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13 **UNITED STATES DISTRICT COURT**  
14 **NORTHERN DISTRICT OF CALIFORNIA**  
15 **SAN FRANCISCO DIVISION**

16 IN RE ZORAN CORPORATION )  
17 DERIVATIVE LITIGATION )  
18 \_\_\_\_\_ )

**Civil Action No. 06-05503-WHA**

**LEAD PLAINTIFF'S MOTION FOR  
PRELIMINARY APPROVAL OF  
PROPOSED SETTLEMENT**

18 This Document Relates to: )

19 All Actions )

**Date : July 3, 2008**  
**Time: 8:00 a.m.**  
**Courtroom 9, 19th Floor**  
**The Honorable William Alsup**

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1 **NOTICE OF MOTION AND MOTION**

2 PLEASE TAKE NOTICE that July 3, 2008 before the Honorable William H. Alsup, 450  
3 Golden Gate Avenue, San Francisco, California, Lead Plaintiff Gerald del Rosario will move the  
4 Court for an Order Preliminarily Approving the Proposed Settlement in this action. This motion  
5 is based upon the accompanying Memorandum of Points and Authorities, the Stipulation of  
6 Settlement (“Stipulation” or “Settlement”) attached as Exhibit A to the Declaration of Juli E.  
7 Farris in Support of Lead Plaintiff’s Motion for Preliminary Approval of Proposed Settlement  
8 (“Farris Dec”) filed herewith, and the Proposed Notice to Shareholders attached as Exhibit C to  
9 the Stipulation, as well as the pleadings and records on file herein, and such other matters as may  
10 be presented to the Court.

11 **ISSUES TO BE DECIDED**

- 12 1. Should the proposed Settlement set forth in the Stipulation of Settlement be  
13 preliminarily approved as fair, reasonable, and adequate?
- 14 2. Should the Court approve the form and method of notice to Zoran shareholders?
- 15 3. Should the Court set a Settlement Hearing, along with deadlines for Lead Plaintiff’s  
16 Counsel to file and serve its motion for final approval of the proposed Settlement and for award  
17 of attorney’s fees and expenses?

18 **MEMORANDUM OF POINTS AND AUTHORITIES**

19 **I. INTRODUCTION**

20 Lead Plaintiff Gerald del Rosario moves this Court for an order preliminarily approving  
21 the Settlement negotiated in this derivative action. The Parties have conducted significant  
22 document and deposition discovery, and Lead Plaintiff has analyzed the relevant facts that were  
23 developed as part of discovery relating to his claims. Lead Plaintiff believes that the Settlement  
24 is in the best interests of nominal defendant Zoran and its shareholders and represents a fair and  
25 reasonable settlement of Lead Plaintiff’s claims. In negotiating the Settlement, Lead Plaintiff  
26 and Lead Plaintiff’s Counsel were cognizant of, and took into consideration, the guidance  
27 provided by the Court in its April 7, 2008 Order Denying Preliminary Approval of Proposed  
28

1 Settlement of Derivative Action. (Dkt. 164) (April 7, 2008).

2 Pursuant to Federal Rule of Civil Procedure 23.1, therefore, Lead Plaintiff respectfully  
3 moves this Court for an order: (1) preliminarily approving the Settlement; (2) approving the  
4 proposed notice to shareholders; and (3) scheduling a final approval hearing and deadlines for  
5 submission of Lead Counsel's attorney fee petition and the submission and response to any  
6 objections to the settlement from shareholders.

7 Lead Plaintiff filed this derivative action against nominal defendant Zoran Corporation,  
8 as well as several Zoran officers and directors, including Levy Gerzberg, Karl Schneider,  
9 Camillo Martino, Arthur B. Stabenow, Uzia Galil, James D. Meindl, James B. Owens, Jr., and  
10 Raymond A. Burgess (the "Individual Defendants"), challenging Zoran's stock option granting  
11 practices.<sup>1</sup> Over the past year, Lead Plaintiff has reviewed several hundred thousand documents  
12 consisting of over a million and a half pages, taken the depositions of seven party and non-party  
13 witnesses, probed the findings and conclusions of the investigation conducted by the Special  
14 Committee of Zoran's Board of Directors regarding the Company's historical stock option  
15 practices, and analyzed the resulting re-measurement of certain stock options and related  
16 restatement of Zoran's financials. Lead Plaintiff has also considered the total amount of the  
17 Company's restatement and the fact that the SEC terminated its investigation of Zoran's stock  
18 option practices without any enforcement action. In addition, Lead Plaintiff retained a damages  
19 expert who has opined on the potential damage recovery, and has evaluated the odds that Lead  
20 Plaintiff could succeed in recouping an award significantly larger than that which is proposed in  
21 the settlement, in light of the facts adduced through discovery and the risks of proceeding with  
22 the litigation.

23 Although Lead Plaintiff believes that the allegations in his Consolidated Verified  
24 Derivative Complaint ("Complaint") have merit, Lead Plaintiff nonetheless believes that  
25 settlement according to the terms and conditions contained in the accompanying Stipulation is in

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26 <sup>1</sup> Plaintiff also brought suit against other former and current Zoran officers with whom he has  
27 executed tolling agreements. These individuals include Aharon Aharon, Paul Goldberg, Isaac  
28 Shenberg, and Alex Sinar.

1 the best interests of both Zoran and its shareholders. The terms of the Settlement were  
2 negotiated at arm's-length and in good faith, taking into consideration this Court's April 7, 2008  
3 Order.

4 The Settlement will provide immediate and tangible value in the form of \$3,395,000 in  
5 cash being paid to Zoran, \$296,250 to be paid by Defendant Levy Gerzberg, Zoran's CEO and  
6 \$98,750 to be paid by Defendant Karl Schneider, Zoran's CFO, with the remaining \$3 million to  
7 be paid to the Company on behalf of the Individual Defendants through applicable insurance.  
8 The \$395,000 to be paid directly by Defendants Gerzberg and Schneider represents the profit  
9 these Defendants personally received as the result of the alleged backdating of the September 19,  
10 2001 option grants. In addition, Defendants Gerzberg, Schneider, and Stabenow have agreed to  
11 reprice allegedly backdated stock options they now hold, beyond those they voluntarily repriced  
12 in December, 2006. The intrinsic value of this repricing, i.e. the difference between the original  
13 exercise price and the adjusted exercise price of these options, is approximately \$256,920.<sup>2</sup> Dr.  
14 Gerzberg has also agreed to cancel stock options valued at \$482,310 (using the Black-Scholes  
15 valuation method), which represents the profit he received from the alleged backdating of the  
16 August 2002 option grant. In order to ensure that the number of options cancelled provides an  
17 appropriate value under the terms of the agreement, Dr. Gerzberg has agreed to cancel the  
18 number of options equal in value to \$482,310, using Black-Scholes method and based on either:  
19 (1) Zoran's closing stock price on May 13, 2008, the date used by Defendants to perform the  
20 Black-Scholes analysis before presenting this settlement proposal to Lead Plaintiff's counsel, or;  
21 (2) the closing price on the date preceding this Court's entry of a preliminary approval order,  
22 whichever price is lower and thus results in the return of a greater number of options to the  
23 Company. Zoran has also agreed to implement the corporate governance measures that were  
24 included in the Parties' initial stipulation of settlement.

25 \_\_\_\_\_  
26 <sup>2</sup> The intrinsic value measures the discounted value and/or potential profit that the Defendants  
27 will forgo by repricing these options. The value of these repricings to the Company, using the  
28 Individual Defendants' Black-Scholes inputs, consistent with this Court's April 7, 2008 Order,  
is \$106,519. Affidavit of Chris W. Johnson filed herewith ("Johnson Affidavit"), p. 13.

1 Although it is possible that a larger recovery could be obtained if the case proceeds, Lead  
2 Plaintiff believes that the substantial litigation risks presented, along with the potentially  
3 dispositive defenses alleged, could preclude the Company from recovering any benefits at all.  
4 Additionally, the potential for management distraction and the adverse impact on Zoran's  
5 business that would result from continued litigation could outweigh any additional recovery that  
6 might be obtained. For all of these reasons, Lead Plaintiff has concluded that the Settlement will  
7 fairly and adequately serve the interests of Zoran and its shareholders and therefore respectfully  
8 petitions the Court for preliminary approval of its terms.

## 9 **II. BACKGROUND**

10 On May 16, 2006, the Center for Financial Research and Analysis ("CFRA") issued a  
11 report identifying dozens of companies, including Zoran, that were purportedly "at risk" for  
12 having backdated stock options. Consolidated Verified Derivative Complaint ("Complaint")  
13 (Dkt. 47) (Mar. 14, 2007), ¶ 4. On May 23, 2006, Zoran announced that the Company's  
14 management and its outside counsel had conducted an internal review with respect to the stock  
15 option grants identified by CFRA. *Id.*, ¶ 5.

16 On July 3, 2006, Zoran announced that its Board of Directors had formed a Special  
17 Committee of outside directors (the "Special Committee") to conduct an independent  
18 investigation into whether there had been any improper backdating of stock option grants since  
19 Zoran's initial public offering in 1995. *Id.*, ¶ 74. The Special Committee retained independent  
20 counsel in connection with the investigation. In the same press release, Zoran also announced  
21 that it had received an informal inquiry from the SEC requesting documents related to its stock  
22 option granting practices, as well as a grand jury subpoena from the U.S. Attorney for the  
23 Northern District of California requesting documents regarding stock options.<sup>3</sup> *Id.*, ¶ 73.

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25 <sup>3</sup> On November 2, 2007, the SEC notified Zoran that the Staff's investigation had been  
26 terminated and that no enforcement action against Zoran or any of its officers, directors or  
27 employees has been recommended to the Commission. Farris Dec., Ex. B. Similarly, Defense  
28 Counsel has informed Plaintiff's Counsel that no action has been taken to date by the U.S.  
Attorney's office with respect to Zoran or its officers, directors or employees.

1 In June and September 2006, three shareholder derivative actions alleging claims under  
2 federal and state law based on backdating of stock options were filed in the Northern District of  
3 California against the Defendants.<sup>4</sup> Order Relating Cases (Dkt. 8) (Oct. 24, 2006). Two of these  
4 cases were consolidated into the above-captioned Derivative Litigation.<sup>5</sup> Order Consolidating  
5 Cases and Case Management Order (Dkt. 21) (Dec. 8, 2006). On January 18, 2007, this Court  
6 appointed Mr. del Rosario Lead Plaintiff for the consolidated actions, finding that “he would be  
7 an adequate lead plaintiff and would serve the interests of the shareholders and the Company.”  
8 Order Granting Gerald del Rosario’s Motion for Appointment as Lead Plaintiff (Dkt. 37) (Jan.  
9 18, 2007), p. 3. On February 8, 2007, after conducting the due diligence required by the Court,  
10 Lead Plaintiff petitioned to have Keller Rohrback L.L.P. named as Plaintiff’s Lead Counsel. The  
11 Court approved Lead Plaintiff’s application on February 14, 2007. Order Granting Lead  
12 Plaintiff’s Motion for Approval of Selection of Counsel (Dkt. 46) (Feb. 14, 2007).

13 On February 20, 2007, Zoran reported that as a result of the Special Committee’s  
14 investigation, recorded grant dates for a small number of stock option grants would need to be  
15 re-measured for financial accounting purposes. Complaint ¶ 78. The Board also concluded that  
16 there was no intentional misconduct by Zoran’s senior management. *Id.*, ¶ 79. Zoran  
17 subsequently restated its historical financial statements to reflect the adjusted measurement dates,  
18 taking a non-cash compensation charge of \$11.7 million. Declaration of Felix S. Lee in Support  
19 of Defendants’ and Nominal Defendant’s Reply Memorandum in Support of Motion to Dismiss  
20 Plaintiff’s Consolidated Derivative Complaint, Ex. A (Dkt. 62) (May 3, 2007).

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23 <sup>4</sup> A nearly identical state court derivative action based upon these same facts and against  
24 substantially the same defendants is currently pending in Santa Clara Superior Court. That  
25 case is titled *In re Zoran Derivative Litigation*, Case No. 1:06CV073498. The Santa Clara  
Superior Court has stayed that case in light of this action.

26 <sup>5</sup> The third derivative action, filed by Plaintiff NECA-IBEW, was voluntarily dismissed on  
27 December 4, 2006. Farris Dec., Ex. C. A shareholder class action suit filed against Zoran,  
28 titled *In re Zoran Corporation Securities Litigation*, Case No. 06-04843, was also brought in  
this district. That case was voluntarily dismissed on March 20, 2007. Farris Dec., Ex. D.

1           Lead Plaintiff filed his Consolidated Verified Derivative Complaint on March 14, 2007.  
2 In his Complaint, Lead Plaintiff asserted claims under Sections 10(b), 14(a) and 20(a) of the  
3 Securities Exchange Act of 1934, as well as claims under state law for breach of fiduciary duty,  
4 constructive fraud, abuse of control, corporate waste and gift, gross mismanagement, unjust  
5 enrichment, and rescission. Complaint ¶¶ 314-78. The Complaint alleges, among other things,  
6 that from at least 1997 through 2005, the Individual Defendants engaged in unlawful or improper  
7 practices related to Zoran's granting and accounting for stock options (including, but not limited  
8 to, "backdating" or otherwise misdating option grants, and not complying with the Company's  
9 option plans). This conduct allegedly resulted in false or misleading financial statements and  
10 proxies, additional compensation expenses and tax liabilities, and other expenses, including but  
11 not limited to those relating to the Special Committee's investigation and April 20, 2007 restated  
12 financials. In addition, Lead Plaintiff has subsequently alleged that certain practices and option  
13 grants not specifically asserted in his Complaint violated the Company's stock option plans or  
14 are otherwise actionable.  
15  
16

17           Defendants moved to dismiss Lead Plaintiff's Complaint on the grounds that Lead  
18 Plaintiff had failed to make pre-suit demand on Zoran's board or alleged facts sufficient to  
19 establish that such a demand would have been futile and, further, that the Complaint failed to  
20 state a claim upon which relief could be granted. Motion of Defendants and Nominal Defendant  
21 to Dismiss Plaintiffs' Consolidated Verified Derivative Complaint (Dkt. 53) (Apr. 11, 2007). On  
22 June 5, 2007, the Court ruled that the Complaint alleged facts sufficient to excuse demand at the  
23 pleading stage, while dismissing certain of Lead Plaintiff's causes of action on standing, statute  
24 of limitations, and other grounds. *In re Zoran Corp. Deriv. Litig.*, 511 F. Supp. 2d 986 (N.D. Cal  
25 2007). Thereafter, Defendants answered the Complaint, asserted various affirmative defenses,  
26 and the parties commenced discovery. *See* Nominal Defendant Zoran Corporation's Response to  
27 Plaintiff's Consolidated Derivative Complaint (Dkt. 115)  
28

1 (July 9, 2007); Individual Defendants' Answer to Plaintiff's Consolidated Derivative Complaint  
2 (Dkt. 117) (July 9, 2007).

3 On September 11, 2007, the parties conducted Court-ordered mediation proceedings  
4 before the Honorable Charles A. Legge of JAMS. Farris Dec., ¶ 5. Thereafter, the parties  
5 continued their settlement discussions and had numerous face-to-face meetings and telephone  
6 conferences, with and without Judge Legge, in furtherance of a possible resolution of the  
7 Derivative Litigation. *Id.*, ¶ 6. Among other things, the parties exchanged extensive information  
8 relating to the grants challenged in the Derivative Litigation, and Lead Plaintiff conducted  
9 substantial discovery, including, but not limited to, the review of over one and a half million  
10 pages of documents and depositions of key witnesses. *Id.*, ¶¶ 7-8.

11 On February 26, 2008, Lead Plaintiff moved for preliminary approval of a proposed  
12 stipulation of settlement involving the cancellation or repricing of certain stock options, the  
13 implementation of certain corporate governance measures and other provisions, including  
14 payment of Lead Plaintiff's Counsel's fee. On April 7, 2008, the Court denied Plaintiff's Motion  
15 for Preliminary Approval. Order Denying Preliminary Approval of Proposed Settlement of  
16 Derivative Action (Dkt. 164) (April 7, 2008).

17 From March through mid-May, the Parties engaged in a substantial amount of additional  
18 discovery. Plaintiff served additional discovery requests on Defendants, to which Defendants  
19 responded. Farris Dec., ¶ 9. Plaintiff deposed additional party and non-party witnesses and  
20 reviewed hundreds of thousands of additional pages of documents. *Id.*, ¶ 8. Defendants likewise  
21 served, and Plaintiff responded to a number of contention interrogatories, requests for  
22 admissions, and requests for production. Farris Dec., ¶ 9. Guided by the Court's April 7, 2008  
23 Order and the additional facts uncovered during the discovery that occurred subsequent to its  
24 being entered, the Parties also engaged in further settlement negotiations, both in person and  
25 telephonically. All of these negotiations were conducted in good faith and at arm's-length. *Id.*, ¶  
26 10. After several rounds of offers and counteroffers, on May 29, 2008 the Parties reached an  
27 agreement, as set out in the Stipulation filed herewith. The terms and conditions of the  
28

1 Settlement are described below.

2 **III. THE PROPOSED SETTLEMENT**

3 As a result of this Settlement, the Company receives the very tangible benefit of  
4 \$3,395,000 in cash (less awarded attorneys' fees and costs). Additionally, each of the Individual  
5 Defendants who received options that Lead Plaintiff alleges were backdated and that were  
6 remeasured by the Special Committee has agreed to reprice the unexercised portion of those  
7 options to reflect the adjusted exercise price of the options on the remeasurement date.  
8 Defendant Gerzberg has also agreed to cancel certain options worth \$482,310 (using the Black-  
9 Scholes valuation method). If the value of Gerzberg's cancelled options are included, the  
10 Settlement conveys approximately four million dollars in value to Zoran (less awarded costs and  
11 fees), which is a significant percentage of the maximum potential recovery given the risks of  
12 litigation.

13 The proposed Settlement also addresses the issues raised by this Court in its Order  
14 denying Preliminary Approval of the prior settlement proposal. Specifically:

- 15 • Zoran will receive significant cash consideration;
- 16 • The Individual Defendants have agreed to reprice additional options;
- 17 • Defendant Gerzberg has agreed to cancel additional options worth \$482,310,  
18 using the Black-Scholes valuation method, and the number of options necessary  
19 to equal that sum will be measured based either on the closing price of Zoran's  
20 stock on the date Defendants performed the initial Black-Scholes analysis for  
21 purposes of presenting the settlement offer to Lead Plaintiff, or the closing price  
22 on the date immediately preceding this Court's entry of an order preliminarily  
23 approving the settlement, whichever results in a greater number of options being  
24 returned to the Company, using the Black-Scholes valuation analysis;
- 25 • The scope of the release has been limited, consistent with this Court's April 7,  
26 2008 Order, to those claims that arose prior to the filing of Plaintiff's  
27 Consolidated Verified Derivative Complaint;

- The settlement, if approved, will extinguish all profits from backdating that the Individual Defendants received or could have received from the remeasured portion of option grants that were alleged to be backdated in the Complaint and were remeasured as a result of the Special Committee’s investigation.

Specifically, in exchange for Plaintiff’s dismissal of this action with prejudice and a release of claims, Defendants have agreed to the following terms. While they maintain that they are under no obligation to do so, the Individual Defendants have agreed to take the following actions:

**(a) Cash payment:** The Individual Defendants will cause \$3,395,000 in cash to be paid to Zoran. Of this amount, \$296,250 will be paid by Defendant Gerzberg, and \$98,750 will be paid by Defendant Schneider. The remainder (\$3,000,000) will be paid to the Company on behalf of the Individual Defendants through applicable insurance. Farris Dec., Ex. A at ¶ 2.4(a).

**(b) Additional repricing:** Defendants Gerzberg, Schneider, and Stabenow will reprice the following options to the adjusted exercise price reflected in Zoran’s April 20, 2007 restatement of financials:<sup>6</sup>

<u>Defendant</u>	<u>Grant Date</u>	<u>Exercise Price</u>	<u>Adjusted Price</u>	<u># of Options</u>
Gerzberg, Levy	8/09/02	\$12.36	\$14.69	42,375
Schneider, Karl	9/19/01	\$11.52	\$15.47	11,563
Schneider, Karl	8/9/02	\$12.36	\$14.69	43,750
Stabenow, Arthur	3/16/01	\$8.67	\$11.49	3,750

Farris Dec., Ex. A at ¶ 2.4(b).

These options include all of the options granted to any of the Individual Defendants that were identified by Zoran’s Special Committee and remeasured by the Company as part of its April 20, 2007 restatement of financials that remain unexercised.

These repricings are in addition to, and do not include, the stock options that were voluntarily repriced by Gerzberg and Schneider in December 2006, after this litigation was

<sup>6</sup> The number of options and stock price for all of the options to be repriced or cancelled has been adjusted for Zoran’s 3:2 stock split in May 2002.

1 initiated but prior to the filing of Lead Plaintiff's Consolidated Verified Derivative Complaint,  
2 which are set out in the following table:

<u>Defendant</u>	<u>Grant Date</u>	<u>Exercise Price</u>	<u>Adjusted Price</u>	<u># of Options</u>
Gerzberg, Levy	8/09/02	\$12.36	\$14.69	178,125
Schneider, Karl	9/19/01	\$11.52	\$15.47	8,437
Schneider, Karl	8/9/02	\$12.36	\$14.69	31,250

3  
4  
5  
6  
7 **(c) Cancellation of Options:** Defendant Gerzberg has agreed to cancel certain  
8 options as further consideration. Farris Dec., Ex. A at ¶ 2.4(c). It is the intention of the Parties  
9 that the value of the canceled options shall be \$482,310, the amount of profit that Dr. Gerzberg  
10 personally received from the allegedly backdated portion of the August 2002 stock option grant,  
11 calculated using the Black-Scholes methodology with the variable inputs set forth in Exhibit A to  
12 the Stipulation of Settlement.<sup>7</sup> Using such a methodology and the Company's stock price at the  
13 close of the markets on May 13, 2008, the Settling Parties agree that that the cancellation of the  
14 following options would provide the Black-Scholes value intended:

<u>Defendant</u>	<u>Grant Date</u>	<u>Exercise Price</u>	<u>Black-Scholes Value (per share)</u>	<u># of Options</u>
Gerzberg, Levy	7/15/03	\$24.78	\$4.32	289,107
Gerzberg, Levy	7/28/00	\$27.33	\$1.96	135,000

15  
16  
17  
18 May 13, 2008 was the day preceding Defendants' initial Black-Scholes valuation,  
19 performed for purposes of presenting the settlement offer to Lead Plaintiff, to enable Defendants,  
20 and specifically Dr. Gerzberg, to determine the number of options that would need to be  
21 cancelled to equal the \$482,310 in value agreed upon by the Parties. In order to eliminate any  
22 concern regarding the date on which the Black-Scholes calculations were made, however, the  
23 Parties have agreed to perform an identical calculation based on the closing price of the  
24 Company's stock on the trading day immediately preceding the date on which this Court signs a

25  
26 <sup>7</sup> The parties agreed to the cancellation of options of equivalent value, rather than cash  
27 repayment, for profits realized from these options because Defendants have asserted the  
28 affirmative defense of reliance on advice of counsel and accountants with respect to the claim  
that the August 2002 grant was backdated.

1 preliminary approval order. If the closing price of the Company's stock on that date is less than  
2 the closing price on May 13, 2008, Dr. Gerzberg has agreed to cancel the number of options that  
3 will provide the agreed upon value and return the greater number of options to the Company,  
4 based upon the updated calculation.<sup>8</sup>

5 To assist the Court with determining the reviewing the Black-Scholes valuation and  
6 determining the total return of value to the Company resulting from the options cancellation  
7 proposed as part of this Settlement, Plaintiff submits the report of consultant Christopher  
8 Johnson. Johnson has analyzed the inputs and variables used in determining the value of the  
9 options to be cancelled by Dr. Gerzberg, and believes that they will result in a return of value to  
10 the Company, in terms of the number of options cancelled, that meets or exceeds the number of  
11 shares he would have predicted using his valuation. *See* Johnson Affidavit, pp. 8-11.<sup>9</sup>

13 **(d) Corporate governance measures:** Zoran, through its Board of Directors, shall  
14 adopt the additional corporate governance measures, not previously adopted, identified in  
15 paragraphs F through EE of Attachment A to the Stipulation, not less than 30 days after the

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16 <sup>8</sup> Lead Plaintiff does not believe that the cancellation of the proffered options results in "double-  
17 counting," a potential issue identified by the Court in its April 7, 2008 Order. Order, at p. 15  
18 n.7. Plaintiff has not alleged that the July 15, 2003 grant to Gerzberg was backdated. While  
19 Plaintiff initially alleged that the Friday July 28, 2000 grant to Gerzberg was backdated, the  
20 evidence adduced to date suggests that the effective date for this grant was established on or  
21 before July 30, 2000, a Sunday on which the markets were closed, and that the grant was  
22 priced as of the closing price on the preceding business day. Declaration of Juli E. Farris in  
23 Support of Supplemental Memorandum in Support of Motion for Preliminary Approval of  
24 Settlement ("Farris March 18, 2008 Dec.") (Dkt. 146) (Mar. 18, 2008), at Ex. A. The Special  
25 Committee did not remeasure this grant, and Lead Plaintiff's testifying expert has not included  
26 the July 28, 2000 grant to Gerzberg in his damages calculations. Expert Report of James G.  
27 Bohn, Ph.D. (Dkt. 148) (Mar. 18, 2008), p. 5; Table 2; Table 4.4.

28 <sup>9</sup> Using the inputs and variables selected by Johnson for his Black-Scholes analysis, based upon  
the closing price as of May 13, 2008, the value to the Company of the options Gerzberg  
proposes to cancel would be \$1,724,781, demonstrating that the \$482,310 in value attributed to  
these cancelled options by the Individual Defendants is based upon conservative inputs and  
variables, which result in the return of a greater number of cancelled options, and greater  
potential benefit to the Company, than might otherwise have been achieved and was a factor in  
Lead Plaintiff's evaluation of the settlement proposal. Johnson Affidavit, pp. 10-11.

1 Judgment has become Final as defined in the Stipulation. Farris Dec., Ex. A at ¶ 2.2. As  
2 additional consideration for the Settlement, both the measures previously adopted by the  
3 Company in September 2006 (identified in paragraphs A through E of Attachment A to the  
4 Stipulation) and the additional measures identified in Attachment A shall continue for a period of  
5 at least three years. *Id.* Defendants acknowledge that these additional measures were negotiated  
6 as part of this Settlement. The additional corporate governance measures that will be enacted by  
7 the Company as a direct result of this Settlement include, among other things, the prompt  
8 preparation and circulation of meeting minutes reflecting all option grants; the appointment of a  
9 new independent director; at least four annual meetings of the Compensation and Audit  
10 Committees; an independent evaluation of Zoran's executive compensation policies, practices,  
11 and procedures, compared to those of comparable public companies every three years; increased  
12 officer and director education; and annual education for appropriate members of the Finance  
13 Department. *See* Farris Dec., Ex. A, at Attachment A thereto.

14 Overall, the cash contributions made by Gerzberg and Schneider, the repricings, and the  
15 cancellation of options by Gerzberg will convey substantial benefit to Zoran and combine to  
16 ensure that the Individual Defendants have not, and will not, profit themselves from any of the  
17 allegedly backdated grants they received that were ultimately remeasured as a result of the  
18 Special Committee's investigation of the Company's stock option practices.<sup>10</sup> While it is  
19 difficult to put a price tag on the corporate governance reforms, Lead Plaintiff believes that they  
20 confer a legitimate benefit to the Company and its shareholders and will prevent the recurrence  
21 of issues that gave rise to this litigation.

22 Finally, the Stipulation provides that Lead Counsel shall submit a request for an award of  
23 its actual fees and costs incurred in this Action, subject to approval by the Court. The Settlement  
24 provides that Lead Plaintiff's Counsel will seek reimbursement only for its actual fees and costs

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25 <sup>10</sup> Two defendants with whom Lead Plaintiff executed tolling agreements, Aharon Aharon and  
26 Isaac Shenberg, also received options that were remeasured as a result of the Special  
27 Committee's investigation. However, Aharon is no longer employed with the Company and  
28 his options were cancelled before he exercised them, and Lead Plaintiff does not believe that  
Shenberg was involved in the backdating of stock options.

1 in this matter (*i.e.*, Lead Plaintiff’s Counsel will not seek a “fee multiplier”). The specific  
 2 amount of fees and costs to be awarded has not been specifically negotiated by the parties, but is  
 3 left to the discretion and approval of this Court. In order to ensure that meaningful cash  
 4 consideration is in fact returned to the Company, however, Lead Plaintiff’s Counsel will seek  
 5 only its actual costs through entry of final judgment, estimated to be less than \$500,000, and will  
 6 limit its fee request for work performed by Lead Plaintiff’s Counsel to no more than \$1,000,000,  
 7 based on Lead Plaintiff Counsel’s usual and customary fees. Lead Counsel’s request for fees  
 8 will be set forth in detail and filed in conjunction with the motion for final approval of the  
 9 proposed Settlement.

10 **IV. THE SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE**

11 **A. The standards for approval of derivative settlements.**

12  
 13 It is well settled in this Circuit that when reviewing complex class action and derivative  
 14 settlements, the Court has a “strong judicial policy that favors settlements.” *In re Pacific*  
 15 *Enterprises Sec. Litig.*, 47 F.3d 373, 378 (9th Cir. 1995) (internal citations omitted). Courts have  
 16 long recognized that “stockholder litigation is notably difficult and unpredictable.” *Zerkle v.*  
 17 *Cleveland-Cliffs Iron Co.*, 52 F.R.D. 151, 159 (S.D.N.Y. 1971); *see also Pacific Enterprises*, 47  
 18 F.3d at 378 (noting that “derivative lawsuits are rarely successful”); *Maher v. Zapata Corp.*, 714  
 19 F.2d 436, 455 (5th Cir. 1983) (“[s]ettlements of shareholder derivative actions are particularly  
 20 favored because such litigation is ‘notoriously difficult and unpredictable’”). “The Courts,  
 21 therefore, do not lightly reject such settlements.” *Maher*, 714 F.2d at 455.

22 As noted by the court in *Zimmerman v. Bell*, when weighing settlement in a derivative  
 23 case:

24 Settlement here is favored for the reasons that settlements are generally  
 25 favored: disputes are resolved; the resources of litigants and courts are  
 26 saved; and, in the case of a derivative action, management can return its  
 attention and energy from the courtroom to the corporation itself.

27 800 F.2d 386, 392 (4th Cir. 1986). The only question for the Court is “whether the settlement,  
 28

1 taken as a whole, is so unfair on its face as to preclude judicial approval.” *Zerkle*, 52 F.R.D. at  
2 159.

3 Preliminary approval of a class action settlement is appropriate where the settlement  
4 agreement is the product of arm’s-length negotiation, is facially sufficient, and is within the  
5 range of possible recovery. *Class Plaintiffs v. City of Seattle*, 955 F.2d 1268, 1290 (9th Cir.  
6 1992). The same factors are relevant in the evaluation of a proposed settlement of a derivative  
7 action under Rule 23.1. *See Pacific Enterprises*, 47 F.3d at 378; *Schlensky v. Dorsey*, 574 F.2d  
8 131, 147 (3d Cir. 1978).

9 In passing on the propriety of a derivative settlement, the court must determine whether  
10 the proponents of the settlement have shown that it fairly and adequately serves the interests of  
11 the corporation on whose behalf the derivative action was instituted. *In re Washington Public*  
12 *Power Supply Sys. Sec. Litig.*, 720 F. Supp. 1379 (D. Ariz. 1989), *aff’d sub nom.*, *Class Plaintiffs*  
13 *v. City of Seattle*, 955 F.2d 1268 (9th Cir. 1992); *Granada Investments, Inc. v. DWG Corp.*, 962  
14 F.2d 1203 (6th Cir. 1992). “The adequacy of the recovery provided the corporation by the  
15 settlement must be considered in the light of the best possible recovery, of the risks of  
16 establishing liability and proving damages in the event the case is not settled, and of the cost of  
17 prolonging the litigation.” *Schlensky*, 574 F.2d at 147.

18 **B. The relevant factors strongly support preliminary approval of the Settlement.**

19 **1. A substantial benefit will be conferred on Zoran.**

20 The recovery obtained by Lead Plaintiff on behalf of Zoran is substantial. Zoran will  
21 receive \$3,395,000 in cash (less awarded attorneys’ fees and costs). This amount will serve to  
22 compensate Zoran for a significant portion of its damages, and includes payments of cash from  
23 not just Zoran’s insurer, but from the two Individual Defendants who personally profited from  
24 the receipt of allegedly backdated options that were remeasured by the Special Committee,  
25 Gerzberg (\$296,250) and Schneider (\$98,750). Gerzberg has also agreed to cancel \$482,310  
26 worth of stock options (using the Black-Scholes method of valuation). This cash and option-  
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1 based consideration from Gerzberg and Schneider will reimburse Zoran for the profits they  
2 received from difference in value between the original exercise price and the adjusted exercise  
3 price for those stock options that were remeasured by the Company and have already been  
4 exercised. In addition, all three of the Individual Defendants who received allegedly backdated  
5 stock options that were remeasured by the Special Committee, Defendants Gerzberg, Schneider  
6 and Stabenow, will reprice all of the options from the remeasured grant dates that they have not  
7 already exercised or voluntarily repriced.

8 Gerzberg, Schneider, and Stabenow's agreement to provide the Company with a  
9 combination of cash, repriced options, and cancelled options (in addition to the previously  
10 repriced options), will have the effect of disgorging all of the profits any of the Individual  
11 Defendants made, or could have made, from the remeasured grants. That recovery, in addition to  
12 the \$3,000,000 in cash (less attorneys' fees and costs) that Zoran will receive from the applicable  
13 insurance carriers, constitutes a significant percentage of the potential recovery. Plaintiff  
14 believes that the settlement is fair, and is in the best interests of the Company and its  
15 shareholders.

16 Resolution of the litigation through settlement also serves to reduce the total amount of  
17 fees and costs incurred by the Parties. Were Lead Plaintiff to continue with the litigation and to  
18 prevail on some or all of his claims, Lead Counsel would be entitled to seek reimbursement from  
19 the Company for reasonable fees and costs, which will inevitably be much higher than they are  
20 currently. Similarly, Defendants and third parties have incurred and will continue to incur  
21 significant legal costs and litigation expenses, much of which will be borne by the Company and  
22 may not be entirely compensable through insurance. Should the litigation proceed, Plaintiff  
23 expects to incur costs relating to several additional experts, multiple summary judgment motions  
24 and significant additional depositions and other discovery. All of these costs offset the value of  
25 any potential recovery.

26 The amount of potential recovery is also in dispute. A significant portion of the total  
27 damages alleged by Lead Plaintiff, and the theories under which they are alleged, are challenged  
28

1 by Defendants. While Zoran's restatement reported an \$11.7 million charge, much of this  
2 amount represents remeasurement of options that were never exercised and cannot be exercised  
3 in the future. Moreover, with respect to the damage claims laid out in Lead Plaintiff's expert's  
4 damages report, Defendants are expected to argue that much of these costs are not compensable,  
5 even if Lead Plaintiff were to prevail at trial, because they are not attributable to any actions of  
6 the Individual Defendants. When analyzed using the expectation measure of damages at the time  
7 the grants were made, Lead Plaintiff's damages expert estimates that the total damages  
8 attributable to the Individual Defendants' personal gain was \$188,590, *see* Bohn Report (Doc.  
9 No. 148), p. 16, which if true, makes a return of \$3,395,000 in cash (less awarded attorneys' fees  
10 and costs), in addition to the repricing and cancellation of options, a remarkable recovery, well  
11 above what Lead Plaintiff might have expected to receive at trial. Thus, when the inherent risks  
12 of litigation and likelihood of recovery are taken into account, Lead Plaintiff's Counsel believes  
13 that the monetary component of the proposed settlement is well within the range of  
14 reasonableness.<sup>11</sup>

15 The proposed Settlement also confers a benefit on Zoran in the form of enhanced  
16 procedures for the approval and administration of the Company's stock option practices, as well  
17 as improved general corporate governance policies and procedures, as described above, all of  
18 which must be given weight in determining that the settlement is fair. *Bell Atlantic Corp. v.*  
19 *Bolger*, 2 F.3d 1304, 1311 (3d Cir. 1993); *Zimmerman*, 800 F.2d at 391. Their implementation,  
20 when combined with the other cash and option-based consideration that will be conferred to the  
21 Company, and the Defendants' agreement that they will remain in place for at least three years,  
22 will provide additional benefit to Zoran.

23  
24  
25 <sup>11</sup> While Lead Plaintiff might secure a higher amount from Defendants if this action proceeded to  
26 trial, such a result would be speculative and subject to the significant litigation risks set forth  
27 herein. Courts have repeatedly held that the mere potential of a higher recovery is not  
28 sufficient grounds for disapproval of a settlement. *Linney v. Cellular Alaska P'ship*, 151 F.3d  
1234, 1242 (9th Cir. 1998); *see also City of Detroit v. Grinnell Corp.*, 495 F.2d 448 (2d Cir.  
1974).

1 Finally, settlement of this action will also benefit Zoran and its shareholders by sparing  
2 the Company and its management from the distraction of the ongoing discovery and depositions,  
3 as well as the scheduled trial, all of which will be costly to the Company regardless of the  
4 outcome. *Zimmerman*, 800 F.2d at 392.

5 **2. The risk, complexity, expense, and likely duration of the litigation**  
6 **favors settlement.**

7 Lead Plaintiff also recognizes the considerable time and expense that would be necessary  
8 to prosecute this litigation through trial and potential appeals. While any lawsuit carries inherent  
9 risks to both sides, such risks are a particular reality of derivative litigation.<sup>12</sup> There are  
10 substantial risks and expenses involved in the ongoing prosecution of this case.

11 First, although this Court has already ruled that Lead Plaintiff has satisfied the demand  
12 futility requirements of Rule 23.1 and stated a claim for relief on many of his claims, *Zoran*, 511  
13 F. Supp. 2d at 1009-17, the scope of claims that Lead Plaintiff would ultimately be permitted to  
14 bring remains at issue. Thus, the ability to achieve a settlement that represents a reasonable  
15 percentage of the total potential recovery for the entire time period alleged in the Complaint  
16 weighs in favor of settlement, rather than continued litigation, as the most expedient method to  
17 ensure a just result on behalf of the Company and its shareholders.

18 This Court's comprehensive ruling on the Defendants' motion to dismiss was also  
19 instructive in evaluating the relative strength or weakness of Lead Plaintiff's claims in light of  
20 the underlying evidence. Lead Plaintiff's investigation included evaluation of documents and/or  
21 testimony with respect to each grant alleged in the Complaint, the grants upon which the Special  
22 Committee investigation focused, and certain other suspiciously timed grants to Zoran  
23 employees and officers. While Lead Plaintiff believes that the evidence supports his claims, he  
24 is also cognizant that Defendants are likely equally convinced that the evidence supports their

25  
26 <sup>12</sup> As the Ninth Circuit has recognized, "derivative lawsuits are rarely successful." *Pacific*  
27 *Enterprises*, 47 F.3d at 378.

1 position that no wrongdoing occurred. Further, any additional claims that Plaintiff may have  
2 relating to the Defendants' improper delegation of authority to Dr. Gerzberg to make grants to  
3 himself and the other officers would require seeking leave to amend Plaintiff's Complaint, and  
4 likely another round of motions to dismiss. *See* Farris March 18, 2008 Dec., at. Ex. A.

5 Defendants could also be expected to pursue a number of affirmative defenses that were  
6 asserted in their Answer to Plaintiffs' Consolidated Complaint, including that Lead Plaintiff  
7 should have been required to make a demand on the board, that the business judgment rule  
8 protects them from liability for anything other than bad faith or fraud, that the Defendants are  
9 protected by the exculpatory clause in Zoran's articles of incorporation, that Defendants  
10 justifiably relied on the advice of their attorneys and accountants in making the stock option  
11 grants, and that the Special Committee's investigation adequately addressed any deficiencies.  
12 Defendants will likely also assert that the lack of enforcement action by the SEC and U.S.  
13 Attorney supports their claim that no significant wrongdoing occurred. Lead Plaintiff considered  
14 these risks when evaluating the settlement.

15 Litigating this action to its conclusion also would be costly. In addition to counsel  
16 representing the Company and separate counsel representing the outside directors, Defendants  
17 Gerzberg, Schneider, and Martino are each represented by their own counsel, compounding the  
18 costs and complexity of discovery and litigation, including future hearings or proceedings and  
19 trial. The parties have or can be expected to retain expert witnesses on a variety of topics  
20 including accounting issues, corporate governance, statistical analysis and damages. These  
21 additional costs of litigation, when compared to the benefits that could be immediately conferred  
22 through the existing proposal, favor preliminary approval of the proposed Settlement.

1                   **3. The Settlement was reached through arm's-length negotiation by**  
2                   **experienced and informed counsel.**

3                   Lead Plaintiff and Defendants were represented by skilled counsel, experienced in  
4 handling complex shareholder litigation. Lead Plaintiff's choice of Keller Rohrback L.L.P. as  
5 counsel was carefully vetted and approved by the Court as being in the best interests of the  
6 Company and its shareholders. Defendants Aharon, Burgess, Galil, Goldberg, Meindl, Owens,  
7 Shenberg, Sinar, and Stabenow are represented by Fenwick & West LLP, Defendant Gerzberg is  
8 represented by Cooley Godward Kronish LLP, Defendant Schneider is represented by Morgan,  
9 Lewis & Bockius LLP, Defendant Martino is represented by Heller Ehrman LLP, and Nominal  
10 Defendant Zoran is represented by Akin Gump Strauss Hauer & Feld LLP. Each of these law  
11 firms has extensive experience in litigating and resolving shareholder actions, and options  
12 backdating cases in particular.

13                   The parties had multiple negotiating conferences, both in person and telephonically.  
14 Lead Plaintiff's Counsel has deposed members of Zoran's Board of Directors, Compensation  
15 Committee, and Audit Committee, as well a member of the Special Committee tasked with  
16 investigating Zoran's historical stock option practices. In addition, Lead Plaintiff has deposed  
17 Gerzberg, Schneider, and two Zoran employees who had responsibilities over, or were otherwise  
18 involved in, Zoran's stock option program. Based on the testimony elicited at these depositions  
19 and his review of the documents produced by Defendants, Lead Plaintiff has a solid  
20 understanding of the relevant facts at issue in this case, and the various defenses that could be  
21 raised by Defendants, and the risks involved in going forward.

22                   Counsel for each of the parties has carefully weighed the terms of the proposed  
23 settlement and considered its adequacy and fairness in light of the relevant litigation risks, and  
24 has determined that the settlement is in the best interests of the respective clients. This  
25 determination weighs strongly in favor of preliminary approval of the proposed Settlement.  
26 *Pacific Enterprises*, 47 F.3d at 378 ("Parties represented by competent counsel are better  
27 positioned than courts to produce a settlement that fairly reflects each party's expected outcome  
28

1 in litigation”); *Rodriquez v. West Publ’g. Corp.*, No. 05-3222, 2007 WL 2827379, \*9 (C.D. Cal.  
2 Sept. 10, 2007), (“[i]n assessing the adequacy of the terms of a settlement, the trial court is  
3 entitled to, and should, rely upon the judgment of experienced counsel for the parties”); *Nat’l*  
4 *Rural Telecomms. Coop v. DIRECTV, Inc.*, 221 F.R.D. 523, 528 (C.D. Cal. 2004) (“[g]reat  
5 weight’ is accorded to the recommendation of counsel, who are most closely acquainted with the  
6 facts of the underlying litigation”).

#### 7 **4. The Parties engaged in significant discovery.**

8 The fact that the parties have engaged in a significant amount of discovery weighs in  
9 favor of preliminary approval of the Settlement. *See Officers for Justice v. Civil Serv. Comm’n*,  
10 688 F.2d 615, 625 (9th Cir. 1982); *see also Washington Public Power Supply*, 720 F. Supp. at  
11 1392 (after discovery, parties have a more comprehensive picture through which to “evaluate the  
12 strengths and weaknesses of the litigation in connection with their contemplation and  
13 consummation of these settlements”). Lead Plaintiff’s Counsel has reviewed several hundred  
14 thousand documents, consisting of more than one and a half million pages. Farris Dec., ¶ 7.  
15 These documents include key documents related to re-measured grants, including board minutes  
16 and unanimous written consents relating to the relevant stock option grants, the Special  
17 Committee’s presentation to the board of directors, documents produced to the SEC in  
18 connection with its investigation of Zoran’s historical stock option granting process, documents  
19 reflecting the Company’s policies and procedures for stock option grants, and accounting  
20 treatment for each re-measured grant, data from the Company’s electronic records regarding  
21 each grant from 1996 through 2006, the relevant stock option plans, and public filings including  
22 the relevant Form 4s, financial statements and other SEC filings from 1996 through 2006. *Id.*  
23 Lead Plaintiff has also subpoenaed documents from third party, PricewaterhouseCoopers LLP.  
24 *Id.*, ¶ 9. Additionally, Lead Plaintiff has taken the depositions of seven party and non-party  
25 witnesses, as identified above. *Id.*, ¶ 8. All of this discovery has placed Lead Plaintiff and  
26 Defendants in a position of being able to weigh the strengths and weaknesses of their respective  
27 cases.

1 **V. THE PROPOSED NOTICE TO SHAREHOLDERS SHOULD BE APPROVED**

2 Lead Plaintiff requests that the Notice of Proposed Settlement of Derivative Action and  
3 of Settlement Hearing (the “Notice”), filed herewith, be approved by the Court as sufficient  
4 notice to Zoran’s shareholders of the proposed Settlement pursuant to Fed. R. Civ. P. Rule 23.1,  
5 and that the Notice be disseminated to registered shareholders within ten days of the Court’s  
6 Order granting preliminary approval of the Settlement. *See* Ex. C to the Stipulation of  
7 Settlement attached as Ex. A to the Declaration of Juli E. Farris filed herewith.

8 The purpose of the notice requirement is to “fairly apprise the prospective members of  
9 the class of the terms of the proposed settlement and of the options that are open to them.” *Bell*  
10 *Atlantic*, 2 F.3d at 1318. It must also be sufficiently informative and give sufficient opportunity  
11 for response. *Id.* at 1317.

12 Here, the proposed Notice is accurate and informative. It provides information on the  
13 terms and provisions of the Settlement; the benefits that the Settlement provides for the  
14 Company; the date, time, and place of the final approval hearing; and the procedure and  
15 deadlines for submitting comments, objections and requests for information. In particular, the  
16 Notice explains that each shareholder will be given the opportunity to submit objections and  
17 notices of intention to appear at the Settlement Hearing to lodge any objections to the Settlement,  
18 provided that they serve such objections are filed at least twenty-one days before the Settlement  
19 Hearing and that such notices of intent to appear are filed at least five days before the Settlement  
20 Hearing. Lead Plaintiff’s and Defendants’ Counsel propose submitting reply papers at least  
21 seven days before the Settlement Hearing, in further support of the Settlement, including Lead  
22 Plaintiff Counsel’s request for fees and expenses, and addressing the objections, if any, lodged  
23 by shareholders. The Notice leaves the date of the Settlement Hearing open for the Court to  
24 select at its convenience.

1 **VI. CONCLUSION**

2 The proposed Settlement is fair, reasonable, and adequate. Thus, for the reasons set forth  
3 above, and consistent with Fed. R. Civ. P. 23.1, Plaintiff respectfully requests that this Court:

4 1. Find that the proposed Settlement as set forth in the Stipulation of Settlement is fair,  
5 reasonable and adequate;

6 2. Enter the [Proposed] Order Preliminarily Approving the Settlement filed with this  
7 motion;

8 3. Schedule a Settlement Hearing, approximately sixty (60) days from the date of entry  
9 of the Preliminary Approval Order at which: (a) the Settling Parties will seek final approval of  
10 the terms of the Settlement, as set forth in the Stipulation; (b) the Court will consider comments  
11 and/or objections regarding the proposed Settlement; and (c) Lead Counsel will seek approval of  
12 an award of its actual attorneys' fees and expenses incurred in prosecuting this litigation;

13 4. Approve the form of Notice attached as Exhibit C to the Stipulation of Settlement and  
14 order its dissemination to Zoran's shareholders of record within ten (10) days of the date of this  
15 Order;

16 5. Set deadlines for submission of Lead Plaintiff's motion for Final Settlement Approval  
17 and for an award of attorney's fees and expenses, and supporting papers, at least thirty (30) days  
18 in advance of the Settlement Hearing; for filing and service of objections to the Settlement, if  
19 any, at least twenty-one (21) days in advance of the Settlement Hearing; for filing of Lead  
20 Plaintiff's reply in support of Settlement and for an award of attorneys' fees and expenses, which  
21 shall include a response to any timely-filed objections, at least seven (7) days before the  
22 Settlement Hearing; and for filing and service of any notices of intention to appear at the  
23 Settlement Hearing to lodge any objections to the Settlement at least five (5) days before the  
24 Settlement Hearing;

25 6. Enjoin and stay the commencement and prosecution of any and all actions and  
26 proceedings related to the derivative litigation (including discovery), excluding those  
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1 proceedings within the derivative litigation necessary to obtain final approval of the Settlement  
2 embodied in the Stipulation, during the pendency of the settlement proceedings and until further  
3 ordered by this Court;

4 7. Maintain continuing jurisdiction solely for purposes of the settlement proceedings to  
5 ensure the effectuation thereof for the benefit of Zoran's shareholders; and

6 8. Such other relief as this Court deems appropriate.

7 DATED this \_\_th day of May, 2008.

8  
9 \_\_\_\_\_/s/Juli E. Farris

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