

In Re Edgio, Inc. Stockholders Litigation

COURT: Delaware Court of Chancery
CASE NUMBER: 2022-0624-MTZ
CLASS PERIOD: 03/21/2021 - 09/29/2023
CASE LEADERS: Jeroen van Kwawegen, Gregory V. Varallo
CASE TEAM: Mae Oberste, Eric J. Riedel, Daniel Meyer

Plaintiffs filed a complaint in this action to prevent the unfair entrenchment of the directors of Limelight Networks, Inc. ("Limelight," now known as Edgio, Inc., or "Edgio") that would restrict the ability of Limelight stockholders to elect new directors to Limelight's board of directors. Plaintiffs' complaint described how Limelight's board of directors caused Limelight, in conjunction with an issuance of stock, to enter into a Stockholders' Agreement with a major stockholder holding approximately 35% of Limelight's issued stock. The complaint alleged that the Stockholders' Agreement unfairly entrenched the directors by including provisions that (1) obligated the major stockholder to vote in favor of the board's recommendations and against any director nominees not recommended by the board for election for certain routine matters submitted for a stockholder vote, including director elections; (2) obligated the major stockholder to vote either in favor of the Board's recommendation or pro rata with all other Limelight stockholders for all other matters submitted for a stockholder vote; and (3) restricted the major stockholder from transferring its stock to a broader set of transferees, including persons listed on the then most recently published "SharkWatch 50" list. On May 1, 2023, the Court denied the Defendants' motion to dismiss. Shortly thereafter, Plaintiffs pursued discovery from the Defendants.

In September 2023, Plaintiffs, on behalf of themselves and the other members of the Settlement Class, Defendants, and Edgio agreed to settle this action. Under the terms of the settlement, Edgio will execute an Amended and Restated Stockholders Agreement (the "Amended Stockholders Agreement"), which will include, among other things, provisions stating that (1) the major stockholder shall vote 25% of its shares pro rata with all other stockholders and may vote 75% of its shares, at its discretion, either in favor of the board's recommendation or pro rata with all other Edgio stockholders for all matters other than director elections; (2) the major stockholder may vote its Edgio shares at its discretion for director elections; and (3) certain transfer restrictions applicable to the major stockholder are limited to Competitors, as defined in the Amended Stockholders Agreement. These amendments benefit the Settlement Class by allowing more of Edgio's stock to be voted independently from Edgio's directors' recommendation. The terms of settlement are described more fully in the Notice of Pendency and Proposed Settlement of Class Action, Settlement Hearing, and Right to Appear, which is available under the **Case Documents** section of this page.

On January 3, 2024, the Court certified the Settlement Class and approved the terms of the settlement. The Court's Order and Final Judgment dated January 4, 2024 can be found under the **Case Documents** section of this page.

Case Documents

- January 4, 2024 - Final Order and Judgment
- October 27, 2023 - Notice of Pendency and Proposed Settlement of Class Action, Settlement Hearing, and Right to Appear

- October 23, 2023 - Scheduling Order (Granted with Modifications)
- September 29, 2023 - Stipulation and Agreement of Settlement, Compromise, and Release
- July 18, 2022 - Class Action Complaint