

34

COURT OF CHANCERY
OF THE
STATE OF DELAWARE

February 28, 2000

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Re: In Re Bay Networks Shareholders
Litigation, Civil Action No. 16449
Date Submitted: February 22, 2000
Date Decided: February 28, 2000

Dear Counsel:

Pending is a motion for counsel fees filed on behalf of Karen A. Reardon, an objector to the settlement of this class action ("Objector"), which settlement was heard and approved on January 27, 2000. For the following reasons the motion will be denied.

The motion arises against the following backdrop: This action, which was filed on behalf of a class of Bay Networks shareholders, challenged the acquisition of Bay Networks, Inc. by Northern Telecom, Ltd. in a stock-for-stock merger. The action was settled on the basis of revised proxy statement, disclosures in connection with that merger. As part of the settlement, the defendants agreed not to oppose an application by plaintiffs' class counsel for an award of attorneys fees and expenses in the amount of \$450,000. The fee, in whatever amount awarded, would be payable by the corporate defendants, not the class.

Before the settlement hearing, which took place on January 27, 2000, the Objector filed a written objection to class counsels' application for an award of attorneys' fees. The Objector expressly did not object to the settlement, or the class determination, or the dismissal or the proposed judgment of dismissal. The Objector argued only that the Court should award class counsel no fee or at best, a nominal fee because the amount of fees sought were "out of proportion to any benefit stated to have been provided to the class."

Messrs. Snyder, Lafferty, Reed,
Varallo and Monhait
February 28, 2000
Page 3

After presentations **by** counsel for the parties and the Objector at the settlement hearing, the Court approved the settlement and awarded class counsel attorneys' fees and expenses in the amount of \$400,000. The Objector did not inform the Court or the parties, either in her written objection or at the settlement hearing, that she would be seeking attorneys' fees. Having no reason to believe that the matter had not been finally concluded, the Court then entered the final order approving the settlement and the \$400,000 attorneys' fee award. Four days later, on January 31, 2000, the Objector filed the present motion for fees. In that petition she claims that the \$50,000 reduction of class counsels' fees was a demonstrable monetary benefit to the class that entitled the Objector to a fee award of either \$31,875 (calculated on the basis of the effective hourly rate awarded to class counsel) or \$16,666 (one third of the \$50,000 difference between class counsels' fee request and the actual fee award). The corporate defendants oppose the motion.

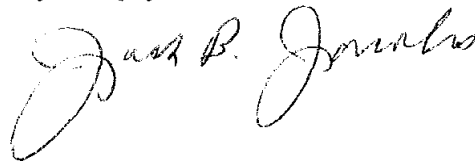
The motion will be denied because it comes too late. The Objector did not inform the Court that she intended to apply for an award of attorneys' fees. Believing that all claims had been resolved and that the case was concluded, the

Messrs. Snyder, Lafferty, Reed,
Varallo and Monhait
February 28, 2000
Page 4

Court entered a final order approving the settlement and the attorneys fee. The Objector has not -moved to reopen the final judgment. In similar circumstances, then-Vice Chancellor (now Justice) Hartnett denied an application for attorneys fees by objectors to a settlement who, like the Objector here, “stood silent and never indicated to the Court that they intended to also seek **attorneys** fees.”¹ The Court held that “they [the objectors] are precluded from seeking them now.”² So, too, is the Objector here.

Accordingly, the Objector’s fee application is denied. IT IS SO ORDERED.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Just B. Jovine".

¹Kahn v. Occidental Petroleum Corp., Del. Ch., C.A. No. 10823, Hartnett, V.C., Mem. Op. at 6 (Jan. 10, 1992).

²Id.