
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 19, 2017

Commission file number: 0-22773

NETSOL TECHNOLOGIES, INC.

(Exact name of small business issuer as specified in its charter)

NEVADA
(State or other Jurisdiction of
Incorporation or Organization)

95-4627685
(I.R.S. Employer NO.)

24025 Park Sorrento, Suite 410, CA 91302
(Address of principal executive offices) (Zip Code)

(818) 222-9195 / (818) 222-9197
(Issuer's telephone/facsimile numbers, including area code)

Item 8.01 Other Events

On January 9, 2017, Judge Kenneth R. Freeman issued an Order Granting Settling Parties' Joint Motion for Preliminary Approval of Settlement and Providing Notice in connection with the previously disclosed shareholder derivative lawsuit pending in California state court, *McArthur v Ghauri, et al.*, Case No. BC599020 (Los Angeles, Cty.). A copy of the Notice of Pendency and Settlement of Derivative Action is lodged herewith. The settlement, if approved by the Court, also resolves the other previously disclosed shareholder derivative lawsuit, which is pending in Nevada state court, *Paulovits v. Ghauri, et al.*, Case No. CV15-02470 (Washoe Cty.).

This information is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Exhibit

99.1 Notice of Pendency and Settlement of Derivative Action dated January 9, 2017

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NETSOL TECHNOLOGIES, INC.

Date: January 19, 2017

/s/ Najeeb Ghauri

NAJEEB GHAURI
Chief Executive Officer

Date: January 19, 2017

/s/ Roger K. Almond

Chief Financial Officer

1 Sean T. Prosser, Bar No. 163903
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6 *Attorneys for Defendants*

7 SUPERIOR COURT OF THE STATE OF CALIFORNIA

8 COUNTY OF LOS ANGELES

9 CALEB MCARTHUR, derivatively on
behalf of himself and all others similarly
10 situated,

11 Plaintiff,

12 v.

13 NAJEEB U. GHAURI, NAEEM GHAURI,
ASAD GHAURI, SALIM GHAURI,
14 EUGEN BECKERT, SHAHID JAVED
BURKI, MARK CATON, and JEFFREY
15 BILBREY,

16 Defendants,

17 and

18 NETSOL TECHNOLOGIES, INC., a
Nevada corporation,

19 Nominal Defendant.
20

No. BC599020

**NOTICE OF PENDENCY AND
SETTLEMENT OF DERIVATIVE
ACTION**

21 **TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF ALL CLASSES AND**
22 **SERIES OF NETSOL TECHNOLOGIES, INC. (“NETSOL” OR THE “COMPANY”)**
STOCK AS OF JUNE 15, 2016 (“CURRENT NETSOL SHAREHOLDERS”). PLEASE
23 **READ THIS NOTICE CAREFULLY. IT MAY AFFECT YOUR RIGHTS.**

24 **THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF A SHAREHOLDER**
DERIVATIVE ACTION AND RELATED CLAIMS. CURRENT NETSOL
25 **SHAREHOLDERS ARE ENTITLED TO OBJECT, IF THEY DESIRE, TO THE**
26 **SETTLEMENT AS DESCRIBED HEREIN.**

27 **IF THE COURT APPROVES THE SETTLEMENT, YOU WILL BE BARRED FROM**
CONTESTING THE FAIRNESS, REASONABLENESS, OR ADEQUACY OF THE
28 **PROPOSED SETTLEMENT, AND FROM PURSUING THE SETTLED CLAIMS.**

1 **YOU ARE HEREBY NOTIFIED**, pursuant to an Order of the Superior Court of
2 California, County of Los Angeles (the “Court”), that a proposed settlement (the “Settlement”)
3 has been reached among Plaintiff,¹ on behalf of nominal defendant NetSol, Individual
4 Defendants, and NetSol in connection with *McArthur v. Ghauri et al.*, Case No. BC599020 (the
5 “California Action”), currently pending before the Court. This California Action has been
6 brought derivatively by Plaintiff on behalf of NetSol to remedy harm allegedly caused to the
7 Company by Individual Defendants’ alleged breaches of fiduciary duties. The parties have
8 entered into a Stipulation and Agreement of Settlement dated June 15, 2016 setting forth the
9 terms of the proposed Settlement, which, if approved by the Court, would fully, finally, and
10 forever resolve the California Action, as well as the Nevada Action described below, on the terms
11 and conditions set forth in the Stipulation and summarized in this Notice.

12 A hearing (the “Settlement Hearing”) shall be held before this Court on April 6, 2017 at
13 3:00 p.m. or as soon thereafter as counsel may be heard in the courtroom of the Honorable
14 Kenneth R. Freeman of the Superior Court of the State of California, County of Los Angeles, 600
15 South Commonwealth Avenue, Los Angeles, CA 90005, to determine: (i) whether the proposed
16 Settlement of the litigation, as set forth in the Stipulation, should be approved in all respects as
17 fair, just, reasonable, and adequate to, and in the best interests of, NetSol, Current NetSol
18 Shareholders, and Plaintiff; (ii) whether the Final Judgment and Order of Dismissal approving the
19 Settlement should be entered; (iii) whether the agreed-to Fees and Expenses Payment should be
20 awarded to Plaintiff’s Counsel; and (iv) whether the stipends should be paid to Plaintiff and to the
21 plaintiff in the Nevada Action out of the Fees and Expenses Payment. The Court may adjourn or
22 continue the Settlement Hearing without further notice to Current NetSol Shareholders.

23 This Notice is not intended to be and should not be construed as an expression of any
24 opinion by the Court with respect to the truth of the allegations of the claims in the Derivative
25
26

27 ¹ For purposes of this Notice, the Court incorporates by reference the definitions in the
28 Parties’ Stipulation and Agreement of Settlement (“Stipulation”), and all capitalized terms used
herein shall have the same meanings as set forth in the Stipulation.

1 Actions or the merits of the claims or defenses asserted. This Notice is merely to advise you of
2 the pendency and proposed Settlement and of your rights thereunder.

3 **1. BACKGROUND FACTS AND SUMMARY OF THE LITIGATION**

4 On October 24, 2013, NetSol issued a press release announcing “the introduction and
5 global release of NFS Ascent, the company’s next generation platform, offering the most
6 technologically advanced solution for the auto and equipment finance and leasing industry.”

7 On October 25, 2013, NetSol sent a notice to the Karachi Stock Exchange announcing
8 “the introduction and release of NFS Ascent, the company’s next generation platform, offering
9 the most technologically advanced solution for the auto and equipment finance and leasing
10 industry.”

11 In NetSol’s Form 10-Q filed with the SEC on November 8, 2013, NetSol stated that
12 “Management is expecting sales of the legacy product to remain under pressure for at least two to
13 three quarters until the time that we begin recognizing revenues for NFS Ascent.” The 10-Q also
14 stated that NetSol had “[a]nnounced on October 24, 2013, [that] NetSol has commenced a soft,
15 regional launch with selected customers in APAC to test the readiness for the global markets. A
16 formal launch of the global marketing plan is expected for all of our key markets of North
17 America, Europe and APAC.”

18 On July 25, 2014, a putative class action lawsuit was filed in the United States District
19 Court, Central District of California (the “Federal Court”), by Rand-Heart of New York, Mike
20 Clement and all others similarly situated against NetSol, Najeeb Ghauri, Naeem Ghauri, and
21 Salim Ghauri, styled *Rand-Heart of New York, et al. v. NetSol Technologies, et al.*, Case No.
22 2:14-cv-5787 PA (PJWx) (the “Federal Class Action”), which alleged violations of federal
23 securities laws.

24 On October 27, 2015, Plaintiff filed the California Action in this Court, claiming breach of
25 fiduciary duty for failure to maintain adequate oversight, abuse of control, gross mismanaged, and
26 breach of fiduciary duty for disseminating false and misleading information. Plaintiff did not
27 make a prior demand on the Company to file the suit against Defendants, and Plaintiff alleged
28 that such demand was excused.

1 On December 30, 2015, another plaintiff, Zachary Paulovits, filed the Nevada Action,
2 which also is a shareholder derivative complaint, asserting substantially similar claims for
3 breaches of fiduciary duty, abuse of control, and gross mismanagement, against the Individual
4 Defendants on behalf of nominal defendant NetSol. (The California Action and the Nevada
5 Action, collectively, are referred to herein as the “Derivative Actions.”)

6 On February 25, 2016, the parties to the Federal Class Action signed a Stipulation of
7 Settlement, which was filed with the Federal Court on February 26, 2016. The Final Approval
8 Hearing for the settlement of the Federal Class Action is scheduled for June 27, 2016.

9 On March 16, 2016, after extensive arm’s-length and good-faith negotiations and other
10 communications with regard to the possible settlement of the Action, the Settling Parties, by and
11 through their undersigned attorneys, reached an agreement-in-principle to settle the California
12 Action on terms set forth in the Stipulation and subject to Court approval.

13 On May 23, 2016, pursuant to the Nevada parties’ stipulation, the Nevada court issued an
14 order staying the Nevada Action pending the completion of the settlement contemplated herein.
15 Subsequently, the plaintiff in the Nevada Action agreed to the terms of the Stipulation and to be
16 bound by it.

17 **2. DEFENDANTS’ DENIAL OF WRONGDOING AND LIABILITY**

18 Throughout the course of the Derivative Actions, Defendants have denied and continue to
19 deny the allegations and all other charges of wrongdoing or liability arising out of any claims that
20 were, or could be, alleged in the Derivative Actions, and specifically deny that Individual
21 Defendants breached any duty to the Company. Defendants have also denied and continue to
22 deny, *inter alia*, the allegations that the Company has suffered damage or the Company was
23 harmed by the conduct alleged in the Derivative Actions.

24 Defendants enter into the Stipulation to eliminate the uncertainties, burden and expense of
25 further litigation. Nothing in the Stipulation shall be construed as any admission by either any of
26 the Defendants or any of the Released Parties of any wrongdoing, fault, liability, or damages
27 whatsoever.

28

1 **3. CLAIMS OF PLAINTIFF AND BENEFITS OF SETTLEMENT**

2 Plaintiff believes that the claims in the Complaint have merit. Plaintiff, however,
3 recognizes and acknowledges the expense and length of continued proceedings necessary to
4 prosecute the Action on behalf of NetSol against Defendants through trial and appeals. Plaintiff
5 has also taken into account the uncertain outcome, the risk of any litigation, and the limited
6 amount of recoverable damages even if the litigation were successful. Plaintiff has therefore
7 determined that the Settlement set forth in this Stipulation confers substantial benefits upon, and
8 is in the best interest of, NetSol, its shareholders, and Plaintiff.

9 **4. THE PROPOSED SETTLEMENT**

10 Plaintiff (on behalf of himself and derivatively on behalf of NetSol), Zachary Paulovits,
11 nominal defendant NetSol, and the Individual Defendants, by and through their respective
12 counsel or attorneys of record, have stipulated and agreed that, subject to the approval of the
13 Court, the Derivative Actions and the Released Claims, as defined below, shall be finally and
14 fully compromised, settled, and released, and the Derivative Actions shall be dismissed with
15 prejudice as to the Settling Parties, upon and subject to the terms and conditions of the
16 Stipulation, as summarized below.

17 **1. Corporate Governance Measures**

18 In full and final settlement of the California Action, the NetSol Board has agreed to adopt,
19 or to maintain where already implemented, the corporate governance measures outlined below
20 within thirty days from the date the Judgment becomes Final. NetSol acknowledges that
21 Plaintiff's actions, including the institution and prosecution of the California Action, was a direct
22 and material factor in the corporate governance policies that will be adopted within thirty days
23 from the date the Judgment becomes Final. The corporate governance measures are as follows:

24 1.1 The Board of Directors. For a period of at least three (3) years from the Effective
25 Date: (i) at least once a quarter, the Board shall discuss what, if any, changes are recommended to
26 improve the accuracy and integrity of NetSol's communications with Company shareholders and
27 the accuracy of NetSol's other public statements; and (ii) at least once a quarter, the General
28 Counsel will provide a report to the Board on any disciplinary actions undertaken by her or him,

1 or by any Board committee, pursuant to the Company's Code of Business Conduct and Ethics
2 (the "Code"), since the previous report to the Board.

3 1.2 Corporate Governance Website and Shareholder Input. For a period of at least
4 three (3) years from the Effective Date, the Company's website shall include a Corporate
5 Governance section, which shall include links to (i) the Company's governance documents and
6 charters, including the Code; and (ii) an email method for stockholders to communicate any
7 corporate governance concerns to the Company.

8 1.3 Certification of Compliance with the Code. Annually, each Board member will
9 certify in writing that in the previous 12 months he or she has: (i) read the Code; (ii) complied
10 with the terms of the Code; and (iii) will continue to comply with the terms of the Code.

11 1.4 Code of Ethics Review. Annually, the Board's Nomination and Corporate
12 Governance Committee ("Governance Committee") and its Audit Committee will each review the
13 Code to determine whether to recommend any changes to it in light of the prior year's activities.
14 Any such recommendations shall be made in writing to the Board.

15 1.5 The Governance Committee. In addition to the functions it currently performs, the
16 Governance Committee shall, for a period of at least three (3) years, comply with the following
17 terms:

18 (a) Each new member of the Board shall complete a course of introduction to
19 the Company, approved by the Governance Committee, which shall include a description of the
20 Company's disclosure policies and controls;

21 (b) On an annual basis, the Governance Committee shall review the
22 Company's governance principles to ensure that they are appropriate, and shall recommend any
23 necessary changes to the Board;

24 (c) At the next regularly scheduled meeting following approval of the
25 Settlement, the Governance Committee shall meet to review the Code and NetSol's corporate
26 governance principles to ensure that they appropriately address: (i) director qualification
27 standards; (ii) director education; and (iii) director access to management and appropriate
28 independent advisors; and

1 (d) The Company's General Counsel shall report any potentially valid
2 corporate governance concerns expressed via the Corporate Governance section of the website (as
3 described above) to the Governance Committee.

4 1.6 The Audit Committee. At each meeting of the Board, the Audit Committee shall
5 disclose to, and discuss with, the Board all reported violations of the Code received by the Audit
6 Chair (whether received directly or from the Compliance Officer (as defined below)) since the
7 previous Board meeting.

8 1.7 The Compliance Officer. In addition to the functions he or she currently performs,
9 NetSol's Compliance Officer identified in the Code (the "Compliance Officer"), for a period of at
10 least three (3) years, will:

11 (a) Meet annually with the full Board to review internal policies and controls as they
12 relate to the Code;

13 (b) Provide a quarterly report to the General Counsel and to the Audit Chair
14 describing every reported violation of the Code received by the Compliance Officer in the prior
15 quarter; and

16 (c) Report immediately to the Audit Chair all Disciplinary actions undertaken by the
17 Compliance Officer pursuant to the Code.

18 **5. DISMISSAL AND RELEASES**

19 The full terms of the dismissal and release of claims are set forth in the Stipulation. The
20 following is only a summary.

21 Upon the Effective Date, Plaintiff, shall be deemed to have, and by operation of the Final
22 Judgment shall have fully, finally, and forever released, relinquished, and discharged all Released
23 Claims against the Released Parties and shall have covenanted not to sue the Released Parties
24 with respect to all such Released Claims, and shall be permanently barred and enjoined from
25 asserting, commencing, prosecuting, instituting, assisting, instigating, or in any way participating
26 in the commencement or prosecution of any action or other proceeding, in any forum, asserting
27 any Released Claim, either directly, representatively, derivatively, or in any other capacity,
28 against any of the Released Parties. Nothing contained herein shall, however, bar the Releasing

1 Parties from bringing any action or claim to enforce the terms of this Stipulation or the Final
2 Judgment.

3 Upon the Effective Date, NetSol and Defendants shall be deemed to have, and by
4 operation of the Final Judgment shall have fully, finally, and forever released, relinquished, and
5 discharged Plaintiff from all Claims which arise from or relate to the institution, prosecution,
6 settlement or dismissal of the California Action (the “Defendants’ Released Claims”), and shall
7 be permanently enjoined from prosecuting the Defendants’ Released Claims against Plaintiff and
8 Plaintiff’s Counsel. Nothing contained herein shall, however, bar NetSol and the Defendants or
9 any Released Party from bringing any action or claim to enforce the terms of this Stipulation or
10 the Final Judgment.

11 As used above, “Effective Date” means the first date by which all of the events and
12 conditions specified in ¶ 6.2 of the Stipulation have been met and have occurred, specifically (a)
13 the entry of Judgment by the Court and dismissing the California Action as provided in the
14 Stipulation without awarding costs to any party, except as provided herein; and (b) the Judgment
15 shall have become final and no longer subject to review, either by the expiration of the time for
16 appeals therefrom with no appeals having been taken or, if an appeal is taken and not dismissed,
17 by the determination of the appeal by the highest court to which such appeal may be taken in such
18 a manner as to permit the consummation of the Settlement in accordance with the terms and
19 conditions of the Stipulation.

20 As used above, “Released Parties” means Individual Defendants and NetSol, and each of
21 their past, present and future, direct or indirect, parent entities, associates, affiliates, and
22 subsidiaries, each and all of their respective past and present directors, officers, partners, alleged
23 partners, stockholders, predecessors, successors and employees, and in their capacity as such,
24 each and all of their underwriters, attorneys, advisors, consultants, trustees, insurers, co-insurers,
25 reinsurers, principals, agents, advisors, accountants, auditors, joint ventures, representatives, and
26 assigns, and Individual Defendants’ spouse(s), family members, and any entity or trust in which
27 Individual Defendants and/or any member of Individual Defendants’ family has, had or have a
28 controlling interest (directly or indirectly).

1 As used above, "Releasing Parties" means Plaintiff, Plaintiff's Counsel, and each of their
2 respective parent entities, associates, affiliates, subsidiaries, predecessors, successors, assigns,
3 attorneys, heirs, representatives, administrators, executors, devisees, legatees, and estates.

4 As used above, "Released Claims" collectively means any and all known and unknown
5 claims for damages, injunctive relief or any other remedy against the Released Persons, including
6 any and all claims, causes of action, demands, rights, or liabilities, including, but not limited to,
7 claims for negligence, gross negligence, professional negligence, breach of duty of care and/or
8 breach of duty of loyalty and/or breach of duty of candor, fraud, breach of fiduciary duty,
9 mismanagement, corporate waste, malpractice, breach of contract, negligent misrepresentation,
10 violations of any state or federal statutes, rules or regulations, and any Unknown Claims (defined
11 below), that have or could have been asserted in the Derivative Actions in this Court, or any other
12 forum, by Plaintiff and/or derivatively on behalf of the Company that arise from or relate to: (1)
13 the allegations contained in the Derivative Actions; (2) the facts or occurrences described or in
14 any matter put at issue in the Derivative Actions; and/or (3) any matter that could have been
15 asserted in the Derivative Actions regarding breach of fiduciary duty, misstatements and/or
16 failure to disclose material facts. The Released Claims, however, shall not include any claim
17 asserted under the federal securities laws for any material misrepresentations or omissions by the
18 Company pertaining to the Company's financial statements, so long as such claims could not
19 have been asserted in the complaints on file in the Derivative Actions and do not arise from or
20 relate to the factual allegations set forth therein. With regard to Plaintiff and Plaintiff's Counsel,
21 Released Claims shall include any and all claims that arise from or relate to the institution,
22 prosecution, settlement, or resolution of the Derivative Actions. Released Claims shall not
23 include any claims to enforce the Settlement.

24 As used above, "Unknown Claims" means any and all claims, demands, and causes of
25 action that Plaintiff does not know or suspect to exist at the time of the release, which, if known,
26 might have affected the decision to enter into the releases herein or to object or not to object to
27 the Settlement. Plaintiff shall be deemed to waive, and shall waive and relinquish to the fullest
28 extent permitted by law, any and all provisions, rights, and benefits conferred by any law of the

1 United States or any state or territory of the United States, or principle of common law, which
2 governs or limits a person's release of Unknown Claims; further, with respect to any and all of
3 the Released Claims, including any and all Unknown Claims, that (i) Plaintiff shall be deemed to
4 waive, and shall waive and relinquish, to the fullest extent permitted by law, the provisions,
5 rights, and benefits of the California Civil Code § 1542, which provides as follows:

6 *A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE*
7 *CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER*
8 *FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF*
9 *KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS*
10 *OR HER SETTLEMENT WITH THE DEBTOR.*

11 Upon the Effective Date, Plaintiff also shall be deemed to waive any and all provisions,
12 rights and benefits conferred by any law of any state or territory of the United States, or principle
13 of common law, which is similar, comparable, or equivalent to California Civil Code § 1542; and
14 (ii) Plaintiff acknowledges that Plaintiff may discover facts in addition to or different from those
15 that he now knows or believes to be true with respect to the subject matter of the release, but it is
16 Plaintiff's intention to fully, finally and forever settle and release any and all Released Claims,
17 including any and all Unknown Claims, hereby known or unknown, suspected or unsuspected,
18 which now exist, or heretofore existed, or may hereafter exist, and without regard to the
19 subsequent discovery or existence of such additional or different facts. Plaintiff acknowledges
20 that this release of Unknown Claims was separately bargained for and is a key term of the
21 Settlement.

22 **6. ATTORNEYS' FEES AWARD AND REIMBURSEMENT OF EXPENSES**

23 Subject to Court approval and in recognition of the benefits conferred on NetSol as a
24 direct and material factor resulting from the California Action, NetSol agrees to cause its D&O
25 Insurer(s) to pay to Plaintiff's Counsel's fees and expenses (the "Fees and Expenses") in an
26 aggregate amount approved by the Court not to exceed \$175,000.00. Defendants will not
27 challenge as unfair or unreasonable any award up to \$175,000.00 being a fair and reasonable
28 amount for Fees and Expenses based on the substantial benefits conferred on NetSol by the

1 Settlement. The Fees and Expenses shall be paid to Plaintiff's Counsel within fourteen (14)
2 business days after entry of an order providing for final approval of the Settlement and dismissing
3 the California Action is entered by the Court. Payment of the Fees and Expenses shall be subject
4 to Plaintiff's Counsel's joint and several obligations to make appropriate refunds or repayments to
5 the Company if, as a result of any appeal and/or further proceedings on remand, or successful
6 collateral attack, the amount of Fees and Expenses is reduced.

7 Plaintiff's Counsel also may ask the Court to award a stipend to Plaintiff in the amount of
8 \$1,500.00. In addition, Plaintiff's Counsel may ask the Court's permission to provide a stipend to
9 the plaintiff in the Nevada Action in the amount of \$1,500.00. Such stipends, if approved, shall
10 be paid by Plaintiff's Counsel from the Fees and Expenses described above. Defendants and their
11 insurers shall not be responsible for paying the stipends. Nevertheless, Defendants agree they
12 will not take a position contrary to the stipends described above being fair and reasonable.

13 **7. CONDITIONS FOR SETTLEMENT**

14 The Settlement is conditioned upon the occurrence of certain events. Those events
15 include, among other things: (1) entry of the Judgment by the Court, as provided for in the
16 Stipulation; and (2) expiration of the time to appeal from or alter or amend the Judgment. If, for
17 any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might
18 be terminated and, if terminated, will become null and void, and the parties to the Stipulation will
19 be restored to their respective positions in the litigation as of February 1, 2016.

20 **8. THE SETTLEMENT HEARING AND YOUR RIGHTS AS SHAREHOLDERS**

21 The hearing (the "Settlement Hearing") shall be held before this Court on April 6, 2017 at
22 3:00 p.m. or as soon thereafter as counsel may be heard in the courtroom of the Honorable
23 Kenneth R. Freeman of the Superior Court of the State of California, County of Los Angeles, 600
24 South Commonwealth Avenue, Los Angeles, CA 90005, to determine: (i) whether the proposed
25 Settlement of the litigation as set forth in the Stipulation, should be approved in all respects as
26 fair, just, reasonable, and adequate to, and in the best interests of, NetSol, Current NetSol
27 Shareholders, and Plaintiff; (ii) whether the Final Judgment and Order of Dismissal approving the
28 Settlement should be entered; (iii) whether the agreed-to Fees and Expenses Payment should be

1 awarded to Plaintiff's Counsel; and (iv) whether the stipends should be paid to Plaintiff and the
2 Nevada plaintiff out of the Fees and Expenses Payment. The Court may adjourn or continue the
3 Settlement Hearing without further notice to Current NetSol Shareholders.

4 Should the Settlement be approved by the Court following the Settlement Hearing, the
5 Court will enter a Final Order and Judgment that: (1) approves the Settlement as fair, reasonable
6 and adequate to NetSol and its shareholders; (2) releases and discharges the Released Parties and
7 Releasing Parties from any and all liability with respect to the Released Claims; and (3)
8 permanently bars and enjoins the institution or prosecution against the Released Parties of any
9 action derivatively asserting or relating in any way to the Released Claims.

10 10. Any Current NetSol Shareholder who objects to the Settlement of the litigation
11 shall have a right to appear and be heard at the Settlement Hearing. Any Current NetSol
12 Shareholder may enter an appearance through counsel of their own choosing and at their own
13 expense or may appear on their own. However, no Current NetSol Shareholder shall be heard at
14 the Settlement Hearing unless, at least fourteen (14) calendar days prior to the Settlement
15 Hearing, such person has: (1) filed with the Clerk of the Court a written objection to the
16 Settlement setting forth: (a) the nature of the objection; (b) proof of ownership of NetSol stock
17 through the date of the Settlement Hearing, including the number of shares of NetSol stock and
18 the date of purchase; and (c) any documentation in support of such objection; and (2) if a Current
19 NetSol Shareholder intends to appear and requests to be heard at the Settlement Hearing, such
20 shareholder must have, in addition to the requirements of (1) above, filed with the Clerk of the
21 Court: (a) a written notice of such shareholder's intention to appear; (b) a statement that indicates
22 the basis for such appearance; and (c) the identities of any witnesses the shareholder intends to
23 call at the Settlement Hearing and the subjects of their testimony. If a Current NetSol
24 Shareholder files a written objection and/or written notice of intent to appear, such shareholder
25 must also simultaneously serve copies of such notice, proof, statement, and documentation,
26 together with copies of any other papers or briefs such shareholder files with the Court (either by
27 hand delivery or by first class mail) upon each of the following thereof:

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CLERK
SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES
600 South Commonwealth Avenue
Los Angeles, CA 90005

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Facsimile: 858.720.5799

Attorneys for Defendants

Unless otherwise ordered by the Court, any Current NetSol Shareholder who does not make his, her, or its objection or opposition in the manner provided shall be deemed to have waived any and all objections and opposition, and shall be forever foreclosed from making any objection to the fairness, reasonableness, and adequacy of the proposed Settlement, and shall otherwise be bound by the Judgment to be entered and the releases to be given.

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9. EXAMINATION OF PAPERS AND INQUIRES

This Notice contains only a summary of the terms of the proposed Settlement. For a more detailed statement of the matters involved in this action, reference is made to the pleadings, to the Stipulation and to other papers filed in this action which may be inspected at the Office of the Clerk for the Superior Court of the State of California, County of Los Angeles, 600 South Commonwealth Avenue, Los Angeles, CA 90005, during business hours of each business day.

Inquiries regarding this action should be addressed as follows:

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Robert V. Prongay
Lesley F. Portnoy
1925 Century Park East, Suite 2100
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DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

Dated: January 9, 2017

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

