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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

IN RE MCKESSON CORPORATION
DERIVATIVE LITIGATION

Case No. 4:17-cv-01850-CW
[PROPOSED] FINAL JUDGMENT AND
ORDER APPROVING DERIVATIVE
ACTION SETTLEMENT

Re: Dkt Nos. 221, 222

WHEREAS, a consolidated stockholder derivative action is pending in this Court entitled In re McKesson Corporation Derivative Litigation, No. 4:17-cv-01850-CW (the "California Action");

WHEREAS, (a) plaintiffs in the California Action, Eli Inzlicht; Vladimir Gusinsky, as Trustee for the Vladimir Gusinsky Living Trust; Chaile Steinberg; Michael Berent, Trustee of the Police & Fire Retirement System City of Detroit; and Amalgamated Bank, as Trustee for Longview Largecap 500 Index Fund and Longview Largecap 500 Index VEBA Fund (collectively, the California Plaintiffs); (b) plaintiffs in the stockholder

1 derivative action pending in the Court of Chancery of the State
2 of Delaware (the Delaware Court), styled as In re McKesson
3 Corporation Stockholder Derivative Litigation, Consol. C.A. No.
4 2017-0736-SG (the Delaware Action and, together with the
5 California Action, the Actions), Katielou Greene and Charles
6 Ojeda (collectively, the Delaware Plaintiffs and, together with
7 the California Plaintiffs, Plaintiffs); (c) current and former
8 defendants in the California Action or the Delaware Action, Andy
9 Bryant; Wayne A. Budd; John Hammergren; M. Christine Jacobs;
10 Marie L. Knowles; Edward Mueller; Donald Knauss; Susan Salka; N.
11 Anthony Coles; Alton Irby III; David Lawrence; Jane Shaw; Lauren
12 Seeger; Paul Julian; and Mark Walchirk (collectively,
13 Defendants); (d) the Special Litigation Committee formed by the
14 Board of Directors of Nominal Defendant McKesson Corporation (the
15 SLC); and (e) Nominal Defendant McKesson Corporation (Nominal
16 Defendant, McKesson, or the Company and, together with
17 Plaintiffs, Defendants, and the SLC, the Parties) have reached a
18 proposed settlement on the terms and conditions set forth in the
19 Stipulation and Agreement of Compromise, Settlement, and Release
20 dated December 11, 2019, (the Stipulation) subject to the
21 approval of this Court (the Settlement);

22 WHEREAS, the Settlement provides for a complete dismissal
23 with prejudice of the claims asserted in the Actions against
24 Defendants;

25 WHEREAS, by Order dated January 31, 2020 (the Preliminary
26 Approval Order), this Court (a) preliminarily approved the
27 Settlement; (b) ordered that notice of the proposed Settlement be
28 provided to McKesson stockholders; (c) provided McKesson

1 stockholders with the opportunity to object to the proposed
2 Settlement and Plaintiffs' Lead Counsel's application for an
3 award of attorneys' fees and expenses; and (d) scheduled a
4 hearing regarding final approval of the Settlement;

5 WHEREAS, the Court conducted a hearing on April 21, 2020
6 (the Settlement Fairness Hearing) to consider, among other
7 things, (a) whether the California Plaintiffs and Plaintiffs'
8 Lead Counsel have adequately represented the interests of
9 McKesson and its stockholders; (b) whether the proposed
10 Settlement on the terms and conditions provided for in the
11 Stipulation is fair, reasonable, and adequate to McKesson and its
12 stockholders, and should be approved by the Court; (c) whether a
13 judgment should be entered dismissing the California Action with
14 prejudice; and (d) whether the application by Plaintiffs' Lead
15 Counsel for an award of attorneys' fees and expenses should be
16 approved;

17 WHEREAS, no objections to the Settlement were filed; and

18 WHEREAS, it appearing that due notice of the terms of the
19 Settlement and Releases and the Settlement Fairness Hearing has
20 been given in accordance with the Preliminary Approval Order; the
21 Parties having appeared by their respective attorneys of record;
22 the Court having heard and considered evidence in support of the
23 proposed Settlement; the attorneys for the respective Parties
24 having been heard; an opportunity to be heard having been given
25 to all other persons or entities requesting to be heard in
26 accordance with the Preliminary Approval Order; the Court having
27 determined that notice to McKesson stockholders was adequate and
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1 sufficient; and the entire matter of the proposed Settlement
2 having been heard and considered by the Court;

3 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED,
4 as follows:

5 1. Definitions - Unless otherwise defined in this
6 Judgment, the capitalized terms used herein shall have the same
7 meaning as they have in the Stipulation.

8 2. Jurisdiction - The Court has jurisdiction over the
9 subject matter of the California Action, including all matters
10 necessary to effectuate the Settlement and this Judgment and over
11 all Parties.

12 3. Incorporation of Settlement Documents - This Judgment
13 incorporates and makes a part hereof: (a) the Stipulation filed
14 with the Court on December 27, 2019; and (b) the Notice and
15 Summary Notice, which were filed with the Court on January 30,
16 2020.

17 4. Derivative Action Properly Maintained; Adequacy of
18 Plaintiffs and Plaintiffs' Counsel - Based on the record in the
19 California Action, each of the provisions of Rule 23.1 of the
20 Federal Rules of Civil Procedure has been satisfied and the
21 California Action has been properly maintained according to Rule
22 23.1. The California Plaintiffs and Plaintiffs' Lead Counsel
23 have adequately represented the interests of McKesson and its
24 stockholders both in terms of litigating the California Action
25 and for purposes of entering into and implementing the
26 Settlement.

27 5. Notice - The Court finds that the dissemination of the
28 Notice and publication of the Summary Notice: (a) were

1 implemented in accordance with the Preliminary Approval Order;
2 (b) constituted notice that was reasonably calculated, under the
3 circumstances, to apprise McKesson stockholders of: (i) the
4 pendency of the Actions; (ii) the effect of the proposed
5 Settlement (including the Releases to be provided thereunder);
6 (iii) Plaintiffs' Lead Counsel's application for an award of
7 attorneys' fees and expenses; (iv) their right to object to the
8 Settlement and/or Plaintiffs' Lead Counsel's application for
9 attorneys' fees and expenses; and (v) their right to appear at
10 the Settlement Hearing; (c) constituted due, adequate, and
11 sufficient notice to all persons and entities entitled to receive
12 notice of the proposed Settlement; and (d) satisfied the
13 requirements of Rule 23.1 of the Federal Rules of Civil
14 Procedure, the United States Constitution (including the Due
15 Process Clause), and all other applicable law and rules.

16 6. Final Settlement Approval and Dismissal of Claims -
17 Pursuant to, and in accordance with, Federal Rule of Civil
18 Procedure 23.1, this Court hereby fully and finally approves the
19 Settlement set forth in the Stipulation in all respects
20 (including, without limitation: the Settlement consideration; the
21 Releases, including the release of the Settled Plaintiffs' Claims
22 as against the Released Defendant Parties; and the dismissal with
23 prejudice of the claims asserted against Defendants in the
24 California Action), and finds that the Settlement is, in all
25 respects, fair, reasonable, and adequate to the Company and its
26 stockholders. The Parties are directed to implement, perform,
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1 and consummate the Settlement in accordance with the terms and
2 provisions contained in the Stipulation.

3 7. The California Action and all of the claims asserted
4 against all Defendants in the California Action by the California
5 Plaintiffs are hereby dismissed with prejudice. The Parties
6 shall bear their own costs and expenses, except as otherwise
7 expressly provided in the Stipulation.

8 8. Binding Effect - The terms of the Stipulation and of
9 this Judgment shall be forever binding on the Parties and all
10 McKesson stockholders, as well as their respective successors and
11 assigns.

12 9. Releases - The Releases set forth in paragraphs 9, 10,
13 and 11 of the Stipulation, together with the definitions
14 contained in paragraph 1 of the Stipulation relating thereto, are
15 expressly incorporated herein in all respects. The Releases are
16 effective as of the Effective Date. Accordingly, this Court
17 orders that: (a) without further action by anyone, and subject to
18 Paragraph 10 below, upon the Effective Date of the Settlement,
19 Plaintiffs, the SLC, the Company, and by operation of law the
20 Company's stockholders shall be deemed to have, and by operation
21 of law and of the Judgment, shall have, fully, finally, and
22 forever discharged, settled, and released, and shall forever be
23 enjoined from commencing or prosecuting, any and all Settled
24 Plaintiffs' Claims and Settled Litigation Claims (including
25 Unknown Claims) against the Released Defendants' Parties; (b)
26 without further action by anyone, and subject to Paragraph 10
27 below, upon the Effective Date of the Settlement, Defendants, the
28 SLC, and the Company shall be deemed to have, and by operation of

1 law and of the Judgment, shall have, fully, finally, and forever
2 discharged, settled, and released, and shall forever be enjoined
3 from commencing or prosecuting, any and all Settled Defendants'
4 Claims and Settled Litigation Claims (including Unknown Claims)
5 against the Released Plaintiffs' Parties; (c) without further
6 action by anyone, and subject to Paragraph 10 below, upon the
7 Effective Date of the Settlement, Plaintiffs, Defendants, the
8 Company, and by operation of law the Company's stockholders shall
9 be deemed to have, and by operation of law and of the Judgment,
10 shall have, fully, finally, and forever discharged, settled, and
11 released, and shall forever be enjoined from commencing or
12 prosecuting, any and all Settled Litigation Claims (including
13 Unknown Claims) against the SLC and the SLC's Counsel.

14 10. Notwithstanding Paragraphs 9(a)-(c) above, nothing in
15 this Judgment shall bar any action by any of the Parties to
16 enforce the terms of the Stipulation or this Judgment. Also, for
17 the avoidance of doubt, the Settlement does not cover, settle, or
18 release: (i) any direct claims held by any current, former, or
19 future stockholder of McKesson who is not a Plaintiff, including
20 any claims asserting violations of the federal or state
21 securities laws, including, without limitation, claims asserted
22 in Evanston Police Pension Fund v. McKesson Corporation, et al.,
23 Case No. 3:18-cv-06525-CRB (N.D. Cal.); or (ii) any claims
24 currently asserted in Henry v. Tyler, et al., Case No. 3:19-cv-
25 2869-CRB (N.D. Cal.).

26 11. No Admissions - Neither this Judgment, the Term Sheet,
27 the Stipulation, including the exhibits thereto, the negotiations
28 leading to the execution of the Term Sheet and the Stipulation,

1 nor any proceedings taken pursuant to or in connection with the
2 Term Sheet, the Stipulation, and/or approval of the Settlement
3 (including any arguments proffered in connection therewith): (a)
4 shall be offered against any of the Released Defendants' Parties
5 or the SLC as evidence of, or construed as, or deemed to be
6 evidence of any presumption, concession, or admission by any of
7 the Released Defendants' Parties or the SLC with respect to the
8 truth of any fact alleged by Plaintiffs or the validity of any
9 claim that was or could have been asserted or the deficiency of
10 any defense that has been or could have been asserted in the
11 Actions or in any other litigation, or of any liability,
12 negligence, fault, or other wrongdoing of any kind of any of the
13 Released Defendants' Parties or in any way referred to for any
14 other reason as against any of the Released Defendants' Parties,
15 in any arbitration proceeding or other civil, criminal, or
16 administrative action or proceeding, other than such proceedings
17 as may be necessary to effectuate the provisions of the
18 Stipulation; (b) shall be offered against any of the Released
19 Plaintiffs' Parties or the SLC, as evidence of, or construed as,
20 or deemed to be evidence of any presumption, concession, or
21 admission by any of the Released Plaintiffs' Parties or the SLC
22 that any of the Released Plaintiffs' Parties' claims are without
23 merit, that any of the Released Defendants' Parties had
24 meritorious defenses, or that damages recoverable under the
25 Complaints would not have exceeded the Settlement Consideration
26 or with respect to any liability, negligence, fault, or
27 wrongdoing of any kind, or in any way referred to for any other
28 reason as against any of the Released Plaintiffs' Parties, in any

1 arbitration proceeding or other civil, criminal, or
2 administrative action or proceeding, other than such proceedings
3 as may be necessary to effectuate the provisions of the
4 Stipulation; or (c) shall be construed against any of the
5 Released Parties or the SLC as an admission, concession, or
6 presumption that the consideration to be given in the Settlement
7 represents the amount which could be or would have been recovered
8 after trial; provided, however, that the Parties, the Released
9 Parties, and their respective counsel, the SLC, and the SLC's
10 Counsel may refer to this Judgment and the Stipulation to
11 effectuate the protections from liability granted hereunder and
12 thereunder, to support any and all defenses or counterclaims
13 based on res judicata, collateral estoppel, release, good-faith
14 settlement, judgment bar or reduction or any other theory of
15 claim preclusion or issue preclusion or similar defense or
16 counterclaim, or otherwise to enforce the terms of the
17 Settlement.

18 12. Award of Attorneys' Fees and Expenses - Plaintiffs'
19 Counsel are hereby awarded attorneys' fees in the amount of 25%
20 of the Cash Settlement Fund, with due consideration given to both
21 the cash settlement and the corporate governance reforms, which
22 constitute an exceptional result. The Court finds the requested
23 attorneys' fees to be fair and reasonable under Delaware law¹ and

24 ¹ Delaware law governs the fee award here because Delaware
25 law governs the claims in this action. See Second Consolidated
26 Amended Complaint ¶ 10, Docket No. 124 (invoking the Court's
27 subject matter jurisdiction under 28 U.S.C. § 1332); see also
28 Mangold v. California Pub. Utilities Comm'n, 67 F.3d 1470, 1478
(9th Cir. 1995) (holding that "state substantive law governs the
award of fees in diversity actions" as well as the "calculation
of the amount of the fee"). The requested attorneys' fees are

1 consistent with the twenty-five-percent benchmark used in the
2 Ninth Circuit. When cross-checked against the lodestar of
3 \$15,020,210.40, the requested attorneys' fees represent a 2.9
4 multiplier, which is a reasonable multiplier in light of the
5 excellent results that Plaintiffs' Counsel achieved on behalf of
6 the settlement class members and the risks they undertook to
7 litigate this action on a contingency basis. The Court also
8 finds the requested expenses in the amount of \$421,223.91 to be
9 fair, adequate, and reasonable. The Court-awarded attorneys'
10 fees and expenses shall be paid to Plaintiffs' Counsel in
11 accordance with the terms of the Stipulation.

12 13. No proceedings or court order with respect to the award
13 of attorneys' fees and expenses to Plaintiffs' Counsel shall in
14 any way disturb or affect this Judgment (including precluding
15 this Judgment from being Final or otherwise being entitled to
16 preclusive effect), and any such proceedings or court order shall
17 be considered separate from this Judgment.

18 14. Retention of Jurisdiction - Without affecting the
19 finality of this Judgment in any way, this Court retains
20 continuing jurisdiction over the Parties and all McKesson
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25 within the range approved by Delaware courts in similar cases.
26 See, e.g., Americas Mining Corp. v. Theriault, 51 A.3d 1213,
27 1259-60 (Del. 2012) ("A study of recent Delaware fee awards finds
28 that the average amount of fees awarded when derivative and class
actions settle for both monetary and therapeutic consideration is
approximately 23% of the monetary benefit conferred; the median
is 25%.") (citations and internal quotation marks omitted).

1 stockholders for purposes of the administration, interpretation,
2 implementation, and enforcement of the Settlement.

3 15. Modification of the Stipulation - Any further
4 amendments or modifications of the Stipulation or any exhibits
5 attached thereto to effectuate the Settlement shall only be made
6 with the prior approval of the Court.

7 16. Termination of Settlement - If the Settlement is
8 terminated as provided in the Stipulation or the Effective Date
9 of the Settlement otherwise fails to occur, this Judgment shall
10 be vacated, rendered null and void, and be of no further force
11 and effect, except as otherwise provided by the Stipulation, and
12 this Judgment shall be without prejudice to the rights of the
13 Parties or any McKesson stockholders, and the Parties shall
14 revert to their respective litigation positions in the Actions as
15 of October 15, 2019.

16 17. Entry of Final Judgment - There is no just reason to
17 delay the entry of this Judgment as a final judgment in the
18 California Action. Accordingly, the Clerk of the Court is
19 expressly directed to immediately enter this final judgment in
20 the California Action.

21 IT IS SO ORDERED.

22
23 Dated: April 22, 2020



24 CLAUDIA WILKEN
25 United States District Judge