

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF ATLANTA FIREFIGHTERS' PENSION :  
FUND, on behalf of itself and all :  
other similarly situated stockholders :  
of URS Corporation, :

Plaintiff, :

v :

Civil Action :  
No. 9924-CB :

DIANE C. CREEL, MICKEY P. FORET, :  
WILLIAM H. FRIST, M.D., LYDIA H. :  
KENNARD, MARTIN M. KOFFEL, TIMOTHY R. :  
McLEVISH, JOSEPH W. RALSTON, JOHN D. :  
ROACH, WILLIAM H. SCHUMANN, III, DAVID :  
N. SIEGEL, DOUGLAS W. STOTLAR, V. PAUL :  
UNRUH, JANA PARTNERS LLC, URS :  
CORPORATION, AECOM TECHNOLOGY :  
CORPORATION, ACM MOUNTAIN I, LLC, and :  
ACM MOUNTAIN II, LLC, :

Defendants. :

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Chancery Court Chambers  
New Castle County Courthouse  
500 North King Street  
Wilmington, Delaware  
Wednesday, August 5, 2014  
10:00 a.m.

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BEFORE: HON. ANDRE G. BOUCHARD, Chancellor.

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TELEPHONIC RULING OF THE COURT REGARDING PLAINTIFF'S  
MOTION FOR EXPEDITED PROCEEDINGS

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CHANCERY COURT REPORTERS  
New Castle County Courthouse  
500 North King Street - Suite 11400  
Wilmington, Delaware 19801  
(302) 255-0523

1 APPEARANCES: (via teleconference)

2 NED C. WEINBERGER, ESQ.  
Labaton Sucharow LLP

3 -and-

4 JEREMY S. FRIEDMAN, ESQ.  
of the New York Bar  
Friedman Oster PLLC

5 -and-

6 BADGE HUMPHRIES, ESQ.  
of the South Carolina Bar  
Motley Rice LLC

7 for Plaintiffs City of Atlanta Firefighters  
Pension Fund, Oklahoma Police Pension  
8 Retirement System and Cambridge Retirement  
System

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10 BRIAN D. LONG, ESQ.  
Rigrodsky & Long, P.A.  
for Plaintiffs Rosalie Falato, William D.  
11 Petroustson, and Charles Miller and Charles Mill  
IRA

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13 GARRETT B. MORITZ, ESQ.  
NICHOLAS D. MOZAL, ESQ.  
Seitz, Ross, Aronstam & Moritz, LLP

14 -and-

15 ANDREW J.H. CHEUNG, ESQ.

16 ADAM S. HOBSON, ESQ.

of the New York Bar

17 Wachtell, Lipton, Rosen & Katz LLP

for Defendants Diane C. Creel, Mickey P. Foret,  
18 William H. Frist, M.D., Lydia H. Kennard,  
Martin M. Koffel, Timothy R. McLevish, Joseph  
W. Ralston, John D. Roach, William H. Schumann,  
19 III, David Siegel, Douglas W. Stotlar, V. Paul  
Unruh, and URS Corporation

20 SUSAN M. HANNIGAN, ESQ.

Richards, Layton & Finger, P.A.

21 -and-

22 MERYL L. YOUNG, ESQ.

of the California Bar

23 Gibson, Dunn & Crutcher LLP

for Defendants ACM Mountain I, LLC and AECOM  
Technology Corporation

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(Appearances Cont'd) ...

1 ... (Appearances Cont'd)

2 DAVID J. TEKLITS, ESQ.  
3 Morris, Nichols, Arsht & Tunnell LLP  
4 for Defendant JANA Partners LLC

4 Also Present:

5 PETER B. ANDREWS, ESQ.  
6 Andrews & Springer LLC  
7 for Sheet Metal Workers Local No. 33 Cleveland  
8 District Pension Plan (in C.A. No. 9999-CB)

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1 THE COURT: Good morning, Counsel.

2 ALL COUNSEL: Good morning, Your  
3 Honor.

4 THE COURT: Could we please have those  
5 who are on the line for the plaintiffs identify  
6 themselves first.

7 MR. WEINBERGER: Sure. Ned Weinberger  
8 from Labaton Sucharow on behalf of City of Atlanta  
9 Firefighters Pension Fund, Oklahoma Police Pension  
10 Retirement System and Cambridge Retirement System.

11 THE COURT: Anyone else for  
12 plaintiffs?

13 MR. LONG: Good morning, Your Honor.  
14 This is Brian Long from Rigrotsky & Long on behalf of  
15 plaintiffs Falato, Petroutson, and Miller.

16 MR. ANDREWS: Good morning, Your  
17 Honor. Peter Andrews, Andrews & Springer, on behalf  
18 of Sheet Metal Workers Local No. 33 Cleveland District  
19 Pension Plan.

20 MR. FRIEDMAN: This is Jeremy Friedman  
21 of Friedman Oster on behalf of Atlanta, Oklahoma, and  
22 Cambridge.

23 MR. HUMPHRIES: Badge Humphries with  
24 Motley Rice also on before of Atlanta, Oklahoma, and

1 Cambridge.

2 THE COURT: Anyone else for  
3 plaintiffs?

4 All right. If counsel for defendants  
5 could identify themselves, please.

6 MR. MORITZ: Good morning, Your Honor.  
7 This is Garrett Moritz from Seitz Ross on behalf of  
8 USR and the individual defendants. I am joined by my  
9 colleague Nick Mozal. Also on the line for the URS  
10 defendants are Andrew Cheung and Adam Hobson from  
11 Wachtell Lipton.

12 MS. HANNIGAN: Good morning, Your  
13 Honor. This is Susan Hannigan from Richards Layton on  
14 behalf of the AECOM defendants. With me on the line  
15 is Meryl Young from Gibson, Dunn & Crutcher.

16 MR. TEKLITS: And David Teklits from  
17 Morris Nichols on behalf of JANA Partners.

18 THE COURT: All right. Anybody else  
19 on the line? All right. Hearing none, I'm going to  
20 proceed. So you know, I have a court reporter here  
21 with me, so if anybody speaks, please identify  
22 yourselves before speaking. I suspect I'm going to be  
23 the one doing most of the talking because I wanted to  
24 give you my ruling from the argument we had on Friday.

1 Pending before the Court at this time  
2 is a motion in Civil Action No. 9924 for expedited  
3 proceedings. I heard argument on this motion on  
4 Friday, August 1, and I told you then that I wanted to  
5 reflect on the presentations that you had made to me  
6 before giving you my ruling, but I am in a position to  
7 do so now. For reasons that I'm going to explain, I  
8 am denying the motion to expedite, but I'm doing so  
9 without prejudice to the plaintiff's ability to make a  
10 renewed motion to expedite after an organizational  
11 structure is in place for this and the related cases  
12 and after plaintiffs have the opportunity to review  
13 the proxy statement for the proposed transaction. The  
14 preliminary version of the proxy statement, as I  
15 understand it, was issued shortly after Friday's  
16 teleconference that we had in this matter.

17 By way of background, the underlying  
18 transaction here involves a proposed merger whereby  
19 AECOM Technology Corporation will acquire all the  
20 shares of URS Corporation in exchange for a  
21 combination of cash and shares of AECOM stock. This  
22 transaction arose in an interesting context, from my  
23 point of view, in that the board of URS was recently  
24 expanded from 10 to 14 members to make room for four

1 designees of a significant stockholder, JANA Partners,  
2 which had been advocating that the company explore  
3 strategic options.

4           Following that event the URS board  
5 established a valuation creation committee to evaluate  
6 options for enhancing stockholder value. The company  
7 then engaged in the sales process that resulted in  
8 seven bidders entering confidentiality agreements with  
9 standstill provisions and then obtaining due  
10 diligence. Plaintiff does not argue, from my read of  
11 the papers, that the valuation creation committee was  
12 not independent or that the URS board did not consist  
13 of a majority of independent directors. As of the  
14 present date, no other bidder has emerged.

15           In addition to Civil Action No. 9924  
16 that this motion pertains to, there are several other  
17 stockholder actions that have been filed in this Court  
18 challenging the proposed merger. I think as of last  
19 Friday, when I heard this motion, there were three  
20 additional such actions -- namely, Civil Actions 9921,  
21 9938, and 9939 -- that had been filed at that point.  
22 I believe there have also been some additional cases  
23 filed since. I suspect that Mr. Andrews is on the  
24 line because he's involved in one of them. And I

1 believe that, by my count, there were at least three  
2 additional ones -- 9975, 9998, 9999 -- as well. There  
3 could be others.

4           No order has been entered as of yet  
5 consolidating these cases or establishing a leadership  
6 structure. I had understood that as of Friday, that  
7 plaintiffs' counsel had reached an agreement in  
8 principle on a leadership structure, but that has not  
9 been finalized -- at least to my knowledge -- and it's  
10 going to need to, obviously, take into account the  
11 subsequent filings. So the motion that I have before  
12 me to expedite was only made in Civil Action No. 9924,  
13 although I do recognize that the plaintiffs in three  
14 of the other cases that existed as of Friday stated  
15 that they support the motion.

16           Briefly, in terms of the legal  
17 standard that's operative here, Delaware courts, of  
18 course, have broad discretion to grant expedited  
19 proceedings and do so freely to ensure that the  
20 interests of justice are served. To obtain expedition  
21 the plaintiff must articulate a sufficiently colorable  
22 claim and demonstrate a sufficient possibility of a  
23 threatened irreparable injury, and it's not  
24 necessarily the case that a plaintiff has to make such

1 a showing on all of his claims. If just one of the  
2 claims meets that standard, expedited proceedings can  
3 be granted.

4           Although the burden to establish a  
5 colorable claim is not high, it's my conclusion --  
6 based on the papers I've seen so far and certain  
7 representations I'm going to discuss -- that the  
8 plaintiff has not satisfied it here. Let's be clear  
9 about one thing: What's not before the Court today is  
10 any form of a disclosure claim, and that's because, as  
11 I indicated already, the preliminary proxy statement  
12 had not been issued as of the time this motion had  
13 been filed, and was only issued on Friday after I  
14 heard this motion.

15           In its motion papers the plaintiff  
16 focuses on deal protections in the merger agreement  
17 and, in particular, one aspect of those provisions: an  
18 anti-waiver provision in Section 5.2 of the merger  
19 agreement. By its terms, Section 5.2 prevents URS  
20 from waiving any preexisting confidentiality or  
21 standstill agreements, agreements that potential  
22 bidders must enter to obtain due diligence from URS.  
23 Plaintiff contends that this provision deprives  
24 potential bidders of the opportunity to bid for URS

1 and deprives the URS board of information necessary to  
2 be fully informed and to exercise their fiduciary  
3 duties.

4           In making this argument, the plaintiff  
5 refers the Court to comments several members of this  
6 Court have made concerning don't-ask-don't-waive  
7 standstill provisions, sometimes referred to as DADW  
8 provisions. To be sure, DADW provisions are very  
9 powerful provisions, and their existence raises red  
10 flags concerning the ability of directors to  
11 faithfully exercise their fiduciary obligations in a  
12 sales process and they warrant great scrutiny.

13           Here, however, the concerns raised  
14 about Section 5.2 have been mooted, in my view, based  
15 on two sets of representations made by the defendants.  
16 Had these representations not been made, I would have  
17 granted the motion for expedition, even though we are  
18 in a somewhat premature context. The first set of  
19 representations appear in defendants' opposition  
20 papers. Specifically, the URS defendants represented  
21 to the Court that there have been seven bidders who  
22 previously agreed to standstills, and that the  
23 standstills for five of them automatically terminated  
24 when URS entered an agreement with AECOM and that URS

1 is waiving its standstills with the remaining two  
2 bidders with AECOM's consent.

3           Given this representation, the  
4 challenge to Section 5.2 is moot insofar as it  
5 concerns presigning bidders. What I mean by that is  
6 those bidders who entered standstills before the  
7 URS/AECOM deal was signed. During last Friday's  
8 argument plaintiff acknowledged that its challenge to  
9 Section 5.2 was moot based on these representations  
10 insofar as that challenge concerned presigning  
11 bidders, and then the focus of the argument was on  
12 potential postsigning bidders.

13           The second set of representations  
14 appeared in a letter filed with the Court last night  
15 which pertained to potential postsigning bidders. And  
16 specifically, in that letter, the URS defendants made  
17 certain representations that I'm going to quote now.  
18 I'm reading now from the last full paragraph on page 1  
19 and the first full paragraph on page 2 of the letter  
20 Mr. Moritz filed with the Court yesterday, and it  
21 reads as follows:

22           "Defendants understood Your Honor to  
23 be posing the question of whether the standstill  
24 provisions of any confidentiality agreement entered

1 into in connection with an unsolicited proposal for  
2 URS that constitutes or is reasonably likely to lead  
3 to a Company Superior Proposal under the merger  
4 agreement would bar the offeror from actually making a  
5 bid for URS without the approval of the URS board. We  
6 write to confirm to you that it would not.

7 "URS' and AECOM's intent with respect  
8 to the provision of the merger agreement which  
9 requires such a standstill is that the standstill not  
10 apply to the topping bid itself. Furthermore, URS and  
11 AECOM agree that if a confidentiality agreement were  
12 to be entered into under these circumstances, the  
13 standstill would have a clear exception for such a  
14 topping bid. URS and AECOM will make the operation of  
15 the standstill clear to any person with whom URS  
16 enters into a confidentiality agreement as well as  
17 describing the above in the proxy statement related to  
18 the transaction."

19 The plaintiff will have the  
20 opportunity to review the defendants' disclosures to  
21 ensure that the proxy statement clearly reflects what  
22 the URS defendants have represented to me in this  
23 letter. Based on the URS defendants' representations  
24 in this letter, I believe the concern expressed about

1 Section 5.2 of the merger agreement also is now moot  
2 insofar as it pertains to potential postsigning  
3 bidders.

4           Once the challenge to Section 5.2 is  
5 set aside, the plaintiff's remaining challenges do not  
6 warrant expedition, in my opinion. Those challenges  
7 break down into essentially two categories: First,  
8 the plaintiff challenges some of the remaining deal  
9 protections, in particular a four-day matching right  
10 and a termination fee that equates to approximately  
11 3.5 percent of the transaction's value, which is in  
12 the neighborhood of \$4 billion. These provisions are  
13 unremarkable. Similar provisions have been upheld by  
14 the Court on many past occasions and, to his credit,  
15 plaintiff's counsel acknowledged during Friday's  
16 hearing that these are indeed standard provisions.  
17 Thus, when Section 5.2 is set aside for the reasons I  
18 already have covered, in terms of being a moot issue  
19 at this point, plaintiff's challenge to the remaining  
20 deal protections fails to state a colorable claim for  
21 relief, in my opinion, whether they are considered in  
22 isolation or in the aggregate.

23           Second, the rest of the plaintiff's  
24 claims amount to a generic Revlon claim challenging

1 the deal process based on the size of the premium  
2 offered and what I view as relatively conclusory  
3 allegations concerning the process being hasty. As  
4 defendants point out, the plaintiff's characterization  
5 of the premium offered fails to consider URS's  
6 unaffected stock price before JANA entered a  
7 cooperation agreement with the company and its  
8 designees were placed on the board. And, as I've  
9 already noted, no challenge has been made calling into  
10 question the independence of the decision-makers that  
11 were involved in the process here. In sum, the  
12 plaintiff has failed to allege any facts, in my mind,  
13 to state a colorable Revlon claim at this point. For  
14 all of these reasons, I am going to deny the motion to  
15 expedite.

16 I do want to make a few comments in  
17 terms of where this case should go from here. This  
18 motion, as I indicated to you on Friday, I believe was  
19 filed somewhat prematurely. A proxy statement had not  
20 been issued when it was filed. The company had  
21 publicly stated that the transaction was not expected  
22 to close until at least October, so there was some  
23 time to do this on a different schedule, particularly  
24 in the context where the cases had not even been

1 consolidated and there wasn't a leadership structure  
2 in place.

3           My hope is that now you can put such a  
4 leadership structure in place and get the cases  
5 consolidated fairly soon and, as I stated at the  
6 outset, I am denying expedition without prejudice to  
7 plaintiff's right to seek to renew an application for  
8 expedition in the future if circumstances change or  
9 new facts come to light to warrant such an  
10 application, such as the plaintiff's review of the  
11 proxy statement.

12           Please be clear, that's not an  
13 invitation to just come back here for anything. The  
14 plaintiffs should use good judgment in making that  
15 kind of application after assessing the proxy  
16 statement and taking into account future developments  
17 in an informed, intelligent way as to whether or not  
18 truly colorable claims exist.

19           And so, Counsel, you have my ruling.  
20 Unless anybody has any questions, that's all I have to  
21 give to you at this time.

22           MR. WEINBERGER: Your Honor, this is  
23 Ned Weinberger. If I could just quickly raise  
24 consolidation and leadership. As we mentioned last

1 week, there was an agreement among all plaintiffs and  
2 their counsel concerning consolidation and leadership.  
3 We had, in fact, sent up a stipulation and proposed  
4 order to defense counsel early yesterday requesting  
5 comments. And then there was a new complaint filed  
6 last evening. Counsel for that plaintiff, Sheet Metal  
7 Workers, hadn't reached out to us. Upon seeing the  
8 complaint we reached out immediately to them, made an  
9 overture, attempted to come to some type of agreement  
10 in working together, and it doesn't look like there's  
11 going to be any type of consensual agreement. So we  
12 have with them agreed to simultaneously --  
13 unfortunately, burden the Court with briefs here and  
14 do simultaneous briefing on leadership, just one brief  
15 for each on Wednesday. And if Your Honor has any time  
16 at the end of the week, you know, we would appreciate  
17 it if Your Honor was able to hold a brief  
18 teleconference or hearing so we can just go ahead and  
19 get this issue resolved behind us and proceed with the  
20 prosecution of this case.

21 THE COURT: Yeah. I don't have my  
22 calendar in front of me right now. I do know I have  
23 another hearing Friday. It's not a good use of my  
24 time, to be honest with you, to deal with these

1 issues, but I will deal with them if you can't agree.  
2 Submit them and I'll take a look at them. The papers  
3 should be short and to the point, and I'll get back to  
4 you as soon as I can on them.

5 MR. WEINBERGER: Thank you, Your  
6 Honor.

7 THE COURT: Does anybody else have  
8 anything else they need to bring to my attention?

9 All right, Counsel, have a good day.  
10 Thank you very much.

11 (Hearing concluded at 10:18 a.m.)

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CERTIFICATE

I, JULIANNE LABADIA, Official Court Reporter for the Court of Chancery for the State of Delaware, Registered Diplomate Reporter, Certified Realtime Reporter, and Delaware Notary Public, do hereby certify that the foregoing pages numbered 3 through 17 contain a true and correct transcription of the rulings as stenographically reported by me at the hearing in the above cause before the Chancellor of the State of Delaware, except as revised by the Chancellor, on the date therein indicated.

IN WITNESS WHEREOF I hereunto set my hand at Wilmington, this 5th day of August, 2014.

/s/ Julianne LaBadia  
-----  
Julianne LaBadia  
Official Court Reporter  
Registered Diplomate Reporter  
Certified Realtime Reporter  
Delaware Notary Public