UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
Alexandria Division

IN RE COMPUTER SCIENCES CORPORATION SECURITIES LITIGATION	Civ. A. No. 1:11-cv-610-TSE-IDD

MEMORANDUM OF LAW IN SUPPORT OF CLASS REPRESENTATIVE'S UNOPPOSED MOTION FOR FINAL APPROVAL OF PROPOSED CLASS SETTLEMENT, PLAN OF ALLOCATION OF NET SETTLEMENT FUND, AND FOR FINAL CLASS CERTIFICATION

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PRELIMINARY STATEMENT

Pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, Class Representative Ontario Teachers' Pension Plan Board ("Class Representative" or "Ontario Teachers'"),[1] on behalf of itself and all members of the Certified Class and the proposed Settlement Class, respectfully submits this memorandum of law in support of its unopposed motion for final approval of the proposed Settlement of this class action, approval of the Plan of Allocation of the Net Settlement Fund, and final certification of the Settlement Class.

The Settlement reached by the Parties—$97.5 million—is the third largest all cash settlement in a securities class action within the Fourth Circuit and the second largest within the District. The Settlement represents between approximately 14% and 38% of the maximum recoverable damages in this matter. It was reached after months of vigorously contested litigation in which the Parties strongly advanced their positions, and just a few weeks before trial. The Parties participated in numerous settlement discussions and meetings, including most importantly, a two-day conference with Judge Leonie Brinkema. The Settlement is a substantial and significant recovery for the Settlement Class and merits this Court's approval.

Following the hearing on May 24, 2013 (the "Preliminary Approval Hearing"), the Court preliminarily approved the settlement and ordered dissemination of the Settlement Notice to the Settlement Class. ECF No. 313. At that hearing, the Court also outlined the criteria it would consider for final approval of the Settlement: "ultimately what the Court has to do is make the same assessment that the parties made, which is what were the defenses, how valid were they,

[1] Capitalized terms not otherwise defined herein have the meanings set forth and defined in the Stipulation and Agreement of Settlement, dated as of May 14, 2013 (ECF No. 309-1, the "Stipulation"). For ease of reference, the definitions from the Stipulation are summarized in the attached Glossary of Defined Terms. All emphasis is added herein, unless otherwise noted. Internal quotations and citations are omitted.

how close was the case going to be, what were the provable damages, what did the record show." Tr. at 12; Ex. 13.[2] Given that the Court recognized that it had already given the claims and defenses at issue considered attention through review of the vigorous and contested motion practice, the Court requested that, in addition to addressing the well-established law underlying settlement approval, counsel also focus particularly on the value of the Settlement as compared to the range of damages—an issue the Court had yet to fully consider.

This memorandum of law, together with the Declaration of Joseph A. Fonti, Benjamin G. Chew, and Susan R. Podolsky (the "Joint Declaration" or "Joint Decl."); the Declaration of Chad W. Coffman (Class Representative's damages expert) (the "Coffman Declaration") (Ex. 3); the Declaration of David Brodsky (the private mediator that presided over the January 23, 2013 mediation) (the "Brodsky Declaration") (Ex. 1); and the Declaration of Gregory Harnish (In-House Counsel for Class Representative) (Ex. 2), all submitted herewith, attempts to fully present the information the Court has requested in order to consider final approval. In view of the extensive detail in the Joint Declaration regarding the history of the litigation, as well as the allegations, and the Court's considerable familiarity with the legal issues and arguments presented during the litigation, this memorandum gives the Court an overview of the relevant facts supporting final approval in addition to a more detailed discussion of the damages issues.

Defendants' counsel has reviewed this memorandum and the above-referenced declarations. Without agreeing with Class Representative's characterization of all the matters set

[2] Herein, "Ex. __" refers to an Exhibit to the Joint Declaration, unless otherwise indicated. For clarity, citations to exhibits that themselves have attached exhibits will be referenced as "Ex. ___ - ___." The first numerical reference refers to the designation of the entire exhibit attached to the Joint Declaration and the second reference refers to the exhibit designation within the exhibit itself.

forth in these documents, Defendants do not oppose Class Representative's motion for final approval.

BACKGROUND OF THE SETTLEMENT

Overview of the Settlement and Proportion of Recovery

As detailed below and in the accompanying Joint Declaration, Class Representative and Plaintiff's Counsel[3] obtained a recovery of $97.5 million in cash for the Settlement Class. This Settlement was reached after hard-fought litigation only four weeks before the trial was set to begin. The Settlement was the outcome of the two-day settlement conference conducted under the auspices of United States District Court Judge Leonie Brinkema.

The Settlement is the third largest all cash recovery obtained in a securities class action within the Fourth Circuit, and represents a significant recovery of maximum provable damages. Joint Decl. ¶¶ 10, 141, Exs. 3 & 5. The Settlement Amount is also far above both the median ($8.3 million) and the average ($55.2 million) settlement recoveries in securities class actions since the passage of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). *Id.* ¶ 10, Ex. 4. In contrast to the risks of the litigation detailed below and in the Joint Declaration, the Settlement provides a very substantial and certain, immediate recovery quantified between 14% and 38% of the maximum damages. *See* Joint Decl. ¶¶ 139-141.

Damages and loss causation (*i.e.*, the causal connection between Defendants' alleged misstatements and the economic harm the Settlement Class suffered) were hotly contested throughout the litigation. Defendants maintained throughout that, even assuming liability, Class Representative could not prove any damages. Class Representative's expert Mr. Coffman, as detailed in the Coffman Declaration, estimated that approximately 200.5 million shares were

[3] "Plaintiff's Counsel" refers to the law firms of Labaton Sucharow LLP ("Labaton Sucharow"), Patton Boggs LLP ("Patton Boggs"), and the Law Offices of Susan R. Podolsky.

damaged during the Settlement Class Period. Ex. 3 ¶ 15.[4] Applying his methodology, based on this number of damaged shares, average damages per share could be as high as $3.51, resulting in estimated aggregate damages of up to $704 million. *Id.* Assuming 200.5 million damaged shares, the $97.5 million Settlement would return an average of $0.49 per allegedly damaged share. *Id.* ¶ 16. The Settlement therefore would represent approximately 14% ($0.49/$3.51) of the alleged damages estimated by Class Representative. *Id.*

Defendants' expert, Dr. Vinita Juneja, disagreed with Mr. Coffman's calculations of the artificial inflation per share. It is likely that Dr. Juneja would have opined that there were no damages at all, even assuming liability. Ex. 3 ¶¶ 17-19. However, applying Mr. Coffman's trading model to Dr. Juneja's analysis of maximum damages, only approximately 114.5 million CSC shares were damaged during the Settlement Class Period. Average damages per share would have amounted to $2.22, resulting in estimated maximum aggregate damages of approximately $254 million. Assuming 114.5 million damaged shares, the $97.5 million Settlement would return an average of $0.85 per allegedly damaged share. On this basis, the Settlement represents a recovery of approximately 38% ($0.85/$2.22). *Id.*

As set forth below, this range of recovery compares very favorably to other settlements governed by the PSLRA, as well as the *MicroStrategy* settlement approved by the Court. Moreover, as the case law establishes, this range strongly supports the fairness and adequacy of the Settlement.

* * *

[4] At the Preliminary Approval Hearing, the Court inquired as to the number of damaged shares contained in the Settlement Class in addition to those in the Certified Class. While Lead Counsel provided preliminary estimates, Mr. Coffman has calculated that under his assessment of inflations relative to the Certified Class, the proposed Settlement Class contains an estimated additional 15 million damaged shares when applying his analysis. Ex. 3 n.11.

History of the Action and Allegations of the Consolidated Complaint

In response to Company disclosures, this Action was commenced on June 3, 2011 upon the filing of the first of several complaints alleging violations of the federal securities laws. By Order dated August 29, 2011, the Court consolidated the various actions, appointed Ontario Teachers' as Lead Plaintiff, and approved its selection of Labaton Sucharow as lead counsel and Patton Boggs as local counsel to represent the putative class. ECF No. 36.

On September 26, 2011, Class Representative filed a Consolidated Class Action Complaint for Violation of the Federal Securities Laws, thereafter superseded by the Corrected Consolidated Class Action Complaint filed October 19, 2011 (the "Consolidated Complaint"). The Consolidated Complaint named as defendants CSC, Michael W. Laphen (former CSC Board Chairman, President and CEO), Donald G. DeBuck (former CSC Controller and interim CFO), and Michael J. Mancuso (former CSC CFO and Vice President). The Consolidated Complaint's allegations arose from Defendants' issuance of allegedly misleading statements and omissions regarding: (a) CSC's ability to perform on the terms of its contract with the United Kingdom National Health Service ("NHS") (the "NHS Contract"); (b) the Company's accounting for the NHS Contract; (c) the adequacy of CSC's internal controls; and (d) CSC's accounting in the Nordic region. The Consolidated Complaint alleged that when the truth was revealed concerning the alleged fraud, investors who purchased common stock during the period between August 5, 2008 and August 9, 2011, inclusive, (the "Class Period") were harmed. After being granted leave to file a corrected complaint, on October 19, 2011 Class Representative filed its 116-page Consolidated Complaint. ECF No. 63.

On October 18, 2011, Defendants served their motion to dismiss the Consolidated Complaint. ECF Nos. 58 and 59. Following briefing and oral argument on the motion, the Court issued its order (ECF No. 80) and opinion granting in part and denying in part Defendants'

motion to dismiss on August 29, 2012 ("MTD Opinion") (ECF No. 79). In its opinion, the Court sustained the Consolidated Complaint with respect to allegations that supported a strong inference that Laphen acted with fraudulent scienter when making statements about CSC's performance on the NHS Contract. MTD Opinion, at 26. The Court also concluded that the Consolidated Complaint sufficiently alleged that Laphen and DeBuck possessed the requisite scienter while making allegedly false statements concerning the effectiveness of the Company's internal accounting controls. *Id*. at 21. The Court dismissed allegations arising from Defendants' statements concerning alleged improper accounting in the Nordic region. *Id*. at 20-21. As to Mancuso, the motion to dismiss was granted in full.

Certification of the Certified Class and Opposition to Defendants' Rule 23(f) Petition

On September 22, 2011, Ontario Teachers' filed its motion for class certification and appointment of class representative and class counsel. ECF No. 44. Ontario Teachers' argued that the Action was particularly well-suited for class action treatment and that all the requirements of Federal Rule of Civil Procedure 23 were satisfied. Defendants vigorously opposed class certification, resulting in numerous rounds of briefing, responding to class-related discovery, and numerous expert-related submissions. *See* Joint Decl. ¶¶ 28-46. Defendants' opposition to class certification included challenges to market efficiency and typicality of Ontario Teachers'. *Id.*; ECF Nos. 66 and 67.

Following several telephonic and in person hearings, on November 30, 2012, the Court granted Ontario Teachers' motion certifying the Certified Class, appointing it as class representative, and appointing Labaton Sucharow as Class Counsel. ECF No. 131. The Court issued its Memorandum Opinion on December 19, 2012. ECF No. 169. The Certified Class is composed of: "all persons or entities that purchased or acquired Computer Sciences Corporation

common stock between August 5, 2008 and August 9, 2011, inclusive, and who were damaged thereby," subject to certain exclusions. *Id.*

On December 14, 2012, Defendants filed a petition in the United States Court of Appeals for the Fourth Circuit pursuant to Fed. R. Civ. P. 23(f) seeking permission to appeal the Court's ruling on class certification. Following Class Representative's opposition, the Court of Appeals denied Defendants' petition on March 5, 2013. Joint Decl. ¶¶ 42-46.

On March 15, 2013, the Court granted Class Representative's motion for approval of (a) the form and content of the proposed Notice of Pendency of Class Action ("Class Notice"); (b) dissemination of the proposed Class Notice and the proposed Summary Notice of Pendency of Class Action to the Certified Class; and (c) selection of the notice administrator. ECF. No. 243; *see* Joint Decl. ¶ 45. Mailing of the Class Notice began on March 19, 2013. ECF No. 270.

Discovery Undertaken Prior to the Settlement

Under the PSLRA, 15 U.S.C. § 78u-4, discovery was stayed in the Action pending the Court's resolution of Defendants' motion to dismiss. During the motion's pendency, Plaintiff's Counsel continued to monitor news and developments concerning the matter, investigate the allegations, and prepare to act promptly upon the Court's ruling, irrespective of the outcome (*e.g.*, commence discovery, amend the complaint). Joint Decl. ¶ 47.

Following the Court's ruling on the motion to dismiss and the lifting of the PSLRA stay, Plaintiff's Counsel promptly commenced fact discovery efforts, including: seven sets of document requests, interrogatories, and third party subpoenas; an extensive meet and confer process; analysis of over five million pages of documents and information in preparation of deposition and expert discovery; and depositions of 27 fact witnesses throughout the United States and in London, England, including high-level CSC executives and officers, as well as CSC employees and former employees with knowledge of the facts alleged in the Consolidated

Complaint. The Parties also engaged in discovery-related motion practice when they were not able to reach agreement on substantive discovery-related matters. *Id*. ¶¶ 47, 54, 80-83.

Plaintiff's Counsel also engaged various testifying and consulting experts to prepare the case for trial. These included experts in the field of accounting, internal controls, damages, causation, materiality, and market efficiency, and health-information technology. The Parties engaged in extensive expert discovery, including exchange of expert reports and reply reports concerning subjects fundamental to the trier of fact's ability to resolve the case, and expert depositions. *Id*. ¶¶ 30-35, 85-101. The process of serving expert reports and rebuttal reports and responding to Defendants' detailed expert reports required intensive analysis of damages issues, including calculations, assumptions, and methodologies. It also required significant analysis into accounting regulations governing CSC's financial reporting practices and policies.

Summary Judgment Motions and Other Pre-Trial Motions

Following the close of fact and expert discovery, on March 18, 2013, the Parties filed cross-motions for summary judgment. Shortly thereafter, the Parties filed related motions to strike inadmissible and irrelevant evidence submitted in connection with the summary judgment motions. Class Representative sought partial summary judgment regarding (i) the materiality of Defendants' MD&A disclosures and Sarbanes-Oxley certifications; (ii) class-wide reliance; and (iii) economic loss due to Defendants' misrepresentations and omissions on February 9, 2011 and May 3, 2011—two of the corrective disclosure dates. Defendants, in turn, served Class Representative with a dispositive summary judgment motion, contending that there were no triable issues of fact regarding Defendants' scienter. In connection with their motions, the Parties submitted over 10,600 pages of exhibits, comprised of key documentary evidence, deposition testimony, and expert opinions and analysis. Oral argument was scheduled for April 19, 2013. *See* Joint Decl. ¶¶ 102-110.

Contemporaneously, Defendants served Class Representative with a *Daubert* motion seeking to exclude the opinions and testimony of Class Representative's accounting and internal controls expert at both summary judgment and at trial. This motion was scheduled for the same day as the Parties' summary judgment motions, April 19, 2013. *Id*. ¶¶ 108-109. At the time of settlement, Class Representative had prepared its opposition to Defendants' *Daubert* motion, and Plaintiff's Counsel extensively prepared for oral argument on this motion and the outstanding summary judgment motions. *Id*.

Trial Preparation Efforts

Following the Order denying Defendants' motion to dismiss in part, this case proceeded rapidly on a seven-month schedule that included a pretrial conference with the Court on January 17, 2013, at which the Court set a May 21, 2013 trial date. *Id*. ¶ 111. The duration of the trial had not been set.

Trial preparation materials submitted to the Court included the Joint Stipulation of Uncontested Facts, deposition transcript designations and counter designations, trial witness lists, trial exhibit lists, objections to deposition designations and counter-designations, and exhibits. *Id*. ¶¶ 113-114; ECF Nos. 247, 255, 257, 265, 268. Class Representative and Defendants submitted deposition designations from 26 and 22 witnesses, respectively.

By the time of the proposed Settlement, Plaintiff's Counsel had also commenced work on the proposed jury instructions, verdict form, *in limine* motions, and numerous proposed demonstratives and graphics for trial. *See* Joint Decl. ¶¶ 113-115. Plaintiff's Counsel engaged in jury research to assist in, among other things, jurisdiction-specific trial preparation. The information gathered from this research was considered for trial preparation, as well as settlement. Thus, at the time the Parties reached the agreement in principle, Class Representative had already extensively engaged in, and had dedicated significant resources to, trial preparation.

Negotiations Leading to the Settlement

Class Representative and Defendants first participated in a mediation in January 2013. In advance of that mediation, the Parties engaged in thorough discussions among themselves, and with their damages experts, the mediator, and insurance carriers. These pre-session discussions were focused, substantially, on the Parties' respective damages calculations. Despite both sides' efforts, the mediation did not result in a settlement. *See* Joint Decl. ¶¶ 143-149.

Beginning immediately thereafter, the Parties completed exhaustive fact and expert discovery, served cross-summary judgment motions, and commenced formal trial preparation efforts. With the benefit of the information elicited during the performance of this work, the Parties again attempted to reach settlement. *Id*. ¶¶ 151-154.

Judge Brinkema conducted a two-day settlement conference on April 16 and 17, 2013. Plaintiff's Counsel comprehensively prepared for this settlement conference. In addition to preparing an affirmative presentation, Plaintiff's Counsel anticipated Defendants' arguments and counter-arguments on both damages and liability. What followed was an intensive two-day settlement conference during which Judge Brinkema met jointly and individually with the Parties. These sessions with Judge Brinkema included detailed presentations and discussions of damages and liability. It was only after this exhaustive effort that the Parties entered into an agreement in principle for a cash payment of $97,500,000 for the benefit of the proposed Settlement Class. *Id*.

The Court's Preliminary Approval Order and the Pre-Hearing Notice Program

Class Representative filed the Stipulation of Settlement and moved for preliminary approval on May 15, 2013. ECF No. 309. On May 24, 2013, following the Preliminary Approval Hearing, the Court entered the Preliminary Approval Order. ECF No. 313. As set forth in the Affidavit Regarding (A) Mailing of the Settlement Notice and Proof of Claim Form;

(B) Publication of Summary Settlement Notice; (C) Website and Telephone Hotline; and (D) Report on Requests for Exclusions and Opt-Ins Received to Date, dated August 12, 2013 ("GCG Affidavit" or "GCG Aff."), pursuant to the Preliminary Approval Order, notice has been disseminated to the Settlement Class. Ex. 7 ¶¶ 3-15.

As discussed during the Preliminary Approval Hearing, and set forth in the Settlement Notice, members of the Settlement Class who were not members of the Certified Class were provided an opportunity to seek exclusion (*i.e.*, opt-out). Also, members of the Certified Class who did not previously opt-out, were provided the opportunity to seek exclusion for CSC shares they purchased between August 10, 2011 and December 27, 2011—the Extended Class Period. *See* Ex. 7 - A at 7; Joint Decl. ¶ 167. The deadline for seeking exclusion from the Settlement Class, to the extent applicable, or to object to any aspect of the Settlement or the proposed Plan of Allocation, is August 29, 2013. To date, we have received only two "objections." Joint Decl. ¶ 204. These objections are discussed below. Moreover, to date only one invalid request for exclusion from the Settlement Class has been received. Ex. 7 ¶ 14. [5]

ARGUMENT

I. THE SETTLEMENT MERITS FINAL APPROVAL

A. The Standards for Final Approval of Class Action Settlements

Rule 23(e) of the Federal Rules of Civil Procedure provides that the claims of a certified class may be settled only with the approval of the Court, and only on a finding, after reasonable notice and a hearing, that the settlement is "fair, reasonable, and adequate." Fed. R. Civ. P. 23(e)(2). *In re MicroStrategy Inc. Sec. Litig.*, 150 F. Supp. 2d 896, 903-04 (E.D. Va. 2001)

[5] We will report on all exclusion requests and any additional objections that are received in its reply submission, which must be filed with the Court by September 12, 2013.

("Simply put, the Court must assess whether the settlement here is both fair and adequate under the circumstances.").

As a matter of public policy, courts favor the settlement of disputed claims, particularly in complex class actions. *See Lomascolo v. Parons Brinckeroff, Inc*., No. 1:08cv1310 (AJT/JFA), 2009 WL 3094955, at *10 (E.D. Va. Sept. 28, 2009) ("there is an overriding public interest in favor of settlement, particularly in class action suits"); *S.C. Nat'l Bank v. Stone*, 749 F. Supp. 1419, 1423 (D.S.C. 1990) ("The voluntary resolution of litigation through settlement is strongly favored by the courts.").

As this Court recognized in *MicroStrategy*, the Fourth Circuit applies a two-part test to determine whether a proposed settlement meets the requirements of the Federal Rules by considering two elements: "fairness," which focuses on whether the proposed settlement was negotiated at arm's-length, and "adequacy," which focuses on whether the consideration provided to class members is sufficient. *In re Jiffy Lube Sec. Litig*., 927 F.2d 155, 158-59 (4th Cir. 1991); *see In re MicroStrategy Inc. Sec. Litig.*, 148 F. Supp. 2d 654, 663 (E.D. Va 2001) (the "Fourth Circuit adopted a bifurcated analysis, separating the inquiry into a settlement's 'fairness' from the inquiry into a settlement's 'adequacy'") (quoting *Jiffy Lube*, 927 F.2d at 158-59); *In re The Mills Corp. Sec. Litig.*, 265 F.R.D. 246, 254 (E.D. Va. 2009). As set forth below, the Settlement represents an excellent result and satisfies each of the *Jiffy Lube* factors.

B. Application of the *Jiffy Lube* Factors Supports Approval of the Settlement

While the Fourth Circuit's analysis in *Jiffy Lube* began with consideration of fairness, in view of the Court's directive at the Preliminary Approval Hearing, we address adequacy first.

1. The Proposed Settlement Is Adequate

In determining adequacy, courts within the Fourth Circuit consider the following factors:

"(1) the relative strength of the plaintiffs' case on the merits, (2) the existence of any difficulties of proof or strong defenses the plaintiffs are likely to encounter if the case goes to trial, (3) the anticipated duration and expense of additional litigation, (4) the solvency of the defendants and the likelihood of recovery on a litigated judgment, and (5) the degree of opposition to the settlement." *Jiffy Lube*, 927 F.2d at 159. We address these factors below but begin with a comparison of the $97.5 million Settlement to the maximum amount of provable damages to address the Court's specific directive.

(a) The Settlement Results In a Significant Percentage of Provable Damages

As set forth above and more specifically in the Joint Declaration and the Coffman Declaration, the Settlement amounts to as much as roughly 14% of Class Representative's expert's calculation of maximum provable damages, and as much as 38% of maximum damages under Defendants' expert's assumptions. The phrase "maximum" means that these calculations assume a complete victory for Class Representative on all merits issues at trial. As this Court knows, that is a proposition inherently full of substantial risk. Joint Decl. ¶¶ 139-141, Ex. 3 ¶ 20.

The range of approximately 14-38% of maximum damages compares favorably to other settlements the Court has approved. In *MicroStrategy*, for example, plaintiffs estimated damages at $711 million. There, the initial settlement was comprised of stock and options with no cash component, and by the time plaintiffs filed their motion for final approval, the value of the settlement was estimated at approximately $100 million, representing 14% of the aggregate damages. *See* 148 F. Supp. 2d at 667, n.22. In approving the settlement, the Court noted that the partial settlement compared "favorably to amounts recovered in similar cases." *Id*. (collecting cases). The all cash Settlement at issue here stands on similar ground.

Moreover, as both an absolute amount and as a percentage of provable damages, the Settlement is greater than recoveries approved in other PSLRA cases. *See, e.g., MicroStrategy*, 148 F. Supp. 2d at 667, n.22 (citing *Orman v. America Online, Inc*., Civ. A. No. 97-264-A (E.D. Va. Dec. 14, 1998), which approved a $35 million settlement amounting to approximately 5% of the maximum potential recovery); *In re Merrill Lynch & Co. Research Reports Sec. Litig*., No. 02 MDL 1484, 2007 WL 313474, at *10 (S.D.N.Y. Feb. 1, 2007) ("The Settlement Fund is approximately $40.3 million. The settlement thus represents a recovery of approximately 6.25% of estimated damages. This is at the ***higher end of the range*** of reasonableness of recovery in class actions securities litigations.").[6]

Here, the Settlement was reached only four weeks prior to trial and after hotly contested litigation by highly experienced and skilled counsel. By the time the Settlement was reached, Plaintiff's Counsel were substantially preparing for trial and fully appreciated the strengths and weaknesses of the Action. Although Plaintiff's Counsel were confident in the strength of the Class Representative's claims, the $97.5 million cash recovery alleviated the substantial risks that the Settlement Class faced, including summary judgment, *Daubert* challenges, and jury and trial-related risks, all of which carried the tangible potential for zero recovery.

In view of the maximum amount of recoverable damages, the appreciable risk of having no recovery at all, and the very large cash payment—the third largest within the Fourth Circuit—

[6] *See also In re Omnivision Techs*., *Inc*. *Sec*. *Litig*., 559 F. Supp. 2d 1036, 1042 (N.D. Cal. 2008) (settlement yielding 6% of potential damages after deducting fees and costs was "higher than the median percentage of investor losses recovered in recent shareholder class action settlements"); *In re Rite Aid Corp*. *Sec*. *Litig*., 146 F. Supp. 2d 706, 715 (E.D. Pa. 2001) (noting that class action settlements since 1995 typically recovered between 5.5% and 6.2% of estimated losses); *In re Merrill Lynch & Co. Research Reports Sec. Litig*., 246 F.R.D. 156, 167 (S.D.N.Y. 2007) (approving $125 million settlement that was "between approximately 3% and 7% of estimated damages [and] within the range of reasonableness for recovery in the settlement of large securities class actions").

Class Representative and Plaintiff's Counsel believe the Settlement represents an excellent result for the Settlement Class and should be finally approved by the Court. *See* also Declaration of Greg Harnish filed herewith, Ex. 2.

(b) The Strength of Class Representative's Case on the Merits and the Existence of any Difficulties of Proof or Defenses Class Representative May Encounter Support the Adequacy of the Settlement

The "first and second *Jiffy Lube* factors … compel the Court to examine how much the class sacrifices in settling a potentially strong case in light of how much the class gains in avoiding the uncertainty of a potentially difficult case." *Mills*, 265 F.R.D. at 256. Securities cases, like the present one, are "notably difficult and notoriously uncertain." *Id*. at 255 (citing *Stone*, 749 F. Supp. at 1426). While Class Representative is confident in the merits of its claims, the Settlement Class would still have to overcome numerous defenses asserted by Defendants in order to survive Defendants' dispositive summary judgment or recover at trial.

(i) Risks Concerning Liability

To prevail on the Section 10(b) claim, Class Representative would have to prove "that the [D]efendants were responsible for the material misstatements or omissions of fact; that these defendants knowingly or recklessly misstated or omitted the alleged material facts; that the class justifiably relied upon the misrepresentations; and that the class suffered damages as a result of the misconduct." *MicroStrategy*, 148 F. Supp. 2d at 665-66. Proving the elements of a section 10(b) claim "**is a heavy burden**, for it is always true that plaintiffs' risks of establishing liability are significant where fraud is alleged . . . . Elements such as scienter, materiality of misrepresentation and reliance by the class members often present significant barriers to recovery in securities fraud litigation." *Id.* at 666.

Class Representative knew that, despite the substantial evidence obtained in support of its

claims, proving that Defendants knowingly or with conscious disregard made false statements and omissions concerning the achievability of the NHS Contact, the failure to properly account for the contract under GAAP, and CSC's internal control deficiencies would be a difficult task fraught with uncertainty. Class Representative would have to further prove that those statements and omissions resulted in economic loss. Joint Decl. ¶¶ 127-130.

Scienter was the sole basis for Defendants' summary judgment motion. *Id*. ¶ 104. If the matter were to have proceeded to trial, Defendants, as they did at summary judgment, would have focused the jury on the absence of insider trading to prove that the Individual Defendants had no motive to profit from the alleged fraud. Defendants would have also argued, among other things, that CSC's accounting for the NHS Contract and its internal controls were based on advice of third parties, including outside auditors—negating an inference of scienter. *Id*. ¶ 128.

While Class Representative had substantial responses to Defendants' contentions and confidence in its position, the uncertainty of how the Court or a jury would resolve such issues supports approval. *See MicroStrategy*, 148 F. Supp. 2d at 665-66 ("a fair assessment of plaintiff's burden of establishing the elements of their fraud claim against the asserted defenses … on liability and damages grounds firmly supports the propriety of the partial settlement").

(ii) Risks Concerning Loss Causation and Damages

Loss causation requires proof of a "causal connection between the material misrepresentation and the [economic] loss" investors suffered. *Dura Pharms., Inc. v. Broud*o, 544 U.S. 336, 342 (2005). Once causation is established, damages estimation remains "a complicated and uncertain process, typically involving conflicting expert opinion about the difference between the purchase price and [share]s 'true' value absent the alleged fraud." *In re Global Crossing Sec. & ERISA Litig*., 225 F.R.D. 436, 459 (S.D.N.Y. 2004).

Should Class Representative have succeeded in establishing liability, considerable risk remained with respect to proving damages and loss causation at trial. If a jury were to have found that any of the alleged corrective disclosures identified in the Consolidated Complaint were not true corrective disclosures, as Defendants contended, the potential recovery would have been significantly diminished—if not zero. For example, Class Representative faced the distinct possibility that the jury could find that some or all alleged misstatements were fully cured during the Class Period based on Defendants' expert, who opined that certain information was not corrective because it had been previously disclosed. *See* Joint Decl. ¶¶ 131-137, Ex. 3.

As in *MicroStrategy*, Defendants' expert would have, and had already, "challenged Plaintiffs' estimated maximum recoverable damages" and "argued that the company's stock price movement during the class period could be explained as being caused, in whole or in part, by factors other than alleged artificial inflation." 148 F. Supp. 2d at 666-67; Joint Decl. ¶ 132.

Additionally, the Parties' damages experts also disagreed about methodologies, including the method of disaggregating potentially confounding news from the alleged fraud-related cause of the stock drop. The result was that while Class Representative's expert, Mr. Coffman, opined that maximum per share inflation resulting from the Class Representative's allegations was as high as $13.25 per share, Dr. Juneja opined that there was no inflation per share, or in the alternative—that the maximum inflation per share was $4.11. Joint Decl. ¶¶ 134-136.

The Parties' competing opinion testimony would inevitably reduce the trial of these issues to a risky "battle of the experts." *See MicroStrategy*, 148 F. Supp. 2d at 667 ("the damages issues would have become a battle of experts at trial, with no guarantee of the outcome in the eyes of the jury"). Juries, particularly those tasked with weighing complex financial evidence, are unpredictable. Although Class Representative believes that its expert's damages

estimates and underlying analyses were correct and well-supported, a jury could reject or minimize his opinions and credit those of Defendants' expert. The complex issues surrounding damages, therefore, support the adequacy of the Settlement. *See id*. ("These risks, inherent in the divergent expert testimony reasonably anticipated in the case of this sort, further support the adequacy of the partial settlement."). Joint Decl. ¶ 124.

The uncertainty inherent in proving damages, as well as the need to rely on experts, weighs strongly in favor of the Settlement.

(iii) Jury and Trial Risks

As set forth in detail in the Joint Declaration, at the time the Settlement was reached, the Parties were only weeks away from their May 21, 2013 trial date. Given the venue of this case, there was the possibility that a sizable portion of the potential jury pool would consist of persons either employed by government contractors (like CSC) or somehow involved in government contracts similar to the NHS Contract. These jurors could credit CSC's defense that the U.K. government changed the direction of the NHS project, either placing blame with the NHS instead of CSC for the alleged NHS Contract failures or viewing the facts as "business as usual" in the government contracting world. *See* Joint Decl. ¶ 123.

In addition to risks related to the jury pool, Plaintiff's Counsel also faced trial-related risks, including, among other things: (a) presenting the fact case through Defendants and adverse witnesses that Defendants controlled; (b) formerly confidential witness, Dennis Fitzgerald, who sent Defendants a letter concerning CSC's internal controls deficiencies, was outside the Court's subpoena power, and Class Counsel expected that Defendants would have made every effort to try and discredit any video-taped deposition testimony from him; (c) the admission into evidence of key documents may have been limited, given certain documents were from third-parties,

including the NHS; and (d) the claims at issue, including GAAP and SOX violations, are inherently complex subject matters that would present challenges with a jury. *See id.* ¶ 125.

Finally, even if Class Representative prevailed at trial, there is no assurance that it would have recovered an amount equal to, much less greater than, the proposed Settlement Amount here. Indeed, since the passage of the PSLRA, two of the five securities class actions that have been tried to verdict for the plaintiff have been reversed by the trial court. Ex. 6 at 39. The risks that faced this case are no different.

(c) The Anticipated Duration and Expense of Additional Litigation Support the Adequacy of the Settlement

The third *Jiffy Lube* adequacy factor, the anticipated duration and expense of additional litigation, considers the substantial time and expense litigation of this type would entail absent settlement. *See Mills*, 265 F.R.D. at 256. "This factor is based on a sound policy of conserving the resources of the Court and the certainty that unnecessary and unwarranted expenditures of resources and time benefit[s] all parties." *Id.*

Here, the expense and duration of continued trial preparation, the trial itself, and post trial motions would have been significant. Counsel was already intensely preparing for trial and that would have continued for the four weeks leading up to trial. Moreover, the trial itself was anticipated to last several weeks. Although Plaintiff's Counsel would certainly have made every effort to employ a lean trial team, this Action was significant and would have required extensive and substantial resources at trial, including lawyers and their staff, experts, and consultants.

Moreover, even if Class Representative had succeeded at trial, Defendants almost certainly would have appealed. Defendants are represented by experienced counsel who would have continued to mount a zealous and thorough defense to Class Representative's claims for relief not only before and during a full trial on the merits, but also through post-trial motions and

appeals. *See* Joint Decl. ¶ 118. Defendants demonstrated as much in filing the Rule 23(f) petition with the Fourth Circuit to appeal the Court's class certification ruling. As one court aptly noted, "no contested lawsuit is ever a 'sure thing.'" *Clark v. Lomas & Nettleton Fin. Corp.*, 79 F.R.D. 641, 651 (N.D. Tex. 1978). *See also MicroStrategy*, 150 F. Supp. 2d at 904 ("there is every reason to believe that continued litigation of plaintiffs' claims against PwC would have been as protracted and costly…"). And, just as in *MicroStrategy*, it is also "likely [] that post-trial motions and appeals would have extended the litigation and delayed any relief for plaintiffs significantly." *Id.*

Given the uncertain prospects of success, settlement at this time is highly beneficial to the Settlement Class. If the case had gone to trial and Defendants had obtained a favorable verdict, the Settlement Class would have been left with no recovery at all and only after lengthy and costly additional proceedings. The Settlement, therefore, provides sizeable and immediate relief to the Settlement Class, without subjecting it to the risks, duration, and expense of continuing litigation. This factor weighs strongly in favor of the adequacy of the Settlement.

(d) The Solvency of Defendants and the Likelihood of Recovery on a Litigated Judgment Support the Adequacy of the Settlement

The ability of Defendants to pay is another *Jiffy Lube* factor that the Court must consider in assessing the adequacy of the Settlement. *See MicroStrategy*, 148 F. Supp. 2d at 667 (noting that "even were plaintiffs ultimately to recover damages of up to $711 million, it is highly unlikely that such a judgment would be collectible").

Here, according to CSC's most recently filed financial statements filed with the SEC, CSC has significant cash and cash equivalents on hand. However, the high costs associated with trial, together with the amount of potentially recoverable damages, creates some uncertainty with

respect to whether Settlement Class Members would be able to recover as much as they are recovering now if the case were tried and taken to a judgment, and thereafter appealed.

(e) Reaction of the Settlement Class to Date Supports Approval

The reaction of the Settlement Class to the proposed Settlement, to date, also strongly supports final approval. The reaction of class members to a proposed settlement "as expressed directly or by failure to object" is also "a proper consideration for the trial court." *Flinn v. F.M.C. Corp.*, 528 F.2d 1169, 1173 (4th Cir. 1975). A low number of objections or opt-outs in comparison to the size of the settlement class evidences the fairness of the proposed settlement. *See, e.g., Mills*, 265 F.R.D. at 257-58 (noting that the lack of any objections to the settlement and the small number of opt-outs strongly compels a finding of adequacy).

The Settlement Notice, mailed to almost 228,000 potential members of the Settlement Class, set forth the terms of the Settlement in detail. Ex. 7 ¶ 9. The Settlement Notice also informed Settlement Class Members of their right to object to the Settlement, their right to seek exclusion from the Settlement Class under certain circumstances, and the procedures for doing so. Ex. 7 - A at Sections E & H. The deadline for filing objections or seeking exclusion is August 29, 2013. To date, no valid requests for exclusion from the Settlement Class have been received and only two purported objections have been received.[7] *See* Joint Decl. ¶ 204.

Michael David submitted a timely objection to the Court, ECF No. 316, that takes issue with the requirement that he, like all Settlement Class Members, must submit a claim form in order to be eligible to recover. Mr. David appears to believe that, in view of having received the Settlement Notice, the Parties must have information about his investments in CSC and be able

[7] As explained in the Joint Decl., Rose Watkins mailed a letter to Class Counsel that was styled an "objection," however it does not in fact object to any aspect of the Settlement, the Plan of Allocation, or the application for attorneys' fees and expenses. *See* Ex. 12.

to complete a claim form for him. He also submits that the Settlement Notice does not provide enough information to allow him to estimate his recovery. Mr. David's objection raises no concerns about the fairness or adequacy of the Settlement.

The Parties, however, do not have access to Mr. David's personal and confidential investment information, and cannot complete his or any other Settlement Class Member's claim form. Mr. David's name and address were provided by a broker. *See* Joint Decl. ¶ 206. The claims process in the Settlement is the same as the process used in virtually all securities class actions. *See Biben v. Card*, 789 F. Supp. 1001, 1004, 1006 (D. Mo. 1992) ("[a]ll courts hearing class actions require class members to either show damages or lose their claims.")[8]

Furthermore, the Settlement Notice reflects that the estimated average recovery per allegedly damaged share is $0.49, *see* Ex. 7 - A at 2, allowing Mr. David to estimate his potential recovery based on the number of shares he purchased during the Settlement Class Period. The Settlement Notice also reports the proposed Plan of Allocation in full, which could be used to calculate his Recognized Loss. *Id*. at Section C. Mr. David's objections should be overruled.

2. The Proposed Settlement Is Fair

In determining whether a proposed settlement is fair, district courts in the Fourth Circuit must consider four factors: "(1) the posture of the case at the time settlement was proposed, (2) the extent of discovery that had been conducted, (3) the circumstances surrounding the negotiations, and (4) the experience of counsel in the area of securities. . . ." *Jiffy Lube*, 927 F.2d

[8] Mr. David is the only source of the information, which is required for a fair distribution of the Settlement. *See In re WorldCom, Inc. Sec. Litig.*, No. 02 CIV 3288, 2004 WL 2591402, at * 12 (S.D.N.Y. Nov. 12, 2004) (rejecting objection made on similar grounds, concluding: "The information that claimants are required to submit is necessary in order for a fair distribution of the settlement proceeds….[The objector] asserts that class members should not be required to document their trading losses and to sign the proof of claim form under penalty of perjury. Both of these provisions are important in helping to insure that the settlement fund is distributed to class members who deserve to recover from the fund.").

at 158–59; *MicroStrategy*, 148 F. Supp. 2d at 664; *Mills*, 265 F.R.D. at 255. Many of the facts supporting these factors overlap with the assessment of adequacy; accordingly, they are addressed briefly below.

(a) The Posture of the Case at the Time of Settlement Supports Fairness of the Settlement

The first *Jiffy Lube* fairness factor assesses "how far the case has come from its inception." *Mills*, 265 F.R.D. at 254. In *MicroStrategy*, the Court held that the advanced stage of proceedings at which the settlement with the auditors was reached supports a finding of fairness. 150 F. Supp. 2d 896, 903-04 (E.D. Va. 2001). Similar to the Settlement here, in *MicroStrategy*, the auditor "settlement was reached practically on the eve of trial and after (i) plaintiffs had completed discovery…, which provided them with a detailed picture of the strengths and weaknesses of the case; (ii) cross motions for summary judgment had been filed and argued; and (iii) the parties were well into their trial preparations, having exchanged exhibit lists, witness designations, and deposition designations." *Id*., *see also Mills*, 265 F.R.D. at 254 (posture of the case supports fairness where lead plaintiffs "filed three complaints, overc[ame] motions to dismiss and pursu[ed] the action through to class certification"). The posture of the Action at the time the Settlement was reached supports the fairness of the Settlement.

(b) The Extent of Discovery Conducted Supports Fairness of the Settlement

As set forth in extensive detail in the Joint Declaration and above, Plaintiff's Counsel's investigative and discovery efforts were exhaustive and comprehensive, and ensured that Plaintiff's Counsel were fully informed of the evidence to support the Parties' positions. From the inception of the case through the Court's order setting a discovery completion date, discovery was stayed pursuant to the PSLRA. To develop the facts necessary to sustain the Consolidated Complaint, Class Counsel undertook to investigate the conduct at issue, including contacting 261

and speaking with 142 former CSC employees, reviewing news and analyst reports, and reviewing and digesting CSC's financial disclosures. Joint Decl. ¶¶ 20-25. These investigative efforts were essential factual support for the Consolidated Complaint's allegations.[9]

Once discovery commenced, Plaintiff's Counsel undertook significant efforts, including propounding seven sets of document requests, interrogatories, requests for admission, a request for inspection, and third-party subpoenas; taking 27 fact depositions in 11 cities throughout the United States and the United Kingdom; and developing evidence of CSC's accounting and disclosures about the NHS Contract, and internal control deficiencies identified at CSC. *See* Joint Decl. ¶¶ 47-79. Although the Parties engaged in extensive meet and confer processes that resolved many of their disagreements, at times, Class Representative sought the Court's intervention. *Id*. ¶¶ 80-83. Class Representative also responded to several discovery requests and interrogatories propounded by Defendants. *Id*. ¶¶ 76-78.

Similarly, Class Representative engaged in extensive expert discovery. *Id*. ¶¶ 85-99. Expert discovery encompassed complex issues related to damages, causation, accounting, internal controls, materiality and market efficiency. The expert disputes were intensive and protracted. On the issue of damages, the experts were not able to agree on calculations, assumptions, or methodologies. Defendants' expert opined that the alleged inflation per share was as low as zero and no higher than $4.11, in contrast to Class Representative's merits expert who opined there was a maximum of $13.25 in inflation per share. *Id*. ¶¶ 135, 136.

This discovery provided Plaintiff's Counsel with a detailed assessment of the strengths

[9] In *MicroStrategy*, the settlement with the company came prior to the completion of formal discovery. The Court concluded that "plaintiffs have conducted sufficient informal discovery and investigation to. . . evaluate [fairly] the merits of Defendants' positions during settlement negotiations." 148 F. Supp. 2d at 664-65 (citing *Strang v. JHM Mortg. Sec. L.P.*, 890 F. Supp. 499, 501 (E.D. Va. 1995)).

and weaknesses of the case and more than sufficiently enabled Class Representative to conclude that the settlement is fair, reasonable, and adequate under the circumstances. In short, the extensive nature of the discovery strongly supports final approval of the Settlement.

(c) The Circumstances Surrounding the Settlement Negotiations Support Fairness of the Settlement

The third *Jiffy Lube* fairness factor requires the Court to evaluate the conditions and circumstances surrounding the settlement negotiations between counsel. *See Mills*, 265 F.R.D. at 255. "The objective of this factor is to ensure that counsel entered into settlement negotiations on behalf of their clients after becoming fully informed of all pertinent factual and legal issues in the case." *Id*. (quoting *Stone*, 749 F. Supp. at 1424); *see also MicroStrategy*, 148 F. Supp. 2d at 665 ("Counsel for both sides of this lawsuit participated in numerous meetings and extensive and intensive discussions extending over a period of months, with plaintiffs' lead counsel pressing their belief in the strength of their case on the merits.").

Here, as detailed in the Joint Declaration, the Settlement is the product of vigorous and informed arm's-length negotiations. Experienced counsel representing the Parties and CSC's insurance carriers participated in two intensive formal mediation/settlement conference sessions, one before David M. Brodsky, and the other before the Honorable Leonie M. Brinkema. These formal sessions totaled three full days of arms-length negotiation. In addition, before each session the Parties engaged in several informal mediation discussions. Joint Decl. ¶¶ 142-158.

Prior to the first mediation, counsel for the Parties conferred among themselves, with Mediator Brodsky, and with counsel for the insurers; the Parties' experts on damages participated in a telephonic conference wherein both experts discussed their methodologies; and the Parties exchanged aggregate damages estimations. The Parties submitted to Mr. Brodsky two rounds of comprehensive mediation statements together with memoranda from the Parties'

respective damages experts. During the mediation, the Parties made detailed presentations that focused on their positions regarding damages as well as the merits of the case. Although progress was made in clarifying Class Counsel's understanding of Defendants' defenses and positions on liability and damages, a settlement was not reached. *Id*. ¶¶ 149-150; Ex. 1.

At the time of the April 16 and 17, 2013 settlement conference before Judge Brinkema, the Parties had completed fact and expert discovery and the briefing of the cross-motions for summary judgment. Joint Decl. ¶¶ 151-152. In addition to the briefing submitted to Judge Brinkema on issues relevant to both damages and liability, Plaintiff's Counsel created multiple charts, demonstratives, and exhibits highlighting some of the more compelling discovery produced by Defendants and detailing the strengths and risks involved in the Action. Defendants were similarly prepared. *Id*. ¶ 153.

With the close assistance of Judge Brinkema, after a two-day settlement conference, Plaintiff's Counsel and Defendants' Counsel, on behalf of their respective clients who participated in person, entered into an agreement in principle on April 17, 2013. *Id*. ¶ 154. The arm's-length formal and informal settlement discussions that took place over a five-month period, and the involvement of Mr. Brodsky and Judge Brinkema in this process, strongly support a finding of fairness. *See Mills*, 265 F.R.D. at 255 (noting that the settlement was the product of a long series of dealings between counsel for the parties who participated in lengthy mediation sessions before a mediator).

(d) The Experience of Counsel in Securities Class Action Litigation Supports Fairness of the Settlement

"The final *Jiffy Lube* 'fairness' factor looks to the experience of Class Counsel in this particular field of law." *Mills*, 265 F.R.D. at 255. Plaintiff's Counsel have many years of experience in complex federal civil litigation. For Class Counsel, this experience is further

particularized in litigating securities and other class actions. *See* Joint Decl. ¶¶ 184-185, Ex. 8 - C. The Settlement represents a highly favorable result for the Settlement Class in the face of difficult legal and factual circumstances and can be attributed to the diligence, determination, and hard work of Plaintiff's Counsel. *See MicroStrategy*, 148 F. Supp. 2d at 665 ("it is 'appropriate for the court to give significant weight to the judgment of class counsel that the proposed settlement is in the interest of their clients and the class as a whole,' and to find that the proposed partial settlement is fair") (citing *South Carolina Nat'l Bank v. Stone*, 139 F.R.D. 335, 339 (D.S.C. 1991); *Mills*, 265 F.R.D. at 255 (finding the fourth *Jiffy Lube* fairness factor met where lead counsel for the class "are highly experienced in the field of securities class action litigation" and where such counsel's decision to settle the action is the "product of through exploration and deliberation").

Labaton Sucharow is among the nation's preeminent law firms in this area of practice and has served as lead or co-lead counsel on behalf of major institutional investors in numerous class litigation since the enactment of the PSLRA.[10] As Class Counsel, Labaton Sucharow committed some of the firm's most experienced attorneys to work exclusively on this matter during its pendency. Several of the firm's most senior lawyers substantively participated in the litigation and mediation of the case, including senior partners Lawrence Sucharow, Jonathan Plasse, and Thomas Dubbs. Ex. 8 - C. Additionally, Plaintiff's Counsel Benjamin Chew and Susan

[10] Labaton Sucharow has served as lead counsel in a number of high profile matters, for example: *In re American International Group, Inc. Sec. Litig.*, No. 04-8141 (S.D.N.Y.) (representing the Ohio Public Employees Retirement System, State Teachers Retirement System of Ohio, and Ohio Police & Fire Pension Fund and reaching settlements of $1 billion); *In re HealthSouth Corp. Sec. Litig.*, No. 03-1501 (N.D. Ala.) (representing the State of Michigan Retirement System, New Mexico State Investment Council, and the New Mexico Educational Retirement Board and securing settlements of more than $600 million); and *In re Countrywide Sec. Litig.*, No. 07-5295 (C.D. Cal.) (representing the New York State and New York City Pension Funds and reaching settlements of more than $600 million). *See* Ex. 8 - C.

Podolsky are also highly-regarded and experienced litigators before the Court, with prior experience as both defendants' and plaintiffs' counsel, long and successful track records in cases in which they have litigated, and extensive experience in the jurisdiction. Chew Decl., Ex. 9 - C; Podolsky Decl., Ex. 10 - B.

The quality of opposing counsel is also important in evaluating the quality of Class Counsel's work. *See MicroStrategy*, 148 F. Supp. 2d at 665 (noting "counsel for *both* sides are nationally recognized members of the securities litigation bar" when considering the fairness of the settlement); *Mills*, 265 F.R.D. at 255. The skill, tenacity, experience, and resources of Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden") are well known. *See* Joint Decl. ¶ 189; *see also In re NTL Inc. Sec. Litig.*, No. 02 Civ. 3013(LAK)(AJP), 2007 WL 623808, at *7 (S.D.N.Y. Mar. 1, 2007) ("Opposing counsel – the Skadden Arps and . . . law firms – are of the highest quality."); *Kogan v. AIMCO Fox Chase, L.P.*, 193 F.R.D. 496, 504 (E.D. Mich. 2000) (finding that the skill of counsel weigh in favor of approval of settlement after noting the skill of Skadden Arps, one of the "largest and most respected law firms in [the] country"). Indeed, in 2012, while prosecuting this action against Class Representative, Skadden was named Securities Group of the Year by Law360, and two of its lead partners in this action, Jay Kasner (head of the securities litigation practice at Skadden) and Scott Musoff were both recognized as Law360's 2012 Securities MVPs. Roughly two dozen Skadden attorneys made appearances in this Action. Joint Decl. ¶¶ 188-189. These highly skilled practitioners zealously fought Class Representative's claims at every turn. Notwithstanding this experienced and formidable opposition, Plaintiff's Counsel were able to develop Class Representative's case so as to resolve the litigation on terms highly favorable to the Settlement Class. This factor strongly supports the fairness of the Settlement.

II. THE PROPOSED PLAN OF ALLOCATION IS FAIR AND REASONABLE AND SHOULD BE APPROVED

Approval of a plan of allocation of settlement proceeds is governed by the same standards of fairness and reasonableness applicable to the settlement as a whole. *See, e.g.*, *MicroStrategy*, 148 F. Supp. 2d at 668 ("To warrant approval, the plan of allocation also must meet the standards by which the partial settlement was scrutinized—namely, it must be fair and adequate."). "The proposed allocation need not meet standards of scientific precision, and given that qualified counsel endorses the proposed allocation, the allocation need only have a reasonable and rational basis." *Mills*, 265 F.R.D. at 258.

Here, the Plan of Allocation, which was developed in consultation with Class Representative's damages expert, *see* Coffman Decl. ¶ 23, and is consistent with Class Representative's allegations, provides for distribution of the Net Settlement Fund among Authorized Claimants on a *pro rata* basis based on a formula tied to liability and damages. In developing the Plan, Class Representative's expert considered the amount of artificial inflation allegedly present in CSC's common stock throughout the Settlement Class Period that was purportedly caused by the alleged fraud. The expert's analysis included studying the price declines associated with CSC's allegedly corrective disclosures, adjusted to eliminate the effects attributable to general market or industry conditions. *See* Joint Decl. ¶¶ 160-164; Ex. 3

Calculation of the recovery for each Recognized Claim will depend upon several factors, including the timing of the Authorized Claimant's purchases of CSC stock during the Settlement Class Period and sales during the Settlement Class Period, if any. *Id*., Ex. 7 - A at 11. For example, a Settlement Class Member who only purchased one share of common stock on August 5, 2008 received stock that was inflated by $13.25, according to Table 1 of the Plan of Allocation. If that share was sold on May 26, 2011, the Settlement Class Member sold a share of

stock that was inflated by $2.33, according to Table 1. This Settlement Class Member's Recognized Loss Amount is the difference in this inflation, or $10.92. Ex. 7 - A at 11-12.

The proposed Plan of Allocation should be approved as it was designed to fairly and rationally allocate the Net Settlement Fund among Authorized Claimants.

III. THE COURT SHOULD GRANT FINAL CLASS CERTIFICATION FOR SETTLEMENT PURPOSES

The Court previously granted preliminary class certification of the Settlement Class for settlement purposes only. *See* Preliminary Approval Order, ECF No. 313 at ¶¶ 2-4; Preliminary Approval Brief, ECF No. 309 at 6-8. Because nothing has occurred since then to cast doubt on whether the applicable prerequisites of Rule 23 are met, the Court should finally certify the Settlement Class.

IV. CONCLUSION

For the foregoing reasons, Class Representative respectfully requests that this Court grant final approval to the proposed Settlement, approve the Plan of Allocation of the Net Settlement Fund, grant final class certification for settlement purposes, and enter the proposed Final Judgment and Order of Dismissal and proposed Order Approving Plan of Allocation of Net Settlement Fund. Proposed orders will be submitted with Class Representative's reply papers, after the deadlines for objecting and seeking exclusion have passed.

Dated: August 15, 2013

Respectfully submitted,

/s/ Benjamin G. Chew

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GLOSSARY OF DEFINED TERMS

Term	Definition
"Action"	The civil action captioned *In re Computer Sciences Corporation Securities Litigation*, Civ. No. 11-610-TSE-IDD, pending in the United States District Court for the Eastern District of Virginia before the Honorable T.S. Ellis, III.
"Alternative Judgment"	A form of final judgment that may be entered by the Court herein but in a form other than the form of Judgment provided for in the Stipulation and where none of the Parties hereto elects to terminate this Settlement by reason of such variance.
"Appendix 1"	List of valid and timely requests for exclusion received in response to the Class Notice, or as amended by agreement of Class Counsel and Defendants' Counsel (ECF 309-1).
"Authorized Claimant"	A Settlement Class Member who timely submits a valid Proof of Claim and Release form to the Claims Administrator that is accepted for payment by the Court.
"Certified Class"	Previously certified class of all persons or entities that purchased or acquired Computer Sciences Corporation common stock between August 5, 2008 and August 9, 2011, inclusive, and who were damaged thereby. Excluded from the Certified Class are: (i) the Defendants; (ii) members of the immediate family of any Defendant; (iii) any person who was an officer or director of CSC during the Class Period; (iv) any firm, trust, corporation, officer, or other entity in which any Defendant has or had a controlling interest; (v) Defendants' directors' and officers' liability insurance carriers, and any affiliates or subsidiaries thereof; (vi) the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party; and (vii) any Person with an accepted request for exclusion as set forth on Appendix 1.
"Certified Class Member"	A person or entity that is a member of the Certified Class.
"Claims Administrator"	GCG, Inc., the firm retained by Class Counsel, subject to Court approval, to provide all notices approved by the Court to Settlement Class Members, to process proofs of claim and to administer the Settlement.
"Class Counsel"	Law firm of Labaton Sucharow LLP.
"Class Notice"	Notice previously authorized by the Court's March 15, 2013 Order,

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	which was made in accordance with that Order.
"Class Period"	Period between August 5, 2008 and August 9, 2011, inclusive.
"Class Representative"	Ontario Teachers' Pension Plan Board.
"Consolidated Complaint"	On September 26, 2011, Ontario Teachers' filed a Consolidated Class Action Complaint for Violations of the Federal Securities Laws, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934; on October 19, 2011, Ontario Teachers' filed a Corrected Consolidated Class Action Complaint for Violations of the Federal Securities Laws.
"Court"	United States District Court for the Eastern District of Virginia.
"Defendants"	CSC, Michael W. Laphen, and Donald G. DeBuck.
"Defendants' Counsel"	Law firm of Skadden, Arps, Slate, Meagher & Flom LLP.
"Distribution Order"	Order of the Court approving the Claims Administrator's determinations concerning the acceptance and rejection of the claims submitted and approving any fees and expenses not previously paid, including the fees and expenses of the Claims Administrator and, if the Effective Date has occurred, directing payment of the Net Settlement Fund to Authorized Claimants.
"Effective Date"	Date upon which the Settlement shall become effective, as set forth in ¶ 39 of the Stipulation.
"Escrow Account"	Separate escrow account designated by Class Counsel at one or more national banking institutions into which the Settlement Amount will be deposited for the benefit of the Settlement Class.
"Escrow Agent"	Class Counsel.
"Excluded Settlement Class Member"	Any Person with an accepted request for exclusion as set forth on Appendix 1 (ECF 309-1) who does not opt back into the Settlement Class in accordance with the requirements set forth in the Settlement Notice; (ii) a member of the Settlement Class who only purchased or acquired shares during the Extended Class Period, but who submits a valid and timely request for exclusion in accordance with the requirements set forth in the Settlement Notice; and (iii) a member of the Settlement Class who purchased or acquired shares during the Class Period and the Extended Class Period, but who properly excludes the

Term	Definition
	shares purchased during the Extended Class Period by submitting a valid and timely request for exclusion of those Extended Class Period shares in accordance with the requirements set forth in the Settlement Notice.
"Extended Class Period"	Period between August 10, 2011 and December 27, 2011, inclusive.
"Final"	With respect to a court order, means the later of: (i) if there is an appeal from a court order, the date of final affirmance on appeal and the expiration of the time for any further judicial review whether by appeal, reconsideration or a petition for a *writ of certiorari* and, if *certiorari* is granted, the date of final affirmance of the order following review pursuant to the grant; or (ii) the date of final dismissal of any appeal from the order or the final dismissal of any proceeding on *certiorari* to review the order; or (iii) the expiration of the time for the filing or noticing of any appeal or petition for *certiorari* from the order (or, if the date for taking an appeal or seeking review of the order shall be extended beyond this time by order of the issuing court, by operation of law or otherwise, or if such extension is requested, the date of expiration of any extension if any appeal or review is not sought). However, any appeal or proceeding seeking subsequent judicial review pertaining solely to the Plan of Allocation of the Net Settlement Fund, or to the Court's award of attorneys' fees or expenses, shall not in any way delay or affect the time set forth above for the Judgment or Alternative Judgment to become Final, or otherwise preclude the Judgment or Alternative Judgment from becoming Final.
"Former Individual Defendant"	Michael J. Mancuso.
"Fourth Circuit"	United States Court of Appeals for the Fourth Circuit.
"Individual Defendants"	Michael W. Laphen and Donald G. DeBuck.
"Judgment"	Proposed judgment to be entered approving the Settlement substantially in the form attached as Exhibit B to the Stipulation (ECF 309-1).
"Local Counsel"	Patton Boggs LLP.
"Net Settlement Fund"	The Settlement Fund less: (i) Court-awarded attorneys' fees and expenses; (ii) Notice and Administration Expenses; (iii) Taxes; and (iv) any other fees or expenses approved by the Court, including any award to Class Representative for reasonable costs and expenses (including

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	lost wages) pursuant to the PSLRA.
"Notice and Administration Expenses"	All costs, fees, and expenses incurred in connection with providing notice to the Certified Class, notice to the Settlement Class, and administering the Settlement, including but not limited to: (i) providing notice to the Certified Class and Settlement Class by mail, publication, and other means; (ii) receiving and reviewing claims; (iii) applying the Plan of Allocation; (iv) communicating with Persons regarding the proposed Settlement and claims administration process; (v) distributing the proceeds of the Settlement; and (vi) fees related to the Escrow Account and investment of the Settlement Fund.
"Party" or "Parties"	The Defendants and Class Representative, on behalf of itself and the other Settlement Class Members.
"Person" or "Persons"	Any individual, corporation (including all divisions and subsidiaries), general or limited partnership, association, joint stock company, joint venture, limited liability company, professional corporation, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity.
"Preliminary Approval Order"	The Preliminary Approval Order Providing for Notice and Hearing in Connection with Proposed Class Action Settlement entered by the Court on May 24, 2013.
"Proof of Claim"	The Proof of Claim and Release form for submitting a claim, which was approved by the Court.
"PSLRA"	Private Securities Litigation Reform Act of 1995.
"Released Claims"	Any and all claims, rights, causes of action, duties, obligations, demands, actions, debts, sums of money, suits, contracts, agreements, promises, damages, and liabilities of every nature and description, including both known claims and Unknown Claims (defined below), whether arising under federal, state, foreign or statutory law, common law or administrative law, or any other law, rule or regulation, whether fixed or contingent, accrued or not accrued, matured or unmatured, liquidated or un-liquidated, at law or in equity, whether class or individual in nature, that Class Representative or any other Settlement Class Member: (i) asserted in the Action; or (ii) could have asserted in the Action or any other action or in any forum, that arise out of, relate to, or are in connection with the claims, allegations, transactions, facts, events, acts, disclosures, statements, representations or omissions or failures to act involved, set forth, or referred to in the complaints filed in

Term	Definition
	the Action and that relate to the purchase or acquisition of the publicly traded common stock of CSC during the Settlement Class Period. For the avoidance of doubt, Released Claims do not include: (i) claims to enforce the Settlement; (ii) claims in *Che Wu Hung v. Michael W. Laphen, et al.*, CL 2011 13376 (Circuit Court of Fairfax Cty, Virginia), *Judy Bainto v. Michael W. Laphen, et al.*, No. A-12-661695-C (District Court, Clark Cty, Nevada), *Daniel Himmel v. Michael W. Laphen, et al.*, No. A-12-670190-C (District Court, Clark Cty, Nevada), and *Shirley Morefield v. Irving W. Bailey, II, et al.*, No. 1:120V1468GBL/TCB (E.D. Va.); and (iii) any governmental or regulatory agency's claims in, or any right to relief from, any criminal or civil action against any of the Released Defendant Parties.
"Released Defendant Parties"	The Defendants, the Former Individual Defendant, their past or present or future subsidiaries, parents, affiliates, principals, successors and predecessors, assigns, officers, directors, shareholders, trustees, partners, agents, fiduciaries, contractors, employees, attorneys, auditors, insurers; the spouses, members of the immediate families, representatives, and heirs of the Individual Defendants or the Former Individual Defendant, as well as any trust of which any Individual Defendant or Former Individual Defendant is the settlor or which is for the benefit of any of their immediate family members; and any firm, trust, corporation, or entity in which any Defendant or Former Individual Defendant has a controlling interest; and any of the legal representatives, heirs, successors in interest or assigns of the Defendants or the Former Individual Defendant.
"Released Defendants' Claims"	All claims, including both known claims and Unknown Claims (as defined below), whether arising under federal, state, common or administrative law, or any other law, that the Defendants could have asserted against any of the Released Plaintiff Parties that arise out of or relate to the commencement, prosecution, or settlement of the Action (other than claims to enforce the Settlement).
"Released Parties"	The Released Defendant Parties and the Released Plaintiff Parties.
"Released Plaintiff Parties"	Each and every Settlement Class Member, Class Representative, Class Counsel, Local Counsel, and their respective past, current, or future trustees, officers, directors, partners, employees, contractors, auditors, principals, agents, attorneys, predecessors, successors, assigns, parents, subsidiaries, divisions, joint ventures, general or limited partners or partnerships, and limited liability companies; and the spouses, members of the immediate families, representatives, and heirs of any Released Plaintiff Party who is an individual, as well as any trust of which any

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	Released Plaintiff Party is the settlor or which is for the benefit of any of their immediate family members. Released Plaintiff Parties does not include any Excluded Settlement Class Member.
"Settlement"	The resolution of the Action as against the Defendants in accordance with the terms and provisions of this Stipulation.
"Settlement Amount"	The total principal amount of ninety-seven million five hundred thousand dollars ($97,500,000) in cash. For the avoidance of doubt, under no circumstances shall the total to be paid by the Defendants pursuant to the Stipulation exceed the Settlement Amount.
"Settlement Class"	All persons or entities that purchased or acquired Computer Sciences Corporation common stock during the Settlement Class Period, and who were allegedly damaged thereby. Excluded from the Settlement Class are: (i) the Defendants; (ii) members of the immediate family of any Defendant; (iii) any person who was an officer or director of CSC during the Settlement Class Period; (iv) any firm, trust, corporation, officer, or other entity in which any Defendant has or had a controlling interest; (v) Defendants' directors' and officers' liability insurance carriers, and any affiliates or subsidiaries thereof; (vi) the legal representatives, agents, affiliates, heirs, successors-in-interest, or assigns of any such excluded party; and (vii) any Excluded Settlement Class Member.
"Settlement Class Member"	A person or entity that is a member of the Settlement Class.
"Settlement Class Period"	The period between August 5, 2008 and December 27, 2011, inclusive.
"Settlement Fund"	The Settlement Amount and any interest earned thereon.
"Settlement Hearing"	Hearing to be held by the Court to determine whether the proposed Settlement is fair, reasonable, and adequate and should be approved.
"Settlement Notice"	Notice of Proposed Settlement of Class Action, Extended Class Period, and Motion for Attorneys' Fees and Expenses, which was approved by the Court and sent to Settlement Class Members.
"Stipulation"	Stipulation and Agreement of Settlement made and entered into by and between the Class Representative on behalf of itself and all members of the Certified Class and proposed Settlement Class, and the Defendants, entered on May 15, 2013 (ECF 309-1).

Term	**Definition**
"Summary Settlement Notice"	The Summary Notice of Proposed Settlement of Class Action, Extended Class Period, and Motion for Attorneys' Fees and Expenses for publication which was approved by the Court.
"Taxes"	All federal, state, or local taxes of any kind on any income earned by the Settlement Fund and reasonable expenses and costs incurred in connection with the taxation of the Settlement Fund (including, without limitation, interest, penalties and the reasonable expenses of tax attorneys and accountants).

CERTIFICATE OF SERVICE

I hereby certify that on the 15th day of August 2013, I will electronically file the foregoing with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing (NEF) to the following:

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