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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA**

IN RE ALPHABET INC. SHAREHOLDER
DERIVATIVE LITIGATION

Lead Case No.: 19CV341522

**JOINT DECLARATION OF FRANCIS A.
BOTTINI, JR. AND JULIE GOLDSMITH
REISER IN SUPPORT OF PLAINTIFFS'
UNOPPOSED MOTION FOR
PRELIMINARY APPROVAL OF
SETTLEMENT**

This Document Relates To:

ALL ACTIONS.

Date: October 22, 2020

Time: 1:30 p.m.

Judge: Honorable Brian C. Walsh

Dep't: 1

PUBLIC REDACTS MATERIALS FROM CONDITIONALLY SEALED RECORD

1 We, Francis A. Bottini, Jr. and Julie Goldsmith Reiser, declare as follows:

2 1. We are partners at Bottini & Bottini, Inc. and Cohen Milstein Sellers & Toll PLLC,
3 Co-Lead Counsel for Plaintiffs in *In re Alphabet Inc. Shareholder Deriv. Litig.*, Lead Case No.
4 19CV341522 (“California Action”). We have personal knowledge of the facts set forth in this
5 declaration. If called upon to do so, we could and would competently testify to such facts.

6 2. We submit this joint declaration in support of Plaintiffs’ unopposed motion for
7 preliminary approval of the proposed Settlement, as set forth in the Stipulation and Agreement of
8 Settlement dated August 20, 2020 (“Stipulation”).¹ A true and correct copy of the fully executed
9 Stipulation is attached as **Exhibit 1**.

10 3. The Settlement represents a remarkable result, reflecting both Alphabet’s and
11 Plaintiffs’ unprecedented commitment to bringing about positive change on these matters,
12 particularly when considering the risk of a much smaller recovery or even no recovery if the case
13 proceeded through demurrer, completion of discovery, dispositive motions, trial, and likely appeals.
14 Moreover, if approved, the Settlement will provide substantial benefits to Alphabet and its
15 shareholders.

16 4. As demonstrated below, the Settlement is fair, reasonable, and adequate, and is in
17 the best interests of Alphabet Inc. (“Alphabet” or the “Company”) and its shareholders. The
18 Settlement is the result of hard-fought, arm’s-length negotiations between the parties with the
19 substantial assistance of an experienced mediator, the Honorable James P. Kleinberg (Ret.).

20 5. The purpose of this declaration is to set forth a brief summary of the allegations in
21 the California Action, the procedural history, the factual investigation and prosecution, the
22 negotiations that led to the proposed Settlement, and the results achieved.

23 6. In the course of the California Action, Co-Lead Counsel conducted a comprehensive
24 investigation and settlement negotiations, including reviewing documents produced by the
25 Company, several in-person meetings with Google’s in-house counsel and outside counsel, an
26 extensive presentation and document production by the Company’s Special Litigation Committee
27

28 ¹ All terms not otherwise defined herein have the same meaning as set forth in the Stipulation.

1 (“SLC”), a formal two-day mediation in San Francisco with the assistance of Judge Kleinberg,
2 another full-day mediation in Palo Alto with the assistance of Judge Kleinberg, and the production
3 of confirmatory documents and an interview with counsel for the SLC, as a result of which the
4 strengths and weaknesses of the parties’ respective positions were fully explored and debated.

5 **I. Background**

6 **A. Summary of Allegations**

7 7. The Settlement arises out of the Litigations, as well as the Demands, alleging
8 breaches of fiduciary duties, among other claims, against certain officers and directors of the
9 Company. Settling Stockholders allege in their Litigations and Demands that the Individual
10 Defendants breached their fiduciary duties in connection with (1) an alleged pattern of sexual
11 harassment and discrimination by high-powered male executives at the Company and (2) a data bug,
12 allegedly in violation of state and federal law, including a consent decree with the Federal Trade
13 Commission, and Alphabet’s own code of conduct.

14 8. Among other things, Settling Stockholders allege that Alphabet’s Board of Directors
15 (“Board”) and the Company’s senior executives improperly awarded multi-million-dollar severance
16 packages to several male executives accused of sexually harassing female employees, even after
17 internal investigations determined those accusations to be credible.

18 9. For example, Settling Stockholders alleged that in 2014, an internal investigation
19 confirmed allegations of sexual harassment against Defendant Rubin. Settling Stockholders alleged
20 that following an internal investigation, the Board’s Leadership, Development, and Compensation
21 Committee (“LDCC”) approved a \$90 million severance package for Defendant Rubin. Settling
22 Stockholders also alleged that when Defendant Singhal resigned in 2016, after an internal
23 investigation found credible an allegation of sexual harassment, the LDCC improperly approved a
24 \$45 million severance package for Singhal.

25 10. Settling Stockholders alleged in their Litigations and Demands that these actions and
26 payouts were part of a broader discriminatory culture that resulted in alleged discrimination against
27 women by, among other things, assigning women jobs in lower compensation “bands” than similarly
28

1 situated men, promoting women more slowly and at lower rates than similarly situated men, and
2 paying women less.

3 11. Certain of the Settling Stockholders also allege in their respective Litigations or
4 Demands that certain Individual Defendants breached their fiduciary duties by concealing from
5 regulators and the public a bug in the Google+ social networking platform that was operated by the
6 Company's subsidiary, Google LLC, which meant that certain applications may have had access to
7 non-public Google+ data for an approximately three-year period. Certain of those Settled Matters
8 also allege that the data bug led to a consumer class action lawsuit against Google (which was settled
9 for \$7.5 million and is pending final court approval). Certain Settling Stockholders separately allege
10 that on January 21, 2019, the French data protection authority fined Google approximately \$57
11 million for allegedly breaching the European Union's data privacy law (which is pending appeal).

12 12. The Individual Defendants have denied and continue to deny the allegations made
13 by the Settling Stockholders in the Litigations and Demands.

14 **B. Procedural History in the California Action**

15 13. On January 9, 2019, Plaintiffs Northern California Pipe Trades Pension Plan
16 ("NCPTPP") and Teamsters Local 272 Labor Management Pension Fund ("Local 272") filed a
17 stockholder derivative action in San Mateo Superior Court against certain of the Individual
18 Defendants.

19 14. On January 10, 2019, Plaintiff Martin also filed a stockholder derivative action
20 against certain of the Individual Defendants in San Mateo Superior Court. Prior to filing suit,
21 Plaintiff Martin had propounded a stockholder inspection demand on the Company and had received
22 a production of books and records from the Company, relevant portions of which were included in
23 Plaintiff Martin's complaint, which was filed under seal.

24 15. On January 24, 2019, a related complaint was filed in this Court by Plaintiffs LR
25 Trust, Jonathan Reiss, and Allen Wiesenfeld. In an effort to coordinate the pending actions, on
26 February 14, 2019, the *Martin* and *N. Cal. Pipe Trades* actions were transferred to this Court from
27 San Mateo Superior Court.

1 16. On February 22, 2019, Plaintiffs Martin, NCPTPP, and Local 272 filed a motion with
2 this Court to consolidate the *Martin*, *N. Cal. Pipe Trades*, and *LR Trust* actions, appoint Martin,
3 NCPTPP, and Local 272 as Co-Lead Plaintiffs, and to appoint Bottini & Bottini and Cohen Milstein
4 as Co-Lead Counsel.

5 17. Thereafter, related complaints were filed in this Court by Plaintiff Sjunde-AP Fonden
6 (“AP7”), after first making a litigation demand on the Board, and Plaintiffs New York City
7 Employees’ Retirement System, Teachers’ Retirement System of the City of New York, New York
8 City Fire Department Pension Fund, Subchapter 2, and New York City Board of Education
9 Retirement System (collectively, the “NYC Funds”), after voluntarily dismissing an action they had
10 filed in the Delaware Court of Chancery.

11 18. On May 16, 2019, the Court ordered that the *Martin*, *Pipe Trades*, *LR Trust*, *AP-*
12 *Fonden*, and *NYC Funds* actions be consolidated for all purposes and appointed NCPTPP, Local
13 272, and Martin as Co-Lead Plaintiffs and Bottini & Bottini and Cohen Milstein as Co-Lead
14 Counsel, with the exception that Plaintiff AP7 was allowed to maintain a separate complaint and its
15 counsel would serve as lead counsel of its own case through the demurrer stage.

16 19. On August 16, 2019, Co-Lead Plaintiffs filed a consolidated complaint in the
17 California Action, asserting four claims: (1) breach of fiduciary duty; (2) unjust enrichment; (3)
18 corporate waste; and (4) abuse of control.

19 20. On June 14, 2019, Alphabet’s counsel advised the Court that the Board had formed
20 an SLC that was empowered to evaluate and investigate the claims and allegations asserted and to
21 determine how the Company should proceed. The parties agreed to delay the response date to the
22 operative complaints pending an investigation by the SLC and then — subsequent to a request from
23 the SLC that the parties attempt to resolve the dispute — to allow the parties to engage in the
24 mediation process.

25 21. On February 18, 2020 and March 18, 2020, two related complaint were filed in this
26 Court by Jackson D. Morgus and John R. O’Neil. On May 20, 2020, the Court ordered that the
27 *Morgus* and *O’Neil* actions be consolidated into the California Action.

1 **C. The Federal Actions**

2 22. The Federal Actions were commenced between January and March 2019, asserting
3 claims for breach of fiduciary duty, corporate waste, unjust enrichment, and violations of the federal
4 securities laws. On February 5, 2020, the federal court granted Defendants’ motion to stay the
5 Federal Actions pending resolution of this California Action.

6 **D. The Delaware Action**

7 23. On May 14, 2019, Plaintiff Irving Fire commenced the Delaware Action, containing
8 similar allegations to those alleged in the California Action. On June 14, 2019, Defendants moved
9 to stay the Delaware Action in favor of this action, which was denied. On July 22, 2019, the SLC
10 moved to stay the Delaware Action pending completion of the SLC’s process, which was granted.
11 The parties agreed to extend the stay in the Delaware Action while the parties engaged in mediation.

12 **E. The Demands**

13 24. Between February 2019 to June 2019, the Board received six Demands from the
14 following stockholders: AP7, Esther Schlafrig, D.M. Cohen, Inc., Karen Sbriglio, Erste Asset
15 Management GmbH, and Roger Morrell.

16 **F. The Special Litigation Committee**

17 25. On November 28, 2018, the Company’s Board established a Special Committee to
18 oversee a comprehensive review by management of company policies and processes related to
19 sexual harassment and/or sexual misconduct. The Company retained Wilmer Cutler Pickering Hale
20 and Dorr LLP (“WilmerHale”) to conduct this review.

21 26. On April 24, 2019, the Board approved final resolutions forming the SLC to consider
22 the derivative lawsuits on file and related litigation demands, as well as any similar, subsequent
23 derivative suits or demand letters. The SLC retained Cravath, Swaine & Moore LLP (“Cravath”) and
24 Abrams & Bayliss LLP to serve as its independent counsel.

25 27. The SLC assumed oversight of the review of policies and processes, previously
26 overseen by the Special Committee, and expanded the scope of that review to include policies and
27 processes related to anti-retaliation and pay equity. That review included an examination of relevant
28 documents, including, among other things, company policies, procedures and guidance and training

1 materials, analysis of existing practices and processes, and interviews of company employees.

2 28. The SLC was also given the full authority of the Board to evaluate the allegations
3 and claims asserted in the Demands and in the Litigations, and to arrive at such decisions and take
4 such actions in connection with the Demands and Litigations that the SLC deemed appropriate and
5 in the best interests of the Company and its stockholders, including, without limitation, deciding
6 whether to pursue such claims, to seek a consensual resolution, or to seek dismissal.

7 29. The SLC substantially completed its investigation in December 2019.

8 30. On December 9, 2019, the SLC, through Cravath, responded by letter to counsel for
9 all parties to the Demands and Litigations that it had completed its investigation of the allegations
10 and claims asserted in the Demands and Litigations. Cravath informed counsel that based on its
11 investigation, the SLC had determined that “it [wa]s in the best interests of the Company and its
12 stockholders for the parties, including the demanding stockholders, to attempt to resolve the claims
13 through a global mediation.” The SLC reached that conclusion based on its analysis that the claims
14 asserted were not in the best interests of Alphabet to pursue.

15 **G. The Litigation Progress and Extensive Settlement Negotiations**

16 31. Prior to the filing of the consolidated complaint in the California Action, Plaintiffs’
17 Co-Lead Counsel reviewed 1,900 pages of internal documents produced by Alphabet in response to
18 Lead Plaintiffs’ stockholder inspection demands. Prior to making its litigation demand and filing
19 its complaint, AP7 also reviewed internal documents that Alphabet produced in response to AP7’s
20 stockholder inspection demand. These documents included, among other things, (1) minutes,
21 agendas, Board packages, communications, and other materials relating to regularly conducted and
22 special meetings of the Board and the LDCC; (2) internal company policies, including Code of
23 Conduct and Relationships with Coworkers and Employment of Relatives Policy, and drafts thereof;
24 (3) employment and termination agreements of certain executives; and (4) certain director and
25 officer questionnaires.

26 32. Settling Stockholders’ Counsel engaged in extensive settlement negotiations with
27 Defendants spanning many months. The settlement negotiations were conducted under the auspices
28

1 of Judge Kleinberg. Prior to commencing the formal settlement negotiations, in order to more fully
2 inform themselves of all relevant facts, Plaintiffs' Co-Lead Counsel attended several in-person as
3 well as telephonic/video conferences with counsel for the Alphabet Defendants and the SLC. For
4 example, on January 14, 2020, Plaintiffs' Co-Lead Counsel, along with Louise Renne and Ann
5 Ravel, met in person with counsel for the Alphabet Defendants, certain Alphabet representatives,
6 and WilmerHale in Mountain View, California and Washington, D.C. At the meeting, WilmerHale
7 provided an extensive presentation regarding the Company's corporate governance practices and
8 internal controls on issues relevant to the allegations in the Litigations and the Demands and an
9 Alphabet representative gave a presentation on Google's privacy program, including the growth and
10 development of certain policies and processes as well as a discussion of privacy training for
11 employees and privacy tools for users. Alphabet also produced relevant policies and procedures.
12 Separately, AP7's counsel and expert met with Cravath in person on September 20, 2019.

13 33. On January 17, 2020, to ensure the Settling Parties had adequate information for the
14 mediation, the SLC, through Cravath, made a detailed oral presentation to counsel for the Settling
15 Parties regarding the SLC's investigation process and findings. The presentation lasted several
16 hours and included an oral summary of the SLC's investigation, findings, and conclusions including
17 review of certain internal Company documents, e-mails, and Board and LDCC minutes, which had
18 been circulated to the Settling Parties in advance. In addition to Cravath summarizing the SLC's
19 findings with respect to Google's user data privacy program, the presentation also included a
20 description by WilmerHale of relevant policies and procedures related to harassment, retaliation and
21 pay equity, as well as a discussion of the workplace enhancements that the SLC had approved and
22 adopted for inclusion in any resolution.

23 34. Following receipt and review of this information, Settling Stockholders' Counsel
24 engaged in a two-day mediation with Defendants' counsel on January 22, 2020 and January 23,
25 2020. Judge Kleinberg served as the mediator, and the mediation sessions were held in San
26 Francisco at JAMS. At the mediation, to streamline the negotiations and make them more effective,
27 Judge Kleinberg appointed two working groups, consisting of Company counsel and counsel for the
28 Alphabet Defendants ("Defendants' Working Group") and representatives of the Settling

1 Stockholders' Counsel: Plaintiffs' Co-Lead Counsel (Francis A. Bottini, Jr. and Julie Goldsmith
2 Reiser), Louise Renne, and Ann Ravel ("California Plaintiffs' Working Group"). The California
3 Plaintiffs' Working Group and Defendants' Working Group had several meetings, in between which
4 the California Plaintiffs' Working Group kept other Settling Stockholders' Counsel apprised of
5 developments and sought their input in negotiating the settlement terms.

6 35. The California Plaintiff's Working Group and Defendants' Working Group also met,
7 in person, on February 25, 2020 in Palo Alto, California to further discuss a potential settlement.
8 Judge Kleinberg also attended and facilitated the parties' discussions. During this time, Plaintiffs'
9 Co-Lead Counsel also consulted with their retained experts on numerous matters relevant to the
10 pending litigation and the settlement issues, including a corporate governance expert and a data
11 privacy expert, and provided feedback on the proposed Settlement Consideration.

12 36. During the ensuing further settlement discussions, the Settling Parties affirmed the
13 appropriateness of the workplace enhancements adopted by the SLC, and agreed to revisions to
14 certain recommendations originally proposed as part of the SLC Review. The Settling Parties also
15 reached agreement on the additional governance reforms reflected in the Stipulation. In addition,
16 after Alphabet agreed to establish the Diversity, Equity and Inclusion Advisory Council as part of
17 the settlement negotiations (the "DEI Advisory Council"), the California Plaintiffs' Working Group
18 researched, interviewed, and advocated for numerous persons to serve on the DEI Advisory Council
19 who they believed would help the DEI Advisory Council achieve its goals. The California
20 Plaintiffs' Working Group relayed their recommendations to Defendants' Working Group and had
21 numerous calls and discussions regarding the membership of the DEI Advisory Council, its
22 relationship with the LDCC and Board, and other matters relevant to the governance reforms. These
23 discussions involved dozens of calls, meetings, and communications over a three-month time
24 period, during which the parties exchanged numerous offers and counter-offers regarding different
25 elements of the proposed settlement.

26 37. Cravath, as counsel for the SLC, attended the first two-day mediation session in
27 person (and was available by phone for the third day), reviewed all settlement demands and
28 proposals sent by all the Settling Parties, and discussed the evolving negotiations with, and sought

1 feedback from, the SLC.

2 38. On April 20, 2020, Plaintiffs' Co-Lead Counsel, Delaware Counsel, and counsel for
3 the Alphabet Defendants negotiated a Memorandum of Understanding ("MOU"), which was
4 executed by the Settling Parties (other than Sbriglio). Following negotiations, counsel for the
5 Alphabet Defendants and counsel for Sbriglio reached agreement on certain aspects of the
6 Settlement Consideration. Counsel for Sbriglio subsequently joined in the Settlement.

7 39. Following the agreement in principle to settle, counsel for the Alphabet Defendants
8 and the SLC produced to Plaintiffs' Co-Lead Counsel certain information in order to ensure that the
9 Settlement was fair, adequate, and reasonable and in the best interests of the Settling Stockholders
10 and Alphabet: (1) the interview of one attorney at Cravath regarding the SLC's process and
11 independence, which interview occurred on June 23, 2020; and (2) the review of over 5,300
12 additional pages of relevant documents made available to Settling Stockholders' Counsel by
13 Alphabet.

14 40. As to the legal merits of the claims asserted in the Settled Matters, the Settling Parties
15 have expended significant time and resources participating in a two-day in-person mediation and
16 pre- and post-mediation conference calls and working group meetings, where the merits of the
17 claims asserted in the Settled Matters and defenses thereto were extensively discussed between the
18 parties and independently with the mediator, Judge Kleinberg.

19 41. After considerable review and deliberation, the SLC approved the terms and
20 conditions in the MOU and the Stipulation, and determined that the Settlement is in the best interests
21 of the Company and its stockholders.

22 42. The Settling Parties entered into the Stipulation, which was executed on August 20,
23 2020. Prior to signing the Stipulation, the Settling Parties had no negotiations regarding the amount
24 of any Fee & Expense Awards or the amount of any Service Awards.

25 **II. The Terms of the Proposed Settlement**

26 43. In consideration of the Settlement and the releases provided therein, and subject to
27 the terms and conditions of the Stipulation, the Settling Parties have agreed to the following
28 Settlement Consideration for Alphabet.

1 44. Corporate Governance and Workplace Measures and Enhancements. Alphabet shall
2 adopt and/or maintain (to the extent already implemented) for at least five years a robust program
3 designed to prevent and/or address sexual harassment, sexual misconduct, retaliation,
4 discrimination, and pay equity. These corporate governance and workplace measures and
5 enhancements are set forth in Paragraph 1.2 of the Stipulation (“Agreed-To Measures”).

6 45. DEI Advisory Council. Alphabet shall establish and maintain for at least five years
7 a DEI Advisory Council. Membership in the DEI Advisory Council will consist of external and
8 internal members, including Alphabet’s Chief Executive Officer who will serve on the DEI
9 Advisory Council for the first year. The substantive terms of the DEI Advisory Council are
10 described in Paragraph 1.3 of the Stipulation.

11 46. Workplace Initiative and Funding Component. Alphabet shall commit funds to be
12 spent on a set of workplace initiatives and programs (the “Workplace Initiative”). The Workplace
13 Initiative will support a set of global initiatives and programs that focus on the following key areas:
14 (a) expanding the pool of technologists, especially those who are historically underrepresented (*i.e.*,
15 diverse, historically underrepresented, and/or disadvantaged individuals or groups), including by
16 increasing educational and career opportunities through investments in computer science programs
17 to build computer science talent; (b) hiring, progression, and retention of historically
18 underrepresented talent at Alphabet and in particular at Google; (c) fostering respectful, equitable,
19 and inclusive workplace cultures; and (d) helping historically underrepresented groups and
20 individuals succeed with their businesses and in the digital economy and tech industry, including by
21 supporting conferences and events and increasing access to digital tools and opportunities. The
22 substantive terms of the Workplace Initiative are described in Paragraph 1.4 of the Stipulation.

23 47. In order to provide appropriate funding for the Workplace Initiative, ***Alphabet has***
24 ***agreed to cause to be spent a total of \$310 million over the course of up to 10 years starting the***
25 ***first full fiscal year following the Effective Date of the Settlement.***

26 48. On November 8, 2018, Google, publicly announced a number of workplace
27 commitments (“November 2018 Commitments”). The Company shall adopt the Agreed-To
28 Measures in addition to or in conjunction with the November 2018 Commitments, and

acknowledges that the Settling Stockholders and their counsel were a substantial and material factor in the adoption and/or maintenance of the Agreed-To Measures.

III. The Proposed Settlement Warrants Preliminary Approval

A. The Settlement Was Negotiated by Well-Informed Counsel and only After Substantial Investigation and Extensive Arm's-Length Negotiations Overseen by an Experienced and Respected Mediator

49. Plaintiffs' Co-Lead Counsel have conducted diligent discovery into the claims and the underlying events and transactions alleged in this Action. As noted above, this discovery has included, *inter alia*, the reviewed of 1,900 pages of internal documents produced by Alphabet in response to Lead Plaintiffs' stockholder inspection demands. Prior to making its litigation demand and filing its complaint, AP7 also reviewed internal documents that Alphabet produced in response to AP7's stockholder inspection demand. These documents included, among other things, (1) minutes, agendas, Board packages, communications, and other materials relating to regularly conducted and special meetings of the Board and the LDCC; (2) internal company policies, including Code of Conduct and Relationships with Coworkers and Employment of Relatives Policy, and drafts thereof; (3) employment and termination agreements of certain executives; and (4) certain director and officer questionnaires.

50. Plaintiffs' Co-Lead Counsel also attended in-person meetings at Google's headquarters, at which extensive information was presented regarding Google's employment practices, policies, and governance practices. As noted above, Plaintiffs' Co-Lead Counsel attended several in-person as well as telephonic/video conferences with counsel for the Alphabet Defendants and the SLC. For example, on January 14, 2020, Plaintiffs' Co-Lead Counsel, along with Ms. Renne and Ms. Ravel, met in person with counsel for the Alphabet Defendants, certain Alphabet representatives, and WilmerHale in Mountain View, California and Washington, D.C. At the meeting, WilmerHale provided an extensive presentation regarding the Company's corporate governance practices and internal controls on issues relevant to the allegations in the Litigations and the Demands and an Alphabet representative gave a presentation on Google's privacy program, including the growth and development of certain policies and processes as well as a discussion of

1 privacy training for employees and privacy tools for users. Alphabet also produced relevant policies
2 and procedures. Separately, Plaintiff AP7's counsel and expert met with Cravath in person on
3 September 20, 2019.

4 51. In addition, on January 17, 2020, to ensure the Settling Parties had adequate
5 information for the mediation, the SLC, through Cravath, made a detailed oral presentation to
6 counsel for the Settling Parties regarding the SLC's investigation process and findings. The
7 presentation lasted several hours and included an oral summary of the SLC's investigation, findings,
8 and conclusions, including review of certain internal Company documents, e-mails, and Board and
9 LDCC minutes, which had been circulated to the Settling Parties in advance. In addition to Cravath
10 summarizing the SLC's findings with respect to Google's user data privacy program, the
11 presentation also included a description by WilmerHale of relevant policies and procedures related
12 to harassment, retaliation and pay equity, as well as a discussion of the workplace enhancements
13 that the SLC had approved and adopted for inclusion in any resolution.

14 52. Following receipt and review of this information, Settling Stockholders' Counsel
15 engaged in a two-day mediation with Defendants' counsel on January 22, 2020 and January 23,
16 2020. Judge Kleinberg served as the mediator, and the mediation sessions were held in San
17 Francisco at JAMS. A further full-day mediation was held on February 25, 2020 in Palo Alto
18 between the Plaintiffs' Working Group and the Defendants' Working Group as was also overseen
19 by Judge Kleinberg. Notably, Judge Kleinberg prepared a declaration describing the negotiations
20 and his role in the process, a true and correct copy of which is attached as **Exhibit 2**.

21 53. Moreover, after the parties reached an agreement to settle, Alphabet produced to
22 Plaintiffs thousands of pages of confirmatory information, and Plaintiffs also conducted an
23 interview of SLC's counsel on June 23, 2020.

24 **B. Counsel Strongly Endorse the Settlement**

25 54. Based on our thorough investigation and analysis of the claims at issue in the
26 California Action and the information Plaintiffs obtained in discovery, we have concluded that the
27 terms and conditions of the proposed Settlement are fair, reasonable, and adequate, and Plaintiffs
28

1 have accordingly agreed to settle the claims raised in the California Action pursuant to the terms
2 and provisions of the Stipulation after considering: (a) the benefits that Plaintiffs and Alphabet will
3 receive from settlement of the Settled Matters; (b) the risk, costs, and uncertainties of further
4 litigation; (c) the desirability of permitting the Settlement to be consummated as provided by the
5 terms of the Stipulation; and (d) Co-Lead Counsel's experience in the prosecution of similar actions.

6 55. Plaintiffs believe that the claims asserted in the Litigations have merit and that their
7 investigation of the evidence supports the claims asserted. Nonetheless, without conceding the merit
8 of any of the Defendants' defenses, and in light of the benefits of the Settlement as well as to avoid
9 the potentially protracted time, expense, and uncertainty associated with continued litigation,
10 including potential trial(s) and appeal(s), Settling Stockholders and Settling Stockholders' Counsel
11 have concluded that it is desirable that the Litigations be fully and finally settled in the manner and
12 upon the terms and conditions set forth in this Stipulation.

13 56. We recognize the significant risk, expense, and length of continued proceedings
14 necessary to prosecute the Litigations against Defendants through trial(s) and through possible
15 appeal(s). We have also taken into account the uncertain outcome and the risk of any litigation,
16 especially complex litigation such as the Litigations, the difficulties and delays inherent in such
17 litigation, the cost to Alphabet — on behalf of which Settling Stockholders filed the Litigations or
18 made Demands — and distraction to management of Alphabet that would result from extended
19 litigation. Based on our evaluation, and in light of what we believe to be the significant benefits
20 conferred upon Alphabet as a result of the Settlement, Settling Stockholders and Settling
21 Stockholders' Counsel have determined that the Settlement is in the best interests of Settling
22 Stockholders and Alphabet and have agreed to settle the Litigations upon the terms and subject to
23 the conditions set forth therein.

24 **C. Consideration of the Claims and Defenses, and the Risks, Expense, and Likely**
25 **Duration of Further Litigation, All Favor Preliminary Approval**

26 57. We strongly believe that Plaintiffs' claims have merit and that Plaintiffs will prevail
27 if they proceed to trial. Nonetheless, we are also cognizant of the significant risk, expense, and
28 uncertainty of prevailing in this hotly-contested shareholder derivative action.

1 58. Plaintiffs’ consolidated complaint filed on August 16, 2019, which is the operative
2 complaint in the California Action, asserts the following four claims: (1) breach of fiduciary duty;
3 (2) unjust enrichment; (3) corporate waste; and (4) abuse of control.

4 59. Because this is a shareholder derivative action, all four claims are asserted *on behalf*
5 *of* the Company against the Individual Defendants. As a result, they are all subject to the demand
6 futility threshold, requiring Plaintiffs to demonstrate that a demand on the Company’s Board would
7 be futile and, thus, excused because a majority of the Board either lacks independence or faces a
8 substantial likelihood of personal liability. Although Plaintiffs were cautiously optimistic that they
9 would be able to demonstrate demand futility, Defendants were equally confident in their position.
10 To Plaintiffs’ knowledge, only one derivative action regarding sexual misconduct and board
11 complicity in concealing that misconduct has overcome demand futility nationwide. As a result, at
12 the time of the settlement, Plaintiffs faced a substantial risk that any demurrer might be sustained
13 on demand-futility grounds, in which case there would be no recovery for the Company, regardless
14 of the merits of Plaintiffs’ underlying claims.

15 60. Moreover, even if the Court concluded that Plaintiffs had adequately alleged demand
16 futility at the pleading stage, there was no guarantee that Plaintiffs would be able to prove at the
17 summary-judgment stage or at trial that demand on the Company’s Board was futile.

18 61. Additionally, the Board created an SLC, which retained well-qualified counsel from
19 Cravath. As discussed above, on December 9, 2019, the SLC indicated that it had completed its
20 investigation of the allegations and claims asserted in the Demands and Litigations. Although the
21 SLC had determined that “it [wa]s in the best interests of the Company and its stockholders for the
22 parties ... to attempt to resolve the claims through a global mediation,” the SLC’s conclusion was
23 also that, based on its analysis, the claims asserted were not in the best interests of Alphabet to
24 pursue. Given the high deference afforded to an SLC’s decision to dismiss a lawsuit, had this action
25 not settled, Plaintiffs faced a substantial risk that their action might be dismissed based on the SLC’s
26 recommendation. If the SLC were to recommend that the action be dismissed, Plaintiffs would have
27 been forced to demonstrate that the SLC lacked independence or that it failed to conduct a reasonable
28 investigation before they could litigate the merits of their claims.

1 62. With respect to the substance of the derivative claims, even if Plaintiffs had prevailed
2 on the demurrer, the breach of fiduciary duty claim required Plaintiffs to not merely allege, but to
3 prove, a non-indemnifiable claim at trial, which is a high hurdle.

4 63. The corporate waste claim alleged that Defendants committed corporate waste by
5 approving lucrative compensation packages to certain male executives. It is frequently commented
6 that, putting aside pleading challenges, actually proving corporate waste is one of the more difficult
7 claims to prove because it generally requires proving that there was no valid corporate purpose for
8 the expenditures. Rubin was granted a \$90 million severance and Singhal received a severance
9 package originally valued at up to \$45 million. However, Singhal's \$45 million severance was
10 reduced to \$15 million because he joined a rival company, Uber. Thus, the total amount of the
11 severance payments actually paid was \$105 million, not \$135 million. Defendants would have
12 argued that approval of \$90 million to Defendant Rubin and \$15 million to Defendant Singhal as
13 part of their severance were for agreements not to compete against Alphabet, among other reasons,
14 which provided a clear benefit to the Company. If Defendants were successful, those payments
15 would not have been recoverable damages at all since a claim for corporate waste is defeated if there
16 is any legitimate business purpose for the payment.

17 64. Plaintiffs also would have sought damages related to Defendant Drummond's \$222
18 million in stock sales while under investigation for misconduct and after altering his 10b5-1 trading
19 plan in the months preceding his departure from the Company. In response, Defendants could have
20 argued that Drummond did not sell his stock based on any non-public information and that, because
21 Drummond's stock had vested at the time of his sales, the Company had no ability to prevent
22 Drummond from selling a vested property interest, and that Google did not award any severance
23 package to Drummond upon his departure, and therefore Drummond's proceeds from the sale of
24 vested stock could not be considered recoverable damages.

25 65. Moreover, beyond the threshold obstacles addressed above, Plaintiffs also faced
26 challenges in establishing their theories of liability and were also handicapped by the fact that two
27 key individuals involved in Rubin's and Singhal's compensation, Bill Campbell and LDCC member
28 Paul Otellini, are now deceased. Their deaths leave substantial evidentiary gaps on critical fact

1 issues, including the LDCC's knowledge of the investigation into Rubin's misconduct.

2 66. Given these challenges, Plaintiffs estimate that realistic potential recoverable
3 damages in this case were in the range of \$50 to \$65 million for claims related to sexual misconduct.
4 Plaintiffs determined that securing long-term meaningful commitments to workplace equity at
5 Alphabet as well as the establishment of the DEI Advisory Council and Alphabet's commitment to
6 spend \$310 million over the course of up to 10 years on the Workplace Initiative will achieve much
7 greater long-term value for investors and Alphabet employees.

8 67. Plaintiffs also alleged a claim of breach of fiduciary duty related to the Google+
9 breach and privacy claim. All eleven director defendants were on the Board at the time that Alphabet
10 allegedly decided to conceal the breach from regulators, which Plaintiffs believe was in likely
11 violation of an FTC consent decree. Challenges in prevailing on this claim included that Google+,
12 the product at issue, was used by a small number of consumers and the breach did not involve
13 sensitive data (such as passwords or financial information). Additionally, regulatory inquiries into
14 the matter were resolved and none resulted in financial penalties and a securities class action
15 involving these same allegations was dismissed and judgment was subsequently entered. Plaintiffs
16 believe their strongest argument for recoverable damages was the \$7.5 million for payment to settle
17 a consumer class action related to the breach. Thus, while Plaintiffs believe they had strong
18 arguments on the Google+ breach theory, it represented a comparatively small recovery relative to
19 Google's agreement to implement changes to the process for assessing the materiality of data
20 incidents and informing the Board where appropriate.

21 68. We took all of this into account in negotiating the Settlement. Again, we believe that
22 the claims asserted have merit and that our investigation of the evidence supports the claims.
23 However, without conceding the merit of any of Defendants' defenses, and in light of the certain
24 and substantial benefits that the Settlement will provide, we concluded that it is desirable that the
25 Settled Matters be fully and finally settled in the manner and upon the terms and conditions set forth
26 in the Settlement. We recognize the significant risk, expense, and length of continued proceedings
27 necessary to prosecute the Litigations against Defendants through trial(s) and through possible
28 appeal(s), including the prospect of no recovery after several years of litigation. We have also taken

1 into account the uncertain outcome and the risk of any litigation, especially complex litigation such
2 as this, the difficulties and delays inherent in such litigation, the cost to Alphabet — on behalf of
3 which Plaintiffs seek to litigate — and distraction to management of Alphabet that would result
4 from extended litigation. Based on our evaluation, and in light of what we believe to be the
5 significant benefits conferred upon Alphabet and its shareholders by the Settlement, we determined
6 that the Settlement is in the best interests of Alphabet and its current shareholders.

7 **IV. Separately-Negotiated Attorneys' Fees and Expenses**

8 69. Following the execution of the Stipulation, the Settling Parties separately negotiated,
9 with the assistance of the Hon. Layn Phillips (Ret.), reasonable attorneys' fees and expenses for the
10 Stockholders' Counsel (other than Delaware Counsel) to be paid by Defendants and/or their
11 insurance carriers. Pursuant to the Settling Parties' agreement, Defendants have agreed not to
12 oppose an application by Plaintiffs' Counsel for an award of attorneys' fees and expenses not to
13 exceed [REDACTED], reflecting [REDACTED] of the concrete value conferred on Alphabet by the
14 Settlement, including the reforms, the DEI Advisory Council, and Workplace Initiative funding
15 commitment (\$310 million). The requested award represents a modest multiplier of [REDACTED] of Plaintiffs'
16 Counsel's current lodestar of [REDACTED], which is well within the acceptable range. Plaintiffs'
17 current expenses are \$272,637.69.

18 70. The requested fee and expense award is consistent with the substantial benefits
19 obtained in the Settlement, as well as the amount of time and work undertaken by Plaintiffs' Counsel
20 in prosecuting the Settled Matters and arriving at the Settlement. As described above, the Settlement
21 was achieved only after Plaintiffs' Counsel conducted an extensive investigation into the underlying
22 facts; prepared comprehensive complaints; obtained and analyzed thousands of documents;
23 consulted with retained experts; and participated in months-long settlement discussions and
24 negotiations, which included, among other things, a two-day mediation in San Francisco, a one-day
25 mediation in Palo Alto, and numerous calls, meetings, and communications with respect to
26 competing offers and counter-offers regarding different elements of the proposed settlement.

27 71. The Settled Matters presented a wide array of complex legal and factual issues,
28 requiring the experience and creativity of counsel. Plaintiffs' Counsel used their considerable

1 experience and spent considerable time investigating the underlying facts and defenses in order to
2 properly determine the strength and weaknesses of the case. Our firms also conducted appropriate
3 legal research and economic analysis to assess the proper legal claims, damages, and relief.

4 72. In light of the substantial benefits achieved by the Settlement for Alphabet and its
5 shareholders and employees, we respectfully submit that the attorneys' fees and expenses not to
6 exceed [REDACTED] would be reasonable and fair and warrant preliminary approval.

7 **V. Proposed Notice to Current Alphabet Shareholders**

8 73. Notice of the Settlement will be provided to Alphabet shareholders in the following
9 manner: Within five (5) business days of the Court's entry of the Preliminary Approval Order,
10 Alphabet shall: (1) file a Form 8-K with the SEC which shall include the Notice (Exhibit B to
11 Stipulation) as an attachment, (2) cause the Summary Notice (Exhibit C to Stipulation) to be
12 published through *Investor's Business Daily*, and (3) post the Notice and Stipulation on the
13 Company's investor relations website until the Judgment becomes Final. Alphabet shall cause to
14 be paid all costs of such notice. Plaintiffs' Co-Lead Counsel will also post the Notice (Exhibit B to
15 Stipulation) on their firms' websites. At least seven (7) calendar days prior to the Settlement
16 Hearing, the parties shall file with the Court proof of compliance with the above requirements.

17 74. The proposed forms of Notice and Summary Notice are attached as Exhibits B and
18 C to the Stipulation. This form of notice has previously been approved by the Court as satisfying
19 the relevant standards. For example, the Court approved similar Notice and Summary Notice in *In*
20 *re Yahoo! Inc. Shareholder Litig.*, Lead Case No. 17CV307054 (Cal. Super. Ct., Cnty. of Santa
21 Clara Jan. 9, 2019) (Walsh, J.). Attached as **Exhibit 3** is a true and correct copy of the preliminary
22 approval order entered in *Yahoo* on October 26, 2018. Attached as **Exhibit 4** is a true and correct
23 copy of the final approval order entered in *Yahoo* on January 9, 2019. Attached as **Exhibit 5** is a
24 true and correct copy of the final approval order entered in *In re McKesson Corporation Derivative*
25 *Litigation* on April 22, 2020.


26 //

27 //

28 //

1 We declare under penalty of perjury under the laws of the State of California that the
2 foregoing is true and correct.

3
4 Executed this 25th day of September at La Jolla, California, and Washington, D.C.

5 
6 _____
7 FRANCIS A. BOTTINI, JR.

8 
9 _____
10 JULIE GOLDSMITH REISER

Exhibit 1

BOTTINI & BOTTINI, INC.

Francis A. Bottini, Jr. (SBN 175783)

Albert Y. Chang (SBN 296065)

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Co-Lead Counsel for Plaintiffs

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA**

IN RE ALPHABET INC. SHAREHOLDER
DERIVATIVE LITIGATION

Lead Case No. 19CV341522

This Document Relates To:
ALL ACTIONS

**STIPULATION AND AGREEMENT
OF SETTLEMENT**

Judge: Hon. Brian C. Walsh

Dep't: 1 (Complex Civil Litigation)

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1 R. Mulally, Ann Mather, Roger W. Ferguson, Jr., Diane B. Greene, Shirley M. Tilghman, Laszlo
2 Bock, David C. Drummond, Eileen Naughton, and Ruth E. Porat, and Nominal Defendant Alphabet
3 Inc.

4 (b) “**Board**” means Alphabet’s Board of Directors.

5 (c) “**California Action**” means the actions consolidated as *In re Alphabet Inc. S’holder*
6 *Deriv. Litig.*, Lead Case No. 19CV341522 (Cal. Super Ct., Cnty. of Santa Clara), including *AP-*
7 *Fonden v. Bock*, Case No. 19CV344792 (Cal. Super. Ct., Cnty. of Santa Clara).

8 (d) “**California State Court**” means the Superior Court for the State of California,
9 County of Santa Clara.

10 (e) “**Co-Lead Plaintiffs**” means Plaintiff Northern California Pipe Trades Pension Plan,
11 Plaintiff Teamsters Local 272 Labor Management Pension Fund, and Plaintiff James Martin.

12 (f) “**Current Alphabet Stockholders**” means any Person who owned Alphabet common
13 stock as of the date of the execution of this Stipulation (which shall be defined by the date of the last
14 signature on the Stipulation) and who continues to hold such Alphabet common stock as of the date
15 of the Settlement Hearing, excluding the Individual Defendants, the current officers and directors of
16 Alphabet, members of their immediate families, and their legal representatives, heirs, successors, or
17 assigns, and any entity in which the Individual Defendants have or had a controlling interest.

18 (g) “**Delaware Action**” means the action captioned as *Irving Firemen’s Relief & Ret.*
19 *Fund v. Page et al.*, Case No. 2019-0355-SG (Del. Ch.).

20 (h) “**Delaware Counsel**” means Scott + Scott, Attorneys at Law, LLP.

21 (i) “**Demands**” refers collectively to the stockholder litigation demands made by: Esther
22 Schlafrig (dated February 14, 2019); D.M. Cohen, Inc. (dated February 22, 2019); Karen Sbriglio
23 (dated May 16, 2019); Erste Asset Management GmbH (dated May 22, 2019); and Roger Morrell
24 (dated June 25, 2019).

25 (j) “**Effective Date**” means the date by which all of the events and conditions specified
26 in Paragraph 6.1 herein have been met and have occurred.

27 (k) “**Federal Actions**” means *Bao v. Page et al.*, Case No. 4:19-cv-00314-JSW (N.D.
28 Cal.); *Cordeiro v. Page et al.*, Case No. 4:19-cv-00447-JSW (N. D. Cal.); *Galbiati v. Page et al.*, Case

No. 4:19-cv-01063-JWS (N.D. Cal.); *Lipovich v. Page et al.*, Case No. 4:19-cv-01295-JWS (N.D. Cal.); and *Green v. Page et al.*, Case No. 4:19-cv-01165-JSW (N.D. Cal.).

(l) **“Fee & Expense Award”** means any fee and expense award issued by the court in the California Action or in the Delaware Action, respectively. **“Fee & Expense Awards”** means, collectively, the fee and expense awards issued by the courts in the California Action and Delaware Action.

(m) **“Fee Agreement(s)”** means any agreement(s) that the Settling Parties may reach regarding the Fee & Expense Awards, as memorialized in a letter or order issued by the mediator (Hon. Layn Phillips). The Settling Parties have had no negotiations regarding the amount of any Fee & Expense Award prior to signing this Stipulation, and will attempt to reach agreement on such issues after this Stipulation is signed.

(n) **“Final”** means the time when a Judgment that has not been reversed, vacated, or modified in any way is no longer subject to appellate review, either because of disposition on appeal and conclusion of the appellate process (including potential writ proceedings) or because of passage, without action, of time for seeking appellate or writ review. More specifically, it is that situation when (i) no appeal or petition for review by writ has been filed and the time has passed for any notice of appeal or writ petition to be timely filed from the Judgment; or (ii) if an appeal has been filed, the court of appeal has either affirmed the Judgment or dismissed that appeal and the time for any reconsideration or further appellate review has passed; or (iii) a higher court has granted further appellate review and that court has either affirmed the underlying Judgment or affirmed the court of appeal’s decision affirming the Judgment or dismissing the appeal or writ proceeding, and the time for any reconsideration or further appellate review has passed. For purposes of this paragraph, an “appeal” shall not include any appeal challenging the award of any Fee & Expense Award or Service Awards. Any proceeding or order, or any appeal or complaint for a writ of certiorari pertaining solely to any Fee & Expense Award or any Service Award, shall not in any way delay or preclude the Judgment from becoming Final. Any reference to the “Finality” of the Settlement shall incorporate the definition of Final in this paragraph.

(o) **“Judgment”** means the final order and judgment to be rendered by the California

1 State Court, substantially in the form attached hereto as Exhibit D.

2 (p) “**LDCC**” means the Leadership Development and Compensation Committee of the
3 Board.

4 (q) “**Litigations**” refers collectively to the following actions: *In re Alphabet, Inc.*
5 *S’holder Deriv. Litig.*, Lead Case No. 19CV341522 (Cal. Super. Ct.); *Sjunde AP-Fonden v. Bock*,
6 Case No. 19CV344792 (Cal. Super. Ct.); *Morgus v. Page*, Case No. 20CV363643 (Cal. Super. Ct.)
7 and *O’Neil v. Page*, Case No. 20CV365249 (Cal. Super. Ct.); *Bao v. Page*, Case No. 4:19-cv-00314-
8 JSW (N.D. Cal.); *Cordeiro v. Page*, Case No. 4:19-cv-00447-JSW (N.D. Cal.); *Galbiati v. Page*, Case
9 No. 4:19-cv-01063-JSW (N.D. Cal.); *Green v. Page*, Case No. 4:19-cv-01165-JSW (N.D. Cal.);
10 *Lipovich v. Page*, Case No. 4:19-cv-01295-JSW (N.D. Cal.); and *Irving Firemen’s Relief & Ret. Fund*
11 *v. Page*, Case No. 2019-0355-SG (Del. Ch.).

12 (r) “**Notice**” means the Notice of Pendency and Proposed Settlement of Derivative
13 Actions, substantially in the form of Exhibit B attached hereto.

14 (s) “**Person**” or “**Persons**” means an individual, corporation, limited liability corporation,
15 professional corporation, partnership, limited partnership, limited liability partnership, association,
16 joint stock company, estate, legal representative, trust, unincorporated association, government or any
17 political subdivision or agency thereof, or any business or legal entity, and each of their spouses, heirs,
18 predecessors, successors, representatives, or assignees.

19 (t) “**Plaintiffs’ Co-Lead Counsel**” means Bottini & Bottini, Inc. and Cohen Milstein
20 Sellers & Toll PLLC.

21 (u) “**Preliminary Approval Order**” means the order to be entered by the California State
22 Court, substantially in the form of Exhibit A attached hereto, including, *inter alia*, preliminarily
23 approving the terms and conditions of the Settlement, directing that Notice be provided to Current
24 Alphabet Stockholders, and scheduling a Settlement Hearing to consider whether the Settlement and
25 the Fee & Expense Award for Plaintiffs’ Co-Lead Counsel should be finally approved and whether
26 the Judgment should be entered.

27 (v) “**Related Persons**” means each of a Person’s immediate family members and current,
28 former, or future parents, subsidiaries, associates, affiliates, partners, joint venturers, officers,

1 directors, principals, stockholders, members, agents, representatives, employees (including, but not
2 limited to, employees of Alphabet and Google LLC (“Google”)), attorneys, financial or investment
3 advisors, consultants, accountants, investment bankers, commercial bankers, trustees, engineers,
4 insurers, co-insurers, reinsurers, spouses, heirs, assigns, executors, general or limited partners or
5 partnerships, personal or legal representatives, estates, administrators, predecessors, successors,
6 advisors, and/or any other individual or entity in which a Person has or had a controlling interest or
7 which is or was related to or affiliated with a Person.

8 (w) “**Released Claims**” means collectively, the Released Defendant Claims and the
9 Released Stockholder Claims.

10 (x) “**Released Defendant Claims**” means any and all claims, rights, demands,
11 obligations, controversies, debts, damages, losses, causes of action, and liabilities of any kind or
12 nature whatsoever, whether in law or equity, including both known claims and Unknown Claims,
13 suspected or unsuspected, accrued or unaccrued, that Defendants have or could have asserted against
14 the Released Stockholder Persons or their counsel, arising out of the institution, prosecution, or
15 settlement of the claims asserted against Defendants in the Settled Matters that Defendants (i) asserted
16 in the Settled Matters, or (ii) could have asserted in the Settled Matters, or in any other forum that
17 arise out of, relate to, or are based upon, any of the allegations, transactions, facts, matters, events,
18 disclosures, non-disclosures, occurrences, representations, statements, acts or omissions, alleged or
19 referred to in any of the complaints filed in the Settled Matters; provided, however, that the Released
20 Defendant Claims shall not include (i) any claims relating to the enforcement of the Settlement or this
21 Stipulation, (ii) any claims by the Individual Defendants relating to insurance coverage or the right to
22 indemnification, or (iii) any claims that arise out of or are based upon any conduct of the Released
23 Stockholder Persons after the Effective Date. This definition of “Released Defendant Claims”
24 specifically excludes claims in the pending stockholder and consumer class action lawsuits captioned
25 *In re Alphabet, Inc. Securities Litigation*, 4:18-cv-06245-JSW (N.D. Cal.) and *In re Google Plus*
26 *Profile Litigation*, 5:18-cv-06164-EJD (N.D. Cal.). This Stipulation does not release claims in those
27 actions.

28 (y) “**Released Defendant Persons**” means, collectively, each and all of Individual

Defendants, Alphabet, and each and all of the Related Persons of each of the Individual Defendants and Alphabet.

(z) **“Released Persons”** means, collectively, the Released Defendant Persons and the Released Stockholder Persons. **“Released Person”** means, individually, any of the Released Persons.

(aa) **“Released Stockholder Claims”** means any and all claims, rights, demands, obligations, controversies, debts, disputes, damages, losses, actions, causes of action, sums of money due, judgments, suits, amounts, matters, issues, liabilities, and charges of any kind or nature whatsoever (including, but not limited to, any claims for interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses, amounts, or liabilities whatsoever), and claims for relief of every nature and description whatsoever, whether in law or equity, including both known claims and Unknown Claims, suspected or unsuspected, accrued or unaccrued, fixed or contingent, liquidated or unliquidated, matured or unmatured, foreseen or unforeseen, whether arising under federal or state statutory or common law, or any other law, rule, or regulation, whether foreign or domestic, that Alphabet, the Settling Stockholders derivatively on behalf of Alphabet, or any Alphabet stockholder derivatively on behalf of Alphabet (i) asserted in any of the complaints filed in the Litigations or in the Demands in the Settled Matters, or (ii) could have asserted in any court, tribunal, forum, or proceeding, arising out of, relating to, or based upon the facts, allegations, events, disclosures, non-disclosures, occurrences, representations, statements, matters, transactions, conduct, actions, failures to act, omissions, or circumstances that were alleged or referred to in any of the complaints filed in the Litigations or in the Demands in the Settled Matters; provided, however, that the Released Stockholder Claims shall not include (i) any claims asserted in the pending stockholder and consumer class actions captioned *In re Alphabet, Inc. Securities Litigation*, Lead Case No. 4:18-cv-6245-JSW (N.D. Cal.), and *In re Google Plus Profile Litig.*, Case No. 5:18-cv-6164-EJD (N.D. Cal.), (ii) any claims relating to the enforcement of the Settlement or this Stipulation, or (iii) any claims that arise out of or are based upon any conduct of the Released Defendant Persons after the Effective Date.

(bb) **“Released Stockholder Persons”** means each and all of the Settling Stockholders and each and all of their Related Persons.

(cc) **“Service Award”** shall mean any service award issued to Co-Lead Plaintiffs in the

California Action or Irving Fire in the Delaware Action, respectively. “**Service Awards**” means, collectively, the service awards issued by the courts in the California Action and the Delaware Action.

(dd) “**Settlement**” means the settlement documented in this Stipulation and its Exhibits A, B, C, and D.

(ee) “**Settlement Consideration**” means the consideration provided to Alphabet through the Settlement as set forth in Paragraphs 1.2, 1.3, and 1.4 of Section VI below.

(ff) “**Settlement Hearing**” means a hearing to be held by the California State Court upon duly-given notice to review this Stipulation and its exhibits, as well as the application for the Fee & Expense Awards as defined in Paragraph 4.2 below, and determine whether the Settlement should be finally approved, whether the Fee & Expense Award for Plaintiffs’ Co-Lead Counsel should be finally approved, and whether the Judgment should be entered.

(gg) “**Settled Matters**” refers collectively to the Litigations and Demands.

(hh) “**Settling Stockholders’ Counsel**” refers collectively to Bottini & Bottini, Inc., Cohen Milstein Sellers & Toll PLLC, Berman Tabacco, Renne Public Law Group, Kessler Topaz Meltzer & Check, LLC, Weisslaw LLP, Cotchett Pitre & McCarthy LLP, Prickett, Jones & Elliott, P.A., Cooch & Taylor P.A., Robbins LLP, The Brown Law Firm, Johnson & Fistel LLP, The Rosen Law Firm, P.A., Gainey McKenna & Egleston, Bragar Egel & Squire, P.C., Rigrodsky & Long, Grabar Law Office, McKay Law Firm, Bernstein Litowitz Berger & Grossmann LLP, Scott+Scott Attorneys at Law LLP, Knox Ricksen LLP and any other law firm that appeared for or represents any of the Settling Stockholders in the Settled Matters.

(ii) “**SLC**” means the special litigation committee formed by the Board to consider and investigate the claims in the Settled Matters pursuant to draft resolutions unanimously approved by the Board on February 28, 2019 and final resolutions unanimously ratified on April 24, 2019.

(jj) “**Summary Notice**” means the Summary Notice of Pendency and Proposed Settlement of Derivative Actions, substantially in the form of Exhibit C attached hereto.

(kk) “**Unknown Claims**” means any and all Released Claims that any of the Settling Parties or any Alphabet stockholder does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, including claims which, if known by him, her, or it, might have

1 affected his, her, or its decision to settle or the terms of his, her, or its settlement with and releases
2 provided to the other Settling Parties, or might have affected his, her, or its decision not to object to
3 this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree
4 that, upon the Effective Date, the Settling Parties shall expressly waive, and, with respect to Released
5 Stockholder Claims that could have been asserted derivatively on behalf of the Company, all other
6 Alphabet stockholders by operation of the Judgment shall have expressly waived, the provisions,
7 rights, and benefits of California Civil Code § 1542, or any other law of the United States or any state
8 or territory of the United States, or principle of common law that is similar, comparable, or equivalent
9 to Section 1542, which provides:

10 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE
11 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO
12 EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE
13 AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED
PARTY.

14 The Settling Parties and each Alphabet stockholder may hereafter discover facts in addition to or
15 different from those which he, she, or it now knows or believes to be true with respect to the subject
16 matter of the Released Claims, known or unknown, suspected or unsuspected, contingent or non-
17 contingent, whether or not concealed or hidden, which now exist, or heretofore have existed upon any
18 theory of law or equity now existing or coming into existence in the future, including, but not limited
19 to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or
20 rule, but the Settling Parties and each Alphabet stockholder shall expressly, fully, finally and forever
21 settle and release, and upon the Effective Date and by operation of the Judgment shall have settled
22 and released, fully, finally, and forever, any and all Released Claims as applicable without regard to
23 the subsequent discovery or existence of such different or additional facts. The Settling Parties
24 acknowledge, and the Alphabet stockholders shall be deemed by operation of the Judgment to have
25 acknowledged, that the foregoing waiver was separately bargained for and is a key element of the
26 Settlement of which this release is a part.

II. PROCEDURAL BACKGROUND

A. The California Action

On January 9, 2019, Plaintiffs NCPTTP and Local 272 filed a stockholder derivative action in the Superior Court of California, County of San Mateo (“**San Mateo Court**”) against certain of the Individual Defendants (*N. Cal. Pipe Trades Pension Plan v. Hennessey*, Case No. 19CV343670). On January 10, 2019, Plaintiff Martin also filed a stockholder derivative action against certain of the Individual Defendants in San Mateo Court (*Martin v. Page*, Case No. 19CV343672). Prior to filing suit, Plaintiff Martin had propounded a stockholder inspection demand on the Company and had received a production of books and records from the Company, relevant portions of which were included in Plaintiff Martin’s complaint, which was filed under seal.

On January 24, 2019, a related complaint was filed in the California State Court by Plaintiffs LR Trust, Jonathan Reiss, and Allen Wiesenfeld (*LR Trust v. Page*, Case No. 19CV341522). In an effort to coordinate the pending actions, on February 14, 2019, the *Martin* and *N. Cal. Pipe Trades* actions were transferred to the California State Court from San Mateo Court.

On February 22, 2019, Plaintiffs Martin, NCPTTP, and Local 272 filed a motion with the California State Court to consolidate the *Martin*, *N. Cal. Pipe Trades*, and *LR Trust* actions, appoint themselves as lead plaintiffs, and to appoint Bottini & Bottini and Cohen Milstein as co-lead counsel (the “**Motion To Consolidate and Appoint Lead Counsel**”).

On March 19, 2019, a related complaint was filed in the California State Court by Plaintiff AP7 (*AP-Fonden v. Bock*, Case No. 19CV344792), after first making a litigation demand on the Board and having received a production of books and records from the Company in response to a stockholder inspection demand. On March 22, 2019, Plaintiff AP7 filed a response to the Motion to Consolidate and Appoint Lead Counsel, requesting that the *AP-Fonden* complaint be maintained separately through the demurrer stage. Briefing on the Motion to Consolidate and Appoint Lead Counsel was completed on April 29, 2019. In addition, on April 30 2019, after the Motion To Consolidate and Appoint Lead Counsel was briefed but before it was heard, Plaintiffs New York City Employees’ Retirement System, Teachers’ Retirement System of the City of New York, New York City Fire Department Pension Fund, Subchapter 2, and New York City Board of Education

1 Retirement System (collectively, the “**NYC Funds**”) filed a related complaint in California State
2 Court (*NYC Employees’ Ret. Sys. v. Page*, Case No. 19CV346737), and voluntarily dismissed an
3 action they had filed in the Delaware Court of Chancery (the “**Delaware Court**”) (*NYC Employees’*
4 *Ret. Sys. v. Page*, Case No. 2019-0280-KSJM (Del. Ch.)) on May 1, 2019 after refiling in the
5 California State Court. The California State Court subsequently granted Plaintiff NYC Funds’ *ex*
6 *parte* application to be heard on the pending Motion to Consolidate and Appoint Lead Counsel, which
7 request was granted. The NYC Funds thereafter filed a response to the Motion to Consolidate and
8 Appoint Lead Counsel asking that they be appointed lead plaintiff and that their counsel be appointed
9 lead counsel. Plaintiffs Martin, NCPTTP, and Local 272 filed a reply to the NYC Funds’ response to
10 the Motion to Consolidate and Appoint Lead Counsel, as did Plaintiffs LR Trust, Reiss, Wiesenfeld,
11 and AP7.

12 On May 10, 2019, the California State Court held a hearing on the Motion to Consolidate and
13 Appoint Lead Counsel. The hearing was attended by all counsel for the applicable parties and
14 extensive oral argument was presented to the California State Court.

15 On May 16, 2019, the California State Court ordered that the *Martin, Pipe Trades, LR Trust,*
16 *AP7*, and *NYC Funds* actions be consolidated for all purposes;² and appointed NCPTTP, Local 272,
17 and Martin as Co-Lead Plaintiffs and Bottini & Bottini, Inc. and Cohen Milstein Sellers & Toll PLLC
18 as Plaintiffs’ Co-Lead Counsel, with the exception that Plaintiff AP7 be allowed to maintain a separate
19 complaint (*AP-Fonden v. Bock et al.*, Case No. 19CV344792) and its counsel would serve as counsel
20 of its own case through the demurrer stage. The Order anticipated that, in the event of settlement
21 discussions, AP7 would participate in such discussions with Alphabet and the SLC.

22 On August 16, 2019, Co-Lead Plaintiffs filed a consolidated complaint in the California
23 Action, asserting four claims: (1) breach of fiduciary duty; (2) unjust enrichment; (3) corporate waste;
24 and (4) abuse of control (*In re Alphabet Inc. S’holder Deriv. Litig.*, Lead Case No. 19CV341522; the
25 “**Consolidated Complaint**”).

26
27
28 ² On November 12, 2019, the NYC Funds stipulated to the dismissal of their complaint from the Consolidated Action. The California State Court granted that dismissal without prejudice on November 15, 2019.

1 On February 18, 2020, Plaintiff Jackson D. Morgus filed a related complaint in California
2 State Court (*Morgus v. Page*, Case No. 20CV363643 (Cal. Super. Ct.)). On March 18, 2020, Plaintiff
3 John R. O'Neil filed a related complaint in California State Court (*O'Neil v. Page*, Case No.
4 20CV365249 (Cal. Super. Ct.)). On May 20, 2020, the California State Court ordered that the *Morgus*
5 and *O'Neil* actions be consolidated into the California Action.

6 **B. The Federal Actions**

7 The Federal Actions were commenced between January and March 2019, asserting claims for
8 breach of fiduciary duty, corporate waste, unjust enrichment and violations of the federal securities
9 laws. The claims in the Federal Actions arise out of alleged misconduct of certain current and former
10 employees, approval of severance payments, privacy concerns including with regard to a bug in the
11 Google+ social networking platform and related statements and omissions.

12 On January 18, 2019, Plaintiff Bao filed a stockholder derivative action on behalf of Alphabet
13 against certain of the Individual Defendants (*Bao v. Page, et al.*, Case No. 4:19-cv-00314-JSW).

14 On January 25, 2019, Plaintiff Cordeiro filed a stockholder derivative action on behalf of
15 Alphabet against certain of the Individual Defendants (*Cordeiro v. Page, et al.*, Case No. 4:19-cv-
16 00447-JSW).

17 On February 26, 2019, Plaintiff Galbiati filed a stockholder derivative action on behalf of
18 Alphabet against certain of the Individual Defendants (*Galbiati v. Page, et al.*, Case No. 4:19-cv-
19 01063-JSW).

20 On March 1, 2019, Plaintiffs Green, Sims, and Shumacher filed a stockholder derivative
21 action on behalf of Alphabet against certain of the Individual Defendants relating to both the Google+
22 bug and alleged misconduct at the Company (*Green, et al. v. Page, et al.*, Case No. 4:19-cv-01165-
23 JSW). Prior to filing suit, Plaintiffs Green, Sims, and Shumacher had propounded a stockholder
24 inspection demand on the Company and had received a production of books and records from the
25 Company, relevant portions of which were cited in their complaint.

26 On March 11, 2019, Plaintiff Lipovich filed a stockholder derivative action on behalf of
27 Alphabet against certain of the Individual Defendants relating to both the Google + bug and alleged
28 misconduct at the Company (*Lipovich v. Page, et al.*, Case No. 4:19-cv-01295-JSW). Prior to filing

1 suit, Plaintiff Lipovich had propounded a stockholder inspection demand on the Company and had
2 received a production of books and records from the Company, relevant portions of which were cited
3 in Plaintiff Lipovich's complaint.

4 Thereafter, counsel for plaintiffs prepared motions to consolidate the five cases and to appoint
5 Robbins LLP as lead counsel for plaintiffs in the Federal Actions. Plaintiffs in the Federal Actions
6 also filed briefs in opposition to Defendants' motions to stay the Federal Actions. Defendants' motion
7 was granted on February 5, 2020, and the Federal Actions were stayed pending resolution of the
8 California Action.

9 **C. The Delaware Action**

10 On May 14, 2019, Plaintiff Irving Fire filed the Delaware Action in the Delaware Court. The
11 complaint in the Delaware Action names fifteen current and former officers and directors of the
12 Company, as well as former Company employees Andrew Rubin ("**Rubin**") and Amit Singhal
13 ("**Singhal**"), and brings claims for breach of fiduciary duty, corporate waste, and unjust enrichment.
14 Before filing suit, Irving Fire had propounded a stockholder inspection demand on the Company.
15 Plaintiff Irving Fire received a production of documents from the Company. Relying on these
16 documents, Plaintiff Irving Fire filed a complaint under seal. The Delaware Action, like the California
17 Action and Federal Actions, contains allegations regarding alleged misconduct by certain current and
18 former employees, approval of severance payments, and privacy concerns including with regard to a
19 bug in the Google+ social networking platform and related statements and omissions.

20 On June 14, 2019, Defendants filed a Motion to Stay or Dismiss the Delaware Action arguing
21 that the Delaware Action should be stayed (or, alternatively, dismissed) in favor of the California
22 Action. Defendants' motion was briefed and denied by the Delaware Court on July 1, 2019 after
23 argument. On July 22, 2019, the SLC filed a Motion to Stay the Delaware Action pending completion
24 of the SLC's process, which motion was briefed and granted by the Delaware Court on September 6,
25 2019 after argument. The parties agreed to extend the stay of the Delaware Action while the parties
26 engaged in mediation. The stay is currently in place.

1 **D. The Demands**

2 From February 2019 to June 2019, the Board received the six Demands.³ The Demands were
3 sent by stockholders AP7, Esther Schlafrig, D.M. Cohen, Inc., Karen Sbriglio, Erste Asset
4 Management GmbH, and Roger Morrell.

5 **E. The Settlement**

6 The Settlement arises out of these Litigations, on behalf of nominal defendant Alphabet, as
7 well as the Demands, alleging breaches of fiduciary duties, among other claims, against certain
8 officers and directors of the Company. Settling Stockholders alleged in their Litigations and Demands
9 that the Individual Defendants breached their fiduciary duties in connection with (1) an alleged pattern
10 of sexual harassment and discrimination by high-powered male executives at the Company and (2) a
11 data bug, allegedly in violation of state and federal law, including a consent decree with the Federal
12 Trade Commission (“FTC”), and Alphabet’s own code of conduct.

13 Among other things, Settling Stockholders alleged that the Board and the Company’s senior
14 executives improperly awarded multi-million-dollar severance packages to several male executives
15 accused of sexually harassing female employees, even after internal investigations determined those
16 accusations to be credible. For example, Settling Stockholders alleged that in 2014, an internal
17 investigation confirmed allegations of sexual harassment against Rubin. Settling Stockholders
18 alleged that following an internal investigation, the LDCC approved a \$90 million severance package
19 for Rubin. Settling Stockholders also alleged that when Singhal resigned in 2016, after an internal
20 investigation found credible an allegation of sexual harassment, the LDCC improperly approved a
21 \$45 million severance package for Singhal. Settling Stockholders alleged in their Litigations and
22 Demands that these actions and payouts were part of a broader discriminatory culture that resulted in
23 alleged discrimination against women by, among other things, assigning women jobs in lower
24 compensation “bands” than similarly situated men, promoting women more slowly and at lower rates

25
26 ³ Specifically, the Demands include: (1) AP7, litigation demand dated February 5, 2019; (2)
27 Esther Schlafrig, litigation demand dated February 14, 2019; (3) D.M. Cohen, Inc., litigation
28 demand dated February 22, 2019; (4) Karen Sbriglio, litigation demand dated May 16, 2019; (5)
Erste Asset Management GmbH, litigation demand dated May 22, 2019; and (6) Roger Morrell,
litigation demand dated June 25, 2019.

1 than similarly situated men, and paying women less.

2 Certain of the Settling Stockholders alleged in their respective Litigations or Demands that
3 certain Individual Defendants breached their fiduciary duties by concealing from regulators and the
4 public a bug in the Google+ social networking platform that was operated by the Company's
5 subsidiary, Google, which meant that certain applications may have had access to non-public Google+
6 data for an approximately three-year period. Certain of those Settled Matters also alleged that the
7 data bug led to a consumer class action lawsuit against Google (which was settled for \$7.5 million
8 and is pending final court approval). Certain Settling Stockholders separately alleged that on January
9 21, 2019, the French data protection authority fined Google approximately \$57 million for allegedly
10 breaching the European Union's data privacy law (which is pending appeal).

11 The Individual Defendants deny the allegations made by the Settling Stockholders in the
12 Litigations and Demands.

13 **F. The Special Litigation Committee**

14 Prior to the filing of the Litigations and the submission of the Demands described above, the
15 Company's Board established a Special Committee of the Board (the "**Special Committee**") on
16 November 28, 2018 to oversee a comprehensive review by management of company policies and
17 processes related to sexual harassment and/or sexual misconduct (including those related to
18 investigations into allegations of sexual harassment and/or sexual misconduct and subsequent
19 decision-making processes regarding termination and severance). The Company retained Wilmer
20 Cutler Pickering Hale and Dorr LLP ("**WilmerHale**") to conduct the review, which included, among
21 other things, a thorough analysis of the existing policies, reporting channels, investigatory practices
22 and procedures, disciplinary and remedial practices, training and education, and monitoring and
23 oversight.

24 On February 28, 2019, the Company's Board unanimously approved draft resolutions forming
25 the SLC to consider the derivative lawsuits on file and related litigation demands, as well as any
26 similar, subsequent demand letters or derivative suits. The Board ratified the final resolutions
27 appointing the SLC on April 24, 2019. The SLC is composed of two outside directors, Roger
28 Ferguson and Ann Mather. In appointing the SLC, the Board determined that both Mr. Ferguson and

1 Ms. Mather are in all respects independent and disinterested with respect to the Demands and
2 Litigations. The SLC retained Cravath Swaine & Moore LLP (“**Cravath**”) and Abrams & Bayliss
3 LLP to serve as its independent counsel.

4 The SLC assumed the role of the Special Committee established in November 2018, and was
5 authorized and empowered by the Board to oversee the comprehensive review of policies and
6 processes, as previously overseen by the Special Committee. In addition, the SLC expanded the scope
7 of that review to include policies, processes, and practices related to anti-retaliation and pay equity,
8 in addition to those related to sexual harassment and sexual misconduct. That review included an
9 examination of relevant documents, including, among other things, company policies, procedures,
10 and guidance and training materials; analysis of existing practices and processes; and interviews of
11 company employees. Cravath independently considered and assessed the process and findings of this
12 review, as well as a set of recommended enhancements that resulted from it. Cravath also described
13 the work to and reviewed the recommendations with the SLC, which asked questions and provided
14 input regarding the scope of the review and the recommended enhancements. After deliberation, and
15 pursuant to the independent advice of Cravath, the SLC approved the proposed enhancements to
16 company policies and procedures.

17 The SLC was also given the full authority of the Board to evaluate the allegations and claims
18 asserted in the Demands and in the Litigations, and to arrive at such decisions and take such actions
19 in connection with the Demands and Litigations that the SLC deemed appropriate and in the best
20 interests of the Company and its stockholders, including, without limitation, deciding whether to
21 pursue such claims, to seek a consensual resolution, or to seek dismissal. The SLC completed a
22 thorough and independent investigation of the allegations and claims asserted in the Demands and in
23 the Litigations, beginning in approximately May 2019 and substantially concluding in December
24 2019 (collectively with the policy and process review described above, the “**SLC Review**”).⁴ During
25 the course of its work, Cravath, at the direction of the SLC, examined emails from multiple custodians,
26

27 ⁴ A stay of the proceedings in the Delaware Action until December 13, 2019, and an extension
28 for Defendants to respond to the operative complaints in the California Action until the same
date, enabled the SLC to conduct an unencumbered investigation. The stay/response date in both
actions have since been extended to accommodate the mediation process.

1 Board and Board committee materials, and relevant company documents. Cravath also interviewed
2 current and former Alphabet directors and company employees. Cravath regularly reported to the
3 SLC during the course of its work, meeting with the SLC, either in person or by telephone, many
4 times between May 2019 and January 2020 (and subsequently in connection with this Settlement).

5 On December 9, 2019, the SLC, through its independent counsel Cravath, responded by letter
6 to counsel for all parties to the Demands and Litigations that it had completed its investigation of the
7 allegations and claims asserted in the Demands and the Litigations. Cravath informed counsel that
8 based on its review, the SLC had determined that “it [wa]s in the best interests of the Company and
9 its stockholders for the parties, including the demanding stockholders, to attempt to resolve the claims
10 through a global mediation.” The SLC reached that conclusion based on its analysis that the claims
11 asserted were not in the best interests of Alphabet to pursue.

12 In the period following Cravath’s December 9 letter, the Company began receiving settlement
13 demands from several of the Stockholders outlining proposed frameworks for settlement, which
14 included, *inter alia*, detailed proposed corporate governance and workplace measures and
15 enhancements.

16 **G. The Litigation Progress and Extensive Settlement Negotiations**

17 Prior to the filing of the consolidated complaint in the California Action, Plaintiffs’ Co-Lead
18 Counsel reviewed 1,900 pages of internal documents produced by Alphabet in response to Lead
19 Plaintiffs’ stockholder inspection demands. Prior to making its litigation demand and filing its
20 complaint, AP7 also reviewed internal documents that Alphabet produced in response to AP7’s
21 stockholder inspection demand. Delaware Counsel reviewed internal documents produced by
22 Alphabet in response to Irving Fire’s stockholder inspection demand before filing the Delaware
23 Action. These documents included, among other things, (1) minutes, agendas, board packages,
24 communications, and other materials relating to regularly conducted and special meetings of the
25 Board and the LDCC; (2) internal company policies, including Code of Conduct and Relationships
26 with Coworkers and Employment of Relatives Policy, and drafts thereof; (3) employment and
27 termination agreements of certain executives; and (4) certain director and officer questionnaires.

1 Settling Stockholders' Counsel engaged in extensive settlement negotiations with Defendants
2 spanning many months. The settlement negotiations were conducted under the auspices of the Hon.
3 James P. Kleinberg (Ret.). Prior to commencing the formal settlement negotiations, in order to more
4 fully inform themselves of all relevant facts, Plaintiffs' Co-Lead Counsel attended several in-person
5 as well as telephonic/video conferences with counsel for the Alphabet Defendants and the SLC. For
6 example, on January 14, 2020, Plaintiffs' Co-Lead Counsel, along with Louise Renne and Ann Ravel,
7 met in person with counsel for the Alphabet Defendants, certain Alphabet representatives, and
8 WilmerHale in Mountain View, California and Washington, D.C. At the meeting, WilmerHale
9 provided an extensive presentation regarding the Company's corporate governance practices and
10 internal controls on issues relevant to the allegations in the Litigations and the Demands and an
11 Alphabet representative gave a presentation on Google's privacy program, including the growth and
12 development of certain policies and processes as well as a discussion of privacy training for
13 employees and privacy tools for users. Alphabet also produced relevant policies and procedures.
14 Separately, AP7's counsel and expert met with Cravath in person on September 20, 2019.

15 Delaware Counsel participated in multiple telephonic conferences with counsel for the
16 Alphabet Defendants and Cravath before commencing formal settlement negotiations. Delaware
17 Counsel's communications with Cravath included a letter raising additional factual allegations on
18 October 10, 2019, telephonic discussions regarding the SLC's investigation on September 10 and
19 October 15, 2019, as well as subsequent email check-ins.

20 On January 17, 2020, to ensure the Settling Parties had adequate information for the
21 mediation, the SLC, through Cravath, made a detailed oral presentation to counsel for the Settling
22 Parties regarding the SLC's investigation process and findings. The presentation lasted several hours
23 and included an oral summary of the SLC's investigation, findings and conclusions, including review
24 of certain internal Company documents, e-mails, and Board and LDCC minutes, which had been
25 circulated to the Settling Parties in advance. In addition to Cravath summarizing the SLC's findings
26 with respect to Google's user data privacy program, the presentation also included a description by
27 WilmerHale of relevant policies and procedures related to harassment, retaliation and pay equity, as
28

1 well as a discussion of the workplace enhancements that the SLC had approved and adopted for
2 inclusion in any resolution.

3 Following receipt and review of this information, Settling Stockholders' Counsel engaged in
4 a two-day mediation with Defendants' counsel on January 22, 2020 and January 23, 2020. Judge
5 Kleinberg served as the mediator, and the mediation sessions were held in San Francisco at JAMS'
6 offices. At the mediation, to streamline the negotiations and make them more effective, Judge
7 Kleinberg appointed two working groups, consisting of Company counsel and counsel for the
8 Alphabet Defendants ("**Defendants' Working Group**") and representatives of the Settling
9 Stockholders' Counsel: Plaintiffs' Co-Lead Counsel (Frank Bottini and Julie Goldsmith Reiser),
10 Louise Renne, and Ann Ravel ("**California Plaintiffs' Working Group**"). The California Plaintiffs'
11 Working Group and Defendants' Working Group had several meetings, in between which the
12 California Plaintiffs' Working Group kept other Settling Stockholders' Counsel apprised of
13 developments and sought their input in negotiating the settlement terms. Separately, Delaware
14 Counsel discussed with Defendants' Working Group a set of proposed workplace initiatives,
15 communicated by Delaware Counsel to Defendants' counsel and the SLC on February 20, 2020, and
16 corporate governance enhancements, communicated by Delaware Counsel to Defendants' counsel
17 and the SLC on February 21, 2020.

18 The California Plaintiffs' Working Group and Defendants' Working Group also met, in
19 person, on February 25, 2020 in Palo Alto, California to further discuss a potential settlement. Judge
20 Kleinberg also attended and facilitated the parties' discussions. Delaware Counsel also met separately
21 with Defendants' Working Group to provide their input. During this time, Plaintiffs' Co-Lead
22 Counsel also consulted with their retained experts on numerous matters relevant to the pending
23 litigation and the settlement issues, including a corporate governance expert and a data privacy expert,
24 and provided feedback on the proposed Settlement Consideration. Delaware Counsel and
25 Defendants' counsel also exchanged offers and counter offers on the proposed Settlement
26 Consideration.

27 During the ensuing settlement discussions, the Settling Parties affirmed the appropriateness
28 of the workplace enhancements adopted by the SLC, and agreed to revisions to certain

1 recommendations originally proposed as part of the SLC Review. The Settling Parties also reached
2 agreement on the additional governance reforms reflected herein. In addition, after Alphabet agreed
3 to establish the Diversity, Equity and Inclusion Advisory Council as part of the settlement
4 negotiations (the “**DEI Advisory Council**”) as set forth in Paragraph 1.3 of Section VI below, the
5 California Plaintiffs’ Working Group researched, interviewed, and advocated for numerous persons
6 to serve on the DEI Advisory Council who they believed would help the DEI Advisory Council
7 achieve its goals. The California Plaintiffs’ Working Group relayed their recommendations to
8 Defendants’ Working Group and had many calls and discussions regarding the membership of the
9 Council, its relationship with the LDCC and Board, and other matters relevant to the governance
10 reforms. These discussions involved dozens of calls, meetings, and communications over a three-
11 month time period, during which the parties exchanged numerous offers and counter-offers regarding
12 different elements of the proposed settlement. Delaware Counsel and counsel for the Alphabet
13 Defendants also engaged in follow-up discussions following the second mediation. Cravath, as
14 counsel for the SLC, attended the first two-day mediation session in person (and was available by
15 phone for the third day), reviewed all settlement demands and proposals sent by all the Settling
16 Parties, and discussed the evolving negotiations with, and sought feedback from, the SLC.

17 On April 20, 2020, Plaintiffs’ Co-Lead Counsel, Delaware Counsel, and counsel for the
18 Alphabet Defendants negotiated a Memorandum of Understanding (the “**MOU**”), which was
19 executed by all the Settling Parties (other than Sbriglio). Following negotiations, counsel for the
20 Alphabet Defendants and counsel for Sbriglio reached agreement on certain aspects of the Settlement
21 Consideration. Counsel for Sbriglio subsequently joined in the Settlement.

22 Following the agreement in principle to settle, counsel for the Alphabet Defendants and the
23 SLC produced to Plaintiffs’ Co-Lead Counsel certain information in order to ensure that the
24 Settlement was fair, adequate, and reasonable and in the best interests of the Settling Stockholders
25 and Alphabet: (1) interview of one attorney at Cravath regarding the SLC’s process and
26 independence; and (2) review of over 5,300 additional pages of relevant documents made available
27 to Settling Stockholders’ Counsel by Alphabet (collectively, “**Confirmatory Information**”).
28

1 As to the legal merits of the claims asserted in the Settled Matters, the Settling Parties have
2 expended significant time and resources participating in a two-day in-person mediation and pre- and
3 post-mediation conference calls and working group meetings, where the merits of the claims asserted
4 in the Settled Matters and defenses thereto were extensively discussed between the parties and
5 independently with the mediator, Judge Kleinberg.

6 The Settling Parties have now reached a definitive agreement to settle the Litigations and
7 Demands, upon the terms and subject to the conditions set forth in this Stipulation. After considerable
8 review and deliberation, the SLC has also approved the terms and conditions in the MOU and this
9 Settlement and determined that the Settlement is in the best interests of the Company and its
10 stockholders.

11 **III. STOCKHOLDERS' CLAIMS AND THE BENEFITS OF SETTLEMENT**

12 As discussed above, Settling Stockholders' Counsel have reviewed and analyzed confidential,
13 non-public internal documents. In addition, Settling Stockholders' Counsel have reviewed and
14 analyzed data from many other sources specific to this matter, including, but not limited to:
15 (1) Alphabet's public filings with the SEC, press releases, announcements, transcripts of investor
16 conference calls, and news articles; and (2) securities analyst, business, and financial media reports
17 about Alphabet. Certain Settling Stockholders' Counsel have also (1) researched the applicable law
18 with respect to the claims asserted (or which could be asserted) in the stockholder derivative actions
19 and the potential defenses thereto; (2) researched, drafted, and filed complaints or sent litigation
20 and/or inspection demands; (3) consulted with experts retained on numerous matters relevant to the
21 pending litigation and settlement issues; (4) prepared detailed mediation statements; (5) reviewed
22 documents and information provided in advance of the mediation sessions and during settlement
23 negotiations, including by counsel to the SLC, which gave Settling Stockholders' Counsel a detailed
24 presentation of the SLC's investigation process and findings; (6) consulted with WilmerHale
25 regarding its review of harassment, retaliation, and pay equity policies and procedures; (7) conducted
26 outreach to significant institutional stockholders of the Company who are not parties to the Settled
27 Matters; (8) participated in two-day in-person mediation and several working-group meetings; and
28 (9) engaged in months-long settlement discussions with Defendants' counsel.

1 Settling Stockholders' Counsel believe that the claims asserted in the Litigations have merit
2 and that their investigation of the evidence supports the claims asserted. Without conceding the merit
3 of any of the Defendants' defenses, and in light of the benefits of the Settlement as well as to avoid
4 the potentially protracted time, expense, and uncertainty associated with continued litigation,
5 including potential trial(s) and appeal(s), Settling Stockholders and Settling Stockholders' Counsel
6 have concluded that it is desirable that the Litigations be fully and finally settled in the manner and
7 upon the terms and conditions set forth in this Stipulation. Settling Stockholders and Settling
8 Stockholders' Counsel recognize the significant risk, expense, and length of continued proceedings
9 necessary to prosecute the Litigations against Defendants through trial(s) and through possible
10 appeal(s). Settling Stockholders' Counsel have also taken into account the uncertain outcome and the
11 risk of any litigation, especially complex litigation such as the Litigations, the difficulties and delays
12 inherent in such litigation, the cost to Alphabet—on behalf of which Settling Stockholders filed the
13 Litigations or made Demands—and distraction to management of Alphabet that would result from
14 extended litigation. Based on their evaluation, and in light of what Settling Stockholders' Counsel
15 believe to be the significant benefits conferred upon Alphabet as a result of the Settlement, Settling
16 Stockholders and Settling Stockholders' Counsel have determined that the Settlement is in the best
17 interests of Settling Stockholders and Alphabet and have agreed to settle the Litigations upon the
18 terms and subject to the conditions set forth herein.

19 In addition, Judge Kleinberg—the mediator who presided over the parties' extensive in-
20 person as well as telephonic mediation efforts—concluded that the negotiations were robust and
21 conducted at arms'-length. Through his involvement, Judge Kleinberg became intimately familiar
22 with the claims at issue in this case, as well as the risks to all parties of continuing to litigate the
23 claims.

24 **IV. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

25 Each Individual Defendant has denied and continues to deny that he or she has committed or
26 attempted to commit any violations of law, any breaches of fiduciary duty owed to Alphabet, or any
27 wrongdoing whatsoever, and expressly maintains, that at all relevant times, he or she acted in good
28 faith and in a manner that he or she reasonably believed to be in the best interests of Alphabet and its

1 stockholders. Defendants further deny that the Settling Stockholders, Alphabet, or its stockholders
2 suffered any damage or were harmed as a result of any act, omission, or conduct by the Individual
3 Defendants as alleged in the Settled Matters or otherwise. Defendants further assert, among other
4 things, that the Settling Stockholders lack standing to litigate derivatively on behalf of Alphabet
5 because certain of the Settling Stockholders have not yet pleaded, and cannot properly plead, that a
6 demand on the Board would be futile; and other of the Settling Stockholders have not yet pleaded,
7 and cannot properly plead, that demand on the Board was refused.

8 Alphabet believes that the Settlement is in the best interests of the Company, its stockholders,
9 and its employees. Defendants are, therefore, entering into this Settlement for its benefits and to
10 eliminate the uncertainty, distraction, disruption, burden, risk, and expense of further litigation.
11 Pursuant to the terms set forth below, neither this Stipulation (including the exhibits) nor any Fee
12 Agreement shall in any event be construed as, or deemed to be evidence of, an admission or
13 concession by the Individual Defendants with respect to any claim of fault, liability, wrongdoing, or
14 damage or any defect in the defenses that Individual Defendants have, or could have, asserted. Each
15 Individual Defendant has further asserted, and continues to assert, that at all material times, the
16 Individual Defendant acted in good faith and in a manner that she or he reasonably believed to be in
17 the best interests of Alphabet and its stockholders.

18 **V. POSITION OF THE SLC**

19 After deliberation, the SLC has concluded that the terms of the Settlement are fair and
20 reasonable to Alphabet and that it is in the best interest of the Company and its stockholders to enter
21 into this Stipulation. In reaching that determination, the SLC considered the facts and circumstances
22 surrounding the proposed settlement, including among other matters: (i) the SLC's view, based on its
23 thorough investigation, of the strengths and weaknesses in the claims asserted by the Settling
24 Stockholders and the Defendants' anticipated defenses; (ii) the expense, risks and uncertainties of
25 continued litigation; (iii) the effects, including reputational, on Alphabet and its employees of
26 continued litigation; and (iv) the benefits the Settlement affords the Company and the desirability of
27 permitting the Settlement to be consummated according to its terms.

1 **VI. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

2 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, by and among the
3 Settling Stockholders (for themselves and derivatively on behalf of Alphabet), the Individual
4 Defendants, and Alphabet, by and through the SLC, each by and through their respective attorneys of
5 record, that in exchange for the consideration set forth below and the benefits flowing to the Settling
6 Parties from the Settlement, and subject to the approval of the California State Court, the Settled
7 Matters and the Released Claims shall be fully, finally, and forever compromised, settled, discharged,
8 relinquished, and released, and each of the Litigations shall be dismissed with prejudice as to all
9 Defendants and claims, with full preclusive effect, as to all Settling Parties, upon and subject to the
10 terms and conditions of the Stipulation, as set forth below.

11 **1. Settlement Consideration**

12 1.1 In consideration of the Settlement and the releases provided therein, and
13 subject to the terms and conditions of this Stipulation, the Settling Parties have agreed to the following
14 Settlement Consideration for Alphabet.

15 1.2 Corporate Governance and Workplace Enhancements. By way of this
16 Settlement and the substantial corporate governance and workplace enhancements set forth herein,
17 Alphabet will maintain a robust program designed to prevent and address sexual harassment, sexual
18 misconduct, and retaliation. To that end, the Settling Parties have agreed upon Alphabet's
19 development and adoption of five "Guiding Principles", described at Paragraph 1.2(a) below, which
20 reflect the Company's core values when it comes to addressing concerns relating to sexual
21 harassment, sexual misconduct, and retaliation, and ultimately promoting a workplace and culture
22 that are free of such misconduct. In addition to codifying those principles, Alphabet has directed
23 Google, as well as Alphabet's other subsidiaries ("**Other Bets**") to review, enhance, and as
24 appropriate maintain their sexual harassment and retaliation compliance programs consistent with the
25 Guiding Principles on an annual basis. The Board will receive annual reports regarding the
26 effectiveness of Google and the Other Bets' compliance programs and any proposed changes based
27 on these annual reviews. Specific enhancements that will be or have been undertaken are set forth in
28 this Paragraph 1.2 and collectively referred to as the "**Agreed-To Measures.**" The adoption or

1 maintenance (to the extent already implemented) of the Agreed-To Measures shall be substantially
2 complete within twelve (12) months after the Effective Date of the Settlement. Alphabet shall keep
3 the Agreed-To Measures in place for at least five (5) years from the Effective Date of the Settlement.

4 a. Guiding Principles. Alphabet's Guiding Principles are Commitment,
5 Care, Transparency, Fairness & Consistency, and Accountability.

6 (1) **Commitment:** Alphabet sets a tone at the top of commitment
7 to a respectful, safe, and inclusive working environment for all employees and
8 members of the extended workforce.

9 (2) **Care:** Alphabet creates an environment with an emphasis on
10 respect for each individual at all levels of the organization, including specifically by
11 offering assistance and showing empathy to employees and members of the extended
12 workforce throughout and after the complaint process.

13 (3) **Transparency:** Alphabet is open and transparent as an
14 organization regarding the frequency with which sexual harassment complaints arise
15 and the Company's approach to investigating and responding to those allegations.

16 (4) **Fairness & Consistency:** Alphabet ensures that individuals
17 are treated respectfully, fairly, and compassionately in all aspects of Alphabet
18 interactions and applies policies, procedures, and outcomes consistently regardless of
19 who is involved.

20 (5) **Accountability:** Alphabet holds all individuals responsible for
21 their actions, and ensures that where appropriate, those individuals hold others
22 accountable too. (collectively, Alphabet's "**Guiding Principles**").

23 b. Arbitration and NDAs. Alphabet and its subsidiaries have agreed to
24 commit to further updating their approach to arbitration of disputes with employees. Google
25 previously ended the use of mandatory arbitration for all employment disputes between
26 Google and its employees or members of Google's extended workforce. Google also informed
27 extended workforce suppliers of this change, and by the terms of this Settlement will also
28 request that its extended workforce suppliers review their own arbitration policies.

1 Additionally, Alphabet agrees to extend this waiver of mandatory arbitration to harassment,
2 discrimination, and retaliation disputes between Other Bets and their employees or members
3 of their extended workforce. Google also agrees to continue to limit its use of confidentiality
4 restrictions when settling sexual harassment and retaliation claims, including allowing
5 complainants to discuss underlying facts and circumstances of incidents and the reporting
6 process, and encourage Other Bets to do the same.

7 Alphabet commits to making additional enhancements as described below.

8 c. Governance and Oversight. Alphabet's Board is responsible for
9 monitoring and oversight of Alphabet's sexual harassment and retaliation compliance
10 programs.

11 (1) Board Membership: The Nominating and Corporate
12 Governance Committee of Alphabet's Board ("NomGov") is responsible for
13 overseeing the composition and governance of the Board and its committees as well
14 as recommending candidates for election to the Board. As part of its existing annual
15 evaluation of the Board and its members, Alphabet agrees to ensure NomGov will
16 annually review Board committee memberships and will review chairs of every Board
17 committee every three years to consider whether a rotation of members is appropriate.
18 This review will include a thorough evaluation of each member's performance,
19 participation, and skill set, as well as membership on private boards. The Board will
20 also amend the NomGov charter to codify this process. When evaluating candidates
21 for nomination as new directors, NomGov will maintain its existing practice of
22 considering a set of candidates that includes both underrepresented people of color
23 and different genders.

24 (2) Leadership Development and Compensation Committee: The
25 LDCC broadly oversees matters related to the attraction, motivation, development,
26 and retention of employees; ensures good corporate governance; and oversees
27 compensation policies and programs for the Board and employees. Alphabet agrees
28 to ensure its Board will amend the LDCC's charter to make explicit its mandate to

1 oversee management's efforts to promote a workplace environment that is respectful
2 and free from employment discrimination, including harassment and retaliation. The
3 LDCC already receives reports from Google's Chief Diversity Officer ("CDO") on
4 culture and diversity, equity, and inclusion issues at Google, as well as the results of
5 Google's annual Googlegeist survey. Going forward, the CDO's reporting will be
6 formalized, and Google will maintain questions in Googlegeist (or successor versions)
7 related to company culture, respect, diversity, equity, inclusion, integrity, and
8 leadership (and continue to report to the LDCC annually on the responses thereto).
9 Additionally, the LDCC will receive data regarding reports and resolution of claims
10 of sexual harassment, discrimination, and retaliation, as well as a presentation
11 regarding the harassment training provided to Google employees along with the
12 training materials. The LDCC will report annually to the Board regarding
13 management's efforts to promote a respectful workplace free from employment
14 discrimination, including harassment and retaliation, and include data regarding
15 reports and resolution of claims of sexual harassment, discrimination, and retaliation,
16 as well as results of Googlegeist (or successor versions). The LDCC will also report
17 to the Board compensation decisions for any "Senior Executive" (defined as a member
18 of the C-Suite, Senior Vice President, Country Manager, Head of a Business Unit, or
19 Site Lead) found to have engaged in serious misconduct involving sexual harassment,
20 sexual misconduct, or retaliation (along with the substantiated complaints, underlying
21 allegations, and any corrective action); and continue to report on compensation for
22 such Senior Executives for each of the subsequent three (3) years.

23 (3) Audit and Compliance Committee: The Audit Committee is
24 responsible for overseeing, among other things, the Company's auditors and audit
25 process as well as legal, regulatory, and other risk assessments and compliance.
26 Alphabet agrees to rename the Audit Committee as the Audit and Compliance
27 Committee (the "AC Committee") and the Board will update the AC Committee's
28 charter to explicitly reflect its oversight responsibilities for legal and regulatory

1 compliance, including data privacy. The AC Committee will hold four (4) separate
2 mid-quarterly meetings per year on legal and regulatory compliance matters, receive
3 updates on specific compliance / investigation matters, and receive quarterly reports
4 on Google management's compliance efforts and investigations. Directors on the AC
5 Committee will serve as both audit and compliance members. Google will also
6 implement a formal reporting structure from the Google heads of compliance and
7 investigations to the AC Committee, such that those individuals can report to the AC
8 Committee any concerns regarding the compliance program and incidents of alleged
9 non-compliance, including with respect to Senior Executives. The AC Committee
10 will also receive quarterly updates on cases brought to a newly created "rapid
11 response" team, which will have responsibility for certain cases involving Senior
12 Executives and/or the most serious allegations, such as those involving nonconsensual
13 sex or sexual assault. Google will also update its incident management process and
14 legal support model, by which the Regulatory and Investigations Team (GA),
15 Corporate Securities (GA), and the Controller Function (Finance) assess the potential
16 materiality of incidents (including by providing hypothetical scenarios to confirm
17 what incidents rise to the level of notifying the AC Committee). The AC Committee
18 will, in turn, provide quarterly reports to the full Board regarding legal and regulatory
19 compliance issues.

20 (4) Board Training and Training Oversight: In addition to
21 mandating sexual harassment training for the Board, as well as fiduciary duty training
22 every other year, Alphabet will promote Board oversight of Google employee sexual
23 harassment training by tracking compliance by business unit and report training
24 compliance deficiencies to the Board and ensure annual review of Google's sexual
25 harassment training materials by relevant stakeholders.

26 d. Review of Policies and Procedures. Following the SLC Review
27 (including but not limited to the review of the policies and procedures discussed in Section
28 II.F. above), and as part of the Settlement, Alphabet has agreed to enhance Google and Other

1 Bets' sexual harassment and retaliation compliance programs consistent with the Guiding
2 Principles. In particular, Alphabet will commit Google to implement the following
3 enhancements to Google's sexual harassment and retaliation compliance programs:

4 (1) Policies: Under the terms of the Settlement, Google will
5 strengthen its policies to reflect its dedication to each of the Guiding Principles—and
6 in particular to Commitment, Care, and Fairness & Consistency—by making
7 enhancements to its Anti-Discrimination, Harassment, and Retaliation Policy,
8 Relationships with Co-Workers Policy, Drugs & Alcohol Policy, and Supplier Code
9 of Conduct. Google will incorporate the Guiding Principles expressly into its core
10 Anti-Discrimination, Harassment, and Retaliation Policy, and update this policy and
11 related policies to:

12 (A) Include a clear statement in its Anti-Discrimination,
13 Harassment, and Retaliation Policy about Google's unwavering commitment
14 to prohibiting and effectively responding to sexual harassment,
15 discrimination, and retaliation; further spotlight managers' obligations to
16 promote a workplace and culture that are free from harassment,
17 discrimination, misconduct, abusive conduct, and retaliation; explicitly
18 address off-site conduct and conduct during the hiring process; and reflect the
19 support and resources available during the investigation process.

20 (B) Update its Relationships with Co-Workers Policy to
21 clarify the types of relationships and individuals (including prospective
22 employees) covered by the policy, what relationships are permitted and
23 prohibited under Google's relationships policy, as well as disclosure and
24 reporting requirements. In addition, the policy will be revised to highlight that
25 Google employees in relationships are expected to conduct themselves not
26 only in accordance with Google's Code of Conduct and Anti-Discrimination,
27 Harassment, and Retaliation Policy, as the policy already states, but also with
28 Google's Respect values, and to explicitly state that Google has discretion to

reevaluate relationships it previously determined to be permissible.

(C) Refine its policy against excessive alcohol consumption at work-related events to further encourage managers to create safe environments, and incorporate the impairment-related guidance into other Google policies where relevant.

(D) Provide members of Google's extended workforce with an opportunity to learn about the policies, processes, and resources available to them. Google will also update its Supplier Code of Conduct to highlight expectations for outside suppliers in their conducting of investigations, continue to audit suppliers for adherence with Google's Supplier Code of Conduct, and develop a tool to trigger supplier audits where suppliers demonstrate compliance-related concerns arising from investigations.

Google substantially implemented the above policy revisions during the course of the mediation and negotiation of this Settlement with Plaintiffs' Co-Lead Counsel and other Settling Stockholders' Counsel.

(2) Reporting: Google's channels for employees to report misconduct include permitting employees to report concerns to their supervisors, to an anonymous hotline, or to a variety of individuals outside of their supervisory chain. These options are described on a central landing page. Alphabet agrees that Google will continue to highlight and educate employees about the resources available to them during investigations and about options to report anonymously, ensure that reporting channels remain streamlined in an easily-accessible landing page, revise reporting guidance to notify employees that allegations involving the C-Suite may be reported directly to the Audit Committee of the Board, and increase the visibility of Google's Respect@ program. Google will continue to spotlight harassment-related concerns in the annual investigations report.

(3) Investigatory Practices and Procedures: Alphabet agrees that

1 Google will enhance and refine its fact-finding, documentation, and close-out
2 processes with respect to investigations of sexual harassment and retaliation as
3 follows.

4 (A) Fact-finding Process: In addition to streamlining and
5 consolidating guidance for investigators and ensuring that investigators have
6 increased awareness of and access to relevant data, Google has refined its
7 comprehensive investigatory guidance to address skills such as care and
8 empathy. It will also refine this guidance to emphasize, to investigators as
9 well as to suppliers, the prohibition on retaliation; to clarify when off-site
10 conduct is investigated; and to codify the process for transferring complaints,
11 assessment of whether confidentiality instructions are appropriate, target
12 deadlines for intake of complaints, and the use of two-investigator teams.
13 Google will continue to educate employees on the investigative process.
14 Google will also continue to assess annually the resource needs of its
15 investigative teams. Following an investigation, human resources personnel
16 will check in with complainants involved in harassment, discrimination, or
17 retaliation investigations every six (6) months for a period of two (2) years
18 following the completion of the investigation (unless the complainant opts
19 against such check ins).

20 (B) Close-out: Google will include a “lessons learned”
21 review at the end of its investigations.

22 (C) Documentation: Google will standardize investigation
23 reports, offer report templates to suppliers to use for their investigations,
24 ensure consistent documentation in the case management database, including
25 when a complaint is transferred to other investigation teams, and enhance
26 technological capabilities relating to investigations.

27 (4) Disciplinary Action and Remediation: Google will enhance
28 its disciplinary action and remediation procedures with respect to sexual harassment

1 and retaliation as follows.

2 (A) Outcomes: Google will emphasize that senior
3 leaders—Vice Presidents and Senior Executives—will be held to a higher
4 standard, while ensuring fairness and consistency by having the relevant
5 investigative team continue its existing practice of both formally calibrating
6 corrective action recommendations and recommending a single disciplinary
7 outcome. Google will also create an Employee Disciplinary Committee to
8 review the relevant investigative team’s disciplinary recommendations for
9 certain cases prior to their being finalized and a Corrective Action Committee
10 (“CAC”) to make final disciplinary determinations in certain cases. The
11 investigative team will report aggregate data regarding disagreements with
12 respect to disciplinary outcome between the investigative team and the
13 business to the CAC. Google will also provide guidance regarding the use of
14 coaching and expand usage of coaching as an additional corrective action.

15 (B) Appeals: Google will codify when and how cases will
16 be reconsidered and/or reopened and provide guidance on how to respond to
17 appeals requests.

18 (C) Pay, Promotions, and Severance:

19 (i) Google does not consider prior salaries in
20 determining starting salaries in the U.S., and commits to maintain and
21 extend that practice globally. Google will continue to include
22 underrepresented talent in initial calibration meetings with hiring
23 managers for open positions for directors and above. Google will
24 formalize its current protocol to ensure decision makers, including the
25 LDCC, are aware of misconduct in making pay, promotion, or
26 severance decisions. It will revise its severance guidelines to reflect
27 consideration of misconduct, and continue to ensure the consideration
28 and impact of employees’ misconduct in pay and promotion decisions.

1 (ii) Google will continue its current practice of not
2 providing severance to any employee, including a Senior Executive,
3 terminated for sexual harassment, sexual misconduct, or retaliation.
4 Google will not (i) provide severance to any employee, including a
5 Senior Executive, who is the subject of a pending investigation for
6 sexual harassment, sexual misconduct, or retaliation at the time of their
7 departure from Google; (ii) accelerate the vesting of unvested equity
8 for any employee or Senior Executive who is the subject of a pending
9 investigation for sexual harassment, sexual misconduct, or retaliation
10 or whose employment is being terminated based on a substantiated
11 finding of such conduct; (iii) allow any employee, including a Senior
12 Executive, who has been informed by the company that they are the
13 subject of a pending investigation for sexual harassment, sexual
14 misconduct, or retaliation, or any employee, including a Senior
15 Executive, who has been sued for such misconduct, to modify their
16 10b5-1 plan while Google's investigation is ongoing; or (v) allow any
17 employee, including a Senior Executive, to modify 10b5-1 plans if
18 allegations of sexual harassment, sexual misconduct, or retaliation
19 have been substantiated and the recommended corrective action is
20 termination.⁵ To the extent that management ever believes that
21 extraordinary circumstances (such as legal or contractual obligations)
22 require departure from these restrictions, the Board must review those
23 circumstances before Google allows the modification of a 10b5-1 plan
24 by, or provides severance to, an employee or Senior Executive being
25 terminated on such grounds or who is the subject of a pending
26 investigation into such allegations.

27
28 ⁵ For the avoidance of doubt, these restrictions do not prohibit Google from paying any compensation that it is legally obligated to pay.

1 (iii) Google will formally include Google values as
2 performance expectations and will provide compensation-based
3 incentives for such positive behavior, while also communicating to
4 employees that misconduct is considered in pay, promotions, and
5 severance decisions (including by providing examples of how
6 misconduct could impact compensation). Employees will certify that
7 they understand misconduct could result in adverse action, including
8 an impact to compensation.

9 (iv) Google's team of Investigations Care
10 Specialists will continue to facilitate the review of complainants'
11 performance ratings for the performance cycles immediately
12 following complainants' engagement in protected activity to ensure
13 that they are protected from retaliation.

14 (5) Sexual Harassment and Retaliation Training and Education:

15 (A) Training for Senior Leaders: Google educates senior
16 leaders that they should hold themselves to—and that Google will hold them
17 to—a higher standard. The Company will continue to educate senior leaders
18 about this expectation as well as the role and authority of the CAC.

19 (B) Training for Managers (including senior leaders):
20 Google will continue to enhance its Managing Within the Law training (which
21 title will be revised to reflect the broader, values-based purpose of the training)
22 to emphasize managers' and relevant human resources personnel's mandatory
23 reporting obligations for claims of sexual harassment and obligations during
24 the hiring process, as well as to educate managers on unconscious bias.
25 Google will provide specific guidance to managers regarding alcohol
26 consumption and planning team events, make retaliation a focus of training
27 for all managers, including senior leaders, provide guidance regarding the
28 importance of creating an environment where individuals are comfortable

1 raising concerns, discuss strategies for responding to concerns raised by
2 employees, clarify conduct that could be considered protected activity or
3 retaliatory, and highlight that a claim of underlying misconduct does not need
4 to be substantiated for retaliation to occur. Google will also educate managers
5 on performance management issues and best practices and emphasize the need
6 for consultations with Employment Legal and other relevant teams where
7 adverse action is being considered for an employee who has engaged in
8 protected activity. Google will also continue to provide organizational
9 diversity data to directors and VPs.

10 (C) Training for Individual Contributors: Google will
11 enhance its training for employees who are not people managers to address
12 unconscious bias, alcohol, and retaliation.

13 (D) Training for Investigators of Sexual Harassment and
14 Retaliation: Google will continue to enhance guidance for investigators on soft
15 skills, including care and empathy; how to address discipline or conduct by
16 managers that, while not retaliatory, could have a chilling effect on protected
17 activity; what circumstances warrant appeal or re-opening of a previous
18 investigation; how and when to investigate off-site conduct; the improved use
19 of the case management database; and corrective action for enablers of
20 misconduct. Google will also formalize the training curriculum for its
21 investigators who address complaints relating to the extended workforce.

22 (E) Training for People Operations: Google will provide
23 guidance to members of People Operations on soft skills, including care and
24 empathy, as well as how to respond to and process complaints of off-site
25 conduct. Google will also train members of People Operations on issue
26 spotting when adverse actions may be retaliatory (to ensure that those actions
27 are properly reviewed and avoided, and/or that Employment Legal and other
28 relevant teams are consulted) and how and when to transfer and escalate

complaints to the appropriate investigative team.

(F) Training Compliance: Google will implement several initiatives to promote Accountability with respect to its training program by continuing to incorporate training compliance into Google's performance, pay, and promotions decisions, penalizing managers where training compliance issues are systemic within populations under their supervision, and communicating the impact of training non-compliance to employees. Additionally, Google will add minimum hours requirement to non-mandatory trainings.

1.3 The DEI Advisory Council. Alphabet shall establish and maintain a Diversity, Equity, and Inclusion Advisory Council (the "**DEI Advisory Council**") for at least five (5) years from the Effective Date of the Settlement. In announcing the DEI Advisory Council, Alphabet will include a statement describing it as, among other things, a demonstration of Alphabet's unwavering commitment to prohibiting and effectively responding to sexual harassment, discrimination, and retaliation. The substantive terms of the DEI Advisory Council are described below.

a. Scope. The DEI Advisory Council will be responsible for overseeing the creation, implementation, and ongoing operation of the initiatives and systems that support diversity, equity, and inclusion described in Paragraph 1.2 above, consistent with Alphabet's commitment to the five Guiding Principles of Care, Commitment, Fairness & Consistency, Transparency, and Accountability, in the following areas:

- (1) Recruitment and hiring;
- (2) Employee equity in compensation, evaluations, training and development;
- (3) Workplace civility and collegiality;
- (4) Providing adequate mechanisms for receiving and appropriately investigating and responding to complaints; and
- (5) Avoiding retaliation.

(i.e., the Agreed-To Measures as defined in Paragraph 1.2, above). To most effectively

1 advance its work, the DEI Advisory Council shall have access to aggregated data in the annual
2 Googlegeist Report, Investigations Report, Diversity Report, Pay Equity Update, or their
3 equivalents and/or successor versions. The DEI Advisory Council may also request that
4 Alphabet provide reasonably available aggregated data relating to the Agreed-To Measures
5 consistent with the scope outlined in Paragraph 1.3.

6 b. Membership.

7 (1) Membership in the DEI Advisory Council will consist of
8 internal and external members.

9 (A) From the Company, the CDO, plus two senior
10 executives (who must be SVP level or above and committed to diversity,
11 equity and inclusion efforts). These individuals are Melonie Parker (Google's
12 CDO), Kent Walker (Google's SVP, Global Affairs and Chief Legal Officer),
13 and Jen Fitzpatrick (Google's SVP, Core and Corporate Engineering). In
14 addition, as a demonstration of his and the Company's commitment to
15 diversity, equity, and inclusion and to ensure the successful launch of the DEI
16 Advisory Council, Alphabet's Chief Executive Officer ("CEO"), Sundar
17 Pichai, will serve on the DEI Advisory Council for the first year.

18 (B) Externally, a minimum of three members with
19 expertise in diversity, inclusion, equity and/or sexual harassment. The
20 external members will be Judge Nancy Gertner (Ret.), Grace Speights, and
21 Fred Alvarez, who were jointly selected by the Company and Plaintiffs' Co-
22 Lead Counsel.

23 (2) In the event that any member is added to the DEI Advisory
24 Council, there must be unanimous consent as to that member by all existing DEI
25 Advisory Council members.

26 (3) In the event that there needs to be substitution or replacement
27 of an internal member, the CDO and CEO shall propose a new internal member for
28 approval by a majority of the LDCC.

1 (4) In the event that there needs to be substitution or replacement
2 of an external member, the remaining external members shall propose three
3 candidates to fill that seat and a majority of the LDCC shall select the new member
4 from those candidates or request additional proposed candidates from the remaining
5 external members, if necessary.

6 (5) In order to ensure the participation and commitment of the
7 highest quality professionals, Alphabet shall (i) compensate each outside member of
8 the DEI Advisory Council for his or her services at a fair and reasonable rate for
9 consultants with comparable skills and experience and (ii) reimburse each DEI
10 Advisory Council member for expenses reasonably incurred in the performance of
11 DEI Advisory Council duties. Alphabet shall also indemnify all DEI Advisory
12 Council members in the event of litigation arising out of their roles as DEI Advisory
13 Council members to the fullest extent permitted by applicable law.

14 (6) The DEI Advisory Council may retain consultants, advisors,
15 and legal counsel to help fulfill its responsibilities and Alphabet will pay their fees.

16 (7) Any external member of the DEI Advisory Council shall
17 disclose to the LDCC relationships of which they are aware between their employer
18 and any Alphabet entity. Alphabet will work with Lead Plaintiffs to craft engagement
19 agreements with the external members that seek to avoid improper benefits being
20 derived by them from their service on the DEI Advisory Council.

21 c. Meetings and Reporting.

22 (1) The DEI Advisory Council will meet at least once per quarter;
23 external members are free to meet without other members.

24 (2) The Board and CEO will work with the DEI Advisory Council
25 as follows:

26 (A) The CDO and one external member will represent the
27 DEI Advisory Council in at least one annual meeting with the LDCC;

28 (B) The DEI Advisory Council will provide written

1 reports to the CEO and LDCC quarterly for the first three years; after that, the
2 DEI Advisory Council may decide unanimously to make such reports annual;

3 (C) The DEI Advisory Council's written and oral reports
4 to the CEO and LDCC will discuss the DEI Advisory Council's work and
5 recommendations during the quarter and management's responses to the
6 recommendations, as well as Alphabet's progress in creating and
7 implementing the initiatives and systems to comply with the Agreed-To-
8 Measures. The reports will include a statement as to whether there are any
9 significant disagreements among the DEI Advisory Council members that
10 remain unresolved at the time of each report.

11 (3) The CDO, on behalf of the DEI Advisory Council, will
12 provide an annual update on its work in Google's Diversity Report (or successor or
13 similar publication). The update shall summarize the Company's progress and
14 accomplishments under the DEI Advisory Council's advice.

15 1.4 The Workplace Initiative and Funding Component. Alphabet shall commit
16 funds to be spent on a set of workplace initiatives and programs (the "**Workplace Initiative**"), the
17 substantive terms of which are described below.

18 a. Initiative and Program Areas. The Workplace Initiative will support
19 a set of global initiatives and programs that focus on the following key areas:

20 (1) Expanding the pool of technologists, especially those who are
21 historically underrepresented⁶, including by increasing educational and career
22 opportunities through investments in computer science programs to build computer
23 science talent;

24 (2) Hiring, progression, and retention of historically
25 underrepresented talent at Alphabet and in particular at Google;

26
27
28 ⁶ Diverse, historically underrepresented, and/or disadvantaged individuals or groups are referred
to herein collectively as "historically underrepresented."

(3) Fostering respectful, equitable, and inclusive workplace cultures; and

(4) Helping historically underrepresented groups and individuals succeed with their businesses and in the digital economy and tech industry, including by supporting conferences and events and increasing access to digital tools and opportunities.

b. Funding of the Workplace Initiative. In order to provide appropriate funding for the Workplace Initiative, Alphabet shall cause to be spent a total of \$310 million over the course of up to 10 years starting the first full fiscal year following the Effective Date of the Settlement.

c. Tracking and Reporting. The CDO will be responsible for tracking the status of (1) the past spend of the committed funding and (2) the planned spend of the committed funding. The CDO will take reasonable measures to ensure the funding is used to support initiatives and programs within the scope described above and will take reasonable steps to quantify and track such spend. The CDO will report annually to the LDCC on the status of the past and planned spend of the committed funding. The CDO will also report annually to the DEI Advisory Council (discussed in Paragraph 1.3 *supra*) on the past and planned spend of the committed funding. Google will agree to include a high-level summary statement in its public annual Diversity Report about ways in which funds were spent to support the areas covered by the Workplace Initiative in the prior fiscal year, starting with the first annual Diversity Report (or successor or similar publication) occurring after the completion of the first fiscal year after the Effective Date.

1.5 If any of the terms of the Settlement Consideration set forth in Paragraphs 1.2 through 1.4 above should conflict with any applicable law(s), rule(s) or regulation(s) (including of any national securities exchange or interdealer quotation system or relating to employee representatives), the Company will comply with such applicable law(s), rule(s), notwithstanding any provision herein.

1.6 Following the Effective Date of the Settlement, should the Board make a good

1 faith determination, based on the exercise of its fiduciary duties, that any term of the Settlement
2 Consideration set forth in Paragraphs 1.2 through 1.4 above is contrary to the best interests of the
3 Company, the Board may modify such provision (a “**Modification**”) in the following manner:

4 a. The Board, after informed consideration of the Modification, shall
5 document the reasons for the Modification and shall approve the Modification.

6 b. The Board will be advised by outside counsel in considering the
7 Modification.

8 c. The Board will adopt a reasonably narrowly tailored Modification that
9 it determines to be consistent with the Company’s best interests and with the purposes of this
10 Settlement.

11 d. Before the Modification takes effect, the Company shall provide
12 notice to counsel for the Stockholders of the Modification as approved by the Board and shall
13 postpone implementation of the Modification for at least 30 days following such disclosure.

14 e. As part of the Settlement, the Individual Defendants represent that the
15 Board is not presently aware of any information that would require such a Modification.

16 1.7 On November 8, 2018, Google publicly announced a number of workplace
17 commitments (“**November 2018 Commitments**”). The Company shall adopt the Agreed-To
18 Measures in addition to or in conjunction with November 2018 Commitments, and acknowledges that
19 the Settling Stockholders and their counsel were a substantial and material factor in the adoption
20 and/or maintenance of the Agreed-To Measures.

21 2. Procedure for Implementing the Settlement

22 2.1 Following the last party’s execution of this Stipulation, as well as the Settling
23 Parties’ agreement to any Fee Agreement(s) per Paragraph 4.2, Plaintiffs’ Co-Lead Counsel shall
24 submit the Stipulation together with its exhibits to the California State Court and file a motion for
25 preliminary approval of settlement, requesting, *inter alia*: (i) preliminary approval of the Settlement
26 and entry of the Preliminary Approval Order substantially in the form attached as Exhibit A hereto;
27 (ii) approval of the form, content, and method of providing notice to Alphabet stockholders and
28 approval of the forms of Notice and Summary Notice attached as Exhibits B and C hereto; and (iii) a

1 date for the Settlement Hearing.

2 2.2 Within fourteen (14) calendar days of the California State Court's entry of the
3 Preliminary Approval Order, Alphabet shall: (i) file a Form 8-K with the SEC which shall include
4 the Notice as an attachment, (ii) cause the Summary Notice to be published through Investor's
5 Business Daily, and (iii) post the Notice and Stipulation on the Company's investor relations website
6 until the Judgment becomes Final. Alphabet shall cause to be paid all costs of such notice. Plaintiffs'
7 Co-Lead Counsel will also post the Notice (Exhibit B) on their firms' websites. At least seven (7)
8 calendar days prior to the Settlement Hearing, Alphabet's counsel shall file with the California State
9 Court an appropriate affidavit or declaration with respect to filing of the Form 8-K, publication of the
10 Summary Notice, and posting of the Notice and Stipulation; and Plaintiffs' Co-Lead Counsel shall
11 file with the California State Court an appropriate affidavit or declaration with respect to the posting
12 of the Notice.

13 2.3 The Settling Parties believe the content and manner of the Notice, as set forth
14 in the prior paragraph, constitutes adequate and reasonable notice to Current Alphabet Stockholders
15 pursuant to applicable law and due process.

16 2.4 The Settling Parties agree to request that the California State Court hold a
17 hearing in the California Action sixty (60) days after Notice is given, at which time the California
18 State Court will consider and determine whether the Judgment, substantially in the form of Exhibit D
19 hereto, should be entered: (i) approving the terms of the Settlement as fair, reasonable, and adequate;
20 (ii) dismissing with prejudice the California Action pursuant to the terms of this Stipulation against
21 Defendants; and (iii) ruling upon Plaintiffs' Co-Lead Counsel's application for a Fee & Expense
22 Award.

23 2.5 Pending the Effective Date, the Settling Parties agree that all proceedings and
24 discovery in the Litigations shall be stayed (except as otherwise provided herein and the proceedings
25 necessary to effectuate the consummation and final approval of the Settlement) and not to initiate any
26 other proceedings other than those related to the Settlement itself. The Settling Parties shall not file,
27 prosecute, instigate, or in any way participate in the commencement or prosecution of any of the
28 Released Claims.

1 **3. Dismissal of the Litigations and Withdrawal of the Demands**

2 3.1 With the exception of the California Action, in which the Settling Parties will
3 seek the entry of a Judgment from the California State Court pursuant to the terms of this Stipulation,
4 this Settlement is conditioned on the dismissal with prejudice of all of the other Litigations pending
5 at the time of final approval and the withdrawal of the Demands.

6 3.2 Within fifteen (15) days after the California State Court grants final approval
7 of the Settlement, the Settling Stockholders shall take, or cause to be taken, all actions, and to do, or
8 cause to be done, all things necessary, proper, and appropriate to secure dismissal with prejudice of
9 the Litigations in their entirety as to all parties in those actions, and shall provide reasonable
10 documentary assistance to Defendants as requested to assist Defendants' efforts to obtain dismissal
11 of any stockholder derivative actions not listed above as part of the Litigations that may be later filed
12 in any state or federal court asserting claims that are related to the subject matter of the Settled Matters.
13 In the interim, the Settling Parties shall cooperate to, at a minimum, secure a postponement of any
14 response deadline, hearing or trial date(s) in the Litigations while this Settlement is under
15 consideration by the California State Court. The Settling Stockholders shall also withdraw all
16 Demands.

17 **4. Fee and Expense Awards**

18 4.1 Defendants agree that the Settlement confers substantial benefits on Alphabet
19 and its stockholders, including but not limited to by way of the Settlement Consideration set forth
20 herein. Defendants also agree that Settling Stockholders' Counsel are entitled to awards of reasonable
21 attorneys' fees and expenses for their roles in creating such benefits of the Settlement, as well as
22 Service Awards to certain of the Stockholders.

23 4.2 In light of benefits produced for Alphabet by the Settling Stockholders and the
24 Settling Stockholders' Counsel in connection with the Settlement and the Litigations and Demands
25 leading up to it, Plaintiffs' Co-Lead Counsel intend to seek approval of a Fee & Expense Award from
26 the California State Court, in an amount they (after consultation with Settling Stockholders' Counsel
27 other than Delaware Counsel) will attempt to negotiate with Defendants' counsel. If they are able to
28 agree on such amount, the amount will be memorialized in a Fee Agreement issued by the mediator

(Hon. Layn Phillips) and such Settling Stockholders (other than Irving Fire) and their counsel (other than Delaware Counsel) agree not to request that any greater aggregate amount be awarded to the Settling Stockholders' Counsel by the California State Court, not to seek payment of attorneys' fees and expenses from any person or entity other than Alphabet or its insurers, and that no other or greater payments or awards shall be requested from the California State Court. In light of the benefits being produced for Alphabet by Irving Fire and Delaware Counsel, Delaware Counsel intends to submit a separate petition for a Fee & Expense Award to the Delaware Court, in an amount they will attempt to negotiate with Defendants' counsel. Any such Fee & Expense Award, if approved, shall be paid separately, and in addition to, any Fee & Expense Award awarded by the California State Court. If they are able to agree on such amount, the amount will be memorialized in a Fee Agreement issued by the mediator (Hon. Layn Phillips) and Irving Fire and Delaware Counsel agree not to request that any greater aggregate amount be awarded to Delaware Counsel by the Delaware Court, not to seek payment of attorneys' fees and expenses from any person or entity other than Alphabet or its insurers, and that no other or greater payments or awards shall be requested from the Delaware Court. No fees or expenses shall be owed or paid to Irving Fire or its counsel from any Fee & Expense Award awarded by the California State Court. Any fees and expenses application filed in the Delaware Action by Irving Fire shall not be filed until after entry of the Judgment, and shall be accompanied by a stipulation and proposed order that the Delaware Court dismiss the Delaware Action with prejudice and retain jurisdiction solely to hear Delaware Counsel's petition for a Fee & Expense Award. Alphabet and the Individual Defendants agree not to oppose the requested Fee & Expense Awards so long as they do not exceed the agreed upon amounts, to be reflected in the Fee Agreements, if any, with Plaintiffs' Co-Lead Counsel and Delaware Counsel, respectively. If the parties cannot reach agreement, Plaintiffs' Co-Lead Counsel and Delaware Counsel may seek applications in amounts they deem appropriate.

4.3 The amount of the Fee & Expense Award in the California Action shall be subject to approval by the California State Court. The amount of the Fee & Expense Award in the Delaware Action shall be subject to approval by the Delaware Court. Any changes by any court to the negotiated amount of any Fee & Expense Awards will not otherwise affect the Finality of the

1 Settlement. Alphabet agrees that, to the extent available, it will cause insurance proceeds from the
2 Defendants' insurers to pay for the Fee & Expense Awards in excess of any applicable self-insured
3 retention.

4 4.4 Any Fee & Expense Award awarded by the California State Court shall be
5 paid into a joint-signature escrow account maintained by Plaintiffs' Co-Lead Counsel within thirty
6 (30) calendar days of the entry of an order by the California State Court granting final approval of the
7 Settlement and California State Court approval of the Fee & Expense Award, notwithstanding the
8 existence of any collateral attacks on the Settlement, including, without limitation, any objections or
9 appeals. Any Fee & Expense Award awarded by the Delaware Court shall be paid into an escrow
10 account maintained by Delaware Counsel within thirty (30) calendar days of the entry of an order by
11 the Delaware Court approving any Fee & Expense Award in the Delaware Action, notwithstanding
12 the existence of any collateral attacks on the Settlement, including, without limitation, any objections
13 or appeals.

14 4.5 The Fee & Expense Awards are subject to the Settling Stockholders'
15 Counsel's obligations to make appropriate refunds or repayments into their respective escrow
16 accounts, plus interest earned thereon at the same net rate as earned by the escrow account, if and
17 when as a result of any appeal and/or further proceedings on remand, or successful collateral attack,
18 approval of the Settlement is denied or overturned or any Fee & Expense Award is reduced or reversed
19 and such order denying or overturning the Settlement or reducing or reversing any Fee & Expense
20 Award becomes Final. In such event, each of the Settling Stockholders' Counsel who received any
21 portion of such Fee & Expense Award shall, within thirty (30) business days from the event which
22 requires repayment of that Fee & Expense Award, refund to the appropriate escrow account such
23 portion of the Fee & Expense Award paid to or received by each of them, along with interest, as
24 described above, after which, within seven (7) days, such amounts shall be repaid to Alphabet and/or
25 the Defendants' insurers.

26 4.6 Plaintiffs' Co-Lead Counsel may apply to the California State Court for
27 Service Awards in an amount to be negotiated for each of the Co-Lead Plaintiffs in the California
28 Action, to be paid upon California State Court approval, in recognition of their participation and

1 efforts in the creation of the benefits of the Settlement. The Service Awards, if approved by the
2 California State Court, shall be paid to the California Co-Lead Plaintiffs out of the joint-signature
3 escrow account maintained by the Plaintiffs' Co-Lead Counsel. Delaware Counsel in the Delaware
4 Action may apply to the Delaware Court for a Service Award in an amount to be negotiated for Irving
5 Fire, to be paid upon the Delaware Court's approval, in recognition of its participation and efforts in
6 the creation of the benefits of the Settlement, which, if approved by the Delaware Court, shall be paid
7 to Irving Fire out of the escrow account maintained by Delaware Counsel. Alphabet and the
8 Individual Defendants shall not be separately liable for any portions of any Service Award.

9 4.7 Plaintiffs' Co-Lead Counsel shall meet and confer with Settling Stockholders'
10 Counsel regarding allocation of any Fee & Expense Award approved by the California State Court
11 amongst Settling Stockholders' Counsel (other than Delaware Counsel) and make a proposal
12 regarding allocation which they, in good faith, believe reflects the contributions of such counsel to
13 the institution, prosecution, and settlement of the Litigations and the Demands. Alphabet and the
14 Individual Defendants shall have no responsibility or involvement in the allocation of attorneys' fees
15 or expenses. If any disputes arise regarding the allocation of any Fee & Expense Award, such disputes
16 shall be resolved by the Hon. James P. Kleinberg by mediation and, if necessary, final, binding, and
17 non-appealable arbitration.

18 4.8 Except as otherwise provided herein or except as provided pursuant to
19 indemnification or insurance rights, each of the Settling Parties shall bear his, her, or its own costs,
20 expenses, and attorneys' fees.

21 4.9 The California State Court's decision granting, in whole or in part, the
22 application by Plaintiffs' Co-Lead Counsel for a Fee & Expense Award and Service Awards is not a
23 condition of the Stipulation or to entry of the Judgment. The request by Settling Stockholders'
24 Counsel (other Delaware Counsel) for a Fee & Expense Award and for Service Awards is to be
25 considered by the California State Court separately from the California State Court's consideration of
26 the question whether the Settlement is fair, reasonable, adequate, and in the best interests of Alphabet
27 and its stockholders. In addition, the Delaware Court's decision granting, in whole or in part, the
28 application by Delaware Counsel for a Fee & Expense Award (and any Service Award) is not a

1 condition of the Stipulation or to entry of the Judgment. Any orders or proceedings relating to any
2 request for a Fee & Expense Award or Service Awards, or any appeal from any order or proceedings
3 relating thereto, shall not affect the validity or Finality of the Settlement, operate to terminate or cancel
4 the Stipulation, and/or affect or delay either the Effective Date or the Finality of the Judgment
5 approving the Settlement.

6 **5. Releases**

7 5.1 Upon the Effective Date, the Settling Stockholders (acting on their own behalf
8 and, in some cases, derivatively on behalf of Alphabet), Alphabet, and any Person acting derivatively
9 on behalf of Alphabet shall be deemed to have, and by operation of the Judgment shall have, fully,
10 finally, and forever released, relinquished, discharged and dismissed with prejudice the Released
11 Stockholder Claims (including Unknown Claims) against the Released Defendant Persons.

12 5.2 Upon the Effective Date, the Settling Stockholders (acting on their own behalf
13 and, in some cases, derivatively on behalf of Alphabet), Alphabet, and any Person acting derivatively
14 on behalf of Alphabet, shall be forever barred and enjoined from asserting, commencing, instituting,
15 or prosecuting any of the Released Stockholder Claims against any Released Defendant Persons.

16 5.3 Upon the Effective Date, each of the Individual Defendants and Alphabet shall
17 be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released,
18 relinquished, and discharged the Released Defendant Claims (including Unknown Claims) against
19 the Released Stockholder Persons, and shall be forever barred and enjoined from asserting any
20 Released Defendant Claims against any Released Stockholder Persons.

21 5.4 Nothing herein shall in any way impair or restrict the rights of any Settling
22 Party to enforce the terms of the Stipulation.

23 **6. Conditions of Settlement**

24 6.1 The Effective Date of the Settlement shall be the date on which all of the
25 following events have occurred:

26 a. approval of the Settlement at or after the Settlement Hearing following
27 notice to Current Alphabet Stockholders as set forth in Paragraph 2.2;

28 b. entry of the Judgment, in all material respects in the form set forth as

1 Exhibit D annexed hereto, approving the Settlement without awarding costs to any party,
2 except as provided herein, dismissing with prejudice the California Action pursuant to the
3 terms of this Stipulation, and releasing the Released Persons from the Released Claims;

4 c. the passing of the date upon which the Judgment becomes Final;

5 d. dismissal with prejudice of the other pending Litigations;

6 e. the withdrawal of the Demands; and

7 f. the passing of the dates upon which each of the dismissal orders in
8 each of the Litigations become Final.

9 6.2 If any of the conditions specified above in Paragraph 6.1 are not met, then the
10 Stipulation shall be cancelled and terminated, unless all of the Settling Parties agree in writing to
11 proceed with the Stipulation. If for any reason the Effective Date of this Stipulation does not occur,
12 or if this Stipulation is in any way canceled, terminated, or fails to become Final in accordance with
13 its terms: (i) all Settling Parties and Released Persons shall be restored to their respective positions
14 prior to execution of this Stipulation; (ii) all releases delivered in connection with the Stipulation shall
15 be null and void, except as otherwise provided for in the Stipulation; (iii) the Fee & Expense Awards
16 and Service Awards shall not be paid or, if already paid, shall be refunded in accordance with
17 Paragraph 4.5; and (iv) all negotiations, proceedings, documents prepared, and statements made in
18 connection herewith shall be without prejudice to the Settling Parties, shall not be deemed or
19 construed to be an admission by any of the Settling Parties of any act, matter, or proposition, and shall
20 not be used or referred to in any manner for any purpose (other than to enforce the terms remaining
21 in effect) in any subsequent proceeding in the Settled Matters or in any other action or proceeding. In
22 such event, the terms and provisions of this Stipulation (other than those set forth in Section I(a)-(kk),
23 and Paragraphs 6.2, 7.7, and 7.9) shall have no further force and effect with respect to the Settling
24 Parties and shall not be used in the Settled Matters or in any other proceeding for any purpose.

25 6.3 No court order (including by the California State Court or Delaware Court),
26 modification, or reversal on appeal of any court order concerning any Fee & Expense Award, Service
27 Awards, and interest awarded by a court to Settling Stockholders' Counsel shall constitute grounds
28 for cancellation or termination of the Stipulation, affect the enforceability of the Stipulation, or delay

1 or preclude the Judgment from becoming Final.

2 **7. Miscellaneous Provisions**

3 7.1 The Settling Parties (i) acknowledge that it is their intent to consummate the
4 Settlement; and (ii) agree to act in good faith and cooperate to take all reasonable and necessary steps
5 to expeditiously implement the terms and conditions of the Settlement set forth in this Stipulation.

6 7.2 The Settling Parties intend this Settlement to be a final and complete resolution
7 of all disputes between them arising out of, based upon, or related to the Settled Matters and the
8 Released Claims. The Settlement compromises claims that are contested and shall not be deemed an
9 admission by any Settling Party as to the merits of any claim, allegation, or defense. The Settling
10 Parties and their respective undersigned counsel agree that at all times during the course of the
11 litigation, each has complied with the requirements of the applicable laws and rules of the California
12 State Court. The Settling Parties agree that the Released Claims are being settled voluntarily after
13 consultation with an experienced mediator and competent legal counsel who were fully competent to
14 assess the strengths and weaknesses of their respective clients' claims or defenses.

15 7.3 The Settling Parties agree that the terms of the Settlement were negotiated in
16 good faith by the Settling Parties. The Settling Parties will request that the Judgment contain a finding
17 that during the course of the Settled Matters, the Settling Parties and their respective undersigned
18 counsel at all times complied with the requirements of Federal Rule of Civil Procedure 11, California
19 Code of Civil Procedure § 128.7, and all other similar rules of professional conduct. The Settling
20 Parties reserve their right to rebut, in a manner that the parties determine to be appropriate, any
21 contention made in any public forum that the Settled Matters were brought or defended in bad faith
22 or without a reasonable basis.

23 7.4 In the event that any other disputes arise, prior to the time that Judgment is
24 entered by the California State Court, that are related to the terms of this Stipulation, any of its
25 exhibits, or the Settlement more generally, or the presentation of the Settlement to the Court for
26 approval, including but not limited to the allocation of the Fee & Expense Award in the California
27 Action among Settling Stockholders' Counsel, such disputes will be resolved by Judge Kleinberg,
28 first by way of mediation, and, if unsuccessful, then by way of final, binding, non-appealable

1 arbitration administered under JAMS Comprehensive Arbitration Rules.⁷

2 7.5 Each of the Individual Defendants expressly denies and continues to deny all
3 allegations of wrongdoing or liability against itself, himself, or herself arising out of or relating to any
4 conduct, statements, acts, or omissions alleged, or which could have been alleged, in the Settled
5 Matters. Each of the Individual Defendants reserves the right to rebut any and all allegations of breach
6 of fiduciary duty, wrongdoing, or liability, whatsoever, against himself, herself, or itself or that any
7 valid claim has been asserted against any of them.

8 7.6 The Settling Parties in the Litigations agree to take such measures as may be
9 needed to secure dismissals with prejudice of any remaining Litigations pending in other jurisdictions;
10 and all Demands shall be withdrawn. With respect to any other action that is not listed above as one
11 of the Litigations and that is currently pending or is later filed in any state or federal court asserting
12 claims that are related to the subject matter of the Settled Matters prior to final Court approval of the
13 Settlement, the Settling Stockholders shall provide supporting documentation as is reasonably
14 requested by Defendants in order to obtain the dismissal, stay, or withdrawal of such related litigation,
15 including where appropriate joining in any motion to dismiss or stay such litigation.

16 7.7 Neither the Stipulation (including any exhibits attached hereto), nor any Fee
17 Agreement, nor the Settlement, nor any act performed or document executed pursuant to or in
18 furtherance of the Stipulation, any Fee Agreement, or the Settlement: (i) is or may be deemed to be
19 or may be offered, attempted to be offered, or used or referred to in any way by the Settling Parties as
20 a presumption, a concession, an admission, or evidence of any fault, wrongdoing, or liability of any
21 of the Settling Parties or of the validity of any Released Claims; or (ii) is or may be deemed to be or
22 may be used as a presumption, concession, admission, or evidence of any liability, fault, or omission
23 of any of the Released Persons in any civil, criminal, or administrative proceeding in any court,
24 administrative agency, or other tribunal. Neither this Stipulation, nor the Settlement, nor any Fee
25 Agreement, nor any act performed or document executed pursuant to or in furtherance of this

26 ⁷ Any disputes regarding the Fee & Expense Awards will be mediated by the Hon. Layn Phillips
27 (Ret.), with Judge Phillips' role limited to mediating disputes regarding the amount of the Fee &
28 Expense Awards (which remain subject to Court approval pursuant to Section VI.4. herein).
Defendants will take no position on the allocation of the Fee & Expense Award in the California
Action among Settling Stockholders' Counsel.

1 Stipulation, any Fee Agreement, or the Settlement, shall be admissible in any proceeding for any
2 purpose, except to enforce the terms of the Settlement or any Fee Agreement, and except that the
3 Released Persons may file the Stipulation, any Fee Agreement and/or the Judgment in any action or
4 proceeding that may be brought against them to support a defense or counterclaim based on principles
5 of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement,
6 judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar
7 defense or counterclaim.

8 7.8 Settling Stockholders' Counsel will return within sixty (60) days of the
9 Effective Date all documents and other materials they received in connection with the Settled Matters
10 (including but not limited to the Confirmatory Information, documents the SLC and/or Alphabet
11 produced in connection with the mediation, and all documents and materials produced pursuant to
12 Section 220 of the Delaware General Corporation Law) (collectively "**Discovery Material**"), or
13 destroy all such Discovery Material and certify to that fact; provided, however that Settling
14 Stockholders' Counsel shall be entitled to retain all filings, court papers, interview and hearing
15 transcripts, and attorney-work product containing or reflecting Discovery Material, subject to the
16 requirement that Settling Stockholders' Counsel shall not disclose any information contained or
17 referenced in the Discovery Material to any person except, following reasonable advance notice to
18 Alphabet, pursuant to a validly issued subpoena not subject to a motion to quash, court order, or
19 agreement with Alphabet.

20 7.9 All designations and agreements made and orders entered during the course
21 of the Settled Matters relating to the confidentiality of documents or information shall survive this
22 Settlement. Nothing in this Stipulation, or the negotiations relating thereto, is intended to or shall be
23 deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation,
24 the attorney-client privilege, the joint defense privilege, or work product protection.

25 7.10 The Stipulation and the exhibits attached hereto, as well as any Fee
26 Agreement(s), constitute the entire agreement among the Settling Parties with respect to the
27 Settlement, and supersede any and all prior negotiations, discussions, agreements, or undertakings,
28 whether oral or written, with respect to such matters. The Settling Parties expressly acknowledge

1 that, in entering into this Stipulation, they are not relying upon any statements, representations, or
2 warranties by any Settling Party except as expressly set forth herein. The Settling Stockholders and
3 Alphabet agree that they intend to confer on all Released Defendant Persons the benefit of all releases
4 and other protections set forth in Paragraphs 5.1-5.2 above. Defendants agree that they intend to
5 confer on all Released Stockholder Persons the benefit of all releases and other protections set forth
6 in Paragraph 5.3 above. The Settling Parties agree that each of the Released Persons who is not a
7 Settling Party is an express third-party beneficiary of those releases and other protections, and is
8 entitled to enforce the terms of those releases and other protections to the same extent that such
9 Released Persons who are not Settling Parties could enforce such terms if they were party to the
10 Stipulation. All provisions in the Stipulation providing that nothing herein shall in any way impair or
11 restrict the rights of any Settling Party to enforce the terms of this Stipulation are agreed to mean
12 additionally that nothing herein shall in any way impair or restrict the rights of any Released Person
13 who is not a Settling Party to enforce the terms of the Stipulation.

14 7.11 This Stipulation supersedes and replaces any prior or contemporaneous
15 writing, statement, or understanding pertaining to the Settled Matters, and no parol or other evidence
16 may be offered to explain, construe, contradict, or clarify its terms, the intent of the Settling Parties
17 or their counsel, or the circumstances under which the Stipulation was made or executed.

18 7.12 It is understood by the Settling Parties that except for matters expressly
19 represented herein, the facts or law with respect to which this Stipulation is entered into may turn out
20 to be other than, or different from, the facts now known to each party or believed by such party to be
21 true; each party therefore expressly assumes the risk of facts or law turning out to be different and
22 agrees that this Stipulation shall be in all respects effective and not subject to termination by reason
23 of any such different facts or law.

24 7.13 The exhibits to the Stipulation are material and integral parts hereof and are
25 fully incorporated herein by reference.

26 7.14 The headings herein are used for the purpose of convenience only and are not
27 meant to have legal effect.

28 7.15 The Stipulation may be amended or modified only by a written instrument

1 signed by or on behalf of all the Settling Parties or their respective successors-in-interest.

2 7.16 This Stipulation shall be deemed drafted equally by all parties hereto.

3 7.17 The Stipulation and the Settlement shall be binding upon, and inure to the
4 benefit of, the Settling Parties and the Released Persons and their respective successors, assigns, heirs,
5 spouses, marital communities, executors, administrators, trustees in bankruptcy, and legal
6 representatives.

7 7.18 The Stipulation and the exhibits attached hereto shall be considered to have
8 been negotiated, executed, and delivered, and to be wholly performed, in the State of California, and
9 the rights and obligations of the Settling Parties to the Stipulation shall be construed and enforced in
10 accordance with, and governed by, the internal, substantive laws of California without giving effect
11 to that State's choice-of-law principles.

12 7.19 No representations, warranties, or inducements have been made to any of the
13 Settling Parties concerning the Stipulation or its exhibits other than the representations, warranties,
14 and covenants contained and memorialized in such documents.

15 7.20 Settling Stockholders represent and warrant that they have not assigned or
16 transferred or attempted to assign or transfer, to any Person any Released Claim or any portion thereof
17 or interest therein.

18 7.21 Any failure by any party to this Stipulation to insist upon the strict
19 performance by any other party of any of the provisions of this Stipulation shall not be deemed a
20 waiver of any of the provisions, and such party, notwithstanding such failure, shall have the right
21 thereafter to insist upon the strict performance of any and all of the provisions of this Stipulation to
22 be performed by such other party.

23 7.22 In the event that any portion of the Settlement is found to be unlawful, void,
24 unconscionable, or against public policy by a court of competent jurisdiction, the remaining terms
25 and conditions of the Settlement shall remain intact.

26 7.23 In the event that there exists a conflict or inconsistency between the terms of
27 this Stipulation and the terms of any exhibits hereto, the terms of this Stipulation shall prevail.

28 7.24 Each counsel or other Person executing the Stipulation or its exhibits on behalf

of any of the Settling Parties hereby warrants that such Person has the full authority to do so.

7.25 The Stipulation may be executed in one or more counterparts, each of which so executed shall be deemed to be an original and such counterparts together constitute one and the same Stipulation. The Settling Parties agree that signatures submitted through facsimile or by e-mailing .PDF files or signed using DocuSign shall constitute original and valid signatures. A complete set of executed counterparts shall be filed with the California State Court.

7.26 The California State Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Stipulation, and the Settling Parties and their undersigned counsel submit to the jurisdiction of the California State Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation.

7.27 Without further order of the California State Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of this Stipulation.

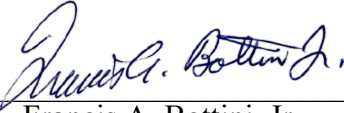
IN WITNESS WHEREOF, the Settling Parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys.

[SIGNATURE PAGES FOLLOW]

1 Dated: August 18, 2020

BOTTINI & BOTTINI, INC.

Francis A. Bottini, Jr.
Albert Y. Chang
Anne Bottini Beste
Yury A. Kolesnikov

4 
5 _____

Francis A. Bottini, Jr.

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*Co-Lead Counsel for Plaintiffs and Counsel for
Plaintiff James Martin*

11 Dated: August 18, 2020

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Plan and Teamsters Local 272 Labor Management
Pension Fund*

1 Dated: August 18, 2020

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11 Dated: August ____, 2020

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Labor Management Pension Fund*

20 Dated: August ____, 2020

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19 Dated: August 19, 2020

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1 **PRICKETT, JONES & ELLIOTT, P.A.**

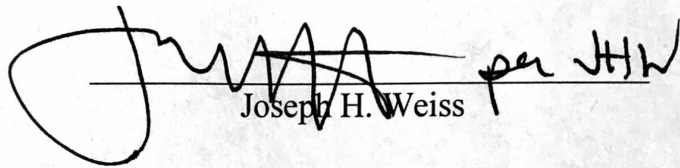
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6 *Counsel for Plaintiff Sjunde AP-Fonden*

7 Dated: September 11, 2020

8 **WEISSLAW LLP**

9 Joseph H. Weiss

10  per HW
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17 *Allen Wiesenfeld*

18 Dated: August __, 2020

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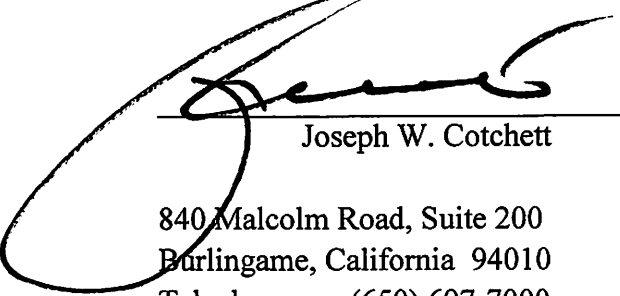
14 *Counsel for Plaintiffs LR Trust, Jonathan Reiss, and*
15 *Allen Wiesenfeld*

16 Dated: August 18, 2020

17 **COTCHETT PITRE & MCCARTHY LLP**

18 Joseph W. Cotchett

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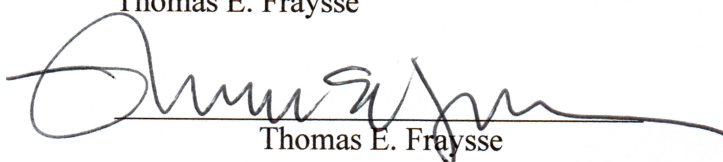
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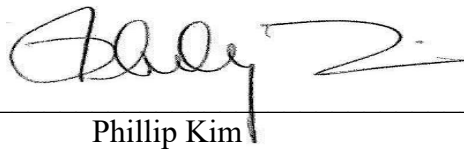
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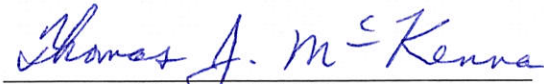
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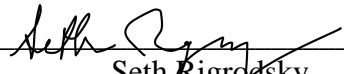
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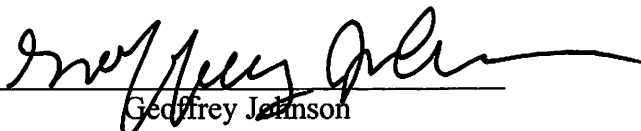
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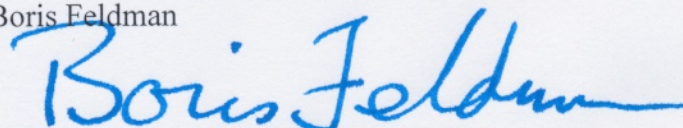
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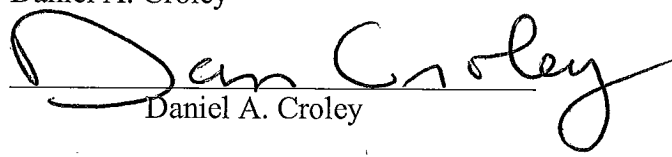
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EXHIBIT A

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA**

IN RE ALPHABET INC. SHAREHOLDER
DERIVATIVE LITIGATION

This Document Relates To:

ALL ACTIONS

Lead Case No. 19CV341522

**[PROPOSED] ORDER
PRELIMINARILY APPROVING
SETTLEMENT AND PROVIDING
FOR NOTICE**

Judge: Hon. Brian C. Walsh
Dep't: 1 (Complex Civil Litigation)

WHEREAS, a stockholder derivative litigation is pending in this Court entitled *In re Alphabet Inc. Shareholder Derivative Litigation*, Lead Case No. 19CV341522 (“**California Action**” or “**Action**”);

WHEREAS, (a) Northern California Pipe Trades Pension Plan (“**NCPTPP**”), Teamsters Local 272 Labor Management Pension Fund (“**Local 272**”), James Martin, LR Trust, Jonathan Reiss, Allen Wiesenfeld, Sjunde AP-Fonden, John R. O’Neil, Jackson D. Morgus, Victor Bao, Daniel Cordeiro, Scott Galbiati, Ian Green, Leo Shumacher, Steve Sims, Joseph Lipovich, Esther Schlafrig, D.M. Cohen, Inc., Erste Asset Management, Irving Firemen’s Relief & Retirement Fund (“**Irving Fire**”), Karen Sbriglio, and Roger Morrell (collectively, the “**Settling Stockholders**”); (b) Nominal Defendant Alphabet Inc. (“**Alphabet**” or the “**Company**”), by and through the Special Litigation Committee of Alphabet’s Board of Directors (the “**SLC**”); and (c) Lawrence E. Page, Sergey Brin, Eric E. Schmidt, Sundar Pichai, John L. Hennessy, L. John Doerr, Kavitar Ram Shriram, Alan R. Mulally, Ann Mather, Roger W. Ferguson, Jr., Diane B. Greene, Shirley M. Tilghman, Robin L. Washington, Andrew E. Rubin, Amit Singhal, Laszlo Bock, David C. Drummond, Eileen Naughton, and Ruth E. Porat (collectively, the “**Individual Defendants**” and, together with Alphabet, “**Defendants**,” and, together with the Settling Stockholders, the “**Settling Parties**”) have entered into a Stipulation and Agreement of Settlement on August 20, 2020 (“**Stipulation**”), which provides for a complete dismissal with prejudice of the claims asserted in the Action and the release of the Released Claims on the terms and conditions set forth therein, subject to the approval of this Court;

WHEREAS, in accordance with the Stipulation, NCPTPP, Local 272, and Martin (collectively, the “**Co-Lead Plaintiffs**”) have made an application for entry of an order preliminarily approving the Settlement and entry of this Preliminary Approval Order; approving the form, content, and method of providing notice of the Settlement to Alphabet stockholders; and scheduling the date and time for the Settlement Hearing, as defined herein;

WHEREAS, the Court conducted a hearing on October 22, 2020 (“**Preliminary Approval Hearing**”) to consider, among other things, (a) whether the terms and conditions of the Settlement are within the range of reasonableness that ultimately could be granted final approval by the Court, and should therefore be preliminarily approved; (b) whether the form, content, and method of providing notice of the Settlement to Alphabet stockholders should be approved; and (c) whether a Settlement Hearing should be scheduled; and

WHEREAS, the Court having reviewed and considered the Stipulation, all papers filed and proceedings held herein in connection with the Settlement, all oral and written comments received regarding the Settlement, and the record in the Action, and good cause appearing therefor;

NOW THEREFORE, IT IS HEREBY ORDERED, this _____ day of _____, 2020, as follows:

1. **Definitions**: Unless otherwise defined in this Order, the capitalized terms used herein shall have the same meanings as they have in the Stipulation.

2. **Preliminary Approval of the Settlement**: The Court finds the Settlement to be within the range of reasonableness that ultimately could be granted final approval by the Court, and hereby preliminarily approves the Settlement subject to further consideration at the Settlement Hearing to be conducted as described below.

3. **Settlement Hearing**: The Court will hold a settlement fairness hearing (“**Settlement Hearing**”) on November 30, 2020, at 1:30 p.m., at the Superior Court of the State of California, County of Santa Clara, 191 North First Street, San Jose, CA 95113, to consider whether the Judgment, substantially in the form of Exhibit D to the Stipulation, should be entered: (a) approving the terms of the Settlement as fair, reasonable, and adequate and in the best interests of Alphabet and Alphabet’s stockholders; (b) dismissing with prejudice the California Action pursuant to the terms of this Stipulation; and (c) ruling upon Settling Stockholders’ Counsel’s (other than Delaware Counsel) application for a Fee & Expense Award; and (d) to consider any

other matters that may properly be brought before the Court in connection with the Settlement. Notice of the Settlement and the Settlement Hearing shall be given to Alphabet stockholders as set forth in Paragraph 5 of this Order.

4. The Court may adjourn the Settlement Hearing and approve the proposed Settlement with such modifications as the Settling Parties may agree to without further notice to Alphabet stockholders. The Court may also extend any of the deadlines set forth in this Order without further notice to Alphabet stockholders.

5. **Manner of Providing Notice:** Notice of the Settlement and the Settlement Hearing shall be given as follows:

(a) Within five (5) business days after the date of entry of this Order, Alphabet shall: (i) file a Form 8-K with the SEC which shall include the Notice (Exhibit B to the Stipulation) as an attachment, (ii) cause the Summary Notice (Exhibit C to the Stipulation) to be published through *Investor's Business Daily*, and (iii) post the Notice and Stipulation on the Company's investor relations website until the Judgment becomes Final. Alphabet shall cause to be paid all costs of such notice.

(b) Plaintiffs' Co-Lead Counsel will also post the Notice and Stipulation on their firms' websites.

(c) At least seven (7) calendar days prior to the Settlement Hearing, Alphabet's counsel shall file with the Court an appropriate affidavit or declaration with respect to filing of the Form 8-K, publication of the Summary Notice, and posting of the Notice and Stipulation; and Plaintiffs' Co-Lead Counsel shall file with the Court an appropriate affidavit or declaration with respect to the posting of the Notice.

6. **Approval of Form and Content of Notice:** The Court: (a) approves, as to form and content, the Notice, attached as Exhibit B to the Stipulation, and the Summary Notice, attached as Exhibit C to the Stipulation, and (b) finds that method of providing notice of the Settlement and

the Settlement Hearing set forth in Paragraph 5 of this Order: (i) constitutes notice that is reasonably calculated, under the circumstances, to apprise Alphabet stockholders of the pendency of the Litigations, of the effect of the proposed Settlement (including the releases to be provided thereunder), of the applications for Fee & Expense Awards for Settling Stockholders' Counsel, of their right to object to the Settlement and/or the applications for such Fee & Expense Awards, and of their right to appear at the Settlement Hearing; (ii) constitutes due, adequate, and sufficient notice to all Persons entitled to receive notice of the proposed Settlement; and (iii) satisfies the requirements of California law, the United States Constitution (including the Due Process Clause), and all other applicable law and rules.

7. **Appearance and Objections at Settlement Hearing:** Any Alphabet stockholder who held Alphabet stock as of 2014 and continues to hold such shares of Alphabet common stock as of the date of the Settlement Hearing may enter an appearance in the Action, at his, her, or its own expense, individually or through counsel of his, her, or its own choice, by filing with the Clerk of the Court and delivering a notice of appearance to Plaintiffs' Co-Lead Counsel and to Benjamin M. Crosson of Wilson Sonsini Goodrich & Rosati, P.C. ("**Representative Defendants' Counsel**") and Rachel G. Skaistis of Cravath, Swaine & Moore LLP ("**SLC's Counsel**") at the addresses set forth in Paragraph 8 below, such that it is received no later than ten (10) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct. Any current Alphabet stockholder who does not enter an appearance will be represented by Plaintiffs' Co-Lead Counsel and shall be deemed to have waived and forfeited any and all rights he, she, or it may otherwise have to appear separately at the Settlement Hearing.

8. Any Alphabet stockholder who held Alphabet stock as of 2014 and continues to hold such shares as of the date of the Settlement Hearing may file a written objection to the proposed Settlement and/or the Settling Stockholders' Counsel's (other than Delaware Counsel) application for a Fee & Expense Award, and appear and show cause, if he, she, or it has any cause,

why the proposed Settlement and/or the applications for such Fee & Expense Award should not be approved. All Persons desiring to object are directed to file a written objection with the Clerk of the Court and serve (by hand, first-class mail, or express service) copies of such objection on Plaintiffs' Co-Lead Counsel, Representative Defendants' Counsel and the SLC's Counsel at the addresses set forth below such that they are received no later than ten (10) calendar days prior to the Settlement Hearing. Any objections to the application for a Fee & Expense Award for Delaware Counsel and/or any Service Award for Irving Fire shall be submitted to the Delaware Court as set forth in the Notice.

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Representative Defendants' Counsel:

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9. Any objections, filings, and other submissions: (a) must state the name, address, and telephone number of the objector and, if represented by counsel, the name, address, and telephone number of his, her, or its counsel; (b) must be signed by the objector; (c) must contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the objector wishes to bring to the Court's attention, and if the objector has indicated that he, she, or it intends to appear at the Settlement Hearing, the identity of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence at the hearing; and (d) must include documentation sufficient to prove that the objector owned shares of Alphabet common stock as of 2014 and contain a statement that the

objector continues to hold such shares as of the date of filing of the objection and will continue to hold those shares as of the date of the Settlement Hearing. Documentation establishing ownership of Alphabet common stock must consist of copies of monthly brokerage account statements, or an authorized statement from the objector's broker containing the information found in an account statement.

10. Any current Alphabet stockholder may also appear and object at the Settlement Hearing with or without having submitted a written objection.

11. Unless the Court orders otherwise, any Person who does not make his, her, or its objection in the manner provided herein shall: (a) be deemed to have waived and forfeited his, her, or its right to object to any aspect of the proposed Settlement or application by Settling Stockholders' Counsel (other than Delaware Counsel) for a Fee & Expense Award; (b) be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement, the Judgment to be entered approving the Settlement, or the Fee & Expense Award to Settling Stockholder's Counsel (other than Delaware Counsel) requested and/or approved by the Court; and (c) be deemed to have waived and forever barred and foreclosed from being heard, in this or any other proceeding, with respect to any matters concerning the Settlement, or such requested and/or approved Fee & Expense Award and/or Service Awards.

12. **Stay and Temporary Injunction:** Until otherwise ordered by the Court, the Court stays all proceedings in the Action other than proceedings necessary to carry out or enforce the terms and conditions of the Stipulation. Pending final determination of whether the Settlement should be approved, the Court bars and enjoins the Settling Stockholders and all other current Alphabet stockholders from asserting, commencing, instituting, or prosecuting any of the Released Stockholder Claims against any of the Released Defendant Persons.

13. **Notice Costs:** All costs of publishing and posting notice of the Settlement (with the exception of the costs of posting notice to Plaintiffs' Co-Lead Counsel's firm websites, which

will be borne by Plaintiffs' Co-Lead Counsel) shall be paid by Alphabet, regardless of whether the Court finally approves the Settlement, and in no event shall the Settling Stockholders or their counsel be responsible for any such notice costs.

14. **Termination of Settlement:** If the Settlement is terminated as provided in the Stipulation or the Effective Date of the Settlement otherwise fails to occur, this Order shall be vacated, rendered null and void, and be of no further force and effect, except as otherwise provided by the Stipulation, and this Order shall be without prejudice to the rights of the Settling Stockholders, all other Alphabet shareholders, and Defendants, and all Settling Parties and Released Persons shall be restored to their respective positions prior to execution of the Stipulation, as provided in the Stipulation.

15. **Use of this Order:** Neither the Stipulation (including any exhibits attached thereto), nor any Fee Agreement, nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation, any Fee Agreement, or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered, or used or referred to in any way by the Settling Parties as a presumption, a concession, an admission, or evidence of any fault, wrongdoing, or liability of any of the Settling Parties or of the validity of any Released Claims; or (b) is or may be deemed to be or may be used as a presumption, concession, admission, or evidence of any liability, fault, or omission of any of the Released Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Neither the Stipulation, nor any Fee Agreement, nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation, any Fee Agreement, or the Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement or any Fee Agreement, and except that the Released Persons may file the Stipulation, any Fee Agreement and/or the Judgment in any action or proceeding that may be brought against them to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith

and credit, release, standing, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

16. **Supporting Papers:** Opening papers in support of the proposed Settlement and the Settling Stockholders' Counsel's (other than Delaware Counsel) application for a Fee & Expense Award shall be filed no later than twenty-eight (28) calendar days prior to the Settlement Hearing; any objections thereto shall be filed no later than ten (10) calendar days prior to the Settlement Hearing; and reply papers, if any, shall be filed no later than seven (7) calendar days prior to the Settlement Hearing. The Settling Parties shall be permitted to file reply papers regardless of whether they filed opening papers in support of the proposed Settlement.

17. **Retention of Jurisdiction:** The Court retains jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of the Stipulation, and the Settling Parties and their undersigned counsel submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in the Stipulation.

IT IS SO ORDERED.

Date

The Honorable Brian C. Walsh
Judge of the Superior Court

EXHIBIT B

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SANTA CLARA**

IN RE ALPHABET INC. SHAREHOLDER
DERIVATIVE LITIGATION

Lead Case No. 19CV341522

Judge: Hon. Brian C. Walsh
Dep't: 1 (Complex Civil Litigation)

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
DERIVATIVE ACTIONS**

The Superior Court of State of California, County of Santa Clara authorized this Notice.
This is not a solicitation from a lawyer.

TO: ALL PERSONS AND ENTITIES WHO HELD ALPHABET INC. COMMON STOCK AS
OF THE CLOSE OF TRADING ON _____, 2020

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. This Notice relates to a proposed settlement (“**Settlement**”) of the following derivative actions: *In re Alphabet Inc. Shareholder Derivative Litigation*, Lead Case No. 19CV341522 (Cal. Super. Ct., Cnty. of Santa Clara) (“**California Action**”); *Irving Firemen’s Relief & Ret. Fund v. Page*, C.A. No. 2019-0355-SG (Del. Ch.) (the “**Delaware Action**”); *Bao v. Page*, Case No.: 4:19-cv-00314-JSW (N.D. Cal.); *Cordeiro v. Page*, Case No.: 4:19-cv-00447-JSW (N.D. Cal.); *Galbiati v. Page*, Case No.: 4:19-cv-01063-JSW (N.D. Cal.); *Green v. Page*, Case No.: 4:19-cv-01165-JSW (N.D. Cal.); and *Lipovich v. Page*, Case No.: 4:19-cv-01295-JSW (N.D. Cal.) (collectively, the “**Federal Actions**”). Your rights will be affected by the proposed Settlement.

All capitalized terms used in this Notice that are not otherwise defined herein have the meanings provided in the Stipulation and Agreement of Settlement entered into on August 20, 2020 (“**Stipulation**”), by and among (a) Northern California Pipe Trades Pension Plan (“**NCPTPP**”), Teamsters Local 272 Labor Management Pension Fund (“**Local 272**”), James Martin, LR Trust, Jonathan Reiss, Allen Wiesenfeld, Sjunde AP-Fonden (“**AP7**”), John R. O’Neil, Jackson D. Morgus, Victor Bao, Daniel Cordeiro, Scott Galbiati, Ian Green, Leo Shumacher, Steve Sims, Joseph Lipovich, Esther Schlafrig, D.M. Cohen, Inc., Erste Asset Management, Irving Firemen’s Relief & Retirement Fund (“**Irving Fire**”), Karen Sbriglio, and Roger Morrell (collectively, the “**Settling Stockholders**”); (b) Nominal Defendant Alphabet Inc. (“**Alphabet**” or the “**Company**”), by and through the Special Litigation Committee (“**SLC**”) of Alphabet’s Board of Directors; and (c) Lawrence E. Page, Sergey Brin, Eric E. Schmidt, Sundar Pichai, John L. Hennessy, L. John Doerr, Kavitar Ram Shriram, Alan R. Mulally, Ann Mather, Roger W. Ferguson, Jr., Diane B. Greene, Shirley M. Tilghman, Robin L. Washington, Andrew E. Rubin, Amit Singhal, Laszlo Bock, David C. Drummond, Eileen Naughton, and Ruth E. Porat

(collectively, the “**Individual Defendants**” and, together with Alphabet, “**Defendants,**” and, together with the Settling Stockholders, the “**Settling Parties**”).

THIS NOTICE PROVIDES ONLY A SUMMARY OF THE MATERIAL TERMS OF THE SETTLEMENT AND RELEASES. You can obtain more information by reviewing the Stipulation, which is available on Plaintiffs’ Co-Lead Counsel’s websites at <https://www.bottinilaw.com> and <https://www.cohenmilstein.com>, and on Alphabet’s investor relations website at <https://abc.xyz/investor/>.

Because the Settlement involves the resolution of derivative actions, which were brought on behalf of and for the benefit of the Company, the benefits from the Settlement will go to Alphabet. Individual Alphabet stockholders will not receive any direct payment from the Settlement. **ACCORDINGLY, THERE IS NO PROOF OF CLAIM FORM FOR STOCKHOLDERS TO SUBMIT IN CONNECTION WITH THIS SETTLEMENT.**

WHAT IS THE PURPOSE OF THIS NOTICE?

1. The purpose of this Notice is to explain the Settled Matters, the terms of the proposed Settlement of those litigations and stockholder litigation demands, and how the proposed Settlement affects Alphabet stockholders’ legal rights.

2. The Superior Court of the State of California for the County of Santa Clara (“**California State Court**” or the “**Court**”) will hold a hearing (“**Settlement Hearing**”) on November 30, 2020, at 1:30 p.m., at the Superior Court of the State of California, County of Santa Clara, Dept. 1, 191 North First Street, San Jose, CA 95113, at which the Court will consider whether the Judgment, substantially in the form of Exhibit D to the Stipulation, should be entered: (a) approving the terms of the Settlement as fair, reasonable, and adequate, and in the best interests of Alphabet and Alphabet’s stockholders; (b) dismissing with prejudice the California Action pursuant to the terms of this Stipulation; and (c) ruling upon Settling Stockholders’ Counsel’s (other than Delaware Counsel) application for a Fee & Expense Award; and (d) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

3. The Delaware Court of Chancery (the “**Delaware Court**”) will hold a separate hearing on _____, 2020 at __: __.m., at 34 The Circle, Georgetown, DE 19947, at which the Delaware Court will rule upon Delaware Counsel’s application for a Fee & Expense Award and any Service Award for Irving Fire (the “**Delaware Fee Hearing**”).

WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED SO FAR?

THE FOLLOWING DESCRIPTION OF THE ACTION AND THE SETTLEMENT HAS BEEN PREPARED BY COUNSEL FOR THE SETTLING PARTIES. THE COURT HAS MADE NO FINDINGS WITH RESPECT TO SUCH MATTERS, AND THIS NOTICE IS NOT AN EXPRESSION OR STATEMENT BY THE COURT OF FINDINGS OF FACT.

A. Factual Background

4. The Settlement arises out of the Litigations, as well as the Demands, alleging breaches of fiduciary duties, among other claims, against certain officers and directors of the Company. Settling Stockholders alleged in their Litigations and Demands that the Individual Defendants breached their fiduciary duties in connection with (1) an alleged pattern of sexual harassment and discrimination by high-powered male executives at the Company and (2) a data bug, allegedly in violation of state and federal law, including a consent decree with the Federal Trade Commission, and Alphabet's own code of conduct.

5. Among other things, Settling Stockholders alleged that Alphabet's Board of Directors (the "**Board**") and the Company's senior executives improperly awarded multi-million-dollar severance packages to several male executives accused of sexually harassing female employees, even after internal investigations determined those accusations to be credible. For example, Settling Stockholders alleged that in 2014, an internal investigation confirmed allegations of sexual harassment against Defendant Rubin. Settling Stockholders alleged that following an internal investigation, the LDCC approved a \$90 million severance package for Defendant Rubin. Settling Stockholders also alleged that when Defendant Singhal resigned in 2016, after an internal investigation found credible an allegation of sexual harassment, the LDCC improperly approved a \$45 million severance package for Singhal. Settling Stockholders alleged in their Litigations and Demands that these actions and payouts were part of a broader discriminatory culture that resulted in alleged discrimination against women by, among other things, assigning women jobs in lower compensation "bands" than similarly situated men, promoting women more slowly and at lower rates than similarly situated men, and paying women less.

6. Certain of the Settling Stockholders alleged in their respective Litigations or Demands that certain Individual Defendants breached their fiduciary duties by concealing from regulators and the public a bug in the Google+ social networking platform that was operated by the Company's subsidiary, Google LLC ("**Google**"), which meant that certain applications may have had access to non-public Google+ data for an approximately three-year period. Certain of those Settled Matters also alleged that the data bug led to a consumer class action lawsuit against Google (which was settled for \$7.5 million and is pending final court approval). Certain Settling Stockholders separately alleged that on January 21, 2019, the French data protection authority fined Google approximately \$57 million for allegedly breaching the European Union's data privacy law (which is pending appeal).

7. The Individual Defendants deny the allegations made by the Settling Stockholders in the Litigations and Demands.

B. Procedural History in the California Action

8. On January 9, 2019, Plaintiffs NCPTTP and Local 272 filed a stockholder derivative action in San Mateo Court against certain of the Individual Defendants. On January 10, 2019, Plaintiff Martin also filed a stockholder derivative action against certain of the Individual Defendants in San Mateo Court. Prior to filing suit, Plaintiff Martin had propounded a stockholder inspection demand on the Company and had received a production of books and records from the Company, relevant portions of which were included in Plaintiff Martin's complaint, which was filed under seal.

9. On January 24, 2019, a related complaint was filed in the California State Court by Plaintiffs LR Trust, Jonathan Reiss, and Allen Wiesenfeld. In an effort to coordinate the pending actions, on February 14, 2019, the *Martin* and *N. Cal. Pipe Trades* actions were transferred to the California State Court from San Mateo Court.

10. On February 22, 2019, Plaintiffs Martin, NCPTPP, and Local 272 filed a motion with the California State Court to consolidate the *Martin*, *N. Cal. Pipe Trades*, and *LR Trust* actions, appoint themselves as lead plaintiffs, and to appoint Bottini & Bottini and Cohen Milstein as co-lead counsel (“**Motion to Consolidate and Appoint Lead Counsel**”).

11. On March 19, 2019, a related complaint was filed in the California State Court by Plaintiff AP7, after first making a litigation demand on the Board and having received a production of books and records from the Company in response to a stockholder inspection demand. On March 22, 2019, Plaintiff AP7 filed a response to the Motion to Consolidate and Appoint Lead Counsel, requesting that the *AP-Fonden* complaint be maintained separately through the demurrer stage. In addition, on April 30 2019, Plaintiffs the New York City Employees’ Retirement System, the Teachers’ Retirement System of the City of New York, the New York City Fire Department Pension Fund, Subchapter 2, and the New York City Board of Education Retirement System (collectively, the “**NYC Funds**”) filed a related complaint in California State Court, and voluntarily dismissed an action they had filed in the Delaware Court on May 1, 2019 after refiled in the California State Court.

12. On May 10, 2019, the California State Court held a hearing on the Motion to Consolidate and Appoint Lead Counsel and responses and replies thereto by Plaintiffs AP7 and the NYC Funds. The hearing was attended by all counsel for the applicable parties and extensive oral argument was presented to the California State Court.

13. On May 16, 2019, the California State Court ordered that the *Martin*, *Pipe Trades*, *LR Trust*, *AP7*, and *NYC Funds* actions be consolidated for all purposes;¹ and appointed NCPTPP, Local 272, and Martin as Co-Lead Plaintiffs and Bottini & Bottini, Inc. and Cohen Milstein Sellers & Toll PLLC as Plaintiffs’ Co-Lead Counsel, with the exception that Plaintiff AP7 be allowed to maintain a separate complaint and its counsel would serve as counsel of its own case through the demurrer stage. The Order anticipated that, in the event of settlement discussions, AP7 would participate in such discussions with Alphabet and the SLC.

14. On August 16, 2019, Co-Lead Plaintiffs filed a consolidated complaint in the California Action, asserting four claims: (1) breach of fiduciary duty; (2) unjust enrichment; (3) corporate waste; and (4) abuse of control (*In re Alphabet Inc. S’holder Deriv. Litig.*, Lead Case No. 19CV341522; the “**Consolidated Complaint**”).

15. On February 18, 2020, Jackson D. Morgus filed a related complaint in California State Court. On March 18, 2020, John R. O’Neil filed a related complaint in California State Court. On May 20, 2020, the California State Court ordered that the *Morgus* and *O’Neil* actions be

¹ On November 12, 2019, the NYC Funds stipulated to the dismissal of their complaint from the Consolidated Action, and the California State Court granted that dismissal without prejudice on November 15, 2019.

consolidated into the California Action.

C. The Federal Actions

16. The Federal Actions were commenced between January 18, 2019 and March 11, 2019 by Plaintiffs Bao, Cordeiro, Galbiati, Green, Sims, Shumacher, and Lipovich, asserting claims for breach of fiduciary duty, corporate waste, unjust enrichment and violations of the federal securities laws. The claims in the Federal Actions arise out of alleged misconduct of certain current and former employees, approval of severance payments, privacy concerns including with regard to a bug in the Google+ social networking platform and related statements and omissions.

17. Prior to filing suit, Plaintiffs Green, Sims, Shumacher and Lipovich had propounded a stockholder inspection demand on the Company and had received a production of books and records from the Company, relevant portions of which were cited in their complaints.

18. Thereafter, counsel for plaintiffs prepared motions to consolidate the five cases and to appoint Robbins LLP as lead counsel for plaintiffs in the Federal Actions. Plaintiffs in the Federal Actions also filed briefs in opposition to Defendants' motions to stay the Federal Actions. Defendants' motion was granted on February 5, 2020, and the Federal Actions were stayed pending resolution of the California Action.

D. The Delaware Action

19. On May 14, 2019, Plaintiff Irving Fire filed the Delaware Action in the Delaware Court. Before filing suit, Irving Fire had propounded a stockholder inspection demand on the Company and had received a production of documents from the Company. Relying on those documents, it filed a complaint under seal. The Delaware Action, like the California Action and Federal Actions, contains allegations regarding alleged misconduct by certain current and former employees, approval of severance payments, and privacy concerns including with regard to a bug in the Google+ social networking platform and related statements and omissions.

20. On June 14, 2019, Defendants filed a Motion to Stay or Dismiss the Delaware Action arguing that the Delaware Action should be stayed (or, alternatively, dismissed) in favor of the California Action. Defendants' motion was briefed and thereafter denied by the Delaware Court on July 1, 2019 after argument. On July 22, 2019, the SLC filed a Motion to Stay the Delaware Action pending completion of the SLC's process, which motion was briefed, argued and thereafter granted by the Delaware Court on September 6, 2019. The parties agreed to extend the stay of the Delaware Action while the parties engaged in mediation. The stay is currently in place.

E. The Demands

21. From February 2019 to June 2019, the Board received the six Demands. The Demands were sent by stockholders AP7, Esther Schlafrig, D.M. Cohen, Inc., Karen Sbriglio, Erste Asset Management GmbH, and Roger Morrell.

F. The Special Litigation Committee

22. Prior to the filing of the Litigations and the submission of the Demands, the

Company's Board established a Special Committee on November 28, 2018 to oversee a comprehensive review by management of company policies and processes related to sexual harassment and/or sexual misconduct (including those related to investigations into allegations of sexual harassment and/or sexual misconduct and subsequent decision-making processes regarding termination and severance). The Company retained Wilmer Cutler Pickering Hale and Dorr LLP ("**WilmerHale**") to conduct this review, which included, among other things, a thorough analysis of existing policies, reporting channels, investigatory practices and procedures, disciplinary and remedial practices, training and education, and monitoring and oversight.

23. On February 28, 2019, the Board unanimously approved draft resolutions forming a special litigation committee to consider the derivative lawsuits on file and related litigation demands, as well as any similar, subsequent derivative suits or demand letters. The Board ratified the final resolutions appointing the SLC on April 24, 2019. The SLC is composed of two outside directors, Roger Ferguson and Ann Mather, who the Board determined in appointing them are in all respects independent and disinterested with respect to the Demands and Litigations. The SLC retained Cravath, Swaine & Moore LLP ("**Cravath**") and Abrams & Bayliss LLP to serve as its independent counsel.

24. The SLC assumed oversight of the comprehensive review of policies and processes, previously overseen by the Special Committee, and expanded the scope of that review to include policies and processes related to anti-retaliation and pay equity. That review included an examination of relevant documents, including company policies, procedures and guidance and training materials, as well as interviews of company employees. Cravath and the SLC independently considered and assessed the process and findings of the review, as well as a set of recommended enhancements that resulted from it. After deliberation, the SLC approved the proposed enhancements.

25. The SLC was also given the full authority of the Board to evaluate the allegations and claims asserted in the Demands and in the Litigations, and to arrive at such decisions and take such actions in connection with the Demands and Litigations that the SLC deemed appropriate and in the best interests of the Company and its stockholders, including, without limitation, deciding whether to pursue such claims, to seek a consensual resolution or to seek dismissal. The SLC completed a thorough and independent investigation beginning in approximately May 2019 and substantially concluding in December 2019,² during which, Cravath, at the direction of the SLC, reviewed emails from multiple custodians, Board and Board committee materials, and relevant company documents, and interviewed current and former Alphabet directors and company employees. Cravath regularly reported to the SLC during the course of its work, meeting with the SLC, either in person or by telephone, sixteen times between May 2019 and January 2020 (and subsequently in connection with this Settlement).

26. On December 9, 2019, the SLC, through Cravath, responded by letter to counsel for all parties to the Demands and Litigations that it had completed its investigation of the

² A stay of the proceedings in the Delaware Action until December 13, 2019, and an extension for Defendants to respond to the operative complaints in the California Action until the same date, enabled the SLC to conduct an unencumbered investigation. The stay/response dates in both actions have since been extended to accommodate the mediation process.

allegations and claims asserted in the Demands and Litigations. Cravath informed counsel that based on its investigation, the SLC had determined that “it [wa]s in the best interests of the Company and its stockholders for the parties, including the demanding stockholders, to attempt to resolve the claims through a global mediation.” The SLC reached that conclusion based on its analysis that the claims asserted were not in the best interests of Alphabet to pursue.

G. The Litigation Progress and Extensive Settlement Negotiations

27. Prior to the filing of the Consolidated Complaint in the California Action, Plaintiffs’ Co-Lead Counsel reviewed 1,900 pages of internal documents produced by Alphabet in response to Lead Plaintiffs’ stockholder inspection demands. Prior to making its litigation demand and filing its complaint, AP7 also reviewed internal documents that Alphabet produced in response to AP7’s stockholder inspection demand. Delaware Counsel reviewed internal documents produced by Alphabet in response to Irving Fire’s stockholder inspection demand before filing the Delaware Action. These documents included, among other things, (1) minutes, agendas, board packages, communications, and other materials relating to regularly conducted and special meetings of the Board and the LDCC; (2) internal company policies, including Code of Conduct and Relationships with Coworkers and Employment of Relatives Policy, and drafts thereof; (3) employment and termination agreements of certain executives; and (4) certain director and officer questionnaires.

28. Settling Stockholders’ Counsel engaged in extensive settlement negotiations with Defendants spanning many months. The settlement negotiations were conducted under the auspices of the Hon. James P. Kleinberg (Ret.). Prior to commencing the formal settlement negotiations, in order to more fully inform themselves of all relevant facts, Plaintiffs’ Co-Lead Counsel attended several in-person as well as telephonic/video conferences with counsel for the Alphabet Defendants and the SLC. For example, on January 14, 2020, Plaintiffs’ Co-Lead Counsel, along with Louise Renne and Ann Ravel, met in person with counsel for the Alphabet Defendants, certain Alphabet representatives, and WilmerHale in Mountain View, California and Washington, D.C. At the meeting, WilmerHale provided an extensive presentation regarding the Company’s corporate governance practices and internal controls on issues relevant to the allegations in the Litigations and the Demands and an Alphabet representative gave a presentation on Google’s privacy program, including the growth and development of certain policies and processes as well as a discussion of privacy training for employees and privacy tools for users. Alphabet also produced relevant policies and procedures. Separately, AP7’s counsel and expert met with Cravath in person on September 20, 2019.

29. Delaware Counsel participated in multiple telephonic conferences with counsel for the Alphabet Defendants and Cravath before commencing formal settlement negotiations. Delaware Counsel’s communications with Cravath included a letter raising additional factual allegations on October 10, 2019, telephonic discussions regarding the SLC’s investigation on September 10 and October 15, 2019, as well as subsequent email check-ins.

30. On January 17, 2020, to ensure the Settling Parties had adequate information for the mediation, the SLC, through Cravath, made a detailed oral presentation to counsel for the Settling Parties regarding the SLC’s investigation process and findings. The presentation lasted several hours and included an oral summary of the SLC’s investigation, findings and conclusions, including review of certain internal Company documents, e-mails, and Board and LDCC minutes,

which had been circulated to the Settling Parties in advance. In addition to Cravath summarizing the SLC's findings with respect to Google's user data privacy program, the presentation also included a description by WilmerHale of relevant policies and procedures related to harassment, retaliation and pay equity, as well as a discussion of the workplace enhancements that the SLC had approved and adopted for inclusion in any resolution.

31. Following receipt and review of this information, Settling Stockholders' Counsel engaged in a two-day mediation with Defendants' counsel on January 22, 2020 and January 23, 2020. Judge Kleinberg served as the mediator, and the mediation sessions were held in San Francisco at JAMS' offices. At the mediation, to streamline the negotiations and make them more effective, Judge Kleinberg appointed two working groups, consisting of Company counsel and counsel for the Alphabet Defendants ("**Defendants' Working Group**") and representatives of the Settling Stockholders' Counsel: Plaintiffs' Co-Lead Counsel (Frank Bottini and Julie Goldsmith Reiser), Louise Renne, and Ann Ravel ("**California Plaintiffs' Working Group**"). The California Plaintiffs' Working Group and Defendants' Working Group had several meetings, in between which the California Plaintiffs' Working Group kept other Settling Stockholders' Counsel apprised of developments and sought their input in negotiating the settlement terms. Separately, Delaware Counsel discussed with Defendants' Working Group a set of proposed workplace initiatives, communicated by Delaware Counsel to Defendants' counsel and the SLC on February 20, 2020, and corporate governance enhancements, communicated by Delaware Counsel to Defendants' counsel and the SLC on February 21, 2020.

32. The California Plaintiffs' Working Group and Defendants' Working Group also met, in person, on February 25, 2020 in Palo Alto, California to further discuss a potential settlement. Judge Kleinberg also attended and facilitated the parties' discussions. During this time, Plaintiffs' Co-Lead Counsel also consulted with their retained experts on numerous matters relevant to the pending litigation and the settlement issues, including a corporate governance expert and a data privacy expert, and provided feedback on the proposed Settlement Consideration. Delaware Counsel and Defendants' counsel also exchanged offers and counter offers on the proposed Settlement Consideration.

33. During the ensuing further settlement discussions, the Settling Parties affirmed the appropriateness of the workplace enhancements adopted by the SLC, and agreed to revisions to certain recommendations originally proposed as part of the SLC Review. The Settling Parties also reached agreement on the additional governance reforms reflected in the Stipulation. In addition, after Alphabet agreed to establish the Diversity, Equity and Inclusion Advisory Council as part of the settlement negotiations (the "**DEI Advisory Council**"), the California Plaintiffs' Working Group researched, interviewed, and advocated for numerous persons to serve on the DEI Advisory Council who they believed would help the DEI Advisory Council achieve its goals. The California Plaintiffs' Working Group relayed their recommendations to Defendants' Working Group and had many calls and discussions regarding the membership of the Council, its relationship with the LDCC and Board, and other matters relevant to the governance reforms. These discussions involved dozens of calls, meetings, and communications over a three-month time period, during which the parties exchanged numerous offers and counter-offers regarding different elements of the proposed settlement. Delaware Counsel and counsel for the Alphabet Defendants also engaged in follow-up discussions following the second mediation.

34. Cravath, as counsel for the SLC, attended the first two-day mediation session in person (and was available by phone for the third day), reviewed all settlement demands and proposals sent by all the Settling Parties, and discussed the evolving negotiations with, and sought feedback from, the SLC.

35. On April 20, 2020, Plaintiffs' Co-Lead Counsel, Delaware Counsel, and counsel for the Alphabet Defendants negotiated a Memorandum of Understanding ("MOU"), which was executed by the Settling Parties (other than Sbriglio). Following negotiations, counsel for the Alphabet Defendants and counsel for Sbriglio reached agreement on certain aspects of the Settlement Consideration. Counsel for Sbriglio subsequently joined in the Settlement.

36. Following the agreement in principle to settle, counsel for the Alphabet Defendants and the SLC produced to Plaintiffs' Co-Lead Counsel certain information in order to ensure that the Settlement was fair, adequate, and reasonable and in the best interests of the Settling Stockholders and Alphabet: (1) the interview of one attorney at Cravath regarding the SLC's process and independence; and (2) the review of over 5,300 additional pages of relevant documents made available to Settling Stockholders' Counsel by Alphabet.

37. As to the legal merits of the claims asserted in the Settled Matters, the Settling Parties have expended significant time and resources participating in a two-day in-person mediation and pre- and post-mediation conference calls and working group meetings, where the merits of the claims asserted in the Settled Matters and defenses thereto were extensively discussed between the parties and independently with the mediator, Judge Kleinberg.

38. After considerable review and deliberation, the SLC approved the terms and conditions in the MOU and the Stipulation, and determined that the Settlement is in the best interests of the Company and its stockholders.

39. The Settling Parties entered into the Stipulation on August 20, 2020. Prior to signing the Stipulation, the Settling Parties had no negotiations regarding the amount of any Fee & Expense Awards or the amount of any Service Awards.

40. On _____, 2020, the California State Court entered the Preliminary Approval Order in connection with the Settlement which, among other things, preliminarily approved the Settlement, authorized this Notice to be provided to current Alphabet stockholders, and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement.

WHAT ARE THE TERMS OF THE SETTLEMENT?

41. In consideration of the Settlement and the releases provided therein, and subject to the terms and conditions of the Stipulation, the Settling Parties have agreed to the following Settlement Consideration for Alphabet.

42. Corporate Governance and Workplace Measures and Enhancements. Alphabet shall adopt and/or maintain (to the extent already implemented) for at least five years a robust program designed to prevent and/or address sexual harassment, sexual misconduct, retaliation, discrimination, and pay equity. These corporate governance and workplace measures and

enhancements are set forth in Paragraph 1.2 of the Stipulation (the “**Agreed-To Measures**”).

43. DEI Advisory Council. Alphabet shall establish and maintain for at least five years a DEI Advisory Council. Membership in the DEI Advisory Council will consist of external and internal members, including Alphabet’s Chief Executive Officer who will serve on the DEI Advisory Council for the first year. The substantive terms of the DEI Advisory Council are described in Paragraph 1.3 of the Stipulation.

44. Workplace Initiative and Funding Component. Alphabet shall commit funds to be spent on a set of workplace initiatives and programs (the “**Workplace Initiative**”). The Workplace Initiative will support a set of global initiatives and programs that focus on the following key areas: (a) expanding the pool of technologists, especially those who are historically underrepresented (i.e., diverse, historically underrepresented, and/or disadvantaged individuals or groups), including by increasing educational and career opportunities through investments in computer science programs to build computer science talent; (b) hiring, progression, and retention of historically underrepresented talent at Alphabet and in particular at Google; (c) fostering respectful, equitable, and inclusive workplace cultures; and (d) helping historically underrepresented groups and individuals succeed with their businesses and in the digital economy and tech industry, including by supporting conferences and events and increasing access to digital tools and opportunities. The substantive terms of the Workplace Initiative are described in Paragraph 1.4 of the Stipulation.

45. In order to provide appropriate funding for the Workplace Initiative, Alphabet shall cause to be spent a total of \$310 million over the course of up to 10 years starting the first full fiscal year following the Effective Date of the Settlement.

46. On November 8, 2018, Google, publicly announced a number of workplace commitments (the “**November 2018 Commitments**”). The Company shall adopt the Agreed-To Measures in addition to or in conjunction with the November 2018 Commitments, and acknowledges that the Settling Stockholders and their counsel were a substantial and material factor in the adoption and/or maintenance of the Agreed-To Measures.

WHAT ARE THE SETTTLING PARTIES’ REASONS FOR THE SETTLEMENT?

A. Why did the Settling Stockholders agree to settle?

47. As discussed above, Settling Stockholders’ Counsel have reviewed and analyzed confidential, non-public internal Company documents. In addition, Settling Stockholders’ Counsel have reviewed and analyzed data from many other sources specific to this matter, including, but not limited to: (1) Alphabet’s public filings with the SEC, press releases, announcements, transcripts of investor conference calls, and news articles; and (2) securities analyst, business, and financial media reports about Alphabet. Settling Stockholders’ Counsel have also (1) researched the applicable law with respect to the claims asserted (or which could be asserted) in the stockholder derivative actions and the potential defenses thereto; (2) researched, drafted, and filed complaints or sent litigation and/or inspection demands; (3) consulted with experts retained on numerous matters relevant to the pending litigation and settlement issues; (4)

prepared detailed mediation statements; (5) reviewed documents and information provided in advance of the mediation sessions and during settlement negotiations, including by counsel to the SLC, which gave Settling Stockholders' Counsel a detailed presentation of the SLC's investigation process and findings; (6) consulted with WilmerHale regarding its review of harassment, retaliation, and pay equity policies and procedures; (7) conducted outreach to significant institutional stockholders of the Company who are not parties to the Settled Matters; (8) participated in two-day in-person mediation and several working-group meetings; and (9) engaged in months-long settlement discussions with Defendants' counsel.

48. Settling Stockholders' Counsel believe that the claims asserted in the Litigations have merit and that their investigation of the evidence supports the claims asserted. Without conceding the merit of any of the Defendants' defenses, and in light of the benefits of the Settlement as well as to avoid the potentially protracted time, expense, and uncertainty associated with continued litigation, including potential trial(s) and appeal(s), Settling Stockholders and Settling Stockholders' Counsel have concluded that it is desirable that the Litigations be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation. Settling Stockholders and Settling Stockholders' Counsel recognize the significant risk, expense, and length of continued proceedings necessary to prosecute the Litigations against Defendants through trial(s) and through possible appeal(s). Settling Stockholders' Counsel have also taken into account the uncertain outcome and the risk of any litigation, especially complex litigation such as the Litigations, the difficulties and delays inherent in such litigation, the cost to Alphabet—on behalf of which Settling Stockholders filed the Litigations or made Demands—and distraction to management of Alphabet that would result from extended litigation. Based on their evaluation, and in light of what Settling Stockholders' Counsel believe to be the significant benefits conferred upon Alphabet as a result of the Settlement, Settling Stockholders and Settling Stockholders' Counsel have determined that the Settlement is in the best interests of Settling Stockholders and Alphabet and have agreed to settle the Litigations upon the terms and subject to the conditions set forth in the Stipulation.

49. In addition, Judge Kleinberg—the mediator who presided over the parties' extensive in-person as well as telephonic mediation efforts—concluded that the negotiations were robust and conducted at arms'-length. Through his involvement, Judge Kleinberg has become intimately familiar with the claims at issue in this case, as well as the risks to all parties of continuing to litigate the claims.

B. Why did the Settling Defendants and the Company agree to settle?

50. Each Individual Defendant has denied and continues to deny that he or she has committed or attempted to commit any violations of law, any breaches of fiduciary duty owed to Alphabet, or any wrongdoing whatsoever, and expressly maintains, that at all relevant times, he or she acted in good faith and in a manner that he or she reasonably believed to be in the best interests of Alphabet and its stockholders. Defendants further deny that the Settling Stockholders, Alphabet, or its stockholders suffered any damage or were harmed as a result of any act, omission, or conduct by the Individual Defendants as alleged in the Settled Matters or otherwise. Defendants further assert, among other things, that the Settling Stockholders lack standing to litigate derivatively on behalf of Alphabet because certain of the Settling Stockholders have not yet pleaded, and cannot properly plead, that a demand on the Board would be futile; and other of the

Settling Stockholders have not yet pleaded, and cannot properly plead, that demand on the Board was refused.

51. Alphabet believes that the Settlement is in the best interests of the Company, its stockholders, and its employees. Defendants are, therefore, entering into the Settlement for its benefits and to eliminate the uncertainty, distraction, disruption, burden, risk, and expense of further litigation. Pursuant to the terms set forth in the Stipulation, neither the Stipulation (including the exhibits) nor any Fee Agreement shall in any event be construed as, or deemed to be evidence of, an admission or concession by the Individual Defendants with respect to any claim of fault, liability, wrongdoing, or damage or any defect in the defenses that Individual Defendants have, or could have, asserted. Each Individual Defendant has further asserted, and continues to assert, that at all material times, the Individual Defendant acted in good faith and in a manner that she or he reasonably believed to be in the best interests of Alphabet and its stockholders.

C. What is the Special Litigation Committee's position?

52. After deliberation, the SLC concluded that the terms of the Settlement are fair and reasonable to Alphabet and that it is in the best interest of the Company and its stockholders to enter into the Stipulation. In reaching that determination, the SLC considered the facts and circumstances surrounding the proposed settlement, including among other matters: (i) the SLC's view, based on its thorough investigation, of the strengths and weaknesses in the claims asserted by the Settling Stockholders and the Defendants' anticipated defenses; (ii) the expense, risks and uncertainties of continued litigation; (iii) the effects, including reputational, on Alphabet and its employees of continued litigation; and (iv) the benefits the Settlement affords the Company and the desirability of permitting the Settlement to be consummated according to its terms.

WHAT WILL HAPPEN IF THE SETTLEMENT IS APPROVED? WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

53. If the Settlement is approved, the California State Court will enter a Judgment. Pursuant to the Judgment, the California Action will be dismissed in its entirety and with prejudice and, upon the Effective Date of the Settlement,³ the following releases will occur:

54. **Release of Claims by Current Alphabet Stockholders.** Upon the Effective Date, the Settling Stockholders (acting on their own behalf and, in some cases, derivatively on behalf of Alphabet), Alphabet, and any Person acting derivatively on behalf of Alphabet shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, discharged and dismissed with prejudice the Released Stockholder Claims which, as detailed in the Stipulation, means any and all claims, rights, demands, obligations, controversies,

³ The Effective Date of the Settlement is conditioned on the occurrence of each of the events described in Paragraph 6.1 of the Stipulation, which include the entry of the Judgment by the California State Court approving the Settlement and dismissing the California Action with prejudice, the dismissal with prejudice of the other related Litigations, the withdrawal of the Demands, the passing of the date upon which the Judgment becomes Final, and the passing of the dates upon which each of the dismissal orders in the Litigations become Final.

debts, disputes, damages, losses, actions, causes of action, sums of money due, judgments, suits, amounts, matters, issues, liabilities, and charges of any kind or nature whatsoever (including, but not limited to, any claims for interest, attorneys' fees, expert or consulting fees, and any other costs, expenses, amounts, or liabilities whatsoever), and claims for relief of every nature and description whatsoever, whether in law or equity, including both known claims and Unknown Claims (as defined in Paragraph I(kk) of the Stipulation), suspected or unsuspected, accrued or unaccrued, fixed or contingent, liquidated or unliquidated, matured or unmatured, foreseen or unforeseen, whether arising under federal or state statutory or common law, or any other law, rule, or regulation, whether foreign or domestic, that Alphabet, the Settling Stockholders derivatively on behalf of Alphabet, or any Alphabet stockholder derivatively on behalf of Alphabet (i) asserted in any of the complaints filed in the Litigations or in the Demands in the Settled Matters, or (ii) could have asserted in any court, tribunal, forum, or proceeding, arising out of, relating to, or based upon the facts, allegations, events, disclosures, non-disclosures, occurrences, representations, statements, matters, transactions, conduct, actions, failures to act, omissions, or circumstances that were alleged or referred to in any of the complaints filed in the Litigations or in the Demands in the Settled Matters against the Released Defendant Persons.⁴ In addition, upon the Effective Date, the Settling Stockholders (acting on their own behalf and, in some cases, derivatively on behalf of Alphabet), Alphabet, and any Person acting derivatively on behalf of Alphabet, shall be forever barred and enjoined from asserting, commencing, instituting, or prosecuting any of the Released Stockholder Claims against any Released Defendant Persons.

55. Release of Claims by Defendants. Upon the Effective Date, each of the Individual Defendants and Alphabet shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Defendant Claims which, as detailed in the Stipulation, means any and all claims, rights, demands, obligations, controversies, debts, damages, losses, causes of action, and liabilities of any kind or nature whatsoever, whether in law or equity, including both known claims and Unknown Claims (as defined in Paragraph I(kk) of the Stipulation), suspected or unsuspected, accrued or unaccrued, that Defendants have or could have asserted against the Released Stockholder Persons or their counsel, arising out of the institution, prosecution, or settlement of the claims asserted against Defendants in the Settled Matters that Defendants (i) asserted in the Settled Matters, or (ii) could have asserted in the Settled Matters, or in any other forum that arise out of, relate to, or are based upon, any of the allegations, transactions, facts, matters, events, disclosures, non-disclosures, occurrences, representations, statements, acts or omissions, alleged or referred to in any of the complaints filed in the Settled Matters against the Released Stockholder Persons and shall be forever barred and enjoined from asserting any Released Defendant Claims against any Released

⁴ The Released Stockholder Claims shall not include (i) any claims asserted in the pending stockholder and consumer class actions captioned *In re Alphabet, Inc. Securities Litigation*, 4:18-cv-6245-JSW (N.D. Cal.), and *In re Google Plus Profile Litig.*, 5:18-cv-6164-EJD (N.D. Cal.), (ii) any claims relating to the enforcement of the Settlement or the Stipulation, or (iii) any claims that arise out of or are based upon any conduct of the Released Defendant Persons after the Effective Date.

Stockholder Persons.⁵

56. By Order of the California State Court, pending final determination of whether the Settlement should be approved, the Settling Stockholders and all other current Alphabet stockholders are barred and enjoined from asserting, commencing, instituting, or prosecuting any of the Released Stockholder Claims against any of the Released Defendant Persons.

57. **THE ABOVE DESCRIPTION OF THE PROPOSED RELEASES IS ONLY A SUMMARY. The complete terms—including the definitions of the Effective Date, Released Defendant Claims, Released Defendant Persons, Released Stockholder Claims, Released Stockholder Persons, and Unknown Claims—are set forth in the Stipulation,** which is available on Alphabet’s investor relations website at <https://abc.xyz/investor/> and on Plaintiffs’ Co-Lead Counsel’s websites at <https://www.bottinilaw.com> and <https://www.cohenmilstein.com>.

HOW WILL THE STOCKHOLDERS’ ATTORNEYS BE PAID?

58. Settling Stockholders’ Counsel have not received any payment for their services in pursuing the claims asserted in the California Action and other Settled Matters, nor have the Settling Stockholders’ Counsel been reimbursed for their litigation expenses. In light of benefits produced for Alphabet by the Settling Stockholders and the Settling Stockholders’ Counsel in connection with the Settlement and the Litigations and Demands leading up to it, Plaintiffs’ Co-Lead Counsel intend to seek approval from the California State Court for a Fee & Expense Award not to exceed \$_____ for attorneys’ fees and up to \$_____ in litigation expenses incurred by the Settling Stockholders’ Counsel (other than Delaware Counsel), an amount negotiated by the Plaintiffs’ Co-Lead Counsel and Defendants’ counsel with the assistance of the mediator, the Hon. Layn R. Phillips (Ret.), as memorialized in a Fee Agreement. In light of the benefits being produced for Alphabet by Irving Fire and Delaware Counsel, Delaware Counsel intends to submit to the Delaware Court a separate petition for a Fee & Expense Award not to exceed \$_____ for attorneys’ fees and up to \$_____ in litigation expenses incurred by Delaware Counsel, in an amount negotiated by Delaware Counsel and Defendants’ counsel, with the assistance of Judge Phillips, as memorialized in a Fee Agreement.

59. Delaware Counsel in the Delaware Action may apply to the Delaware Court for a Service Award of up to \$____ for Irving Fire, to be paid upon the Delaware Court’s approval, in recognition of its participation and efforts in the creation of the benefits of the Settlement, which, if approved by the Delaware Court, shall be paid out of the escrow account maintained by

⁵ The Released Defendant Claims shall not include (i) any claims relating to the enforcement of the Settlement or the Stipulation, (ii) any claims by the Individual Defendants relating to insurance coverage or the right to indemnification, or (iii) any claims that arise out of or are based upon any conduct of the Released Stockholder Persons after the Effective Date. The definition of “Released Defendant Claims” specifically excludes claims in the pending stockholder and consumer class action lawsuits captioned *In re Alphabet, Inc. Securities Litigation*, 4:18-cv-06245-JSW (N.D. Cal.) and *In re Google Plus Profile Litigation*, 5:18-cv-06164-EJD (N.D. Cal.). The Stipulation does not release claims in those actions.

Delaware Counsel.

60. The California State Court will determine the amount of the Fee & Expense Award for all Settling Stockholders' Counsel except for Delaware Counsel. The applications for a Fee & Expense Award for Delaware Counsel and any Service Award for Irving Fire will be separately considered by the Delaware Court and, if approved, shall be paid separately, and in addition to, any Fee & Expense Award or Service Awards awarded by the California State Court. Alphabet agrees that, to the extent available, it will cause insurance proceeds from the Defendants' insurers to pay for the Fee & Expense Awards in excess of any applicable self-insured retention. Alphabet stockholders are not personally liable for any such fees or expenses. Any fees and expenses approved by the Court will not diminish or have any impact on the \$310 million funding commitment by Alphabet pursuant to the Settlement (*see* Paragraph 45 above).

<p>WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD? DO I HAVE THE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?</p>

61. The Court will consider the Settlement, as well as the Settling Stockholders' Counsel's (other than Delaware Counsel) application for a Fee & Expense Award at the Settlement Hearing. The Settlement Hearing will be held before The Honorable Brian C. Walsh, on November 30, 2020, at 1:30 p.m., at the Superior Court of the State of California, County of Santa Clara, Dept. 1, 191 North First Street, San Jose, CA 95113. At the Settlement Hearing, the Court consider whether the Judgment, substantially in the form of Exhibit D to the Stipulation, should be entered: (a) approving the terms of the Settlement as fair, reasonable, and adequate; (b) dismissing with prejudice the California Action pursuant to the terms of this Stipulation; and (c) ruling upon Settling Stockholders' Counsel's (other than Delaware Counsel) application for a Fee & Expense Award; and (d) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

62. Any Alphabet stockholder who held Alphabet stock as of 2014 and continues to hold such shares of Alphabet common stock as of the date of the Settlement Hearing may enter an appearance in the Action, at his, her, or its own expense, individually or through counsel of his, her, or its own choice, by filing with the Clerk of the Court and delivering a notice of appearance to Plaintiffs' Co-Lead Counsel and to Benjamin M. Crosson of Wilson Sonsini Goodrich & Rosati, P.C. ("**Representative Defendants' Counsel**") and Rachel G. Skaistis of Cravath, Swaine & Moore LLP ("**SLC's Counsel**") at the addresses set forth in Paragraph 63 below, such that it is received no later than ten (10) calendar days prior to the Settlement Hearing, or as the Court may otherwise direct.

63. Any Alphabet stockholder who held Alphabet stock as of 2014 and continues to hold such shares of Alphabet common stock as of the date of the Settlement Hearing may file a written objection to the proposed Settlement and/or the Settling Stockholders' Counsel's (other than Delaware Counsel) application for a Fee & Expense Award, and appear and show cause, if he, she, or it has any cause, why the proposed Settlement and/or the applications for such Fee & Expense Award should not be approved. All Persons desiring to object are directed to file a written objection with the Clerk of the Court and serve (by hand, first-class mail, or express service) copies of such objection on Plaintiffs' Co-Lead Counsel, Representative Defendants' Counsel and the

SLC's Counsel at the addresses set forth below such that they are *received* no later than **November 20, 2020**, which is ten (10) calendar days prior to the Settlement Hearing.

<u>Clerk of the Court</u>	<u>Co-Lead Counsel</u>	<u>Representative Defendants' Counsel</u>	<u>SLC's Counsel</u>
Clerk of the Court Superior Court of California County of Santa Clara 191 North First Street San Jose, California 95113	Francis A. Bottini, Jr. Bottini & Bottini, Inc. 7817 Ivanhoe Avenue, Suite 102 La Jolla, California 92037 Julie Goldsmith Reiser Cohen Milstein Seller & Toll PLLC 1100 New York Avenue, N.W., Suite 500 Washington, DC 20005	Benjamin Crosson Wilson Sonsini Goodrich & Rosati, P.C. 650 Page Mill Road Palo Alto, California 94304	Rachel G. Skaistis Cravath, Swaine & Moore LLP Worldwide Plaza 825 Eighth Avenue New York, New York 10019

64. Any Alphabet stockholder who held Alphabet stock as of 2014 and continues to hold shares of Alphabet common stock as of the date of the Settlement Hearing and who wishes to be heard orally at the Settlement Hearing may appear at the hearing, whether or not they have filed an objection.

65. Any Alphabet stockholder who held Alphabet stock as of 2014 and continues to hold shares of Alphabet common stock as of the date of the Delaware Fee Hearing may file a written objection to Delaware Counsel's application for a Fee & Expense Award and/or any Service Award for Irving Fire and appear and show cause, if he, she, or it has any cause, why the application for such Fee & Expense Award and/or Service Award should not be approved. All Persons desiring to object are directed to file a written objection with the Register in Chancery and serve (by hand, first-class mail, or express service) copies of such objection on Delaware Counsel, Lori W. Will of Wilson Sonsini Goodrich & Rosati, P.C. ("**Representative Defendants' Delaware Counsel**") and A. Thompson Bayliss of Abrams & Bayliss LLP ("**SLC's Delaware Counsel**") at the addresses set forth below such that they are *received* no later than _____, **2020**, which is fourteen (14) calendar days prior to the Delaware Fee Hearing.

<u>Register in Chancery</u>	<u>Delaware Counsel</u>	<u>Representative Defendants' Delaware Counsel</u>	<u>SLC's Delaware Counsel</u>
Register in Chancery Court of Chancery Courthouse 34 The Circle Georgetown, Delaware 19947	Blake A. Bennett Cooch & Taylor P.A. The Brandywine Building 1000 West St., 10th Floor Wilmington, Delaware 19899	Lori W. Will Wilson Sonsini Goodrich & Rosati, P.C. 222 Delaware Avenue, Suite 800 Wilmington, Delaware 19801	A. Thompson Bayliss Abrams & Bayliss LLP 20 Montchanin Rd., Wilmington, Delaware 19807

66. Any Alphabet stockholder who held Alphabet stock as of 2014 and continues to hold shares of Alphabet common stock as of the date of the Delaware Fee Hearing and who wishes to be heard orally at the Delaware Fee Hearing may appear at the hearing, whether or not they have filed an objection.

67. Any objections, filings, and other submissions: (a) must state the name, address, and telephone number of the objector and, if represented by counsel, the name, address, and telephone number of his, her, or its counsel; (b) must be signed by the objector; (c) must contain a specific, written statement of the objection(s) and the specific reason(s) for the objection(s), including any legal and evidentiary support the objector wishes to bring to the Court's or Delaware Court's attention, and if the objector has indicated that he, she, or it intends to appear at the Settlement Hearing or Delaware Fee Hearing, the identity of any witnesses the objector may call to testify and any exhibits the objector intends to introduce into evidence at the hearing; and (d) must include documentation sufficient to prove that the objector owned shares of Alphabet common stock as of 2014 and contain a statement that the objector continues to hold such shares as of the date of filing of the objection and will continue to hold those shares as of the date of the Settlement Hearing or Delaware Fee Hearing.

68. Documentation establishing ownership of Alphabet common stock must consist of copies of monthly brokerage account statements, or an authorized statement from the objector's broker containing the information found in an account statement.

69. You may file a written objection without having to appear at the Settlement Hearing or Delaware Fee Hearing. Any current Alphabet stockholder may also appear and object at the Settlement Hearing or Delaware Fee Hearing with or without having submitted a written objection.

70. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing or Delaware Fee Hearing. However, if you decide to hire an attorney, it will be at your own expense. If you file an objection in connection with or intend to appear at the Settlement Hearing, your attorney should file a notice of appearance

with the Court and serve it on Plaintiffs' Co-Lead Counsel, Representative Defendants' Counsel, and the SLC's Counsel at the addresses set forth in Paragraph 63 above so that the notice is *received* on or before **November 20, 2020**. If you file an objection in connection with or intend to appear at the Delaware Fee Hearing, your attorney should file a notice of appearance with the Delaware Court and serve it on Delaware Counsel, Representative Defendants' Delaware Counsel, and the SLC's Delaware Counsel at the addresses set forth in Paragraph 65 above so that the notice is *received* on or before _____, 2020.

71. Unless the Court (or Delaware Court, as appropriate) orders otherwise, any Person who does not make his, her, or its objection in the manner provided herein shall: (a) be deemed to have waived and forfeited his, her, or its right to object to any aspect of the proposed Settlement or Fee & Expense Awards and/or Service Awards; (b) be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement, the Judgment to be entered approving the Settlement, or the Fee & Expense Awards and/or Service Awards; and (c) be deemed to have waived and forever barred and foreclosed from being heard, in this or any other proceeding, with respect to any matters concerning the Settlement or the contemplated and/or approved Fee & Expense Awards and Service Awards.

CAN I SEE THE COURT FILE?
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?

72. This Notice does not purport to be a comprehensive description of the Settled Matters, the allegations related thereto, the terms of the Settlement, or the Settlement Hearing. For a more detailed statement of the matters involved in the California Action and the Settled Matters, you may inspect the pleadings, the Stipulation, the orders entered by the Court, and other papers filed in the Action at the Office of the Clerk of the Court, Superior Court of the State of California, County of Santa Clara, 191 North First Street, San Jose, CA 95113, during regular business hours of each business day. You may also view a copy of the Stipulation on Alphabet's investor relations website at <https://abc.xyz/investor/>.

73. If you have questions regarding the Settlement, you may write or call Plaintiffs' Co-Lead Counsel, as follows: Francis A. Bottini, Jr., Bottini & Bottini, Inc., 7817 Ivanhoe Avenue, Suite 102, La Jolla, CA 92037, (858) 914-2001, fbottini@bottinilaw.com; and Julie Goldsmith Reiser, Cohen Milstein Sellers & Toll PLLC, 1100 New York Avenue, N.W., Suite 500, Washington, DC 20005, (202) 408-4600, jreiser@cohenmilstein.com.

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF
THE CLERK OF THE COURT REGARDING THIS NOTICE.**

Dated: _____, 2020

By Order of the Court
Superior Court of California
County of Santa Clara

EXHIBIT C

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SANTA CLARA**

IN RE ALPHABET INC. SHAREHOLDER
DERIVATIVE LITIGATION

Lead Case No. 19CV341522

Judge: Hon. Brian C. Walsh
Dep't: 1 (Complex Civil Litigation)

**SUMMARY NOTICE OF
PENDENCY AND PROPOSED SETTLEMENT OF DERIVATIVE ACTIONS**

TO: ALL PERSONS AND ENTITIES WHO HELD ALPHABET INC. COMMON STOCK AS OF 2014 AND CONTINUES TO HOLD SUCH SHARES AS OF THE CLOSE OF TRADING ON _____, 2020

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.
YOUR RIGHTS WILL BE AFFECTED BY THE ACTIONS.**

YOU ARE HEREBY NOTIFIED of the pendency of the following derivative actions brought in federal and state courts: *In re Alphabet Inc. Shareholder Derivative Litigation*, Lead Case No. 19CV341522 (Cal. Super. Ct., Cnty. of Santa Clara) (“**California Action**”); *Irving Firemen’s Relief & Ret. Fund v. Page*, C.A. No. 2019-0355-SG (Del. Ch.) (“**Delaware Action**”); *Bao v. Page*, Case No.: 4:19-cv-00314-JSW (N.D. Cal.); *Cordeiro v. Page*, Case No.: 4:19-cv-00447-JSW (N.D. Cal.); *Galbiati v. Page*, Case No.: 4:19-cv-01063-JSW (N.D. Cal.); *Green v. Page*, Case No.: 4:19-cv-01165-JSW (N.D. Cal.); and *Lipovich v. Page*, Case No.: 4:19-cv-01295-JSW (N.D. Cal.).

YOU ARE ALSO HEREBY NOTIFIED that the parties to the Settled Matters have reached a proposed settlement (“**Settlement**”), the terms and conditions of which are set forth in the Stipulation and Agreement of Settlement entered into on August 20, 2020 (“**Stipulation**”).

A more detailed description of the allegations and the claims asserted in the Settled Matters is set forth in the Stipulation as well as the full Notice of Pendency and Proposed Settlement of Derivative Actions (“**Notice**”), both of which are publicly available for review on Alphabet’s investor relations website at <https://abc.xyz/investor/> and on Plaintiffs’ Co-Lead Counsel’s websites at <https://www.bottinilaw.com> and <https://www.cohenmilstein.com>. All capitalized terms used in this Summary Notice that are not otherwise defined herein have the meanings provided in the Stipulation and/or Notice.

In consideration of the Settlement and the releases provided therein, and subject to the terms and conditions of the Stipulation, Alphabet has agreed to, among other things: (1) adopt and/or maintain (to the extent already implemented) certain corporate governance reforms and

workplace measures and enhancements described in the Stipulation; (2) establish and maintain a Diversity, Equity, and Inclusion Advisory Council as described in the Stipulation; and (3) commit to be spent a total of \$310 million over the course of up to 10 years on a set of workplace initiatives and programs, as described in the Stipulation.

A hearing will be held on November 30, 2020, at 1:30 p.m., before The Honorable Brian C. Walsh, at the Superior Court of the State of California, County of Santa Clara, Dept. 1, 191 North First Street, San Jose, CA 95113 (“**Settlement Hearing**”). At the Settlement Hearing, the Court will consider whether Judgment should be entered: (a) approving the terms of the Settlement as fair, reasonable, and adequate, and in the best interests of Alphabet and Alphabet’s stockholders; (b) dismissing with prejudice the California Action pursuant to the terms of the Stipulation against Defendants; and (c) ruling upon Settling Stockholders’ Counsel’s (other than Delaware Counsel’s) application for a Fee & Expense Award; and (d) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

If you owned Alphabet common stock as of 2014 and will continue to own the stock through the date of the Settlement Hearing, you may, if you wish to do so, comment to the Court on the proposed Settlement, and/or Settling Stockholders’ Counsel’s (other than Delaware Counsel’s) application for a Fee & Expense Award. Any written objections to the proposed Settlement and/or the applications for such Fee & Expense Award should be filed with the Court and served on Plaintiffs’ Co-Lead Counsel, Representative Defendants’ Counsel and the SLC’s Counsel such that they are *received no later than November 20, 2020*, in accordance with the instructions set forth in the Notice.

The Delaware Court of Chancery (“**Delaware Court**”) will hold a separate hearing on _____, 2020 at __:__.m., at 34 The Circle, Georgetown, DE 19947, at which the Delaware Court will rule upon Delaware Counsel’s application for a Fee & Expense Award and any Service Award for Irving Fire (“**Delaware Fee Hearing**”) in the Delaware Action. If you owned Alphabet common stock as of 2014 and will continue to own the stock through the date of the Delaware Fee Hearing, you may, if you wish to do so, comment to the Delaware Court on Delaware Counsel’s application for a Fee & Expense Award and/or any application for a Service Award for Irving Fire. Any written objections to the such Fee & Expense Award and/or Service Award should be filed with the Delaware Court and served on Delaware Counsel, Representative Defendants’ Delaware Counsel and the SLC’s Delaware Counsel such that they are received no later than _____, 2020, in accordance with the instructions set forth in the Notice.

PLEASE NOTE: Because the Settlement involves the resolution of stockholder derivative actions, which were brought on behalf of and for the benefit of the Company, the benefits from the Settlement will go to Alphabet. Individual Alphabet stockholders will not receive any direct payment from the Settlement. **ACCORDINGLY, THERE IS NO PROOF OF CLAIM FORM FOR STOCKHOLDERS TO SUBMIT IN CONNECTION WITH THIS SETTLEMENT. ALSO, STOCKHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RESPONSE TO THIS SUMMARY NOTICE.**

**DO NOT CALL OR WRITE THE COURT OR THE OFFICE OF
THE CLERK OF THE COURT REGARDING THIS NOTICE.**

All questions regarding this summary notice, the Settled Matters, and the Settlement should be made to Plaintiffs' Co-Lead Counsel:

Francis A. Bottini, Jr.
Bottini & Bottini, Inc.
7817 Ivanhoe Avenue, Suite 102
La Jolla, California 92037
Tel.: (858) 914-2001

Julie Goldsmith Reiser
Cohen Milstein Seller & Toll PLLC
1100 New York Avenue, N.W., Suite 500
Washington, DC 20005
Tel.: (202) 408-4600

By Order of the Court

EXHIBIT D

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SANTA CLARA**

IN RE ALPHABET INC. SHAREHOLDER
DERIVATIVE LITIGATION

Lead Case No. 19CV341522

**[PROPOSED] ORDER AND FINAL
JUDGMENT**

Judge: Hon. Brian C. Walsh

Dep't: 1 (Complex Civil Litigation)

WHEREAS, a shareholder derivative litigation is pending in this Court entitled *In re Alphabet, Inc. Shareholder Derivative Litigation*, Lead Case No. 19CV341522 (“**California Action**” or “**Action**”);

WHEREAS, (a) Northern California Pipe Trades Pension Plan, Teamsters Local 272 Labor Management Pension Fund, James Martin, LR Trust, Jonathan Reiss, Allen Wiesenfeld, Sjunde AP-Fonden (“**AP7**”), John R. O’Neil, Jackson D. Morgus, Victor Bao, Daniel Cordeiro, Scott Galbiati, Ian Green, Leo Shumacher, Steve Sims, Joseph Lipovich, Esther Schlafrig, D.M. Cohen, Inc., Erste Asset Management, Irving Firemen’s Relief & Retirement Fund, Karen Sbriglio, and Roger Morrell (collectively, the “**Settling Stockholders**”); (b) Nominal Defendant Alphabet Inc. (“**Alphabet**” or the “**Company**”), by and through the Special Litigation Committee of Alphabet’s Board of Directors; and (c) Lawrence E. Page, Sergey Brin, Eric E. Schmidt, Sundar Pichai, John L. Hennessy, L. John Doerr, Kavitar Ram Shriram, Alan R. Mulally, Ann Mather, Roger W. Ferguson, Jr., Diane B. Greene, Shirley M. Tilghman, Robin L. Washington, Andrew E. Rubin, Amit Singhal, Laszlo Bock, David C. Drummond, Eileen Naughton, and Ruth E. Porat (collectively, the “**Individual Defendants**” and, together with Alphabet, “**Defendants**,” and, together with the Settling Stockholders, the “**Settling Parties**”) have entered into a Stipulation and Agreement of Settlement dated August 20, 2020 (“**Stipulation**”), that provides for a complete dismissal with prejudice of the claims asserted in the Action and the release of the Released Claims on the terms and conditions set forth in the Stipulation, subject to the approval of this Court (“**Settlement**”);

WHEREAS, by Order dated _____, 2020 (“**Preliminary Approval Order**”), this Court: (a) preliminarily approved the Settlement; (b) ordered that notice of the proposed Settlement be provided to Alphabet stockholders; (c) provided Alphabet stockholders with the opportunity to object to the proposed Settlement and/or Settling Stockholders Counsel’s (other than Delaware Counsel’s) application for a Fee & Expense Award and/or any application for

Service Awards for Co-Lead Plaintiffs; and (d) scheduled a hearing regarding final approval of the Settlement (“**Settlement Hearing**”);

WHEREAS, due and adequate notice has been given to Alphabet stockholders;

WHEREAS, the Court conducted the Settlement Hearing on _____, 2020, to consider, among other things, whether Judgment should be entered: (i) approving the terms of the Settlement as fair, reasonable, and adequate, and in the best interests of Alphabet and Alphabet stockholders; (ii) dismissing with prejudice the California Action pursuant to the terms of this Stipulation against Defendants; and

WHEREAS, the Court having reviewed and considered the Stipulation and all papers filed and proceedings held herein in connection with the Settlement, all oral and written comments received regarding the Settlement, and the record in the Action, and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. **Definitions:** Unless otherwise defined in this Order, the capitalized terms used herein shall have the same meanings as they have in the Stipulation.

2. **Jurisdiction:** The Court has jurisdiction over the subject matter of the Action and all matters relating to the Settlement, as well as personal jurisdiction over the Settling Parties.

3. **Incorporation of Settlement Documents:** This Judgment incorporates and makes a part hereof the Stipulation filed with the Court on _____, 2020, all exhibits thereto, as well as any Fee Agreement(s).

4. **Notice:** The Court finds that: (a) the publication of the Summary Notice in *Investor’s Business Daily*, the attachment of the Notice to the Company’s Form 8-K filed with the SEC, and the posting of the Notice and Stipulation on the Company’s investor relations website and on Plaintiffs’ Co-Lead Counsel’s websites were implemented in accordance with the Preliminary Approval Order and (b) the method of providing notice of the Settlement and the Settlement Hearing set forth in the Preliminary Approval Order: (i) constitutes notice that is

reasonably calculated, under the circumstances, to apprise Alphabet stockholders of the pendency of the Action, of the effect of the proposed Settlement (including the releases to be provided thereunder), of their right to object to the Settlement, and of their right to appear at the Settlement Hearing; (ii) constitutes due, adequate, and sufficient notice to all Persons entitled to receive notice of the proposed Settlement; and (iii) satisfies the requirements of California law, the United States Constitution (including the Due Process Clause), and all other applicable law and rules.

5. The Settlement set forth in the Stipulation is fair, reasonable, adequate, and in the best interests of Alphabet and Alphabet stockholders, and the Court further finds in connection therewith that:

a. The Settlement was negotiated at arm's length by experienced and skilled counsel on behalf of the Settling Stockholders and Defendants.

b. The Settlement was entered into in good faith and is not collusive.

c. Prior to the filing of the Consolidated Complaint in the California Action, Plaintiffs' Co-Lead Counsel reviewed 1,900 pages of internal documents produced by Alphabet in response to Lead Plaintiffs' stockholder inspection demands. Prior to making its litigation demand and filing its complaint, AP7 also reviewed internal documents that Alphabet produced in response to AP7's stockholder inspection demand. Delaware Counsel reviewed internal documents produced by Alphabet in response to Irving Fire's stockholder inspection demand before filing the Delaware Action. Moreover, prior to commencing the formal settlement negotiations, Plaintiffs' Co-Lead Counsel attended several in-person as well as telephonic/video conferences with counsel for the Alphabet Defendants and the SLC. Delaware Counsel also participated in multiple telephonic conferences with counsel for the Alphabet Defendants and Cravath before commencing formal settlement negotiations.

d. Thereafter, Settling Stockholders' Counsel engaged in extensive settlement negotiations with Defendants spanning many months. The settlement negotiations were conducted

under the auspices of the Hon. James P. Kleinberg (Ret.). On January 17, 2020, to ensure the Settling Parties had adequate information for the mediation, the SLC, through Cravath, made a detailed oral presentation to counsel for the Settling Parties regarding the SLC's investigation process and findings. The presentation lasted several hours and included an oral summary of the SLC's investigation, findings and conclusions, including review of certain internal Company documents, e-mails, and Board and LDCC minutes, which had been circulated to the Settling Parties in advance. In addition to Cravath summarizing the SLC's findings with respect to Google's user data privacy program, the presentation also included a description by WilmerHale of relevant policies and procedures related to harassment, retaliation and pay equity, as well as a discussion of the workplace enhancements that the SLC had approved and adopted for inclusion in any resolution.

e. Following receipt and review of this information, Settling Stockholders' Counsel engaged in a two-day mediation with Defendants' counsel on January 22, 2020 and January 23, 2020. Judge Kleinberg served as the mediator. At the mediation, Judge Kleinberg appointed the Defendants' Working Group and California Plaintiffs' Working Group. The Settling Parties were unable to reach a settlement agreement during the two-day mediation, but they agreed to continue to engage in settlement negotiations, which included additional in-person meetings and discussions facilitated by Judge Kleinberg, as well as telephonic communications, over the next several months. The California Plaintiffs' Working Group and Defendants' Working Group also met, in person, on February 25, 2020 to further discuss a potential settlement. Judge Kleinberg also attended and facilitated the parties' discussions. Delaware Counsel also met separately with Defendants' Working Group to provide their input. During this time, Plaintiffs' Co-Lead Counsel also consulted with their retained experts on numerous matters relevant to the pending litigation and the settlement issues, including a corporate governance expert and a data privacy expert, and

provided feedback on the proposed Settlement Consideration. Delaware Counsel and Defendants' counsel also exchanged offers and counter offers on the proposed Settlement Consideration.

f. During the ensuing settlement discussions, the Settling Parties affirmed the appropriateness of the workplace enhancements adopted by the SLC, and agreed to revisions to certain recommendations originally proposed as part of the SLC Review. The Settling Parties also reached agreement on the additional governance reforms reflected in the Stipulation. In addition, after Alphabet agreed to establish the DEI Advisory Council, the California Plaintiffs' Working Group had many calls and discussions with the Defendants' Working Group regarding the membership of the Council, its relationship with the LDCC and Board, and other matters relevant to the governance reforms. Delaware Counsel and counsel for the Alphabet Defendants also engaged in follow-up discussions following the second mediation.

g. On April 20, 2020, Plaintiffs' Co-Lead Counsel, Delaware Counsel, and counsel for the Alphabet Defendants negotiated a Memorandum of Understanding, which was executed by the Settling Parties (other than Karen Sbriglio). Following negotiations, counsel for the Alphabet Defendants and counsel for Sbriglio reached agreement on certain aspects of the Settlement Consideration. Counsel for Sbriglio subsequently joined in the Settlement.

h. Following the agreement in principle to settle, counsel for the Alphabet Defendants and the SLC produced to Plaintiffs' Co-Lead Counsel certain information in order to ensure that the Settlement was fair, adequate, and reasonable and in the best interests of the Settling Stockholders and Alphabet: (1) the interview of one attorney at Cravath regarding the SLC's process and independence; and (2) the review of over 5,300 additional pages of relevant documents made available to Settling Stockholders' Counsel by Alphabet.

i. The SLC's counsel attended the first two-day mediation session in person (and was available by phone for the third day), reviewed all settlement demands and proposals sent by all the Settling Parties, and discussed the evolving negotiations with, and sought feedback

from, the SLC. After considerable review and deliberation, the SLC approved the terms and conditions in the MOU and the Settlement and determined that the Settlement is in the best interests of the Company and its stockholders.

j. As further detailed in the briefing in support of the proposed Settlement, had the Settlement not been achieved, all parties faced risks and uncertainties (and associated costs and further delays) of extended litigation; and, although the Court takes no position on the merits of either the Settling Stockholders' or Defendants' positions, such arguments support the reasonableness of the Settlement.

k. The Settling Stockholders and the Settling Stockholders Counsel have fairly and adequately represented the interests of Alphabet and Alphabet's stockholders in connection with the Settlement.

l. Notice was provided to Alphabet stockholders by the methods described in Paragraph 4 above, and ___ objections to the proposed Settlement have been submitted.

6. **Final Settlement Approval and Dismissal of Claims:** The Court hereby fully and finally approves the Settlement set forth in the Stipulation in all respects, and finds that the Settlement is fair, reasonable, and adequate, and in the best interests of Alphabet and Alphabet stockholders. The Settling Parties are directed to implement, perform, and consummate the Settlement in accordance with the terms and provisions contained in the Stipulation.

7. The California Action and all the claims asserted in the California Action are hereby dismissed with prejudice. The Settling Parties shall bear their own costs and expenses, except as otherwise expressly provided in the Stipulation and in connection with any Fee & Expense Awards and/or Service Agreements approved by this Court or the Delaware Court.

8. **Binding Effect:** The terms of the Stipulation and of this Judgment shall be forever binding on the Settling Parties and all current Alphabet stockholders, as well as their respective successors and assigns. Any current Alphabet stockholder who has not timely submitted any actual

or potential objection to the Settlement in the manner provided in the Notice is deemed to have waived any objections by appeal, collateral attack, or otherwise.

9. **Releases:** The releases set forth in Paragraph 5 of the Stipulation, together with the definitions contained in Section I of the Stipulation relating thereto, are expressly incorporated herein in all respects. The releases are effective as of the Effective Date. Accordingly, this Court orders that:

a. Upon the Effective Date, the Settling Stockholders (acting on their own behalf and, in some cases, derivatively on behalf of Alphabet), Alphabet, and any Person acting derivatively on behalf of Alphabet shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, discharged and dismissed with prejudice the Released Stockholder Claims (including Unknown Claims) against the Released Defendant Persons.

b. Upon the Effective Date, the Settling Stockholders (acting on their own behalf and, in some cases, derivatively on behalf of Alphabet), Alphabet, and any Person acting derivatively on behalf of Alphabet, shall be forever barred and enjoined from asserting, commencing, instituting, or prosecuting any of the Released Stockholder Claims against any Released Defendant Persons.

c. Upon the Effective Date, each of the Individual Defendants and Alphabet shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Defendant Claims (including Unknown Claims) against the Released Stockholder Persons, and shall be forever barred and enjoined from asserting any Released Defendant Claims against any Released Stockholder Persons.

10. **California Code of Civil Procedure § 128.7:** The Court finds and concludes that the Settling Parties and their respective counsel complied at all times and in all respects with the requirements of California Code of Civil Procedure § 128.7 and all other similar rules in

connection with the institution, prosecution, defense, and settlement of the Action.

11. **No Admissions:** Neither this Judgment, nor the Stipulation (including any exhibits attached thereto), nor any Fee Agreement, nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be offered, attempted to be offered, or used or referred to in any way by the Settling Parties as a presumption, a concession, an admission, or evidence of any fault, wrongdoing, or liability of any of the Settling Parties or of the validity of any Released Claims; or (b) is or may be deemed to be or may be used as a presumption, concession, admission, or evidence of any liability, fault, or omission of any of the Released Persons in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Neither this Judgment, nor the Stipulation, nor the Settlement, nor any Fee Agreement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation, any Fee Agreement, or the Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement or any Fee Agreement, and except that the Released Persons may file the Stipulation, any Fee Agreement and/or this Judgment in any action or proceeding that may be brought against them to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

12. **Retention of Jurisdiction:** Without affecting the finality of this Judgment in any way, this Court retains continuing and exclusive jurisdiction over: (a) the Settling Parties and all current Alphabet stockholders for purposes of the administration, interpretation, implementation, and enforcement of the Settlement; (b) application by the Settling Stockholders' Counsel (other than Delaware Counsel) for a Fee & Expense Award and any application for Service Awards for Co-Lead Plaintiffs; and (c) all other matters relating to the Action.

13. A separate order shall be entered regarding the application by the Settling

Stockholders' Counsel (other than Delaware Counsel) for a Fee & Expense Award and any application for Service Awards for Co-Lead Plaintiffs. Such order shall in no way affect or delay the finality of this Judgment and shall not affect or delay the Effective Date of the Settlement.

14. **Modification of the Agreement of Settlement:** Without further approval from the Court, the Settling Parties are hereby authorized to agree to and adopt such amendments or modifications of the Stipulation or any exhibits attached thereto, to effectuate the Settlement that: (a) are not materially inconsistent with this Judgment; and (b) do not materially limit the rights of Alphabet or current Alphabet stockholders in connection with the Settlement. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any provisions of the Settlement.

15. **Termination of Settlement:** If the Settlement is terminated as provided in the Stipulation or the Effective Date otherwise fails to occur, this Judgment shall be vacated, rendered null and void, and be of no further force and effect, except as otherwise provided by the Stipulation, and this Judgment shall be without prejudice to the rights of the Settling Parties and all current Alphabet stockholders, and all Settling Parties and Released Persons shall be restored to their respective positions prior to execution of the Stipulation, as provided in the Stipulation.

16. **Entry of Final Judgment:** There is no just reason to delay the entry of this Judgment as a final judgment in this Action. Accordingly, the Clerk of the Court is expressly directed to immediately enter this final judgment in this Action.

IT IS SO ORDERED.

Date

The Honorable Brian C. Walsh
Judge of the Superior Court

Exhibit 2

Hon. James P. Kleinberg (Ret.)
JAMS
160 West Santa Clara Street, Suite 1600
San Jose, CA 95113
Tel: 408-288-2240
jkleinberg@jamsadr.com
Mediator

SUPERIOR COURT, STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

IN RE ALPHABET INC. SHAREHOLDER
DERIVATIVE LITIGATION

Lead Case : No. 19CV341522

This Document Relates to ALL ACTIONS

DECLARATION OF HON. JAMES P.
KLEINBERG (RET.) IN CONNECTION
WITH PROPOSED SETTLEMENT OF
SHAREHOLDER DERIVATIVE ACTIONS

I, James P. Kleinberg, declare as follows:

1. I am a retired Judge of the Superior Court, State of California, County of Santa Clara. I submit this declaration in support of the approval of the proposed settlement of these shareholder derivative actions, for which I served as mediator. In addition to encompassing the resolution of claims brought in the above-captioned action (the "State Action") on behalf of Alphabet, Inc., ("Alphabet") the settlement also resolves derivative litigation on behalf of Alphabet pending in the Delaware Chancery Court (the "Delaware Action") and in the United States District Court, Northern District of California (the "Federal Action") (collectively, the "Actions").

DECLARATION OF HON. JAMES P. KLEINBERG (RET.) IN CONNECTION WITH
PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE ACTIONS - 1

1 2. The instant litigation, unlike actions seeking monetary relief for a class, is
2 directed at the defendants' actions, or lack thereof, in areas of corporate management. Plaintiffs
3 allege certain breaches of fiduciary duties including the awarding of severance packages, privacy
4 concerns, and misconduct by certain executives. The overall goal of the litigation is to cure these
5 alleged deficiencies in corporate conduct.

6 3. My background is as follows: After graduation from The Michigan Law School in
7 1967, I served two years as a Trial Attorney, U.S. Department of Justice, in the San Francisco
8 Field Office. I then began thirty-four years in private practice with two San Francisco-based law
9 firms as a partner, engaged in complex business litigation throughout the United States and
10 overseas in Europe and Asia. I was a Teaching Fellow at the Haas School of Business,
11 University of California at Berkeley, Chair of the Litigation Section of the State Bar of
12 California, recipient of honors from the Santa Clara Bar Association and the Bar Association of
13 San Francisco. I was a participant in the formation of the Early Neutral Evaluation Program at
14 the United States District Court, Northern District of California and currently serve as co-
15 ombudsperson for that court, and was a Lawyer Representative to the Ninth Circuit Court of
16 Appeal. I was appointed to the Superior Court by Governor Davis in 1982 and served for 12
17 years, 10 of which in the Civil Division. For a time I was the lead judge in that department, and
18 thereafter was selected to head the Complex Civil Division, which I managed for three years,
19 hearing discovery disputes, presiding over jury and bench trials, and settling cases. In 2014 I
20 retired from the Court and joined JAMS, based in the Silicon Valley and San Francisco offices.
21 Throughout my career as lawyer and judge, and now as mediator and arbitrator, I have been
22 primarily been involved in the litigation and settlement of civil litigation, typically concerning
23 complex, multi-party, high-stakes issues, such as this. I have served as a special master and
24 referee for the Superior and Federal Courts, charged with making recommendations on
25 settlement terms and the awarding of fees and costs.

26 4. The parties sought in this process to achieve a global resolution of all related
27 derivative claims and demands that was in the best interest of shareholders. My goal was to keep
28 all the parties on track to meet that goal in that process.

29 5. The settlement negotiations extended over the period from the beginning of 2020
30 until execution of an over 50 page Stipulation and Agreement of Settlement in August 2020. The
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DECLARATION OF HON. JAMES P. KLEINBERG (RET.) IN CONNECTION WITH
PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE ACTIONS - 2

1 parties held multiple in-person sessions, along with innumerable conference calls and electronic
2 communications. Over 15 law firms represented Plaintiffs, 5 firms represented Individual and
3 corporate defendants, and 2 firms represented the Special Litigation Committee. I was involved
4 in many of these sessions, but not all. The parties kept me apprised of the proposals and
5 responses on each side. I emphasize that these negotiations were all regarding the substance of
6 the settlement and the process for moving to resolution. So far as I am aware, there were no
discussions regarding any potential fees to counsel prior to the completion of substantive
negotiations.

7 6. The settlement privilege precludes me from discussing any of the particulars of
8 the negotiations. I do offer the following observations consistent with the privilege.

9 7. First, the negotiations, while highly professional, were intensely arms-length and
occasionally contentious. Nothing about these negotiations was remotely collusive or staged.
10 These were thoughtful negotiations over highly complex workplace and governance issues. Each
11 side compromised to achieve a resolution.

12 8. Second, from my involvement in many of the substantive discussions, I can say
that I believe these settlement provisions will have an important impact on the Alphabet
13 workplace. Of course, it is ultimately for the Court to decide whether this settlement merits
14 approval. I merely observe that, from the perspective of having adjudicated and litigated many
shareholder derivative suits, the reforms embodied in this settlement are well-thought out.

15 9. Third, I want to commend the parties and their counsel for approaching this entire
16 litigation in a constructive manner, looking for a solution that benefited the shareholders, rather
17 than expending resources on motion practice. Each side had positions that it might have
18 advanced through litigation. Instead, all focused on a mutually beneficial outcome for Alphabet's
shareholders -- as well as its employees.

19 10. I should note that I was not involved in subsequent negotiations over any fee to
20 plaintiffs' counsel and therefore express no view on that subject.

21 11. I find the language in the Stipulation and Agreement of Settlement as propounded
by the Co-Lead Plaintiffs' Counsel is consistent with the Memorandum of Understanding of

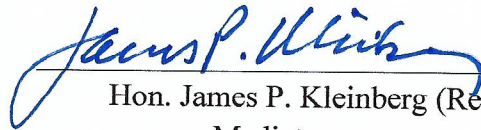
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DECLARATION OF HON. JAMES P. KLEINBERG (RET.) IN CONNECTION WITH
PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE ACTIONS - 3

1 April 20, 2020 and that language is binding on all parties and counsel.

2
3 Dated: September 21, 2020

4 
5 Hon. James P. Kleinberg (Ret.)
6 Mediator
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24 DECLARATION OF HON. JAMES P. KLEINBERG (RET.) IN CONNECTION WITH
PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE ACTIONS - 4

Exhibit 3

Electronically Filed
by Superior Court of CA,
County of Santa Clara,
on 10/29/2018 9:30 AM
Reviewed By: R. Walker
Case #17CV307054
Envelope: 2109552

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SANTA CLARA

IN RE YAHOO! INC. SHAREHOLDER
LITIGATION

Consolidated Action
Lead Case No.: 17CV307054

Consolidated Action, Including:

**ORDER AFTER HEARINGS ON
OCTOBER 26, 2018**

Spain v. Mayer, et al.
Superior Court of California, County of Santa
Clara, Lead Case No. 17CV307054

**Motion by Plaintiffs for Preliminary
Approval of Settlement**

The LR Trust v. Mayer, et al.
Superior Court of California, County of Santa
Clara, Lead Case No. 17CV306525

Plumbers and Pipefitters National Pension Fund
v. Mayer, et al.
Superior Court of California, County of Santa
Clara, Lead Case No. 17CV310992

The above-entitled matter came on regularly for hearing on October 26, 2018 at 11:00
a.m. in Department 1 (Complex Civil Litigation), the Honorable Brian C. Walsh presiding.
The Court reviewed and considered the written submission of all parties and issued a tentative
ruling on October 25, 2018. No party contested the tentative ruling and no party appeared;

1 therefore, the Court orders that the tentative ruling be adopted and incorporated herein as the
2 Order of the Court, as follows:

3 These consolidated shareholder and derivative actions arise from the sale of the operating
4 assets of Yahoo! Inc. (now Altaba Inc.) to Verizon Communications Inc. and undisclosed
5 security breaches that preceded the sale. Before the Court is plaintiffs' unopposed motion for
6 preliminary approval of a settlement.
7

8 I. Factual and Procedural Background

9 As alleged in the Verified Amended Consolidated Shareholder Class Action and
10 Derivative Complaint (the "Amended Complaint"), on September 8, 2014, Russian hackers
11 infiltrated Yahoo!'s internal database and were successful in stealing user information associated
12 with at least 500 million accounts, in an event Yahoo termed the "Siberia Intrusion." (Amended
13 Complaint, ¶ 73.) Before the security breach was disclosed in 2016, Yahoo! and Verizon entered
14 into a Stock Purchase Agreement ("SPA") by which Verizon would acquire Yahoo!'s operating
15 assets. (*Id.* at ¶¶ 143-151.) When it learned of the Siberia Intrusion, Verizon argued that the
16 hack was a Material Adverse Event under the SPA, giving it the right to back out of the deal.
17 (*Id.* at ¶ 244.)

18 Yahoo! and Verizon resolved this issue by executing an Amendment to the SPA and
19 associated agreements on February 20, 2017, reducing the consideration for the sale by \$350
20 million to \$4,475,800,000 and providing that Yahoo! would retain 50% of the liabilities
21 associated with the data breach and 100% of the liabilities for shareholder lawsuits arising from
22 the breach. (Amended Complaint at ¶¶ 250-258.) As discussed below, lawsuits resulting from
23 the Siberia Intrusion were already being filed by the time the Amendment was executed.
24 Plaintiffs allege that beyond the Siberia Intrusion, additional breaches impacting all 3 billion
25 Yahoo! user accounts between 2013 and 2016 (collectively with the Siberia Intrusion, the "Data
26 and Security Breaches") were subsequently discovered to have been concealed by Yahoo! and its
27 directors and officers.
28

1 A. Proceedings in State Court

2 In October 2016, Oklahoma Firefighters Pension and Retirement System (“Oklahoma”)
3 made a demand under Delaware law to inspect Yahoo!’s books and records. Oklahoma filed a
4 derivative complaint in the Delaware Chancery Court, *Oklahoma Pension and Retirement System*
5 *v. Brandt, et al.* (Del. Ch., No. 0133-SG), on February 20, 2017 (the “Delaware Action”).

6 Before Oklahoma filed its action, plaintiffs The LR Trust and Harold Litwin filed a
7 derivative action in this Court, *The LR Trust, et al. v. Mayer, et al.* (Super. Ct. Santa Clara
8 County, No. 17-CV-306525), on February 9, 2017. Plaintiff Patricia Spain filed the lead case
9 herein on March 7. Finally, plaintiff Plumbers and Pipefitters National Pension Fund filed a
10 third derivative action in this Court, *Plumbers and Pipefitters National Pension Fund v. Mayer,*
11 *et al.* (Super. Ct. Santa Clara County, No. 17-CV-310992), on May 25. Oklahoma ultimately
12 agreed to stay the Delaware Action in favor of the actions before this Court.

13
14 1. The Proxy Litigation Addressing the Sale to Verizon

15 The proceedings herein have been active. In anticipation of moving to preliminarily
16 enjoin the shareholder vote on Yahoo!’s merger with Verizon, in proceedings the parties have
17 termed the “Proxy Litigation,” plaintiff Spain filed an ex parte application for expedited
18 discovery in the lead case on March 20, 2017. On April 4, the Court lifted the discovery stay
19 with respect to Spain’s first set of requests for production of documents and “a small number of
20 depositions of limited scope,” beginning with the deposition of defendant Thomas McInerney.
21 On April 19, the Court made a second discovery ruling, ordering the production of certain
22 disputed documents and the deposition of defendant Eric Brandt. In a third round of disputes,
23 plaintiffs served third-party witnesses Alex Stamos and Ramses Martinez with deposition
24 subpoenas, and the Court denied motions to quash these subpoenas on May 23.

25 As discovery progressed, plaintiff Spain filed her motion for preliminary injunction and
26 Yahoo! provided supplemental disclosures to its shareholders, addressing certain deficiencies
27 alleged by plaintiff. The Court received multiple rounds of briefing on plaintiff’s motion and
28 held a hearing on June 6. Following the hearing, the Court granted the motion in part and denied

1 it in part, ordering further supplemental disclosures that were made that same day. The
2 shareholder vote was held as scheduled and the shareholders approved the merger, which has
3 now been completed. Following the merger, Yahoo! became Altaba Inc., and that entity took
4 control of this litigation.

5 6 *2. Additional Proceedings Herein*

7 Following the resolution of the Proxy Litigation, the actions herein were consolidated,
8 and plaintiffs filed their original consolidated complaint on August 3, 2017. The consolidated
9 complaint asserted derivative claims for breach of fiduciary duty, corporate waste, insider selling
10 and misappropriation of information, and aiding and abetting breaches of fiduciary duty arising
11 from the Data and Security Breaches against officers and directors of Yahoo! and against
12 Verizon, along with what were styled as direct class claims for breach of fiduciary duty and
13 aiding and abetting breaches of fiduciary duty.

14 Altaba demurred, and on November 2, 2017, the Court sustained its demurrer with leave
15 to amend, finding that plaintiffs had failed to plead demand futility as required to proceed with
16 their derivative claims or to properly allege any non-derivative claims. A few days later, the
17 Court denied defendants' motion to stay this action in favor of the federal actions described
18 below. The derivative plaintiffs filed the Amended Complaint on January 2, 2018, and the
19 parties briefed a demurrer to that pleading, which was scheduled to be heard on August 10, 2018.

20 21 *3. The Writ Action*

22 Meanwhile, plaintiff Spain made a demand to inspect Altaba's books and records
23 pursuant to Corporations Code section 1601. Altaba agreed to produce only some of the
24 requested documents, and Spain consequently filed a petition for writ of mandate seeking to
25 compel the production of the remaining documents, *Spain v. Altaba Inc.* (Super. Ct. Santa Clara
26 County, No. 18-CV-321765) (the "Writ Action"). Altaba demurred to the writ petition, and the
27 Court overruled its demurrer on April 27, 2018.

1 B. Proceedings in Federal Court

2 As the state court proceedings progressed, beginning in October 2016, class action
3 lawsuits were filed around the country on behalf of Yahoo!'s users. In December of 2016, the
4 United States Judicial Panel on Multidistrict Litigation transferred all of the federal customer
5 class actions to Hon. Lucy H. Koh in the United States District Court for the Northern District of
6 California. The cases were captioned *In re Yahoo! Inc. Customer Data Security Breach*
7 *Litigation* (N.D. Cal., No. 16-MD-02752-LHK) (the "Federal Customer Class Action"). On
8 September 17, 2018, Altaba announced that the parties in that that case had reached a settlement
9 in principle.

10 In January 2017, two putative securities class actions were filed in the Northern District
11 on behalf of Yahoo! investors. These cases were consolidated and assigned to Judge Koh as *In*
12 *re Yahoo! Inc. Securities Litigation* (N.D. Cal., No. 17-0373-LHK) (the "Federal Securities Class
13 Action"). Plaintiffs filed a consolidated amended complaint on June 7, 2017, alleging that
14 defendants Yahoo!, Marissa Mayer, Ronald S. Bell, and Alexander Stamos violated the
15 Securities Exchange Act of 1934 (the "Exchange Act") by deliberately concealing and/or
16 misrepresenting the Siberia Intrusion and a prior 2013 security incident. On September 7, 2018,
17 an \$80 million settlement in that action received final approval.

18 Finally, in February 2017, two derivative actions were filed in the Northern District by
19 plaintiffs represented by plaintiffs' counsel herein. These cases were related to the Federal
20 Customer and Securities Class Actions and assigned to Judge Koh as *In re Yahoo! Inc.*
21 *Shareholder Derivative Litigation* (N.D. Cal., No. 17-00787-LHK) (the "Federal Derivative
22 Action"). The parties stipulated to stay the Federal Derivative Action in favor of the Federal
23 Customer and Securities Class Actions.

24
25 C. Securities and Exchange Commission Investigation

26 In addition to the proceedings described above, the United States Securities and
27 Exchange Commission ("SEC") investigated the Security and Data Breaches and found that
28 Yahoo! had committed securities violations by failing to disclose the Security and Data Breaches

1 in filings with that agency. Pursuant to an offer of settlement by Altaba, the SEC entered a
2 cease-and-desist order on April 24, 2018, which required Altaba to pay a civil penalty of \$35
3 million.

4 5 D. The Instant Motion

6 Following many of these developments and the substantial motion practice and discovery
7 in this case that was described above, the parties commenced extended settlement negotiations
8 mediated by a former federal court judge. Ultimately, they reached a global settlement of the
9 actions consolidated herein, the Federal Derivative Action, the Writ Action, and the Proxy
10 Litigation. Plaintiff's motion for preliminary approval of that settlement is now before the Court.

11 12 II. The Putative Class Claims

13 In a supplemental joint declaration filed on October 24, 2018, plaintiffs' counsel clarify
14 that the settlement provides for the dismissal of the putative class claims that remain a part of
15 this action. The supplemental declaration satisfies the requirements of California Rules of Court,
16 rule 3.770(a), and the Court agrees that these claims are appropriately dismissed in light of the
17 successful resolution of the Proxy Litigation and the apparently derivative nature of the
18 remaining claims. The parties have also modified the notices of settlement to specifically
19 address the treatment of the putative class claims. The Court finds that such notice is adequate
20 and will dismiss the claims as requested.

21 22 III. Legal Standard for Approving a Derivative Settlement

23 "A court reviewing a settlement agreement considers whether the proposed settlement is
24 fair and reasonable in light of all relevant factors. [Citations.] A court reviews the settlement of
25 a derivative suit as a means of protecting the interests of those who are not directly represented
26 in the settlement negotiations." (*Robbins v. Alibrandi* (2005) 127 Cal.App.4th 438, 445.) "The
27 duty of a court reviewing a settlement of a class action provides a useful analogy because the
28 court in such cases seeks to protect the members of the class who, like the corporation and non-

1 named shareholders in a derivative suit, may have no independent representation and little
2 control over the action.” (*Id.* at p. 449, fn. 2.) Thus, in evaluating the fairness of the derivative
3 aspects of this settlement, the Court’s analysis is guided by relevant legal authorities regarding
4 the approval of class action settlements.

5 Generally, “questions whether a settlement was fair and reasonable, whether notice to the
6 class was adequate, ... and whether the attorney fee award was proper are matters addressed to
7 the trial court’s broad discretion.” (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th
8 224, 234-235, citing *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, disapproved of on
9 another ground by *Hernandez v. Restoration Hardware, Inc.* (2018) 4 Cal.5th 260.)

11 In determining whether a class settlement is fair, adequate and reasonable, the
12 trial court should consider relevant factors, such as the strength of plaintiffs’ case,
13 the risk, expense, complexity and likely duration of further litigation, ... the
14 amount offered in settlement, the extent of discovery completed and the stage of
15 the proceedings, the experience and views of counsel, the presence of a
16 governmental participant, and the reaction of the class members to the proposed
17 settlement.

18 (*Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at pp. 244-245, internal citations and
19 quotations omitted.)

20 The list of factors is not exclusive and the court is free to engage in a balancing and
21 weighing of factors depending on the circumstances of each case. (*Wershba v. Apple Computer,*
22 *Inc.*, *supra*, 91 Cal.App.4th at p. 245.) The court must examine the “proposed settlement
23 agreement to the extent necessary to reach a reasoned judgment that the agreement is not the
24 product of fraud or overreaching by, or collusion between, the negotiating parties, and that the
25 settlement, taken as a whole, is fair, reasonable and adequate to all concerned.” (*Ibid.*, quoting
26 *Dunk v. Ford Motor Co.*, *supra*, 48 Cal.App.4th at p. 1801, internal quotation marks omitted.)

28 The burden is on the proponent of the settlement to show that it is fair and
reasonable. However “a presumption of fairness exists where: (1) the settlement

1 is reached through arm's-length bargaining; (2) investigation and discovery are
2 sufficient to allow counsel and the court to act intelligently; (3) counsel is
3 experienced in similar litigation; and (4) the percentage of objectors is small."

4 (*Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at p. 245, citing *Dunk v. Ford Motor*
5 *Co.*, *supra*, 48 Cal.App.4th at p. 1802.)

6
7 The presumption does not permit the Court to "give rubber-stamp approval" to a
8 settlement; in all cases, it must "independently and objectively analyze the evidence and
9 circumstances before it in order to determine whether the settlement is in the best interests of
10 those whose claims will be extinguished," based on a sufficiently developed factual record.

11 (*Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 130.)

12
13 IV. Settlement Process

14 According to a joint declaration by plaintiffs' counsel, Altaba produced over 33,000
15 pages of documents during the Proxy Litigation proceedings. Plaintiffs have reviewed these
16 documents, which include minutes, agendas, board packages, communications, and other
17 materials of the Yahoo! board of directors and its relevant committees. Plaintiffs also deposed
18 two of the individual defendants and two third-party fact witnesses during the Proxy Litigation.
19 Altaba produced additional documents as a result of the parties' meet and confer discussions in
20 connection with the Writ Action. Plaintiffs have also reviewed and analyzed Yahoo!'s public
21 filings and other public statements, information learned from governmental investigations,
22 analyst and media reports, and filings in the federal actions discussed above, along with
23 conducting legal research and extensive factual and legal analyses relating to the potential
24 liability and damages in this case.

25 Following this investigation and the substantial motion practice summarized above, the
26 parties participated in a full-day mediation before Hon. Daniel Weinstein on April 5, 2018, along
27 with numerous insurers and their counsel. Judge Weinstein also mediated the Federal Securities
28 Class Action. While the parties were unable to reach a settlement on April 5, they continued to
negotiate during the weeks that followed. Judge Weinstein also continued to work with the

1 parties and the insurance carriers. Following about two months of additional negotiations, Judge
2 Weinstein made a mediator's recommendation to settle the case for \$29 million, which the
3 parties accepted. After they had reached this agreement, the parties negotiated an award of
4 attorney fees and expenses to plaintiffs' counsel in connection with the Proxy Litigation and an
5 agreement that defendants would not oppose plaintiffs' motion for fees and costs associated with
6 the derivative settlement.

7 8 V. Provisions of the Settlement

9 The parties' agreement provides that \$29 million will be paid by the insurance carriers of
10 the individual defendants and Verizon, as separately agreed by them, in settlement of this
11 consolidated action, the Delaware Action, and the Federal Derivative Action. Plaintiffs'
12 counsel's fees and expenses, along with service awards to the named plaintiffs, will be deducted
13 before the remaining funds are paid to Altaba. Pursuant to the settlement, the Delaware Action,
14 the Federal Derivative Action, and the Writ Action will all be dismissed with prejudice.

15 Plaintiffs' counsel will seek a fee award of up to 30 percent of the settlement, as well as
16 up to \$250,000 in litigation expenses. Service awards of \$10,000 to plaintiff Spain and \$5,000 to
17 the other named plaintiffs herein will also be requested. Altaba has also agreed to pay plaintiffs'
18 counsel an additional \$2 million in fees for their work on the Proxy Litigation, in recognition of
19 the benefits to Altaba and its shareholders that resulted from those efforts in the form of
20 supplemental disclosures associated with the sale to Verizon.

21 In exchange for these benefits, the named plaintiffs have agreed to release, on behalf of
22 themselves and derivatively on behalf of Altaba, all claims, rights, etc. that (i) they asserted in
23 this action or (ii) that they or any other shareholder could have asserted derivatively, that Altaba
24 could have asserted directly, or that the named plaintiffs could have asserted directly in any
25 forum and that relate to a settling plaintiff's status as a Yahoo! stockholder and arise out of or are
26 based upon the facts, matters, etc. alleged herein. Expressly excluded from the release are claims
27 alleged in the Federal Customer and Securities Class Actions, and the claims in *Yahoo! Inc.*
28 *Private Information Disclosure Cases* (Super. Ct. Orange County, JCCP 4895).

1 VI. Fairness of the Settlement

2 On its face and considering the Court's experience with this hard-fought litigation, the
3 parties' agreement appears to achieve a good result for Altaba shareholders. The settlement is
4 entitled to a presumption of fairness given the extensive investigation and arm's-length
5 bargaining that preceded it. In addition, the agreement resulted from a mediator's proposal, and
6 Judge Weinstein has submitted a declaration expressing his strong support and describing the
7 substantial efforts that he and the parties undertook to achieve this outcome.

8 As directed by the Court, plaintiffs filed a supplemental declaration addressing the merits
9 of their claims—including their estimates of the potential liability in this action—and describing
10 the specific risks and circumstances that they considered in agreeing to settle the case.. Having
11 reviewed and considered this declaration, the Court can now conclude based on its own analysis
12 that the settlement is fair and reasonable to shareholders. While the potential liability in this
13 action is substantial, there is a real possibility of no recovery due not only to the difficulties of
14 pleading demand futility and establishing liability in any derivative action, but to Altaba's status
15 as a holding company in the process of winding up its affairs and terminating its existence. In
16 addition, there would be significant hurdles to proving causation with regard to the largest
17 potential components of damages—the \$350 million reduction in the price of the assets sold to
18 Verizon and the \$32 million paid by Yahoo! to investigate and remediate issues related to the
19 data breaches.

20 The Court retains an independent right and responsibility to review the attorney fee
21 provisions of the settlement agreement and award only so much as it determines to be
22 reasonable. (See *Garabedian v. Los Angeles Cellular Telephone Co.* (2004) 118 Cal.App.4th
23 123, 127-128.) In derivative settlements, “[t]he court therefore must consider whether the
24 negotiated fee will result in unwarranted harm to the corporation and the shareholders, such as
25 would be the situation if the cost of the settlement to the corporation far exceeded its value to the
26 corporation and shareholders.” (*Robbins, supra*, 127 Cal.App.4th at p. 450 [reducing fee award
27 to \$150,000 where value of corporate governance reforms was modest at best].) Here, the
28 settlement achieves a substantial financial recovery, and plaintiffs' efforts during the Proxy

1 Litigation resulted in supplemental disclosures, that would appear to support the fee award
2 requested by plaintiffs. Nevertheless, as a cross-check, plaintiffs' counsel should submit lodestar
3 information prior to the final approval hearing so the Court can compare the lodestar information
4 with the requested fees. Plaintiffs should also address the value of the supplemental disclosures
5 in connection with their eventual request for attorney fees.

6 7 VII. Notice

8 Like a class notice, a notice of a derivative settlement should include "[a] brief
9 explanation of the case, including the basic contentions or denials of the parties." (Cal. Rules of
10 Court, rule 3.766(d).) The notice should explain the settlement and the procedure for making an
11 objection.

12 Here, the notice and summary notice inform shareholders of the nature of the action and
13 of the settlement, including a statement regarding the amount of fees that plaintiffs' counsel will
14 seek in connection with both the derivative claims and the Proxy Litigation. The procedure for
15 making an objection is described. At the Court's direction, several changes and corrections were
16 made to the notices, which are reflected in the updated versions of the notices attached to the
17 supplemental declaration filed by plaintiffs' counsel on October 24. The Court finds that the
18 updated notices are reasonably calculated to apprise shareholders of the settlement, and they are
19 approved.

20 The full notice will be posted to the investor relations page of Altaba's web site and the
21 summary notice will be published twice in *Investor's Business Daily*. Altaba will pay the costs
22 associated with publishing the notices, and the parties have agreed that the final approval hearing
23 should be held 50 days after the notices are published. At the Court's suggestion, the parties
24 agreed that the summary notice will be filed with the SEC in addition to being posted to Altaba's
25 web site. These notice procedures are appropriate and are approved.

1 VIII. Conclusion and Order

2 The motion for preliminary approval is GRANTED. The final approval hearing shall
3 take place on January 4, 2019 at 9:00 a.m. in Dept. 1.
4

5 IT IS SO ORDERED.
6

7
8 Dated: 10-26-18



Honorable Brian C. Walsh
Judge of the Superior Court

Exhibit 4

Electronically Filed
by Superior Court of CA,
County of Santa Clara,
on 1/9/2019 8:29 AM
Reviewed By: R. Walker
Case #17CV307054
Envelope: 2355400

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SANTA CLARA

IN RE YAHOO! INC. SHAREHOLDER
LITIGATION

Consolidated Action
Lead Case No.: 17CV307054

Consolidated Action, Including:

**ORDER AFTER HEARINGS ON
JANUARY 4, 2019**

Spain v. Mayer, et al.
Superior Court of California, County of Santa
Clara, Lead Case No. 17CV307054

Final Fairness Hearing

The LR Trust v. Mayer, et al.
Superior Court of California, County of Santa
Clara, Lead Case No. 17CV306525

Plumbers and Pipefitters National Pension Fund
v. Mayer, et al.
Superior Court of California, County of Santa
Clara, Lead Case No. 17CV310992

The above-entitled matter came on regularly for hearing on January 4, 2019 at 9:00
a.m. in Department 1 (Complex Civil Litigation), the Honorable Brian C. Walsh presiding.
The Court reviewed and considered the written submission of all parties and issued a tentative
ruling on January 3, 2019. No party contested the tentative ruling and no party appeared;
therefore, the Court orders that the tentative ruling be adopted and incorporated herein as the
Order of the Court, as follows:

1 These consolidated shareholder and derivative actions arise from the sale of the operating
2 assets of Yahoo! Inc. (now Altaba Inc.) to Verizon Communications Inc., and from undisclosed
3 security breaches that preceded the sale. The parties have reached a settlement, which the Court
4 preliminarily approved on October 26, 2018. The factual and procedural background of the
5 action and the Court's analysis of the settlement are set forth in the order granting preliminary
6 approval.

7 Before the Court are plaintiffs' motions for final approval of the settlement and for
8 approval of their attorney fees, costs, and service awards. Plaintiffs' motions are unopposed.

9
10 I. Legal Standard for Approving a Derivative Settlement

11
12 "A court reviewing a settlement agreement considers whether the proposed settlement is
13 fair and reasonable in light of all relevant factors. [Citations.] A court reviews the settlement of
14 a derivative suit as a means of protecting the interests of those who are not directly represented
15 in the settlement negotiations." (*Robbins v. Alibrandi* (2005) 127 Cal.App.4th 438, 445.) "The
16 duty of a court reviewing a settlement of a class action provides a useful analogy because the
17 court in such cases seeks to protect the members of the class who, like the corporation and non-
18 named shareholders in a derivative suit, may have no independent representation and little
19 control over the action." (*Id.* at p. 449, fn. 2.) Thus, in evaluating the fairness of the derivative
20 aspects of this settlement, the Court's analysis is guided by relevant legal authorities regarding
21 the approval of class action settlements.

22 Generally, "questions whether a settlement was fair and reasonable, whether notice to the
23 class was adequate, ... and whether the attorney fee award was proper are matters addressed to
24 the trial court's broad discretion." (*Wershba v. Apple Computer, Inc.* (2001) 91 Cal.App.4th
25 224, 234-235, citing *Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, disapproved of on
26 other grounds by *Hernandez v. Restoration Hardware, Inc.* (2018) 4 Cal.5th 260.)

27 In determining whether a class settlement is fair, adequate and reasonable, the
28 trial court should consider relevant factors, such as the strength of plaintiffs' case,
the risk, expense, complexity and likely duration of further litigation, ... the

1 amount offered in settlement, the extent of discovery completed and the stage of
2 the proceedings, the experience and views of counsel, the presence of a
3 governmental participant, and the reaction of the class members to the proposed
settlement.

4 (*Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at pp. 244-245, internal citations and
5 quotations omitted.)

6 The list of factors is not exclusive and the court is free to engage in a balancing and
7 weighing of factors depending on the circumstances of each case. (*Wershba v. Apple Computer,*
8 *Inc.*, *supra*, 91 Cal.App.4th at p. 245.) The court must examine the “proposed settlement
9 agreement to the extent necessary to reach a reasoned judgment that the agreement is not the
10 product of fraud or overreaching by, or collusion between, the negotiating parties, and that the
11 settlement, taken as a whole, is fair, reasonable and adequate to all concerned.” (*Ibid.*, quoting
12 *Dunk v. Ford Motor Co.*, *supra*, 48 Cal.App.4th at p. 1801, internal quotation marks omitted.)

13
14 The burden is on the proponent of the settlement to show that it is fair and
15 reasonable. However “a presumption of fairness exists where: (1) the settlement
16 is reached through arm’s-length bargaining; (2) investigation and discovery are
sufficient to allow counsel and the court to act intelligently; (3) counsel is
experienced in similar litigation; and (4) the percentage of objectors is small.”

17 (*Wershba v. Apple Computer, Inc.*, *supra*, 91 Cal.App.4th at p. 245, citing *Dunk v. Ford Motor*
18 *Co.*, *supra*, 48 Cal.App.4th at p. 1802.)

19 The presumption does not permit the Court to “give rubber-stamp approval” to a
20 settlement; in all cases, it must “independently and objectively analyze the evidence and
21 circumstances before it in order to determine whether the settlement is in the best interests of
22 those whose claims will be extinguished,” based on a sufficiently developed factual record.
23 (*Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 130.)

24 25 II. Terms and Notice of the Settlement

26 The parties’ agreement provides that \$29 million will be paid by the insurance carriers of
27 the individual defendants and Verizon, as separately agreed by them, in settlement of this
28 consolidated action, as well as the Delaware Action and the Federal Derivative Action (which

1 are discussed in the Court's order granting preliminary approval). Plaintiffs' counsel's fees and
2 expenses, along with service awards to the named plaintiffs, will be deducted before the
3 remaining funds are paid to Altaba. Pursuant to the settlement, the Delaware Action, the Federal
4 Derivative Action, and the Writ Action (also discussed in the Court's prior order) will all be
5 dismissed with prejudice. The putative class claims in this action will also be dismissed.

6 Plaintiffs' counsel will seek a fee award of up to 30 percent of the settlement, as well as
7 up to \$250,000 in litigation expenses. Service awards of \$10,000 to plaintiff Spain and \$5,000 to
8 the other named plaintiffs herein will also be requested. Altaba has further agreed to pay
9 plaintiffs' counsel an additional \$2 million in fees for their work on the Proxy Litigation, in
10 recognition of the benefits to Altaba and its shareholders that resulted from those efforts in the
11 form of supplemental disclosures associated with the sale to Verizon.

12 In exchange for these benefits, the named plaintiffs have agreed to release, on behalf of
13 themselves and derivatively on behalf of Altaba, all claims, rights, etc. that (i) they asserted in
14 this action or (ii) that they or any other shareholder could have asserted derivatively, that Altaba
15 could have asserted directly, or that the named plaintiffs could have asserted directly in any
16 forum and that relate to a settling plaintiff's status as a Yahoo! stockholder and arise out of or are
17 based upon the facts, matters, etc. alleged herein. Expressly excluded from the release are claims
18 alleged in the Federal Customer and Securities Class Actions, and the claims in *Yahoo! Inc.*
19 *Private Information Disclosure Cases* (Super. Ct. Orange County, JCCP 4895).

20 The notice process has now been completed, and there are no objections to the settlement.
21 Defendants' counsel has submitted a declaration confirming that on October 31, 2018, the long-
22 form notice approved by the Court was posted to Altaba's web site and the summary notice was
23 filed with the SEC. The summary notice was also published twice in *Investor's Business Daily*,
24 on November 5 and November 12.

25 At preliminary approval, the Court found that the proposed settlement provides a fair and
26 reasonable compromise to plaintiffs' claims. It finds no reason to deviate from this finding now,
27 especially considering that there are no objections. The Court consequently finds that the
28 settlement is fair and reasonable for purposes of final approval.

1 III. Attorney Fees, Costs, and Incentive Awards

2 There are two aspects to the attorney fee award requested by plaintiffs, which defendants
3 have agreed not to oppose. First, plaintiffs request an award of \$8,645,244, around thirty percent
4 of the \$29 million monetary settlement. Second, they seek an additional \$2 million in fees for
5 their efforts in the Proxy Litigation, which resulted in the provision of supplemental disclosures
6 to shareholders before they voted to approve the sale to Verizon. Such a dual-pronged fee award
7 is appropriate in a derivative case where the plaintiffs achieved both the creation of a common
8 fund and a substantial non-monetary benefit for the corporation and its shareholders. (See
9 *Cziraki v. Thunder Cats, Inc.* (2003) 111 Cal.App.4th 552, 554.)

10 “[A] court approving a negotiated fee in a derivative suit must determine if the fee is fair
11 and reasonable” (*Robbins v. Alibrandi, supra*, 127 Cal.App.4th at pp. 448-449.) The court
12 should “review the circumstances leading up to the settlement to ensure that the process was fair
13 and free from fraud or collusion” and “consider whether the negotiated fee will result in
14 unwarranted harm to the corporation and the shareholders, such as would be the situation if the
15 cost of the settlement to the corporation [considering, inter alia, increased insurance premiums]
16 far exceeded its value to the corporation and shareholders.” (*Id.* at pp. 449-450.) Here, the
17 process preceding the settlement, described in the Court’s preliminary approval order, was robust
18 and appears to have been fair and free from fraud or collusion. Counsel’s fee was negotiated
19 separately from the substantive terms of the settlement with the assistance of Judge Weinstein.

20 These circumstances support approval of the negotiated fee, but the Court must still
21 independently evaluate its fairness in light of the value of the settlement to Altaba and its
22 shareholders.

23 The first aspect of the fee award is properly evaluated under the common fund doctrine.
24 In California, fee awards of twenty-five to thirty-three percent are routinely approved under this
25 doctrine (see *Consumer Privacy Cases* (2009) 175 Cal.App.4th 545, 55 fn. 13); in Delaware,
26 derivative actions settled after “meaningful litigation efforts” often yield a twenty-five percent
27 award (see *Americas Mining Corp. v. Theriault* (Del. 2012) 51 A.3d 1213, 1259-1260). Here,
28 plaintiffs’ fee request is supported by a lodestar figure of \$5,836,627, based on 9,510 hours spent

1 on the case by attorneys and other professionals with billing rates ranging from \$175 to \$1,250
2 per hour. The fee request results in a multiplier of 1.83, accounting for the additional \$2 million
3 award requested in connection with the Proxy Litigation. As a cross-check, the lodestar
4 supports the fees requested, particularly given the lack of objections to the attorney fee request.
5 (See *Laffitte v. Robert Half Intern. Inc.* (Cal. 2016) 1 Cal.5th 480, 488, 503-504 [trial court did
6 not abuse its discretion in approving fee award of 1/3 of the common fund, cross-checked against
7 a lodestar resulting in a multiplier of 2.03 to 2.13].) While the thirty percent requested is on the
8 high side of percentage awards in derivative cases, here, the award is justified given the
9 substantial time expended by counsel on the case, the significant risk of no recovery, and the
10 good result achieved for the shareholders. A monetary recovery is particularly beneficial here,
11 where Altaba is in the process of winding up its affairs and terminating its existence.

12 The second aspect of plaintiffs' fee request is analyzed under the substantial benefit
13 doctrine. "Although [a] negotiated fee need not be perfectly consistent with the fees the court
14 would award under the 'substantial benefit doctrine,' it must be in the same range." (*Robbins v.*
15 *Alibrandi, supra*, 127 Cal.App.4th at p. 451.) The court may evaluate the value of the attorneys'
16 work "in a number of ways, depending on factors such as the nature of the case, the nature of the
17 settlement and court's familiarity with the litigation. The means of making this determination
18 are best left to the trial court...." (*Id.* at p. 452.)

19 Here, Yahoo! agreed to issue several supplemental disclosures in response to plaintiffs'
20 motion for a preliminary injunction in the Proxy Litigation. Several of these disclosures were
21 material and support the \$2 million requested.

22 Plaintiffs also request \$182,520 in litigation expenses, below the \$250,000 estimate
23 provided at preliminary approval. The costs are reasonable based on the summaries provided
24 and are approved.

25 Finally, plaintiffs request service awards of \$10,000 to plaintiff Spain and \$5,000 to the
26 other named plaintiffs. To support her request, plaintiff Spain submits a declaration in which she
27 describes her efforts on the case, estimating she spent 95 hours on the matter. The two other
28 named California plaintiffs also submit declarations, which reflect that they spent significantly

1 less time on the case than Spain. The Court finds that the class representatives are entitled to an
2 enhancement award and the amounts requested are reasonable.

3
4 IV. Conclusion and Order

5 Plaintiffs' motion for final approval of the settlement is GRANTED. Plaintiffs' motion
6 for an award of attorney fees, expenses, and service awards is also GRANTED.

7 IT IS SO ORDERED.

8
9 Dated: 1-8-19

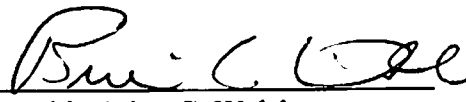
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11 Honorable Brian C. Walsh
12 Judge of the Superior Court
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Exhibit 5

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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 OAKLAND DIVISION

11 IN RE MCKESSON CORPORATION
12 DERIVATIVE LITIGATION

Case No. 4:17-cv-01850-CW

13 [PROPOSED] FINAL JUDGMENT AND
14 ORDER APPROVING DERIVATIVE
15 ACTION SETTLEMENT

16 Re: Dkt Nos. 221, 222
17

18 WHEREAS, a consolidated stockholder derivative action is
19 pending in this Court entitled In re McKesson Corporation
20 Derivative Litigation, No. 4:17-cv-01850-CW (the "California
21 Action");

22 WHEREAS, (a) plaintiffs in the California Action, Eli
23 Inzlicht; Vladimir Gusinsky, as Trustee for the Vladimir Gusinsky
24 Living Trust; Chaile Steinberg; Michael Berent, Trustee of the
25 Police & Fire Retirement System City of Detroit; and Amalgamated
26 Bank, as Trustee for Longview Largecap 500 Index Fund and
27 Longview Largecap 500 Index VEBA Fund (collectively, the
28 California Plaintiffs); (b) plaintiffs in the stockholder

1 derivative action pending in the Court of Chancery of the State
 2 of Delaware (the Delaware Court), styled as In re McKesson
 3 Corporation Stockholder Derivative Litigation, Consol. C.A. No.
 4 2017-0736-SG (the Delaware Action and, together with the
 5 California Action, the Actions), Katielou Greene and Charles
 6 Ojeda (collectively, the Delaware Plaintiffs and, together with
 7 the California Plaintiffs, Plaintiffs); (c) current and former
 8 defendants in the California Action or the Delaware Action, Andy
 9 Bryant; Wayne A. Budd; John Hammergren; M. Christine Jacobs;
 10 Marie L. Knowles; Edward Mueller; Donald Knauss; Susan Salka; N.
 11 Anthony Coles; Alton Irby III; David Lawrence; Jane Shaw; Laureen
 12 Seeger; Paul Julian; and Mark Walchirk (collectively,
 13 Defendants); (d) the Special Litigation Committee formed by the
 14 Board of Directors of Nominal Defendant McKesson Corporation (the
 15 SLC); and (e) Nominal Defendant McKesson Corporation (Nominal
 16 Defendant, McKesson, or the Company and, together with
 17 Plaintiffs, Defendants, and the SLC, the Parties) have reached a
 18 proposed settlement on the terms and conditions set forth in the
 19 Stipulation and Agreement of Compromise, Settlement, and Release
 20 dated December 11, 2019, (the Stipulation) subject to the
 21 approval of this Court (the Settlement);

22 WHEREAS, the Settlement provides for a complete dismissal
 23 with prejudice of the claims asserted in the Actions against
 24 Defendants;

25 WHEREAS, by Order dated January 31, 2020 (the Preliminary
 26 Approval Order), this Court (a) preliminarily approved the
 27 Settlement; (b) ordered that notice of the proposed Settlement be
 28 provided to McKesson stockholders; (c) provided McKesson

1 stockholders with the opportunity to object to the proposed
2 Settlement and Plaintiffs' Lead Counsel's application for an
3 award of attorneys' fees and expenses; and (d) scheduled a
4 hearing regarding final approval of the Settlement;

5 WHEREAS, the Court conducted a hearing on April 21, 2020
6 (the Settlement Fairness Hearing) to consider, among other
7 things, (a) whether the California Plaintiffs and Plaintiffs'
8 Lead Counsel have adequately represented the interests of
9 McKesson and its stockholders; (b) whether the proposed
10 Settlement on the terms and conditions provided for in the
11 Stipulation is fair, reasonable, and adequate to McKesson and its
12 stockholders, and should be approved by the Court; (c) whether a
13 judgment should be entered dismissing the California Action with
14 prejudice; and (d) whether the application by Plaintiffs' Lead
15 Counsel for an award of attorneys' fees and expenses should be
16 approved;

17 WHEREAS, no objections to the Settlement were filed; and

18 WHEREAS, it appearing that due notice of the terms of the
19 Settlement and Releases and the Settlement Fairness Hearing has
20 been given in accordance with the Preliminary Approval Order; the
21 Parties having appeared by their respective attorneys of record;
22 the Court having heard and considered evidence in support of the
23 proposed Settlement; the attorneys for the respective Parties
24 having been heard; an opportunity to be heard having been given
25 to all other persons or entities requesting to be heard in
26 accordance with the Preliminary Approval Order; the Court having
27 determined that notice to McKesson stockholders was adequate and
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1 sufficient; and the entire matter of the proposed Settlement
2 having been heard and considered by the Court;

3 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED,
4 as follows:

5 1. Definitions - Unless otherwise defined in this
6 Judgment, the capitalized terms used herein shall have the same
7 meaning as they have in the Stipulation.

8 2. Jurisdiction - The Court has jurisdiction over the
9 subject matter of the California Action, including all matters
10 necessary to effectuate the Settlement and this Judgment and over
11 all Parties.

12 3. Incorporation of Settlement Documents - This Judgment
13 incorporates and makes a part hereof: (a) the Stipulation filed
14 with the Court on December 27, 2019; and (b) the Notice and
15 Summary Notice, which were filed with the Court on January 30,
16 2020.

17 4. Derivative Action Properly Maintained; Adequacy of
18 Plaintiffs and Plaintiffs' Counsel - Based on the record in the
19 California Action, each of the provisions of Rule 23.1 of the
20 Federal Rules of Civil Procedure has been satisfied and the
21 California Action has been properly maintained according to Rule
22 23.1. The California Plaintiffs and Plaintiffs' Lead Counsel
23 have adequately represented the interests of McKesson and its
24 stockholders both in terms of litigating the California Action
25 and for purposes of entering into and implementing the
26 Settlement.

27 5. Notice - The Court finds that the dissemination of the
28 Notice and publication of the Summary Notice: (a) were

1 implemented in accordance with the Preliminary Approval Order;
2 (b) constituted notice that was reasonably calculated, under the
3 circumstances, to apprise McKesson stockholders of: (i) the
4 pendency of the Actions; (ii) the effect of the proposed
5 Settlement (including the Releases to be provided thereunder);
6 (iii) Plaintiffs' Lead Counsel's application for an award of
7 attorneys' fees and expenses; (iv) their right to object to the
8 Settlement and/or Plaintiffs' Lead Counsel's application for
9 attorneys' fees and expenses; and (v) their right to appear at
10 the Settlement Hearing; (c) constituted due, adequate, and
11 sufficient notice to all persons and entities entitled to receive
12 notice of the proposed Settlement; and (d) satisfied the
13 requirements of Rule 23.1 of the Federal Rules of Civil
14 Procedure, the United States Constitution (including the Due
15 Process Clause), and all other applicable law and rules.

16 6. Final Settlement Approval and Dismissal of Claims -
17 Pursuant to, and in accordance with, Federal Rule of Civil
18 Procedure 23.1, this Court hereby fully and finally approves the
19 Settlement set forth in the Stipulation in all respects
20 (including, without limitation: the Settlement consideration; the
21 Releases, including the release of the Settled Plaintiffs' Claims
22 as against the Released Defendant Parties; and the dismissal with
23 prejudice of the claims asserted against Defendants in the
24 California Action), and finds that the Settlement is, in all
25 respects, fair, reasonable, and adequate to the Company and its
26 stockholders. The Parties are directed to implement, perform,
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1 and consummate the Settlement in accordance with the terms and
2 provisions contained in the Stipulation.

3 7. The California Action and all of the claims asserted
4 against all Defendants in the California Action by the California
5 Plaintiffs are hereby dismissed with prejudice. The Parties
6 shall bear their own costs and expenses, except as otherwise
7 expressly provided in the Stipulation.

8 8. Binding Effect - The terms of the Stipulation and of
9 this Judgment shall be forever binding on the Parties and all
10 McKesson stockholders, as well as their respective successors and
11 assigns.

12 9. Releases - The Releases set forth in paragraphs 9, 10,
13 and 11 of the Stipulation, together with the definitions
14 contained in paragraph 1 of the Stipulation relating thereto, are
15 expressly incorporated herein in all respects. The Releases are
16 effective as of the Effective Date. Accordingly, this Court
17 orders that: (a) without further action by anyone, and subject to
18 Paragraph 10 below, upon the Effective Date of the Settlement,
19 Plaintiffs, the SLC, the Company, and by operation of law the
20 Company's stockholders shall be deemed to have, and by operation
21 of law and of the Judgment, shall have, fully, finally, and
22 forever discharged, settled, and released, and shall forever be
23 enjoined from commencing or prosecuting, any and all Settled
24 Plaintiffs' Claims and Settled Litigation Claims (including
25 Unknown Claims) against the Released Defendants' Parties; (b)
26 without further action by anyone, and subject to Paragraph 10
27 below, upon the Effective Date of the Settlement, Defendants, the
28 SLC, and the Company shall be deemed to have, and by operation of

1 law and of the Judgment, shall have, fully, finally, and forever
2 discharged, settled, and released, and shall forever be enjoined
3 from commencing or prosecuting, any and all Settled Defendants'
4 Claims and Settled Litigation Claims (including Unknown Claims)
5 against the Released Plaintiffs' Parties; (c) without further
6 action by anyone, and subject to Paragraph 10 below, upon the
7 Effective Date of the Settlement, Plaintiffs, Defendants, the
8 Company, and by operation of law the Company's stockholders shall
9 be deemed to have, and by operation of law and of the Judgment,
10 shall have, fully, finally, and forever discharged, settled, and
11 released, and shall forever be enjoined from commencing or
12 prosecuting, any and all Settled Litigation Claims (including
13 Unknown Claims) against the SLC and the SLC's Counsel.

14 10. Notwithstanding Paragraphs 9(a)-(c) above, nothing in
15 this Judgment shall bar any action by any of the Parties to
16 enforce the terms of the Stipulation or this Judgment. Also, for
17 the avoidance of doubt, the Settlement does not cover, settle, or
18 release: (i) any direct claims held by any current, former, or
19 future stockholder of McKesson who is not a Plaintiff, including
20 any claims asserting violations of the federal or state
21 securities laws, including, without limitation, claims asserted
22 in Evanston Police Pension Fund v. McKesson Corporation, et al.,
23 Case No. 3:18-cv-06525-CRB (N.D. Cal.); or (ii) any claims
24 currently asserted in Henry v. Tyler, et al., Case No. 3:19-cv-
25 2869-CRB (N.D. Cal.).

26 11. No Admissions - Neither this Judgment, the Term Sheet,
27 the Stipulation, including the exhibits thereto, the negotiations
28 leading to the execution of the Term Sheet and the Stipulation,

1 nor any proceedings taken pursuant to or in connection with the
2 Term Sheet, the Stipulation, and/or approval of the Settlement
3 (including any arguments proffered in connection therewith): (a)
4 shall be offered against any of the Released Defendants' Parties
5 or the SLC as evidence of, or construed as, or deemed to be
6 evidence of any presumption, concession, or admission by any of
7 the Released Defendants' Parties or the SLC with respect to the
8 truth of any fact alleged by Plaintiffs or the validity of any
9 claim that was or could have been asserted or the deficiency of
10 any defense that has been or could have been asserted in the
11 Actions or in any other litigation, or of any liability,
12 negligence, fault, or other wrongdoing of any kind of any of the
13 Released Defendants' Parties or in any way referred to for any
14 other reason as against any of the Released Defendants' Parties,
15 in any arbitration proceeding or other civil, criminal, or
16 administrative action or proceeding, other than such proceedings
17 as may be necessary to effectuate the provisions of the
18 Stipulation; (b) shall be offered against any of the Released
19 Plaintiffs' Parties or the SLC, as evidence of, or construed as,
20 or deemed to be evidence of any presumption, concession, or
21 admission by any of the Released Plaintiffs' Parties or the SLC
22 that any of the Released Plaintiffs' Parties' claims are without
23 merit, that any of the Released Defendants' Parties had
24 meritorious defenses, or that damages recoverable under the
25 Complaints would not have exceeded the Settlement Consideration
26 or with respect to any liability, negligence, fault, or
27 wrongdoing of any kind, or in any way referred to for any other
28 reason as against any of the Released Plaintiffs' Parties, in any

1 arbitration proceeding or other civil, criminal, or
 2 administrative action or proceeding, other than such proceedings
 3 as may be necessary to effectuate the provisions of the
 4 Stipulation; or (c) shall be construed against any of the
 5 Released Parties or the SLC as an admission, concession, or
 6 presumption that the consideration to be given in the Settlement
 7 represents the amount which could be or would have been recovered
 8 after trial; provided, however, that the Parties, the Released
 9 Parties, and their respective counsel, the SLC, and the SLC's
 10 Counsel may refer to this Judgment and the Stipulation to
 11 effectuate the protections from liability granted hereunder and
 12 thereunder, to support any and all defenses or counterclaims
 13 based on res judicata, collateral estoppel, release, good-faith
 14 settlement, judgment bar or reduction or any other theory of
 15 claim preclusion or issue preclusion or similar defense or
 16 counterclaim, or otherwise to enforce the terms of the
 17 Settlement.

18 12. Award of Attorneys' Fees and Expenses - Plaintiffs'
 19 Counsel are hereby awarded attorneys' fees in the amount of 25%
 20 of the Cash Settlement Fund, with due consideration given to both
 21 the cash settlement and the corporate governance reforms, which
 22 constitute an exceptional result. The Court finds the requested
 23 attorneys' fees to be fair and reasonable under Delaware law¹ and

24 ¹ Delaware law governs the fee award here because Delaware
 25 law governs the claims in this action. See Second Consolidated
 26 Amended Complaint ¶ 10, Docket No. 124 (invoking the Court's
 27 subject matter jurisdiction under 28 U.S.C. § 1332); see also
 28 Mangold v. California Pub. Utilities Comm'n, 67 F.3d 1470, 1478
 (9th Cir. 1995) (holding that "state substantive law governs the
 award of fees in diversity actions" as well as the "calculation
 of the amount of the fee"). The requested attorneys' fees are

1 consistent with the twenty-five-percent benchmark used in the
2 Ninth Circuit. When cross-checked against the lodestar of
3 \$15,020,210.40, the requested attorneys' fees represent a 2.9
4 multiplier, which is a reasonable multiplier in light of the
5 excellent results that Plaintiffs' Counsel achieved on behalf of
6 the settlement class members and the risks they undertook to
7 litigate this action on a contingency basis. The Court also
8 finds the requested expenses in the amount of \$421,223.91 to be
9 fair, adequate, and reasonable. The Court-awarded attorneys'
10 fees and expenses shall be paid to Plaintiffs' Counsel in
11 accordance with the terms of the Stipulation.

12 13. No proceedings or court order with respect to the award
13 of attorneys' fees and expenses to Plaintiffs' Counsel shall in
14 any way disturb or affect this Judgment (including precluding
15 this Judgment from being Final or otherwise being entitled to
16 preclusive effect), and any such proceedings or court order shall
17 be considered separate from this Judgment.

18 14. Retention of Jurisdiction - Without affecting the
19 finality of this Judgment in any way, this Court retains
20 continuing jurisdiction over the Parties and all McKesson
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25 within the range approved by Delaware courts in similar cases.
26 See, e.g., Americas Mining Corp. v. Theriault, 51 A.3d 1213,
27 1259-60 (Del. 2012) ("A study of recent Delaware fee awards finds
28 that the average amount of fees awarded when derivative and class
actions settle for both monetary and therapeutic consideration is
approximately 23% of the monetary benefit conferred; the median
is 25%.") (citations and internal quotation marks omitted).

1 stockholders for purposes of the administration, interpretation,
2 implementation, and enforcement of the Settlement.

3 15. Modification of the Stipulation - Any further
4 amendments or modifications of the Stipulation or any exhibits
5 attached thereto to effectuate the Settlement shall only be made
6 with the prior approval of the Court.

7 16. Termination of Settlement - If the Settlement is
8 terminated as provided in the Stipulation or the Effective Date
9 of the Settlement otherwise fails to occur, this Judgment shall
10 be vacated, rendered null and void, and be of no further force
11 and effect, except as otherwise provided by the Stipulation, and
12 this Judgment shall be without prejudice to the rights of the
13 Parties or any McKesson stockholders, and the Parties shall
14 revert to their respective litigation positions in the Actions as
15 of October 15, 2019.

16 17. Entry of Final Judgment - There is no just reason to
17 delay the entry of this Judgment as a final judgment in the
18 California Action. Accordingly, the Clerk of the Court is
19 expressly directed to immediately enter this final judgment in
20 the California Action.

21 IT IS SO ORDERED.

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23 Dated: April 22, 2020



24 CLAUDIA WILKEN
25 United States District Judge
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