

## **SNC-Lavalin Securities Litigation**

### **Summary of Rationale for Settlement**

The following is a brief summary of the factors considered by the Plaintiffs and Class Counsel in concluding that the Settlement was fair and reasonable. These factors will be explained in greater detail in the motion materials to be filed in support of Court approval of the Settlement, which will be posted at <https://www.rochongenova.com/Current-Cases/SNC-Lavalin.shtml> no later than October 1, 2018.

#### **1. The risk that the conduct alleged did not give rise to actionable misrepresentations:**

To succeed at trial, the Plaintiffs would have been required to show that SNC's disclosure documents misstated or failed to state a fact that would reasonably be expected to have a significant impact on the market value of SNC's securities. The Plaintiffs alleged that SNC's disclosure documents released during the Class Period contained misrepresentations because, among other things, SNC made certain payments made in respect of particular projects, but accounted for them in relation to other projects. The Defendants took the position that the misallocation of those payments was not material because they were too small to have an impact on the market value of SNC's securities.

#### **2. The risk that the Defendants' affirmative defences would defeat the Plaintiffs' claims:**

The Defendants took the position that the statements that the Plaintiffs say publicly corrected the alleged misrepresentations were not in fact corrective, and further, that because those statements were not corrections of the misrepresentations, there were no damages that flowed from any such misrepresentation ultimately proven.

#### **3. The risk that the misrepresentations alleged would not be found to give rise to damages:**

SNC and almost all of the Individual Defendants assert a statutory defence that they had conducted a "reasonable investigation" into the matters underlying the alleged misrepresentations. In support of this defence, they assert reliance upon an elaborate system of internal policies, employee certifications, and internal and external audits to ensure that material information was properly disclosed.

#### **4. The risk that responsibility for any damages awarded would be attributed to Defendants who were not required to or could not pay:**

If the Plaintiffs win at trial, the Courts would be required to allocate responsibility for any damages awarded as among the Defendants. Each Defendant is generally only responsible for the percentage of the damages allocated by the Court to him, her or it. In addition, there are monetary limits on the damages that each Defendant could be required to pay. The Plaintiffs and Class Counsel were therefore cognizant of the risk that a substantial portion of the responsibility for damages might be allocated to Defendants i) who do not have the assets to satisfy such a judgment or ii) whose liability was limited by law to an amount substantially below what they would otherwise be required to pay.