

**IN THE UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

IN RE RESIDEO TECHNOLOGIES, INC.
DERIVATIVE LITIGATION

Case No. 0:21-cv-01965 (WMW/ECW)

**JOINT DECLARATION OF MICHAEL J. BARRY
AND THOMAS CURRY IN SUPPORT OF
PLAINTIFFS' MOTION FOR FINAL APPROVAL OF SETTLEMENT**

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EXHIBIT LIST

EXHIBIT	DESCRIPTION
A	Declaration of Professor Daniel J. Morrissey
B	Declaration of Michael Brown on Behalf of Riviera Beach Police Pension Fund
C	Declaration of Robert W. Williams III on Behalf of City of Hialeah Employees Retirement System
D	Declaration of Jawad Ayaz as Trustee of the Shiv Venkatesetty 2016 Trust
E	Declaration of Daniel Sanclemente
F	Declaration of Harry B. Frashier on behalf of Bud & Sue Frashier Family Trust U/A Dtd 05/05/98
G	Declaration of Alice Burstein
H	Declaration of Michael J. Barry on Behalf of Grant & Eisenhofer PA
I	Declaration of Thomas Curry on Behalf of Saxena White P.A.
J	Declaration of Garrett D. Blanchfield on Behalf of Reinhardt Wendorf & Blanchfield
K	Declaration of Timothy Brown on Behalf of The Brown Law Firm, P.C.
L	Declaration of Phillip Kim on Behalf of The Rosen Law Firm, P.A.
M	Declaration of Gregory M. Nespole on Behalf of Levi & Korsinsky, LLP
N	Declaration of Brian E. Farnan on Behalf of Farnan LLP
O	Declaration of Shane P. Sanders on Behalf of Robbins LLP
P	Declaration of Brett M. Middleton on Behalf of Johnson Fistel, LLP
Q	Cited Unpublished Court Opinions and Filings

Michael J. Barry and Thomas Curry, attorneys duly admitted to practice in the State of Delaware, and admitted *pro hac vice* by this Court in the above-captioned action, hereby affirm under penalty of perjury:

1. I, Michael J. Barry, am a principal at the law firm of Grant & Eisenhofer P.A., counsel for Plaintiff Riviera Beach Police Pension Fund (“Riviera Beach”), and Co-Lead Counsel for Plaintiffs in this Action.

2. I, Thomas Curry, am a director at the law firm of Saxena White P.A., counsel for Plaintiff City of Hialeah Employees Retirement System (“Hialeah”), and Co-Lead Counsel for Plaintiffs in this Action.

3. We submit this declaration in support of the Motion for Final Approval of Settlement (the “Motion for Final Approval”) filed concurrently herewith. We confine our statements to matters that may require substantiation beyond the facts, allegations, contentions, and inferences that are evident in the public record of the litigation and public disclosures by or concerning Resideo.¹ We have personal knowledge of the matters stated herein and, if called upon, we could and would competently testify thereto. The purpose of this Declaration is to set forth the background and procedural history of this derivative action, the negotiations that led to the Settlement, and the results achieved. This Declaration also sets forth facts pertinent to the agreed Fee and Expense Amount and the requested service awards.

¹ Capitalized terms not defined herein are defined in the Memorandum of Law in Support of Plaintiffs’ Motion for Final Approval of Settlement and/or in the Stipulation and Agreement of Compromise, Settlement and Release dated February 3, 2023 (the “Settlement Agreement,” “Stipulation,” or “Stip.”) (ECF No. 35-1).

I. INTRODUCTION

4. Plaintiffs seek the Court's final approval of the proposed Settlement, which represents an excellent outcome for Resideo and will bring about immediate and meaningful corporate governance reforms (the "Reforms") at the Company. This litigation focused on a multitude of serious supply chain and operational problems at Resideo which, Plaintiffs alleged, Defendants misrepresented and downplayed to the market and the Company's stockholders. The Reforms embodied in the Settlement are closely tailored to ensure that Resideo will not again be harmed by misconduct of the sort alleged here.

5. In short, the Reforms include amendments to multiple Board committee charters that are designed to enhance management's reporting to such committees and, therefore, to enhance the committees' ability to exercise their oversight functions, particularly regarding supply chain efficiency and optimization; the establishment of a new Disclosure Committee that will review and authorize the Company's public disclosures; new requirements concerning the independence and diversity of Resideo's Board; the separation of roles such as CEO and Chairperson, and General Counsel and Chief Compliance Officer; and enhanced employee training. The parties agreed to these reforms after months of hard-fought settlement negotiations, and under the guidance of a reputed corporate governance expert, Gonzaga Law School Professor Daniel Morrissey.

6. In Professor Morrissey's estimation, the Reforms will "strengthen the Company's governance profile and help ensure that the Board has the necessary tools to provide complete, timely and accurate disclosures to the Company's public stockholders." Morrissey Decl., ¶4. In particular, the creation of the new Disclosure Committee

“addresses the heart of the wrongdoing alleged” here, and will help “safeguard the accuracy and honesty of all Resideo’s statements to investors, including its annual, quarterly, and current reports that have to be filed with the SEC, as well as all other public disclosures.” Morrissey Decl., ¶55.

7. Plaintiffs negotiated and agreed to the Settlement in recognition of the substantial risks they faced in litigation. As detailed in the Motion for Final Approval, Plaintiffs’ claim for oversight liability is notoriously difficult to plead, and Plaintiffs also faced threshold issues in establishing demand futility. Further, in comparison to the likely monetary recovery that could be obtained through a complete victory at trial, the corporate governance reforms attainable via the Settlement arguably bring greater and more long-lasting benefits to Resideo. Plaintiffs are unlikely to be able to achieve such governance reforms through trial. But these reforms will meaningfully alter the Company’s internal controls and practices, and the Settlement allows for a lengthy five-year period during which these reformed practices have the chance to embed themselves as standard operating procedure at the Company. In turn, the resultant improved management and oversight will boost Resideo’s profitability and value, and minimize the risk of legal liability for similar oversight and disclosure violations in the future. *See* Morrissey Decl., ¶¶ 75-86.

8. In addition to Professor Morrissey’s endorsement, the Settlement also has the strong support of the Plaintiffs—sophisticated and longstanding Resideo stockholders. Notably, no Resideo stockholder has yet lodged an objection to the proposed Settlement, strongly suggesting that its terms are fair, reasonable, and adequate.

9. Plaintiffs also seek the Court's approval of the requested Fee and Expense Amount of \$1,600,000, and the requested service award of \$2,500 per plaintiff. Plaintiffs' Counsel has extensive experience prosecuting complex derivative actions, and an established track record in securing outstanding results for corporations and their stockholders. Counsel leveraged this experience against sophisticated defense counsel to secure the Settlement—a process that took several months of contested negotiations. Further, Plaintiffs' Counsel took on this difficult and risky litigation on a fully contingent basis, facing the very real risk of recovering nothing for either the Company or for themselves. The parties agreed to the Fee and Expense Amount after having been forced to resolve the issue through a mediated settlement conference, reflecting that the Fee and Expense Amount is the product of arm's-length negotiations between sophisticated parties, and therefore worthy of substantial deference.

10. Finally, Plaintiffs seek the modest service award for their time and efforts dedicated to litigating this matter. This service award is well in line with—and far below many—service awards that have been awarded in similar cases, and fully merits the Court's approval.

11. For the reasons set forth in this Declaration, in the Motion for Final Approval and accompanying memorandum, and the other exhibits and documents attached hereto, the Court should approve the Settlement as fair and reasonable, and approve the requested Fee and Expense Amount and requested service awards.

II. BACKGROUND OF THE ACTION

A. SUMMARY OF PLAINTIFFS' CLAIMS

12. As detailed in the Complaint, this litigation stems from Resideo's spinoff (the "Spinoff") from Honeywell International, Inc. ("Honeywell") in 2018. At the time, Honeywell was a large multinational electronics company, and intended to spinoff several of its business segments into a new stand-alone company, which would be known as Resideo. Since the Spinoff, Resideo has manufactured and sold comfort, thermal, and security solutions and distributes those products and third-party products to the commercial and residential markets.

13. The Complaint alleges that, in connection with the Spinoff, Honeywell forced onerous contractual requirements upon Resideo. For example, Resideo entered into an indemnification agreement with Honeywell, pursuant to which Resideo had to reimburse Honeywell for 90% of the costs related to certain of Honeywell's existing environmental liabilities, including environmental remediation in the amount up to \$140 million per year until 2043. Honeywell also caused Resideo to enter into a 40-year trademark agreement, under which Resideo was obligated to pay Honeywell royalties of 1.5% of the proceeds from the sale of products branded with the Honeywell Home trademark and was required to make a one-time payment to Honeywell in the amount of \$1.2 billion. To afford this huge upfront payment, Resideo took out an \$800 million loan and also issued \$400 million in senior unsecured notes.

14. Plaintiffs alleged that these substantial and costly contractual obligations made it extremely difficult for Resideo to succeed as a standalone company. But the

Spinoff also heavily undermined Resideo's viability in other ways. In the Spinoff, rather than pass on entire business units to Resideo intact, Honeywell primarily spun off only portions of several different business units, such as Environmental & Energy Solutions and Honeywell Security & Fire. Only Honeywell's ADI unit was passed on to Resideo intact. Because the Spinoff involved the combination of several disparate and incomplete business segments into one unwieldy whole, Resideo faced immediate challenges with controlling costs and with managing its complex supply chains. This dysfunction, in turn, led to backorders, inventory shortages, and loss of customers.

15. Further, as a much smaller company than Honeywell (and saddled with considerable ongoing financial obligations to Honeywell), Resideo faced higher costs for raw materials and diminished financial flexibility. At the same time of these operational challenges, Resideo was also burdened by a rapidly aging product line-up, and its efforts to develop new products and technology faced myriad challenges and drew frequent complaints from customers.

16. These challenges would have been difficult for any company to overcome. But they were particularly difficult for Resideo, which also inherited a dearth of value engineering expertise that left the Company poorly equipped to navigate its way through these myriad challenges. Honeywell retained for itself its dedicated value engineering teams, and Defendant Michael Nefkens, Resideo's CEO, later admitted that it would take Resideo "12 to 24 months" to assemble new value engineering teams of the level and expertise that Resideo needed. This exacerbated Resideo's supply chain problems and meant that some of the Company's products were backordered for several weeks even

before the Spinoff was effected. After the Spinoff, the backorder delays lengthened to months, and customer complaints progressively increased as a result.

17. Despite these severe challenges, Plaintiffs allege that the Individual Defendants portrayed a very different picture to investors, and made false and misleading public statements regarding the Company's products, business, governance, operations, and financial prospects. Plaintiffs allege that the Company's executives both failed to take any action to remedy the issues described above, and also continued to make public statements reaffirming the Company's ability to meet its reported financial guidance. Defendants vigorously dispute Plaintiffs' allegations and deny the claims have merit.

18. Plaintiffs allege that the market began to learn about the extent of Resideo's challenges in 2019, and that the Company's value suffered a significant and sustained drop from then onwards. From the time of the Spin-Off on October 29, 2018, when the Company's shares closed at \$25.82 per share, to November 12, 2019, when Plaintiffs allege the market learned about the full extent of Resideo's problems, the Company's shares closed at \$8.77 per share—or 66% lower.

19. In addition, stockholders sued the Company (together with its former President/CEO, its CFO, and one of its Board members) for violations of the federal securities laws in connection with the issuance of alleged false and misleading public statements. *See In re Resideo Technologies, Inc. Securities Litigation*, Case No. 0:19-cv-02863 (D. Minn.) (the "Securities Class Action").²

² On March 24, 2022, the Court entered an order approving the settlement in the Securities Class Action, and entered final judgment.

20. On March 24, 2022, the Court entered an order approving the settlement in the Securities Class Action, and entered final judgment. Resideo settled the Securities Class Action for \$55 million but, significantly, paid only \$16 million of that amount, with the remainder funded by Resideo's insurers. While meaningful, the actual out-of-pocket cost to Resideo as a result of the Securities Class Action is relatively low in light of the overall settlement value, which reinforces the value of the governance reforms-only settlement that Plaintiffs seek approval for here.

B. PROCEDURAL HISTORY

21. On July 7, 2020, Plaintiff Jawad A. Ayaz ("Ayaz"), through its counsel The Brown Law Firm P.C. and The Rosen Law Firm, filed a shareholder derivative action (the "Ayaz Action") against the Individual Defendants alleging breaches of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violations of Section 14(a) of the Securities Exchange Act of 1934 against Defendants in the United States District Court for the District of Delaware (the "District of Delaware"). On August 6, 2020, the District of Delaware entered an Order staying the *Ayaz* Action pending a final judgment in the Securities Class Action.

22. On August 12, 2020, Plaintiff Daniel Sanclemente ("Sanclemente"), through his counsel Levi & Korsinsky LLP, filed a shareholder derivative action in the District of Delaware (the "*Sanclemente* Action") alleging substantially the same facts and making substantially the same claims against the Individual Defendants as the *Ayaz* Action. On August 28, 2020, Plaintiff Riviera Beach moved to intervene in the *Ayaz* and *Sanclemente* Actions, for the limited purpose of seeking a stay of the two Actions until Plaintiff Riviera

Beach completed its investigation of the Company's books and records pursuant to 8 *Del. C.* § 220.

23. On August 31, 2020, the District of Delaware entered an Order consolidating the *Ayaz* Action and the *Sancllemente* Action, captioned *In re Resideo Technologies, Inc. Derivative Litigation*, 1:20-CV-00915-LPS (the "Delaware Consolidated Action"), and staying the Delaware Consolidated Action pending the resolution of the Securities Class Action.

24. On June 25, 2021, Plaintiff Bud & Sue Frashier Family Trust U/A Dtd 05/05/98 ("Frashier"), through its counsel Robbins LLP, filed the Delaware Chancery Action in the Delaware Court of Chancery, relying in part on internal Resideo documents produced in response to an inspection of book and records request brought pursuant to 8 *Del. C.* § 220, alleging substantially the same facts and making substantially the same claims against the Individual Defendants as the Delaware Consolidated Action (the "Delaware Chancery Action"). The parties in the Delaware Chancery Action entered a series of stipulations extending the Defendants' deadline to respond to the complaint in the Delaware Chancery Action, and on June 1, 2022, the Delaware Court of Chancery stayed the Delaware Chancery Action pursuant to stipulation of the parties.

25. On August 20, 2021, Resideo stockholder Alice Burstein ("Stockholder Burstein"), through her counsel Johnson Fistel LLP, submitted a formal demand on Resideo's Board of Directors, relying in part on documents produced in response to an inspection of book and records request brought pursuant to 8 *Del. C.* § 220, to initiate litigation against Michael G. Nefkens, Joseph D. Ragan, Niccolo de Masi, and nominal

defendant Resideo (the “Derivative Demand”), alleging substantially the same facts and making substantially the same claims against Defendants as the Delaware Consolidated Action and the Delaware Chancery Action.

26. On September 1, 2021, Plaintiff Riviera Beach and Plaintiff Hialeah, through their counsel Grant & Eisenhofer P.A. and Saxena White P.A., along with additional counsel for Plaintiffs The Brown Law Firm, P.C., Levi & Korsinsky, LLP, The Rosen Law Firm, P.A., and Farnan LLP, filed a shareholder derivative action against Defendants in this Court, captioned *Riviera Beach Police Pension Fund, et al. v. Nefkens, et al.*, Case No. 21-1965, relying in part on documents produced in response to an inspection of book and records request brought pursuant to 8 *Del. C.* § 220, alleging substantially the same facts and making substantially the same claims against Defendants as the Delaware Consolidated Action, the Delaware Chancery Action, and the Derivative Demand (the “Institutional Action”).

27. On September 21, 2021, Plaintiffs Ayaz and Sanclemente stipulated to transfer the Delaware Consolidated Action to this Court. On September 23, 2021, the Delaware Consolidated Action was transferred to this Court. On December 2, 2021, the Court entered the Parties’ joint stipulation consolidating the Delaware Consolidated Action and the Institutional Action into the instant Consolidated Action, approving Plaintiffs’ proposed leadership structure, and staying this Consolidated Action pending a final judgment in the Securities Class Action.

C. SETTLEMENT DISCUSSIONS AND THE SETTLEMENT

28. In or around September 2021, the Settling Parties began to explore a possible resolution of the derivative litigation. In connection with those discussions, Plaintiffs' Counsel sent counsel for Resideo and the Individual Defendants settlement demands seeking to resolve the pending derivative claims. Over the course of several months, the Settling Parties engaged in extensive, arm's-length negotiations in an effort to resolve the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand. Plaintiffs also engaged a corporate governance expert, Gonzaga Law School Professor Daniel Morrissey, to assist in crafting the corporate governance reforms that became the basis for the Settlement. In May of 2022, the Settling Parties reached an agreement in principle on the material terms of a settlement, consisting of significant corporate governance reforms to be implemented and maintained by Resideo.

29. After the material terms of the Settlement had been agreed to, the Settling Parties commenced negotiations regarding an appropriate amount of attorneys' fees to be paid to Plaintiffs' Counsel in light of the benefits of the Settlement caused by Plaintiffs' Counsel's efforts in the derivative litigation.

30. On June 30, 2022, the Parties in the Consolidated Action filed a joint status report, which informed the Court that the Parties had continued to make progress on settlement negotiations and that the Parties believed it would be constructive to the settlement process to hold a mediated settlement conference pursuant to Local Rule 16.5(b) to resolve the outstanding issue of Plaintiffs' Counsel's attorneys' fees. On July 8, 2022, the Court held a Status Conference during which the Parties in the Consolidated Action

jointly requested a mediated settlement conference with the Court to resolve the outstanding issue of attorneys' fees.

31. On September 26, 2022, the Parties in the Consolidated Action submitted confidential letters under seal to Magistrate Judge Thorson, setting forth their respective positions on the appropriate award of attorneys' fees. On October 3, 2022, the Parties (including counsel for Plaintiffs in the Consolidated Action and Delaware Chancery Action and Stockholder Burstein) attended a virtual Court-mediated settlement conference before Magistrate Judge Thorson, during which the Settling Parties reached an agreement in principle concerning the Fee and Expense Amount.

32. On November 17, 2022, the Settling Parties executed a binding term sheet setting forth the principal terms for a global settlement of the Consolidated Action, the Delaware Chancery Action, and the Derivative Demand, and executed the Stipulation of Settlement on February 3, 2023.

33. As described in greater detail in the Motion for Final Approval, the Settlement requires Resideo to implement several important corporate governance reforms, and to maintain such reforms for several years going forward. Under the guidance of noted corporate governance expert Professor Morrissey, Plaintiffs advocated for governance reforms that hew closely to the allegations in the Complaint, and which are designed to remediate and prevent similar issues from recurring in the future. Briefly, these governance reforms include amendments to multiple Board committee charters that are designed to enhance management's reporting to such committees and, therefore, to enhance the committees' ability to exercise their oversight functions, particularly regarding supply

chain efficiency and optimization; the establishment of a new Disclosure Committee that will review and authorize the Company's public disclosures; new requirements concerning the independence and diversity of Resideo's Board; the separation of roles such as CEO and Chairperson, and General Counsel and Chief Compliance Officer; and enhanced employee training. A full list of these corporate governance reforms is contained in Exhibit A to the Stipulation (ECF No. 35-1 at 35-39).

34. Professor Morrissey helped Plaintiffs shape these substantial corporate governance reforms and has strongly endorsed the lasting value they will bring to Resideo. Professor Morrissey has attested that the "Reforms should ensure accurate and timely reporting to the Board on the issues that were the subject of the alleged wrongful disclosures and give the Board enhanced oversight on crucial issues relating to the Company's operations and supply chain. The Reforms bring needed oversight to the Company's risk management, particularly focusing on issues with its supply chain, manufacturing process, and product quality" that were the focus of Plaintiffs' allegations. Morrissey Decl., ¶45.

35. Professor Morrissey has also opined that these benefits are expected to generate real financial benefits to Resideo and its stockholders: "the Reforms will provide substantial financial and other benefits to Resideo and its shareholders by establishing policies and practices designed to enhance the Company's reporting requirements and the Board's oversight responsibilities by focusing the Board on issues relating to the alleged misstatements and material omissions." Morrissey Decl., ¶4. Specifically, according to Professor Morrissey, the Reforms are expected to position Resideo for higher profitability

through improved oversight and management; are expected to lead to a higher market valuation for Resideo; and are expected to reduce Resideo's exposure to legal and regulatory sanctions. *See* Morrissey Decl., ¶¶ 75-86.

D. PRELIMINARY APPROVAL AND NOTICE

36. Following the Parties' execution of the Stipulation of Settlement, on February 7, 2023, Plaintiffs filed an Unopposed Motion for Preliminary Approval of Settlement (the "Motion for Preliminary Approval"). On February 13, 2023, the Court granted Plaintiffs' Motion for Preliminary Approval, and scheduled a settlement hearing for June 7, 2023, at 11:00 a.m.

37. As part of their Motion for Preliminary Approval, Plaintiffs submitted a form and manner of disseminating notice of the Settlement to Resideo's stockholders, which the Court approved. The parties have thoroughly complied with the approved notice plan. It is our understanding that, on March 6, 2023, Resideo's third-party administrator mailed a notice substantially in the form attached as Exhibit C to the Stipulation and previously approved by the Court to all stockholders of record of Resideo as of the Notice Date. On March 10, 2023, Resideo also caused the Notice to be published in the *Wall Street Journal*, and to be transmitted over *PR Newswire*. (Defendants' counsel will be filing an affidavit attesting to compliance with the notice provisions on or before May 31, 2023.) As of the date of this Declaration, Plaintiffs have not received an objection from a single stockholder.

III. THE SETTLEMENT'S TERMS ARE FAIR, REASONABLE, AND ADEQUATE

38. As set forth more fully in the Motion for Final Approval, the terms of the Settlement are fair, reasonable, and adequate, and the Court should grant final approval to the Settlement. Plaintiffs agreed to the Settlement armed with a deep understanding of both the claims and the defenses in this action, informed not just by the extensive research and internal books and records that supplied the basis for the Complaint, but also by the extensive proceedings in the Securities Class Action and lengthy settlement negotiations with Defendants.

39. As the Court has already preliminarily found, the Settlement is the “product of serious, informed, arm’s-length negotiations.” Preliminary Approval Order, ¶1. The Parties agreed to the material terms of the Settlement in principle following several months of contested negotiations, guided all the way by Professor Morrissey’s deep and independent expertise in corporate governance matters. Through this process, Plaintiffs deepened their understanding of what they stood to gain and lose from continuing to prosecute this litigation, and eventually reached an agreement that, we submit, represents an excellent outcome for Resideo and its stockholders.

40. As evidenced by the substantial monetary settlement of the Securities Class Action, Plaintiffs’ claims have merit, and Resideo has indeed been troubled by longstanding governance failures. But derivative litigation in particular carries significant risk, and Plaintiffs carefully weighed this risk in exploring and negotiating the Settlement. Importantly, the Settlement achieves lasting corporate governance reforms that likely

would not have been attainable even with a victory at trial. Prevailing at trial would likely have resulted in a monetary recovery on behalf of Resideo which, while meaningful, would not necessarily have led to any improvements in those alleged internal process failures that gave rise to Plaintiffs' claims in the first place. We submit that the implementation of the numerous significant corporate governance Reforms, safeguarded by a lengthy five-year oversight and funding commitment, will bring about meaningful and lasting change at Resideo. These reforms will, in turn, position the Company for greater future success and help prevent a recurrence of legal liability for similar underlying conduct.

41. Supporting the fairness of the Settlement, Plaintiffs—longstanding and sophisticated Resideo stockholders—have strongly endorsed the Settlement. *See* Exs. B-G. Similarly, Plaintiffs' Counsel have not received any objections to date to the proposed Settlement, reinforcing that the Settlement is fair and reasonable to Resideo.

42. The Settlement has likewise earned the endorsement of Professor Morrissey. Professor Morrissey has attested that the “[R]eforms will strengthen the Company’s governance profile and help ensure that the Board has the necessary tools to provide complete, timely and accurate disclosures to the Company’s public stockholders.” Morrissey Decl., ¶4. In Professor Morrissey’s estimation, these reforms “will confer substantial economic benefits on Resideo by, among other things, increasing the Company’s market capitalization substantially,” and help Resideo minimize similar legal and regulatory exposure going forward. Morrissey Decl., ¶¶ 4, 85-86.

43. Given the substantial corporate governance reforms achieved by the Settlement, the lengthy negotiation process, the lack of objections from stockholders, and

the Settlement's endorsement by Plaintiffs and Professor Morrissey, we respectfully submit that the Settlement is fair, reasonable, and adequate to Resideo, and warrants final approval by this Court.

IV. THE REQUESTED FEE AND SERVICE AWARD IS FAIR AND REASONABLE

44. Along with the Settlement itself, Plaintiffs also seek the Court's approval of 1) the requested Fee and Expense Amount of \$1,600,000, and 2) the requested service award of \$2,500 per Plaintiff (totaling \$15,000).

45. From before the inception of this action, Plaintiffs' Counsel demonstrated diligence and vigor in developing their claims on behalf of the Company by pursuing Resideo's corporate books and records, reviewing over 4,700 pages of internal documents produced by Resideo. Plaintiffs then asserted director oversight claims against several of Resideo's directors and officers, making complex allegations concerning the true state of Resideo's supply chain and business operations. Plaintiffs' Counsel brought these claims on a completely contingent basis, fully aware of the difficulty of prevailing on director oversight claims and the broader risks they faced. In this way, Plaintiffs' Counsel undertook significant upfront risk, with the prospect of any recovery for their firms far from assured. As the Court is well aware, sophisticated derivative litigation of the type here typically takes years to resolve—and longer where, as here, active litigation of the derivative claim is stayed pending the resolution of a related securities action. Plaintiffs' Counsel therefore undertook the prospect of a years-long, cost- and labor-intensive

prosecution of notoriously difficult claims on a fully contingent basis. This outsized risk warrants a meaningful fee award.

46. After commencing the instant litigation (and its various predecessor actions), Plaintiffs worked proactively and aggressively to explore a potential resolution of their claims that would confer both rapid and meaningful value to Resideo. During the settlement negotiation process, Plaintiffs' Counsel solicited Professor Morrissey's invaluable guidance to shape their settlement demands. Again, Plaintiffs' Counsel's retention of Professor Morrissey was at counsel's expense, and involved no guarantee that Professor Morrissey's involvement would help secure a resolution. Counsel's engagement of Professor Morrissey underscores both the vigor of their representation on behalf of the Company, as well as the risk they undertook.

47. As it happened, the parties engaged in contested settlement discussions for several months, and we respectfully submit that our efforts during these negotiations paid off and resulted in a highly commendable outcome for Resideo. The Reforms embodied in the Settlement will bring about meaningful, lasting change at Resideo and were the result of extensive efforts by Plaintiffs' Counsel, justifying the Fee and Expense Amount requested here. Further, the requested Fee and Expense Amount represents only a small fraction of the substantial economic benefits and value enhancement that the Reforms are likely to generate for Resideo and its stockholders.

48. Plaintiffs' Counsel were able to negotiate such an effective Settlement because of their substantial collective experience in prosecuting stockholder and derivative actions. Co-lead Counsel for Plaintiffs, Grant & Eisenhofer and Saxena White, have

extensive experience with prosecuting derivative actions and, in particular, with securing settlements that bring about meaningful corporate governance reforms. We can personally attest to the continued diligence and skill that our attorneys (and those of additional counsel for Plaintiffs) demonstrated in obtaining this Settlement. On the other side of the v, Plaintiffs' Counsel were aligned against the prestigious firm of Willkie Farr & Gallagher LLP, whose involvement underscores the significance of the result Plaintiffs' Counsel were able to achieve here.

49. Perhaps most significantly, Plaintiffs' and Defendants' counsel have agreed to the requested Fee and Expense Amount and reached such agreement through a mediated settlement conference led by Magistrate Judge Becky R. Thorson. That the parties' counsel were forced to mediate the discrete issue of attorneys' fees reflects that the Fee and Expense Amount is the product of contested, arm's-length negotiations, and is worthy of substantial deference by the Court.

50. Reflecting counsel's substantial efforts in securing the Settlement, Plaintiffs' Counsel devoted 2,457.1 hours to this litigation, generating a lodestar of \$1,612,428.75. As described in more detail in the Final Approval Motion, this lodestar amount set against the requested Fee and Expense Award represents a modest negative multiplier of 0.99, which the Court may find helpful to refer to as a crosscheck on the reasonableness of the requested Fee and Expense Amount. Plaintiffs' Counsel have submitted declarations detailing the bases for their fee and expense awards. See Exs. H - P. A summary chart reflecting Plaintiffs' Counsel's substantial time investment in this litigation on a contingent basis, as well as Plaintiffs' Counsel's expenses, is included below for the Court's

convenience. For the avoidance of doubt, Plaintiffs' Counsel's requested Fee and Expense amount is inclusive of litigation expenses, as well as any service awards this Court may deem reasonable and appropriate to grant.

FIRM	HOURS	EXPENSES	LODESTAR
District of Minnesota Action			
Grant & Eisenhofer PA <i>Co-Lead Plaintiffs' Counsel, Counsel for Riviera Beach</i>	290.3	\$17,333.75	\$250,422.00
Saxena White P.A. <i>Co-Lead Plaintiffs' Counsel, Counsel for Hialeah</i>	600.25	\$25,333.03	\$344,702.50
Reinhardt Wendorf & Blanchfield <i>Local Counsel for Plaintiffs</i>	39.1	\$797.58	\$27,201.00
Delaware Consolidated Action			
The Brown Law Firm P.C. <i>Counsel for Ayaz</i>	305.9	\$3,824.08	\$222,485.00
The Rosen Law Firm <i>Counsel for Ayaz</i>	24.3	\$2,154.13	\$22,050.00
Levi & Korsinsky, LLP <i>Counsel for Sanclemente</i>	90.3	\$85.00	\$45,037.50
Farnan LLP <i>Local Counsel for Plaintiffs in the Delaware Consolidated Action</i>	8.8	\$0	\$6,146.00
Delaware Chancery Action			
Robbins LLP <i>Counsel for Frashier</i>	625.25	\$2,658.79	\$356,203.75
Derivative Demand			
Johnson Fistel LLP <i>Counsel for Burstein</i>	472.9	\$1,052.31	\$338,181.00
TOTALS	2,457.1	\$53,238.67	\$1,612,428.75

51. Finally, we respectfully submit that the requested service award of \$2,500 per plaintiff (totaling \$15,000) is a modest sum, particularly in light of the benefit achieved

here and the amount of time that has passed since Plaintiffs commenced this litigation. Plaintiffs have consistently served as excellent representatives for Resideo, and the modest service awards would serve as a small token of justifiable recognition for their time and efforts in this matter.

V. CONCLUSION

52. For the foregoing reasons and the reasons set forth in the Motion for Final Approval, the Court should approve the Settlement, approve the requested Fee and Expense Amount, and approve the requested service awards.

We declare under penalty of perjury that the foregoing is true and correct.

Executed this 3rd day of May 2023.

Respectfully submitted,

/s/ Michael J. Barry

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