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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

_____, Individually and on Behalf of
All Others Similarly Situated,

Plaintiff,

v.

PALO ALTO NETWORKS, INC., NIKESH
ARORA, and DIPAK GOLECHHA,
Defendants.

Case No. DRAFT

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

1 Plaintiff _____ (“Plaintiff”), individually and on behalf of all others
2 similarly situated, by and through his attorneys, alleges the following upon information and belief,
3 except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge.
4 Plaintiff’s information and belief is based upon, among other things, his counsel’s investigation,
5 which includes without limitation: (a) review and analysis of regulatory filings made by Palo Alto
6 Networks, Inc. (“Palo Alto Networks” or the “Company”) with the United States (“U.S.”) Securities
7 and Exchange Commission (“SEC”); (b) review and analysis of press releases and media reports
8 issued by and disseminated by Palo Alto Networks; and (c) review of other publicly available
9 information concerning Palo Alto Networks.

10 **NATURE OF THE ACTION AND OVERVIEW**

11 1. This is a class action on behalf of persons and entities that purchased or otherwise
12 acquired Palo Alto Networks securities between August 18, 2023 and February 20, 2024, inclusive
13 (the “Class Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange
14 Act of 1934 (the “Exchange Act”).

15 2. Palo Alto Networks is a global cybersecurity provider. The Company's cybersecurity
16 platforms and services help secure enterprise users, networks, clouds and endpoints by delivering
17 cybersecurity backed by artificial intelligence and automation. The Company operates in four areas:
18 network security, cloud security, security operations and threat intelligence and security consulting.
19 The Company’s services include security automation, security analytics, endpoint security and
20 attack surface management solutions and data security posture management. The Company also
21 offers subscriptions to three platforms which bundle its services, including a network security
22 platform, a cloud native security platform, and an AI Security automation platform.

23 3. On February 20, 2024, after the market closed, Palo Alto Networks released its
24 second quarter fiscal 2024 financial results and lowered its full year revenue and billing guidance.
25 The Company attributed the revision to “activating [an] accelerated platformization and
26 consolidation strategy.” The Company explained in its subsequent earnings call that it would be
27 “launching a significant number of platform offers including “an extended rollout period” to
28 “demonstrate our ability to deliver these platform benefits.” As a result of this pivot, the Company

1 provided with copies of the Company’s reports and press releases alleged herein to be misleading
2 prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance
3 or cause them to be corrected. Because of their positions and access to material non-public
4 information available to them, the Individual Defendants knew that the adverse facts specified
5 herein had not been disclosed to, and were being concealed from, the public, and that the positive
6 representations which were being made were then materially false and/or misleading. The
7 Individual Defendants are liable for the false statements pleaded herein.

8 **SUBSTANTIVE ALLEGATIONS**

9 **Background**

10 16. Palo Alto Networks is a global cybersecurity provider. The Company's cybersecurity
11 platforms and services help secure enterprise users, networks, clouds and endpoints by delivering
12 cybersecurity backed by artificial intelligence and automation. The Company operates in four areas:
13 network security, cloud security, security operations and threat intelligence and security consulting.
14 The Company’s services include security automation, security analytics, endpoint security and
15 attack surface management solutions and data security posture management. The Company also
16 offers subscriptions to three platforms which bundle its services, including a network security
17 platform, a cloud native security platform, and an AI Security automation platform.

18 **Materially False and Misleading**

19 **Statements Issued During the Class Period**

20 17. The Class Period begins on August 18, 2023. On that day, Palo Alto Networks
21 announced its fourth quarter and fiscal year 2023 financial results in a press release that stated, in
22 relevant part:¹

23 ***“We finished off the year with strong execution and the changing environment***
24 ***drove more customers towards platformization,”*** said Nikesh Arora, chairman and
25 ***CEO of Palo Alto Networks. “Our strategy is resonating with a growing number of***
26 ***our customers, driving continued consolidation,*** to deliver superior security
27 ***outcomes. We were delighted with the reception in the market for our AI based***
28 ***security automation platform, XSIAM.”***

28 ¹ Unless otherwise stated, all emphasis in bold and italics hereinafter is added.

1 “Our top-line strength showed through in our remaining performance obligation and
2 next-generation security ARR. **Our billings this quarter didn’t fully capture that
3 strength. We continue to make great progress in our financial transformation,**”
4 said Dipak Golechha, chief financial officer of Palo Alto Networks. “Our operating
5 margins increased by more than 500 basis points for the year as we continued to
6 focus on profitability.”

7 **Financial Outlook**

8 Palo Alto Networks provides guidance based on current market conditions and
9 expectations.

10 For the fiscal first quarter 2024, we expect:

- 11 •Total billings in the range of \$2.05 billion to \$2.08 billion, representing year-over-
12 year growth of between 17% and 19%.
- 13 •Total revenue in the range of \$1.82 billion to \$1.85 billion, representing year-over-
14 year growth of between 16% and 18%.
- 15 •Diluted non-GAAP net income per share in the range of \$1.15 to \$1.17, representing
16 year-over-year growth of between 39% and 41%.

17 For the fiscal year 2024, we expect:

- 18 •Total billings in the range of \$10.9 billion to \$11.0 billion, representing year-over-
19 year growth of between 19% and 20%.
- 20 •Total revenue in the range of \$8.15 billion to \$8.20 billion, representing year-over-
21 year growth of 18% and 19%.
- 22 •Diluted non-GAAP net income per share in the range of \$5.27 to \$5.40, representing
23 year-over-year growth of 19% and 22%.
- 24 •Adjusted free cash flow margin in the range of 37% to 38%.

25 18. On September 1, 2023, Palo Alto Networks filed its annual report on Form 10-K for
26 the fiscal year ended July 31, 2023 (the “FY23 10-K”). The FY23 10-K stated in relevant part:

27 **Billings.** We define billings as total revenue plus the change in total deferred revenue,
28 net of acquired deferred revenue, during the period. We consider billings to be a key
metric used by management to manage our business. We believe billings provides
investors with an important indicator of the health and visibility of our business
because it includes subscription and support revenue, which is recognized ratably
over the contractual service period, and product revenue, which is recognized at the
time of hardware shipment or delivery of software license, provided that all other
conditions for revenue recognition have been met. We consider billings to be a useful
metric for management and investors, particularly if we *continue to experience
increased sales of subscriptions and strong renewal rates for subscription and
support offerings, and as we monitor our near-term cash flows*. While we believe
that billings provides useful information to investors and others in understanding and
evaluating our operating results in the same manner as our management, it is
important to note that other companies, including companies in our industry, may
not use billings, may calculate billings differently, may have different billing

1 frequencies, or may use other financial measures to evaluate their performance, all
2 of which could reduce the usefulness of billings as a comparative measure.

3 19. The FY 2023 10-K purported to warn:

4 If we do not accurately predict, prepare for, and respond promptly to rapidly evolving
5 technological and market developments and successfully manage product and
6 subscription introductions and transitions to meet changing end-customer needs in
7 the enterprise security industry, our competitive position and prospects will be
8 harmed.

9 20. On November 15, 2023, Palo Alto Networks announced its first quarter 2024
10 financial results in a press release that stated, in relevant part:

11 "An unprecedented level of attacks is fueling strong demand in the cybersecurity
12 market," said Nikesh Arora, chairman and CEO of Palo Alto Networks. "*We
13 continue to execute on platformization as customers recognize the benefits we can
14 provide in simplifying security architectures and driving better security outcomes.*"

15 "Our revenue, next-generation security ARR, and cRPO metrics best represent our
16 top-line performance in Q1, while our billings were impacted by the cost of money,"
17 said Dipak Golechha, chief financial officer of Palo Alto Networks. "Our record cash
18 flow generation and strong Q1 non-GAAP operating margin, illustrate our
19 commitment to driving profitable growth."

20 **Financial Outlook**

21 Palo Alto Networks provides guidance based on current market conditions and
22 expectations.

23 For the fiscal second quarter 2024, we expect:

- 24 • Total billings in the range of \$2.335 billion to \$2.385 billion, representing year-over-
25 year growth of between 15% and 18%.
- 26 • Total revenue in the range of \$1.955 billion to \$1.985 billion, representing year-over-
27 year growth of between 18% and 20%.
- 28 • Diluted non-GAAP net income per share in the range of \$1.29 to \$1.31, using 339
million to 342 million shares outstanding.

For the fiscal year 2024, we expect:

- Total billings in the range of \$10.7 billion to \$10.8 billion, representing year-over-
year growth of between 16% and 17%.
- Total revenue in the range of \$8.15 billion to \$8.20 billion, representing year-over-
year growth of between 18% and 19%.
- Non-GAAP operating margin in the range of 26% to 26.5%.
- Diluted non-GAAP net income per share in the range of \$5.40 to \$5.53, using 338
million to 343 million shares outstanding.
- Adjusted free cash flow margin in the range of 37% to 38%.

1 Essentially, the Company will now “expect a typical customer entering into a platformization
2 transaction will not pay us for our technology for a period of time.” Therefore, “[a]s these programs
3 ramp over the next year, we expect a change to our billings and revenue growth for the next 12 to
4 18 months.”

5 25. The Company also disclosed a significant impact to the Company’s revenue caused
6 by failing to close certain deals in the second quarter. The Company further disclosed “the situation
7 started off towards the end of Q1. We were worsened in Q2, and as a result, we had a significant
8 shortfall in our US Federal government business. We expect this trend will continue into our Q3 and
9 Q4.”

10 26. The 2Q24 Press Release therefore reported:

11 For the fiscal third quarter 2024, we expect:

- 12 • Total billings in the range of \$2.30 billion to \$2.35 billion, representing year-over-
13 year growth of between 2% and 4%.
- 14 • Total revenue in the range of \$1.95 billion to \$1.98 billion, representing year-over-
15 year growth of between 13% and 15%.
- 16 • Diluted non-GAAP net income per share in the range of \$1.24 to \$1.26, using 347
17 million to 351 million shares outstanding.

18 For the fiscal year 2024, we are updating guidance and expect:

- 19 • Total billings in the range of \$10.10 billion to \$10.20 billion, representing year-over-
20 year growth of between 10% and 11%.
- 21 • Total revenue in the range of \$7.95 billion to \$8.00 billion, representing year-over-
22 year growth of between 15% and 16%.
- 23 • Non-GAAP operating margin in the range of 26.5% to 27.0%.
- 24 • Diluted non-GAAP net income per share in the range of \$5.45 to \$5.55, using 345
25 million to 347 million shares outstanding.
- 26 • Adjusted free cash flow margin in the range of 38.0% to 39.0%.

27 27. On this news, Palo Alto’s stock price fell \$104.12, or 28.4%, to close at \$261.97 per
28 share on February 21, 2024, on unusually heavy trading volumes.

CLASS ACTION ALLEGATIONS

29 28. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
30 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased

1 or otherwise acquired Palo Alto Networks securities between August 18, 2023 and February 20,
2 2024, inclusive, and who were damaged thereby (the “Class”). Excluded from the Class are
3 Defendants, the officers and directors of the Company, at all relevant times, members of their
4 immediate families and their legal representatives, heirs, successors, or assigns, and any entity in
5 which Defendants have or had a controlling interest.

6 29. The members of the Class are so numerous that joinder of all members is
7 impracticable. Throughout the Class Period, Palo Alto Networks’ shares actively traded on the
8 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can
9 only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds
10 or thousands of members in the proposed Class. Millions of Palo Alto Networks shares were traded
11 publicly during the Class Period on the NASDAQ. Record owners and other members of the Class
12 may be identified from records maintained by Palo Alto Networks or its transfer agent and may be
13 notified of the pendency of this action by mail, using the form of notice similar to that customarily
14 used in securities class actions.

15 30. Plaintiff’s claims are typical of the claims of the members of the Class as all members
16 of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law that
17 is complained of herein.

18 31. Plaintiff will fairly and adequately protect the interests of the members of the Class
19 and has retained counsel competent and experienced in class and securities litigation.

20 32. Common questions of law and fact exist as to all members of the Class and
21 predominate over any questions solely affecting individual members of the Class. Among the
22 questions of law and fact common to the Class are:

23 (a) whether the federal securities laws were violated by Defendants’ acts as
24 alleged herein;

25 (b) whether statements made by Defendants to the investing public during the
26 Class Period omitted and/or misrepresented material facts about the business, operations, and
27 prospects of Palo Alto Networks; and
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1 (c) to what extent the members of the Class have sustained damages and the
2 proper measure of damages.

3 33. A class action is superior to all other available methods for the fair and efficient
4 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the
5 damages suffered by individual Class members may be relatively small, the expense and burden of
6 individual litigation makes it impossible for members of the Class to individually redress the wrongs
7 done to them. There will be no difficulty in the management of this action as a class action.

8 **UNDISCLOSED ADVERSE FACTS**

9 34. The market for Palo Alto Networks' securities was open, well-developed and
10 efficient at all relevant times. As a result of these materially false and/or misleading statements,
11 and/or failures to disclose, Palo Alto Networks' securities traded at artificially inflated prices during
12 the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Palo
13 Alto Networks' securities relying upon the integrity of the market price of the Company's securities
14 and market information relating to Palo Alto Networks, and have been damaged thereby.

15 35. During the Class Period, Defendants materially misled the investing public, thereby
16 inflating the price of Palo Alto Networks' securities, by publicly issuing false and/or misleading
17 statements and/or omitting to disclose material facts necessary to make Defendants' statements, as
18 set forth herein, not false and/or misleading. The statements and omissions were materially false
19 and/or misleading because they failed to disclose material adverse information and/or
20 misrepresented the truth about Palo Alto Networks' business, operations, and prospects as alleged
21 herein.

22 36. At all relevant times, the material misrepresentations and omissions particularized in
23 this Complaint directly or proximately caused or were a substantial contributing cause of the
24 damages sustained by Plaintiff and other members of the Class. As described herein, during the
25 Class Period, Defendants made or caused to be made a series of materially false and/or misleading
26 statements about Palo Alto Networks' financial well-being and prospects. These material
27 misstatements and/or omissions had the cause and effect of creating in the market an unrealistically
28 positive assessment of the Company and its financial well-being and prospects, thus causing the

1 Company's securities to be overvalued and artificially inflated at all relevant times. Defendants'
2 materially false and/or misleading statements during the Class Period resulted in Plaintiff and other
3 members of the Class purchasing the Company's securities at artificially inflated prices, thus
4 causing the damages complained of herein when the truth was revealed.

5 **LOSS CAUSATION**

6 37. Defendants' wrongful conduct, as alleged herein, directly and proximately caused
7 the economic loss suffered by Plaintiff and the Class.

8 38. During the Class Period, Plaintiff and the Class purchased Palo Alto Networks'
9 securities at artificially inflated prices and were damaged thereby. The price of the Company's
10 securities significantly declined when the misrepresentations made to the market, and/or the
11 information alleged herein to have been concealed from the market, and/or the effects thereof, were
12 revealed, causing investors' losses.

13 **SCIENTER ALLEGATIONS**

14 39. As alleged herein, Defendants acted with scienter since Defendants knew that the
15 public documents and statements issued or disseminated in the name of the Company were
16 materially false and/or misleading; knew that such statements or documents would be issued or
17 disseminated to the investing public; and knowingly and substantially participated or acquiesced in
18 the issuance or dissemination of such statements or documents as primary violations of the federal
19 securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their
20 receipt of information reflecting the true facts regarding Palo Alto Networks, their control over,
21 and/or receipt and/or modification of Palo Alto Networks' allegedly materially misleading
22 misstatements and/or their associations with the Company which made them privy to confidential
23 proprietary information concerning Palo Alto Networks, participated in the fraudulent scheme
24 alleged herein.

25 **APPLICABILITY OF PRESUMPTION OF RELIANCE**

26 **(FRAUD-ON-THE-MARKET DOCTRINE)**

27 40. The market for Palo Alto Networks' securities was open, well-developed and
28 efficient at all relevant times. As a result of the materially false and/or misleading statements and/or

1 failures to disclose, Palo Alto Networks' securities traded at artificially inflated prices during the
2 Class Period. On February 9, 2024, the Company's share price closed at a Class Period high of
3 \$376.90 per share. Plaintiff and other members of the Class purchased or otherwise acquired the
4 Company's securities relying upon the integrity of the market price of Palo Alto Networks'
5 securities and market information relating to Palo Alto Networks, and have been damaged thereby.

6 41. During the Class Period, the artificial inflation of Palo Alto Networks' shares was
7 caused by the material misrepresentations and/or omissions particularized in this Complaint causing
8 the damages sustained by Plaintiff and other members of the Class. As described herein, during the
9 Class Period, Defendants made or caused to be made a series of materially false and/or misleading
10 statements about Palo Alto Networks' business, prospects, and operations. These material
11 misstatements and/or omissions created an unrealistically positive assessment of Palo Alto
12 Networks and its business, operations, and prospects, thus causing the price of the Company's
13 securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the
14 value of the Company shares. Defendants' materially false and/or misleading statements during the
15 Class Period resulted in Plaintiff and other members of the Class purchasing the Company's
16 securities at such artificially inflated prices, and each of them has been damaged as a result.

17 42. At all relevant times, the market for Palo Alto Networks' securities was an efficient
18 market for the following reasons, among others:

19 (a) Palo Alto Networks shares met the requirements for listing, and was listed
20 and actively traded on the NASDAQ, a highly efficient and automated market;

21 (b) As a regulated issuer, Palo Alto Networks filed periodic public reports with
22 the SEC and/or the NASDAQ;

23 (c) Palo Alto Networks regularly communicated with public investors via
24 established market communication mechanisms, including through regular dissemination of press
25 releases on the national circuits of major newswire services and through other wide-ranging public
26 disclosures, such as communications with the financial press and other similar reporting services;
27 and/or

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1 (d) Palo Alto Networks was followed by securities analysts employed by
2 brokerage firms who wrote reports about the Company, and these reports were distributed to the
3 sales force and certain customers of their respective brokerage firms. Each of these reports was
4 publicly available and entered the public marketplace.

5 43. As a result of the foregoing, the market for Palo Alto Networks' securities promptly
6 digested current information regarding Palo Alto Networks from all publicly available sources and
7 reflected such information in Palo Alto Networks' share price. Under these circumstances, all
8 purchasers of Palo Alto Networks' securities during the Class Period suffered similar injury through
9 their purchase of Palo Alto Networks' securities at artificially inflated prices and a presumption of
10 reliance applies.

11 44. A Class-wide presumption of reliance is also appropriate in this action under the
12 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),
13 because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or
14 omissions. Because this action involves Defendants' failure to disclose material adverse
15 information regarding the Company's business operations and financial prospects—information that
16 Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery.
17 All that is necessary is that the facts withheld be material in the sense that a reasonable investor
18 might have considered them important in making investment decisions. Given the importance of
19 the Class Period material misstatements and omissions set forth above, that requirement is satisfied
20 here.

21 **NO SAFE HARBOR**

22 45. The statutory safe harbor provided for forward-looking statements under certain
23 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The
24 statements alleged to be false and misleading herein all relate to then-existing facts and conditions.
25 In addition, to the extent certain of the statements alleged to be false may be characterized as forward
26 looking, they were not identified as "forward-looking statements" when made and there were no
27 meaningful cautionary statements identifying important factors that could cause actual results to
28 differ materially from those in the purportedly forward-looking statements. In the alternative, to the

1 extent that the statutory safe harbor is determined to apply to any forward-looking statements
2 pleaded herein, Defendants are liable for those false forward-looking statements because at the time
3 each of those forward-looking statements was made, the speaker had actual knowledge that the
4 forward-looking statement was materially false or misleading, and/or the forward-looking statement
5 was authorized or approved by an executive officer of Palo Alto Networks who knew that the
6 statement was false when made.

7 **FIRST CLAIM**

8 **Violation of Section 10(b) of The Exchange Act and**

9 **Rule 10b-5 Promulgated Thereunder**

10 **Against All Defendants**

11 46. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
12 set forth herein.

13 47. During the Class Period, Defendants carried out a plan, scheme and course of conduct
14 which was intended to and, throughout the Class Period, did: (i) deceive the investing public,
15 including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other
16 members of the Class to purchase Palo Alto Networks' securities at artificially inflated prices. In
17 furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each defendant,
18 took the actions set forth herein.

19 48. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue
20 statements of material fact and/or omitted to state material facts necessary to make the statements
21 not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a
22 fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially
23 high market prices for Palo Alto Networks' securities in violation of Section 10(b) of the Exchange
24 Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and
25 illegal conduct charged herein or as controlling persons as alleged below.

26 49. Defendants, individually and in concert, directly and indirectly, by the use, means or
27 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a
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1 continuous course of conduct to conceal adverse material information about Palo Alto Networks’
2 financial well-being and prospects, as specified herein.

3 50. Defendants employed devices, schemes and artifices to defraud, while in possession
4 of material adverse non-public information and engaged in acts, practices, and a course of conduct
5 as alleged herein in an effort to assure investors of Palo Alto Networks’ value and performance and
6 continued substantial growth, which included the making of, or the participation in the making of,
7 untrue statements of material facts and/or omitting to state material facts necessary in order to make
8 the statements made about Palo Alto Networks and its business operations and future prospects in
9 light of the circumstances under which they were made, not misleading, as set forth more
10 particularly herein, and engaged in transactions, practices and a course of business which operated
11 as a fraud and deceit upon the purchasers of the Company’s securities during the Class Period.

12 51. Each of the Individual Defendants’ primary liability and controlling person liability
13 arises from the following facts: (i) the Individual Defendants were high-level executives and/or
14 directors at the Company during the Class Period and members of the Company’s management team
15 or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities
16 as a senior officer and/or director of the Company, was privy to and participated in the creation,
17 development and reporting of the Company’s internal budgets, plans, projections and/or reports;
18 (iii) each of these defendants enjoyed significant personal contact and familiarity with the other
19 defendants and was advised of, and had access to, other members of the Company’s management
20 team, internal reports and other data and information about the Company’s finances, operations, and
21 sales at all relevant times; and (iv) each of these defendants was aware of the Company’s
22 dissemination of information to the investing public which they knew and/or recklessly disregarded
23 was materially false and misleading.

24 52. Defendants had actual knowledge of the misrepresentations and/or omissions of
25 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to
26 ascertain and to disclose such facts, even though such facts were available to them. Such defendants’
27 material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose
28 and effect of concealing Palo Alto Networks’ financial well-being and prospects from the investing

1 public and supporting the artificially inflated price of its securities. As demonstrated by Defendants’
2 overstatements and/or misstatements of the Company’s business, operations, financial well-being,
3 and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the
4 misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by
5 deliberately refraining from taking those steps necessary to discover whether those statements were
6 false or misleading.

7 53. As a result of the dissemination of the materially false and/or misleading information
8 and/or failure to disclose material facts, as set forth above, the market price of Palo Alto Networks’
9 securities was artificially inflated during the Class Period. In ignorance of the fact that market prices
10 of the Company’s securities were artificially inflated, and relying directly or indirectly on the false
11 and misleading statements made by Defendants, or upon the integrity of the market in which the
12 securities trades, and/or in the absence of material adverse information that was known to or
13 recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during
14 the Class Period, Plaintiff and the other members of the Class acquired Palo Alto Networks’
15 securities during the Class Period at artificially high prices and were damaged thereby.

16 54. At the time of said misrepresentations and/or omissions, Plaintiff and other members
17 of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other
18 members of the Class and the marketplace known the truth regarding the problems that Palo Alto
19 Networks was experiencing, which were not disclosed by Defendants, Plaintiff and other members
20 of the Class would not have purchased or otherwise acquired their Palo Alto Networks securities,
21 or, if they had acquired such securities during the Class Period, they would not have done so at the
22 artificially inflated prices which they paid.

23 55. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act
24 and Rule 10b-5 promulgated thereunder.

25 56. As a direct and proximate result of Defendants’ wrongful conduct, Plaintiff and the
26 other members of the Class suffered damages in connection with their respective purchases and
27 sales of the Company’s securities during the Class Period.

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1 **SECOND CLAIM**

2 **Violation of Section 20(a) of The Exchange Act**

3 **Against the Individual Defendants**

4 57. Plaintiff repeats and re-alleges each and every allegation contained above as if fully
5 set forth herein.

6 58. Individual Defendants acted as controlling persons of Palo Alto Networks within the
7 meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level
8 positions and their ownership and contractual rights, participation in, and/or awareness of the
9 Company's operations and intimate knowledge of the false financial statements filed by the
10 Company with the SEC and disseminated to the investing public, Individual Defendants had the
11 power to influence and control and did influence and control, directly or indirectly, the decision-
12 making of the Company, including the content and dissemination of the various statements which
13 Plaintiff contends are false and misleading. Individual Defendants were provided with or had
14 unlimited access to copies of the Company's reports, press releases, public filings, and other
15 statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were
16 issued and had the ability to prevent the issuance of the statements or cause the statements to be
17 corrected.

18 59. In particular, Individual Defendants had direct and supervisory involvement in the
19 day-to-day operations of the Company and, therefore, had the power to control or influence the
20 particular transactions giving rise to the securities violations as alleged herein, and exercised the
21 same.

22 60. As set forth above, Palo Alto Networks and Individual Defendants each violated
23 Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of
24 their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of
25 the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and
26 other members of the Class suffered damages in connection with their purchases of the Company's
27 securities during the Class Period.

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PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- (a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- (b) Awarding compensatory damages in favor of Plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of Defendants’ wrongdoing, in an amount to be proven at trial, including interest thereon;
- (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- (d) Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

DATED: _____, 2024

GLANCY PRONGAY & MURRAY LLP

By: _____
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