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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY

ROBERT ENGLEHART, on behalf of himself
and all others similarly situated,

Plaintiff,

vs.

CHARLES M. BROWN, PATRICK J.
BYRNE, JERRY L. CALHOUN, RICHARD
P. FOX, ROBERT S. JAFFE, LARRY A.
KRING, LORENZO C. LAMADRID,
BRADLEY D. TILDEN, FLOW
INTERNATIONAL CORPORATION, a
Washington corporation, AIP/FIC MERGER
SUB, INC., a Washington corporation, and AIP
WATERJET HOLDINGS, INC., a Delaware
corporation,

Defendants.

Case No. 13-2-33726-6 KNT

CLASS ACTION

STIPULATION OF SETTLEMENT

1 This Stipulation of Settlement dated September 7, 2016 (the “Stipulation”), is made and
2 entered into by and among the following Settling Parties: (i) Class Representative Robert Englehart
3 (on behalf of himself and each of the Class Members) (“Class Representative”); and (ii) defendants
4 Charles M. Brown and Allen M. Hsieh (collectively, “Defendants”), by and through their respective
5 counsel of record, in the above-captioned action (the “Litigation”). Upon and subject to the terms
6 and conditions hereof, Class Representative, on behalf of himself and the Class (as herein defined
7 below), on the one hand, and each of the Defendants, on the other hand (collectively, “Settling
8 Parties”), intend this Settlement to be a final and complete resolution of all disputes between the
9 Settling Parties with respect to the Litigation.

10 **I. THE LITIGATION**

11 On September 25, 2013, Flow International Corporation (“Flow” or the “Company”)
12 announced that it had entered into an Agreement and Plan of Merger (the “Merger Agreement”) with
13 AIP Waterjet Holdings, Inc. (“Parent”) and AIP/FIC Merger Sub, Inc. (“Merger Sub”), both of
14 which are affiliates of American Industrial Partners (“AIP,” and with Parent and Merger Sub, the
15 “AIP Defendants”).

16 Under the terms of the Merger Agreement, AIP, through Parent and Merger Sub, would
17 acquire all of the outstanding shares of Flow common stock for \$4.05 per share, or approximately
18 \$200 million.

19 On September 27, 2013, plaintiff Robert Englehart filed his Class Action Complaint in the
20 Superior Court for King County (the “Court”) against Flow’s Board of Directors (“Board”), Flow,
21 and the AIP Defendants, alleging breaches of fiduciary duty against the Board and aiding and
22 abetting against Flow and the AIP Defendants.

23 From October 2, 2013 through October 16, 2013, five other plaintiffs filed substantially
24 similar actions in the Court (collectively, the “Related Actions”). The six different Related Actions
25 are captioned as follows: *Robert Englehart v. Charles M. Brown, et al.*, No. 13-2-33726-6 KNT;
26 *John Wulfken v. Charles M. Brown, et al.*, No. 13-2-34375-4 KNT; *Gary Papazian v. Charles M.*

1 *Brown, et al.*, No. 13-2-34980-9 KNT; *Frank Chu v. Flow International Corporation, et al.*, No. 13-
2 2-34967-1 KNT; *Joseph Bruno v. Flow International Corporation, et al.*, No. 13-2-35209-5 KNT;
3 and *Victoria A. Shaev v. Flow International Corporation, et al.*, No. 13-2-35865-4 KNT.

4 On October 23, 2013, following motion practice, the Court consolidated the Related Actions
5 and appointed plaintiff Englehart and his counsel as lead plaintiff and lead counsel, respectively.

6 On November 1, 2013, Flow filed a Schedule 14A Preliminary Proxy Statement (the
7 “Preliminary Proxy”) with the U.S. Securities and Exchange Commission (the “SEC”).

8 On November 15, 2013, Flow filed with the SEC a Schedule 14A Definitive Proxy Statement
9 (the “Proxy”), which announced the special meeting for Flow stockholders to vote on the
10 Transaction that would occur on December 20, 2013.

11 On November 19, 2013, plaintiff Englehart filed the First Amended Complaint, which
12 reiterated Plaintiffs’ original claims and asserted new claims that the Board members breached their
13 fiduciary duties by misrepresenting or omitting material information in the Proxy.

14 In late November 2013, counsel for Plaintiffs and Defendants held arm’s-length negotiations
15 concerning the voluntary production of non-public information and depositions of key persons with
16 knowledge regarding the Transaction. Following these discussions, Flow produced thousands of
17 pages of non-public documents and made four individuals available for depositions: defendant
18 Brown, the Chairman of Flow’s Board, Chief Financial Officer Allen Hsieh (“Hsieh”), and a
19 representative of UBS Securities LLC (“UBS”), Flow’s financial advisor in connection with the
20 Transaction.

21 On December 20, 2013, 36,394,586 shares of Flow’s common stock, representing
22 approximately 74.2% of the total number of shares of Flow’s common stock entitled to vote, were
23 cast in favor of the Transaction. More than 95% of the votes cast voted in favor of the Transaction.

24 On January 31, 2014, AIP completed the Transaction.

25 On June 11, 2014, plaintiff Englehart filed the Second Amended Complaint (the “SAC”),
26 which reflected that the Transaction had closed and included additional allegations concerning

1 Plaintiffs' claims of breach of fiduciary duty against the Board and his claims of aiding and abetting
2 against Flow and the AIP Defendants.

3 On June 13, 2014, Flow, the Board, and the AIP Defendants separately filed motions to
4 dismiss the SAC. Plaintiff Englehart timely filed an opposition to these motions, and oral argument
5 was held.

6 On October 1, 2014, the Court denied the motions to dismiss.

7 On October 13, 2014, Flow and the AIP Defendants separately moved for reconsideration of
8 the Court's order denying their motions to dismiss. Plaintiff Englehart agreed to dismiss Flow as a
9 defendant, and plaintiff Englehart timely opposed the AIP Defendants' motion for reconsideration.

10 On November 21, 2014, plaintiff Englehart and Flow, through their counsel, executed a
11 Stipulation and Order for Dismissal of Claims Against Flow International Corporation, which the
12 Court granted on November 26, 2014.

13 On December 16, 2014, the Court denied the AIP Defendants' motion for reconsideration.

14 Meanwhile, following the Court's October 2, 2014 denial of the Board's motion to dismiss,
15 the parties engaged in arm's-length discussions concerning discovery, including, but not limited to,
16 the scope of the parties' respective discovery obligations, the timing of any document productions,
17 and the number and sequence of party and non-party depositions. Plaintiffs' Counsel also engaged in
18 meet-and-confer discussions with various third parties which plaintiff Englehart had subpoenaed for
19 documents and depositions. As a result of such discussions, from early 2015 through early 2016,
20 Flow, AIP, the Board, UBS, and various third parties produced approximately 184,248 pages of
21 documents, and Plaintiffs' Counsel took over 22 depositions in connection with fact discovery.

22 On February 20, 2015, plaintiff Englehart moved for class certification pursuant to CR 23.
23 Defendants timely opposed plaintiff Englehart's motion for class certification and, in connection
24 therewith, deposed him in Washington, D.C.

25 On July 10, 2015, the Court granted plaintiff Englehart's motion for class certification
26 pursuant to CR 23 (b)(1), (b)(2), and (b)(3) on behalf of a class defined as:

1 All holders of common stock of Flow at any time from September 25, 2013 through and
2 including January 21, 2014, whether beneficial or of record, including their legal representatives,
3 heirs, successors in interest, transferees, and assignees, excluding the defendants in this action and
4 their associates, affiliates, legal representatives, heirs, successors in interest, transferees, and
5 assignees.

6 On August 28, 2015, the Court granted the parties' Stipulation and [Proposed] Order
7 Amending Order on Class Certification, which, among other things, amended the July 10, 2015 class
8 certification order by stating that certification was pursuant to CR 23(b)(3) only.

9 On October 9, 2015, the Court entered a stipulation and order of dismissal without prejudice
10 of the AIP Defendants.

11 On December 4, 2015, plaintiff Englehart filed the Third Amended Complaint, which
12 removed the AIP Defendants as parties, added former Flow Chief Financial Officer Hsieh as a
13 defendant, and included additional allegations to reflect facts learned during discovery.

14 On December 31, 2015, plaintiff Englehart filed a Corrected Third Amended Complaint (the
15 "TAC"), which corrected certain paragraph numbering issues in the Third Amended Complaint.

16 On January 11, 2016, Defendants moved to dismiss the TAC and also moved to strike certain
17 allegations contained in the TAC. On January 15, 2015, Defendants moved for summary judgment
18 under CR 56. Plaintiff Englehart timely opposed all of these motions.

19 On February 17, 2016 and March 15, 2016, plaintiff Englehart and Defendants exchanged
20 opening and rebuttal expert reports, respectively.

21 On March 25, 2016, following oral argument, the Court granted Defendants' motion to strike,
22 denied Defendants' motion to dismiss, and granted in part and denied in part Defendants' motion for
23 summary judgment, denying the motion with respect to defendants Brown and Hsieh but granting
24 the motion with respect to all other remaining defendants.

25 During April 2016, the parties conducted expert depositions.
26

1 On July 15, 2016, after preparing and submitting materials to the Honorable Layn R. Phillips
2 (the "Mediator"), Plaintiffs' Counsel and Defendants' counsel participated in an all-day mediation
3 session regarding a possible global resolution of the Litigation before the Mediator.

4 Subsequently, the Mediator issued his recommendation outlining recommended terms for the
5 settlement of the Litigation, and the Mediator's recommendation was accepted by the Settling
6 Parties.

7 **II. CLAIMS OF CLASS REPRESENTATIVE AND BENEFITS OF** 8 **SETTLEMENT**

9 Class Representative believes that the claims asserted in the Litigation have merit. However,
10 Class Representative and his counsel recognize and acknowledge the expense and length of
11 continued proceedings necessary to prosecute the Litigation against the Defendants through trial and
12 through appeals. Class Representative and his counsel also have taken into account the uncertain
13 outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well
14 as the difficulties and delays inherent in such litigation. Class Representative and his counsel also
15 are mindful of the inherent problems of proof under, and possible defenses to, the violations asserted
16 in the Litigation. Class Representative and his counsel believe that the Settlement set forth in this
17 Stipulation confers substantial benefits upon the Class and is in the best interests of the Class.

18 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

19 Defendants have denied and continue to deny each and all of the claims and contentions
20 alleged by Class Representative in this Litigation. The Defendants expressly have denied and
21 continue to deny all charges of wrongdoing or liability against them arising out of any of the
22 conduct, statements, acts or omissions alleged, or that could have been alleged, in this Litigation.
23 The Defendants also have denied and continue to deny, *inter alia*, the allegations that the Class
24 Representative or any Class Member have suffered damage, or were otherwise harmed by the
25 conduct alleged in this Litigation. The Defendants have asserted and continue to assert that the
26 Proxy Statement contained no material misstatements or omissions. The Defendants have asserted

1 and continue to assert that, at all times, they acted in good faith and in a manner reasonably believed
2 to be in accordance with all applicable rules, regulations and laws.

3 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

4 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the
5 Class Representative (on behalf of himself and all other Class Members) and the Defendants, by and
6 through their respective counsel or attorneys of record, that, subject to the approval of the Court, the
7 Litigation, the Released Plaintiff Parties' Claims and the Released Defendant Parties' Claims shall
8 be finally and fully compromised, settled, and released, and the Litigation shall be dismissed with
9 prejudice, as to all Settling Parties, upon and subject to the terms and conditions of the Stipulation,
10 as follows.

11 **1. Definitions**

12 In addition to the terms that may be defined elsewhere in this Stipulation, the following terms
13 as used in the Stipulation have the meanings specified below:

14 1.1 "Claims Administrator" means the firm of Gilardi & Co. LLC or such other entity
15 that the Court shall appoint to administer the Settlement and to perform other administrative
16 functions under this Stipulation.

17 1.2 "Class" or "Class Members" means all holders of common stock of Flow at any time
18 from September 25, 2013 through and including January 31, 2014, whether beneficial or of record,
19 including their legal representatives, heirs, successors in interest, transferees, and assignees, but
20 excluding the Defendants and all former defendants in this action, and their associates, affiliates,
21 legal representatives, immediate family members, heirs, successors in interest, transferees, and
22 assignees. Also excluded from the Class are those Persons who validly request exclusion from the
23 Class pursuant to the instructions set forth in the Notice of Pendency and Settlement of Class Action.

24 1.3 "Class Counsel" means Robbins Geller Rudman & Dowd LLP, Stritmatter Kessler
25 Whelan Koehler Moore Kahler and Johnson & Weaver, LLP.

26

1 1.4 “Class Period” means the period beginning on September 25, 2013, through and
2 including January 31, 2014.

3 1.5 “Class Representative” means Robert Englehart.

4 1.6 “Defendants” means Charles M. Brown and Allen M. Hsieh.

5 1.7 “Effective Date” has the meaning set forth in ¶7.1 below.

6 1.8 “Escrow Agent” means the law firm of Robbins Geller Rudman & Dowd LLP or its
7 successor(s).

8 1.9 “Final” with respect to any Court order, including, but not limited to, the Judgment,
9 means the latest to occur of the following: (a) the date as of which the time to seek review, alteration
10 or appeal of the Court’s order has expired without any review, alteration, amendment or appeal
11 having been sought or taken; or (b) if an appeal, petition, motion or other application for review,
12 alteration or amendment is filed, sought or taken, the date as of which such appeal, petition, motion
13 or other application shall have been finally determined in such a manner as to affirm the Court’s
14 original order in its entirety and the time, if any, for seeking further review has expired.

15 1.10 “Flow” or the “Company” means Flow International Corporation.

16 1.11 “Judgment” means the judgment to be entered by the Court, substantially in the form
17 and content attached hereto as Exhibit B.

18 1.12 “Person” means an individual, corporation, limited liability corporation, professional
19 corporation, limited liability partnership, partnership, limited partnership, association, joint stock
20 company, estate, legal representative, trust, unincorporated association, government or any political
21 subdivision or agency thereof, and any other business or legal entity.

22 1.13 “Plaintiffs” means Robert Englehart (on behalf of himself and each of the Class
23 Members), Joseph Bruno and any other plaintiff who appeared in the Litigation.

24 1.14 “Plaintiffs’ Counsel” means Class Counsel and any other counsel who has appeared
25 for Plaintiffs.

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1 1.15 “Plan of Allocation” means a plan or formula of allocating the Net Settlement Fund
2 among, and distributing it to, the Settlement Payment Recipients as proposed by Class Counsel and
3 set forth in the Notice, or such other Plan of Allocation as the Court shall approve. The Plan of
4 Allocation is not part of the Stipulation and Defendants shall have no responsibility or liability with
5 respect thereto.

6 1.16 “Preliminary Approval Order” means the Order Preliminarily Approving Settlement
7 and Providing for Notice to be approved by the Court, substantially in the form attached hereto as
8 Exhibit A.

9 1.17 “Released Claims” means, collectively, the Released Plaintiff Parties’ Claims and the
10 Released Defendant Parties’ Claims.

11 1.18 “Released Defendant Parties” means Defendants, Flow, the former directors and
12 officers of Flow, American Industrial Partners, Shape Technologies Group, Inc. f/k/a AIP Waterjet
13 Holdings, and each of their past, present or future parents, subsidiaries and affiliates, and their
14 respective directors, officers, employees, partners, members, principals, agents, underwriters,
15 insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors,
16 financial or investment advisors or consultants, banks or investment bankers, personal or legal
17 representatives, predecessors, successors, assigns, spouses, heirs, related or affiliated entities, any
18 entity in which a Released Person has a controlling interest, any member of a Defendant’s immediate
19 family, or any trust of which any Defendant is the settler or which is for the benefit of any Defendant
20 and/or member(s) of his or his family.

21 1.19 “Released Defendant Parties’ Claims” means all claims (including Unknown Claims)
22 arising out of or relating to the institution, prosecution, and resolution of the Litigation; provided,
23 however, that the Released Defendant Parties’ Claims shall not include claims to enforce the
24 Stipulation.

25 1.20 “Released Plaintiff Parties” means Plaintiffs, all Class Members, and Plaintiffs’
26 Counsel.

1 1.21 “Released Plaintiff Parties’ Claims” shall collectively mean any and all claims
2 (including Unknown Claims) against the Released Defendant Parties arising out of, relating to, or in
3 connection with (i) the facts, events, transactions, acts, occurrences, statements, representations,
4 misrepresentations, omissions which were or could have been alleged in this Litigation, or (ii)
5 Flow’s consideration of strategic alternatives, including the ultimate sale of Flow to AIP, provided,
6 however, that the Released Plaintiff Parties’ Claims shall not include claims to enforce the
7 Stipulation.

8 1.22 “Settlement” means the settlement and the terms thereof contemplated by this
9 Stipulation.

10 1.23 “Settlement Amount” means Twelve Million Seven Hundred Fifty Thousand Dollars
11 (\$12,750,000.00) in cash to be paid into an escrow fund established at Torrey Pines Bank and
12 controlled by the Escrow Agent pursuant to ¶2.1 of this Stipulation.

13 1.24 “Settlement Fund” means the principal amount of Twelve Million Seven Hundred
14 Fifty Thousand Dollars (\$12,750,000.00) in cash, plus any accrued interest.

15 1.25 “Settlement Payment Recipients” means all Class Members who: (i) were
16 stockholders of record of Flow common stock at the close of the Transaction on January 31, 2014
17 and received consideration for their stock in connection with the Transaction; and (ii) submit a valid
18 Proof of Claim and Release form to the Claims Administrator.

19 1.26 “Settling Parties” means, collectively, each of the Defendants and the Class
20 Representative on behalf of themselves and members of the Class.

21 1.27 “Transaction” means the acquisition of Flow by AIP, which was completed on
22 January 31, 2014.

23 1.28 “Unknown Claims” means (a) any Released Plaintiff Parties’ Claims that any Plaintiff
24 or any other Released Plaintiff Party does not know or suspect to exist in his, her or its favor at the
25 time of the Effective Date, including claims which, if known by him, her or it, might have affected
26 his, her or its settlement with and release of the Released Defendant Parties, or might have affected

1 his, her or its decision(s) with respect to the Settlement; and (b) any Released Defendant Parties’
2 Claims that any Defendant or any other Released Defendant Party does not know or suspect to exist
3 in his, her or its favor at the time of the Effective Date, including claims which, if known by him, her
4 or it, might have affected his, her or its settlement with and release of the Released Plaintiff Parties,
5 or might have affected his, her or its decision(s) with respect to the Settlement. With respect to any
6 and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date,
7 Plaintiffs and the Defendants shall expressly waive, and each of the Class Members shall be deemed
8 to have waived, and by operation of the Judgment shall have expressly waived, any and all
9 provisions, rights, and benefits conferred by California Civil Code §1542 and any law of any state or
10 territory of the United States, or principle of common law, which is similar, comparable or
11 equivalent to California Civil Code §1542, which provides:

12 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
13 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
14 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.

15 Plaintiffs and the Released Plaintiff Parties may hereafter discover facts in addition to or different
16 from those that any of them now know or believe to be true related to the subject matter of the
17 Released Plaintiff Parties’ Claims, but Plaintiffs shall expressly and each Class Member, upon the
18 Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally,
19 and forever settled and released any and all Released Plaintiff Parties’ Claims, known or unknown,
20 suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or
21 unmatured, which now exist, or heretofore have existed upon any theory of law or equity now
22 existing or coming into existence in the future, including, but not limited to, conduct that is
23 negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without
24 regard to the subsequent discovery or existence of such different or additional facts. Similarly, the
25 Defendants and Released Defendant Parties may hereafter discover facts in addition to or different
26 from those that any of them now know or believe to be true related to the subject matter of the

1 Released Defendant Parties' Claims, but each Defendant shall expressly and each Released
2 Defendant Party, upon the Effective Date, shall be deemed to have, and by operation of the
3 Judgment shall have, fully, finally, and forever settled and released any and all Released Defendant
4 Parties' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent,
5 disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed upon
6 any theory of law or equity now existing or coming into existence in the future, including, but not
7 limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any
8 duty, law or rule, without regard to the subsequent discovery or existence of such different or
9 additional facts. The Settling Parties acknowledge, and the Released Plaintiff Parties and the
10 Released Defendant Parties shall be deemed by operation of the Judgment to have acknowledged,
11 that the inclusion of "Unknown Claims" in the definition of Released Claims was separately
12 bargained for and is a key element of the Settlement of which these releases are a part.

13 **2. The Settlement**

14 **a. The Settlement Amount**

15 2.1 The Defendants shall cause to be paid the Settlement Amount into an escrow fund
16 established at Torrey Pines Bank (the "Escrow Account") and controlled by the Escrow Agent,
17 subject to court oversight, within fifteen (15) business days after the Court's entry of the Preliminary
18 Approval Order and Defendants have been provided a payment address, wiring instructions, the
19 federal tax ID of the payee and a Form W-9. If the Settlement Amount is not timely paid, any
20 unpaid amounts will earn interest at 5% per annum until paid.

21 **b. The Escrow Agent**

22 2.2 The Escrow Agent shall invest the Settlement Amount deposited pursuant to ¶2.1
23 hereof in short term United States Agency or Treasury Securities or other instruments backed by the
24 Full Faith & Credit of the United States Government or an Agency thereof, or fully insured by the
25 United States Government or an Agency thereof and shall reinvest the proceeds of these instruments
26 as they mature in similar instruments at their then-current market rates. All risks related to the

1 investment of the Settlement Fund in accordance with the investment guidelines set forth in this
2 paragraph shall be borne by the Settlement Fund, and the Released Defendant Parties shall have no
3 responsibility for, interest in, or liability whatsoever with respect to investment decisions or the
4 actions of the Escrow Agent, or any transactions executed by the Escrow Agent.

5 2.3 The Escrow Agent shall not disburse the Settlement Fund except as provided in the
6 Stipulation, by an order of the Court, or with the written agreement of counsel for Defendants.

7 2.4 Subject to further order(s) and/or direction(s) as may be made by the Court, or as
8 provided in the Stipulation, the Escrow Agent is authorized to execute such transactions as are
9 consistent with the terms of the Stipulation.

10 2.5 All funds held by the Escrow Agent shall be deemed and considered to be in *custodia*
11 *legis* of the Court, and shall remain subject to the jurisdiction of the Court, until such time as such
12 funds shall be distributed pursuant to the Stipulation and/or further order(s) of the Court.

13 2.6 Notwithstanding the fact that the Effective Date has not yet occurred, the Escrow
14 Agent may pay from the Settlement Fund the costs and expenses reasonably and actually incurred in
15 connection with providing notice to members of the Class, mailing the Notice of Pendency and
16 Settlement of Class Action (the “Notice”) and Proof of Claim and Release form and publishing
17 notice (such amount shall include, without limitation, the actual costs of publication, printing and
18 mailing the Notice, and reimbursement to nominee owners for forwarding notice to their beneficial
19 owners), soliciting Class claims, assisting with the filing of claims, administering and distributing
20 the Net Settlement Fund to Settlement Payment Recipients, processing Proof of Claim and Release
21 forms, and paying escrow fees and costs, if any, and the administrative expenses incurred and fees
22 charged by the Claims Administrator in connection with providing notice and processing the
23 submitted claims and any escrow or bank fees (“Notice and Administration Costs”). In the event
24 that the Settlement does not become Final, any money paid or incurred for the above purposes,
25 including any related fees, shall not be returned or repaid to Defendants or their insurers.

26

1 2.7 Neither Defendants nor the Released Defendant Parties are responsible for any costs
2 and expenses reasonably and actually incurred in connection with providing notice to the Class,
3 locating Class Members, assisting with the filing of claims, administering and distributing the Net
4 Settlement Fund to Settlement Payment Recipients, processing Proof of Claim and Release forms, or
5 paying escrow fees and costs, nor shall they be liable for any claims with respect thereto.

6 **c. Taxes**

7 2.8 (a) The Settling Parties and the Escrow Agent agree to treat the Settlement Fund
8 as being at all times a “Qualified Settlement Fund” within the meaning of Treas. Reg. §1.468B-1. In
9 addition, the Escrow Agent shall timely make such elections as necessary or advisable to carry out
10 the provisions of this ¶2.8, including the “relation-back election” (as defined in Treas. Reg. §1.468B-
11 1) back to the earliest permitted date. Such elections shall be made in compliance with the
12 procedures and requirements contained in such regulations.

13 (b) For the purpose of §1.468B of the Internal Revenue Code of 1986, as
14 amended, and the regulations promulgated thereunder, the “administrator” shall be the Escrow
15 Agent. The Escrow Agent shall timely and properly file all informational and other tax returns
16 necessary or advisable with respect to the Settlement Fund (including, without limitation, the returns
17 described in Treas. Reg. §1.468B-2(k)). Such returns (as well as the election described in ¶2.8(a)
18 hereof) shall be consistent with this ¶2.8 and in all events shall reflect that all Taxes (including any
19 estimated Taxes, interest, or penalties) on the income earned by the Settlement Fund shall be paid
20 out of the Settlement Fund as provided in ¶2.8(c) hereof.

21 (c) All (i) taxes (including any estimated taxes, interest or penalties) arising with
22 respect to the income earned by the Settlement Fund, including any taxes or tax detriments that may
23 be imposed upon the Released Defendant Parties or their counsel with respect to any income earned
24 by the Settlement Fund for any period during which the Settlement Fund does not qualify as a
25 “Qualified Settlement Fund” for federal or state income tax purposes (“Taxes”), and (ii) expenses
26 and costs incurred in connection with the operation and implementation of this ¶2.8 (including,

1 without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs
2 and expenses relating to filing (or failing to file) the returns described in this ¶2.8) (“Tax Expenses”),
3 shall be paid out of the Settlement Fund; in all events the Released Defendant Parties and their
4 counsel shall have no liability or responsibility for the Taxes or the Tax Expenses, or the filing of
5 any tax returns or other documents with any taxing authority, or for Taxes payable by reason of any
6 indemnification. Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of
7 administration of the Settlement Fund and shall be timely paid by the Escrow Agent out of the
8 Settlement Fund without prior order from the Court and the Escrow Agent shall be authorized
9 (notwithstanding anything herein to the contrary) to withhold from distribution to Settlement
10 Payment Recipients any funds necessary to pay such amounts, including the establishment of
11 adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to
12 be withheld under Treas. Reg. §1.468B-2(1)(2)); the Released Defendant Parties are not responsible
13 and they shall not be liable for any Taxes or Tax Expenses, or for any reporting or other
14 requirements that may relate thereto. The Settling Parties hereto agree to cooperate with the Escrow
15 Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry
16 out the provisions of this ¶2.8.

17 **3. Preliminary Approval Order and Settlement Fairness Hearing**

18 3.1 As soon as practicable after execution of the Stipulation, Class Representative shall
19 submit the Stipulation together with its exhibits (the “Exhibits”) to the Court and apply for entry of
20 the Preliminary Approval Order, substantially in the form of Exhibit A attached hereto, requesting,
21 *inter alia*, the preliminary approval of the Settlement, and approval of the mailing of the Notice and
22 Proof of Claim and Release form (“Proof of Claim”), substantially in the forms of Exhibits A-1 and
23 A-2 attached hereto.

24 3.2 Class Representative shall request that after notice is given, the Court hold a hearing
25 (the “Settlement Fairness Hearing”) to finally approve the Settlement of the Litigation as set forth
26

1 herein and to enter the Judgment. At or after the Settlement Fairness Hearing, Class Counsel also
2 will request that the Court approve the Plan of Allocation, and the Fee and Expense Application.

3 **4. Releases**

4 4.1 Upon the Effective Date, Class Representative, Plaintiffs and each Class Member
5 shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever
6 released, relinquished and discharged all Released Plaintiff Parties' Claims against the Released
7 Defendant Parties, regardless of whether or not such Class Member executes and delivers a Proof of
8 Claim, in their capacity as holders of Flow common stock during the Class Period.

9 4.2 Upon the Effective Date, each of the Released Defendant Parties shall be deemed to
10 have, and by operation of the Judgment shall have, fully, finally and forever released all Released
11 Plaintiff Parties from all Released Defendant Parties' Claims.

12 4.3 Upon the Effective Date, as defined in ¶1.7 hereof, the Class Representative,
13 Plaintiffs, and each and all of the Class Members are forever barred and enjoined from commencing,
14 instituting, or continuing to prosecute any action or proceeding in any court of law or equity,
15 arbitration tribunal, administrative forum, or other forum of any kind, asserting any of the Released
16 Plaintiff Parties' Claims against any or all of the Released Defendants Parties.

17 **5. Administration and Calculation of Claims, Final Awards and**
18 **Supervision and Distribution of the Settlement Fund**

19 5.1 The Claims Administrator, subject to such supervision and direction of Class Counsel
20 or the Court as may be necessary or as circumstances may require, shall administer and calculate the
21 claims submitted by Class Members and shall oversee distribution of the Net Settlement Fund
22 (defined below) to Settlement Payment Recipients. The Settlement Fund shall be applied as follows:

- 23 (a) to pay Notice and Administration Costs described in ¶2.6 above;
- 24 (b) to pay the Taxes and Tax Expenses described in ¶2.8 above;
- 25 (c) to pay Plaintiffs' Counsel's attorneys' fees, expenses and costs with interest
26 thereon if and to the extent allowed by the Court; and

1 (d) to distribute the balance of the Settlement Fund (the “Net Settlement Fund”)
2 to Settlement Payment Recipients as allowed by this Stipulation, the Plan of Allocation or the Court.

3 5.2 Upon the Effective Date and thereafter, and in accordance with the terms of the
4 Stipulation, the Plan of Allocation, or such further approval and further order(s) of the Court as may
5 be necessary or as circumstances may require, the Net Settlement Fund shall be distributed to
6 Settlement Payment Recipients, subject to and in accordance with the terms of this Stipulation.

7 5.3 Within ninety (90) days after the mailing of the Notice or such other time as may be
8 set by the Court, each Class Member who wishes to participate in the distributions from the Net
9 Settlement Fund shall be required to submit to the Claims Administrator a completed Proof of
10 Claim, substantially in the form and content of Exhibit A-2 hereto.

11 5.4 Except as otherwise ordered by the Court, all Class Members who fail to timely
12 submit a valid Proof of Claim shall be barred from receiving any payments pursuant to this
13 Stipulation and the Settlement set forth herein, but will in all other respects be subject to and bound
14 by the provisions of this Stipulation, the releases contained herein, and the Judgment.
15 Notwithstanding the foregoing, Class Counsel may, in their discretion, accept for processing late
16 filed claims so long as the distribution of the Net Settlement Fund to Settlement Payment Recipients
17 is not materially delayed. Class Counsel shall bear no liability for not accepting late claims or
18 accepting late claims.

19 5.5 Except for the Defendants’ obligation to cause payment of the Settlement Amount
20 pursuant to ¶2.1 hereof, Defendants and the Released Defendant Parties shall have no responsibility
21 for, interest in, or liability whatsoever with respect to the investment or distribution of the Net
22 Settlement Fund or the Plan of Allocation, the determination, administration, or calculation of
23 claims, the payment or withholding of Taxes or Tax Expenses, or any losses incurred in connection
24 therewith.

25 5.6 No Person shall have any claim against the Released Plaintiff Parties, the Claims
26 Administrator or any other Person designated by Class Counsel, based on the distributions made

1 substantially in accordance with this Stipulation and the Settlement contained herein, the Plan of
2 Allocation, or further order(s) of the Court. Under no circumstances shall any Person have a claim
3 against Defendants or any of the Released Defendant Parties based on any distribution,
4 determination, claim rejections or the design, terms or implementation of the Plan of Allocation.

5 5.7 Each Person who submits a Proof of Claim form shall be deemed to have submitted
6 to the jurisdiction of the Court with respect to the Person's claim to the Net Settlement Fund.

7 5.8 The Settlement will be non-recapture, *i.e.*, it is not a claims-made settlement.
8 Following the Effective Date of the Settlement, none of the Settlement Fund shall be returned to the
9 Defendants and/or such other persons or entities funding the Settlement.

10 5.9 If there is any balance remaining in the Net Settlement Fund after six (6) months from
11 the initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds,
12 uncashed checks or otherwise), Class Counsel shall, if feasible, reallocate such balance among
13 Settlement Payment Recipients in an equitable and economic fashion. These redistributions shall be
14 repeated until the balance remaining in the Net Settlement Fund is no longer feasible to distribute to
15 Class Members. Thereafter, any balance which still remains in the Net Settlement Fund shall be
16 donated to the Legal Foundation of Washington.

17 5.10 It is understood and agreed by the Settling Parties that any proposed Plan of
18 Allocation of the Net Settlement Fund including, but not limited to, any adjustments to a Settlement
19 Payment Recipient's claim set forth therein, is not a part of the Stipulation and is to be considered by
20 the Court separately from the Court's consideration of the fairness, reasonableness, and adequacy of
21 the Settlement, and any order or proceeding relating to the Plan of Allocation shall not operate to
22 terminate or cancel the Stipulation, or delay the Judgment from becoming Final.

23 **6. Class Counsel's Fee and Expense Award**

24 6.1 Class Counsel may submit an application or applications (the "Fee and Expense
25 Application") for distributions from the Settlement Fund for: an award of attorneys' fees plus
26 expenses and costs, incurred in connection with prosecuting the Litigation, plus any interest on such

1 attorneys' fees, costs, and expenses at the same rate and for the same period as earned by the
2 Settlement Fund until paid. The parties acknowledge that any fee and expense award approved by
3 the Court (the "Fee and Expense Award") shall be paid solely from the Settlement Fund.

4 6.2 The Fee and Expense Award shall be payable to Class Counsel from the Settlement
5 Fund, as ordered, immediately after the Court enters an order awarding such fees and expenses,
6 notwithstanding the existence of any timely filed objection thereto, or potential for appeal therefrom,
7 or collateral attack on the Settlement or any part thereof. Class Counsel shall thereafter allocate the
8 attorneys' fees amongst Plaintiffs' Counsel in a manner in which they in good faith believe reflects
9 the contributions of such counsel to the prosecution and settlement of the Litigation.

10 6.3 Class Counsel represent that all Plaintiffs' Counsel who receive any payment of
11 attorneys' fees or expenses pursuant to ¶6.2 above agree that they accept payment subject to the
12 several obligation of each of Plaintiffs' Counsel (including their respective partners, shareholders
13 and/or firms) to make refund or repayment to the Settlement Fund according to provisions of this
14 ¶6.3. In the event that the Effective Date does not occur, or the Judgment or the order granting the
15 Fee and Expense Award is reversed or modified for any reason (including, without limitation,
16 appeal, further proceeding on remand or successful collateral attack), or the Stipulation is canceled
17 or terminated for any other reason, and such reversal, modification, cancellation or termination
18 becomes Final, and in the event that the Fee and Expense Award has been paid to any extent, then
19 Class Counsel shall within fifteen (15) business days from receiving notice from the Defendants'
20 counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund the full amount of
21 such fees, expenses and interest previously paid to them from the Settlement Fund, in an amount
22 consistent with such reversal or modification.

23 6.4 The procedure for and the allowance or disallowance by the Court of any applications
24 by Class Counsel for attorneys' fees, costs, and expenses to be paid out of the Settlement Fund are
25 not part of the Settlement set forth in the Stipulation, and are to be considered by the Court
26 separately from the Court's consideration of the fairness, reasonableness and adequacy of the

1 Settlement set forth in the Stipulation, and any order or proceeding relating to the Fee and Expense
2 Application, any Fee and Expense Award or any appeal from any order relating thereto or reversal or
3 modification thereof, shall not operate to terminate or cancel the Stipulation, or affect or delay the
4 Judgment from becoming Final. None of the parties may terminate or cancel the Settlement on the
5 basis of the amount of any attorneys' fee or expense award.

6 6.5 The Released Defendant Parties shall have no responsibility for, and no liability
7 whatsoever with respect to, any fees, costs or expenses incurred or sought by Plaintiffs' Counsel or
8 any other Person who may assert some claim thereto.

9 **7. Conditions of Settlement, Effect of Disapproval, Cancellation or**
10 **Termination**

11 7.1 The "Effective Date" of the Stipulation and the Settlement shall be the date on which
12 all of the following conditions of settlement have occurred:

13 (a) the Defendants have caused to be made, the payment of the Settlement
14 Amount in accordance with ¶2.1 hereof;

15 (b) the Court has entered the Judgment substantially in the form and content of
16 Exhibit B attached hereto; and

17 (c) the Judgment has become Final, as defined in ¶1.9 hereof.

18 7.2 Upon the occurrence of all of the events referenced in ¶7.1 hereof, any and all
19 remaining interest or right of the Released Defendant Parties in or to the Settlement Fund, if any,
20 shall be absolutely and forever extinguished, unless Defendants or Plaintiffs elect to terminate the
21 Settlement pursuant to ¶¶7.3 and 7.4 of this Stipulation.

22 7.3 Defendants and Class Representative shall each have the right to terminate the
23 Settlement and this Stipulation by providing written notice of their election to do so ("Termination
24 Notice") to the undersigned counsel for all other Settling Parties within thirty (30) calendar days of:

25 (a) the Court's declining to enter the Preliminary Approval Order in any material respect without
26 leave to amend and resubmit; (b) the Court's refusal to approve this Stipulation or any material part
of it without leave to amend and resubmit; (c) the Court's declining to enter the Judgment in any

1 material respect without leave to amend and resubmit; or (d) the date upon which the Judgment is
2 modified or reversed in any material respect by the Court of Appeals or the Supreme Court or any
3 other court and is no longer subject to appeal.

4 7.4 Pursuant to the terms of a supplemental agreement between the Settling Parties,
5 Defendants shall have the right to terminate the Settlement by providing a Termination Notice to
6 Class Counsel if the aggregate number of shares of Flow common stock entitled to a recovery,
7 calculated pursuant to the Plan of Allocation, that validly request to be excluded from the Settlement
8 (and do not withdraw) equals or exceeds a percentage of the “damaged shares” under the Plan of
9 Allocation, as set forth in the supplemental agreement. Class Representative shall have the right to
10 terminate the Settlement by providing a Termination Notice to Defendants’ counsel if Defendants do
11 not cause to be paid the Settlement Amount, as contemplated in ¶2.1, subject to Defendants’ right to
12 cure any such failure to pay within three (3) business days of receiving a written notice of deficiency
13 from Class Counsel.

14 7.5 Other than as set forth in ¶¶7.3 and 7.4 above, Defendants and Plaintiffs shall not
15 have the right to terminate the Settlement or this Stipulation.

16 7.6 Unless otherwise ordered by the Court, if this Stipulation is terminated or if the
17 Effective Date otherwise does not occur:

18 (a) within fifteen (15) business days after written notification of such event is sent
19 by counsel for any of the Defendants or Class Counsel, (i) Class Counsel shall refund to the
20 Settlement Fund the Fee and Expense Award paid (if any); (ii) Class Counsel shall cause the
21 Settlement Fund, plus any interest accrued thereon, less expenses which have either been disbursed
22 pursuant to ¶¶2.6 and 2.8 hereof, or are determined to be chargeable to the Settlement Fund, to be
23 refunded to the Defendants or their insurers, in direct proportion to the amounts contributed by each
24 to the Settlement Amount, pursuant to written instructions from Defendants’ counsel; and (iii) the
25 Escrow Agent or their designee shall apply for any tax refund owed on the Settlement Fund and pay
26 the proceeds, after deduction of any fees or expenses incurred in connection with such application(s)

1 for refund to Defendants or their insurers, in direct proportion to the amounts contributed by each to
2 the Settlement Amount, pursuant to written instructions from Defendants' counsel;

3 (b) the Settling Parties shall be restored to their respective positions in the
4 Litigation as of July 20, 2016;

5 (c) the terms and provisions of this Stipulation (other than this paragraph and
6 ¶8.3) shall have no further force and effect with respect to the Settling Parties; and

7 (d) any judgment or order entered by the Court in accordance with the terms of
8 the Stipulation shall be treated as vacated, *nunc pro tunc*.

9 7.7 No order of the Court or modification or reversal on appeal of any order of the Court,
10 concerning the Plan of Allocation, any Fee and Expense Award, shall constitute grounds for
11 cancellation or termination of the Stipulation.

12 7.8 If the Effective Date does not occur, or if the Stipulation is terminated pursuant to its
13 terms, neither Plaintiffs nor any of their counsel shall have any obligation to repay any amounts
14 actually and properly disbursed pursuant to ¶¶2.6 or 2.8. In addition, any expenses already incurred
15 pursuant to ¶¶2.6 or 2.8 hereof at the time of such termination or cancellation but which have not
16 been paid, shall be paid by the Escrow Agent in accordance with the terms of the Stipulation prior to
17 the balance being refunded in accordance with ¶7.6 hereof.

18 **8. Miscellaneous Provisions**

19 8.1 The Settling Parties: (a) acknowledge that it is their intent to consummate this
20 Stipulation; and (b) agree to cooperate to the extent reasonably necessary to effectuate and
21 implement all terms and conditions of this Stipulation and to exercise their best efforts to accomplish
22 the foregoing terms and conditions of this Stipulation. The Settling Parties agree to jointly take
23 reasonable steps to obtain the dismissal with prejudice of the Litigation and approval of the
24 Settlement.

25 8.2 Upon and subject to the terms and conditions hereof, Class Representative, on behalf
26 of himself and members of the Class, on the one hand, and each of the Released Defendant Parties,

1 on the other hand, intend this Settlement to be a final and complete resolution of all disputes between
2 them with respect to the Litigation. The Settlement compromises claims which are contested and
3 shall not be deemed an admission by any Person as to the merits of any claim or defense. While
4 retaining their right to deny that the claims advanced in the Litigation were meritorious, Defendants
5 will not contend that the Litigation was not filed in good faith. Plaintiffs and Defendants further
6 agree not to assert in any forum that any Settling Party violated Washington Civil Rule 11 or any
7 other similar statute or law. Class Representative and Defendants agree that the amount paid to the
8 Settlement Fund and the other terms of the Settlement were negotiated in good faith by the Class
9 Representative and Defendants, and reflect a settlement that was reached voluntarily after
10 consultation with competent legal counsel. The Settling Parties reserve their right to rebut, in a
11 manner that such party determines to be appropriate, any contention made in any public forum that
12 the Litigation was brought or defended in bad faith or without a reasonable basis.

13 8.3 Neither the Stipulation nor the Settlement, whether or not they are consummated, nor
14 any act performed or document executed pursuant to or in furtherance of the Stipulation or the
15 Settlement: (a) is or may be deemed to be, or may be used as, a presumption, concession, or
16 admission of, or evidence of, the validity of any Released Claim; or (b) is or may be deemed to be,
17 or may be used, as a presumption, concession, or admission of, or evidence of, any fault or omission
18 of any of the Released Defendant Parties in any civil, criminal or administrative proceeding in any
19 court, administrative agency or other tribunal; or (c) is or may be deemed to be an admission or
20 evidence that any claims asserted by Plaintiffs were either valid or not valid in any civil, criminal or
21 administrative proceeding. The Released Defendant Parties may file the Stipulation and/or the
22 Judgment, or refer to them, in any action that may be brought against them in order to support a
23 defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith
24 settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or
25 similar defense or counterclaim. Any Settling Party may file this Stipulation and/or the Judgment in
26 any action that may be brought to enforce the terms of the Stipulation or the Judgment.

1 8.4 All agreements made and orders entered during the course of the Litigation relating to
2 the confidentiality of information shall survive this Stipulation.

3 8.5 All of the Exhibits to this Stipulation are material and integral parts hereof and are
4 fully incorporated herein by this reference.

5 8.6 Upon the Effective Date, Class Counsel shall dismiss the parallel federal action
6 captioned *Esposito v. Brown, et al.*, No. C13-2125RSL, pending in the United States District Court
7 for the Western District of Washington and in which Class Representative and Plaintiffs are lead
8 plaintiffs and Class Counsel is lead plaintiffs' counsel, as to all defendants in that action.

9 8.7 This Stipulation may be amended or modified only by a written instrument signed by
10 or on behalf of all Settling Parties or their respective successors-in-interest.

11 8.8 The waiver by one Settling Party of any breach of this Stipulation by any other
12 Settling Party shall not be deemed a waiver of any other prior or subsequent breach of this
13 Stipulation.

14 8.9 This Stipulation and the Exhibits attached hereto constitute the entire agreement
15 between the Settling Parties and no representations, warranties, or inducements have been made to
16 any party concerning the Stipulation or its Exhibits other than the representations, warranties, and
17 covenants contained and memorialized in such documents. Except as otherwise provided herein,
18 each party shall bear its own costs.

19 8.10 Class Counsel, on behalf of the Class, are expressly authorized by the Class
20 Representative to take all appropriate action required or permitted to be taken by the Class pursuant
21 to the Stipulation to effectuate its terms and also are expressly authorized to enter into any
22 modifications or amendments to the Stipulation on behalf of the Class which they deem appropriate.

23 8.11 Each counsel or other Person executing the Stipulation on behalf of any party hereto
24 hereby warrants that such Person has the full authority to do so.

25
26

1 8.12 This Stipulation may be executed in one or more counterparts and the signatures may
2 be by facsimile or electronically. All executed counterparts and each of them shall be deemed to be
3 one and the same instrument. A complete set of executed counterparts shall be filed with the Court.

4 8.13 This Stipulation shall be binding upon, and inure to the benefit of, the respective
5 agents, executors, heirs, devisees, successors, and assigns of the Settling Parties.

6 8.14 The Court shall retain jurisdiction with respect to implementation and enforcement of
7 the terms of this Stipulation, and all Settling Parties hereto submit to the jurisdiction of the Court for
8 purposes of implementing and enforcing the Settlement embodied in this Stipulation.

9 8.15 This Stipulation and the Exhibits hereto shall be considered to have been negotiated,
10 executed and delivered, and to be wholly performed, in the State of Washington, and the rights and
11 obligations of the parties to this Stipulation shall be construed and enforced in accordance with, and
12 governed by, the internal, substantive laws of the State of Washington without giving effect to that
13 State's choice-of-law principles.

14 8.16 Unless otherwise indicated, any notice or other communication that may or must be
15 given by any Settling Party or its counsel under this Stipulation must be in writing and shall be
16 delivered by e-mail to counsel for the Settling Party to which such notice or communication is
17 directed at the email address for such counsel set forth below. Any party may change the email
18 address at which it is to receive notice by written notice delivered to all other Settling Parties in the
19 manner described above.

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1 IN WITNESS WHEREOF, the parties hereto have agreed to be bound by this Stipulation and
2 caused it to be executed, by their duly authorized attorneys, dated September 7, 2016.

3 STRITMATTER KESSLER WHELAN
4 KOEHLER MOORE KAHLER

5 s/ Brad J. Moore

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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY

ROBERT ENGLEHART, on behalf of himself and all others similarly situated,)	Case No. 13-2-33726-6 KNT
)	
Plaintiff,	)	<u>CLASS ACTION</u>
)	
vs.	)	[PROPOSED] ORDER PRELIMINARILY
	)	APPROVING SETTLEMENT AND
	)	PROVIDING FOR NOTICE
CHARLES M. BROWN, PATRICK J. BYRNE, JERRY L. CALHOUN, RICHARD P. FOX, ROBERT S. JAFFE, LARRY A. KRING, LORENZO C. LAMADRID, BRADLEY D. TILDEN, FLOW INTERNATIONAL CORPORATION, a Washington corporation, AIP/FIC MERGER SUB, INC., a Washington corporation, and AIP WATERJET HOLDINGS, INC., a Delaware corporation,)	
	)	EXHIBIT A
)	
Defendants.)	
)	

1 WHEREAS, the parties to the above-entitled action (the “Litigation”) entered into a
2 Stipulation of Settlement dated September 7, 2016 (the “Stipulation”), which is subject to review by
3 this Court and which, together with the Exhibits thereto, sets forth the terms and conditions for the
4 settlement of the claims alleged in the Litigation (“Settlement”); and the Court having read and
5 considered the Stipulation and the accompanying documents; and the parties to the Stipulation
6 having consented to the entry of this Order; and all capitalized terms used herein having the
7 meanings defined in the Stipulation;

8 NOW, THEREFORE, IT IS HEREBY ORDERED, this ___ day of _____ 2016, that:

9 1. **Jurisdiction.** The Court has jurisdiction over the subject matter of the Litigation and
10 over the Settling Parties and all members of the Class.

11 2. **Class.** Pursuant to Washington Civil Rule 23(b)(3), the Court preliminarily certifies,
12 for the purposes of effectuating this Settlement only, a Class of all holders of common stock of Flow
13 at any time from September 25, 2013 through and including January 31, 2014, whether beneficial or
14 of record, including their legal representatives, heirs, successors in interest, transferees, and
15 assignees, but excluding the Defendants and all former defendants in this action, and their associates,
16 affiliates, legal representatives, immediate family members, heirs, successors in interest, transferees,
17 and assignees. Also excluded from the Class are those Persons who validly request exclusion from
18 the Class pursuant to the instructions set forth in the Notice of Pendency and Settlement of Class
19 Action (the “Notice”) approved through this Order.

20 3. **Preliminary Approval of Settlement.** The Court preliminarily finds that the
21 Settlement is sufficiently fair, reasonable, and adequate to warrant providing notice of the Settlement
22 to the Class.

23 4. **Settlement Fairness Hearing.** A hearing (the “Settlement Fairness Hearing”) is
24 hereby scheduled to be held before this Court, the Superior Court of the State of Washington, King
25 County, in Department 21, 401 Fourth Avenue North, Kent, WA 98032 on _____, 2016, at
26 __: __.m. [at least 90 calendar days following mailing of the Notice], for the following purposes: (a)

1 to determine whether the proposed Settlement is fair, reasonable, and adequate, and should be
2 approved by the Court; (b) to determine whether the Judgment as provided under the Stipulation
3 should be entered; (c) to determine whether the proposed Plan of Allocation should be approved by
4 the Court as fair, reasonable and adequate; (d) to consider Class Counsel’s application for an award
5 of attorneys’ fees and expenses; and (e) to rule upon such other matters as the Court may deem
6 appropriate. All papers in support of the Settlement, the Plan of Allocation, and any application by
7 Class Counsel for attorneys’ fees and expenses shall be filed no later than fourteen (14) calendar
8 days before the deadline for filing objections, and any reply briefs shall be served and filed on or
9 before seven (7) days before the Settlement Fairness Hearing.

10 5. The Court reserves the right to approve the Settlement with or without modification
11 and with or without further notice to the Class and may adjourn the Settlement Fairness Hearing
12 without further notice to the Class. The Court reserves the right to enter the Judgment approving the
13 Settlement regardless of whether it has approved the Plan of Allocation and/or Class Counsel’s
14 request for an award of attorneys’ fees and expenses. Any order (or lack of order) regarding the Plan
15 of Allocation or any awards of attorneys’ fees and expenses shall not affect or delay the Judgment
16 from becoming Final.

17 6. **Approval of Notice.** The Court approves the form, substance and requirements of
18 the Notice, the Proof of Claim and Release (the “Proof of Claim”), and the Summary Notice,
19 annexed hereto as Exhibits A-1, A-2, and A-3, respectively.

20 7. **Notice.** The form and content of the Notice and Summary Notice, and the method set
21 forth herein of notifying the Class of the Settlement and its terms and conditions, meet the
22 requirements of Washington Civil Rules and due process, constitute the best notice practicable under
23 the circumstances, and shall constitute due and sufficient notice to all Persons and entities entitled
24 thereto. All reasonable expenses incurred in notifying Class Members, as well as administering the
25 Settlement Fund, shall be paid as set forth in the Stipulation. In the event the Settlement is not
26 approved by the Court, or otherwise fails to become effective, neither Plaintiffs nor any of their

1 counsel shall have any obligation to repay any amounts actually and properly disbursed, or due and
2 owing from the Settlement Fund as of the date the Settlement is terminated.

3 8. **Retention of Claims Administrator and Manner of Notice.** The Court approves
4 the appointment of Gilardi & Co. LLC as the Claims Administrator to administer the notice
5 procedure and the processing of claims under the supervision of Class Counsel as set forth more
6 fully below:

7 (a) Defendants, at their expense, shall provide Class Counsel and/or the Claims
8 Administrator with a stockholder list identifying Class Members in an electronically-readable
9 format, within seven (7) calendar days of the date of this Order;

10 (b) The Claims Administrator shall cause the Notice and the Proof of Claim,
11 substantially in the forms annexed hereto, to be mailed, by First-Class Mail, postage prepaid, within
12 twenty-one (21) calendar days of entry of this Order (“Notice Date”), to all Class Members who can
13 be identified with reasonable effort;

14 (c) The Claims Administrator shall cause the Summary Notice to be published in
15 *The Wall Street Journal* and transmitted over the PR Newsire within ten (10) calendar days after the
16 Notice Date; and

17 (d) Not later than fourteen (14) days before the deadline for filing objections,
18 Class Counsel shall file with the Court a declaration showing timely compliance with the foregoing
19 mailing and publication requirements.

20 9. **Nominee Purchasers.** Banks, brokerage firms, institutions, and other Persons who
21 are nominees that held Flow common stock at any time from September 25, 2013 through and
22 including January 31, 2014 for the beneficial interest of other Persons (“Nominees”), must, within 10
23 days of receiving the Notice, either (a) send a copy of the Notice and Proof of Claim by First-Class
24 Mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial
25 owners to the Claims Administrator, pursuant to instructions set forth in the Notice. The Claims
26 Administrator shall make available additional copies of the Notice and Proof of Claim form to any

1 Nominees requesting the same for the purpose of distribution to beneficial owners, or shall send
2 copies of the Notice and Proof of Claim by First-Class Mail to any beneficial owners whose
3 addresses are provided by Nominees.

4 10. **Submission of Proof of Claim Forms.** Any Class Member who wishes to
5 participate in the distribution of the Net Settlement Fund must take the following actions and be
6 subject to the following conditions:

7 (a) Within 90 days after the Notice Date, each Person claiming to be a Settlement
8 Payment Recipient shall be required to submit to the Claims Administrator a completed Proof of
9 Claim, substantially in a form contained in Exhibit A-2 attached hereto and as approved by the
10 Court, signed under penalty of perjury.

11 (b) Except as otherwise ordered by the Court, all Class Members who fail to
12 timely submit a Proof of Claim within such period, or such other period as may be ordered by the
13 Court, shall be forever barred from receiving any payments pursuant to the Stipulation and the
14 Settlement set forth therein, but will in all other respects be subject to and bound by the provisions of
15 the Stipulation, the releases contained therein, and all determinations and judgments in this
16 Litigation, including the Judgment. Notwithstanding the foregoing, Class Counsel may, in their
17 discretion, accept for processing late submitted claims so long as the distribution of the Net
18 Settlement Fund to Settlement Payment Recipients is not materially delayed, but shall incur no
19 liability for declining to accept a late-submitted claim.

20 (c) As part of the Proof of Claim, each Class Member shall submit to the
21 jurisdiction of the Court with respect to the claim submitted, and shall (subject to effectuation of the
22 Settlement) release all Released Claims as provided in the Stipulation.

23 11. **Exclusions from the Class.** All Class Members, regardless of whether they submit a
24 Proof of Claim, shall be bound by all determinations and judgments in this Litigation, including the
25 Judgment, unless they request exclusion from the Class in a timely and proper manner, as hereinafter
26 provided. A Class Member wishing to make such request shall, no later than

1 _____ (sixty (60) days after the Notice Date), mail a request for exclusion in
2 written form by First-Class Mail postmarked to the address designated in the Notice. Such request
3 for exclusion shall indicate the name, address, and telephone number of the Person seeking
4 exclusion, that the Person requests to be excluded from the Class, and must be signed by such
5 Person. Such Persons requesting exclusion are also requested to state the number of shares of Flow
6 common stock they held that are subject to the Litigation. The request for exclusion shall not be
7 effective unless it is made in writing within the time stated above, and the exclusion is accepted by
8 the Court. Class Members requesting exclusion from the Class shall not be entitled to share in the
9 distribution of the proceeds of the Net Settlement Fund, as described in the Stipulation and Notice.

10 12. **Objections to the Settlement.** The Court will consider objections to the Settlement,
11 the Plan of Allocation, and the Fee and Expense Application. Any Person wanting to object may do
12 so in writing and/or by appearing at the Settlement Fairness Hearing. To the extent any Person
13 wants to object in writing, such objections and any supporting papers, accompanied by proof of
14 Class membership, shall be filed with the Clerk of the Court, Superior Court of the State of
15 Washington, King County, 401 Fourth Avenue North, Kent, WA 98032, and copies of all such
16 papers served no later than _____, 2016, which is sixty (60) calendar days after the Notice
17 Date, and mailed to Class Counsel and Defendants' counsel at the addresses included in the Notice.
18 Persons who intend to object in writing to the Settlement, the Plan of Allocation, or the request for a
19 Fee and Expense Award and desire to present evidence at the Settlement Fairness Hearing must
20 include in their written objections copies of any exhibits they intend to introduce into evidence at the
21 Settlement Fairness Hearing. If an objector hires an attorney to represent him, her or it for the
22 purposes of making an objection, the attorney must both effect service of a notice of appearance on
23 counsel listed above and file it with the Court by no later than _____, 2016. Any Class
24 Member who does not make his, her, or its objection in the manner provided shall be deemed to have
25 waived such objection and shall be foreclosed from making any objection to the fairness or adequacy
26 of the Settlement set forth in the Stipulation, to the Plan of Allocation, or to any Fee and Expense

1 Award. Any submissions by the Settling Parties in opposition or response to objections shall be
2 filed and served at least seven calendar days prior to the Settlement Fairness Hearing.

3 13. **Service of Papers.** Class Counsel and Defendants' counsel shall promptly furnish
4 each other with copies of all objections that come into their possession.

5 14. **Termination of Settlement.** This Order shall become null and void, and shall be
6 without prejudice to the rights of the Settling Parties, all of whom shall be restored to their respective
7 positions as they existed on July 20, 2016, if the Settlement is terminated in accordance with the
8 Stipulation. In such event, paragraph 7.6 of the Stipulation shall govern the rights of the Settling
9 Parties.

10 15. **Stay on Litigating Settled Claims.** All proceedings in the Litigation, other than
11 such proceedings as may be necessary to carry out the terms and conditions of the Settlement, are
12 hereby stayed until further order of this Court. Pending final determination of whether the
13 Settlement should be approved, Plaintiffs, all Class Members, and each of them, and anyone who
14 acts or purports to act on their behalf, shall not institute, prosecute, continue, maintain or assert, and
15 are hereby barred and enjoined from instituting, prosecuting, continuing, maintaining or asserting,
16 any action that asserts the Released Plaintiff Parties' Claims against any Defendant or any Released
17 Defendant Party.

18 16. **Escrow Funds.** All funds held by the Escrow Agent pursuant to the Stipulation shall
19 be deemed and considered to be *in custodia legis* of the Court, and shall remain subject to the
20 jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the Stipulation
21 and/or further order(s) of the Court.

22 17. **Adjournment.** The Court may adjourn or continue the Settlement Fairness Hearing
23 without further written notice.

24 18. **Retention of Jurisdiction.** The Court retains exclusive jurisdiction over the
25 Litigation to consider all further matters arising out of or connected with the Settlement. The Court
26

1 may approve the Settlement, with such modifications as may be agreed by the Settling Parties, if
2 appropriate, without further notice to the Class.

3 IT IS SO ORDERED.

4

5 DATED: _____

HONORABLE VERONICA A. GALVÁN
KING COUNTY SUPERIOR COURT JUDGE

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THE HONORABLE VERONICA A. GALVÁN

**IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY**

ROBERT ENGLEHART, on behalf of himself and all others similarly situated,	)	Case No. 13-2-33726-6 KNT
)	
Plaintiff,	)	<u>CLASS ACTION</u>
)	
vs.	)	NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION
)	
CHARLES M. BROWN, PATRICK J. BYRNE, JERRY L. CALHOUN, RICHARD P. FOX, ROBERT S. JAFFE, LARRY A. KRING, LORENZO C. LAMADRID, BRADLEY D. TILDEN, FLOW INTERNATIONAL CORPORATION, a Washington corporation, AIP/FIC MERGER SUB, INC., a Washington corporation, and AIP WATERJET HOLDINGS, INC., a Delaware corporation,	)	EXHIBIT A-1
)	
Defendants.)	
)	

1 **TO: ALL HOLDERS OF COMMON STOCK OF FLOW INTERNATIONAL**
2 **CORPORATION (“FLOW” OR THE “COMPANY”) AT ANY TIME FROM**
3 **SEPTEMBER 25, 2013 THROUGH AND INCLUDING JANUARY 31, 2014**

4 **THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER**
5 **SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS**
6 **ENTIRETY.**

7 **I. WHY SHOULD I READ THIS NOTICE?**

8 This Notice is given pursuant to an order issued by the Superior Court of the State of
9 Washington, King County (the “Court”). This Notice serves to inform you of the proposed
10 settlement of the above class action lawsuit (the “Settlement”) and the hearing (the “Settlement
11 Fairness Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of
12 the Settlement, as set forth in the Stipulation of Settlement dated September 7, 2016 (the
13 “Stipulation”),¹ entered into by and among the following: (i) Class Representative Robert Englehart
14 (on behalf of himself and each of the Class Members) (“Class Representative”); and (ii) defendants
15 Charles M. Brown and Allen M. Hsieh (collectively, “Defendants”). Upon and subject to the terms
16 and conditions hereof, Class Representative, on behalf of himself and the Class (as defined in the
17 Stipulation and herein), on the one hand, and the Defendants on the other hand (collectively, the
18 “Settling Parties”), intend this Settlement to be a final and complete resolution of all disputes
19 between the Settling Parties with respect to the above-captioned action (the “Litigation”). This
20 Notice is not an expression of any opinion by the Court as to the merits of the claims or defenses
21 asserted in any lawsuit.

22 **II. WHAT IS THE STATUS OF THE CASE?**

23 **A. Background and Description of the Litigation**

24 On September 25, 2013, Flow announced that it had entered into an Agreement and Plan of
25 Merger (the “Merger Agreement”) with AIP Waterjet Holdings, Inc. (“Parent”) and AIP/FIC Merger
26 Sub, Inc. (“Merger Sub”), both of which are affiliates of American Industrial Partners (“AIP,” and

¹ The Stipulation and all of its Exhibits can be viewed at www.flowshareholderlitigation.com. All capitalized terms used herein have the same meanings as the terms defined in the Stipulation.

1 with Parent and Merger Sub, the “AIP Defendants”). Under the terms of the Merger Agreement,
2 AIP, through Parent and Merger Sub, would acquire all of the outstanding shares of Flow common
3 stock for \$4.05 per share, or approximately \$200 million (“the Transaction”).

4 On September 27, 2013, plaintiff Robert Englehart filed his Class Action Complaint in the
5 Court against Flow’s Board of Directors (“Board”), Flow, and the AIP Defendants, alleging breaches
6 of fiduciary duty against the Board and aiding and abetting against Flow and the AIP Defendants.
7 From October 2, 2013 through October 16, 2013, five other plaintiffs filed substantially similar
8 actions in the Court (collectively, the “Related Actions”).²

9 On October 23, 2013, the Court consolidated the Related Actions and appointed plaintiff
10 Englehart and his counsel as lead plaintiff and lead counsel, respectively.

11 On November 15, 2013, Flow filed with the SEC a Schedule 14A Definitive Proxy Statement
12 (the “Proxy”), which announced the special meeting for Flow stockholders to vote on the
13 Transaction that would occur on December 20, 2013.

14 On November 19, 2013, plaintiff Englehart filed the First Amended Complaint, which
15 reiterated Plaintiffs’ original claims and asserted new claims that the Board members breached their
16 fiduciary duties by misrepresenting or omitting material information in the Proxy.

17 In late November 2013, counsel for Plaintiffs and defendants held arm’s-length negotiations
18 concerning the voluntary production of non-public information and depositions of key persons with
19 knowledge regarding the Transaction. Following these discussions, Flow produced thousands of
20 pages of non-public documents and made four individuals available for depositions: Flow’s Chief
21 Executive Officer, Flow’s Chairman of the Board, Flow’s Chief Financial Officer, and a
22 representative of Flow’s financial advisor UBS Securities LLC (“UBS”).

23 _____
24 ² The six different Related Actions were: *Robert Englehart v. Charles M. Brown, et al.*, No. 13-2-
25 33726-6 KNT; *John Wulfken v. Charles M. Brown, et al.*, No. 13-2-34375-4 KNT; *Gary Papazian v.*
26 *Charles M. Brown, et al.*, No. 13-2-34980-9 KNT; *Frank Chu v. Flow International Corporation, et*
al., No. 13-2-34967-1 KNT; *Joseph Bruno v. Flow International Corporation, et al.*, No. 13-2-
35209-5 KNT; and *Victoria A. Shaev v. Flow International Corporation, et al.*, No. 13-2-35865-4
KNT.

1 On December 20, 2013, 36,394,586 shares of Flow's common stock, representing
2 approximately 74.2% of the total number of shares of Flow's common stock entitled to vote, were
3 cast in favor of the Transaction. More than 95% of the votes cast voted in favor of the Transaction.

4 On January 31, 2014, AIP completed the Transaction.

5 On June 11, 2014, plaintiff Englehart filed the Second Amended Complaint (the "SAC"),
6 which reflected that the Transaction had closed and included additional allegations concerning
7 Plaintiffs' claims of breach of fiduciary duty against the Board and his claims of aiding and abetting
8 against Flow and the AIP Defendants.

9 On June 13, 2014, Flow, the Board, and the AIP Defendants filed motions to dismiss the
10 SAC. On October 1, 2014, the Court denied the motions to dismiss.

11 On October 13, 2014, Flow and the AIP Defendants moved for reconsideration of the Court's
12 order denying their motions to dismiss. Plaintiff Englehart agreed to dismiss Flow as a defendant and
13 the Court dismissed Flow as a defendant on November 26, 2014.

14 On December 16, 2014, the Court denied the AIP Defendants' motion for reconsideration.

15 During this period, and through early 2016, Plaintiffs engaged in extensive fact discovery
16 concerning the claims alleged in the SAC. Flow, AIP, the Board, UBS, and various third parties
17 produced approximately 184,248 pages of documents, and Plaintiffs' Counsel took over 22
18 depositions in connection with fact discovery.

19 On February 20, 2015, plaintiff Englehart moved for class certification pursuant to CR 23.
20 On July 10, 2015, the Court granted plaintiff Englehart's motion for class certification. On August
21 28, 2015, the Court granted the parties' Stipulation and [Proposed] Order Amending Order on Class
22 Certification, which, among other things, amended the July 10, 2015 class certification order by
23 stating that certification was pursuant to CR 23(b)(3) only.

24 On October 9, 2015, the Court entered a stipulation and order of dismissal without prejudice
25 of the AIP Defendants.

26

1 On December 4, 2015, plaintiff Englehart filed the Third Amended Complaint, which
2 removed the AIP Defendants as parties, included the Board and Flow's CFO as defendants, and
3 included additional allegations to reflect facts learned during discovery. On December 31, 2015,
4 plaintiff Englehart filed a Corrected Third Amended Complaint (the "TAC"), which corrected
5 certain paragraph numbering issues in the Third Amended Complaint.

6 On January 11, 2016, defendants (at the time, the Board and Defendants) moved to dismiss
7 the TAC and also moved to strike certain allegations contained in the TAC. On January 15, 2015,
8 defendants moved for summary judgment under CR 56. On March 25, 2016, following oral
9 argument, the Court granted defendants' motion to strike, denied defendants' motion to dismiss, and
10 granted in part and denied in part defendants' motion for summary judgment, denying the motion
11 with respect to Defendants but granting the motion with respect to all other remaining Board
12 defendants.

13 On February 17, 2016 and March 15, 2016, plaintiff Englehart and Defendants exchanged
14 opening and rebuttal expert reports, respectively. During April 2016, the parties conducted expert
15 depositions.

16 On July 15, 2016, after preparing and submitting materials to the Honorable Layn R. Phillips
17 (the "Mediator"), Plaintiffs' Counsel and Defendants' counsel participated in an all-day mediation
18 session regarding a possible global resolution of the Litigation before the Mediator.

19 Subsequently, the Mediator issued his recommendation outlining recommended terms for the
20 settlement of the Litigation, and the Mediator's recommendation was accepted by the Settling
21 Parties.

22 On September 7, 2016, the parties entered into the Stipulation, which sets forth the complete
23 terms of the Settlement.

24 THIS NOTICE IS NOT INTENDED TO BE AN EXPRESSION OF ANY
25 OPINION BY THE COURT WITH RESPECT TO THE TRUTH OF THE
26 ALLEGATIONS IN ANY LAWSUIT OR THE MERITS OF THE CLAIMS OR
DEFENSES ASSERTED. THIS NOTICE IS SOLELY TO ADVISE YOU OF THE
PROPOSED SETTLEMENT THEREOF AND YOUR RIGHTS IN CONNECTION
WITH THAT SETTLEMENT.

1 **III. WHAT IS THE MONETARY VALUE OF THE PROPOSED**
2 **SETTLEMENT?**

3 The Settlement, if approved, will result in the creation of a cash settlement fund of
4 \$12,750,000 (the "Settlement Amount"). The Settlement Amount, plus accrued interest (the
5 "Settlement Fund") and minus the costs of this Notice and all costs associated with the
6 administration of the Settlement, as well as attorneys' fees and expenses, as approved by the Court
7 (the "Net Settlement Fund"), will be distributed to Class Members (as defined herein) who: (i) were
8 stockholders of record of Flow common stock at the close of the Transaction on January 31, 2014
9 and received consideration for their stock in connection with the Transaction; and (ii) submit valid
10 and timely Proof of Claim forms (the "Settlement Payment Recipients").

11 **IV. WHAT IS THE PROPOSED PLAN OF ALLOCATION?**

12 Your share of the Net Settlement Fund will depend on how many shares of Flow common
13 stock you held at the close of the Transaction on January 31, 2014 and received consideration in
14 connection with the Transaction, and the number of valid Proofs of Claim that Class Members send
15 in.

16 Distributions will be made to the Settlement Payment Recipients after all claims have been
17 processed and after the Court has finally approved the Settlement. The Net Settlement Fund will be
18 disbursed by the Claims Administrator to the Settlement Payment Recipients and will be allocated
19 on a per-share basis amongst the Settlement Payment Recipients. Any distribution will require a
20 \$10.00 minimum.

21 If there is any balance remaining in the Net Settlement Fund after six months from the date of
22 distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or
23 otherwise), such funds shall be used: (a) first, to pay any amounts mistakenly omitted from the initial
24 disbursement; (b) second, to pay any additional settlement administration fees, costs, and expenses,
25 including those of Class Counsel as may be approved by the Court; and (c) finally, to make a second
26 distribution to claimants who cashed their checks from the initial distribution and who would receive
at least \$10.00, after payment of the estimated costs, expenses, or fees to be incurred in

1 administering the Net Settlement Fund and in making this second distribution, if such second
2 distribution is economically feasible. These redistributions shall be repeated, if economically
3 feasible, until the balance remaining in the Net Settlement Fund is *de minimis* and such remaining
4 balance shall then be distributed to the Legal Foundation of Washington.

5 Defendants and their counsel will have no responsibility or liability whatsoever for the
6 investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of
7 Allocation or the payment of any claim. Plaintiffs and Class Counsel, likewise, will have no liability
8 for their reasonable efforts to execute, administer, and distribute the Settlement.

9 **V. DO I NEED TO CONTACT CLASS COUNSEL IN ORDER TO
10 PARTICIPATE IN DISTRIBUTION OF THE SETTLEMENT FUND?**

11 No. If you have received this Notice and timely submit your Proof of Claim to the
12 designated address, you need not contact Class Counsel. If you did not receive this Notice but
13 believe you should have, or if your address changes, please contact the Claims Administrator at:

14 *Flow Shareholder Litigation*
15 Claims Administrator
16 c/o Gilardi & Co. LLC
17 P.O. Box 30243
18 College Station, TX 77842-3243
19 Phone: 1-855-831-3743
20 www.flowshareholderlitigation.com

21 **VI. THERE WILL BE NO PAYMENTS IF THE STIPULATION IS
22 TERMINATED**

23 The Stipulation may be terminated under several circumstances outlined in it. If the
24 Stipulation is terminated, the Litigation will proceed as if the Stipulation had not been entered into.

25 **VII. WHAT ARE THE REASONS FOR SETTLEMENT?**

26 The Court has not reached any final decisions in connection with Plaintiffs' claims. Instead,
the Settling Parties have agreed to this Settlement, and in doing so, the Settling Parties have avoided
the cost, delay and uncertainty of further litigation.

As in any litigation, Plaintiffs and the Class would face an uncertain outcome if they did not
agree to the Settlement. The Settling Parties expected that if Plaintiffs succeeded, Defendants would
file appeals that would postpone final resolution of the case. Continuation of the case could result in

1 a judgment greater than this Settlement. Conversely, continuing the case could result in no recovery
2 at all or a recovery that is less than the amount of the Settlement.

3 Plaintiffs and Class Counsel believe that this Settlement is fair and reasonable to the
4 members of the Class. They have reached this conclusion for several reasons. Specifically, if the
5 Settlement is approved, the Class will receive a substantial monetary recovery. Additionally, Class
6 Counsel believe that the significant and immediate benefits of the Settlement, when weighed against
7 the significant risk, delay and uncertainty of continued litigation, is a highly favorable result for the
8 Class.

9 Defendants have denied and continue to deny each and all of the claims and contentions
10 alleged by Class Representative in this Litigation. The Defendants expressly have denied and
11 continue to deny all charges of wrongdoing or liability against them arising out of any of the
12 conduct, statements, acts or omissions alleged, or that could have been alleged, in this Litigation.
13 The Defendants also have denied and continue to deny, *inter alia*, the allegations that the Class
14 Representative or any Class Member have suffered damage, or were otherwise harmed by the
15 conduct alleged in this Litigation. The Defendants have asserted and continue to assert that the
16 Proxy Statement contained no material misstatements or omissions. The Defendants have asserted
17 and continue to assert that, at all times, they acted in good faith and in a manner reasonably believed
18 to be in accordance with all applicable rules, regulations and laws.

19 **VIII. WHO REPRESENTS THE CLASS?**

20 The Court appointed the law firms of Robbins Geller Rudman & Dowd LLP, Stritmatter
21 Kessler Whelan Koehler Moore Kahler and Johnson & Weaver, LLP to represent you and other
22 Class Members. These lawyers are called Class Counsel. These lawyers will apply to the Court for
23 payment of attorneys' fees and expenses from the Settlement Fund; you will not be otherwise
24 charged for their work. If you want to be represented by your own lawyer, you may hire one at your
25 own expense.

26

1 **IX. HOW WILL THE PLAINTIFFS' LAWYERS BE PAID?**

2 Class Counsel will file a motion for an award of attorneys' fees and expenses that will be
3 considered by the Court at the Settlement Fairness Hearing. Class Counsel will apply for an award
4 of 30% of the Settlement Fund, or \$3,825,000, plus payment of expenses incurred in connection with
5 the Litigation in an amount not to exceed \$600,000, to be paid from the Settlement Fund. Class
6 Members are not personally liable for any such fees or expenses.

7 The attorneys' fees and expenses requested will be the only payment to Class Counsel for
8 their efforts in achieving this Settlement and for their risk in undertaking this representation on a
9 wholly contingent basis. Class Counsel have committed significant time and expenses in litigating
10 this case for the benefit of the Class. To date, Class Counsel have not been paid for their services in
11 conducting this Litigation on behalf of the Plaintiffs and the Class, or for their expenses. The fees
12 requested will compensate Class Counsel for their work in achieving the Settlement. The Court will
13 decide what constitutes a reasonable fee award and may award less than the amount requested by
14 Class Counsel.

15 **X. CAN I EXCLUDE MYSELF FROM THE SETTLEMENT?**

16 If you want to keep the right to sue or continue to sue Defendants on your own about the
17 legal issues in this case, then you must take steps to get out of the Class. This is called excluding
18 yourself from, or "opting out" of, the Class.

19 To exclude yourself from the Class, you must send a letter by mail saying that you want to be
20 excluded from the Class in the following action: *Robert Englehart v. Charles M. Brown, et al.*, No.
21 13-2-33726-6 KNT. Be sure to include your name, address, telephone number, and sign the letter.
22 You should also include the number of shares of Flow common stock you held at the close of the
23 Transaction on January 31, 2014. Your exclusion request must be postmarked no later than
24 _____ and sent to the Claims Administrator at:

25 *Flow Shareholder Litigation*
26 Claims Administrator
c/o Gilardi & Co. LLC
3301 Kerner Blvd.

1 San Rafael, CA 94901

2 You cannot exclude yourself by phone or by e-mail. If you make a proper request for
3 exclusion, you will not receive a Settlement payment, and you cannot object to the Settlement. If
4 you make a proper request for exclusion, you will not be legally bound by anything that happens in
5 this lawsuit.

6 **XI. CAN I OBJECT TO THE SETTLEMENT, THE REQUESTED**
7 **ATTORNEYS' FEES AND EXPENSES, AND/OR THE PLAN OF**
8 **ALLOCATION?**

9 Yes. If you are a Class Member, you may object to the terms of the Settlement. Whether or
10 not you object to the terms of the Settlement, you may also object to the requested attorneys' fees,
11 costs and expenses, and/or the Plan of Allocation. Any person wanting to object may do so in
12 writing. To object in writing, you must file such objections and any supporting papers, accompanied
13 by proof of Class membership, with the Court, and send to Class Counsel and counsel for
14 Defendants by _____. The Court's address is Superior Court of the State of
15 Washington, King County, 401 Fourth Avenue North, Kent, WA 98032. Class Counsel's address is:
16 (i) Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101,
17 c/o Jeffrey D. Light; (ii) Stritmatter Kessler Whelan Koehler Moore Kahler, 3600 15th Ave W.,
18 Suite 300, Seattle, WA 98119, c/o Brad J. Moore; and (iii) Johnson & Weaver, LLP, 99 Madison
19 Avenue, 5th Floor, New York, NY 10016, c/o W. Scott Holleman. Defendants' counsel's address is
20 Wilson Sonsini Goodrich & Rosati, 701 Fifth Avenue, Suite 5100, Seattle, WA 98104, c/o Gregory
21 L. Watts. If you hire an attorney to represent you for the purposes of making an objection, the
22 attorney must both effect service of a notice of appearance on counsel listed above and file it with
23 the Court by no later than _____. Attendance at the Settlement Fairness
24 Hearing is not necessary; however, if you wish to be heard orally at the Settlement Fairness Hearing,
25 you are required to indicate in your written objection your intention to appear and identify any
26 witnesses you may call to testify and exhibits, if any, you intend to introduce into evidence.

1 **XII. HOW CAN I GET A PAYMENT?**

2 In order to qualify for a payment, you must timely submit a Proof of Claim. A Proof of
3 Claim is enclosed with this Notice or it may be downloaded at www.flowshareholderlitigation.com.
4 Read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks
5 for, sign it, and mail or submit it online so that it is postmarked (if mailed) or received (if filed
6 electronically) no later than _____. The claim form may be submitted online at
7 www.flowshareholderlitigation.com. If you do not submit a valid Proof of Claim form with all of
8 the required information, you will not receive a payment from the Net Settlement Fund; however,
9 you will still be bound in all other respects by the Settlement, the Judgment, and the releases
10 contained in them.

11 **XIII. WHAT CLAIMS WILL BE RELEASED BY THE SETTLEMENT?**

12 If the Settlement is approved, you cannot sue, continue to sue, or be part of any other lawsuit
13 against the Released Defendant Parties (as defined below) about the same issues in this case or about
14 issues that could have been asserted in this case. It also means that all of the Court’s orders will
15 apply to you and legally bind you and you will release your Released Plaintiff’s Claims in this case
16 against the Released Defendant Parties.

17 “Class” means all holders of common stock of Flow at any time from September 25, 2013
18 through and including January 31, 2014, whether beneficial or of record, including their legal
19 representatives, heirs, successors in interest, transferees, and assignees, but excluding the Defendants
20 and all former defendants in this action, and their associates, affiliates, legal representatives,
21 immediate family members, heirs, successors in interest, transferees, and assignees. Also excluded
22 from the Class are those Persons who validly request exclusion from the Class pursuant to the
23 instructions set forth in this Notice.

24 “Class Member” means a person who falls within the definition of the Class as set forth in
25 the immediately preceding paragraph.

26 “Defendants” means Charles M. Brown and Allen M. Hsieh.

1 “Released Defendant Parties” means Defendants, Flow, the former directors and officers of
2 Flow, American Industrial Partners, Shape Technologies Group, Inc. f/k/a AIP Waterjet Holdings,
3 and each of their past, present or future parents, subsidiaries and affiliates, and their respective
4 directors, officers, employees, partners, members, principals, agents, underwriters, insurers, co-
5 insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors, financial or
6 investment advisors or consultants, banks or investment bankers, personal or legal representatives,
7 predecessors, successors, assigns, spouses, heirs, related or affiliated entities, any entity in which a
8 Released Person has a controlling interest, any member of a Defendant’s immediate family, or any
9 trust of which any Defendant is the settler or which is for the benefit of any Defendant and/or
10 member(s) of his or his family.

11 “Released Defendant Parties’ Claims” means all claims (including Unknown Claims) arising
12 out of or relating to the institution, prosecution, and resolution of the Litigation; provided, however,
13 that the Released Defendant Parties’ Claims shall not include claims to enforce the Stipulation.

14 “Released Plaintiff Parties” means Plaintiffs, all Class Members, and Plaintiffs’ Counsel.

15 “Released Plaintiff Parties’ Claims” means any and all claims (including Unknown Claims)
16 against Defendants and Released Defendant Parties arising out of, relating to, or in connection with
17 (i) the facts, events, transactions, acts, occurrences, statements, representations, misrepresentations,
18 omissions which were or could have been alleged in this Litigation, or (ii) Flow’s consideration of
19 strategic alternatives, including the ultimate sale of Flow to AIP, provided, however, that the
20 Released Plaintiff Parties’ Claims shall not include claims to enforce the Stipulation.

21 “Unknown Claims” means (a) any Released Plaintiff Parties’ Claims that any Plaintiff or any
22 other Released Plaintiff Party does not know or suspect to exist in his, her or its favor at the time of
23 the Effective Date, including claims which, if known by him, her or it, might have affected his, her
24 or its settlement with and release of the Released Defendant Parties, or might have affected his, her
25 or its decision(s) with respect to the Settlement; and (b) any Released Defendant Parties’ Claims that
26 any Defendant or any other Released Defendant Party does not know or suspect to exist in his, her or

1 its favor at the time of the Effective Date, including claims which, if known by him, her or it, might
2 have affected his, her or its settlement with and release of the Released Plaintiff Parties, or might
3 have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all
4 Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs and
5 the Defendants shall expressly waive, and each of the Class Members shall be deemed to have
6 waived, and by operation of the Judgment shall have expressly waived, any and all provisions,
7 rights, and benefits conferred by California Civil Code §1542 and any law of any state or territory of
8 the United States, or principle of common law, which is similar, comparable or equivalent to
9 California Civil Code §1542, which provides:

10 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
11 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
12 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN
13 BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER
14 SETTLEMENT WITH THE DEBTOR.

15 Plaintiffs and the Released Plaintiff Parties may hereafter discover facts in addition to or different
16 from those that any of them now know or believe to be true related to the subject matter of the
17 Released Plaintiff Parties' Claims, but Plaintiffs shall expressly and each Class Member, upon the
18 Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally,
19 and forever settled and released any and all Released Plaintiff Parties' Claims, known or unknown,
20 suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or
21 unmatured, which now exist, or heretofore have existed upon any theory of law or equity now
22 existing or coming into existence in the future, including, but not limited to, conduct that is
23 negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without
24 regard to the subsequent discovery or existence of such different or additional facts. Similarly, the
25 Defendants and Released Defendant Parties may hereafter discover facts in addition to or different
26 from those that any of them now know or believe to be true related to the subject matter of the
27 Released Defendant Parties' Claims, but each Defendant shall expressly and each Released
28 Defendant Party, upon the Effective Date, shall be deemed to have, and by operation of the

1 Judgment shall have, fully, finally, and forever settled and released any and all Released Defendant
2 Parties' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent,
3 disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed upon
4 any theory of law or equity now existing or coming into existence in the future, including, but not
5 limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any
6 duty, law or rule, without regard to the subsequent discovery or existence of such different or
7 additional facts. The Settling Parties acknowledge, and the Released Plaintiff Parties and the
8 Released Defendant Parties shall be deemed by operation of the Judgment to have acknowledged,
9 that the inclusion of "Unknown Claims" in the definition of Released Claims was separately
10 bargained for and is a key element of the Settlement of which these releases are a part.

11 **XIV. THE SETTLEMENT FAIRNESS HEARING**

12 The Court will hold a Settlement Fairness Hearing on _____, 2016, at
13 _____: _____ .m., before the Honorable Veronica A. Galvin at the Superior Court of the State of
14 Washington, King County, Department 21, 401 Fourth Avenue North, Kent, WA 98032, for the
15 purpose of determining whether: (1) the Settlement of the Litigation for \$12,750,000 in cash should
16 be approved by the Court as fair, reasonable and adequate; (2) to approve an award of Class
17 Counsel's attorneys' fees and expenses out of the Settlement Fund; and (3) the Plan of Allocation
18 should be approved by the Court. The Court may adjourn or continue the Settlement Fairness
19 Hearing without further notice to members of the Class.

20 Any Class Member may appear at the Settlement Fairness Hearing and be heard on any of
21 the foregoing matters; provided, however, that no such person shall be heard unless his, her, or its
22 objection is made in writing and is filed, together with proof of membership in the Class and with
23 copies of all other papers and briefs to be submitted by him, her, or it to the Court at the Settlement
24 Fairness Hearing, with the Court no later than _____, and showing proof of service
25 on the following counsel:

26

1 Jeffrey D. Light
2 ROBBINS GELLER RUDMAN
3 & DOWD LLP
4 655 West Broadway, Suite 1900
5 San Diego, CA 92101

W. Scott Holleman
JOHNSON & WEAVER, LLP
99 Madison Avenue, 5th Floor
New York, NY 10016

4 Brad J. Moore
5 STRITMATTER KESSLER WHELAN
6 KOEHLER MOORE KAHLER
7 3600 15th Ave W., Suite 300
8 Seattle, WA 98119

Gregory L. Watts
WILSON SONSINI GOODRICH &
ROSATI
701 Fifth Avenue, Suite 5100
Seattle, WA 98104

7 Unless otherwise directed by the Court, any Class Member who does not make his, her or its
8 objection in the manner provided shall be deemed to have waived all objections to this Settlement
9 and shall be foreclosed from raising (in this proceeding or on any appeal) any objection to the
10 Settlement, and any untimely objection shall be barred.

11 **XV. HOW DO I OBTAIN ADDITIONAL INFORMATION?**

12 This Notice contains only a summary of the terms of the proposed Settlement. The records in
13 this Litigation may be examined and copied at any time during regular office hours, and subject to
14 customary copying fees, at the Clerk of the Superior Court of the State of Washington, King County.
15 In addition, all of the Settlement documents, including the Stipulation, this Notice, the Proof of
16 Claim form and proposed Judgment may be obtained by contacting the Claims Administrator at:

17 *Flow Shareholder Litigation*
18 Claims Administrator
19 c/o Gilardi & Co. LLC
20 P.O. Box 30243
21 College Station, TX 77842-3243
22 Phone: 1-855-831-3743
23 www.flowshareholderlitigation.com

24 In addition, you may contact Rick Nelson, Shareholder Relations, Robbins Geller Rudman &
25 Dowd LLP, 655 West Broadway, Suite 1900, San Diego, California 92101, 1-800-449-4900, if you
26 have any questions about the Litigation or the Settlement.

27 **DO NOT WRITE TO OR TELEPHONE THE COURT FOR INFORMATION**

28 **SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES**

29 If you held any Flow common stock at any time from September 25, 2013 through and
30 including January 31, 2014, as a nominee for a beneficial owner, then, within ten (10) days after you

1 receive this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such
2 Persons; or (2) provide a list of the names and addresses of such Persons to the Claims
3 Administrator:

4 *Flow Shareholder Litigation*
5 Claims Administrator
6 c/o Gilardi & Co. LLC
7 P.O. Box 30243
8 College Station, TX 77842-3243

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

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

17 DATED: _____

18 BY ORDER OF THE SUPERIOR COURT OF
19 WASHINGTON, KING COUNTY
20 HONORABLE VERONICA A. GALVÁN

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THE HONORABLE VERONICA A. GALVÁN

**IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY**

ROBERT ENGLEHART, on behalf of himself and all others similarly situated,	)	Case No. 13-2-33726-6 KNT
)	
Plaintiff,	)	<u>CLASS ACTION</u>
)	
vs.	)	PROOF OF CLAIM AND RELEASE
)	
CHARLES M. BROWN, PATRICK J. BYRNE, JERRY L. CALHOUN, RICHARD P. FOX, ROBERT S. JAFFE, LARRY A. KRING, LORENZO C. LAMADRID, BRADLEY D. TILDEN, FLOW INTERNATIONAL CORPORATION, a Washington corporation, AIP/FIC MERGER SUB, INC., a Washington corporation, and AIP WATERJET HOLDINGS, INC., a Delaware corporation,	)	EXHIBIT A-2
)	
Defendants.)	
)	

1 **I. GENERAL INSTRUCTIONS**

2 1. All capitalized terms not otherwise defined shall have the same meanings as set forth
3 in the Stipulation of Settlement dated September 7, 2016 (the “Stipulation”), which can be
4 downloaded at www.flowshareholderlitigation.com.

5 2. To recover as a Settlement Payment Recipient (defined below and in the Stipulation)
6 based on your claims in the action entitled *Robert Englehart v. Charles M. Brown, et al.*, Case No.
7 13-2-33726-6 KNT (the “Litigaton”), you must complete and, on page ___ hereof, sign this Proof of
8 Claim and Release form (“Proof of Claim”). If you fail to submit a properly addressed (as set forth
9 in paragraph 4 below) Proof of Claim, your claim may be rejected and you may be precluded from
10 any recovery from the Net Settlement Fund created in connection with the proposed Settlement.

11 3. Submission of this Proof of Claim, however, does not assure that you will share in the
12 proceeds of the Settlement of the Litigation.

13 4. **YOU MUST MAIL OR SUBMIT ONLINE YOUR COMPLETED AND SIGNED**
14 **PROOF OF CLAIM, ACCOMPANIED BY COPIES OF THE DOCUMENTS REQUESTED**
15 **HEREIN, NO LATER THAN _____, 2016, ADDRESSED AS FOLLOWS:**

16 *Flow Shareholder Litigation*
17 Claims Administrator
18 c/o Gilardi & Co. LLC
19 P.O. Box 30243
College Station, TX 77842-3243
online submissions: www.flowshareholderlitigation.com

20 If you are NOT a potential Settlement Payment Recipient (as defined below and in the Stipulation)
21 DO NOT submit a Proof of Claim.

22 5. “Settlement Payment Recipients” means all members of the Class (as defined below
23 and in the Stipulation) who: (i) were stockholders of record of Flow International Corporation
24 (“Flow”) common stock at the close of the acquisition of Flow by American Industrial Partners
25 (“AIP”) on January 31, 2014 (the “Transaction”), and received consideration for their stock in
26 connection with the Transaction; and (ii) submit a valid Proof of Claim and Release form to the
Claims Administrator.

1 6. “Class” means all holders of common stock of Flow at any time from September 25,
2 2013 through and including January 31, 2014, whether beneficial or of record, including their legal
3 representatives, heirs, successors in interest, transferees, and assignees, but excluding the Defendants
4 and all former defendants in this action, and their associates, affiliates, legal representatives,
5 immediate family members, heirs, successors in interest, transferees, and assignees. Also excluded
6 from the Class are those Persons who validly request exclusion from the Class pursuant to the
7 instructions set forth in the Notice of Pendency and Settlement of Class Action.

8 7. If you are a member of the Class and you do not timely and properly request
9 exclusion in connection with the Notice of Pendency and Settlement of Class Action, you are bound
10 by the terms of any Judgment entered in the Litigation, including the releases provided therein,
11 **WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM.**

12 **II. CLAIMANT IDENTIFICATION**

13 If you (i) do not request exclusion in response to the Notice of Pendency and Settlement of
14 Class Action, (ii) held Flow stock at any time from September 25, 2013 through and including
15 January 31, 2014; and (iii) held the certificate(s) in your name, you are the beneficial holder as well
16 as the record holder. If, however, you held Flow common stock and the certificate(s) were registered
17 in the name of a third party, such as a nominee or brokerage firm, you are the beneficial holder and
18 the third party is the record holder.

19 Use Part I of this form entitled “Claimant Identification” to identify each holder of record
20 (“Nominee”), if different from the beneficial holder of Flow common stock which forms the basis of
21 this claim. **THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL HOLDER(S) OR**
22 **THE LEGAL REPRESENTATIVE OF SUCH HOLDER(S) OF FLOW COMMON STOCK UPON**
23 **WHICH THIS CLAIM IS BASED.**

24 All joint holders must sign this claim. Executors, administrators, guardians, conservators,
25 and trustees must complete and sign this claim on behalf of Persons represented by them and their
26 authority must accompany this claim and their titles or capacities must be stated. The Social

1 Security (or taxpayer identification) number and telephone number of the beneficial holder may be
2 used in verifying the claim. Failure to provide the foregoing information could delay verification of
3 your claim or result in rejection of the claim.

4 **III. CLAIM FORM**

5 Use Part II of this form entitled "Holdings in Flow Common Stock" to supply the number of
6 shares of Flow common stock you held at the close of the Transaction on January 31, 2014 and
7 received consideration for in connection with the Transaction. If you need more space or additional
8 schedules, attach separate sheets giving all of the required information in substantially the same
9 form. Sign and print or type your name on each additional sheet.

10 Broker confirmations or other documents verifying that you held Flow common stock at the
11 close of the Transaction on January 31, 2014 and received consideration for in connection with the
12 Transaction, should be attached to your claim. Failure to do so could delay verification of your
13 claim or result in rejection of your claim.

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SUPERIOR COURT OF THE STATE OF WASHINGTON

KING COUNTY

Robert Englehart v. Charles M. Brown, et al.

Case No. 13-2-33726-6 KNT

PROOF OF CLAIM AND RELEASE

Must Be Postmarked (if Mailed) or Received (if Filed Electronically) No Later Than:

_____, 2016

Please Type or Print

PART I: CLAIMANT IDENTIFICATION

Last Name	M.I.	First Name
<input type="text"/>	<input type="text"/>	<input type="text"/>
Last Name (Co-Beneficial Owner)	M.I.	First Name (Co-Beneficial Owner)
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="radio"/> IRA <input type="radio"/> Joint Tenancy <input type="radio"/> Employee <input type="radio"/> Individual <input type="radio"/> Other _____ (specify)		
Company Name (Beneficial Owner - If Claimant is not an Individual) or Custodian Name if an IRA		
<input type="text"/>		
Trustee/Asset Manager/Nominee/Record Owner's Name (If Different from Beneficial Owner Listed Above)		
<input type="text"/>		
Account#/Fund# (Not Necessary for Individual Filers)		
<input type="text"/>		

Social Security Number	or	Taxpayer Identification Number
<input type="text"/> - <input type="text"/> - <input type="text"/>		<input type="text"/> - <input type="text"/>
Telephone Number (Primary Daytime)		Telephone Number (Alternate)
<input type="text"/> - <input type="text"/> - <input type="text"/>		<input type="text"/> - <input type="text"/> - <input type="text"/>
Email Address		
<input type="text"/>		

MAILING INFORMATION

Address		
<input type="text"/>		
Address		
<input type="text"/>		
City	State	Zip Code
<input type="text"/>	<input type="text"/>	<input type="text"/>
Foreign Province	Foreign Postal Code	Foreign Country Name/Abbreviation
<input type="text"/>	<input type="text"/>	<input type="text"/>

1 **PART II: HOLDINGS IN FLOW COMMON STOCK**

2 **A. Number of shares of Flow common stock you held at the close of the**
3 **Transaction on January 31, 2014 and received consideration in**
4 **connection with the Transaction: _____**

5 **YOU MUST READ AND SIGN THE RELEASE ON PAGE __. FAILURE TO SIGN THE**
6 **RELEASE MAY RESULT IN A DELAY IN PROCESSING OR THE REJECTION OF**
7 **YOUR CLAIM.**

8 **IV. SUBMISSION TO JURISDICTION OF COURT AND**
9 **ACKNOWLEDGMENTS**

10 I (We) submit this Proof of Claim under the terms of the Stipulation described in the Notice
11 of Pendency and Settlement of Class Action. I (We) also submit to the jurisdiction of the Superior
12 Court of the State of Washington, King County, with respect to my (our) claim as a Class Member
13 and for purposes of enforcing the release set forth herein. I (We) further acknowledge that I am (we
14 are) bound by and subject to the terms of any Judgment that may be entered in the Litigation. I (We)
15 agree to furnish additional information to the Claims Administrator to support this claim if requested
16 to do so. I (We) have not submitted any other claim covering the Flow common stock I (we) held at
17 close of the Transaction on January 31, 2014 and received consideration for in connection with the
18 Transaction and know of no other person having done so on my (our) behalf.

19 **V. RELEASE**

20 1. I (We) hereby acknowledge full and complete satisfaction of, and do hereby fully,
21 finally, and forever settle, release, and covenant not to sue with respect to, the Released Plaintiff
22 Parties' Claims against each and all of the Defendants and Released Defendant Parties (as those
23 terms are defined below).

24 2. "Defendants" means Charles M. Brown and Allen M. Hsieh.

25 3. "Released Defendant Parties" means Defendants, Flow, the former directors and
26 officers of Flow, American Industrial Partners, Shape Technologies Group, Inc. f/k/a AIP Waterjet
Holdings, and each of their past, present or future parents, subsidiaries and affiliates, and their
respective directors, officers, employees, partners, members, principals, agents, underwriters,
insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants or auditors,

1 financial or investment advisors or consultants, banks or investment bankers, personal or legal
2 representatives, predecessors, successors, assigns, spouses, heirs, related or affiliated entities, any
3 entity in which a Released Person has a controlling interest, any member of a Defendant's immediate
4 family, or any trust of which any Defendant is the settler or which is for the benefit of any Defendant
5 and/or member(s) of his or his family.

6 4. "Released Defendant Parties' Claims" means all claims (including Unknown Claims)
7 arising out of or relating to the institution, prosecution, and resolution of the Litigation; provided,
8 however, that the Released Defendant Parties' Claims shall not include claims to enforce the
9 Stipulation.

10 5. "Released Plaintiff Parties" means Plaintiffs, all Class Members, and Plaintiffs'
11 Counsel.

12 6. "Released Plaintiff Parties' Claims" shall collectively mean any and all claims
13 (including Unknown Claims) against Defendants and Released Defendant Parties arising out of,
14 relating to, or in connection with (i) the facts, events, transactions, acts, occurrences, statements,
15 representations, misrepresentations, omissions which were or could have been alleged in this
16 Litigation, or (ii) Flow's consideration of strategic alternatives, including the ultimate sale of Flow to
17 AIP, provided, however, that the Released Plaintiff Parties' Claims shall not include claims to
18 enforce the Stipulation.

19 7. "Unknown Claims" means (a) any Released Plaintiff Parties' Claims that any Plaintiff
20 or any other Released Plaintiff Party does not know or suspect to exist in his, her or its favor at the
21 time of the Effective Date, including claims which, if known by him, her or it, might have affected
22 his, her or its settlement with and release of the Released Defendant Parties, or might have affected
23 his, her or its decision(s) with respect to the Settlement; and (b) any Released Defendant Parties'
24 Claims that any Defendant or any other Released Defendant Party does not know or suspect to exist
25 in his, her or its favor at the time of the Effective Date, including claims which, if known by him, her
26 or it, might have affected his, her or its settlement with and release of the Released Plaintiff Parties,

1 or might have affected his, her or its decision(s) with respect to the Settlement. With respect to any
2 and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date,
3 Plaintiffs and the Defendants shall expressly waive, and each of the Class Members shall be deemed
4 to have waived, and by operation of the Judgment shall have expressly waived, any and all
5 provisions, rights, and benefits conferred by California Civil Code §1542 and any law of any state or
6 territory of the United States, or principle of common law, which is similar, comparable or
7 equivalent to California Civil Code §1542, which provides:

8 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
9 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
10 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN
11 BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER
12 SETTLEMENT WITH THE DEBTOR.

11 Plaintiffs and the Released Plaintiff Parties may hereafter discover facts in addition to or different
12 from those that any of them now know or believe to be true related to the subject matter of the
13 Released Plaintiff Parties' Claims, but Plaintiffs shall expressly and each Class Member, upon the
14 Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally,
15 and forever settled and released any and all Released Plaintiff Parties' Claims, known or unknown,
16 suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed, matured or
17 unmatured, which now exist, or heretofore have existed upon any theory of law or equity now
18 existing or coming into existence in the future, including, but not limited to, conduct that is
19 negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without
20 regard to the subsequent discovery or existence of such different or additional facts. Similarly, the
21 Defendants and Released Defendant Parties may hereafter discover facts in addition to or different
22 from those that any of them now know or believe to be true related to the subject matter of the
23 Released Defendant Parties' Claims, but each Defendant shall expressly and each Released
24 Defendant Party, upon the Effective Date, shall be deemed to have, and by operation of the
25 Judgment shall have, fully, finally, and forever settled and released any and all Released Defendant
26 Parties' Claims, known or unknown, suspected or unsuspected, contingent or non-contingent,

1 disclosed or undisclosed, matured or unmatured, which now exist, or heretofore have existed upon
2 any theory of law or equity now existing or coming into existence in the future, including, but not
3 limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any
4 duty, law or rule, without regard to the subsequent discovery or existence of such different or
5 additional facts. The Settling Parties acknowledge, and the Released Plaintiff Parties and the
6 Released Defendant Parties shall be deemed by operation of the Judgment to have acknowledged,
7 that the inclusion of "Unknown Claims" in the definition of Released Claims was separately
8 bargained for and is a key element of the Settlement of which these releases are a part.

9 8. This release shall be of no force or effect unless and until the Court approves the
10 Stipulation and the Settlement becomes effective on the Effective Date (as defined in the
11 Stipulation).

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

15 10. I (We) hereby warrant and represent that I (we) have included information about all
16 of my (our) holdings in Flow common stock requested in this Proof of Claim.

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

20 Executed this _____ day of _____
21 (Month/Year)

22 in _____
23 (City) (State/Country)

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(Sign your name here)

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(Type or print your name here)

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(Capacity of person(s) signing,
e.g., Beneficial Holder,
Executor or Administrator)

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THE HONORABLE VERONICA A. GALVÁN

**IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY**

ROBERT ENGLEHART, on behalf of himself and all others similarly situated,	)	Case No. 13-2-33726-6 KNT
)	
Plaintiff,	)	<u>CLASS ACTION</u>
)	
vs.	)	SUMMARY NOTICE
)	
CHARLES M. BROWN, PATRICK J. BYRNE, JERRY L. CALHOUN, RICHARD P. FOX, ROBERT S. JAFFE, LARRY A. KRING, LORENZO C. LAMADRID, BRADLEY D. TILDEN, FLOW INTERNATIONAL CORPORATION, a Washington corporation, AIP/FIC MERGER SUB, INC., a Washington corporation, and AIP WATERJET HOLDINGS, INC., a Delaware corporation,	)	EXHIBIT A-3
)	
Defendants.)	
)	

1 **TO: ALL HOLDERS OF COMMON STOCK OF FLOW INTERNATIONAL**
2 **CORPORATION (“FLOW”) AT ANY TIME FROM SEPTEMBER 25, 2013**
3 **THROUGH AND INCLUDING JANUARY 31, 2014**

4 **THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER**
5 **SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS**
6 **ENTIRETY.**

7 YOU ARE HEREBY NOTIFIED that a hearing will be held on _____,
8 2016, at _____: _____ .m., before the Honorable Veronica A. Galván at the Superior Court of
9 the State of Washington, King County, Department 21, 401 Fourth Avenue North, Kent, WA 98032,
10 (the “Settlement Fairness Hearing”) to determine whether: (1) the proposed Settlement as set forth in
11 the Stipulation of Settlement dated September 7, 2016 (the “Stipulation”)¹ to settle Plaintiffs’ and the
12 Class’ claims in connection with the above-captioned action (the “Litigation”) for \$12,750,000 in
13 cash should be approved by the Court as fair, reasonable and adequate; (2) to award Class Counsel
14 attorneys’ fees and expenses out of the Settlement Fund (as defined in the Notice of Pendency and
15 Settlement of Class Action (the “Notice”), which is discussed below); and (3) the Plan of Allocation
16 should be approved by the Court, as fair, reasonable and adequate. The Court may adjourn or
17 continue the Settlement Fairness Hearing without further notice to the Class.

18 If you held Flow common stock at any time from September 25, 2013 through and including
19 January 31, 2014, your rights may be affected by the Settlement of this Litigation. If you have not
20 received a detailed Notice and a copy of the Proof of Claim and Release form (“Proof of Claim”),
21 you may obtain copies by writing to *Flow Shareholder Litigation*, Claims Administrator, c/o Gilardi
22 & Co. LLC, P.O. Box 30243, College Station, TX 77842-3243, or you can download a copy at
23 www.flowshareholderlitigation.com.

24 If you are a Class Member, in order to share in the distribution of the Net Settlement Fund,
25 you must establish your rights by submitting a Proof of Claim by mail (postmarked no later than
26 _____) or submitted electronically no later than _____, 2016. Your failure to submit your Proof of
Claim by _____, 2016, will subject your claim to rejection and preclude your receiving any of the

¹ The Stipulation and its exhibits can be downloaded at www.flowshareholderlitigation.com.

1 recovery in connection with the settlement of the Litigation. You will be bound by the Settlement
2 and any judgment and release entered in the Litigation, including, but not limited to, the Judgment,
3 whether or not you submit a Proof of Claim.

4 IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A
5 REQUEST FOR EXCLUSION SUCH THAT IT IS POSTMARKED NO LATER THAN
6 _____, 2016, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE
7 REFERRED TO ABOVE. ALL CLASS MEMBERS WHO HAVE NOT REQUESTED
8 EXCLUSION FROM THE CLASS WILL BE BOUND BY THE SETTLEMENT ENTERED IN
9 THE LITIGATION EVEN IF THEY DO NOT FILE A TIMELY PROOF OF CLAIM.

10 Inquiries regarding the Settlement or the Litigation should be made to a representative of
11 Class Counsel:

12 ROBBINS GELLER RUDMAN
13 & DOWD LLP
14 Shareholder Relations
15 Rick Nelson
16 655 West Broadway, Suite 1900
17 San Diego, CA 92101
18 Phone: 800-449-4900

19 Please do not contact Defendants, the Court or the Clerk of the Court.

20 IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE
21 SETTLEMENT, THE PLAN OF ALLOCATION, AND/OR THE REQUEST BY CLASS
22 COUNSEL FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES. ANY OBJECTIONS
23 MUST BE FILED WITH THE COURT AND SENT TO CLASS COUNSEL AND COUNSEL
24 FOR DEFENDANTS BY _____, IN THE MANNER AND FORM EXPLAINED IN
25 THE NOTICE.

26 DATED: _____ BY ORDER OF THE COURT
STATE OF WASHINGTON
KING COUNTY

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THE HONORABLE VERONICA A. GALVÁN

**IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR KING COUNTY**

ROBERT ENGLEHART, on behalf of himself and all others similarly situated,	)	Case No. 13-2-33726-6 KNT
)	
Plaintiff,	)	<u>CLASS ACTION</u>
)	
vs.	)	[PROPOSED] ORDER AND FINAL JUDGMENT
)	
CHARLES M. BROWN, PATRICK J. BYRNE, JERRY L. CALHOUN, RICHARD P. FOX, ROBERT S. JAFFE, LARRY A. KRING, LORENZO C. LAMADRID, BRADLEY D. TILDEN, FLOW INTERNATIONAL CORPORATION, a Washington corporation, AIP/FIC MERGER SUB, INC., a Washington corporation, and AIP WATERJET HOLDINGS, INC., a Delaware corporation,	)	EXHIBIT B
)	
Defendants.)	
)	

1 This matter having come before the Superior Court of the State of Washington, King County
2 (the “Court”) for hearing (the “Settlement Fairness Hearing”) on a motion for final approval of the
3 terms of the Stipulation of Settlement dated September 7, 2016 (the “Stipulation”); and due and
4 adequate notice of the Settlement Fairness Hearing having been given to the Class as ordered in the
5 Court’s _____, 2016 Order Preliminarily Approving Settlement and Providing for Notice; and
6 the Court having considered the papers filed and proceedings herein and otherwise being fully
7 informed, and good cause appearing therefore, it is now ORDERED, ADJUDGED, AND
8 DECREED THAT:

9 1. This Court has jurisdiction over the subject matter of this Litigation and over all of
10 the parties to the Litigation, including all members of the Class.

11 2. This Order and Final Judgment (the “Judgment”) incorporates and makes part hereof:
12 (i) the Stipulation; and (ii) the Court-approved Notice of Pendency and Settlement of Class Action
13 (the “Notice”), Proof of Claim and Release form, and Summary Notice, which were filed with the
14 Court as Exhibits A-1, A-2, and A-3 to the Stipulation. This Judgment incorporates by reference the
15 definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in
16 the Stipulation.

17 3. The Notice given to the Class was the best notice practicable under the circumstances,
18 including individual notice to all members of the Class who could be identified through reasonable
19 effort along with publication of the Summary Notice. The Notice provided due and adequate notice
20 of the Litigation and of the matters set forth in the Stipulation, including the Settlement, to all
21 Persons entitled to such notice, and the Notice fully satisfied the requirements of state law and due
22 process, and any other applicable law, statute or rule. A full opportunity to be heard has been
23 afforded to all Settling Parties, the Class, and any other persons in interest.

24 4. Pursuant to Washington Civil Rule 23(b)(3), the Court finally certifies, for purposes
25 of effectuating this Settlement only, a Class of all holders of common stock of Flow International
26 Corporation (“Flow”) at any time from September 25, 2013 through and including January 31, 2014,

1 whether beneficial or of record, including their legal representatives, heirs, successors in interest,
2 transferees, and assignees, but excluding the Defendants and all former defendants in this action, and
3 their associates, affiliates, legal representatives, immediate family members, heirs, successors in
4 interest, transferees, and assignees (the “Class”). Also excluded from the Class are those persons or
5 entities who validly requested exclusion from the Class identified in Exhibit A attached hereto.

6 5. The Court hereby finds that the Settlement as set forth in the Stipulation should be
7 approved in all respects, because it is fair, reasonable, and adequate to the Class. Accordingly, the
8 Stipulation and the terms of the Settlement, as described in the Stipulation, are hereby approved in
9 their entirety. The Settling Parties are hereby directed to effectuate the Settlement according to the
10 terms of the Stipulation. The Settling Parties and all members of the Class are hereby bound by this
11 Judgment and by the terms of the Settlement as set forth in the Stipulation.

12 6. Upon the Effective Date, Plaintiffs and each and every Class Member, for themselves
13 and any Person claiming by or through them, shall be deemed to have, and by operation of this
14 Judgment shall have, to the maximum extent permitted by law, fully, finally, and forever released,
15 relinquished, and discharged each and all of the Defendants and Released Defendant Parties from the
16 Released Plaintiff Parties’ Claims.

17 7. Upon the Effective Date, Plaintiffs and each and every Class Member, for themselves
18 and for any Person claiming now or in the future through or on behalf of them, shall covenant or be
19 deemed to have covenanted not to sue the Defendants or the Released Defendant Parties with respect
20 to all such Released Plaintiff Parties’ Claims, except to enforce the terms and conditions contained in
21 the Stipulation or this Judgment.

22 8. Upon the Effective Date, each of the Defendants and Released Defendant Parties for
23 themselves and any Person claiming by or through them shall be deemed to have, and by operation
24 of this Judgment shall have, to the maximum extent permitted by law, fully, finally, and forever
25 released, relinquished, and discharged Released Plaintiff Parties from the Released Defendant
26 Parties’ Claims.

1 9. Neither this Judgment, nor any of the terms and provisions of the Stipulation, nor any
2 of the negotiations or proceedings in connection herewith, nor any of the documents or statements
3 referred to herein, nor the Settlement, nor the fact of the Settlement, nor the Settlement proceedings,
4 nor any statements in connection therewith: (a) shall: (i) be argued, used or construed as, offered or
5 received in evidence as, or otherwise constitute an admission, concession, presumption, proof,
6 evidence, or a finding of any liability, fault, wrongdoing, injury or damages, or of any wrongful
7 conduct, acts or omissions on the part of any of the Released Defendant Parties or Released Plaintiff
8 Parties, or of any infirmity of any defense, or of any damage to Plaintiffs or any other Class
9 Member; or (ii) otherwise be used to create or give rise to any inference or presumption against any
10 of the Released Defendant Parties or Released Plaintiff Parties concerning any fact or any purported
11 liability, fault, or wrongdoing of the Released Defendant Parties or Released Plaintiff Parties or any
12 injury or damages to any person or entity; or (b) shall otherwise be admissible, referred to or used in
13 any proceeding of any nature, including, but not limited to, any civil, criminal, or administrative
14 proceeding in any court, administrative agency, or other tribunal, for any purpose whatsoever;
15 provided, however, that the Stipulation and Judgment may be introduced in any proceeding, whether
16 in the Court or otherwise, as may be necessary to argue and establish that the Stipulation and
17 Judgment has *res judicata*, collateral estoppel or other issue or claim preclusion effect or to
18 otherwise consummate or enforce the Settlement and Judgment or to secure any insurance rights of
19 any of the Released Defendant Parties or Released Plaintiff Parties or as otherwise required by law.

20 10. The Litigation is hereby concluded, provided however, and without affecting the
21 finality of this Judgment in any way, this Court hereby retains jurisdiction over: (1) interpretation,
22 implementation, and enforcement of the Stipulation; and (2) all parties hereto for the purpose of
23 enforcement and administration of the Settlement. This Judgment shall not discharge or release any
24 claim to enforce, or any claim arising out of or relating to, any breach of the Stipulation.

25 11. In the event that the Settlement does not become effective in accordance with the
26 terms of the Stipulation, or the Effective Date does not occur, then this Judgment shall be rendered

1 null and void to the extent provided by and in accordance with the Stipulation and shall be vacated
2 and, in such event, all orders entered and releases delivered in connection herewith shall be null and
3 void to the extent provided by and in accordance with the Stipulation.

4 12. Any plan of distribution submitted by Class Counsel or any order entered regarding
5 any attorneys' fee and expense application shall in no way disturb or affect this Judgment and shall
6 be considered separate from this Judgment.

7 13. The Court finds that during the course of the Litigation, the Settling Parties and their
8 respective counsel at all times acted professionally and in compliance with relevant state law or court
9 rules with respect to any claims or defenses in the Litigation.

10 14. Without further order of the Court, the Settling Parties may agree to reasonable
11 extensions of time to carry out any of the provisions of the Stipulation.

12 15. There being no just reason for delay, the Court hereby directs that this Judgment be
13 entered by the Clerk of the Court.

14 IT IS SO ORDERED.

15 DATED: _____

THE HONORABLE VERONICA A. GALVÁN
JUDGE OF THE SUPERIOR COURT