

**SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT (the “Settlement Agreement,” “Settlement” or “Agreement”) is made and entered into on April 28, 2016, by and between (a) Sony Pictures Imageworks Inc. and Sony Pictures Animation Inc. (“Sony Pictures”), on the one hand, and (b) Georgia Cano, Robert Nitsch, and David Wentworth (the “Named Plaintiffs”) individually and the Class of individuals they seek to represent for purposes of this Settlement (the “Settlement Class” or “Class,” defined below), on the other hand. Sony Pictures and the Named Plaintiffs are collectively referred to hereinafter as the “Settling Parties.”

**WHEREAS**, Plaintiffs are three Named Plaintiffs and a putative class of certain current and former employees in the action captioned *In re Animation Workers Antitrust Litigation*, 14-cv-04062-LHK (the “Action”) pending against Sony Pictures, Blue Sky Studios, Inc., DreamWorks Animation SKG, Inc., Two Pic MC LLC f/k/a Image Movers Digital LLC, Lucasfilm, Ltd., LLC, Pixar, and The Walt Disney Company (collectively, the “Defendants”) in the United States District Court for the Northern District of California (the “Court”);

**WHEREAS**, on May 15, 2015, the Named Plaintiffs filed a Second Consolidated Amended Class Action Complaint (“SAC”) that alleges, among other things, that Defendants conspired to suppress their employees’ compensation by, among other things, entering into agreements with each other and with unnamed co-conspirators to limit solicitation and other recruiting activities with respect to each other’s employees, and sharing compensation information and agreeing among other things to merit increase budgets and compensation ranges, in violation of federal and state antitrust and unfair competition laws;

**WHEREAS**, the SAC further alleges, among other things, that, as a result of the conspiracy, Defendants undercompensated Plaintiffs and deprived them of career opportunities;

**WHEREAS**, the SAC asserts claims under federal and state antitrust and unfair competition laws and seeks recovery of, among other things, unpaid compensation, interest, treble damages, costs and attorneys’ fees;

**WHEREAS**, Sony Pictures denied and continues to deny the allegations made by Plaintiffs in the SAC and during the litigation, that it engaged in any wrongdoing of any kind, or that it violated or breached any law, regulation or duty owed to the Plaintiffs, and further denies that it is liable or owes any form of compensation or damages to anyone with respect to the alleged facts or causes of action asserted in the litigation;

**WHEREAS**, Sony Pictures is entering the Settlement on the terms set forth in this Agreement solely to avoid the risks, burdens, distractions, expense, uncertainties and diversion of resources from continued litigation;

**WHEREAS**, the Settling Parties have engaged in approximately one and a half years of costly and hard-fought litigation, conducted discovery related to both class certification and the merits, and disputed and contested the major factual and legal contentions of the Action including through extensive motion practice;

**WHEREAS**, based on their analysis of the merits of the claims and the impact of the Settlement on the Class and an evaluation of a number of factors including the substantial risks of continued litigation and the possibility that the litigation if not settled now might not result in any recovery whatsoever for the Class or might result in a recovery that is less favorable to the Class, Class Counsel believe that it is in the interest of all members of the Settlement Class to resolve finally and completely the potential claims of the Class Members against Sony Pictures and that the terms of the Settlement Agreement are in the best interests of the Class and are fair, reasonable, and adequate;

**WHEREAS**, the Settling Parties have engaged in arm's-length negotiations in an effort to resolve all claims that have been, or could have been, asserted in the Action, where the terms of the agreement detailed herein were extensively debated and negotiated;

**NOW, THEREFORE**, in consideration of the promises, agreements, covenants, representations, and warranties set forth herein, and other good and valuable consideration provided for herein, the Settling Parties agree to a full, final and complete settlement of the Action on the following terms and conditions:

**I. GENERAL TERMS OF THE SETTLEMENT AGREEMENT**

**A. Definitions**

In addition to terms identified and defined elsewhere in this Settlement Agreement, and as used herein, the terms below shall have the following meanings:

1. "Action" means the lawsuit filed in the Northern District of California, captioned *In re Animation Workers Antitrust Litigation*, 14-cv-04062-LHK.
2. "Attorneys' Fees and Expenses" means the portion of the Settlement Fund approved by the Court for payment to Class Counsel (defined below), including attorneys' fees, costs, and litigation and settlement expenses, plus accrued interest as described in Section VI.A.

3. “CAFA Notice” refers to the notice requirements imposed by 28 U.S.C. § 1715(b).
4. “Claims Administrator” means the entity that has been designated to provide notice to the Class and administer the Settlement Fund pursuant to Section II.A and orders of the Court.
5. “Class Counsel” means the law firms of Cohen Milstein Sellers & Toll PLLC; Hagens Berman Sobol Shapiro LLP; and Susman Godfrey LLP.
6. “Class Member” means any person who meets the criteria set forth in the definition of “Settlement Class” below.
7. “Court” means the United States District Court for the Northern District of California.
8. “Defendants” means Blue Sky Studios, Inc., DreamWorks Animation SKG, Inc., Two Pic MC LLC f/k/a Image Movers Digital LLC, Lucasfilm, Ltd., LLC, Pixar, Sony Pictures Animation Inc., Sony Pictures Imageworks Inc., and The Walt Disney Company.
9. “Effective Date” is the effective date of the Settlement, as defined in Section II.F.
10. “Escrow Agent” means Eagle Bancorp, Inc., which, assuming it agrees to do so, shall enter an agreement to carry out the tasks more fully detailed in the Escrow Agreement, including to receive, hold, invest, and disburse the Settlement Fund, subject to the direction of the Claims Administrator under the supervision of Class Counsel. The Settling Parties may replace Eagle Bancorp, Inc. with another mutually agreeable financial institution.
11. “Final Approval” means final approval of the Settlement by the Court pursuant to Federal Rule of Civil Procedure 23(e).
12. “Final Approval Hearing” or “Fairness Hearing” means the hearing at which the Court will consider Plaintiffs’ motion for judgment and Final Approval.
13. “Named Plaintiffs” means Georgia Cano, Robert Nitsch, and David Wentworth.
14. “Notice” means the Notice of Class Action Settlement Agreement and Settlement Hearing, which is to be mailed and/or emailed, directly to Class Members to the extent practicable (long-form notice attached as Attachment 1; postcard notice attached as Attachment 2).
15. “Plaintiffs” means the Settlement Class, including the Named Plaintiffs.

16. “Plan of Allocation” means the formula by which the Settlement Fund will be distributed to Class Members, as well as the timing and other aspects of the distribution (attached as Attachment 3).

17. “Preliminary Approval” means an order, substantially in the form of the Proposed Preliminary Approval Order, conditionally certifying the Settlement Class and preliminarily approving the Settlement, the form of Notice, the Plan of Allocation, and other related matters, including timely payment for the cost of providing Notice and for Escrow Agent charges.

18. “Released Claims” means those claims specified in Section V.A.

19. “Released Parties” means Sony Pictures Imageworks Inc., Sony Pictures Animation Inc. (“Sony Pictures”), Sony Pictures Entertainment Inc., their officers, directors, affiliates and employees (other than current or former Sony Pictures employees who are members of the Settlement Class), and related entities as specified in Section V.A.

20. “Second Consolidated Amended Complaint” or “SAC” means the Second Consolidated Amended Complaint filed in the Action on May 15, 2015 (Dkt. 121).

21. “Settlement” and “Agreement” refers to this “Settlement Agreement” and its Attachments.

22. “Settlement Class” or “Class” means all animation and visual effects employees employed by defendants in the United States who held any of the jobs listed in Ashenfelter Reply Report Appendix C during the following time periods: Pixar (2001-2010), Lucasfilm Ltd., LLC (2001-2010), DreamWorks Animation SKG, Inc. (2003-2010), The Walt Disney Company (2004-2010), Sony Pictures Animation Inc. and Sony Pictures Imageworks Inc. (2004-2010), Blue Sky Studios, Inc. (2005-2010) and Two Pic MC LLC f/k/a ImageMovers Digital LLC (2007-2010). Excluded from the Class are senior executives, members of the board of directors, and persons employed to perform office operations or administrative tasks. The exact titles included in the Class (“Class Positions”) are identified in the Ashenfelter Reply Report Appendix C and will be supplemented by the Claims Administrator under the supervision of Class Counsel, no later than the date of Notice, if additional job titles consistent with this definition are identified.

24. “Settlement Fund” means Thirteen Million U.S. Dollars (\$13,000,000), including all interest earned thereon, that Sony Pictures pays to settle as described in Section III.A to be held, invested, administered, and disbursed pursuant to this Settlement Agreement.

25. “Sony Pictures” means Sony Pictures Imageworks Inc. and Sony Pictures Animation Inc.

26. “Sony Pictures’ Counsel” means the law firm of Jones Day.

## **II. COURT APPROVAL OF SETTLEMENT AND CLASS NOTICE**

### **A. Retention of Claims Administrator**

The Named Plaintiffs shall retain a Claims Administrator, which shall be responsible for the notice and claims administration process, calculation of payments to Class Members based on the Plan of Allocation approved by the Court, distribution to Class Members, withholding and paying applicable taxes, and other duties as provided herein. Plaintiffs shall obtain approval by the Court of the choice of the Claims Administrator. The Claims Administrator shall sign and be bound by the Protective Order entered in the Action and be required to agree in writing in a form approved by Sony Pictures, such approval not to be unreasonably withheld, to treat information it receives or generates as part of the notice and claims administration process as confidential and to use such information solely for the purposes of notice and claims administration, administering the Settlement Fund, including withholding and paying applicable taxes, and functions necessarily associated therewith or by this Agreement, and shall keep the information confidential including without limitation from Class Counsel. The fees and expenses of the Claims Administrator shall be paid exclusively out of the Settlement Fund. In no event shall Sony Pictures be separately responsible for fees or expenses of the Claims Administrator.

### **B. Preliminary Approval and Notice of Settlement**

1. The Named Plaintiffs, by and through Class Counsel, shall file with the Court, promptly after the execution of this Settlement Agreement, a motion for Preliminary Approval of the Settlement Agreement and Attachments thereto, which will include a Proposed Preliminary Approval Order and a proposed Notice of Class Action Settlement and Fairness Hearing (“Notice”) and a Plan of Allocation. The Settling Parties will meet and confer about the form of the motion and its Attachments prior to the filing of the motion. Sony Pictures shall be provided with the draft motion for preliminary approval, proposed order, and supporting documents at least 5 days before the date such motion is filed. Sony Pictures shall have no obligation to support any motion for Preliminary or Final Approval of the Settlement or request to certify a Settlement Class or litigation class. After the filing of the motion, Sony Pictures will then provide timely notice of such submission pursuant to the Class Action Fairness Act. The Named

Plaintiffs will seek conditional certification of the Settlement Class under Rule 23(b)(3) of the Federal Rules of Civil Procedure.

2. In the event that the Court preliminarily approves the Settlement Agreement, Co-Lead Class Counsel shall, in accordance with Rule 23(c)(2) of the Federal Rules of Civil Procedure, direct the Claims Administrator approved by the Court to provide the Class with Notice as ordered by the Court.

3. If the Court denies the motion for preliminary approval without leave to file a revised motion for Preliminary Approval, and appellate review is not sought or is denied, the case will proceed as if no settlement has been attempted, and the Settling Parties shall be returned to their respective procedural postures, i.e., status quo as of April 28, 2016, so that the Settling Parties may take such litigation steps that Plaintiffs or Sony Pictures otherwise would have been able to take absent the pendency of this Settlement. Sony Pictures expressly retains the right to contest whether this case should be maintained as a class action and/or collective action and to contest the merits of the claims being asserted by Plaintiffs in this Action. In the event the Settlement does not obtain preliminary approval, Sony Pictures reserves the right to submit for Court approval a case schedule which, among other things, proposes dates for completion of class certification and merits discovery and the filing of motions (and oppositions thereto).

4. Within twenty (20) days after the date of the Preliminary Approval order, Sony Pictures shall provide to the Claims Administrator in an electronic database format, from the information in their human resources and payroll databases at that time and maintained in the ordinary course of business, for the period of January 1, 2004 through December 31, 2010, the full legal name, social security number, all known email addresses, last known physical address, the last location or state where the employee worked for the defendant (if available), dates of employment in Sony Pictures' job titles identified in the Ashenfelter Reply Report Appendix C and associated compensation by date, job title, and type of compensation of each Settlement Class Member employed or previously employed by Sony Pictures. Where Sony Pictures lacks information in its human resources databases about an employee's job title during the relevant period, it shall provide in an electronic database format in lieu of such job title and associated compensation all known dates of employment at Sony Pictures, and all known associated compensation by date and type of compensation. The Claims Administrator shall utilize Class

Members' information provided by Sony Pictures solely for purposes of effectuating Notice and administering the Settlement Fund, including withholding taxes, and shall keep the information confidential.

5. The Claims Administrator shall provide Notice pursuant to the timing and terms of this Settlement Agreement. The Settling Parties intend that the Claims Administrator provide actual notice to each Class Member by mail and/or email to the extent practicable. Notice shall be sent to all Settlement Class Members and potential Settlement Class Members identified using the data provided by Sony Pictures and other defendants at approximately the same time, and shall not be sent to current or former employees of Sony Pictures sooner than to the employees of non-Sony Pictures defendants. To reduce the costs of Notice, the Settling Parties will recommend to the Court that Notice of the Blue Sky and Sony Settlements be sent within 30 days of the Court's decision on Plaintiffs' Motion For Class Certification dated February 1, 2016 regarding certification of the claims against Non-Settling Defendants. If the Court grants Plaintiffs' motion to certify a class, the Settling Parties will recommend that one Notice be sent regarding the Settlements and the Court's decision to certify a litigation class. If the Court does not adopt that recommendation, the Claims Administrator shall ensure that Notice is mailed and posted on the Internet within 21 days of receipt from all Defendants' data. Sony Pictures shall be provided with the form of notice to be distributed as well as the content of any website relating to administration of the Settlement no later than three business days before the Notice is distributed and website becomes active.

**C. Objections**

Unless the Court provides otherwise, objections to the Settlement, if any, must be submitted in writing, and must include a detailed description of the basis of the objection. Objections must be filed with the Court, with copies served on Class Counsel and Sony Pictures' Counsel, postmarked on or before forty-five (45) days after the Notice was initially mailed to Class Members. No one may appear at the Final Approval Hearing for the purpose of objecting to the Settlement Agreement without first having filed and served his or her objection(s) in writing postmarked on or before forty-five (45) days after the Notice was initially mailed to Class Members.

**D. Class Member Opt-Out**

Any Class Member may request exclusion from the Settlement Class by “opting out.” Class Members who wish to opt out of the Settlement Class must timely submit to the Claims Administrator a request for exclusion. To be effective, such requests for exclusion must state: the Settlement Class Member’s full legal name and address; the Defendant for whom he or she worked; and a statement that the Class Member wants to be excluded from this Settlement with Sony Pictures. All requests for exclusion must be signed and dated by the Settlement Class Member or his or her legal representative, and be (1) mailed to the Claims Administrator via First Class United States Mail and postmarked by a date certain to be specified on the Notice, which will be 45 calendar days after the Claims Administrator makes the initial mailing of the Notice or (2) received by the Claims Administrator by that date, provided, however, that if a Class Member mails the Opt-Out Statement pursuant to option (1), it will be effective only if received by the Claims Administrator on or before 10 calendar days after the end of the Opt-Out Period. The end of the “Opt-Out Period” shall be 45 calendar days after the Claims Administrator makes the initial mailing. The Claims Administrator shall provide to counsel for the Settling Parties all opt-out requests that are received and shall prepare a summary of the opt-outs to be filed with the Court. Individuals who validly opt out are not entitled to any monetary award or benefits under this Settlement Agreement.

**E. Final Approval**

1. The Final Approval Hearing shall be at least 95 days from the date of the motion for preliminary approval to allow Sony Pictures to complete its obligations under the Class Action Fairness Act.

2. Prior to the Final Approval Hearing, on the date set by the Court, the Named Plaintiffs, through Class Counsel, shall submit a motion for Final Approval of the Settlement by the Court, and shall seek entry of an order granting Final Approval of the Settlement and final judgment between Sony Pictures and the Named Plaintiffs and Settlement Class Members who are not properly excluded as provided herein:

a. finding the Settlement Agreement and its terms to be fair, reasonable and adequate within the meaning of Rule 23(e) of the Federal Rules of Civil Procedure and directing its consummation pursuant to its terms;



- b. finding that the Notice given constitutes due, adequate and sufficient notice, and meets the requirements of due process and any applicable laws;
- c. providing for payment of Attorneys' Fees and Expenses from the Settlement Fund (as provided in Section VI.A);
- d. setting forth the method for allocating the Settlement Fund;
- e. directing that the Action be dismissed with prejudice as against Sony Pictures and without costs to the Settling Parties;
- f. approving the release of claims specified herein as binding and effective as to the Named Plaintiffs and all other Settlement Class Members (who are not otherwise properly excluded as provided herein) permanently barring and enjoining the Named Plaintiffs and all other Settlement Class Members (who are not otherwise properly excluded as provided herein) from asserting any Released Claims (as defined in Section V.A);
- g. reserving exclusive and continuing jurisdiction over the Settlement Agreement, including the Settlement Fund (as defined in Section III.A) and the administration, consummation and interpretation of this Settlement Agreement; and
- h. directing that an order and final judgment of dismissal be entered as between the Settling Parties in the Action.

3. If so required by the Court in connection with Final Approval of the Settlement, the Settling Parties agree to accept non-material and procedural changes to this Settlement Agreement. However, they are not obligated to accept any changes in the monetary amount of relief or any other substantive change to their respective obligations, except that, as set forth in Section VII.A, rejection of the Plan of Allocation shall not be a basis to terminate this Settlement, and the Settling Parties agree to accept any changes to the Plan of Allocation required by the Court.

4. The Claims Administrator's affidavit of compliance with Notice requirements shall be filed with the motion for Final Approval of the Settlement.

**F. Effective Date of the Settlement**

The Settlement shall become final and effective upon the occurrence of all of the following ("Effective Date"):

- 1. The Settlement receives Final Approval by the Court as required by Rule 23(e) of the Federal Rules of Civil Procedure;

2. As provided for in Section II.E, entry is made of the order and final judgment, with prejudice, with respect to the Released Claims against Sony Pictures and the Released Parties; and

3. Completion of any appeal(s) from the Court's order and final judgment of dismissal with prejudice or order granting Final Approval of the Settlement under Rule 23(e) of the Federal Rules of Civil Procedure 23(e) (including any such approval on remand from a decision of an appeals court, or the time for any such appeals has lapsed), provided, however, that a modification or reversal on appeal of the Plan of Allocation or the amount of the fees and expenses awarded by the Court from the Settlement Fund shall not by itself prevent this Settlement from becoming final and effective if all other aspects of the final judgment have been affirmed. If no appeal is filed from the Court's order finally approving the Settlement under Rule 23(e) of the Federal Rules of Civil Procedure, the Effective Date shall be the date on which the time for any such appeals has lapsed.

### **III. CONSIDERATION FOR SETTLEMENT**

#### **A. Monetary Settlement Fund**

1. Subject to the provisions hereof, and in full, complete, and final settlement and release of all Released Claims against Sony Pictures and the Released Parties in the Action, any claim for Attorneys' Fees and Expenses, administrative costs, and any and all amounts to be paid to Class Members, Sony Pictures shall make the following payments:

a. within ten (10) days of Preliminary Approval, Sony Pictures shall deposit or cause to be deposited by wire transfer to the Escrow Agent One Hundred Thousand U.S. Dollars (\$100,000); and

b. within ten (10) days of Final Approval, Sony Pictures shall deposit or cause to be deposited by wire transfer to the Escrow Agent Twelve Million Nine Hundred Thousand U.S. Dollars (\$12,900,000).

2. Under no circumstances shall Sony Pictures or any Released Party be required to pay more than Thirteen Million U.S. Dollars (\$13,000,000) for any reason under the Agreement. The Settlement Fund is the maximum amount that Sony Pictures shall be required to pay for settlement of the Action. No portion of the payments specified in Subsection III.A.1 of this Agreement (which shall be collectively referred to as the "Settlement Fund") will revert to Sony

Pictures unless the Settlement is terminated pursuant to Section VII.A or is reduced pursuant to Section VII.R or is not finally approved or does not become effective for any reason.

3. The Settlement Fund, including accrued interest paid by the Escrow Agent, deposited into an interest-bearing account (“the Account”) created by order of the Court is intended to constitute a “qualified settlement fund” (“QSF”) within the meaning of Section 1.468B-1 of the Treasury Regulations (“Treasury Regulations”) promulgated under the U.S. Internal Revenue Code of 1986, as amended (“Code”). Sony Pictures shall be the “transferor” to the QSF within the meaning of Section 1.468B-1(d)(1) of the Treasury Regulations with respect to the Settlement Fund or any other amount transferred to the QSF pursuant to this Settlement Agreement. The Claims Administrator shall be the “administrator” of the QSF within the meaning of Section 1.468B-2(k)(3) of the Treasury Regulations, responsible for causing the filing of all tax returns required to be filed by or with respect to the QSF, paying from the QSF any taxes owed by or with respect to the QSF, and complying with any applicable information reporting or tax withholding requirements imposed by Section 1.4688-2(l)(2) of the Treasury Regulations or any other applicable law on or with respect to the QSF. Sony Pictures and the Claims Administrator shall reasonably cooperate in providing any statements or making any elections or filings necessary or required by applicable law for satisfying the requirements for qualification as a QSF, including any relation-back election within the meaning of Section 1.468B-1(j) of the Treasury Regulations.

4. The Settling Parties, their counsel, and any Released Party shall have no liability, obligation or responsibility with respect to the investment, disbursement, or other administration or oversight of the Settlement Fund or QSF and shall have no liability, obligation or responsibility with respect to any liability, obligation or responsibility of the Claims Administrator, Settlement Fund, or QSF.

5. The Settlement Fund shall constitute a special award to the Class and to any Class Members receiving a payment and no portion shall be considered as a payment of overtime, salary, wages, and/or compensation under the terms of any company or guild benefits plan or for any purpose, except for tax purposes to the extent contemplated by Section IV.C. Any taxes due as a result of income earned or payments made by the Settlement Fund will be imposed upon and paid from the Settlement Fund. Interest earned by the Settlement Fund (less any tax imposed upon such interest) shall become part of the Settlement Fund. The Settling Parties, their counsel,

and any Released Party shall have no liability, obligation or responsibility for any such taxes or for any reporting requirements relating thereto.

6. Sony Pictures' transfer of the Settlement Fund into the Account shall constitute full and complete satisfaction of its obligations under this Section and any and all Released Claims. Following Sony Pictures' transfer of the Settlement Fund, neither Sony Pictures nor any Released Party shall have any liabilities, obligations or responsibilities with respect to the payment, disbursement, disposition or distribution of the Settlement Fund. The Named Plaintiffs and the other Settlement Class Members shall look solely to the Settlement Fund for settlement and satisfaction against Sony Pictures and any Released Party of all claims that are released herein and all Attorneys' Fees and Expenses and all administrative or other costs and expenses arising out of or related to the Settlement. The Named Plaintiffs and the other Settlement Class Members shall not under any circumstances be entitled to any further payment from Sony Pictures or any Released Party with respect to any claims released herein, the Action or the Settlement. In the event that the Settlement Agreement becomes final and effective, payment of the Settlement Fund will fully satisfy any and all Released Claims. Except as provided by order of the Court, no Named Plaintiff or Settlement Class Member shall have any interest in the Settlement Fund or any portion thereof.

7. Notwithstanding any effort, or failure, of the Claims Administrator or the Settling Parties to treat the Account as a QSF, any tax liability, together with any interest or penalties imposed thereon, incurred by Sony Pictures or any Released Party resulting from income earned by or payments made from the Account (or the receipt of any payment under this paragraph) shall be reimbursed from the Account in the amount of such tax liability, interest or penalties promptly upon and in no event later than five (5) days after Sony Pictures' or any Released Party's written request to the Claims Administrator. However, no such reimbursement is due to Sony Pictures if the tax liability resulted solely from Sony Pictures' action or failure to act.

**B. Additional Consideration**

1. As additional consideration for the Settlement Agreement, Sony Pictures agrees to: (a) timely prepare a declaration, pursuant to Rule 902(11) of the Federal Rules of Evidence, for all documents produced by Sony Pictures in this case that appear on Plaintiffs' trial exhibit list that meet the requirements of Rule 803(6)(A)-(C); (b) use reasonable efforts to answer all reasonable questions posed by Plaintiffs' counsel concerning the content or circumstances of the

documents produced by Sony Pictures in this litigation; and (c) provide no voluntary cooperation to the other Defendants in connection with this litigation, including not providing declarations in opposition to class certification, if at that time this Settlement Agreement has been fully executed.

2. The Settling Parties all confirm, and agree to so represent to the Court, that their settlement negotiations were at arm's length, that there was no discussion of Class Counsel's attorneys' fees prior to negotiating the Class relief, and that there are no commitments between the Settling Parties beyond what is in this Settlement Agreement.

#### **IV. DISTRIBUTION OF SETTLEMENT FUND AND ELIGIBILITY**

##### **A. Eligibility**

1. Named Plaintiffs and other Settlement Class Members who do not opt out shall be deemed eligible for a payment hereunder in accordance with the Plan of Allocation.

##### **B. Distribution of Settlement Fund**

1. Any Settlement Class Member who does not opt out pursuant to Section II.D is subject to and bound by the releases set forth in Section V.

2. Payments to Named Plaintiffs and other Settlement Class Members shall not be considered as a payment of overtime, salary, wages and/or compensation under the terms of any company or guild benefit plan or for any purpose except for tax purposes as provided under Section IV.C.2. The receipt of settlement payments shall not affect the amount of any compensation paid by Sony Pictures or any contribution to or level of benefits under any Sony Pictures or guild benefit plan.

3. Within a reasonable time after the Effective Date or as ordered by the Court, the Claims Administrator shall render a determination as to the monetary award that should be paid to each Settlement Class Member from the Settlement Fund based on the methodology set forth in the Plan of Allocation as approved by the Court.

4. The Claims Administrator's determination as to such monetary award shall be final and not subject to review by, or appeal to, any court, mediator, arbitrator or other judicial body, including without limitation this Court. As will be reflected in the Final Approval order, Class Counsel, Sony Pictures and the Released Parties shall have no responsibility, and may not be held liable, for any determination reached by the Claims Administrator as to the monetary award and related taxes.

5. The total amount of such awards shall not exceed the net amount of the Settlement Fund after all Court awards for Attorney's Fees and Expenses, and Settlement expenses, including taxes.

6. In the event monies remain as residue in the Settlement Fund following all distribution efforts approved by the Court and payment of any taxes, Plaintiffs shall move the Court for an order disposing of all such funds, through additional distributions to eligible Settlement Class Members or escheatment.

**C. Settlement Fund Distribution Procedures**

**1. Allocation**

Without admitting liability and subject to Section IV.B.2, the Settling Parties agree that 15% of payments to Settlement Class Members are attributable to wages, 15% of such payments are attributable to lost mobility and career opportunities, and 70% of such payments are attributable to statutory multiplier damages and interest. The Settling Parties agree that no portion of the Settlement Fund is attributable to government penalties or fines.

**2. Payment of Federal, State and Local Taxes**

a. Payments to eligible Settlement Class Members from the Account will be subject to applicable tax withholding and reporting requirements and shall be made net of all applicable employment taxes, including, without limitation, federal, state and local income tax withholding and applicable FICA taxes.

b. The Claims Administrator, as administrator of the QSF, and on behalf of the QSF, is expected to and shall carry out all the duties and obligations of the QSF in accordance with the Code and Treasury Regulations and all other applicable law, including in respect of all withholding and employment taxes and all information reporting requirements with respect thereto.

c. The Claims Administrator, as administrator of the QSF, shall report that portion of the Settlement Fund payable as wages by the QSF to each eligible Settlement Class Member and to the United States Internal Revenue Service ("IRS") and to other appropriate taxing authorities (each of the IRS and any such other taxing authority, a "Taxing Authority," and collectively, "Taxing Authorities") on an IRS Form W-2, or any other applicable form. Such amounts shall be subject to applicable employment taxes and withholding taxes, as determined by the Claims Administrator as administrator of the QSF making such payments.

d. The Claims Administrator shall pay from the QSF the employer's share of U.S. federal employment taxes imposed under Sections 3111 and 3301 of the Code including without limitation the employer's share of FICA, FUTA, Medicare and any state and local taxes, including without limitation SUTA, required to be paid by an employer on amounts treated as wages (all such U.S. federal, state and local taxes, collectively the "Employer Payroll Taxes"). Neither Named Plaintiffs, their counsel, Settlement Class Members nor the Claims Administrator shall seek payment for Employer Payroll Taxes from Sony Pictures or any Released Party.

e. The Claims Administrator, as administrator of the QSF, shall report that portion of the Settlement Fund payable by the QSF to each eligible Settlement Class Member as statutory multiplier damages and interest to the Settlement Class Member and all applicable Taxing Authorities, to the extent required by law, under the Settlement Class Member's name and U.S. federal taxpayer identification number on IRS Forms 1099, or other applicable form, and such payments shall be made without deduction for taxes and withholdings, except as required by law, as determined by the Claims Administrator, as administrator of the QSF making such payments.

f. The Claims Administrator shall be responsible to satisfy from the Settlement Fund any and all federal, state and local employment and withholding taxes, including, without limitation, federal, state and local income tax withholding, and any U.S. federal taxes without limitation including FICA, FUTA, and Medicare, and any state employment taxes, including without limitation SUTA. The Claims Administrator shall promptly provide to Sony Pictures the information and documentation (including copies of applicable IRS and state forms) reasonably requested by Sony Pictures with respect to the payment or remittance of such employment and withholding taxes. The Claims Administrator shall satisfy all federal, state, local, and other reporting requirements (including without limitation any applicable reporting with respect to attorneys' fees and other costs subject to reporting), and any and all taxes, together with interest and penalties imposed thereon, and other obligations with respect to the payments or distributions from the Settlement Fund not otherwise addressed herein.

g. The Claims Administrator shall be responsible for procuring any required tax forms from the Settlement Class Members prior to making any such payments or distributions.

h. For avoidance of doubt, neither Sony Pictures nor any Released Party nor Class Counsel shall have any liability, obligation or responsibility whatsoever for tax obligations arising from payments to any Settlement Class Member, or based on the activities and income of the QSF. In addition, neither Sony Pictures nor any Released Party shall have any liability, obligation or responsibility whatsoever for tax obligations arising from payments to Class Counsel. The QSF will be solely responsible for its tax obligations; each Settlement Class Member will be solely responsible for his/her tax obligations; and each Class Counsel will be solely responsible for his/her/its tax obligations.

i. Named Plaintiffs, individually and on behalf of the Class, and Class Counsel and each of them acknowledge and agree that neither Sony Pictures nor any Released Party has provided any advice as to taxes including the taxability of the payments received pursuant to this Agreement. Sony Pictures acknowledges and agrees that neither Named Plaintiffs nor Class Counsel has provided any advice as to the taxability of the payments received pursuant to this Agreement.

**V. RELEASES**

**A. Release and Covenant Not To Sue**

1. Upon the Effective Date, each Named Plaintiff and Settlement Class Member (who is not properly excluded as provided herein) (the “Releasers”) shall release, forever discharge and covenant not to sue Sony Pictures, Sony Pictures Entertainment Inc., and their past and present direct and indirect parents, subsidiaries, divisions, affiliates, stockholders, officers, directors, insurers, employees (other than employees who are members of the Class), agents, attorneys, and any of their legal representatives (and the predecessors, heirs, executors, administrators, successors, purchasers, and assigns of each of the foregoing) (the “Released Parties”) from all claims, whether federal or state, known or unknown, asserted or unasserted, regardless of legal theory, arising from or related to the facts, activities or circumstances alleged in the SAC or any other purported restriction on competition for employment or compensation of Named Plaintiffs or Class Members, up to the Date of the Settlement (the “Released Claims”), whether or not alleged in the SAC and whether or not any Class Member objects to the Settlement. For the avoidance of doubt, this Agreement shall not be construed to release any local, state or federal claim arising out of allegations of any product defect, discrimination, or personal or bodily injury, and shall not be construed to release any local, state or federal claim



arising out of allegations of unlawful overtime or violations of ERISA or similar statute that are unrelated to the facts, activities, or circumstances alleged in the SAC or to the payments or distributions made pursuant to this Settlement.

2. Each Releasor expressly agrees that, upon the Effective Date, it waives and forever releases with respect to the Released Claims any and all provisions, rights and benefits conferred by either (a) § 1542 of the California Civil Code, which reads:

Section 1542. General release; extent. A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor[].

or (b) any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to § 1542 of the California Civil Code.

3. Named Plaintiffs, Class Counsel, Sony Pictures, and Sony Pictures' Counsel shall not solicit or encourage any Class Member to exclude himself or herself from this Settlement.

**B. Non-Settling Defendants**

Nothing in this Settlement Agreement is intended to limit, reduce or affect whatever rights Named Plaintiffs or Class Members, or any of them, may have to seek damages or other relief in the Action or elsewhere from any person or entity other than Sony Pictures and any Released Party, to the fullest extent allowed by law. This Agreement does not settle or compromise any claim by the Named Plaintiffs or Class Members asserted in the Action against any Defendant other than Sony Pictures and any Released Party.

**VI. ATTORNEYS' FEES AND EXPENSES AND ADMINISTRATIVE EXPENSES**

**A. Attorneys' Fees and Expenses**

1. Class Counsel may apply to the Court for an award of Attorneys' Fees and Expenses incurred on behalf of the Plaintiffs. All Attorneys' Fees and Expenses and any interest due any counsel shall be payable solely out of the Settlement Fund in such amounts as the Court orders. Neither Sony Pictures nor any Released Party has any liability or responsibility for any Attorneys' Fees and Expenses.

2. Upon the Effective Date, Class Counsel and Named Plaintiffs, individually and on behalf of the Class and each individual Class Member, hereby irrevocably and unconditionally release, acquit, and forever discharge any claim that they may have against Sony Pictures or any

Released Party for Attorneys' Fees and Expenses or costs associated with this Action or Class Counsel's representation of Named Plaintiffs and/or the Class in this Action.

3. All Attorneys' Fees and Expenses and any interest thereon shall be payable solely out of the Settlement Fund and may only be deducted from the Settlement Fund after the Effective Date as ordered by the Court. After the Effective Date, Class Counsel may withdraw from the Settlement Fund and allocate amongst Plaintiffs' counsel any Attorneys' Fees and Expenses awarded by the Court.

**B. Costs of Notice and Administration**

All costs of notice and administration shall be paid solely from the Settlement Fund. In no event shall Sony Pictures or any Released Party be responsible for fees or expenses of the Claims Administrator or the costs of Notice or any costs to administer the Settlement.

**VII. OTHER CONDITIONS**

**A. Settlement Is Terminated or Does Not Become Effective**

In the event that the Settlement Agreement is terminated, is not finally approved (following the exhaustion of any appellate review) or does not become effective for any reason, a final judgment is not entered in accordance with this Agreement, or such judgment does not become final, then (a) this Settlement Agreement shall be null and void and of no force and effect, (b) any payments of the Settlement Fund, including any and all interest earned thereon, less any amounts disbursed with Court approval for Notice costs or Escrow Agent charges, shall be returned to Sony Pictures within ten (10) business days from the date the Settlement Agreement becomes null and void, and (c) any release pursuant to Section V herein shall be of no force or effect. In such event, the case will proceed as if no settlement has been attempted, and the Settling Parties shall be returned to their respective procedural postures, *i.e.*, status quo, as of April 28, 2016, so that the Settling Parties may take such litigation steps that Plaintiffs or Sony Pictures otherwise would have been able to take absent the pendency of this Settlement. Sony Pictures expressly retains the right to contest whether the Action should be maintained as a class action or collective action and to contest the merits of the claims being asserted by Plaintiffs. However, any reversal, vacating, or modification on appeal of (1) any amount of the fees and expenses awarded by the Court to Class Counsel, or (2) any determination by the Court to award less than the amount requested in Attorneys' Fees and Expenses, or (3) the Plan of Allocation, shall not give rise to any right of termination or otherwise serve as a basis for

termination of this Settlement Agreement. In the event the Settlement fails to obtain Preliminary Approval or Final Approval because of the Plan of Allocation, the Settling Parties agree to retain all other terms of the Settlement and negotiate a Plan of Allocation consistent with any applicable orders or directions from the Court.

In the event the case proceeds as provided in this Section, Sony Pictures may submit for Court approval a case schedule that, among other things, proposes dates for completion of class certification and merits discovery and the filing of motions (and oppositions thereto).

**B. Preservation of Rights**

The Settling Parties agree that this Settlement Agreement, whether or not it shall become effective pursuant to Section II.F, and any and all negotiations, documents and discussions associated with it shall be without prejudice to the rights of any party, shall not be deemed or construed to be an admission or evidence of any violation of any statute or law, of any liability or wrongdoing by Sony Pictures, any Released Party, or any other Defendant, or of the truth of any of the claims or allegations contained in the complaints in the Action or any other pleading or document, and evidence thereof shall not be discoverable or used directly or indirectly, in any way, whether in this case or any other action or proceeding. The Settling Parties further acknowledge and agree that the negotiations and discussions that led to this Settlement are fully protected from disclosure by Federal Rule of Evidence 408 and California Evidence Code Sections 1119 and 1152. Without limiting the foregoing, Plaintiffs shall not cite any document memorializing the terms of the Settling Parties' agreement in principle that led to this Settlement Agreement, this Settlement Agreement itself, or any motion for Preliminary Approval or Final Approval or Order relating thereto in support of any motion or argument for certification of a litigation class against Sony Pictures. Sony Pictures preserves and does not waive any of its arguments in opposition to, and all rights to oppose, certification of a litigation class in this Action or any other action. The Settling Parties expressly reserve all of their rights and defenses if this Settlement does not become final and effective in accordance with the terms of this Settlement Agreement.

**C. No Assignment**

Class Counsel and Named Plaintiffs represent and warrant that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein, including, but not limited to, any interest in the Action or any related

action, and they further represent and warrant that they know of no such assignments or transfers on the part of any Settlement Class Member.

**D. Binding Effect**

This Settlement Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties and to the Released Parties. Without limiting the generality of the foregoing, each and every covenant and agreement herein by the Named Plaintiffs and Class Counsel shall be binding upon all Settlement Class Members.

**E. Mistake**

In entering and making this Settlement Agreement, the Settling Parties assume the risk of any mistake of fact or law. If the Settling Parties, or any of them, should later discover that any fact they relied upon in entering into this Settlement Agreement is not true, or that their understanding of the facts or law was incorrect, the Settling Parties shall not be entitled to seek rescission of this Settlement Agreement, or otherwise attack the validity of the Settlement Agreement, based on any such mistake. This Agreement is intended to be final and binding upon the Settling Parties regardless of any mistake of fact or law.

**F. Advice of Counsel**

Except as set forth in this Settlement Agreement, the Settling Parties represent and warrant that they have not relied upon or been induced by any representation, statement or disclosure of the other Settling Parties or their attorneys or agents, but have relied upon their own knowledge and judgment and upon the advice and representation of their own counsel in entering into this Agreement. Each Settling Party warrants to the other Settling Parties that it has carefully read this Agreement, knows its contents, and has freely executed it. Each Settling Party, by execution of this Agreement, represents that it has been represented by independent counsel of its choice throughout all negotiations preceding the execution of this Settlement Agreement.

**G. Integrated Agreement**

This Settlement Agreement contains the entire, complete, and integrated statement of each and every term and provision of the Settlement Agreement agreed to by and among the Settling Parties. This Settlement Agreement shall not be modified in any respect except by a writing executed by the undersigned in the representative capacities specified, or others who are authorized to act in such representative capacities.

**H. Headings**

The headings used in this Settlement Agreement are intended for the convenience of the reader only and shall not affect the meaning or interpretation of this Settlement Agreement.

**I. No Drafting Presumption**

All counsel to all Settling Parties hereto have materially participated in the drafting of this Settlement Agreement. No party hereto shall be considered to be the drafter of this Settlement Agreement or any provision hereof for the purpose of any statute, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof.

**J. Choice of Law**

All terms of this Settlement Agreement shall be governed by and interpreted according to the substantive laws of the State of California without regard to its choice of law or conflict of laws principles.

**K. Consent to Jurisdiction and Choice of Exclusive Forum**

Any and all disputes arising from or related to the Settlement, the Settlement Agreement, or claims administration, including Attorneys' Fees and Expenses, must be brought by Sony Pictures, any Released Party, Named Plaintiffs, and/or each member of the Class, exclusively in the Court. Sony Pictures, Named Plaintiffs and each member of the Class hereby irrevocably submit to the exclusive and continuing jurisdiction of the Court for any suit, action, proceeding or dispute arising out of or relating to this Settlement Agreement or the applicability or interpretation of this Settlement Agreement, including, without limitation any suit, action, proceeding or dispute relating to the release provisions herein, except that this paragraph shall not prohibit (a) any Released Party from asserting in the forum in which a claim is brought that the release herein is a defense, in whole or in part, to such claim, or (b) in the event that such a defense is asserted in that forum and this Court determines that it cannot bar the claim, the determination of the merits of the defense in that forum.

**L. Enforcement of Settlement**

Nothing in this Settlement Agreement prevents Sony Pictures or any Released Party from enforcing or asserting any release in the Settlement Agreement. Notwithstanding any other provision of this Settlement Agreement, this Settlement Agreement and the releases contained herein may be pleaded as a full and complete defense to any action, suit or other proceeding that

has been or may be instituted, prosecuted or attempted by any Named Plaintiff or other Settlement Class Member (who is not properly excluded as provided herein) with respect to any Released Claims and may be filed, offered and received into evidence and otherwise used for such defense.

**M. Severability**

In the event any one or more of the provisions of this Settlement Agreement shall for any reason be held to be illegal, invalid or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect any other provision if Sony Pictures' Counsel and Class Counsel mutually agree in writing to proceed as if such illegal, invalid, or unenforceable provision had never been included in the Settlement Agreement.

**N. No Admission**

Nothing in this Settlement Agreement shall be construed as an admission in any action or proceeding, of any kind whatsoever, civil, criminal or otherwise, before any court, administrative agency, regulatory body or any other body or authority, present or future, by Sony Pictures, any Released Party, Named Plaintiffs, Class Members or any of them, including without limitation that Sony Pictures or any Released Party has engaged in any conduct or practices that violate any state or federal antitrust statute or other law. Sony Pictures denied and continues to deny the allegations made by Plaintiffs in the SAC and during the litigation that it engaged in any wrongdoing of any kind, or that it violated or breached any law, regulation or duty owed to the Plaintiffs, and further denies that it is liable or owes any form of compensation or damages to anyone with respect to the alleged facts or causes of action asserted in the litigation. Plaintiffs shall not cite the Settlement Agreement in support of any motion for certification of a litigation class against Sony Pictures.

**O. Execution in Counterparts**

This Settlement Agreement may be executed in counterparts. Facsimile or PDF signatures shall be considered as valid signatures as of the date hereof.

**P. Appeals**

The proposed order and final judgment shall provide that any Class member who wishes to appeal the Court's Final Approval order and final judgment, which appeal will delay the distribution of the Settlement Fund to the Class, shall post a bond with this Court in an amount to be determined by the Court as a condition of prosecuting such appeal.

**Q. Calculation of Time**

To the extent any timeframe set out in this Settlement Agreement is ambiguous, said ambiguity shall be resolved by applying the conventions contained in Rule 6 of the Federal Rules of Civil Procedure.

**R. Opt Out Credit**

Sony Pictures shall be entitled to a pro rata reduction in the contribution to the Settlement Fund in the event that 3% or more of Class Members properly exclude themselves from this Settlement pursuant to the terms approved by the Court and described in the class notice.

IN WITNESS WHEREOF, the Settling Parties hereto through their fully authorized representatives have agreed to this Settlement Agreement on the date first herein above written.

**ACCEPTED AND AGREED:**

Dated: April \_\_, 2016

On behalf of Plaintiffs Georgia Cano, Robert Nitsch, and David Wentworth and the Class

COHEN MILSTEIN SELLERS & TOLL PLLC



Daniel A. Small  
Brent W. Johnson  
1100 New York Avenue N.W., Ste. 500  
Washington, D.C. 20005  
Telephone: (202) 408-4600  
Facsimile: (202) 408-4699

Dated: April 29, 2016

HAGENS BERMAN SOBOL SHAPIRO LLP

Steven W. Berman  
1918 Eighth Avenue, Ste. 3300  
Seattle, WA 98101  
Telephone: (206) 623-7292  
Facsimile: (206) 623-0594



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Jeff D. Friedman  
Shana E. Scarlett  
715 Hearst Ave.  
Suite 202  
Berkeley, CA 94710  
Telephone: (510) 725-3000  
Facsimile: (510) 725-3001

Dated: April \_\_, 2016

SUSMAN GODFREY L.L.P.

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Marc M. Seltzer  
Steven G. Sklaver  
1901 Avenue of the Stars, Ste. 950  
Los Angeles, CA 90067-6029  
Telephone: (310) 789-3100  
Facsimile: (310) 789-3150

Interim Class Counsel

Dated: April \_\_, 2016

On behalf of Defendant Sony Pictures Imageworks Inc. and  
Sony Pictures Animation Inc.

JONES DAY

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David C. Kiernan  
555 California Street, 26th Floor  
San Francisco, CA 94104  
Telephone: (415) 626-3939  
Facsimile: (415) 875-5700



Dated: April \_\_, 2016

HAGENS BERMAN SOBOL SHAPIRO LLP

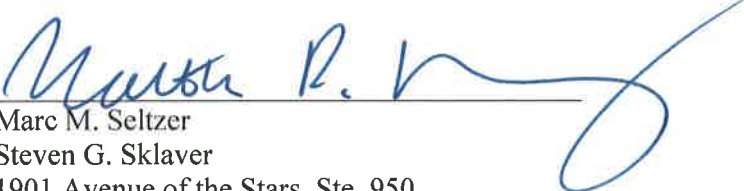
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