



Faraday Future Announces Notice of Pendency and Proposed Settlement of Stockholder Derivative Actions

Sep 13, 2024

LOS ANGELES--(BUSINESS WIRE)--Sep. 13, 2024-- Faraday Future Intelligent Electric Inc. (Nasdaq: FFIE) ("FF", "Faraday Future", or "Company"), a California-based global shared intelligent electric mobility ecosystem company, has released the following notice according to THE UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION:

**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

vs.

Consolidated with

Case No. 2:22-cv-01852-CAS-JC

This Document Relates to:

EXHIBIT D

ALL ACTIONS,

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

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

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

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

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

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

The Derivative Actions allege that, *inter alia*, between January 28, 2021 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 material facts to the public regarding, among other things, the extent of Defendant Yueting Jia’s involvement within the Company following the Merger, and the number of 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. Defendants have denied and continue to deny each and all of the claims and allegations of wrongdoing asserted in the Derivative Actions.

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

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

On **November 4, 2024 at 10:00 a.m.**, a hearing (the “Settlement Hearing”) 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 Settlement, the Plaintiffs will voluntarily dismiss their respective complaints in the Derivative Actions with prejudice.

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

The Court may, in its discretion, change the date, time, or format of the Settlement Hearing without further notice to you. If you intend to attend the Settlement Hearing, please consult the Court’s calendar or Investor Relations page of the Company’s website, <https://investors.ff.com/>, for any change in the date, time, or format of the Settlement Hearing.

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

You may enter an appearance before the Court, at your own expense, individually or through counsel of your choice. If you want to object at the Settlement Hearing, you must be a Current Faraday Stockholder and you must first comply with the procedures for objecting that are set forth in the Notice. **Any objection to any aspect of the Settlement must be filed with the Clerk of the Court and sent to Plaintiffs’ Counsel and Defendants’ Counsel no later than October 14, 2024 (21 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.

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

ABOUT FARADAY FUTURE

Faraday Future is the pioneer of the Ultimate AI TechLuxury ultra spire market in the intelligent EV era, and the disruptor of the traditional ultra-luxury car civilization epitomized by Ferrari and Maybach. FF is not just an EV company, but also a software-driven intelligent internet company. Ultimately FF aims to become a User Company by offering a shared intelligent mobility ecosystem. FF remains dedicated to advancing electric vehicle technology to meet the evolving needs and preferences of users worldwide, driven by a pursuit of intelligent and AI-driven mobility.

FORWARD LOOKING STATEMENTS

This press release includes “forward looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. When used in this press release, the words “estimates,” “projected,” “expects,” “anticipates,” “forecasts,” “plans,” “intends,” “believes,” “seeks,” “may,” “will,” “should,” “future,” “propose” and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. These forward-looking statements, which include statements regarding co-investment in an office building development, the timing for breaking ground on and taking occupancy at the development, operations, sales and manufacturing in the UAE, , are not guarantees of future performance, conditions or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the Company’s control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements.

Important factors, among others, that may affect actual results or outcomes include, among others: that the development of the contemplated office building could be delayed or not occur at all; the Company’s ability to continue as a going concern and improve its liquidity and financial position; the Company’s ability to pay its outstanding obligations; the Company’s ability to remediate its material weaknesses in internal control over financial reporting and the risks related to the restatement of previously issued consolidated financial statements; the Company’s limited operating history and the significant barriers to growth it faces; the Company’s history of losses and expectation of continued losses; the success of the Company’s payroll expense reduction plan; the Company’s ability to execute on its plans to develop and market its vehicles and the timing of these development programs; the Company’s estimates of the size of the markets for its vehicles and cost to bring those vehicles to market; the rate and degree of market acceptance of the Company’s vehicles; the Company’s ability to cover future warrant claims; the success of other competing manufacturers; the performance and security of the Company’s vehicles; current and potential litigation involving the Company; the Company’s ability to receive funds from, satisfy the conditions precedent of and close on the various financings described elsewhere by the Company; the result of future financing efforts, the failure of any of which could result in the Company seeking protection under the Bankruptcy Code; the Company’s indebtedness; the Company’s ability to cover future warranty claims; the Company’s ability to use its “at-the-market” program; insurance coverage; general economic and market conditions impacting demand for the Company’s products; potential negative impacts of a reverse stock split; potential cost, headcount and salary reduction actions may not be sufficient or may not achieve their expected results; circumstances outside of the Company’s control, such as natural disasters, climate change, health epidemics and pandemics, terrorist attacks, and civil unrest; risks related to the Company’s operations in China; the success of the Company’s remedial measures taken in response to the Special Committee findings; the Company’s dependence on its suppliers and contract manufacturer; the Company’s ability to develop and protect its technologies; the Company’s ability to protect against cybersecurity risks; and the ability of the Company to attract and retain employees, any adverse developments in existing legal proceedings or the initiation of new legal proceedings, and volatility of the Company’s stock price. You should carefully consider the foregoing factors and the other risks and uncertainties described in the “Risk Factors” section of the Company’s Form 10-K filed with the SEC on May 28, 2024, as amended on May 30, 2024, and June 24, 2024, as updated by the “Risk Factors” section of the Company’s first quarter 2024 Form 10-Q filed with the SEC on July 30, 2024, and other documents filed by the Company from time to time with the SEC.

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

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