

## In re Jefferies Group, Inc. Shareholders Litigation

**COURT:** Chancery Court of the State of Delaware  
**CASE NUMBER:** C.A. No. 8059-CS  
**JUDGE:** Hon. Leo E. Strine  
**CASE CONTACTS:** Mark Lebovitch, Edward G. Timlin

This is a purported class action brought by plaintiffs Laborers' District Council Pension and Disability Trust Fund No. 2, Genesee County Employees' Retirement System, Elizabeth Gelfand, and Oklahoma Firefighters Pension & Retirement System (collectively, "Plaintiffs") against the members of the Jefferies board of directors (the "Board") and Leucadia National Corporation ("Leucadia") alleging claims for breach of fiduciary duty against the Jefferies director and officer defendants and against Leucadia. This action arises from the merger of Jefferies and Leucadia (the "Merger"), which was publicly announced on November 12, 2012 and consummated on March 1, 2013. The complaint alleges that Richard Handler, Jefferies' CEO, had a long standing personal dream to one day run Leucadia, which was founded by two of his close friends, defendants Ian Cumming and Joseph Steinberg.

Upon learning that Cumming and Steinberg had plans to retire and that Leucadia lacked a viable success plan, Handler and Jefferies' President, defendant Brian Friedman, began negotiations with Cumming and Steinberg about a potential combination of the companies without informing the Jefferies Board. The negotiations continued for over four months before the Jefferies Board was even informed of the potential merger. Indeed, after the board was told of the ongoing discussions, and a Transaction Committee was formed, Handler and Friedman were still given full reign to continue negotiations, which culminated in Handler and Friedman agreeing to an exchange ratio that undervalued Jefferies and gave Jefferies shareholders an inadequate percentage of the combined company.

On November 4, 2013, the Honorable Leo E. Strine denied Defendants' motion to dismiss in part, and granted it as to the claim against Leucadia for breach of fiduciary duty. On February 6, 2014 Plaintiffs' filed a Verified Second Amended Class Action Complaint.

The Parties engaged in discovery between April 2013 and October 2014, including the production, review and analysis of over 17,000 documents, and depositions of defendant Richard B. Handler (Chairman of the Board of Jefferies and an executive officer of Jefferies during the Class Period), defendant Brian P. Friedman (member of the Jefferies Board and an executive officer of Jefferies during the Class Period), defendant Joseph S. Steinberg (member of the Jefferies Board and the Leucadia Board and President of Leucadia during the Class Period), Robert Joyal (member of the Jefferies Board during the Class Period), Michael O'Kane (member of the Jefferies Board during the Class Period), Joseph Orlando (Chief Financial Officer of Leucadia during the Class Period), David Head (Co-Head of the Financial Institutions Investment Banking Group at Citigroup, who served as the financial advisor for Jefferies' Transaction Committee), Mark Zmijewski (Plaintiffs' damages/valuation expert), and Kevin Dages (Defendants' damages/valuation expert).

On September 20, 2013, Plaintiffs filed their Motion for Class Certification. On May 30, 2014, after full briefing and depositions of the named Plaintiffs, Defendants withdrew their opposition to class certification, and the Court issued an Order certifying a class, certifying Plaintiffs as representatives of the class, and appointing the law firms Bernstein Litowitz Berger & Grossmann LLP, Grant & Eisenhofer P.A., Saxena White, P.A., and Faruqi & Faruqi, LLP ("Co-Lead Counsel") as counsel for the class.

On July 22, 2014, Defendants filed their Opening Brief in Support of Defendants' Motion for Summary Judgment. On August 21, 2014, Plaintiffs filed their Brief in Opposition to Defendants' Motion for Summary Judgment, and, on September 5, 2014, Defendants filed their Reply Brief in Support of Defendants' Motion for Summary Judgment.

Following oral argument on September 16, 2014, the Court denied Defendants' Motion for Summary Judgment on the claims brought against the Individual Defendants and against Leucadia as an alleged aider-abettor, but granted Defendants' Motion on the controlling stockholder claim brought against the Individual Defendants.

### **Plaintiffs Reach a Settlement of the Action for \$70 million**

On January 16, 2015, the parties entered into a Stipulation and Agreement of Settlement setting forth the terms and conditions of the settlement of the action for \$70 million (the "Settlement"). A Settlement Fairness Hearing was held on March 25, 2015, at which the Court granted final approval to the Settlement.

Pursuant to the terms of the Settlement, the \$70 million Settlement consideration will be paid in cash on a *pro rata* basis to Class Members whose shares of Jefferies common stock were exchanged for shares of Leucadia common stock in the Merger. Eligible Class Members do not need to submit a claim form or take any other action in order to receive a payment from the Settlement. The cash distributions will be paid to eligible Class Members directly. Please read the [Settlement Notice](#) for more information about the distribution of the Settlement proceeds to eligible Class Members.