



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

THE VLADIMIR GUSINSKY)
LIVING TRUST, Individually and On)
Behalf of All Others Similarly Situated,)
)
Plaintiff,)

C.A. No. _____

v.)

B/E AEROSPACE, INC., AMIN J.)
KHOORY, JAMES F. ALBAUGH,)
DAVID J. ANDERSON, RICHARD)
G. HAMERMESH, WERNER)
LIEBERHERR, JONATHAN M.)
SCHOFIELD, MARY M.)
VANDEWEGHE, JOHN T. WHATES,)
ROCKWELL COLLINS, INC., and)
QUARTERBACK MERGER SUB)
CORP.,)
)
Defendants.)

VERIFIED CLASS ACTION COMPLAINT

Plaintiff, by its undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to itself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

NATURE OF THE ACTION

1. This action stems from a proposed transaction announced on October 24, 2016 (the “Proposed Transaction”), pursuant to which B/E Aerospace, Inc. (“B/E Aerospace” or the “Company”) will be acquired by Rockwell Collins, Inc.

(“Parent”) and its wholly-owned subsidiary, Quarterback Merger Sub Corp. (“Merger Sub,” and together with Parent, “Rockwell Collins”).

2. On October 23, 2016, B/E Aerospace’s Board of Directors (the “Board” or “Individual Defendants”) caused the Company to enter into an agreement and plan of merger (the “Merger Agreement”). Pursuant to the terms of the Merger Agreement, shareholders of B/E Aerospace will receive \$34.10 per share in cash and \$27.90 in shares of Parent common stock.

3. On November 23, 2016, defendants filed a Form S-4 Registration Statement (the “Registration Statement”) with the United States Securities and Exchange Commission (“SEC”) in connection with the Proposed Transaction. As set forth below, the Registration Statement omits material information regarding, among other things, potential conflicts of interest of B/E Aerospace’s officers and directors and the Company’s financial projections.

4. Accordingly, plaintiff seeks enjoinder of the Proposed Transaction or, alternatively, rescission of the Proposed Transaction in the event defendants are able to consummate it.

PARTIES

5. Plaintiff is, and has been continuously throughout all times relevant hereto, the owner of B/E Aerospace common stock.

6. Defendant B/E Aerospace is a Delaware corporation and maintains its principal executive offices at 1400 Corporate Center Way, Wellington, Florida 33414. B/E Aerospace's common stock is traded on the Nasdaq GS under the ticker symbol "BEAV."

7. Defendant Amin J. Khoury ("Khoury") has served as Executive Chairman of the Board of B/E Aerospace since December 2014. Khoury co-founded the Company in July 1987 and served as Chairman of the Board from that time until December 2014. Khoury also served as the Company's Co-Chief Executive Officer from January 2014 through December 2014, and as Chief Executive Officer ("CEO") from July 1987 through April 1996 and again from December 2005 through December 2013.

8. Defendant James F. Albaugh ("Albaugh") has served as a director of B/E Aerospace since November 2014. According to the Company's website, Albaugh is a member of the Compensation Committee.

9. Defendant David J. Anderson ("Anderson") has served as a director of B/E Aerospace since June 2014. According to the Company's website, Anderson is a member of the Audit Committee.

10. Defendant Richard G. Hamermesh ("Hamermesh") has served as a director of B/E Aerospace since July 1987. According to the Company's website, Hamermesh is Chair of the Audit Committee, a member of the Compensation

Committee, and a member of the Nominating and Corporate Governance Committee.

11. Defendant Werner Lieberherr (“Lieberherr”) has served as President and CEO of B/E Aerospace since December 2014. Lieberherr previously served as President and Chief Operating Officer of B/E Aerospace since January 2011, and as Senior Vice President and General Manager of Commercial Aircraft Segment since July 2006.

12. Defendant Jonathan M. Schofield (“Schofield”) has served as a director of B/E Aerospace since April 2001. According to the Company’s website, Schofield is Chair of the Nominating and Corporate Governance Committee, a member of the Audit Committee, and a member of the Compensation Committee.

13. Defendant Mary M. VanDeWeghe (“VanDeWeghe”) is a director of B/E Aerospace. According to the Company’s website, VanDeWeghe is a member of the Audit Committee.

14. Defendant John T. Whates (“Whates”) has served a director of B/E Aerospace since February 2012. According to the Company’s website, Whates is Chair of the Compensation Committee and a member of the Nominating and Corporate Governance Committee.

15. The defendants identified in paragraphs 7 through 14 are collectively referred to herein as the “Individual Defendants.”

16. Defendant Parent is a Delaware corporation with its principal executive offices located at 400 Collins Road NE, Cedar Rapids, Iowa 52498.

17. Defendant Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Parent.

CLASS ACTION ALLEGATIONS

18. Plaintiff brings this action as a class action, pursuant to Court of Chancery Rule 23, on behalf of itself and the other public stockholders of B/E Aerospace (the “Class”). Excluded from the Class are defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any defendant.

19. This action is properly maintainable as a class action.

20. The Class is so numerous that joinder of all members is impracticable. As of October 17, 2016, there were approximately 101,603,153 shares of B/E Aerospace common stock outstanding, held by hundreds, if not thousands, of individuals and entities scattered throughout the country.

21. Questions of law and fact are common to the Class, including, among others: (i) whether defendants have breached their fiduciary duties owed to plaintiff and the Class; and (ii) whether defendants will irreparably harm plaintiff and the other members of the Class if defendants’ conduct complained of herein continues.

22. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class and plaintiff has the same interests as the other members of the Class. Accordingly, plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

23. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for defendants, or adjudications that would, as a practical matter, be dispositive of the interests of individual members of the Class who are not parties to the adjudications or would substantially impair or impede those non-party Class members' ability to protect their interests.

24. Defendants have acted, or refused to act, on grounds generally applicable to the Class as a whole, and are causing injury to the entire Class. Therefore, final injunctive relief on behalf of the Class is appropriate.

SUBSTANTIVE ALLEGATIONS

Background of the Company and the Proposed Transaction

25. B/E Aerospace is the world's leading manufacturer of aircraft cabin interior products. The Company designs, develops, and manufactures a broad range of products for both commercial aircraft and business jets.

26. According to the Registration Statement, in February 2016, Rockwell Collins contacted Citigroup Global Markets Inc. (“Citigroup”), B/E Aerospace’s financial advisor, “based on Citigroup’s prior financial advisory work for Rockwell Collins,” regarding exploring a potential transaction with the Company.

27. In late February 2016, Jeffrey MacLauchlan (“MacLauchlan”), Senior Vice President of Corporate Development of Rockwell Collins, contacted Joseph Lower (“Lower”), Chief Financial Officer (“CFO”) of B/E Aerospace, to arrange a meeting. MacLauchlan and Lower met on February 29 “to discuss market conditions and industry trends” and “the complementary nature of Rockwell Collins’ and B/E Aerospace’s respective businesses.”

28. On June 27, 2016, Kelly Ortberg (“Ortberg”), Chairman, President, and CEO of Rockwell Collins, contacted Khoury and they discussed a potential transaction involving the Company and Rockwell Collins.

29. On July 7, 2016, B/E Aerospace and Rockwell Collins executed a non-disclosure agreement.

30. On July 20, 2016, Khoury, Lower, and Individual Defendant Lieberherr met with Ortberg, MacLachlan, and Patrick Allen, Senior Vice President and CFO of Rockwell Collins, to discuss the potential transaction.

31. On August 9, 10, and 22, 2016, undisclosed members of senior management of B/E Aerospace and Rockwell Collins met to continue discussions

regarding the potential transaction.

32. On September 2, 2016, Rockwell Collins submitted an indication of interest to acquire B/E Aerospace in a cash and stock transaction.

33. On September 6, 2016, B/E Aerospace formally engaged Citigroup and Goldman, Sachs & Co. (“Goldman Sachs”) as its financial advisors in connection with the potential transaction. As set forth in the Registration Statement, in response to a subsequent request from Rockwell Collins, Citigroup may be participating in the financing of the merger.

34. On September 7, 2016, the Board met and “asked one of its directors that had a previous relationship with . . . Party C to contact Party C to gauge its interest in a potential transaction involving B/E Aerospace.” The undisclosed director apparently subsequently contacted Party C, and “Party C advised that it was not interested in pursuing a transaction with B/E Aerospace.” It appears that this was the only “effort” made by the Individual Defendants to perform a market check, both before the execution of the Merger Agreement and thereafter.

35. On September 16, 2016, Rockwell Collins submitted an updated indication of interest to acquire B/E Aerospace for \$61.00 to \$62.00 per share in 50% cash and 50% stock. With this proposal, Rockwell Collins indicated that one director designated by B/E Aerospace would be appointed to the Rockwell Collins board following the merger.

36. On September 27, 2016, undisclosed members of B/E Aerospace and Rockwell Collins senior management met and “reached a tentative agreement” with respect to the Proposed Transaction. During such discussions, the members of the senior management teams negotiated an additional Rockwell Collins board seat for the Individual Defendants.

37. On October 13, 2016, the Board met with undisclosed members of B/E Aerospace senior management. During the meeting, Individual Defendant Khoury “advised that Rockwell Collins was interested in retaining Mr. Lieberherr, and confirmed Mr. Lieberherr’s willingness to remain with the combined company pursuant to the terms of an employment agreement to be negotiated and executed at or immediately prior to signing.” The Registration Statement fails to disclose when Rockwell Collins first indicated its interest in retaining B/E Aerospace management, including Individual Defendant Lieberherr, and the circumstances surrounding such indication, including who participated in such discussion(s).

38. Also on October 13, the B/E Aerospace Compensation Committee recommended for approval by the Board, and the Board approved, the payment and terms of transaction bonuses for Khoury, Lieberherr, Lower, and Ryan Patch (“Patch”), Vice President – Law, General Counsel, Secretary and Chief Compliance Officer of the Company. Khoury, Lieberherr, Lower, and Patch will

receive transaction bonuses in connection with the Proposed Transaction amounting to \$16,800,000, \$8,400,000, \$1,120,000, and \$1,680,000, respectively.

39. On October 22, 2016, undisclosed members of B/E Aerospace and Rockwell Collins senior management “continued to negotiate the final terms and conditions” of the Proposed Transaction.

40. On October 23, 2016, the Board approved the Proposed Transaction, and the parties executed the Merger Agreement.

41. The same day, B/E Aerospace and Rockwell Collins issued a joint press release announcing the Proposed Transaction. According to the press release, following the close of the merger, Individual Defendant Lieberherr will serve as Executive Vice President and Chief Operating Officer. Additionally, two B/E Aerospace Board members will serve on Rockwell Collins’ board of directors.

42. On October 24, 2016, Rockwell Collins filed a Form 425 with the SEC, which contained a presentation regarding the Proposed Transaction. In a slide titled “Transaction Summary,” the presentation states that “B/E Aerospace will operate as a new segment within Rockwell Collins with Werner Lieberherr and B/E’s strong management team running the segment.”

43. On October 25, 2016, B/E Aerospace filed a Form 425 with the SEC, which attached a transcript of an October 24, 2016 investor call and webcast held by the Company and Rockwell Collins regarding the Proposed Transaction.

During the investor call and webcast, Ortberg stated that B/E Aerospace “will continue to be run by Werner Lieberherr and B/E’s proven management team.”

The Materially Incomplete Registration Statement

44. Defendants filed the Registration Statement with the SEC in connection with the Proposed Transaction.

45. The Registration Statement omits material information regarding the Proposed Transaction.

46. First, the Registration Statement omits material information regarding potential conflicts of interest of the Company’s officers and directors.

47. Following the close of the Proposed Transaction, Individual Defendant Lieberherr will serve as Executive Vice President and Chief Operating Officer, and already has entered into a “new employment agreement” with Rockwell Collins. Moreover, B/E Aerospace will continue to be run by B/E Aerospace’s management team.

48. However, the Registration Statement fails to disclose: (i) when Rockwell Collins first indicated its interest in retaining B/E Aerospace management, including Individual Defendant Lieberherr, and the circumstances surrounding such indication, including who participated in such discussion(s); (ii) the timing and nature of all subsequent discussions and negotiations regarding the continued employment of Lieberherr, including when the terms of Lieberherr’s

new employment agreement were negotiated; and (iii) the timing and nature of negotiations regarding the continued employment of the remainder of B/E's management team, including who participated in all such discussions, as well as any agreements that have been reached regarding their post-transaction employment.

49. Second, the Registration Statement omits material information regarding B/E Aerospace's financial projections.

50. Specifically, the Registration Statement fails to disclose B/E Aerospace's projected *unlevered* free cash flows and the corresponding definition of how unlevered free cash flow was calculated, as well as each of the constituent line items used in the calculation of unlevered free cash flow.

51. Similarly, the Registration Statement fails to disclose Rockwell Collins' projected unlevered free cash flows and the corresponding definition of how unlevered free cash flow was calculated, as well as each of the constituent line items used in the calculation of unlevered free cash flow.

52. Third, the Registration Statement omits material information regarding the financial analyses performed by Citigroup and Goldman Sachs in support of their so-called fairness opinions.

53. For example, with respect to Citigroup's and Goldman Sachs' *Illustrative Discounted Cash Flow Analyses*, the Registration Statement fails to

disclose: (i) the inputs and assumptions underlying Citigroup and Goldman Sachs' weighted average cost of capital analyses; and (ii) the amount of net debt of both B/E Aerospace and Rockwell Collins as provided by management for use in the analyses.

54. Additionally, with respect to Citigroup's and Goldman Sachs' *Selected Companies* and *Selected Transactions Analyses*, the Registration Statement fails to disclose the individual multiples for each of the selected companies and transactions observed by Citigroup and Goldman Sachs.

55. The above-referenced omitted information, if disclosed, would significantly alter the total mix of information available to B/E Aerospace's stockholders.

COUNT I

(Breach of Fiduciary Duty of Disclosure Against the Individual Defendants)

56. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

57. The Individual Defendants have caused materially incomplete and misleading information to be disseminated to the Company's public stockholders. The Individual Defendants have an obligation to be complete and accurate in their disclosures.

58. The Registration Statement fails to disclose material information regarding potential conflicts of interest of B/E Aerospace's officers and directors, as well as the Company's financial projections and Citigroup's and Goldman Sachs' financial analyses.

59. Due to defendants' failure to provide full and fair disclosure, plaintiff and the Class will be stripped of their ability to make an informed decision with respect to the Proposed Transaction, and thus are damaged thereby.

60. Plaintiff and the members of the Class have no adequate remedy at law.

COUNT II

(Aiding and Abetting the Board's Breaches of Fiduciary Duties Against B/E Aerospace and Rockwell Collins)

61. Plaintiff repeats and realleges the preceding allegations as if fully set forth herein.

62. Defendants B/E Aerospace and Rockwell Collins, as the entities that jointly filed the Registration Statement with the SEC, knowingly assisted the Individual Defendants' breaches of fiduciary duties in connection with the Proposed Transaction, which, without such aid, would not have occurred.

63. As a result of this conduct, plaintiff and the other members of the Class have been and will be damaged.

64. Plaintiff and the members of the Class have no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment and relief as follows:

A. Ordering that this action may be maintained as a class action and certifying plaintiff as the Class representative and plaintiff's counsel as Class counsel;

B. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction;

C. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages to plaintiff and the Class;

D. Directing defendants to account to plaintiff and the Class for their damages sustained because of the wrongs complained of herein;

E. Awarding plaintiff the costs of this action, including reasonable allowance for plaintiff's attorneys' and experts' fees; and

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

Dated: December 1, 2016

RIGRODSKY & LONG, P.A.

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