UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ZUBAIR PATEL, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. L-3 COMMUNICATIONS HOLDINGS, INC., et al., Defendants.	Civil Action No. 1:14-cv-06038-VEC **(Consolidated)** CLASS ACTION DECLARATION OF DAVID A. ROSENFELD IN SUPPORT OF LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF SETTLEMENT AND APPROVAL OF PLAN OF ALLOCATION AND LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND AWARDS TO LEAD PLAINTIFFS PURSUANT TO 15 U.S.C. §78u-4(a)(4)

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I, DAVID A. ROSENFELD, declare as follows:

1. I am a member of the New York Bar admitted to practice before this Court and a member of the law firm of Robbins Geller Rudman & Dowd LLP ("Robbins Geller" or "Lead Counsel"), the Court-appointed Lead Counsel for Plaintiffs in the above-captioned action (the "Litigation").[1] I have been actively involved in the prosecution of this Litigation, am familiar with its proceedings, and have personal knowledge of the matters set forth herein based upon my supervision of, and participation in, all material aspects of the Litigation.[2]

2. I submit this Declaration, pursuant to Rule 23 of the Federal Rules of Civil Procedure, in support of: (a) Plaintiffs' request for final approval of the Settlement of the Litigation for $34.5 million on behalf of the Class[3] (the "Settlement Amount"); (b) Plaintiffs' request for approval of the proposed Plan of Allocation of the Net Settlement Fund; and (c) Lead Counsel's application for attorneys' fees and expenses, including awards to Plaintiffs for the time they spent representing the Class.

I. SUMMARY OF LITIGATION AND REASONS FOR SETTLEMENT

3. This Litigation was brought against L3, Michael T. Strianese (L3's Chief Executive Officer), and Ralph G. D'Ambrosio (L3's Chief Financial Officer ("CFO")) on behalf of the Class

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[1] Lead Plaintiffs in this Litigation, City of Pontiac General Employees' Retirement System ("City of Pontiac"), Local 1205 Pension Plan ("Local 1205"), and City of Taylor Police and Fire Retirement System ("City of Taylor"), are referred to herein as "Plaintiffs."

[2] Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the Stipulation of Settlement (Dkt. No. 141) (the "Stipulation" or "Settlement").

[3] Pursuant to this Court's preliminary approval order (Dkt. No. 149), the Class is defined as:

> [A]ll Persons who purchased or otherwise acquired L3 common stock between January 30, 2014 and July 30, 2014, inclusive.

The preliminary approval order also defines those Persons and entities who are excluded from the Class.

for violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. §§78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5). This case was vigorously litigated from its commencement on August 1, 2014, through achievement of the proposed settlement agreement on February 22, 2017.

4. Plaintiffs allege that executives employed in at least three different levels of L3's Aerospace Systems segment engaged in intentional accounting misconduct involving, *inter alia*, the improper deferral of contract cost overruns and overstatement of net sales.[4] This misconduct resulted in: (1) the termination and/or resignation of five executives at three levels within Aerospace Systems for intentional misconduct, including the CFO of Aerospace Systems itself; (2) investigations by the Securities and Exchange Commission ("SEC") and Department of Justice ("DOJ"); and (3) a major revision of the Company's previously issued financial statements. The Company was compelled to revise its prior financial statements by recording aggregate charges of approximately $169 million.

5. These material revisions stem, in part, from ethics complaints originating with two employees in L3's Army Sustainment Division, referred to herein as Whistleblower 1 and Whistleblower 2. The ethics complaints relate, in part, to L3's contract to inspect and maintain U.S. Army C-12 airplanes. On November 27, 2013, Whistleblower 1 made a formal complaint with L3's Corporate Ethics Department. In his ethics complaint, Whistleblower 1 stated: "[w]e did not appear to follow our own Inventory Process in order to be in compliance with Sarbanes Oxley Section 404 .

[4] The descriptions contained herein of the facts and events giving rise to this Litigation are based on the declarant's knowledge of this Litigation, including the evidence produced in discovery and other sources of information believed to be accurate. The declarant does not have personal knowledge of the conduct of L3's business. For a more detailed description of the facts giving rise to this Litigation, *see* the Second Consolidated Amended Complaint for Violations of the Federal Securities Laws (Dkt. No. 33) ("SCAC"), Plaintiffs' brief in opposition to L3's motion to dismiss (Dkt. No. 43), and the Court's Orders on the motion to dismiss (Dkt. Nos. 60 and 67).

. . . There is an atmosphere of fear, withdrawal, and survival within this Division that [the Logistics Solutions sector President] is responsible for through his condescending attitude and tactics of intimidation, coercion and inappropriate manipulation." The same day, Whistleblower 1's ethics complaint was sent by the Director of Security/Ethics Officer at L3's Logistics Solutions sector to a Director of Corporate Ethics.

6. During the course of the Corporate Ethics Department's investigation of Whistleblower 1's ethics complaint, Whistleblower 1 raised an additional concern that invoices on the C-12 contract had been generated with no intent to deliver them to the Government. Specifically, on December 27, 2013, Whistleblower 2 sent an e-mail to Whistleblower 1 memorializing a phone conversation they had earlier that day, "where [Whistleblower 2] voiced concerns over some of the financial practices that are currently taking place," which included "cut[ting] invoices through the billing system, but not send[ing] the invoices to the government." Whistleblower 2 believed this was "being done to avoid Corporate policy and [to] try to 'hide' this from the auditors." On December 31, 2013, Whistleblower 1 forwarded Whistleblower 2's e-mail to the same personnel within L3's Corporate Ethics Department as before.

7. Prior to, and throughout, the Class Period, Whistleblower 1 continued to have direct communications with members of L3's Corporate Ethics Department, including the Vice President of the Corporate Ethics Department, whom Whistleblower 1 fully apprised of the ethics concerns of which he had personal knowledge. At no point during the Class Period did L3 disclose any of these ethics concerns, or the implications they would have for L3's financial statements, to Class Members.

8. Plaintiffs contend that these actions caused L3's common stock to trade at artificially inflated prices, thereby causing economic harm to Class Members when the risks and conditions

concealed by L3's misrepresentations and omissions, or the economic consequences thereof, became publicly known. Plaintiffs allege that the foregoing misrepresentations concealed material risks to the Company's business, which were revealed as a result of L3's July 31, 2014 press release announcing its 2Q14 financial results that it said were "preliminary because the Company is currently conducting an internal review that could result in increases to the preliminary adjustments included in this release." The July 31 press release revealed that the preliminary adjustments included charges of $84 million against operating income and a related reduction in net sales of $43 million. According to the press release, "[t]he adjustments primarily relate to contract cost overruns that were inappropriately deferred and overstatements of net sales, in each case with respect to a fixed-price maintenance and logistics support contract," ***i.e.***, the C-12 contract. The release stated: "[t]he Company believes that the amounts associated with these adjustments are the result of misconduct and accounting errors at the Aerospace Systems segment." On this news, the price of L3's common stock declined more than 12%, to close at $104.96 per share on July 31, 2014, down $14.68 per share from the prior day's closing price of $119.64 per share. In August 2014, this Litigation was initiated.

9. The Settlement was not achieved until Plaintiffs, ***inter alia***:

(a) Investigated the facts and transactions giving rise to this Litigation to develop the detailed factual allegations necessary to comply with the Private Securities Litigation Reform Act of 1995 ("PSLRA"), and drafted and filed two amended complaints;

(b) Engaged in extensive legal and factual analysis to successfully oppose L3's motions to dismiss;

(c) Completed nearly one year of fact discovery, including reviewing and analyzing more than 400,000 pages of documentary evidence produced by L3 and more than 7,000 pages of documentary evidence produced by third parties, taking 16 fact-witness depositions, taking or defending two expert-witness depositions, engaging in extensive meet-and-confers with L3 over discovery disputes and the production of evidence, and filing several pre-motion requests to compel the production of evidence;

(d) Briefed a motion to certify the Class;

(e) Identified and retained experts to consult and opine on issues of accounting, materiality, loss causation, and damages, and worked with those experts to analyze case issues and evidence; and

(f) Participated in a private mediation to settle this matter, and continually assessed the risks of prevailing at trial, potential appellate issues that might arise thereafter, and the timing and ability of the Class to collect on a final judgment, if obtained.

10. The Settlement was negotiated following a formal settlement mediation conducted with the assistance and oversight of the Honorable Layn R. Phillips (Ret.), a respected mediator with substantial experience in mediating claims arising under the federal securities laws. The parties attended a mediation with Judge Phillips on November 11, 2016, in New York City. In advance of the mediation, Plaintiffs and L3 prepared comprehensive mediation briefs, supported by evidentiary materials, which vigorously advanced and defended their positions. The parties did not reach a settlement agreement at the mediation, and litigation continued. The parties kept Judge Phillips apprised of developments in the case that ultimately facilitated further negotiations between the parties. Through careful and detailed consideration of the parties' positions as articulated during these negotiations, and follow-up communications thereafter, Judge Phillips assisted the parties in negotiating the proposed Settlement of this Litigation that is now before the Court for approval.

11. The proposed Settlement is the result of hard-fought and contentious litigation pursued by zealous advocates on both sides, and takes into consideration the significant risks specific to the case. It was negotiated by experienced counsel for Plaintiffs and L3 with a solid understanding of both the strengths and weaknesses of their respective positions.

12. Lead Counsel and Plaintiffs believe that the Settlement represents an excellent result for the Class. Based upon their factual discovery, investigation, research, analysis, and motion practice, Plaintiffs believe that their case has significant merit, but also recognize there were significant risks of continued litigation and trial, which had to be carefully evaluated in determining what course (*i.e.*, whether to settle and on what terms, or to continue to litigate through a trial on the merits and inevitable appeals process) was in the best interests of the Class. As set forth in further detail below, the specific circumstances involved here presented many risks and uncertainties as to Plaintiffs' ability to prevail if the case proceeded further in litigation and to trial. Even if Plaintiffs were to win at trial, the risk of a years-long appeals process, during which time the Class would be denied any recovery, and L3's diminishing liability insurance policy also was taken into account in evaluating the proposed Settlement.

13. Plaintiffs' perseverance through two-and-a-half years of litigation resulted in the discovery of substantial evidence in support of the alleged claims. Plaintiffs believe that discovery revealed evidence sufficient to sustain a jury verdict in Plaintiffs' favor, including evidence that would demonstrate that: (i) L3 knew and/or recklessly disregarded that its public statements during the Class Period concerning income, sales, and internal controls were materially false and/or misleading; and (ii) the July 31, 2014 announcement that caused L3's stock price to decline by a statistically significant amount injured Class Members, and was the direct and proximate result of

the manifestation of business conditions and risks that were unknown to the market, and which had been fraudulently concealed from investors.

14. Despite the strength of the evidence developed in discovery, there were substantial risks to Plaintiffs' ability to certify the Class and obtain, protect, and recover on a favorable judgment at trial. In response to Plaintiffs' anticipated motion for class certification, L3 argued that the alleged false and misleading statements did not impact the price of L3's common stock.

15. In addition, L3 vigorously contested each of Plaintiffs' allegations, and planned to marshal evidence at summary judgment and/or trial that it hoped would prove that, *inter alia*, its statements were true to the best of its knowledge and not made with scienter; any statements alleged to be false or misleading were immaterial in light of the size of the Company; and if violations of the securities laws occurred, they had not caused any recoverable damages to the Class. At the time the Settlement was reached, there was substantial uncertainty over the outcome of these factual disputes.

16. Even if Plaintiffs succeeded in establishing liability, there were significant risks that could reduce the amount of damages in the event that Plaintiffs prevailed on some, but not all, of their alleged claims. For example, a finding that statements at some points in the Class Period were not misleading or not made with scienter could have shortened the Class Period, eliminating claims for some Class Members and reducing the overall amount of damages recoverable in this proceeding. Damages were also subject to reduction if the jury determined that the July 31, 2014 stock price decline did not result entirely from risks or conditions that had been fraudulently concealed from investors. While Plaintiffs believe they had substantial responses to these and other arguments L3 intended to offer at trial, were the jury to credit any or all of them, the damages recoverable at trial could have been significantly reduced or eliminated altogether.

17. Plaintiffs anticipated a battle of the experts on these issues at trial. Each side would have retained experts who would offer competing testimony regarding the information that was available to and relied upon by market analysts and investors, the reasons for the price movement in L3 common stock, and the existence and amount of damages suffered by Members of the Class. Even though Plaintiffs had retained or planned to retain experts who are among the most respected in these fields, there could be no guarantee that Plaintiffs would prevail on the issues of their testimony, as L3 would have also hired respected experts to counter Plaintiffs' experts' theories. Indeed, the trial of this case could hinge on the testimony of experts, which presents a substantial risk of a party prevailing not necessarily on the merits but because of the jury's impression of one party's expert or experts.

18. Plaintiffs also faced the risk that potential sources of recovery from L3 would diminish through the course of trial. The settlement recovery for the claims against L3 is being funded entirely by L3's liability insurance, which is a finite source of recovery that has continued to diminish throughout the Litigation. The rate at which such insurance diminishes would increase tremendously leading up to, during, and after a long, complex trial and inevitable post-trial motions and appeal. Therefore, the risk that L3's liability insurance would be significantly diminished (if not fully exhausted) if this case would be taken to trial had considerable consequences in terms of the amount of recovery for the Class, even assuming liability was proven.

19. There was also significant risk of delay in providing Class Members with compensation for the harm caused by L3's alleged wrongdoing. Post-trial proceedings, including proceedings attendant to the determination of damages, could have delayed recovery on any favorable judgment obtained at trial. In addition, there was a substantial risk that L3 would appeal any verdict achieved in Plaintiffs' favor. The appeals process could span years, during which time

the Class would receive no recovery. Any appeal would also create the risk of reversal, in which case the Class would receive nothing even after having prevailed on the claims at trial.

20. All of these factors, together with the other factors discussed herein, were considered by Plaintiffs and Lead Counsel in concluding that the proposal to settle the Litigation for $34.5 million on the terms set forth in the Stipulation provided fair, reasonable, and adequate consideration in light of the risks and uncertainties of trial. In reaching the determination to settle, Lead Counsel, in consultation with Plaintiffs, evaluated the documentary evidence, deposition testimony, and legal authority supporting Plaintiffs' allegations against that which L3 believed undercut Plaintiffs' claims. On balance, considering all the circumstances and risks both sides faced at trial, in addition to the Class' ability to collect on a final judgment, Lead Counsel and Plaintiffs came to the conclusion that settlement on the terms agreed upon provided fair, reasonable, and adequate consideration for the claims alleged and was in the best interests of the Class.

21. The Settlement also eliminates the significant risks of class certification denial, summary judgment, *Daubert* and *in limine* challenges, as well as the risks inherent at trial and in post-trial proceedings and appeals, the outcomes of which were far from certain.

22. Lead Counsel has, as described below, vigorously prosecuted this Litigation on a wholly-contingent basis for more than two years and advanced or incurred significant litigation expenses. Lead Counsel has long borne the risk of an unfavorable result. We have not received any compensation for our substantial effort; nor have we been paid for our expenses.

23. The fee application for 25% of the Settlement Fund is fair both to the Class and Lead Counsel, has been approved by the Plaintiffs, and warrants this Court's approval. This fee request is within the range of fees frequently awarded in these types of actions and is justified in light of the

substantial benefits conferred on the Class, the risks undertaken, the quality of representation, and the nature and extent of legal services performed.

24. Lead Counsel should be awarded its expenses in the aggregate of $503,908.87, all of which were reasonably and necessarily incurred in prosecuting the Litigation. As set forth in more detail in my accompanying declaration in support of the fee and expense award, this amount includes the fees and expenses for: (a) consultants and experts whose services Lead Counsel required in the successful prosecution, analysis, and resolution of this case; (b) stenographic and videographer services for 20 days of depositions; (c) travel and/or lodging for Lead Counsel to attend depositions; (d) conducting factual and legal research; (e) photocopying, imaging, and printing thousands of pages of documents; (f) litigation database costs for hosting, cataloging, and facilitating the review and analysis of more than 400,000 pages of documents; and (g) participating in the private mediation that led to the proposed Settlement of this Litigation.

25. Plaintiffs should also be awarded compensation for the time they spent pursuing recovery for the Class in the Litigation. As detailed in the Declarations of Walter Moore, Edward Williams, and Gerard T. Taylor, filed contemporaneously herewith, each of the Plaintiffs actively monitored and participated in the prosecution of this lawsuit, including by reviewing briefs and discussing the merits of the case, producing documents in discovery to obtain certification of the Class, and actively participating in discussions leading to the proposed Settlement. The requested awards of $390.00 for City of Pontiac, $860.00 for Local 1205, and $1,000.00 for City of Taylor are reasonable and were necessary to the successful prosecution of the Litigation.

26. Each of the requested expenses was necessary to plead Plaintiffs' claims with particularity, conduct discovery, file and respond to pretrial motions, prepare this case for trial, and obtain a settlement on the terms proposed.

II. PROCEDURAL HISTORY

27. Lead Counsel for Plaintiffs undertook significant efforts on behalf of the Class, expending more than 8,500 hours of time during the course of this Litigation. The time expended was both reasonable and necessary in light of the complexity of this Litigation, the number and nature of the factual and legal disputes between the parties, the amount in controversy, and the zealous defense mounted by the skilled advocates retained by L3.

28. Significant time was expended in developing and pleading the claims on behalf of the Class and in defeating L3's motion to dismiss. After the SCAC was upheld, significant additional time was required to identify, locate, obtain, and review documentary evidence bearing on Plaintiffs' claims. The amount of time needed to prosecute this Litigation increased significantly once depositions commenced, as extensive efforts were undertaken to identify witnesses for deposition, analyze and select exhibits to be used to elicit testimony, and prepare for and conduct examinations.

29. Set forth below is a detailed description of each of the significant stages of the case and a summary of the work that was needed to assure that the claims of the Class were developed in a manner sufficient for them to survive to the next stage and, ultimately, for trial.

A. Pleading and Motion to Dismiss

30. Beginning in August 2014, three securities class action complaints were filed in this Court on behalf of purchasers of L3 common stock. On October 20, 2014, the Court entered an Order: (i) consolidating the related securities actions; (ii) appointing City of Pontiac, Local 1205, and City of Taylor as Lead Plaintiffs; and (iii) appointing Robbins Geller as Lead Counsel to represent the Class. Dkt. No. 23.

31. In order to meet the stringent pleading requirements of the PSLRA, 15 U.S.C. §78u-4, Lead Counsel at the outset of this Litigation conducted an extensive analysis of publicly available

information about L3 and its industry, including information contained in the Company's press releases and filings with the SEC, in transcripts of L3's quarterly conference calls and investor presentations, and in numerous analyst reports, media articles, and other publications about the Company, its business, and the industry in which it operates.

32. A forensic accountant employed by Lead Counsel conducted extensive analysis of L3's financial statements and researched the applicable accounting standards that applied to its business to help Lead Counsel develop detailed allegations regarding L3's violations of Generally Accepted Accounting Principles ("GAAP").

33. Private investigators employed by Lead Counsel, with extensive careers in law enforcement, helped locate, contact, and interview former L3 employees about the facts, transactions, and occurrences giving rise to the Litigation. Lead Counsel worked closely with the investigators to identify investigative targets, focus investigative efforts on core factual issues and disputes in the case, review investigative summaries, identify areas in need of further investigation, evaluate factual information, and formulate allegations for pleading. The investigators conducted interviews with former L3 employees who were willing to speak in detail about their employment at L3. The information obtained from these interviews assisted Plaintiffs in drafting a complaint that met the pleading standards established by the PSLRA. *See* SCAC, ¶¶39-78.

34. Based on this extensive analysis of information, on December 22, 2014, Plaintiffs filed a Consolidated Amended Complaint for Violations of the Federal Securities Laws ("CAC"). Dkt. No. 27. The CAC alleged claims against L3 and Messrs. Strianese and D'Ambrosio. The CAC alleged violations of Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§78j(b) and 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. §240.10b-5, on behalf of a class of all purchasers of L3 common stock during the Class Period, and who were damaged thereby.

35. On February 20, 2015, L3, Strianese and D'Ambrosio moved to dismiss the CAC. Dkt. Nos. 30-31. They argued, among other things, that Plaintiffs failed to adequately plead falsity, scienter, and materiality in the manner required by the PSLRA.

36. After analysis of L3, Strianese and D'Ambrosio's motion, and pursuant to the Court's Individual Rules, on March 13, 2015, Plaintiffs filed the SCAC. On April 24, 2015, L3, Strianese and D'Ambrosio moved to dismiss the SCAC based on substantially similar grounds as in their initial motion to dismiss. Dkt. Nos. 38-39.

37. After analysis of L3, Strianese and D'Ambrosio's second motion to dismiss, and after conducting substantial legal research and analysis, Plaintiffs filed their brief in opposition to the motion on June 9, 2015. Dkt. No. 43. Plaintiffs argued that the SCAC adequately identified the statements alleged to be false and misleading, adequately alleged materiality, and was supported by alleged facts giving rise to a strong inference of scienter. On the same date, Plaintiffs also filed a motion to strike certain of L3, Strianese and D'Ambrosio's evidence in the motion to dismiss. Dkt. Nos. 45-46.

38. On June 26, 2015, L3, Strianese and D'Ambrosio filed a reply brief in further support of their motion to dismiss (Dkt. No. 48), and a brief in opposition to Plaintiffs' motion to strike. Dkt. No. 50. On July 6, 2015, Plaintiffs filed a reply brief in further support of their motion to strike. Dkt. No. 51.

39. On March 4, 2016, the Court held oral argument on L3, Strianese and D'Ambrosio's motion to dismiss and ordered supplemental briefing from the parties on the subject of corporate scienter, which the parties filed on March 10. Dkt. Nos. 56, 57.

40. On March 30, 2016, the Court denied L3's motion to dismiss Plaintiffs' claims pursuant to Section 10(b) of the Exchange Act, and granted Messrs. Strianese and D'Ambrosio's

motion to dismiss Plaintiffs' claims pursuant to Sections 10(b) and 20(a) of the Exchange Act. Dkt. No. 60. On April 21, 2016, the Court issued an Amended Memorandum Opinion & Order. Dkt. No. 67.

41. On April 13, 2016, L3 filed an Answer to the SCAC in which it denied all of Plaintiffs' substantive allegations and asserted numerous affirmative defenses. Dkt. No. 63.

B. Class Certification

42. On June 30, 2016, Plaintiffs filed a motion for class certification. Dkt. Nos. 76-81. On July 20, 2016, L3 deposed Plaintiffs' class-certification expert. On July 29, 2016, L3 filed its opposition to Plaintiffs' motion. Dkt. Nos. 97-99. On August 23, 2016, Plaintiffs deposed L3's class-certification expert. On August 26, 2016, Plaintiffs filed their reply in further support of the motion for class certification. Dkt. No. 111. On October 17, 2016, L3 filed a sur-reply brief in opposition to Plaintiffs' motion and a supplemental expert report. Dkt. Nos. 124-126. On October 31, 2016, Plaintiffs filed a response to L3's sur-reply. Dkt. No. 131.

C. Class Discovery

43. On May 11, 2016, L3 served document requests on Plaintiffs. L3's 25 document requests sought from Plaintiffs, among other things, documents and information related to: (i) their purchases and sales of L3 securities; (ii) their investment guidelines, policies, and procedures concerning investment decisions; (iii) their general investment history, including trading records, account statements, and investment strategies; (iv) their agreements and communications with investment advisors; (v) their trades in L3 securities, including trading records and account statements; (vi) their investment decisions concerning trades in L3 securities; (vii) analyst reports and media articles concerning L3 and any company in the defense/aerospace industry; (viii) other litigation in which they were or had been involved, including all testimony provided in other actions

and all documents related to any other securities litigation; (ix) their agreements with Lead Counsel; and (x) the allegations in the SCAC.

44. Substantial efforts were required by Plaintiffs and Lead Counsel to respond to these requests. On June 10, 2016, Plaintiffs served their written responses and objections to L3's discovery requests, and on or about the same date, Plaintiffs began producing trading records, brokerage statements, account statements, and investment management agreements.

D. Fact Discovery of L3

45. Plaintiffs vigorously pursued comprehensive fact discovery for a condensed period of time, from April through December 2016. During this time, Lead Counsel substantially reviewed and analyzed more than 100,000 documents (constituting approximately 450,000 pages) produced by L3 and approximately 2,000 documents (constituting approximately 7,000 pages) produced by 14 third parties. Lead Counsel also took 16 fact-witness depositions.

46. Lead Counsel's discovery efforts enabled the Class to marshal the support necessary to prepare for trial, as well as to obtain a settlement on terms that were fair, reasonable, and adequate to the Class.

47. After obtaining relevant discovery, Lead Counsel faced the monumental task of reviewing, organizing, and analyzing the production in the time permitted to effectively prepare for depositions, summary judgment, preparation and exchange of expert reports, and trial. Given the nature of the claims at issue in the Litigation, much of the important information was buried in PowerPoint presentations, internal reports, and e-mails. Technical issues with the material produced, and numerous versions of some reports, made the task of locating key evidence more difficult. Significant time was required just to search through tens of thousands of e-mail messages and spreadsheets to locate evidence for use at depositions or trial, and substantial additional time was

spent analyzing that information once it was found. A protracted dispute regarding the discoverability of documents located on U.S. Army computers at Fort Rucker, Alabama led to additional difficulties and delay.

48. Lead Counsel's forensic accountants and investigators also assisted Plaintiffs in conducting factual discovery. Forensic accountants conducted extensive analysis of the financial information produced by L3 and worked closely with outside experts to help Lead Counsel understand and address the accounting issues in the case. Investigators worked closely with Lead Counsel to contact potential deponents and trial witnesses to obtain information that assisted Plaintiffs in discovery and trial preparation.

1. Preparations for Discovery

49. On April 4, 2016, the parties conducted their Rule 26(f) conference and thereafter filed their joint Civil Case Management Plan and Scheduling Order with the Court. Dkt. No. 64. Initial Disclosures were exchanged on April 29, 2016.

50. On May 2 and May 4, 2016, the parties stipulated to entry of a Confidentiality Stipulation and Order and a Supplemental Confidentiality Stipulation and Order, respectively, governing confidentiality of discovery. Prior to submitting this agreement to the Court, the parties engaged in detailed negotiations and exchanged multiple drafts concerning disputed issues. The Court entered both Confidentiality Orders on May 4, 2016. Dkt. Nos. 71-72.

51. Despite the fact that the Confidentiality Order was limited to information within the scope of Fed. R. Civ. P. 26(c), virtually every document produced by L3 in the Litigation was ultimately designated "Confidential," including numerous public documents. L3's confidentiality designations made the preparation and filing of documents in this case significantly more complex,

time-consuming, and expensive, as substantial efforts were required to limit access to "Confidential" documents and, where needed, to redact or file such documents under seal.

2. Document Production and Written Discovery

52. Prior to service of formal written requests for production, Plaintiffs and L3 conferred about the scope of discovery and L3 agreed to initially produce to Plaintiffs the same documents that L3 produced to the DOJ and SEC. In total, L3 had previously produced to the DOJ and SEC approximately 37,000 documents (constituting more than 163,000 pages), including reports created from internal databases and e-mails. The considerable time Plaintiffs would eventually spend reviewing and analyzing these documents helped Plaintiffs to frame discovery requests and negotiate with L3 over the custodians whose paper and electronic files should be searched and produced.

53. On April 22, 2016, Plaintiffs served their First Request for the Production of Documents to L3 ("Plaintiffs' First RFPs"), comprising 67 requests seeking targeted categories of information related to Plaintiffs' claims. The requests sought, *inter alia*, communications among L3 employees, as well as internal documents and/or policies, concerning: (i) the C-12 contract and accounting for work performed pursuant thereto; (ii) ethics complaints associated with the Army Sustainment Division and internal investigations arising therefrom; and (iii) accounting revisions taken by L3 during the Class Period.

54. L3 made an initial production of more than 36,600 documents (consisting of approximately 163,000 pages) in May 2016 in response to Plaintiffs' First RFPs. Lead Counsel, with the assistance of internal forensic accountants, conducted a detailed review and analysis of L3's initial production.

55. As noted above, L3's initial production was limited to documents L3 produced to the SEC and DOJ. However, Plaintiffs' First RFPs sought a broader range of documents beyond those

sought by the SEC and DOJ. As a result of Plaintiffs' persistence, L3 ultimately produced more than 30,000 additional documents to Plaintiffs, consisting of more than 116,000 pages. This production enabled Plaintiffs to develop substantial evidence supporting Plaintiffs' allegations that L3 knowingly and/or recklessly misrepresented its financial statements.

56. Between May and July 2016, counsel for the parties conducted a series of meet-and-confer sessions to negotiate numerous issues concerning L3's production. These discussions were memorialized in detailed letters documenting the parties' respective positions, agreements, and disputes.

57. Plaintiffs spent considerable time and effort at the front end of discovery reviewing and analyzing documents to identify custodians, potential deponents, and repositories of information, as well as assessing the business practices at issue.

58. L3 made additional productions of documents through the summer of 2016, ultimately totaling more than 105,000 documents (consisting of approximately 450,000 pages). Plaintiffs spent considerable resources reviewing, analyzing, and discussing L3's productions.

59. L3's productions included documents obtained through electronic searches of the files of 63 combined custodians for a time period spanning approximately six years (2010-2016).

3. Depositions

60. During the course of discovery, Plaintiffs deposed 16 fact witnesses (including multiple corporate designees of L3). To prepare for and efficiently conduct these depositions, Lead Counsel spent hundreds of hours searching for, reviewing, analyzing, and categorizing pertinent documents and preparing outlines for the examinations.

61. The table below sets forth the depositions taken by Lead Counsel:

Deponent's Position	Location of Deposition
Business Manager	New York, NY
Rule 30(b)(6) designee	New York, NY
VP-Finance and CFO, Army Sustainment Division	Birmingham, AL
VP-Operations Review (Finance)	New York, NY
VP-Finance and CFO, Aerospace Systems Group	Dallas, TX
Rule 30(b)(6) designee	New York, NY
Sr. VP-Internal Audit and Corporate Ethics Officer, L3 Corporate	New York, NY
VP-Aviation Programs	New York, NY
Director of Finance/ Controller, Vertex Division	Melville, NY
Assistant Corporate Controller	New York, NY
Sr. VP and CFO, L3 Corporate	Melville, NY
VP and Controller, L3 Corporate	Melville, NY
Partner, PricewaterhouseCoopers LLP	New York, NY
President, Logistics Solutions Sector	Dallas, TX
VP-Corporate Ethics, L3 Corporate	New York, NY
President, Army Sustainment Division	Birmingham, AL

4. Document Discovery from Third Parties

62. During the course of the Litigation, Plaintiffs issued subpoenas to 14 non-parties, including L3's outside-accounting firm PricewaterhouseCoopers LLP ("PwC"), L3's forensic-accounting consulting firm AlixPartners, LLP ("AlixPartners"), and former L3 employees. Lead

Counsel expended significant resources in drafting and serving these subpoenas and conferring with subpoenaed entities, several of whom were resistant to document production. As a result of these efforts, however, Plaintiffs obtained nearly 2,000 documents, consisting of more than 7,000 pages, that were analyzed for use in discovery and motion practice.

63. The subpoenas requested, among other things, documents related to internal and external communications with L3 employees concerning the C-12 contract, ethics concerns, revisions to L3's financial statements, and L3's internal controls. Plaintiffs met and conferred with counsel from these entities on numerous occasions before obtaining productions of documents responsive to the subpoenas.

64. Lead Counsel spent considerable time reviewing and analyzing the documents produced by third parties, uncovering important evidence corroborating Plaintiffs' theories of liability and damages.

5. Production Disputes Leading to Motions to Compel

65. During fact discovery, L3 vigorously sought to restrict the scope of its production by limiting the time period during which it would search for and produce documents. Plaintiffs also faced obstacles from the manner in which L3 searched for and produced documents, including the number of custodians L3 was willing to search, as well as L3's withholding of large numbers of documents responsive to the parties' agreed-upon search terms on assorted irrelevancy grounds. Plaintiffs dedicated significant time and energy to attempting to resolve these disputes before seeking judicial intervention.

66. Plaintiffs engaged in extensive negotiations with L3 to expand the search terms and custodians used for electronic discovery, and broaden the production to encompass all documents responsive to the agreed-upon search terms.

67. Plaintiffs also vigorously pursued documents located on secure servers at Fort Rucker, Alabama, which documents L3 asserted it was prohibited by the U.S. Army from producing to Plaintiffs. After months of meet-and-confer conferences with L3 and the Army, the parties raised the issue with the Court on August 23, 2016. Dkt. No. 108. Ultimately, as a result of Plaintiffs' efforts, L3 produced the Fort Rucker documents.

68. On June 28, 2016, after several meet-and-confer conferences between Plaintiffs and PwC regarding the scope of PwC's production in response to Plaintiffs' subpoena, the Court held a conference during which it ordered production of certain PwC audit work papers, reports, and communications between PwC and L3's outside counsel. Dkt. No. 74.

69. During the same conference, the Court addressed a discovery dispute between Plaintiffs and AlixPartners regarding the scope of AlixPartners' production in response to Plaintiffs' subpoena. Although the Court did not grant the full scope of Plaintiffs' request for discovery, *see* Dkt. No. 96, the Court ordered AlixPartners to produce documents shared by AlixPartners with PwC regarding the internal investigation of L3, and communications between AlixPartners and PwC during a specified time period. Dkt. No. 74.

III. NATURE AND ADEQUACY OF THE SETTLEMENT

70. The proposed Settlement was the product of vigorous, arm's-length negotiation between the parties that reflects the strengths and weaknesses of the case. Settlement on the terms proposed would not have been achieved absent the extensive efforts described above to plead and obtain the evidence necessary to prove Plaintiffs' claims of federal securities law violations. Nor would settlement have been achieved without the substantial participation and assistance of a strong mediator with extensive experience in negotiating resolution of complex actions of this type.

71. We believe that our reputation as attorneys who will zealously prosecute a meritorious case through the trial and appellate levels, as well as our aggressive litigation of this case, put us in a strong position in settlement negotiations with L3 and its insurance carriers.

72. Set forth below is a brief description of the history of settlement discussions in this case, an assessment of the strengths and weaknesses of the case and the risks to recovery at trial, and a description of the significant terms of the Settlement.

A. History of Settlement Negotiations

73. Throughout the course of this Litigation, L3 strenuously denied liability. L3 would not engage in any meaningful settlement discussions until after its motion to dismiss was denied and the case was proceeding in discovery.

74. On November 11, 2016, as fact discovery neared completion, the parties participated in a full-day mediation with Judge Phillips in New York City. Prior to the mediation, the parties exchanged and responded to detailed mediation statements discussing the facts of the case, the issues that had arisen during discovery, and the principal issues of dispute. Although the mediation session did not end in a settlement, the parties agreed to conduct further informal discussions through the mediator, as warranted by additional developments in the case.

75. As a result of these discussions, and the substantial efforts of Judge Phillips in engaging with representatives on both sides of the case, the parties reached agreements in principle on the dollar amount and material terms of the Settlement in January 2017, and advised the Court on or about January 24, 2017. Thereafter, the parties negotiated and signed formal settlement agreements, and Plaintiffs filed their motion for preliminary approval of the Settlement on February 22, 2017. Dkt. No. 139.

B. Strengths and Weaknesses of the Case

76. Based on two-and-a-half years of litigation, including extensive fact discovery and motion practice and detailed analyses of the factual and legal issues underlying the Litigation, Lead Counsel and Plaintiffs have a thorough understanding of the issues and risks present in this case. While Lead Counsel and Plaintiffs believe that substantial evidence existed to support a jury verdict in favor of the Class, they also recognize the considerable risks and uncertainties if the Court were to rule on Plaintiffs' motion for class certification and if the case were to proceed to trial. These risks were carefully considered at every step of the litigation, including the decision to settle.

77. I believe that Plaintiffs developed strong proof of both liability and damages to present to the jury at trial, and that such evidence, if credited by the jury, was more than sufficient to sustain a verdict in favor of the Class. In particular, Plaintiffs developed strong evidence that: (i) L3 engaged in a fraudulent invoicing scheme rooted in its Army Sustainment Division; (ii) L3 engaged in additional improper accounting practices within its Aerospace Systems segment; and (iii) numerous members of L3 senior management were aware of the invoicing scheme and the improper accounting practices at various points during – and, for some individuals, throughout – the Class Period.

78. Nevertheless, there were significant risks and impediments to Plaintiffs' ability to obtain a verdict in their favor and a substantial award at trial. The parties had significant disputes over numerous factual, legal, and evidentiary issues, including:

(a) whether the amounts by which L3's financial statements were misstated were material to L3;

(b) whether Timothy Keenan, CFO of Aerospace Systems, acted with scienter at the time of each alleged misstatement;

(c) whether any individual whose mental state is attributable to L3 acted with scienter at the time of each alleged misstatement;

(d) whether Plaintiffs or other Members of the Class relied on any of the alleged misstatements or omissions; and

(e) whether Plaintiffs have proven damages under Section 10(b).

79. Indeed, in denying L3's motion to dismiss prior to discovery, the Court emphasized "the fragility of Lead Plaintiffs' case against L3" based on the allegations in the SCAC. Dkt. No. 67 at 27.

80. With respect to the materiality of the amounts by which L3's financial statements were misstated, L3 strenuously argued that only $15.4 million of the $169 million in charges taken by L3 were attributed to fraud, which, according to L3, is immaterial. The Court indicated there may be merit to L3's position. *See* Aug. 23, 2016 Hr'g Tr. 14:4-8 ("Because if all [L3] knew was that they had a misstatement of $40,000 or $40 million in a company the size of L3 you're going to have a tough row to hoe on that. So it's not that that's corporate scienter right there. Let's be clear about that.").

81. Plaintiffs also faced significant risks regarding the requirements for and sufficiency of proof of damages. At the time of the proposed Settlement, the parties had significant disagreements over numerous factual and legal issues pertaining to these matters. The parties disagreed, *inter alia*, over: (i) whether confounding events would reduce recoverable damages; and (ii) the number of L3 shares traded during the Class Period.

82. In addition, Plaintiffs faced substantial risks related to witnesses at trial. Several witnesses are currently, or were at some point, under SEC and/or DOJ investigation for the events at issue in this Litigation. Those individuals would likely be unwilling to testify at trial, especially if

they reside outside the subpoena power of the Court. Further, the seminal events at the heart of the case occurred three to four years ago. Naturally, the memories of fact witnesses who would testify at trial would fade as a result of the lapse of time between the events themselves and a trial at an undetermined date in the future.

83. Meanwhile, other percipient witnesses with testimony favorable to the defense remained employed by L3, and were expected to appear live at trial. The difficulties of using videotaped testimony, and L3's ability to present its key witnesses live at trial (and to prepare them to testify beforehand), increased the risks that the jury would view L3's evidence in a more favorable light.

84. Finally, several facts underlying this case present optics that could have made convincing jurors of securities fraud even more difficult. L3's stock price rebounded to its pre-July 31, 2014 corrective-disclosure level by October 30, 2014. L3 would likely have attempted to argue that L3 stock purchasers would have been made whole had they only held on to the stock despite L3's corrective disclosure. If L3 were allowed to present those facts, jurors may have been swayed to find that the securities law violations, whether committed or not, were not so substantial as to warrant Plaintiffs' allegations, or to support the award of damages in the amount sought by Plaintiffs.

85. Plaintiffs also faced substantial risks related to their motion for class certification. Plaintiffs faced L3's contention that the false and misleading statements at issue did not impact the price of L3's common stock because the entirety of the price decline on July 31, 2014, was due to uncertainty resulting from the preliminary nature of L3's internal review rather than the disclosure of intentional misconduct.

86. In sum, while Plaintiffs were confident they could present a strong case to the jury based on the documentary and testimonial evidence they had developed during the course of discovery, they faced significant factual, legal, and practical challenges in presenting this matter to a jury. These risks were considered carefully by Lead Counsel and Plaintiffs in determining the merits of the proposed Settlement.

C. Reasons for Settlement

87. Plaintiffs believe they could have prevailed on the merits of the case. L3 was just as adamant that Plaintiffs would fail. There was a very real risk, as discussed in detail above, that Plaintiffs would not prevail at trial. Had Plaintiffs' case successfully reached trial, Plaintiffs faced the risk that the Court would find their statements inactionable or a jury would not be convinced that L3's statements were materially false or misleading or that L3 acted with the requisite scienter.

88. In addition, there were also significant risks to the amount of damages potentially recoverable in this Litigation. The damages pled in the SCAC were derived entirely from the 12% drop in L3's stock price that occurred after L3 announced on July 31, 2014, that it was conducting an internal review of misconduct and accounting errors at its Aerospace Systems segment, which resulted in preliminary adjustments that included a charge of $84 million against income. Based on the price decline following this announcement, Plaintiffs estimated, with the assistance of their expert, that a maximum of $132 million in Section 10(b) damages (before pre-judgment interest) would be recovered by the Class. However, this assumed that Plaintiffs would be successful in proving that the drop was entirely caused by conditions concealed by L3's wrongdoing, that the wrongdoing was proved for the entire Class Period, that certain assumptions regarding the size of the Class and the number of shares damaged by the wrongdoing were accurate, and that all eligible claimants had and would submit the evidence needed to prove their eligibility for a damage award.

Significant reductions in the amount of damages recoverable could have occurred if any of these assumptions proved erroneous. L3 was also expected to argue that a portion of the stock price decline following the July 31, 2014 announcement resulted from non-fraud-related events. If this evidence was permitted to be heard and credited, that, too, could have significantly reduced the amount of the overall recovery by the Class.

89. Having considered the foregoing, and evaluating L3's likely defenses at trial, it was the informed judgment of Plaintiffs and Lead Counsel, based upon all proceedings to date and their extensive experience in litigating shareholder class actions, that the proposed Settlement of this matter before the Court upon the payment of $34.5 million in exchange for a mutual release of all claims, and on the other terms set forth in the Stipulation, provide fair, reasonable, and adequate consideration, and is in the best interests of the Class.

D. The Plan of Allocation[5]

90. The proposed Plan of Allocation, set forth in the Notice mailed to Class Members (*see* Exhibit A-1 to the Stipulation of Settlement) (Dkt. No. 141-2), was created with the assistance of Lead Counsel's in-house damages consultant, based on an event study prepared for this Litigation and the analysis of the price movement of L3's stock during the Class Period. The Plan of Allocation is intended to fairly apportion the net proceeds of the Settlement based on the stock price inflation at the time of purchase, measured by the relevant portion of the subsequent stock price decline on July 31, 2014, when the alleged truth was disclosed.

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[5] The summary of the Plan of Allocation provided herein is intended only to explain the basis on which the plan was developed in order to assist the Court in evaluating the fairness, reasonableness, and adequacy of the proposed Settlement. Nothing set forth herein is intended to, or does, modify or affect the interpretation of the Plan of Allocation, and it will be applied by the Claims Administrator according to its express terms.

91. Based on this analysis, the Plan of Allocation determines the amount of fraud-caused inflation in L3's common stock: (i) at the outset of the Class Period (January 30, 2014); and (ii) following the stock price decline resulting from the July 31, 2014 announcement at the end of the Class Period. *See* Dkt. No. 141-2 at 14-18.

92. The amount of inflation in L3's stock after each of these events was determined based on an event analysis examining the movements of L3's stock price compared to the overall market and an industry peer group following the event. Events that were alleged to have misled investors increased or maintained the amount of inflation, while the July 31, 2014 event, which was alleged to have disclosed the risks and conditions concealed by the fraud, decreased the amount of inflation.

93. The Plan of Allocation apportions damages to Class Members who retained their L3 common stock through the aforementioned corrective disclosure, based on the amount of inflation on the date they purchased their shares, *i.e.*, the amount they overpaid for their shares, limited by the statutory 90-day bounceback rule. Recovery for all Class Members is limited to their actual out-of-pocket losses.

94. Based on Plaintiffs' expert's analysis and Lead Counsel's experience in this and other securities actions, and their understanding of the factual circumstances giving rise to this Litigation and the risks at trial, including the risks to both liability and damages, Lead Counsel believes that the Plan of Allocation provides a fair, reasonable, and adequate method of compensating Class Members for the economic harm they suffered as a result of the wrongdoing alleged in the Litigation.

E. Reasonableness of Attorneys' Fees and Expenses

95. The successful prosecution of this Litigation required Lead Counsel and their para-professionals to perform 8,538.90 hours of work valued at $4,391,423.50 and incur $503,908.87 in expenses, as detailed in my accompanying declaration.

96. Based on the extensive efforts on behalf of the Class, as described above, Lead Counsel is applying for compensation from the Settlement Fund on a percentage basis, and has requested a fee for Lead Counsel in the amount of 25% of the total amount obtained in this Litigation. In light of the nature and extent of the Litigation, the diligent prosecution of the Litigation, the complexity of the factual and legal issues presented, and the other factors described above and in the accompanying motion for approval of the fee award, Plaintiffs and Lead Counsel believe that the requested fee of 25% is fair and reasonable.

97. A 25% fee award is justified by the specific facts and circumstances in this case and the substantial risks that Plaintiffs had to overcome at the pleadings and discovery phases of the Litigation, and to prepare to overcome at class certification, summary judgment, and trial. As set forth herein, the $34.5 million cash Settlement was achieved as a result of extensive prosecutorial efforts, contentious and complicated motions practice, hard-fought discovery, and analysis of voluminous evidence, as detailed herein.

98. Based on the decline in L3 stock following the July 31, 2014 announcement that ended the Class Period, the Settlement Fund of $34.5 million represents approximately 26% of Plaintiffs' expert's estimate of the maximum Section 10(b) damages that Plaintiffs could reasonably expect to be recovered at trial.[6] If the jury were to reject some of Plaintiffs' allegations of wrongdoing for reasons described above, the amount of damages recovered would have been significantly less, and the percentage recovery under the Settlement proportionally lower, than stated above.

99. The Class' recovery of 26% of estimated provable damages far exceeds the median recovery in similar securities class actions settled in 2016. *See* Stefan Boettrich & Svetlana Starykh,

[6] The Settlement represents a much higher percentage of L3's estimate of recoverable damages.

Recent Trends in Securities Class Action Litigation: 2016 Full-Year Review, at 36 (Figure 29) (NERA 2017). Indeed, the median settlement as a percentage of NERA-defined investor losses of $100 million to $199 million, where this case falls, was 3.2% from 1996 through 2016. *Id.* Thus, the Class' recovery as a percentage of damages is more than ***8 times*** higher than the average settlement of cases with comparable investor losses.

100. Moreover, the Settlement far exceeds the amount recovered by the SEC from L3. On January 11, 2017, the SEC announced that it fined L3 $1.6 million for accounting failings. *See* Securities Exchange Act of 1934, Release No. 79772 (Jan. 11, 2017). On April 28, 2017, the SEC announced that it fined Mark Wentlent, the President of L3's Army Sustainment Division, $25,000. *See* Securities Exchange Act of 1934, Release No. 80547 (Apr. 28, 2017).[7] Thus, the amount recovered by the Class is more than ***21 times*** higher than the amount recovered by the SEC from L3 and its employees in connection with the allegations in this Litigation. This result is undoubtedly due to the zeal with which Lead Counsel and Plaintiffs litigated this case, including Lead Counsel's development of theories of liability, borne out through discovery, that the SEC had not considered.

101. This Litigation was prosecuted by Lead Counsel on an "at-risk" contingent-fee basis. Lead Counsel fully assumed the risk of an unsuccessful result. Lead Counsel has received no compensation for its services during the course of this Litigation and has incurred significant expenses in litigating for the benefit of the Class. Any fees or expenses awarded to Lead Counsel have always been at risk and are completely contingent on the result achieved. Because the fee to be awarded in this matter is entirely contingent, the only certainty from the outset was that there would

[7] Also on April 28, 2017, the SEC instituted cease-and-desist proceedings against David Pruitt, the CFO of the Army Sustainment Division. *See* Securities Exchange Act of 1934, Release No. 80548 (Apr. 28, 2017).

be no fee without a successful result, and that such a result would be realized only after a lengthy and difficult effort.

102. This Litigation could not have been successfully prosecuted without the substantial participation and assistance of the Plaintiffs, who spent significant time monitoring the Litigation, consulting with Lead Counsel regarding case developments and prospects for settlement, and participating in discovery to demonstrate the typicality of their claims, the adequacy of their representation, and the suitability of this case for litigation on a Class-wide basis. The time spent by the Plaintiffs in doing so, as reflected in the Declarations of Walter Moore, Edward Williams, and Gerard T. Taylor, submitted contemporaneously herewith, were both reasonable and necessary to the prosecution of this case.

IV. CONCLUSION

103. For all of the foregoing reasons, Lead Counsel respectfully requests the Court to approve the Settlement and Plan of Allocation of Settlement proceeds and to approve the fee and expense application and award Lead Counsel 25% of the Settlement Fund plus $503,908.87 in expenses, and to approve the awards requested by Plaintiffs.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 13th day of July, 2017, at Melville, New York.

DAVID A. ROSENFELD

CERTIFICATE OF SERVICE

I, Ellen Gusikoff Stewart, hereby certify that on July 13, 2017, I authorized a true and correct copy of the DECLARATION OF DAVID A. ROSENFELD IN SUPPORT OF LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF SETTLEMENT AND APPROVAL OF PLAN OF ALLOCATION AND LEAD COUNSEL'S MOTION FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND AWARDS TO LEAD PLAINTIFFS PURSUANT TO 15 U.S.C. §78u-4(a)(4) to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of such public filing to all counsel registered to receive such notice.

/s/ Ellen Gusikoff Stewart
ELLEN GUSIKOFF STEWART