



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

provide customers with high-resolution images of the earth's surface, in a \$2.4 billion debt-financed, stock-and-cash transaction. In contrast to Maxar's declining GEO business that had accounted for a bulk of the company's revenue, the imaging business on which DigitalGlobe was focused was less capital-intensive and provided better margins. Moreover, by contrast to the GEO market, the space imaging market was still growing. (SAC, 51.) To acquire DigitalGlobe, Maxar took on an increased debt load, from \$600 million before the merger to \$3 billion after. (Id., 52.)

On April 27, 2017, Defendants filed with the SEC on Form F-4 a draft registration statement, which would register the Maxar shares to be issued and exchanged in the Merger. (SAC, 56.) They filed a final amendment to the registration statement on June 2, and the SEC declared it effective on June 16, 2017. (Id., 57.) On June 22, 2017, Defendants filed a prospectus on Form 424B (collectively with the registration statement and the documents both filings incorporate, the Offering Materials). (Ibid.) On October 5, 2017, Defendants completed the Merger, issuing approximately 21 million shares of Maxar common stock directly to former shareholders of DigitalGlobe common and preferred stock. (Id., 58.) On that date, the market price for Maxar common stock closed at \$54.30 per share. (Ibid.)

Plaintiff alleges that the Offering Materials overstated Maxar's assets, earnings, and other financial results, trends, and metrics by recording property, plant and equipment (PP[&]E), inventory and development assets far in excess of realizable value and thereby inflating earnings. (SAC, 4.) The Offering Materials should have reflected the impairment in the value of Maxar's geosynchronous satellite communications (GeoComm) segment. (Ibid.)

During the two years preceding the Merger, Maxar's GEO business had collapsed, with demand for satellite broadband Internet falling precipitously as a result of lower-cost terrestrial competition like fiber optic connections and high-speed cellular networks. As the satellite market shrank 45%, Maxar's GeoComm segment revenues dropped 20%, and the future looked even worse, with the number of GeoComm contract awards also falling rapidly. In early 2017, several months before the Merger, the bleak GeoComm market outlook led Maxar to quietly retain management consulting firm Bain & Co. (Bain) for a restructuring project intended to assess the diminished value and prospects for its GeoComm segment and advise whether it was worthwhile for Maxar to even stay in the business at all. On Bain's negative internal assessment of GeoComm's value and prospects, Maxar undertook mass layoffs firing 334 employees (including 66 critical engineers) between February and June 2017 alone, slashing new business development budgets for GeoComm satellite proposals, and steeply curtailing operations at its GeoComm facility in Palo Alto, all with an eye toward selling off its GeoComm segment or otherwise exiting the market entirely. (SAC, 5.) Had Defendants complied with governing accounting standards to timely and accurately test and accrue impairment (and its own representations that it continuously monitored and tested impairment of intangible assets) and recorded GeoComm segment assets at realizable value, by the time of the Merger Maxar would have already recorded millions of dollars in impairment charges to its reported inventories, intangible assets, and [PP&E]. (Id., 6.) Instead, [d]espite knowing that [Maxar's] GeoComm segment was severely impaired, Defendants continued to tout the bullish line of a GEO market recovery just around the corner. (Id., 54.)

A year after the Merger, rather than the profit analysts were led to expect, Maxar announced a \$432 million net loss, largely attributed to impairment losses and inventory obsolescence in its GEO communications satellite business. (SAC, 83.) On this news, Maxar common stock dropped 45 percent, from a close of \$27.07 on October 30, 2018 to a close of \$14.91 on October 31. (Id., 87.) Short seller Spruce Point Capital had predicted this correction when, in August 2018, it accused Maxar of misleadingly inflating its earnings charges which Maxar denied at the time. (Id., 80, 99-100.) In December 2018, Maxar announced the sale of 4.5



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

acres of Palo Alto real estate (the former home of its SSL satellite design and production engineers), the proceeds of which would be used to pay down debt. (Id., 90.) In January 2019, defendant Howard L. Lance resigned as Maxar's CEO, President, and board member, with former DigitalGlobe president Dan Jablonsky taking his place. (Id., 91.) The chair of Maxar's board stated that this change in leadership occurred [g]iven the company's performance in 2018 and the loss of over 90% of our value in the marketplace. (Ibid., emphasis original.) Indeed, by the commencement of this action, Maxar common stock has traded as low as \$3.96 per share, an approximately 93% decline since the Merger. (Id., 7.)

Plaintiff Michael McCurdy is a citizen and resident of Alexandria, Minnesota who acquired Maxar common stock via the Merger, in exchange for DigitalGlobe shares. (Amended Complaint, 11.) Based on the allegations summarized above, he initiated this action in October 2019, asserting claims under (1) section 11 of the Securities Act of 1933 (against all defendants), (2) section 12(a)(2) of the Securities Act (against all defendants), and (3) section 15 of the Securities Act (against all defendants) on behalf of a class of all former DigitalGlobe shareholders who received Maxar common stock pursuant to the Offering Materials. (SAC, 92.)

In August 2021, the parties stipulated to certification of the class and the appointment of Plaintiff as class representative, and the Court entered an order to that effect. On March 22, 2023, after several years of amended pleadings, extensive discovery (including related litigation), consultation with expert witnesses and briefing and oral argument on numerous motions and filings, the parties reached an agreement in principle to settle this action. Plaintiff now moves for an order preliminarily approving this settlement (the Settlement) and setting its requested schedule for settlement proceedings.

II. LEGAL STANDARDS FOR SETTLEMENT APPROVAL

Generally, questions whether a [class action] settlement was fair and reasonable, whether notice to the class was adequate, whether certification of the class was proper, and whether the attorney fee award was proper are matters addressed to the trial court's broad discretion. (Wershba v. Apple Computer, Inc. (2001) 91 Cal.App.4th 224, 234-235 (Wershba), disapproved of on other grounds by Hernandez v. Restoration Hardware, Inc. (2018) 4 Cal.5th 260.)

In determining whether a class settlement is fair, adequate and reasonable, the trial court should consider relevant factors, such as the strength of plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the class members to the proposed settlement.

(Wershba, supra, 91 Cal.App.4th at pp. 244-245, internal citations and quotations omitted.)

In general, the most important factor is the strength of the plaintiffs' case on the merits, balanced against the amount offered in settlement. (See Kullar v. Foot Locker Retail, Inc. (2008) 168 Cal.App.4th 116, 130 (Kullar).) But the trial court is free to engage in a balancing and weighing of relevant factors, depending on the circumstances of each case. (Wershba, supra, 91 Cal.App.4th at p. 245.) The trial court must examine the proposed settlement agreement to the extent necessary to reach a reasoned judgment that the agreement is not the product of fraud or overreaching by, or collusion between, the negotiating parties, and that the



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

settlement, taken as a whole, is fair, reasonable and adequate to all concerned. (Ibid., citation and internal quotation marks omitted.) The trial court also must independently confirm that the consideration being received for the release of the class members' claims is reasonable in light of the strengths and weaknesses of the claims and the risks of the particular litigation. (Kullar, supra, 168 Cal.App.4th at p. 129.) Of course, before performing its analysis the trial court must be provided with basic information about the nature and magnitude of the claims in question and the basis for concluding that the consideration being paid for the release of those claims represents a reasonable compromise. (Id. at pp. 130, 133.)

III. SETTLEMENT CLASS

For settlement purposes, the class is defined as:

All persons who acquired Maxar common stock in exchange for DigitalGlobe common stock pursuant to Offering Materials in connection with Maxar's October 2017 merger and acquisition of DigitalGlobe. Excluded from the Class are Defendants and their families, the officers and directors and affiliates of Defendants, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest. Also excluded from the Class are any former DigitalGlobe shareholders who entered into a release of claims in connection with the appraisal actions. See, e.g., *In re Appraisal of DigitalGlobe, Inc. Common Stock and Preferred Stock*, Consol. C.A. No. 2017-0810 (Del. Ch.). Also excluded from the Class are those Persons who would otherwise be Class members but who timely and validly excluded themselves therefrom.

Rule 3.769(d) of the California Rules of Court states that [t]he court may make an order approving or denying certification of a provisional settlement class after [a] preliminary settlement hearing. California Code of Civil Procedure Section 382 authorizes certification of a class when the question is one of a common or general interest, of many persons, or when the parties are numerous, and it is impracticable to bring them all before the court.

Section 382 requires the plaintiff to demonstrate by a preponderance of the evidence: (1) an ascertainable class and (2) a well-defined community of interest among the class members. (*Sav-On Drug Stores, Inc. v. Superior Court* (2004) 34 Cal.4th 319, 326, 332 (*Sav-On Drug Stores*)). Other relevant considerations include the probability that each class member will come forward ultimately to prove his or her separate claim to a portion of the total recovery and whether the class approach would actually serve to deter and redress alleged wrongdoing. (*Linder v. Thrifty Oil Co.* (2000) 23 Cal.4th 429, 435.) The plaintiff has the burden of establishing that class treatment will yield substantial benefits to both the litigants and to the court. (*Blue Chip Stamps v. Superior Court* (1976) 18 Cal.3d 381, 385.)

In the settlement context, the court's evaluation of the certification issues is somewhat different from its consideration of certification issues when the class action has not yet settled. (*Luckey v. Superior Court* (2014) 228 Cal.App.4th 81, 93.) As no trial is anticipated in the settlement-only context, the case management issues inherent in the ascertainable class determination need not be confronted, and the court's review is more lenient in this respect. (Id. at pp. 93-94.) But considerations designed to protect absentees by blocking unwarranted or overbroad class definitions require heightened scrutiny in the settlement-only class context, since the court will lack the usual opportunity to adjust the class as proceedings unfold. (Id. at p. 94.)



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

At preliminary approval, the Court provisionally certified the above-described class, determining that Plaintiff had demonstrated by a preponderance of the evidence (1) an ascertainable class, (2) a well-defined community of interest among the class members and (3) that a class action provides substantial benefits to both litigants and the Court. Consequently, the Court will certify the class for settlement purposes.

IV. TERMS AND ADMINISTRATION OF SETTLEMENT

The non-reversionary gross settlement amount is \$36,500,000, plus accrued interest and minus the costs of administering the notice to the class, attorneys fees and expenses and payment to Plaintiff as class representative. Class counsel seek attorneys fees and expenses in an amount up to 35% of the total settlement amount (or \$12,775,000), plus reimbursement for such litigation expenses incurred in the amount of \$754,467.01. Plaintiff also requests a service award in the amount of \$10,000 for representing the class. Notice and administration expenses are estimated to be \$500,000.

As explained in the order preliminarily approving settlement, each member's share of the net settlement amount will depend on the number of valid proofs of claim that class members send in and how many shares of Maxar common stock the member acquired for DigitalGlobe common stock pursuant to the registration statement and prospectus issued in connection with Maxar's October 5, 2017 merger with DigitalGlobe, and whether they sold any of those shares and, if so, when and at what price. The formula utilized to determine each member's share is based upon the recognized loss formula describe within the Notice, which in turn is based on the formula measuring damage set forth in the

Securities Act of 1933, 15. U.S.C. 77k. The proposed plan is designed to distribute a pro rata share of the net settlement to authorized claimants based upon their loss under the plan. In order to qualify for a settlement payment, members were required to submit a Proof of Claim and Release Form within, as suggested in Plaintiff's motion, 90 days after the Notice Date, i.e., when the Claims Administrator completed mailing of the Notice and Proof of Claim to class members. If there is any balance remaining of the net settlement amount, that amount will be reallocated among the authorized claimants by repeated redistributions until the remaining balance is no longer economically feasible to distribute to members. Thereafter, any balance that remains shall be donated to the Legal Aid Society of Santa Clara County.

In exchange for settlement, class members who submit a Proof of Claim will release:

[A]ll claims and causes of action of every nature and description, including Unknown Claim that were or could have been alleged in the Action, accrued, or unaccrued, fixed or contingent, liquidated or unliquidated, whether arising under federal, state, local, common, or foreign law, or any other law, rule or regulation, whether class or individual in nature, based on, arising out of, in connection with, or reasonably related to: (i) the purchase or acquisition of Maxar common stock pursuant to the Offering Materials issued in connection with Maxar's October 2017 merger and acquisition of DigitalGlobe; or (ii) the allegations, acts, facts, matters, occurrences, disclosures, filings, representations, statements or omissions that were or could have been alleged by Plaintiff and other members of the Class in the Action. Released Claims also includes any and all claims arising out of, relating to, or in connection with the Settlement or resolution of the Action against the Released Parties (including Unknown Claims), except claims to enforce any of the terms of this Stipulation. For avoidance of doubt, Released Claims does not include any claims brought under the federal securities law



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

against Maxar that are unrelated to the allegations, acts, transaction, facts, events, matters, occurrences, statements, representations, misrepresentations, or omissions involved, set forth, alleged, or referred to, in this Action.

The notice period has now been completed. The settlement administrator, A.B. Data, LTD. (A.B. Data), received the names and contact information of 5,200 potential class members and their nominees. Using this information, on June 29, 2023, A.B. Data caused the Notice Packet to be sent by First-Class mail to these potential class members, brokerage firms, banks, institutions, and other third-party nominees. As in most class actions of this nature, the majority of class members are expected to be beneficial purchasers whose securities are held in street name - i.e., the securities are purchased by brokerage firms, banks, institutions, and other third-party nominees in the name of the respective nominees, on behalf of the beneficial purchasers. The names and addresses of these beneficial purchasers are known only to the nominees. A.B. Data maintains a proprietary database with names and addresses of the largest and most common banks, brokers, and other nominees and on June 29, 2023, caused the Notice Packets to be mailed to the 4,983 mailing records contained therein.

A.B. Data initially received an additional 210 names and addresses of potential class members from individuals or brokerage firms, bank, institutions and other nominees, and also received separate requests from brokers for 6,310 and 6,500 Notice Packets to be forwarded by the nominees to their customers. Additionally, A.B. Data delivered an electronic copy of the Notice Packet to be published on the DTC Legal Notice System. On September 7, 2023, A.B. Data received an updated list from Broadridge Financial Services setting forth the names and addresses for 19,134 unique potential class members; Notice Packets were subsequently mailed directly to these members.

As of the date of the initial declaration of a Senior Project Manager for A.B. Data (Eric Nordskog) submitted in support of the instant motion- August 14, 2023- a total of 16,703 Notice Packets had been mailed to potential class members and their nominees. A.B. Data also re-mailed 11 Notice Packets to persons whose original mailings were returned and for whom updated addresses were provided. Since the initial declaration, A.B. Data has continued to disseminate copies of the Notice Packet in response to requests received, and as of the date of the supplemental declaration submitted by Mr. Nordskog- November 30, 2023- a total of 42,337 Notice Packets have been mailed to potential class members and their nominees.

As discussed in the order preliminarily approving the settlement, mailed notice was supplemented by a summary notice published in The Wall Street Journal and transmitted once over PR Newswire on July 7, 2023. A.B. Data also established a website and toll-free telephone helpline on June 29, 2023 and February 22, 2022, respectively, in order to assist potential class members.

Per the Notice, class members who wished to be excluded were to submit such a request postmarked no later than August 28, 2023. As of November 30, 2023, the date of the filing of Mr. Nordskog s supplemental declaration, the administrator had not received any requests for exclusion in response to the issuance of Notice of the settlement, nor any objections to the settlement. Only a single individual requested exclusion in response to the class certification notice. The deadline to submit a claim form was September 27, 2023. A.B. Data indicated that as of August 14, 2023, it was conducting audits of and quality assurance reviews if the submitted claims, and once it was complete, claimants with incomplete or invalid claims would be given an opportunity to supplement or complete their claims. In Mr. Nordskog s supplemental declaration, he states that as of November 30, 2023, A.B. Data has received 9,767 claims, which it is currently in the process



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

of validating. It is anticipated that A.B. Date will complete claims processing and issuing checks to eligible class members by March 2024 and it will require a further 90 days from that time to prepare a summary accounting to allow for the initial void date on the checks to lapse.

As discussed in detail on the order preliminarily approving the parties' settlement, the Court found that the proposed settlement provides a fair and reasonable compromise to Plaintiff's claims. It finds no reason to depart from these findings now, especially considering that there are no objections. Thus, the Court finds that the settlement is fair and reasonable for the purposes of final approval.

V. MOTION FOR ATTORNEY FEES, COSTS AND INCENTIVE AWARD

As indicated above, Plaintiff seeks a fee award of \$12,775,000 (35% of the gross settlement), as well as reimbursement of litigation expense reasonably incurred in the amount of \$754,467.91. In its order granting preliminary approval, the Court instructed Plaintiff's counsel that it could submit for the Court's review evidentiary support for a higher award than 30%. Co-lead counsel submit to the Court comprehensive declarations which exactly detail the amount of work performed to prosecute this action, which counsel characterize as enormous and atypical, as well as the risks of total non-recovery, which they maintain support the full amount of fees requested by them. Counsel's work included: conducting extensive pre-suit investigation of Defendant's conduct and continuing to investigate that conduct over the next five years (analyzing public filings, analyst reports, press releases and media, and researching applicable law); overcoming a motion to stay this action in favor of a federal open-market fraud action and a demurrer; conducting extensive written discovery (resulting in production and review of over 580,000 pages of documents) including from ten nonparties (inclusive of foreign entities); participating in numerous IDCs and various discovery motion practice; defending Plaintiff's deposition; securing class certification; deposing 20 witnesses; retaining expert consultants and responding to the same retained by Defendants; researching applicable law with respect to the claims of Plaintiff and the class and the potential defenses thereto; and participating in three full-day mediation sessions.

As requested, Plaintiff also provides a lodestar figure of \$9,926,881.50, based on 13,675 hours spent on this case by counsel and staff with billing rates of \$225 to \$1,195, resulting in a modest multiplier of 1.3 which, as co-counsel maintain, is well within the range of multipliers that courts in California and nationwide have found to be reasonable. (See, e.g., *Sternwest Corp. v. Ash* (1986) 183 Cal.App.3d 74, 76 [remanding for a lodestar enhancement of two, three, four or otherwise]; *Lealoa v. Beneficial California, Inc.* (2000) 82 Cal.App.4th 19, 24, 52 [finding trial court abused its discretion by refusing to enhance lodestar with multiplier when awarding fees, opining that a multiplier in excess of 3.5 was reasonable and not ruling out class counsel's original request for a multiplier of 8].)

The amount of fees requested by Plaintiff's counsel is just beyond one-third of the gross-settlement, which is the average fee award in class actions (see *Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 66, fn. 11) and is supported when cross-checked against their lodestar figure, which actually exceeds this amount.

After consideration of the risks of non-recovery in this action, the extensive work performed by Plaintiff's counsel to reach a settlement that represents approximately 40% to 65% of counsel's estimated recoverable damages, and the case supporting similar percentage fee awards, the Court finds that the amount of fees requested by Plaintiff's counsel, \$12,775,000, is reasonable and therefore approved.



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

Turning to the litigation expenses requested, the joint declaration of counsel breaks down the total sought into specific, itemized amounts, and expenses incurred by each firm (Girard Sharp LLP and Hedin Hall LLP), which primarily include the following: (1) expert witness and consultant fees; (2) mediator's fees; online legal and financial research; legal fees for Canadian and out-of-state counsel who assisted with third-party discovery; (3) transportation, meals, and hotels; (6) photocopying; and (7) e-discovery database hosting. The Court is satisfied that Plaintiff's counsel has substantiated the amount of expenses requested. The Court's only concern is with regard to whether proper notice of the amount of expenses sought to be reimbursed has been provided to class members. In the copy of the notice provided to the Court, it states, in the section entitled *How Will the Plaintiff's Lawyers be Paid*, that Class Counsel will apply for an attorney's fee and expense award for Class Counsel in the amount of up to 35% of the Settlement Fund (or \$12,775,000), plus payment of Class Counsel's expenses incurred in connection with this Action in an amount not to exceed \$600,000. However, Class Counsel is now seeking an amount in excess of \$600,000 and the Court requests that they reconcile this apparent discrepancy. Outside of this discrepancy, the expense amounts requested otherwise appear to be reasonable.

Plaintiff requests a service award in the amount of \$10,000. To support this request, Plaintiff previously submitted a declaration in support of his motion for preliminary approval describing his efforts on the case. Based on these efforts, the Court finds that the class representative is entitled to service award and the amount requested is reasonable.

VI. ORDER AND JUDGMENT

In the event that the discrepancy between the amount of litigation expenses requested by Plaintiff's counsel and the amount provided in the notice to class members is satisfactorily resolved, the Court is prepared to rule as follows:

In accordance with the above, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

Plaintiff's motion for final approval and motion for attorney fees and costs are GRANTED. The following class is certified for settlement purposes:

All persons who acquired Maxar common stock in exchange for DigitalGlobe common stock pursuant to Offering Materials in connection with Maxar's October 2017 merger and acquisition of DigitalGlobe. Excluded from the Class are Defendants and their families, the officers and directors and affiliates of Defendants, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest. Also excluded from the Class are any former DigitalGlobe shareholders who entered into a release of claims in connection with the appraisal actions. See, e.g., *In re Appraisal of DigitalGlobe, Inc. Common Stock and Preferred Stock*, Consol. C.A. No. 2017-0810 (Del. Ch.). Also excluded from the Class are those Persons who would otherwise be Class members but who timely and validly excluded themselves therefrom.

Excluded from the class is the one individual who submitted a timely request for exclusion.



SUPERIOR COURT OF CALIFORNIA COUNTY OF SANTA CLARA

MINUTE ORDER

Judgment shall be entered through the filing of this order and judgment. (Code Civ. Proc., 668.5.) Plaintiff and the members of the class shall take from their complaint only the relief set forth in the settlement agreement and this order and judgment. Pursuant to Rule 3.769(h) of the California Rules of Court, the Court retains jurisdiction over the parties to enforce the terms of the settlement agreement and the final order and judgment.

The Court sets a compliance hearing for August 1, 2024 at 2:30 P.M. in Department 1. At least ten court days before the hearing, class counsel and the settlement administrator shall submit a summary accounting of the net settlement fund identifying distributions made as ordered herein; the number and value of any uncashed checks; amounts remitted pursuant to Code of Civil Procedure section 384, subdivision (b); the status of any unresolved issues; and any other matters appropriate to bring to the Court's attention. Counsel shall also submit an amended judgment as described in Code of Civil Procedure section 384, subdivision (b). Counsel may appear at the compliance hearing remotely.

The Court will prepare the order.
