UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

CHARLES LICKTEIG, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. ORBITAL ATK, INC., KEVIN P. CHILTON, ROXANNE J. DECYK, LENNARD A. FISK, RONALD R. FOGLEMAN, RONALD T. KADISH, TIG H. KREKEL, DOUGLAS L. MAINE, ROMAN MARTINEZ IV, JANICE I. OBUCHOWSKI, JAMES G. ROCHE, HARRISON H. SCHMITT, DAVID W. THOMPSON, SCOTT L. WEBSTER, NORTHROP GRUMMAN CORPORATION, and NEPTUNE MERGER, INC., Defendants.	Civil Action No. 1:17-cv-1139-CMH/TCB **CLASS ACTION COMPLAINT FOR VIOLATIONS OF SECTIONS 14(a) AND 20(a) OF THE SECURITIES EXCHANGE ACT OF 1934** **JURY TRIAL DEMAND**

CLASS ACTION COMPLAINT

Plaintiff Charles Lickteig ("Plaintiff"), individually and on behalf of all others similarly situated, alleges the following upon information and belief, including investigation of counsel and review of publicly-available information, except as to those allegations pertaining to Plaintiff, which are alleged upon personal knowledge:

NATURE OF THE ACTION

1. Plaintiff brings this class action on behalf of the public stockholders of Orbital ATK, Inc. ("Orbital" or the "Company") against Orbital's Board of Directors (the "Board" or the "Individual Defendants") for their violations of Section 14(a) and 20(a) of the Securities Exchange

Act of 1934 (the "Exchange Act"), 15.U.S.C. §§ 78n(a), 78t(a), and SEC Rule 14a-9, 17 C.F.R. 240.14a-9, arising out of the Board's attempt to sell the Company to Northrop Grumman Corporation through its wholly-owned subsidiary Neptune Merger, Inc. ("Merger Sub" and collectively, with Northrop Grumman, "Northrop Grumman").

2. On September 18, 2017, Orbital and Northrop Grumman announced that they had entered into a definitive merger agreement (the "Merger Agreement") pursuant to which Northrop Grumman will acquire all of the outstanding shares of common stock of Orbital for $134.50 per share in cash (the "Merger Consideration"). The deal, including the net debt of Orbital, is valued at around $9.2 billion. The Proposed Transaction is expected to close in the first half of 2018.

3. Defendants have violated the above-referenced sections of the Exchange Act by causing a materially incomplete and misleading preliminary proxy statement (the "Proxy") to be filed with the SEC on October 2, 2017. The Proxy recommends that Orbital shareholders vote in favor of a proposed transaction (the "Proposed Transaction") whereby Orbital will merge with Merger Sub and become a wholly-owned subsidiary of Northrop Grumman. Yet the Proxy fails to include critical information, such as Orbital's prospects should it continue as a standalone company. For example, Orbital has a large backlog of projects to be completed, which indicates long-term revenue growth and increased demand for the Company's products. An increased budget for U.S. government defense spending promises even more growth, as at least one-third of Orbital's customers are part of the U.S. military.

4. In addition, the Proxy contains materially incomplete and misleading information concerning the financial projections prepared by Orbital's management, as well as the financial analyses conducted by Citigroup. Without complete information concerning the financial analyses and projections, stockholders are unable to determine whether the Merger Consideration properly

values the Company.

5. The Proxy also provides misleading information concerning the sales process. It appears that the Board allowed itself to be bulldozed by Northrop Grumman, capitulating to its demands and failing to fight for an increased sale price, a decreased termination fee, or even an auction process. Instead, the Board allowed President and Chief Executive Officer David W. Thompson to be in control of the process, with little oversight. To add insult to injury, the Board allowed deal protection devices to be included in the Merger Agreement, including a strict no-solicitation provision. There is little information provided in the Proxy concerning the Board's basis for these actions, which is troubling considering that the Board and executive officers stand to receive more than $42 million in financial benefits from the automatic vesting of restricted shares, performance shares, deferred stock units, phantom stock units and stock options.

6. For these reasons, and as set forth in detail herein, Plaintiff seeks to enjoin Defendants from taking any steps to consummate the Proposed Transaction, including filing a definitive proxy statement ("Definitive Proxy") with the SEC or otherwise causing a Definitive Proxy to be disseminated to Orbital's shareholders, unless and until the material information discussed below is included in the Definitive Proxy or otherwise disseminated to Orbital's shareholders. In the event the Proposed Transaction is consummated without the material omissions referenced below being remedied, Plaintiff seeks to recover damages resulting from the Defendants' violations of the Exchange Act.

PARTIES

7. Plaintiff is, and has been at all relevant times, the owner of shares of common stock of Orbital.

8. Orbital is a corporation organized and existing under the laws of the State of

Delaware, and maintains its principal executive offices at 45101 Warp Drive, Dulles, Virginia 20166. Orbital designs and builds space, defense and aviation systems, including launch vehicles, missile products, satellites and other aerospace structures.

9. Defendant David W. Thompson ("Thompson") has served as President, Chief Executive Officer and as a director of the Company since 2015.

10. Defendant Kevin P. Chilton has served as a director of the Company since 2015.

11. Defendant Roxanne J. Decyk has served as a director of the Company since 2010.

12. Defendant Lennard A. Fisk has served as a director of the Company since 2015.

13. Defendant Ronald R. Fogleman has served as a director of the Company since 2004.

14. Defendant Ronald T. Kadish has served as a director of the Company since 2015.

15. Defendant Tig H. Krekel has served as a director of the Company since 2010.

16. Defendant Douglas L. Maine has served as a director of the Company since 2006.

17. Defendant Roman Martinez IV has served as a director since 2004.

18. Defendant Janice I. Obuchowski has served as a director since 2015.

19. Defendant James G. Roche has served as a director of the Company since 2015.

20. Defendant Harrison H. Schmitt has served as a director of the Company since 2015.

21. Defendant Scott L. Webster has served as a director of the Company since 2015.

22. Defendants Thompson, Chilton, Decyk, Fisk, Fogleman, Kadish, Krekel, Maine, Martinez, Obuchowski, Roche, Schmitt, and Webster are collectively referred to herein as the Individual Defendants and/or the Board.

23. Northrop Grumman Corporation is a Delaware corporation with its principal executive offices located at 2980 Fairview Park Drive, Falls Church, Virginia 22042. Northrop Grumman Corporation and Orbital have business ties, with Orbital acting as a supplier to Northrop

Grumman on several programs. Yet Northrop Grumman Corporation is also a competitor of the Company, specifically in Orbital's flight systems and defense systems segments.

24. Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Northrop Grumman Corporation.

JURISDICTION AND VENUE

25. This Court has subject matter jurisdiction pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331 (federal question jurisdiction) as Plaintiff alleges violations of Section 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9.

26. Personal jurisdiction exists over each Defendant either because the Defendant conducts business in or maintains operations in this District, or is an individual who is either present in this District for jurisdictional purposes or has sufficient minimum contacts with this District as to render the exercise of jurisdiction over Defendant by this Court permissible under traditional notions of fair play and substantial justice.

27. Venue is proper in this District under Section 27 of the Exchange Act, 15 U.S.C. § 78aa, as well as under 28 U.S.C. § 1391, because: (i) the conduct at issue took place and had an effect in this District; (ii) both Orbital and Northrop Grumman Corporation maintain their primary places of business in this District; (iii) a substantial portion of the transactions and wrongs complained of herein, including Defendants' primary participation in the wrongful acts detailed herein, occurred in this District; and (iv) Defendants have received substantial compensation in this District by doing business here and engaging in numerous activities that had an effect in this District.

CLASS ACTION ALLEGATIONS

28. Plaintiff brings this action on his own behalf and as a class action on behalf of all owners of Orbital common stock and their successors in interest, except Defendants and their affiliates (the "Class").

29. This action is properly maintainable as a class action for the following reasons:

(a) The Class is so numerous that joinder of all members is impracticable. As of September 17, 2017, Orbital had approximately 57.6 million shares outstanding.

(b) Questions of law and fact are common to the Class, including, inter alia, the following:

(i) Whether Defendants have violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder;

(ii) Whether the Individual Defendants have violated Section 20(a) of the Exchange Act;

(iii) Whether Plaintiff and other members of the Class would suffer irreparable injury were Defendants to file a Definitive Proxy with the SEC that does not contain the material information referenced above and the Proposed Transaction is consummated as presently anticipated; and

(iv) whether the Class is entitled to injunctive relief or damages as a result of Individual Defendants' wrongful conduct.

(c) Plaintiff is committed to prosecuting this action, is an adequate representative of the Class, and has retained competent counsel experienced in litigation of this nature.

(d) Plaintiff's claims are typical of those of the other members of the Class.

(e) Plaintiff has no interests that are adverse to the Class.

(f) The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications for individual members of the Class and of establishing incompatible standards of conduct for the party opposing the Class.

(g) Conflicting adjudications for individual members of the Class might as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

(h) Plaintiff anticipates that there will be no difficulty in the management of this litigation. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.

FURTHER SUBSTANTIVE ALLEGATIONS

A. Company Background

30. Orbital ATK was formed in early 2015 when Orbital Sciences Corporation merged with Alliant Techsystems Inc. in a $5 billion transaction. Orbital Sciences Corporation developed rockets and space systems for commercial and government use. Alliant Techsystems Inc. developed ammunition for law enforcement and sporting weapons, rocket motors, and composite components for commercial and military aircraft. After the merger, and the spin-off of Alliant Techsystems Inc.'s sporting group, Orbital ATK focused on aerospace and defense systems.

31. Orbital ATK operates through three segments: flight systems, defense systems, and space systems. The flight systems group develops products to launch satellites and rocket propulsion systems for missiles. The defense systems group develops products including ammunition, high-performance gun systems, and precision weapons, as well as propulsion control

systems and rocket motors for missile systems. The space systems group develops satellites for communications, scientific research and national security activities, and develops human-rated space systems for exploring space. In 2016, total sales were $4.4 billion, with the defense systems group bringing in $1.8 billion in sales, the flight systems group bringing in $1.4 billion in sales, and the space systems group bringing in $1.2 billion in sales.

32. Orbital ATK's largest customer is the U.S. military, comprising at least 33% of Orbital ATK's total sales for 2016. In total, 76% of the Company's sales were derived from the U.S. government in 2016. For fiscal year 2017, the U.S. defense budget was $583 billion, a $2 billion increase from fiscal year 2016. For fiscal year 2018, the proposed defense budget is $639 billion, an increase of almost 10%. On September 18, 2017, the U.S. Senate voted to approve more than $671 billion for defense spending.

B. A Rushed Sale to a Bully Bidder

33. In May 2017, the President, Chairman and CEO of Northrop Grumman met with Defendant Thompson to discuss expanding Northrop Grumman's relationship with Orbital. During that meeting, the CEOs discussed teaming agreements, strategic alliances, and a business combination as potential avenues of working more closely together. The same day that the CEOs met, executive officers of both companies met and had a similar conversation.

34. On June 28, 2017, Defendant Thompson and executive officers from Orbital and Northrop Grumman met to discuss a business combination of Orbital and Northrop Grumman. During that meeting, Northrop Grumman representatives emphasized that they wanted any transaction to move quickly and that Northrop Grumman would not participate in any auction. The next day, the companies entered into a non-disclosure agreement.

35. On July 11, 2017, Defendant Thompson and executive officers from Orbital

presented information about Orbital's business to executive officers from Northrop Grumman. Ten days later, the Board met and asked Defendant Thompson to update the Board after he spoke to the Chairman, President and CEO of Northrop Grumman on an "anticipated telephone call."

36. Northrop Grumman made an indication of interest on July 26, 2017, offering $130.00 per share in cash. The Board met two days later to discuss Northrop Grumman's offer. At that point, the Board authorized management to retain financial and legal advisors, specifically Citigroup Global Markets Inc. ("Citigroup") and Hogan Lovells US LLP.

37. The Board did not meet again until August 10-11, 2017. At that meeting, Defendant Thompson informed the Board that Northrop Grumman would not engage with an auction process. The Board discussed the possibility of strategic or financial buyers, and noted that Citigroup believed that there was no buyer that could pay more than $130.00 per share. Based on that discussion the Board decided to continue discussions with Northrop Grumman and forego an auction of the Company.

38. On August 17, 2017, Northrop Grumman offered $134.00 per share in cash, and emphasized that Northrop Grumman would walk away if $134.00 was not accepted. The next day, the Board discussed the offer and asked management to consider "non-price terms." That day, Defendant Thompson spoke with the President, Chairman and CEO of Northrop Grumman about the offer.

39. On August 22, 2017, the Board discussed potential counterproposals and authorized Defendant Thompson to continue negotiating with Northrop Grumman. On August 23, 2017, Defendant Thompson proposed $134.00 per share in cash if Northrop Grumman agreed to a tiered break-up fee with a maximum of $250 million, or $135.00-$136.00 per share for a termination fee of $250 million. Northrop Grumman returned one day later with an offer of $134.50 per share in

cash and a termination fee of $275 million. The Board accepted.

40. On September 17, 2017, Orbital entered into the Merger Agreement.

C. The Proposed Transaction is Unfair to Stockholders

41. Orbital has tremendous prospects, given the drastic (and likely) increase in defense spending for the U.S. government's fiscal year 2018. These prospects are underscored by the Company's growing backlog of sales. The Proposed Transaction fails to adequately compensate stockholders for the Company's value. In addition, the sale process was dictated by Northrop Grumman and the Board failed to properly oversee the process as it was led by Defendant Thompson.

Unfair price

42. The Company's stock has steadily increased over the past year, as demonstrated in the following chart:

The Company's stock closed at $110.04 per share on September 15, 2017, the last trading day before the Proposed Transaction was announced, approximately 50% higher than the $72.95 stock price at closing on September 19, 2016.

43. In a press release issued on March 8, 2017, the Company announced financial results for the fourth quarter and full year ending December 31, 2016. For the fourth quarter, Orbital reported revenues of $1.2 billion, an 11% increase from fourth quarter of 2015, and free cash flow of $330.2 million, compared to $122.2 million in fourth quarter of 2015. Defendant Thompson was quoted in the press release as stating that the Company "exceeded [its] initial profit margin expectations, free cash flow targets and new business booking goals for the year[.]"

44. Orbital held a conference call with investors and analysts on March 8, 2017 to discuss financial results for the fourth quarter and full year ending December 31, 2016. During that call, Defendant Thompson noted that the Company received $8.5 billion in total new business in 2016, "setting a new record for the company." Company representatives discussed how the Company's backlog of $14.4 billion at the end of 2016 was an increase of 10% compared to 2015, and that Orbital had already received $1.2 billion in new orders and option exercises in the first two months of 2017. Defendant Thompson stated that the Company expected three new product development initiatives "to accelerate and to sustain [Orbital's] top line revenue growth over the next four to five years." As for the Company's prospects, Defendant Thompson stated:

> Looking to the future we made good progress on the company's three major growth initiatives that should contribute to revenue within the next year, and as promised Orbital ATK also continued our robust and balanced capital deployment program returning over $325 million to shareholders since early 2015 and up to another $275 million projected this year. In combination these things resulted in the company being very well positioned with a wide range of advanced products and in most cases active production lines to take advantage of the defense spending up cycle and the steadily expanding global demand for new civil and commercial space and aviation related systems.
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> Over the next several years we expect Orbital ATK to grow revenues and earnings at above industry averages while continuing to generate strong cash flow that we will use both to return capital to shareholders and to fund new product initiatives to support longer term growth.

45. The rosy picture painted by Orbital was echoed by others outside the Company. For

example, a *The Motley Fool* article published on March 8, 2017, "Orbital ATK Inc. Earnings Rocket Higher," noted that the Company expected operations to continue "doing quite well." The article further stated that "[d]espite working through some accounting issues, 2016 was an excellent year for the company on a financial and operational level. One of the highlights was free cash flow, which totaled $360 million for the full year and was above the high end of its $270 million to $325 million guidance range."

46. The Company continued to do well, as indicated in a press release issued on May 11, 2017, announcing Orbital's financial results for the first quarter of 2017. The Company noted that new orders from the first quarter "boosted the company's contract backlog to a record level." Defendant Thompson stated in the press release: "[Orbital's] first quarter book-to-bill ratio of 150% boosted firm backlog to a record $9.8 billion. In addition, these strong new business bookings reflected a return to our historic proportion of shorter-cycle contracts, which will help drive revenue growth this year and in 2018, following a period of robust long-cycle orders in 2015 and 2016."

47. The trend continued in the second quarter of 2017. In a press release issued on August 3, 2017, Orbital reported revenues of $1.1 billion for the second quarter of 2017, an increase from $1.0 billion in the second quarter of 2016, and noted that there was "solid revenue growth, strong profit margin performance and continued robust contract bookings." The press release also disclosed that the financial guidance for 2017 was updated, with expected increases to revenues and adjusted earnings per share. "The revenue growth that is now being realized stems from exceptional new business performance over the past two years[,]" Defendant Thompson stated in the press release. "Operational performance has also been outstanding across all business segments as we continue to execute our programs on schedule, producing reliable, affordable and

innovative products that support the vital work being carried out by our customers."

48. Orbital held a conference call with investors and analysts held on August 3, 2017 to discuss the Company's financial results for the second quarter of 2017. During the call, Defendant Thompson stated that Orbital was increasing revenue and earnings-per-share guidance for 2017 "to reflect solid first-half performance and continued strong new business wins."

49. The Company's financial accomplishments did not go unnoticed. In August 2017, analysts from Argus Research upgraded Orbital, noting that it believes that "the stock can grow its cash flow by hitting its 'milestones' in the second half of the year" and noting that it believed Orbital would benefit from an increase in defense spending. An article discussing the upgrade was published by *The Motley Fool* on August 14, 2017. That article, entitled "This Just In: Orbital ATK Stock Upgraded After Earnings," stated:

> Helping fuel this optimism was a wave of new bookings that is swelling backlog at Orbital ATK. During the quarter, Orbital landed $1.4 billion in "new firm and option orders," and a further $220 million worth of "option exercises under existing contracts." Compared to the company's $1.12 billion in sales, this works out to a book-to-bill ratio of about 1.45 for Orbital -- very strong, and indicative of revenue growth on the horizon. Orbital says its firm backlog of work now waiting to be done has climbed 10% over the past year -- about three times faster than revenue had been growing.
>
> With all this new work in hand, Orbital raised its guidance for full-year sales and earnings (but curiously, not free cash flow). Orbital now expects to see sales range between $4.6 billion and $4.65 billion this year (up about $25 million from previous expectations). Profits will be a minimum of $5.95 per share ($0.15 more than previously expected), and could go as high as $6.25 per share ($0.05 higher than the previous ceiling). Free cash flow will still range between $250 million and $300 million.

50. The Company's strong financial results and large backlog of orders demonstrate its potential for strong growth. In fact, Orbital's prospects are sure to be a boon for Northrop Grumman, as noted in the September 19, 2017 *Seeking Alpha* article entitled "Northrop Grumman: $9 Billion Acquisition Of Orbital ATK Provides Growth And Higher Returns": "Orbital fits very

well within the areas Northrop Grumman already operates, while also providing new growth opportunities. Northrop Grumman is likely to see double-digit revenue and earnings growth over the next several years, which should also result in continued dividend increases of 10%+ each year."

51. Given the prospective gain to Northrop Grumman, and the Company's strong growth prospects, the Merger Consideration fails to adequately compensate Orbital stockholders. The inadequate Merger Consideration is underscored by the fact that the price offered by Northrop Grumman, $134.50 per share, falls below the stock price values calculated by other analysts. For example, a discounted cash flow analysis performed for Orbital in a July 3, 2017 article on *Seeking Alpha* entitled "Orbital ATK: May Be A Safe Haven" found values for the Company as high as $145.00 per share. Even the analyses of the Company's own financial advisors illustrate that the Merger Consideration may not be high enough. For example, Citigroup's *Selected Public Companies Analysis* implied a per share equity value as high as $137.60, while the *Precedent Premiums Paid Analysis* implied a per share equity value as high as $157.15.

52. Considered altogether, Orbital stockholders are being offered an unfair price for losing their investment in the Company.

Unfair process

53. The Proposed Transaction not only provides the stockholders with an unfair price, it is also the product of an unfair sales process. Specifically, the Board engaged solely with representatives of Northrop Grumman and let Northrop Grumman dictate the terms of the Proposed Transaction. In addition, the Board allowed Thompson to control the process with very little oversight.

54. The Chief Executive Officer of Northrop Grumman first approached Orbital, and

specifically Defendant Thompson, in May 2017 to discuss a number of different, potential actions to strengthen the relationship between the two companies. One month later, representatives from Northrop Grumman and Orbital met to discuss a potential business combination, and at that meeting Northrop Grumman made clear that it would not participate in an auction process. Instead of pushing back on this demand, or conducting an auction after receiving the first indication of interest from Northrop Grumman, or even requesting a "go-shop" period, the Board simply kowtowed to Northrop Grumman.

55. In addition, the Board failed to obtain its own legal counsel and financial advisor to assist it in its consideration of the Proposed Transaction. In a Board meeting on July 21, 2017, members of the Board received a briefing on their fiduciary duties from Thomas E. McCabe, Senior Vice President, General Counsel and Secretary for the Company. Mr. McCabe is the attorney for the Company, not the Board. In a meeting held one week later, Mr. McCabe again briefed the Board on its fiduciary duties, and according to the Proxy, the Board "authorized management to contact Citigroup and Hogan Lovells US LLP to discuss their potential roles as financial advisor and outside legal counsel, respectively, in connection with the potential transaction."

56. The Board similarly deferred to Defendant Thompson throughout the sale process. From the first discussion in May 2017 through the signing of the Merger Agreement on September 17, 2017, Defendant Thompson led the discussions with Northrop Grumman. Defendant Thompson held conversations directly with the CEO of Northrop Grumman, delivered the counterproposal on August 23, 2017 directly to the CEO of Northrop Grumman, and accepted Northrop Grumman's final offer. The Board failed to name a committee to consider the Proposed Transaction, failed to have a member of the Board as the lead on discussions, or even oversee the

process.

57. Finally, there were a number of conflicts of interest present throughout the sale process. As indicated previously, on two occasions the Board was advised by the Company's attorney about its fiduciary duties. The Board allowed Orbital management to retain a financial advisor and outside counsel without considering other advisors or seemingly interviewing the selected firms. Both Citigroup and Hogan Lovells had previously advised the Company (or one of its predecessors), and Citigroup had previously conducted business for Northrop Grumman.

58. The Board's lack of oversight of the sale process is especially troubling given the large compensation packages the executive officers, including Defendant Thompson, stand to receive if they leave the Company after the Proposed Transaction closes.

59. Options, restricted shares, performance shares, deferred stock units and phantom stock units awarded to and held by Orbital's executive officers will vest and be converted into the right to receive either the Merger Consideration or another amount. The treatment of these equity awards, in addition to benefits provided to executive officers under one of the Company's income security plans, will create a windfall for Orbital's executive officers that is unavailable to the common stockholders. As demonstrated in the following chart, in total, the named executive officers of Orbital stand to receive up to $37.8 million if they are let go without "cause" or voluntarily leave for "good reason:"

Name	Cash	Equity	Pension/ NQDC	Total
David W. Thompson				
President & Chief Executive Officer	$6,112,890	$7,771,636	$480,263	$14,364,789
Garrett E. Pierce				
Chief Financial Officer	$3,967,241	$3,423,565	$281,226	$7,672,032
Blake E. Larson				
Chief Operating Officer	$3,967,241	$4,086,163	$330,168	$8,383,572
Frank L. Culbertson				
Executive Vice President & President, Space Systems Group	$1,858,292	$1,856,947	$121,496	$3,836,735
Scott L. Lehr				
Executive Vice President & President, Flight Systems Group	$1,864,681	$1,682,753	—	$3,547,434

60. The members of the Board and the executive officers stand to gain handsomely even if they stay on after the Proposed Transaction closes. In total, as demonstrated in the following chart, the executive officers and Board members will obtain $42.4 million:

	Name	Total Option Consideration	Total Restricted Share Consideration	Total Performance Share Consideration	Total Deferred Stock Unit Consideration	Total Phantom Stock Unit Consideration
Non-Employee Directors:	Kevin P. Chilton	—	—	—	$446,944	—
	Roxanne J. Decyk	—	—	—	$1,099,807	—
	Lennard A. Fisk	—	$152,389	—	—	—
	Ronald R. Fogleman	—	$152,389	—	$1,786,967	$247,489
	Ronald T. Kadish	—	$152,389	—	—	—
	Tig H. Krekel	—	—	—	$1,269,411	—
	Douglas L. Maine	—	$152,389	—	—	—
	Roman Martinez IV	—	—	—	$2,093,627	$1,019,284
	Janice I. Obuchowski	—	$152,389	—	—	—
	James G. Roche	—	$152,389	—	—	—
	Harrison H. Schmitt	—	$152,389	—	—	—
	Scott L. Webster	—	$152,389	—	$294,555	—
Executive Officers:	David W. Thompson	$3,451,644	$2,889,195	$2,833,646	—	—
	Frank L. Culbertson	$825,846	$690,254	$676,939	—	—
	Antonio L. Elias	$620,613	$527,913	$517,960	—	—
	Michael A. Kahn	$2,400,070	$690,254	$676,939	—	$169,785
	Blake E. Larson	$3,393,711	$1,524,692	$1,498,061	—	—
	Scott L. Lehr	$524,233	$680,839	$626,098	—	—
	Thomas E. McCabe	$391,729	$567,725	$558,444	—	—
	Garrett E. Pierce	$1,480,051	$1,275,598	$1,252,464	—	—
	Christine A. Wolf	$1,256,017	$510,293	$501,013	—	—

D. The Preclusive Deal Protection Devices

61. As part of the Merger Agreement, Defendants agreed to certain preclusive deal protection devices that ensure that no competing offers for the Company will emerge.

62. By way of example, section 4.02(a) of the Merger Agreement includes a "No Solicitation" provision barring the Board and any Company personnel from attempting to procure a price in excess of the amount offered by Northrop Grumman. Section 4.02(ii) also demands that the Company terminate any and all activities, discussions or negotiations concerning a superior proposal or that could lead to a superior proposal. Further, this provision fails to provide a "go-shop" period that would allow the Board to rightfully seek out a better offer for the company.

Despite already locking up the Proposed Transaction by agreeing not to solicit alternative bids, the Board consented to additional provisions in the Merger Agreement that further guarantee the Company's only suitor will be Northrop Grumman.

63. Pursuant to section 4.02(c) of the Merger Agreement, the Company must notify Northrop Grumman of any offer made by an unsolicited bidder. Thereafter, should the Board determine that the unsolicited offer is superior, section 4.02(b) requires that the Board grant Northrop Grumman three (3) business days to amend the terms of the Merger Agreement to make a counter-offer that only needs to be at least as favorable to the Company's shareholders as the unsolicited offer. Northrop Grumman is able to match the unsolicited offer because, pursuant to section 4.02(b) of the Merger Agreement, the Company must provide Northrop Grumman with any written agreement concerning the unsolicited offer, eliminating any leverage that the Company has in receiving the unsolicited offer.

64. In other words, the Merger Agreement gives Northrop Grumman access to any rival bidder's information and allows Northrop Grumman a free right to top any superior offer. Accordingly, no rival bidder is likely to emerge and act as a stalking horse for Orbital, because the Merger Agreement unfairly assures that any "auction" will favor Northrop Grumman and allow Northrop Grumman to piggy-back upon the due diligence of the foreclosed second bidder.

65. In addition, pursuant to section 5.08(b) of the Merger Agreement, Orbital must pay Northrop Grumman a termination fee of $275 million if the Company decides to pursue another offer, thereby essentially requiring that the alternate bidder agree to pay a naked premium for the right to provide the shareholders with a superior offer.

66. Ultimately, these preclusive deal protection provisions restrain the Company's ability to solicit or engage in negotiations with any third party regarding a proposal to acquire all

or a significant interest in the Company. The circumstances under which the Board may respond to an unsolicited written bona fide proposal for an alternative acquisition that constitutes or would reasonably be expected to constitute a superior proposal are too narrowly circumscribed to provide an effective "fiduciary out" under the circumstances. Likewise, these provisions also foreclose any likely alternate bidder from providing the needed market check of Northrop Grumman's inadequate offer price.

E. The Materially Incomplete and Misleading Proxy

67. The Individual Defendants owe the stockholders a duty of candor. They must disclose all material information regarding the Proposed Transaction to Orbital stockholders so that they can make a fully informed decision whether to vote in favor of the Proposed Transaction.

68. On October 2, 2017, Defendants filed the Proxy with the SEC. The Proxy omits certain material information concerning the fairness of the Proposed Transaction and Merger Consideration. Without such information, Orbital shareholders cannot make a fully informed decision concerning whether or not to vote in favor of the Proposed Transaction.

Materially Misleading Statements/Omissions Regarding the Management-Prepared Financial Forecasts

69. The Proxy discloses management-prepared financial projections for the Company which are materially misleading. The Proxy indicates that in connection with the rendering of its fairness opinion, Citigroup reviewed "certain financial forecasts and other information and data relating to Orbital ATK which were provided to or discussed with Citigroup by Orbital ATK's management." Accordingly, the Proxy should have, but failed to, provide certain information in the projections that Orbital's management provided to the Board and Citigroup.

70. Specifically, Defendants failed to disclose, for fiscal years 2018-2020, the cash pension reimbursements and contributions, the annual cash flows from Orbital's A350 and CRS-

2 receivables, capital expenditures, changes in net working capital, stock-based compensation expense, unlevered free cash flow as used in the discounted cash flow analysis, and any other line items used to calculate unlevered free cash flow that have not been disclosed.

71. Management's financial projections allow stockholders to understand management's view of the Company's value and future prospects. Stockholders are entitled to know about the Company's promising future financial prospects before being asked to vote on the Proposed Transaction. This is particularly true when the stockholders will be cashed out of the Company, because unlike a stock for stock transaction, the stockholders will have no participation in the success of the future combined companies. Therefore, it is important to know what management and the company's financial advisor's best estimate of those future cash flows would be. Moreover, such forecasts are material to Plaintiff and other reasonable investors because Citigroup reviewed and relied upon the projections in preparing their fairness opinion. This data is necessary for making an informed decision about whether to support the Proposed Transaction and, thus, must be disclosed.

Materially Incomplete and Misleading Disclosures Concerning Citigroup's Financial Analyses

72. First, with respect to the *Selected Public Companies Analysis*, the Proxy fails to disclose the criteria for selecting the companies considered, individually observed multiples and metrics for each of the selected companies, including 2018 EBITDA and 2018 EPS. The Proxy also fails to disclose the separate indications of value from the application of the selected EBITDA and EPS multiples. Finally, the Proxy fails to disclose the basis for the selected range of multiples.

73. Concerning the *Selected Transactions Analysis*, the Proxy fails to disclose the individually observed multiples and metrics for each of the selected transactions, including LTM EBITDA. The Proxy also fails to disclose the basis for the selected range of multiples.

74. With respect to Citigroup's *Discounted Cash Flow Analysis*, the Proxy fails to disclose the specific definition of unlevered, after-tax free cash flow, including the treatment of stock-based compensation expense. The Proxy also fails to disclose the individual inputs and assumptions utilized by Citigroup to derive the discount rate range of 6.9% to 8.2%, the specific terminal year unlevered after-tax cash flow metric that the selected perpetuity growth rates were applied to, and the implied terminal EBITDA multiples that resulted from this analysis. Finally, the specific amount of the "net environmental remediation liability" used in the analysis, as well as the methodology, inputs and assumptions used to determine the liability.

Materially Incomplete and Misleading Disclosures Concerning the Flawed Process

75. The Proxy also fails to disclose material information concerning the sales process. For example, the Proxy discloses that executive officers from Orbital and Northrop Grumman held discussions on June 23, 2017 concerning a pre-scheduled meeting for June 28, 2017. Yet the Proxy fails to disclose who arranged the meeting and the intended discussion for the meeting.

76. The Proxy indicates that on June 29, 2017, July 7, 2017, July 12, 2017, August 18, 2017, August 19, 2017, and August 20, 2017, Defendant Thompson discussed the Proposed Transaction with various members of the Board. However, the Proxy fails to disclose the basis for Defendant Thompson calling the specific Board members rather than discussing with the whole Board.

77. The Proxy also fails to indicate the members of management from Orbital that attended Board meetings on July 21, 2017, July 28, 2017, August 10-11, 2017, August 18, 2017, August 22, 2017, August 25, 2017, September 7, 2017, September 10, 2017, September 14, 2017, and September 16, 2017.

78. Finally, the Proxy fails to disclose the substance of presentations made to the Board by Citigroup on August 10-11, 2017 and August 22, 2017.

79. Defendants have knowingly, recklessly, or negligently omitted the above-referenced material information from the Proxy, in violation of the Exchange Act. Accordingly, Plaintiff seeks injunctive and other equitable relief to prevent the irreparable injury that Orbital shareholders will suffer absent judicial intervention.

80. In addition, the Individual Defendants knew or recklessly disregarded that the Proxy omits the material information concerning the Proposed Transaction and contains the materially incomplete and misleading information discussed above. Specifically, the Individual Defendants undoubtedly reviewed the contents of the Proxy before it was filed with the SEC. Indeed, as directors of the Company, they were required to do so. The Individual Defendants thus knew or recklessly disregarded that the Proxy omits the material information referenced above and contains the incomplete and misleading information referenced above.

81. Further, the Proxy indicates that on September 16, 2017, Citigroup reviewed with the Board its financial analysis of the merger consideration and delivered to the Board an oral opinion, which was confirmed by delivery of a written opinion dated September 16, 2017, to the effect that the Merger Consideration was fair, from a financial point of view, to Orbital stockholders. Accordingly, the Individual Defendants undoubtedly reviewed or were presented with the material information concerning Citigroup's financial analyses which has been omitted from the Proxy, and thus knew or should have known that such information has been omitted.

CLAIMS FOR RELIEF

COUNT I

On Behalf of Plaintiff and the Class Against All Defendants for Violations of Section 14(a) of the Exchange Act and Rule 14a-9

82. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

83. Defendants have filed the Proxy with the SEC with the intention of soliciting Orbital shareholder support for the Proposed Transaction. Each of the Individual Defendants reviewed and authorized the dissemination of the Proxy, which fails to provide the material information referenced above.

84. In so doing, Defendants made materially incomplete and misleading statements and/or omitted material information necessary to make the statements made not misleading. Each of the Individual Defendants, by virtue of their roles as officers and/or directors of Orbital, were aware of the omitted information but failed to disclose such information, in violation of Section 14(a).

85. Rule 14a-9, promulgated by the SEC pursuant to Section 14(a) of the Exchange Act, provides that such communications with shareholders shall not contain "any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading." 17 C.F.R. § 240.14a-9.

86. Specifically, and as detailed above, the Proxy violates Section 14(a) and Rule 14a-9 because it omits material facts concerning: (i) management's financial projections; (ii) the value of Orbital's shares and the financial analyses performed by Citigroup in support of its fairness opinion; and (iii) the sale process.

87. Moreover, in the exercise of reasonable care, the Individual Defendants knew or should have known that the Proxy is materially misleading and omits material information that is necessary to render it not misleading. The Individual Defendants undoubtedly reviewed and relied upon the omitted information identified above in connection with their decision to approve and recommend the Proposed Transaction; indeed, the Proxy states that Citigroup reviewed and discussed its financial analyses with the Board during various meetings including on September 16, 2017, and further states that the Board relied upon Citigroup's financial analyses and fairness opinion in connection with approving the Proposed Transaction. The Individual Defendants knew or should have known that the material information identified above has been omitted from the Proxy, rendering the sections of the Proxy identified above to be materially incomplete and misleading.

88. The misrepresentations and omissions in the Proxy are material to Plaintiff and the Class, who will be deprived of their right to cast an informed vote if such misrepresentations and omissions are not corrected prior to the vote on the Proposed Transaction. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that Defendants' actions threaten to inflict.

COUNT II

On Behalf of Plaintiff and the Class against the Individual Defendants for Violations of Section 20(a) of the Exchange Act

89. Plaintiff incorporates each and every allegation set forth above as if fully set forth herein.

90. The Individual Defendants acted as controlling persons of Orbital within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as

officers and/or directors of Orbital and participation in and/or awareness of the Company's operations and/or intimate knowledge of the incomplete and misleading statements contained in the Proxy filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision making of the Company, including the content and dissemination of the various statements that Plaintiff contends are materially incomplete and misleading.

91. Each of the Individual Defendants was provided with or had unlimited access to copies of the Proxy and other statements alleged by Plaintiff to be misleading prior to the time the Proxy was filed with the SEC and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

92. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the Exchange Act violations alleged herein, and exercised the same. The omitted information identified above was reviewed by the Board prior to voting on the Proposed Transaction. The Proxy at issue contains the unanimous recommendation of each of the Individual Defendants to approve the Proposed Transaction. They were, thus, directly involved in the making of the Proxy.

93. In addition, as the Proxy sets forth at length, and as described herein, the Individual Defendants were involved in negotiating, reviewing, and approving the Merger Agreement. The Proxy purports to describe the various issues and information that the Individual Defendants reviewed and considered. The Individual Defendants participated in drafting and/or gave their input on the content of those descriptions.

94. By virtue of the foregoing, the Individual Defendants have violated Section 20(a)

of the Exchange Act.

95. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) and Rule 14a-9, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Individual Defendants' conduct, Plaintiff and the Class will be irreparably harmed.

96. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that Defendants' actions threaten to inflict.

RELIEF REQUESTED

WHEREFORE, Plaintiff demands injunctive relief in his favor and in favor of the Class and against the Defendants jointly and severally, as follows:

A. Declaring that this action is properly maintainable as a Class Action and certifying Plaintiff as Class Representatives and his counsel as Class Counsel;

B. Preliminarily and permanently enjoining Defendants and their counsel, agents, employees and all persons acting under, in concert with, or for them, from filing a Definitive Proxy with the SEC or otherwise disseminating a Definitive Proxy to Orbital shareholders unless and until Defendants agree to include the material information identified above in the Definitive Proxy;

C. Preliminarily and permanently enjoining Defendants and their counsel, agents, employees and all persons acting under, in concert with, or for them, from proceeding with, consummating, or closing the Proposed Transaction, unless and until Defendants disclose the material information identified above which has been omitted from the Proxy;

D. Directing the Defendants to account to Plaintiff and the Class for all damages suffered as a result of their wrongdoing;

E. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and expert fees and expenses; and

F. Granting such other and further equitable relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury as to all issues so triable.

Dated: October 11, 2017

FINKELSTEIN THOMPSON LLP

/s/ *Robert O. Wilson*

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