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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF LOS ANGELES

BARBARA WOLFSON, Derivatively on Behalf of  
SNAP INC.,

Plaintiff,

v.

EVAN SPIEGEL, ROBERT MURPHY, MICHAEL  
LYNTON, JOANNA COLES, A.G. LAFLEY,  
MITCHELL LASKY, STANLEY MERESMAN,  
SCOTT D. MILLER, CHRISTOPHER YOUNG,  
ANDREW VOLLERO, and IMRAN KHAN,

Defendants,

and

SNAP INC., a Delaware Corporation,

Nominal Defendant.

Case No. BC720152

Judge: Honorable Elihu M. Berle  
Department: 6

**EXHIBIT B**

**NOTICE TO CURRENT SNAP  
STOCKHOLDERS**

JUSTIN POKORNEY, Derivatively for the Benefit  
of and on Behalf of Nominal Defendant SNAP INC.,

Plaintiff,

v.

EVAN SPIEGEL, ROBERT MURPHY, MICHAEL  
LYNTON, JOANNA COLES, A.G. LAFLEY,  
STANLEY MERESMAN, SCOTT D. MILLER,  
CHRISTOPHER YOUNG, ANDREW VOLLERO,  
and IMRAN KHAN,

Defendants,

and

SNAP INC., a Delaware Corporation,

Nominal Defendant

Case No. 18STCV09365

Judge: Honorable Elihu M. Berle  
Department: 6

[Caption continued on following page.]

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DAVID SHABBOUEI and ZALMON UVAYDOV,  
Derivatively on Behalf of SNAP INC.,  
  
Plaintiffs,  
  
v.  
  
EVAN SPIEGEL, ROBERT MURPHY, MICHAEL  
LYNTON, STANLEY MERESMAN, A. G.  
LAFLEY, SCOTT D. MILLER, CHRISTOPHER  
YOUNG, JOANNA COLES, ANDREW  
VOLLERO, IMRAN KHAN, MITCHELL LASKY,  
and DOES 1-25, Inclusive,  
  
Defendants,  
  
and  
  
SNAP INC., a Delaware Corporation,  
  
Nominal Defendant.

Case No. 19STCV08413

Judge: Honorable Elihu M. Berle  
Department: 6

1                    **NOTICE OF PROPOSED SETTLEMENT OF DERIVATIVE ACTIONS**

2            **TO: ALL OWNERS OF SNAP INC. (“SNAP” OR THE “COMPANY”) COMMON**  
 3            **STOCK (TICKER SYMBOL: SNAP) AS OF AUGUST 12, 2020, WHO CONTINUE**  
 4            **TO OWN SUCH SHARES (“CURRENT SNAP STOCKHOLDERS”).**

5            PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE  
 6            RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL OF STOCKHOLDER  
 7            DERIVATIVE ACTIONS (THE “DERIVATIVE ACTIONS”) AND CONTAINS IMPORTANT  
 8            INFORMATION REGARDING YOUR RIGHTS.

9            IF THE COURT APPROVES THE SETTLEMENT AND DISMISSAL OF THE DERIVATIVE  
 10            ACTIONS, STOCKHOLDERS OF SNAP WILL BE FOREVER BARRED FROM  
 11            CONTESTING THE APPROVAL OF THE PROPOSED SETTLEMENT AND FROM  
 12            PURSUING RELEASED CLAIMS.

13            THESE DERIVATIVE ACTIONS ARE NOT “CLASS ACTIONS.” THUS, THERE IS NO  
 14            COMMON FUND UPON WHICH YOU CAN MAKE A CLAIM FOR A MONETARY  
 15            PAYMENT.

16            PLEASE TAKE NOTICE that the Derivative Actions are being settled on the terms in a Stipulation  
 17            and Agreement of Settlement, dated August 12, 2020 (the “Stipulation”). The purpose of this  
 18            Notice<sup>1</sup> is to inform you of:

- 19                    • the existence of the Derivative Actions<sup>2</sup>;
- 20                    • the proposed settlement between the Plaintiffs and Defendants reached in these  
 21                    Derivative Actions (the “Settlement”);
- 22                    • the hearing to be held by the Court to consider the fairness, reasonableness, and  
 23                    adequacy of the Settlement and approval of the agreed-to amount of attorneys’ fees  
 24                    and expenses (the “Fee and Expense Amount”) and Plaintiffs’ Service Awards.

25            This Notice describes what steps you may take in relation to the Settlement. This Notice is  
 26            not an expression of any opinion by the Court about the truth or merits of Plaintiffs’ claims or  
 27            Defendants’ defenses. This Notice is solely to advise you of the proposed Settlement of the  
 28            Derivative Actions and of your rights in connection with the proposed Settlement.

29            THERE IS NO CLAIMS PROCEDURE. The Derivative Actions were brought to protect  
 30            the interests of Snap. The Settlement will result in changes to the Company’s corporate  
 31            governance, not in payment to individual stockholders.

32            Summary

33            On August 12, 2020, Snap, in its capacity as a Nominal Defendant, and certain of its current  
 34            and former directors and officers (the “Individual Defendants”) (collectively, “Defendants”) entered  
 35            into a Stipulation to settle the Derivative Actions filed derivatively on behalf of Snap, in  
 36            the Superior Court of the State of California, County of Los Angeles (the “Court”) against the  
 37            Individual Defendants.

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38            <sup>1</sup> All capitalized terms used in this notice, unless otherwise defined herein, are defined as set  
 39            forth in the Stipulation.

40            <sup>2</sup> This Settlement also resolves claims raised in the shareholder demand upon the Snap Inc.  
 41            Board of Directors (the “Board”) by shareholder Charles Blackburn, and those raised in *Tseng v.*  
 42            *Spiegel, et al.*, C.A. No. 2018-0778-SG (Del. Ch.) (“*Tseng*”), which was filed in the Delaware  
 43            Court of Chancery and is stayed in favor of the Derivative Actions pending in this Court.

1 The Settlement is subject to the approval of the Court, and is intended by the Parties to  
2 fully, finally, and forever compromise, resolve, discharge, and settle the Released Claims and to  
3 result in the dismissal of the Derivative Actions with prejudice, upon the terms and subject to the  
4 conditions set forth in the Stipulation. The proposed Settlement requires Snap to adopt or maintain  
5 the corporate governance, oversight, and internal controls reforms specified in Exhibit A to the  
6 Stipulation, and maintain those reforms for a minimum period of three (3) years, and provides that  
7 Snap will pay or cause to be paid attorneys' fees and expenses in the amount of seven million and  
8 five hundred thousand dollars (\$7,500,000.00) to Plaintiffs' Counsel for conferring this substantial  
9 benefit on the Company, and for a Service Award of two thousand and five hundred dollars  
10 (\$2,500.00) to be paid to each Plaintiff from the Fee and Expense Amount, subject to the approval  
11 of the Court.

12 This Notice is only a summary and does not describe all of the details of the Stipulation.  
13 For full details of the matters discussed in this summary, please see the full Stipulation posted on  
14 [www.SnapDerivativeSettlement.com](http://www.SnapDerivativeSettlement.com), contact Plaintiffs' Counsel at the address listed below, or  
15 inspect the full Stipulation filed with the Clerk of the Court.

### 16 What is the Lawsuit About?

17 The Derivative Actions allege that the Defendants breached their fiduciary duties by, among  
18 other things: making or permitting the making of materially false statements or omissions regarding  
19 metrics of user activity, or key performance indicators ("KPIs") in the Registration Statement issued  
20 in connection with Snap's Initial Public Offering of shares ("IPO"); omitting from its IPO  
21 Registration Statement the filing of a complaint by a former employee alleging a lack of internal  
22 controls maintained over the calculation and dissemination of Snap's KPIs; and falsely representing  
23 that Snap was not engaging in "growth hacking" techniques designed to increase reported user  
24 engagement with its platform.

25 Defendants deny each and every allegation of wrongdoing or liability arising out of or  
26 relating in any way to the events, conduct, statements, acts, or omissions alleged in the Derivative  
27 Actions. The Individual Defendants further assert that, at all times, they acted in good faith, and  
28 in a manner they reasonably believed to be and that was in the best interests of Snap and its  
29 stockholders. Defendants believe that they have meritorious defenses to the claims in the  
30 Derivative Actions. Nonetheless, the Individual Defendants have entered into the Stipulation,  
31 without admitting or conceding any fault, liability, wrongdoing, or damage whatsoever, in order to  
32 avoid the risks inherent in any lawsuit and the burden and expense of further litigation.

### 33 Why is there a Settlement and what are the Settlement's terms?

34 The Court has not decided in favor of the Defendants or the Plaintiffs. Instead, both sides  
35 agreed to the Settlement because the parties and Snap's Board of Directors believe the Settlement  
36 provides substantial benefits to, and is in the best interests of, Snap and Current Snap Stockholders.  
37 The Settlement will avoid the distraction, costs, and risks of further litigation.

38 Plaintiffs and Snap have agreed that the Company shall implement within ninety (90) days  
39 of final settlement approval, and maintain for a minimum period of three (3) years thereafter, the  
40 Corporate Governance Reforms detailed in Exhibit A. The Reforms directly address the alleged  
41 wrongdoing by providing for, among other things: (i) annual reviews by an independent third-party  
42 auditor (the "Metrics Advisor") of policies and procedures used to calculate Snap's daily active  
43 users and two other "top-level" user metrics; (ii) formal reports from the Metrics Advisor to the  
44 Disclosure Committee and the Audit Committee containing the results of the annual review and  
45 recommendations for improvements; (iii) enhanced and improved internal controls concerning  
46 Snap's validation and disclosure of user metrics; (iv) a formal process requiring the Disclosure  
47 Committee and Audit Committee to evaluate the Metrics Advisor's report and determine disclosure  
48 obligations and appropriate remedial actions; (v) a requirement that management designees and the  
49 Disclosure Committee review at least annually whether additional or alternative measures of user  
50 activity should be tracked; (vi) substantial enhancements to the duties and responsibilities of the

1 Audit Committee and the Disclosure Committee, including enhancements to ensure sufficient  
2 oversight and information flow between the two committees and also with the Metrics Advisor  
3 concerning the validation of and disclosures relating to the Company's Top-Level metrics; (vii)  
4 defined policies and procedures governing the situation where the Company decides to report a  
5 previously unreported user metric; and (viii) enhancements to the Company's Whistleblower  
6 Policy. Snap acknowledges that the efforts of the plaintiffs were material factors in the Company's  
7 decision to implement and maintain these measures, and that the measures confer substantial  
8 benefits on the Company and its stockholders.

9 The Settlement is the product of extensive arm's-length negotiations with the assistance  
10 and oversight of the Honorable Howard B. Wiener, former Associate Justice of the California Court  
11 of Appeal for the Fourth Appellate District, and former Judge of the Superior Court for San  
12 Bernardino County. The negotiations spanned approximately nine months and involved three  
13 separate mediations. Following their agreement on the substantive consideration for the settlement,  
14 the parties engaged in a process led by Justice Weiner to arrive at an agreement for a fair and  
15 reasonable Fee and Expense Amount to be paid to Plaintiffs' Counsel commensurate with the  
16 benefits secured through the proposed settlement. Accordingly, in light of the substantial benefits  
17 conferred by Plaintiffs' Counsel's efforts, Snap, acting by and through its Board of Directors, has  
18 agreed to pay or cause to be paid \$7.5 million, subject to Court approval. To date, Plaintiffs'  
19 Counsel have neither received any payment for their services in conducting the Derivative Actions,  
20 nor have counsel been reimbursed for their out-of-pocket expenses incurred. Snap shareholders  
21 are not personally liable for the payment of any attorneys' fees and expenses.

22 The Settlement was negotiated on an informed basis. Among other things, Plaintiffs and  
23 their counsel: (i) reviewed relevant internal books and records of Snap produced in response to  
24 inspection demands made pursuant to 8 Del. C. § 220; (ii) reviewed approximately 1.5 million  
25 pages of documents that were produced in the factually related securities class action; (iii)  
26 interviewed several Snap employees and executives, including Snap's Director of Data, Senior  
27 Director of Growth, Associate General Counsel, and Deputy General Counsel and Chief  
28 Compliance Officer; and (iv) evaluated the above documents and interviews with the assistance of  
an expert consultant familiar with marketing analytics and data analysis.

The proposed settlement was ultimately presented to a committee of the Snap Board of  
Directors to which Snap's Board delegated authority to consider the Settlement (the "Committee").  
Assisted by independent counsel with substantial experience in Delaware corporate law, the  
Committee determined that the Corporate Governance Reforms confer a substantial benefit on the  
Company, and approved the Settlement as fair, reasonable, and adequate, and in Snap and its  
stockholders' best interests.

### Dismissal and Releases

The Settlement is conditioned upon the occurrence of certain events, including: (i) Court  
entry of the Judgment, in all material respects in the form set forth as Exhibit to the Stipulation,  
dismissing the Derivative Actions with prejudice, following notice to Current Snap Stockholders  
and the Settlement Hearing contemplated by the Stipulation; (ii) the passing of the date upon which  
the Judgment becomes Final; and (iii) the dismissal of the *Tseng* action with prejudice (the  
"Effective Date").

Upon the Effective Date, Snap, Current Snap Stockholders, or any Person acting on behalf  
of Snap, and Plaintiffs (acting on their own behalves or derivatively on behalf of Snap) shall be  
deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released,  
relinquished, and discharged and dismissed with prejudice the Released Claims against the  
Released Persons and any and all causes of action or claims (including Unknown Claims) that have  
or could have been asserted in the Actions by Plaintiffs, Snap, or any Current Snap Stockholder  
derivatively on behalf of Snap, against the Settling Defendants or the Released Persons, based on  
the Settling Defendants' or Released Persons' acts and/or omissions in connection with, arising out  
of, or relating to, the facts, transactions, events, matters, occurrences, acts, disclosures, statements,

1 omissions, or failures to act that were alleged in the Derivative Actions, through and including the  
2 date of execution of this Stipulation. Moreover, each of the Released Persons and the Related  
3 Parties shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and  
4 forever released, relinquished, and discharged Plaintiffs and Plaintiffs' Counsel from all claims  
(including Unknown Claims) arising out of, relating to, or in connection with the institution,  
prosecution, assertion, settlement, or resolution of the Actions or the Released Claims.

#### 5 The Settlement Hearing and Your Right to Object to the Settlement

6 On October 2, 2020, the Court entered an order preliminarily approving the Stipulation and  
7 the Settlement contemplated therein (the "Preliminary Approval Order") and providing that not  
8 later than October 15, 2020, Snap shall cause JND Legal Administration (the "Notice  
9 Administrator") to mail, and/or email, the Postcard Notice to those Current Snap Stockholders as  
10 may be identified through reasonable effort. Not later than October 8, 2020, Plaintiffs shall also  
11 cause the Long-Form Notice and Stipulation of Settlement to be posted on a dedicated website,  
12 [www.SnapDerivativeSettlement.com](http://www.SnapDerivativeSettlement.com). Not later than October 8, 2020 and again by October 15,  
13 2020, Plaintiffs' Counsel will publish the contents of the Postcard Notice in two separate electronic  
14 wire press releases. No later than October 8, 2020, Plaintiffs' Counsel will also post the Long-Form  
15 Notice on each of their respective firm websites. The Preliminary Approval Order further provides  
16 that the Court will hold a hearing (the "Settlement Hearing") on December 16, 2020 at 10:00 a.m.,  
17 at the Superior Court of the State of California, County of Los Angeles, the Honorable Elihu M.  
18 Berle, Department 6, located at the Spring Street Courthouse, 312 North Spring Street, Los  
19 Angeles, California 90012, to among other things: (i) determine whether the terms and conditions  
of the proposed Settlement are fair, reasonable, and adequate to Snap and should be finally  
approved by the Court; (ii) determine whether the Judgment finally approving the Settlement,  
substantially in the form of Exhibit E attached to the Stipulation, should be entered, dismissing the  
Derivative Actions with prejudice, and releasing and enjoining the prosecution of any and all  
Released Claims; (iii) consider any objections to the Settlement by Current Snap Stockholders; (iv)  
consider whether the agreed-to Fee and Expense Amount and Plaintiffs' Service Awards should be  
finally approved; and (vi) consider any other matters that may properly be brought before the Court  
in connection with the Settlement. The Court may adjourn the date of the Settlement Hearing or  
modify any other dates set forth herein without further notice to Current Snap Stockholders and  
retains jurisdiction to consider all further applications arising out of or connected with the  
Settlement. The Court may approve the Settlement and any of its terms, with such modifications  
as may be agreed to by the Parties, if appropriate, without further notice to Current Snap  
Stockholders.

20 Any Current Snap Stockholder who wishes to object to the fairness, reasonableness, or  
21 adequacy of the Settlement as set forth in the Stipulation, or to the agreed-to attorneys' fees and  
22 expenses, may file a written objection with the Notice Administrator and appear at the Settlement  
23 Hearing. Stockholder objectors are strongly encouraged to file with the Notice Administrator no  
24 later than November 16, 2020, who will provide to Counsel for the Parties and will file those  
25 objections with the Court: (1) a written objection to the Settlement setting forth (a) the objector's  
26 name, mailing address, daytime telephone number, and e-mail address (if any); (b) the specific  
27 reason for the objection; (c) any and all documentation or evidence in support of such objection;  
28 and (d) proof of ownership of Snap common stock as of August 12, 2020 and through the date of  
the Settlement Hearing, including the number of shares of Snap common stock held and the date  
of purchase; and (2) if the stockholder objector intends to appear and request to be heard at the  
Settlement Hearing, a written notice of such stockholder's intention to appear at the Settlement  
Hearing.

*IF YOU MAKE A WRITTEN OBJECTION, IT MUST BE RECEIVED BY THE NOTICE  
ADMINISTRATOR NO LATER THAN NOVEMBER 16, 2020.* The Notice Administrator's address  
is:

JND Legal Administration  
Snap Derivative Settlement

1 PO Box 91391  
2 Seattle, WA 98111

3 You may file an objection on your own or through an attorney hired at your own expense.  
4 If you hire an attorney to represent your for the purposes of making an objection pursuant to this  
5 paragraph, the attorney must effect service of a notice of appearance on the Notice Administrator  
6 and file such notice with the Court no later than December 2, 2020. You may appear at the  
7 Settlement Hearing either in person or through counsel retained at your expense. However,  
8 objectors need not attend the Settlement Hearing in order to have their objections considered by  
9 the Court.

10 If you are a Current Snap Stockholder and do not take steps to appear in this action and  
11 object to the proposed Settlement, you will be bound by the Judgment of the Court, the dismissal  
12 of the Derivative Actions with prejudice, and any and all of the releases set forth in the Stipulation  
13 and will forever be barred from raising an objection to such settlement in this or any other action  
14 or proceeding, and from pursuing any of the Released Claims.

15 You may obtain further information by contacting counsel for Plaintiffs: Joshua Rubin,  
16 WEISSLAW LLP, 1500 Broadway, 16<sup>th</sup> Floor, New York, NY 10036, Telephone: (212) 682-3025,  
17 Email: jrubin@weisslawllp.com.

18 **Please Do Not Call the Court with Questions About the Settlement.**