

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

In re CALIFORNIA PIZZA KITCHEN, INC. SHAREHOLDER LITIGATION	)	Lead Case No. BC462302
	)	(Consolidated with Case No. BC462400)
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This Document Relates To:	)	<u>CLASS ACTION</u>
ALL ACTIONS.	)	NOTICE OF SETTLEMENT OF CLASS ACTION
	)	
	)	DATE ACTION FILED: 05/26/11
	)	
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TO: ALL PERSONS WHO OWNED CALIFORNIA PIZZA KITCHEN, INC. (“CPK”) COMMON STOCK FROM MAY 25, 2011 THROUGH AND INCLUDING THE DATE OF THE CLOSING OF THE ACQUISITION OF CPK BY GOLDEN GATE ON JULY 7, 2011

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION.

This Notice has been sent to you pursuant to an Order of the Superior Court of the State of California for Los Angeles County (the “Court”). This is not a solicitation from a lawyer.

The purpose of this Notice is to inform you of the proposed settlement of class action lawsuits and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement, and the request by Plaintiffs’ Counsel for an award of fees and expenses. This Notice describes the rights you may have in connection with the settlement and what steps you may take in relation to the settlement and the class action lawsuits.<sup>1</sup>

The settlement resolves several class action lawsuits alleging that Defendants breached their fiduciary duties to the shareholders of CPK common stock in connection with the acquisition of CPK by Golden Gate. In the lawsuits, Plaintiffs alleged, among other things, that the disclosure documents disseminated in connection with the CPK shareholder vote pertaining to the Acquisition were materially deficient. As a result of the pending prosecution and settlement of the lawsuits, CPK supplemented these disclosures prior to the vote on the Acquisition. The settlement also provides for payment of Plaintiffs’ Counsel’s attorneys’ fees and expenses.

This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in the class action lawsuits or the fairness or adequacy of the proposed settlement. The description of the action and settlement which follows has been prepared by counsel for the parties; the Court has made no findings with respect to such matters.

**BACKGROUND INFORMATION**

**I. THE LITIGATION**

On May 25, 2011, CPK announced that it had entered into a merger agreement with Golden Gate, whereby Golden Gate would acquire CPK in exchange for \$18.50 in cash for each share of CPK common stock (“Acquisition”). Thereafter, several class action complaints were filed by plaintiffs (“Plaintiffs”) on behalf of CPK shareholders in the California Superior Court (“California Action”) as well as in Delaware Chancery Court (“Delaware Actions”), each challenging the Acquisition of CPK by Golden Gate.<sup>2</sup> The actions filed in the California Superior Court were consolidated and under the caption *In re California Pizza Kitchen, Inc. Shareholder Litigation*, No. BC462302, by order of the Court on June 15, 2011. The consolidation order also appointed Robbins Geller Rudman & Dowd LLP as Co-Lead Counsel.

The California Action seeks injunctive and declaratory relief on the grounds that the members of CPK’s Board of Directors (the “CPK Board”) allegedly breached their fiduciary duties in connection with the Acquisition by failing to provide CPK shareholders with material information in conjunction with the Acquisition. The California Action further alleges that the remaining Defendants aided and abetted the CPK Board’s breach of its duties. As set forth below, Defendants deny all such allegations and further deny any liability for any claims asserted in the Actions.<sup>3</sup>

After the Court entered the consolidation order, Defendants produced certain internal, non-public documents to Plaintiffs’ Counsel in response to Plaintiffs’ discovery demands. Plaintiffs’ Counsel also took the depositions of CPK’s Co-Chief Executive Officer, Richard L. Rosenfield, CPK’s lead independent director and member of the Special Committee, Charles G. Phillips, and the managing director from CPK’s financial advisor, Moelis & Company (“Moelis”).

On June 23, 2011, Plaintiffs had filed a motion to preliminarily enjoin the proposed Acquisition based on their assertion that the proxy materials failed to disclose material information to CPK shareholders in connection with the proposed Acquisition. Defendants opposed Plaintiffs’ motion.

Thereafter, Plaintiffs’ Counsel and counsel for Defendants engaged in extensive arm’s-length negotiations concerning Plaintiffs’ demands for further disclosure to CPK stockholders and a possible settlement of the Actions.

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<sup>1</sup> The Stipulation and Agreement of Compromise, Settlement and Release (“Stipulation”), which sets forth the complete terms of the settlement can be viewed and/or downloaded at <http://classaction.kccllc.net/CaliforniaPizza>. Capitalized terms set forth in this Notice and not otherwise defined herein shall have the same meanings as set forth in the Stipulation.

<sup>2</sup> The Defendants are CPK, members of CPK’s Board of Directors, Golden Gate Capital, Golden Gate Opportunity Fund L.P., CPK Holdings Inc., and CPK Merger Sub.

<sup>3</sup> On June 10, 2011, the Delaware Actions were temporarily stayed by agreement of the parties, and the Plaintiffs in the Delaware Actions agreed to coordinate prosecution with the California Action (collectively, with the “Delaware Actions”, the “Actions”). The Delaware Actions are entitled *Kramer v. Flax, et al.*, No. 6523-VCS and *Lane v. Flax, et al.*, No. 6556-VCS.

As a result of these negotiations, the settling parties entered into an agreement-in-principle to resolve the Actions and executed a Memorandum of Understanding (“MOU”). On November 3, 2011, the parties entered into the Stipulation.

Set forth herein is a summary of the settlement terms. The complete terms of the settlement are set forth in the Stipulation which can be viewed at <http://classaction.kccllc.net/CaliforniaPizza>. On January 6, 2012, the Court entered an Order Preliminarily Approving Settlement and Providing for Notice (“Preliminary Approval Order”). The Preliminary Approval Order also certified a Class for settlement, including all common stockholders of CPK from May 25, 2011, through and including July 7, 2011, the date of the closing of the Acquisition of CPK by Golden Gate.

## **II. TERMS OF THE PROPOSED SETTLEMENT**

As a result of the pendency, prosecution, and settlement of the Actions, Defendants made additional disclosures concerning the Acquisition by filing a Schedule 14D-9/A with the U.S. Securities and Exchange Commission (“SEC”) on June 28, 2011. The following additional disclosures were made by Defendants as a result of negotiations with Plaintiffs’ Counsel:

- (a) Additional information regarding the process leading to the Acquisition;
- (b) Additional information regarding CPK Board’s justification for not considering certain alternatives;
- (c) Additional information regarding the factors considered by Moelis, the CPK Board’s financial advisor, in determining the valuation of CPK;
- (d) Additional information regarding why CPK’s Co-CEOs did not support another bidder’s \$20 per share indication of interest;
- (e) Additional information regarding CPK’s Co-CEOs’ view of the valuation of CPK;
- (f) Additional information regarding how Moelis determined the range of multipliers to derive reference range of equity value per share for CPK’s stock;
- (g) Additional information regarding how Moelis calculated unlevered free cash flow;
- (h) Additional information regarding the information provided by CPK to Moelis for its discounted cash flow analysis; and
- (i) Additional information regarding the type of work Moelis performed on behalf of CPK in the prior two years.

The preceding additional disclosures were agreed to and have been provided in consideration for the full and final settlement and dismissal with prejudice of the California Action and the Delaware Actions and the release of any and all Settled Claims, including unknown claims.

After negotiating the substantive terms of the settlement, the parties negotiated the amount of attorneys’ fees and expenses that Defendants would pay to Plaintiffs’ Counsel. As a result of these negotiations, CPK has agreed on behalf of itself and for the benefit of all Defendants, subject to the terms of the Stipulation and approval of the Court, to pay, or cause to be paid to, Plaintiffs’ Counsel \$600,000, for their attorneys’ fees and expenses. Any failure by the Court to approve the request for attorneys’ fees and expenses in whole or in part shall not affect the remainder of the settlement.

## **III. CLAIMS OF THE PLAINTIFFS AND BENEFITS OF SETTLEMENT**

Plaintiffs believe that the claims asserted in the Actions have merit. However, Plaintiffs’ Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Actions against the Defendants through trial and any appeals. Plaintiffs’ Counsel have also taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as the Actions, as well as the difficulties and delays inherent in such litigation. Plaintiffs’ Counsel are also mindful of the inherent problems of proof and possible defenses to the claims asserted in the Actions. Plaintiffs’ Counsel believe that the proposed settlement set forth in the Stipulation confers substantial benefits upon the Class. Based on their evaluation, Plaintiffs’ Counsel have determined that the proposed settlement summarized herein and set forth more fully in the Stipulation is in the best interests of the Class.

## **IV. DEFENDANTS’ DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Plaintiffs in the Actions. Defendants have expressly denied and continue to deny all allegations of wrongdoing or liability, and specifically deny that the Acquisition materials provided to CPK shareholders were incomplete or in any way misleading, or that any additional disclosure was required under SEC rules or any applicable law, regulation, rule, or legal principle. Defendants also have denied and continue to deny that they breached any duties to CPK shareholders. Defendants have also denied and continue to deny, *inter alia*, the allegations that Plaintiffs or the Class have suffered damage or that Plaintiffs or the Class were harmed by the conduct alleged in the Actions.

Nonetheless, Defendants have concluded that further litigation could be protracted and expensive, and that it is desirable that the Actions be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Actions. Defendants have, therefore, determined that it is desirable and beneficial to them that the Actions be settled in the manner and upon the terms and conditions set forth in the Stipulation.

### **NOTICE OF HEARING ON PROPOSED SETTLEMENT**

The Court will hold a hearing on April 16, 2012, at 10:00 a.m., before the Honorable Jane L. Johnson, Superior Court Judge, at the Los Angeles County Superior Court, Department 308, Central Civil West Courthouse, 600 South Commonwealth Avenue, Los Angeles, CA 90005 (the “Settlement Hearing”). The purpose of the Settlement Hearing will be to determine: (a) whether the settlement should be approved as fair, reasonable, and adequate; and (b) whether the Order of Final Judgment (“Judgment”) should be entered. The Court may adjourn or continue the Settlement Hearing without further notice of any kind.

Although you are not required to attend the hearing, you or your counsel are welcome to attend at your own expense. Any Class member who does not enter an appearance will be represented by Plaintiffs' Counsel. If you send an objection (as described below), you and/or your counsel are not required to attend the hearing to discuss it – the Court will consider your objection as long as you submitted it on time and with the required information. You or your counsel may speak at the hearing only if you have submitted a timely written objection to the Court and Plaintiffs' Counsel with all of the required information, unless the Court orders otherwise. If you or your counsel plan on attending the hearing you may want to contact Plaintiffs' Counsel at 800-449-4900 before the hearing to confirm that the hearing date and/or time has not changed.

#### **DISMISSAL AND RELEASES**

If the proposed settlement is approved, the Court will enter a Judgment. Whether favorable or not, the Judgment will release the Settled Claims as to the Released Parties. The Judgment will provide that all Class members shall be deemed to have released and forever discharged all Settled Claims, including unknown claims, against all Released Parties, and will be barred from asserting any of the Settled Claims, including unknown claims, in the future, unless the settlement is canceled or terminated pursuant to the terms of the Stipulation. In other words, you will not be able to sue or be part of any other lawsuit against Defendants about the same claims and issues in the Actions concerning the Acquisition if the settlement is approved by the Court.

#### **CONDITIONS TO SETTLEMENT**

The settlement is conditioned upon the occurrence of certain events. Those events include, among other things: (1) entry of the Judgment by the Court approving the terms of the settlement and rendering final judgment in the California Action, as provided for in the Stipulation; (2) dismissal of the Delaware Actions; and (3) expiration of the time to appeal from or alter or amend the Judgment. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions prior to the settlement.

#### **OBJECTING TO THE SETTLEMENT**

Any Class member who objects to any aspect of the settlement may appear and be heard at the Settlement Hearing, whether personally or through counsel. Any such person must submit a written notice of objection, mailed or hand delivered such that it is *received* on or before March 16, 2012:

Counsel for Plaintiffs:

ROBBINS GELLER RUDMAN & DOWD LLP  
JEFFREY D. LIGHT  
655 West Broadway, Suite 1900  
San Diego, CA 92101

Clerk of the Court:

Los Angeles Superior Court  
Central Civil West Courthouse  
600 South Commonwealth Avenue, Room 314  
Los Angeles, CA 90005

The notice of objection must state:

- (a) your name, address, and telephone number;
- (b) the number of shares of CPK common stock you owned from May 25, 2011 through and including July 7, 2011, the date of the closing of the Acquisition;
- (c) a statement of your reasons for objection; and
- (d) disposition of stock owned.

Only members of the Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

#### **BANKS, BROKERS, AND OTHER NOMINEES**

If you held any CPK common stock from May 25, 2011 through and including July 7, 2011, the date of the closing of the Acquisition, as nominee for a beneficial owner, then, within ten (10) calendar days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such persons or entities; or (2) provide a list of the names and addresses of such persons or entities to

California Pizza Kitchen, Inc. Shareholder Litigation  
c/o Kurtzman Carson Consultants LLC  
P.O. Box 6111, Novato, CA 94948-6111  
CaliforniaPizza@kccllc.com.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for, or advancement of, reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of reasonable documentation to the notice administrator.

#### **OBTAINING ADDITIONAL INFORMATION**

This Notice is a summary and does not describe all of the details of the Stipulation. For full details of the matters discussed in this Notice, you may desire to review the Stipulation filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court of the Los Angeles County Superior Court, Central Civil West Courthouse, 600 South Commonwealth Avenue, Room 314, Los Angeles, CA 90005.

For further information regarding the Actions or this settlement you may also contact: Robbins Geller Rudman & Dowd LLP, Rick Nelson, c/o Shareholder Relations, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 1-800-449-4900. You may also view the Stipulation and this Notice at <http://classaction.kccllc.net/CaliforniaPizza>.

#### **DO NOT TELEPHONE THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.**

DATED: January 6, 2012

BY ORDER OF THE COURT  
SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

**California Pizza Kitchen Shareholder Litigation**

c/o Kurtzman Carson Consultants LLC

P.O. Box 6111

Novato, CA 94948-6111

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