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IN THE SUPREME COURT OF THE STATE OF DELAWARE

CLEVELAND BAKERS AND TEAMSTERS PENSION FUND, *Plaintiff-Below/Appellant*, v. JEFFREY P. BEZOS, ANDREW JASSY, KEITH B. ALEXANDER, EDITH W. COOPER, JAMIE S. GORELICK, DANIEL P. HUTTENLOCHER, JUDITH A. MCGRATH, INDRA K. NOOYI, JONATHAN J. RUBINSTEIN, PATRICIA Q. STONESIFER, and WENDELL P. WEEKS, *Defendants-Below/Appellees*, -and- AMAZON.COM, INC. *Nominal Defendant-Below, Appellee*.	Case No. 127, 2025 Court Below: Court of Chancery of the State of Delaware C.A. No. 2023-0868-NAC Public Version Filed: July 14, 2025

APPELLANT'S REPLY BRIEF

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TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES

Page(s)

Cases

Other Authorities

PRELIMINARY STATEMENT

Appellant's allegations in this action stand largely unimpeached. Appellees make feeble attempts to dispute some of Appellant's allegations and do not even try to dispute others. The net result is that Appellant's core allegations are not credibly in dispute—the only question before the Court is whether they can sustain a claim for bad faith against Amazon's Board. Appellant submits that they must.

Appellees' disputes with the Complaint's allegations only serve to emphasize just how little they chose to do here.[1] Appellees argue, for example, that it is untrue that they never received a report or presentation about the Final LSAs before these contracts were presented for approval. But the lone report they point to is a report about Project Kuiper more broadly, not about the LSAs themselves. And this report contains only a blink-and-you-miss it reference to the fact that the LSAs were being negotiated. It does not otherwise discuss the LSAs at all. Further, Appellees' focus on this largely-irrelevant report does not change the fact that despite being told that management was negotiating multi-billion-dollar conflicted contracts, the Board chose to do and ask nothing about them.

Appellees also highlight that the Audit Committee and the Board received summaries of key terms before approving the [redacted] LSAs. But they ignore that

[1] Capitalized terms have the same meaning as set forth in the Verified Amended Shareholder Derivative Complaint (the "Complaint").

these summaries omitted several material terms that the Board had previously received for a much smaller launch contract. The Board does not seem to have noticed or cared about these omissions and approved the LSAs anyway.

Next, Appellees dispute that the Final LSAs were a particularly significant corporate transaction, given their immense cost and Bezos's conflict. Regarding the former, Appellees argue that given Amazon's size, the [redacted] LSAs were not worth the Board's time and oversight. To put it mildly, Appellant disagrees. Regarding the latter, while Appellees do not dispute Bezos's conflict of interest, they argue that they properly managed this conflict. How did they do so? By having both the Audit Committee and the Board separately approve the LSAs. That is the *only* Board action Appellees can identify that they took to address Bezos's conflict.

That is damning. For one thing, as Appellees admit, separate Audit Committee and Board approval of the LSAs was required because of the contracts' conflict and scale. The Board did not voluntarily impose these dual approvals. Merely following Amazon and NYSE rules does not reflect affirmative, prophylactic action to manage Bezos's conflict—it hardly reflects any action at all. For another, Appellees cannot identify a single step the Board took to manage Bezos's conflict *during* eighteen months of negotiations. Mandatory, after-the-fact approval does not change that.

Appellant's core allegations, therefore, are not in dispute. Driven by years of Blue Origin's failures, Bezos labored under a huge conflict of interest. The Board chose to do nothing about this conflict. The Board chose to never so much as ask about Bezos's involvement in eighteen months of negotiations. The Board received no updates, reports, or presentations about the LSAs during those eighteen months, and did not once discuss the LSAs before it met to approve them. The Board retained no advisors. And the Board—excluding two directors who did not care to attend the meeting and one who left early—approved the Final LSAs by videoconference despite having much less information than it had previously received about a prior LSA. And this is to say nothing about Blue Origin's struggles or SpaceX's superiority, which allegations Appellees also leave undisturbed.

This *laissez-faire* process left Amazon's Project Kuiper critically dependent on Bezos's Blue Origin to succeed. Blue Origin is now responsible for the vast majority of Amazon's launches and for deploying the vast majority of its satellites—if it fails, so does Amazon's new "fourth pillar." And even if Blue Origin fails—a considerable risk, given its troubled history and never-before-launched rocket—it has already profited handsomely from the Board's conduct. Blue Origin received $585 million in the nine months after the Board approved the LSAs, and has since received several hundreds of millions more of the [redacted] it is due to receive.

The Board's decision to allow these billions in corporate funds to flow to Bezos's company virtually unchecked takes the Board outside even the expansive leeway that the business judgment rule affords. No single aspect of the Board's conduct or the LSAs is dispositive of bad faith. But taken together, Appellant's allegations—about the LSAs' scale and significance, the Board's choice to leave Bezos's conflict unchecked, the Board's choice to approve the LSAs with minimal information and deliberation—depict a Board that willfully abdicated its fiduciary duties.

It takes an exceptional case to prevail on a claim for bad faith. Appellant respectfully submits that this is an exceptional case. The Court should reverse.

ARGUMENT

I. APPELLANT'S KEY ALLEGATIONS ARE UNDISPUTED

Appellees first claim that it is impossible to find that that Board's conduct here amounted to bad faith. Appellees' Answering Brief ("Ans. Br.") at 17. In advancing this argument, Appellees ignore several of Appellant's key allegations and seek to obfuscate others. Viewed together, Appellant's allegations show that the Board here chose to wholly ignore Bezos's conflict of interest and did about as little as it possibly could do, paying no regard to the many aspects of the Final LSAs that made them uniquely fraught corporate transactions.

In support of its assertion that Appellee acted in bad faith, Appellant notes that the Board did not receive any presentations about the Final LSAs and did not discuss the Final LSAs at a single meeting before the lone meeting at which it approved them. *Id*. at 19-20. Appellees claim that these allegations are "conclusively refuted by the complaint's factual allegations." *Id*. at 19. Appellees are wrong.

First, Appellees argue that in November 2020, the Board received to a "comprehensive oral and written report on Project Kuiper." *Id*. This misses the point. Although the Board received a report about the broader Project Kuiper initiative, it did not receive a report on the Final LSAs that are at issue in this

litigation. The Project Kuiper report made only exceedingly brief references to the negotiation of the LSAs: it mentioned an ongoing "[redacted]" (*Id.*; B146) and made an oblique reference to the fact that Amazon was negotiating with Blue Origin and ULA, and that any agreements with either of those providers would represent conflict transactions (B142; A079 ¶108). These are the only references to the LSAs in the entire report. It is simply not credible to describe these references, as Appellees do, as "comprehensive" or providing "detailed information" about the Final LSAs themselves.

The November 2020 Project Kuiper report's fleeting references to the procurement process only served to notify the Board that conflict transactions were being negotiated—not to meaningfully educate inform the Board about them. At no point did the Board ever receive meaningful information about the Final LSAs themselves, let alone a report or presentation about them. It is telling that the only such report Appellees can point to barely mentions the LSAs at all.

More importantly, Appellees' focus on this presentation ignores that the Board did *nothing* after it learned that Amazon was engaging in conflicted negotiations with Blue Origin to protect against the palpable conflicts that these negotiations presented. A093-95 ¶¶133, 135 n.141, A097-98 ¶140. Appellees do not dispute the well-pled allegations that the Board did not impose any guardrails to

prevent Bezos from influencing the negotiations or attempting to favor Blue Origin at Amazon's expense, did not receive updates about the negotiations as they were progressing, and did not even discuss the negotiations with Blue Origin a single time before approving the Final LSAs. A076-77 ¶¶104-105, A093-95 ¶¶133, 135 n.141, A081-82 ¶113, A097-98 ¶140, A107-08 ¶161. The November 2020 presentation about Project Kuiper more broadly does nothing to address these blatant failures.

Second, Appellees note that the Audit Committee received a memorandum summarizing some key terms and discussed the contracts before approving them, while the Board received a memorandum and also held a discussion. Ans. Br. at 20. Again, Appellees ignore that these short summaries provided less information than the Board had received before it approved the *non-conflicted* Interim ULA LSA—including critical information about [redacted]. A098-99 ¶141.

The Audit Committee's and Board's failure to insist on receiving at least the same amount of information about the [redacted], conflicted Final LSAs before approving them as it had received before approving the [redacted] non-conflicted Interim ULA LSA is troubling. *Id.* Appellees have no answer. The Board's decision to approve the Final LSA when it knew nothing about several material terms—or to

even question why these terms were missing from the short summaries it did receive—underscores the willful acquiescence that the Board exhibited throughout the process.

Similarly, Appellees rely on meeting minutes to claim that the Audit Committee and the Board meaningfully discussed the LSAs before approving them. Ans. Br. at 20. The minutes reveal nothing about the substance of the discussions, containing vague language like "[a]fter discussion" and "discussion ensued." *Id*. Self-serving references as obtuse as these are insufficient to allow a pleading-stage inference in Appellees' favor that they meaningfully discussed and debated the Final LSAs's merits and terms before approving them. This is particularly the case where (as Appellees do not dispute) (i) the Audit Committee discussed the LSAs for at most only a few minutes before it approved them and other related-party transactions and (ii) the Board devoted only a lone 40-minute videoconference—which two directors did not bother to attend and a third departed early—to the [redacted] Final LSAs. A090 ¶128, A097 ¶139 n.144.

The vast majority of Appellant's core allegations—that the Board imposed no guardrails on and received no updates about the negotiations of the LSAs; that the Board received no real information and no presentations about the LSAs; and that the Board reviewed and approved the Final LSAs after devoting minimal time to

discussing them—are effectively undisputed. A107-08 ¶161. Appellant's allegations about Bezos's rivalry with Musk and SpaceX, Blue Origin's abysmal track record against SpaceX, and SpaceX's vast superiority in terms of reliability and affordability are entirely ignored. A051-61 ¶¶63-83, A104-05 ¶¶154-155, A109-113 ¶¶163-171. In the face of Bezos's blatant conflict of interest, there is a substantial likelihood that the Board knowingly made "material decisions without adequate information and without adequate deliberation," *In re Walt Disney Co. Deriv. Litig*., 825 A.2d 275, 289 (Del. Ch. 2003), and that "a purpose other than pursuing the best interests of the corporation and its stockholders tainted their actions." *Ibew Loc. Union 481 Defined Contribution Plan & Tr. v. Winborne*, 301 A.3d 596, 623 (Del. Ch. 2023).

Appellees' remaining precedent (on which the Court of Chancery effectively relied by adopting Appellees' arguments *in toto*) is unavailing. Ans. Br. at 21-23. *McElrath v. Kalanick,* 2019 WL 1430210 (Del. Ch. Apr. 1, 2019), *aff'd*, 224 A.3d (Del. 2020) 982 involved Uber's $680 million acquisition of a self-driving car project called Otto from Google, which Uber's CEO Travis Kalanick negotiated. *Id.*, at *3-4. The acquisition at issue in *Kalanick* was not a conflict transaction, was a fraction of the value of the Final LSAs, and was not critical to a venture as important as Project Kuiper is to Amazon. And still, Uber's board did much more

than the Amazon Board did here. The Uber board (i) retained "[o]utside counsel and an investigative firm [to] assist[] with due diligence;" (ii) "reviewed the risk of litigation with Google"; and (iii) "discussed due diligence."[2] *McElrath v. Kalanick*, 224 A.3d 982, 994-995 (Del. 2020). The Uber board did not utterly fail to oversee or manage conflicted negotiations, or to let such negotiations proceed unencumbered for eighteen months.

Appellees also rely on *Kalanick* to argue that the Board here was entitled to rely in good faith on management's representations about the Final LSAs. Ans. Br. at 22. Appellees effectively claim that their reliance on management about management's own conflicts in a transaction evidences good-faith conduct. The Court of Chancery has observed the common-sense concerns implicated by a director's reliance on conflicted management. *In re Mindbody, Inc.*, 2020 WL 5870084, at *13 n.110 (Del. Ch. Oct. 2, 2020) (discussing former Chief Justice Strine's academic commentary that although directors typically rely on

[2] The Court of Chancery also relied on an Uber director's testimony in an unrelated action, where the director detailed the board's questioning and discussion: "There was a discussion about the indemnity. There was a discussion about it being atypical. That led to questions about why we were okay with that. That led to a discussion about the due diligence that had been done. And we as a group made a decision that we're going to move forward because the due diligence was okay." *Kalanick,* 2019 WL 1430210, at *4. No such level of detail exists to flesh out the Board minutes' obtuse references to "discussions" here.

management, "a problem can arise in that regard where management is conflicted"); *see* Leo E. Strine, Jr., *Documenting the Deal: How Quality Control and Candor Can Improve Boardroom Decision-Making and Reduce the Litigation Target Zone*, 70 BUS. LAW. 679, 683 (2015) (noting that where management is conflicted, the "inability to place entire trust in key managers" makes it challenging for the board to find substitute independent advice). Relying on conflicted management to address its own conflicts makes a mockery of directors' fiduciary duties.

Further, even absent conflicts of interest, a board cannot act with "blind deference to and complete dependence on management." *Hughes v. Hu*, 2020 WL 1987029, at *16 (Del. Ch. Apr. 27, 2020). Here, the Board's apparent decision to rely on conflicted management without exercising any independent oversight over the conflict itself is just the sort of knowing conduct that underscores Appellees' bad faith conduct with respect to the Final LSAs.

Appellees' reliance on *City of Coral Springs Police Officers' Pension Plan v. Dorsey*, 2023 WL 3316246 (Del. Ch. May 9, 2023), *aff'd*, 308 A.3d 1189 (Del. 2023) is similarly misplaced. Ans. Br. at 23-24. *Dorsey* again involved board action and oversight that far surpassed the Board's approach to the LSAs. In *Dorsey*, the Block board's review of the company's acquisition of TIDAL (founded by a close friend of Block CEO Dorsey) included: (i) creating an independent Transaction Committee

empowered to retain its own advisors; (ii) reviewing and analyzing four detailed reports on TIDAL and how to successfully integrate it; (iii) discussing the transaction at three separate meetings; and (iv) receiving twenty-two pages of detailed responses to questions posed by directors. *Id.* at *2-4. And the Block board undertook that process for an acquisition that ultimately cost $237 million, which was meaningfully lower than the deal price initially indicated—suggesting the Transaction Committee helped extract more favorable terms. *Id.* at *4-5, *10. *Dorsey* is far afield from the allegations here, which involve no special committee, no detailed reports, no pre-approval meetings, and no detail about directors' questions—let alone written responses to them.

II. THE UNIQUE CONTEXT OF THE FINAL LSAS IS BOTH LEGALLY AND FACTUALLY RELEVANT TO THE COURT'S ANALYSIS

A. FAR FROM SEEKING A HEIGHTENED STANDARD OF REVIEW, APPELLANT SUBMITS THE BASIC PROPOSITION THAT WHAT A DIRECTOR MUST DO TO SATISFY HER FIDUCIARY OBLIGATIONS VARIES WITH CONTEXT

Appellees complain at length that Appellant asks this Court to apply an elevated standard of review to the challenged contracts. Ans. Br. at 23-24. But in its opening brief, Appellant only made a simple point: "the exact cause [sic] of conduct that must be charted to properly discharge that [fiduciary] responsibility will change in the specific context of the action the director is taking with regard to either the corporation or its shareholders." *N. Am. Cath. Educ. Programming Found., Inc. v. Gheewalla*, 930 A.2d 92, 101 (Del. 2007) (citing *Malone v. Brincat*, 722 A.2d 5, 10 (1998)), [Corrected] Appellant's Opening Brief ("Op. Br.") at 32-41; *see also In re Columbia Pipeline Grp., Inc. Merger Litig.*, 299 A.3d 393, 453 (Del. Ch. 2023) (directors' fiduciary duties are "always operative, but their application is context-dependent").

Appellant does not argue for a heightened or new standard of review that exists somewhere in the chasm between business judgment and entire fairness. Appellant simply submits that Court must consider the context in which the fiduciary duties are exercised in determining whether the directors have properly discharged

those unremitting duties. A transaction that involves a conflict of interest, large expense, and strategic significance naturally asks more of directors than does a routine, inexpensive, arm's-length transaction. Even though this should not be a controversial proposition, Appellees still point to *Lyondell* to rebut it. Ans. Br. at 23-24, *Lyondell Chem. Co. v. Ryan*, 970 A.2d 235 (Del. 2009)). As Appellees acknowledge, *Lyondell* involved alleged bad faith conduct in connection with a sale of the company—a context that requires an "extreme set of facts" and that is absent here. *Id.* at 243. *Lyondell* also did not involve a conflict of interest that the directors chose to wholly ignore.

In this transactional context, the Court held that the appropriate "inquiry should have been whether those directors utterly failed to attempt to obtain the best sale price," in connection with their *Revlon* duties. *Id.* at 244. The Court pointed out that the directors held several meetings, were generally aware of the company's value and their industry, relied on financial and legal advisors, and attempted to negotiate for a higher price. *Id.* In the Court's view, these facts could not sustain a finding that the directors had "utterly failed" to obtain the best price for their stockholders. *Id.*

This approach mirrored the Court's prior analysis in *In re Lear Corporation Shareholder Litigation*, 967 A.2d 640 (Del. Ch. 2008), which *Lyondell* relied on. In

Lear, the Court recounted the unique situational dynamics at play during a sale of the company, such as the flexibility for the board to eschew a more robust process to quickly seize on a "large premium offer." *Id*. at 654. The Court found that these unique pressures should make courts "extremely chary" about treating deficiencies in a sale process as indicative of bad faith conduct. *Id.* The facts that the board in *Lear* had "employed a special committee that met frequently, hired reputable advisors, and met frequently itself" meant that a "*Caremark*-based liability theory is untenable." *Id.* at 655.

But those unique pressures were not at play for the Final LSAs at issue in this action. To the extent that *Lyondell* and *Lear* applied an even more stringent standard for bad faith in the transactional context, that standard does not apply here.

B. APPELLEES CANNOT MEANINGFULLY DISPUTE THE THREE KEY CONTEXTUAL FACTORS THAT SET THE FINAL LSAS APART

Appellees next attempt to dispute that the three primary factors that Appellant identified as marking the Final LSAs as an exceptionally significant corporate act. Ans. Br. at 24-30.

First, Appellant argues that the Final LSAs involved a major conflict of interest that the Board did nothing to manage. Op. Br. at 33-37. Appellees do not even attempt to dispute the vast financial and reputational capital Bezos had invested in Blue Origin, Blue Origin's struggles, or Blue Origin's longstanding and highly

publicized rivalry with SpaceX. *See id*.; A046 ¶¶53-87, A104-05 ¶¶154-155. Appellees only argue that the Board properly managed this conflict. Ans. Br. at 24-27. In support, they point out that both the Audit Committee and the full Board had to separately approve the Final LSAs, because of the "board's processes." *Id*. at 24-25. But these after-the-fact approvals do not show Board action at all: they were automated requirements that were triggered by the nature and/or size of the contracts at issue, not procedural safeguards that the Board affirmatively chose to impose. *See* A136 (Audit Committee's charter required review of related person transactions); Ans. Br. at 31 (Audit Committee approval was required under SEC rules).

Further, these two automated approvals are the *only* instances of Board "conduct" that Appellees can point to as evidence that the Board addressed Bezos's conflict. Appellees identify no Audit Committee or Board action to actually *manage* or monitor Bezos's conflict while negotiations were underway, and no meeting or presentation through which the Board or Audit Committee ever received updates about the conflicted negotiations until they were concluded. The Board and Audit Committee never so much as inquired about Bezos's involvement in the LSAs' negotiation—let alone prohibited it. A087-88 ¶123, A089-90 ¶¶127-128, A093-94 ¶133. In response to Bezos's blatant and multi-billion-dollar conflict of interest, the

Board did virtually nothing; the fact that the Audit Committee and the Board approved the LSAs because they were obligated to does not change that.

Because they can identify no real Board action to manage Bezos's conflict, Appellees focus on the red herring of Appellants' alleged failure to plead that Bezos was actually involved in negotiating the LSAs. Ans. Br. at 25-27. But Appellant's claim here does not depend on a finding or inference that Bezos was actually involved in negotiations.[3] The point is that the Board chose to do nothing about Bezos's conflict—it imposed no safeguards at all during the eighteen months negotiations were underway and did not inquire about Bezos's role before approving the LSAs. Appellees' focus on inferences about Bezos's actual involvement misses the point.

[3] Appellant maintains that it is entitled to an inference that Bezos *was* involved, given the well-pled allegations that: (i) Bezos continued to influence "major decisions" at Amazon and to play a "big role in the company" even after his resignation as CEO, which was largely just a "restructuring of who's doing what;" (ii) the LSAs were vitally significant to Amazon and, more importantly, to Blue Origin; and (iii) the Board utterly failed to prohibit, monitor, or even inquire about Bezos's involvement in negotiations. A041-42 ¶¶ 45-46. Directors that fail to impose any safeguards on or even inquire about an executive's conflict cannot then claim that their failure was harmless just because board minutes do not expressly show the conflict was abused. This is particularly so here, where a) management negotiated the LSAs entirely outside the Board's purview, and b) only limited, Board-level documents were made available to Appellant. The fact that these Board documents do not expressly reflect Bezos's involvement is the direct result of the Board's decision to never ask. Having never sought to assure themselves that Bezos would not be and was not involved in negotiations, Appellees cannot now rely an inference that he was not.

Appellees' arguments about SpaceX are similarly misguided. Appellees emphasize that there could have been no bias against SpaceX because Amazon did eventually contract with SpaceX in 2023. *Id*. at 27. Amazon's agreement to give SpaceX three launches (a tiny fraction of the 83 launches under the Final LSAs) nearly two years after the Board approved the Final LSAs is of no moment. A105-07 ¶¶156-158. During that intervening time, Amazon's chosen launch providers faced several delays and setbacks. A099-103 ¶¶143-146, 149-151. Amazon's belated decision to secure launches from SpaceX reflects desperation, not independence.

Appellees' argument that Amazon also contracted with Arianespace—not affiliated with Bezos—fares no better. Ans. Br. at 27. Amazon's Board awarded Blue Origin and its business partner ULA [redacted] A094-95 ¶134. Amazon allocated Arianespace only 18 of 83 maximum launches. B194. This ratio does not help Appellees' cause. *See Grabski on behalf of Coinbase Glob., Inc. v. Andreessen*, 2024 WL 390890, at *11 (Del. Ch. Feb. 1, 2024) ("[m]aximum overindulgence" is not necessary to prove breach of fiduciary duty).

Second, Appellees seek to evade the significance of their failure to retain any financial, legal, or industry experts in connection with the Final LSAs by noting that

boards are not obligated to engage advisors. Ans. Br. at 27-29. But Appellant does not argue that this failure alone indicates bad faith. This failure—properly considered alongside of the Board's failure to adopt guardrails to manage Bezos's conflict and Appellant's myriad allegations of the Board's manifold failures here—contributes to a reasonable inference that the Board acted in bad faith in approving the multi-billion-dollar conflicted LSAs.

Appellees also argue that the Final LSAs' [redacted] cost is virtually immaterial to Amazon. *Id*. at 28 n.1. Appellees' argument boils down to an assertion that given Amazon's size, the [redacted] LSAs were not significant enough for Appellees to bother properly overseeing them. This elicits a similar policy-driven discomfort as directors who claim that they are too wealthy for their independence to be affected by money. The notion that [redacted] in corporate funds is too trivial to be worthy of a board's oversight runs contrary to Delaware's more egalitarian approach to equity. *See In re BGC Partners, Inc. Deriv. Litig.*, 2021 WL 4271788, at *8 (Del. Ch. Sept. 20, 2021) ("This court is also mindful of the public policy concerns at play when wealth is used as a factor in analyzing independence.").

But even if Appellees were correct that the Court could find the [redacted] cost immaterial given Amazon's revenue and market capitalization, the Final LSAs' importance goes far beyond the bare dollar figure. These contracts underpinned the

very success of Project Kuiper's constellation of satellites—a project that would cost tens of billions and that Amazon expected to become its "fourth pillar." A066 ¶89. Appellees' narrow focus on the dollar cost of the LSAs alone ignores their strategic significance.

Further, the significance of [redacted] flowing out of Amazon is only half the story. The other half is that [redacted] of those funds will flow to Blue Origin—for which this amount of money is vitally important. After many years of setbacks and losing contract after contract, and with no meaningful source of revenue, [redacted] of Amazon's money represented a huge cash infusion for the ailing Blue Origin. *See* A051-65 ¶¶63-87. And crucially, this massive new income stream would relieve much of the burden of funding Blue Origin that Bezos largely bore alone for some two decades. A047 ¶54.

Moreover, this income stream would begin to flow immediately. Amazon began paying Blue Origin immediately after the LSAs were approved, helping to "[redacted]." A087 ¶122. In the nine remaining months of 2022 after the Board approved the LSAs, Amazon had already given Blue Origin $585 million. A101 ¶147. The importance of the LSAs to Blue Origin, therefore, directly informs the severity of Bezos's conflict of interest that the Board was obligated to manage, but chose not to.

Third and finally, Appellees argue that the Complaint inadequately pleads the timing pressure caused by Project Kuiper's satellite schedule. Ans. Br. at 29-30. But the timing pressures that were bearing upon the Board do not require much explanation. It took Amazon management *eighteen months* to negotiate the Final LSAs. A086-87 ¶121. It is reasonable to expect that if the Board has pushed back and demanded Amazon management to negotiate new contracts to replace the Final LSAs, management would have again needed several months or more to negotiate replacement contracts. A096-97 ¶138. By the time the Board was asked to approve the Final LSAs, only [redacted] remained until Amazon was due to launch its first prototype Kuiper satellite. *Id*.

Appellees also argue that the terms of the LSAs with Blue Origin and ULA did not [redacted], which purportedly indicates that Project Kuiper was on a leisurely schedule. Ans. Br. at 29. This is a curious point, as it begs the question of why Amazon began to pay the Blue Origin and the other providers immediately in 2022 if the LSAs did not [redacted]. Amazon paid Blue Origin $585 million in 2022 alone—[redacted]. A101 ¶147. Blue Origin received an additional $1.3 billion from Amazon in

2023 and 2024. If the LSAs are not due [redacted], it is all the more concerning that Amazon has already paid Blue Origin more than $1.9 billion.[4]

C. THE AUDIT COMMITTEE FOLLOWED EXACTLY THE SAME APPROACH FOR THE BLUE ORIGIN LSAS AS IT DID FOR A [redacted] LINE OF CREDIT WITH BLUE ORIGIN, ILLUSTRATING ITS INADEQUACY

As discussed above, the uniquely fraught context of the Final LSAs required a contextual elevation in the Amazon directors' discharge of their fiduciary duties. *See* pp. 13-21 *supra*. Fortunately, in addition to and at the same time as the Blue Origin LSAs, the Audit Committee also considered an unrelated, far smaller conflict transaction with Blue Origin. This transaction involved a basic line of credit from Amazon to Blue Origin, and therefore serves as a helpful counterpoint to the Blue Origin LSAs.

At the January 31, 2022 meeting at which the Audit Committee approved the Blue Origin LSAs, the Committee also approved an increase to Blue Origin's existing line of credit with Amazon. B185. The Audit Committee first approved this line of credit in October 2016, with a [redacted] million limit; the limit was increased to [redacted] three years later. B182. In January 2022, the Audit Committee was asked to increase Blue Origin's line of credit, this time to [redacted]. *Id.*

[4] Amazon paid Blue Origin $805 million in 2023 and $578 million in 2024. Combined with $585 million in 2022, this totals $1.968 billion.

As it was for the Blue Origin LSAs, the Audit Committee was given a brief description of the line of credit and a short summary of its terms. B182, B185. The Audit Committee was informed that Blue Origin was seeking to increase this line of credit to "[redacted]," and that this latest increase was "[redacted]." B182. Further, management explained to the Audit Committee [redacted]: "[redacted]" *Id*.

Despite the exponentially greater cost and significance of the Blue Origin LSAs over the line of credit, the Audit Committee received virtually identical amounts of information about each transaction. For each, the Audit Committee received two pieces of information: a short narrative description, and a summary of key terms. B181-82, B184-85. The narrative descriptions of the two conflict transactions that the Audit Committee received were comparably brief (B181-82):

Launch Services from Blue Origin

Under the proposed agreement with Blue Origin, Amazon will purchase 12 firm launches, with options for up to 15 additional launches [redacted] using Blue Origin's New Glenn launch vehicles. The base price for each launch is approximately [redacted]

Attachment B summarizes terms of the proposed arrangement with Blue Origin.

[redacted]

Line of Credit with Blue Origin

In October 2016, the Audit Committee approved a potential "related person" transaction with Blue Origin in connection with extending a [redacted] line of credit to Blue Origin. In October 2019, the Audit Committee approved an increase to the line of credit for Blue Origin of up to [redacted]

Blue Origin is seeking to increase this line of credit to [redacted] to make purchases from Amazon Business, and to anticipate the ability to accommodate future increases, we are seeking approval for Blue Origin to receive a line of credit of up to [redacted] in the future (any credit increase is subject to approval by Amazon's credit lending group). The [redacted] pre-approval amount is expected to cover Blue Origin's credit needs [redacted]

Redacted - Privileged

Attachment C summarizes terms of the proposed arrangement with Blue Origin.

As were the summaries of key terms (B184-85):

Potential Related Person Transaction – Launch Services from Blue Origin

Relationship:	Investment of Jeff Bezos, CEO, President, and Chairman
Key Terms:	An Amazon subsidiary ("Amazon") will enter into an agreement with Blue Origin, LLC or an affiliated entity ("Blue Origin"), to procure 12 firm and up to 15 optional launches over approximately [redacted]
Costs:	[redacted] per launch for baseline launch vehicle performance, for an aggregate total if Amazon uses all firm and optional launches of [redacted]

Potential Related Person Transaction - Line of Credit with Blue Origin

Relationship:	Investment of Jeff Bezos, Executive Chair
Key Terms:	Amazon Capital Services, Inc. ("Amazon") to increase Blue Origin, LLC's ("Blue Origin") line of credit to make purchases from Amazon Business from [redacted] with the ability to increase the amount up to [redacted] in the future. The credit line will be provided pursuant to standard terms and conditions where: [redacted]
Revenue:	Blue Origin purchases approximately [redacted] per month of goods from Amazon Business under the existing arrangement.

Despite the massive difference between these two conflict transactions (*i.e.*, a [redacted] increase to an existing line of credit versus a [redacted] capital outlay in connection with a complex rocket launch contract), the Audit Committee treated these two transaction in almost exactly the same way. It never discussed or oversaw either process prior to approval, it approved both transactions at the January 2022 meeting after no more than a few minutes of discussion, and it exclusively relied in both cases on comparably brief descriptions and summaries of terms. Worse, the Audit Committee approved the two Blue Origin LSAs and the line of credit in one fell swoop, holding no separate discussion of the LSAs worth memorializing:

POTENTIAL RELATED PERSON TRANSACTIONS

Mr. Zapolsky reviewed three proposed related person transactions. After discussion, and upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

APPROVAL OF POTENTIAL RELATED PERSON TRANSACTIONS – BLUE ORIGIN

AR003.

Before this approval meeting, the Audit Committee did not discuss, receive updates or presentations about, or retain advisors for either of these transactions. A087-88 ¶123, A090-91 ¶¶128-129, A107-08 ¶161. The Audit Committee seemingly decided that the same anemic approach it took to increasing an existing line of credit by [redacted] was adequate for approving a complex a [redacted]

transaction that held great strategic significance. That the Audit Committee treated these two very different transactions as if they were functionally identical vividly illustrates just how far short the Audit Committee fell here.

III. THE AMAZON BOARD'S CONDUCT IS MORE EGREGIOUS THAN THE *DISNEY* BOARD'S

Finally, the parties dispute the resemblance Appellant's allegations here bear to those in *Disney*. Ans. Br. at 30-33; *In re Walt Disney Co. Deriv. Litig.*, 825 A.2d 275 (Del. Ch. 2003). Appellant's opening brief detailed the many ways in which the Board's conduct here not just matched, but fell below the directors' conduct in *Disney*. Op. Br. at 41-46. But the precise factual overlap between the two cases is not the point. The point is that despite differences in the underlying allegations, the Board's conduct here—in full context—fell below the conduct that sustained a bad faith claim in *Disney*. Set against Bezos's conflict and the far greater cost and significance of the LSAs, the Board's conduct here is all the more egregious.

CONCLUSION

The Court of Chancery's judgment should be reversed.

Dated: June 27, 2025

GRANT & EISENHOFER P.A.

/s/ Vivek Upadhya

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