

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE**

IN RE COINSTAR INC. SECURITIES LITIGATION

This Document Relates To:

The Securities Class Action

Case No. C11-133 MJP

**NOTICE OF PENDENCY OF CLASS ACTION AND  
PROPOSED SETTLEMENT AND MOTION FOR ATTORNEYS'  
FEES AND EXPENSES**

Before: The Hon. Marsha J. Pechman

**If you purchased the common stock of Coinstar, Inc (“Coinstar”) during the period from October 29, 2010 to February 3, 2011, inclusive (the “Class Period”), and were allegedly damaged thereby, you may be entitled to a payment from this class action settlement.**

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

- If approved by the Court, the settlement will provide a Six Million (\$6,000,000) cash settlement fund for the benefit of eligible investors (the “Settlement”) who purchased Coinstar common stock during the period from October 29, 2010 to February 3, 2011, inclusive, and were allegedly damaged thereby (the “Class”).
- The Settlement resolves claims that Defendants (defined below) misled investors about Coinstar’s financial condition and business prospects; avoids the costs and risks of continuing the litigation, pays money to investors like you, and releases Defendants from liability.
- Your legal rights are affected whether you act or do not act. Read this Notice carefully.
- The Court will review the Settlement at the Settlement Hearing to be held on August 10, 2012.

**YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

<b>SUBMIT A CLAIM FORM BY AUGUST 21, 2012</b>	The only way to get a payment.
<b>EXCLUDE YOURSELF BY JULY 20, 2012</b>	Get no payment. This is the only option that allows you to ever bring or be part of any <u>other</u> lawsuit about the Released Claims (defined below) against Defendants and the other Released Defendant Parties (defined below).
<b>OBJECT BY JULY 20, 2012</b>	Write to the Court about why you do not like the Settlement, the proposed Plan of Allocation and/or the request for attorneys’ fees and reimbursement of expenses. You will still be a member of the Class.
<b>GO TO A HEARING ON AUGUST 10, 2012</b>	Ask to speak in Court about the Settlement at the Settlement Hearing.
<b>DO NOTHING</b>	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 of this case still has to decide whether to approve the Settlement and whether to finally certify this as a class action. Payments will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

**SUMMARY OF THIS NOTICE**

**(a) Statement of Plaintiff’s Recovery**

Pursuant to this proposed Settlement, a Settlement Fund consisting of \$6 million in cash, plus any accrued interest, has been established. Based on Lead Plaintiff’s estimate of the number of shares of common stock entitled to participate in the Settlement, and assuming that all such shares entitled to participate do so, Lead Plaintiff estimates that the average recovery per damaged share of Coinstar common stock would be approximately \$0.80 per share, before deduction of Court-approved expenses, such as attorneys’ fees and expenses.<sup>1</sup> A Class Member’s actual recovery will be a portion of the Net Settlement Fund determined by comparing his or her Recognized Loss to the total Recognized Losses of all Class Members who submit acceptable Proofs of Claim. An individual Class Member’s actual recovery will depend on, for example: (1) the total number of claims submitted; (2) when the Class Member purchased Coinstar common stock during the Class Period; (3) the purchase price paid; and (4) whether the Coinstar common stock was held at the end of the Class Period or sold during the Class Period (and, if sold, when it was sold and the amount received). See the Plan of Allocation beginning on page 7 for more information on your Recognized Loss.

**(b) Statement of Potential Outcome if the Action Continued to Be Litigated**

The Parties disagree on both liability and damages and do not agree on the average amount of damages, if any, that would be recoverable if Lead Plaintiff were to prevail on each claim alleged. The issues on which the Parties disagree include, but are not limited to: (a) whether Defendants made any material misstatements or omissions; (b) whether the alleged misstatements are inactionable forward-looking statements accompanied by meaningful cautionary language protected by the Private Securities Litigation Reform Act of 1995 (the “PSLRA”); (c) whether Defendants acted with the required state of mind; (d) the amount by which Coinstar common stock was allegedly artificially inflated (if at all) during the Class Period; (e) the extent to which the various matters that Lead Plaintiff alleged were false and misleading influenced (if at all) the trading price of Coinstar common stock at various times during the Class Period, (f) whether any purchasers of Coinstar common stock have suffered damages as a result of the alleged misstatements and omissions in Coinstar public statements; (g) the extent of such damages, assuming they exist; (h) the appropriate economic model for measuring damages; and (i) the extent to which external factors, such as general market and industry conditions, influenced the trading price of Coinstar common stock at various times during the Class Period.

<sup>1</sup> An allegedly damaged share might have been traded more than once during the Class Period, and the indicated average recovery would be the estimated average for each purchase of a share which allegedly incurred damages.

Defendants deny that they did anything wrong, deny any liability to Lead Plaintiff, and deny that Lead Plaintiff and the Class have suffered any losses attributable to Defendants' actions. While Lead Plaintiff believes that it has meritorious claims, it recognizes that there are significant obstacles in the way to recovery.

**(c) Statement of Attorneys' Fees and Expenses Sought**

Lead Counsel intend to make a motion asking the Court to award it attorneys' fees not to exceed 30% of the Settlement Fund and reimbursement of litigation expenses incurred in prosecuting this action in an amount not to exceed \$250,000, plus any interest on such amounts at the same rate and for the same periods as earned by the Settlement Fund ("Fee and Expense Application"). If the Court approves the Fee and Expense Application, the average cost per share of common stock for such fees and expenses will be approximately \$0.27. The average cost per share will vary depending on the number of acceptable claims submitted. Lead Counsel has expended considerable time and effort in the prosecution of this litigation without receiving any payment, and has advanced the expenses of the litigation, such as the cost of experts, in the expectation that if it were successful in obtaining a recovery for the Class it would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovered as attorneys' fees.

**(d) Further Information**

Further information regarding this Action and this Notice may be obtained by contacting the Claims Administrator: The Garden City Group, Inc., 1-855-733-8309, www.gcinc.com or Lead Counsel: Labaton Sucharow LLP, 1-888-219-6877, www.labaton.com, settlementquestions@labaton.com.

**Do Not Call The Court With Questions About The Settlement**

**(e) Reasons for the Settlement**

For Lead Plaintiff, the principal reason for the Settlement is the immediate benefit to the 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 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.

**[END OF COVER PAGE]**

**A. BASIC INFORMATION**

**1. Why did I get this notice package?**

You or someone in your family may have purchased the common stock of Coinstar during the period from October 29, 2010 to February 3, 2011, inclusive.

The Court directed that this Notice be sent to 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. The Court will review the Settlement at a Settlement Hearing on August 10, 2012, at the United States District Court for the Western District of Washington in the U.S. Courthouse, Courtroom 14206, 700 Stewart Street, Seattle, WA 98101. If the Court approves the Settlement, and after objections and appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

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

The Court in charge of the case is the United States District Court for the Western District of Washington. The Action is known as *In re Coinstar, Inc. Securities Litigation*, No. C11-133 MJP and is assigned to United States District Judge Marsha J. Pechman. The people who sued are called plaintiffs, and the company and the persons they sued are called defendants.

The Lead Plaintiff in the Action, representing the Class, is the Employees' Retirement System of the State of Rhode Island. Defendants in this Settlement are Coinstar, Paul Davis and J. Scott Di Valerio.

**2. What is this lawsuit about?**

The main complaint in the Action is the Consolidated Amended Complaint (the "Complaint"). The Complaint generally alleges, among other things, that Defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder by making alleged misstatements and omissions during the Class Period in connection with Coinstar's publicly released revenue and earnings guidance for the fourth quarter of 2010 as well as the impact in the fourth quarter 2010 from agreements with certain studios to delay new release movies to Coinstar for 28 days from their release through other outlets, seasonality, slow Blue-ray DVD sales and the weak slate of fourth quarter 2010 titles. The Complaint further alleges that Lead Plaintiff and other Class Members purchased Coinstar common stock during the Class Period at artificially inflated prices and were damaged thereby.

In granting in part and denying in part Defendants' motion to dismiss the Complaint, the Court found that the Company had accompanied its forward-looking statements with meaningful cautionary language and therefore dismissed most of Lead Plaintiff's claims based on financial projections. The Court also dismissed Lead Plaintiff's claims based on seasonality, slow Blu-ray DVD sales and the impact of the 28 day delay agreements.

The Action seeks money damages against Defendants for violations of the federal securities laws. Defendants deny all allegations of misconduct contained in the Complaint, and deny having engaged in any wrongdoing whatsoever. The Settlement should not be construed or seen as evidence of or an admission or concession on the part of any Defendant with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity or weakness in the defenses that Defendants have asserted.

**3. Why is this a class action?**

In a class action, one or more people called class representatives (in this case Lead Plaintiff the Employees' Retirement System of the State of Rhode Island), sue on behalf of people who have similar claims. They are known as Class Members. Here, the Court preliminarily certified this as a class action for purposes of the Settlement only. Bringing a case as a class action allows adjudication of many similar claims of persons and entities that might be economically too small to bring individual actions. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. The Court will decide whether to finally certify this as a class action at the Settlement Hearing.

**4. Why is there a settlement?**

The Court did not finally decide in favor of Lead Plaintiff or Defendants. Instead, both sides, with the assistance of former United States District Judge Layn R. Phillips acting as a mediator, agreed to a settlement. That way, they avoid the risks and cost of a trial and the people affected will get compensation immediately, rather than after the time it would take to have a trial and exhaust all appeals. Lead Plaintiff and Lead Counsel think the Settlement is in the best interest of all Class Members.

**B. WHO IS IN THE SETTLEMENT**

To see if you will get money from this Settlement, you first have to decide if you are a Class Member.

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

The Court directed, for the purpose of the proposed Settlement, that everyone who fits this description is a Class Member, unless they are an excluded person or they take steps to exclude themselves (see below): *all persons or entities who purchased the common stock of Coinstar from October 29, 2010 to February 3, 2011, inclusive, and who were allegedly damaged thereby.*

**6. Are there exceptions to being included in the Class?**

Excluded from the Class are: Defendants; the officers or directors of Coinstar during the Class Period; members of the immediate family of any officer or director of Coinstar during the Class Period; the legal representatives, heirs, successors or assigns of any officer or director of Coinstar during the Class Period; any entity in which Defendants have or had a controlling interest; and any person or entity who timely and validly seeks exclusion from the Class in accordance with the requirements explained below.

If one of your mutual funds purchased or owned shares of Coinstar common stock during the Class Period, that alone does not make you a Class Member. You are only eligible to be a Class Member if you individually purchased Coinstar common stock during the Class Period. Check your investment records or contact your broker to see if you purchased Coinstar common stock during the Class Period. If you sold Coinstar common stock during the Class Period, your sale alone does not make you a Class Member. You are eligible to be a Class Member only if you **purchased** your common stock during the 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 call **1-855-733-8309** or visit **www.gcginc.com** for more information. Or you can fill out and return the Proof of Claim and Release form ("Proof of Claim") described in question 10, to see if you qualify.

**C. THE SETTLEMENT BENEFITS—WHAT YOU GET**

**8. What does the Settlement provide?**

In exchange for the Settlement and the release of the Released Claims (defined below) against the Released Defendant Parties (defined below), the Defendants have agreed to create a \$6 million cash fund to be divided, after deduction of Court-awarded attorneys' fees and expenses, settlement administration costs, and any applicable taxes, among all Class Members who send in valid and timely Proofs of Claim.

**9. How much will my payment be?**

Your share of the fund will depend on several things, including: (1) the total amount of Recognized Losses of other Class Members; (2) how much Coinstar common stock you bought; (3) how much you paid for your shares; (4) when you bought your shares; (5) whether or when you sold your shares (and, if so, for how much).

Your Recognized Loss will be calculated according to the formula shown below in the Plan of Allocation. It is unlikely that you will get a payment for your entire Recognized Loss, given the number of potential Class Members. After all Class Members have sent in their Proofs of Claim, the payment you get will be a portion of the Net Settlement Fund based on your Recognized Loss divided by the total of everyone's Recognized Losses. See the Plan of Allocation beginning on page 7 for more information on your Recognized Loss.

**D. HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM**

**10. How can I get a payment?**

To qualify for a payment, you must send in a completed Proof of Claim. A Proof of Claim is being circulated with this Notice. You may also get a Proof of Claim on the Internet at the websites for the Claims Administrator or Lead Counsel: **www.gcginc.com** or **www.labaton.com**. The Claims Administrator can also help you if you have questions about the form. Please read the instructions carefully, fill out the Proof of Claim, include all the documents the form asks for, sign it, and mail it **postmarked no later than August 21, 2012**.

**11. When would I get my payment?**

The Court will hold a Settlement Hearing on **August 10, 2012**, to decide whether to approve the Settlement. Even if the Court approves the Settlement, there may still be appeals, which can take time to resolve, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. All Proofs of Claim need to be submitted by **August 21, 2012**.

Once all the Proofs of Claim are processed and claims are calculated, Lead Counsel, without further notice to the Class, will apply to the Court for an order distributing the Net Settlement Fund to the members of the Class. Lead Counsel will also ask the Court to approve payment of the Claims Administrator's fees and expenses incurred in connection with giving notice and administering the Settlement. Please be patient.

**12. What am I giving up to get a payment and by staying in the Class?**

Unless you exclude yourself, you will stay in the Class, which means that upon the "Effective Date" you will release all "Released Claims" (as defined below) against the "Released Defendant Parties" (as defined below).

"Released Claims" means any and all claims, rights, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including both known and Unknown Claims (as defined below), whether arising under federal, state, common or administrative law, or any other law, whether fixed or contingent, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, that Lead Plaintiff or any other Class Member: (i) asserted in the Action; or (ii) could have asserted in the Action or any other action or forum that arise out of, relate to, or are in connection with the claims, allegations, transactions, facts, events, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the Complaint filed in the Action, and that relate to the purchase of Coinstar common stock during the Class Period. Released Claims do not include: (i) claims to enforce the Settlement; (ii) any governmental or regulatory agency's claims in any criminal or civil action against any of the Released Defendant Parties; and (iii) claims asserted derivatively in the consolidated derivative action captioned *In re Coinstar, Inc. Shareholder Derivative Litigation*, No. 2:11-cv-00133-MJP, pending in United States District Court for the Western District of Washington, and the consolidated derivative action captioned *In re Coinstar, Inc. Derivative Litigation*, No. 11-2-08511-2, pending in the Superior Court of the State of Washington (King County).

"Unknown Claims" means any and all Released Claims, which Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Defendant Parties, and any Released Defendants' Claims that the Defendants do not know or suspect to exist in his, her or its favor at the time of the release of the Released Plaintiff Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants' Claims, the Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and Defendants, shall expressly, and each other Class Member shall be deemed to have, and by operation of the Judgment or Alternative Judgment shall have, expressly waived and relinquished any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

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

Lead Plaintiff, the other Class Members or Defendants may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims and the Released Defendants' Claims, but Lead Plaintiff and Defendants shall expressly, fully, finally and forever settle and release, and each other Class Member shall be deemed to have settled and released, and upon the Effective Date and by operation of the Judgment or Alternative Judgment shall have settled and released, fully, finally, and forever, any and all Released Claims and Released Defendants' Claims as applicable, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff and Defendants acknowledge, and other Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Released Claims and Released Defendants' Claims was separately bargained for and was a key element of the Settlement.

"Released Defendant Parties" means Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, partners, agents, employees, attorneys, auditors, insurers, the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants, as well as any trust of which any Individual Defendant is the settler or which is for the benefit of any of their immediate family members, and any person, firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a controlling interest or which is related to or affiliated with any of the Defendants and the legal representatives, heirs, successors, in interest or assigns of Defendants.

The "Effective Date" will occur when an Order by the Court approving the Settlement becomes Final and is not subject to appeal as set out more fully in the Stipulation and Agreement of Settlement ("Stipulation") on file with the Court.

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

**E. 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 and the other Released Defendant Parties, on your own, about the Released Claims, then you must take steps to get out. This is called excluding yourself from—or "opting out" of—the Class. Coinstar may withdraw from and terminate the Settlement if putative Class Members who purchased in excess of a certain amount of Coinstar common stock during the Class Period exclude themselves from the Class.

**13. How do I get out of the proposed Settlement?**

To exclude yourself from the Class, you must send a signed letter by mail stating that you “request exclusion from the Class in *In re Coinstar, Inc. Securities Litigation*, No. C11-133 MJP (W.D. Wash.)” Your letter must state the date(s), price(s), and number(s) of shares of all your purchases, acquisitions, and sales of Coinstar common stock during the Class Period. In addition, be sure to include your name, address, telephone number and your signature. You must mail your exclusion request so that it is **received no later than July 20, 2012**, to:

*In re Coinstar, Inc. Securities Litigation* - EXCLUSIONS  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9869  
Dublin, OH 43017-5769

You cannot exclude yourself by telephone or by email. Your exclusion request must comply with these requirements in order to be valid. If you write to request 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 (or continue to sue) Defendants and the other Released Defendant Parties in the future.

**14. If I do not exclude myself, can I sue Defendants and the other Released Defendant Parties for the same thing later?**

No. Unless you exclude yourself, you give up any rights to sue Defendants and the other Released Defendant Parties for any and all Released Claims. If you have a pending lawsuit speak to your lawyer in that case immediately. You must exclude yourself from *this* Class to continue your own lawsuit. Remember, the exclusion deadline is **July 20, 2012**.

**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 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 Defendant Parties.

**F. THE LAWYERS REPRESENTING YOU**

**16. Do I have a lawyer in this case?**

The Court appointed the law firm of Labaton Sucharow LLP to represent all Class Members. These lawyers are called Lead Counsel. You will not be separately charged for these lawyers. The Court will determine the amount of Lead Counsel's fees and expenses, which will be paid from the Settlement Fund. 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 has not received any payment for its services in pursuing the claims against Defendants on behalf of the Class, nor has it been reimbursed for its litigation expenses. At the Settlement Hearing, or at such other time as the Court may order, Lead Counsel will ask the Court to award it, from the Settlement Fund, attorneys' fees of no more than 30% of the Settlement Fund, plus any interest on such amount at the same rate and for the same periods as earned by the Settlement Fund, and to reimburse its litigation expenses (such as the cost of experts) that have been incurred in pursuing the Action. The request for reimbursement of expenses will not exceed \$250,000, plus interest on the expenses at the same rate as may be earned by the Settlement Fund.

**G. 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 Class Member you can object to the Settlement or any of its terms, the certification of the class, the proposed Plan of Allocation and/or the application by Lead Counsel for an award of fees and expenses. You may write to the Court setting out your objection. You may give reasons why you think the Court should not approve any part or all of the Settlement terms or arrangements. The Court will consider your views if you file a proper objection within the deadline and according to the following procedures. To object, you must send a signed letter stating that you object to the proposed settlement in “*In re Coinstar, Inc. Securities Litigation*, No. C11-133 MJP (W.D. Wash.)” Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s) and number(s) of shares of all purchases, acquisitions and sales of Coinstar common stock you made during the Class Period, and state the reasons why you object to the Settlement. Your objection must be filed with the Court and mailed or delivered to all the following so that it is **received on or before July 20, 2012**:

**COURT:**

Clerk of the Court  
United States District Court for the  
Western District of Washington  
U.S. Courthouse  
700 Stewart Street, Suite 2310  
Seattle, WA 98101

**LEAD COUNSEL:**

Jonathan Gardner  
Labaton Sucharow LLP  
140 Broadway  
New York, NY 10005

**COINSTAR COUNSEL:**

Barry M. Kaplan  
Wilson Sonsini Goodrich & Rosati, P.C.  
701 Fifth Avenue, Suite 5100  
Seattle, WA 98104-7036

**19. What is the difference between objecting and seeking exclusion?**

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 Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

**H. THE COURT'S SETTLEMENT 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 do so.

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

The Court will hold a Settlement Hearing at **9:00 a.m.** on **August 10, 2012**, at the United States District Court for the Western District of Washington in the U.S. Courthouse, Courtroom 14206, 700 Stewart Street, Seattle, WA 98101.

At this hearing the Court will consider whether the Settlement is fair, reasonable and adequate. The Court also will consider the proposed Plan of Allocation for the Net Settlement Fund and the application of Lead Counsel for attorneys' fees and reimbursement of expenses. The Court will take into consideration any written objections filed in accordance with the instructions set out in question 18 above. The Court also may listen to people who have properly indicated, within the deadline identified above, an intention to speak at the Settlement Hearing, but decisions regarding the conduct of the Settlement Hearing will be made by the Court. See question 22 for more information about speaking at the Settlement Hearing. After the Settlement Hearing, the Court will decide whether to approve the Settlement, and, if the Settlement is approved, how much attorneys' fees and expenses should be awarded to Lead Counsel. 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 Settlement Hearing without another notice being sent. 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 Settlement Hearing?**

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

**22. May I speak at the Settlement Hearing?**

If you object to the Settlement, you may ask the Court for permission to speak at the Settlement 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 Coinstar, Inc. Securities Litigation*, No. C11-133 MJP (W.D. Wash.)." Persons who intend to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Hearing must also include in their written objections the identity of any witness they may call to testify and exhibits they intend to introduce into evidence at the Settlement Hearing. You cannot speak at the Settlement Hearing if you excluded yourself from the Class or if you have not provided written notice of your intention to speak at the Settlement Hearing in accordance with the procedures described in questions 18 and 20.

**I. 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 you will be precluded from starting a lawsuit, continuing with a lawsuit, or being part of any other lawsuit against the Defendants and the other Released Defendant Parties about the Released Claims in this case, ever again. To share in the Net Settlement Fund you must submit a Proof of Claim (see question 10). To start, continue or be a part of any other lawsuit against the Defendants and the other Released Defendant Parties about the Released Claims in this case you must exclude yourself from this Class (see question 13).

**J. GETTING MORE INFORMATION**

**24. Are there more details about the proposed settlement?**

This Notice summarizes the proposed Settlement. More details are in the Stipulation, dated February 13, 2012. You may review the Stipulation filed with the Court or documents filed during the case during business hours at the Office of the Clerk of the United States District Court for the Western District of Washington, U.S. Courthouse, 700 Stewart Street, Seattle, WA 98101.

You also can call the Claims Administrator toll free at 1-855-733-8309; write to ***In re Coinstar Inc. Securities Litigation, c/o The Garden City Group, Inc., Claims Administrator, P.O. Box 9869, Dublin, OH 43017-5769***; or visit the websites of the Claims Administrator or Lead Counsel at **[www.gcginc.com](http://www.gcginc.com)** and **[www.labaton.com](http://www.labaton.com)**, where you can find answers to common questions about the Settlement, download copies of the Stipulation or Proof of Claim, and locate other information to help you determine whether you are a Class Member and whether you are eligible for a payment.

**Please Do Not Call The Court With Questions About The Settlement**

## K. PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS

### 25. How will my claim be calculated?

The purpose of the Plan of Allocation is to distribute settlement proceeds equitably to those Class Members who suffered economic losses resulting from the alleged misrepresentations and omissions by Defendants during the Class Period. The Court may approve the Plan, or modify it without additional notice to the Class. Any order modifying the Plan will be posted on the settlement website at [www.gcginc.com](http://www.gcginc.com) and at [www.labaton.com](http://www.labaton.com).<sup>2</sup>

The Net Settlement Fund will be the gross settlement of \$6 million reduced by fees and expenses, reduced by taxes, and increased by interest earned on the settlement amount. The Net Settlement Fund will be distributed among those Class Members who submit timely and valid Proofs of Claim to the Claims Administrator, which are accepted for payment by the Court ("Authorized Claimants"). No distribution of funds among such Authorized Claimants will occur until: (1) the Court has approved the Settlement and a plan of allocation, (2) the time has expired for any petition for rehearing or appeal of the Court's order(s) approving the Settlement and a plan of allocation; and (3) the Court has approved the Claims Administrator's determinations of eligible claims.

After a Proof of Claim with adequate documentation is submitted to the Claims Administrator, a "Recognized Loss" will be calculated by the Claims Administrator using the formulas set forth below for each purchase of Coinstar common stock during the Class Period. The Recognized Loss is not intended to be an estimate of the amount which might have been recovered after trial, or an estimate of the amount to be paid to an Authorized Claimant from the Net Settlement Fund. The Recognized Loss per share figures reflect price changes of Coinstar common stock allegedly in reaction to certain public announcements regarding the Company, adjusting for price changes that were attributable to market and industry influences, or other Company information unrelated to the alleged fraud, based on Lead Plaintiff's allegations in the Complaint. The method for calculating Recognized Loss is intended to provide a fair basis for allocating the Net Settlement Fund proportionately among Authorized Claimants.

#### I. CERTAIN DEFINITIONS

- A. The term "market loss" means the amount by which the purchase price is greater than the sale or holding price of Coinstar's common stock.
- B. The term "market profit" means the amount by which the purchase price is less than the sale or holding price of Coinstar's common stock.
- C. The terms "net market loss" and "net market profit" mean the total market loss or profit that occurs from the trading of Coinstar's common stock during the Class Period, as discussed in "Computation of Net Recognized Loss for Each Class Member" below.
- D. The term "Recognized Loss," as used herein, is not market loss or net market loss. It is a calculation to arrive at a loss figure for purposes of calculating an Authorized Claimant's *pro rata* participation in the Net Settlement Fund as described below.
- E. The date of a purchase or sale of Coinstar's common stock will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.

#### II. GENERAL PROVISIONS

##### A. Allocation of Net Settlement Fund

Payment under the Plan of Allocation approved by the Court will be conclusive for all Authorized Claimants. Claimants whose claims are determined to have a value of zero will nevertheless be bound by the Settlement. No person shall have any claim against Lead Plaintiff, Defendants, their respective counsel, the Claims Administrator, or any other agent designated by Lead Counsel, arising from distributions made substantially in accordance with the Plan of Allocation or further orders of the Court. Lead Plaintiff, Defendants, their respective counsel, Lead Plaintiff's consulting damages expert, the Claims Administrator and all other Released Parties shall have no responsibility or liability whatsoever for the investment or distribution of the Settlement Fund consistent with the Plan of Allocation or Stipulation; or the determination, administration, calculation, or payment of any Proof of Claim consistent with the Plan of Allocation or Stipulation; the payment or withholding of Taxes owed by the Settlement Fund, or any losses incurred in connection therewith.

The Net Recognized Losses of all Authorized Claimants may be greater than the Net Settlement Fund. In such event, each Authorized Claimant shall receive his, her or its *pro rata* share of the Net Settlement Fund, which shall be his, her or its Net Recognized Loss divided by the total of Net Recognized Losses for all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund. To the extent there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Recognized Loss.

##### B. Use of "FIFO" Methodology for Computation of Recognized Losses for Class Members Who Made Multiple Transactions in Coinstar's Common Stock During the Class Period

For Class Members who made multiple purchases or sales of Coinstar's common stock during the Class Period, the earliest subsequent sale shall be matched first against the claimant's closing position on the day before the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.

##### C. No Recognized Losses for Certain Purchases and Sales

Purchases of Coinstar's common stock before October 29, 2010 will have a Recognized Loss of zero. This is because any purchases before the first day of the Class Period are not impacted by the alleged wrongdoing.

Any person or entity that sold Coinstar common stock "short" shall have no Recognized Loss with respect to the related purchase or cover of said short sale during the Class Period. Recognized Loss will be calculated only on purchases of Coinstar common stock. No Recognized Loss will be calculated on receipt of such securities by gift, grant, inheritance, or operation of law.

<sup>2</sup> Defendants had no involvement in the proposed Plan of Allocation.

Purchases of Coinstar's common stock during the Class Period that are matched to sales prior to January 14, 2011 will have a Recognized Loss of zero. This is because any losses prior to the first allegedly corrective disclosure cannot be caused by the alleged wrongdoing, but rather by other market forces.

#### **D. Payments Less Than \$10**

A payment to any Authorized Claimant that would amount to less than \$10.00 in total will not be included in the calculation of the Net Settlement Fund, and no payment will be made to those Authorized Claimants.

### **III. CALCULATION OF RECOGNIZED LOSS FOR COMMON STOCK**

#### **A. Recognized Loss for Purchases of Coinstar Common Stock**

For shares of Coinstar common stock purchased during the Class Period up to and including January 13, 2011, and:

- i. Sold on or before the end of the trading day on January 13, 2011, the Recognized Loss Per Share is \$0;
- ii. Still held at the end of the trading day on January 13, 2011 and sold prior to the close of trading on February 3, 2011, the Recognized Loss Per Share is the lesser of: (i) the purchase price minus the sale price; or (ii) \$15.44 per share.
- iii. Still held at the end of the trading day on February 3, 2011, the Recognized Loss Per Share is the lesser of: (i) the purchase price minus the sale price (if sold); (ii) the purchase price minus \$45.88 (if not sold); or (iii) \$20.83 per share.

For shares of Coinstar common stock purchased on or after January 14, 2011 up to and including February 3, 2011, and:

- i. Sold prior to the end of the trading day on February 3, 2011, the Recognized Loss Per Share is \$0;
- ii. Still held at the end of the trading day on February 3, 2011, the Recognized Loss Per Share is the lesser of: (i) the purchase price minus the sale price (if sold); (ii) the purchase price minus \$45.88 (if not sold); or (iii) \$5.40 per share.

### **IV. COMPUTATION OF NET RECOGNIZED LOSS FOR EACH CLASS MEMBER**

The Recognized Loss or Gain with respect to the purchase of Coinstar common stock is calculated by multiplying the number of shares by the appropriate Recognized Loss per share, as set forth above in Section III. A Recognized Loss cannot be less than zero.

The Net Recognized Loss or Gain for each Class Member is calculated by: (1) adding the Recognized Losses for each Coinstar share of common stock purchased by the Class Member during the Class Period (i.e. adding all Recognized Losses); and (2) subtracting any recognized gains for each Coinstar share of common stock purchased by the Class Member during the Class Period (i.e. subtracting all recognized gains).

If, during the Class Period, a Class Member made a net market profit in Coinstar common stock, the amount of the Class Member's claim shall be zero.

If, during the Class Period, a Class Member has a net market loss in Coinstar common stock that is less than his, her or its net recognized loss, the Class Member's claim shall be limited to the Class Member's net market loss.

### **V. DISTRIBUTION OF THE NET SETTLEMENT FUND**

Distributions to eligible Authorized Claimants will be made after all claims have been processed and after the Court has approved the Claims Administrator's determinations. After an initial distribution of the Net Settlement Fund, if there is any balance remaining in the Net Settlement Fund after six (6) months from the date of initial distribution (whether by reason of tax refunds, uncashed checks or otherwise), Lead Counsel shall, if feasible and economical, reallocate such balance among Authorized Claimants who have cashed their checks in an equitable and economic fashion. Any balance remaining in the Net Settlement Fund after distribution(s), and after payment of Notice and Administration Expenses, Taxes, and attorneys' fees and expenses, if any, shall be contributed to non-sectarian not-for-profit charitable organizations serving the public interest, designated by Lead Plaintiff and Lead Counsel.

Each claimant is deemed to have submitted to the jurisdiction of the United States District Court for the Western District of Washington with respect to his/her/its Proof of Claim.

#### **L. SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased Coinstar common stock (NYSE ticker: CSTR; CUSIP 19259P300; ISIN US19259P3001) during the period between October 29, 2010 and February 3, 2011, inclusive, for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either: (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased Coinstar shares during such time period or; (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of those Coinstar shares.

If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

*In re Coinstar, Inc. Securities Litigation*  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9869  
Dublin, OH 43017-5769

Dated: April 23, 2012

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON