atossa common stock from December 20, 2012 through October 4, 2013, both dates inclusive, including their respective successors, predecessors, heirs, trustees, executors, administrators, assigns and transferees. Excluded from the Class are: Individuals named as defendants in the Action, Atossa’s current and former directors and officers and their immediate family members, and any entity in which Defendants has or had a controlling interest. Also excluded from the Class is any person or entity who excludes themselves by filing a timely Request for Exclusion (defined below). The Class Period is the time-period between and including December 20, 2012 and October 4, 2013.

Settlement Payment. \$3,500,000 in cash (the “Settlement Amount”). The “Settlement Fund” refers to the Settlement Amount plus all interest earned thereon.

The lawsuit. As discussed further below, the Settlement resolves the Action over whether Defendants knowingly or recklessly disseminated false and misleading information during the Class Period.

Attorneys’ fees and expenses. Plaintiffs’ Counsel (defined below) have litigated this Action on a contingent basis and have conducted this litigation and advanced the expenses of litigation with the expectation that if they were successful in recovering money for the Class, they would receive fees and be reimbursed for their expenses from the Settlement Fund, as is customary in this type of litigation. Plaintiffs’ Counsel will apply to the Court (defined below) for attorneys’ fees not to exceed one-third of the Settlement Fund and reimbursement of expenses not to exceed \$75,000, and a compensatory award to Lead Plaintiffs not to exceed \$5,000 per Lead Plaintiff (the “Fee Application”), all to be paid from the Settlement Fund. Lead Counsel’s Fee Application will be filed with the Court on or before June 22, 2018. If the above amounts are approved by the Court, the average cost per share of Atossa common stock would be approximately 3.9 cents per share of Atossa common stock currently outstanding.

Important Deadlines.

To Submit a Proof of Claim	August 20, 2018 (postmarked)
To Submit a Request for Exclusion	June 29, 2018 (received)
To File and Serve an Objection	June 29, 2018 (received)

Court Settlement Hearing. Will be held on July 20, 2018 at 1:30 p.m.

More information. *Lead Counsel for Lead Plaintiffs and the Class can be reached at:*

Jeffrey C. Block
Jacob A. Walker
BLOCK & LEVITON LLP
155 Federal Street, Suite 400
Boston, MA 02110
617 398-5600

Jeremy A. Lieberman
Marc I. Gross
Michael J. Wernke
POMERANTZ, LLP
600 Third Avenue, 20th Floor
New York, NY 10016
212 661-1100

Additional information. Additional information about the Settlement can be found at www.AtossaGeneticsSecuritiesLitigation.com.

Your legal rights are affected whether you act or do not act.

Read this Notice carefully.

Statement of Recovery

Your individual recovery from the Settlement Fund will depend on various factors. Recovery will be shared, *pro rata*, among all Class Members who submit valid and timely Proof of Claims and who purchased Atossa common stock from December 20, 2012 through October 4, 2013, both dates inclusive (the "Class Period") and suffered a recognized loss. Lead Counsel (defined below) estimates that approximately 5.34 million shares of Atossa common stock were purchased or otherwise acquired and potentially damaged during the Class Period. Based on the above, the average recovery per share of Atossa common stock under the Settlement will be approximately 65.5 cents per share, *before* the deduction of attorneys' fees, costs, expenses, and a compensatory award to Lead Plaintiffs, as approved by the Court (defined below). The actual recovery per share will depend on (1) the number of claims filed; (2) whether members of the Class either sold their shares during the Class Period, or held their shares past the end of the Class Period; (3) administrative costs, including the costs of notice, for the Action; and (4) the amount awarded by the Court for attorneys' fees and expenses, and any compensatory award to Lead Plaintiffs.

Why the Lead Plaintiffs Accepted the Settlement

The principal reason for Lead Plaintiffs' consent to the Settlement is to provide a benefit to the Class. Lead Plaintiffs' damages experts concluded that the likely total recoverable damages in this Action were approximately \$12.96 million. This Settlement recovers 27% of those recoverable damages. This benefit must be compared to the risk that no recovery might be achieved after contested motions (including a possible Motion for Summary Judgment), a contested trial, and likely appeals, possibly years into the future. While Lead Counsel believed that their claims would survive these hurdles and ultimately result in a verdict for the Class, Defendants believed otherwise and repeatedly asserted defenses to the allegations, and that Defendants engaged in no wrongdoing whatsoever. Lead Plaintiffs and Lead Counsel recognized that especially here, where a jury would be required to listen to multiple experts presenting competing views, the jury could find in Defendants' favor. In addition, Lead Plaintiffs and Lead Counsel recognized that even if they prevailed, they might not succeed in winning a jury verdict of the size of the Settlement Amount. The Settlement therefore enables the Class to recover a substantial amount without incurring any additional risk or costs.

Your Legal Rights and Options in this Settlement

SUBMIT A PROOF OF CLAIM	The only way to receive a payment.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to participate in another lawsuit against Defendants or the Defendant Released Persons (defined below) concerning the legal claims being released in the Action (defined below).
OBJECT	You may write to the Court (defined below) if you do not like anything about the Settlement including the plan of allocation for the Settlement Funds as set forth herein or the Fee Application.
GO TO A HEARING	You may ask to speak in Court (defined below) about the fairness of the Settlement.
DO NOTHING	Receive no payment and be prohibited from asserting any Plaintiffs' Settled Claims (defined below) against Defendants or any Defendant Released Persons (defined below).

These rights and options – *and the deadlines to exercise them* – are explained in this Notice.

The Court (defined below) in charge of the Action must decide whether to approve the proposed Settlement. Payments will be made if the Court approves the proposed Settlement and, if there are any appeals, after they are resolved. Please be patient.

Basic Information

1. Why did I receive this Notice package?

You or someone in your family may be part of the Class and purchased or otherwise acquired shares of Atossa common stock at any time between and including December 20, 2012 and October 4, 2013. If so, you have a right to know about the proposed Settlement of the Action, and about all your options, before the Court (defined below) decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections or appeals are resolved, payments out of the Settlement Fund will be made.

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

2. What is the Action about?

The case concerns allegedly false and misleading statements by Atossa and Quay about the regulatory status before the Food and Drug Administration of certain Atossa products.

On October 10, 2013, Nicholas Cook (“Cook”) filed a class action complaint in the United States District Court for the Western District of Washington (the “District Court” or “Court”) against Atossa and its Chairman and Chief Executive, Dr. Quay, as well as certain officers and directors of Atossa, and certain underwriters involved in the initial public offering of Atossa’s shares. *Cook v. Atossa Genetics, Inc., et al.*, No. 13-cv-01836-RSM (W.D. Wash. Oct. 10, 2013). Among other claims, the Complaint alleged that Atossa and Quay made materially false and misleading statements to Atossa investors in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”), 15 U.S.C. §§ 78j(b), 78t(a), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5 (the “Exchange Act”). Cook also brought claims under the Securities Act of 1933 (the “1933 Act”). Cook brought his complaint on behalf of a class of purchasers of the Company’s common stock between November 8, 2012 and October 4, 2013.

On February 14, 2014, the Court appointed the Lead Plaintiffs, who filed an Amended Complaint on April 15, 2014. The Amended Complaint alleged violations of Section 11 of the 1933 Act against all Defendants (including the certain officers and directors of Atossa, and the underwriters), violations of Section 15 of the 1933 Act (Against Atossa, Dr. Quay, and the certain officers and directors), violations of Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder, against Atossa, Dr. Quay and two former Atossa Chief Financial Officers, and violations Section 20(a) of the Exchange Act against Dr. Quay and the two former Atossa Chief Financial Officers.

On May 30, 2014, all Defendants (including the officers and directors other than Dr. Quay, and the underwriters) moved to dismiss the Amended Complaint. The Court granted the Motions to Dismiss on October 6, 2014, over Lead Plaintiffs’ opposition.

Subsequently, the Lead Plaintiffs appealed the allowance of the motions to dismiss, as to their claims under the Exchange Act, and Rule 10b-5, to the United States District Court for the Ninth Circuit. On August 18, 2017, the Ninth Circuit reversed in part, vacated in part, affirmed in part, and remanded to the District Court for further proceedings. The Ninth Circuit held that Lead Plaintiffs had stated a claim against Atossa and Dr. Quay under Sections 10(b) and 20(a) of the

Exchange Act, and Rule 10b-5 promulgated thereunder. During the pendency of the appeal, the Lead Plaintiffs assented to the dismissal of the claims against the various underwriters, all of which had been brought under the 1933 Act.

On October 16, 2017, the Parties then advised the Court that the Lead Plaintiffs had sent the Defendants a draft of their Proposed Amended Complaint, naming Atossa and Dr. Quay as Defendants, and that Defendants had informed Lead Plaintiffs that they did not intend to move to dismiss it, once filed. The Parties also advised the Court they had agreed to mediate on November 30, 2017.

Lead Plaintiffs then filed their operative Second Amended Complaint on October 19, 2017. The Second Amended Complaint alleged that (1) Atossa and Dr. Quay made material misrepresentations and omitted from disclosure material facts necessary to make the statements made not misleading in violation of Section 10(b) and Rule 10b-5 of the Exchange Act, and (2) Dr. Quay was liable for any primary violation of the Exchange Act as alleged control persons under Section 20(a) of the Exchange Act. The Second Amended Complaint alleged a Class Period of December 20, 2012 to October 13, 2013.

On November 30, 2017, counsel to the Parties met in New York for a full day of mediation led by Jed D. Melnick, Esq., of JAMS. The Parties engaged in arm's-length negotiations and were unable to reach an agreement on that date, but continued settlement discussions through Mr. Melnick as a mediator.

On January 29, 2018, following additional arms'-length negotiations facilitated by Mr. Melnick, the Parties reached an agreement in principle concerning the proposed settlement of the Action, which they memorialized in a Memorandum of Understanding.

On April 13, 2018, the Court authorized this Notice to be sent to potential Class Members and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement.

Atossa and Dr. Quay have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiffs in this Action. Atossa and Dr. Quay expressly 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 this litigation. Defendants also have denied and continue to deny, inter alia, the allegations that Lead Plaintiffs or class members have suffered damage, or were otherwise harmed by the conduct alleged in this litigation. Both Atossa and Dr. Quay have asserted and continue to assert that, at all times, they acted in good faith and in a manner reasonably believed to be in accordance with all applicable rules, regulations and laws. This Settlement, whether or not consummated, any proceedings relating to this settlement, or any of the terms of this settlement, whether or not consummated, shall in no event be construed as, or deemed to be evidence of, an admission or concession on the part of Atossa, Dr. Quay or any of the Released Persons with respect to any claim of any liability or damage whatsoever, or any infirmity in any claim or defense. Atossa and Dr. Quay are entering into this Settlement to eliminate the burden, expense, uncertainty, distraction and risk of further litigation.

3. Why is the Action a Class Action?

In a class action, one or more people called class representatives (in this case the Court appointed the Lead Plaintiffs as class representatives) sue on behalf of people who have similar claims. All of these people who have similar claims are referred to collectively as the Class, or individually as members of the Class. One court resolves the issues for all members of the Class, except for those who exclude themselves from the Settlement. Judge Ricardo S. Martinez of the United States District Court for the Western District of Washington is overseeing this class action.

4. Why is there a Settlement?

The Court did not decide in favor of Lead Plaintiffs or Defendants. Instead, both sides agreed to the Settlement. That way, they avoid the costs and risks of further litigation and trial. As explained above, Lead Plaintiffs and their attorneys think the Settlement is best for all members of the Class.

5. Who is in the Settlement?

To see if you will receive money from the Settlement, you first have to determine if you are a member of the Class.

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

The Class includes any and all persons or entities who purchased or otherwise acquired shares of Atossa common stock during the period from December 20, 2012 and October 4, 2013, both dates inclusive, including their respective successors, predecessors, heirs, trustees, executors, administrators, assigns, and transferees.

If you sold Atossa common stock between and including December 20, 2012 and October 4, 2013, that alone does not make you a Class Member. You are a Class Member only if you purchased or otherwise acquired Atossa common stock during the Class Period.

If one of your mutual funds purchased or owns shares of Atossa common stock, that alone does not make you a Class Member.

Receipt of this Notice does not necessarily mean that you are a Class Member or that you are eligible to receive the proceeds from the Settlement. If you wish to participate in the Settlement, you must submit the enclosed Proof of Claim postmarked no later than August 20, 2018.

7. What are the exceptions to being included?

Excluded from the Class are: Individuals named as defendants in the Action at the time of settlement, Atossa's current and former directors and officers and their immediate family members, including legal representatives, heirs, successors, or assigns, and any other entity in which a Defendant has or had a controlling interest. Also excluded from the Class is any person or entity who excludes themselves by filing a timely Request for Exclusion (defined below).

8. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can call the claims administrator, Rust Consulting, Inc. (the "Claims Administrator"), at 1-866-458-3184, write to the Claims Administrator at, *In re Atossa Genetics, Inc. Securities Litigation*, c/o Rust Consulting, Inc. - 6056, P.O. Box 44, Minneapolis, MN 55440-0044, or email the Claims Administrator at info@AtossaGeneticsSecuritiesLitigation.com for more information. Or, you can fill out and return the Proof of Claim described in Question 10 to see if you qualify.

You can also contact Lead Counsel by telephone or in writing as noted on page 2 of this Notice.

The Settlement Benefits – What You Receive

9. What does the Settlement provide?

The Settlement provides for a \$3,500,000 cash payment that will establish the Settlement Fund. The balance of the Settlement Fund, after payment of Court-approved attorneys' fees and expenses, a compensatory award to Lead Plaintiffs, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing a summary notice, will be divided among all members of the Class who submit valid Proof of Claim (defined below) forms.

How You Receive A Payment – Submitting A Proof of Claim Form

10. How will I receive a payment?

To qualify for payment, you must be an eligible member of the Class and you must submit a Proof of Claim and Release form ("Proof(s) of Claim"). A Proof of Claim is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form requests, sign it, and submit it postmarked by no later than August 20, 2018. Any Class member who fails to submit a Proof of Claim postmarked by such date shall be forever barred from receiving any distribution from the Settlement Fund (unless by order of the Court the deadline to submit a Proof of Claim is extended or such Class Member's Proof of Claim is accepted), but otherwise shall be bound by all of the terms of the Stipulation and the Settlement, including the releases in the Stipulation and described, and will be permanently barred and enjoined from bringing any action against any and all Defendant Released Persons (defined below) concerning any and all of Plaintiffs' Settled Claims (defined below).

Retain a copy of everything you mail in case the materials are lost or destroyed during shipping.

A Proof of Claim shall be deemed to be submitted when postmarked, if mailed by first-class mail or registered or certified mail, postage prepaid, and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted on the date when received by the Claims Administrator.

Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Lead Counsel, who shall determine in accordance with the Stipulation and the plan of allocation of the Settlement Fund outlined herein the extent, if any, to which each Proof of Claim shall be allowed, subject to review by the Court, as necessary, as outlined below.

Proofs of Claim that do not meet the submission requirements may be rejected. Only timely and valid Proof of Claim forms will be approved for payment ("Authorized Claimant(s)"). Prior to rejecting a Proof of Claim, in whole or in part, the Claims Administrator shall communicate with the Claimant in writing, to give the Claimant the chance to remedy any curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion and in writing, all Claimants whose Proofs of Claim the Claims Administrator proposes to reject, in whole or in part, setting forth the reasons therefor, and shall indicate in such notice that the Claimant whose Proof of Claim is to be rejected has the right to a review by the Court if the Claimant so desires and complies with the requirements outlined below.

If any Claimant whose Proof of Claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) calendar days after the date of mailing of the notice described above and required, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a Proof of Claim cannot be otherwise resolved, Lead Counsel shall thereafter present the request for review to the Court.

Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's Proof of Claim, and the Proof of Claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery shall be limited to that Claimant's status as a Class member and the validity and amount of the Claimant's Proof of Claim. No discovery shall be allowed on the merits of the Action or of the Settlement in connection with the processing of Proofs of Claim.

Lead Counsel will apply to the Court, on notice to Defendants' Counsel, for a Class Distribution Order: (a) approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Proofs of Claim submitted; (b) approving payment of any administrative fees and expenses associated with the administration of the Settlement Fund, and (c) if the effective date of the Settlement has occurred, directing payment to any Authorized Claimant. Payment pursuant to the Class Distribution Order shall be final and conclusive against all Class Members. All Class Members whose Proofs of Claim are not approved by the Court for payment shall be barred from participating in distributions from the Settlement Fund, but otherwise shall be bound by all of the terms of the Stipulation and the Settlement, including the releases in the Stipulation and described, and will be permanently barred and enjoined from bringing any action against any and all Defendant Released Persons (defined below) concerning any and all of Plaintiffs' Settled Claims (defined below).

No person or entity shall have any claim against Lead Plaintiffs, Plaintiffs' Counsel, the Claims Administrator or any other agent designated by Lead Counsel and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the plan of allocation of the Settlement Fund described herein or any order of the Court. Lead Plaintiffs and Lead Counsel shall have no liability whatsoever for the investment of the Settlement Amount or the Settlement Fund, the determination, administration, calculation or payment of any claim by the Claims Administrator or nonperformance of the Claims Administrator, the payment or withholding of taxes (including interest and penalties), or any losses incurred in connection therewith.

No opinion or advice concerning the tax consequences of the proposed Settlement to individual Class members is being given or will be given by the Parties to the Settlement or their counsel; nor is any representation or warranty in this regard made by virtue of the Stipulation. Each Class Member's tax obligations, and the determination thereof, are the sole responsibility of the Class Member, and it is understood that the tax consequences may vary depending on the particular circumstances of each individual Class Member.

All proceedings with respect to the administration, processing and determination of Proofs of Claim and the determination of all controversies relating thereto, including disputed questions of law and fact with respect to the validity of Proofs of Claim, shall be subject to the jurisdiction of the Court and shall be decided by the Court.

Allocation of Settlement Fund Among Members of the Class

11. How much will my payment be?

If you are entitled to a payment, your share of the Settlement Fund will depend on the number of Authorized Claimants, how many shares of Atossa common stock you purchased and/or acquired, and when you purchased, acquired, and/or sold your shares. Payments will be calculated on a *pro rata* basis. The Claims Administrator will distribute the Settlement Fund, less all administrative costs, including the costs of notice, and attorneys' fees and expenses, and any compensatory award to Lead Plaintiffs, as awarded by the Court, on a *pro rata* basis after the deadline for submission of Proof of Claim forms has passed.

The Claims Administrator shall determine the amount a Claimant who is entitled to receive a payment from the Settlement Fund is entitled to receive based upon a plan of allocation. This plan of allocation is not intended to be an estimate of the amount a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid pursuant to the Settlement. The plan of allocation is the basis upon which the Settlement Fund will be proportionately allocated to the Claimants entitled to receive payment on a *pro rata* basis.

For each share of Atossa common stock purchased or acquired at any time between December 20, 2012 and October 4, 2013, the Recognized Loss will be calculated as follows:

For each share of Atossa common stock sold on or before October 4, 2013, you are not entitled to any recovery in the settlement.

For each share of Atossa common stock held as of the close of trading on October 4, 2013, the Recognized Loss shall be \$2.47 per share.

Each Authorized Claimant shall be paid their *pro rata* share of the Settlement Fund, which is the percentage that each Authorized Claimant's Recognized Loss bears to the total of the claims of all Authorized Claimants. For purposes of calculating Recognized Loss shares will be matched on a first in, first out ("FIFO") basis. Claims which result in a payment of less than \$10 will be deemed to be *de minimis* and will not be issued. No Recognized Loss will be calculated for any purchase of Atossa common stock to cover a short sale and Class Members who have an overall market gain in their trading of Atossa common stock will be deemed to have no Recognized Loss.

To the extent that any amount of the Settlement Fund remains after the Claims Administrator has caused distributions to be made to all Authorized Claimants whether by reason of uncashed distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distributions, any balance remaining in the Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Authorized Claimants who have cashed their initial distributions, after payment of any unpaid Taxes and Tax Expenses or any unpaid costs or fees incurred in administering the Settlement Fund for such re-distribution if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses that would be incurred with respect to such re-distributions, would be cost-effective. Additional re-distributions to Authorized Claimants who have cashed their prior distribution checks may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional re-distributions, after the deduction of any additional fees and expenses that would be incurred with respect to such re-distributions, would be cost effective. At such time as it is determined that the re-distribution of funds remaining in the Settlement Fund is not cost-effective, the remaining balance in the Settlement Fund shall be contributed to non-sectarian, not-for-profit 501(c)(3) organization(s), to be recommended by Lead Counsel and Defense Counsel and approved by the Court.

12. When will I receive my payment?

The Court will hold a Settlement Hearing (defined below) on July 20, 2018 at 1:30 p.m., to decide, among other things, whether to approve the Settlement. If the Court approves the Settlement, there may be appeals. It is always uncertain whether appeals, if any, can be resolved, and resolving them can take time, perhaps several years. In addition, the Claims Administrator must process all of the Proofs of Claim. The processing is complicated and will take many months. Please be patient.

13. What am I giving up by staying in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against Defendants or the Defendant Released Persons (defined below) about the claims being released in the Settlement. It also means that all of the Court's orders will apply to you and legally bind you and you will release your claims in this Action against Defendants.

If the Settlement (including any modifications made with the consent of the parties as provided for herein) is approved by the Court, following the Settlement Hearing, as being fair, reasonable, adequate and in the best interests of the Class, the Parties shall jointly request that the Court enter the order and final judgment (the "Order and Final Judgment"), which shall dismiss the Action with prejudice and barring, among other things, any and all actions, causes of action, claims (including Unknown Claims (defined below)), demands, rights, disputes, suits, matters, damages, losses, costs, expenses, obligations, proceedings, issues, judgments, and liabilities of every nature and description whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, foreseen or unforeseen, liquidated or unliquidated, accrued or unaccrued, matured or unmatured, concealed or hidden, at law or in equity, whether class, individual, direct, derivative, representative, legal, or equitable, against Defendant Released Persons, arising under federal, state, common or foreign law, including the federal securities laws and any state disclosure law, or at equity, that (a) Lead Plaintiffs or any Class Member have asserted in this Action, or could have asserted in the Action or in any other proceeding or forum that concern, arise out of, refer to, are based upon, or are related in any way to the allegations, events, acts, transactions, facts, matters, occurrences, representations, statements, or omissions alleged, involved, set forth or referred to in the Complaint or the Action, or in the Securities Actions consolidated therein, including, without limitation, all of Defendants' public filings and statements cited therein; (b) would have been barred by *res judicata* or collateral estoppel had the Action been fully litigated to a final judgment; or (c) could have been, or in the future could be, asserted in any forum or proceeding or otherwise by Lead Plaintiffs or any Class Member that relate to purchase, sale, acquisition or holding of Atossa common stock during the Class Period; provided, however, that the Plaintiffs' Settled Claims shall not release any claims to enforce the Settlement.

The entry of the Order and Final Judgment shall also bar and release any and all claims (including Unknown Claims), for damages, injunctive relief, or any other remedies against Plaintiff Released Persons based upon, arising from, or related to the prosecution and/or settlement of the Action and the Putative Securities Actions by Defendants, including any claim or assertion that Federal Rule of Civil Procedure 11 was violated in any matter; provided, however, that the Defendants' Settled Claims shall not release any claims to enforce the Settlement.

The releases contemplated above will extend to all claims that Lead Plaintiffs and the Class Members and Defendants do not know or suspect to exist at the time of the releases, which, if known, might have affected the decision to enter into the releases and participate in the Settlement. Additionally, the Order and Final Judgment will include a provision that Defendants and Lead Plaintiffs acknowledge, and each of the Class Members by operation of law shall be deemed to have acknowledged, that any or all of them may 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 Plaintiffs' Settled Claims and Defendants' Settled Claims, but that it is the intention of Defendants, Lead Plaintiffs, and by operation of law the intention of each of the Class Members, to completely, fully, finally, and forever compromise, settle, release, discharge, extinguish, and dismiss any and all Plaintiffs' Settled Claims and Defendants' Settled Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent, which now exist, or heretofore have existed, including, but not limited to, claims relating to conduct that is negligent, reckless, intentional, with or without malice, or any breach of any duty, law or rule, without regard to the subsequent discovery of additional or different facts. Defendants and Lead Plaintiffs acknowledge, and each of the Class Members by operation of law shall be deemed to have acknowledged, that "Unknown Claims" are expressly included in the definition of "Plaintiffs' Settled Claims" and "Defendants' Settled Claims," and that such inclusion was expressly bargained for and was a material element of the Settlement and was relied upon by Lead Plaintiffs and Defendants in entering into the Settlement. "Unknown Claims" means any claim that Defendants, Lead Plaintiffs, or any Class Member does not know or suspect exists in his, her, or its favor at the time of the release of the Plaintiffs' Settled Claims and Defendants' Settled Claims as against the Defendant Released Persons and Plaintiff Released Persons, respectively, including without limitation those which, if known, might have affected the decision to enter into the Settlement, or not to object to this Settlement, or not to exclude himself, herself or itself from the Class.

The Settlement is intended to extinguish all of the Plaintiffs' Settled Claims and the Defendants' Settled Claims and, consistent with such intention, upon the Effective Date, Defendants and Lead Plaintiffs expressly waive, and each of the Class Members shall be deemed to have waived, and by operation of the Order and Final Judgment shall have expressly waived, to the fullest extent permitted by law, the provisions, rights and benefits of any state, federal, or foreign law or principle of common law, which may have the effect of limiting the releases set forth above. This shall include a waiver by the Lead Plaintiffs and each of the Class Members and Defendants of any rights pursuant to section 1542 of the California Civil Code (or any similar, comparable, or equivalent provision of any federal, state, or foreign law, or principle of common law), which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR 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 MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Defendants and Lead Plaintiffs acknowledge, and each of the Class Members shall be deemed by operation of the Order and Final Judgment to have acknowledged, that the foregoing waiver was separately bargained for and was a material element of the Settlement and was relied upon by each and all of the Defendants and Lead Plaintiffs in entering into the Settlement.

Excluding Yourself From The Settlement

If you do not want a payment from the Settlement and you want to keep the right to sue or continue to sue Defendants on your own about the claims being released in the Settlement, then you must take steps to exclude yourself from the Settlement. This is referred to as opting out of the Class.

14. How do I exclude myself from the Settlement?

To exclude yourself from the Settlement, you must make a request for exclusion (the "Request(s) for Exclusion") stating that you want to be excluded from the Settlement.

The Request for Exclusion must be made by letter, and must be submitted to the Claims Administrator by no later than June 29, 2018, and must state: (i) the name, address, and telephone number of the member of the Class requesting exclusion; (ii) the purchases, acquisitions, and sales of Atossa common stock made by the Class Member during the Class Period, including the dates, the number of shares of common stock, and price paid or received per share for each purchase, acquisition or sale; and (iii) that the member of the Class wishes to be excluded from the Class. Requests for Exclusion must also be signed by the Class Member requesting exclusion. All Class members who submit valid and timely Requests for Exclusion in the manner set forth in this paragraph shall have no rights under the Stipulation, shall not share in the distribution of the Settlement Fund, and shall not be bound by the Settlement or Order and Final Judgment.

Again, you must submit your exclusion request by no later than June 29, 2018 to:

In re Atossa Genetics, Inc. Securities Litigation
c/o Rust Consulting, Inc. - 6056
P.O. Box 44
Minneapolis, MN 55440-0044

Requests for Exclusion shall be deemed to have been submitted when postmarked, if mailed by first-class, or registered or certified mail, postage prepaid. All other Requests for Exclusion shall be deemed to have been submitted on the date they are received by the Claims Administrator.

Please keep a copy of everything you send by mail, in case it is lost or destroyed during shipping.

You cannot exclude yourself over the phone or by e-mail.

If you ask to be excluded, you are not eligible to receive any Settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

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

No. Unless you exclude yourself, you give up any right to sue Defendants or the Defendant Released Persons for the claims being released by the Settlement. If you have a pending lawsuit relating to the claims being released in the Action against any of Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is June 29, 2018.

16. If I exclude myself, can I receive a payment from the Settlement?

No. If you exclude yourself, do not send a Proof of Claim form. But, you may sue, continue to sue, or be part of a different lawsuit asserting the claims being released in the Settlement against Defendants or the Defendant Released Persons.

The Lawyers Representing You

17. Do I have a lawyer in the Action?

The Court has appointed Block & Leviton LLP and Pomerantz LLP as Lead Counsel in the Action, and these firms represents you and the other members of the Class. You will not be directly charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

18. How will the lawyers be paid?

Plaintiffs' Counsel will apply to the Court, collectively, for attorneys' fees not to exceed one-third of the Settlement Fund plus reimbursement of expenses not to exceed \$75,000, and a compensatory award to Lead Plaintiffs not to exceed \$5,000 per Lead Plaintiff. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for its efforts in achieving the Settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Lead Counsel has not been paid for its services for conducting this litigation on behalf of Lead Plaintiffs and the Class nor for its substantial expenses. The fee requested will compensate Lead Counsel for its work in achieving the Settlement Fund. The Court may, however, award less than this amount.

Objecting to the Settlement

You can tell the Court that you do not agree with the Settlement or some part of it.

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

If you are a member of the Class, you can object to the Settlement, if you do not like any part of it, or to the Fee Application. To object, you must file with the Court by June 29, 2018, and simultaneously with, or before such filing, serve by hand or overnight delivery upon Lead Counsel and Defendants' Counsel as identified by this Notice: (i) written notice of the intention to appear, identifying the name, address and telephone number of the objector and, if represented, the objector's counsel; (ii) proof of membership in the Class including a listing of all shares of Atossa common stock purchased, acquired or sold between and including December 20, 2012 and October 4, 2013, including the amount and date of each purchase or sale and the price paid and/or received; (iii) a signed detailed statement by the objector of his, her or its objections to any matters before the Court; (iv) a written statement of all of the grounds for the objections, accompanied by any legal support for such objections, and reasons that the objector desires to appear and be heard; (v) copies of any papers, briefs or other documents upon which the objections are based; (vi) a list of all persons who will be called to testify in support of the objections; (vii) a statement of whether the objector intends to appear at the Settlement Hearing; (viii) a list of other cases in which the objector or the objector's counsel has appeared either as settlement objectors or as counsel for objectors in the

preceding five years; and (ix) all documents and writings which such objector desires the Court to consider. If you intend to appear at the Settlement Hearing through counsel, the objection must also state the identity of all attorneys who will appear on his, her or its behalf at the Settlement Hearing.

Such papers must be filed with the Court at the following address:

Clerk of Court
United States District Court, Western District of Washington
700 Stewart Street, Suite 2310
Seattle, WA 98101

Such filings shall also be served on the following counsel by hand or overnight delivery:

Lead Counsel for Lead Plaintiffs and the Class
Jeffrey C. Block
Block & Leviton LLP
155 Federal Street, Suite 400
Boston, MA 02110

Counsel for Defendants

Barry M. Kaplan
Wilson Sonsini Goodrich & Rosati LLP
701 Fifth Avenue, Suite 5100
Seattle, WA 98104

If the objector intends to appear at the Settlement Hearing through counsel, the objection must also state the identity of all attorneys who will appear on his, her or its behalf at the Settlement Hearing. Any person or entity objecting to the Settlement shall submit to the Court's jurisdiction and agrees that the Parties may depose the person or entity about their objection. Unless the Court otherwise directs, no person or entity shall be entitled to object to the approval of the Settlement, any judgment entered thereon, the adequacy of the representation of the Class by Lead Plaintiffs and Lead Counsel, any award of attorneys' fees and expenses, any compensatory award to Lead Plaintiffs, the allocation of the Settlement Fund or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as described above. Any person or entity who fails to object in the manner described above shall be deemed to have waived the right to object (including any right of appeal) and shall be forever barred from raising such objection in the Action or any other proceeding. Simultaneously with, or before such filing, such papers shall be served by hand or overnight delivery upon the counsel to Lead Plaintiffs and Defendants as identified in this Notice.

The Parties shall file any papers, including memoranda or briefs, in response to any objections no later than five (5) business days prior to the Settlement Hearing.

20. What's the difference between objecting to the settlement and being excluded from the Settlement?

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

The Court's Settlement Hearing

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

The Court will hold a settlement hearing (the "Settlement Hearing") at 1:30 p.m., on July 20, 2018, at the United States District Court for the Western District of Washington, 700 Stewart Street, Seattle, WA 98101.

At this hearing, the Court will, among other things: (i) determine whether the Class as defined above should be certified pursuant to Federal Rule of Civil Procedure 23(b)(3); (ii) determine whether the proposed Settlement should be approved as fair, reasonable, adequate and in the best interests of the Class; (iii) determine whether all of Lead Plaintiffs and the Class' claims should be dismissed with prejudice; (iv) determine whether the proposed Order and Final Judgment approving the Settlement should be entered; (v) determine whether, and in what amount, an award of attorneys' fees and expenses should be paid to Plaintiffs' Counsel, and a compensatory award paid to Lead Plaintiffs; (vi) consider any objections to the proposed Settlement or to Plaintiffs' Counsels' application for an award of attorneys' fees and expenses, or a compensatory award to Lead Plaintiffs; and (vii) rule on such other matters as the Court may deem necessary and appropriate.

The Court has the right to adjourn the Settlement Hearing or any adjournment thereof, including the consideration of the Fee Application, without further notice of any kind to the Class.

The Court has the right to approve the Settlement at or after the Settlement Hearing with such modification(s) as may be consented to by the Parties to the Stipulation and without further notice to the Class.

22. Do I have to come to the Settlement Hearing?

No. Lead Counsel will answer any questions Judge Martinez may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to the Court to talk about it. As long as you filed and served your written objection on time as explained in Question 19, the Court will consider it. You may also retain your own lawyer to attend, but it is not necessary.

23. May I speak at the Settlement Hearing?

You may ask the Court for permission to speak at the Settlement Hearing. To do so, as explained in Question 19, you must file and serve a written notice of your intention to appear. You cannot speak at the Settlement Hearing if you exclude yourself from the Settlement.

If You Do Nothing

24. What happens if I do nothing at all?

If you do nothing, you will receive no money from the Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit or be part of any other lawsuit against Defendants or the Defendant Released Persons about the claims being released in the Settlement. All members of the Class who do not submit valid and timely Proof of Claim forms shall be forever barred from receiving any payments from the Settlement, but will in all other respects be subject to and bound by the provisions of the Stipulation and any Order and Final Judgment entered.

Obtaining More Information

25. Are there more details about the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation. You can obtain a copy of the Stipulation or more information about the Settlement by visiting www.AtossaGeneticsSecuritiesLitigation.com or by contacting Lead Counsel by telephone or in writing as noted on page 2 of this Notice. You can also obtain a copy of the Stipulation from the Clerk's office at the United States District Court for the Western District of Washington, 700 Stewart Street, Suite 2310, Seattle, WA 98101, during regular business hours.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

SPECIAL NOTICE TO NOMINEES

If you hold shares of any Atossa common stock purchased or otherwise acquired at any time between and including December 20, 2012 and October 4, 2013, as nominee for a beneficial owner, then within ten (10) calendar days after you receive this Notice, you must either (1) send a copy of this Notice by first-class mail to all such persons or entities; or (2) provide a list of the names and addresses of such persons or entities to the Claims Administrator:

In re Atossa Genetics, Inc. Securities Litigation
c/o Rust Consulting, Inc. - 6056
P.O. Box 44
Minneapolis, MN 55440-0044

If you choose to mail this Notice and the Proof of Claim for yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding this Notice, and which would not have been incurred but for the obligation to forward this notice, upon submission of appropriate documentation to the Claims Administrator.

APRIL 20, 2018

BY ORDER OF THE UNITED STATES
DISTRICT COURT, WESTERN DISTRICT
OF WASHINGTON