

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION**

DISNEY ENTERPRISES, INC.;
LUCASEFILM LTD. LLC; TWENTIETH
CENTURY FOX FILM CORPORATION;
and WARNER BROS. ENTERTAINMENT
INC.,

Plaintiffs,

v.

VIDANGEL, INC.,

Defendant.

Case No. 2:16-CV-04109

**EXPERT REPORT OF JEFFREY H. KINRICH
MARCH 11, 2019**

**ATTORNEYS' EYES ONLY
SUBJECT TO PROTECTIVE ORDER**

I. INTRODUCTION AND QUALIFICATIONS

A. Assignment

1. I have been engaged by counsel for Defendant to provide expert testimony in the matter of *Disney Enterprises, Inc. et al. v. VidAngel, Inc.*, pending in the United States District Court for the Central District of California, Western Division, under Case No. 2:16-cv-04109. Specifically, I have been asked to consider economic and financial factors related to an assessment of statutory damages against Defendant.

2. In addressing the issue of damages, I necessarily assume that Plaintiffs will prevail on their claims. I express no opinion on the legal merits of those claims.

B. Qualifications

3. I am a Managing Principal at Analysis Group, Inc., an economic, financial, and strategy consulting firm. I graduated *summa cum laude* from Pomona College with a Bachelor of Arts degree in Mathematics. I received a Master of Science degree in Statistics from Stanford University and a Master of Business Administration in Finance and Quantitative Methods from the University of Maryland, where I graduated first in my class. I am a Certified Public Accountant and have more than 35 years of experience analyzing damages in commercial disputes. A copy of my CV, together with a list of the trial and deposition testimony I have given in the last four years, is attached as **Appendix A**.

4. Analysis Group is compensated at the rate of \$775 per hour for my time. Research and analysis for this report was also performed by Analysis Group personnel under my direction and guidance. Rates for other staff working on this matter range from \$330 to \$580 per hour.

Neither my compensation nor that of Analysis Group is contingent upon my findings, the testimony I may give, or the outcome of this litigation.

C. Facts and Data Considered

5. In forming my opinions, I have reviewed documents and other materials provided to me by counsel for VidAngel or obtained from public sources. These materials include, among others, the operative complaint, financial statements of the Defendant, and various other documents produced by the parties to this litigation. I or members of my staff have also had conversations with VidAngel personnel, including the company's chief financial officer, Patrick Reilly. The facts and data I have relied upon in forming my opinions are identified in this report and the accompanying exhibits or listed in **Appendix B**.

6. I understand that discovery is ongoing. Should additional relevant documents or information be made available to me, I may adjust or supplement my opinions as appropriate.

II. BACKGROUND

7. Plaintiffs, Disney Enterprises, Inc., Lucasfilm Ltd. LLC, Twentieth Century Fox Film Corporation, Warner Bros. Entertainment Inc., MVL Film Finance LLC, New Line Productions, Inc., and Turner Entertainment Co., are, variously, U.S.-based motion picture and television production, development, and finance companies. Plaintiffs own and control certain copyrighted content (the "Content") that can be displayed publicly via both Plaintiff-owned and third-party channels.

8. VidAngel is a U.S.-based entertainment company that offers home viewers the opportunity to filter objectionable content according to personal or family preference. From 2015 through late 2016, its principal business and viewership model consisted of the purchase and re-

sale of individually coded DVDs. Using the coded DVDs, VidAngel customers could elect to filter certain types of content while viewing, such as profanity, nudity, or violence. I will refer to the period from 2015 through late 2016 as the “Review Period,” and to the sales model in use during that period as the “Media Sales” model.¹ I understand that the Media Sales model is the only VidAngel business model of direct relevance to this litigation.

9. Plaintiffs filed suit against VidAngel in June 2016, alleging that the Media Sales model constituted infringement of their respective copyrights. VidAngel responds that the sale of licensed content and the right of home viewers to filter that content is protected by The Family Movie Act of 2005 (“FMA”).

III. ANALYSIS AND OPINIONS

10. Under U.S. copyright law, a successful plaintiff in a copyright dispute may be entitled to actual damages and the additional profits of the infringer, if any, or to an award of statutory damages.² I am informed that Plaintiffs in this matter have elected to pursue an award of statutory damages in lieu of either actual damages or disgorgement of VidAngel’s profits.

11. I understand that the law provides considerable leeway to the courts in determining the level of statutory damages. Depending upon the facts and circumstances of the case, a plaintiff seeking statutory damages may be entitled to an award of as little as \$750 and as much \$30,000 per infringed work.³ If the court finds that the infringement was committed willfully, the award may be increased to as much \$150,000 per infringed work, or reduced to as

¹ In 2017, VidAngel switched to a subscription model, which I understand is not at issue in this case. Prior to 2015, VidAngel relied on other business models, which I understand are also not at issue in this case.

² 17 U.S.C. § 504(a).

³ 17 U.S.C. § 504(c).

little as \$200 per work if the infringement is deemed innocent.⁴ Under the Digital Millennium Copyright Act (17 U.S.C. § 1201 et seq.), I understand that a successful plaintiff may be entitled to a statutory damages award of \$200 to \$2,500, “as the court considers just.”⁵ I understand that in arriving at a statutory damages award within the defined ranges, the finder of fact may consider the losses the plaintiff has incurred (if any) as a result of the alleged infringement, as well as the benefit (if any) gained by the defendant.

12. In the sections that follow, I first address VidAngel’s financial performance and present financial condition. I then identify the profits (or, indeed, losses) earned from the purchase, filtering, and sale of the Content. I then address the factors that should be considered in determining the financial impact of the alleged infringement, if any, on Plaintiffs.

A. VidAngel’s Overall Financial Performance and Financial Condition

13. For the majority of its existence, including the entire Review Period, VidAngel has been unprofitable. From its inception through 2017, VidAngel suffered a net loss each year, ranging from –\$778,000 to –\$6.7 million. Its cumulative losses over that period (even including a modest profit in 2018) have totaled more than \$14.1 million, on revenues of \$18.3 million. *See Exhibit 1.*

14. The net worth of VidAngel is essentially zero. *See Exhibit 2.* The company has received approximately \$14 million in equity investments over the years, all of which has been used to fund the company’s net losses. If not for such investments, the company’s net worth would be negative.

⁴ *Id.*

⁵ 17 U.S.C. § 1203(c)(3)(A).

15. A commonly used measure of a company's solvency is the current ratio, defined as current assets divided by current liabilities.⁶ The current ratio measures a company's ability to meet its short-term liabilities (i.e., accounts payable and other short-term debts) with current assets (i.e., cash, accounts receivable, and liquid securities). A current ratio of less than one generally indicates a risk of insolvency. As of November 2018, VidAngel had \$3.04 million in total current assets and \$4.45 million in total current liabilities on its balance sheet, resulting in a current ratio of 0.68. At the close of 2017, the current ratio was even worse, at 0.62. *See*

Exhibit 2.

16. In October 2017, VidAngel filed for bankruptcy. A bankruptcy filing is clear evidence of financial distress.

B. VidAngel's Cumulative Total Profits (Losses) on Media Sales

17. During the Review Period, VidAngel's Media Sales program experienced a net loss each year. The Media Sales program effectively ceased in late 2016; the company's slight overall profit earned in 2018 was driven by business activities unrelated to this litigation. In total, VidAngel experienced a cumulative loss on its Media Sales program of \$6.52 million. With respect to the titles at issue in this litigation, VidAngel's losses totaled \$2.34 million. *See*

Exhibit 3.

18. In short, the Media Sales program was unprofitable, the company as a whole is unprofitable, and, despite a small turnaround in 2018 (from an unrelated business model), the company is in precarious financial health.

⁶ *See, e.g.*, Clyde P. Stickney and Roman L. Weil, *Financial Accounting*, 6th ed. (Mason, OH: South-Western, 2003), 269–70.

C. Plaintiffs' Losses (Gains) from the Alleged Infringement

19. As previously mentioned, Plaintiffs have elected to seek statutory damages rather than actual damages. Nevertheless, I understand that the magnitude of Plaintiffs' actual damages may be relevant in setting the amount of statutory damages.

20. Because VidAngel purchased authorized DVDs and Blu-Ray discs of the Content, Plaintiffs received significant revenues under the Media Sales model. I have been asked to compare those revenues to the revenues Plaintiffs would have earned from VidAngel's customers in the absence of the alleged infringement.

21. Plaintiffs' Content comprises 836 individual titles. Under the Media Sales model, VidAngel purchased a total of 72,491 copies (DVDs and Blu-Ray discs) of those titles at a total cost of approximately \$733,000. I estimate, based on published industry averages, that Plaintiffs realized an average of approximately 75 percent of the price paid by VidAngel as revenue.⁷ On that basis, Plaintiffs' revenues from the allegedly infringing conduct totaled approximately \$550,000. See **Exhibit 4a**.

22. In the absence of the alleged infringement, VidAngel's customers would have had to view Plaintiffs' Content (if they viewed it at all) through alternative means. Thus, an analysis of Plaintiffs' revenues in the but-for world requires consideration of customers' expected purchase and viewing behavior in the absence of VidAngel's offering. The difference between that result and the above estimate constitutes the incremental benefit (or loss) from the alternative business model.

⁷ See Ronald J. Sanders, "Home Entertainment," in *The Movie Business Book*, Jason E. Squire ed. (New York: Routledge Press, 2017), 438-440.

23. I consider two possibilities: (1) a world in which VidAngel has replaced its Media Sales model with the subscription model it has used since 2017; or (2) a world in which VidAngel does not exist at all.

1. Plaintiffs' Relative Losses (Gains) Compared to VidAngel's Streaming Service

24. VidAngel's streaming service customers use subscription video-on-demand ("SVOD"), video-on-demand ("VOD"), and electronic sell-through ("EST") for viewing filtered content. The vast majority (94.2 percent) watch content on an SVOD service, such as Netflix or Amazon Prime, for which the customer had a preexisting account; 4.3 percent pay to rent content via Amazon's Instant Play VOD service; and the remaining 1.4 percent purchase content via Amazon's Instant Play EST offering.⁸

25. Of these viewing alternatives, only EST and VOD provide incremental revenues to Plaintiffs. For SVOD, I understand that rights are granted for multiple titles or for unlimited broadcast over some period, such that revenues do not increase with an individual viewing. Thus, an additional viewing by a customer on Netflix, for example, would not have generated incremental revenues to Plaintiffs. Only the viewings through a service like Amazon Instant Play VOD or EST would provide incremental income to the Plaintiffs. Under this scenario, as shown in **Exhibit 4a**, Plaintiffs' incremental loss is approximately \$211,041, or \$252 per title.

2. Plaintiffs' Relative Losses (Gains) In the Absence of VidAngel

26. VidAngel appeals to a customer segment that values content filtering. If VidAngel did not exist, some portion of its customers would have chosen not to view Plaintiffs' Content. I

⁸ Email from David Quinto, March 11, 2019. The total sums to slightly less than 100 percent due to rounding.

understand that approximately 65 percent of VidAngel's customers who watched the Content would not have watched Plaintiffs' Content from an alternative source.⁹

27. The remaining 35 percent would have chosen to view the Content through some alternative means. The users of VidAngel's streaming service have, through their viewing habits, revealed their preferences for how they would obtain content, as discussed above—i.e., 94.2 percent would have viewed content via SVOD (such as Netflix or Amazon Prime), 4.3 percent would have rented content via a VOD service, and the remaining 1.4 percent would have purchased content via EST.

28. Incorporating the same assumptions as above with respect to revenues and profit margins, the incremental profits to Plaintiffs in the absence of VidAngel would have totaled -\$229,752, or -\$275 per at-issue title. See **Exhibit 4b**. In short, under these assumptions, Plaintiffs would have been worse off financially if VidAngel did not exist.

* * *

29. To the extent additional information comes to my attention, I will update my analyses and opinions as appropriate, and may provide additional opinions, including those rendered to rebut Plaintiffs' expert opinions and witness testimony, and any other relevant issues that arise in the case.

Signed on the 11th day of March, 2019, at Los Angeles, CA.



Jeffrey H. Kinrich

⁹ The survey, conducted by Dr. William Duckworth, sampled 1,117 customers who used VidAngel's Media Sales service during 2015–2016. Email from David Quinto, March 11, 2019.

APPENDIX A

JEFFREY H. KINRICH Managing Principal

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27th Floor
Los Angeles, CA 90071

Jeff Kinrich has over three decades of litigation consulting experience with business clients and individuals on engagements involving applications of financial and economic analysis, accounting, business valuation and statistics. He specializes in damage quantification and valuation in the areas of intellectual property and commercial litigation. Mr. Kinrich has testified frequently on damages, valuation, and accounting issues in numerous state and federal courts. He is a Certified Public Accountant and holds an Accreditation in Business Valuation.

EDUCATION

- 1980 M.B.A., Finance and Quantitative Methods (with honors, first in class), University of Maryland
- 1977 M.S., Statistics, Stanford University
- 1976 B.A., Mathematics, (*summa cum laude*, *Phi Beta Kappa*, first in class), Pomona College

PROFESSIONAL EXPERIENCE

- 2001–Present Analysis Group, Inc.
Managing Principal
- 1981–2001 PricewaterhouseCoopers LLP
Partner, Financial Advisory Services
- 1978–1980 BDM Corporation
Statistical Analyst
- 1977–1978 Lawrence Livermore Laboratory
Statistician

AWARDS

- Elijah Watts Sells Silver Medal for second highest score in the U.S. on CPA Examination
- Forbes Gold Medal for the highest CPA examination score in California.
- Volunteer of the Year, AICPA Forensic and Litigation Services

PROFESSIONAL AND BUSINESS AFFILIATIONS

- Certified Public Accountant in California and Illinois
- Member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants

Accredited in Business Valuation (ABV)

Certified in Financial Forensics (CFF)

California Society of CPAs Litigation Sections, Steering Committee

American Institute of CPAs, Forensic and Litigation Services Committee (former)

Phi Beta Kappa

Board of Directors and Chair of Audit Committee, Bet Tzedek Legal Services

SELECTED CONSULTING EXPERIENCE

Intellectual Property

- Analyzed patent infringement damages under both lost profits and reasonable royalty approaches for a wide variety of patents. Industries include medical and surgical products, semiconductors, digital and optical switches, HIV diagnostic test kits, cable television, cell phones, aircraft engine housings, telephone equipment, toys, computer printer cartridges, disposable diapers, automobile components and accessories, cigarette lighters, photographic equipment, oil tools, satellite antenna feeds, water coolers, athletic shoes, contact lenses, sprinkler systems, computer disks, magnetic insoles, pharmaceutical products, robotic surgery equipment, compact disk cases, superconducting amplifiers, food products, bottle inspection machinery, molded dog houses, landscape lighting systems, disposable respirators, airport security equipment, and bicycle seats.
- Measured patent damages for business method patents, including internet protocols, methods for renting DVDs, insurance processing systems, space orbital trajectories, encryption algorithms, lottery systems, and farming methods.
- Evaluated economic and financial issues surrounding allegations of irreparable harm in connection with injunction motions.
- Computed damages for various cases involving trade secrets and non-compete agreements. Issues involved misappropriation of customer lists, business processes, technologies, marketing plans, manufacturing methods, and other intellectual property.
- Negotiated a reasonable royalty in settlement of a patent dispute.
- Measured damages from numerous trademark and copyright infringement matters. Industries have included publishing, clothing, software, movies, music, television, fashion accessories, theme parks, cosmetics, and personal care products. Valued trademarks and copyrights. Apportioned profits between infringing and non-infringing elements.
- Computed damages from delayed payments of advances in connection with musical copyrights.
- Computed damages for false advertising in connection with a variety of consumer and industrial products.

Business Valuation

- Valued numerous businesses in connection with commercial or personal disputes.
- Valued intangibles, including patents, trademarks, copyrights, trade secrets, and business protocols.

- In connection with an international bankruptcy, apportioned sales proceeds to various national entities based on the value relinquished in the transactions.

Commercial Damages

- Evaluated lost profits damages for hundreds of commercial litigation engagements, including breach of contract and business tort matters. Matters involved dozens of different industries.
- Evaluated impact of mergers on value of combined firms; computed damages resulting from failed or improperly implemented mergers.
- Measured losses due to business interruption.
- Measured damages attributable to breach of environmental warranty provisions of a buy/sell agreement involving chemical manufacturing plants.
- Determined damages from breach of distribution and franchising agreements.
- Computed commissions owed to sales force.
- Valued assets and evaluated accounting issues in connection with merger and purchase price disputes.
- Conducted several alter ego studies. Searched for commingling of funds, violation of corporate formalities, and other improper transactions between the company and shareholder/parent.
- Analyzed and testified about accounting issues, records, and related matters.
- Provided technical consulting on many applications of statistics to litigation, including statistical sampling, regression analysis, time series, probability theory, and survey design.
- Prepared analyses of loss of individual earnings in connection with wrongful termination, employment, and personal injury claims.
- Served as an arbitrator or court-appointed special master in commercial disputes.

Technology/Computers

- Conducted numerous damage studies related to high tech intellectual property, including semiconductors, space systems, computers, printers, medical products, and search engine design. Computed both lost profits and reasonable royalties.
- Measured damages in connection with several Internet issues, including communications protocols, cybersquatting, and misuse of website names.
- Computed lost profits and disgorgement from sale of counterfeit software.
- Testified as to the value of a software VAR agreement.
- Conducted international transfer pricing analysis for computer manufacturer.
- Determined damages from breach of a software/firmware development agreement.

Entertainment

- Determined royalties owed to entertainers and managers.
- Measured unjust enrichment and disgorgement from misappropriation of the Academy Award® of Merit Oscar statuette image.
- Estimated damages from alleged failure to properly package and market movie and video properties.

- Evaluated statistical and econometric issues related to license fees for a popular television show.
- Computed damages for copyright and breach of contract issues related to infomercial sales.
- Measured actual losses and disgorgement of profits from copyright infringement related to scripts, story ideas, jokes and music.
- Analyzed royalties and bonus payments in connection with the development and distribution of video games.
- Assisted numerous entertainment executives and performers in valuing personal, professional, and entertainment assets.
- Computed lost profits from a breach of an agreement to lease movie projection equipment.
- Valued the overseas rights to a catalog of films.
- Estimated damages relating to failure to execute a film financing guarantee.
- Analyzed cost savings and antitrust issues resulting from selling box-lot quantities of recorded music at a discounted price.
- Evaluated the likely impact of a new video distribution technology.
- Measured value of broadcast and publicity rights.
- Computed damages related to breach of radio advertising sales contract.

Class Action/Class Certification

- Provided financial and statistical analyses in opposition to class certification and class damage computations in late fee cases filed by consumers against various companies.
- Worked on behalf of a major car rental company in a class action matter alleging failure to comply with the law in advertising rental rates.
- Evaluated whether the alleged violations had common impact across class members and whether a common damages methodology could be applied in a matter concerning overcharges.
- Worked on class action suits alleging false advertising related to various consumer products including collectable dolls and energy drinks.
- Addressed class certification in an action brought by consumers alleging false advertising related to a consumer hygiene product.
- Worked with several companies in defending wage and hour class action matters.

Telecommunications

- Identified losses related to breach of contract for a satellite communications system.
- Conducted a lost profits study for a major telecommunications antitrust suit.
- Measured damages in connection with various telecommunications patents and trade secrets.
- Testified as to damages from alleged below-cost pricing of telecommunications services.
- Critiqued plaintiff's claim in an offshore telecommunications litigation.

- Worked for a cellular telephone service provider defending against breach of contract claims from a former agent.
- Testified concerning the value of stock in two privately held communications companies in conjunction with a purchase price dispute.
- Analyzed claim of predatory pricing in the cellular industry.
- Acted as arbitrator in a telecommunications contract dispute.

Automobile Industry

- Conducted various damage analyses involving automobile dealership disputes, including dealer terminations, dealer relocations, and failure to award a dealership. Analyzed deal financial records and other economic information to quantify the value of automobile dealerships.
- Analyzed losses from a breach of an acquisition/sale agreement for an automobile parts manufacturer.
- Computed damages for patent infringement of an automobile parts manufacturing patent.
- Conducted transfer pricing study for automobile importer.
- Investigated alternative causes for failure of auto dealerships. Searched for diverted funds.
- Acted as a neutral arbitrator in dispute between automobile manufacturer and insurer over extended warranty payments.
- Assisted automobile manufacturer in investigating fraud and diversion of funds in connection with a collection dispute.
- Analyzed accounting issues in connection with the sale of a dealer network.

Construction/Real Estate

- Evaluated statistical methods for invasive testing of construction defects.
- Computed damages on a large residential real estate development from failure to comply with escrow closing instructions.
- Opined about appropriate expenditures by homeowner's associations in connection with maintenance and capital expenditures.
- Testified for a construction contractor as to the amount due in a breach of contract dispute, and provided opinion on alter ego issues.
- Measured the diminution in value and lost rents due to a construction delay claim resulting from environmental contamination.

Tax Disputes

- Conducted transfer pricing studies for automobile importer, semiconductor manufacturer, computer maker, and consumer electronics manufacturer.
- Designed sampling methodology to evaluate customs duty drawback claims.
- Measured damages from improper conversion from an S-Corp. to a C-Corp.

Family Law

- Conducted valuations of numerous private businesses.

- Performed analyses of lifestyle and cash available for support.
- Valued professional practices, including law firms and accounting firms.
- Determined community portion of earnings and assets under various circumstances. Apportioned and valued stock options and profit participations.
- Traced and valued separate vs. community property. Conducted Periera-Van Kamp analyses of pre-marital property.

PUBLICATIONS

“Analysis of Cost Behavior When Calculating Damages,” Parts 1 and 2, *Business Law Today*, American Bar Association (2018)

Lost Profits Damages: Principles, Methods, and Applications, co-edited with Everett P. Harry. Valuation Products and Services (2017)

“Analysis of Cost Behavior,” with Elizabeth Eccher and James Rosberg, Chapter 11 of *Lost Profits Damages: Principles, Methods and Applications*, Harry and Kinrich, editors, (2017)

“Risk and Economic Damages: Theoretical and Practical Issues,” with Brian Brinig, *Dunn on Damages*, Issue 7 (Summer 2012)

“Can a Reasonable Royalty Ever Be Zero?” with Michael Hsu, *Intellectual Property Today* (May 2011)

“Discount Rate, Risk & Economic Damages: Practical Considerations,” with Brian Brinig, *Business Valuation Update*, Vol. 15, No. 9 (September 2009)

“Engagement Letters for Litigation Services: Business Valuation and Forensic & Litigation Services Practice Aid 04-1,” coauthor, *American Institute of Certified Public Accountants* (2004)

“Trademark Misuse,” *Litigation Support Report Writing: Accounting, Finance, and Economic Issues*, Friedman and Weil, eds., John Wiley & Sons (2003)

“Analysis and Measurement of Damages in Patent Infringement Actions,” coauthor, *Patent Litigation 2001*, Practising Law Institute (2001)

“Cost Estimation,” *Litigation Services Handbook: The Role of the Accountant as Expert Witness, 3rd ed.*, Weil, Wagner, and Frank, eds., John Wiley (2001)

“Preparing for Daubert Challenges in Antitrust Cases,” coauthor, *Antitrust Section of the American Bar Association, Economic Committee Newsletter* (Spring 2001)

“Conflicting Rulings About Conflicts,” coauthor, *The Witness Chair*, California Society of CPAs (Fall 1996)

“Damage Measures in Patent Infringement Actions,” coauthor, *Second Annual Institute for Intellectual Property Law*, Practising Law Institute (1996)

“Damages on the Internet,” *Proceedings of the AIPLA Winter Conference*, AIPLA (1996)

“Section 482 and Technology Transfers,” coauthor, *Price Waterhouse, Intellectual Property Conference* (1993)

“Dull Witnesses,” *Litigation*, American Bar Assoc., Vol. 19, No. 3, (Spring, 1993)

“Economic Damages in Patent Infringement Cases,” coauthor, *Patent Litigation 1991*, Practising Law Institute (1991)

“Forensic Accounting and Litigation Consulting Services,” coauthor, *The Accountant's Handbook, 7th ed.*, John Wiley (1990)

Testimony List of Jeffrey H. Kinrich (2013 - Present)

<u>MATTER</u>	<u>YEAR</u>	<u>COURT</u>	<u>DEPOSITION</u>	<u>TRIAL</u>
Evans v Trope & Trope	2012, 2013	Arbitration, Los Angeles	X	X
JC Trading v Wal-Mart	2013	Federal District Court, Delaware	X	
Schultz v Douglas Steel	2013	California Superior Court, Los Angeles	X	X
Aberle v Brookfield Homes	2013	California Superior Court, Riverside	X	
Exclaim Marketing v DIRECTV	2013, 2014	Federal District Court, Eastern District of North Carolina	X	X
Vantage v Taylor Woodrow Homes	2013	California Superior Court, Orange	X	
Color Me Mine v. Southern States Marketing, Peachtree Playthings et al.	2013	Federal District Court, Central District of California	X	
Elias (Riverside Dental) v. American Dental Partners	2013	JAMS Arbitration, Orange County		X
Guidance Endodontics v Modrall Sperling	2013	New Mexico District Court, Bernalillo County	X	
Tessera v. Powertech Technology	2013	Federal District Court, Northern District of California	X	
Guillen v Centex	2014	California Superior Court, Riverside	X	X

Testimony List of Jeffrey H. Kinrich (2013 - Present)

<u>MATTER</u>	<u>YEAR</u>	<u>COURT</u>	<u>DEPOSITION</u>	<u>TRIAL</u>
American Innotek v United States	2014	Federal Court of Claims	X	X
Basic Your Best Buy v DIRECTV	2014	California Superior Court, Los Angeles	X	
In re Nortel Networks	2014	Federal Bankruptcy Court, Delaware and Superior Court of Justice, Ontario, Canada	X	X
NNN Britannia Business Center v NNN Realty Investors, LLC et al	2014	American Arbitration Association	X	
Marriage of Kranefuss & Frank	2014	California Superior Court, Marin County	X	X
Moroccanoil v Marc Anthony Cosmetics	2014	Federal District Court, Central District of California	X	
Gemsa Enterprises v Specialty Foods of Alabama & Tsitalia	2014	Federal District Court, Central District of California	X	
Irvine v Cal Pac Homes (Solana)	2014	California Superior Court, Orange County	X	
Quicksilver v Rox Volleyball et al	2014, 2015	Federal District Court, Central District of California	X	X
ICON-IP v Specialized Bicycle Components	2015	Federal District Court, Northern District of California	X	

Testimony List of Jeffrey H. Kinrich (2013 - Present)

<u>MATTER</u>	<u>YEAR</u>	<u>COURT</u>	<u>DEPOSITION</u>	<u>TRIAL</u>
InfoSpan v Emirates NBD Bank	2015	Federal District Court, Central District of California	X	
Clemmy's v Nestle	2015	California Superior Court, Los Angeles	X	
His & Her v Shake-N-Go et al	2015	Federal District Court, Central District of California	X	
Smith Trust v Summerland LLC	2015	JAMS Arbitration, Los Angeles		X
Paolo Moreno v. SFX Entertainment, Inc.	2015	Federal District Court, Central District of California	X	
Downey et al v Autozone, Inc.	2015	California Superior Court, Los Angeles	X	
Courtyards at Dublin Ranch Villages Owner's Ass'n v Toll-Dublin LLC et al	2015	California Superior Court, Alameda	X	
January v Dr. Pepper Snapple	2015	Federal District Court, Central District of California	X	
MOMCO v Guaranteed Rate, Inc, Anderson, et al.	2015, 2016	California Superior Court, Los Angeles	X	X
Razor USA LLC v Vizio	2015	Federal District Court, Central District of California	X	
Terraces at Dublin Ranch Village Owner's Ass'n v Toll-Dublin LLC et al	2015	California Superior Court, Alameda	X	

Testimony List of Jeffrey H. Kinrich (2013 - Present)

<u>MATTER</u>	<u>YEAR</u>	<u>COURT</u>	<u>DEPOSITION</u>	<u>TRIAL</u>
Sonova v Mann et al.	2015	JAMS Arbitration, Los Angeles		X
OpenGate Capital v Thermo Fisher	2015	Federal District Court, Delaware	X	
UMG Recordings, Inc. v Global Eagle Entertainment, Inflight Productions, et al.	2015	Federal District Court, Central District of California	X	
Jasniy v 3M Company, et al (Hennessey, et al.)	2015	California Superior Court, Los Angeles	X	
Unitherm v Hormel Foods	2016	Federal District Court, Minnesota	X	
Freeman Investment Management v Frank Russell Co.	2016	Federal District Court, Southern District of California	X	
Sorenson v New Koosharem Corp.	2016	Federal District Court, Central District of California	X	
Viacom International v MGA Entertainment	2016	Federal District Court, Central District of California	X	
Malik v Kayne Anderson Capital Advisors LP et al.	2016	JAMS Arbitration, Los Angeles		X
Toyo Tires v CIA Wheel Group	2016	Federal District Court, Central District of California	X	
Gilat & Wavestream v Mission Microwave	2016	Federal District Court, Central District of California	X	

Testimony List of Jeffrey H. Kinrich (2013 - Present)

<u>MATTER</u>	<u>YEAR</u>	<u>COURT</u>	<u>DEPOSITION</u>	<u>TRIAL</u>
Villas at Dublin Ranch v Toll Brothers	2016	California Superior Court, Alameda	X	
Regents of the University of California v. Aisen, University of Southern California, et al.	2016	Federal District Court, Southern District of California	X	
Kaseberg v Conaco et al	2016	Federal District Court, Southern District of California	X	
4 Corners v Nazarian	2017	California Superior Court, Los Angeles	X	
Cone v Causeway	2017	California Superior Court, Los Angeles	X	
Kaufman v Blue Shield	2017	California Superior Court, Los Angeles		X
Kennedy v Regency Outdoor	2017	California Superior Court, Los Angeles	X	
Craven v Centex	2017, 2018	California Superior Court, Orange	X	X
UM Corp v Tsuburaya	2017	Federal District Court, Los Angeles	X	
Simkhai & Grindr Holdings Co v KL Grindr et al	2017	American Arbitration Association	X	
The Mark Condominium Owners Assoc. v Hensel Phelps et al	2017	California Superior Court, San Diego	X	X (402)

Testimony List of Jeffrey H. Kinrich (2013 - Present)

<u>MATTER</u>	<u>YEAR</u>	<u>COURT</u>	<u>DEPOSITION</u>	<u>TRIAL</u>
ICSOP v County of San Bernardino	2017	Federal District Court, Central District of California	X	
Alstatt v Centex Homes	2017	Nevada State Court	X	
SwiftAir v Row44 and Southwest Air	2017	California Superior Court, Los Angeles	X	
Toyo Tire v Atturo Tire	2017	Federal District Court, ND of Illinois	X	
Carducci v Centex Homes	2018	Nevada State Court	X	
ALS Scan v Cloudflare	2018	Federal District Court, ND of California	X	
Sarkisian v University of Southern California	2018	Arbitration	X	X
Lincoln Electric v Harbor Freight Tools	2018	Federal District Court, ND of Ohio	X	
Estate of Chui	2018	California Superior Court, Los Angeles	X	
Scopely v Kung Fu Factory	2018	JAMS	X	
Golden, as trustee for Aletheia v. O'Melveny & Myers	2018	Phillips ADR	X	

Testimony List of Jeffrey H. Kinrich (2013 - Present)

<u>MATTER</u>	<u>YEAR</u>	<u>COURT</u>	<u>DEPOSITION</u>	<u>TRIAL</u>
Solid 21 v Hublot	2018	Federal District Court, Central District of California	X	
Newmark Realty Capital v BGC Partners, Newmark & Co., et al.	2018	Federal District Court, Northern District of California	X	
Jet Edge v Schembari	2018	Federal District Court, Central District of California	X	
Kjaer Weis v Kimsaprincess	2018	Federal District Court, Central District of California	X	
Wi-LAN v Vizio	2018	Federal District Court, District of Delaware	X	
Marriage of Stoddard	2018	California Superior Court; Los Angeles	X	
Marriage of Bower	2018	California Superior Court, San Diego	X	X
Tempic Five v Kingsco	2018	California Superior Court, Orange County	X	
Safinia v Voltage Pictures	2018	Federal District Court, Central District of California	X	

Appendix B Documents Considered

Legal Documents

Disney Enterprises Inc. et al. vs. VidAngel, Inc., No. 2:16-cv-04109, "Complaint for Copyright Infringement and Violation of Digital Millennium Copyright Act," June 9, 2016.

VidAngel, Inc., No. 17-29073, Official Form 206Sum, District of Utah.

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NRG, "VidAngel Exploratory Research Report," June 21, 2016.

VidAngel, Inc., "Legal Expense Breakout.xlsx," 2013-2018.

VidAngel, Inc., Monthly Operating Report, February 28, 2018.

VidAngel, Inc., Monthly Operating Report, May 31, 2018.

VidAngel, Inc., "Revenue Transactions Breakout.xlsx," 2013-2018.

VidAngel, Inc., "VidAngel BS Detail (All-Time).xlsx," 2013-2018.

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VidAngel, Inc., Form 1-SA, 2018. Available at https://www.sec.gov/Archives/edgar/data/1671941/000165495418010630/vidangel_1sa.htm.

VidAngel, Inc., Form 1-SA, 2017. Available at https://www.sec.gov/Archives/edgar/data/1671941/000165495417008879/vid_1sa.htm.

Exhibit 1
VidAngel Inc.
Summary Statement of Profit and Loss
January 2013 - November 2018

	2013	2014	2015	2016	2017	As of November 2018	Total
Revenues							
Subscription Revenue	\$8,183	\$19,207	\$0	\$0	\$2,436,110	\$4,935,251	\$7,398,752
Media Sales Revenue	\$0	\$61	\$439,029	\$8,054,283	\$65,739	\$5	\$8,559,117
Tip Revenue	\$0	\$0	\$0	\$2,857	\$17,379	\$22,907	\$43,143
Rental Revenue	\$0	\$0	\$0	\$4,192	\$12,664	\$25,080	\$41,937
Advertising Revenue	\$0	\$0	\$0	\$0	\$6,258	\$1,775,187	\$1,781,445
Product Revenue	\$0	\$0	\$0	\$66,009	\$0	\$0	\$66,009
Donation Revenue	\$0	\$0	\$0	\$171,163	\$705	\$118	\$171,986
Ticket Revenue	\$0	\$0	\$0	\$0	\$141,800	\$115,178	\$256,978
Affiliate Revenue	\$0	\$0	\$88	\$0	\$0	\$0	\$88
Concession Revenue	\$0	\$0	\$0	\$0	\$56,351	\$29,350	\$85,701
Restaurant Income	\$0	\$0	\$0	\$0	\$7,630	\$0	\$7,630
Venue Revenue	\$0	\$0	\$0	\$0	\$3,500	\$12,060	\$15,560
Customer Credit Allowance	\$0	(\$3)	(\$23,600)	(\$72,498)	(\$29,827)	(\$27,830)	(\$153,758)
Uncategorized Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues	\$8,183	\$19,265	\$415,517	\$8,226,006	\$2,718,309	\$6,887,307	\$18,274,587
Cost of Goods Sold							
Video Tagging Labor	\$28,827	\$66,203	\$103,636	\$253,369	\$264,886	\$266,196	\$983,117
Hosting	\$0	\$617	\$150,991	\$449,803	\$724,439	\$550,686	\$1,876,536
Hosting Credit	\$0	\$0	(\$100,000)	\$0	\$0	\$0	(\$100,000)
Credit Card Fees	\$306	\$1,366	\$75,943	\$1,702,964	\$54,441	\$218,735	\$2,053,755
Movie Inventory	\$0	\$0	\$26,261	\$283,131	\$284,590	\$9,318	\$603,300
Total Cost of Goods Sold	\$32,178	\$93,231	\$256,832	\$2,752,178	\$2,623,228	\$1,694,517	\$7,452,165
Gross Profit	(\$23,995)	(\$73,966)	\$158,686	\$5,473,828	\$95,081	\$5,192,790	\$10,822,423
Expenses							
Total Payroll Expenses	\$35,208	\$17,492	\$312,751	\$1,775,107	\$2,342,791	\$2,290,401	\$6,773,751
Total Employee Benefits	\$0	\$0	\$14,519	\$183,085	\$211,379	\$306,452	\$715,435
Total Facilities	\$503	\$13,900	\$30,960	\$133,203	\$401,553	\$330,434	\$910,553
Total Computer & Software	\$77	\$13,445	\$29,889	\$87,892	\$162,345	\$109,963	\$403,612
Legal Fees	\$879	\$262,394	\$38,906	\$1,143,147	\$1,175,350	\$474,087	\$3,094,763
Accounting	\$0	\$2,763	\$22,274	\$80,133	\$75,685	\$91,797	\$272,652
Consulting	\$834,838	\$237,768	\$376,750	\$629,535	\$850,984	\$336,001	\$3,265,876
Total Outside Services	\$835,717	\$502,926	\$437,930	\$1,852,815	\$2,102,018	\$901,886	\$6,633,291
Total Travel	\$1,380	\$16,484	\$9,328	\$37,303	\$25,305	\$19,182	\$108,982
Total Marketing	\$20,268	\$130,559	\$626,655	\$5,985,250	\$1,252,737	\$760,763	\$8,776,231
Total Miscellaneous	\$85	\$5,002	\$22,517	\$55,693	\$121,044	\$120,396	\$324,737
Total Expenses	\$893,237	\$699,808	\$1,484,550	\$10,110,349	\$6,619,579	\$4,839,476	\$24,646,999
Net Operating Income	(\$917,232)	(\$773,774)	(\$1,325,864)	(\$4,636,521)	(\$6,524,498)	\$353,313	(\$13,824,577)
Other Expenses							
Interest Expense	\$0	\$2,047	\$52,435	\$98	\$49	\$19	\$54,648
Note Discount	\$0	\$0	\$1,342	\$0	\$0	\$0	\$1,342
Depreciation	\$175	\$2,095	\$2,879	\$14,002	\$226,696	\$86,016	\$331,862
Total Other Expenses	\$175	\$4,142	\$56,657	\$14,100	\$226,745	\$86,036	\$387,853
Net Other Income	(\$175)	(\$4,142)	(\$56,150)	\$14,525	(\$197,510)	(\$73,607)	(\$317,058)
Net Income	(\$917,406)	(\$777,916)	(\$1,382,014)	(\$4,621,997)	(\$6,722,008)	\$279,706	(\$14,141,634)
Gross Margin	-293%	-384%	38%	67%	3%	75%	59%
Operating Margin	-11209%	-4016%	-319%	-56%	-240%	5%	-76%
Net Margin	-11211%	-4038%	-333%	-56%	-247%	4%	-77%

Source:

VidAngel PL Detail (All-Time).xlsx.

Exhibit 2
VidAngel Inc.
Balance Sheet Summary Statement
January 2013 - November 2018

	2013	2014	2015	2016	2017	As of November 2018
Assets						
Current Assets						
Total Bank Accounts	\$39,094	\$172,215	\$1,910,880	\$10,591,202	\$2,971,779	\$2,314,907
Total Accounts Receivable	\$0	\$0	\$11,868	\$0	\$1,237	\$319
Total Other Current Assets	\$1,241	\$20,013	\$34,518	\$525,580	\$259,077	\$721,512
Total Current Assets	\$40,335	\$192,228	\$1,957,266	\$11,116,782	\$3,232,093	\$3,036,738
Total Fixed Assets	\$6,111	\$4,016	\$2,780	\$70,074	\$128,533	\$81,922
Total Other Assets	\$0	\$6,234	\$206,887	\$1,745,183	\$1,648,091	\$1,443,820
Total Assets	\$46,446	\$202,478	\$2,166,933	\$12,932,039	\$5,008,716	\$4,562,479
Liabilities and Equity						
Liabilities						
Current Liabilities						
Total Accounts Payable	\$0	\$65,522	\$0	\$803,452	\$519,187	\$321,130
Total Credit Cards	\$0	(\$2,327)	\$635	\$75,230	\$166,152	\$145,294
Total Other Current Liabilities	\$20,102	\$274,105	\$755,235	\$6,565,890	\$4,529,150	\$3,985,762
Total Current Liabilities	\$20,102	\$337,300	\$755,871	\$7,444,572	\$5,214,489	\$4,452,186
Total Liabilities	\$20,102	\$337,300	\$755,871	\$7,444,572	\$5,214,489	\$4,452,186
Total Equity	\$26,344	(\$134,822)	\$1,411,063	\$5,487,467	(\$205,773)	\$110,294
Total Liability and Equity	\$46,446	\$202,478	\$2,166,933	\$12,932,039	\$5,008,716	\$4,562,479
Current Ratio	2.0065	0.5699	2.5894	1.4933	0.6198	0.6821

Source:

VidAngel BS Detail (All-time).xlsx.

Exhibit 3
VidAngel Inc.
Statement of Profit and Loss for Media Sales
January 2013 - November 2018

	2014	2015	2016	2017	Total	At-Issue Title Specific ^{[6][A]}
Revenues						
Media Sales Revenue	\$61	\$439,029	\$8,054,283	\$65,739	\$8,559,112	\$3,074,153
Customer Credit Allowance ^[1]	(\$0)	(\$23,600)	(\$72,498)	(\$784)	(\$96,882)	(\$34,797)
Total Revenues	\$61	\$415,430	\$7,981,785	\$64,955	\$8,462,231	\$3,039,356
Cost of Goods Sold						
Video Tagging Labor ^[1]	\$208	\$103,636	\$253,369	\$6,960	\$364,174	\$130,799
Hosting ^[2]	\$2	\$150,991	\$449,410	\$18,810	\$619,212	\$222,401
Hosting Credit ^[2]	\$0	(\$100,000)	\$0	\$0	(\$100,000)	(\$35,917)
Credit Card Fees ^[3]	\$4	\$80,241	\$1,702,846	\$1,317	\$1,784,408	\$640,901
Movie Inventory ^[1]	\$0	\$26,261	\$283,131	\$7,478	\$316,869	\$113,809
Total Cost of Goods Sold	\$215	\$261,129	\$2,688,755	\$34,565	\$2,984,663	\$1,071,993
Gross Profit	(\$154)	\$154,301	\$5,293,030	\$30,391	\$5,477,567	\$1,967,363
Expenses						
Total Payroll Expenses ^[3]	\$55	\$330,448	\$1,774,984	\$56,672	\$2,162,159	\$776,577
Total Employee Benefits ^[3]	\$0	\$15,341	\$183,072	\$5,113	\$203,526	\$73,100
Total Facilities ^[3]	\$44	\$32,712	\$133,194	\$9,714	\$175,663	\$63,092
Total Computer & Software ^[3]	\$42	\$31,580	\$87,886	\$3,927	\$123,436	\$44,334
Legal Fees ^{[3][4]}	\$496	\$14,742	\$52,289	\$1,552	\$69,079	\$24,811
Accounting ^[3]	\$9	\$23,534	\$80,127	\$1,831	\$105,501	\$37,893
Consulting ^[3]	\$749	\$398,069	\$629,491	\$20,585	\$1,048,894	\$376,728
Total Outside Services ^[3]	\$1,253	\$436,345	\$761,907	\$23,968	\$1,223,474	\$439,432
Total Travel ^[3]	\$52	\$9,856	\$37,301	\$612	\$47,820	\$17,176
Total Marketing ^[3]	\$411	\$662,114	\$5,984,834	\$30,304	\$6,677,663	\$2,398,398
Total Miscellaneous ^[3]	\$16	\$23,791	\$55,689	\$2,928	\$82,424	\$29,604
Total Expenses	\$3,126	\$1,978,534	\$9,780,775	\$157,207	\$11,919,641	\$4,281,145
Net Operating Income	(\$3,280)	(\$1,824,233)	(\$4,487,744)	(\$126,816)	(\$6,442,074)	(\$2,313,782)
Other Expenses						
Interest Expense ^[3]	\$6	\$55,403	\$98	\$1	\$55,508	\$19,937
Depreciation ^[3]	\$7	\$3,042	\$14,001	\$5,484	\$22,533	\$8,093
Total Other Expenses	\$13	\$58,444	\$14,099	\$5,485	\$78,041	\$28,030
Income before Specific Legal Expenses	(\$3,293)	(\$1,882,677)	(\$4,501,843)	(\$132,301)	(\$6,520,115)	(\$2,341,812)

Legal Expenses Attributable to At-Issue Titles

Disney et al. vs. VidAngel	\$1,950,656
Bankruptcy	\$431,254
Net Income	(\$4,723,722)

Notes:

[1] Calculated by multiplying the line item by media sales revenue divided by media sales and subscription revenue.

[2] Calculated by multiplying the line item by media sales revenue divided by media sales, subscription, tip, and rental revenue.

[3] Calculated by multiplying the line item by media sales revenue divided by total revenue, less donation revenue.

[4] Only includes legal expenses incurred during the ordinary course of business; excluding Clearplay, Disney, Bankruptcy, and Utah litigation.

[5] Based on information provided by VidAngel, the following line items have been excluded because they do not affect media sales and/or are immaterial: 1: income (subscription, tip, rental, advertising, product, donation, ticket, affiliate, concession, restaurant, and venue revenue), 2: COGS (other costs, licensing, DBL licensing, subcontractors, supplies and materials, and freight and delivery), and 3: expenses (translation costs, note discount), 4: interest income.

[6] Calculated by multiplying the total column by the percent of revenues attributable to the at-issue titles out of VidAngel's total media sales revenue.

Sources:

[A] Revenue Transactions Breakout.xlsx, sheet "Rev Transactions Summary".

[B] VidAngel PL Detail (All-Time).xlsx.

[C] Legal Expense Breakout.xlsx.

Exhibit 4A
Scenario A: VidAngel Operates under Streaming Model
Plaintiffs' Actual and But-For Profit

	Actual	But-For
Total Number of At-Issue Titles	836	836
Total # of Copies Purchased of At-Issue Titles ^[1]	72,491	-
Total Cost - At-Issue Titles	\$732,709	-
Total Number of Transactions	2,016,339	2,016,339
<i>% of Transactions - Streaming</i> ^{[2][A]}	-	94.2%
Number of Transactions - Streaming	-	1,899,795
<i>% of Transactions - Video on Demand</i> ^[A]	-	4.3%
Number of Transactions - Video on Demand	-	87,408
<i>% of Transactions - Electronic Sell-Through</i> ^[A]	-	1.4%
Number of Transactions - Electronic Sell-Through	-	29,136
Estimated VOD Rental Price ^[A]	-	\$5
<i>% of Revenue Earned by Studios</i> ^[B]	-	70.0%
Total Rental Revenue to Plaintiffs ^[3]	-	\$305,929
<i>Studios' Incremental Profit Margin</i> ^{[4][B]}	-	95.0%
Total Rental Profit to Plaintiffs	-	\$290,633
Estimated Consumer Purchase Price ^[A]	-	\$20
<i>% of Revenue Earned by Studios - Physical Purchase</i> ^[5]	75.0%	-
<i>% of Revenue Earned by Studios - EST</i> ^[B]	-	70.0%
Total Purchase Revenue to Plaintiffs ^[6]	\$549,531	\$407,905
<i>Studios' Incremental Profit Margin (est.)</i>	85%	-
<i>Studios' Incremental Profit Margin - EST</i> ^{[4][B]}	-	95.0%
Total Purchase Profit to Plaintiffs	\$467,102	\$387,510
Total Profit	\$467,102	\$678,143
Total Incremental Benefit	-	\$211,041
Incremental Benefit per Title	-	\$252

Notes:

[1] Refers to the number of individual copies of the at-issue titles purchased by VidAngel.

[2] These transactions result in zero incremental revenue for studios; see source [B].

[3] But-for estimated rental revenue is calculated by multiplying the VOD revenue estimate times the number of but-for VOD transactions at the estimated price of a title available to rent.

[4] Assumes that EST profit margins also apply to VOD sales.

[5] The actual revenue estimate is calculated by dividing the average wholesale purchase price by the average retail purchase price for a Blu-ray disc (\$15 and \$20, respectively), based on the understanding that studios capture 100% of wholesale revenue; see source [B].

[6] But-for purchase revenue is calculated by multiplying the revenue estimate times the but-for purchase revenue spent; actual purchase revenue is calculated by applying a revenue estimate equal to the average wholesale price over the average retail price times the total amount spent to acquire the at-issue titles.

Sources:

[A] Email from David Quinto, VidAngel, March 11, 2019.

[B] Ronald J. Sanders, "Home Entertainment," in *The Movie Business Book*, ed. Jason E. Squire (New York: Routledge Press, 2017), 438-440.

[C] VidAngel, Revenue Transactions Breakout.xlsx, sheet "Rev Transactions Summary".

Exhibit 4B
Scenario B: VidAngel Does Not Operate
Plaintiffs' Actual and But-For Profit

	<u>Actual</u>	<u>But-For</u>
Total Number of At-Issue Titles	836	836
Total # of Copies Purchased of At-Issue Titles ^[1]	72,491	-
Total Cost - At-Issue Titles	\$732,709	-
Total Number of Transactions	2,016,339	2,016,339
<i>% of Transactions - Would Not Occur Without Filtering</i> ^[A]	0.0%	65.0%
Total Number of But-For Transactions	-	705,719
<i>% of Transactions - Streaming</i> ^{[2][B]}	-	94.2%
Number of Transactions - Streaming	-	664,928
<i>% of Transactions - Video on Demand</i> ^[B]	-	4.3%
Number of Transactions - Video on Demand	-	30,593
<i>% of Transactions - Electronic Sell-Through</i> ^[B]	-	1.4%
Number of Transactions - Electronic Sell-Through	-	10,198
Estimated VOD Rental Price ^[B]	-	\$5
<i>% of Revenue Earned by Studios</i> ^[C]	-	70.0%
Total Rental Revenue to Plaintiffs ^[3]	-	\$107,075
<i>Studios' Incremental Profit Margin</i> ^{[4][C]}	-	95.0%
Total Rental Profit to Plaintiffs	-	\$101,721
Estimated Consumer Purchase Price ^[B]	-	\$20
<i>% of Revenue Earned by Studios - Physical Purchase</i> ^[5]	75.0%	-
<i>% of Revenue Earned by Studios - EST</i> ^[C]	-	70.0%
Total Purchase Revenue to Plaintiffs ^[6]	\$549,531	\$142,767
<i>Studios' Incremental Profit Margin (est.)</i>	85%	-
<i>Studios' Incremental Profit Margin - EST</i> ^{[4][C]}	-	95.0%
Total Purchase Profit to Plaintiffs	\$467,102	\$135,629
Total Profit	\$467,102	\$237,350
Total Incremental Benefit	-	(\$229,752)
Incremental Benefit per Title	-	(\$275)

Notes:

[1] Refers to the number of individual copies of the at-issue titles purchased by VidAngel.

[2] These transactions result in zero incremental revenue for studios; see source [C].

[3] But-for estimated rental revenue is calculated by multiplying the VOD revenue estimate times the number of but-for VOD transactions at the estimated price of a title available to rent.

[4] Assumes that EST profit margins also apply to VOD sales.

[5] The actual revenue estimate is calculated by dividing the average wholesale purchase price by the average retail purchase price for a Blu-ray disc (\$15 and \$20, respectively), based on the understanding that studios capture 100% of wholesale revenue; see source [C].

[6] But-for purchase revenue is calculated by multiplying the revenue estimate times the but-for purchase revenue spent; actual purchase revenue is calculated by applying a revenue estimate equal to the average wholesale price over the average retail price times the total amount spent to acquire the at-issue titles.

Sources:

[A] Email from David Quinto, VidAngel, March 11, 2019.

[B] Email from David Quinto, VidAngel, March 11, 2019.

[C] Ronald J. Sanders, "Home Entertainment," in *The Movie Business Book*, ed. Jason E. Squire (New York: Routledge Press, 2017), 438-440.

[D] VidAngel, Revenue Transactions Breakout.xlsx, sheet "Rev Transactions Summary".