

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

IN RE ABILITY INC.
SECURITIES LITIGATION

CASE NO. 1:16-cv-03893 (VM)

This Document Relates To: All Actions

**NOTICE OF (I) PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION;
(II) SETTLEMENT FAIRNESS HEARING; AND (III) MOTION FOR AN AWARD OF
ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES**

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

TO: ALL PERSONS OR ENTITIES WHO, PRIOR TO MAY 2, 2016, PURCHASED OR OTHERWISE ACQUIRED ABILITY, INC. ("ABILITY" OR THE "COMPANY") COMMON STOCK ISSUED PURSUANT OR TRACEABLE TO THE COMPANY'S NOVEMBER 25, 2015 REGISTRATION STATEMENT ("REGISTRATION STATEMENT") IN A DOMESTIC TRANSACTION, AND WERE DAMAGED THEREBY (THE "CLASS").

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION WHETHER OR NOT YOU ACT. YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE NET SETTLEMENT FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED ON OR BEFORE OCTOBER 16, 2018.

This Notice of (I) Pendency and Proposed Settlement of Class Action; (II) Settlement Fairness Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses ("Internet Long Form Notice") has been posted on the website www.AbilitySecuritiesSettlement.com pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the "Court"). The purpose of this Internet Long Form Notice is to inform you of the pendency of this securities class action (the "Action") and the proposed \$3 million settlement of this Action (the "Settlement") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, as well as Lead Counsel's application for fees and expenses, including Plaintiffs' expenses. The Settlement resolves the Class' claims asserted against the Defendants. This Internet Long Form Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action.¹

This Internet Long Form Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Action as to any of the Defendants or the merits of the claims or defenses asserted by or against the Defendants. This Internet Long Form Notice is solely to advise you of the proposed Settlement of the Litigation and of your rights in connection therewith.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM NO LATER THAN OCTOBER 16, 2018	The only way to be eligible to receive a payment from the Settlement. Proof of Claim and Release ("Proof of Claim") forms must be postmarked or emailed to the Claims Administrator on or before October 16, 2018.
EXCLUDE YOURSELF NO LATER THAN AUGUST 24, 2018	Get no payment. This is the only option that <i>potentially</i> allows you to ever be part of any other lawsuit against Defendants or any other Released Parties about the legal claims being resolved by this Settlement. Exclusions must be <i>received</i> by the Claims Administrator on or before August 24, 2018.

¹ All capitalized terms used in this Internet Long Form Notice that are not otherwise defined herein shall have the meanings provided in the Stipulation and Agreement of Settlement dated April 25, 2018 (the "Stipulation"), which is available on the website www.AbilitySecuritiesSettlement.com.

OBJECT NO LATER THAN AUGUST 24, 2018	Write to the Court about why you do not like the Settlement, the Plan of Allocation, the request for attorneys' fees and expenses, and/or Plaintiffs' request for reimbursement of expenses. You will still be a member of the Class. Objections must be <i>received</i> by the Court and counsel on or before August 24, 2018.
GO TO THE HEARING ON SEPTEMBER 14, 2018 AT 4:00 P.M.	Ask to speak in Court about the fairness of the Settlement. Requests to speak must be received by the Court and counsel on or before August 24, 2018.
DO NOTHING	Receive no payment. You will, however, still be a member of the Class, which means that you give up your right to ever be part of any other lawsuit against Defendants or any other Released Parties about the legal claims being resolved in this Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

SUMMARY OF THIS NOTICE

Statement of Class Recovery

The proposed Settlement creates a fund in the amount of three million dollars (\$3,000,000.00) in cash plus interest that accrues on the fund prior to distribution. The proposed Settlement represents an average recovery of approximately \$0.38 per share of Ability common stock alleged to have been damaged by Defendants' fraud before the deduction of any taxes on the income earned on the Settlement Amount, notice and administration costs, and attorneys' fees and expenses awarded by the Court. **Class Members should note, however, that this is only an estimate.** A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's claims as compared to the total claims of all Class Members who submit valid Proofs of Claim. An individual Class Member may receive more or less than this estimated average amount. See the Plan of Allocation below for a more detailed description of how the settlement proceeds will be allocated among Class Members.

Statement of Potential Outcome of Case

The Settling Parties disagree on both liability and damages and do not agree on the amount of damages that would be recoverable if the Class prevailed on each claim alleged. Defendants have denied and continue to deny specifically each and all of the claims and contentions alleged in the Action. The issues on which the Settling Parties disagree include, but are not limited to: (1) whether statements made to investors or facts allegedly omitted by Defendants in those statements were false, material, or otherwise actionable under the federal securities laws; (2) the extent to which the various statements that Plaintiffs allege were materially false or misleading influenced (if at all) the trading price of Ability common stock; (3) the extent to which the various allegedly adverse material facts that Plaintiffs allege were omitted influenced (if at all) the trading price of Ability common stock; (4) the extent to which external factors, such as general market conditions, influenced the trading price of Ability common stock; (5) the effect of various market forces influencing the trading price of Ability common stock; (6) the amount by which the price of Ability common stock was allegedly artificially inflated (if at all); and (7) the appropriate economic model for determining the amount by which the price of Ability common stock was allegedly artificially inflated (if at all). Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if Plaintiffs were to have prevailed on each claim asserted. Defendants deny that they have violated the federal securities laws or any laws, and further deny that Plaintiffs and the Class suffered any damages as a result of their conduct.

In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law, and had the Action gone to trial, Defendants would likely have asserted that some or all of the losses of Class Members were caused by non-actionable market, industry, general economic or company-specific factors, other than the revelation of the facts alleged to be misleadingly stated or omitted.

Reasons for the Settlement

Plaintiffs' principal reason for entering into the Settlement is the benefit to the Class now, without further risk or the delays inherent in continued litigation. Plaintiffs believe that the proposed Settlement is a fair and reasonable recovery and is in the best interests of the Class. The cash benefit under the Settlement must be considered against the significant risk that a smaller recovery – or no recovery at all – might be achieved after

contested motions, trial, and likely appeals, a process that could last several years into the future. For Defendants, who have denied and continue to deny all allegations of liability, fault, or wrongdoing whatsoever, the principal reason for entering into the Settlement is to eliminate the uncertainty, risk, costs, and burdens inherent in any litigation, especially in complex cases such as this Action. Defendants have concluded that further conduct of this Action could be protracted and distracting.

Statement of Attorneys’ Fees and Expenses Sought

Lead Counsel have not received any payment for their services in conducting this Action on behalf of Plaintiffs and the members of the Class, nor have they been paid their litigation expenses. Since the Action’s inception, Lead Counsel have expended time and effort in the prosecution of this Action on a wholly contingent basis and have advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. If the Settlement is approved by the Court, Lead Counsel will apply to the Court for an award of attorneys’ fees of no more than 33.3% of the Settlement Amount, plus reimbursement of expenses not to exceed \$100,000, plus interest earned on both amounts at the same rate as earned by the Settlement Fund. In addition, each Lead Plaintiff may seek an amount not to exceed \$10,000 for costs and expenses incurred in connection with representing the Class in accordance with 15 U.S.C. § 78u-4(a)(4). The requested attorneys’ fees and expenses shall be paid from the Settlement Fund and amount to a maximum average cost of approximately \$.14 per share of Ability common stock.

Further Information

For further information regarding the Action, this Internet Long Form Notice or the Postcard Notice that you received in the mail, or to review the Stipulation, please contact the Claims Administrator toll-free at (866) 658-6606 or via email at info@AbilitySecuritiesSettlement.com, or visit the website www.AbilitySecuritiesSettlement.com. This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in this Action or the fairness or adequacy of the proposed Settlement.

For further information regarding this Settlement you may contact Lead Counsel: Daniel S. Sommers and S. Douglas Bunch, Cohen Milstein Sellers & Toll PLLC, 1100 New York Ave. N.W., Suite 500, Washington, DC 20005, Telephone (202) 408-4600, or email dsommers@cohenmilstein.com or dbunch@cohenmilstein.com; or Kara M. Wolke, Glancy Prongay & Murray LLP, 1925 Century Park East, Suite 2100, Los Angeles, CA 90067, Telephone (888) 773-9224, or email settlements@glancylaw.com.

PLEASE DO NOT CALL THE COURT OR DEFENDANTS WITH QUESTIONS ABOUT THE SETTLEMENT.

BASIC INFORMATION

1. Why did I get the Postcard Notice?

The Postcard Notice was sent to you pursuant to an Order of the Court because you or someone in your family or an investment account for which you serve as custodian may have, prior to May 2, 2016, purchased or otherwise acquired Ability common stock issued pursuant or traceable to the Company’s November 25, 2015 Registration Statement in a domestic transaction, and been damaged thereby.

This Internet Long Form Notice further explains the class action lawsuit, the Settlement, Class Members’ legal rights in connection with the Settlement, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the Southern District of New York, and the case is known as *In re Ability, Inc. Securities Litigation*, Civil Action No. 1:16-cv-03893-VM. The judge presiding over the case is the Honorable Victor Marrero. The Court has appointed the law firms of Cohen Milstein Sellers & Toll PLLC and Glancy Prongay & Murray LLP as Lead Counsel. Ametren L.P. (“Ametren”) and Theodore Zwicker (“Zwicker”) are the Court-appointed Lead Plaintiffs (collectively, “Plaintiffs”). The Defendants are Ability; Anatoly Hurgin, Avi Levin, and Benjamin Gordon (collectively, the “Individual Defendants,” and together with Ability, the “Ability Defendants”); and BDO Ziv Haft (the “Accountant Defendant,” and together with the Ability Defendants, the “Defendants”).

2. What is this lawsuit about?

On May 25, 2016, a putative class action was filed in the United States District Court for the Southern District of New York alleging violations of the federal securities laws, and a second action was filed on July 25, 2016. On August 31, 2016, the Court consolidated the two actions and appointed Ametren and Zwicker as Lead Plaintiffs.

On June 15, 2017, Plaintiffs filed the Consolidated Second Amended Class Action Complaint (“SAC”) asserting claims against the Ability Defendants under Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Individual Defendants under Section 20(a) of the Exchange Act, against all Defendants under Section 11 of the Securities Act of 1933 (the “Securities Act”), and against the Individual Defendants under Section 15 of the Securities Act.

Among other things, the SAC alleged that during the Class Period, Defendants made statements that were untrue and/or omitted facts that needed to be stated to render certain statements not misleading during investor presentations, in the Registration Statement, and in the Company’s December 2, 2015 proxy statement and prospectus, among other places. Plaintiffs argued that the statements were material because, among other things, they pertained to Ability’s core financial information that informed investors of Ability’s growth prospects and risk profile.

Defendants deny each and all of the claims and contentions of wrongdoing alleged by Plaintiffs in the Action. Defendants contend that they did not make any materially false or misleading statements, that they disclosed all material information required to be disclosed by the federal securities laws, and that any alleged misstatements or omissions were not made with the requisite intent or knowledge of wrongdoing. Defendants also contend that any losses suffered by members of the Class were not caused by any false or misleading statements by them and/or were caused by intervening events.

Shortly after the SAC was filed, the parties agreed to an extended pre-motion and motion to dismiss briefing schedule to accommodate mediation efforts. The Settling Parties participated in a full-day mediation session with a mediator from JAMS, Robert A. Meyer, Esq., who has extensive experience mediating complex class action cases such as this Action. The Settling Parties ultimately agreed to settle the Action based upon a mediator’s proposal issued by Mr. Meyer.

3. Why is there a settlement?

The Court has not decided in favor of Defendants or Plaintiffs. Instead, both sides agreed to the Settlement to avoid the distraction, costs, and risks of further litigation, and Plaintiffs agreed to the Settlement in order to ensure that Class Members will receive compensation.

WHO IS IN THE SETTLEMENT

4. How do I know if I am a Member of the Class?

The Court directed that everyone who fits this description is a Class Member: ***all Persons who, prior to May 2, 2016, purchased or otherwise acquired Ability common stock issued pursuant or traceable to the Company’s November 25, 2015 Registration Statement in a domestic transaction, and were damaged thereby.***

Excluded from the Class are Ability, Anatoly Hurgin, Avi Levin, Benjamin Gordon, and BDO Ziv Haft; members of Defendants’ immediate families; Defendants’ legal representatives, heirs, successors or assigns, and any entity in which they have or had a controlling interest; any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family; and the current and former officers and directors of the Company. Also excluded from the Class are any Persons who exclude themselves by submitting a request for exclusion that is accepted by the Court, in accordance with the requirements set forth in Question 11 below.

Please Note: Receipt of the Postcard Notice does not mean that you are a Class Member or that you will be entitled to receive a payment from the Settlement. If you are a Class Member and you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Proof of Claim form and the required supporting documentation as set forth therein, postmarked or submitted online on or before October 16, 2018.

5. What if I am still not sure whether I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at (866) 658-6606, email info@AbilitySecuritiesSettlement.com, or you can fill out and return the Proof of Claim form to see if you qualify.

THE SETTLEMENT BENEFITS – WHAT YOU GET

6. What does the Settlement provide?

The Settlement provides that, in exchange for the release of the Released Claims (defined below) and dismissal of the Action, Defendants have agreed that \$3 million will be paid by Defendants (or on their behalf) to be distributed to Class Members who submit a valid Proof of Claim form pursuant to the Court-approved Plan of Allocation.

7. How much will my payment be?

At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement. Your share of the Net Settlement Fund will depend on several things, including the total amount of Recognized Losses represented by the valid Proof of Claim forms that Class Members send in, compared to the amount of your Claim, all as calculated under the Plan of Allocation discussed below in Question 20.

HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM

8. How can I get a payment?

To be eligible to receive a payment from the Settlement, you must submit a Proof of Claim form. A Proof of Claim form may be downloaded from www.AbilitySecuritiesSettlement.com, and can be mailed upon request to the Claims Administrator (call toll-free: (866) 658-6606 or email: info@AbilitySecuritiesSettlement.com). Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail or email it so that it is postmarked or received by the Claims Administrator no later than October 16, 2018 at:

Ability, Inc. Securities Litigation
c/o KCC Class Action Services
P.O. Box 404041
Louisville, KY 40233-4041
Email: info@AbilitySecuritiesSettlement.com

9. When will I get my payment?

The Court will hold a Settlement Hearing on September 14, 2018 at 4:00 p.m., to decide whether to approve the Settlement. If the Court approves the Settlement, there might be appeals. It is always uncertain whether appeals can be resolved, and if so, how long it will take to resolve them. It also takes time for all the Proofs of Claim to be processed. Please be patient.

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

If you remain a Class Member, and if the Settlement is approved, you will give up all “Released Plaintiffs’ Claims” (as defined below), including “Unknown Claims” (as defined below), against the “Released Parties” (as defined below):

- “Released Parties” means each and all of Defendants and each and all of Defendants’ Related Parties.
- “Defendants’ Related Parties” means with respect to each Defendant, its/his present and former (i) parents, subsidiaries, affiliates, predecessors, successors, joint venturers and assigns, and (ii) each of their respective officers, directors, employees, partners, controlling shareholders, principals, trustees, attorneys, auditors, accountants, investment bankers, underwriters, consultants, agents, insurers, re-insurers, spouses, estates, related or affiliated entities, any entity in which a Defendant has a controlling interest, any members of any Defendant’s immediate family, any trust of which any Defendant is the settlor or which is for the benefit of any Defendant and/or member(s) of his family, and each of the heirs, executors, administrators, predecessors, successors, and assigns of the foregoing.
- “Released Plaintiffs’ Claims” means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether based on federal, state, local, statutory, or common law or any other law, rule of regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known

claims and Unknown Claims, that (1) have been asserted in this Action by Lead Plaintiffs, the Class members, or any of them against any of the Released Parties, or (2) could have been asserted in any forum by Lead Plaintiffs, the Class members or any of them against any of the Released Parties which in any way arise out of, are related to, or are based upon (i) the issuance, purchase, sale, transfer, acquisition or ownership of Ability common stock pursuant to the Registration Statement and (ii) the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in any of the complaints filed in this Action. “Released Plaintiffs’ Claims” does not include (1) claims relating to the enforcement of the Settlement or its terms and (2) the claims brought derivatively on behalf of Ability that are currently alleged in *Levy v. Gordon, et al.*, No. 2015CA003339 (Palm Beach Co., Fla. Cir. Ct.).

- “Unknown Claims” means any Released Plaintiffs’ Claims which any Plaintiff or any other Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants’ Claims which any Defendant does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its decision(s) with respect to the Settlement, including, but not limited to, the decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the Settling Parties shall expressly waive, and each of the Class Members shall be deemed to have waived, and by operation of the Judgment shall have waived to the fullest extent permitted by law the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, 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.

Plaintiffs, Defendants, and Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs and Defendants shall expressly, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts, whether or not previously or currently asserted in any action. Plaintiffs and Defendants acknowledge, and the Class Members and each of Defendants’ Related Parties shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and an essential term of the Settlement of which this release is a part.

EXCLUDING YOURSELF FROM THE CLASS

If you do not want to participate in this Settlement, and you want to keep the right to potentially sue Defendants and the other Released Parties, on your own, about the claims being released by the Settlement, then you must take steps to remove yourself from the Settlement. This is called excluding yourself – or is sometimes referred to as “opting out.”

11. How do I get out of the Class and the proposed Settlement?

To exclude yourself from the Class, you must send a letter by first class mail stating that you “request exclusion from the Class in the *In re Ability, Inc. Securities Litigation*.” Your letter must include your purchases and sales of Ability common stock prior to May 2, 2016, including the dates, the number of shares of Ability common stock purchased, otherwise acquired or sold, and price paid or received for each such purchase, acquisition or sale. In addition, you must include your full name, address, telephone number, and your signature. You must mail your exclusion request so that it is **received no later than August 24, 2018** to:

Ability, Inc. Securities Litigation
EXCLUSIONS
c/o KCC Class Action Services
3301 Kerner Blvd.
San Rafael, CA 94901

If you ask to be excluded, you will not get any payment from the Settlement, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue Defendants and the other Released Parties in the future.

12. If I do not exclude myself, can I sue the Defendants and the other Released Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights you may potentially have to sue Defendants and the other Released Parties for any and all Released Claims. If you have a pending lawsuit against any of the Released Parties, speak to your lawyer in that case immediately. You must exclude yourself from the Class in this Action to continue your own lawsuit. Remember, the exclusion deadline is August 24, 2018.

13. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, you should not send in a Proof of Claim form to ask for any money. But you may have the right to potentially sue or be part of a different lawsuit against Defendants and the other Released Parties.

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

The Court ordered the law firms of Cohen Milstein Sellers & Toll PLLC and Glancy Prongay & Murray LLP to represent the Class Members, including you. These lawyers are called Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How will the lawyers be paid?

Lead Counsel will apply to the Court for an award of attorneys' fees in an amount up to 33.3% of the Settlement Fund and for reimbursement of expenses in an amount not to exceed \$100,000 in connection with the litigation, plus interest on such fees and expenses at the same rate earned by the Settlement Fund. In addition, each Lead Plaintiff may seek an amount not to exceed \$10,000 for their costs and expenses incurred in connection with representing the Class in accordance with 15 U.S.C. § 78u-4(a)(4). Such sums as may be approved by the Court will be paid from the Settlement Fund.

OBJECTING TO THE SETTLEMENT

16. How do I tell the Court that I object to the proposed Settlement?

If you are a Class Member, you can object to the proposed Settlement, the proposed Plan of Allocation, Lead Counsel's fee and expense application, and/or Plaintiffs' request for costs and expenses. You can write to the Court setting out your objection. To object, you must send a signed letter saying that you want to object to the proposed Settlement in the *Ability, Inc. Securities Litigation*, Case No. 1:16-cv-03893 (VM). Include your full name, address, telephone number, and your signature, identify the date(s), price(s), and number(s) of shares of Ability common stock that you purchased, acquired and sold prior to May 2, 2016, and state the reasons why you object to the proposed Settlement. Your objection must be filed with the Court and mailed or delivered to each of the following addresses such that it is **received no later than August 24, 2018**:

THE COURT

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW
YORK

Daniel Patrick Moynihan
United States Courthouse
500 Pearl St.
New York, NY 10007

LEAD COUNSEL

Daniel S. Sommers
S. Douglas Bunch
Cohen Milstein Sellers & Toll
PLLC
1100 New York Avenue, N.W.
Suite 500
Washington, DC 20005

-and-

Kara M. Wolke
Glancy Prongay & Murray LLP
1925 Century Park East
Suite 2100
Los Angeles, CA 90067

DEFENDANTS' COUNSEL

Edward P. Gilbert
Jason P. Gottlieb
Daniel C. Isaacs
Morrison Cohen LLP
909 Third Avenue
New York, NY 10022

-and-

Robert W. Henoch
Zoe Bunnell
Kobre & Kim LLP
800 Third Avenue
New York, NY 10022

-and-

Keith M. Fleischman
Joshua D. Glatter
Fleischman Law Firm
565 Fifth Avenue, 7th Floor
New York, NY 10017

-and-

Scott J. Link
Link & Rockenbach, PA
1555 Palm Beach Lakes Blvd., Suite
301
West Palm Beach, FL 33401

-and-

Michael J. Quinn
Vedder Price P.C.
1925 Century Park East Suite 1900
Los Angeles, CA 90067

THE COURT'S SETTLEMENT HEARING

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

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

The Court will hold a Settlement Hearing **on September 14, 2018 at 4:00 p.m.**, in the courtroom of the Honorable Victor Marrero, at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl St., New York, New York 10007. At the hearing the Court will consider whether the Settlement and the Plan of Allocation are fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to award Lead Counsel and Plaintiffs in attorneys' fees and reimbursement of expenses. After the Settlement Hearing, the Court will decide whether to approve the Settlement and the Plan of Allocation. We do not know how long these decisions will take. You should be aware that the Court may change the date and time of the Settlement Hearing without another notice being sent to Class Members. If you want to attend the hearing, you should check beforehand with Lead Counsel or on the Settlement website at www.AbilitySecuritiesSettlement.com to be sure that the date and/or time has not changed.

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

No. Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as your written objection is received by the deadline, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

19. **May I speak at the hearing?**

If you object to the Settlement, the Plan of Allocation, or the fee and expense application, you may ask the Court for permission to speak at the Settlement Hearing. To do so, you must include with your written objection (see Question 16 above) a statement saying that it is your “intention to appear at the Settlement Hearing in the *Ability, Inc. Securities Litigation*.” Persons who intend to object to the Settlement, the Plan of Allocation, and/or any attorneys’ fees and expenses to be awarded to Lead Counsel or Plaintiffs and desire to present evidence at the Settlement Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing.

THE PROPOSED PLAN OF ALLOCATION

20. **How will the Net Settlement Fund be distributed?**

If the Settlement is approved by the Court, the “Net Settlement Fund” (that is, the Settlement Fund less (a) all federal, state, and/or local taxes on any income earned by the Settlement Fund and the reasonable costs incurred in connection with determining the amount of and paying taxes owed by the Settlement Fund (including reasonable expenses of tax attorneys and accountants); (b) the costs and expenses incurred in connection with providing notice to Class Members and administering the Settlement on behalf of Class Members; and (c) any attorneys’ fees and expenses awarded by the Court, including Plaintiffs’ expenses), will be distributed to Class Members who submit valid Claim Forms (“Authorized Claimants”), in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal or review, whether by *certiorari* or otherwise, has expired.

The Plan of Allocation is a matter separate and apart from the proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not affect the validity or finality of the proposed Settlement. The Court may approve the Plan of Allocation with or without modifications agreed to among the parties, or another plan of allocation, without further notice to Class Members. Any orders regarding a modification of the Plan of Allocation will be posted to the Settlement website at www.AbilitySecuritiesSettlement.com.

The Claims Administrator shall determine each Authorized Claimant’s *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant’s Recognized Loss.

Please Note: The Recognized Loss formula, set forth below, is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial, nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants. To the extent there are sufficient funds remaining in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant’s Recognized Loss. If, however, the Net Settlement Fund is not sufficient to pay the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s Recognized Loss bears to the total Recognized Losses of all Authorized Claimants (*i.e.*, “*pro rata* share”). No distribution will be made on a claim where the potential distribution amount is less than ten dollars (\$10.00) in cash.

If any of the Net Settlement Fund remains by reason of uncashed checks, or otherwise, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, then any balance remaining in the Net Settlement Fund six (6) months after the initial distribution of such funds shall be used: (i) first, to pay any amounts mistakenly omitted from the initial distribution to Authorized Claimants or to pay any late, but otherwise valid and fully documented claims received after the cut-off date used to make the initial distribution, provided that such distributions to any late post-distribution claimants meet all of the other criteria for inclusion in the initial distribution, including the \$10.00 minimum check amount set forth in the Notice; (ii) second, to pay any additional Notice and Administration Costs incurred in administering the Settlement; and (iii) finally, to make supplemental distributions to Authorized Claimants who cashed their checks from the initial distribution and who would receive at least \$10.00 from such supplemental distributions, after payment of the estimated costs or fees to be incurred in administering the Net Settlement Fund and in making these supplemental distributions, if such supplemental distributions are economically feasible. If six (6) months after such supplementary distributions, if any, or if such supplementary distributions are not undertaken, any funds shall remain in the Net Settlement Fund

after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants who are entitled to participate in this Settlement cash their checks, any funds remaining in the Net Settlement Fund shall be donated to a secular non-profit 501(c)(3) organization(s) selected by Lead Counsel.

PROPOSED PLAN OF ALLOCATION

1. The objective of the proposed Plan of Allocation is to equitably distribute the Net Settlement Fund to those Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws asserted in this Action. The calculations made pursuant to the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making *pro rata* allocations of the Net Settlement Fund.
2. For shares of Ability common stock issued pursuant or traceable to the Company's November 25, 2015 Registration Statement purchased or otherwise acquired in a domestic transaction prior to May 2, 2016:
 - A. For shares sold between December 24, 2015 and April 29, 2016, the Recognized Loss shall be zero.
 - B. For shares sold between May 2, 2016 and July 29, 2016, the Recognized Loss shall be the lesser of:
 - (1) \$2.42 per share; or
 - (2) the difference between the purchase price per share and the sales price per share; or
 - (3) the difference between the purchase price per share and the average closing price between May 2, 2016 and the date of sale, as found in Table A.²
 - C. For shares held at the end of trading on July 29, 2016, the Recognized Loss shall be the lesser of:
 - (1) \$2.42 per share; or
 - (2) the difference between the purchase price per share and \$3.83.³

Table A

<u>Date of Sale</u>	<u>Average Closing Price Between 5/2/2016 and Date of Sale</u>	<u>Date of Sale</u>	<u>Average Closing Price Between 5/2/2016 and Date of Sale</u>
5/2/2016	\$4.90	6/16/2016	\$3.36
5/3/2016	\$4.74	6/17/2016	\$3.38
5/4/2016	\$4.54	6/20/2016	\$3.41
5/5/2016	\$4.36	6/21/2016	\$3.43
5/6/2016	\$4.08	6/22/2016	\$3.46
5/9/2016	\$3.92	6/23/2016	\$3.48
5/10/2016	\$3.83	6/24/2016	\$3.50

² Pursuant to Section 21(D)(e)(2) of the Private Securities Litigation Reform Act of 1995 ("PSLRA"), "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, if the plaintiff sells or repurchases the subject security prior to the expiration of the 90-day period described in paragraph (1), the plaintiff's damages shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the security and the mean trading price of the security during the period beginning immediately after dissemination of information correcting the misstatement or omission and ending on the date on which the plaintiff sells or repurchases the security."

³ Pursuant to Section 21(D)(e)(1) of the PSLRA, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated." The mean (average) closing price of Ability common stock during the period beginning on May 2, 2016 and ending on July 29, 2016 was \$3.83 per share.

5/11/2016	\$3.77	6/27/2016	\$3.51
5/12/2016	\$3.69	6/28/2016	\$3.52
5/13/2016	\$3.64	6/29/2016	\$3.54
5/16/2016	\$3.60	6/30/2016	\$3.54
5/17/2016	\$3.54	7/1/2016	\$3.56
5/18/2016	\$3.49	7/5/2016	\$3.57
5/19/2016	\$3.44	7/6/2016	\$3.58
5/20/2016	\$3.39	7/7/2016	\$3.59
5/23/2016	\$3.35	7/8/2016	\$3.60
5/24/2016	\$3.31	7/11/2016	\$3.62
5/25/2016	\$3.28	7/12/2016	\$3.64
5/26/2016	\$3.26	7/13/2016	\$3.65
5/27/2016	\$3.24	7/14/2016	\$3.67
5/31/2016	\$3.25	7/15/2016	\$3.69
6/1/2016	\$3.24	7/18/2016	\$3.70
6/2/2016	\$3.23	7/19/2016	\$3.72
6/3/2016	\$3.23	7/20/2016	\$3.74
6/6/2016	\$3.25	7/21/2016	\$3.75
6/7/2016	\$3.26	7/22/2016	\$3.76
6/8/2016	\$3.28	7/25/2016	\$3.78
6/9/2016	\$3.29	7/26/2016	\$3.79
6/10/2016	\$3.29	7/27/2016	\$3.80
6/13/2016	\$3.30	7/28/2016	\$3.81
6/14/2016	\$3.32	7/29/2016	\$3.83
6/15/2016	\$3.34		

3. For shares of Ability acquired through the merger of Ability and Cambridge Capital Acquisition Corp., the purchase price per share for purposes of this plan will be \$10.10. As noted on page 10 of the Registration Statement: "If Cambridge does not complete the business combination with Ability or another business combination by December 23, 2015, Cambridge must redeem 100% of the outstanding public shares, at a per-share price, payable in cash, equal to an amount then held in the trust account (currently anticipated to be approximately \$10.10 per share)." Ability common stock began trading on the NASDAQ on December 24, 2015.

4. For Class Members who made multiple purchases, acquisitions or sales of Ability common stock, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases, and sales for purposes of calculating a Recognized Loss. Under the FIFO method, shares of Ability common stock that are sold will be matched in chronological order against shares previously purchased.

5. The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Recognized Loss. Specifically, a "Distribution Amount" will be calculated for each Authorized Claimant, which shall be the Authorized Claimant's Recognized Loss divided by the total Recognized Losses of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. If any Authorized Claimant's Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to such Authorized Claimant.

6. The Recognized Loss on “short sales” is zero. In the event that a Claimant has an opening short position in Ability common stock, purchases or acquisitions of Ability common stock shall be matched against such opening short position, and not be entitled to a recovery, until that short position is fully covered.

7. The receipt or grant by gift, devise or inheritance of Ability common stock shall not be deemed to be a purchase of Ability common stock for purposes of the calculation of an Authorized Claimant’s Recognized Loss, nor shall the receipt or grant be deemed an assignment of any claim relating to the purchase/acquisition of any Ability common stock unless (i) the donor or decedent purchased or otherwise acquired such Ability common stock in a domestic transaction prior to May 2, 2016; (ii) no Proof of Claim was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to such shares of Ability common stock; and (iii) it is specifically so provided in the instrument of gift or assignment.

8. Recognized Losses and gains in Ability common stock trades will be netted for purposes of calculating whether a Claimant had an overall gain or Recognized Loss on his, her or its transactions. If the claim has an overall gain, the claim will not be eligible for payment.

GETTING MORE INFORMATION

21. How do I get more information?

For even more detailed information concerning the matters involved in this Action, you may visit the settlement website at www.AbilitySecuritiesSettlement.com or contact the Claims Administrator toll-free at (866) 658-6606 or by email at info@AbilitySecuritiesSettlement.com. Reference is also made to the Stipulation of Settlement, to the pleadings in support of the Settlement, to the orders entered by the Court and to the other settlement-related papers filed in the Action, which may be downloaded from the Settlement website at www.AbilitySecuritiesSettlement.com, and which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl St., New York, NY 10007, during regular business hours. For a fee, all papers filed in this Action are available at www.pacer.gov.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or acquired Ability common stock prior to May 2, 2016 for the beneficial interest of an individual or organization other than yourself, the Court has directed that, WITHIN TEN (10) CALENDAR DAYS OF YOUR RECEIPT OF THE POSTCARD NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased or acquired such securities during such time period or (b) request additional copies of the Postcard Notice, which will be provided to you free of charge, and within ten (10) days mail the Postcard Notice directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), upon such mailing, you must send a statement to the Claims Administrator confirming that the mailing was made as directed and retain the names and addresses for any future mailings to Class Members. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Your reasonable expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

Ability, Inc. Securities Litigation
c/o KCC Class Action Services
P.O. Box 404041
Louisville, KY 40233-4041
Tel: (866) 658-6606
Email: info@AbilitySecuritiesSettlement.com

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: May 18, 2018

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK