

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In re SAIC, INC. SECURITIES LITIGATION	:	Master File No. 1:12-cv-01353-DAB
_____	:	
	:	<u>CLASS ACTION</u>
This Document Relates To:	:	
	:	DECLARATION OF JOSEPH RUSSELLO
ALL ACTIONS.	:	IN SUPPORT OF LEAD PLAINTIFFS’
	:	MOTION FOR FINAL APPROVAL OF
_____	X	SETTLEMENT, APPROVAL OF PLAN OF
		ALLOCATION, AND FOR AN AWARD OF
		EXPENSES TO LEAD COUNSEL AND
		FOR AWARDS TO LEAD PLAINTIFFS
		PURSUANT TO 15 U.S.C. §78u-4(a)(4)

I, JOSEPH RUSSELLO, declare as follows:

1. I am an attorney duly licensed to practice law in the State of New York and am admitted to practice in this Court. I am a member of Lead Counsel Robbins Geller Rudman & Dowd LLP (“Robbins Geller” or “Lead Counsel”), counsel for Lead Plaintiffs Indiana Public Retirement System, Indiana State Teachers’ Retirement Fund and Indiana Public Employees’ Retirement Fund (together, “Funds,” “Plaintiffs” or “Lead Plaintiffs”) and the proposed Class.¹ I have been actively involved in all material aspects of the prosecution and resolution of this action and have personal knowledge of the matters set forth herein.

2. I respectfully submit this declaration in support of Lead Plaintiffs’ motion, pursuant to Rule 23 of the Federal Rules of Civil Procedure, for approval of: (i) Lead Plaintiffs’ request for final approval of the all-cash settlement of \$6,500,000 (“Settlement Amount”), payable by defendant Leidos, Inc. (f/k/a SAIC, Inc.) (“Leidos” or “SAIC” or “Defendant”) and/or its insurer(s); (ii) Lead Plaintiffs’ request for approval of the proposed Plan of Allocation; (iii) Lead Counsel’s request for an award of expenses; and (iv) Lead Plaintiffs’ applications for awards for time incurred in prosecuting the Litigation on behalf of the Class.

I. PRELIMINARY STATEMENT

3. This Settlement is the product of hotly-contested litigation spanning several years. Since the inception of this action in 2012, the parties briefed numerous motions before this Court; briefed and argued an appeal to the Second Circuit Court of Appeals; and filed merits briefs in the United States Supreme Court. Upon return from the Second Circuit, this Court adopted a shortened Class Period, and the parties engaged in additional briefing. With merits briefing underway before

¹ Capitalized terms not defined herein have the meaning ascribed to them in the Amended Stipulation of Settlement, dated June 26, 2019 and filed July 1, 2019 (ECF No. 183) (“Stipulation”).

the Supreme Court, the parties attended a mediation on September 14, 2017, at which they resolved this action.

4. As explained below and in the accompanying memorandum of law, this Settlement takes into consideration the significant risks specific to this Litigation. Furthermore, the Settlement is the result of arm's-length negotiations between the parties facilitated by Bruce A. Friedman, Esq., a mediator with JAMS who specializes in resolving complex litigation, and the former Co-Chair of Bingham McCutchen's litigation department. Experienced counsel conducted these negotiations with an understanding of the strengths and weaknesses of the parties' respective claims and defenses, and the risks of further litigation.

5. Plaintiffs believe that this Settlement provides a reasonable recovery to the Class, given the nature of the allegations, the length of the Class Period, and the size of investors' estimated losses. In opting to settle the Litigation, Plaintiffs and their counsel extensively considered the risks of proving the securities fraud claims alleged here, particularly in view of the criminal conviction of a perpetrator of the CityTime fraud – former employee (and former defendant here) Gerard Denault – for honest services fraud *against* Leidos, and other developments. It was Defendant's position that this conviction – coupled with criminal convictions of other perpetrators of the CityTime fraud, but not of SAIC – undermined, if not vitiated, any inference or finding of scienter. Defendant also argued that the surviving alleged misrepresentations and omissions, based upon claimed violations of Item 303 of Regulation S-K ("Item 303") and Financial Accounting Standard No. 5 ("FAS 5") of U.S. Generally Accepted Accounting Principles ("GAAP"), were not actionable. Although Plaintiffs disputed (and continue to dispute) those assertions, there was a substantial risk that Defendant could convince the Court at summary judgment, or a jury at trial, that scienter was lacking and the alleged misstatements were not in fact actionable.

6. The parties also disputed loss causation and damages. Judging from their motion-to-dismiss briefing and the Court’s ruling in shortening the putative class period upon remand from the Second Circuit, Defendant would have asserted that the alleged exposure of the truth at the end of the three-month class period revealed information already known to the market. For years, media outlets widely reported on the CityTime fraud and its connection to Leidos, as general contractor for the City of New York in connection with the information technology contract at the center of the scheme. Thus, Leidos had a potentially potent “truth-on-the-market” defense that information about problems with the CityTime contract was publicly available in the years preceding the Class Period. At the same time, Leidos could argue that the decline in the stock price at the end of the Class Period simply revealed additional adverse news regarding the connection between the CityTime fraud and Leidos, but not news of previously-concealed or unknown fraudulent conduct on the part of Leidos. While Plaintiffs would have also disputed these contentions, there was an undeniable and substantial risk that the putative class might recover limited or no damages if the Court or a jury agreed in whole or in part with Defendant’s arguments.

7. In deciding to settle the Litigation, Plaintiffs and their counsel weighed the documents and information they believed supported the allegations against the other documents and information that could be used to undercut those allegations. Indeed, the parties disagreed on the importance of much of the evidence in this Litigation – including evidence developed at the CityTime criminal trial – and there is no way to predict which interpretations or inferences a jury would accept. On balance, considering all of the circumstances and risks both sides faced if this Litigation progressed further, both Plaintiffs (for themselves and the Class) and Defendant concluded that settlement on the terms agreed upon was in their respective best interests. The Class appears to agree. Following an extensive Court-approved notice program, not a single Class Member has objected to the Settlement.

8. Although Lead Counsel has prosecuted this Litigation on a wholly contingent basis and has advanced and incurred substantial, albeit reasonable, litigation expenses, it does not seek an award of attorneys' fees. Instead, Lead Counsel seeks an award of expenses totaling \$340,000 that were reasonably and necessarily committed to the prosecution of the Litigation. These costs include: (i) expenses and other costs associated with Lead Counsel's investigative efforts, including obtaining voluminous trial transcripts, evidentiary submissions, CityTime invoices, and other materials from various New York City agencies, by litigation and otherwise; (ii) photocopying and other charges associated with managing these documents; (iii) fees and expenses charged by consultants and investigators whose services Lead Counsel required in prosecuting and resolving this Litigation; and (iv) factual and legal research. These charges and expenses were reasonable and necessary to secure the Settlement.

9. In addition, as permitted under the Private Securities Litigation Reform Act of 1995 ("PSLRA"), Lead Plaintiffs seek an award of \$20,000 for their time incurred in representing the Class. As explained below, the Funds reviewed drafts of pleadings and other court filings, including motion papers, as well as filed court papers and correspondence, on an ongoing basis; provided input and guidance on litigation and settlement strategy; and made themselves available for the lengthy duration of this Litigation for consultation and guidance. Their investment of time and effort greatly contributed to the successful resolution of the Litigation, which was actively prosecuted from early 2012 until late 2017.

10. The following is a summary of the principal events which occurred during the course of the Litigation.

II. THE LITIGATION

A. The Commencement of the Action, Appointment of Lead Plaintiffs, the Filing of the Amended Complaint, and the Parties' Motion Practice

11. On February 22, 2012, Robbins Geller filed a putative class action complaint in this Court on behalf of plaintiff City of Westland Police and Fire Retirement System. ECF No. 1. Additional cases were filed in this Court and in the Eastern District of Virginia, and various plaintiffs – including the Funds – moved for appointment as lead plaintiffs. *See* ECF Nos. 8-19. Ultimately, on June 14, 2012, this Court consolidated the actions and appointed the Funds as Lead Plaintiffs and Robbins Geller as Lead Counsel. ECF No. 33.

12. On August 30, 2012, Lead Plaintiffs filed their Amended Class Action Complaint for Violations of the Federal Securities Laws (“Complaint”), alleging claims on behalf of a class of purchasers of SAIC common stock between April 11, 2007 and September 1, 2011, inclusive. ECF No. 38. Specifically, the Complaint alleged that SAIC and Former Defendants² violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by, *inter alia*, issuing false and misleading statements and failing to disclose loss contingencies and uncertainties associated with an overbilling scheme, perpetrated by two former employees and others, that defrauded New York City out of hundreds of millions of dollars in connection with the CityTime project over a multi-year period. The Complaint further alleged that as a result of these material misrepresentations and omissions, SAIC’s common stock traded at artificially inflated prices.

13. On November 9, 2012, Leidos and the Former Defendants filed motions to dismiss the Complaint. ECF Nos. 55-56, 59-63, 65-73. Lead Plaintiffs filed their opposition to the motions

² The Former Defendants are Kenneth C. Dahlberg, Walter P. Havenstein, Mark W. Sopp, Deborah A. Alderson, and Gerard Denault.

on February 8, 2013 (ECF Nos. 78-79), and Leidos and the Former Defendants filed replies in further support of dismissal on March 25, 2013. ECF Nos. 83, 85-86.³ On September 30, 2013, the Court denied the motions to dismiss with respect to two claims alleged against SAIC based on the alleged CityTime-related omissions – claims for violation of Item 303 and FAS 5 directed to the March 25, 2011 Form 10-K – and granted the motions with respect to the Former Defendants.⁴ ECF No. 97.

14. On October 15, 2013, Leidos moved for partial reconsideration of the Court's September 30, 2013 decision on the motions to dismiss (ECF Nos. 104-105), which Lead Plaintiffs opposed on October 25, 2013. ECF Nos. 108-109. Leidos filed its reply on November 4, 2013 (ECF No. 110), and on January 30, 2014, the Court granted the motion and dismissed the Litigation. ECF No. 121.⁵ On January 31, 2014, the Clerk of the Court entered judgment dismissing this Litigation in accordance with the Court's January 30, 2014 decision. ECF No. 123.

³ On June 10, 2013, Judge Oetken dismissed a shareholder derivative lawsuit against Leidos, the members of its board of directors, and other individuals named as defendants in this Litigation. *See In re SAIC Derivative Litig.*, 948 F. Supp. 2d 366 (S.D.N.Y. 2013). In doing so, Judge Oetken found that the plaintiffs had failed to establish that demand on the board was futile, holding – based on similar allegations to those set forth in the Complaint and, later, the SAC – that the plaintiffs there failed to allege: (1) “with particularity that any directors had direct knowledge of inside information about CityTime-related wrongdoing” (*id.* at 382); or (2) “any direct path by which information about the CityTime fraud actually reached the Board, nor . . . sufficiently clear and prominent red flags.” *Id.* at 390.

⁴ On September 9, 2013, Lead Plaintiffs requested a pre-motion conference in connection with an application to partially lift the PSLRA's automatic stay of discovery during the pendency of the motions to dismiss. On September 16, 2013, Leidos opposed the request. On September 30, 2013, the Court denied the request as moot when it decided the motions to dismiss. *See* ECF No. 98.

⁵ On December 2, 2013, Leidos filed its answer to the Complaint. ECF No. 112. On January 9, 2014, the parties and Court participated in a scheduling conference at which they discussed Defendant's then-pending motion for partial reconsideration. ECF No. 117.

B. The Investigation and Preparation of the SAC and Proceedings Before the Second Circuit

15. On March 4, 2014, Lead Plaintiffs filed a motion to vacate the judgment to reinstate the dismissed claims against Leidos and/or for leave to further amend the Complaint, together with a [Proposed] Second Amended Class Action Complaint for Violations of the Federal Securities Laws (“SAC”). ECF Nos. 124-127.

16. The result of an extensive investigative effort and spanning 185 pages, the proposed SAC set forth numerous additional details regarding the CityTime fraud – and Leidos’s alleged awareness of it – based on testimonial and documentary evidence introduced at the CityTime trial, which took place from October 15, 2013 through November 22, 2013. The proposed SAC recounted relevant criminal trial testimony from at least 15 witnesses, and referenced materials obtained from various New York City agencies via Freedom of Information Law (“FOIL”) requests and state-court litigation.⁶

17. On April 2, 2014, Leidos opposed the motion to vacate or amend (ECF Nos. 131-132), and on April 21, 2014, Lead Plaintiffs filed a reply in further support of the motion. ECF No. 134. On September 30, 2014, the Court denied the motion (ECF No. 145), and on October 30, 2014, Lead Plaintiffs filed a Notice of Appeal to the Second Circuit. ECF No. 146.

⁶ In early February 2013, Robbins Geller submitted FOIL requests to the New York State Department of Investigation, Office of Payroll Administration and Mayor’s Office seeking materials relating to the CityTime scheme. As a result of these agencies’ refusals to provide timely responses, Robbins Geller commenced a state court proceeding under Article 78 of the New York Civil Practice Law and Rules to compel the production of such materials. During the pendency of that litigation, which ended in or about late 2015, Robbins Geller obtained thousands of pages of materials from those agencies. Robbins Geller also obtained materials from other state agencies via FOIL requests, as well as from federal agencies via Freedom of Information Act (“FOIA”) requests. Ultimately, Robbins Geller obtained certain exhibits and other materials introduced in evidence, or otherwise referenced, during the CityTime criminal trial.

18. On February 11, 2015, Lead Plaintiffs filed their opening brief in the Second Circuit, and on May 13, 2015, Leidos and the Former Defendants filed their answering brief. On June 22, 2015, Lead Plaintiffs filed their reply in further support of the appeal, and the Second Circuit held oral argument on October 6, 2015. On March 29, 2016, the Second Circuit rendered its decision, reinstating two claims against Leidos based on the alleged CityTime-related omissions, affirming the dismissal of others, and confirming that the Class Period begins on March 25, 2011 (*i.e.*, the date on which Leidos filed its Form 10-K). *See Ind. Pub. Ret. Sys. v. SAIC, Inc.*, 818 F.3d 85 (2d Cir. 2016) (ECF No. 147).

19. On April 12, 2016, Leidos filed in the Second Circuit a petition for panel rehearing and rehearing en banc, which the Second Circuit denied on August 2, 2016. On August 24, 2016, the Second Circuit issued its mandate (ECF No. 148), and on August 31, 2016, this Court issued an order granting leave to amend and limiting the class period to March 23, 2011 to September 1, 2011. ECF No. 149.

C. Further Proceedings Before this Court and the Filing of the SAC

20. On September 6, 2016, Leidos requested a pre-motion conference in contemplation of a motion establishing that the Class Period must end on June 2, 2011 instead of September 1, 2011. ECF No. 150. On September 9, 2016, Lead Plaintiffs opposed that request (ECF No. 151), and the parties submitted additional letters to the Court thereafter. ECF Nos. 152-154.

21. On September 23, 2016, the Court granted Leidos' request to end the Class Period on June 2, 2011, directing Lead Plaintiffs to file the SAC in accordance with that ruling. ECF No. 155. On October 7, 2016, Lead Plaintiffs filed a motion for reconsideration or certification of an appeal of the September 23, 2016 decision (ECF Nos. 156, 158), and Leidos filed its opposition on October

24, 2016. ECF No. 159. On November 3, 2016, Lead Plaintiffs filed their reply in further support of the motion (ECF No. 161), and on February 2, 2017, the Court denied the motion. ECF No. 163.

22. On October 31, 2016, during the pendency of the reconsideration and certification motion, Lead Plaintiffs filed the SAC in accordance with the Court's September 23, 2016 ruling on the length of the Class Period. ECF No. 160. On November 30, 2016, also during the pendency of the motion, Defendant filed its Answer to the SAC. ECF No. 162.

D. Proceedings Before the U.S. Supreme Court and Proceedings in this Court Relating to Discovery

23. On October 31, 2016, Leidos filed its petition for a writ of certiorari with the U.S. Supreme Court. Lead Plaintiffs opposed the certiorari petition on February 8, 2017, and Leidos filed its reply on February 21, 2017.

24. On March 8, 2017, the parties filed a Joint Rule 26(f) Report, which set forth their views on the scope of discovery and the timing of various case-related matters. ECF No. 167. On March 9, 2017, the parties appeared for a scheduling conference and the Court entered a scheduling order. ECF No. 169.

25. On March 20, 2017, Lead Plaintiffs served their First Set of Requests for Production, comprised of 50 individual requests, and on March 23, 2017, the parties exchanged Rule 26(a) initial disclosure statements.

26. On March 27, 2017, the Supreme Court granted Leidos' petition for certiorari, and on April 5, 2017, after letter briefing from the parties (ECF Nos. 170-172), the Court entered an order staying this Litigation pending resolution of the Supreme Court appeal. ECF No. 173.

27. On June 21, 2017, Leidos filed its opening brief in the Supreme Court, and on August 31, 2017, Lead Plaintiffs filed their answering brief. On October 2, 2017, Leidos filed its reply brief.

E. The Mediation and Resolution of this Matter

28. In an effort to settle the Litigation, Lead Plaintiffs and Leidos engaged the services of Bruce A. Friedman, Esq. of JAMS, an experienced mediator. They prepared and exchanged detailed mediation statements and engaged in a full-day in-person mediation session with Mr. Friedman on September 14, 2017. These efforts culminated with the parties agreeing to settle the Litigation for \$6.5 million in cash, subject to the negotiation of the terms of a Stipulation of Settlement and judicial approval.

29. As a result of the Settlement, the parties advised the Supreme Court that this matter was resolved in principle and Leidos withdrew its appeal.

F. Consultants

30. To assist in assessing and evaluating loss causation and damages, Plaintiffs engaged the services of several consultants. The work performed by these consultants provided valuable insight to Lead Plaintiffs and Lead Counsel in considering the merits of the claims and defenses and the prospects for settlement during the course of the Litigation.

1. ValueScope, Inc.

31. ValueScope, Inc. (“ValueScope”), a valuation and economic consulting firm with expertise in identifying and calculating economic damages, assisted Lead Counsel in assessing loss causation and damages issues for, and during, the mediation.

2. Financial Markets Analysis, LLC

32. Financial Markets Analysis, LLC served as a non-testifying financial consultant in the earlier stages of this Litigation, and assisted in preliminarily evaluating the relevance of certain items of news as well as the potential impact of those news items on damages. Personnel from this firm engaged in various discussions with Lead Counsel in developing litigation strategy and provided guidance on various case-related issues on an as-needed basis and at the request of Lead Counsel.

III. THE RISKS OF CONTINUED LITIGATION

33. Settlement in this Litigation was reached only after Lead Plaintiffs and Lead Counsel had a thorough understanding of the strengths and potential weaknesses of the remaining claims. Although discovery was not yet fully underway as of the time of Settlement, extensive information concerning the CityTime scheme and its connection to Leidos was well-publicized and the subject of the 2013 criminal trial.

34. In fact, media outlets had reported on the CityTime project for years, emphasizing the ballooning cost of the CityTime contract – from \$63 million in 1998 to nearly \$700 million by 2010. Additionally, Lead Counsel obtained thousands of pages of information from the CityTime criminal trial, including trial transcripts and evidentiary submissions, as well as materials in the possession of relevant New York City agencies. Some of this information pertained to Leidos’s involvement in the CityTime project, including its knowledge of staffing matters and contract costs. Accordingly, the Funds and Lead Counsel fully understood the strengths of their claims and Defendant’s defenses, as well as the potential damages suffered by the Class.

35. Numerous hurdles remained before trial. Given that discovery was not yet underway even as of 2017 (when the Settlement was reached), reconstructing events that took place well before 2010 – when criminal investigations were nearing their conclusion – would have proved challenging. By 2017, several witnesses were deceased, jailed, or not able to be located. Moreover, as Lead Counsel’s experience in seeking even public materials using FOIL and FOIA requests proved, state and federal agencies remained reluctant to cooperate with Plaintiffs’ investigative efforts or produce materials that the law arguably obligated them to produce. As noted above, Leidos mounted a formidable effort to prevent formal discovery at every step.

36. By the time the Settlement was reached, the Court had substantially pared back the Class Period, significantly reducing not only the size of the Class but also the amount of recoverable damages. Further setbacks could have occurred through and after any application for class certification, and there was a risk that Leidos could prove, to the Court's satisfaction, that: (1) investors already knew information regarding the CityTime scheme that Lead Plaintiffs had alleged was concealed; (2) the single alleged corrective disclosure that remained in the Litigation did not reveal any new information regarding Leidos's purported culpability for the CityTime fraud; and (3) the decline in the stock price resulted from continued adverse publicity, not exposure or revelation of any previously unknown fact. There was also a substantial risk that Plaintiffs could not establish scienter on behalf of Leidos, particularly because none of its executives remained defendants and the two surviving claims against Leidos arguably involved potentially negligent lapses, if not reasonable exercises, of management or accounting judgment. And the CityTime contract was one of the Company's 10,000 contracts – a contract which, although ultimately valued at more than \$600 million, was relatively small in comparison to Leidos's \$10 billion in annual revenue, calling into question its materiality.

37. Thus, even if Lead Plaintiffs had decided not to resolve this Litigation, there was no guarantee they could have prevailed at further stages of the Litigation, at summary judgment or trial. In fact, it was still possible that Leidos might have prevailed in securing dismissal of one of only two remaining claims in connection with its appeal before the U.S. Supreme Court.

38. While Plaintiffs firmly believed that evidence they had already compiled and intended to continue to develop would support their claims, they also understood that there is no way of predicting which interpretations, inferences, or testimony the Court or the jury would have accepted. Leidos denied culpability throughout this Litigation and was prepared to mount defenses that could

have barred a class-wide recovery. If the Court or jury sided with Leidos on even one of these defenses, or the U.S. Supreme Court substantially altered or heightened standards applicable to one or both claims, the Class could have recovered nothing. And even had Plaintiffs prevailed at trial and before the U.S. Supreme Court, post-trial motions and subsequent appeals could have reversed or significantly impaired those results and, hence, any timely recovery for the Class.

IV. SETTLEMENT NEGOTIATIONS AND TERMS

39. As briefing on Leidos's U.S. Supreme Court appeal progressed, the parties agreed to mediation before Bruce A. Friedman, Esq., of JAMS. Mr. Friedman is an experienced mediator who co-managed Bingham McCutchen's highly esteemed litigation department for years before retiring from that firm. In advance of the September 14, 2017 mediation, the parties each submitted detailed mediation statements that outlined each side's strongest arguments and facts. At the mediation, which took place in Washington, D.C., the parties discussed with Mr. Friedman the strengths and weaknesses of their positions. By the end of the session, Mr. Friedman's efforts successfully caused the parties to reach an agreement in principle to resolve this Litigation for \$6.5 million in cash.

40. The parties then negotiated, drafted, finalized, and signed the settlement agreement detailing the terms of the proposed Settlement, which was submitted to the Court with the Motion for Preliminary Approval of Settlement filed on December 13, 2017. *See* ECF Nos. 177-179. On September 26, 2019, after the parties modified certain aspects of the settlement papers at the Court's direction, the Court granted preliminary approval of the Settlement, and the form and manner of notice of the Settlement to the Class. ECF No. 185.

41. The Settlement set forth in the Stipulation resolves the claims of the Class against Defendant and the Former Defendants. The Stipulation provides that Leidos will pay or cause to be paid \$6.5 million in cash. On November 7, 2019, the \$6.5 million was deposited into an interest-

bearing account for the benefit of the Class. The recovery to individual Class Members will depend on several variables, including the number of shares of SAIC stock the Class Member purchased or acquired during the Class Period and when and at what price such purchases or acquisitions were made. If 100% of the eligible stock purchased or acquired by Class Members participate in the Settlement, the estimated average distribution per share is \$0.12, before deducting any Court-approved award of expenses to Lead Plaintiffs or Lead Counsel. Historically, actual claim rates are substantially lower than 100%, resulting in higher per share distributions.

A. The Settlement Is in the Best Interests of the Class and Warrants Approval

42. With securities-fraud claims against Leidos arising out of an extraordinary scheme to defraud the City of New York that resulted in criminal convictions and jail time for three individuals (including a former employee guilty of honest services fraud against Leidos), this Litigation involved novel issues of law and extreme issues of fact that complicated a prompt and successful resolution. Having considered that reality and the risks associated with continued litigation, it is the informed judgment of Lead Counsel, based upon all prior proceedings and its experience in litigating similar cases, that the proposed Settlement before the Court is fair, reasonable, and adequate, and in the best interest of the Class.

B. The Plan of Allocation

43. The Net Settlement Fund will be distributed to Class Members who, in accordance with the terms of the Stipulation, are entitled to a distribution and who submit a valid and timely Proof of Claim and Release form. The Plan of Allocation provides that a Class Member will be eligible to participate in the distribution of the Net Settlement Fund only if the Class Member has an overall net loss on all of his, her, or its transactions in SAIC stock during the Class Period.

44. For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel conferred with its damages consultant, and the proposed Plan of Allocation reflects an assessment of the damages that could have been recovered by Class Members had Plaintiffs prevailed at trial. The plan is premised on the out-of-pocket measure of damages and is designed to measure the difference between what Class Members paid for the stock during the Class Period and what the price of the stock would have been had the allegedly omitted information been disclosed.

45. To date, there have been no objections to the Plan of Allocation and Lead Counsel respectfully submits that the Plan of Allocation is fair and reasonable, and should be approved.

V. REQUEST FOR AWARD OF LEAD COUNSEL'S AND THE FUNDS' COSTS AND EXPENSES

46. Although Robbins Geller is not requesting an award of attorneys' fees and incurred charges, costs and expenses in excess of \$400,000 to date in connection with the prosecution and resolution of this Litigation, it requests an award of \$340,000 in expenses, as detailed in the Declaration submitted separately herewith. The expenses for which award is sought are reasonable and were necessary for the successful prosecution of this Litigation.

47. Additionally, in accordance with 15 U.S.C. §78u-4(a)(4), Lead Plaintiffs each seek reimbursement of the reasonable costs and expenses they incurred in representing the Class, in the aggregate amount of \$20,000. The amount of time and effort devoted to the Litigation by the Funds is detailed in the accompanying declaration submitted by, or on behalf of, the Funds. The efforts expended by the Funds during the course of this lengthy Litigation are precisely the types of activities courts have found adequate to support such payments, and fully support the instant request by the Funds for reimbursement of costs and expenses.

VI. CONCLUSION

48. In light of the recovery to the Class and substantial risks associated with continued litigation, Lead Counsel respectfully submits that the Settlement and Plan of Allocation should be approved as fair, adequate and reasonable. Lead Counsel also respectfully submits that the Court should award it \$340,000 in expenses (plus the interest earned thereon at the same rate and for the same period as that earned on the Settlement Fund until paid), plus \$20,000 for the Funds as reimbursement for their reasonable costs and expenses.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 11th day of December, 2019, at Melville, New York.

/s/ Joseph Russello
JOSEPH RUSSELLO

CERTIFICATE OF SERVICE

I, Joseph Russello, hereby certify that on December 11, 2019, I authorized a true and correct copy of the DECLARATION OF JOSEPH RUSSELLO IN SUPPORT OF LEAD PLAINTIFFS' MOTION FOR FINAL APPROVAL OF SETTLEMENT, APPROVAL OF PLAN OF ALLOCATION, AND FOR AN AWARD OF EXPENSES TO LEAD COUNSEL AND FOR AWARDS TO LEAD PLAINTIFFS PURSUANT TO 15 U.S.C. §78u-4(a)(4), to be electronically filed with the Clerk of the Court using the CM/ECF system, which will send notification of such public filing to all counsel registered to receive such notice.

/s/ Joseph Russello

JOSEPH RUSSELLO