



GRANTED

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Transaction ID 68612466
Case No. Multi-Case



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

KRIKOR ARSLANIAN, derivatively,
on behalf of PELOTON
INTERACTIVE INC.,

Plaintiff,

v.

ERIK BLACHFORD, KAREN
BOONE, JON CALLAGHAN,
HOWARD DRAFT, JOHN FOLEY,
JAY HOAG, WILLIAM LYNCH,
PAMELA THOMAS-GRAHAM,
TOM CORTESE, HISAO KUSHI,
JILL WOODWORTH, and
MARIANA GARAVAGLIA,

Defendants,

PELOTON INTERACTIVE INC.,

Nominal Defendant.

C.A. No. 2022-1051-KSJM

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MICHAEL A. SMITH, derivatively
on behalf of PELOTON
INTERACTIVE, INC.,

Plaintiff,

v.

KAREN BOONE, JON CALLAGHAN,
JAY HOAG, PAMELA THOMAS-
GRAHAM, ERIK BLACHFORD,
WILLIAM LYNCH, HOWARD
DRAFT, JOHN FOLEY, THOMAS
CORTESE, JILL WOODWORTH,
HISAO KUSHI, and MARIANA
GARAVAGLIA,

Defendants,

and

PELOTON INTERACTIVE, INC.,

Nominal Defendant.

C.A. No. 2022-1138-KSJM

**JOINT STIPULATION AND [PROPOSED] ORDER CONSOLIDATING
RELATED SHAREHOLDER DERIVATIVE ACTIONS, APPOINTING CO-
LEAD COUNSEL, AND STAYING THE CONSOLIDATED ACTION**

WHEREAS, on November 18, 2022, Plaintiff Krikor Arslanian (“Arslanian”) filed a shareholder derivative action with books and records on behalf of nominal defendant Peloton Interactive, Inc. (“Peloton” or the “Company”) in this Court alleging claims for breach of fiduciary duty under *Brophy v. Cities Service Co.*, 70 A.2d 5 (Del. Ch. 1949), and *In re Caremark International Inc. Derivative Litigation*, 698 A.2d 959 (Del. Ch. 1996), against Erik Blachford, Karen Boone, Jon Callaghan,

Howard Draft, John Foley, Jay Hoag, William Lynch, Pamela Thomas-Graham, Tom Cortese, Hisao Kushi, Jill Woodworth and Mariana Garavaglia (collectively with Peloton, “Defendants”), captioned *Arslanian v. Blachford et al.*, C.A. No. 2022-1051-KSJM (the “*Arslanian* Action”);

WHEREAS, on December 8, 2022, Plaintiff Michael A. Smith (“Smith,” and collectively with Arslanian, “Plaintiffs”) filed a shareholder derivative action with books and records on behalf of Peloton alleging claims for breach of fiduciary duty against Defendants, captioned *Smith v. Boone, et al.*, C.A. No. 2022-1138-KSJM (the “*Smith* Action,” and collectively with the *Arslanian* Action, the “Actions”);

WHEREAS, a consolidated verified shareholder derivative action based on substantially the same facts and circumstances is currently pending in the United States District Court for the Eastern District of New York, captioned *In re Peloton Interactive, Inc. Derivative Litigation*, Lead Case No. 1:21-cv-02862-CBA-PK (the “Federal Derivative Action”);

WHEREAS, a factually related consolidated securities class action captioned *In re Peloton Interactive, Inc. Securities Litigation*, Case No. 1:21-cv-02369-CBA-PK (E.D.N.Y.) is currently pending in the United States District Court for the Eastern District of New York (the “Class Action”), in which the plaintiff asserts federal securities claims against the Company and certain of its officers and directors;

WHEREAS, the Federal Derivative Action is stayed pending full and final resolution of the motion(s) to dismiss in the Class Action, *see* Lead Case No. 1:21-cv-02862-CBA-PK (Dkt. No. 27);

WHEREAS, while Plaintiffs believe the Actions have merit independent of and are not dependent on the outcome of the Class Action, Plaintiffs and Defendants (collectively, the “Parties”) agree that the resolution of the motion(s) to dismiss in the Class Action may help inform the manner in which the Actions proceed;

WHEREAS, in an effort to proceed in the most efficient manner, the Parties agree, subject to the below, that this Action should be temporarily stayed until the final resolution of any and all motion(s) to dismiss that the defendants in the Class Action file or anticipate filing, including the final and full resolution of any appeals taken from any order(s) related to such motion(s) to dismiss;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by the Parties through their undersigned counsel of record and subject to approval of the Court, as follows:

1. The Actions are hereby consolidated for all purposes, including pretrial proceedings, trial, and appeal, and are referred to herein as the “Consolidated Action.”
2. The file in the *Arslanian* Action, C.A. No. 2022-1051-KSJM, shall constitute the operative file for every action in the Consolidated Action. Hereinafter,

papers need only be filed in C.A. No. 2022-1051-KSJM. All papers and documents previously served or filed in any of the cases consolidated herein are deemed a part of the record in the Consolidated Action.

3. All pleadings, discovery, and other documents filed, served, produced, or otherwise provided by any party to any other party in the Consolidated Action shall be produced or provided to all parties in the Consolidated Action.

4. Every pleading filed in the Consolidated Action shall bear the following caption:

IN RE PELOTON INTERACTIVE, INC.
STOCKHOLDER
DERIVATIVE LITIGATION

CONSOLIDATED
Case No. 2022-1051-KSJM

5. Rigrodsky Law, P.A. (“RL”), Squitieri & Fearon, LLP (“S&F”), and Moore Kuehn PLLC (“MK”) are designated Co-Lead Counsel for Plaintiffs in the Consolidated Action. Plaintiffs contend that their counsel, RL, S&F, and MK, are well-qualified to coordinate prosecution of the claims they assert derivatively on behalf of the Company. Defendants take no position on the qualifications or appointment of lead counsel for Plaintiffs.

6. Co-Lead Counsel shall represent Plaintiffs in the prosecution of the Consolidated Action, determine and present to the Court and opposing parties the position of Plaintiffs on all matters arising during pretrial negotiations, delegate and monitor the work performed by Plaintiffs’ attorneys to ensure that there is no

duplication of effort or unnecessary expense, coordinate on behalf of the Plaintiffs the initiation and conduct of discovery proceedings, have the authority to negotiate matters with Defendants' counsel, and perform such other duties as may be incidental to the proper coordination of Plaintiffs' pretrial activities or authorized by further order of the Court. Defendants' counsel may rely on all agreements made with either of Co-Lead Counsel, or other duly authorized representative of Co-Lead Counsel, and such agreements shall be binding on all Plaintiffs.

7. The parties to this Stipulation agree that it would be duplicative and wasteful of the Court's resources for any Defendant who has been properly served, has agreed to accept service, or who is served in the future to have to respond whether by answer or motion to the individual complaints before a consolidated complaint is filed in the Consolidated Action. Therefore, the parties to this Stipulation agree that any Defendant who has been properly served, has agreed to accept service, or who is served in the future, need only respond, plead, move, or answer to any consolidated complaint filed in the Consolidated Action. To the extent that any Defendant now named in any of the existing complaints filed in the Consolidated Action is not named in the consolidated complaint, the claims against such Defendant shall be deemed dismissed without prejudice. Any pleading filed or served in one of the underlying actions shall become part of the Consolidated Action.

8. This Joint Stipulation and Order shall apply to each action arising out

of the same transactions and occurrences and asserting direct and/or derivative state law claims filed in this Court or transferred here, and counsel for plaintiffs in the Actions shall assist the Court by calling to the attention of the Court the filing or transfer of any such action, and counsel for plaintiffs in the Actions shall assure that counsel therein receive notice of this Stipulation and Order. Unless otherwise ordered, the terms of all orders, rulings, and decisions in the Consolidated Action shall apply to all later shareholder derivative actions instituted or transferred herein.

9. The Consolidated Action, including all deadlines and hearings, is hereby stayed until the motion(s) to dismiss in the Class Action has been finally and fully resolved, including that any appeals have been concluded or the time for seeking appellate review has passed with no further action from the parties to the Class Actions.

10. The Parties have the option to terminate this stay if any related derivative action is not stayed for a similar or longer duration by giving thirty (30) days' notice in writing via email to the undersigned counsel for Defendants or Plaintiffs, respectively.

11. Notwithstanding the stay of the Actions, Plaintiffs may file an amended complaint during the pendency of the stay. Defendants and the Company shall not be obligated to respond to the current complaint or any subsequent complaint while the Actions are stayed, and Defendants and the Company reserve all rights with

respect to any subsequent complaint. In the event the stay is lifted, the Parties will meet and confer within fourteen (14) days and submit a proposed scheduling order to the Court for approval.

12. By entering into this Stipulation, the Parties do not waive any rights not specifically addressed herein. Defendants and the Company preserve all rights, objections, arguments, and defenses, including but not limited to those under Court of Chancery Rules 12(b) and 23.1, as well as any and all other procedural or substantive challenges to the Actions or any other complaints.

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Dated: December 13, 2022

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IT IS SO ORDERED this _____ day of _____ 2022.

Honorable Kathaleen St. J. McCormick
Chancellor

This document constitutes a ruling of the court and should be treated as such.

Court: DE Court of Chancery Civil Action

Judge: Multi-Case

File & Serve

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/s/ Judge Kathaleen St Jude McCormick

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Transaction Details

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Document Title: Granted (Joint Stipulation And [Proposed] Order Consolidating Related Shareholder Derivative Actions, Appointing Co-Lead Counsel, and Staying the Consolidated Action, on behalf of the parties)

Submitted Date & Time: Dec 14 2022 4:02PM

Case Details

Case Number	Case Name
2022-1051-KSJM	Krikor Arslanian v. Erik Blachford, et al.
2022-1138-KSJM	Michael A. Smith v. Karen Boone, et al.