IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

PUBLIC SCHOOL TEACHERS' PENSION AND RETIREMENT FUND OF CHICAGO,	)	
Plaintiff,	)	
v.	)	C.A. No. 2026-0615-LM
	)	**PUBLIC VERSION**[1]
SUPER MICRO COMPUTER, INC.,	)	
Defendant.	)	

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POST-TRIAL REPORT

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MITCHELL, Magistrate

[1] This report was originally issued under seal on November 17, 2026. This public version reflects the redaction of confidential material as approved by the Court.

I. INTRODUCTION

This books and records action arises under 8 *Del. C.* § 220 ("Section 220"). Public School Teachers' Pension and Retirement Fund of Chicago, Plaintiff, is a stockholder in Super Micro Computer, Inc., a Delaware corporation.

Plaintiff seeks inspection of books and records to investigate potential director misconduct associated with audit, compliance, and governance matters. Supermicro maintains that its production was sufficient, while Plaintiff seeks five additional categories of materials.

The remaining issues are whether Plaintiff has established a credible basis to infer possible wrongdoing and whether each requested category is necessary and essential to a proper purpose. For the reasons that follow, Plaintiff has established a proper purpose and a credible basis to investigate possible wrongdoing and director independence. Plaintiff is entitled to a limited inspection of certain additional books and records that are necessary and essential to those purposes. The remaining requests are denied as set forth below.

II. FACTUAL BACKGROUND[2]

A. The Parties

Public School Teachers' Pension and Retirement Fund of Chicago ("Plaintiff") has been a beneficial stockholder of Super Micro Computer, Inc. ("Supermicro" or "Defendant" or the "Company") since 2019.[3] Supermicro manufactures server systems used in artificial intelligence development and has been publicly traded since 2007 under the ticker symbol "SMCI."[4]

Charles Liang co-founded Supermicro and serves as its President, Chief Executive Officer, and Chair of its Board of Directors (the "Board").[5] Yih-Shyan "Wally" Liaw, another co-founder, served as Senior Vice President of Worldwide Sales, Corporate Secretary, and a member of the Board until January 2018.[6] Chiu Chu "Sara" Liu, a co-founder and Mr. Liang's spouse, serves as the current Senior Vice President of the Company.[7]

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[2] The facts in this Report reflect my findings based on the record developed at the half day trial held on September 17, 2026. I grant the evidence the weight and credibility I find it deserves. Citations to the Docket are cited in the form of "D.I. __." Citations to the trial transcript appear as "Tr. __," and citations to the parties' joint exhibits appear as "JX__."

[3] D.I. 39 at 5.

[4] *Id.* at 5-6.

[5] *Id.*at 6.

[6] *Id.* at 8.

[7] *Id.* at 6.

B. The 2017 Investigation

On August 29, 2017, Supermicro revealed that it would delay filing its Form 10-K for fiscal year 2017, while its Audit Committee conducted an internal investigation (the "2017 Investigation").[8] The filing delay caused NASDAQ to suspend trading of Supermicro stock in August 2018.[9] NASDAQ delisted the Company approximately one year later.[10]

C. SEC Charges Against Supermicro and Rehiring of Former Employees

In August 2020, the United States Securities and Exchange Commission ("SEC") charged Supermicro and its then Chief Financial Officer, Howard Hideshima, "with prematurely recognizing revenue and understating expenses over a period of at least three years."[11] The SEC found that Supermicro had failed to maintain adequate internal accounting controls and that Mr. Hideshima had knowingly circumvented those controls.[12]

On August 25, 2020, the SEC announced that it had settled the financial reporting related claims with Supermicro and Mr. Hideshima, where Supermicro

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[8] D.I. 14, Ex. 100 at 2.

[9] D.I. 37 at 3.

[10] *Id.* at 3.

[11] D.I. 6, Ex. 9 at 2.

[12] *Id.*at 2–3.

paid over $350,000 and agreed to a cease-and-desist order prohibiting future violations of securities laws.[13] Mr. Liang, who was not charged with misconduct, was ordered to reimburse the Company for $2.1 million in stock-sale profits.[14]

Plaintiff alleges that Supermicro terminated at least thirteen employees associated with the conduct addressed by the SEC charges, and that several employees were later rehired "[a]t the behest of [Mr.]Liang and the Audit Committee[.]"[15]

D. The Whistleblower Complaint and Hindenburg Report

On April 24, 2024, Bob K. Luong, the former General Manager of Supermicro's Global Services team, filed an employment action against Supermicro and Mr. Liang in the United States District Court for the Northern District of California.[16] The complaint alleged, among other things, improper revenue recognition, recognition of incomplete sales, shipment of products with known issues, and circumvention of internal accounting controls.[17] On March 3, 2026, the parties stipulated to dismissal of the action.[18]

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[13] D.I. 48 at 2.

[14] D.I. 6, Ex. 9 at 2.

[15] D.I. 39 at 1, 11.

[16]D.I. 7, Ex. 19 at 4; D.I. 48 at 3.

[17] D.I. 7, Ex. 19 at 4–7.

[18] D.I. 48 at 3

On August 27, 2024, Hindenburg Research LLC published a report concerning Supermicro's accounting, governance, and import-export practices.[19] The report, titled "Super Micro: Fresh Evidence of Accounting Manipulation, Sibling Self-Dealing and Sanctions Evasion at this AI High Flyer," alleged that Supermicro's relationships with certain individuals and companies "serve[d] as fertile ground for dubious accounting" and that the Company faced "significant accounting, governance and compliance issues [. . . .]."[20] The report also alleged that Supermicro had "odd relationships" with one of its key customers; signed an "unusual" $600 million contract to lease space at a data center; failed to comply with U.S. export regulations; and provided servers that had firmware issues.[21]

E. Ernst & Young's Resignation and the Special Committee

At Supermicro's request, Ernst & Young LLP ("EY") performed an audit for the fiscal year ending June 30, 2024.[22] On July 31, 2024, EY informed the Audit Committee that they had concerns [redacted][23] EY's concerns included the Company's failure to disclose the

[19] *Id.*; D.I. 7, Ex. 21.

[20] D.I. 7, Ex. 21 at 2, 5; D.I. 48 at 3.

[21] D.I. 7, Ex. 21 at 2–4.

[22] D.I. 6, Ex. 2 at 12.

[23] *Id.* at 13.

engagement of [redacted] as a consultant; the SEC's finding that [redacted] knowingly circumvented internal accounting controls; and two undisclosed Audit Committee meetings to approve a consulting agreement with [redacted].[24] EY asked the Company to conduct an independent investigation to address EY's concerns.[25]

On August 16, 2024, the Board formed a special committee to investigate EY's concerns (the "Special Committee").[26] Board member Susie Giordano was the sole member of the Special Committee, with authorization to [redacted][27] [redacted]

The Special Committee delivered an oral interim report to EY on October 2, 2024.[29] Thereafter, EY resigned as Supermicro's registered public accounting firm on October 30, 2024, stating in its resignation letter that information they received caused them to conclude that it could "no longer be able to rely on management's

[24] *Id.*at 12–13.

[25] *Id.* at 13.

[26] *Id.*

[27] *Id.* at14.

[28] *Id.*

[29] D.I. 6 at 19; D.I. 29 at 21.

and the Audit Committee's representations and to be unwilling to be associated with the financial statements prepared by management[.]"[30]

The Special Committee issued a formal report on November 27, 2024.[31] The Special Committee concluded that the individuals rehired in connection with the 2017 Investigation were not terminated due to intentional misconduct; that certain controls and procedures governing rehires were not monitored or implemented by Supermicro; that EY's resignation was not supported by the Special Committee's factual findings; that the Audit Committee's independence or integrity were not impaired; and that there was no evidence that Supermicro has knowingly attempted to circumvent export control regulations.[32]

F. The Southern District of New York Indictment

On March 19, 2026, the United States Attorney's Office for the Southern District of New York ("SDNY") unsealed an indictment against Mr. Liaw; Ting-Wei Sun, a third-party broker; and Ruei-Tsang Chang, a former general manager of Supermicro.[33] The indictment alleged a conspiracy to violate export control laws

[30] D.I. 6, Ex. 2 at 23.

[31] D.I. 48 at 3.

[32] D.I. 6, Ex. 2 at 23–61.

[33] D.I. 48 at 3-4.

through a diversion of servers containing U.S. artificial intelligence technology to customers in China.[34] The allegations remain unproven.

On March 20, 2026, Supermicro disclosed that Mr. Liaw's resigned from the Board.[35]

G. The Demand and Procedural Posture

Plaintiff served its Section 220 demand to inspect Supermicro's books and records on February 7, 2025, (the "Demand").[36] The Demand stated purposes that included investigating possible fiduciary breaches and legal violations, evaluation whether to make a pre-suit demand, and investigating the independence and disinterestedness of Supermicro's directors.

On February 19, 2025, Supermicro declined Plaintiff's Demand but offered to meet and confer regarding a targeted exchange of information subject to an agreed-upon confidentiality agreement.[37] The Company subsequently produced documents between March 28, 2025 and January 27, 2026.[38]

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[34] D.I. 7, Ex. 36 at 1.

[35] D.I. 6, Ex. 4 at 1.

[36] D.I. 1, Ex. A; D.I. 3, Ex. 1 at 1 n.1 (Supermicro claims that "[w]hile the Request is dated February 7, 2025, the Power of Attorney and the Verification and Authorization are not dated and sworn until February 11, 2025, four days later.")

[37] D.I. 1 ¶ 5.

[38] *Id.* ¶ 15.

However, Plaintiff asserted that certain additional books and records should have been produced.[39] Specifically, Plaintiff sought the following documents, in any form in which they may exist:[40]

(1) Audit Committee meeting minutes from December 19 and December 30, 2024, whether signed or unsigned;

(2) Interim reports of the Special Committee dated October 2 and October 23, 2024;[41]

(3) Post-report findings between the Special Committee and auditors on February 4, 5, and 19, 2025;

(4) Whistleblower reports that the Special Committee and Audit Committee purportedly reviewed and considered; and

(5) A grand jury subpoena issued by the Southern District of New York ("SDNY") offices of the Department of Justice ("DOJ"), [redacted] meeting minutes.[42]

On April 22, 2026, the Company produced a Special Committee Privilege Log and subsequently certified that its production was complete on May 4, 2026.[43]

[39] *Id.* ¶ 16.

[40] D.I. 1, Ex. A at 7–9.

[41] At trial, Plaintiff withdrew the request for the October 23, 2024 interim report. *See* Tr. at 31–32.

[42] D.I. 6 at 3–4.

[43] D.I. 1 ¶ 19; D.I. 3, Ex. 3 at 48.

Plaintiff filed this action on May 13, 2026.[44] On June 11, 2026, Supermicro filed its Answer and the Court held a half-day trial on the papers on September 17, 2026.[45]

III. ANALYSIS

A. Legal Standard

Because Plaintiff served the Demand before February 17, 2025, the pre-2025 version of Section 220 governs. [46]

A stockholder seeking inspection under Section 220 must establish (1) beneficial stockholder status; (2) compliance with the form and manner of making a demand for inspection; and (3) a proper purpose.[47] When the stated purpose is to investigate wrongdoing, the stockholder must establish a "credible basis from which a court can infer that mismanagement, waste, or wrongdoing may have occurred."[48] Although the credible-basis standard is the lowest burden of proof recognized under Delaware law, it requires some evidence of possible wrongdoing.[49]

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[44] D.I. 6 at 32.

[45] D.I. 3; D.I. 55.

[46] All references to 8 *Del. C.* § 220 refer to the statutory text in effect before 2025. Section 220 Amendments "do not apply to or affect any . . . demand to inspect books and records made, on or before February 17, 2025." 85 Del. Laws Ch. 6, § 3 (2025). –D.I. 6 at 31, Ex. 1.

[47] 8 *Del. C.* § 220(c).

[48] *Seinfeld v. Verizon Commc'ns, Inc.*, 909 A.2d 117, 118 (Del. 2006).

[49] *Id.* at 123.

Additionally, any inspection must be limited to records "necessary and essential" to a proper purpose reasonably related to a stockholder's interest as a stockholder, which is a fact-specific determination up to the Court of Chancery's discretion.[50] A record is necessary and essential when it addresses the crux of the stockholder's purpose, and the essential information is unavailable from another source.[51]

Supermicro does not dispute Plaintiff's stockholder status or compliance with Section 220's form and manner requirement.[52] The disputed issues are (i) whether Plaintiff has established a credible basis for its asserted proper purposes and (ii) whether the requested records are necessary and essential to those purposes.

B. Proper Purpose and Credible Basis

A proper purpose is one "reasonably related to a stockholder's interest as a stockholder."[53] Investigating corporate wrongdoing may constitute a proper purpose under Section 220 inspection.[54] Investigating director independence may also

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[50] *NVIDIA Corp. v. City of Westland Police & Fire Ret. Sys.*, 282 A.3d 1, 26–28 (Del. 2022), *as revised* (July 25, 2022).

[51] *Espinoza v. Hewlett–Packard Co.,* 32 A.3d 365, 371–72 (Del. 2011).

[52] *See generally* D.I. 29.

[53] 8 *Del. C.* § 220(b).

[54] *Paramount Global. v. Rhode Island Office of Gen. Treasurer on Behalf of Employees' Ret. Sys. of Rhode Island*, 361 A.3d 900, 908 (Del. 2025).

constitute a proper purpose.[55] To establish a proper purpose, a stockholder must "present some evidence that establish[es] a credible basis" for the investigation.[56]

Here, the record reflects a credible basis to investigate possible wrongdoing. EY stated, when it resigned, that it was no longer able to rely on representations by management and the Audit Committee and was unwilling to remain associated with financial statements prepared by management.[57] Furthermore, the Special Committee minutes refer to federal grand jury subpoenas, and the SDNY indictment alleges export control violations involving a former director and other individuals associated with Supermicro.[58] While these circumstances do not establish that the Company or any fiduciary committed wrongdoing, nor does the Court treat the indictment's allegations as proved, however they do provide some evidence from which possible wrongdoing can be inferred. That is sufficient to satisfy the limited credible-basis standard.

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[55] *In re Facebook, Inc. Section 220 Litig.*, 2019 WL 2320842, at *16 (Del. Ch. May 30, 2019), *as revised* (May 31, 2019), *judgment entered sub nom. In re Facebook, Inc.* (Del. Ch. 2019).

[56] *Seinfeld*, 909 A.2d at 118.

[57] D.I. 6, Ex. 2 at 7.

[58] D.I. 6, Ex. 19; *see In re Massey Energy Co.*, 2011 WL 2176479, at *20 (Del. Ch. May 31, 2011) (holding that "a fiduciary of a Delaware corporation cannot be loyal to a Delaware corporation by knowingly causing it to seek profit by violating the law").

The record also provides a credible basis to investigate director independence and disinterestedness. EY questioned whether the Board could "act as an oversight body that is independent of the CEO," and Plaintiff presented evidence regarding the rehiring of at least eight employees previously associated with conduct examined during the 2017 investigation.[59] Plaintiff's credible basis for inspection is strengthened by the Special Committee's conclusion that it found no evidence of export control circumvention and that Supermicro had a reasonable compliance program. Considered together with the subsequent indictment's unproven allegations concerning Mr. Liaw and others, that evidence provides a credible basis for a targeted inspection.[60] For clarity, this conclusion does not treat the indictment's allegations as established facts or resolve the merits of Plaintiff's concerns.

Accordingly, Plaintiff has established proper purpose and a credible basis to investigate possible wrongdoing and director independence.

C. Necessary and Essential Scope

The scope of a stockholder's inspection is limited to those books and records that are necessary and essential to accomplish the stated, proper purpose.[61] A document is essential "if at a minimum, it addresses the crux of the shareholder's

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[59] D.I. 6 at 11–14, 35–36.

[60] D.I. 6, Ex. 2 at 9–10.

[61] *Saito v. McKesson HBOC, Inc.*, 806 A.2d 113, 116 (Del. 2002).

purpose, and if the essential information the document contains is unavailable from another source."[62]

First, "if a company observes traditional formalities, such as documenting its actions through board minutes, resolutions, and official letters, it will likely be able to satisfy a § 220 petitioner's needs solely by producing those books and records."[63] This Court has defined formal board materials as "board-level documents that formally evidence the directors' deliberations and decisions and comprise the materials that the directors formally received and considered [. . . .]"[64]

Formal board and committee materials ordinarily are the appropriate starting point.[65] Informal communications may be inspected when the corporation conducts relevant business through informal channels and the necessary information is not otherwise available.[66] Informal Board Materials include:

> ". . . communications between directors and the corporation's officers and senior employees, such as information distributed to the directors outside of formal channels, in between formal meetings, or in connection with other types of board gatherings. Informal Board Materials also may include emails and other types of communication

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[62] *Espinoza*, 32 A.3d at 371–72.

[63] *KT4 Partners LLC v. Palantir Techs. Inc.*, 203 A.3d 738, 742 (Del. 2019).

[64] *Lebanon Cnty. Employees' Ret. Fund v. AmerisourceBergen Corp*., 2020 WL 132752, at *24–25 (Del. Ch. Jan. 13, 2020), *aff'd*, 243 A.3d 417 (Del. 2020).

[65] *KT4 Partners LLC*, 203 A.3d at 742.

[66] *Id*.; *Woods Trust of Avery L. Woods Trust v. Sahara Enterprises, Inc*., 238 A.3d 879, 897–98 (Del. Ch. 2020).

> sent among the directors themselves, even if the directors used non-corporate accounts."[67]

The production of five categories of documents: (1) specified Audit Committee minutes; (2) October 2024 interim reports; (3) supplemental Special Committee materials; (4) the whistleblower report reviewed by Board Committees; and (5) the SDNY grand jury subpoena reviewed by Board Committees, are resolved as follows:[68]

1. Audit Committee Minutes (December 19 and December 30, 2024)

Materials from the Audit Committee's [redacted] identify minutes from December 19 and December 30, 2024.[69] Supermicro has not produced unredacted versions of those minutes.[70] The minutes concern the Audit Committee's consideration of auditor follow-up requests after the Special Committee issued its report.[71]

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[67] *Woods Trust of Avery L. Woods Trust*, 238 A.3d at 897–98.

[68] D.I. 6 at 41.

[69] *Id.* at 42; D.I. 7, Ex. 38 at 1.

[70] D.I. 7, Ex. 38.

[71] D.I. 6 at 42, Ex. 38 at 1.

In *Amalgamated Bank v. Yahoo*, this Court ordered the production of a committee's minutes when the record confirmed that additional books and records beyond board-level materials supplied direct evidence of what the directors considered and did.[72]

Here, the relevant portions of the December 19 and December 30 minutes address the crux of Plaintiff's purposes because they reflect the Audit Committee's consideration of the auditor's concerns.[73] Accordingly, Supermicro shall produce any existing final or draft minutes and agendas for these meetings, limited to the subjects underlying Plaintiff's established purposes and subject to applicable privilege and confidentiality protections.

2. The Special Committee's October 2, 2024 Interim Report

The Special Committee's formal report indicates that the Special Committee's advisors made an oral interim presentation to EY on October 2, 2024.[74] Board minutes also reflect an oral presentation of the interim report on October 2, 2024, though its substantive information was redacted.[75]

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[72] *Amalgamated Bank v. Yahoo! Inc.*, 132 A.3d 752, 790, 795 (Del. Ch. 2016), *abrogated by Tiger v. Boast Apparel, Inc.*, 214 A.3d 933 (Del. 2019).

[73] D.I. 7, Ex. 40.

[74] D.I. 6, Ex. 2 at 82.

[75] JX 47 at 1.

Although Supermicro need not create a document that does not exist, it shall, however, produce any existing nonprivileged formal materials memorializing the substance of the October 2 presentation. If no such materials exist, Supermicro shall produce nonprivileged informal materials sufficient to reflect the substance presented to the Board or a Board committee, but only to the extent that the information is unavailable from materials already produced.

3. Supplemental Special Committee Materials

Plaintiff alleges that the Special Committee provided supplemental findings to auditors on February 4, February 5, and February 19, 2025, including findings derived from mobile devices.[76]

To the extent such materials exist, were presented to or considered by the Board or a Board committee, and contain information unavailable from materials already produced, Supermicro shall produce the non-privileged materials necessary to reflect Board or committee-level consideration of them.

4. Whistleblower Materials Reviewed by Board Committees

The Special Committee report states that it reviewed select whistleblower complaints concerning possible export-control violations.[77] Supermicro contends

[76] D.I. 6 at 3.

[77] JX 64 at 9.

that compilations of those whistleblower complaints have already been produced within formal Board or committee materials.[78]

The Court agrees. On the present record, the Plaintiff has not established that separate whistleblower reports exist or that the requested information is unavailable from materials already-produced formal materials.[79] The request for this category is therefore denied without prejudice.

5. SDNY Grand Jury Subpoena Reviewed by Board Committees

Supermicro confirmed at trial that a SDNY grand jury subpoena exists.[80] It contends that the subpoena was discussed by, but never physically provided to the Special Committee, and therefore is not a Board record.[81] Even accepting that contention, it does not resolve the Plaintiff's request. As previously discussed, Formal Board Materials are the starting point of a Section 220 production, not its limit; where those materials do not contain information necessary and essential to the stockholder's proper purpose, the Court may order production of additional

[78] D.I. 29 at 20–21.

[79] Tr. at 131.

[80] *Id.* at 84–85.

[81] Tr. at 107.

documents.[82] The Special Committee's [redacted] minutes and its Report both indicate that the Committee discussed or examined materials related to that subpoena, but do not disclose its scope.[83] The subpoena is therefore the only source of information necessary to understand what the Committee was considering and how it responded. The Company shall produce the subpoena, subject to the confidentiality order in this action, so long as there are no minutes or the Report that describe the subpoena's scope

IV. RELIEF ORDERED

Supermicro shall produce the following materials, subject to applicable privilege confidentiality protections, and the limitations previously stated in this Final Report:

a. The Audit Committee meetings on December 19 and December 30, 2024, limited to materials addressing the matters underlying Plaintiff's proper purposes.

b. Existing materials memorializing the October 2, 2024 interim presentation or, if no formal memorialization exists, sufficient nonprivileged informal materials sufficient to reflect its substance.

c. Supplemental Special Committee materials to the extent presented to or considered by the Board or a committee on the relevant subjects, limited to non-privileged materials or informal equivalents.

d. The SDNY grand-jury subpoena, only under the conditions stated above.

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[82] *KT4 Partners LLC*, 203 A.3d at 742.

[83] D.I. 6 at 55; D.I. 6, Ex. 2 at 93.

Plaintiff's request for separate whistleblower reports is denied without prejudice because the present record does not establish that distinct reports exist or that the requested information is unavailable from materials already produced.

All production shall be governed by the parties' confidentiality agreement and customary use restrictions. To the extent further inspection is granted, production will be subject to the confidentiality agreement.

V. CONCLUSION

Plaintiff has established a proper purpose and a credible basis for targeted inspection. The inspection is granted in part and denied in part as stated above. This Final Report is subject to Court of Chancery Rule 144. Absent the filing of timely exceptions, the parties shall confer and submit a form of implementing order within seven days.