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Derivative Litigation Can Result From Many Underlying Issues

(Date of first derivative suit and event are listed for each entity)

PG&E	Facebook	General Motors	JPMorganChase	Target
April 2014 – Safety Issues	**June 2014 – Executive Compensation**	**March 2014 – Product Recall**	**January 2014 – Subprime Securities**	**November 2013 – Data Breach**
• Ignoring safety issues that led to a 2010 pipeline explosion that killed eight people. • Suit filed one day after company was arraigned in federal court on criminal charges and has subsequently been charged with obstruction of justice.	• Adoption of "excessive" compensation plans by board which pay directors up to 2.5M shares per year; exceeding industry peers average pay by as much as 43%.	• Product recall of 2.6M vehicles to repair ignition switches that could unintentionally turn the vehicle off and in turn prevent airbags from deploying in the event of a crash. • Four derivative suits have been filed alleging breach of fiduciary duty by GM's directors in connection with monitoring, remediation and disclosure of the issues underlying the ignition switch recall.	• In 2013 the company paid out $20B in fines and penalties due in large part to their problems with the sale of subprime securities and the large losses incurred by betting on complex derivative trades. • Derivative complaint alleges that the "defendants put their own short-term financial interest ahead of the long-term financial interests of the company" and is asking for the court to award damages, restitution, disgorgement of all illicit proceeds, and injunctive relief to reform the company's corporate governance policies.	• Theft of payment card data from ~40M credit/debit accounts through malware installed in point of sale systems in US stores. • Among the sea of litigation, shareholder derivative lawsuits allege that Target's Board and top executives harmed the company financially by failing to take adequate steps to prevent the cyber-attack, and then subsequently providing customers with incomplete and misleading information.

Hewlett Packard	Walmart	Netflix	Oracle
November 2012 – Acquisition	May 2012 – Anti-Bribery	November 2011 – Business Decision	September 2011 – Related Party
• A year after the 2011 acquisition of Autonomy for $11B, HP disclosed that they were taking an $8B+ write-down of their book value, leading to an immediate $3B drop in HP's market value. A securities class action lawsuit ensued contending that the company ignored warnings by whistleblowers about accounting irregularities at Autonomy and failed to properly vet its finances prior to the acquisition. • The litigation claimed breach of fiduciary duties, waste of corporate assets, engaging in "abuse of control," and unjust enrichment.	• In April 2012, a *New York Times* article revealed that when confronted with evidence of widespread corruption in Mexico, top executives focused more on damage control than on rooting out wrongdoing. • Complaint alleges breach of fiduciary duties in connection with oversight of FCPA compliance.	• In July 2011 the company announced the splitting of DVD and streaming services with a new pricing model, resulting in cancellation of over 800,000 subscriptions and substantial erosion of market cap. • Derivative lawsuit alleges breach of fiduciary duties, issuance of false and misleading statements regarding the streaming business, violation of accounting rules concerning segment reporting, and wasted corporate assets.	• The 2011 acquisition of Pillar Data was disputed by shareholders because Larry Ellison, a controlling shareholder of Pillar, would receive a potential $575M payment in the deal. The lawsuit contended that Oracle Directors were improperly using company resources to "bail out" Mr. Ellison from his "horrible investment" in Pillar.

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