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10
11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF SAN MATEO

13 In re CASTLIGHT HEALTH, INC.
14 SHAREHOLDER LITIGATION

) Lead Case No. CIV533203

) CLASS ACTION

15 This Document Relates To:

16 ALL ACTIONS.

) JUDGMENT AND ORDER GRANTING
) FINAL APPROVAL OF CLASS ACTION
) SETTLEMENT

17
18 Assigned for All Purposes to the
Honorable Marie S. Weiner

19 DATE: October 28, 2016
20 TIME: 9:00 a.m.
21 DEPT: 2
22 DATE ACTION FILED: 04/02/15

23
24
25 CIV533203
JUDGE
Judgment
236456



RECEIVED
OCT 21 2016
CLERK OF THE SUPERIOR COURT
SAN MATEO COUNTY

FILED
SAN MATEO COUNTY

OCT 29 2016

Clerk of the Superior Court
By MM
DEPUTY CLERK

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File By Fax

1 WHEREAS, the Court is advised that the Settling Parties,¹ through their counsel, have agreed,
2 subject to Court approval following notice to the Class and a hearing, to settle this Litigation upon the
3 terms and conditions set forth in the Stipulation of Settlement dated June 2, 2016 (the “Stipulation”),
4 which was filed with the Court; and

5 WHEREAS, on July 13, 2016, the Court entered its Order Preliminarily Approving Settlement
6 and Providing for Notice, which preliminarily approved the settlement, and approved the form and
7 manner of notice to the Class of the settlement, and said notice has been made, and the fairness hearing
8 having been held; and

9 NOW, THEREFORE, based upon the Stipulation and all of the filings, records and proceedings
10 herein, and it appearing to the Court upon examination that the settlement set forth in the Stipulation is
11 fair, reasonable and adequate, and upon a Settlement Fairness Hearing having been held after notice to
12 the Class of the settlement to determine if the settlement is fair, reasonable, and adequate and whether
13 the Judgment should be entered in this Litigation;

14 **THE COURT HEREBY FINDS AND CONCLUDES THAT:**

15 A. The provisions of the Stipulation, including definitions of the terms used therein, are
16 hereby incorporated by reference as though fully set forth herein.

17 B. This Court has jurisdiction of the subject matter of this Litigation and over all of the
18 Settling Parties and all Class Members.

19 C. With respect to the Class, the Court finds that:

20 (i) The Class Members are so numerous that their joinder in the Litigation is
21 impracticable. There were more than 12 million shares of Castlight Class B common stock offered
22 through the IPO. The Class is, therefore, sufficiently numerous to render joinder impracticable.

23 (ii) The Class is ascertainable because Class Members share common characteristics
24 that are sufficient for persons to determine whether they are Class Members, *i.e.*, whether they

25
26 ¹ As used herein, the term “Settling Parties” means Plaintiffs: Firerock Global Opportunity Fund
27 LP, Oklahoma Firefighters Pension and Retirement System, Robert Spencer Wright, and Robert
28 Kromphold, on behalf of themselves and the Class, and Defendants: Castlight Health, Inc., Giovanni M. Colella, John C. Doyle, Bryan Roberts, David Ebersman, Robert P. Kocher, Goldman, Sachs & Co., and Morgan Stanley & Co. LLC.

1 purchased Castlight Class B common stock pursuant or traceable to the Registration Statement issued in
2 connection with Castlight's IPO on or before September 10, 2014.

3 (iii) There are questions of law and fact common to the Class. Those questions
4 include whether the Defendants violated the Securities Act of 1933, whether the Registration Statement
5 contained misstatements or omissions, whether any misstatements or omissions were material, and
6 whether any misstatements or omissions caused harm to the Class Members.

7 (iv) The claims of the Plaintiffs are typical of the claims of the Class Members.
8 Plaintiffs claim to have purchased the Castlight Class B common stock pursuant or traceable to the
9 same Registration Statement as the Class Members. Consequently, Plaintiffs claim that they and the
10 other Class Members sustained damages as a result of the same misconduct by Defendants.

11 (v) Plaintiffs and Class Counsel have fairly and adequately represented and protected
12 the interests of the Class Members. Plaintiffs have no interests in conflict with absent Class Members.
13 The Court is satisfied that Class Counsel are qualified, experienced, and have represented the Class to
14 the best of their abilities.

15 (vi) The questions of law or fact common to the Class Members predominate over
16 any questions affecting only individual members.

17 (vii) A class action is the superior means of resolving the Litigation.

18 D. The form, content, and method of dissemination of notice given to the Class was
19 adequate and reasonable and constituted the best notice practicable under the circumstances, including
20 individual notice to all Class Members who could be identified through reasonable effort.

21 E. Notice, as given, complied with the requirements of California law, satisfied the
22 requirements of due process, and constituted due and sufficient notice of the matters set forth herein.

23 F. The settlement set forth in the Stipulation in the amount of \$9,500,000 is fair, reasonable,
24 and adequate.

25 (i) The settlement was vigorously negotiated at arm's length by Plaintiffs on behalf
26 of the Class and by Defendants, all of whom were represented by highly experienced and skilled
27 counsel. The case settled only after: (a) a mediation conducted by an experienced mediator who was
28 thoroughly familiar with this Litigation; (b) the exchange of detailed mediation statements prior to the

1 mediation which highlighted the factual and legal issues in dispute; (c) Plaintiffs' Counsel's extensive
2 investigation, which included, among other things, a review of Castlight's press releases, U.S.
3 Securities and Exchange Commission filings, analyst reports, media reports, and other publicly
4 disclosed reports and information about the Defendants; (d) the drafting and submission of detailed
5 complaints; and (e) the review and analysis of non-public documents produced by Defendants.
6 Accordingly, both the Plaintiffs and Defendants were well-positioned to evaluate the settlement value of
7 this Litigation. The Stipulation has been entered into in good faith and is not collusive.

8 (ii) If the settlement had not been achieved, both Plaintiffs and Defendants faced the
9 expense, risk, and uncertainty of extended litigation. The Court takes no position on the merits of either
10 Plaintiffs' or Defendants' arguments, but notes these arguments as evidence in support of the
11 reasonableness of the settlement.

12 G. Plaintiffs and Class Counsel have fairly and adequately represented the interest of the
13 Class Members in connection with the settlement.

14 H. Plaintiffs, all Class Members, and Defendants are hereby bound by the terms of the
15 settlement set forth in the Stipulation.

16 **IT IS HEREBY ORDERED THAT:**

17 1. The Class, defined in the Stipulation is finally certified as: "all Persons who purchased
18 Castlight Class B common stock pursuant or traceable to the Registration Statement issued in
19 connection with Castlight's March 14, 2014 initial public offering on or before September 10, 2014.
20 Excluded from the Class are each of the Defendants and Previously Named Defendants, their directors
21 and officers; members of their immediate families; any entity in which a Defendant or Previously
22 Named Defendant has a controlling interest (but in the case of the Underwriter Defendants and the
23 Previously Named Defendants, only such entities in which they have a majority ownership interest);
24 any Person who validly requests exclusion from the Class; and the heirs, successors, and assigns of any
25 such excluded party."

26 2. The settlement on the terms set forth in the Stipulation is finally approved as fair,
27 reasonable, and adequate. The settlement shall be consummated in accordance with the terms and
28

1 provisions of the Stipulation. The Settling Parties are to bear their own costs, except as otherwise
2 provided in the Stipulation.

3 3. All Released Parties as defined in the Stipulation are released in accordance with, and as
4 defined in, the Stipulation.

5 4. Upon the Effective Date, Plaintiffs and each Class Member shall be deemed to have, and
6 by operation of this Judgment shall have, fully, finally, and forever released, relinquished, and
7 discharged all Released Claims against the Released Parties, whether or not such Class Member
8 executes and delivers a Proof of Claim and Release.

9 5. Upon the Effective Date, each of the Released Parties shall be deemed to have, and by
10 operation of this Judgment shall have, fully, finally, and forever released Plaintiffs, Plaintiffs' Counsel,
11 and each and all of the Class Members from all Settled Defendants' Claims.

12 6. All Class Members who have not made their objections to the settlement in the manner
13 provided in the Notice are deemed to have waived any objections by appeal, collateral attack, or
14 otherwise.

15 7. All Class Members who have failed to properly submit requests for exclusion (requests
16 to opt out) from the Class are bound by the terms and conditions of the Stipulation and this Final
17 Judgment.

18 8. All other provisions of the Stipulation are incorporated into this Judgment as if fully
19 rewritten herein.

20 9. Plaintiffs and all Class Members are hereby barred and enjoined from instituting,
21 commencing, maintaining, or prosecuting in any court or tribunal any of the Released Claims against
22 any of the Released Parties.

23 10. Neither the Stipulation nor the settlement, nor any act performed or document executed
24 pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be, or may
25 be used as, a presumption, concession, or admission of, or evidence of, the validity of any Released
26 Claim or of any wrongdoing or liability of any of the Released Parties; or (b) is or may be deemed to be,
27 or may be used, as a presumption, concession, or admission of, or evidence of, any fault or omission of
28 any of the Released Parties in any civil, criminal, or administrative proceeding in any court,

1 administrative agency, or other tribunal; or (c) is or may be deemed to be an admission or evidence that
2 any claims asserted by Plaintiffs were not valid in any civil, criminal, or administrative proceeding.
3 Any of the Released Parties may file the Stipulation and/or this Judgment in any action that may be
4 brought against them in order to support a defense or counterclaim based on principles of *res judicata*,
5 collateral estoppel, release, good faith settlement, judgment bar or reduction, or any other theory of
6 claim preclusion or issue preclusion or similar defense or counterclaim.

7 11. The Court hereby finds and concludes that the Litigation was brought, prosecuted and/or
8 defended in good faith, with a reasonable basis.

9 12. Pursuant to and in full compliance with California law, this Court hereby finds and
10 concludes that due and adequate notice was directed to all Persons and entities who are Class Members
11 advising them of the Plan of Allocation and of their right to object thereto, and a full and fair
12 opportunity was accorded to all Persons and entities who are Class Members to be heard with respect to
13 the Plan of Allocation.

14 13. The Court hereby finds and concludes that the formula for the calculation of the claims
15 of Authorized Claimants, which is set forth in the Notice of Proposed Settlement of Class Action (the
16 "Notice") sent to Class Members, provides a fair and reasonable basis upon which to allocate the
17 proceeds of the Net Settlement Fund established by the Stipulation among Class Members, with due
18 consideration having been given to administrative convenience and necessity.

19 14. The Court hereby awards Plaintiffs' Counsel attorneys' fees of \$2,850,000, plus
20 expenses in the amount of \$116,476.01, together with the interest earned thereon for the same time
21 period and at the same rate as that earned on the Settlement Fund until paid. The Court finds that the
22 amount of fees awarded is appropriate and that the amount of fees awarded is fair and reasonable given
23 the contingent nature of the case and the substantial risks of non-recovery, the time and effort involved,
24 and the result obtained for the Class.

25 15. The awarded attorneys' fees and expenses and interest earned thereon shall immediately
26 be paid to Class Counsel from the Settlement Fund subject to the terms, conditions, and obligations of
27 the Stipulation, which terms, conditions, and obligations are incorporated herein.

16. Time and expenses are awarded to the following Plaintiffs in the amounts indicated: Oklahoma Firefighters Pension and Retirement System \$2,500.00, Robert Spencer Wright \$500.00, and Robert Kromphold \$2,500.00. Such reimbursement is appropriate considering their active participation as Plaintiffs in this action, as attested to by the declarations submitted to the Court. Such reimbursement is to be paid from the Settlement Fund.

17. In the event that the Stipulation is terminated in accordance with its terms: (i) this Judgment shall be rendered null and void and shall be vacated *nunc pro tunc*; and (ii) this Litigation shall proceed as provided in the Stipulation.

18. Without affecting the finality of this Judgment in any way, this Court retains continuing jurisdiction over: (a) implementation of this settlement and any award or distribution of the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund; (c) hearing and determining applications for attorneys' fees, interest, and expenses in the Litigation; and (d) all parties hereto for the purpose of construing, enforcing, and administering the Stipulation.

IT IS SO ORDERED.

DATED:

10/28/16

HONORABLE MARIE S. WEINER
JUDGE OF THE SUPERIOR COURT