

In re SunPower Securities Litigation

COURT: United States District Court for the Northern District of California
CASE NUMBER: CV 09-5473-RS
CLASS PERIOD: 04/17/2008 - 11/16/2009

Court Grants Final Approval of \$19.7 Million Settlement in *In re SunPower Securities Litigation*

In December 2012, the Court-appointed Lead Plaintiffs and the Defendants reached an agreement to settle the action for a total of \$19.7 million in cash (the "Settlement"). On March 25, 2013, the Court granted preliminary approval of the Settlement and authorized notice to the class and on July 3, 2013, the Court granted final approval of the Settlement, the Plan of Allocation, and the award of attorney's fees and expenses.

The claims administration process has concluded and the net settlement fund has been fully disbursed. This matter is considered closed.

The Action

SunPower Corporation ("SunPower" or the "Company") designs and manufactures high-performance solar electric power technologies. This class action on behalf of all purchasers of SunPower securities from April 17, 2008 through November 16, 2009 inclusive (the "Class Period") alleges violations of the federal securities laws against SunPower and certain of its executive officers in connection with the Company's reported financial results for nearly two years. On March 5, 2010, the Hon. Charles R. Breyer appointed BLB&G client Första AP-fonden as Co-Lead Plaintiff and BLB&G as Co-Lead Counsel. The case was subsequently reassigned to the Hon. Richard Seeborg.

This case concerns false accounting entries at SunPower that materially misstated the Company's reported financial results. After the markets closed on November 16, 2009, SunPower disclosed that an "internal review" had uncovered "unsubstantiated accounting entries" in the Company's prior financial reports that understated the Company's cost of goods sold in 2009 and possibly 2008. The Company also announced it was working to determine if any restatements of its 2009 interim financial reports and its 2008 annual report would be necessary. Investors reacted immediately to the news, driving the price of SunPower stock down approximately 20% in a single day on unusually high trading volume.

On March 18, 2010, the Company announced that it had completed its internal investigation and that it would restate its financial statements for each quarter and for the year ended December 28, 2008, as well as the first three quarters in the year ended January 3, 2010. The investigation determined that SunPower finance personnel had falsified certain accounting entries, and that additional accounting "errors" had been committed. SunPower also admitted material weaknesses in the Company's internal controls over financial reporting.

On May 28, 2010, Lead Plaintiffs filed a Consolidated Complaint for Violation of the Federal Securities Laws ("Complaint") and, on August 6, 2010, the Defendants filed a motion to dismiss the Complaint, which Lead Plaintiffs opposed. The Court heard oral argument on November 4, 2010, and on March 1, 2011, the Court granted Defendants' motion to dismiss with leave to amend.

On April 18, 2011, Lead Plaintiffs filed the First Amended Consolidated Complaint ("Amended Complaint") in accordance with the Court's March 1, 2011 Order. Defendants filed a motion to dismiss the Amended Complaint on May 23, 2011, which Lead Plaintiffs again opposed. On August 11, 2011, the Court held a hearing on Defendants'

motion to dismiss, and on December 19, 2011, the Court sustained all of Plaintiffs' claims against the Company and the Officer Defendants for violations of the Exchange Act, and dismissed Lead Plaintiffs' scheme liability claims against the Company's former Controller and former Philippines Finance Director. On January 27, 2012, Defendants filed their Answer to the Amended Complaint.

On September 17, 2012, Defendants filed a motion for partial judgment on the pleadings, which attempted to re-argue issues raised in Defendants' motions to dismiss, and which Lead Plaintiffs opposed on October 18, 2012. On September 28, 2012, Lead Plaintiffs filed their Motion for Class Certification, which was scheduled to be heard on March 14, 2013.

On February 1, 2013, Lead Plaintiffs filed their unopposed motion for preliminary approval of settlement. As set forth above and in the preliminary approval motion, the proposed settlement provides for a total cash payment of \$19.7 million to resolve all claims in the action.

On March 14, 2013, the Court held a hearing on Lead Plaintiffs' motion for preliminary approval of the settlement. On March 25, 2013, the Court granted preliminary approval of the Settlement.

On July 3, 2013, the Court entered the Final Judgment and Order of Dismissal with Prejudice, approved the plan of allocation, and awarded attorneys' fees and reimbursement of litigation expenses.

Case Documents

- March 25, 2013 - Detailed Notice
- March 25, 2013 - Order Preliminarily Approving Settlement, Providing for Notice, and Scheduling Settlement Hearing
- February 1, 2013 - Stipulation of Settlement
- December 19, 2011 - Order Granting in Part and Denying in Part Motion to Dismiss
- February 26, 2010 - Lead Plaintiff Appointment Order
- May 28, 2010 - Consolidated Class Action Complaint
- September 22, 2010 - Lead Plaintiffs' Opposition to Defendants' Motions to Dismiss the Consolidated Class Action Complaint For Violation of the Federal Securities Laws
- April 18, 2011 - First Amended Consolidated Class Action Complaint for Violations of the Federal Securities Laws
- March 3, 2011 - Order Granting Motion to Dismiss