

1 Robert C. Moest, SBN 62166, Counsel to
2 THE BROWN LAW FIRM, P.C.
3 2530 Wilshire Boulevard, Second Floor
4 Santa Monica, California 90403
(310) 915-6628

5 Attorneys for Plaintiffs
6 Ashkan Farazmand and Wangjun Zhou

7 UNITED STATES DISTRICT COURT
8 CENTRAL DISTRICT OF CALIFORNIA
9 WESTERN DIVISION
10

11
12 IN RE FARADAY FUTURE
13 INTELLIGENT ELECTRIC INC.
DERIVATIVE LITIGATION

Lead Case No. 2:22-cv-01570-CAS-JC
Consolidated with
Case No. 2:22-cv-01852-CAS-JC

14 This Document Relates to:
15 ALL ACTIONS.
16

17 **STIPULATION AND AGREEMENT OF SETTLEMENT**

18 This Stipulation and Agreement of Settlement dated July 19, 2024 (the
19 “Stipulation”) is made and entered into by the following parties, each by and through
20 their respective counsel: (1) plaintiffs Ashkan Farazmand (“Farazmand”) and Wangjun
21 Zhou (“Zhou”) (the “California Plaintiffs”) in the above-captioned consolidated
22 stockholder derivative action (the “California Action”), pending in the United States
23 District Court for the Central District of California (the “Court”) and in the stockholder
24 derivative action captioned *Farazmand v. Breitfeld et al.*, Case No. 2023-1283-LWW,
25 pending in the Delaware Court of Chancery (the “*Farazmand* Chancery Action”);
26
27
28

1 plaintiff Christy Wallace (“Wallace”) in the stockholder derivative action captioned
2 *Wallace v. Krolicki et al.*, Case No. 2023-0639-LWW, pending in the Delaware Court
3 of Chancery (the “*Wallace Action*”); plaintiff John Moubarak (“Moubarak”) in the
4 stockholder derivative action captioned *Moubarak v. Breitfeld et al.*, C.A. No. 1:22-
5 cv-00467-GBW, pending in the United States District Court for the District of
6 Delaware (the “*Moubarak Action*”); and plaintiff Shaobo Wang (“Wang,” and
7 together with California Plaintiffs, Wallace, and Moubarak, “Plaintiffs”) in the
8 stockholder derivative action captioned *Wang v. Breitfeld et al.*, C.A. No. 1:22-cv-
9 00525-GBW, pending in the United States District Court for the District of Delaware
10 (the “*Wang Action*,” and together with the California Action, the *Farazmand*
11 *Chancery Action*, the *Wallace Action*, and the *Moubarak Action*, the “Derivative
12 *Actions*”); (2) individual defendants Eduardo Abush, David Amsterdam, Aaron
13 Feldman, Avi Savar, Jordan Vogel, Carsten Breitfeld, Zvi Glasman, Walter J.
14 McBride, Matthias Ayd, Chaoying Deng, Edwin Goh, Yueting Jia, Brian Krolicki,
15 Lee Liu, Susan Swenson, Scott Vogel, Jiawei Wang, and Qing Ye (collectively, the
16 “Individual Defendants”); and (3) nominal defendant Faraday Future Intelligent
17 Electric Inc. (“Faraday” or the “Company” and, together with the Individual
18 Defendants, “Defendants”) (the “Parties” refers collectively to Plaintiffs and
19 Defendants).

20
21
22
23
24
25
26
27
28 This Stipulation, subject to the approval of the Court, is intended to fully,
finally, and forever resolve, discharge, and settle any and all Released Claims (as

1 defined herein) upon the terms and subject to the conditions set forth herein.

2 **I. FACTUAL AND PROCEDURAL BACKGROUND**

3
4 Plaintiffs allege, *inter alia*, that between January 28, 2021 through April 14,
5 2022, at least, the Individual Defendants breached their fiduciary duties by issuing
6 and/or causing the Company to issue materially false and misleading statements
7 (including by soliciting a materially false and misleading proxy statement allegedly
8 in violation of Section 14(a) of the Securities Exchange Act of 1934 (the “Exchange
9 Act”)). Plaintiffs allege that the Individual Defendants failed to disclose material facts
10 to shareholders and the public regarding, among other things, the extent of defendant
11 Yueting Jia’s involvement within the Company following the Company’s merger
12 with FF Intelligent Mobility Global Holdings Ltd. (“Legacy FF”) (the “Merger”), and
13 the number of reservations the Company had actually received for its flagship vehicle,
14 and failed to maintain adequate internal controls.

15
16
17
18 **A. The Securities Class Action**

19
20 On December 23, 2021, plaintiff Jian Zhou filed a securities class action in this
21 Court against the Company and defendants Carsten Breitfeld, Zvi Glasman, Walter J.
22 McBride, Jordan Vogel, Aaron Feldman, and Yueting Jia for violations of the
23 Exchange Act, alleging substantially the same false and misleading statements that
24 are alleged in the Derivative Actions, captioned *Zhou v. Faraday Future Intelligent*
25 *Electric Inc. et al.*, Case No. 2:21-cv-09914-CAS-JC (the “Securities Class Action”).
26
27

28 On May 6, 2022, lead plaintiffs in the Securities Class Action filed an amended

1 complaint in the Court for violations of the Exchange Act against the Company and
2 defendants Carsten Breitfeld, Zvi Glasman, Walter J. McBride, Yueting Jia, Jordan
3 Vogel, Aaron Feldman, David Amsterdam, Avi Savar, and Eduardo Abush.
4 (Securities Class Action, ECF No. 42).

5
6 On October 20, 2022, U.S. District Judge Christina A. Snyder granted in part
7 and denied in part a motion to dismiss in the Securities Class Action. (Securities Class
8 Action, ECF No. 64). On October 5, 2023, the parties to the Securities Class Action
9 executed a Stipulation of Settlement. (Securities Class Action, ECF No. 104-1). On
10 March 18, 2024, the Court granted final approval of the settlement of the Securities
11 Class Action. (Securities Class Action, ECF No. 136).

12
13
14 **B. The California Action**

15
16 On March 8, 2022, plaintiff Farazmand filed a Verified Stockholder Derivative
17 Complaint on behalf of Faraday in the Court against the Individual Defendants
18 alleging violations of Sections 14(a), 10(b), and 21D of the Exchange Act, breaches
19 of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, and
20 waste of corporate assets, originally captioned *Farazmand v. Breitfeld et al*, Case No.
21 2:22-cv-01570-CAS-JC (the “*Farazmand Action*”). (ECF No. 1).

22
23
24 On March 21, 2022, plaintiff Zhou filed a Verified Stockholder Derivative
25 Complaint on behalf of Faraday in the Court against the Individual Defendants
26 alleging violations of Sections 14(a), 10(b), and 21D of the Exchange Act, as well as
27
28

1 for breaches of fiduciary duty and aiding and abetting, captioned *Zhou v. Breitfeld et*
2 *al.*, Case No. 2:22-cv-01852-CAS-JC (the “*Zhou Action*”). (*Zhou Action*, ECF No.
3 1).
4

5 On April 8, 2022, the Court consolidated the *Farazmand* and *Zhou* Actions,
6 forming the California Action, and appointed The Brown Law Firm, P.C. as Lead
7 Counsel for plaintiffs. (ECF No. 14). Then, on May 23, 2022, the parties to the
8 California Action stipulated to stay the action pending the resolution of a motion to
9 dismiss in the Securities Class Action, which the Court so ordered on May 24, 2022
10 (the “Stay Order”). (ECF Nos. 20, 21). The Stay Order required Defendants to provide
11 California Plaintiffs with any documents produced to any Faraday stockholder
12 “pursuant to a books and records request concerning the subject matter of the
13 [California Action]” within fourteen (14) days, subject to a confidentiality agreement
14 or protective order. (ECF No. 21). On November 10, 2022, California Plaintiffs and
15 Defendants entered into an appropriate confidentiality agreement pursuant to the
16 terms of the Stay Order.
17
18
19
20

21 Between December 2022 and June 2023, California Plaintiffs received
22 confidential documents from Defendants, which California Plaintiffs reviewed and
23 incorporated into an amended complaint filed on June 2, 2023 (the “Complaint”).
24 (ECF No. 29). Defendants filed four motions to dismiss the Complaint on September
25 15, 2023, and California Plaintiffs filed a consolidated opposition on November 22,
26 2023. (ECF Nos. 41, 43, 45, 48, 65, 66). On December 21, 2023, Defendants filed
27
28

1 four replies in support of their motions to dismiss. (ECF Nos. 80, 81, 82, 83). On
2 January 22, 2024, the Court held a virtual hearing via Zoom on the motions to dismiss,
3 at which Defendants and California Plaintiffs made oral arguments in support of their
4 motions to dismiss and opposition, respectively. (ECF Nos. 90, 93). The same day,
5 the Court issued an order granting in part and denying in part the motions to dismiss,
6 with leave to amend (“Order on Motions to Dismiss”). (ECF No. 90).
7
8

9 On February 6, 2024, the parties to the California Action filed a Joint
10 Stipulation for Order Staying Case, requesting that the Court stay the California
11 Action, including the deadline for California Plaintiffs’ anticipated motion for
12 reconsideration of the Order on Motions to Dismiss pursuant to Federal Rule of Civil
13 Procedure 60(b)(1), pending an anticipated mediation to resolve the Derivative
14 Actions (discussed in further detail below), which the Court so ordered on February
15 12, 2024. (ECF Nos. 94, 95).
16
17

18 On June 3, 2024, the parties to the California Action filed a Joint Status Report
19 informing the Court, *inter alia*, that: (1) on May 13, 2024, the Parties attended a
20 hybrid mediation (the “Mediation”) before Robert Meyer, Esq., an experienced
21 mediator with JAMS ADR (the “Mediator”) held in Los Angeles, California and
22 virtually and reached an agreement in principle to settle the California Action; and
23 (2) the Parties were in the process of drafting a stipulation of settlement for
24 submission to the Court. (ECF No. 96).
25
26
27
28

1 On June 12, 2024, the parties to the California Action filed a Joint Status Report
2 informing the Court, *inter alia*, that: (1) the Parties were still in the process of drafting
3 a stipulation of settlement for submission to the Court; and (2) the parties to the
4 California Action intended to file such stipulation with the Court by June 28, 2024.
5

6 **C. The *Moubarak* Action**

7
8 On April 11, 2022, plaintiff Moubarak filed a Verified Stockholder Derivative
9 Complaint in the United States District Court for the District of Delaware asserting
10 claims for violations of Sections 14(a), 10(b), and 21D of the Exchange Act, as well
11 as for breaches of fiduciary duty, aiding and abetting, and waste of corporate assets.
12
13 (*Moubarak Action*, ECF No. 1).

14 On February 3, 2023, the parties to the *Moubarak* Action agreed to stay the
15 *Moubarak* Action until the entry of an order resolving any summary judgment motion
16 filed in the Securities Class Action, which the court so-ordered on February 6, 2023.
17
18 (*Moubarak* Action, ECF No. 25). During the stay, and upon the execution of a
19 confidentiality agreement, plaintiff Moubarak received confidential documents from
20 the Company that were produced in response to a books and records demand made
21 by a stockholder pursuant to 8 *Del. C.* § 220.
22

23
24 On May 22, 2024, the parties to the *Moubarak* Action filed a Joint Status
25 Report, informing the court, *inter alia*, that: (1) a settlement was finally approved by
26 the court in the Securities Class Action on March 18, 2024; (2) the parties attended
27 the Mediation and reached an agreement in principle to settle the *Moubarak* Action;
28

1 (3) the parties were in the process of drafting and negotiating the necessary settlement
2 documentation; and (4) the parties would apprise the court of further developments
3 within ninety (90) days. (*Moubarak* Action, ECF No. 36).
4

5 **D. The *Wang* Action**

6 On April 25, 2022, plaintiff Wang filed a Verified Stockholder Derivative
7 Complaint in the United States District Court for the District of Delaware, asserting
8 claims for violations of Sections 14(a), 10(b), and 21D of the Exchange Act, as well
9 as for breaches of fiduciary duty, aiding and abetting, and unjust enrichment. (*Wang*
10 Action, ECF No. 1).
11
12

13 On February 3, 2023, the parties to the *Wang* Action agreed to stay the *Wang*
14 Action until the entry of an order resolving any summary judgment motion filed in
15 the Securities Class Action, which the court so-ordered on February 6, 2023. (*Wang*
16 Action, ECF No. 28). On May 22, 2023, upon execution of a confidentiality
17 agreement, plaintiff Wang received confidential documents from the Company that
18 were produced in response to a books and records demand made by a stockholder
19 pursuant to 8 *Del. C.* § 220.
20
21

22 On May 24, 2024, the parties to the *Wang* Action filed a Joint Status Report,
23 informing the court that: (1) a settlement was finally approved by the Court in the
24 Securities Class Action on March 18, 2024; (2) the parties in the *Wang* Action, along
25 with the parties in the Derivative Actions, attended the Mediation and had reached an
26 agreement in principle to settle the *Wang* Action; (3) the parties were in the process
27
28

1 of drafting and negotiating the necessary settlement documentation; and (4) the
2 parties would apprise the Court of further developments within ninety (90) days.
3
4 (*Wang* Action, ECF No. 29).

5 On May 28, 2024, the court in the *Wang* Action ordered the parties to file a
6 stipulation of dismissal or an additional joint status report with the court on or before
7
8 August 30, 2024. (*Wang* Action, ECF No. 30).

9 **E. The *Wallace* Action**

10 On January 3, 2023, plaintiff Wallace made an inspection demand on Faraday
11 pursuant to 8 Del. Code Section 220 for access to Faraday’s internal books and
12 records. In response, Faraday produced documents to plaintiff Wallace on March 1,
13
14 2023.

15
16 On May 17, 2023, plaintiff Wallace made a litigation demand on the Board to
17 investigate and bring action against the Individual Defendants for, *inter alia*, breaches
18 of their fiduciary duties. Nine days later, the Board rejected the demand, stating in a
19 letter that the demand was “duplicative” of matters the Board had already investigated
20 and that the Board therefore “decline[d] to take the requested legal action.”
21

22 On June 26, 2023, plaintiff Wallace filed a Verified Stockholder Derivative
23 Complaint in the Delaware Court of Chancery making claims for breaches of
24 fiduciary duty, unjust enrichment, and contribution against the Individual Defendants
25 and alleging that the Board’s rejection of the demand was wrongful and not a valid
26
27 exercise of business judgment. (*Wallace* Action, Trans. ID 70260729).
28

1 On August 9, 2023, certain of the Defendants filed a motion to dismiss or, in
2 the alternative, to stay, the *Wallace* Action, and on August 23, 2023, defendant Jordan
3 Vogel moved to dismiss the complaint. (*Wallace* Action, Trans. IDs 92321841,
4 92410845).

6 On December 26, 2023, the parties to the *Wallace* Action filed a Stipulation
7 and [Proposed] Order Staying Action, requesting the court to stay the *Wallace* Action
8 pending resolution of the motion to dismiss the California Action and final
9 adjudication of the settlement of the Securities Class Action, which the Court so
10 ordered on December 29, 2023. (*Wallace* Action, Trans. IDs 93366322, 93387035).

13 **F. The *Farazmand* Chancery Action**

14 Plaintiffs Farazmand and Zhou did not oppose the argument made by certain
15 of the Defendants in their motions to dismiss the California Action that their Delaware
16 state law claims should have been made in the Delaware Court of Chancery. On
17 December 22, 2023, plaintiffs Farazmand and Zhou filed a Verified Stockholder
18 Derivative Complaint in the Delaware Court of Chancery asserting claims for
19 breaches of fiduciary duty, unjust enrichment, abuse of control, gross
20 mismanagement, waste of corporate assets, and aiding and abetting. (*Farazmand*
21 Chancery Action, Trans. ID 93356601). On January 16, 2024, Defendants filed
22 motions to dismiss the Delaware Chancery Action. (*Farazmand* Chancery Action,
23 Trans. IDs 93501378, 93501837).

1 **G. Settlement Efforts**

2 On July 7, 2023, the California Plaintiffs sent a settlement demand letter to
3 Defendants that, *inter alia*, proposed a settlement framework that included a
4 comprehensive set of corporate governance reforms designed to address the
5 governance deficiencies that resulted in the wrongdoing alleged in the California
6 Action. Similar settlement demand letters were sent to Defendants by plaintiffs
7 Moubarak and Wang on May 19, 2023, and by plaintiff Wallace on June 27, 2023.
8

9 On December 22, 2023, Plaintiffs sent a joint settlement demand letter to
10 Defendants that superseded the foregoing settlement demands and that, *inter alia*,
11 proposed a settlement framework that included a comprehensive set of corporate
12 governance reforms designed to address the governance deficiencies alleged in the
13 Derivative Actions. On April 30, 2024, Defendants sent a draft counter proposal to
14 the joint settlement demand to Plaintiffs.
15

16 In April 2024, Plaintiffs and Defendants agreed to mediate the Derivative
17 Actions to attempt to resolve the claims and potential claims asserted therein. The
18 Mediation was set for May 13, 2024 with the Mediator.
19

20 On May 6, 2024, in anticipation of the Mediation, the Parties submitted to the
21 Mediator and exchanged with each other mediation statements, addressing relevant
22 arguments and allegations in the Derivative Actions. The Parties also exchanged
23 subsequent counter proposals to Plaintiffs' joint settlement demand leading up to and
24 during the Mediation.
25
26
27
28

1 On May 13, 2024, Plaintiffs and Defendants participated in the full-day
2 Mediation in Los Angeles, California, some of them participating in person, and some
3 of them participating virtually. That day, following the Parties’ continuing exchanges
4 of settlement counter proposals during the Mediation, the Parties were able to reach
5 an agreement in principle on the substantive terms of the settlement and memorialized
6 the same in a memorandum of understanding (the “Memorandum of Understanding”),
7 including the corporate governance reforms that Faraday would adopt as
8 consideration for the settlement as reflected in the term sheet attached hereto as
9 Exhibit A (the “Reforms”).
10
11
12

13 During the Mediation, after the Parties reached an agreement in principle on
14 the material terms of the settlement, the Parties separately negotiated at arm’s length,
15 with the Mediator’s assistance, the attorneys’ fees and expenses to be paid to
16 Plaintiffs’ Counsel in consideration of the substantial benefits conferred on the
17 Company by the Reforms due to the efforts of Plaintiffs’ Counsel and agreed that
18 Defendants’ insurers will pay \$775,000.00 in attorneys’ fees and expenses to
19 Plaintiffs’ Counsel, subject to Court approval.
20
21

22 **II. PLAINTIFFS’ CLAIMS AND THE BENEFITS OF SETTLEMENT**
23

24 Plaintiffs believe that the derivative claims in the Derivative Actions have
25 substantial merit, and Plaintiffs’ entry into this Stipulation is not intended to be and
26 shall not be construed as an admission or concession concerning the relative strength
27 or merit of the claims alleged in the Derivative Actions. However, Plaintiffs and
28

1 Plaintiffs’ Counsel recognize and acknowledge the significant risk, expense, and
2 length of continued proceedings necessary to prosecute the Derivative Actions against
3 the Individual Defendants through trial and possible appeals. Plaintiffs’ Counsel also
4 have taken into account the uncertain outcome and the risk of any litigation, especially
5 in complex cases such as the Derivative Actions, as well as the difficulties and delays
6 inherent in such litigation.
7
8

9 Plaintiffs’ Counsel have conducted extensive investigation and analysis,
10 including, *inter alia*: (i) reviewing and analyzing Faraday press releases, public
11 statements, and filings with the U.S. Securities and Exchange Commission (“SEC”);
12 (ii) reviewing and analyzing securities analysts’ reports and advisories and media
13 reports about the Company; (iii) reviewing and analyzing the pleadings and orders in
14 the Securities Class Action; (iv) researching the applicable law with respect to the
15 claims alleged and the potential defenses thereto; (v) preparing and filing initial
16 complaints in the Derivative Actions; (vi) researching and evaluating factual and legal
17 issues relevant to the claims; (vii) reviewing thousands of pages of confidential
18 internal corporate documents produced by Defendants; (viii) preparing and filing an
19 amended complaint in the California Action; (ix) researching and drafting the
20 opposition to the four motions to dismiss filed in the California Action and attending
21 oral argument; (x) engaging in settlement negotiations with Defendants’ counsel
22 regarding the specific facts, and perceived strengths and weaknesses of the Derivative
23 Actions, and other issues in an effort to facilitate negotiations; (xi) researching the
24
25
26
27
28

1 Company's corporate governance structure in connection with settlement efforts; (xii)
2 preparing comprehensive written settlement demands and modified demands over the
3 course of the Parties' settlement negotiations; (xiii) preparing a mediation statement;
4 (xiv) participating in the full-day Mediation; and (xv) negotiating and drafting this
5 comprehensive Stipulation.
6

7
8 Based on Plaintiffs' Counsel's thorough review and analysis of the relevant
9 facts, allegations, defenses, and controlling legal principles, Plaintiffs' Counsel
10 believe that the Settlement set forth in this Stipulation is fair, reasonable, and
11 adequate, and confers substantial benefits upon Faraday. Based upon Plaintiffs'
12 Counsel's evaluation, Plaintiffs have determined that the Settlement is in the best
13 interests of Faraday and have agreed to settle the Derivative Actions upon the terms
14 and subject to the conditions set forth herein.
15
16

17 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

18 Defendants enter into this Stipulation without in any way acknowledging any
19 fault, liability, or wrongdoing of any kind. Defendants have denied and continue to
20 deny vigorously that they have committed or engaged in any wrongdoing or violation
21 of law whatsoever. Defendants further deny each and all of the claims and contentions
22 alleged by Plaintiffs in the Derivative Actions. The Individual Defendants have
23 expressly denied and continue to deny all charges of wrongdoing or liability against
24 them arising out of any of the conduct, statements, acts, or omissions alleged, or that
25 could have been alleged in the Derivative Actions.
26
27
28

1 Nonetheless, Defendants have concluded that it is desirable for the Derivative
2 Actions to be fully and finally settled in the matter and upon the terms and conditions
3 set forth in this Stipulation, which Defendants believe are fair, reasonable, and
4 adequate. Defendants have also taken into account the uncertainty and risks inherent
5 in any litigation, especially in complex derivative actions. Defendants have, therefore,
6 determined that it is in the best interests of Faraday for the Derivative Actions to be
7 settled in the manner and upon the terms and conditions set forth in this Stipulation.
8

9
10 Neither this Stipulation, nor any of its terms or provisions, any of the
11 documents or exhibits referenced in or attached to it, or any actions taken in
12 furtherance or implementation of this Stipulation or of the Settlement set forth herein,
13 including, without limitation, entry of the Judgment defined below, shall in any way
14 be (i) deemed or otherwise construed to be an admission by or against any of the
15 Defendants of any act, matter, proposition fault, wrongdoing, or concession of
16 liability whatsoever; or (ii) used in any manner for any purpose in any subsequent
17 proceeding in the Derivative Actions, or in any other action or proceeding, including,
18 without limitation, as evidence of the validity of any of the Released Claims defined
19 below.
20
21
22

23 **IV. INDEPENDENT DIRECTOR APPROVAL**

24 The independent members of Faraday's Board approved a resolution reflecting
25 its determination that the Settlement, and separately, the Reforms, are in the best
26
27
28

1 interest of Faraday.

2 **V. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

3 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and
4 among the undersigned counsel for the Parties herein, in consideration of the benefits
5 flowing to the Parties from the Settlement, and subject to the approval of the Court,
6 that the Released Claims shall be finally and fully compromised, settled, and released,
7 and the Derivative Actions shall be dismissed with prejudice and with full preclusive
8 effect as to all Parties, upon and subject to the terms and conditions of this Stipulation,
9 as set forth below.
10
11
12

13 **1. DEFINITIONS**

14 As used in this Stipulation, the following terms have the meanings specified
15 below:
16

17 1.1 “Board” means the Board of Directors of Faraday.

18 1.2 “California Action” means the consolidated derivative action pending in
19 the United States District Court for the Central District of California, captioned *In re*
20 *Faraday Future Intelligent Electric Inc. Derivative Litigation*, Lead Case No. 2:22-
21 *cv-01570-CAS-JC* (C.D. Cal.).
22

23 1.3 “California Plaintiffs” means Ashkan Farazmand and Wangjun Zhou.

24 1.4 “Court” means the United States District Court for the Central District of
25 California.
26

27 1.5 “Current Faraday Stockholders” means any Person or Persons who are
28

1 record or beneficial owners of Faraday stock as of the date of this Stipulation and who
2 continue to own Faraday stock through the date of the Settlement Hearing (defined
3 herein), excluding the Individual Defendants, the officers and directors of Faraday,
4 members of their immediate families, and their legal representatives, heirs,
5 successors, or assigns, and any entity in which any of the Individual Defendants has
6 or has had a controlling interest.
7
8

9 1.6 “Defendants” means the Individual Defendants and nominal defendant,
10 Faraday.
11

12 1.7 “Defendants’ Counsel” means Troutman Pepper Hamilton Sanders LLP,
13 Quinn Emanuel Urquhart & Sullivan LLP, and Latham & Watkins LLP.
14

15 1.8 “Defendants’ Released Claims” means any and all manners of claims or
16 causes of action (including known and Unknown Claims), whether based on federal,
17 state, local, statutory or common law, in equity, or on any other law, rule, regulation,
18 ordinance, contract, or the law of any foreign jurisdiction, whether fixed or
19 contingent, known or unknown, liquidated or unliquidated, suspected or unsuspected,
20 asserted or unasserted, matured or unmatured, arising out of the commencement,
21 litigation, or settlement of the Derivative Actions. “Defendants’ Released Claims”
22 shall not include claims to enforce the terms of the Stipulation and/or the Judgment,
23 and shall not include claims, if any, that any party may have against its insurer with
24 respect to any payment obligations under the Settlement.
25
26
27

28 1.9 “Defendants’ Released Persons” means Plaintiffs, Plaintiffs’ Counsel,

1 and each and all of their past, present, or future family members, spouses, domestic
2 partners, parents, associates, affiliates, subsidiaries, officers, directors, stockholders,
3 owners, members, representatives, employees, attorneys, financial or investment
4 advisors, consultants, underwriters, investment banks or bankers, commercial
5 bankers, insurers, reinsurers, excess insurers, co-insurers, advisors, principals, agents,
6 heirs, executors, trustees, estates, beneficiaries, distributees, foundations, general or
7 limited partners or partnerships, joint ventures, personal or legal representatives,
8 administrators, or any other Person or entity acting or purporting to act for or on behalf
9 of any Plaintiff or any counsel for any Plaintiff, and each of their respective
10 predecessors, successors, and assigns, Faraday, and all Faraday stockholders (solely
11 in their capacity as Faraday stockholders).

12
13
14
15
16 1.10 “Derivative Actions” means the California Action, the *Farazmand*
17 Chancery Action, the *Moubarak* Action, the *Wang* Action, and the *Wallace* Action.

18 1.11 “Effective Date” means the date by which all of the conditions specified
19 in paragraph V (6.1) have been met.

20
21 1.12 “Faraday” or the “Company” means nominal defendant Faraday Future
22 Intelligent Electric Inc. and its affiliates, subsidiaries, predecessors, successors, and
23 assigns.

24
25 1.13 “*Farazmand* Chancery Action” means the stockholder derivative action
26 captioned *Farazmand v. Breitfeld et al.*, Case No. 2023-1283-LWW, pending in the
27 Delaware Court of Chancery.
28

1 1.14 “Final” means the expiration of all time to seek appeal or other review of
2 the Judgment (defined herein), or if any appeal or other review of such Judgment is
3 filed and not dismissed, after such Judgment is upheld on appeal in all material
4 respects and is no longer subject to appeal, reargument, or review by writ of certiorari
5 or otherwise.
6

7 1.15 “Individual Defendants” means Eduardo Abush, David Amsterdam,
8 Aaron Feldman, Avi Savar, Jordan Vogel, Carsten Breitfeld, Zvi Glasman, Walter J.
9 McBride, Matthias Ayd, Chaoying Deng, Edwin Goh, Yueting Jia, Brian Krolicki,
10 Lee Liu, Susan Swenson, Scott Vogel, Jiawei Wang, and Qing Ye.
11
12

13 1.16 “Judgment” means the Order and Final Judgment entered by the Court
14 that dismisses the California Action pursuant to the Settlement, substantially in the
15 form of Exhibit E attached hereto.
16

17 1.17 “*Moubarak* Action” means the stockholder derivative action captioned
18 *Moubarak v. Breitfeld et al*, C.A. No. 1:22-cv-00467-GBW, pending in the United
19 States District Court for the District of Delaware.
20

21 1.18 “Notice” means the Notice of Pendency and Proposed Settlement of
22 Stockholder Derivative Actions, substantially in the form of Exhibit C attached
23 hereto.
24

25 1.19 “Parties” means Plaintiffs, Individual Defendants, and Faraday.

26 1.20 “Person” means any natural person, individual, corporation, partnership,
27 limited partnership, limited liability partnership, limited liability company,
28

1 association, joint venture, joint stock company, estate, legal representative, trust,
2 unincorporated association, government, or any political subdivision or agency
3 thereof, any business or legal entity, and any spouse, heir, legatee, executor,
4 administrator, predecessor, successor, representative, or assign of any of the
5 foregoing.
6

7
8 1.21 “Plaintiffs” means Ashkan Farazmand, Wangjun Zhou, Christy Wallace,
9 John Moubarak, and Shaobo Wang.

10 1.22 “Plaintiffs’ Counsel” means The Brown Law Firm, P.C., as lead counsel
11 for Plaintiffs Ashkan Farazmand and Wangjun Zhou; Schubert Jonckheer & Kolbe
12 LLP, as counsel for Plaintiff Christy Wallace; Gainey McKenna & Egleston, as
13 counsel for Plaintiff John Moubarak; and Hynes & Hernandez, LLC and Bragar Eigel
14 & Squire, P.C., as counsel for Plaintiff Shaobo Wang.
15
16

17 1.23 “Plaintiffs Releasing Parties” means Plaintiffs, for themselves and
18 derivatively on behalf of Faraday, Current Faraday Stockholders, derivatively on
19 behalf of Faraday, and Faraday, and their respective agents, spouses, heirs, executors,
20 administrators, personal representatives, predecessors, successors, transferors,
21 transferees, representatives, and assigns, in their capacities as such, and any Person
22 or entity that could assert any of the Released Claims on their behalf.
23
24

25 1.24 “Preliminary Approval Order” means the [Proposed] Preliminary
26 Approval Order entered by the Court that preliminarily approves the Settlement,
27 authorizes the form and manner of providing notice of the Settlement to Current
28

1 Faraday Stockholders, and sets a date for the Settlement Hearing, substantially in the
2 form of Exhibit B attached hereto.

3
4 1.25 “Reforms” means the corporate governance reforms set forth in Exhibit
5 A attached hereto, which the Company shall adopt, implement, and maintain,
6 pursuant to and in accordance with this Stipulation.

7
8 1.26 “Released Claims” means all claims or causes of action (including known
9 and Unknown Claims), including, but not limited to, any claims for damages,
10 injunctive relief, interest, attorneys’ fees, expert, or consulting fees, and any and all
11 other costs, expenses, sums of money, or liabilities whatsoever, against any of the
12 Released Persons that: (i) were asserted or could have been asserted derivatively in
13 the Derivative Actions; (ii) would have been barred by *res judicata* had the Derivative
14 Actions been fully litigated to final judgment; (iii) that have been, could have been,
15 or could in the future be, asserted derivatively in any forum or proceeding or
16 otherwise against any of the Released Persons that concern, are based upon, involve,
17 or arise out of, or relate to any of the subject matters, allegations, transactions, facts,
18 events, occurrences, disclosures, representations, statements, omissions alleged, acts,
19 failures to act, alleged mismanagement, misconduct, concealment, alleged
20 misrepresentations, alleged violations of local, state or federal law, sale of stock, or
21 other matters involved, set forth, or referred to, or could have been alleged in or
22 encompassed by, the complaints in the Derivative Actions; or (iv) arise out of, relate
23 to, or concern the defense, settlement, or resolution of the Derivative Actions or the

1 Released Claims. “Released Claims” shall not include: (i) claims to enforce the terms
2 of the Stipulation and/or the Judgment; or (ii) exclusively direct claims (i.e., as
3 opposed to derivative claims) absent Faraday stockholders may have in an individual
4 capacity against Defendants.
5

6 1.27 “Released Persons” means Defendants’ Counsel and each of Defendants
7 and each and all of their past, present, or future family members, spouses, domestic
8 partners, associates, affiliates, subsidiaries, parents, officers, directors, stockholders,
9 owners, members, representatives, employees, attorneys, financial or investment
10 advisors, consultants, underwriters, investment banks or bankers, commercial
11 bankers, insurers, reinsurers, excess insurers, co-insurers, advisors, principals, agents,
12 heirs, executors, trustees, estates, beneficiaries, distributees, foundations, general or
13 limited partners or partnerships, joint ventures, personal or legal representatives,
14 administrators, or any other Person or entity acting or purporting to act for or on behalf
15 of any Defendant, and each of their respective predecessors, successors, and assigns.
16
17
18
19

20 1.28 “Settlement” means the settlement and compromise of the Derivative
21 Actions as provided for in this Stipulation.

22 1.29 “Settlement Hearing” means the hearing set by the Court to consider final
23 approval of the Settlement.
24

25 1.30 “Summary Notice” means the Summary Notice of Pendency and
26 Proposed Settlement of Stockholder Derivative Actions, substantially in the form of
27 Exhibit D attached hereto.
28

1 1.31 “Unknown Claims” means any Released Claim(s) that any of the
2 Plaintiffs Releasing Parties does not know of or suspect to exist in his, her, or its favor
3 at the time of the release of the Released Persons, including claims that, if known by
4 him, her, or it, might have affected his, her, or its settlement with and release of the
5 Released Persons or might have affected his, her, or its decision whether to object to
6 this Settlement. With respect to any and all Released Claims, the Parties stipulate and
7 agree that, upon the Effective Date, the Plaintiffs Releasing Parties shall expressly
8 waive and relinquish, and each Current Faraday Stockholder shall be deemed to have
9 and by operation of the Judgment shall have expressly waived and relinquished to the
10 fullest extent permitted by law, the provisions, rights and benefits conferred by and
11 under California Civil Code § 1542, and any other law of the United States or any
12 state or territory of the United States, or principle of common law, which is similar,
13 comparable or equivalent to California Civil Code § 1542, which provides:

14 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT
15 THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR
16 SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF
17 EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR
18 HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER
19 SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

20 The Plaintiffs Releasing Parties acknowledge that they and Current Faraday
21 Stockholders may hereafter discover facts in addition to or different from those now
22 known or believed to be true by them, with respect to the subject matter of the
23 Released Claims, but it is the intention of the Parties that the Plaintiffs Releasing
24 Parties

1 Parties and all Current Faraday Stockholders shall be deemed to and by operation of
2 the Judgment shall completely, fully, finally, and forever compromise, settle, release,
3 discharge, and extinguish any and all Released Claims, known or unknown, suspected
4 or unsuspected, contingent or absolute, accrued or unaccrued, apparent or unapparent,
5 which do now exist, or heretofore existed, or may hereafter exist, upon any theory of
6 law or equity now existing or coming into existence in the future, and without regard
7 to the subsequent discovery of additional or different facts. The Parties acknowledge
8 that the foregoing waiver was separately bargained for and is a key element of the
9 Stipulation of which this release is a part.
10
11
12

13 1.32 “*Wallace Action*” means the stockholder derivative action captioned
14 *Wallace v. Krolicki et al.*, Case No. 2023-0639-LWW, pending in the Delaware Court
15 of Chancery.
16

17 1.33 “*Wang Action*” means the stockholder derivative action captioned *Wang*
18 *v. Breitfeld et al.*, C.A. No. 1:22-cv-00525-GBW, pending in the United States
19 District Court for the District of Delaware.
20

21 2. TERMS OF THE SETTLEMENT

22 2.1 Within thirty (30) days of issuance of the Judgment by the Court, the
23 Board shall adopt resolutions, amend Board committee charters, corporate
24
25
26
27
28

1 governance documents, and/or the Company’s Bylaws¹, and adopt corporate
2 governance guidelines, as appropriate, to ensure adherence to the Reforms, which are
3 set forth in Exhibit A attached hereto, and which shall remain in effect for no less than
4 three (3) years after the Judgment is entered by the Court.
5

6 2.2 Faraday and its Board acknowledge and agree that Plaintiffs’ efforts,
7 including investigating, preparing, commencing, and prosecuting the Derivative
8 Actions, were the cause of the adoption, implementation, and maintenance of the
9 Reforms. Faraday and its Board also acknowledge and agree that the Reforms confer
10 substantial benefits on Faraday and Faraday’s stockholders.
11
12

13 **3. APPROVAL AND NOTICE**

14 3.1 As soon as practicable, the California Plaintiffs shall submit this
15 Stipulation together with its exhibits to the Court and shall apply for entry of the
16 Preliminary Approval Order, substantially in the form of Exhibit B attached hereto,
17 requesting: (i) preliminary approval of the Settlement set forth in this Stipulation; (ii)
18 approval of the form and manner of providing notice of the Settlement to Current
19 Faraday Stockholders; and (iii) a date for the Settlement Hearing.
20
21

22 3.2 Within ten (10) days after the entry of the Preliminary Approval Order,
23 Faraday shall: (1) post a copy of the Notice and the Stipulation (and exhibits thereto)
24
25

26 _____
27 ¹ The term “Bylaws” refers to the Amended and Restated Bylaws of Faraday Future
28 Intelligent Electric Inc. (a Delaware Corporation) (Amended and Restated as of June
12, 2023).

1 on the Investor Relations page of the Company’s website; (2) publish the Summary
2 Notice in a press release; and (3) file with or furnish to the SEC the Notice and
3 Stipulation (and exhibits thereto) as exhibits to an SEC Form 8-K. The Notice shall
4 provide a link to the Investor Relations page on Faraday’s website where the Notice
5 and Stipulation (and exhibits thereto) may be viewed, which page will be maintained
6 through the date of the Settlement Hearing. Faraday shall be solely responsible for
7 paying the costs and expenses related to providing notice of the Settlement set forth
8 in this paragraph or as otherwise required by the Court. The Parties believe the manner
9 of the notice procedures set forth in this paragraph constitutes adequate and
10 reasonable notice to Faraday stockholders pursuant to applicable law and due process.
11

12
13
14 3.3 Pending the Court’s determination as to final approval of the Settlement,
15 Plaintiffs and Current Faraday Stockholders are barred and enjoined from
16 commencing, prosecuting, instigating, or in any way participating in the
17 commencement or prosecution of any action asserting any Released Claims against
18 any of the Released Persons.
19

20
21 **4. ATTORNEYS’ FEES AND REIMBURSEMENT OF EXPENSES**

22
23 4.1 In consideration of the substantial benefits conferred upon Faraday as a
24 direct result of the Reforms and Plaintiffs’ and Plaintiffs’ Counsel’s efforts in
25 connection with the Derivative Actions, and subject to Court approval, Defendants’
26 insurers shall pay to Plaintiffs’ Counsel, collectively, their attorneys’ fees and costs
27 in the amount of seven hundred and seventy-five thousand dollars (\$775,000.00) (the
28

1 “Fee and Expense Amount”).

2 4.2 Within thirty (30) days of the date of entry of the Preliminary Approval
3 Order and The Brown Law Firm, P.C.’s provision of wire instructions and W-9 form,
4 whichever is later, Defendants’ insurers shall pay the Fee and Expense Amount to
5 The Brown Law Firm, P.C.’s (the “Escrow Agent”) escrow account (the “Escrow
6 Account”), which amount, to the extent approved by the Court, shall be released by
7 the Escrow Agent from the Escrow Account once the Court enters the Judgment and
8 an order approving the Fee and Expense Amount, notwithstanding any potential
9 appeals, to Plaintiffs’ Counsel, pursuant to an allocation agreed to by Plaintiffs’
10 Counsel. Defendants are not responsible for the allocation of the Fee and Expense
11 Amount amongst Plaintiffs’ Counsel. Plaintiffs’ Counsel shall make no request to the
12 Court for (and hereby release any right they may otherwise have to seek) attorneys’
13 fees and/or costs beyond the Fee and Expense Amount.

14 4.3 In the event that the Judgment fails to become Final as defined in
15 paragraph V (¶1.14), or to the extent that the Court does not approve Plaintiffs’
16 Counsel’s application for an award of attorneys’ fees and costs in the full amount of
17 the Fee and Expense Amount, or to the extent the Fee and Expense Amount is reduced
18 as the result of an appeal, Plaintiffs’ Counsel must refund the Fee and Expense
19 Amount and any and all interest accrued thereon since payment to the extent it is
20 denied or reduced to Defendants’ insurers within thirty (30) days from receiving
21 notice from Defendants’ Counsel or from a court of appropriate jurisdiction.

1 4.4 Plaintiffs' Counsel may apply to the Court for service awards of up to two
2 thousand dollars (\$2,000.00) for each of the Plaintiffs to be paid from the Fee and
3 Expense Amount in recognition of Plaintiffs' participation and effort in the
4 prosecution of the Derivative Actions (the "Service Awards"). Defendants shall not
5 object to the application for the Service Awards.
6

7
8 4.5 The Court's awarding of any fees and costs is not a necessary term of this
9 Settlement, and it is not a condition of this Settlement that Plaintiffs' Counsel's
10 application(s) for such fees and costs be approved by the Court in the amount of the
11 Fee and Expense Amount or in any other amount.
12

13 **5. RELEASES**

14 5.1 Within five (5) days after the Effective Date, the parties in the Derivative
15 Actions other than the California Action will file stipulations of dismissal with
16 prejudice in those respective actions.
17

18 5.2 Upon the Effective Date, the Plaintiffs Releasing Parties shall be deemed
19 to have, and by operation of the Judgment shall have, fully, finally, and forever
20 released, relinquished, and discharged the Released Claims against the Released
21 Persons, individually on behalf of themselves, and derivatively on behalf of Faraday,
22 and on behalf of their respective agents, spouses, heirs, executors, administrators,
23 personal representatives, predecessors, successors, transferors, transferees,
24 representatives, and assigns, in their capacities as such. Plaintiffs Releasing Parties
25 shall be deemed to have, and by operation of the Judgment shall have, covenanted not
26
27
28

1 to sue any Released Persons with respect to any Released Claims, and shall be
2 permanently barred and enjoined from instituting, commencing or prosecuting the
3 Released Claims against the Released Persons except to enforce the releases and other
4 terms and conditions contained in the Settlement and/or the Judgment.
5

6 5.3 Upon the Effective Date, the Released Persons shall be deemed to have,
7 and by operation of the Judgment shall have, fully, finally, and forever released,
8 relinquished and discharged each and all of Defendants' Released Persons from
9 Defendants' Released Claims. The Released Persons shall be deemed to have, and by
10 operation of the Judgment shall have, covenanted not to sue Defendants' Released
11 Persons with respect to any of Defendants' Released Claims, and shall be permanently
12 barred and enjoined from instituting, commencing or prosecuting Defendants'
13 Released Claims against Defendants' Released Persons except to enforce the releases
14 and other terms and conditions contained in the Stipulation and/or the Judgment.
15
16
17

18 **6. CONDITIONS OF SETTLEMENT; EFFECT OF DISAPPROVAL,**
19 **CANCELLATION, OR TERMINATION**

20 6.1 The Effective Date of this Stipulation shall be conditioned on the
21 occurrence of all of the following events:
22

23 a. Court approval of the content and method of providing notice of the
24 proposed Settlement to Current Faraday Stockholders, and the subsequent
25 dissemination of the notice of the proposed Settlement to Current Faraday
26 Stockholders;
27
28

1 b. payment of the Fee and Expense Amount in accordance with paragraph
2 V (¶4.2);

3
4 c. Court entry of the Judgment, in all material respects in the form set forth
5 as Exhibit E annexed hereto, approving the Settlement and dismissing the
6 California Action with prejudice, without awarding costs to any party, except as
7 provided herein; and

8
9 d. the passing of the date upon which the Judgment becomes Final.

10 6.2 If any of the conditions specified above in paragraph V (¶6.1) are not met,
11 then this Stipulation shall be canceled and terminated subject to paragraph V (¶6.3),
12 unless counsel for the Parties mutually agree in writing to proceed with this
13 Stipulation.

14
15 6.3 If for any reason the Effective Date of this Stipulation does not occur, or
16 if this Stipulation is in any way canceled, terminated or fails to become Final in
17 accordance with its terms: (a) all Parties shall be restored to their respective positions
18 in the Derivative Actions as of the date of this Stipulation; (b) all releases delivered
19 in connection with this Stipulation shall be null and void, except as otherwise
20 provided for in this Stipulation; (c) the Fee and Expense Amount paid to Plaintiffs'
21 Counsel shall be refunded and returned within thirty (30) days; and (d) all
22 negotiations, proceedings, documents prepared, and statements made in connection
23 herewith shall be without prejudice to the Parties, shall not be deemed or construed
24 to be an admission by a Party of any act, matter, or proposition, and shall not be used
25
26
27
28

1 in any manner for any purpose in any subsequent proceeding in the Derivative
2 Actions, or in any other action or proceeding. In such event, the terms and provisions
3 of this Stipulation shall have no further force and effect with respect to the Parties and
4 shall not be used in the Derivative Actions or in any other proceeding for any purpose.
5

6 **7. MISCELLANEOUS PROVISIONS**

7
8 7.1 The Parties: (i) acknowledge that it is their intent to consummate the
9 Settlement; and (ii) agree to cooperate to the extent reasonably necessary to effectuate
10 and implement all terms and conditions of the Settlement and to exercise their
11 reasonable best efforts to accomplish the foregoing terms and conditions of the
12 Settlement.
13

14 7.2 In the event that any part of the Settlement is found to be unlawful, void,
15 unconscionable, or against public policy by a court of competent jurisdiction, the
16 remaining terms and conditions of the Settlement shall remain intact.
17

18 7.3 The Parties intend this Settlement to be a final and complete resolution of
19 all disputes between them with respect to the Derivative Actions and any and all
20 claims released herein.
21

22 7.4 Nothing in this Stipulation, or any other settlement-related documents or
23 communications, constitutes an admission that any claim which was brought or could
24 have been brought in the Derivative Actions has or lacks any merit whatsoever, or
25 that Defendants have committed or engaged in any violation of law or wrongdoing
26
27
28

1 whatsoever.

2 7.5 This Stipulation shall not be deemed to prejudice any of the positions of
3 any of the Parties.
4

5 7.6 Neither this Stipulation (including any documents or exhibits referenced
6 in or attached hereto), nor any of its terms or provisions, nor entry of the Judgment,
7 nor any act performed or document executed pursuant to or in furtherance of this
8 Stipulation or the Settlement, is or shall either be construed or otherwise used as
9 evidence of, the validity of any of the claims released herein or an admission by or
10 against the Individual Defendants of any fault, wrongdoing, or concession of liability
11 whatsoever.
12
13

14 7.7 Defendants and Defendants' Released Persons may file this Stipulation
15 and/or the Judgment in any action that has or may be brought against them in order
16 to support a defense or counterclaim based on principles of *res judicata*, collateral
17 estoppel, release, good faith settlement, judgment bar or reduction, or any other theory
18 of claim preclusion or issue preclusion or similar defense or counterclaim.
19
20

21 7.8 This Settlement may not be terminated, modified, or amended, except by
22 an agreement in writing signed by the Parties.
23

24 7.9 This Stipulation shall be construed as if the Parties collectively prepared
25 it, and any uncertainty or ambiguity shall not be interpreted against any of the Parties.
26

27 7.10 This Stipulation shall be considered to have been negotiated, executed
28 and delivered, and to be wholly performed, in the State of California, and shall be

1 governed by, construed, and enforced in accordance with the laws of the State of
2 California without regard to any state's principles, policies, or provisions governing
3 choice of law.
4

5 7.11 This Stipulation and the exhibits attached hereto contain the entire
6 understanding of the Parties concerning the subject matter hereof and supersede any
7 and all prior agreements or negotiations of the Parties, whether oral or in writing, with
8 respect to its subject matter.
9

10 7.12 The exhibits to this Stipulation are material and integral parts hereof and
11 are fully incorporated herein. In the event that there exists a conflict or inconsistency
12 between the terms of this Stipulation and the terms of any exhibit hereto, the terms of
13 this Stipulation shall prevail.
14

15 7.13 This Settlement may be executed in any number of counterparts with the
16 same effect as if all Parties had executed the same document. All such counterparts
17 shall be construed together and shall constitute one instrument. A facsimile or
18 electronic (e.g., PDF format) copy of this Settlement as executed shall be deemed an
19 original.
20

21 7.14 Subject to, and conditional on, the Court's final approval of the
22 Settlement contemplated herein, the Parties agree that each has complied fully with
23 the applicable requirements of good faith litigation. The Parties shall not take the
24 position that the Derivative Actions were brought or defended in bad faith or in
25 violation of Rule 11 of the Federal Rules of Civil Procedure and relevant state
26
27
28

1 provisions, respectively. The Parties agree that the terms of the Settlement were
2 negotiated in good faith and at arm's-length by the Parties and reflect a settlement
3 that was reach voluntarily based upon adequate information and after consultation
4 with competent legal counsel.

6 7.15 No representations, warranties, or inducements have been made to any of
7 the Parties concerning this Stipulation or its exhibits other than the representations,
8 warranties, and covenants contained and memorialized in such documents.

10 7.16 In the event any proceedings by or on behalf of Faraday, whether
11 voluntary or involuntary, are initiated under any chapter of the United States
12 Bankruptcy Code, including an act of receivership, asset seizure, or similar federal or
13 state law action ("Bankruptcy Proceedings"), the Parties agree to use their reasonable
14 best efforts to obtain all necessary orders, consents, releases, and approvals for
15 effectuation of this Stipulation in a timely and expeditious manner. In the event of
16 any Bankruptcy Proceedings by or on behalf of Faraday, the Parties agree that all
17 dates and deadlines set forth herein will be extended for such periods of time as are
18 necessary to obtain necessary orders, consents, releases and approvals from the
19 bankruptcy court to carry out the terms and conditions of the Stipulation.

24 7.17 Any planned, proposed, or actual sale, merger, or change-in-control of
25 Faraday shall not void this Stipulation. The Stipulation shall run to the Parties'
26 respective successors-in-interest. In the event of a planned, proposed, or actual sale,
27 merger, or change-in-control of Faraday, the Parties shall continue to seek court

1 approval of the Settlement expeditiously, including without limitation the Settlement
2 terms reflected in this Stipulation and the Fee and Expense Amount.

3
4 7.18 The Parties shall attempt to resolve any dispute arising out of or relating
5 to the Settlement in good faith. If, after consulting in good faith for a reasonable time,
6 the Parties are unable to reach agreement concerning the dispute, the matter shall be
7 referred to the Mediator for a resolution, with the fees and expenses of the Mediator
8 to be divided equally between the Parties.

9
10 7.19 The Court shall retain jurisdiction to implement and enforce the terms of
11 the Stipulation and the Judgment and to consider any matters or disputes arising out
12 of or relating to the Settlement, and the Parties and their undersigned counsel submit
13 to the jurisdiction of the Court for purposes of implementing and enforcing the
14 Settlement embodied in the Stipulation and Judgment, and for matters or disputes
15 arising out of or relating to the Settlement.

16
17
18 IN WITNESS WHEREOF, the Parties have caused the Stipulation to be
19 executed by their duly authorized attorneys and dated July 19, 2024.
20
21
22
23
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

THE BROWN LAW FIRM, P.C.

By: /s/ Timothy Brown

Timothy Brown
Saadia Hashmi
767 Third Avenue, Suite 2501
New York, NY 10017
Telephone: (516) 922-5427
Email: tbrown@thebrownlawfirm.net
shashmi@thebrownlawfirm.net

*Counsel for Plaintiffs Ashkan
Farazmand and Wangjun Zhou*

**GAINNEY MCKENNA &
EGLESTON**

By: /s/ Thomas J. McKenna

Thomas J. McKenna
Gregory M. Egleston
260 Madison Avenue, 22nd Floor
New York, NY 10016
Telephone: (212) 983-1300
Email: tjmckenna@gme-law.com
gegleston@gme-law.com

Counsel for Plaintiff John Moubarak

HYNES & HERNANDEZ, LLC

By: /s/ Ligaya Hernandez

Michael Hynes
Ligaya Hernandez
101 Lindenwood Drive
Malvern, PA 19355
Telephone: (484) 875-3116
Email: mhynes@hh-lawfirm.com
lhernandez@hh-lawfirm.com

**TROUTMAN PEPPER HAMILTON
SANDERS LLP**

By:

/s/ Alan J. Kessel

Alan J. Kessel
350 South Grand Avenue, Suite 3400
Los Angeles, CA 90071
Telephone: (213) 928-9800
Email: alan.kessel@troutman.com

Jay A. Dubow
Erica Dressler
Two Logan Square / 18th & Arch
Philadelphia, PA 19103
Telephone: (215) 891-4000
Email: jay.dubow@troutman.com
erica.dressler@troutman.com

Mary Weeks
600 Peachtree Street, Suite 3000 Atlanta,
GA 30308
Telephone: (404) 885-3000
Email: mary.weeks@troutman.com

**QUINN EMANUEL URQUHART &
SULLIVAN LLP**

Will Sears
865 South Figueroa Street, 10th Floor
Los Angeles, CA 90017
Telephone: (213) 443-3000
Email: willsears@quinnemanuel.com

Kathryn Hutchins
700 Louisiana Street, Suite 3900
Houston, TX 77002
Telephone: (713) 221-7000
Email:
kathrynhutchins@quinnemanuel.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BRAGAR EAGEL & SQUIRE, P.C.

Melissa A. Fortunato
580 California Street, Suite 1200
San Francisco, CA 94104
Telephone: (212) 308-1869
Email: fortunato@bespc.com

Counsel for Plaintiff Shaobo Wang

**SCHUBERT JONCKHEER &
KOLBE LLP**

By: /s/ Willem F. Jonckheer

Robert C. Schubert
Willem F. Jonckheer
2001 Union St, Suite 200
San Francisco, CA 94123
Telephone: (415) 788-4220

Counsel for Plaintiff Christy Wallace

LATHAM & WATKINS LLP

Michele D. Johnson
Kristin N. Murphy
Jordan D. Cook
650 Town Center Drive, 20th Floor
Costa Mesa, CA 92626
Telephone: (714) 540-1235
Email: michele.johnson@lw.com
kristin.murphy@lw.com
jordan.cook@lw.com

Counsel for Defendants

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

IN RE FARADAY FUTURE
INTELLIGENT ELECTRIC INC.
DERIVATIVE LITIGATION

Lead Case No. 2:22-cv-01570-CAS-JC
Consolidated with
Case No. 2:22-cv-01852-CAS-JC

This Document Relates to:

ALL ACTIONS.

EXHIBIT A

CORPORATE GOVERNANCE REFORMS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(A) Creation of Management-Level Disclosure Committee

1. The Company shall create a management-level Disclosure Committee comprised of “senior officers and representatives from the key functional areas of the Company, the General Counsel, the senior internal audit manager, and CFO.” The Committee shall elect a Chairperson annually.
2. The Disclosure Committee shall review any public statements to be made by the Company, its officers, and/or its directors referencing product development, technology, manufacturing, marketing, and operations capabilities, goals or production targets.
3. The Disclosure Committee shall hold regular meetings prior to the filing of the Company’s annual and quarterly reports with SEC, and ad-hoc meetings from time to time as directed by the Chairperson. The Committee shall keep records of all such meetings.
4. Representatives of the Company’s independent auditor and other personnel of the Company, or representatives of its outside advisors, may be invited to attend Disclosure Committee meetings as deemed necessary or appropriate by the Disclosure Committee in performing its duties and responsibilities.
5. The Company shall institute a pre-clearing mechanism for material information disseminated on social media news outlets.
6. The Chairperson shall on a quarterly basis provide or cause to be provided to the Audit Committee with a report regarding its activities, and whenever warranted by the facts and circumstances.

(B) Compliance Officer Job Profile and Responsibilities

7. The Company shall create a formal policy setting forth the duties and responsibilities of the Compliance Officer (“CO”), to include:
 - a. Evaluating and defining the goals of Faraday’s ethics and compliance program in light of trends and changes in laws that may affect Faraday’s compliance with all relevant laws.

- 1 b. Managing and overseeing Faraday’s ethics and compliance program,
2 implementing procedures for monitoring and evaluating the program’s
3 performance, and communicating with and informing the Board
4 regarding progress toward meeting program goals.
- 5 c. Planning and coordinating regulatory risk assessments to recommend
6 business operation improvements.
- 7 d. Communicating with regulatory agencies to ensure that the Company
8 complies with applicable federal, state and local laws and regulations.
- 9 e. Developing and overseeing compliance training for management and
10 employees.
- 11 f. Acting as the liaison between management and the Board, in which
12 capacity the CO shall: (i) be primarily responsible for assessing
13 organizational risk for misconduct and noncompliance with applicable
14 laws and regulations; (ii) report material risks relating to compliance or
15 disclosure issues to the Board promptly; and (iii) make written
16 recommendations for further evaluation and/or remedial action within
17 deadlines established by the Board.
- 18 g. Implementing procedures to ensure that any material transaction that
19 Faraday is contemplating under the Related Person Transaction Policy
20 that would confer a monetary or other benefit to a party that is related
21 to Faraday, its officers, or its directors will promptly be disclosed to the
22 Board.
- 23 h. Promptly reporting to the Board any allegations of compliance and
24 ethics concerns relating to fraud or reporting violations, and preparing
25 quarterly written reports to the Board evaluating, and where necessary
26 recommending, remedial actions.

27
28
(C) COMPENSATION RECOUPMENT POLICY

- 8. The Compensation Committee shall review on an annual basis
management’s compliance with the Company’s internal guidelines and
policies. The Compensation Committee may take into account the results of
this review in setting all incentive-based compensation arrangements.

1 **(D) EMPLOYEE TRAINING**

- 2
- 3 9. Employees shall attest annually that they have read, understand, and will
4 comply with Faraday's Code of Business Conduct and Ethics.

5

6 **(E) INDEPENDENT BOARD CHAIR**

- 7
- 8 10. The Company's Corporate Governance Guidelines shall be amended to
9 provide that if the roles of CEO and Chair of Board are not separate, the
10 Company shall require a Lead Independent Director be appointed.
- 11 11. The Lead Independent Director shall be empowered to chair all meetings of
12 the Board when the Chairman is not present, call and chair executive session
13 meetings of independent directors, set agendas for meetings of the
14 independent directors with input from the independent directors, place items
15 on the agenda for full Board meetings, call special meetings of the Board,
16 and serve as a liaison between the independent directors and the Chairman
17 and CEO.

18

19

20 **(F) AUDIT COMMITTEE CHARTER CHANGES**

- 21 12. Amend Audit Committee Charter to add risk management responsibilities,
22 including:
- 23 a. Administer risk management policies of Company;
- 24 b. Identify and monitor material risks relating to compliance;
- 25 c. Monitor compliance with Faraday's Code of Conduct;
- 26 d. Conduct annual review of policies and procedures related to legal and
27 regulatory compliance; and
- 28 e. The Audit Committee shall post its existing procedures for the receipt

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

of complaints regarding accounting, internal accounting controls, etc. on the Company’s website.

(G) WHISTLEBLOWER POLICY

- 13. The Company will amend its whistleblower policy and ensure that it is made available to all employees and described on the Company’s website and throughout Company’s facilities that shall:
 - a. Communicate effectively that Faraday is serious about adherence to its code of conduct and that whistleblowing is an important tool in achieving this goal.
 - b. Make clear that whistleblowing provisions are also designed to report any potential or suspected violation of any federal or state law (in any form, including accounting violations, insider trading, etc.) and not simply to report violations of Faraday’s policies, or violations of the federal securities laws.

- 14. The Company will adequately notify employees, independent contractors, and vendors of Faraday and other third parties of the following:
 - a. Whistleblowers have the right to report concerns directly to the SEC, DOJ, and/or other applicable regulatory agencies (and have the right to hire their own lawyer to represent them in any such proceeding, at their own cost, if they so choose).
 - b. A log of whistleblower complaints, as well as the results of all investigations of complaints, shall be memorialized in writing and be maintained for a period of not less than five (5) years. The Company shall require its external auditor to review the log and any investigation results in connection with each annual audit.
 - c. Where the whistleblower has identified themselves in the complaint, the General Counsel shall notify the whistleblower when the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

investigation or evaluation of the complaint is complete and the results thereof.

(H) RELATED PERSON TRANSACTIONS

- 15. The Audit Committee shall ensure the new Related Person Transaction Policy complies with SEC and NYSE/NASD guidance.
- 16. All officers and directors shall submit to the Compliance Officer an up-to-date list of companies in which they are a director, an officer, and/or in which they own a controlling interest, and promptly update the list when any changes occur.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

IN RE FARADAY FUTURE
INTELLIGENT ELECTRIC INC.
DERIVATIVE LITIGATION

Lead Case No. 2:22-cv-01570-CAS-JC
Consolidated with
Case No. 2:22-cv-01852-CAS-JC

This Document Relates to:
ALL ACTIONS.

EXHIBIT B

[PROPOSED] PRELIMINARY APPROVAL ORDER

1 WHEREAS, this matter came before the Court for a hearing on _____,
2 2024. Ashkan Farazmand and Wangjun Zhou (the “California Plaintiffs”) in the
3 above-captioned action (the “California Action”) pending in the United States
4 District Court for the Central District of California (the “Court”) have made an
5 unopposed motion, pursuant to Rule 23.1 of the Federal Rules of Civil Procedure, for
6 an order: (i) preliminarily approving the proposed settlement (the “Settlement”) of
7 stockholder derivative claims brought on behalf of Faraday Future Intelligent Electric
8 Inc. (“Faraday” or the “Company”), in accordance with the Stipulation and
9 Agreement of Settlement dated July 19, 2024 (the “Stipulation”); (ii) approving the
10 form and manner of the notice of the Settlement to Current Faraday Stockholders;
11 and (iii) setting a date for the Settlement Hearing.¹
12
13
14
15

16 WHEREAS, the Stipulation sets forth the terms and conditions for the
17 Settlement, including, but not limited to, a proposed Settlement and dismissal of the
18 following stockholder derivative actions with prejudice: (i) the above-captioned
19 action, titled *In re Faraday Future Intelligent Electric Inc. Derivative Litigation*,
20 Lead Case No. 2:22-cv-01570-CAS-JC; (ii) *Wang v. Breitfeld et al.*, C.A. No. 1:22-
21 cv-00525-GBW (D. Del.); (iii) *Moubarak v. Breitfeld et al.*, C.A. No. 1:22-cv-00467-
22 GBW (D. Del.); (iv) *Wallace v. Krolicki et al.*, C.A. No. 2023-0639-LWW (Del. Ch.);
23
24
25

26 ¹ Except as otherwise expressly provided below or as the context otherwise requires,
27 all capitalized terms contained herein shall have the same meanings and/or
28 definitions as set forth in the Stipulation.

1 and (v) *Farazmand v. Breitfeld et al.*, C.A. No. 2023-1283-LWW (Del. Ch.)
2 (collectively, the “Derivative Actions”);
3

4 WHEREAS, the Court having: (i) read and considered Plaintiffs’ Unopposed
5 Motion for Preliminary Approval of Stockholder Derivative Settlement together with
6 the accompanying Memorandum of Points and Authorities; (ii) read and considered
7 the Stipulation, as well as all of the exhibits attached thereto; and (iii) heard and
8 considered arguments by counsel for the Parties in favor of preliminary approval of
9 the Settlement;
10
11

12 WHEREAS, the Court finds, upon a preliminary evaluation, that the proposed
13 Settlement falls within the range of possible approval criteria, as it provides a
14 beneficial result for Faraday and appears to be the product of serious, informed, non-
15 collusive negotiations overseen by an experienced mediator; and
16

17 WHEREAS, the Court also finds, upon a preliminary evaluation, that Faraday
18 stockholders should be apprised of the Settlement through the proposed form of
19 notice, allowed to file objections, if any, thereto, and appear at the Settlement
20 Hearing.
21

22 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
23 DECREED AS FOLLOWS:
24
25
26
27
28

1 1. This Court does hereby preliminarily approve, subject to further
2 consideration at the Settlement Hearing described below, the Stipulation and the
3 terms of the Settlement set forth therein.
4

5 2. This Court preliminarily approves, subject to further consideration at the
6 Settlement Hearing described below, the Settlement as set forth in the Stipulation as
7 being fair, reasonable, and adequate.
8

9 3. A hearing shall be held on _____, 2024 at _____.m., before
10 the Honorable Christina A. Snyder, at the United States District Court for the Central
11 District of California, Western Division, United States Courthouse, 350 W. First
12 Street, Courtroom 8D, 8th Floor, Los Angeles, California 90012 (the “Settlement
13 Hearing”), at which the Court will determine: (i) whether the terms of the Stipulation
14 should be approved as fair, reasonable, and adequate; (ii) whether the Notice and
15 Summary Notice fully satisfied the requirements of Rule 23.1 of the Federal Rules
16 of Civil Procedure and the requirements of due process; (iii) whether all Released
17 Claims against the Released Persons should be fully and finally released;
18 (iv) whether the agreed-to Fee and Expense Amount should be approved; (v) whether
19 Service Awards payable from the Fee and Expense Amount to the five Plaintiffs
20 should be approved; and (vi) such other matters as the Court may deem appropriate.
21
22
23
24

25 4. The Court finds that the form, substance, and dissemination of
26 information regarding the proposed Settlement in the manner set out in this
27
28

1 Preliminary Approval Order constitutes the best notice practicable under the
2 circumstances and complies fully with Rule 23.1 of the Federal Rules of Civil
3 Procedure and due process.
4

5 5. Within ten (10) days after the entry of this Preliminary Approval Order,
6 Faraday shall: (1) post a copy of the Notice and the Stipulation (and exhibits thereto)
7 on the Investor Relations page of the Company's website; (2) publish the Summary
8 Notice in a press release; and (3) file the Notice, with a copy of the Stipulation (and
9 exhibits thereto), as exhibits to an SEC Form 8-K. The Notice shall provide a link to
10 the Investor Relations page on Faraday's website where the Notice and Stipulation
11 (and exhibits thereto) may be viewed, which page will be maintained through the
12 date of the Settlement Hearing.
13
14
15

16 6. All costs incurred in the filing, posting, and publication of the notice of
17 the Settlement shall be paid by Faraday, and Faraday shall undertake all
18 administrative responsibility for the filing, posting, and publication of the notice of
19 the Settlement.
20

21 7. Within twenty (20) days after the entry of this Preliminary Approval
22 Order, Defendants' Counsel shall file with the Court an appropriate affidavit or
23 declaration with respect to filing, publishing, and posting the notice of the Settlement
24 as provided for in paragraph 5 of this Preliminary Approval Order.
25
26
27
28

1 8. All Current Faraday Stockholders shall be subject to and bound by the
2 provisions of the Stipulation and the releases contained therein, and by all orders,
3 determinations, and judgments in the Derivative Actions concerning the Settlement,
4 whether favorable or unfavorable to Current Faraday Stockholders.
5

6 9. Pending final determination of whether the Settlement should be
7 approved, Plaintiffs and Faraday stockholders shall not commence, institute, or
8 prosecute against any of the Released Persons any action or proceeding in any court
9 or tribunal asserting any of the Released Claims.
10

11 10. Any stockholder of Faraday common stock may appear and show cause,
12 if he, she, or it has any reason why the Settlement embodied in the Stipulation should
13 not be approved as fair, reasonable, and adequate, or why a judgment should or
14 should not be entered hereon, or the Fee and Expense Amount or Service Awards
15 should not be awarded. However, no Faraday stockholder shall be heard or entitled
16 to contest the approval of the Settlement, or, if approved, the Judgment to be entered
17 thereon, unless that Faraday stockholder has caused to be filed, and served on counsel
18 as noted below: (i) a written notice of objection with the case name and number (*In*
19 *re Faraday Future Intelligent Electric Inc. Derivative Litigation*, Lead Case No.
20 2:22-cv-01570-CAS-JC (C.D. Cal.)); (ii) the Person's name, legal address, and
21 telephone number; (iii) notice of whether such Person intends to appear at the
22 Settlement Hearing and the reasons such Person desires to appear and be heard, and
23
24
25
26
27
28

1 whether such Person is represented by counsel and if so, contact information for
2 counsel; (iv) competent evidence that such Person held shares of Faraday common
3 stock as of the date of the Stipulation and continues to hold such stock as of the date
4 the objection is made, including the date(s) such shares were acquired; (v) a statement
5 of objections to any matters before the Court, the grounds therefor, as well as all
6 documents or writings such Person desires the Court to consider; and (vi) the
7 identities of any witnesses such Person plans on calling at the Settlement Hearing,
8 along with a summary description of their expected testimony.

11
12 11. At least twenty-one (21) days prior to the Settlement Hearing set for
13 _____, 2024, any such person must file the written objection(s) and
14 corresponding materials with the Clerk of the Court, United States District Court for
15 the Central District of California, Western Division, United States Courthouse, 350
16 W. First Street, Suite 4311, Los Angeles, California 90012 and serve such materials
17 by that date, on each of the following Parties' counsel:

18
19 *Counsel for Plaintiffs:*

20
21 **THE BROWN LAW FIRM, P.C.**
22 Timothy Brown
23 767 Third Avenue, Suite 2501
24 New York, NY 10017
25 Telephone: (516) 922-5427
26 Email: tbrown@thebrownlawfirm.net

Counsel for Defendants:

21 **TROUTMAN PEPPER**
22 **HAMILTON SANDERS LLP**
23 Jay A. Dubow
24 Two Logan Square / 18th & Arch
25 Philadelphia, PA 19103
26 Telephone: (215) 891-4000
27 Email: jay.dubow@troutman.com

1 12. Only stockholders who have filed with the Court and sent to the Parties’
2 counsel valid and timely written notices of objection and notices of appearance will
3 be entitled to be heard at the hearing unless the Court orders otherwise.
4

5 13. Any Person or entity who fails to appear or object in the manner
6 provided herein shall be deemed to have waived such objection and shall forever be
7 foreclosed from making any objection to the fairness, reasonableness, or adequacy
8 of the Settlement and to the Fee and Expense Amount and Service Awards, unless
9 otherwise ordered by the Court, but shall be forever bound by the Judgment to be
10 entered and the releases to be given as set forth in the Stipulation.
11

12 14. The California Plaintiffs shall file their motion for final approval of the
13 Settlement at least twenty-eight (28) days prior to the Settlement Hearing. If there is
14 any objection to the Settlement, the deadline for filings in response to the objection(s)
15 is seven (7) days prior to the Settlement Hearing.
16

17 15. All proceedings in the California Action are stayed until further order of
18 the Court, except as may be necessary to implement the Settlement or comply with
19 the terms of the Stipulation.
20

21 16. This Court may, for good cause, extend any of the deadlines set forth in
22 this Preliminary Approval Order without further notice to Faraday stockholders.
23

24 17. Neither the Stipulation, nor any of its terms or provisions, nor entry of
25 the Judgment, nor any document or exhibit referred or attached to the Stipulation, nor
26
27
28

1 any action taken to carry out the Stipulation, is, may be construed as, or may be used
2 as evidence of the validity of any of the claims released herein or an admission by or
3 against the Individual Defendants of any fault, wrongdoing, or concession of liability
4 whatsoever.
5

6 18. The Court may, in its discretion, change the date and/or time of the
7 Settlement Hearing without further notice to Current Faraday Stockholders and
8 reserves the right to hold the Settlement Hearing telephonically or by
9 videoconference without further notice to Current Faraday Stockholders. Any
10 Current Faraday Stockholder (or his, her or its counsel) who wishes to appear at the
11 Settlement Hearing should consult the Court's calendar and/or the Investor Relations
12 page of Faraday's website for any change in the date, time, or format of the
13 Settlement Hearing.
14
15
16
17

18 **IT IS SO ORDERED.**

19 DATED:

20
21
22 HONORABLE CHRISTINA A. SNYDER
23 UNITED STATES DISTRICT JUDGE
24
25
26
27
28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

IN RE FARADAY FUTURE
INTELLIGENT ELECTRIC INC.
DERIVATIVE LITIGATION

Lead Case No. 2:22-cv-01570-CAS-JC
Consolidated with
Case No. 2:22-cv-01852-CAS-JC

This Document Relates to:

ALL ACTIONS.

EXHIBIT C

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF
STOCKHOLDER DERIVATIVE ACTIONS**

1 TO: **ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF**
2 **FARADAY FUTURE INTELLIGENT ELECTRIC INC. (“FARADAY”**
3 **OR THE “COMPANY”) COMMON STOCK AS OF JULY 19, 2024.**

4 PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS
5 NOTICE RELATES TO A PROPOSED SETTLEMENT AND DISMISSAL WITH
6 PREJUDICE OF STOCKHOLDER DERIVATIVE LITIGATION AND
CONTAINS IMPORTANT INFORMATION REGARDING YOUR RIGHTS.

7 IF THE COURT APPROVES THE SETTLEMENT OF THE DERIVATIVE
8 ACTIONS, CURRENT FARADAY STOCKHOLDERS WILL BE FOREVER
9 BARRED FROM CONTESTING THE APPROVAL OF THE PROPOSED
10 SETTLEMENT AND DISMISSAL WITH PREJUDICE, AND FROM PURSUING
RELEASED CLAIMS.

11 THIS ACTION IS NOT A “CLASS ACTION.” THUS, THERE IS NO COMMON
12 FUND UPON WHICH YOU CAN MAKE A CLAIM FOR A MONETARY
PAYMENT.

13 THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS
14 RESPECTING THE MERITS OF THE ACTION. THE RECITATION OF THE
15 BACKGROUND AND CIRCUMSTANCES OF THE SETTLEMENT
16 CONTAINED HEREIN DOES NOT CONSTITUTE THE FINDINGS OF THE
17 COURT. IT IS BASED ON REPRESENTATIONS MADE TO THE COURT BY
COUNSEL FOR THE PARTIES.

18 IF YOU WERE NOT THE BENEFICIAL OWNER OF FARADAY COMMON
19 STOCK ON THE RECORD DATE, PLEASE TRANSMIT THIS DOCUMENT TO
SUCH BENEFICIAL OWNER.

20 PLEASE TAKE NOTICE that this action is being settled on the terms set forth in a
21 Stipulation and Agreement of Settlement dated July 19, 2024 (the “Stipulation”). The
22 purpose of this Notice is to inform you of:

23 • the existence of the above-captioned consolidated derivative action
24 pending in the United States District Court for the Central District of California (the
25 “Court”) captioned *In re Faraday Future Intelligent Electric Inc. Derivative*
Litigation, Lead Case No. 2:22-cv-01570-CAS-JC (the “California Action”);

26 • the existence of similar derivative actions pending in the (1) Delaware
27 Court of Chancery (the “Chancery Court”) captioned *Farazmand v. Breitfeld et al.*,

28

1 C.A. No. 2023-1283-LWW (the “*Farazmand* Chancery Action”); (2) Chancery
2 Court captioned *Wallace v. Krolicki et al.*, C.A. No. 2023-0639-LWW (the “*Wallace*
3 *Action*”); (3) United States District Court for the District of Delaware captioned
4 *Moubarak v. Breitfeld et al.*, C.A. No. 1:22-cv-00467-GBW (the “*Moubarak*
5 *Action*”); and (4) United States District Court for the District of Delaware captioned
6 *Wang v. Breitfeld et al.*, C.A. No. 1:22-cv-00525-GBW (the “*Wang* Action,” and
7 together with the California Action, the *Farazmand* Chancery Action, the *Wallace*
8 *Action*, and the *Moubarak* Action, the “Derivative Actions”);

9 • the proposed settlement between Plaintiffs¹ and Defendants reached in
10 the Derivative Actions (the “Settlement”);

11 • the hearing to be held by the Court to consider the fairness,
12 reasonableness, and adequacy of the Settlement and dismissal of the California
13 Action with prejudice;

14 • Plaintiffs’ Counsel’s application to the Court for a Fee and Expense
15 Amount; and

16 • Plaintiffs’ Counsel’s application to the Court for case Service Awards
17 to the five Plaintiffs in the Derivative Actions.

18 This Notice describes what steps you may take in relation to the Settlement.
19 This Notice is not an expression of any opinion by the Court about the truth or merits
20 of Plaintiffs’ claims or Defendants’ defenses. This Notice is solely to advise you of
21 the proposed Settlement of the Derivative Actions and of your rights in connection
22 with the proposed Settlement.

23 Summary

24 On July 19, 2024, Faraday, in its capacity as a nominal defendant, entered into
25 the Stipulation to resolve the Derivative Actions, which Stipulation was filed in the
26 Court. The Derivative Actions were brought on behalf of Faraday against certain
27 current and former directors and officers of the Company and against Faraday as a
28 nominal defendant. The Stipulation and the settlement contemplated therein (the
“Settlement”), subject to the approval of the Court, are intended by the Parties to
fully, finally, and forever compromise, resolve, discharge, and settle the Released

¹ All capitalized terms used in this notice, unless otherwise defined herein, are defined as set forth in the Stipulation.

1 Claims and to result in the complete dismissal of the Derivative Actions with
2 prejudice, upon the terms and subject to the conditions set forth in the Stipulation.
3 The proposed Settlement requires the Company to adopt and maintain certain
4 corporate governance reforms and procedures, as outlined in Exhibit A to the
5 Stipulation (the “Reforms”).

6 In recognition of the substantial benefits conferred upon Faraday as a direct
7 result of the Reforms achieved through the prosecution and Settlement of the
8 Derivative Actions, and subject to Court approval, the Parties agreed, with a
9 mediator’s assistance, on May 13, 2024, that Defendants’ insurers shall pay to
10 Plaintiffs’ Counsel attorneys’ fees and expenses in the amount of seven hundred and
11 seventy-five thousand dollars (\$775,000.00) (the “Fee and Expense Amount”),
12 subject to Court approval. Plaintiffs’ Counsel shall also apply to the Court for service
13 awards to be paid to each of the five Plaintiffs in an amount of up to two thousand
14 dollars (\$2,000.00) each (the “Service Awards”), to be paid out of the Fee and
15 Expense Amount.

16 This notice is a summary only and does not describe all of the details of the
17 Stipulation. For full details of the matters discussed in this summary, please see the
18 full Stipulation and its exhibits posted on the Investor Relations page of the
19 Company’s website, www._____, contact Plaintiffs’ Counsel at the address,
20 email or, telephone number listed below, or inspect the full Stipulation filed with the
21 Clerk of the Court.

22 What are the Lawsuits About?

23 The Derivative Actions are brought derivatively on behalf of nominal
24 defendant Faraday and allege, *inter alia*, that between January 28, 2021 through April
25 14, 2022, at least, the Individual Defendants breached their fiduciary duties by
26 issuing and/or causing the Company to issue materially false and misleading
27 statements (including by soliciting a materially false and misleading proxy statement
28 allegedly in violation of Section 14(a) of the Securities Exchange Act of 1934).
Plaintiffs allege that the Individual Defendants failed to disclose material facts to
shareholders and the public regarding, among other things, the extent of Defendant
Yueting Jia’s involvement within the Company following the Merger, and the
number of actual reservations the Company had received for the FF 91, its flagship
vehicle, and failed to maintain adequate internal controls. The Derivative Actions
allege that, as a result of the foregoing, the Company experienced reputational and
financial harm.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Why is there a Settlement of the California Action?

The Court has not decided in favor of Defendants or California Plaintiffs. Instead, the Parties agreed to the Settlement to avoid the distraction, costs, and risks of further litigation, and because the Parties agree, and the Company determined, that the Reforms that the Company will adopt, implement, and maintain as part of the Settlement provide substantial benefits to Faraday and its stockholders.

Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Plaintiffs in the Derivative Actions. Defendants have expressly denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Derivative Actions. Nonetheless, Defendants have concluded that it is desirable for the Derivative Actions to be fully and finally settled in the matter and upon the terms and conditions set forth in this Stipulation.

The Settlement Hearing, and Your Right to Object to the Settlement

On _____, 2024, the Court entered an order preliminarily approving the Stipulation and the Settlement contemplated therein (the “Preliminary Approval Order”) and providing for notice of the Settlement to be provided to current Faraday stockholders (“Current Faraday Stockholders”). The Preliminary Approval Order further provides that the Court will hold a hearing (the “Settlement Hearing”) on _____, 2024 at __:__.m. before the Honorable Christina A. Snyder at the United States District Court for the Central District of California, Western Division, United States Courthouse, 350 W. First Street, Courtroom 8D, 8th Floor, Los Angeles, California 90012 to among other things: (i) determine whether the proposed Settlement is fair, reasonable and adequate and in the best interests of the Company and its stockholders; (ii) consider any objections to the Settlement submitted in accordance with this Notice; (iii) determine whether a judgment should be entered dismissing all claims in the California Action with prejudice, and releasing the Released Claims against the Released Persons; (iv) determine whether the Court should approve the agreed-to Fee and Expense Amount; (v) determine whether the Court should approve the Service Awards for Plaintiffs, which shall be funded from the Fee and Expense Amount to the extent approved by the Court; and (vi) consider any other matters that may properly be brought before the Court in connection with the Settlement. Upon final approval of the Settlement, the Plaintiffs in the Derivative Actions other than the California Action will voluntarily dismiss their complaints with prejudice.

1 The Court may, in its discretion, change the date and/or time of the Settlement
2 Hearing without further notice to you. The Court also has reserved the right to hold
3 the Settlement Hearing telephonically or by videoconference without further notice
4 to you. If you intend to attend the Settlement Hearing, please consult the Court's
5 calendar or the Investor Relations page of Faraday's website, www._____, for
any change in the date, time, or format of the Settlement Hearing.

6 Any Current Faraday Stockholder who wishes to object to the fairness,
7 reasonableness, or adequacy of the Settlement as set forth in the Stipulation, or to the
8 Fee and Expense Amount or Service Awards, may file with the Court a written
9 objection. An objector must, at least twenty-one (21) calendar days prior to the
10 Settlement Hearing: (1) file with the Clerk of the Court and serve (either by hand
11 delivery or by first class mail) upon the below listed counsel a written objection to
12 the Settlement setting forth (i) a written notice of objection with the case name and
13 number (*In re Faraday Future Intelligent Electric Inc. Derivative Litigation*, Lead
14 Case No. 2:22-cv-01570-CAS-JC (C.D. Cal.)); (ii) the Person's name, legal address,
15 and telephone number; (iii) notice of whether such Person intends to appear at the
16 Settlement Hearing and the reasons such Person desires to appear and be heard, and
17 whether such Person is represented by counsel and if so, contact information for
18 counsel; (iv) competent evidence that such Person held shares of Faraday common
19 stock as of the date of the Stipulation and continues to hold such stock as of the date
20 the objection is made, including the date(s) such shares were acquired; (v) a statement
of objections to any matters before the Court, the grounds therefor, as well as all
documents or writings such Person desires the Court to consider; and (vi) the
identities of any witnesses such Person plans on calling at the Settlement Hearing,
along with a summary description of their expected testimony. Any objector who
does not timely file and serve a notice of intention to appear in accordance with this
paragraph shall be foreclosed from raising any objection to the Settlement and from
objecting at the Settlement Hearing, except for good cause shown.

21 *IF YOU MAKE A WRITTEN OBJECTION, IT MUST BE RECEIVED BY THE*
22 *CLERK OF THE COURT NO LATER THAN _____, 2024.* The Clerk's
23 address is:

24 Clerk of the Court,
25 United States District Court for the Central District of California, Western Division
26 First Street U.S. Courthouse
27 350 W 1st Street, Suite 4311
28 Los Angeles, CA 90012

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

IN RE FARADAY FUTURE
INTELLIGENT ELECTRIC INC.
DERIVATIVE LITIGATION

Lead Case No. 2:22-cv-01570-CAS-JC
Consolidated with
Case No. 2:22-cv-01852-CAS-JC

This Document Relates to:
ALL ACTIONS.

EXHIBIT D

**SUMMARY NOTICE OF PENDENCY AND PROPOSED SETTLEMENT
OF STOCKHOLDER DERIVATIVE ACTIONS**

1 TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF
2 FARADAY FUTURE INTELLIGENT ELECTRIC INC. (“FARADAY”
3 OR THE “COMPANY”) COMMON STOCK AS OF JULY 19, 2024
4 (“CURRENT FARADAY STOCKHOLDERS”).

5 PLEASE READ THIS NOTICE CAREFULLY AND IN ITS
6 ENTIRETY. THIS NOTICE RELATES TO A PROPOSED
7 SETTLEMENT AND DISMISSAL WITH PREJUDICE OF
8 STOCKHOLDER DERIVATIVE LITIGATION AND CONTAINS
9 IMPORTANT INFORMATION REGARDING YOUR RIGHTS.

10 IF THE COURT APPROVES THE SETTLEMENT OF THE
11 DERIVATIVE MATTERS, CURRENT FARADAY STOCKHOLDERS
12 WILL BE FOREVER BARRED FROM CONTESTING THE
13 APPROVAL OF THE PROPOSED SETTLEMENT AND DISMISSAL
14 WITH PREJUDICE, AND FROM PURSUING RELEASED CLAIMS.

15 THIS ACTION IS NOT A “CLASS ACTION.” THUS, THERE IS NO
16 COMMON FUND UPON WHICH YOU CAN MAKE A CLAIM FOR A
17 MONETARY PAYMENT.

18 **YOU ARE HEREBY NOTIFIED** that the following stockholder derivative actions
19 (the “Derivative Actions”), are being settled on the terms set forth in a Stipulation
20 and Agreement of Settlement dated July 19, 2024 (the “Stipulation”): (i) the above-
21 captioned action, titled *In re Faraday Future Intelligent Electric Inc. Derivative
22 Litigation*, Lead Case No. 2:22-cv-01570-CAS-JC; (ii) *Wang v. Breitfeld et al.*, C.A.
23 No. 1:22-cv-00525-GBW (D. Del.); (iii) *Moubarak v. Breitfeld et al.*, C.A. No. 1:22-
24 cv-00467-GBW (D. Del.); (iv) *Wallace v. Krolicki et al.*, C.A. No. 2023-0639-LWW
25 (Del. Ch.); and (v) *Farazmand v. Breitfeld et al.*, C.A. No. 2023-1283-LWW (Del.
26 Ch.).

27 The Derivative Actions allege that, *inter alia*, between January 28, 2021
28 through April 14, 2022, at least, the Individual Defendants¹ breached their fiduciary
duties by issuing and/or causing the Company to issue materially false and
misleading statements (including by soliciting a materially false and misleading
proxy statement allegedly in violation of Section 14(a) of the Securities Exchange
Act of 1934). Plaintiffs allege that the Individual Defendants failed to disclose

¹ All capitalized terms that are not otherwise defined shall have the definitions as set forth in the Stipulation.

1 material facts to the public regarding, among other things, the extent of Defendant
2 Yueting Jia’s involvement within the Company following the Merger, and the
3 number of reservations the Company had received for the FF 91, its flagship vehicle,
4 and failed to maintain adequate internal controls. The Derivative Actions allege that,
5 as a result of the foregoing, the Company experienced reputational and financial
6 harm. Defendants have denied and continue to deny each and all of the claims and
7 allegations of wrongdoing asserted in the Derivative Actions.

8 Pursuant to the terms of the Settlement, Faraday agrees to implement and
9 maintain certain corporate governance reforms that are outlined in Exhibit A to the
10 Stipulation (the “Reforms”). The Reforms shall be maintained for three (3) years.
11 The independent members of Faraday’s Board approved a resolution reflecting its
12 determination that the Settlement, and separately, the Reforms, are in the best interest
13 of Faraday. Faraday and its Board acknowledge and agree that Plaintiffs’ efforts,
14 including investigating, preparing, commencing, and prosecuting the Derivative
15 Actions, were the cause of the adoption, implementation, and maintenance of the
16 Reforms. Faraday and its Board also acknowledge and agree that the Reforms confer
17 substantial benefits on the Company and its stockholders.

18 After negotiating the principal terms of the Stipulation, counsel for the Parties,
19 with the assistance of the Mediator, negotiated the attorneys’ fees and expenses to be
20 paid to Plaintiffs’ Counsel, subject to Court approval (the “Fee and Expense
21 Amount”). In light of the substantial benefits conferred upon the Company and its
22 stockholders, Defendants’ insurers shall pay to Plaintiffs’ Counsel seven hundred and
23 seventy-five thousand dollars (\$775,000.00) for their attorneys’ fees and expenses,
24 subject to Court approval. Defendants also agreed not to object to the request for the
25 Court to approve Service Awards of up to two thousand dollars (\$2,000.00) for each
26 of the five Plaintiffs, to be paid from the Fee and Expense Amount.

27 On _____, 2024 at __: __ .m., a hearing (the “Settlement Hearing”)
28 will be held before the Honorable Christina A. Snyder at the United States District
Court for the Central District of California, Western Division, United States
Courthouse, 350 W. First Street, Courtroom 8D, 8th Floor, Los Angeles, California
90012, for the purpose of determining whether the Settlement should be approved as
fair, reasonable, and adequate and whether the Court should approve the agreed-to
Fee and Expense Amount and the Service Awards for Plaintiffs. ***Because this is not
a class action, except as otherwise provided for in the Stipulation with respect to
the Plaintiffs, no Current Faraday Stockholder has the right to receive any
individual compensation as a result of the Settlement.*** Upon final approval of the

1 Settlement, the Plaintiffs will voluntarily dismiss their respective complaints in the
2 Derivative Actions with prejudice.

3 This Summary Notice provides a condensed overview of certain provisions of
4 the Stipulation and the full Notice of Pendency and Proposed Settlement of
5 Stockholder Derivative Actions (the “Notice”). It is not a complete statement of the
6 events of the Derivative Actions or the terms set forth in the Stipulation. This
7 summary should be read in conjunction with, and is qualified in its entirety by
8 reference to, the text of the Stipulation and its exhibits. For additional information
9 about the claims asserted in the Derivative Actions, and the terms of the proposed
10 Settlement, you may inspect the full Notice and the Stipulation and its exhibits and
11 other papers at the Clerk’s office in the Court at any time during regular business
12 hours. In addition, copies of the Stipulation and its exhibits and the Notice are
13 available on the Investor Relations page of the Company’s website, www._____.

14 The Court may, in its discretion, change the date, time, or format of the
15 Settlement Hearing without further notice to you. If you intend to attend the
16 Settlement Hearing, please consult the Court’s calendar or Investor Relations page
17 of the Company’s website, _____, for any change in the date, time, or format of
18 the Settlement Hearing.

19 Inquiries about the Derivative Actions or the Settlement may be made to:
20 Timothy Brown, The Brown Law Firm, P.C., 767 Third Avenue, Suite 2501, New
21 York, NY 10017, Telephone: (516) 922-5427, Email: tbrown@thebrownlawfirm.net.

22 You may enter an appearance before the Court, at your own expense,
23 individually or through counsel of your choice. If you want to object at the Settlement
24 Hearing, you must be a Current Faraday Stockholder and you must first comply with
25 the procedures for objecting that are set forth in the Notice. **Any objection to any
26 aspect of the Settlement must be filed with the Clerk of the Court and sent to
27 Plaintiffs’ Counsel and Defendants’ Counsel no later than _____, 2024 (21
28 days before the Settlement Hearing)**, in accordance with the procedures set forth
in the Stipulation and the Notice. Any Current Faraday Stockholder who fails to
object in accordance with such procedures will be bound by the Order and Final
Judgment of the Court granting final approval to the Settlement and the releases of
claims therein, and shall be deemed to have waived the right to object (including the
right to appeal) and forever shall be barred, in this proceeding or in any other
proceeding, from raising such objection.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PLEASE DO NOT CALL THE COURT OR DEFENDANTS WITH QUESTIONS ABOUT THE SETTLEMENT.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

IN RE FARADAY FUTURE
INTELLIGENT ELECTRIC INC.
DERIVATIVE LITIGATION

Lead Case No. 2:22-cv-01570-CAS-JC
Consolidated with
Case No. 2:22-cv-01852-CAS-JC

This Document Relates to:
ALL ACTIONS.

EXHIBIT E

[PROPOSED] ORDER AND FINAL JUDGMENT

1 This matter came before the Court for hearing on _____, 2024, to
2 consider approval of the proposed settlement (“Settlement”) set forth in the
3 Stipulation and Agreement of Settlement dated July 19, 2024 (the “Stipulation”). The
4 Court has reviewed and considered all documents, evidence, objections (if any), and
5 arguments presented in support of or against the Settlement. Good cause appearing
6 therefore, the Court enters this Order and Final Judgment (the “Judgment”).
7
8

9 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

10 1. This Judgment incorporates by reference the definitions in the
11 Stipulation, and all capitalized terms used herein shall have the same meanings as set
12 forth in the Stipulation.
13

14 2. This Court has jurisdiction over the subject matter of the California
15 Action, including all matters necessary to effectuate the Settlement, and over all
16 Parties.
17

18 3. The Court finds that the notice of the Settlement was published and
19 disseminated in accordance with this Court’s Preliminary Approval Order. This
20 Court further finds that the forms and contents of the Notice and Summary Notice,
21 as previously preliminarily approved by the Court, fully satisfied the requirements of
22 Rule 23.1 of the Federal Rules of Civil Procedure and the requirements of due
23 process.
24

25 4. The Court hereby approves the Settlement set forth in the Stipulation,
26
27
28

1 finds that the Settlement is, in all respects, fair, reasonable, and adequate to each of
2 the Parties, finds that the Settlement is in the best interests of Faraday and Current
3 Faraday Stockholders, and orders the Parties to perform the terms of the Settlement
4 as set forth in the Stipulation.
5

6 5. The California Action and all claims contained therein, as well as all of
7 the Released Claims against Released Persons, are dismissed with prejudice. The
8 Parties are to bear their own costs, except as otherwise provided below.
9

10 6. Upon the Effective Date, Plaintiffs Releasing Parties shall be deemed to
11 have, and by operation of the Judgment shall have, fully, finally, and forever released,
12 relinquished, and discharged the Released Claims against the Released Persons.
13 Plaintiffs Releasing Parties shall be deemed to have, and by operation of the
14 Judgment shall have, covenanted not to sue any Released Persons with respect to any
15 Released Claims, and shall be permanently barred and enjoined from instituting,
16 commencing or prosecuting the Released Claims against the Released Persons except
17 to enforce the releases and other terms and conditions contained in the Settlement
18 and/or this Judgment.
19

20 7. Upon the Effective Date, the Released Persons shall be deemed to have,
21 and by operation of the Judgment shall have, fully, finally, and forever released,
22 relinquished and discharged each and all of Defendants' Released Persons from
23 Defendants' Released Claims. The Released Persons shall be deemed to have, and
24
25
26
27
28

1 by operation of the Judgment shall have, covenanted not to sue Defendants' Released
2 Persons with respect to any of Defendants' Released Claims, and shall be
3 permanently barred and enjoined from instituting, commencing or prosecuting
4 Defendants' Released Claims against Defendants' Released Persons except to
5 enforce the releases and other terms and conditions contained in the Stipulation
6 and/or this Judgment.
7
8

9 8. During the course of the litigation, all parties and their respective
10 counsel at all times complied with the requirements of Rule 11 of the Federal Rules
11 of Civil Procedure, and all other similar laws or statutes.
12

13 9. The Court hereby approves the sum of seven hundred and seventy-five
14 thousand dollars (\$775,000.00) for the payment of Plaintiffs' Counsel's attorneys'
15 fees and expenses in the Derivative Actions (the "Fee and Expense Amount") and
16 finds that the Fee and Expense Amount is fair and reasonable. No other fees, costs,
17 or expenses may be awarded to Plaintiffs' Counsel in connection with the Settlement.
18 The Fee and Expense Amount shall be distributed in accordance with the terms of
19 the Stipulation.
20
21

22 10. The Court hereby approves the service awards of two thousand dollars
23 (\$2,000.00) for each of the five Plaintiffs to be paid from Plaintiffs' Counsel's Fee
24 and Expense Amount in recognition of Plaintiffs' participation and effort in the
25 prosecution of the Derivative Actions.
26
27
28

1 11. Neither the Stipulation, nor any of its terms or provisions, nor entry of
2 this Judgment, nor any act performed or document executed pursuant to or in
3 furtherance of the Stipulation or the Settlement, may be construed as, or may be used
4 as evidence of the validity of any of the claims released herein or an admission by or
5 against the Individual Defendants of any fault, wrongdoing, or concession of liability
6 whatsoever.
7

8
9 12. Defendants and Defendants' Released Persons may file the Stipulation
10 and/or the Judgment in any action that has or may be brought against them in order
11 to support a defense or counterclaim based on principles of *res judicata*, collateral
12 estoppel, release, good faith settlement, judgment bar or reduction, or any other
13 theory of claim preclusion or issue preclusion or similar defense or counterclaim.
14

15
16 13. Without affecting the finality of this Judgment in any way, this Court
17 hereby retains continuing jurisdiction with respect to implementation and
18 enforcement of the terms of the Stipulation.
19

20 14. Pursuant to Rule 23.1 of the Federal Rules of Civil Procedure, this Court
21 hereby finally approves the Stipulation and Settlement in all respects and orders the
22 Parties to perform its terms to the extent the Parties have not already done so.
23

24 15. This Judgment is a final, appealable judgment, and the Court finds that
25 no just reason exists for delay in entering the Judgment in accordance with the
26 Stipulation. Accordingly, the Clerk is hereby directed to enter this Judgment
27
28

1 forthwith in accordance with Rule 58 of the Federal Rules of Civil Procedure.

2 **IT IS SO ORDERED.**

3

4

5 DATED:

6

HONORABLE CHRISTINA A. SNYDER
UNITED STATES DISTRICT JUDGE

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28