

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

CHRISTIAN A. FELIPE,

Plaintiff,

v.

PLAYSTUDIOS, INC., et al.,

Defendants.

Case No. 2:22-cv-01159-RFB-NJK

Hon. Richard F. Boulware, II

STIPULATION AND AGREEMENT OF SETTLEMENT

This stipulation and agreement of settlement (hereafter the “Stipulation”) is made and entered into by and between Lead Plaintiffs The Phoenix Insurance Company Ltd. and The Phoenix Provident Pension Fund Ltd. (“Plaintiffs”), on behalf of themselves and the Settlement Class (defined below), on the one hand, and Defendants PLAYSTUDIOS, Inc. (“Playstudios” or the “Company,” f/k/a Acies Acquisition Corp., or “Acies”), Andrew Pascal, Edward King, Daniel Feters, James Murren, Zach Leonsis, Brisa Carleton, Andrew Zobler, Sam Kennedy, Christopher Grove, William J. Hornbuckle, Joe Horowitz, Jason Krikorian, and Judy K. Mencher (collectively, the “Defendants,” and each Defendant, except Playstudios, referred to as “Individual Defendants,” and each Defendant, together with Plaintiffs, the “Parties” and each a “Party”).

THE LITIGATION

A. All words or terms used herein that are capitalized shall have the meaning ascribed to those words or terms set forth herein and in the section hereof entitled “Definitions.”

B. On April 5, 2022, Christian A. Felipe filed a Class Action Complaint for Violations of the Federal Securities Laws in the United States District Court for the Northern District of California (Dkt. No. 1), in case number 3:22-cv-02164-VC, assigned to the Honorable Vince Chhabria. The Complaint named Playstudios and Andrew Pascal as Defendants. Subsequently, on June 6, 2022, Eric Wiesler (Dkt. No. 21), Plaintiffs (Dkt. No. 24), and Felipe (Dkt. No. 25), filed competing motions for appointment of lead plaintiff and approval of lead counsel pursuant to the Private Securities Litigation Reform Act (“PSLRA”), 15 U.S.C. §78u-4, *et seq.*

1 C. On July 12, 2022, the Court issued an Order (Dkt. No. 44) appointing Plaintiffs as
2 Lead Plaintiffs, and approving their selection of Pomerantz LLP as Lead Counsel for them and the
3 putative Class.

4 D. On July 15, 2022, Plaintiffs and Defendants Playstudios and Andrew Pascal filed a
5 stipulation to transfer case number 3:22-cv-02164-VC to the United States District Court for the
6 District of Nevada, Southern Division (Las Vegas) pursuant to 28 U.S.C. §1404(a) (Dkt. No. 47).
7 On July 18, 2022, Judge Chhabria granted the stipulation and ordered transfer to the United States
8 District Court for the District of Nevada.

9 E. On July 20, 2022, the case was transferred to the United States District Court for the
10 District of Nevada, assigned case number 2:22-cv-01159-RFB-NJK, and assigned to the Honorable
11 Richard F. Boulware, II, District Judge, and Nancy J. Koppe, Magistrate Judge.

12 F. On October 4, 2022, Plaintiffs filed their Amended Class Action Complaint for
13 Violations of the Federal Securities Laws (“Complaint”) (Dkt. No. 73), alleging violations of
14 Sections 11 and 15 of the Securities Act of 1933 (“Securities Act”), and Sections 10(b), 14(a), and
15 20(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5 and 14a-9
16 promulgated thereunder by the U.S. Securities and Exchange Commission (“SEC”). These claims
17 were brought on behalf of three different classes: a Securities Act Class, a 14(a) Class, and a 10(b)
18 Class. The Complaint named Playstudios and Andrew Pascal as defendants, as well as the following
19 additional defendants: Edward King, Daniel Fetters, James Murren, Zach Leonsis, Brisa Carleton,
20 Andrew Zobler, Sam Kennedy, Christopher Grove, William J. Hornbuckle, Joe Horowitz, Jason
21 Krikorian, and Judy K. Mencher. Not all Defendants were named in all claims.

22 G. The Securities Act Class asserted claims under Sections 11 and 15 of the Securities
23 Act, and consisted of a class of all persons who purchased or otherwise acquired public shares in
24 Playstudios (including by way of exchange of publicly-listed Acies shares) pursuant to or traceable
25 to the proxy/registration statement that Defendants filed with the SEC on Form S-4 on February
26 16, 2021, and amended on Forms S-4/A on March 26, 2021, May 10, 2021, May 18, 2021, and
27 May 20, 2021, and the body of which was incorporated into the final prospectus on Form 424(b)(3)
28 filed on May 25, 2021 (hereafter the “Proxy/Registration Statement”). The 14(a) Class asserted

1 claims under Section 14(a) of the Exchange Act, and consisted of all persons who were solicited to
2 approve the merger between Playstudios and Acies and who exchanged publicly listed Acies shares
3 for Playstudios Class A Ordinary Shares rather than redeeming the same pursuant to the
4 Proxy/Registration Statement. The 10(b) Class asserted claims under Sections 10(b) and 20(a) of
5 the Exchange Act, and SEC Rule 10b-5 promulgated thereunder, and consists of all persons who
6 purchased or otherwise acquired Playstudios common stock between August 11, 2021 and May 5,
7 2022, both dates inclusive.

8 H. On December 21, 2022, Defendants filed a motion to dismiss the Complaint (Dkt.
9 No. 91), the briefing for which the Parties completed on April 7, 2023 (Dkt. No. 103). The Court
10 heard oral argument on the motion to dismiss on October 20, 2023 (Dkt. No. 134).

11 I. On March 31, 2024, the Court issued an Order, granting in part and denying in part
12 Defendants' motion to dismiss (Dkt. 136).

13 J. On May 15, 2024, Defendants answered the Complaint, which denied all claims in
14 the Complaint and asserted certain defenses thereto.

15 K. Thereafter, the Parties exchanged initial disclosures, served requests for production,
16 and engaged in extensive discovery, including production of over 57,000 pages of documents by
17 Defendants.

18 L. On December 10, 2024, the parties engaged in an in-person mediation before
19 Mediator Jed Melnick from JAMS. The mediation was preceded by submission of extensive
20 mediation statements and exhibits. Although the December 10 session proved unsuccessful,
21 Mediator Melnick's efforts to help the parties resolve the matter continued and culminated with
22 him issuing a mediator's proposal to settle the litigation which was accepted by all Parties in
23 January 2025.

24 **LEAD PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

25 M. Plaintiffs represent that, before commencing discovery, through Lead Counsel, they
26 thoroughly investigated the claims, defenses, and underlying events that are the subject of the
27 Action. This process included reviewing and analyzing: (i) documents the Company filed publicly
28 with the SEC; (ii) press releases, news articles, and other public statements issued by or concerning

1 the Company and the Defendants; (iii) research reports issued by financial analysts concerning the
2 Company; (iv) other publicly available information and data concerning the Company; and (v) the
3 applicable law governing the claims and potential defenses. In addition, Plaintiffs, through Lead
4 Counsel, identified former Playstudios employees and other persons with relevant knowledge and
5 interviewed them. Lead Counsel also consulted with experts on issues of market efficiency,
6 damages, and loss causation.

7 N. Plaintiffs assert that the claims the Complaint alleges have merit and that the
8 evidence developed to date supports those claims. Plaintiffs and Lead Counsel, however,
9 recognize and acknowledge the expense and length of continued proceedings necessary to
10 prosecute the Action through trial and appeals. Plaintiffs and Lead Counsel have also accounted
11 for the uncertain outcome and the risk of any litigation, especially in complex actions such as this
12 Action, as well as the difficulties and delays inherent in such litigation. Lead Counsel also are
13 mindful of the inherent problems of proof and the possible defenses to the claims alleged in the
14 Action, as well as issues relating to alleged damages and the amount thereof. Based on their
15 evaluation, Plaintiffs and Lead Counsel believe that the Settlement set forth in this Stipulation
16 confers substantial monetary benefits upon the Settlement Class and is in the best interests of
17 Plaintiffs and the Settlement Class. This Stipulation, whether or not consummated, any
18 proceedings relating to any settlement, or any of the terms of any settlement, whether or not
19 consummated, shall in no event be construed as, or deemed to be evidence of, an admission or
20 concession on the part of the Plaintiffs of any infirmity in the claims they have brought in this
21 Action.

22 **DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

23 O. Defendants have denied and continue to deny any wrongdoing or that they have
24 committed any act or omission giving rise to any liability or violation of law, including the U.S.
25 securities laws. Among other things, Defendants deny the allegations that they made any material
26 misstatements or omissions; that they did so knowingly, recklessly or negligently, or otherwise did
27 not act in good faith or did not act reasonably; that any member of the Class has suffered damages;
28 that the price of Playstudios common stock was artificially inflated by reason of the alleged

1 misrepresentations, omissions or otherwise; or that the misconduct the Complaint alleges harmed
2 members of the Settlement Class. Defendants have denied and continue to deny each and every one
3 of the Complaint's claims and/or potential claims based on the facts the Complaint alleges and
4 maintain that they have meritorious defenses to all claims alleged in the Complaint.

5 P. This Stipulation, whether or not consummated, any proceedings relating to any
6 settlement, or any of the terms of any settlement, whether or not consummated, shall in no event be
7 construed as, or deemed to be evidence of, an admission or concession on the part of the
8 Defendants, or any of them, with respect to any fact or matter alleged in the Action, or any claim
9 of fault or liability or wrongdoing or damage whatsoever, or any infirmity in any claim or defense
10 that has been or could have been asserted.

11 Q. Nonetheless, Defendants have concluded that further conduct of this Action would
12 be protracted and expensive. Defendants have also accounted for the uncertain outcome and the
13 risk of any litigation, especially in complex actions such as this Action, as well as the difficulties
14 and delays and distraction inherent in such litigation. Defendants have, therefore, determined that
15 it is desirable and beneficial to them that the litigation be fully and finally settled in the manner and
16 upon the terms and conditions set forth in this Stipulation.

17 **TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

18 **NOW THEREFORE**, without any concession by Plaintiffs that the Action lacks merit, and
19 without any concession by Defendants of any liability or wrongdoing or lack of merit in their
20 defenses, it is hereby **STIPULATED AND AGREED**, by and among the Parties to this
21 Stipulation, through their respective attorneys, subject to approval by the Court pursuant to Rule
22 23(e) of the Federal Rules of Civil Procedure, that, in consideration of the benefits flowing to the
23 Parties hereto, the Action and all Released Claims and all Released Defendants' Claims, as against
24 all Released Parties, shall be fully, finally, and forever compromised, settled, released, discharged,
25 and dismissed with prejudice, and without costs, upon and subject to the following terms and
26 conditions:

DEFINITIONS

As used in this Stipulation, the following terms shall have the meanings set forth below. In the event of any inconsistency between any definition set forth below and any definition in any other document related to the Settlement, the definition set forth below shall control.

1. “Action” means the securities class action captioned *Felipe v. Playstudios, Inc.*, No. 2:22-cv-01159-RFB-NJK, pending in the United States District Court for the District of Nevada before the Honorable Richard F. Boulware, II.

2. “Alternative Judgment” means a form of final judgment that the Court may enter in a form other than the form of Judgment for which this Stipulation provides and where none of the Parties hereto elects to terminate this Settlement by reason of such variance.

3. “Authorized Claimant” means a Settlement Class Member who timely submits a valid Proof of Claim and Release form to the Claims Administrator that is accepted for payment by the Court.

4. “Claims Administrator” means A.B. Data, Ltd., whom Lead Counsel will retain to provide all Court-approved notices to Settlement Class Members, to process Proofs of Claim, and generally to administer the Settlement.

5. “Class Period” means the period from February 16, 2021, through May 5, 2022, both dates inclusive.

6. “Defendants” means Playstudios, Inc. (“Playstudios” or “the Company,” f/k/a Acies Acquisition Corp., or “Acies”), Andrew Pascal, Edward King, Daniel Fetters, James Murren, Zach Leonsis, Brisa Carleton, Andrew Zobler, Sam Kennedy, Christopher Grove, William J. Hornbuckle, Joe Horowitz, Jason Krikorian, and Judy K. Mencher.

7. “Defendants’ Counsel” means the law firms of Fenwick & West LLP (for the Company, Pascal, Hornbuckle, Horowitz, Krikorian, and Mencher) and Latham & Watkins LLP (for King, Fetters, Murren, Leonsis, Carleton, Zobler, Kennedy, and Grove).

8. “Distribution Order” means an order of the Court approving the Claims Administrator’s determinations concerning the acceptance and rejection of the claims submitted and approving any fees and expenses not previously paid, including the fees and expenses of the

1 Claims Administrator, and, if the Effective Date has occurred, directing payment of the Net
2 Settlement Fund to Authorized Claimants.

3 9. “Effective Date” means the date upon which the Settlement shall have become
4 effective, as set forth in ¶82 below.

5 10. “Escrow Account” means an interest-bearing escrow account established by the
6 Escrow Agent. The Escrow Account shall be managed by the Escrow Agent, subject to the Court’s
7 supervisory authority, for the benefit of Plaintiffs and the Settlement Class in accordance with the
8 terms of the Stipulation and any order of the Court.

9 11. “Escrow Agent” means The Huntington National Bank or its appointed agents. The
10 Escrow Agent shall perform the duties as set forth in this Stipulation and any order of the Court.

11 12. “Fee and Expense Application” means Lead Counsel’s application, on behalf of
12 Plaintiffs’ Counsel, for an award of attorneys’ fees and payment of litigation expenses incurred in
13 prosecuting the case, including any expenses pursuant to 15 U.S.C. § 78u-4(a)(4) of the PSLRA.

14 13. “Final,” with respect to a court order, including, but not limited to the Judgment or
15 Alternative Judgment, means the later of: (i) if there is an appeal from a court order, the date of
16 final affirmance on appeal and the expiration of the time for any further judicial review whether by
17 appeal, reconsideration, motion to alter or amend the Judgment, or a petition for a writ of certiorari
18 and, if certiorari is granted, the date of final affirmance of the order following review pursuant to
19 the grant; or (ii) the date of final dismissal of any appeal from the order or the final dismissal of
20 any proceeding on certiorari to review the order; or (iii) the expiration of the time for the filing or
21 noticing of any motion to alter or amend the Judgment, appeal, or petition for certiorari from the
22 order (or, if the date for taking an appeal or seeking review of the order shall be extended beyond
23 this time by order of the issuing court, by operation of law or otherwise, or if such extension is
24 requested, the date of expiration of any extension if any appeal or review is not sought), without
25 any such filing or noticing being made. Any appeal or proceeding seeking subsequent judicial
26 review pertaining solely to the Plan of Allocation of the Net Settlement Fund or to the Court’s
27 award of attorneys’ fees or expenses, however, shall not in any way delay or affect the time set
28 forth below for the Judgment or Alternative Judgment to become Final or otherwise preclude the

1 Judgment or Alternative Judgment from becoming Final. The finality shall not be conditioned upon
2 the resolution of: (i) claims, if any, brought by any governmental agency or regulator, including,
3 but not limited to, the SEC and the U.S. Department of Justice; or (ii) the claims asserted in any
4 other private civil action, including, but not limited to, a shareholder derivative action.

5 14. "Individual Defendants" means Andrew Pascal, Edward King, Daniel Feters, James
6 Murren, Zach Leonsis, Brisa Carleton, Andrew Zobler, Sam Kennedy, Christopher Grove, William
7 J. Hornbuckle, Joe Horowitz, Jason Krikorian, and Judy K. Mencher.

8 15. "Judgment" means the proposed judgment or Alternative Judgment and order of
9 dismissal with prejudice to be entered by the Court upon approval of the Settlement, substantially
10 in the form attached hereto as Exhibit B.

11 16. "Lead Counsel" means Pomerantz LLP.

12 17. "Lead Plaintiffs" means The Phoenix Insurance Company Ltd. and The Phoenix
13 Provident Pension Fund Ltd.

14 18. "Lead Plaintiff Award" means a payment to Lead Plaintiffs in accordance with the
15 PSLRA for reasonable costs and expenses related to the representation of the Settlement Class.

16 19. "Liaison Counsel" means Muehlbauer Law Office, Ltd.

17 20. "Net Settlement Fund" means the Settlement Fund less: (i) Court-awarded
18 attorneys' fees and expenses; (ii) Notice and Administration Expenses; (iii) Taxes; and (iv) any
19 other fees or expenses approved by the Court.

20 21. "Notice" means collectively the Notice of Pendency of Class Action, Proposed
21 Settlement, and Motion for Attorneys' Fees and Expenses ("Long Notice"); the Summary Notice
22 of Pendency of Class Action, Proposed Settlement, and Motion for Attorneys' Fees and Expenses
23 for publication ("Summary Notice"), and the Postcard Notice to be sent to Settlement Class
24 Members, which, subject to approval of the Court, shall be substantially in the form attached hereto
25 as Exhibits 1, 3, and 4, respectively to Exhibit A hereto (defined below).

26 22. "Notice and Administration Expenses" means all reasonable costs, fees, and
27 expenses incurred in connection with providing notice to the Settlement Class and the
28 administration of the Settlement, including but not limited to: (i) providing notice of the proposed

1 Settlement by mail, publication, and other means to Settlement Class Members; (ii) receiving,
2 reviewing and auditing claims; (iii) applying the Plan of Allocation; (iv) communicating with
3 Persons regarding the proposed Settlement and claims administration process; (v) distributing the
4 proceeds of the Settlement; and (vi) fees related to the Escrow Account and investment of the
5 Settlement Fund.

6 23. "Person(s)" means any individual, corporation (including all divisions and
7 subsidiaries), general or limited partnership, association, joint stock company, joint venture, limited
8 liability company, professional corporation, estate, legal representative, trust, unincorporated
9 association, government or any political subdivision or agency thereof, and any other business or
10 legal entity and his, her or its heirs, predecessors, trustees, successors, representatives, or assignees.

11 24. "Plaintiffs' Counsel" means Lead Counsel and Liaison Counsel and all other legal
12 counsel who, in coordination with Lead Counsel, performed services on behalf of the Settlement
13 Class in the Action.

14 25. "Plan of Allocation" means the proposed Plan of Allocation for the Net Settlement
15 Fund, which, subject to the approval of the Court, shall be substantially in the form described in
16 the Long Notice. Any Plan of Allocation is not part of the Stipulation and Defendants shall have
17 no responsibility or liability with respect thereto and any order or proceeding relating to the Plan
18 of Allocation shall not operate to terminate or cancel this Stipulation or affect the finality of the
19 Judgment.

20 26. "Preliminary Approval Order" means the proposed Order Granting Preliminary
21 Approval of Class Action Settlement, Approving Form and Manner of Notice, and Setting Date for
22 Hearing on Final Approval of Settlement, which, subject to the approval of the Court, shall be
23 substantially in the form attached hereto as Exhibit A.

24 27. "Proof of Claim" or "Claim Form" means the Proof of Claim and Release Form for
25 submitting a claim, which, subject to approval of the Court, shall be substantially in the form
26 attached as Exhibit 2 to Exhibit A hereto.

27 28. "Proxy/Registration Statement" means the proxy/registration statement that
28 Defendants filed with the SEC on Form S-4 on February 16, 2021, and amended on Forms S-4/A

1 on March 26, 2021, May 10, 2021, May 18, 2021, and May 20, 2021, and the body of which was
2 incorporated into the final prospectus on Form 424(b)(3) filed on May 25, 2021.

3 29. “Released Claims” means all claims, actions, causes of action, demands, losses,
4 rights, duties, obligations, debts, sums of money, suits, contracts, agreements, judgments, matters,
5 issues, promises, damages and liabilities of every nature and description, whether known claims or
6 Unknown Claims, contingent or absolute, mature or not mature, liquidated or unliquidated, accrued
7 or not accrued, concealed or hidden, regardless of legal or equitable theory, and whether direct,
8 class, or individual in nature, whether arising under federal, state, common or foreign law, that
9 Lead Plaintiffs, any other member of the Settlement Class, or any other Releasing Plaintiffs’ Party:
10 (i) asserted in the Action; (ii) could have asserted in the Action, or in the future can or might assert
11 in the Action, or in any forum, that arise out of, are based upon, or relate to any of the allegations,
12 transactions, facts, matters or occurrences, representations, statements or omissions involved, set
13 forth, or referred to in the Action, including any previous complaint in the Action; or (iii) that relate
14 to the purchase, or other acquisition of Playstudios’ publicly traded securities, including by way of
15 exchange in Playstudios’ merger with Acies, or the solicitation to approve the merger and to retain
16 rather than redeem Acies shares pursuant to the Proxy/Registration Statement. Released Claims
17 shall not include (i) any claims relating to the enforcement of the settlement; and (ii) any claims of
18 any person or entity who or which submits a request for exclusion from the Settlement Class that
19 is accepted by the Court. Released Claims include Unknown Claims (as defined below),
20 notwithstanding California Civil Code § 1542 or any other similar provision of law.

21 30. “Released Defendant Parties” means (i) each Defendant; (ii) the immediate family
22 members of the Individual Defendants; (iii) direct or indirect parent entities, direct and indirect
23 subsidiaries, related entities, and affiliates of Playstudios or Acies; (iv) any trust of which any
24 Individual Defendant is the settlor or which is for the benefit of any Individual Defendant and/or
25 his or her immediate family members; (v) for any of the persons or entities listed in parts (i) through
26 (iv), as applicable, their respective past, present, and future general partners, limited partners,
27 principals, shareholders, joint venturers, officers, directors, managers, managing directors,
28 supervisors, employees, contractors, consultants, experts, auditors, accountants, financial advisors,

1 insurers, reinsurers, indemnitors, trustees, trustors, agents, attorneys, predecessors, successors,
2 assigns, heirs, executors, administrators, estates, and any controlling person thereof; and (vi) any
3 entity in which a Defendant has a controlling interest; all in their capacities as such.

4 31. "Released Defendants' Claims" means, upon the Effective Date, Defendants'
5 release as against Released Plaintiffs' Parties (as defined below) of all claims and causes of action
6 of every nature and description, whether known claims or Unknown Claims, whether arising under
7 federal, state, common or foreign law, that arise out of or relate in any way to the institution,
8 prosecution, or settlement of the claims asserted in the Action against Defendants. Released
9 Defendants' Claims include Unknown Claims (as defined below), notwithstanding California Civil
10 Code § 1542 or any other similar provision of law. Released Defendants' Claims shall not include
11 any claims relating to the enforcement of the Settlement.

12 32. "Released Parties" means the Released Defendant Parties and the Released Plaintiff
13 Parties.

14 33. "Released Plaintiff Parties" means (i) Lead Plaintiffs, all Settlement Class Members,
15 any other plaintiffs in the Action and their counsel, Lead Plaintiffs' Counsel, Liaison Counsel or
16 referring counsel, and (ii) each of their respective immediate family members, and their respective
17 partners, general partners, limited partners, principals, shareholders, joint venturers, members,
18 officers, directors, managing directors, supervisors, employees, contractors, consultants, experts,
19 auditors, accountants, financial advisors, insurers, trustees, trustors, agents, attorneys, predecessors,
20 successors, assigns, heirs, executors, administrators, and any controlling person thereof, all in their
21 capacities as such.

22 34. "Settlement" means the resolution of the Action in accordance with the terms and
23 provisions of this Stipulation.

24 35. "Settlement Amount" means the total principal amount of six million five hundred
25 thousand U.S. dollars (\$6,500,000), in cash.

26 36. "Settlement Class" or "Settlement Class Member" means all persons and entities
27 who: (a) purchased or otherwise acquired public shares in Playstudios (including by way of
28 exchange of publicly-listed Acies shares) pursuant to or traceable to the Proxy/Registration

1 Statement; (b) were solicited to approve the merger between Playstudios and Acies and who
2 exchanged publicly-listed Acies shares for Playstudios Class A Ordinary Shares rather than
3 redeeming the same pursuant to the Proxy/Registration Statement; or (c) purchased or otherwise
4 acquired Playstudios common stock between August 11, 2021 and May 5, 2022, both dates
5 inclusive; and as to any of (a)-(c) were damaged thereby. Excluded from the Settlement Class are:
6 (a) Defendants and their immediate families; (b) current and former directors or officers of
7 Playstudios or Acies; (c) any entity that has entered into a stockholder agreement or co-venture
8 agreement with Playstudios, or was a Private Investment in Public Equities investor in Playstudios;
9 and (d) any entity controlled, majority-owned or wholly owned, or affiliated with any of the above.
10 Also excluded from the Settlement Class are any persons and entities who or which submit a request
11 for exclusion from the Settlement Class that is accepted by the Court.

12 37. "Settlement Fund" means the Settlement Amount and any interest earned thereon
13 and which may be reduced by payments or deductions as provided herein or by Court order.

14 38. "Settlement Hearing" means the hearing to be held by the Court to determine
15 whether the proposed Settlement is fair, reasonable, and adequate and should be finally approved.

16 39. "Stipulation" means this Stipulation and Agreement of Settlement.

17 40. "Taxes" means all federal, state, or local taxes, taxes, fees, levies, duties, tariffs,
18 imposts, and other charges of any kind on any income earned by the Settlement Fund and the
19 expenses and costs (including, without limitation, interest, penalties and the reasonable expenses
20 of tax attorneys and accountants) incurred in connection with the taxation of the Settlement Fund.

21 41. "Unknown Claims" means any and all Released Claims that any Plaintiff or any
22 Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of
23 the release of the released persons, which if known by him, her or it might have affected his, her or
24 its settlement with and release of the Released Parties or might have affected his, her or its decision
25 not to object to the Settlement or not to exclude himself, herself or itself from the Settlement Class.
26 With respect to any and all Released Claims, Plaintiffs and every member of the Settlement Class
27 expressly waive, and by operation of the final judgment shall be deemed to have waived, to the
28 fullest extent permitted by law, any and all provisions, rights and benefits conferred by California

1 Civil Code § 1542 (to the extent applicable), and any law of any state or territory of the United
 2 States, or principle of common law, or the law of any foreign jurisdiction, that is similar,
 3 comparable or equivalent to California Civil Code § 1542, which provides:

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

8 Plaintiffs and Settlement Class Members may hereafter discover facts in addition to or different
 9 from those which he, she or it now knows or believes to be true with respect to the subject matter
 10 of the Released Claims, but Plaintiffs shall expressly settle and release and each Settlement Class
 11 Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall
 12 have, fully, finally, and forever settled and released any and all Released Claims, known or
 13 unknown, suspected or unsuspected, contingent or non-contingent, disclosed or undisclosed,
 14 matured or unmatured, whether or not concealed or hidden, which now exist, or heretofore have
 15 existed, upon any theory of law or equity now existing or coming into existence in the future,
 16 including, but not limited to, conduct which is negligent, intentional, with or without malice, or a
 17 breach of any duty, law or rule, without regard to the subsequent discovery or existence of such
 18 different or additional facts. Plaintiffs acknowledge, and every Settlement Class Member by law
 19 and operation of the order and final judgment shall be deemed to have acknowledged, that the
 20 inclusion of “Unknown Claims” in the definition of Released Claims was separately bargained for
 21 and was a material element of the Settlement.

22 **SCOPE AND EFFECT OF SETTLEMENT**

23 42. The obligations incurred pursuant to this Stipulation are: (a) subject to approval by
 24 the Court and the Judgment, or Alternative Judgment, reflecting such approval becoming Final;
 25 and (b) in full and final disposition of the Action with respect to the Released Parties and any and
 26 all Released Claims and Released Defendants’ Claims.

27 43. For purposes of this Settlement only, the Parties agree to: (a) certification of the
 28 Action as a class action, pursuant to Fed. R. Civ. P. 23(a) and 23(b)(3), on behalf of the Settlement
 Class; (b) the appointment of Plaintiffs as Class Representatives for the Settlement Class; and (c)

1 the appointment of Lead Counsel as Class Counsel for the Settlement Class pursuant to Federal
2 Rule of Civil Procedure 23(g).

3 44. Upon the Effective Date, Plaintiffs and each and every other Settlement Class
4 Member (whether or not such Settlement Class Member receives the Notice, executes and delivers
5 a valid Proof of Claim, receives proceeds from the Settlement Fund, or objects to the Settlement),
6 and the heirs, representatives, attorneys, affiliates, executors, trustees, administrators, predecessors,
7 successors, and assigns of each of them, in their capacity as such, shall be deemed to have, and by
8 operation of the Judgment or Alternative Judgment shall have, fully, finally, and forever waived,
9 released, discharged, and dismissed each and every one of the Released Claims against each and
10 every one of the Released Parties.

11 45. Upon the Effective Date, Plaintiffs and each and every other Settlement Class
12 Member (whether or not such Settlement Class Member receives the Notice, executes and delivers
13 a valid Proof of Claim, receives proceeds from the Settlement Fund, or objects to the Settlement),
14 and the heirs, representatives, attorneys, affiliates, executors, trustees, administrators, predecessors,
15 successors, and assigns of each of them, in their capacity as such, shall forever be barred and
16 enjoined from the assertion, institution, maintenance, prosecution, or enforcement of any and all
17 Released Claims against each and every one of the Released Defendant Parties, in any state or
18 federal court or arbitral forum, or in the court of any foreign jurisdiction, administrative forum or
19 other forum of any kind, either directly or indirectly, on their own behalf or on behalf of any class
20 or other person.

21 46. Upon the Effective Date, Defendants, and the heirs, representatives, attorneys,
22 affiliates, executors, trustees, administrators, predecessors, successors, and assigns of each of them,
23 in their capacity as such, shall be deemed to have, and by operation of the Judgment or Alternative
24 Judgment shall have, fully, finally, and forever waived, released, discharged, and dismissed each
25 and every one of the Released Defendants' Claims against each and every one of the Released
26 Plaintiff Parties and shall forever be barred and enjoined from the assertion, institution,
27 maintenance, prosecution, or enforcement in any state or federal court or arbitral forum, or in the
28 court of any foreign jurisdiction, administrative forum or other forum of any kind, of any and all of

1 the Released Defendants' Claims against any and all of the Released Plaintiff Parties, except for
2 claims relating to the enforcement of the Settlement.

3 **THE SETTLEMENT CONSIDERATION**

4 47. Within ten (10) business days after the entry of the Preliminary Approval Order,
5 Lead Counsel shall provide Defendants' Counsel wiring instructions for the Settlement Amount,
6 the payee's Form W-9, and any other documents reasonably required by the Defendants to process
7 the payment of the Settlement Amount.

8 48. In full settlement of the claims asserted in the Action against Defendants and in
9 consideration of the releases specified above in ¶¶29-33, 44-46, all of which the Parties agree are
10 good and valuable consideration, Defendants shall pay or cause to be paid the Settlement Amount
11 within twenty (20) business days after the later of the entry of the Preliminary Approval Order or
12 Lead Plaintiffs providing a Form W-9 and payment instructions. Payment may be made at
13 Defendants' election either by: (a) wiring the funds to the Escrow Account on or before the date
14 due; or (b) delivering a check by the date due payable to the payee designated in the Form W-9 to
15 Lead Counsel, c/o Omar Jafri, 10 South LaSalle Street, Suite 3505, Chicago, Illinois 60603.

16 49. With the sole exception of Defendants' obligation to pay or cause the payment of
17 the Settlement Amount as provided for in ¶48, Released Defendant Parties shall have no
18 responsibility for, interest in, involvement in or liability whatsoever with respect to: (i) any act,
19 omission, or determination by Lead Counsel, the Escrow Agent, or the Claims Administrator, or
20 any of their respective designees or agents, in connection with the administration of the Settlement
21 or otherwise; (ii) the management, investment, or distribution of the Settlement Fund; (iii) the Plan
22 of Allocation; (iv) the determination, administration, calculation, or payment of any claims asserted
23 against the Settlement Fund; (v) any loss suffered by, or fluctuation in value of, the Settlement
24 Fund; or (vi) the payment or withholding of any Taxes, expenses, and/or costs incurred in
25 connection with the taxation of the Settlement Fund, distributions or other payments from the
26 Escrow Account, or the filing of any federal, state, or local returns.

27 50. Other than the obligation of Defendants to pay or cause the payment of the
28 Settlement Amount pursuant to ¶48, Released Defendant Parties shall have no obligation to make

any other payments into the Escrow Account, to Plaintiffs, or to any other Settlement Class Member pursuant to this Stipulation. No Person shall have any claim of any kind against the Released Defendant Parties with respect to the matters set forth in ¶¶49-50; and the Settlement Class Members, Lead Plaintiff, and Lead Counsel release the Released Defendant Parties from any and all liability and claims arising from or with respect to the administration, investment or distribution of the Settlement Fund.

51. This Settlement is not a “claims made settlement.” Upon the Effective Date, Defendants and their insurers have no right of reversion to the Settlement Amount.

USE AND TAX TREATMENT OF SETTLEMENT FUND

52. The Settlement Fund shall be used: (i) to pay any Taxes; (ii) to pay Notice and Administration Expenses; (iii) to pay any attorneys’ fees and expenses awarded by the Court; (iv) to pay any costs and expenses allowed by the PSLRA and awarded to Plaintiffs by the Court; (v) to pay any other fees and expenses awarded by the Court; and (vi) to pay the claims of Authorized Claimants.

53. The Net Settlement Fund shall be distributed to Authorized Claimants as provided in ¶8 hereof. The Net Settlement Fund shall remain in the Escrow Account prior to the Effective Date. All funds held in the Escrow Account, and all earnings thereon, shall be deemed to be in the custody of the Court and shall remain subject to the jurisdiction of the Court until such time as the funds shall have been disbursed or returned, pursuant to the terms of this Stipulation, and/or further order of the Court. The Escrow Agent shall invest funds in the Escrow Account in instruments backed by the full faith and credit of the United States Government (or a mutual fund invested solely in such instruments), or deposit some or all of the funds in non-interest-bearing transaction account(s) that are fully insured by the Federal Deposit Insurance Corporation (“FDIC”) in amounts that are up to the limit of FDIC insurance. Released Defendant Parties shall have no responsibility for, interest in, or liability whatsoever with respect to investment decisions executed by the Escrow Agent. All risks related to the investment of the Settlement Fund shall be borne solely by the Settlement Fund.

54. After the Settlement Amount has been paid into the Escrow Account, the Parties

1 agree to treat the Settlement Fund as a “qualified settlement fund” within the meaning of Treas.
2 Reg. § 1.468B-1. In addition, the Claims Administrator shall timely make, or cause to be made,
3 such elections as necessary or advisable to carry out the provisions of this paragraph 54, including
4 the “relation-back election” (as defined in Treas. Reg. § 1.468B-1) back to the earliest permitted
5 date. Such election shall be made in compliance with the procedures and requirements contained
6 in such regulations. It shall be the responsibility of the Claims Administrator to timely and properly
7 prepare and deliver, or cause to be prepared and delivered, the necessary documentation for
8 signature by all necessary parties, and thereafter take all such actions as may be necessary or
9 appropriate to cause the appropriate filing(s) to occur. Consistent with the foregoing:

10 a. For the purposes of Section 468B of the Internal Revenue Code of 1986, as
11 amended, and Treas. Reg. § 1.468B promulgated thereunder, the “administrator” shall be
12 the Claims Administrator or its successors, who shall timely and properly file, or cause to
13 be filed, all federal, state, or local tax returns and information returns (together, “Tax
14 Returns”) necessary or advisable with respect to the earnings on the funds deposited in the
15 Escrow Account (including without limitation the returns described in Treas. Reg. §
16 1.468B-2(k)). Such Tax Returns (as well as the election described above) shall be consistent
17 with this subparagraph and in all events shall reflect that all Taxes (including any estimated
18 taxes, earnings, or penalties) on the income earned on the funds deposited in the Escrow
19 Account shall be paid out of such funds as provided in subparagraphs (b) and (c) of this
20 paragraph 54.

21 b. All Taxes shall be paid out of the Settlement Fund. In all events, Released
22 Defendant Parties shall have no liability or responsibility whatsoever for the Taxes, any
23 associated costs or expenses, or the filing of any tax return or other document with the
24 Internal Revenue Service or any other state or local taxing authority. In the event any Taxes
25 are owed by any of the Defendants on any earnings on the funds on deposit in the Escrow
26 Account, such amounts shall also be paid out of the Settlement Fund. Any Taxes or Tax
27 expenses owed on any earnings on the Settlement Amount prior to its transfer to the Escrow
28 Account shall be the sole responsibility of the entities that make the deposit.

1 c. Taxes shall be treated as, and considered to be, a cost of administration of
2 the Settlement and shall be timely paid, or caused to be paid, by the Claims Administrator
3 out of the Settlement Fund without prior order from the Court or approval by Defendants,
4 and the Claims Administrator shall be obligated (notwithstanding anything herein to the
5 contrary) to withhold from distribution to Authorized Claimants any funds necessary to pay
6 such amounts (as well as any amounts that may be required to be withheld under Treas.
7 Reg. § 1.468B-2(l)(2)). The Parties agree to cooperate with the Claims Administrator, each
8 other, and their tax attorneys and accountants to the extent reasonably necessary to carry
9 out the provisions of this paragraph.

10 55. This is not a claims-made settlement. As of the Effective Date, Defendants, and/or
11 any other person they cause to fund the Settlement on their behalf, shall not have any right
12 whatsoever to the return of the Settlement Fund or any portion thereof for any reason.

13 **ATTORNEYS' FEES AND EXPENSES**

14 56. Lead Counsel, on behalf of Plaintiffs' Counsel, will apply to the Court for an award
15 from the Settlement Fund of attorneys' fees and payment of litigation expenses incurred in
16 prosecuting the Action, including any earnings on such amounts at the same rate and for the same
17 periods as earned by the Settlement Fund. Defendants agree not to object to the Fee and Expense
18 Application.

19 57. Lead Plaintiffs will apply to the court for Lead Plaintiff Awards of up to \$10,000
20 each. If awarded, Lead Plaintiff Awards shall be payable from the Settlement Fund upon the
21 Effective Date.

22 58. The amount of attorneys' fees and expenses awarded by the Court is within the sole
23 discretion of the Court. Any attorneys' fees and expenses awarded by the Court shall be paid from
24 the Settlement Fund to Lead Counsel immediately after entry of the order awarding such attorneys'
25 fees and expenses, notwithstanding the existence of any timely filed objections thereto or to the
26 Settlement, or potential for appeal therefrom, or collateral attack on the Fee and Expense
27 Application, the Settlement, or any part thereof. Lead Counsel shall allocate any Court-awarded
28 attorneys' fees and expenses among Plaintiffs' Counsel.

1 59. In the event that the Effective Date does not occur, or the Judgment or the order
2 making the attorneys' fees and expenses award is reversed or modified, or the Stipulation is
3 canceled or terminated for any other reason, and such reversal, modification, cancellation, or
4 termination becomes final and not subject to review, and in the event that the attorneys' fees and
5 expenses award has been paid to any extent, then (a) Lead Counsel with respect to the entire
6 attorneys' fees and expenses award, and (b) such of Plaintiffs' Counsel who have received any
7 portion of the attorneys' fees and expenses award shall within ten (10) business days from receiving
8 notice from the Defendants' Counsel or from a court of appropriate jurisdiction, refund to the
9 Settlement Fund such fees and expenses previously paid to them from the Settlement Fund, plus
10 interest thereon at the same rate as earned on the Settlement Fund, in an amount consistent with
11 such reversal or modification. Each such Plaintiffs' Counsel receiving fees and expenses, as a
12 condition of receiving such fees and expenses, on behalf of itself and each partner and/or
13 shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the
14 jurisdiction of the Court for the purpose of enforcing the provisions of this paragraph.

15 60. With the sole exception of Defendants' obligation to pay the Settlement Amount as
16 provided for in ¶48, the Released Defendant Parties shall have no responsibility for, and no liability
17 whatsoever with respect to, any payment whatsoever to Plaintiffs' Counsel in the Action that may
18 occur at any time.

19 61. The Released Defendant Parties shall have no responsibility for, and no liability
20 whatsoever with respect to, any allocation of any attorneys' fees or expenses among Plaintiffs'
21 Counsel in the Action, or to any other Person who may assert some claim thereto, or any fee or
22 expense awards the Court may make in the Action.

23 62. The Released Defendant Parties shall have no responsibility for, and no liability
24 whatsoever with respect to, any attorneys' fees, costs, or expenses incurred by or on behalf of
25 Settlement Class Members, whether or not paid from the Escrow Account. The Settlement Fund
26 will be the sole source of payment from Defendants for any attorneys' fees and expenses awarded
27 by the Court.

28 63. The procedure for and the allowance or disallowance by the Court of any Fee and

1 Expense Application are not part of the Settlement set forth in this Stipulation, and are separate
2 from the Court's consideration of the fairness, reasonableness, and adequacy of the Settlement set
3 forth in the Stipulation, and any order or proceeding relating to any Fee and Expense Application,
4 including an award of attorneys' fees or expenses in an amount less than the amount requested by
5 Lead Counsel, or any appeal from any order relating thereto or reversal or modification thereof,
6 shall not operate to terminate or cancel the Stipulation, or affect or delay the finality of the Judgment
7 or Alternative Judgment approving the Stipulation and the Settlement set forth herein, including,
8 but not limited to, the release, discharge, and relinquishment of the Released Claims against the
9 Released Defendant Parties, or any other orders entered pursuant to the Stipulation.

10 **ADMINISTRATION EXPENSES**

11 64. Except as otherwise provided herein, the Net Settlement Fund shall be held in the
12 Escrow Account until the Effective Date.

13 65. Prior to the Effective Date, without further approval from Defendants or further
14 order of the Court, Lead Counsel may authorize payment of up to two hundred thousand U.S.
15 dollars (\$200,000) from the Settlement Fund to the Claims Administrator to pay Notice and
16 Administration Expenses actually incurred. Any monies from the Notice and Administration
17 Expenses that remain after administration shall be returned to the Net Settlement Fund. Notice and
18 Administration Expenses in excess of \$200,000 shall not be paid out of the Settlement Fund until
19 after the Effective Date. Taxes and fees related to the Escrow Account and investment of the
20 Settlement Fund may be paid as incurred, without further approval of Defendants or further order
21 of the Court. After the Effective Date, without approval of Defendants or further order of the Court,
22 Notice and Administration Expenses may be paid as incurred.

23 **DISTRIBUTION TO AUTHORIZED CLAIMANTS**

24 66. Lead Counsel will apply to the Court for a Distribution Order, on notice to
25 Defendants' Counsel, approving the Claims Administrator's determinations concerning the
26 acceptance and rejection of the claims submitted herein, and, if the Effective Date has occurred,
27 directing the payment of the Net Settlement Fund to Authorized Claimants.

28 67. The Claims Administrator shall administer the Settlement under Lead Counsel's

1 supervision in accordance with the terms of this Stipulation and subject to the jurisdiction of the
2 Court. The Released Defendant Parties shall have no responsibility for (except as stated in ¶48
3 hereof), interest in, involvement in, or liability whatsoever with respect to the administration of the
4 Settlement or the actions or decisions of the Claims Administrator and shall have no liability to the
5 Settlement Class in connection with such administration.

6 68. The Claims Administrator shall determine each Authorized Claimant's *pro rata*
7 share of the Net Settlement Fund based upon each Authorized Claimant's Recognized Loss, as
8 defined in the Plan of Allocation included in the Long Notice, or in such other plan of allocation as
9 the Court may approve.

10 69. Defendants have no role in the development of, and will take no position with
11 respect to, the Plan of Allocation. The Plan of Allocation is a matter separate and apart from the
12 proposed Settlement, and any decision by the Court concerning the Plan of Allocation shall not
13 affect the validity or finality of the proposed Settlement. The Plan of Allocation is not a necessary
14 term of this Stipulation, and it is not a condition of this Stipulation that any particular plan of
15 allocation be approved by the Court. The Released Defendant Parties shall have no responsibility
16 or liability for reviewing or challenging claims, the allocation of the Net Settlement Fund, or the
17 distribution of the Net Settlement Fund.

18 70. If there is any balance remaining in the Net Settlement Fund (whether by reason of
19 tax refunds, uncashed checks or otherwise) after at least six (6) months from the date of initial
20 distribution of the Net Settlement Fund, Lead Counsel shall, if feasible and economical, redistribute
21 such balance, after paying any amounts outstanding due to the Claims Administrator including the
22 costs of re-distribution plus Taxes and expenses associated with the re-distribution, among
23 Authorized Claimants who have cashed their checks and who would receive at least \$20.00 from
24 such redistribution. Any balance that still remains in the Net Settlement Fund after re-
25 distribution(s), which is not feasible or economical to reallocate, after payment of Notice and
26 Administration Expenses, Taxes, and attorneys' fees and expenses, shall be contributed to non-
27 sectarian, not-for-profit charitable organization(s) serving the public interest, designated by
28 Plaintiffs, and approved by the Court.

ADMINISTRATION OF THE SETTLEMENT

71. Any Settlement Class Member who fails timely to submit a valid Proof of Claim (substantially in the form of Exhibit A-2) will not be entitled to receive any of the proceeds from the Net Settlement Fund, except as otherwise ordered by the Court, but will otherwise be bound by all of the terms of this Stipulation and the Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action and all releases provided for herein, and shall forever be barred and enjoined from the assertion, institution, maintenance, prosecution, or enforcement of any and all Released Claims against each and every one of the Released Defendant Parties.

72. It shall be Lead Counsel's sole responsibility to disseminate the Notice to the Settlement Class in accordance with this Stipulation and as ordered by the Court. Lead Counsel shall be responsible for supervising the administration of the Settlement and disbursement of the Net Settlement Fund by the Claims Administrator. Lead Counsel shall have the right, but not the obligation, to advise the Claims Administrator to waive what Lead Counsel deems to be *de minimis* or formal or technical defects in any Proof of Claim submitted. The Released Defendant Parties shall have no liability, obligation, involvement in or responsibility for the notice process, the administration of the Settlement, the allocation of the Net Settlement Fund, or the reviewing or challenging of claims of Settlement Class Members. Lead Counsel shall be solely responsible for designating the Claims Administrator, subject to approval by the Court.

73. For purposes of determining the extent, if any, to which a Settlement Class Member shall be entitled to be treated as an Authorized Claimant, the following conditions shall apply:

a. Each Settlement Class Member shall be required to submit a Proof of Claim, substantially in the form attached hereto as Exhibit A-2, supported by such documents as are designated therein, including proof of the claimant's loss, or such other documents or proof as the Claims Administrator or Lead Counsel, in their discretion, may deem acceptable;

b. All Proofs of Claim must be submitted by the date set by the Court in the Preliminary Approval Order and specified in the Notice, unless Lead Counsel extends the

1 deadline, subject to the Court ultimately approving the distribution to Settlement Class
2 Members, or by Order of the Court. Any Settlement Class Member who fails to submit a
3 Proof of Claim by such date shall be barred from receiving any distribution from the Net
4 Settlement Fund or payment pursuant to this Stipulation (unless, by Order of the Court or
5 the discretion of Lead Counsel, late-filed Proofs of Claim are accepted), but shall in all other
6 respects be bound by all of the terms of this Stipulation and the Settlement, including the
7 terms of the Judgment or Alternative Judgment and all releases provided for herein, and
8 shall forever be barred and enjoined from the assertion, institution, maintenance,
9 prosecution, or enforcement of any and all Released Claims against each and every one of
10 the Released Defendant Parties. Provided that it is received before the motion for the
11 Distribution Order is filed, a Proof of Claim shall be deemed to be submitted when mailed,
12 if received with a postmark on the envelope and if mailed by first-class or overnight U.S.
13 Mail and addressed in accordance with the instructions thereon. If submitted electronically
14 as designated in the Notices, the Proof of Claim shall be deemed to have been submitted
15 when actually received by the Claims Administrator;

16 c. Each Proof of Claim shall be submitted to and reviewed by the Claims
17 Administrator, under the supervision of Lead Counsel, who shall determine in accordance
18 with this Stipulation the extent, if any, to which each claim shall be allowed, subject to
19 review by the Court;

20 d. Proofs of Claim that do not meet the submission requirements may be
21 rejected. Prior to rejecting a Proof of Claim in whole or in part, the Claims Administrator
22 shall communicate with the claimant in writing to give the claimant notice of the deficiency
23 and the chance to remedy any curable deficiencies in the Proof of Claim submitted. The
24 Claims Administrator, under supervision of Lead Counsel, shall notify, in a timely fashion
25 and in writing, all claimants whose claims the Claims Administrator proposes to reject in
26 whole or in part for curable deficiencies, setting forth the reasons therefor, and shall indicate
27 in such notice that the claimant whose claim is to be rejected has the right to a review by
28 the Court if the claimant so desires and complies with the requirements of subparagraph (e)

1 below;

2 e. If any claimant whose timely claim has been rejected in whole or in part for
3 curable deficiency desires to contest such rejection, the claimant must, within twenty (20)
4 calendar days after the date of mailing of the notice required in subparagraph (d) above, or
5 a lesser period of time if the claim was untimely, serve upon the Claims Administrator a
6 notice and statement of reasons indicating the claimant's grounds for contesting the
7 rejection along with any supporting documentation, and requesting a review thereof by the
8 Court. If a dispute concerning a claim cannot be otherwise resolved, Lead Counsel shall
9 thereafter present the request for review to the Court; and

10 f. The determinations of the Claims Administrator accepting or rejecting
11 disputed claims shall be presented to the Court, on notice to Defendants' Counsel, for
12 approval by the Court in the Distribution Order.

13 74. Each claimant who submits a Proof of Claim shall be deemed to have submitted to
14 the jurisdiction of the Court with respect to the claimant's claim, including but not limited to, all
15 releases provided for herein and in the Judgment or Alternative Judgment, and the claim will be
16 subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that
17 such investigation and discovery shall be limited to the claimant's status as a Settlement Class
18 Member and the validity and amount of the claimant's claim. In connection with processing the
19 Proofs of Claim, no discovery shall be allowed on the merits of the Action or the Settlement.

20 75. Payment pursuant to the Distribution Order shall be deemed final and conclusive
21 against any and all Settlement Class Members. All Settlement Class Members whose claims are
22 not approved by the Court shall be barred from participating in distributions from the Net
23 Settlement Fund, but otherwise shall be bound by all of the terms of this Stipulation and the
24 Settlement, including the terms of the Judgment or Alternative Judgment to be entered in the Action
25 and the releases provided for herein and therein, and shall forever be barred and enjoined from the
26 assertion, institution, maintenance, prosecution, or enforcement of any and all Released Claims
27 against each and every one of the Released Defendant Parties.

28 76. All proceedings with respect to the administration, processing and determination of

1 claims described by this Stipulation and the determination of all controversies relating thereto,
 2 including disputed questions of law and fact with respect to the validity of claims, shall be subject
 3 to the jurisdiction of the Court, but shall not in any event delay or affect the finality of the Judgment
 4 or Alternative Judgment.

5 77. No Person shall have any claim of any kind against the Released Defendant Parties
 6 with respect to the matters set forth in this section or any of its subsections, or otherwise related in
 7 any way to the administration of the Settlement, including without limitation the processing of
 8 claims and distributions.

9 78. No Person shall have any claim whatsoever against Plaintiffs, Lead Counsel, or the
 10 Claims Administrator, or other agent designated by Lead Counsel, based on determinations of
 11 eligibility for a payment pursuant to the Plan of Allocation, determinations surrounding payment
 12 and non-payment to claimants, and/or distributions made substantially in accordance with this
 13 Stipulation and the Settlement contained herein, the Plan of Allocation, or further order(s) of the
 14 Court.

15 **TERMS OF THE PRELIMINARY APPROVAL ORDER**

16 79. Concurrently with their application for preliminary approval by the Court of the
 17 Settlement contemplated by this Stipulation and promptly upon execution of this Stipulation, Lead
 18 Counsel shall apply to the Court for entry of the Preliminary Approval Order, which shall be
 19 substantially in the form annexed hereto as Exhibit A, as soon as practical. The Preliminary
 20 Approval Order will, *inter alia*, preliminarily approve the Settlement, set the date for the Settlement
 21 Hearing, approve the form of notice, and prescribe the method for giving notice of the Settlement
 22 to the Settlement Class.

23 80. Playstudios shall provide, or cause to be provided, to Lead Counsel or the Claims
 24 Administrator, at no cost to Plaintiffs or the Settlement Class, within ten (10) business days of entry
 25 of the Preliminary Approval Order, lists of shareholders of record during the Class Period, in
 26 electronic format, such as Excel, to the extent such lists are reasonably available from Playstudios'
 27 stock transfer agent. Plaintiffs' Counsel and the Claims Administrator shall use such transfer
 28 records solely to effectuate this Settlement and shall in all events keep the transfer records

1 confidential and shall not distribute the transfer records to anyone besides Plaintiffs' Counsel and
2 the Claims Administrator.

3 **TERMS OF THE FINAL ORDER AND JUDGMENT**

4 81. If the Court approves the Settlement this Stipulation memorializes, Lead Counsel
5 and Defendants' Counsel shall jointly request that the Court enter a Judgment substantially in the
6 form annexed hereto as Exhibit B.

7 **EFFECTIVE DATE OF THE SETTLEMENT**

8 82. The Effective Date of this Settlement shall be the first business day on which all of
9 the following shall have occurred or been waived:

- 10 a. entry of the Preliminary Approval Order, which shall be in all material
11 respects substantially in the form set forth in Exhibit A annexed hereto;
- 12 b. payment of the Settlement Amount as provided for in this Stipulation;
- 13 c. no Party has exercised its right to terminate the Settlement;
- 14 d. approval by the Court of the Settlement, following notice to the Settlement
15 Class and the Settlement Hearing, as prescribed by Rule 23 of the Federal Rules of Civil
16 Procedure; and
- 17 e. the Court enters a Judgment, substantially in the form set forth in Exhibit B
18 annexed hereto, that becomes Final; or, if the Court enters an Alternative Judgment, the
19 Alternative Judgment becomes Final.

20 **WAIVER OR TERMINATION**

21 83. Defendants and Plaintiffs shall have the right to terminate the Settlement and this
22 Stipulation by providing written notice of their election to do so ("Termination Notice"), through
23 counsel, to all other Parties hereto within twenty (20) calendar days of: (a) a Court order declining
24 to (i) certify the Settlement Class; (ii) enter a preliminary approval order in any material respect;
25 (iii) grant final approval to the Settlement in any material respect; (b) the Effective Date of the
26 Settlement not otherwise occurring for any reason except for Defendants' failure to pay the
27 Settlement Amount; or (c) any material term of the Settlement not being satisfied. No order of the
28 Court or modification or reversal on appeal of any order of the Court concerning the Plan of

1 Allocation or the amount of any attorneys' fees, costs, expenses, and interest awarded by the Court
2 to any of Plaintiffs' Counsel or expenses to the Lead Plaintiff shall operate to terminate or cancel
3 this Stipulation or constitute grounds for cancellation or termination of the Stipulation.

4 84. In addition to the foregoing, Playstudios shall also have the option to terminate the
5 Settlement and render this Stipulation null and void as to all Parties if the aggregate number of
6 allegedly damaged publicly traded Playstudios securities purchased or acquired during the Class
7 Period by Persons who would otherwise be entitled to participate as members of the Settlement
8 Class, but who timely and validly request exclusion from the Settlement Class, exceeds the amount
9 ("Termination Threshold") specified in a separate confidential Supplemental Agreement Regarding
10 Requests for Exclusion between Lead Counsel and Defendants' Counsel ("Supplemental
11 Agreement"). The Parties agree to maintain the confidentiality of the Supplemental Agreement,
12 which shall not be filed with the Court unless ordered by the Court, nor shall the Supplemental
13 Agreement otherwise be disclosed unless ordered by the Court. If a dispute arises as to its terms,
14 the Parties shall submit such disputes to Jed Melnick of JAMS for resolution first by mediation,
15 and if unsuccessful, only then submit the dispute to the Court under seal. If submission of the
16 Supplemental Agreement is required by Court order, the Parties will undertake to have the
17 Termination Threshold submitted to the Court *in camera* or under seal. In the event of a termination
18 of this Settlement pursuant to the Supplemental Agreement, this Stipulation shall become null and
19 void and of no further force and effect, except the provisions of ¶¶87-88 which shall continue to
20 apply.

21 85. The Preliminary Approval Order, attached hereto as Exhibit A, shall provide that
22 requests for exclusion shall be received no later than twenty-eight (28) calendar days prior to the
23 Settlement Hearing. Upon receiving any request for exclusion pursuant to the Notice, Lead Counsel
24 shall promptly, and certainly no later than five (5) calendar days after receiving a request for
25 exclusion or twenty-one (21) calendar days prior to the Settlement Hearing, whichever is earlier,
26 notify Defendants' Counsel of such request for exclusion and provide copies of such request for
27 exclusion and any documentation accompanying it by email.

28 86. In addition to all of the rights and remedies that Plaintiffs have under the terms of

1 this Stipulation, Plaintiffs shall also have the right to terminate the Settlement in the event that the
2 Settlement Amount has not been paid in the time period provided for in ¶48, by providing written
3 notice of the election to terminate to all other Parties and, thereafter, if there is a failure to pay the
4 Settlement Amount within fourteen (14) calendar days of such written notice. But failure by Lead
5 Counsel to timely furnish adequate payment instructions to Defendants pursuant to ¶47 shall not
6 be a basis for termination under this section and any delay in providing such instructions shall
7 extend the period in which the Settlement Amount will be paid under ¶48 by an equivalent number
8 of days.

9 87. If, before the Settlement becomes Final, any Defendant files for protection under
10 the Bankruptcy Code or any similar law or a trustee, receiver, conservator, or other fiduciary is
11 appointed under Bankruptcy, or any similar law, and in the event of the entry of a final order of a
12 court of competent jurisdiction determining the transfer of money or any portion thereof to the
13 Settlement Fund by or on behalf of such Defendant to be a preference, voidable transfer, fraudulent
14 transfer or similar transaction and any portion thereof is required to be returned, and such amount
15 is not promptly deposited into the Settlement Fund by others, then, at the election of Plaintiffs, the
16 Parties shall jointly move the Court to vacate and set aside the release given and the Judgment or
17 Alternative Judgment entered in favor of that Defendant and that Defendant and Plaintiffs and the
18 members of the Settlement Class shall be restored to their litigation positions immediately prior to
19 January 20, 2025. All releases and the Judgment or Alternative Judgment as to other Defendants
20 shall remain unaffected.

21 88. Playstudios warrants, as to itself and the payments made on behalf of it and its
22 current and former officers, that, at the time of such payment, it will not be insolvent, nor will
23 payment render it insolvent, within the meaning of and/or for the purposes of the United States
24 Bankruptcy Code, including Sections 101 and 547 thereof. This representation is made by
25 Playstudios and not by its counsel.

26 89. If an option to terminate this Stipulation and Settlement arises under any of ¶¶83-
27 84, 86 above: (i) neither Defendants nor Plaintiffs (as the case may be) will be required for any
28 reason or under any circumstance to exercise that option; and (ii) any exercise of that option shall

1 be made in good faith, but in the sole and unfettered discretion of Defendants or Plaintiffs, as
2 applicable.

3 90. With the exception of the provisions of ¶¶87-88 which shall continue to apply, in
4 the event the Settlement is terminated as set forth herein or cannot become effective for any reason,
5 then the Settlement shall be without prejudice, and none of its terms shall be effective or enforceable
6 except as specifically provided herein; the Parties shall be deemed to have reverted to their
7 respective litigation positions in the Action immediately prior to January 20, 2025; and, except as
8 specifically provided herein, the Parties shall proceed in all respects as if this Stipulation and any
9 related order had not been entered. In such event, this Stipulation, and any aspect of the discussions
10 or negotiations leading to this Stipulation shall not be admissible in this Action and shall not be
11 used against or to the prejudice of Defendants or against or to the prejudice of Plaintiffs, in any
12 court filing, deposition, at trial, or otherwise.

13 91. In the event the Settlement is terminated or fails to become effective for any reason,
14 any portion of the Settlement Amount previously paid, together with any earnings thereon, less any
15 Taxes paid or due, less Notice and Administration Expenses actually incurred and paid or payable
16 from the Settlement Amount, shall be returned to the Person(s) that made the deposit(s) within ten
17 (10) business days after written notification of such event in accordance with instructions provided
18 by Defendants' Counsel or Lead Counsel to the Escrow Agent. At the request of Defendants'
19 Counsel, the Claims Administrator or its designees shall apply for any tax refund owed on the
20 amounts in the Escrow Account and pay the proceeds, after any deduction of any fees or expenses
21 incurred in connection with such application(s), of such refund to the Person(s) that made the
22 deposits or as otherwise directed.

23 **NO ADMISSIONS**

24 92. Except as set forth in ¶84 above, this Stipulation, whether or not consummated, and
25 whether or not approved by the Court, and any discussion, negotiation, proceeding, or agreement
26 relating to the Stipulation, the Settlement, and any matter arising in connection with settlement
27 discussions or negotiations, proceedings, or agreements, shall not be offered or received against or
28 to the prejudice of the Parties or their respective counsel, for any purpose other than in an action to

1 enforce the terms hereof, and in particular:

2 a. do not constitute, and shall not be offered or received against or to the
3 prejudice of Defendants as evidence of, or construed as, or deemed to be evidence of any
4 presumption, concession, or admission by Defendants with respect to the truth of any
5 allegation by Plaintiffs and the Settlement Class, or the validity of any claim that has been
6 or could have been asserted in the Action or in any litigation, including but not limited to
7 the Released Claims, or of any liability, damages, negligence, fault or wrongdoing of
8 Defendants or any person or entity whatsoever;

9 b. do not constitute, and shall not be offered or received against or to the
10 prejudice of Defendants as evidence of a presumption, concession, or admission of any
11 fault, misrepresentation, or omission with respect to any statement or written document
12 approved or made by Defendants, or against or to the prejudice of Plaintiffs, or any other
13 member of the Settlement Class as evidence of any infirmity in the claims of Plaintiffs, or
14 the other members of the Settlement Class;

15 c. do not constitute, and shall not be offered or received against or to the
16 prejudice of Defendants, Plaintiffs, any other member of the Settlement Class, or their
17 respective counsel, as evidence of a presumption, concession, or admission with respect to
18 any liability, damages, negligence, fault, infirmity, or wrongdoing, or in any way referred
19 to for any other reason against or to the prejudice of any of the Defendants, Plaintiffs, other
20 members of the Settlement Class, or their respective counsel, in any other civil, criminal, or
21 administrative action or proceeding, other than such proceedings as may be necessary to
22 effectuate the provisions of this Stipulation;

23 d. do not constitute, and shall not be construed against Defendants, Plaintiffs,
24 or any other member of the Settlement Class, as an admission or concession that the
25 consideration to be given hereunder represents the amount that could be or would have been
26 recovered after trial; and

27 e. do not constitute and shall not be construed as or received in evidence as an
28 admission, concession, or presumption against Plaintiffs, or any other member of the

1 Settlement Class, that any of their claims are without merit or infirm or that damages
2 recoverable under the Complaint would not have exceeded the Settlement Amount.

3 93. Notwithstanding ¶84 above, the Parties, and their respective counsel, may file this
4 Stipulation and/or the Judgment or Alternative Judgment in any action that may be brought against
5 them to support a defense or counterclaim based on principles of res judicata, collateral estoppel,
6 release, statute of limitations, statute of repose, good-faith settlement, judgment bar or reduction,
7 or any theory of claim preclusion or issue preclusion or similar defense or counterclaim, or to
8 effectuate any liability protection granted them under any applicable insurance policy. The Parties
9 may file this Stipulation and/or the Judgment or Alternative Judgment in any action that may be
10 brought to enforce the terms of this Stipulation and/or the Judgment or Alternative Judgment. All
11 Parties submit to the jurisdiction of the Court for purposes of implementing and enforcing the
12 Settlement.

13 **MISCELLANEOUS PROVISIONS**

14 94. The exhibits to the Stipulation (except any plan of allocation to the extent
15 incorporated in those exhibits) and the Supplemental Agreement are material and integral parts
16 hereof and are fully incorporated herein by this reference.

17 95. The Parties intend the Settlement to be the full, final, and complete resolution of all
18 claims asserted or that could have been asserted by the Parties with respect to the Released Claims
19 and Released Defendants' Claims. Accordingly, the Parties agree not to assert in any forum that
20 the Action was brought, prosecuted, or defended in bad faith or without a reasonable basis. The
21 Parties and their respective counsel agree that each has complied fully with Rule 11 of the Federal
22 Rules of Civil Procedure in connection with the maintenance, prosecution, defense, and settlement
23 of the Action and shall not make any application for sanctions, pursuant to Rule 11 or other court
24 rule or statute, with respect to any claim or defense in this Action. The Parties agree that the amount
25 paid and the other terms of the Settlement were negotiated at arm's-length and in good faith by the
26 Parties and their respective counsel and reflect a settlement that was reached voluntarily based upon
27 adequate information and after consultation with experienced legal counsel.

28 96. This Stipulation, along with its exhibits and the Supplemental Agreement may not

1 be modified or amended, nor may any of its provisions be waived, except by a writing signed by
2 counsel for the Parties hereto, or their successors, that are materially and adversely affected by the
3 modification, amendment, or waiver.

4 97. The headings herein are used for the purpose of convenience only and are not meant
5 to have legal effect.

6 98. The administration and consummation of the Settlement as embodied in this
7 Stipulation shall be under the authority of the Court, and the Court shall retain jurisdiction for the
8 purpose of entering orders providing for awards of attorneys' fees and any expenses and
9 implementing and enforcing the terms of this Stipulation.

10 99. The waiver by one Party of any breach of this Stipulation by any other Party shall
11 not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

12 100. This Stipulation, its exhibits, and the Supplemental Agreement constitute the entire
13 agreement among the Parties concerning the Settlement as against the Defendants, and no
14 representation, warranty, or inducement has been made by any Party concerning this Stipulation
15 and its exhibits other than those contained and memorialized in such documents.

16 101. Nothing in the Stipulation, or the negotiations relating thereto, is intended to or shall
17 be deemed to constitute a waiver of any applicable privilege or immunity, including, without
18 limitation, attorney-client privilege, joint defense privilege, or work product protection.

19 102. Without further order of the Court, the Parties may agree to reasonable extensions
20 of time to carry out any of the provisions of this Stipulation.

21 103. Pending final approval by the Court of the Stipulation and its attached exhibits, all
22 proceedings in the Action shall remain stayed and all Settlement Class Members shall be barred
23 and enjoined from prosecuting any of the Released Claims against any of the Released Defendant
24 Parties.

25 104. All designations and agreements made, or orders entered during the course of the
26 Action relating to the confidentiality of documents or information shall survive this Stipulation.

27 105. This Stipulation may be executed in one or more counterparts. All executed
28 counterparts and each of them shall be deemed to be one and the same instrument. Signatures sent

1 by facsimile or via e-mail in pdf format shall be deemed originals.

2 106. This Stipulation shall be binding upon, and inure to the benefit of, the successors
3 and assigns of the Parties.

4 107. The construction, interpretation, operation, effect, and validity of this Stipulation,
5 and all documents necessary to effectuate it, shall be governed by the laws of the State of Nevada
6 without regard to conflicts of laws, except to the extent that federal law requires that federal law
7 govern.

8 108. This Stipulation shall not be construed more strictly against one Party than another
9 merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of
10 the Parties, it being recognized that it is the result of arm's-length negotiations among the Parties,
11 and all Parties have contributed substantially and materially to the preparation of this Stipulation.

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

16 110. The Parties and their respective counsel agree to cooperate fully with one another in
17 promptly applying for preliminary approval by the Court of the Settlement and for the scheduling
18 of a hearing for consideration of Final approval of the Settlement and Plaintiffs' Counsel's Fee and
19 Expense Application, and to agree promptly upon and execute all such other documentation as
20 reasonably may be required to obtain Final approval by the Court of the Settlement.

21 111. If disputes arise regarding the settlement terms negotiated by the Parties, the Parties
22 shall submit such disputes to Jed Melnick of JAMS for resolution first by mediation, and if
23 unsuccessful, only then may the dispute be submitted to the Court. Playstudios shall be able to
24 speak on behalf of all Defendants (including the Individual Defendants) insofar as determining that
25 a dispute requiring resolution via Jed Melnick of JAMS has occurred, without prejudice to any
26 Individual Defendant's right to appear and be heard separately from Playstudios in any such
27 dispute.

28 112. Except as otherwise provided herein, each Party shall bear its own costs.

By: Omar Jafri
Omar Jafri

MUEHLBAUER LAW OFFICE, LTD.
Andrew R. Muehlbauer (Nevada Bar #10161)
Sean P. Connell (Nevada Bar #7311)
7915 West Sahara Ave., Ste. 104
Las Vegas, NV 89117
Email: andrew@mlollegal.com

POMERANTZ LLP
Omar Jafri (pro hac vice)
Diego J. Martinez-Krippner (pro hac vice)
10 South LaSalle Street, Suite 3505
Chicago, IL 60603
Telephone: (312) 377-1181
Facsimile: (312) 377-1184
Email: ojafri@pomlaw.com
dmartinezk@pomlaw.com

-and-

Jeremy A. Lieberman (pro hac vice)
600 Third Avenue, 20th Floor
New York, NY 10016
Telephone: 212-661-1100
Facsimile: 212-661-8665
Email: jalieberman@pomlaw.com

*Attorneys for Lead Plaintiffs and
Lead Counsel for the Proposed Class*

By: Jennifer C. Bretan
Jennifer Bretan

SNELL & WILMER L.L.P.
Patrick G. Byrne (Nevada Bar #7636)
Bradley T. Austin (Nevada Bar #13064)
3883 Howard Hughes Parkway, Suite 1100
Las Vegas, NV 89169
Email: baustin@swlaw.com

FENWICK & WEST LLP
Dean S. Kristy (pro hac vice)
Jennifer Bretan (pro hac vice)
Monica Chan (pro hac vice)
555 California Street, 12th Floor
San Francisco, CA 94104
Email: jbretan@fenwick.com

*Attorneys for PLAYSTUDIOS, Inc.,
Andrew Pascal, William J. Hornbuckle,
Joe Horowitz, Jason Krikorian, and
Judy K. Mencher*

-and-

By: Kristin N. Murphy
Kristin N. Murphy

LATHAM & WATKINS LLP
Kristin N. Murphy (pro hac vice)
Ryan A. Walsh (pro hac vice)
650 Town Center Drive, 20th Floor
Costa Mesa, CA 92626
Telephone: (714) 540-1235
Facsimile: (714) 755-8290
Email: kristin.murphy@lw.com
Email: ryan.walsh@lw.com

CAMPBELL & WILLIAMS
J. Colby Williams (5549)
710 South 7th Street
Las Vegas, NV 89101
Telephone: (702) 382-5222
Facsimile: (702) 382-0540
Email: jcw@cwlawlv.com

*Attorneys for Defendants Edward King, Daniel
Fetters, James Murren, Zach Leonsis, Brisa*

*Carleton, Andrew Zabler, Sam Kennedy, and
Christopher Grove*

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