

EXHIBIT 1

ENDORSED FILED
SAN MATEO COUNTY

APR 04 2016

Clerk of the Superior Court
By TERESA MARAGOLAS
DEPUTY CLERK

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RECEIVED
MAR 28 2016
CLERK OF THE SUPERIOR COURT
SAN MATEO COUNTY

Lead Counsel for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN MATEO

PLYMOUTH COUNTY RETIREMENT
SYSTEM, Individually and on Behalf of All
Others Similarly Situated,

Plaintiff,

vs.

MODEL N, INC., et al.,

Defendants.

) Master Case No. CIV530291
) (Consolidated with Case No CIV532190)
)

) Assigned for all Purposes to
) The Hon. Marie S. Weiner, Dept. 2
)

) CLASS ACTION
)

) DATE: April 4, 2016
)

) TIME: 2:00 p.m.
)

) DEPT: 2
)

) DATE ACTION FILED: 09/05/14
)

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

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 November 20, 2015 (the
4 "Stipulation"), which was filed with the Court; and

5 WHEREAS, on December 7, 2015, the Court entered its Order Preliminarily Approving
6 Settlement and Providing for Notice, which preliminarily approved the settlement, and approved the
7 form and manner of notice to the Class of the settlement, and said notice has been made, and the
8 Settlement Fairness Hearing 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 Members of the Class.

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

20 (i) The Members of the Class are so numerous that their joinder in the Litigation is
21 impracticable. There were approximately 7.751 million shares of Model N common stock offered
22 through the IPO. The Class is, therefore, sufficiently numerous to render joinder impracticable.

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

25 ¹ As used herein, the term "Settling Parties" means Plaintiffs: Plymouth County Retirement
26 System, James Small, and Dwight Bucher, on behalf of themselves and the Class (as defined below),
27 and Defendants: Model N, Inc. ("Model N" or the "Company"), Zack Rinat, Sujan Jain, James W.
28 Breyer, Sarah Friar, Mark Garrett, Charles J. Robel, J.P. Morgan Securities LLC, Deutsche Bank
Securities, Inc., Stifel, Nicolaus & Company, Incorporated, Pacific Crest Securities LLC, Piper Jaffray
& Co., and Raymond James & Associates, Inc.

1 whether they purchased or otherwise acquired Model N common stock pursuant or traceable to the
2 Registration Statement issued in connection with Model N's IPO.

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 Members of the Class.

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

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

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

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

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

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

24 F. The settlement set forth in the Stipulation in the amount of \$8,550,000 is fair, reasonable,
25 and adequate.

26 (i) The settlement was vigorously negotiated at arm's length by Plaintiffs on behalf
27 of the Class and by Defendants, all of whom were represented by highly experienced and skilled
28 counsel. The case settled only after: (a) a mediation conducted by an experienced mediator who was

1 thoroughly familiar with this Litigation; (b) the exchange of detailed mediation statements prior to the
2 mediation which highlighted the factual and legal issues in dispute; (c) Plaintiffs' Counsel's extensive
3 investigation, which included, among other things, a review of Model N's press releases, U.S. Securities
4 and Exchange Commission filings, analyst reports, media reports, and other publicly disclosed reports
5 and information about the Defendants; (d) the removal of this Litigation to federal court and a
6 successful remand motion to state court; (e) the drafting and submission of a detailed Consolidated
7 Amended Class Action Complaint for Violations of the Securities Act of 1933 ("Complaint") that
8 survived Defendants' demurrer; and (f) the review and analysis of non-public documents produced by
9 Defendants. Accordingly, both the Plaintiffs and Defendants were well-positioned to evaluate the
10 settlement value of this Litigation. The Stipulation has been entered into in good faith and is not
11 collusive.

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

16 G. Plaintiffs and Plaintiffs' Counsel have fairly and adequately represented the interest of
17 the Class Members in connection with the settlement.

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

20 **IT IS HEREBY ORDERED THAT:**

21 1. The Class, defined in the Stipulation as: "all Persons who purchased or otherwise
22 acquired the common stock of Model N pursuant or traceable to the Registration Statement and
23 Prospectus issued in connection with Model N's March 20, 2013 initial public offering. Excluded from
24 the Class are: the Defendants and their respective successors and assigns; past and current officers and
25 directors of Model N and the Underwriter Defendants; members of the immediate families of the
26 Individual Defendants; the legal representatives, heirs, successors or assigns of the Individual
27 Defendants; any entity in which any of the above excluded Persons have or had a majority ownership
28

1 interest; and any Person who validly requests exclusion from the Class,” is certified solely for purposes
2 of this settlement.

3 2. The settlement on the terms set forth in the Stipulation is finally approved as fair,
4 reasonable, and adequate. The settlement shall be consummated in accordance with the terms and
5 provisions of the Stipulation. The Settling Parties are to bear their own costs, except as otherwise
6 provided in the Stipulation.

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

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

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

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

19 7. All Class Members who have failed to properly file requests for exclusion (requests to
20 opt out) from the Class are bound by the terms and conditions of the Stipulation and this Final
21 Judgment.

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

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

27 10. Neither the Stipulation nor the settlement, nor any act performed or document executed
28 pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be, or may

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

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

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

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

24 14. The Court hereby awards Plaintiffs' Counsel attorneys' fees of \$2,565,000, plus
25 expenses in the amount of \$67,155.72, together with the interest earned thereon for the same time
26 period and at the same rate as that earned on the Settlement Fund until paid. The Court finds that the
27 amount of fees awarded is appropriate and that the amount of fees awarded is fair and reasonable given
28

1 the contingent nature of the case and the substantial risks of non-recovery, the time and effort involved,
2 and the result obtained for the Class.

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

6 16. Plaintiffs Plymouth County Retirement System, James Small, and Dwight Bucher shall
7 each be awarded \$2,500 for their time and expenses in this Litigation. Such reimbursement is
8 appropriate considering their active participation as Plaintiffs in this action, as attested to by the
9 declarations submitted to the Court. Such reimbursement is to be paid from the Settlement Fund.

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

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

18 IT IS SO ORDERED.

19 DATED: APR 04 2016

MARIE S. WEINER

HONORABLE MARIE S. WEINER
JUDGE OF THE SUPERIOR COURT

EXHIBIT 2

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 Settlement Class and a hearing, to settle this Litigation
3 upon the terms and conditions set forth in the Stipulation of Settlement dated April 2, 2015 (the
4 "Stipulation"), which was filed with the Court; and

5 WHEREAS, on May 11, 2015, 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 Settlement Class of the settlement, and said notice has been made, and the
8 fairness hearing 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 Settlement Class of the settlement to determine if the settlement is fair, reasonable, and adequate
13 and whether 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 members of the Settlement Class.

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

20 (i) The members of the Settlement Class are so numerous that their joinder in the
21 Litigation is impracticable. There were approximately 5.175 million shares of CafePress common stock
22
23

24 ¹ As used herein, the term "Settling Parties" means (i) Plaintiffs Wallace J. Desmarais Jr. and
25 Hussain Jinnah (collectively, "Plaintiffs") (on behalf of themselves and each of the Settlement Class
26 Members), by and through their counsel of record; (ii) the Defendants CafePress Inc. ("CafePress" or
27 the "Company"), Bob Marino, Monica N. Johnson, Fred E. Durham III, Brad W. Buss, Patrick J.
28 Connolly, Douglas M. Leone and Michael Dearing (collectively, the "CafePress Defendants"); and (iii)
underwriters of the Company's March 28, 2012 initial public offering ("IPO"), specifically J.P. Morgan
Securities LLC, Jefferies & Company, Inc. (currently Jefferies LLC), Cowen and Company, LLC,
Janney Montgomery Scott LLC and Raymond James & Associates, Inc. (the "Underwriter Defendants,"
and collectively with the CafePress Defendants, the "Defendants").

1 offered through the IPO. The Settlement Class is, therefore, sufficiently numerous to render joinder
2 impracticable;

3 (ii) The Settlement Class is ascertainable because members of the Settlement Class
4 share common characteristics that are sufficient for persons to determine whether they are members of
5 the Settlement Class, *i.e.*, whether they purchased or otherwise acquired CafePress common stock
6 pursuant or traceable to the Registration Statement issued in connection with CafePress' IPO;

7 (iii) There are questions of law and fact common to the Settlement Class. Those
8 questions include whether the Defendants violated the Securities Act of 1933, whether the Registration
9 Statement contained misstatements or omissions, whether any misstatements or omissions were
10 material, and whether any misstatements or omissions caused harm to the members of the Settlement
11 Class;

12 (iv) The claims of the Plaintiffs are typical of the claims of the Settlement Class
13 Members. Plaintiffs claim to have purchased or otherwise acquired the common stock pursuant or
14 traceable to the same Registration Statement as the members of the Settlement Class. Consequently,
15 Plaintiffs claim that they and the other members of the Settlement Class sustained damages as a result
16 of the same misconduct by Defendants;

17 (v) Plaintiffs and Plaintiffs' Counsel have fairly and adequately represented and
18 protected the interests of the Settlement Class Members. Plaintiffs have no interests in conflict with
19 absent members of the Settlement Class. The Court is satisfied that Plaintiffs' Counsel are qualified,
20 experienced and have represented the Settlement Class to the best of their abilities;

21 (vi) The questions of law or fact common to the members of the Settlement Class
22 predominate over any questions affecting only individual members; and

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

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

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

3 F. The settlement set forth in the Stipulation ^{in the amount of \$8 million} is fair, reasonable, and adequate.

4 (i) The settlement was vigorously negotiated at arm's length by Plaintiffs on behalf
5 of the Settlement Class and by Defendants, all of whom were represented by highly experienced and
6 skilled counsel. The case settled only after: (a) a mediation conducted by an experienced mediator who
7 was thoroughly familiar with this Litigation; (b) the exchange of detailed mediation statements prior to
8 the mediation which highlighted the factual and legal issues in dispute; (c) Plaintiffs' Counsel's
9 extensive investigation, which included, among other things, a review of CafePress' press releases,
10 Securities and Exchange Commission filings, analyst reports, media reports and other publicly disclosed
11 reports and information about the Defendants; (d) the removal of this Litigation to federal court and a
12 successful remand motion to state court; (e) the drafting and submission of a detailed Consolidated
13 Complaint for Violation of §§11 and 15 of the Securities Act of 1933 ("Complaint") that survived
14 Defendants' demurrer; (f) the review and analysis of non-public documents produced by Defendants
15 and third parties; (g) the Settling Parties' responses to interrogatories; and (h) extensive briefing on
16 Plaintiffs' motion for class certification. Accordingly, both the Plaintiffs and Defendants were well-
17 positioned to evaluate the settlement value of this Litigation. The Stipulation has been entered into in
18 good faith and is not collusive.

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

23 G. Plaintiffs and Plaintiffs' Counsel have fairly and adequately represented the interest of
24 the Settlement Class Members in connection with the settlement.

25 H. Plaintiffs, all Settlement Class Members, and Defendants are hereby bound by the terms
26 of the settlement set forth in the Stipulation.
27
28

1 **IT IS HEREBY ORDERED THAT:**

2 1. The Settlement Class, defined in the Stipulation as: "all Persons who purchased or
3 otherwise acquired the common stock of CafePress pursuant or traceable to the Registration Statement
4 and Prospectus issued in connection with CafePress' March 28, 2012 initial public offering. Excluded
5 from the Settlement Class are: the Defendants and their respective successors and assigns; past and
6 current officers and directors of CafePress and the Underwriter Defendants; members of the immediate
7 families of the Individual Defendants; the legal representatives, heirs, successors or assigns of the
8 Individual Defendants; any trust or entity in which any of the above excluded Persons have or had a
9 controlling interest or which is related to or affiliated with any of the Defendants; and any Person who
10 validly requests exclusion from the Settlement Class," is certified solely for purposes of this Settlement.

11 2. The settlement on the terms set forth in the Stipulation is finally approved as fair,
12 reasonable and adequate. The settlement shall be consummated in accordance with the terms and
13 provisions of the Stipulation. The Settling Parties are to bear their own costs, except as otherwise
14 provided in the Stipulation.

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

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

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

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

1 7. All Settlement Class Members who have failed to properly file requests for exclusion
2 (requests to opt out) from the Settlement Class are bound by the terms and conditions of the Stipulation
3 and this Final Judgment.

4 8. All other provisions of the Stipulation are incorporated into this Judgment as if fully
5 rewritten herein. ~~To the extent that the terms of this Judgment conflict with the terms of the Stipulation,~~
6 ~~the Stipulation shall control.~~

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

10 10. Neither the Stipulation nor the settlement, nor any act performed or document executed
11 pursuant to or in furtherance of the Stipulation or the settlement: (a) is or may be deemed to be, or may
12 be used as, a presumption, concession, or admission of, or evidence of, the validity of any Released
13 Claim or of any wrongdoing or liability of the Defendants and the Released Parties; or (b) is or may be
14 deemed to be, or may be used, as a presumption, concession, or admission of, or evidence of, any fault
15 or omission of any of the Defendants and the Released Parties in any civil, criminal or administrative
16 proceeding in any court, administrative agency or other tribunal; or (c) is or may be deemed to be an
17 admission or evidence that any claims asserted by Plaintiffs were not valid in any civil, criminal or
18 administrative proceeding. Defendants and the Released Parties may file the Stipulation and/or this
19 Judgment in any action that may be brought against them in order to support a defense or counterclaim
20 based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or
21 reduction, or any other theory of claim preclusion or issue preclusion or similar defense or
22 counterclaim.

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

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

6 13. The Court hereby awards Plaintiffs' Counsel attorneys' fees of \$2,400,000, plus
7 expenses in the amount of \$131,445.81, together with the interest earned thereon for the same time
8 period and at the same rate as that earned on the Settlement Fund until paid. The Court finds that the
9 amount of fees awarded is appropriate and that the amount of fees awarded is fair and reasonable given
10 the contingent nature of the case and the substantial risks of non-recovery, the time and effort involved,
11 and the result obtained for the Settlement Class.

12 14. The awarded attorneys' fees and expenses and interest earned thereon shall immediately
13 be paid to Plaintiffs' Counsel from the Settlement Fund subject to the terms, conditions, and obligations
14 of the Stipulation, which terms, conditions and obligations are incorporated herein.

15 15. Plaintiffs Wallace J. Desmarais Jr. and Hussain Jinnah shall each be awarded \$2,500 for
16 their time and expenses in this Litigation. Such reimbursement is appropriate considering their active
17 participation as Plaintiffs in this action, as attested to by the declarations submitted to the Court. Such
18 reimbursement is to be paid from the Settlement Fund.

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

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

6 IT IS SO ORDERED.

7
8 DATED: 8/11/15



HONORABLE MARIE S. WEINER
JUDGE OF THE SUPERIOR COURT

EXHIBIT 3

RECEIVED

OCT 31 2013

SUPERIOR COURT
CIVIL DIVISION

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12 Telephone: 619/233-4565
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13 *Class Counsel*

14
15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 COUNTY OF SAN MATEO

17 IN RE PACIFIC BIOSCIENCES OF
18 CALIFORNIA, INC. SECURITIES
LITIGATION

Master File No. CIV509210

CLASS ACTION

19
20 This Document Relates To:

21 ALL ACTIONS.

~~PROPOSED~~ FINAL JUDGMENT

AND ORDER GRANTING FINAL

DATE: Submitted Matter

TIME: Submitted Matter

DEPT: 2

JUDGE: The Honorable Marie S. Weiner

DATE ACTION FILED: 10/21/11

APPROVAL OF
CLASS ACTION
SETTLEMENT

[PROPOSED] FINAL JUDGMENT

887640_1

FILE BY FAX

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

5 WHEREAS, the Court entered its Order Preliminarily Approving Settlement and Confirming
6 Final Settlement Hearing, which preliminarily approved the settlement, conditionally certified the Class,
7 and preliminarily approved notice to the Class of the settlement, and said notice has been made, and the
8 fairness hearing 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 Stipulation and Settlement are fair,
11 reasonable and adequate, and upon a Settlement Fairness Hearing having been held after notice to the
12 Class of the Settlement to determine if the Stipulation and Settlement are fair, reasonable, and adequate
13 and whether the Final Judgment should be entered in this Action based upon the Stipulation;

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 Action and over all of the Parties
18 and all members of the Class.

19 C. All of the requirements for class certification under California law are met, and therefore
20 this Action is properly maintained as a class action for purposes of settlement and the Class is properly
21 certified. The Class is defined as:

22
23 ¹ As used herein, the term "Parties" means Plaintiffs Greg Young, Mathew Sandnas, Oklahoma
24 Firefighters Pension Fund and Pompano Beach Police & Firefighters' Retirement System (collectively,
25 "Plaintiffs"), on behalf of themselves and the Class (as defined below), and Defendants: Pacific
26 Biosciences of California, Inc. ("Pacific Biosciences," "PACB," or the "Company"); current and former
27 PACB officers and/or directors, Hugh C. Martin, Susan K. Barnes, Brian B. Dow, Brook Byers,
28 William W. Ericson, Michael Hunkapiller, Randall S. Livingston, Susan Siegel, and David B. Singer
(the "Individual Defendants," collectively with PACB, the "Issuer Defendants"), and the underwriters
of the Company's October 27, 2010 initial public offering ("IPO"), specifically J.P. Morgan Securities
LLC, Morgan Stanley & Co. LLC (formerly Morgan Stanley & Co. Incorporated), Deutsche Bank
Securities, Inc., and Piper Jaffray & Co. (the "Underwriter Defendants," collectively with the Issuer
Defendants, "Defendants").

1 All persons or entities ("Persons") that purchased Pacific Biosciences common stock
2 between October 27, 2010 and September 20, 2011 (inclusive), including those Persons
3 that purchased the Company's stock pursuant or traceable to the Company's
4 Registration Statement and Prospectus for the Company's October 27, 2010 IPO.
5 Excluded from the Class are: the Defendants; any officers or directors of Pacific
6 Biosciences or the Underwriter Defendants during or after the Class Period; any
7 corporation, trust or other entity in which any Defendant has a controlling interest; and
8 the members of the immediate families of the Individual Defendants, and the Individual
9 Defendants' successors, heirs, assigns and legal representatives. Also excluded from the
10 Class are Persons otherwise meeting the definition of the Class who submit valid and
11 timely requests for exclusion from the Settlement (*see* paragraph 8 below).

12 D. With respect to the Class, the Court finds that:

13 (i) The members of the Class are so numerous that their joinder in the Action
14 is impracticable. There were approximately 12.5 million shares of Pacific Biosciences stock offered
15 through the IPO. The Class is, therefore, sufficiently numerous to render joinder impracticable.

16 (ii) There are questions of law and fact common to the Class. Those
17 questions include whether the Registration Statement contained misstatements or omissions, whether
18 any misstatements or omissions were material, and whether any misstatements or omissions caused
19 harm to the members of the Class.

20 (iii) The claims of the Plaintiffs are typical of the claims of the Class
21 Members. Plaintiffs claim to have purchased Pacific Biosciences stock between October 27, 2010 and
22 September 20, 2011 pursuant or traceable to the same Registration Statement as the members of the
23 Class. Consequently, Plaintiffs claim that they and the other members of the Class sustained damages
24 as a result of the same misconduct by Defendants.

25 (iv) Plaintiffs and Lead Counsel have fairly and adequately represented and
26 protected the interests of the Class Members. Plaintiffs have no interests in conflict with absent
27 members of the Class. The Court is satisfied that Lead Counsel are qualified, experienced and prepared
28 to represent the Class to the best of their abilities. The law firms of Scott+Scott, Attorneys at Law, LLP
and Robbins Geller Rudman & Dowd LLP are hereby appointed Lead Counsel for the Class.

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

1 E. The form, content, and method of dissemination of Notice given to the Class was
2 adequate and reasonable and constituted the best notice practicable under the circumstances, including
3 individual notice to all Class Members who could be identified through reasonable effort.

4 F. Notice, as given, complied with the requirements of California law, satisfied the
5 requirements of due process and constituted due and sufficient notice of the matters set forth herein.

6 G. The Settlement set forth in the Stipulation is fair, reasonable, and adequate.

7 (i) The Settlement was vigorously negotiated at arm's length by Plaintiffs on
8 behalf of the Class and by Defendants, all of whom were represented by highly experienced and skilled
9 counsel. The case settled only after: (a) a mediation conducted by a retired U.S. District Court Judge
10 who was thoroughly familiar with this Action; (b) Plaintiffs' Counsel conducted an extensive
11 investigation, which included, among other things, a review of Pacific Biosciences' press releases,
12 Securities Exchange Commission filings, analyst reports, media reports and other publicly disclosed
13 reports and information about the Defendants, as well as non-public documents, including documents
14 produced by certain PACB customers who obtained limited production release versions of the RS
15 System; (c) the removal of this Action to federal court pursuant to the Securities Litigation Uniform
16 Standards Act and a remand motion to state court (*see Young v. Pacific Biosciences of California, Inc.,*
17 *et. al.*, Case Nos. 5:11-cv-05668, 5:11-cv-05669 EJD, 2012 WL 851509 (N.D. Cal. March 13, 2012);
18 and (d) the drafting and submission of a highly detailed First Amended Consolidated Class Action
19 Complaint ("Complaint") that survived a demurrer. Accordingly, both the Plaintiffs and Defendants
20 were well-positioned to evaluate the settlement value of this Action. The Stipulation has been entered
21 into in good faith and is not collusive.

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

26 H. Plaintiffs and Plaintiffs' Counsel have fairly and adequately represented the interest of
27 the Class Members in connection with the settlement.
28

1 I. Plaintiffs, all Class Members, and Defendants are hereby bound by the terms of the
2 Settlement set forth in the Stipulation.

3 **IT IS HEREBY ORDERED THAT:**

4 1. The Stipulation and the Settlement embodied therein are approved as final, fair,
5 reasonable and adequate. The Settlement shall be consummated in accordance with the terms and
6 provisions of the Stipulation. The Parties are to bear their own costs, except as otherwise provided in
7 the Stipulation.

8 2. All Released Parties as defined in the Stipulation are released in accordance with, and as
9 defined in, the Stipulation.

10 3. Upon the Effective Date, Plaintiffs and all members of the Class shall be deemed to
11 have, and by operation of the judgment shall have, absolutely and unconditionally, fully, finally, and
12 forever released, relinquished, and discharged any and all of the Defendants, their past or present
13 subsidiaries, parents, successors and predecessors, officers, directors, shareholders, partners, agents,
14 employees, attorneys, advisors, and investment advisors, insurers, and any person, firm, trust,
15 corporation, officer, director, or other individual or entity in which any Defendant has a controlling
16 interest or which is related to or affiliated with any of the Defendants, and the legal representatives,
17 heirs, successors in interest or assigns of the Defendants ("Released Parties") from, and shall forever be
18 enjoined from suing any or all of the Released Parties for, any and all claims, including "Unknown
19 Claims" (as defined in the Stipulation), arising out of, relating to, or in connection with: (i) the facts
20 and circumstances alleged in the Complaint filed in this Action; and (ii) the purchase of PACB common
21 stock, that were asserted or could have been asserted by any Plaintiff or member of the Class against the
22 Released Parties. "Settled Claims" also includes any and all claims arising out of, relating to, or in
23 connection with the Settlement or resolution of the Action against the Released Parties (including
24 Unknown Claims), except claims to enforce any of the terms of the Stipulation.

25 4. Upon the Effective Date, all Released Parties, shall be deemed to have, and by operation
26 of the judgment shall have, absolutely and unconditionally, fully, finally, and forever released,
27 relinquished, and discharged any and all claims, including "Unknown Claims" (as defined in the
28 Stipulation), relating to the institution, prosecution or settlement of the Action that have been or could

1 have been asserted in the Action or any other forum by any of the Released Parties against Plaintiffs,
2 Class Members, or their attorneys (except for claims to enforce any of the terms of the Stipulation)
3 ("Settled Defendants' Claims").

4 5. The Releases granted herein shall be effective as a bar to any and all claims within the
5 scope of their express terms and provisions that Plaintiffs or any Class Member does not know or
6 suspect to exist in his, her, or its favor as of the Effective Date, and any claims against Plaintiffs which
7 Defendants do not know or suspect to exist in their favor, which if known by him, her, or it might have
8 affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Settled
9 Claims (including Unknown Claims) and Settled Defendants' Claims (including Unknown Claims), the
10 Parties stipulate and agree that by operation of this Final Judgment, upon the Effective Date, the
11 Plaintiffs and Defendants shall have expressly waived, and each Class Member shall be deemed to have
12 waived, and by operation of the Final Judgment shall have expressly waived, the provisions, rights and
13 benefits of Cal. Civ. Code §1542, which provides:

14 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE**
15 **CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER**
16 **FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN**
 BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER
 SETTLEMENT WITH THE DEBTOR;

17 and any and all provisions, rights and benefits conferred by any law of any state or territory of the
18 United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ.
19 Code §1542. Plaintiffs and Class Members may hereafter discover facts in addition to or different from
20 those which he, she, or it now knows or believes to be true with respect to the subject matter of the
21 Settled Claims, but the Plaintiffs shall expressly fully, finally, and forever settle and release, and each
22 Class Member, upon the Effective Date, shall be deemed to have, and by operation of this Final
23 Judgment shall have, fully, finally, and forever settled and released, any and all Settled Claims, known
24 or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or
25 hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or
26 coming into existence in the future, including, but not limited to, conduct which is negligent,
27 intentional, with or without malice, or a breach of any duty, law or rule, without regard to the
28 subsequent discovery or existence of such different or additional facts. Plaintiffs and Defendants

1 acknowledge, and Class Members shall be deemed to have acknowledged, that the inclusion of
2 "Unknown Claims" in the definition of Settled Claims and Settled Defendants' Claims was separately
3 bargained for and was a key element of the Settlement.

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

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

10 8. The single request for exclusion, by Mr. Evan A. Powell, is accepted by the Court.

11 9. All other provisions of the Stipulation are incorporated into this Order as if fully
12 rewritten herein. To the extent that the terms of this Order conflict with the terms of the Stipulation, the
13 Stipulation shall control.

14 10. Plaintiffs and all Class Members are hereby barred and enjoined from instituting,
15 commencing, maintaining, or prosecuting in any court or tribunal any of the Settled Claims against any
16 of the Released Parties.

17 11. Defendants and their successors or assigns are hereby barred and enjoined from
18 instituting, commencing, maintaining, or prosecuting any of the Settled Defendants' Claims against
19 Plaintiffs, Class Members or Plaintiffs' Counsel. The Court hereby decrees that neither the Stipulation
20 nor this Final Judgment nor the fact of the settlement is an admission or concession by the Released
21 Parties, or any of them, of any liability or wrongdoing. This Final Judgment is not a finding of the
22 validity or invalidity of any of the claims asserted or defenses raised in the Action. Neither the
23 Stipulation nor this Final Judgment nor the fact of settlement nor the settlement proceedings nor the
24 settlement negotiations nor any related documents shall be offered or received in evidence as an
25 admission, concession, presumption or inference against any of the Released Parties in any proceeding,
26 other than such proceedings as may be necessary to consummate or enforce the Stipulation, or in an
27 action or proceeding to determine the availability, scope, or extent of insurance coverage (or
28

1 reinsurance related to such coverage) for the sums expended for the settlement and defense of this
2 Action.

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

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

13 14. The Court hereby awards Lead Counsel attorneys' fees of \$2,260,000.00, plus expenses
14 in the amount of \$113,000.00, together with the interest earned thereon for the same time period and at
15 the same rate as that earned on the Settlement Fund until paid. The Court finds that the amount of fees
16 awarded is appropriate and that the amount of fees awarded is fair and reasonable given the contingent
17 nature of the case and the substantial risks of non-recovery, the time and effort involved, and the result
18 obtained for the Class.

19 15. The awarded attorneys' fees and expenses and interest earned thereon shall immediately
20 be paid to Lead Counsel subject to the terms, conditions, and obligations of the Stipulation, and in
21 particular ¶8 thereof, which terms, conditions and obligations are incorporated herein.

22 16. Time and expenses are awarded to the following Plaintiffs in the amounts indicated:
23 Mathew Sandnas \$2,540.00 and Oklahoma Firefighters Pension and Retirement System \$5,943.36.
24 Such reimbursement is appropriate considering their active participation as Plaintiffs in this action, as
25 attested to by the declarations submitted to the Court.

26 17. In the event that the Stipulation is terminated in accordance with its terms: (i) this
27 Judgment shall be rendered null and void and shall be vacated *nunc pro tunc*; (ii) this Action shall
28

1 proceed as provided in the Stipulation; and (iii) the Defendants shall be permitted to object to the
2 certification of any proposed class in this Action.

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

8 19. Final judgment shall be entered herein ^{*under the terms of the stipulation of settlement*} for the amount of \$7,686,494.82 plus (i) with
9 respect to the \$256,000 held back by the Company's insurer to pay Wilson Sonsini's fees and costs to
10 complete the settlement of this action, 80% of any amount not spent, and (ii) with respect to the
11 \$200,000 held back by the Company's insurer for Wilson Sonsini's fees and costs in connection with
12 the *Primo* Federal Action, 80% of any amount not spent.

13 IT IS SO ORDERED.

14 DATED: _____

OCT 31 2013



THE HONORABLE MARIE S. WEINER