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10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
11 **COUNTY OF LOS ANGELES, CENTRAL CIVIL WEST DIVISION**

12 **COLIN HIGGINS PRODUCTIONS, LTD.,**

13 **Plaintiff,**

14 **v.**

15 **PARAMOUNT PICTURES**  
16 **CORPORATION, and DOES 1-100,**

17 **Defendant.**

**Case No. BC499179**

**CLASS ACTION**

**STIPULATION AND AGREEMENT OF  
SETTLEMENT**

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**STIPULATION AND AGREEMENT OF SETTLEMENT**

Colin Higgins Productions, Ltd. and Michael Elias (“Plaintiffs”), on behalf of themselves and the Settlement Class,<sup>1</sup> and Paramount Pictures Corporation (“Paramount”) (collectively, “the Parties”), by and through their counsel, hereby stipulate to the settlement and release of the claims asserted by Plaintiffs and the Settlement Class against Paramount in *Colin Higgins Productions, Ltd. v. Paramount Pictures Corporation*, Los Angeles Superior Court Case Number BC499179 (the “Action”), upon and subject to the terms and conditions of this Stipulation and Agreement of Settlement (the “Stipulation”) set forth below, as of May 13, 2016, subject to the approval of the Court.

**RECITALS**

WHEREAS, on January 16, 2013, Colin Higgins Productions, Ltd., the loan-out company for Colin Higgins, filed a putative class action complaint against Paramount in the Action in the Superior Court for the State of California, County of Los Angeles (the “Court”);

WHEREAS, the Complaint was filed on behalf of a putative class of persons who entered into Profit Participation Contracts and who alleged breaches of those Profit Participation Contracts with respect to the calculation of Profit Participation relating to Home Video Revenue, Electronic Sell-Through Revenue and Streaming Revenue;

WHEREAS, on December 17, 2013, Plaintiffs filed a First Amended Complaint in the Action adding Michael Elias as a named plaintiff;

WHEREAS, on January 13, 2014, Paramount filed in the Action an answer to the First Amended Complaint that generally denied the allegations in the First Amended Complaint and asserted certain affirmative defenses;

WHEREAS, the parties have participated in an all-day mediation session with the Honorable Louis Meisinger (Ret.) of ADR Services, Inc. as well as numerous phone conferences and in-person meetings of counsel;

WHEREAS, the Parties have exchanged certain documents, calculations and analyses

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<sup>1</sup> Capitalized terms, if not defined elsewhere, are defined in the “Definitions” section below.

1 relating to the issues raised in the First Amended Complaint;

2 WHEREAS, Paramount denies all allegations of wrongdoing, fault, or liability or that it  
3 has acted improperly in any way; believes that the First Amended Complaint in this Action lacks  
4 merit; would have continued to resist vigorously Plaintiffs' claims and contentions and would  
5 have continued to assert its defenses thereto had this Stipulation not been reached; and has entered  
6 into this Stipulation to put the claims to rest finally and forever solely for the purpose of avoiding  
7 prolonged and expensive litigation, without acknowledging in any way any fault, wrongdoing or  
8 liability whatsoever; and

9 WHEREAS, Plaintiffs and their counsel believe that the claims asserted in the Action are  
10 meritorious, but they have considered and weighed the issues involved in establishing the validity  
11 of their claims and have concluded that, in light of the uncertainty of the outcome as well as the  
12 substantial risks and inevitable delay in proceeding to trial, compared to the benefits being  
13 provided hereby, the terms and conditions set forth herein are fair and reasonable and should be  
14 submitted to the Court for approval.

15 **NOW THEREFORE**, without any admission or concession on the part of Plaintiffs of  
16 any lack of merit of the Action, and without any admission or concession on the part of Paramount  
17 of any liability or wrongdoing or lack of merit in the defenses, **IT IS HEREBY STIPULATED**  
18 **AND AGREED**, by and among the Parties to this Stipulation, through their respective attorneys,  
19 subject to approval of the Court, in consideration of the benefits flowing to the Parties hereto from  
20 the Settlement, that all Released Claims as against the Released Parties shall be compromised,  
21 settled, released and judgment entered, upon and subject to the following terms and conditions.

22 **DEFINITIONS**

23 1. As used in this Stipulation, the following capitalized terms (not already defined  
24 above or as may be defined below) shall have these meanings:

25 1.1 "Accounting Relief Fund" means the \$3,405,000 in accounting adjustments  
26 Paramount will provide to the Unrecouped Class Members as set forth in Paragraph 5 below.

27 1.2 "Action" means the action entitled *Collin Higgins Productions Ltd., et al. v.*  
28 *Paramount Pictures Corporation*, No. BC499179, now pending in the Superior Court for the State

1 of California, County of Los Angeles.

2           1.3     “Affiliate” means a second entity that is related in whole or in part to the  
3 first entity as a direct or indirect parent or subsidiary, or is otherwise owned or controlled in whole  
4 or in part by the first entity or by a direct or indirect parent or subsidiary of the first entity.

5           1.4     “Class Counsel” means Johnson & Johnson LLP; Boucher, LLP; Kiesel  
6 Law LLP; and Pearson, Simon & Warshaw, LLP.

7           1.5     “Class Member” means a member of the Settlement Class.

8           1.6     “Class Profit Participation Contract” means a Profit Participation Contract,  
9 entered into on or before July 5, 1980, or that includes, references, or incorporates “Standard  
10 Terms” for the calculation and accounting of Profit Participation dated prior to July 5, 1980.

11          1.7     “Confidential Supplemental Agreement” means the agreement so entitled  
12 and signed between the Parties concurrently herewith.

13          1.8     “Effective Date” means the date on which the Settlement contemplated by  
14 this Stipulation shall become effective, as set forth in Paragraph 14 below.

15          1.9     “Electronic Sell-Through Revenue” means revenue derived from the sale of  
16 digital copies of motion pictures that are delivered to the consumer via electronic transmission.  
17 Electronic Sell-Through Revenue excludes Streaming Revenue.

18          1.10    “Home Video Revenue” means revenue derived from the sale of physical  
19 copies of motion pictures that are delivered to the consumer in tangible products such as  
20 Videocassettes, DVDs, and Blu-Ray discs.

21          1.11    “Named Plaintiffs” or “Plaintiffs” mean Colin Higgins Productions, Ltd.  
22 and Michael Elias.

23          1.12    “Notice” means the Notice of Pendency of Class Action and Proposed  
24 Settlement, which is to be sent to Class Members substantially in the form attached hereto as  
25 Exhibit 1.

26          1.13    “Preliminary Approval Order” means the order to be entered by the Court,  
27 *inter alia*, directing that Notice be provided to the Settlement Class, and scheduling a hearing  
28 concerning final approval of the Settlement.

1           1.14 “Profit Participant” means a person or entity that has executed a Profit  
2 Participation Contract.

3           1.15 “Profit Participation” means contingent compensation in the form of a  
4 percentage of the gross or net revenue (as contractually defined) derived from exploitation of a  
5 motion picture.

6           1.16 “Profit Participation Contract” means a contract between Paramount or its  
7 Affiliates or their predecessors and an individual or entity granting the individual or entity Profit  
8 Participation, excluding any contracts between Paramount or its Affiliates or their predecessors, on  
9 the one hand, and any other motion picture studio and its Affiliates or predecessors, on the other  
10 hand.

11           1.17 “Prospective Relief” means payment from the Settlement Fund Payout to  
12 the Recouped Class Members for claims related to Profit Participation amounts to be calculated or  
13 paid for periods after August 31, 2015, as described in Paragraph 4 below.

14           1.18 “Prospective Relief Fund” means 30% of the Settlement Fund Payout.

15           1.19 “Publication Notice” means the summary notice of proposed Settlement and  
16 Hearing for publication, substantially in the form attached hereto as Exhibit 2.

17           1.20 “Released Claims” means any and all actions, suits, claims, demands,  
18 rights, liabilities and causes of action, of every nature and description whatsoever, whether  
19 individual, class, derivative, representative, legal, equitable or any other type or in any other  
20 capacity, or concealed or hidden, that were asserted or that could have been asserted (including  
21 without limitation claims for negligence, gross negligence, breach of contract, breach of duty of  
22 care and/or breach of duty of loyalty, fraud, breach of fiduciary duty, or violations of any state or  
23 federal common law, statutes, rules, or regulations), including both known claims and Unknown  
24 Claims, that the Plaintiffs, the Settlement Class, or any Class Member in the past had, now has, or  
25 might in the future have against the Released Parties on the basis of, connected with, or in any  
26 way arising out of any allegation that (i) any past, present, or future Profit Participation on account  
27 of Home Video Revenue or Electronic Sell-Through Revenue should have been in the past or  
28 should in the future be calculated based on more than 20% of Home Video Revenue or Electronic

1 Sell-Through Revenue, whatever the theory and wherever in the world the transaction takes place,  
2 and/or (ii) any past or present Profit Participation on account of Streaming Revenue should have  
3 been calculated through the Effective Date based on more than 20% of Streaming Revenue,  
4 whatever the theory and wherever in the world the transaction takes place.

5           1.21 “Released Parties” means Paramount, including its divisions and business  
6 units, and any of its past, present, or future parent entities, associates, Affiliates, subsidiaries, and  
7 licensees, and each and all of their past, present and future officers, directors, stockholders,  
8 principals, employees, advisors, agents, attorneys, financial or investment advisers, consultants,  
9 lenders, insurers, investment bankers, commercial bankers, representatives, Affiliates, associates,  
10 parents, subsidiaries, joint ventures, general and limited partners and partnerships, heirs,  
11 executors, trustees, personal representatives, estates, administrators, trusts, licensees, licensors,  
12 distributors, subdistributors, predecessors, successors and assigns.

13           1.22 “Recouped Class Member” mean a Class Member who, as of August 31,  
14 2015, is a Profit Participant on one or more motion pictures that have realized sufficient revenue to  
15 require payment of Profit Participation to that Class Member under the terms of that person or  
16 entity’s Class Profit Participation Contract. Where a person or entity is a Recouped Class Member  
17 pursuant to one or more Class Profit Participation Contracts and an Unrecouped Class Member  
18 and/or not a Class Member in regard to other Profit Participation Contracts, the person or entity  
19 will be treated as a Recouped Class Member only in regard to the Class Profit Participation  
20 Contracts for which the person or entity is recouped.

21           1.23 “Request for Exclusion” means a written request to be excluded from the  
22 Settlement Class submitted by a member of the Settlement Class in such form, in such manner,  
23 and within the time limitation as set forth by the Court.

24           1.24 “Retrospective Relief” means payment from the Settlement Fund Payout to  
25 Recouped Class Members for claims related to profit participation amounts calculated or paid for  
26 periods through August 31, 2015, as described in Paragraph 4 below.

27           1.25 “Retrospective Relief Fund” means 70% of the Settlement Fund Payout.

28           1.26 “Settlement” means the settlement contemplated by this Stipulation.

1           1.27 “Settlement Administrator” means a company specializing in the  
2 administration of class action settlements.

3           1.28 “Settlement Check” means the checks prepared by the Settlement  
4 Administrator for the benefit of the Recouped Class Members for their Retrospective Relief.

5           1.29 “Settlement Class” means the definition set forth in Paragraph 2 below.

6           1.30 “Settlement Class Information” means a list to be provided by Paramount to  
7 the Settlement Administrator, for the sole purpose of effectuating this Settlement, with the  
8 following information: (a) the names of the Recouped Class Members; (b) the last known street  
9 address (or post office box) for each Recouped Class Member currently in the Paramount  
10 participant database; (c) the total amount of Profit Participation paid or payable to each Recouped  
11 Class Member pursuant to a Class Profit Participation Contract for all periods through August 31,  
12 2015; (d) the total amount of Profit Participation paid or payable to each Recouped Class Member  
13 pursuant to a Class Profit Participation Contract for the period from January 1, 2011, through  
14 August 31, 2015; (e) the names of the Unrecouped Class Members; and (f) the last known street  
15 address (or post office box number) for each Unrecouped Class Member currently in the  
16 Paramount database.

17           1.31 “Settlement Fund” means the \$3,405,000 that Paramount will make  
18 available for compensation to the Recouped Class Members, administrative and notice expenses,  
19 any special compensation to the Named Plaintiffs, and attorneys’ fees and costs. Under no  
20 circumstances will any portion of the Settlement Fund revert to Paramount.

21           1.32 “Settlement Fund Payout” means the amount of the Settlement Fund  
22 remaining for distribution to the Recouped Class Members after the payment of administrative and  
23 notice expenses, any special compensation to the Named Plaintiffs, and attorneys’ fees and costs.

24           1.33 “Settlement Hearing” means the final settlement hearing to be held to  
25 determine, among other things, the fairness, reasonableness, and adequacy of the Settlement.

26           1.34 “Streaming Revenue” means revenue derived from digital streaming of  
27 motion pictures, including through services commonly known as “video-on-demand” (“VOD”) or  
28 “subscription video-on-demand” (“SVOD”), where the consumer does not obtain permanent

1 ownership of a copy of the motion picture (“Streaming”).

2           1.35 “Unknown Claims” means any and all Released Claims that the Named  
3 Plaintiffs do not know of or suspect to exist in their favor at the time of the release of the Released  
4 Parties which, if known by them, might have affected their agreement to the Settlement. With  
5 respect to Unknown Claims, the Named Plaintiffs shall be deemed to have, and by operation of the  
6 settlement of the Action and upon the Effective Date shall have, hereby expressly waived and  
7 relinquished, to the fullest extent permitted by law, the benefits of Section 1542 of the California  
8 Civil Code (and all similar provisions from any and all jurisdictions), which states:

9           **A general release does not extend to claims which the creditor does not know**  
10 **or suspect to exist in his or her favor at the time of executing the release,**  
11 **which if known by him or her must have materially affected his or her**  
12 **settlement with the debtor.**

13           The Named Plaintiffs and Paramount acknowledge, and the Released Parties by operation  
14 of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the  
15 definition of Released Claims was specifically bargained for and a key element of the Settlement  
16 of which this release is a part.

17           1.36 “Unrecouped Class Member” means a Class Member who, as of August 31,  
18 2015, is a Profit Participant on one or more motion pictures that have not realized sufficient  
19 revenue to require payment of Profit Participation to that Class Member under the terms of that  
20 person or entity’s Class Profit Participation Contract. Where a person or entity is an Unrecouped  
21 Class Member pursuant to one or more Class Profit Participation Contracts and a Recouped Class  
22 Member and/or not a Class Member pursuant to one or more separate Profit Participation  
23 Contracts, the Class Member will be treated as an Unrecouped Class Member only in regard to the  
24 Class Profit Participation Contracts for which the person or entity is not recouped.

25           **SETTLEMENT CLASS**

26           2. Definition of Settlement Class. Plaintiffs shall request that the Court certify for  
27 settlement purposes only the following Settlement Class: All persons and entities (and their  
28 successors-in-interest, assigns, and heirs) that are parties to a Class Profit Participation Contract.  
Where a person or entity is a party to one or more Profit Participation Contracts that are not Class



1 Profit Participation Contracts and one or more Profit Participation Contracts that are Class Profit  
2 Participation Contracts, that person or entity is a member of the Settlement Class only with regard  
3 to the Class Profit Participation Contracts and not a part of the Settlement Class with regard to any  
4 other Profit Participation Contracts.

5 3. Exclusions from Settlement Class. Excluded from the Settlement Class are:

6 3.1 Paramount and any person, trust, firm, corporation or other entity Affiliated  
7 with or related to Paramount;

8 3.2 Any persons or entities who exclude themselves by submitting a timely  
9 Request for Exclusion in accordance with the requirements set forth by the Court.

10 3.3 Persons or entities who have entered into an agreement with Paramount or  
11 its Affiliates and their predecessors, subsequent to their Class Profit Participation Contract but  
12 regarding the same motion picture, that includes express provisions regarding the calculation of  
13 the Profit Participant's Profit Participation with regard to Home Video Revenue, Electronic Sell-  
14 Through Revenue, and/or Streaming Revenue, including but not limited to a settlement agreement,  
15 an amendment to the relevant Class Profit Participation Contract, a side letter, or any other writing  
16 that sets forth such provisions, and was made prior to the date of the Preliminary Approval Order.  
17 Paramount shall identify the aforementioned persons or entities to Class Counsel in advance of the  
18 filing of the motion for final approval of the settlement.

19 3.4 Other motion picture studios and their Affiliates or predecessors in interest.

20 **DISTRIBUTION OF THE SETTLEMENT FUND**

21 4. The Settlement Fund Payout shall be distributed to Recouped Class Members,  
22 without the necessity of filing a claim, as follows:

23 4.1 Retrospective Relief. Each Recouped Class Member shall be entitled to the  
24 percentage of the Retrospective Relief Fund equal to the ratio of the total amount of Profit  
25 Participation paid or payable to the Recouped Class Member pursuant to one or more Class Profit  
26 Participation Contracts through the period ending August 31, 2015, compared to the total amount  
27 of Profit Participation paid or payable to all of the Recouped Class Members pursuant to Class  
28 Profit Participation Contracts for all periods through the period ending August 31, 2015.

1                   4.2     Prospective Relief. Each Recouped Class Member shall be entitled to the  
2 percentage of the Prospective Relief Fund equal to the ratio of the total amount of Profit  
3 Participation paid or payable to the Recouped Class Member pursuant to one or more Class Profit  
4 Participation Contracts for the period from January 1, 2011, through August 31, 2015, compared  
5 to the total amount of Profit Participation paid or payable to all of the Recouped Class members  
6 pursuant to Class Profit Participation Contracts for the same period, with such ratio serving as an  
7 estimate of the ratio of future Profit Participation payments.

8                   4.3     Payment. The Settlement Administrator will be responsible for the  
9 calculation and payment of the amounts due Recouped Class Members from the Settlement Fund  
10 based upon the Settlement Class Information received from Paramount. Within sixty (60) days  
11 after the Effective Date, the Settlement Administrator shall mail to each Recouped Class Member  
12 a check with their share of the Retrospective Relief Fund and the Prospective Relief Fund.  
13 Uncashed and/or undeposited checks will be considered stale after 180 days and cancelled. A  
14 second distribution to Recouped Class members who negotiated their first check may occur if  
15 Class Counsel determines that there are sufficient funds to justify a second distribution in light of  
16 the administrative cost and amount of the proposed distribution to the Recouped Class members.  
17 In such event, the Settlement Administrator shall make a second pro rata distribution to the  
18 Recouped Class Members using the methodology as set forth in section 4.1. If the total amount of  
19 the stale checks does not justify the cost of a second distribution, the remaining funds in the  
20 Accounting Relief Fund after cancellation of outstanding checks shall be donated via *cy pres* to  
21 the Motion Picture & Television Fund.

22   **ACCOUNTING RELIEF**

23                   5.       Calculation of Accounting Relief. All Unrecouped Class Members shall be entitled  
24 to Accounting Relief from the Accounting Relief Fund, without the necessity of filing a claim, as  
25 follows:

26                   5.1     Calculation of Accounting Relief. Paramount shall apply an adjustment on  
27 account of each motion picture associated with a Class Profit Participation Contract to which an  
28 Unrecouped Class Member is a party. The accounting adjustment shall be that motion picture's



1 Through Revenue as it has done and currently does on the basis of 20% of such revenue.  
2 Plaintiffs hereby waive any claims related to this accounting practice for Home Video Revenue  
3 and Electronic Sell-Through Revenue in the calculation of Profit Participation for Class Members  
4 in both the past and the future. Paramount agrees that, in the absence of an existing or future  
5 agreement that includes express provisions regarding the calculation of Streaming Revenue,  
6 Paramount will, beginning after the Effective Date, account to each Class Member for Streaming  
7 Revenue, and any future methods of streaming now known or hereafter created, on the basis of  
8 100% of such revenue received after the Effective Date in a manner otherwise consistent with the  
9 terms of each Class Profit Participation Contract.

10 **PRELIMINARY APPROVAL AND NOTICE**

11 9. Preliminary Approval Order. As soon as practicable, Plaintiffs shall move the  
12 Court for entry of the Preliminary Approval Order. Paramount agrees, solely for purposes of  
13 effectuating the Settlement, not to oppose certification of the Settlement Class. Paramount does  
14 not waive and expressly reserves the right to contest class action treatment of Plaintiffs' claims in  
15 the Action if the Effective Date fails to occur for any reason including, without limitation, any  
16 possible termination of this Settlement. If the Effective Date fails to occur for any reason, (i) the  
17 certification of the Settlement Class shall be deemed null and void, and each Party shall retain all  
18 of its respective rights as they existed prior to execution of this Stipulation; (ii) any findings or  
19 stipulations regarding certification of the Settlement Class will be automatically vacated upon  
20 notice to the Court of this Stipulation's termination or disapproval and the Action may proceed as  
21 though no certification of the Settlement Class had occurred; (iii) Plaintiffs shall not raise or rely  
22 upon any such findings, stipulations, or certification relating to the Settlement Class in connection  
23 with any subsequent request for class certification; and (iv) neither this Stipulation, nor any of its  
24 accompanying exhibits or any orders entered by the Court in connection with this Stipulation,  
25 shall be admissible or used for any purpose.

26 10. Notice.

27 10.1 Settlement Class Member Information Exchange. Within ten (10) business  
28 days after the Court's issuance of the Preliminary Approval Order, Paramount shall provide the

1 Settlement Class Information to the Settlement Administrator.

2           10.2   Notice by Mail. Within thirty (30) days after the Court’s issuance of the  
3 Preliminary Approval Order, the Settlement Administrator shall mail the Notice to each Class  
4 Member. *See*, Exhibit 1 attached hereto.

5           10.3   Publication Notice. Within thirty (30) days after the Court’s approval of the  
6 Settlement, the Settlement Administrator shall also cause the Publication Notice, substantially in  
7 the form attached hereto as Exhibit 2, to appear once in the *Variety* (in one-half page size) and  
8 once in *The Hollywood Reporter* (in one-third page size). The Settlement Administrator shall  
9 cause the Publication Notice, substantially in the form attached hereto as Exhibit 2, in the format  
10 of an E-Newsletter, to be disseminated to subscribers of *Variety*, *The Hollywood Reporter* and *The*  
11 *Wrap*. The Settlement Administrator may also cause online advertising in Facebook, Twitter and  
12 LinkedIn. The Settlement Administrator shall issue a press release in the form of the Publication  
13 Notice to be disseminated through the major media outlets. Nothing in this Agreement shall  
14 prohibit Plaintiffs and Class Counsel from performing their duties and/or taking additional steps to  
15 maximize notice to the Class.

16           10.4   Settlement Website. The Settlement Administrator shall create a website  
17 (“Settlement Website”) with information about the Settlement. The Settlement Website shall  
18 include copies of the relevant pleadings and provide updates to the Class Members regarding the  
19 status of the Action.

20           10.5   Costs and Fees. All costs and fees associated with Notice shall be deducted  
21 from the Settlement Fund.

22           **REQUESTS FOR EXCLUSION AND OPT-OUT TERMINATION RIGHTS**

23           11.   Requests for Exclusion. Class Members who do not wish to participate in the  
24 Settlement shall submit a Request for Exclusion within the deadline established by the Court.

25           12.   Termination Option. Paramount may terminate the Settlement if, ten (10) days  
26 after the deadline for receiving Requests for Exclusion, it determines that either the number of  
27 Class Members who have submitted Requests for Exclusion or the total Profit Participation paid to  
28 Class Members who have submitted Requests for Exclusion exceeds levels set forth in the

1 Confidential Supplemental Agreement (the “Opt Out Threshold”). Requests for Exclusion from  
2 persons or entities who do not meet the Settlement Class definition do not count toward the Opt-  
3 Out Threshold. The Parties shall seek to keep the Opt-Out Threshold confidential. In the event  
4 that the Court directs that the Confidential Supplemental Agreement be filed prior to the deadline  
5 for submitting Requests for Exclusion, no party shall have any right to any relief by reason of such  
6 disclosure. In the event of a termination of this Settlement pursuant to the Confidential  
7 Supplemental Agreement: (1) this Stipulation shall become null and void; and (2) Paramount shall  
8 pay all costs incurred by the Settlement Administrator arising out of the Stipulation.

9 **CONFIRMATORY DISCOVERY**

10 13. Confirmatory Discovery. Class Counsel may, at their own expense, conduct  
11 confirmatory discovery as outlined in the Parties’ Confidential Supplemental Agreement.

12 **EFFECTIVE DATE OF SETTLEMENT, WAIVER, AND TERMINATION**

13 14. Effective Date of Settlement. The Effective Date of Settlement shall be the date  
14 when all the following have occurred:

- 15 (a) entry of the Preliminary Approval Order by the Court;
- 16 (b) final approval by the Court of the Settlement, following notice to the  
17 Settlement Class and a hearing;
- 18 (c) entry of judgment; and
- 19 (d) the expiration of any time for appeal or review, or, if any appeal is filed and  
20 not dismissed, after the final approval order is upheld on appeal in all material respects and is no  
21 longer subject to review upon appeal or by writ of certiorari.

22 15. Termination after Court Disapproval. In addition to Paramount’s rights under  
23 Paragraph 12, Paramount or Plaintiffs shall have the right to terminate the Settlement and this  
24 Stipulation by providing written notice of their election to do so (“Termination Notice”) to counsel  
25 for the other party hereto within thirty days of (a) the Court’s declining to enter the Preliminary  
26 Approval Order; or (b) the Court’s declining to approve the Settlement embodied in this  
27 Stipulation, or any material part of it.

28 16. No Prejudice in Event of Termination. Except as otherwise provided herein, in the

1 event the Settlement is terminated or the Effective Date fails to occur, then the Settlement shall be  
2 without prejudice and none of its terms shall be effective or enforceable; the Parties to this  
3 Stipulation shall be deemed to have reverted to their respective status in the Action as of August  
4 31, 2015; except as otherwise expressly provided, the Parties shall proceed in all respects as if this  
5 Stipulation and any related orders had not been entered. In the event the Settlement is terminated  
6 or modified in any material respect, Paramount shall be deemed to have retained all rights to  
7 object to the maintenance of the Action as a class action and shall further be deemed not to have  
8 waived, modified, or be estopped from asserting any additional defenses available to it.

9 **ADMINISTRATION OF THE SETTLEMENT**

10 17. Settlement Administrator. The Parties shall engage the third party Settlement  
11 Administrator to carry out the terms of the Settlement as provided herein. Any fees or expenses  
12 incurred through the use of a third party Settlement Administrator will be deducted from the  
13 Settlement Fund as administrative expenses.

14 18. Deposit of Settlement Fund. Within ten (10) business days after the Effective Date,  
15 Paramount shall pay the Settlement Fund to the Settlement Administrator for disbursement as  
16 provided herein.

17 **ATTORNEYS' FEES, EXPENSES, AND ENHANCEMENT AWARDS**

18 19. Attorneys' Fees. Class Counsel will apply to the Court for an award of attorneys'  
19 fees in an amount not to exceed one-third of the \$3,405,000 Settlement Fund (i.e., up to  
20 \$1,135,000) and expenses and verified costs in an amount not to exceed \$105,000.00. Paramount  
21 agrees not to oppose or to submit any evidence or argument challenging or undermining such  
22 application for attorneys' fees, costs, or expenses.

23 20. Disapproval of Fee Award. Notwithstanding anything contained herein to the  
24 contrary, in the event that the Court does not approve the award of attorneys' fees and expenses  
25 requested by Class Counsel, or the Court awards attorneys' fees and expenses in an amount less  
26 than that requested by Class Counsel, such decision shall not affect the validity and enforceability  
27 of the Settlement and shall not be a basis for anyone to seek to terminate or void the Settlement or  
28 for rendering the entire Settlement null, void, or unenforceable. Class Counsel retain their right to

1 appeal any decision by the Court regarding the Court's award of attorneys' fees and costs.

2 21. Payment of Attorneys' Fees. The amount awarded by the Court shall be payable by  
3 the Settlement Administrator to Class Counsel by delivery of check(s) or other negotiable  
4 instrument(s) or by wire transfer(s) within fourteen (14) days after the Effective Date.

5 22. Deduction of Fee Award from Settlement Fund. Any attorneys' fees and expenses  
6 awarded by the Court will be deducted from the Settlement Fund. In no event shall the payment  
7 of attorneys' fees, costs, and expenses awarded by the Court alter or increase Paramount's  
8 obligation under the Settlement, which in no event shall be more than the amount of the  
9 Settlement Fund.

10 23. Enhancement Awards to Named Plaintiffs. Plaintiffs will apply to the Court for an  
11 award of \$10,000.00 for each of the Named Plaintiffs, Colin Higgins Productions, Ltd. and  
12 Michael Elias, for their services as class representatives, for a total of \$20,000.00. The  
13 enhancement awards are payable by the Settlement Administrator to Class Counsel by delivery of  
14 check(s) or other negotiable instrument(s) or by wire transfer(s) within fourteen (14) days after the  
15 Effective Date. Any enhancement awards ordered by the Court will be deducted from the  
16 Settlement Fund.

17 **MISCELLANEOUS PROVISIONS**

18 24. Exhibits Incorporated by Reference. All of the exhibits attached hereto are hereby  
19 incorporated by reference as though fully set forth herein.

20 25. Final and Complete Resolution. The Parties to this Stipulation intend the  
21 Settlement to be a final and complete resolution of all disputes asserted or that could be or could  
22 have been asserted by the Plaintiffs, the Settlement Class, and/or any of the Class Members  
23 against the Released Parties with respect to the Released Claims and the Action. Paramount agrees  
24 not to assert that the Action was brought in bad faith or without a reasonable basis. The Parties  
25 hereto shall assert no claims for costs or sanctions relating to the prosecution, defense, or  
26 settlement of the Action.

27 26. Settlement Fairly Negotiated. The Parties agree that the amount paid and the other  
28 terms of the Settlement were negotiated at arm's length in good faith by the Parties, and reflect a



1 settlement that was reached voluntarily by the Parties after consultation with their respective  
2 experienced legal counsel.

3       27.     No Oral Modifications. This Stipulation may not be modified or amended, nor may  
4 any of its provisions be waived except by a writing signed by counsel for all Parties hereto or their  
5 successors-in-interest.

6       28.     Headings Have No Legal Effect. The headings herein are used for the purpose of  
7 convenience only and are not meant to have legal effect.

8       29.     Court Retains Jurisdiction. The administration and consummation of the  
9 Settlement as embodied in this Stipulation shall be under the authority of the Court, and the Court  
10 shall retain jurisdiction for the purpose of entering orders providing for award of attorneys' fees  
11 and expenses to Class Counsel, and enforcing the terms of this Stipulation.

12       30.     Warrant of Authority. All counsel and any other person executing this Stipulation  
13 and any of the exhibits hereto, or any related settlement documents, warrant and represent that  
14 they have the full authority to do so and that they have the authority to take appropriate action  
15 required or permitted to be taken pursuant to the Stipulation to effectuate its terms.

16       31.     Successors and Assigns. This Stipulation shall be binding upon, and inure to the  
17 benefit of, the successors and assigns of the Parties hereto.

18       32.     Choice of Law. The construction, interpretation, operation, effect and validity of  
19 this Stipulation, and all documents necessary to effectuate it, shall be governed by the internal  
20 laws of the State of California without regard to conflicts of laws, except to the extent that  
21 preemption by federal law requires that federal law govern.

22       33.     Stipulation Jointly Drafted. This Stipulation shall not be construed more strictly  
23 against one party than another merely by virtue of the fact that it, or any part of it, may have been  
24 prepared by counsel for one of the Parties, it being recognized by the Parties that this Stipulation is  
25 the result of arm's length negotiations between the Parties and that all Parties have contributed  
26 substantially and materially to the preparation of this Stipulation.

27       34.     Effect of Waiver. The waiver by one party of any breach of this Stipulation by any  
28 other party shall not be deemed a waiver of any other prior or subsequent breach of this

1 Stipulation. The waiver by one party of any breach of this Stipulation by any other party shall not  
2 be deemed a waiver of any other prior or subsequent breach of this Stipulation.

3 35. Integration. This Stipulation and its exhibits and the Confidential Supplemental  
4 Agreement constitute the entire agreement among the Parties hereto concerning the Settlement of  
5 the Action, and no representations, warranties, or inducements have been made by any party  
6 hereto other than those contained and memorialized in such documents.

7 36. Execution in Counterparts. This Stipulation may be executed in one or more  
8 counterparts. All executed counterparts and each of them shall be deemed to be one and the same  
9 instrument. A fax, electronic and/or scanned PDF signature or other copy of a signed counterpart  
10 shall be deemed an original and shall have the same force and effect as a signed original.

11 37. No Representations About Tax Consequences. No opinion or advice concerning  
12 the tax consequences of the proposed Settlement to individual Class Members is being given or  
13 will be given by Class Counsel or Paramount's Counsel; nor is any representation or warranty in  
14 this regard made by virtue of this Stipulation. Each Class Member's tax obligations, and the  
15 determination thereof, are the sole responsibility of the Class Member, and it is understood that the  
16 tax consequences may vary depending on the particular circumstances of each individual Class  
17 Member.

18 38. Intent of Parties. The Parties hereto: (a) acknowledge that it is their intent to  
19 consummate this Stipulation; and (b) agree to cooperate to the extent necessary to effectuate and  
20 implement all terms and conditions of this Stipulation and to exercise their best efforts and to act  
21 in good faith to accomplish the foregoing terms and conditions of the Stipulation.

22 Dated: May 9, 2016

COLIN HIGGINS PRODUCTIONS, LTD.

23 By: James Cass Rogers

24 Title: President

25  
26 Dated: \_\_\_\_\_, 2016

MICHAEL ELIAS

27 By: \_\_\_\_\_

28 Title: \_\_\_\_\_

1 Stipulation. The waiver by one party of any breach of this Stipulation by any other party shall not  
2 be deemed a waiver of any other prior or subsequent breach of this Stipulation.

3 35. Integration. This Stipulation and its exhibits and the Confidential Supplemental  
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5 the Action, and no representations, warranties, or inducements have been made by any party  
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16 tax consequences may vary depending on the particular circumstances of each individual Class  
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19 consummate this Stipulation; and (b) agree to cooperate to the extent necessary to effectuate and  
20 implement all terms and conditions of this Stipulation and to exercise their best efforts and to act  
21 in good faith to accomplish the foregoing terms and conditions of the Stipulation.

22 Dated: \_\_\_\_\_, 2016

COLIN HIGGINS PRODUCTIONS, LTD.

23

By: \_\_\_\_\_

24

Title: \_\_\_\_\_

25

26 Dated: 5/10/ \_\_\_\_\_, 2016

MICHAEL ELIAS

27

By: Michael Elias

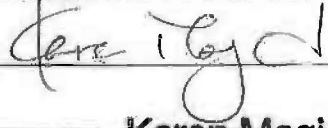
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Title: President

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Dated: 5/6, 2016

PARAMOUNT PICTURES CORPORATION

By: 

Title: Karen Magid  
Executive Vice President

1 APPROVED AS TO FORM:

2

3 Dated: 05-13, 2016

**PEARSON, SIMON & WARSHAW LLP**  
CLIFFORD H. PEARSON  
DANIEL L. WARSHAW  
BOBBY POUYA

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**JOHNSON & JOHNSON LLP**  
NEVILLE L. JOHNSON  
DOUGLAS L. JOHNSON  
JAMES T. RYAN

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**KIESEL LAW LLP**  
PAUL R. KIESEL  
JEFFREY A. KONCIUS  
MARIANA ARODITIS  
MELANIE MENESES PALMER

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**BOUCHER, LLP**  
RAYMOND P. BOUCHER  
SHEHNAZ M. BHUJWALA  
MARIA L. WEITZ

12

13

14

By:  \_\_\_\_\_  
JEFFREY A. KONCIUS

Attorneys for Plaintiffs Colin Higgins Productions,  
Ltd. and Michael Elias, on behalf of themselves and  
others similarly situated

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17

18 Dated: May 11, 2016

**KENDALL BRILL & KELLY LLP**  
RICHARD B. KENDALL  
PHILIP M. KELLY  
MEAGHAN FIELD

19

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By:  \_\_\_\_\_  
RICHARD B. KENDALL

Attorneys for Defendant Paramount Pictures  
Corporation

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# **EXHIBIT “1”**

**SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
**COUNTY OF LOS ANGELES, CENTRAL CIVIL WEST DIVISION**

**If You Are a Profit Participant on a Motion Picture Released by Paramount Pictures Corporation for Home Video, Electronic Sell-Through, or Streaming You May Financially Benefit from a Class Action Settlement**

*A California state court authorized this Notice. This is not a solicitation from a lawyer.*

- A settlement has been reached in a class action lawsuit over how Paramount Pictures Corporation (“Paramount”) calculated profit participation relating to revenue derived from the sale of Home Videos (e.g. physical copies such as videocassettes, DVDs, and Blu-Ray) Electronic Sell-Through (e.g. digital copies delivered for permanent download such as iTunes or Amazon) and Streaming (e.g. digital copies that are not permanent downloads such as Netflix or Hulu) on certain motion pictures.
- You may be a Class Member if you are a person or entity (or their successors-in-interest, assigns, and heirs) who is a party to a profit participation contract with Paramount dated on or before July 5, 1980.
- This Settlement provides Class Members with a: (1) \$3,405,000 Settlement Fund, which will be used to pay recouped profit participants who are already receiving profit participation on their contracts; and, (2) \$3,405,000 Accounting Relief Fund, which will be used to credit the accounts of unrecouped profit participants who are not yet receiving profit participations on their contracts. You may receive benefits from either or both of these funds if you qualify.
- You have to take action on or before October 7, 2016 in order to exercise your legal rights and options in the Settlement, which are set forth below and in this Notice. Please read this Notice carefully. Your legal rights may be affected, whether you act or don’t act.

**SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT**

<b>REMAIN PART OF THE SETTLEMENT CLASS</b>	<ul style="list-style-type: none"> <li>• <b><u>If you received this Notice in the mail</u></b> and you are part of the Settlement Class, <b><u>you do not have to take any action</u></b> to remain part of the Settlement Class and be eligible to receive the benefits, payments and credits offered by the Settlement. Payments and credits will be applied to eligible Class Members automatically if you are part of the Settlement.</li> </ul>
<b>BECOME PART OF THE SETTLEMENT CLASS</b>	<ul style="list-style-type: none"> <li>• <b><u>If you did not receive this Notice in the mail</u></b> and you believe that you may be a Class Member, you can contact the Settlement Administrator and apply to take part in the Settlement by visiting <a href="http://www.XXXX.com">www.XXXX.com</a> or calling (xxx) xxx-xxxx TOLL-FREE.</li> </ul>
<b>EXCLUDE YOURSELF</b>	<ul style="list-style-type: none"> <li>• Excluding yourself means you <b><u>get no payment or credits</u></b> from this Settlement.</li> <li>• This is the only option that allows you to keep any rights you currently have to negotiate with or sue Paramount about the claims in this case.</li> <li>• <i>See Questions 14–16.</i></li> </ul>
<b>OBJECT TO THIS SETTLEMENT</b>	<ul style="list-style-type: none"> <li>• If you do not exclude yourself, you may write to the Court about why you don’t like this Settlement. <i>See Questions 19–20.</i></li> </ul>
<b>GO TO THE HEARING</b>	<ul style="list-style-type: none"> <li>• Ask to speak in Court about your opinion of this Settlement.</li> </ul>

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## BASIC INFORMATION

### 1. Why did I get this Notice?

A Court authorized this Notice because you have a right to know about a proposed Settlement of this class action lawsuit, and about all of your options, before the Court decides whether to give final approval to this Settlement. This Notice explains the lawsuit, this Settlement, and your legal rights.

Judge Elihu M. Berle, of the Superior Court of the State of California, is overseeing this case. The case is known as *Colin Higgins Productions, Ltd. v. Paramount Pictures Corporation*, Case No. BC499179. The people who sued are called the “Plaintiffs.” The “Defendant” is Paramount Pictures Corporation.

### 2. What is this lawsuit about?

This lawsuit claims that Paramount failed to properly account for and pay motion picture profit participants (e.g. producers, directors, and actors) in regard to Home Video Revenue, Electronic Sell-Through Revenue, and Streaming Revenue under profit participation contracts that do not include express provisions regarding the treatment of such revenues for calculation of profit participation.

Home Video Revenue is revenue derived from the sale of physical copies of motion pictures in tangible products such as Videocassettes, DVDs, and Blu-Ray discs. Electronic Sell-Through Revenue is revenue derived from the sale of digital copies of motion pictures that are delivered to the consumer via electronic transmission (e.g., through download purchases on iTunes or Amazon). Streaming Revenue is revenue derived from digital streaming of motion pictures, including through services commonly known as “video-on-demand” (“VOD”) or “subscription video-on-demand” (“SVOD”), where the consumer does not obtain permanent ownership of a copy of the motion picture (e.g. Netflix or Hulu).

### 3. Why is this lawsuit a class action?

In a class action lawsuit, one or more people, called “Class Representatives,” (in this case, Colin Higgins Productions, Ltd., and Michael Elias) sue on behalf of people who have similar claims. All these people together are a “Class” or “Class Members.” In a settlement of a class action, one court resolves the issues for all Class Members, except for those who choose to exclude themselves from the Class (see *Question 14*).

### 4. Why is there a settlement?

The Court has not determined who is right. Rather, both sides have agreed to settle the lawsuit to avoid the uncertainties and expenses of continuing the lawsuit. By agreeing to settle, both sides avoid the cost and risk of a trial, and the people affected will get a chance to receive benefits. The Class Representatives and their attorneys think this Settlement is best for all Class Members. This Settlement does not mean that Paramount did anything wrong.

## WHO IS IN THE SETTLEMENT

If you received this Notice you may be a Class Member. You should review your contract(s) and any amendments to them so as to determine whether you are included in the Class and this Settlement.

### 5. What is the Class definition?

Class Members are all persons and entities (and their successors-in-interest, assigns, and heirs) that are parties to a “Class Profit Participation Contract” (defined by the Settlement Agreement as a Profit Participation Contract, entered on or before July 5, 1980).

When a person or entity is a party to both, (a) one or more Class Profit Participation Contracts; and (b) one or more profit participation contracts that do not meet the definition of a Class Profit Participation Contract, that person or entity is a member of the settlement class only with regard to the Class Profit Participation Contract(s).

Excluded from the Settlement Class are:

- \* Paramount and any person, trust, firm, corporation or other entity affiliated with or related to Paramount;
- \* Any persons or entities who exclude themselves by filing a timely Request for Exclusion in accordance with the requirements set forth by the Court;
- \* Persons or entities who have entered into an agreement with Paramount or its affiliates and their predecessors, subsequent to their Class Profit Participation Contract but regarding the same motion picture, that includes express provisions regarding the calculation of the Profit Participant’s Profit Participation with regard to Home Video Revenue, Electronic Sell-Through Revenue and/or Streaming Revenue including but not limited to a settlement agreement, an amendment to the relevant Class Profit Participation Contract, a side letter, or any other writing that sets forth such provisions, and was made prior to the date of the Preliminary Approval Order;
- \* Other motion picture studios and their affiliates or predecessors in interest.

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

To see if you are part of this Settlement and your rights under the Settlement, ask yourself this series of questions:

Question	Yes	No
Do you have at least one Profit Participation Contract with Paramount dated on or before July 5, 1980 or are you the heir, successor or assign of someone who does?	Continue	You are not a Class Member
Did you or your predecessors in interest modify the Profit Participation Contract to include a provision for Profit Participation specifically with regard to Home Video, Electronic Sell-Through and/or Streaming Revenue?	You are not a Class Member	Continue
Did you or your predecessors already release Paramount for claims relating to Home Video, Electronic Sell-Through and/or Streaming Revenue Profit Participation under the contract?	You are not a Class Member	Continue
Were you receiving Profit Participation payments under the Profit Participation Contract from Paramount as of August 31, 2015?	You may be a Recouped Class Member. Continue.	You may be an Unrecouped Class Member. Continue.

**7. I’m still not sure if I am included.**

If you are still not sure whether you are included, you can get help by contacting the Settlement Administrator using any of the methods listed in Question 24.

**You are not required to pay anyone to assist you in obtaining information about the Settlement.**

**THE SETTLEMENT BENEFITS—WHAT YOU GET IF YOU QUALIFY**

**8. What does this Settlement Provide?**

This Settlement provides a total of \$3,405,000 (“Settlement Fund”) to be available for compensation to the Recouped Class Members (as defined in Question 9 below) less administrative and notice expenses, compensation to Named Plaintiffs, and attorneys’ fees and costs.

This Settlement also provides a total of \$3,405,000 (“Accounting Relief Fund”) for the benefit of Unrecouped Class Members (as defined in Question 9 below) for the application of an adjustment on the account of the motion pictures associated with a Class Profit Participation Contract to which an Unrecouped Class Member is a party.

Paramount has further agreed, that in the absence of an existing or future agreement that includes express provisions regarding the calculation of Streaming Revenue, Paramount will account to each Class Member for Streaming Revenue, and any future methods of streaming now known or hereafter created, on the basis of 100% of such revenue.

**9. How will payments and credits be calculated?**

Payments and credits and benefits will be calculated from the Settlement Fund and Accounting Relief Fund for Recouped Class Members and Unrecouped Class Members as follows: (Note: It is possible for a profit participant to be considered both a Recouped Class Member and an Unrecouped Class Member in regard to different contracts. In such a situation, the Class Member would obtain a portion of the Settlement Relief Fund as well as their share of the Accounting Relief Fund, as appropriate.) The Settlement Administrator will be responsible for the calculation and payment of the amounts due Recouped Class Members from the Settlement Fund based upon participation information received from Paramount. Paramount will be responsible for the calculation and the application of the accounting credits to be applied for the benefit of Unrecouped Class Members within its profit participation accounting database.

**Recouped Class Members:** Recouped Class Member means a Class Member who, as of August 31, 2015, is a Profit Participant on one or more motion pictures that have realized sufficient revenue to require payment of Profit Participation to that Class Member under the terms of that person or entity’s Class Profit Participation Contract. Recouped Class Members will receive payments from the Settlement Fund, divided into two categories:

**Retrospective Relief (70% of the Settlement Fund Payout)**

Each Recouped Class Member shall be entitled to the percentage of the Retrospective Relief Fund equal to the ratio of the total amount of Profit Participation paid or payable to the Recouped Class Member pursuant to one or more Class Profit Participation Contracts through the period ending August 31, 2015, compared to the total amount of Profit

Participation paid or payable to all of the Recouped Class Members pursuant to Class Profit Participation Contracts for all periods through the period ending August 31, 2015.

### **Prospective Relief (30% of the Settlement Fund Payout)**

Each Recouped Class Member shall also be entitled to the percentage of the Prospective Relief Fund equal to the ratio of the total amount of Profit Participation paid or payable to the Recouped Class Member pursuant to one or more Class Profit Participation Contracts for the period from January 1, 2011, through August 31, 2015, compared to the total amount of Profit Participation paid or payable to all of the Recouped Class members pursuant to Class Profit Participation Contracts for the same period, with such ratio serving as an estimate of the ratio of future Profit Participation payments.

**Unrecouped Class Members:** Unrecouped Class Member means a Class Member who, as of August 31, 2015, is a Profit Participant on one or more motion pictures that have not realized sufficient revenue to require payment of Profit Participation to that Class Member under the terms of that person or entity's Class Profit Participation Contract. In other words they were not yet earning profit participation from their Profit Participation Contract as of August 31, 2015.

Paramount shall apply an adjustment on the account of each motion picture associated with a Class Profit Participation Contract to which an Unrecouped Class Member is a party for the benefit of the Unrecouped Class Members with Class Profit Participation Contracts relating to that motion picture. The accounting adjustment shall be that motion picture's share of the Accounting Relief Fund determined by the ratio of the total amount of Home Video Revenue, Electronic Sell-Through Revenue, and Streaming Revenue derived by Paramount through August 31, 2015, for that motion picture compared to the total amount of Home Video Revenue, Electronic Sell-Through Revenue, and Streaming Revenue derived by Paramount through August 31, 2015, for all of the motion pictures receiving an accounting adjustment.

### **10. How much will my payment be?**

The exact amount each qualifying Class Member will receive cannot be calculated until (1) the Court approves the Settlement; (2) amounts are deducted from the Settlement Fund for notice and administration costs, attorneys' fees and expenses, and any Class Representative Incentive Awards; and (3) the Settlement Administrator determines the number of persons who opt out of the Settlement. *See Question 9 for the general method of calculating claims payments.*

### **HOW YOU GET A PAYMENT OR CREDIT—PARTICIPATING IN THE SETTLEMENT**

### **11. How can I get a payment or credit?**

To be eligible to receive a payment or credit under the Settlement, you must (1) be a Class Member; and (2) not have excluded yourself from the Settlement.

**If You Received This Notice in The Mail:** If you received this Notice in the mail it means that Paramount's records have identified you as a potential Class Member. ***You do not need to submit a Claim Form or take any other action if you received this Notice in the mail and wish to participate in the Settlement.*** Your eligibility will be confirmed and payments and credits described above will be provided to you automatically.

**If You Did Not Receive This Notice in The Mail:** If you did not receive this Notice in the mail and you believe that you may be a Class Member, you can inquire into whether you are an eligible Class Member and apply to take part in the Settlement by visiting [www.XXXX.com](http://www.XXXX.com) or calling (xxx) xxx-xxxx TOLL-FREE.

### **12. When will I get my payment or credit?**

The payments and accounting credits will be sent to eligible Class Members after the Court grants "final approval" of the Settlement and after any appeals are resolved.

The Court will hold a Fairness Hearing on November 7, 2016, at 10:00 a.m. (Pacific time) to decide whether to approve the Settlement. **If you want to attend the hearing, keep in mind that the date and/or time may be changed after this Notice is sent, so you should check the settlement website ([www.XXXX.com](http://www.XXXX.com)) before making travel plans.**

If the Court approves the Settlement (*see Questions 21–23*), there may be appeals. It's always uncertain whether these appeals can be resolved, and resolving them can take time. Please be patient. You can check for updates and other important information by using any of the methods listed in Question 24.

### **13. What am I giving up to get benefits and stay in the Settlement?**

If this Settlement receives final approval from the Court, this Settlement will be legally binding on all Class Members, including Class Members who object, unless you exclude yourself from the Settlement. This means you will not be able to sue Paramount for the claims being released in this Settlement. This Notice is only a summary. The specific claims that you are giving up against Paramount are described in detail in the Settlement Agreement. You will be "releasing" Paramount and all related entities (the "Released Parties") as described in the Settlement Agreement. The Settlement Agreement is available at [www.XXXX.com](http://www.XXXX.com) or by calling (xxx) xxx-xxxx TOLL-FREE.

If you, or someone acting on your behalf, are currently litigating claims against Paramount or the other Released Parties, you will be barred from pursuing the claims released by this Settlement unless you validly “opt out” as described below. If you are currently litigating claims against Paramount or the other Released Parties, speak to your lawyer in that matter immediately.

The Settlement Agreement describes the released claims with specific descriptions, so read it carefully. If you have any questions, you can talk to Class Counsel listed in Question 17, or you can, of course, talk to your own lawyer if you have questions about what this means.

#### **14. How do I get out of the Settlement?**

To exclude yourself, you must mail a letter that includes:

- Your full name, current address, telephone number, and signature;
- The name of the individual or entity requesting exclusion (if any different from your name);
- A statement that you are a Class Member and that you “request to be excluded from the class settlement in the Paramount Home Video Settlement”;
- A statement as to whether you wish to be excluded from the class settlement for all or only some of the Class Profit Participation Contracts to which you are a party. If you wish to be excluded for only some of the Class Profit Participation Contracts to which you are a party, please indicate the specific motion pictures for which you are requesting exclusion.

You must personally sign your written “opt-out” request and mail it postmarked by October 7, 2016 to:

Paramount Home Video Settlement  
c/o XXXX

#### **15. If I don’t exclude myself, can I sue the Defendant for the same thing later?**

No. Unless you exclude yourself from the Settlement, you give up any right to sue the Defendant for the claims that are resolved by the Settlement. If you have a pending lawsuit, speak to your lawyer in that lawsuit immediately. **Remember, the exclusion deadline is October 7, 2016.**

#### **16. If I exclude myself, can I get a payments or credits from the Settlement?**

No. If you exclude yourself from the Settlement, you will not be able to get any payments or credits from the Settlement and you cannot object to the Settlement. You will not be legally bound by anything that happens in the Settlement.

### **THE LAWYERS IN THE CASE**

#### **17. Who Are the Lawyers in This Case**

##### **Class Counsel**

The Court has appointed the law firms listed below to represent you and other Class Members in the Settlement. These lawyers are called Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

If you want to contact Class Counsel about this Settlement, they can be reached through the Settlement Administrator by calling (xxx) xxx-xxxx or sending an email to info@XXXX.com.

Daniel L. Warshaw PEARSON, SIMON & WARSHAW, LLP 15165 Ventura Boulevard, Suite 400 Sherman Oaks, CA 91403	Jeffrey A. Koncius KIESEL LAW LLP 8648 Wilshire Boulevard Beverly Hills, CA 90211
Neville L. Johnson JOHNSON & JOHNSON LLP 439 North Canon Drive, Suite 200 Beverly Hills, CA 90210	Raymond P. Boucher BOUCHER LLP 21600 Oxnard St., Suite 600 Woodland Hills, CA 91367

##### **Paramount’s Attorneys**

Defendant Paramount Pictures Corporation is represented by the below listed counsel from the law firm of Kendall Brill & Kelly LLP. If you want to contact Defendant Paramount Pictures Corporation’s Attorneys about this Settlement, they can be reached by contacting:

Richard Kendall  
KENDALL BRILL & KELLY LLP  
10100 Santa Monica Blvd #175

**18. How Are Class Counsel being paid? Are the Class Representatives being paid?**

Class Counsel will ask the Court for an award of attorneys' fees and expenses in the Settlement (the "Fee and Expense Award"), which will be paid from the Settlement Fund:

**Attorneys' Fees and Expenses**

- Class Counsel will ask the Court to approve payment from the Settlement Fund of attorneys' fees of up to one-third of the \$3,405,000 Settlement Fund (*i.e.*, up to \$1,135,000), as well as for reimbursement for costs and expenses incurred in the prosecution of the lawsuits not to exceed \$105,000.

**Incentive Awards to Class Representatives**

- Class Counsel will ask the Court to approve a \$10,000.00 payment (called "Incentive Awards") to each of the Plaintiffs, Colin Higgins Productions Ltd. and Michael Elias, totaling \$20,000.00. The Incentive Awards compensate Plaintiffs for their service as Class Representatives. Any Incentive Award ordered by the Court will be in addition to what that Class Representative is eligible to receive from his or its claim.

**OBJECTING TO THE SETTLEMENT**

**19. How do I tell the Court that I don't like the Settlement?**

If you do not exclude yourself, you may object to the Settlement. To object, you must **mail** your objection to the Settlement Administrator. To be timely, your objection must be mailed to the Settlement Administrator so that it is **postmarked** by October 7, 2016 at the following addresses:

Paramount Home Video Settlement  
XXXX

**You must include the following information:**

- Your full name, current address, telephone number, and signature.
- The settlement to which you are objecting:
  - "Paramount Home Video Settlement."
- Your objections and the specific reasons why you object.
- State whether you intend to appear at the Fairness Hearing, either in person or through counsel.
- If you are represented by separate counsel, the name, address, bar number, and telephone number of all attorneys who will represent you.

Please note that any objections must be submitted by an individual Class Member, his or her legally authorized representative, or his or her attorney—not as a member of a group, class, or subclass.

**20. What's the difference between objecting and excluding yourself?**

Objecting is simply telling the Court that you don't like something about the Settlement. You can object to a settlement only if you stay in that settlement. Excluding yourself is telling the Court that you don't want to be part of the Settlement. If you exclude yourself, you have no basis to object, because the case no longer affects you. If you object, and the Court approves the Settlement anyway, you will still be legally bound by the result.

**THE COURT'S FAIRNESS HEARING**

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

The Court will hold a "Fairness Hearing" (also known as a "Final Approval Hearing") to decide whether to finally approve the proposed Settlement. The Fairness Hearing will be on November 7, 2016 **at 10:00 a.m.** before Judge Elihu M. Berle in Department 323 of the Los Angeles Superior Court, Central Civil West Courthouse, located at 600 South Commonwealth Avenue, Los Angeles, California 90005. If you want to attend the Fairness Hearing, keep in mind that the date and/or time may be changed after this Notice is sent, so you should check the settlement website ([www.XXXX.com](http://www.XXXX.com)) before making travel plans.

At the Fairness Hearing, the Court will consider whether the proposed Settlement and all of its terms are adequate, fair, and reasonable. If there are objections, the Court will consider them. The Court may listen to people who have asked for permission to speak at the Hearing and have complied with the other requirements for objections explained in Question 19. The Court may also decide how much to award Class Counsel for fees and expenses, and whether and how much to award the Class Representatives for representing the Class (the Incentive Awards).

**There is no set timeline for either the Court’s final approval decision, or for any appeals that may be brought from that decision, so it is impossible to know exactly when the Settlement will become final.**

The Court may change deadlines listed in this Notice without further notice to the Class. To keep up on any changes in the deadlines, please contact the Settlement Administrator or review the website.

**22. Do I have to come to the Fairness Hearing?**

No. Class Counsel will answer any questions asked by the Court.

If you send an objection, you don’t have to come to Court to talk about it. So long as you mailed your written objection on time and complied with the other requirements for a proper objection, the Court will consider it. You may also pay another lawyer to attend, but it’s not required.

**23. May I speak at the Fairness Hearing?**

Yes. You or your lawyer may, at your own expense, come to the Fairness Hearing and speak. You must also file a Notice of Intention to Appear, which must be mailed to the Settlement Administrator so that it is **postmarked no later than** October 7, 2016 and it must be **filed** with the Clerk of the Court by that same date. If you intend to have a lawyer appear on your behalf, your lawyer must enter a written notice of appearance of counsel with the Clerk of the Court no later than October 7, 2016. See Question 19 for the addresses of the Settlement Administrator. You cannot speak at the Fairness Hearing if you excluded yourself.

**GETTING MORE INFORMATION**

**24. How do I get more information about the Settlement?**

This Notice summarizes the proposed Settlement. For the precise terms and conditions of the Settlement, please see the Settlement Agreement, available at [www.XXXX.com](http://www.XXXX.com).

YOU MAY OBTAIN ADDITIONAL INFORMATION BY	
<b>CALLING</b>	<ul style="list-style-type: none"> <li>Call the Settlement Administrator toll-free at (xxx) xxx-xxxx to ask questions and receive copies of documents.</li> </ul>
<b>E-MAILING</b>	<ul style="list-style-type: none"> <li>Email the Settlement Administrator at <a href="mailto:info@XXXX.com">info@XXXX.com</a></li> </ul>
<b>WRITING</b>	<ul style="list-style-type: none"> <li>Send your questions by mail to Paramount Home Video Settlement XXXX</li> </ul>
<b>VISITING THE SETTLEMENT WEBSITE</b>	<ul style="list-style-type: none"> <li><a href="http://www.XXXX.com">www.XXXX.com</a>, where you will find answers to common questions about the Settlement, obtain a Claim Form, plus other information to help you.</li> </ul>
<b>REVIEWING LEGAL DOCUMENTS</b>	<ul style="list-style-type: none"> <li>You can review the legal documents that have been filed with the Clerk of Court in these cases at: Los Angeles Superior Court, Central Civil West Courthouse 600 South Commonwealth Avenue Los Angeles, California 90005</li> </ul>

**PLEASE DO NOT CALL THE JUDGE OR THE COURT CLERK TO ASK QUESTIONS ABOUT THE LAWSUIT, THE SETTLEMENT, OR THIS NOTICE.**

**THE COURT WILL NOT RESPOND TO LETTERS OR TELEPHONE CALLS. IF YOU WISH TO ADDRESS THE COURT, YOU MUST FILE AN APPROPRIATE PLEADING OR MOTION WITH THE CLERK OF THE COURT IN ACCORDANCE WITH THE COURT’S USUAL PROCEDURES.**

DATED: \_\_\_\_\_, 2016

BY ORDER OF THE COURT  
SUPERIOR COURT FOR THE STATE OF CALIFORNIA

# **EXHIBIT “2”**

## **NOTICE OF PROPOSED CLASS ACTION SETTLEMENT**

### **If You Are a Profit Participant on a Motion Picture Released by Paramount Pictures Corporation for Home Video, Electronic Sell-Through or Streaming, You Could Financially Benefit from a Class Action Settlement**

#### **What Is This Settlement About?**

A settlement has been reached in a class action lawsuit over how Paramount Pictures Corporation (“Paramount”) calculated profit participation relating to revenue derived from the sale of Home Videos (e.g. physical copies such as videocassettes, DVDs, and Blu-Ray), Electronic Sell-Through (e.g. digital copies delivered for permanent download such as iTunes or Amazon), and Streaming Revenue (e.g. digital copies that are not permanent downloads such as Netflix or Hulu) on certain motion pictures. The settlement is not an admission of wrongdoing and the Court has not decided who is right and who is wrong. Instead, the parties decided to settle the dispute.

#### **Am I A Class Member?**

You may be a Class Member if you are a person or entity (or their successors-in-interest, assigns, and heirs) who is a party to a “Class Profit Participation Contract” (defined by the Settlement Agreement as a Profit Participation Contract, entered on or before July 5, 1980). To obtain more information regarding whether you are a Class Member, please visit **www.XXXX.com** or call (xxx) xxx-xxxx.

#### **What Does The Settlement Provide?**

This settlement provides Class Members with a: (1) \$3,405,000 Settlement Fund, which will be used to pay recouped profit participants who are already receiving profit participation on their contracts; and (2) \$3,405,000 Accounting Relief Fund, which will be used to credit the accounts of unrecouped profit participants who are not yet receiving profit participation on their contracts. You may receive benefits from either or both of these funds if you qualify.

#### **What Are My Options?**

You have the following rights and options as a Class Member. You have to take action on or before October 7, 2016 in order to exercise your legal rights and options under the settlement set forth below. Please visit **www.XXXX.com** or call **1-877-319-9141** for more information on how to exercise your rights and options.

- |  |  |
|--|--|
| <b>Remain Part of the Settlement Class</b> | If you also receive notice of this settlement in the mail, you do not have to take any action to remain part of the settlement class and be eligible to receive the benefits, payments and credits offered by the settlement. Payments and credits will be applied to eligible Class Members automatically.  |
| <b>Become Part of the Settlement Class</b> | If you do not receive notice of this settlement in the mail and you believe that you may be an eligible Class Member, you can apply to take part in the settlement by visiting <b>www.XXXX.com</b> or calling (xxx) xxx-xxxx.  |
| <b>Exclude Yourself</b>                    | Excluding yourself means you will be excluded from the class and <u>get no payment or credits from this settlement</u> . The judgment, whether favorable or not, will bind all members who do not request exclusion.   |
| <b>Object to this Settlement</b>           | You may tell the Court and parties about why you don’t like this settlement.   |
| <b>Attend the Fairness Hearing</b>         | Any member who does not request exclusion may ask to speak in court about your opinion of the settlement at the Fairness Hearing. The Fairness Hearing is currently scheduled for 10:00 a.m., on November 7, 2016 at Department 323 of the California Superior Court, 600 South Commonwealth Avenue, Los Angeles CA, 90005. You may make an appearance through counsel if you so desire. |