

Securities Litigation FlashSM

Quarterly Update

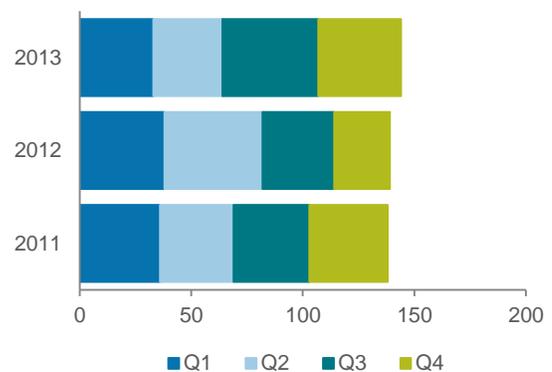
CRA Charles River Associates

October 1–December 31, 2013

Key highlights

- Q4 2013 filings totaled 37, up 48% versus Q4 2012 and down 14% versus Q3 2013
- On a half-year basis, H2 2013 filings up 25% versus H1 2013 and 40% versus H2 2012
- Total filings in 2013 up 4% versus 2012 and 2011
- Q4 2013 filings are concentrated in the technology (11 cases), pharmaceuticals/biotechnology (seven cases), and healthcare equipment (three cases) sectors. For all of 2013, these three sectors account for almost half of the total filings
- 2013 filings with Section 11 claims declined approximately 50% versus 2012 and 2011

Filing trends—End of Q4 2013



Filing trends. Filings during Q4 2013 totaled 37, an increase of 48% from the 25 cases filed during Q4 2012 and a decrease of 14% from the 43 cases filed during Q3 2013. Q4 2013 filings occurred in 14 states, with 65% of the filings in the states of New York (12 cases), California (eight cases), and Pennsylvania (four cases). On a half-year basis, H2 2013 filings totaled 80, up 25% versus H1 2013 (64 cases) and 40% versus H2 2012 (57 cases). The total number of filings in 2013 was 144, up 4% versus both 2012 (139 cases) and 2011 (138 cases). The states of New York (51 cases) and California (37 cases) accounted for 61% of the total 2013 filings. In 2013, 79% of the filings were made against US-based companies (114 out of 144 cases), an increase from 76% in 2012 (106 out of 139 cases) and 60% in 2011 (83 out of 138 cases).

Subject companies. Q4 2013 filings cover a wide range of industries but are primarily concentrated in the technology (11 cases), pharmaceuticals/biotechnology (seven cases), and healthcare equipment (three cases) sectors. For all of 2013, these three sectors account for almost half of the total filings: 25% of the 2013 filings were made in the technology sector (36 cases), 15% in the pharmaceuticals/biotechnology sector (22 cases), and 8% in the healthcare equipment sector (11 cases). In addition, 8% of the 2013 filings were made against the oil & gas sector companies (11 cases). In 2013, 30 cases were filed against companies with headquarters or significant operations outside the US, with Canada and China-based companies accounting for almost half of these cases (8 cases each). The total 2013 filings against the companies based outside the US decreased 9% versus 2012 (33 cases) and 45% versus 2011 (55 cases).

Complaint allegations. Out of 37 filings in Q4 2013, only 10 question some aspect of company accounting. Auditors were not named as a defendant in the initial complaints. The number of filings with accounting related allegations decreased 50% in Q4 2013 versus Q3 2013 (20 cases) and accounted for only 27% of the Q4 2013 filings relatively to 47% of the filings in Q3 2013. For all of 2013, filings with

accounting related allegations totaled 56, an increase of 17% versus 2012 (48 cases) and a decrease of 24% versus 2011 (74 cases). They comprised 39% of the total filings in 2013 versus 35% in 2012 and 54% in 2011. Investment banks were named as defendants in five of the Q4 2013 filings, all related to initial public offerings of the subject companies (Atossa Genetics, Bankrate, NQ Mobile, Tremor Video, Violin Memory). Four of these five filings included Section 11 claims (Atossa Genetics, Bankrate, Tremor Video, Violin Memory). The number of 2013 filings with Section 11 claims totaled 10, approximately a 50% decline from both 2012 (20 cases) and 2011 (21 cases).

Class period statistics. While most of the Q4 2013 filings were in response to recently disclosed events, four cases (ATP Oil & Gas, Bankrate, Quality Systems, Western Union) have class periods ending in the second half of 2012. The length of the class period in Q4 2013 filings ranges from 38 days (J.C. Penney) to 4.3 years (Amarin, Net 1 UEPS Technologies), with the median length of 1.3 years. For all of 2013, the median length of class period increased slightly from one year in 2011 and 2012 to one year and two months in 2013.

Learn more. CRA's case totals include filings from US courts on behalf of public company holders of common stock, preferred stock, or ADRs (Source: RiskMetrics). Filings in multiple jurisdictions involving the same subject company with identical or substantially similar class periods are counted as a single filing. Derivative actions and breach of fiduciary duty filings are not included. To learn more about the cases referenced in this report as well as other securities class actions tracked by CRA, visit CRA's Securities Litigation Flash website at www.crai.com/theflash.

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