

Securities Litigation FlashSM

Quarterly Update

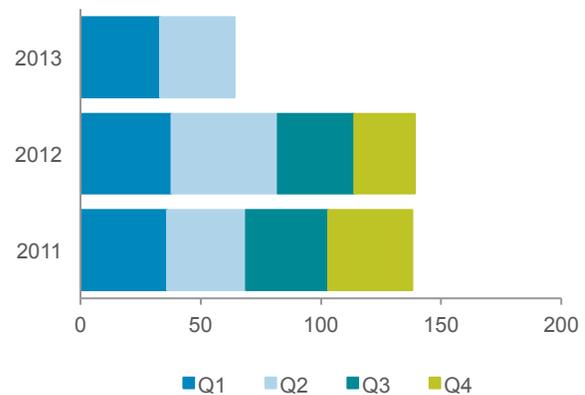
CRA Charles River Associates

April 1–June 30, 2013

Key highlights

- Q2 2013 filings totaled 31, down 30% versus Q2 2012 and 6% versus Q1 2013
- Year-to-date 2013 filings are down 22% versus 2012 and 7% versus 2011
- Investment banks were named as defendants in three Q2 2013 filings, but only one of these filings included Section 11 claims
- Q2 2013 filings are concentrated in the pharmaceuticals/biotechnology (six cases), technology (five cases), and healthcare equipment (three cases) sectors

Filing trends—End of Q2 2013



Filing trends. Filings during Q2 2013 totaled 31, a decrease of 30% from the 44 cases filed during Q2 2012 and a decrease of 6% from the 33 cases filed during Q1 2013. Q2 2013 filings occurred in 13 districts with 61% of the filings in the Southern District of New York (13 cases) and the Northern District of California (6 cases). US-based filings reached 84% of the total filings in Q2 2013 (26 cases) versus 70% in Q2 2012 (31 cases) and 82% in Q1 2013 (27 cases).

Subject companies. Q2 2013 filings cover a wide range of industries but are primarily concentrated in the pharmaceuticals/biotechnology (six cases), technology (five cases), and healthcare equipment (three cases) sectors. All nine cases against pharmaceuticals/biotechnology and healthcare equipment companies involve problems with drug development or product safety. In Q2 2013, five cases were filed against companies with headquarters outside the US (Autoliv, Barrick Gold, Cash Store Financial Services, Nam Tai Electronics, Wal-Mart de Mexico).

Complaint allegations. Twelve Q2 2013 filings question some aspect of company accounting, although auditors were not named as defendants in the initial complaints. Five of the twelve filings involve restatement of the company's financials (Accretive Health, Cash Store Financial Services, IEC Electronics, The Phoenix Companies, UniTek Global Services) and eight filings include allegations of weak internal controls. In addition to the nine filings involving problems with drug development or product safety, Q2 2013 filings include allegations of non-compliance with environmental requirements (Barrick Gold, Exide Technologies) and federal regulations (Corinthian Colleges, Invacare), bribery (Wal-Mart de Mexico), business conduct violations (iGATE), insider trading (Wyeth), and anti-competitive practices (Autoliv). In Q2 2013, investment bank underwriters were named as defendants in three filings related to IPO or secondary offering of securities

(Accretive Health, Energy Conversion Devices, Ventrus Biosciences). However, only one of the three filings includes Section 11 claims (Accretive Health).

Class period statistics. While most of the Q2 2013 filings were in response to recently disclosed events, four cases (Autoliv, Invacare, Medtronic, Wyeth) have class periods ending in 2011 or earlier. The length of the class period in Q2 2013 filings ranges from nine days (Wyeth) to five years (Energy Conversion Devices), with the beginning of the class period going back to 2008 (Wyeth, Energy Conversion Devices). 35% of Q2 2013 filings have class periods less than one year and 19% of the filings have class periods longer than two years.

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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