

NOTICE OF PROPOSED SETTLEMENT OF DERIVATIVE CLAIMS AND RIGHT TO OBJECT

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF COMMON STOCK OF PRODUCTIVITY TECHNOLOGIES CORPORATION (“PTC” OR THE “COMPANY”) AS OF THE CLOSE OF BUSINESS ON JULY 1, 2018 (THE “RECORD DATE”).

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF DERIVATIVE CLAIMS AND CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS. YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT. IF THE COURT GRANTS FINAL APPROVAL OF THE SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM PURSUING CLAIMS RELEASED BY THE SETTLEMENT.

Notice is hereby provided to you of the proposed settlement (the “Settlement”) of derivative claims filed in the United States District Court for the Eastern District of Michigan (the “Court”) in the action *Productivity Technologies Corporation v. Jesse Levine, Julius Levine, and Julius S. Levine Revocable Trust FBO Julius S. Levine*, Case No. 16-cv-13088 (the “PTC Action”). This Notice is not an expression of any opinion by the Court with respect to the truth of the allegations in the litigation or merits of the claims or defenses asserted by or against any party. It is solely to notify you of the proposed Settlement, and your rights related thereto. Capitalized terms not otherwise defined in this Notice have the definitions set forth in the written Settlement Agreement and Release and attached exhibits, executed by the Settling Parties on or about June 6, 2018 (the “Settlement Agreement”). **A complete copy of the Settlement Agreement, and all exhibits, is available at: <https://optimizeptc.com/>.**

I. WHAT IS THE PURPOSE OF THIS NOTICE?

1. Jesse Levine (on behalf of himself and derivatively on behalf of PTC), Julius Levine (on behalf of himself and derivatively on behalf of PTC), Samuel Seidman, Arthur Stupay, and PTC (the “Settling Parties”) have agreed upon terms to settle the PTC Action and related actions, and have signed the Settlement Agreement setting forth those settlement terms. The Settling Parties and their counsel have determined that the Settlement is fair, reasonable, adequate, and in the best interests of the Company and its shareholders. After the execution of the Settlement Agreement, a committee of non-party PTC directors approved the Settlement Agreement and its terms as being fair and in the best interests of PTC.

2. A Joint Motion for Approval of Settlement of Derivative Claims (“Motion to Approve”) has been filed by the Settling Parties to: (i) grant preliminary and final approval of the Settlement Agreement as fair, reasonable, and adequate; (ii) dismiss the PTC Action with prejudice; and (iii) order other relief as may be necessary or proper under the circumstances. On

August 7, 2018, the Court granted preliminary approval of a term of the settlement that calls for dismissal of the derivative claims brought by Jesse Levine on behalf of PTC, finding that the dismissal was fair, reasonable, and adequate, because those claims are questionable and not likely to confer any benefit on PTC. The Court expressed no opinion on the fairness of the remaining terms of the settlement. **A complete copy of the Motion to Approve, and all exhibits, is available at: <https://optimizeptc.com/>.**

II. WHAT WILL HAPPEN TO MY RIGHTS IF THE COURT GRANTS FINAL APPROVAL OF THE SETTLEMENT?

3. If the Court grants final approval of the Settlement, the Court will enter a final order (the “Final Order”). Pursuant to the Final Order, the PTC Action, including derivative claims brought on behalf of PTC, will be dismissed with prejudice in its entirety and you will be bound by the releases in the Settlement Agreement.

III. DO I HAVE THE RIGHT TO OBJECT TO THE DISMISSAL OF DERIVATIVE CLAIMS?

4. Any person who was a shareholder of the Company as of the Record Date and continues to be a shareholder through the date of the receipt of this Notice may show cause if the shareholder has any reason why the derivative claims should not be dismissed under the Settlement Agreement. **If you choose to object, then your objections must be presented in writing to the Clerk of the United States District Court for the Eastern District of Michigan, 231 W. Lafayette Blvd., Room 564, Detroit, Michigan 48226 and a copy sent by certified mail and email to Richard J. Landau, RJ Landau Partners PLLC at 5340 Plymouth Road, Suite 200, Ann Arbor, Michigan 48105 and rjlandau@rjlps.com by no later than 11:59 p.m. Eastern Daylight Time on August 28, 2018.** Any objection must contain the following information:

- a. Your name, legal address, telephone number, and email address;
- b. Proof of being a PTC shareholder as of the Record Date and the date of your objection; and
- c. A detailed statement of any objection to the Settlement, and the specific grounds for those objections, including any legal support, as well as all testimony or documents that you want the Court to consider.

Unless the Court orders otherwise, if you do not make your objections in the manner described above, you will be deemed to have waived your right to object to any aspect of the Settlement and you will be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement, or from otherwise being heard concerning the Settlement in any proceeding.

If you have questions regarding the Settlement or this Notice, you may write or call counsel for the Levine Family: RJ Landau Partners PLLC (c/o Richard J. Landau at rjlandau@rjlp.com or 734-865-1585).

DO NOT CALL OR WRITE THE COURT REGARDING THIS NOTICE.

Dated: August 9, 2018