IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

REID MIDDLETON, on behalf of himself and all others similarly situated, Plaintiff, v. FRED B. COX, MICHAEL P. DOWNEY, BRUCE C. EDWARDS, PAUL F. FOLINO, ROBERT H. GOON, DON M. LYLE, JAMES M. MCCLUNEY, AND DEAN A. YOOST, Defendants, and EMULEX CORPORATION, Nominal Defendant.	)	C.A. No. _____

VERIFIED CLASS ACTION AND DERIVATIVE COMPLAINT

Plaintiff Reid Middleton ("Plaintiff"), on behalf of himself and all other similarly situated public shareholders of Emulex Corporation (hereinafter "Emulex" or the "Company"), and derivatively on behalf of Emulex, brings the following Class Action and Derivative complaint ("Complaint") against the individual members of the board of directors of Emulex (the "Individual Defendants" or the "Board"). The allegations of the Complaint are based on the personal knowledge of Plaintiff as to himself and on information and belief (including the investigation of counsel and review of publicly available information) as to all other matters:

SUMMARY OF ACTION

1. This action arises from Defendants' violation of Delaware law and breach of their fiduciary duties by taking unreasonable, preclusive, and coercive steps in disproportionate response to a friendly acquisition proposal. Plaintiff seeks to hold the directors of Emulex accountable for a myriad of actions the cumulative effect of which serves

only to entrench the Board, undermine Emulex shareholders' voting franchise and devalue the Company.

2. In late 2008, Broadcom Corporation ("Broadcom") privately proposed a friendly acquisition of Emulex to the Defendants. Rather than evaluate the offer in good in order to maximize shareholder value, Defendants rejected the proposal outright and informed Broadcom that the Company was not for sale.

3. Immediately thereafter, Defendants – over the course of just two days – improperly implemented a host of unreasonable defensive measures without ever disclosing to shareholders Broadcom's proposal. These defensive measures make any acquisition of the Company unreasonably more costly and difficult, while also crippling the shareholders' voting franchise.

4. Specifically, in January 2009, Defendants adopted a new preferred stock rights plans which permits shareholders to acquire 1/1000 share of preferred stock for $35 in the event that: (i) a party acquires beneficial ownership of just 15% of Emulex stock without prior approval of the Board of Directors, or (ii) in the event a party discloses its mere intention to initiate a tender offer (the "Poison Pill"). Prior to this point, Emulex's preferred stock rights plan was triggered by the acquisition of 20% of Emulex stock or the acquisition of beneficial ownership of 30% of Emulex stock.

5. The Board also approved lavish new compensation agreements that provide for windfall payments to senior executives, including Defendants Folino and McCluney, in the event of a change of control (the "Parachute Provisions").

6. Finally, the Board unilaterally amended and restated the Company's bylaws ("Bylaws") so extensively that the entire complexion of the Company's corporate

structure was changed. Among other things, these changes: (1) restrict shareholders' voting rights; (2) prevent shareholders from proposing business (such as potential acquisitions and strategic combinations) at shareholder meetings; and (3) provide that only the Board can call a special meeting of shareholders and make it more difficult to remove the current directors or nominate new directors. The Board went so far as to lock these changes in place by requiring a ***supermajority*** of shareholders to approve further amendments to the Bylaws (the "Bylaw Amendments" and, collectively with the Poison Pill and Parachute Provisions, the "Defensive Measures").

7. Taken together and viewed in context of the circumstances and timing in which they were adopted, the Defensive Measures were adopted solely to entrench the existing Board and management of Emulex by foreclosing virtually all strategic alternatives of the Company, and by preventing shareholders from changing the composition of the Board. Such entrenchment is purely for the benefit of Defendants and devalues the Company by causing shareholders to forego valuable alternative opportunities to maximize the value of their shares, and by substantially increasing the cost of the Company to any potential acquirer without any additional benefit to shareholders.

8. On April 21, 2009, Broadcom publicly announced an offer to acquire all outstanding Emulex common shares for $9.25 a share, a 40% premium to the previous day's closing price, representing an equity value of roughly $764 million (the "Broadcom Offer"). The Emulex Board responded that it will review the offer. If the Emulex Board rejects the Broadcom Offer, the Defensive Measures will effectively preclude Emulex

shareholders from maximizing their investment in Emulex through the means provided by Delaware law.

9. Delaware law requires Defendants, as corporate directors, to act to maximize shareholder value and imposes a duty to protect the interests of the Company and its shareholders. The Defensive Measures were unreasonably adopted at the direct expense of the Company and its shareholders, solely to benefit Defendants. Plaintiff seeks to hold the Board liable for its breach of fiduciary duties of due care, good faith and loyalty to Emulex shareholders and the Company, and further seeks an order requiring the Board to take steps to remedy the severe restrictions it has imposed on shareholder rights through the Defensive Measures and other actions in response to the Broadcom Offer. The Board's actions described herein violate fundamental precepts of Delaware law and should be ruled improper and unlawful.

THE PARTIES

10. Plaintiff Reid Middleton is and has been at all relevant times the beneficial owner of Emulex common stock.

11. Defendant Fred B. Cox ("Cox") founded Emulex and served as the Company's CEO from its formation until his retirement in 1990. Cox served as Chairman of the Company's Board of Directors until 2002, since which time he has served as Chairman Emeritus. From November 1991 until November 1994, Cox served as President of Continuus Software Corporation, a developer and marketer of computer software products, and served as a member of its board of directors until its acquisition in December 2000. Cox earned a total of $176,500 in compensation as an Emulex director in 2008, consisting of $55,000 in fees and $121,500 in

stock awards. In 2007, he earned a total of $194,167, consisting of $55,000 in fees and the remainder in stock and option awards.

12. Defendant James M. McCluney ("McCluney") is the President and Chief Executive Officer of the Company, and a Director. McCluney previously served as the Company's Chief Operating Officer. Prior to Emulex's acquisition of Vixel Corporation ("Vixel") in November 2003, McCluney had served as Vixel's President, Chief Executive Officer, and as a director from April 1999, and the Chairman of the board from January 2000. McCluney is presently one of only two employee Directors of the Company. In 2005, McCluney served as Chief Operating Officer of the Company, earning a base salary of $371,830 and a bonus of $181,783. By 2008, McCluney's total compensation had risen to $3,543,427, consisting of salary, restricted stock awards and option awards, and non-equity incentive plan compensation.

13. Defendant Paul F. Folino ("Folino") is the Executive Chairman of the Company's Board of Directors, and has served in that capacity since September 2000. Folino also served as Chief Executive Officer of Emulex from 1993 until 2006, and as President of the Company from 1993 to 2002. From January 1991 to May 1993, Folino was President and Chief Operating Officer of Thomas-Conrad Corporation. Presently, Folino is also a director and member of the compensation committee of Microsemi Corporation, and serves as a member of the board of directors of two private companies. In July 2002, Folino was appointed as Emulex's Chairman of the Board. In 2008, Folino earned $2,341,697, comprised of salary, restricted stock and option awards, and non-equity incentive compensation.

14. Defendant Michael P. Downey ("Downey") is a Director of Emulex, and has served in that capacity since 1994. Downey also serves as the Chairman of the Audit

Committee. From 1986 to 1997, Downey served as the senior financial executive of Nellcor Puritan Bennett and one of its predecessors. Downey presently serves as a director and a member of the audit, nominating and compensation committees of various other companies. Downy earned a total of $192,500 in compensation as an Emulex Director in 2008, comprised of $71,000 in fees and $121,500 in stock awards. In 2007, Downey earned $210,167, consisting of $71,000 in fees and the remainder in stock and option awards.

15. Defendant Robert H. Goon ("Goon") is a Director of Emulex, and has served in that capacity since 1979. Goon also serves as Chairman of the Corporate Governance and Nominating Committee. Goon earned a total of $190,500 in compensation as a Director in 2008, comprised of $69,000 in fees and $121,500 in stock awards. In 2007, Goon earned $208,167, consisting of $69,000 in fees and the remainder in stock and option awards.

16. Defendant Don M. Lyle ("Lyle") is a Director of Emulex, and has served in that capacity since 1994. Lyle also serves as Chairman of the Compensation Committee. Since 1983 Lyle has served as an independent consultant to various computer and venture capital companies. Lyle also serves as a member of the board of directors of several private companies. Lyle earned a total of $188,500 in compensation as an Emulex Director in 2008, comprised of $67,000 in fees and $121,500 in stock awards. In 2007, Lyle earned $206,167, consisting of $67,000 in fees and the remainder in stock and option awards.

17. Defendant Bruce C. Edwards ("Edwards") is a Director of Emulex, and has served in that capacity since 2000. Edwards previously held executive and financial positions at various companies, including the public accounting firm Arthur Andersen. As an Emulex Director, Edwards earned a total of $204,271 in compensation in 2008, comprised of $63,000 in

fees and $141,271 in stock awards. In 2007, Edwards earned $154,919, consisting of $63,000 in fees and the remainder in stock and option awards.

18. Defendant Dean A Yoost ("Yoost") is a Director of Emulex, and has served in that capacity since 2005. Yoost earned a total of $277,506 in compensation as an Emulex director in 2008, comprised of $67,000 in fees, $129,192 in stock awards and the remainder in option awards. In 2007, Yoost earned $299,189, consisting of $67,000 in fees and the remainder in option awards.

19. Nominal Defendant Emulex, a Delaware corporation, maintains its principal place of business in Costa Mesa, California. The Company's primary business is developing and supplying computer network storage and connectivity products.

20. Defendants Cox, Downey, Edwards, Folino, Goon, Lyle, McCluney, and Yoost collectively constitute the entirety of the Company's Board. These individuals are hereinafter referred to as the "Emulex Board" or the "Individual Defendants" or the "Emulex Director Defendants" or the "Emulex Directors."

21. By virtue of their positions as Directors and/or officers of Emulex and/or their exercise of control and ownership over the business and corporate affairs of the Company, the Individual Defendants have, and at all relevant times had, the power to control and influence and did control and influence and cause the Company to engage in the practices complained of herein. Each Individual Defendant owed and owes Emulex and its shareholders fiduciary obligations of candor, due care, good faith, and loyalty and were and are required to: (1) use their ability to control and manage Emulex in a fair, just, and equitable manner; (2) act in furtherance of the best interests of Emulex and its shareholders; (3) act to maximize shareholder value in connection with any change in ownership and control to the extent consistent with governing

statutes; (4) govern Emulex in such a manner as to heed the expressed views of its public shareholders; (5) refrain from abusing their positions of control; and (6) not favor their own interests at the expense of the Company and its public shareholders.

22. Each Defendant herein is sued individually and as an aider and abettor and in his/her capacity as a Director of Emulex. The liability of each of the Defendants arises from the fact that they have engaged in all or part of the unlawful acts, plans, schemes, or transactions complained of herein.

FACTUAL BACKGROUND

A. Broadcom's Initial Offer And Defendants' Failure to Negotiate

23. Broadcom is a technology company that develops semiconductors used in a variety of communications products, including wired networks, wireless phones and cable set-top boxes. Emulex specializes in technology called fibre channel, which is typically used to connect server systems with data-storage devices.

24. In late December of 2008, Broadcom approached Emulex to propose a strategic combination of the two companies and seek negotiations. While this communication was not publicly disclosed, a combination of Broadcom and Emulex made business sense. Indeed, as would be reported later, analysts believed that a Broadcom – Emulex merger would result in a strategic advantage because:

> A deal for Emulex would allow Broadcom to sell another technology used in storage networking. Broadcom sells ethernet networking equipment for the connections in company data centers; meanwhile, Emulex . . . focus[es] on technology known as fibre channel. Ethernet is expected to replace fibre-channel technology in storage networks; however, fibre-channel remains the storage network standard. Analysts say the ability to sell both ethernet and fibre-channel could give Broadcom a strategic advantage when the two technologies converge.

See Dow Jones Newswires, Broadcom Offers $764M For Emulex, April 21, 2009.

25. Broadcom shared the same view. It reportedly stated that an acquisition of Emulex would boost the combined company's earnings the next year, "with the deal aiding revenue for both companies through an improved ability to innovate new solutions for customers and a broadening of distribution channels." *See id.*

26. Despite the strategic advantages in a combination of those companies, on January 7, 2009, Defendants summarily rejected Broadcom's initial proposal. Defendants communicated, through a former Broadcom executive, their rejection of that proposal because the Company was not interested in any deal with Broadcom. On information and belief, the Individual Defendants did not engage in any good-faith negotiations with Broadcom in response to its proposal. Indeed, Broadcom CEO Scott McGregor has stated that Emulex "abruptly cut off the possibility of further discussions." In describing those communications with Emulex, McGregor stated "[the Emulex Directors] weren't interested in talking with us and basically just summarily said 'the Company isn't for sale.'"

27. Emulex refused to negotiate with Broadcom despite the fact that Emulex's profits and revenue have declined for the past four consecutive quarters. Most recently, on January 27, 2009, Emulex announced earnings of $10.5 million compared to $17.6 million in the same quarter the prior year, representing a 40% decline, and announced revenues of $108.7 million compared to $130.6 million in the same quarter the prior year, and 17% decline.

28. Analysts have recently taken a negative view on Emulex's prospects. On March 30, 2009, RBC Capital downgraded Emulex, lowering its stock price target on the Company to $6 from $9, on the expectation that embedded product revenues are likely to be weaker than its host product business in the March and June quarters. JP Morgan downgraded shares of Emulex

to "Underweight" on April 8, 2009, stating that it believed weak server and storage hardware spending will limit growth of Emulex.

29. As discussed below, rather than negotiate with Broadcom or investigate whether there were other suitors for Emulex, the Defendants almost immediately adopted the Defensive Measures to entrench themselves and prevent Broadcom or any other suitor, including any Emulex shareholder, from pursuing a combination or any other corporate action that might benefit shareholders to the possible detriment of the Individual Defendants. The Individual Defendants' decision to reject Broadcom's initial proposal and instead erect the Defensive Measures was "really disappointing," according to Mr. McGregor.

30. On April 21, 2009, Broadcom publicly disclosed that it had offered to acquire Emulex for $9.25 per share – an offer that Broadcom described as a "***40 percent premium*** above the closing price of Emulex common stock on April 20, 2009, a ***62 percent premium*** to trailing 30 day average price per share and an approximately ***85 percent premium*** to enterprise value" and as a premium of "42% to the Median Analyst 12 Month Price Target."

31. Mr. McGregor stated in an interview regarding his efforts to complete a friendly transaction and Emulex's conduct: "[t]here's every opportunity for this to be a friendly transaction… There are always other options. Our priority is to close with Emulex."

B. Defendants Implemented Defensive Measures To Entrench Themselves And Preclude An Acquisition Or Shareholder Pursuit Of Strategic Opportunities

32. Rather than pursuing a friendly transaction or other "options" involving a combination with Broadcom (or anyone else), immediately after rejecting Broadcom's proposal, Defendants implemented the Defensive Measures. This series of unwarranted steps effectively foreclosed an acquisition by Broadcom or any other suitor by (1) implementing restrictions on shareholders' rights, including, *inter alia*, voting, proposing new business, calling special

meetings and removing and nominating directors; (2) providing improper golden parachutes to senior executives in the event of a change of control; and (3) adopting a new ambiguous preferred stock rights purchase plan with a substantially lowered triggering threshold.

The Unilateral Amendments To The Bylaws

33. On January 14, 2009, the Individual Defendants substantially amended and restated the Company's Bylaws, effectively restricting shareholder rights, without first giving notice to or seeking approval from Emulex's shareholders. Among other changes, the amendments make it more difficult for Emulex shareholders to present alternative views to those expressed by the Board regarding a potential combination with Broadcom or any other suitor.

34. The first of several unilateral amendments eliminated shareholders' right to call a special meeting of shareholders ("Special Meeting") or to bring business before a Special Meeting, thus limiting shareholders' right to propose matters for annual shareholder meetings ("Annual Meetings") (Sections 2.3 and 2.14). Moreover, the Individual Defendants also imposed a requirement that, "[f]or business… to be properly brought before an annual meeting by a stockholder… such business must be ***a proper subject for stockholder action***" without defining what constitutes "proper subject for shareholder action." (Section 2.14(a)). The amended Section 2.14(c) provides that, "[e]xcept as otherwise provided by law, the Chairman of the Board shall have the power and duty to determine whether business proposed to be brought before the meeting was proposed in accordance with the procedures set forth in this Section 2.14." Thus, that provision imbues Defendant Folino with discretion to determine what constitutes "a proper subject for shareholder action."

35. The amendments also impose onerous disclosure requirements upon any shareholder seeking to bring business before the Annual Meeting, including disclosure of "any

agreement, arrangement or understanding … the effect or intent of which is to mitigate loss, manage risk or benefit from changes in the share price of any class of the corporation's capital stock, or increase or decrease the voting power of the stockholder…" (Section 2.14). Further, the amended Section 2.14 provides that no action will be taken at the Annual Meeting if such disclosures are not made or if a representative of the shareholder making the proposal fails to attend the meeting – even if proxies concerning the proposal have been received – thus invalidating the exercise of the shareholder franchise. The amendments also require that shareholders provide written notice to request the corporate Secretary to set a record date before seeking to have shareholders authorize or take corporate action. (Section 2.7(c)).

36. The amendments also improperly strip shareholders of the right to select Directors to fill vacancies on the Board, including vacancies created by the expansion of the Board, by providing that "[v]acancies and newly created directorships resulting from any increase in the authorized number of directors may ***only*** be filled by a majority of the directors then in office" and by deleting a provisions that (1) permitted shareholders to elect Directors to fill vacancies at any time and (2) permitted vacancies on the Board to be filled by elections held at Special Meetings in the event an Annual Meeting is not held (Sections 3.3 and 3.4). The Individual Defendants also limited shareholders' ability to remove Directors, both by (1) restricting the time at which a vote to remove Director may be held and (2) changing the manner in which votes concerning the removal of a Director are counted. (Section 3.16).

37. Finally, the amendments include onerous disclosure requirements upon shareholders nominating candidates for election to the Board, identical to the disclosure requirements for shareholders proposing business at an Annual Meeting, discussed above. (Section 3.18). As with the restrictions imposed in Section 2.14 concerning shareholder

proposals at the Annual Meeting, the failure to comply with the disclosure requirements of Section 3.18 permits – at the discretion of Defendant Folino, the Chairman of the Board – the nomination of any Director candidate to be invalidated and the votes of shareholders in favor of such candidate disregarded, thus invalidating the exercise of the shareholder franchise.

38. Altogether, these various changes significantly restrict the rights of Emulex shareholders to change the composition of the Board and preclude shareholders from implementing any changes designed to realize valuable alternative strategic opportunities to maximize the value of their shares in Emulex. The amendments alleged herein, cumulatively, constitute an unreasonable and disproportionate response to any perceived threat because they substantially limit shareholder rights and significantly change previously conferred shareholders rights.

The Invalid Supermajority Bylaw

39. The Individual Defendants sought to lock in place the previously discussed self-serving amendments to the Bylaws by unilaterally imposing a ***supermajority*** voting requirement for any subsequent changes to the Bylaws, thereby limiting shareholders' ability to undo the changes wrought by Defendants. (Section 6.4). Previously, the Bylaws permitted a simple majority of a quorum of Emulex stockholders present at an Annual or Special Meeting to amend the Bylaws, but Section 6.4 of the Bylaws was amended so that a sixty-six and two-thirds percent shareholder vote is now required. In addition, the Individual Defendants increased the denominator of total shares from which the sixty-six and two-thirds percent must be calculated from a quorum of present shares attending the meeting to all outstanding shares of the corporation, making it even more onerous for shareholders seeking to amend the Bylaws. Pursuant to amended Section 6.4, even amendments approved by a supermajority of shareholders

can still be annulled by the Board. Because these amendments (collectively referred to as the "Supermajority Bylaw") improperly limit the ability of the Company's shareholders to amend the Bylaws, they violate 8 Del. C. § 109 and are *per se* invalid.

40. The Board's January 14, 2009 amendment to Section 6.4 is reflected as follows: "These By-laws, or any of them, may be altered, amended or repealed and new by-laws may be made, (i) by the Board, or (ii) by the stockholders, subject to the provisions of these By-Laws, ~~at any annual meeting of stockholders or special meeting of stockholders~~by the vote or written consent of not less than sixty-six and two-thirds percent (66 2/3%) of the outstanding shares. Any by-laws made or altered by the stockholders may be altered or repealed by either the Board or the stockholders, in the manner provided for amendment in the foregoing sentence, except a by-law amendment adopted by the stockholders which specifies the votes that shall be necessary for the election of directors shall not be amended or repealed by the Board."

41. Not only did the Individual Defendants fail to seek or obtain shareholder approval for the Supermajority Bylaw, limiting the shareholder franchise, but no credible explanation or justification was provided to shareholders in the Company's public filings. The Company's January 16, 2009 Form 8-K provides a minimal summary of the Bylaw amendments without any meaningful explanation as to the impact these changes have on shareholders' rights.

42. As with the other amendments alleged herein, the Supermajority Bylaw is an unreasonable and disproportionate response to any perceived threat because it alters the shareholder voting process and significantly changes previously conferred shareholders rights. Moreover, the Supermajority Bylaw makes it extremely difficult for shareholders to amend the Bylaws to repeal or otherwise fix the improper Defensive Measures adopted by the Individual

Defendants, which as alleged herein, were designed to entrench themselves further and make strategic alternative transactions, such as a merger with Broadcom, more difficult and costly to pursue, despite the benefits that would accrue to the Company's shareholders.

43. Accordingly, the Supermajority Bylaw is invalid as an unreasonable and draconian defensive measure disproportionate to any perceived threat.

The Preclusive And Coercive Poison Pill Amendment

44. Defendants' entrenchment achieved through the Bylaw Amendments was buttressed the next day by the amendment of the Poison Pill. Specifically, on January 15, 2009, the Company declared a dividend of one preferred stock purchase right for each share of Emulex common stock held by shareholders (the "Right"). Each Right entitled the holder to purchase 1/1000 share of Emulex preferred stock for $35 in the event that: (1) a person or group of persons acquires beneficial control of 15% of the Company's stock; (2) a person initiates or discloses an intention to initiate a tender offer; or (3) following the acquisition of 15% of the Company's stock, Emulex merges, is acquired or sells 50% of its assets and the Company is not the surviving entity in that transaction. The provision for the exercise of the Rights upon a merger following the acquisition of 15% of the Company's stock, while somewhat redundant to the provision for the exercise of the Rights simply upon the acquisition of such stock, differs slightly in the calculation of the date following such event on which the Rights may be exercised.

45. The Right, as granted under the amended Poison Pill, does not expire until January 24, 2012, unless redeemed or exchanged earlier.

46. The Right, if exercised, entitles the purchaser of the preferred stock to super voting rights. According to Emulex's January 16, 2009 8-K, each one one-thousandth (1/1000) of a share of preferred stock, if issued "will have one thousand (1,000) votes per share (one vote

per one one-thousandth of a Preferred Share), voting together with the Common Shares." Moreover, in the unlikely event that a merger, consolidation, or similar transaction is actually consummated, these preferred holders will receive additional compensation such that no reasonable merger partner would be willing to pursue a transaction. According to the 8-K, the preferred stock "will entitle holders, in the event of any merger, consolidation or other transaction in which shares of Common Stock are changed or exchanged, to receive 1,000 times the amount received per common share."

47. The Right, if not exercised when a person acquires the requisite 15% of the Company's shares, entitles holders to receive ***double*** the number of common shares in lieu of preferred shares. In the event that the Company is acquired, merged or its assets sold after a person acquires the requisite 15% of the Company's shares (and the Company is not the surviving entity of that merger or combination) the holders of the rights are entitled to receive ***double*** the number of common shares of the surviving entity.

48. The Poison Pill is expressly intended to thwart acquisitions of the Company that, though they may have the potential to maximize shareholder value and might garner the approval of shareholders if presented for a vote, do not have the support of the Individual Defendants who have taken steps to entrench themselves in their positions at the Company. Specifically, in disclosing the Poison Pill, the Company described the Poison Pill as follows:

> The Board adopted the Rights Agreement to protect the policy and effectiveness of the corporation, to protect shareholders from coercive, unfair or inadequate tender offers or other abusive takeover tactics and to preserve for the stockholders the long term value of their investment in the Corporation. In general terms, the Rights Agreement would protect the Corporation from such abusive takeover tactics by ***imposing a significant penalty*** upon any person or group that acquires 15% or more of the outstanding shares of Common Stock without the prior approval of the Board.

49. Tellingly, the Company's disclosure of the Poison Pill further states that "[t]he Rights Agreement would not interfere with any merger or other business combination ***approved by the Board***." This of course is of no benefit to Emulex shareholders where, as here, the Board not only failed to approve but refused to even consider a possible combination that would have paid Emulex shareholders a premium of approximately 40% for their Emulex shares.

50. The Individual Defendants have made their Poison Pill more poisonous by lowering the threshold at which the Rights are triggered. Specifically, the Poison Pill differs from the Company's previous rights agreement in that, under the prior rights agreements (which provided shareholders with the right to purchase 1/100 share of Emulex preferred stock for $300), the rights became exercisable upon the acquisition of direct ownership of 20% of Emulex stock, or beneficial ownership of 30% of Emulex stock.

51. In amending the Poison Pill, the Individual Defendants ***lowered*** the trigger to the acquisition of direct ownership of just 15% of Emulex shares rather than 20% and, for beneficial ownership, to just 15% rather than 30%. The Individual Defendants also added a new trigger based upon the initiation of a tender offer or the mere disclosure of an intent to initiate a tender offer for 15% of the Company's stock.

52. Moreover, the definition of "beneficial ownership" in the amended Poison Pill is ambiguous to the point of being unenforceable or, worse, creating the possibility that the Rights could be triggered at any time. Specifically, the amended Poison Pill defines "beneficial ownership" to include ownership by a person's "affiliates" and "associates" and the right by a person or his "affiliates" or "associates" to acquire or vote Emulex shares "pursuant to any agreement, arrangement or understanding, ***whether or not in writing***" or pursuant to the exercise of derivatives such as warrants and options.

53. In fact, since derivative securities holdings (such as warrants and options), as well as loans of securities (which permit the borrower to vote shares owned by the lender) are not typically disclosed in public filings, and "unwritten agreements" concerning ownership, purchase rights or voting rights are by definition neither disclosed nor documented, the Individual Defendants amended the Poison Pill in a manner that could have exposed the Company and its shareholders to an immediate triggering of the pill, which would cause chaos in the market for Emulex stock and harm Emulex and its shareholders.

54. The true purpose of the Poison Pill was to solidify the Individual Defendants' control over the Company and to entrench themselves in their respective positions for their own personal benefit, all to the detriment of Emulex's public shareholders. The timing of the Poison Pill, enacted just weeks after Broadcom's proposal, further demonstrates that the Individual Defendants are more concerned with protecting their positions within the Company than with maximizing value for Emulex's public shareholders.

The Lavish Parachute Provisions

55. On January 15, 2009, the same day that the Individual Defendants amended the Poison Pill and the day following the amendment of the Bylaws, the Company entered into separate Key Employee Retention Agreements ("Agreements") with Defendants Folino and McCluney and with Jeffrey W. Benck (the Company's Chief Operating Officer), Michael J. Rockenbach (the Company's Chief Financial Officer) and Marshall D. Lee. These Agreements included provisions providing windfall payments to senior executives (including Folino and McCluney) in the event of a change of control (the "Parachute Provisions").

56. The Key Employee Retention Agreements provide for a lump-sum payment to Defendants Folino and McCluney equal to two year's salary, plus the continuation of benefits,

and the lump-sum payment to Messrs. Benck, Rockenbach and Lee of one year's salary, plus the continuation of benefits, if these executives are terminated or choose to leave for "good cause" in the event of a "change of control." The Agreements also provide for full vesting and acceleration of the executives' stock options and other stock awards. A change of control as defined by these Agreements includes a change in the composition of a majority of the Board during any two-year period.

57. Significantly, ***the Agreements provide for the payment of these parachute payments even if the executives leave the Company during the year prior to the change in control.*** Because the Agreements are triggered by a variety of factors, including a 10% decrease in salary or bonus compensation, the Defendants can ensure that a change in Board compensation or acquisition of the Company will trigger these payments by reducing bonus payments by just 10%.

58. Accordingly, for any potential acquirer, the Parachute Provisions mean that, regardless of the efforts taken to retain key personnel to ensure a smooth transition following a change of control and even if new owners of Emulex take no action that would permit the Agreements to be triggered by voluntary departures, the Company's senior executives can themselves create conditions sufficient to trigger the Agreements and earn a massive payout upon their voluntary departure in advance of a change of control. The Parachute Provisions, taken together with the Bylaw Amendments and Poison Pill, thus create one further hurdle for any suitor hoping to acquire Emulex.

IRREPARABLE HARM

59. The Defensive Measures adopted by the Individual Defendants preclude the Company's shareholders from receiving the benefits of any potential value maximizing strategic transaction. The Emulex Board has proven unreliable in representing the Company's best interest in this regard.

60. Prior to adopting the Bylaw Amendments, Emulex's shareholders could amend the Bylaws through a simple majority of a quorum of shareholders present at the shareholders' meeting, to permit the shareholders to call a Special Meeting for the purpose of removing the Individual Defendants, and electing independent nominees who would have fulfilled their fiduciary duties by to Emulex's shareholders by properly investigating and assessing all potential value-maximizing strategic transactions.

61. As a result of the Individual Defendants' breaches of fiduciary duties explained herein, shareholders will be severely limited in exercising their voting rights by the per se invalid Supermajority Bylaw. Impeding the shareholder franchise in this manner constitutes irreparable harm. Moreover, as a result of the Individual Defendants' conduct, the Emulex shareholders will be unable to realize the benefit of any potential strategic transaction with any potential suitor, including Broadcom – causing shareholders irreparable harm. In particular, the possible combination with Broadcom presents a unique opportunity, the loss of which constitutes irreparable harm to the shareholders.

62. Accordingly, Plaintiff seeks to invalidate the Defensive Measures adopted by the Individual Defendants and to enjoin the use of the coercive and preclusive Bylaw Amendments and other Defensive Measures for the benefit of Emulex and its shareholders.

CLASS ACTION ALLEGATIONS

63. Plaintiff brings this action pursuant to Rule 23 of the Rules of the Court of Chancery on behalf of itself and all other holders of Emulex common stock (other than Defendants and any persons or entities related to or affiliated with Defendants and/or their successors-in-interest) who have been harmed and/or are threatened with harm as a result of Defendants' wrongful conduct alleged herein (the "Class").

64. This action is properly maintainable as a class action.

65. The Class is so numerous that joinder of all members is impracticable. As of January 21, 2009, there were 82.5 million shares of Emulex common stock outstanding, which were held by individuals and entities too numerous to bring separate actions. At all relevant times, the beneficial holders of Emulex stock have been geographically dispersed throughout the United States and internationally.

66. There are questions of law and fact that are common to the Class and that predominate over any issues affecting only individual Class members, including, among others:

(a) whether Defendants have fulfilled or instead have breached their fiduciary duties of due care, good faith, and loyalty to Plaintiff and the other members of the Class;

(b) whether Plaintiff and the other members of the Class have been harmed by Defendants' alleged failure to fulfill their fiduciary duties of due care, good faith, and loyalty;

(c) whether Plaintiff and the other members of the Class would suffer irreparable harm absent the declaratory and injunctive relief requested herein; and

(d) whether the Poison Pill, Parachute Provisions, and Bylaw Amendments, including the Supermajority Bylaw, were reasonable or instead unreasonable responses to any perceived threat.

67. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the

other members of the Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

68. The prosecution of separate actions by individual members of the Class would create a risk of (a) inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for Defendants, or (b) adjudications with respect to individual members of the Class which would as a practical matter be dispositive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

69. Defendants have acted or refused to act on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

70. A class action is superior to other available methods for the fair and efficient adjudication of this controversy. The expense and burden of individual litigation make it impracticable for Class members individually to seek redress for the wrongful conduct alleged herein. Plaintiff anticipates that there will be no difficulty in the management of this litigation as a class action.

DEMAND FUTILITY

71. Plaintiff believes that all of the claims stated herein are direct claims, including claims based on improper abolition of shareholder rights, and the establishment of the other Defensive Measures intended to benefit the Individual Defendants at the expense of shareholders. To the extent any of the claims asserted are derivative in nature, demand on the Board is excused as futile.

72. As more specifically alleged herein:

(a) the Board was self-interested in the approval of the Defensive Measures to help ward off an unsolicited merger proposal, thereby raising the "omnipresent specter" of self-interested director conduct in the course of a takeover fight;

(b) the Board was self-interested in the approval of the Bylaw Amendments because through those Amendments, the Board consciously and deliberately limited shareholders' ability to remove Directors, nominate new Directors and fill vacancies on the Board, thereby entrenching the incumbent Board;

(c) the Parachute Provisions directly benefit two of the Individual Defendants by providing for material severance payments even if those Defendants voluntarily resign prior to a change of control of the Company; and

(d) the Individual Defendants face a substantial likelihood of liability in connection with its disproportionate response to Broadcom's friendly request for negotiations.

COUNT I

(Class Claim For Breach of Fiduciary Duty Against the Individual Defendants)
Against the Individual Defendants

73. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

74. The Individual Defendants owe Plaintiff and the Class the utmost fiduciary duties of due care and loyalty, including the obligation to act in good faith. The Individual Defendants have failed to fulfill their fiduciary duties by not entering into good-faith negotiations with Broadcom to fully inform themselves about the strategic transaction Broadcom proposed in December 2008. The Individual Defendants rejected Broadcom's approach within a limited time and, apparently, without even engaging Broadcom in any negotiations, whatsoever.

75. Instead, in violation of their fiduciary duties, the Individual Defendants adopted the draconian Defensive Measures in response to Broadcom's friendly proposal to discuss a strategic transaction, and for the sole purpose of entrenching themselves as Directors of the Company and preventing their removal. The adoption of these measures was an unreasonable

and disproportionate response to Broadcom's proposal and a violation of the fundamental rights of Plaintiff and the Class.

76. Defendants' breaches of their fiduciary duties have caused and are continuing to cause harm to Plaintiff and the Class by, *inter alia*, depriving them of rights they enjoyed under the Bylaws, and by limiting and potentially foreclosing opportunities to maximize shareholder value through a strategic transaction with Broadcom or any other potential suitor.

77. Plaintiff and the Class have no adequate remedy at law.

COUNT II

(Derivative Claim Against the Individual Defendants For Devaluing the Company)
Against the Individual Defendants

78. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

79. The Individual Defendants owe Emulex the fiduciary duties of due care and loyalty, including the obligation to act in good faith. The Individual Defendants have failed to fulfill their fiduciary duties by adopting the draconian Defensive Measures in disproportionate response a friendly proposal by Broadcom to discuss a transaction.

80. The Defensive Measures, implemented for the sole purpose of entrenching the Individual Defendants as Directors of the Company and preventing their removal, impair the Company's value by, *inter alia*, limiting the rights of its shareholders, limiting the ability of investors to acquire large stakes Company stock and preventing potential suitors from pursuing transactions that would maximize the value of shareholders' investment in Emulex. The adoption of these Defensive Measures was an unreasonable and disproportionate response to any perceived threat, including Broadcom's proposal.

81. The Company has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment in favor of himself and the Class and against Defendants, as follows:

(a) declaring that this action is properly maintainable as a class action;

(b) declaring the demand is excused;

(c) declaring that the Individual Defendants have breached their fiduciary duties to Plaintiff, the Class and Emulex by implementing the Defensive Measures;

(d) declaring that the Bylaw Amendments are invalid and unenforceable;

(e) declaring that the Poison Pill is invalid and unenforceable;

(f) declaring that the Parachute Provisions are invalid and unenforceable;

(g) declaring the Individual Defendants have breached their fiduciary duties to Plaintiff, the Class and Emulex by refusing to negotiate in good faith with Broadcom;

(h) enjoining the Individual Defendants from relying on, implementing, applying or enforcing the Defensive Measures;

(i) enjoining the Individual Defendants from taking any improper action designed to impede, or which has the effect of impeding, the pending Broadcom offer, or any other potential strategic transaction;

(j) awarding Plaintiff and the Class compensatory damages, together with pre- and post-judgment interest;

(k) awarding Plaintiff the costs of pursuing this action, including, but not limited to, Plaintiff's attorneys' fees and expenses and experts' fees; and

(l) awarding such other and further relief as the Court deems just and proper.

DATED: April 27, 2009

GRANT & EISENHOFER, P.A.

BY: /s/ Stuart M. Grant

Stuart M. Grant (DE Bar No. 2526)
John C. Kairis (DE Bar No. 2752)
Ralph N. Sianni (DE Bar No. 4151)
1201 North Market Street, Suite 2100
Wilmington, DE 19801
Telephone: (302) 622-7000

BERNSTEIN LITOWITZ BERGER
& GROSSMANN LLP
Gerald H. Silk
Mark Lebovitch
Avi Josefson
1285 Avenue of the Americas
New York, New York 10019
(212) 554-1400
- and –
Blair A. Nicholas
12481 High Bluff Drive, Suite 300
San Diego, California 92130
(858) 793-0070