

UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA
FORT PIERCE DIVISION

Case No: 12-Civ-14333-MARTINEZ-LYNCH

In re Digital Domain Media Group, Inc.
Securities Litigation

NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT, FINAL APPROVAL HEARING,
AND MOTION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

If you purchased shares of Digital Domain Media Group, Inc. (“DDMG” or the “Company”) common stock: (i) in DDMG’s initial public offering on November 18, 2011; and/or (ii) on the public market between November 18, 2011 and September 6, 2012, inclusive (the “Settlement Class”), then you could receive a payment from the proposed settlement of the above-captioned securities class action.

A federal court authorized this notice. This is not a solicitation from a lawyer.

The Proposed Settlement: This Notice contains summary information with respect to the proposed settlement. The terms and conditions of the proposed settlement (the “Settlement”) are set forth in the Stipulation of Settlement (the “Stipulation”), dated June 17, 2016 between and among the following parties in the Action (defined below): (i) Patricof Family Limited Partnership, Edward Nusblatt, and Robert Dziedzic (collectively, “Lead Plaintiffs”), and (ii) defendants John C. Textor, Jonathan F. Teaford, John M. Nichols (collectively “DDMG Defendants”), Roth Capital Partners, LLC, Morgan Joseph TriArtisan, LLC (collectively (“Underwriter Defendants”), and SingerLewak LLP, by and through their undersigned counsel. The DDMG Defendants together with the Underwriter Defendants and SingerLewak LLP are collectively referred to as the “Defendants”, and with Lead Plaintiffs, each a “Party”, are collectively referred to as the “Parties”. The Stipulation is available at www.DDMGSecuritiesLitigation.com or from Lead Counsel at the addresses provided below. Additional information concerning this Litigation and the Settlement is also available by contacting Lead Counsel.

Securities, Class and Class Period: The Settlement class (the “Class” or “Settlement Class”) is comprised of all Persons who purchased shares of DDMG common stock: (i) in DDMG’s initial public offering on November 18, 2011; and/or (ii) on the public market between November 18, 2011 and September 6, 2012, inclusive. Excluded from the Class are Defendants John C. Textor, Jonathan F. Teaford, John M. Nichols, Roth Capital Partners, LLC and Morgan Joseph TriArtisan, LLC, and SingerLewak LLP, Released Persons (defined below), the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, any entity in which defendants have or had a controlling interest, employees of the Company, and any Company employee stock purchase or retirement plan. Also excluded from the Settlement Class are those Persons who timely and validly file a request for exclusion from the Settlement Class as explained below.

Settlement Payment: \$5,500,000 in cash (the “Settlement Payment”). The “Settlement Fund” refers to the Settlement Payment plus any and all interest earned thereon.

The Lawsuit: As discussed further, the Settlement resolves a lawsuit concerning allegations that certain investors who purchased DDMG shares during the Settlement Class Period and were damaged as a result of Defendants’ alleged dissemination of materially false and misleading statements and omissions regarding (i) DDMG’s financial conditions, (ii) the Company’s failure to disclose a loan agreement by which Textor borrowed \$10 million to purchase 1,176,471 shares of DDMG common stock in DDMG’s IPO, and (iii) the Company’s failure to disclose certain information required by 17 C.F.R. §229.401.

Attorneys’ Fees and Expenses: Lead Counsel has litigated this Action on a contingent basis and has conducted this litigation and advanced the expenses of litigation with the expectation that if it were successful in recovering money for the Class, it would receive fees and be reimbursed for its expenses from the Settlement Fund, as is customary in this type of litigation. Lead Counsel will apply to the Court for an award of attorneys’ fees not to exceed \$1,815,000 or thirty-three percent (33%) of the Settlement Fund plus interest, and for reimbursement of out-of-pocket expenses not to exceed \$90,000, plus interest (the “Fee Application”) incurred in connection with the prosecution of the case. Lead Counsel may make an application for service awards, in amounts not to exceed \$5,000 each, for the Lead Plaintiffs to compensate them for their efforts and commitment on behalf of the

Class. The Court may award Lead Counsel attorneys' fees consisting of less than thirty-three percent (33%) of the Settlement Fund, in which case the difference will remain with the Settlement Fund. Lead Counsel have expended considerable time and effort in the prosecution of the case on a contingent-fee basis, and have advanced the expenses of the Litigation, in the expectation that if they were successful in obtaining a recovery for the Settlement Class, they would be paid from such recovery. In this type of litigation, counsel are typically awarded a percentage of the common fund recovery as their attorneys' fees. Lead Counsel's Fee Application will be filed with the Court on or before December 13, 2016.

Deadlines:

To Submit a Proof of Claim:	<u>February 13, 2017</u>
To Submit a Request for Exclusion:	<u>November 2, 2016</u>
To File and Serve an Objection:	<u>November 2, 2016</u>
Court Settlement Hearing:	<u>January 12, 2017 at 2:00 p.m.</u>

More Information: *Contact Information for Lead Counsel for Lead Plaintiffs and the Class:*

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Additional information about the Settlement can be found at: www.DDMGSecuritiesLitigation.com.

Your legal rights are affected ***whether you act or do not act***. Please read this notice carefully.

Statement of Recovery

Your individual recovery from the Settlement Fund will depend on numerous factors. Lead Counsel estimates that approximately 8.9 million shares of DDMG common stock were purchased and potentially damaged during the Class Period. Based on this, the average recovery per share of DDMG securities under the Settlement will be approximately \$0.62 per share *before* the deduction of attorneys' fees, costs, and expenses, as approved by the Court. The actual recovery per share will depend on: (1) the number of claims filed; (2) when members of the Class purchased their shares during the Class Period; (3) whether members of the Class either sold their shares during the Class Period or held their shares past the end of the Class Period; (4) administrative costs, including the costs of notice, for the Action, and (5) the amount awarded by the Court for attorneys' fees and expenses. As noted above, Lead Counsel will submit a Fee Application, seeking an award of attorneys' fees not to exceed \$1,815,000 or thirty-three percent (33%) of the Settlement Fund plus interest, and for reimbursement of out-of-pocket expenses not to exceed \$90,000, plus interest. These payments, if approved, will come out of the \$5.5 million Settlement Fund, and are estimated to be an average of \$0.21 per damaged share purchased in the Settlement Class Period.

Lead Plaintiffs and Defendants do not agree on the average amount of damages per share that would be recoverable if the Lead Plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) the extent to which the various matters that Lead Plaintiffs allege were materially false or misleading influenced (if at all) the trading price of DDMG's common stock at various times during the Settlement Class Period; (2) the extent to which the various allegedly adverse material facts were omitted influenced (if at all) the trading price of DDMG's common stock at various times during the Settlement Class Period; (3) whether the statements made or facts allegedly omitted were material, false, misleading or otherwise actionable under the securities laws; (4) whether any of the Defendants acted with the wrongful intent alleged by Lead Plaintiffs; and (5) whether, even if liability could be proven, total damages would be more than \$0 per damaged share. DDMG and the Individual Defendants deny all liability and believe they would win the case at trial.

The Circumstances of the Settlement

For the Settlement Class, the principal reason for the Settlement is the benefit to be provided to the Settlement Class. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future. For the settling Defendants, who deny all allegations of wrongdoing or liability whatsoever, the principal reason for the Settlement is to eliminate the expense, risks and uncertain outcome of the litigation. The Settlement therefore enables the Class to recover a substantial amount without incurring any additional risk or costs.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM POSTMARKED NO LATER THAN FEBRUARY 13, 2017	The only way to get a payment if you have a Recognized Claim.
EXCLUDE YOURSELF BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION POSTMARKED BY NO LATER THAN NOVEMBER 2, 2016	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against DDMG and the other Released Persons about the Released Claims.
OBJECT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS POSTMARKED NO LATER THAN NOVEMBER 2, 2016	Write to the Court about why you do not like the Settlement. You may, but are not required to, appear at the Final Approval Hearing.
GO TO THE SETTLEMENT HEARING ON JANUARY 12, 2017 AT 2:00 p.m.	You may ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Get no payment. Give up rights.

- These rights and options – and the deadlines to exercise them – are explained in this notice.
- The Court in charge must still decide whether to approve the Settlement. Payments will be made to Settlement Class Members who submit timely and valid Proofs of Claim if the Court approves the Settlement and after any appeals are resolved. Please be patient.

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BASIC INFORMATION

1. Why did I get this notice package?

You or someone in your family may have purchased shares of DDMG common stock between November 18, 2011 and September 6, 2012, inclusive. The Court directed that this Notice be sent to potential Settlement Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and any appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the Litigation, the Settlement, Settlement Class Members' legal rights, what benefits are available, who is eligible for them, and how to get them.

2. What is this lawsuit about?

This lawsuit consolidates three class actions filed in the United States District Court for the Southern District of Florida against John C. Textor ("Textor"), Jonathan F. Teaford ("Teaford"), and John M. Nichols ("Nichols") alleging violations of the federal securities laws. On March 12, 2013, the Court consolidated those three actions under the caption *In re Digital Domain Media Group, Inc. Securities Litigation*, and appointed the Patricof Family Limited Partnership, Edward Nusblatt, and Robert Dziejdzic to serve as Lead Plaintiffs, and Levi & Korsinsky, Wolf Popper, and Berman DeValerio as Lead Counsel. On July 31, 2013, the Class Action Plaintiffs filed the Consolidated Amended Class Action Complaint (the "Complaint"). The Complaint alleges claims under the Securities Act, the Exchange Act, and United States Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated under the Exchange Act, 17 C.F.R. §240.10b-5. The Securities Act Claims are brought against Textor, Teaford, SingerLewak LLP (the Auditor Defendant), and Roth Capital Partners, LLC, and Morgan Joseph TriArtisan, LLC (the Underwriter Defendants). The Exchange Act claims are brought against Textor, Teaford, and Nichols. The Complaint alleges that Textor and Teaford are liable for untrue statements of material fact and omissions in the registration statement, six amendments thereto, and a prospectus (collectively, the "Offering Documents") that the Company issued in connection with its initial public offering ("IPO") on November 18, 2011. Specifically the Complaint alleges misstatements or omissions in the Offering Documents regarding (i) DDMG's financial conditions, (ii) the Company's failure to disclose a loan agreement by which Textor borrowed \$10 million to purchase 1,176,471 shares of DDMG common stock in DDMG's IPO, and (iii) the Company's failure to disclose certain information required by 17 C.F.R. §229.401. When this information became public, the Complaint alleges that the share price fell and shareholders were damaged. The lawsuit seeks money damages against Defendants for alleged violations of the federal securities laws. Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Plaintiffs in the Litigation. Defendants continue to assert that they did not violate Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 or Sections 10 and 20(a) of the Securities Exchange Act of 1934, that they did not engage in any conduct that could give rise to any liability to Lead Plaintiffs or the Settlement Class, that they did not make any of the claimed misstatements or omissions, that none of the claimed misstatements or omissions caused damages to Plaintiffs or the Settlement Class, and that none of the claimed misstatements or omissions were material.

3. Why is this a class action?

In a class action, one or more people called Class Representatives sue on behalf of people who have similar claims. All persons with similar claims are Settlement Class Members, who together constitute the class. Bringing a case, such as this one, as a class action allows the collective adjudication of many similar claims that might be economically too small to bring in individual actions. One court resolves the issues for all class members, except for those who exclude themselves from the class. Judge Jose E. Martinez of the Southern District of Florida is overseeing this class action.

4. Why is there a settlement?

The Court did not decide in favor of Lead Plaintiffs or Defendants. Instead, both sides agree to the Settlement. That way, they avoid the costs and risks of further litigation and trial. As explained above, Lead Plaintiffs and their attorneys think the Settlement is best for all members of the Class.

Lead Plaintiffs believe that the proposed Settlement is fair, reasonable, adequate, and in the best interests of the Settlement Class. Throughout the litigation, Defendants raised a number of arguments and defenses (which they would continue to do through summary judgment and trial) including that none of the challenged misrepresentations were false or misleading when made, that Defendants did not act with the requisite fraudulent intent and that any losses suffered by Lead Plaintiffs and the Settlement Class Members were not caused by the misconduct alleged in the Complaint. Defendants would also likely argue that, even if Lead Plaintiffs could establish liability, they would have trouble showing what part of the stock-price decline is attributable to the alleged

fraud rather than other company-specific bad news. While Lead Plaintiffs believe that these arguments lack merit, there is no guarantee that Defendants would not prevail on one or more of these arguments. In the absence of a Settlement, the Settling Parties would present factual and expert testimony on each of these issues, and there is considerable risk that the Court or jury would resolve these issues against Lead Plaintiffs and the Settlement Class. Lead Plaintiffs and Lead Counsel have also considered the benefits of a Settlement now, in light of the risks that the Settling Defendants or their insurers could not satisfy a judgment materially larger than the Settlement Amount, and of their evaluation of the reduced amount of insurance that may be available after trial.

Lead Counsel have thoroughly investigated and litigated the case prior to and since filing it in 2012. Based upon their extensive investigation, their consultation with experts, and their evaluation of the claims asserted against the Defendants and defenses that might be asserted, Lead Counsel believe that the Settlement is fair, reasonable, adequate and in the best interests of the Settlement Class. Digital Domain filed for bankruptcy on September 11, 2012.

The Settlement provides an immediate and certain monetary recovery. By settling, Lead Plaintiffs and Defendants avoid the cost, uncertainty and delay of continued litigation. The parties engaged in extensive negotiations that led to the Settlement described in this Notice. Lead Counsel believe the Settlement is fair because there is no guarantee the Settlement Class would win on any of the claims and even if they did win, they might not be awarded any more money than the \$5.5 million plus interest, as provided for in the Stipulation, that Defendants have agreed to in order to settle the Action. Defendants' lawyers believe the Settlement is fair because even though Defendants deny Lead Plaintiffs' claims, Defendants avoid the cost of continued litigation and risk of losing at trial.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you must be a Settlement Class Member.

5. How do I know if I am part of the Settlement?

The Court directed that, for the purposes of the proposed Settlement, everyone who fits this description is a Settlement Class Member: all Persons who purchased shares of DDMG common stock: (i) in DDMG's initial public offering on November 18, 2011; and/or (ii) on the public market between November 18, 2011 and September 6, 2012, inclusive.

6. Are there exceptions to being included?

Excluded from the Class are Defendants John C. Textor, Jonathan F. Teaford, John M. Nichols, Roth Capital Partners, LLC and Morgan Joseph TriArtisan, LLC, and SingerLewak LLP, Released Persons (defined below), the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns, any entity in which defendants have or had a controlling interest, employees of the Company, and any Company employee stock purchase or retirement plan. Also excluded from the Settlement Class are those Persons who timely and validly file a request for exclusion.

If one of the mutual funds in which you are invested purchased DDMG common stock during the Settlement Class Period, that does not make you a Settlement Class Member. You are a Settlement Class Member only if you directly purchased DDMG common stock during the Settlement Class Period. Contact your broker to see if you purchased DDMG common stock during the Settlement Class Period.

If you **sold** but did not purchase DDMG common stock during the Settlement Class Period, you are not a Settlement Class Member. You are a Settlement Class Member only if you **purchased** your shares during the Settlement Class Period.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator by writing to *Digital Domain Media Group, Inc. Securities Litigation*, c/o KCC Class Action Services LLC, P.O. Box 43417, Providence, RI 02940-3417 for more information; or, you can fill out and return the Proof of Claim form described in Question 10 on page 8 to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What does the Settlement provide?

Defendants have agreed to create a \$5.5 million fund to be distributed, after the payment of claims administration and notice costs and Plaintiffs' Counsel's attorneys' fees and expenses as awarded by the Court, to all Settlement Class Members who send in a valid and timely Proof of Claim form.

In return, the Parties will agree to dismiss the Action and Lead Plaintiffs and all Settlement Class Members who do not opt out agree to release, relinquish and discharge all Released Claims against the Defendants and their respective Related Persons, whether or not these Settlement Class Members execute and deliver the Proof of Claim and Release.

9. How much will my payment be?

The Settling Defendants have agreed to pay \$5,500,000 in cash for the benefit of the Settlement Class. At this time, it is not possible to make any determination as to how much individual members of the Settlement Class may receive from the Settlement. Lead Plaintiffs have proposed a plan for allocating the Net Settlement Fund to Settlement Class Members (the "Plan of Allocation"). The objective of the Plan of Allocation will be to equitably distribute funds to Settlement Class Members who submit timely and valid Proof of Claim Forms. The Plan of Allocation reflects Lead Plaintiffs' damages expert's analysis, which has included a review of publicly available information regarding DDMG and statistical analyses of the price movement of DDMG common stock and the price performance of relevant market and industry indices during the Settlement Class Period, as well as the statutory provision for recovery under a claim for violation of Section 11 of the Securities Act.

The Plan of Allocation is the proposed plan submitted by Lead Plaintiffs and Lead Counsel for the Court's approval. The Court may approve this plan as proposed or it may modify it without further notice to the Settlement Class. The Court has reserved jurisdiction to allow, disallow or adjust on equitable grounds the claim of any Settlement Class Member.

Each Settlement Class Member will be deemed to have submitted to the jurisdiction of the U.S. District Court for the Southern District of Florida with respect to his, her, or its Proof of Claim.

Persons that exclude themselves from the Settlement Class will not be eligible to receive a distribution from the Settlement Fund and should not submit Proof of Claim Forms.

If approved by the Court, the plan of allocation set forth below (the "Plan of Allocation") will determine how the net proceeds of the Settlement will be distributed to Settlement Class Members who submit timely and valid Claim Forms.

PLAN OF ALLOCATION

General Provisions

To the extent the Settlement is approved by the Court, and upon the satisfaction of the other conditions to the Settlement, the Net Settlement Fund will be distributed to Settlement Class Members who submit valid claims that are accepted by the Court ("Authorized Claimants") in accordance with the provisions of this proposed Plan of Allocation, or such other plan of allocation as the Court may approve. Approval of the Settlement is independent from approval of a plan of allocation.

Payments pursuant to the Plan of Allocation will be conclusive against Authorized Claimants. No person will have any claim against Lead Plaintiffs, Lead Counsel, the Settling Defendants, the Released Parties and their counsel, or the Claims Administrator or other agent designated by Lead Counsel arising from the distribution made substantially in accordance with the Stipulation of Settlement, the Plan of Allocation, or further orders of the Court. Lead Plaintiffs, Lead Counsel, the Settling Defendants, the Released Parties and their counsel will have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund, the Plan of Allocation or the determination, administration, calculation or payment of any Proof of Claim Form, nor nonperformance of the Claims Administrator, the payment or withholding of Taxes or Tax Expenses owed by the Settlement Fund or any losses incurred in connection therewith.

Settling Defendants are not entitled to get back any portion of the Settlement Fund once the Court's Order approving the Settlement becomes final. Settling Defendants shall not have any liability, obligation, or responsibility for the administration of the Settlement or disbursement of the Net Settlement Fund or the Plan of Allocation or such other plan of allocation as may be approved by the Court.

Only Authorized Claimants will be eligible to share in the distribution of the Net Settlement Fund, as further described below.

Each person and entity wishing to participate in the distribution must timely submit a valid Proof of Claim form establishing membership in the Settlement Class, and include all required documentation, postmarked no later than February 13, 2017 to the address set forth in the Claim Form. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked no later than February 13, 2017 shall be forever barred from receiving payments pursuant to the Settlement, but will in all other respects remain a member of the Settlement Class in which he, she or it is a member and be subject to the provisions of the Stipulation, including the terms of any Judgments entered and releases given.

Each Claim Form must provide all of the information requested therein and provide sufficient supporting documentation as set forth therein.

The Plan of Allocation generally measures the amount of loss that a Settlement Class Member can claim for purposes of making *pro rata* allocations of the cash in the Net Settlement Fund to Authorized Claimants. The Plan of Allocation is not a formal damages analysis.

The calculations made pursuant the Plan of Allocation are not intended to be estimates of, nor indicative of, the amounts that Settlement Class members might have been able to recover after a trial. Nor are the calculations pursuant to the Plan of Allocation intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan of Allocation are only a method to weigh the claims of Authorized Claimants against one another for the purposes of making allocations of the Net Settlement Fund.

In this Action, there are claims asserted under both the Securities Act and the Exchange Act. All Settlement Class Members have claims under the Exchange Act. However, not all Settlement Class Members have claims under the Securities Act and not all Defendants were alleged to have violated both acts, e.g., there are no allegations that any of the Underwriter Defendants violated the Exchange Act. The Plan of Allocation properly recognizes these facts and the requirements imposed by law as to who is eligible to recover from each Defendant. Accordingly, the proceeds of the Settlement will be distributed to Authorized Claimants based on the claims they have and, to that end, the proceeds are divided into two separate funds:

- a. Fund 1: Representing 87% of the Settlement Fund (net of attorneys' fees, expenses, and administration costs), this fund applies to claims asserted under the Exchange Act. As a result, all Authorized Claimants, to the extent they have Recognized Loss Amounts under the formula set forth below, will be eligible to receive a pro rata distribution from Fund 1, subject to their satisfying the other conditions for receiving a distribution.
- b. Fund 2: Representing 13% of the Settlement Fund (net of attorneys' fees, expenses, and administration costs), Fund 2 applies to claims asserted only under the Securities Act and shall be paid to Authorized Claimants who purchased shares in or traceable to DDMG's November 18, 2011 offering, based on their Recognized Loss Amounts under the formula set forth below, and subject to their satisfying the other conditions for receiving a distribution.

Calculation of Recognized Loss Amounts and Recognized Claims

For each Settlement Class Period purchase of DDMG common stock that is properly documented, a "Recognized Loss Amount" will be calculated for that security according to the formulas described below. Such "Recognized Loss Amounts" will be aggregated across all purchases relevant for each Fund to determine the "Fund Recognized Claim" that each Authorized Claimant has against each Fund.

The calculations of the Recognized Loss Amounts reflect Lead Plaintiffs' allegations that the price of DDMG's common stock was artificially inflated during the Settlement Class Period due to Defendants' alleged misrepresentations and/or omissions. Lead Plaintiffs' damages expert has estimated the artificial inflation in the DDMG Securities during the Settlement Class Period. Under this analysis, each Recognized Loss Amounts will be based on the difference between the price of DDMG common stock prior to and after the corrective disclosures and/or drops on September 4, 2012, September 5, 2012, and September 7, 2012. The following table demonstrates how a Recognized Loss Amount is calculated:

Date Shares Purchased	Date Shares Sold				
	Prior to Sept. 4, 2012	Sept. 4, 2012 through Sept. 5, 2012	Sept. 6, 2012 through Sept. 7, 2012	After Sept. 7, 2012	
Prior to Sept. 4, 2012	\$0/share	\$0.66/share	\$1.09/share	\$1.47/share	
Sept. 4, 2012 to Sept. 5, 2012	N/A	\$0/share	\$0.43/share	\$0.81/share	
Sept. 5, 2012 to Sept. 7, 2012	N/A	N/A	\$0/share	\$0.38/share	
After Sept. 7, 2012	N/A	N/A	N/A	\$0/share	

Depending upon when an Authorized Claimant purchased and sold shares of DDMG common stock, the Recognized Loss Amount will be equal to the amount of shares held on the date of a corrective disclosure multiplied by the decline in DDMG's common stock price caused by the corrective disclosure.

An Authorized Claimant's "Distribution Amount" shall be the sum of its pro rata share of each Fund. The pro rata share in each Fund shall be calculated by dividing the Authorized Claimant's Recognized Loss Amount by the total of Recognized Loss Amounts for all Authorized Claimants entitled to a distribution from that Fund. If the Authorized Claimant's Distribution Amount is calculated to be less than \$10.00, it will not be included in the calculation and it will not be distributed.

If an Authorized Claimant has more than one purchase or sale of DDMG common stock during the Settlement Period, all purchases and sales shall be matched on a First-In-First-Out ("FIFO") basis.

Purchases and sales of DDMG common stock are deemed to have occurred on the "trade" date as opposed to the "settlement" date.

To the extent that any amount of the Settlement Fund remains after the Claims Administrator has caused distributions to be made to all Authorized Claimants, whether by reason of uncashed distributions or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Authorized Claimants cash their distributions, any balance remaining in the Settlement Fund one (1) year after the initial distribution of such funds shall be redistributed to Authorized Claimants who have cashed their initial distributions, after payment of any unpaid costs or fees incurred in administering the Settlement Fund for such redistribution if Lead Counsel, in consultation with the Claims Administrator, determines that additional redistributions, after deduction of any additional fees and expenses that would be incurred with respect to such redistribution, would be cost-effective. Additional redistributions to Authorized Claimants who have cashed their prior distribution checks may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional redistributions, after the deduction of any additional fees and expenses that would be incurred with respect to such redistributions, would be cost effective. At such time as it is determined that the redistribution of funds remaining in the Settlement Fund is not cost-effective, the remaining balance in the Settlement Fund shall be contributed to non-sectarian, not-for-profit §501(c)(3) organization(s), to be recommended by Lead Counsel and approved by the Court.

10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form accompanies this Notice. You may also download a Proof of Claim form from the Claims Administrator's website, www.DDMGSecuritiesLitigation.com. Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it postmarked no later than February 13, 2017. Any Class member who fails to submit a Proof of Claim by such date shall be forever barred from receiving any distribution from the Settlement Fund (unless by order of the Court the deadline to submit a Proof of Claim is extended or such Class member's Proof of Claim is accepted), but otherwise shall be bound by all of the terms of the Stipulation and the Settlement, including the releases in the Stipulation, and will be permanently barred and enjoined from bringing any action against any and all Defendants and released persons concerning any and all of Lead Plaintiffs' Released Claims.

11. When would I get my payment?

The Court will hold a hearing on January 12, 2017 at 2:00 p.m., to decide whether to approve the Settlement. If the Court approves the Settlement, one or more appeals may follow. It is always uncertain how any such appeal will be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. Please be patient.

12. What am I giving up to get a payment or stay in the Settlement Class?

Unless you exclude yourself, you will remain a member of the Settlement Class, and that means that, upon the "Effective Date," you will release all "Released Claims" (as defined below) against the "Released Persons" (as defined below).

The "Effective Date" will occur when an Order entered by the Court approving the Settlement becomes final and not subject to appeal and when all conditions of the Stipulation have been met.

"Released Claims" means all and every manner of direct and derivative actions, causes of action, claims, counterclaims, cross-claims, third-party claims, suits, proceedings, damages, punitive damages, costs, expenses and attorneys' fees, demands and liabilities whatsoever of every kind and nature, whether known or

unknown, suspected or unsuspected, accrued or unaccrued, in law, equity or otherwise, which Lead Plaintiffs or any other Member of the Settlement Class (i) asserted in the Action; (ii) could have or might have asserted in the Action and/or in any other litigation, action or forum that arise out of, are based upon or are related in any way, directly or indirectly, in whole or in part, to (a) both: (1) the allegations, transactions, facts, matters, occurrences, representations or omissions involved, set forth or referred to in the Action, and (2) any purchase, sale or acquisition of, or decision to hold DDMG common stock during the Settlement Class Period; and/or (b) Defendants' defense or settlement of the Action and/or Defendants' defense or settlement of the Released Claims. Notwithstanding the foregoing, "Released Claims" does not include claims relating to the enforcement of the Settlement.

"Released Persons" means DDMG, the DDMG Directors and Officers, the DD CA Directors and Officers, the Underwriter Defendants (including Maxim Group LLC), SingerLewak, SL Insurers, Falcon, the Florida DEO, the Senior Lenders, the Creditors Committee, PSL, the Foreign Investors, Bounty Gain, PBC, every "Insured" (as the term is defined in the D&O Policies), and the Insurers, and their spouses, heirs, executors, beneficiaries, administrators, agents, trustees, attorneys, accountants, auditors, representatives, principals, officers, directors, employees, contractors, partners, owners, subsidiaries, affiliates, predecessors-in-interest, successors-in-interest, and assigns, including all subsidiaries', affiliates', predecessors-in-interest's, successors-in-interest's, and assigns' past or present spouses, heirs, executors, beneficiaries, administrators, agents, trustees, attorneys, accountants, auditors, representatives, principals, officers, directors, employees, contractors, partners, owners, subsidiaries, affiliates, predecessors-in-interest, successors-in-interest, and assigns, and each is a "Released Party."

If you remain a member of the Settlement Class, all of the Court's orders will apply to you and legally bind you.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this Settlement, but you want to keep any right you may have to sue or continue to sue Defendants on your own about the Released Claims, then you must take steps to exclude yourself—or as it is sometimes referred to, you must "opt out" of the Settlement Class.

13. How do I exclude myself from the proposed Settlement?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you "request exclusion from the Settlement Class in *In re Digital Domain Media Group, Inc., Securities Litigation*, Case No. 12-Civ-14333-MARTINEZ-LYNCH (S.D. Fla.)." Your letter must state the date(s), price(s) and number(s) of shares of all your purchases and sales of DDMG shares during the Settlement Class Period. In addition, be sure to include your name, address, daytime telephone number and your signature. You must mail your exclusion request **postmarked no later than November 2, 2016** to the Claims Administrator at: Digital Domain Media Group, Inc. Securities Litigation EXCLUSIONS, c/o KCC Class Action Services LLC, 3301 Kerner Boulevard, San Rafael, CA 94901.

You cannot exclude yourself by telephone, by fax or by e-mail. If you ask to be excluded, you will not get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue DDMG and the other Released Persons about the Released Claims in the future.

14. If I do not exclude myself, can I sue DDMG, Defendants or the other Released Persons later for the Released Claims?

No. Unless you exclude yourself, you give up any rights to sue DDMG and the other Released Persons, or to enforce any existing judgments against any of the Released Persons, for any and all Released Claims. If you have a pending lawsuit against DDMG or the other Released Persons, speak to your lawyer in that case immediately, to determine if you have to exclude yourself from *this* Settlement Class to continue your own lawsuit. Remember, the exclusion deadline is **November 2, 2016**.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, do not send in a Proof of Claim form to ask for any money. But, you may exercise any right you may have to sue, continue to sue, or be part of a different lawsuit against Defendants and the other Released Persons.

THE LAWYERS REPRESENTING YOU

16. Do I have a lawyer in this case?

The Court appointed the law firms Levi & Korsinsky, Wolf Popper, and Berman DeValerio as Lead Counsel to represent all Class Members. These lawyers are called Lead Counsel. You will **not** be separately charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Lead Counsel are moving the Court to award attorneys' fees not to exceed \$1,815,000 or thirty-three percent (33%) and for reimbursement of out-of-pocket expenses not to exceed \$90,000 from the Settlement Fund, plus interest on such fees and expenses at the same rate as earned by the Settlement Fund. Lead Counsel, without further notice to the Settlement Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the Settlement proceeds to the members of the Settlement Class and any proceedings subsequent to the Final Approval Hearing.

The attorneys' fees and expenses requested will be the only payment to Lead Counsel for its efforts in achieving the Settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Lead Counsel has not been paid for their services for conducting this litigation on behalf of Lead Plaintiffs and the Class nor for their substantial out-of-pocket expenses. The fee requested will compensate Lead Counsel for their work in achieving the Settlement Fund. The Court may, however, award less than this amount. In that case, the difference will remain with the Settlement Fund.

Lead Counsel may make an application for service awards, in amounts not to exceed \$5,000 each, for the Lead Plaintiffs to compensate them for their efforts and commitment on behalf of the Class. The Court may, however, award less than this amount. In that case, the difference will remain with the Settlement Fund.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

18. How do I tell the Court that I do not like the proposed Settlement?

If you are a Settlement Class Member, you can object to the Settlement or any of its terms, the proposed Plan of Allocation, or the application by Lead Counsel for an award of fees and reimbursement of expenses. You may write to the Court setting out your objections. You may give reasons why you think the Court should not approve any or all of the settlement terms or arrangements and submit any documentation you believe is appropriate. The Court will only consider your views if you file a proper objection within the deadline identified and according to the following procedures.

To object, you must send a signed letter or other court submission stating that you object to the proposed Settlement in *In re Digital Domain Media Group, Inc., Securities Litigation*, Case No. 12-Civ-14333-MARTINEZ-LYNCH (S.D. Fla.). You must include your name, address, telephone number, and your signature, identify the date(s), price(s) and number(s) of shares of all purchases and sales of the DDMG shares you made during the Settlement Class Period, and state the reasons why you object to the Settlement. Your objection must be filed with the Court and served on all the following counsel by first class mail, **postmarked, on or before November 2, 2016**:

COURT:

Clerk of the Court
United States District Court for the Southern District of Florida,
Wilkie D. Ferguson, Jr. United States Courthouse,
400 North Miami Avenue,
Miami, FL 33128

PLAINTIFFS' LEAD COUNSEL:

Jay W. Eng, Esq.
BERMAN DEVALERIO
3507 Kyoto Gardens Drive, Suite 200
Palm Beach Gardens, FL 33410
(561) 835-9400

COUNSEL FOR THE DEFENDANTS:

Steven J. Brodie, Esq.
CARLTON FIELDS
Miami Tower
100 S.E. Second Street, Suite 4200
Miami, FL 33131

You do not need to go to the Final Approval Hearing to have your written objection considered by the Court. At the Final Approval Hearing, any Settlement Class Member who has not previously submitted a request for exclusion from the Settlement Class and who has complied with the procedures set out in this Question 18 and in Questions 20 and 22 below for filing with the Court and providing to the counsel for the Settlement Class and settling Defendants a statement of an intention to appear at the Final Approval Hearing may also appear and be heard, to the extent allowed by the Court, to state any objection to the Settlement, the Plan of Allocation or Plaintiffs' Counsel's motion for an award of attorneys' fees and reimbursement of expenses. Any such objector may appear in person or arrange, at that objector's expense, for a lawyer to represent the objector at the Final Approval Hearing.

Any person or entity objecting to the Settlement shall submit to the Court's jurisdiction and agrees that the Parties may depose the person or entity with regard to their objection. Unless the Court otherwise directs, no person or entity shall be entitled to object to the approval of the Settlement, any judgment entered thereon, the adequacy of representation of the Class by Lead Plaintiffs and Lead Counsel, any award of attorneys' fees and expenses, the allocation of the Settlement Fund, or otherwise be heard, except by serving and filing a written objection and supporting papers and documents as described above. Failing to do so will forever bar such person or entity from raising such objection in the Action or any other proceeding. Any member of the Class who does not object to the Settlement or the attorneys' fees and expenses request need not do anything.

19. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Final Approval Hearing at 2:00 p.m. on January 12, 2017, at the United States District Court for the Southern District of Florida, Wilkie D. Ferguson, Jr. United States Courthouse, 400 North Miami Avenue, Miami, FL 33128. At this hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. At the Final Approval Hearing, the Court also will consider the proposed Plan of Allocation for the proceeds of the Settlement and the application of Plaintiffs' Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions at Question 18. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the hearing; but decisions regarding the conduct of the hearing will be made by the Court. (Please refer to Question 22 for more information about speaking at the hearing.) The Court will also decide the amount of attorneys' fees and expenses to award Plaintiffs' Counsel. After the hearing, the Court will decide whether to approve the Settlement and to enter the Judgment dismissing the Litigation with prejudice. We do not know how long these decisions will take.

You should be aware that the Court may change the date and time of the Final Approval Hearing. Thus, if you want to come to the hearing, you should check with Lead Counsel before coming to be sure that the date and/or time has not changed.

21. Do I have to come to the hearing?

No. Lead Counsel will answer questions the Court may have, but you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you filed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but attendance is not mandatory. Settlement Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Final Approval Hearing. To do so, you must include with your objection (see Question 18 above) a statement stating that it is your "Notice of Intention to Appear in *In re Digital Domain Media Group, Inc., Securities Litigation*, Case No. 12-Civ-14333-MARTINEZ-LYNCH (S.D. Fla)." Settlement Class Members who intend to object to the Settlement, the Plan of Allocation, or Plaintiffs' Counsel's application for an award of attorneys' fees and reimbursement of expenses and

desire to present evidence at the Final Approval Hearing must include in their written objections the identity of any witnesses they propose to call to testify and any exhibits they intend to offer into evidence at the Final Approval Hearing. You cannot speak at the hearing if you excluded yourself from the Settlement Class or if you have not provided written notice of your intention to speak at the Final Approval Hearing by the deadline identified, and in accordance with the procedures described in Question 18 above.

IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement and, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit or be part of any other lawsuit against Defendants or the Released Persons about the claims being released in the Settlement. All members of the Class who do not submit valid and timely Proof of Claim forms shall be forever barred from receiving any payments from the Settlement, but will in all other respects be subject to and bound by the provisions of the Stipulation and any Order and Final Judgment entered.

GETTING MORE INFORMATION

24. Are there more details about the proposed Settlement?

This notice summarizes the proposed Settlement. More details are in a Stipulation of Settlement dated as of **June 17, 2016** (the "Stipulation"). You may obtain a copy of the Stipulation, the Proof of Claim form, and other information by visiting the website www.DDMGSecuritiesLitigation.com or by contacting the Claims Administrator by mail at *Digital Domain Media Group, Inc. Securities Litigation, c/o KCC Class Action Services LLC, P.O. Box 43417, Providence, RI 02940-3417*; by toll free phone at 1-855-730-8650. You may also contact Lead Counsel at the addresses on Page 10, above.

25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of Florida, Wilkie D. Ferguson, Jr. United States Courthouse, 400 North Miami Avenue, Miami, FL 33128, during regular business hours.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

SPECIAL NOTICE TO NOMINEES

If you hold DDMG common stock pursuant to a transaction that took place within the United States within the Class Period, as nominee for a beneficial owner, then you must either: (a) within ten (10) days of receipt of this Notice request from the Claims Administrator sufficient copies of the Notices and Proofs of Claim to forward to all such beneficial owners, and within ten (10) calendar days of receipt of those Notices and Proofs of Claim, forward them to all such beneficial owners; or (b) within ten (10) calendar days of receipt of this Notice and Proof of Claim, provide a list of the names and addresses of all such beneficial owners to the Claims Administrator at *Digital Domain Media Group, Inc. Securities Litigation, c/o KCC Class Action Services LLC, P.O. Box 43417, Providence, RI 02940-3417*. If you choose the second option, the Claims Administrator will send a copy of the Notice and Proof of Claim to the beneficial owners. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for reasonable administrative costs incurred in connection with forwarding this Notice, and which would not have been incurred but for the obligation to forward this Notice, upon submission of appropriate documentation to the Claims Administrator. Copies of this Notice and the Claim Form may also be obtained from www.DDMGSecuritiesLitigation.com or by emailing the Claims Administrator at Nominees@DDMGSecuritiesLitigation.com.

Dated: **July 25, 2016**

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF FLORIDA
FORT PIERCE DIVISION