NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact:

Jason Milch
Hellerman Baretz Communications
312.379.9406
jmilch@hellermanbaretz.com

Susan Wittner
Cornerstone Research
212.605.5002
swittner@cornerstone.com

Gus Sellitto
Byfield Consultancy
+44.020.7092.3999
gus@byfieldconsultancy.com

Securities Class Action Filings Remain Below Historical Average

Filings against companies headquartered outside the United States total nearly one-quarter of all securities class actions

Boston, Mass., and Stanford, Calif., July 30, 2015—Plaintiffs brought 85 new federal class action securities cases in the first half of 2015, according to *Securities Class Action Filings—2015 Midyear Assessment*, a report compiled by Cornerstone Research and the Stanford Law School Securities Class Action Clearinghouse. This represents a decrease from the second half of 2014, when plaintiffs filed 92 securities class actions. The number of filings in the first six months of 2015 remains 10 percent below the semiannual average of 94 observed between 1997 and 2014—the seventh consecutive semiannual period below the historical average.

Despite this period of little overall change in filing activity, securities class actions against companies headquartered outside the United States increased in the first half of 2015. Twenty filings, or 24 percent of the total, targeted foreign firms. Asian firms were named in more than half of these cases.

"Securities class actions continue to percolate at a relatively low level, whether measured by the number of cases filed or the dollar amounts at stake," observed Professor Joseph Grundfest, director of the Stanford Law School Securities Class Action Clearinghouse and a former SEC Commissioner. "The interesting question is 'why?' Some observers point to high stock price valuations and the lack of volatility in equity markets. Others point to the fact that many of the major accounting scandals now appear to be happening outside the United States. A combination of both factors could well be at work."

"Aggregate market capitalization losses in securities class actions continued to dip below historical averages in the first two quarters of 2015," said Dr. John Gould, senior vice president of Cornerstone Research. "Mega filings remained relatively rare, and on an annualized basis only 2.5 percent of S&P 500 company market capitalization was targeted by new filings during this period."

Another notable development in the first half of 2015 was the surge in class actions in the Ninth Circuit, driven primarily by an increase in the Technology and Industrial sectors. Filings in the Ninth Circuit (much of the western United States) represented a 90 percent increase over the last six months of 2014. In the Second Circuit (Connecticut, New York, and Vermont) filings fell by one-third in comparison with the second half of 2014. This was due in strong part to the decline in suits related to financial, energy, and biotechnology and pharmaceutical firms.

—more—

Key Trends

- The total Disclosure Dollar Loss (DDL), which calculates investor losses at the time that an alleged fraud is disclosed, remained at low levels. Aggregate DDL was $34 billion in the first half of 2015, 43 percent below the historical semiannual average of $60 billion.
- The total Maximum Dollar Loss (MDL), a measure of the largest amount that plaintiffs might seek to recover, was $105 billion, an amount 65 percent below the historical semiannual average MDL of $304 billion.
- Filing activity against companies with large market capitalizations, as represented by firms in the S&P 500, remained well below average. Only 1.6 percent of S&P 500 firms were the subject of class actions in the first half of 2015.
- The median lag between the end of the alleged class period and the filing of the lawsuit declined to 11 days, the third lowest on record, suggesting intensifying competition for filings by the plaintiff bar.
- Dismissals within the first three years of the filing of a class action peaked for 2010 and 2011 filing cohorts. In filing cohort years 2012, 2013, and 2014, early dismissals (those within the first year) have declined relative to 2010 and 2011 cohorts.
- Reversing trends noted at year-end 2014, filing activity against Industrial and Technology firms increased to levels more consistent with historical averages, while filings against Energy companies declined to average historical levels.
- Biotechnology, healthcare, and pharmaceutical companies (included in the Consumer Non-Cyclical sector) together accounted for 19 percent of total filings in the first half of 2015. Within this group, filings against pharmaceutical firms were the most common class action.

About Cornerstone Research

Cornerstone Research provides economic and financial consulting and expert testimony in all phases of complex litigation and regulatory proceedings. The firm works with an extensive network of prominent faculty and industry practitioners to identify the best-qualified expert for each assignment. Cornerstone Research has earned a reputation for consistent high quality and effectiveness by delivering rigorous, state-of-the-art analysis for over 25 years. The firm has more than 500 staff and offices in Boston, Chicago, London, Los Angeles, Menlo Park, New York, San Francisco, and Washington.

www.cornerstone.com

Twitter at @Cornerstone_Res

About the Stanford Law School Securities Class Action Clearinghouse

The Securities Class Action Clearinghouse (SCAC) is an authoritative source of data and analysis on the financial and economic characteristics of federal securities fraud class action litigation. The SCAC maintains a database of more than 3,900 securities class action lawsuits filed since passage of the Private Securities Litigation Reform Act of 1995. The database also contains copies of more than 44,000 complaints, briefs, filings, and other litigation-related materials filed in these cases.

securities.stanford.edu

###