Co-Lead Counsel for Lead Plaintiffs Oakland County Employees' Retirement System, Laborers' District Council Contractors' Pension Fund of Ohio, and Woburn Retirement System and the Proposed Class

[Additional counsel appear on signature page]
TABLE OF CONTENTS

INTRODUCTION..................................................................................................................................................................1

JURISDICTION AND VENUE................................................................................................................................................12

PARTIES ............................................................................................................................................................................13

FRAUDULENT SCHEME AND COURSE OF BUSINESS ...............................................................................................14

BACKGROUND ....................................................................................................................................................................15

OVTI's Business ................................................................................................................................................................15

OVTI's Exclusive Supply of Apple iPhone Image Sensors Aiding its Rebound from the Global Economic Crisis of 2008 .................................................................15

Prior to the Class Period, Defendants Saturate the Market with Statements of its Technological Lead
A Competitive Differentiator
Achieving its Momentum and Success, Signaling OVTI's Exclusive Position with its High-Profile, Premium Customer Apple .................................................................16

Sony Dislodges OVTI from its Exclusive, Dominant Position and Incumbency Regarding the Apple iPhone .................................................................................................................19

OVTI's Public Statements Prevent the April 13, 2010 Rodman & Renshaw Report Re Sony from Credibly Impacting the Market .........................................................................................21

FALSE, DECEPTIVE AND MISLEADING STATEMENTS AND MATERIAL OMISSIONS DURING THE CLASS PERIOD.................................................................25

The August 2010 Statements ........................................................................................................................................25

The September 2010 Statements ...................................................................................................................................27

The November 2010 Statements .......................................................................................................................................29

The January 2011 Statements ........................................................................................................................................31

The February 2011 Statements ........................................................................................................................................32

The March 2011 Statements .............................................................................................................................................35

The Sony CEO April Fools' Day Interview Does not Credibility Impact the Market .......................................................36

The May 2011 Statements .............................................................................................................................................38

The June 2011 Statements .............................................................................................................................................41

THE WHOLE TRUTH SLOWLY EMERGES OVER TIME CAUSING OVTI'S STOCK PRICE DECLINE AND INVESTORS' LOSSES.................................................................44

July 2011 Sony Rumor and Defendants' Continuing False and Deceptive Statements and Market Distortion Until August 25, 2011........................................................................44

September 2011 Partial Disclosure and Defendants' Further False and Deceptive Statements, Material Omissions and Continuing Market Distortion Through October 13, 2011

The October 14, 2011 Chipworks Tear-Down and Partial Corrective Disclosure

The November 7, 2011 Corrective Disclosure and Analysts' Frustration with Defendants' Lack of Credibility, Transparency and Evasion

ALLEGATIONS SUPPORTING SCIENTER

Suspicious Insider Selling in Amounts Dramatically Out of Line with Prior Trading History Demonstrate a Strong Inference of Scienter

Facts and Circumstances Giving Rise to a Presumption and Strong Inference of Scienter

Core Business Matter

"Hands-On" "Detail Oriented" Management and Confirmatory Admissions of Working Closely with Key Customers

Apple was a Key, Critically Important Customer and Apple's 2011 iPhone was a Key Contract

OVTT's iPhone Supply Position was Highly Important to its Investors and CEO Hong closely Monitored OVTT's Investor Communications

Apple iPhone Design to Launch Cycle

The 2011 iPhone 4S

2010 iPhone 4

Additional Basis for Scienter According to Reliable Confidential Sources

LOSS CAUSATION

NO SAFE HARBOR

APPLICABILITY OF PRESUMPTION OF RELIANCE UNDER THE AFFILIATED UTE DOCTRINE OR IN THE ALTERNATIVE, THE FRAUD ON THE MARKET DOCTRINE

CLASS ACTION ALLEGATIONS

COUNT I For Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants

COUNT II For Violation of § 20(a) of the Exchange Act Against the Individual Defendants
PRAYER FOR RELIEF .............................................................................................................91
JURY DEMAND ....................................................................................................................91
Lead Plaintiffs Oakland County Employees Retirement System, Laborers' District Council Contractors' Pension Fund of Ohio, and Woburn Retirement System (the Institutional Investors Group or "Lead Plaintiffs"), make the following allegations based upon the investigation of Lead Plaintiffs' counsel, which included a review of U.S. Securities and Exchange Commission ("SEC") filings by OmniVision Technologies, Inc. ("OmniVision," "OVTI" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, media reports about the Company interviews with confidential witnesses as noted below and relevant expert input and consultation. Lead Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

INTRODUCTION

1. This is a federal securities class action brought by Lead Plaintiffs individually and on behalf of all persons and entities who purchased or otherwise acquired the publicly traded common stock and securities of OmniVision (the "Class") between August 27, 2010 and November 6, 2011, inclusive (the "Class Period") pursuing remedies under the Securities Exchange Act of 1934 (the "Exchange Act"), arising from defendants' false, deceptive and misleading statements and material omission of adverse information concerning the Company's business status and position with its most important and key customer's high profile offering the 2011 Apple iPhone causing the Class to suffer damages.

2. Prior to the advent of the Class Period, OVTI had rebounded from the adverse macroeconomic effects of the 2008 credit crisis and ensuing recession to profitability and positive business momentum, due in material part to its being the incumbent, exclusive supplier of "CMOS image sensors" for 2009 and 2010 Apple iPhone products amid the explosive growth of the smart-phone market. By the Summer of 2010, Apple had already launched four generations of its high-profile iPhone product, with considerable success the last two of which the iPhone 3GS introduced in June 2009 and the iPhone 4 introduced in June 2010 deployed OVTI's Backside Illumination (BSI) technology introduced in 2008. Prior to and during the Class Period, OVTI referred to its BSI architecture as a technological and competitive "differentiator" and used this representation as a vehicle to assure investors that it maintained a large competitive lead over all those who were vying to displace OVTI as the next
generation Apple iPhone exclusive or dominant image sensor supplier. Apple, in turn, was at all times material a major focus of market attention. Over the years, innovative, cutting edge and highly successful Apple product introductions captured the attention of investors, market analysts and consumers, and had landed new Apple products in featured articles appearing in *Time, Newsweek* and *Businessweek* magazines.

3. However, Apple contractually prohibited its suppliers, such as OVTI, from revealing that Apple was their customer. This created a "Catch-22" should OVTI, a publicly traded company, elect to speak to the market about, *inter alia*, such topics as customers, competitive lead, design wins, market share and demand for its products, given the required need for speaking the truth and transparency as mandated by the Federal Securities laws. The OVTI defendants nonetheless navigated around Apple's prohibition in a way that effectively conveyed and conditioned investors and analysts to perceive that OVTI was and remained Apple's incumbent, exclusive supplier of iPhone image sensors by using a series of buzz phrases and code words in public conference calls or press releases, laced with more direct such representations when talking one-on-one to analysts, before and after various milestones in the new product design through production and launch cycle.

4. Shortly before the launch of the Apple iPhone 3GS in June 2009, defendants informed investors that OVTI, possessing the "industry's highest quality 8-megapixel camera solution" using BSI technology. In a conference call on May 28, 2009 defendants stated that OVTI had "strong" design win activity with a "significant number of Tier 1 customers" — a phrase referring to Apple — "winning new designs" in particular smart phone designs, "with OVTI technology being viewed as "a differentiator." Also, on May 28, 2009, OVTI informed investors of "increasing demand for" its products and "strong" "design win activity"; that OVTI maintained "our share lead", with Omni BSI technology "viewed as a differentiator for end customer product designs," while OVTI "continued" its "lead as the number one CMOS image sensor supplier to the mobile phone market," its "largest target market." After the launch of the iPhone 3GS, analysts pronounced "OVTI's successful introduction of an MPx solution at Apple" its "leadership position" and "success" with Apple iPhone 3GS sensor, reflecting OVTI's "technology leadership and strong market position" with BSI "gaining momentum with multiple Tier 1 customers globally."
5. In August 2009, OVTI management heralded the Company's "robust and expanding business," continuing to "take share from our competition," "uniquely positioned" with a "Tier 1 OEM customer base," its results a "testament to the competitive differentiation," "winning the smartphone market" with "brand name Tier 1 Customers" driving the smartphone category," and OVTI "gaining share with multiple Tier 1 wins" -- a clear reference to Apple. Based on an interview with CFO Anson Chan, analysts reported "notable design wins," including the Apple 3GS and later reported "the success the Company has had with the Apple iPhone 3GS."

6. On November 30, 2009, OVTI proclaimed it was "well positioned" with "increasing penetration of the Tier 1 consumer product" and "strong growth in the smartphone category," securing "high profile customer smartphone devices" -- another reference to Apple -- and winning "key customers," with a "strong position," representing once again that OVTI's financial results were "a testament to the competitive differentiation" of its BSI technology. On February 25, 2010, just four months before the launch of the 2010 iPhone 4, OVTI announced a "new technological milestone" achieved by its BSI-2 next generation pixel architecture that "further extended our leadership," placing OVTI "well ahead of our competition," while it enjoyed "strong design wins in the 5 and 8 megapixel categories." Again, on February 25, 2010, in an obvious reference to Apple, OVTI demeaned its competition while emphasizing that it continued "to deliver highly differentiated solutions that meet and exceed the needs of our strategic customers who are industry leaders."

7. On April 6, 2010, following a call with defendant CFO Anson Chan, JP Morgan reported "the CFO remains constructive regarding the firm's prospects in the second half of CY 10, citing design wins in late CY 09. We believe the firm is well positioned for the next generation Apple iPhone." -- a reference to the iPhone 4 to be launched in June, 2010.

8. As before with regard to Apple's iPhone 3GS introduced in June 2009 -- and as the investment community was led to believe due to defendants' deftly navigating around Apple's confidentiality demands -- the markets' understanding that OVTI remained Apple's exclusive image sensor supplier for the iPhone was re-confirmed when, in June 2010, Chipworks conducted a "tear-down" of the then next generation 2010 Apple iPhone 4 and, as expected, found therein OVTI's image sensor.
9. In turn, OVTI's business momentum and stock price climbed from a low of $4.21 per share at the close of trading on December 15, 2008, to $25.50 per share by the close of trading on July 26, 2010. OVTI's earnings per share surged from a net loss of $-0.36 per diluted share as of the end of its fiscal quarter ending January 31, 2009 to a net income of $0.30 per share for its fiscal quarter ending July 31, 2010, fueled in material part by the success of the 2009 and 2010 Apple iPhone, into which OVTI's BSI architectural image sensors were exclusively placed, worthy to be exclusively chosen by such a brand name, premium Tier 1 smartphone customer as Apple and OVTI's resulting dominant market share of the mobile handset image sensor market.

10. But by the advent of the Class Period -- August 27, 2010 -- the market was conditioned by defendants' numerous statements and pronouncements, followed by the exclusive inclusion of OVTI image sensors in Apple's 2009 and 2010 iPhone products, to perceive that OVTI was Apple's incumbent, exclusive image sensor supplier thanks to its vast technological edge that was a "differentiator," giving OVTI the clear competitive lead over its rivals. However, the landscape had materially and adversely changed prior to the time defendants held an earnings conference call with the investment community on August 26, 2010, after the close of the market. OVTI was no longer Apple's chosen incumbent, exclusive image sensor supplier for its high profile, highly publicized iPhone product offering. Sony had dislodged OVTI from that exclusive perch and, given Sony's technological prowess and ability to manufacture image sensors in-house -- had radically changed the landscape. Rather than Sony having to bridge a wide competitive gap in order to catch up to OVTI -- which OVTI led the market to believe would not occur in 2011 -- defendants knew but did not disclose it was now OVTI that would have to struggle to regain an exclusive or dominant image sensor slot for the 2011 Apple iPhone, and only if Sony left a significant supply void by failing to timely meet Apple's demand.

11. Internally, OVTI managers had recognized in a meeting in May, 2010, after learning of Sony's staffing personnel in Cupertino, California to successfully develop its image sensor supply relationship with Apple, that Sony had the ability to deliver Apple's requirements. In order to successfully achieve even a back-up or non-dominant supply position in the 2011 Apple iPhone, OVTI would have to timely achieve acceptable wafer yields in quantities sufficient for Apple -- yet another problem that had proven difficult for OVTI in the past and
respecting which it could not be sure it could accomplish with new BSI-2 architecture in time to satisfy a June 2011 or Summer 2011 new iPhone launch, in any event.

12. The loss of an exclusive or dominant design slot in the 2011 Apple iPhone spelled catastrophe for OmniVision, reversing the upward trajectory of both its stock price and profitability, as well as the momentum that it had been experiencing thanks, in large measure, to its once exclusive supply position with regard to the Apple iPhone. Nonetheless, commencing upon the close of trading on August 26, 2010, and through the end of the Class Period, the defendants issued a series of statements in press releases, earnings conference calls and direct representations to analysts that did not paint a true picture of OmniVision's then adverse present business status and position with respect to its most important and valuable customer Apple and its much anticipated, highly publicized, next generation 2011 iPhone offering. Instead defendants engaged in a continuing lack of transparency, distorting reality and consequently artificially inflating the price of OVTI common stock throughout the Class Period.

13. To that end once again navigating OVTI's "Catch-22" arising from Apple's insistence on confidentiality defendants led the market to believe that OVTI maintained its coveted, exclusive position with yet another Apple iPhone offering even after critical design cycle to product launch events and milestones continued to pass OmniVision by. As Apple's launch of its next generation 2011 iPhone grew closer, Sony, not OmniVision, remained Apple's preferred image sensor supplier.

14. On OVTI's quarterly earnings conference call on August 26, 2010, which was well after the commencement of the extensive design to new product launch cycle, defendants comforted the investment community that OVTI's incumbent, exclusive position with respect to the next generation 2011 Apple iPhone, ultimately dubbed the iPhone 4S, was secure by utilizing buzz words and code phrases such as "we are uniquely positioned."; "we are comfortable with our assessment that no other competitor is likely to approach our current level of BSI production capabilities within the short term"; "our BSI products are proven to be a "key differentiator" that "will continue to be a decisive factor in securing further design wins"; "BSI position backing into high value products, high value customers, represents a significant market share gain" and that OVTI was in a "very advantageous very, very strong market position with our technology and products."
15. Defendants' August 26, 2011 positive statements and defendant CFO Anson Chan's "Management Access Call" with analysts on September 16, 2011, led analysts to conclude that, given, among other things the "year long design cycle for smartphones, lack of 8MP BSI competition and OVTI's proven trade record, OVTI likely maintains its sole source position in the next gen iPhone." CFO Chan met with JP Morgan analysts at OVTI's headquarters on September 28, 2010, who, serving as conduits to the market, related to investors based on that meeting that OVTI was continuing to see "market share gains," citing Samsung (which did not yet have BSI technology) as the "main competitor," not Sony (which had BSI technology) and that OVTI's "competitive landscape remains benign."

16. On November 30, 2010, defendant CEO Shaw Hong proclaimed that OVTI was "more than a generation ahead of most competitors," with a "strong position" in the "smartphone segment," adding "we are poised to deliver next generation products based on this technology and we are actively engaged in early products with key customers" a clear reference to Apple. Not to leave any doubt, defendant VP Ray Cisneros added "we're extremely happy how OmniBSI has been adopted by all Tier 1 customers in all segments," that "positions OmniVision very, very strongly and very, very favorably into spaces we play in." VP Cisneros supplemented that statement with an obvious reference to OVTI's inclusion into Apple's 2011 iPhone, which was such a critical focus of market interest, by adding "we are extremely, extremely pleased with the engineering progress extremely pleased with the product developments directly taking place today very, very pleased with our engagements with Tier 1 leading customers to adopt Omni BSI-2." CEO Hong referenced OVTI's "leading edge technology" giving it a "very advantageous position to win high profile designs" that defendant VP Cisneros said was bringing in the right customers. These buzz phrases led analysts to report on November 30, 2010 that OVTI was "comfortably sitting astride one of the biggest trends in consumer electronics" a reference to smartphones with its product "a differentiator" giving OVTI a "considerable, sustainable advantage" amid "limited competition." On December 1, 2010, JP Morgan analysts related that OVTI's "momentum story continues," "well positioned to drive growth for another year."

17. On January 5, 2011, other analysts, based on defendants' market saturating representations, stated that OVTI's "favorable standing left Sony playing catch-up," adding that with "strong relationships with companies like Apple, the future of OmniVision looks
positive." On January 10, 2011, OVTI "management" met with analysts and rather than disclose the true picture, instead squelched any concerns about competition from Sony, using analysts as their conduit, who reported to investors from the meeting with "Omnivision's management" that "the vast majority of design decisions for calendar year 2011 smartphone models have been made," adding "the biggest challenge this year will be smoothly executing the manufacturing transition to BSI-2 architecture rather than maintaining share" an unqualified assurance and confirmation that OVTI remained Apple's exclusive image sensor supplier for the 2011 Apple iPhone.

18. On February 15, 2011, defendants reinforced the deception by introducing OVTI's new 8 megapixel ("MPx") BSI-2 image sensor forming the OV8830 representing it was "highly suitable for feature rich smartphones" (itself a reference to the 2011 Apple iPhone) setting a "new performance standard," with mass production expected in "the second half of 2011" a time frame that would support the 2011 Apple iPhone retail launch cycle initially slated to commence in June 2011 or Summer 2011. In truth, the OV 8830 was not a further example of OVTI's dominant lead and advancement of any such lead, but, rather, its undisclosed desperation and vulnerability.

19. On February 24, 2011, again after critical milestones in the design and production cycle passed by, VP Cisneros reassured investors that OVTI was not vulnerable to competition stating "we feel very, very comfortable in the market place in whatever competitive landscape we come across." CEO Hong assured investors that the mass production of OV 8830 remained "on schedule", while Cisneros clarified it was targeted for mass production for "key" markets in the late summer season," adding "key customers are working with us for their critical ramp-up plans. we are planning for significant production volumes. we are in a very strong position to continue growing our business" representations that could only mean that OVTI had maintained the increasingly lucrative Apple 2011 iPhone business then set to launch in a matter of months. Analysts were convinced that rumors of share loss or heightened competitive pressure on OVTI "appears to be blather" as others noted OVTI's "major" design wins with production "on track" to meet schedules of "key customers" more code for Apple, without prejudicing OVTI's confidentiality commitments. Yet another analyst was convinced by defendants' representations that "Omnivision is winning the business it wants to win and retaining the customers that have been the cornerstone of its success in recent years."
20. On February 25, 2011, OVTTI's share price climbed to $31.43 per share from $23.85 on February 24, 2011, a 31% increase in one day on volume of 15,457,000 shares, signaling the fact that the market had been greatly deceived by defendants' representations and material omissions.

21. By the end of March 2011, OVTTI had already passed important milestones that remained unachieved. Sony remained the exclusive or even dominant image sensor supplier position for the next generation 2011 Apple iPhone. After remarks by Sony's CEO during an interview on April 1, 2011 were viewed by some as hinting that Sony would supply the image sensors for the 2011 iPhone, though by many others as implying just the opposite, analysts remained convinced that "OmniVision has won the image sensor slots on the next iPhone" to be launched "this Summer". OVTTI stock reached $34.63 per share on April 26, 2011.

22. On May 26, 2011, OVTTI assured investors of its "ability to deliver high-performance image sensors for Tier-One Customers" and that its focus on innovation, using its BSI-2 architecture, "will enable OmniVision to maintain its technological leadership and achieve its financial objectives." CEO Hong assured investors of OVTTI's position with "the right customers," and that OVTTI "continued" to "maintain our competitive advantage" with "proprietary technology that limits access to new competitors." VP Cisneros assured that OVTTI's new 8 MPx sensor "is being driven by demand from key customers, primarily in the smartphone market at the onset of the product launch," that OVTTI was experiencing "strong growth" "because of the smartphone category driving not one but two sensors" and that OV 8830 was "targeted to premier brand name smartphone OEMs," expressing confidence in OVTTI's ability to "continue gaining market share" representations and assurances that further convinced analysts that OVTTI was "not losing market share in the Tier 1 handset market, that it remains well positioned to sell products into Apple's supply chain" and that "OmniVision's leading market share position at Apple particularly the next gen iPhone remains unchanged." But in truth, OVTTI had still failed to achieve critically important milestones respecting the design cycle even as late as May 26, 2011 and OVTTI continued to remain in a disadvantageous, adverse position, having lost its once incumbent, exclusive and dominant image sensor supply slot to Sony.

23. As late as June 29, 2011, in a letter to shareholders, CEO Hong reaffirmed that OVTTI was "uniquely positioned" to continue to deliver on the promise of "high-quality, high-
performance products" that its "customers deserve," while OVTI's 2011 Report on Form 10-K assured that "demand for our products will continue to remain strong for fiscal 2012" (May 1, April 30, 2012) further affirmation and assurance that OVTI was the incumbent, exclusive supplier of image sensors to Apple's 2011 iPhone 4S, the launch of which was rapidly approaching.

24. By the end of June 2011, OVTI had still not succeeded in designing and producing an 8MPx image sensor that was compatible with the 2011 Apple iPhone 4S and had long ago lost the exclusive and dominant, image sensor design slot contract in Apple's new high-profile, high-quality smartphone. And unknown to investors, Sony was being advantaged with respect to its mass production of its image sensors by Apple's decision to delay the launch of that anticipated new, high quality feature-rich smartphone to approximately September or October, 2011.

25. Indeed, when partial disclosures of the truth began to circulate in early July 2011 that Apple may be "dual sourcing" the iPhone to Sony, causing some retreat in OVTI's stock price, defendants did not relent. Speaking to the market on subject matters clearly related to OVTI's market status and position with respect to smart-phones and its premium Tier-1 and/or brand name Tier-1 customers, defendants concealed the fact that critical milestones had passed without OVTI securing its most prized position with its most important customer's highly publicized new iPhone offering. On the morning of July 6, 2011, JP Morgan analysts, after they "touched based with management," reported "based on the conversation with the CFO" that OVTI was "ramping production of 8 MPx sensors on BSI-2 for Apple," with "manageable" yields, and concluding that OVTI remained "on track." Other analysts who also conferred with OVTI management, via defendant CFO Chan, were led to believe and reported that rumors of OVTI having yield problems and missing commercial production deadlines for the iPhone were untrue, noting that "management reiterated that they still expect a significant ramp in BSI-2 shipments in the second half of CY11." And on July 8, 2011, a report entitled "OmniVision is not losing any Apple Business, says Detwiler Fenton" stated: "Detweiler has learned from sources within OmniVision (OVTI) that it has not lost any Apple business and is the lead supplier of CMOS image sensors for the company."

26. Meanwhile, betraying the positive picture they were conveying to the market, defendants and other OVTI insiders engaged in insider selling at suspicious times and in
amounts that were significantly and dramatically different than their historical trading patterns. Evincing his knowledge of material non-public adverse events and trends, CEO Hong engaged in unprecedented selling during the Class Period from May 31 to July 5, 2011, selling stock valued at $2.9 million outside of any Rule 10b-5 trading plan. And also indicating his knowledge of non-public adverse events and trends, CFO Chan, who had never previously adopted and filed a trading plan under and pursuant to Rule 10b-5, suddenly filed such a plan in March 2011, and thereafter sold 100,000 shares of his holdings from June 15 to July 1, 2011 suspicious timing given that OVTI management would certainly have known, having passed critically important milestones, that OVTI suffered a significant loss of the 2011 iPhone business to Sony. Defendant Cisneros also engaged in suspiciously timed sales of his stock that were dramatically out of line with his prior trading history. Even non-defendant insiders in positions affording them access to the development of business with key customer Apple suddenly started selling in the same May 31 to July 5, 2011 time-frame, in amounts dramatically out of line with their prior trading history.

27. Defendants' deception of the market and utter lack of transparency continued even as they lowered OVTI revenue forecasts on August 25, 2011 due "an unanticipated extension in the development of the product cycle" of the 8 MPx product line, citing to analysts a "minor" technical issue a partial disclosure causing a significant decline in OVTI's stock price from $24.82 per share at market close on August 25, 2011 to $17.27 per share at the close of trading on August 26, 2011, on huge trading volume of 26.3 million shares but still without making a full and truthful corrective disclosure. And their deception continued even after Chipworks conducted a tear-down of the 2011 iPhone 4S in October 14, 2011, revealing an image sensor manufactured by Sony, causing a further OVTI stock price decline. In reaction to the disclosure, OVTI stock declined further on high trading volume to $15.95 a share on that day. Afterward, according to Bloomberg.com, "a spokesman for Omnivision didn't return phone calls seeking comment." Finally, on November 7, 2011, OVTI provided further disappointing revenue guidance and, as reported by Morgan Keegan analysts, revealed that its OV 8830 image sensor ostensibly intended for the 2011 iPhone shipped only in "very limited quantities" at the end of July 2011 and that "mass production was not taking place due to production delays" as the product "does not seem ready for mass shipment yet," leading analysts
to conclude that "the bulk of the reduced guidance is from losing 8 megapixel sockets in the iPhone 4S to Sony."

28. The revelation of the whole truth caused OVTI stock to plummet further to $14.26 per share on November 8, 2011, on significant trading volume. Frustrated analysts cited OmniVision's lack of "credibility," "shady executive transparency about their faltering relationship with Apple," and "management evasion" while trying to get straight answers to straight questions. On November 8, 2011 Oppenheimer analysts observed that "the generation corresponding to backside illumination, second iteration is probably lost to competitors."\(^1\) Oppenheimer analysts, pointedly noted OVTI's "less than clear, direct replies," while admonishing that in the "semi-conductor image sensor space increased transparency is a must." By January 31, 2012, OVTI had suffered substantial further revenue declines and its GAAP net income fell to $0.00 per diluted share.

29. Meanwhile, the Individual Defendants and other insiders sold over $27 million dollars worth of OVTI stock at prices artificially inflated by their misrepresentations and market deception, while investors suffered many tens of millions of dollars in damages upon OVTI's stock price falling on the disclosure of the fraud related truth.

30. The chart below illustrates the price movement of OmniVision common stock at prices that were buoyed and artificially inflated by defendants' false, deceptive and misleading statements and material omissions during the Class Period, rising from $22.13 per share on August 26, 2010 to a Class Period high of $36.42 per share by the close of trading on May 26, 2011, and the decline of OVTI's stock price as the fraud related truth was made known to the investment community over a series of partial disclosures ending with a corrective disclosure on the last day of the Class Period.

\[^1\] Unless otherwise noted, emphasis is added throughout.
31. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a) and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

32. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act, 28 U.S.C. § 1331.

33. Venue is proper in this District pursuant to Section 27 of the Exchange Act, 28 U.S.C. § 1391(b), because many of the acts, practices and transactions that constitute the violations of law complained of herein, including the dissemination to the public of untrue statements of material facts, occurred in whole or in substantial part in this District.
34. In connection with the acts and conduct alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails and interstate wire and telephone communications.

PARTIES

35. Co-Lead Plaintiffs Oakland County Employees Retirement System, Laborers' District Council Contractors Pension Fund of Ohio, and Woburn Retirement System purchased the common stock of OmniVision during the Class Period, as set forth in their certifications previously filed in this action, and were damaged by defendants' wrongdoing as alleged in this Complaint.

36. Defendant OmniVision is a designer and manufacturer of image sensors used in digital cameras to convert an optical image into electronic signals. OmniVision is incorporated under the laws of the State of Delaware with its principal place of business at 4275 Burton Drive, Santa Clara, California 95054. The Company's stock is listed on the NASDAQ Global Select Market (the "NASDAQ") under the ticker symbol "OVTI."

37. Defendant Shaw Hong ("Hong") is, and at all relevant times has been, the Company's Chief Executive Officer ("CEO"), President, and Chairman of the Board. Hong was one of OmniVision's co-founders.

38. Defendant Anson Chan ("Chan") is, and at all relevant times has been, the Company's Chief Financial Officer ("CFO") and Vice President of Finance.

39. Defendant Aurelio "Ray" Cisneros ("Cisneros") is, and at all relevant times has been, the Company's Vice President ("VP") of Worldwide Sales.

40. The defendants referenced above in paragraphs 37 through 39 are referred to herein as the "Individual Defendants."

41. During the Class Period, the Individual Defendants, as senior executive officers of OmniVision, were privy to confidential and proprietary information concerning OmniVision, its operations, finances, financial condition, and present and future business prospects. The Individual Defendants also had access to material-adverse, non-public information concerning OmniVision, as discussed herein.

42. The Individual Defendants are liable as direct participants in the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were "controlling persons" within the meaning of Section
20(a) of the Exchange Act, and had the power and influence to cause the Company to engage in
the unlawful conduct complained of herein. Because of their positions of control, the Individual
Defendants were able to, and did, directly or indirectly, control the conduct of OmniVision's
business.

43. The Individual Defendants, because of their positions with the Company,
possessed the power and authority to control the contents of OmniVision's quarterly reports,
press releases, and presentations to securities analysts, money and portfolio managers, and
institutional investors, i.e., the market. Because of their positions with the Company, and their
access to material non-public information available to them but not to the public, the Individual
Defendants knew that the adverse facts specified herein had not been disclosed to and were
being concealed from the public and that the positive representations being made were then
materially false and misleading. The Individual Defendants are liable for the false statements
pleaded herein.

44. As senior executive officers and/or directors and as controlling persons of a
publicly-traded company whose common stock is registered with the SEC, traded on the
NASDAQ, and governed by the federal securities laws, the Individual Defendants had a duty to
promptly disseminate accurate and truthful information with respect to OmniVision's financial
condition and performance, growth, operations, financial statements, business, products,
markets, management, earnings, and present and future business prospects, and to correct any
previously issued statements that had become materially misleading or untrue and accurate
information. The Individual Defendants' misrepresentations and omissions during the Class
Period violated these specific requirements and obligations.

FRAUDULENT SCHEME AND COURSE OF BUSINESS

45. Defendants are liable for: (a) making false and misleading statements; or (b)
falling to disclose and concealing adverse facts known to them about OmniVision. Defendants'
fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of
OmniVision common stock was a success, as it: (a) deceived the investing public regarding
OmniVision's prospects and business; (b) artificially inflated the prices of OmniVision common
stock; and (c) caused Lead Plaintiffs and other members of the Class to purchase OmniVision
common stock at inflated prices.
BACKGROUND

A. OVTI's Business

46. OmniVision is a designer and manufacturer of complementary metal-oxide semiconductors ("CMOS") sensors that capture initial image data and perform preliminary data processing. OVTI's CMOS sensors are used in digital cameras to convert an optical image into electronic signals. OmniVisions' CMOS sensors are used in mobile phones deploying camera features, including "smart phones." OVTI's product offerings include 3, 5 and 8 megapixel ("MPx") CMOS sensors capable of producing high definition video.

47. At all times material, OmniVision's most high-profile supply contract upon which the investment community focused has been with its premium "Tier-One" customer, Apple, Inc., ("Apple"). OmniVision was the exclusive supplier of camera sensors for Apple's third and fourth generation iPhone smart phones the iPhone 3GS and the iPhone 4 which were released on June 9, 2009 and June 10, 2010, respectively. The investment community well understood this, as more fully discussed below.

48. OVTI's CMOS sensors were based on a new approach to digital imaging and traditional CMOS sensor technology introduced by the Company in 2008, based on and referred to as "backside illumination" ("BSI") architecture that conferred improved light sensitivity and better color reproduction than the prior front-side illumination ("FSI") technology.

B. OVTI's Exclusive Supply of Apple iPhone Image Sensors Aiding its Rebound from the Global Economic Crisis of 2008

49. OmniVision's business momentum, revenues and profitability suffered greatly due to the global economic crisis that befell the United States and world economy in the Fall of 2008, ultimately erasing trillions of dollars in market value of publicly traded companies on American stock exchanges. The trading price of OVTI experienced a long decline as the effects of the global economic crisis of 2008 took hold, ultimately falling to just $4.21 per share by the close of trading on December 15, 2008.

50. The inclusion by Apple of OmniVision's CMOS sensors in its high-profile, critically acclaimed, 2009 and 2010 iPhone product offerings, combined with the Company's revolutionary BSI technology introduced in 2008, helped OmniVision successfully rebound from the adverse macro-economic effects arising from the global economic crisis and propelled its achievement of a significant leading share of the mobile handheld phone market, and the
Case 5:11-cv-05235-RMW Document 105 Filed 04/23/12 Page 20 of 100

rapidly expanding "smart phone" market segment in particular. By the advent of the Class Period on August 27, 2010, OVTI's revenue rebounded from $80.46 million for its fiscal quarter ending January 31, 2009, to $193.1 million for its fiscal quarter ending July 31, 2010. During that time, OVTI's GAAP net income improved from a loss per net share of $-0.36 for the period ending January 31, 2009 to $0.30 for the period ending July 31, 2010. OVTI's rise in revenues and improvement in net earnings per share was due in material part to its exclusive image sensor supply positioning with the 2009 and 2010 Apple iPhones, which fueled OVTI's business momentum and clear market perception of a commanding, favorable competitive position. By the close of trading on August 26, 2010, OVTI stock traded at $22.13 per share.

51. Prior to the advent of the Class Period, OVTI management particularly the Individual Defendants trumpeted the success of the Company when speaking to the investment community. Mindful of Apple's admonition respecting confidentiality, when addressing the investment community in a public forum, the Individual Defendants spoke in buzz phrases and code words designed to assure the market that OVTI was and remained Apple's exclusive image sensor provider for its smartphone products and that it was on track to maintain that highly valued position for this "premium Tier 1" or "brand name" customer's next generation iPhone. In contrast, and from time to time, when OVTI management held one-on-one discussions with individual analyst firms, they more directly disclosed or confirmed that OVTI was Apple's iPhone image sensor supplier, as illustrated in analyst reports discussed herein.

52. Indeed, OVTI's exclusive image sensor supplier status, fueled by its professed technological lead that was a competitive "differentiator," had become so commonly known by the advent of the Class Period, and continuing thereafter, that OVTI management's language designed to convey that common understanding, laced with express confirmations in one-on-one discussions with certain analysts, continued to foster and, importantly, did not controvert or correct, this status and market belief during the Class Period.

C. Prior to the Class Period, Defendants Saturate the Market with Statements of its Technological Lead — A Competitive Differentiator — Achieving its Momentum and Success, Signaling OVTI's Exclusive Position with its High-Profile, Premium Customer — Apple

53. At all times material before the Class Period, the most important feather in OVTI's cap was its achievement of an exclusive image sensor supply relationship with respect
to Apple's state of the art smartphone product offerings — the iPhone 3GS launched in 2009 and the iPhone 4 launched in 2010. Although Apple prohibited OVTI (as well as other component suppliers) from stating or confirming that it was a component supplier for Apple, defendants saturated the market with pronouncements concerning OVTI's smartphone "industry's highest quality 8-megapixel camera solution," using BSI technology (February 16, 2009), and "strong" design win activity for 5 MPx and 8 MPx products" with a "significant number of Tier 1 customers" — an understood reference to Apple. It was reported that OVTI was consistently "winning new designs in particular smartphone designs," with OmniVision technology being viewed as "a differentiator for" customer product "designs" (February 26, 2009 conference call.) Additionally, defendants informed the market about:

- OVTI's "robust and expanding business" and "pleased with our own momentum," reflecting "multi-meaningful design wins" with OVTI "well positioned in the smartphone market" and continuing to "take share from our competition," with its BSI architecture "quickly being recognized globally by our Tier 1 OEM customer base," and OVTI "uniquely positioned" with its results a "testament to the competitive differentiation," confident that OVTI was "winning the smart phone market" at "high resolutions" with "brand name Tier 1 customers (August 27, 2009 conference call);

- OVTI's "strengthened positioning" with "Tier 1 accounts driving the smartphone category" and OVTI "gaining share with multiple Tier 1 wins" (September 24, 2009 shareholders meeting);

- OVTI's "notable design wins, including the Apple iPhone 3GS" (JP Morgan October 30, 2009 ALERT based on the interview of CFO Chan);

- OVTI being "well positioned," "never been more recognized in the market place" due, in part to its "Increasing penetration of the Tier 1 consumer product first," with "strong growth in the smart phone category" securing high profile customer smartphone devices";"winning key customers "ideally positioned for the major transition to high definition sensors" (November 30, 2009 conference call);
Case5:11-cv-05235-RMW Document105 Filed04/23/12 Page22 of 100

1. OVTI's "new BSI-2 pixel architecture" (which the company announced in a press release of February 8, 2010) achieved a "new technological milestone," that has "further extended our leadership in pixel technology development," (February 25, 2010 company press release);

2. OVTI's BSI-2 was "at the forefront of the development of this technology, well ahead of our competition." (February 25, 2010 conference call);

3. OVTI continues "to deliver highly differentiated solutions that meet and exceed the needs of our strategic customers and partners, who are industry leaders," (conference call on February 25, 2010);

4. Convinced by managements' representations regarding OVTI's technological strength and competitive position, securities analyst firm Oppenheimer, in a "Company Update" of March 26, 2010 entitled "Still the Smart Smartphone Play: Raising Price Target," informed investors that "during 2009, an excellent 3MP sensor design allowed OVTI to gain significant share at leading smart phone accounts, including Apple... an even more differentiated crop of 5MP and 8MP BSI sensors will allow OVTI to build on this success over the coming year," adding that while "Sony has also achieved success in BSI," it is "primarily focusing its efforts on bringing the technology to DSC and video cameras" and that "OVTI's other major competitors... appear to be at least a year behind in the technology curve."

5. Following a call with defendant CFO Anson Chan, JP Morgan, serving as a conduit to investors regarding OVTI's success with the 2010 Apple iPhone, conveyed the following in an "ALERT" issued on April 6, 2010:

"The CFO remains constructive regarding the firm's prospects in the second half of CY10, citing design wins that were awarded to OVTI in late CY09. We believe the firm is well positioned for the next-generation Apple iPhone...."

6. As defendants' prior statements had conveyed, and the market understood, OVTI had captured a dominant indeed exclusive image sensor design slot in the 2010 Apple iPhone 4 just as it had for the 2009 Apple iPhone 3GS, creating considerable market enthusiasm for OVTI's positioning in the burgeoning smart phone category of the mobile phone device market. In June 2010, Chipworks conducted a tear-down of the 2010 iPhone 4, and
confirmed what investors had previously been led to believe that it contained OVTI's image sensor based on its BSI architecture.

D. Sony Dislodges OVTI from its Exclusive, Dominant Position and Incumbency Regarding the Apple iPhone

57. But earlier in 2010 and certainly by May 2010 the very positive and highly advantageous competitive positioning OmniVision had enjoyed as the exclusive and dominant image sensor provider for Apple's smartphone devices adversely and radically changed. Sony had committed to capturing a lead position respecting the supply of image sensors and had targeted, among others, the high profile Apple smartphone product segment. Sony not OmniVision was earmarked by Apple to be its dominant supplier of 8 MPx camera image sensors for the next generation 2011 Apple iPhone offering originally anticipated for launch in June 2011. Sony succeeded in dislodging OVTI from its coveted, exclusive and dominant Apple smartphone design slot as a result of its serious initiative, known within OVTI's ranks in early 2010, sending a Senior Vice President ("SVP") from Japan and that SVP's entire family to live in Cupertino, California, to spearhead a specifically dedicated unit of Sony engineers to successfully deliver the image sensor component supply business for the new Apple smartphone failing which the SVP and that entire Sony team would be terminated.

58. Internal knowledge within OVTI of the Sony incursion is confirmed by Confidential Witness # 1, ("CW 1"). CW 1 is a former OVTI MIS/Global MIS Director that reported to the Company's COO and managed a range of IT/IS architectures, including Finance, Accounting, Global Operations and importantly sub-contractor manufacturing in China and Taiwan, including supply planning. CW 1 was the Company's Global MIS Director from 2005 until the end of May 2010. CW 1's role involved "control" of the entire Company's information system, including ERP and CRM applications. CW 1 effectively operated as OVTI's "underground CIA" given the role encompassed by the job title, coupled with CW 1's degree in computer science and molecular engineering, enabling CW 1 to become knowledgeable about a range of issues across the Company. CW 1 was required to deal with multiple business units throughout OVTI, exposing CW 1 to information on numerous matters. According to CW 1, OmniVision learned about this Sony incursion as noted above in early 2010.
59. Sony's effort to dislodge OVTI from its exclusive, dominant image sensor supply position with Apple and capture Apple's next generation, 2011 Apple iPhone was successful. An April 13, 2010 analyst report rendered by Rodman & Renshaw covering Apple entitled, "Pie Ripening Towards Apple," and reviewing in part Apple's iPhone growth as the "primary driver" of Apple's earnings noted, in two brief sentences buried in the 20 page report initiating coverage, "our handset supply chain checks also reveal that OmniVision...has lost the 8 MP camera design at Apple (a 15-20% customer) to Sony If Sony were to price 8MP aggressively to migrate it to mass market price points, it will likely have a material impact on C11 results for OmniVision." This comment was not viewed by the market as reliable at that time and the many positive statements and representations by OVTI defendants, which were viewed as reliable, were sufficiently intense enough to overtake Rodman & Renshaw's brief note. Indeed, the reliability of the Rodman & Renshaw research note squib was questioned by a MacRumors article of April 13, 2010 entitled "2011 iPhone to sport 8-megapixel camera sensor from Sony." Commenting that "a research note from analyst Ashok Kumar claiming that Apple has picked Sony's 8 megapixel camera chip for the 2011 iPhone," MacRumors decided not to post the information on its front page.

60. The fact that this adverse information, embedded in a 20 page report on Apple and confirming that OVTI had lost the 8 megapixel image sensor component supply position for the new Apple iPhone design to Sony, did not credibly impact the market and was overcome by defendants' conditioning of the investment community, is evidenced, among other things, by the fact that OVTI's stock price actually increased from $18.02 per share at the close of trading on April 13, 2010 to a close of $18.75 per share on April 14, 2010. By April 23, 2010, OVTI's stock price closed at $19.34 per share. OVTI's stock price would have collapsed significantly had the market believed the Rodman & Renshaw report of April 13, 2010 in the face of the Company's many prior statements and its technological and competitive lead, as demonstrated by its acknowledged exclusive supply role with Apple.

61. Nonetheless, the Rodman & Renshaw report was, and ultimately proved to be, accurate. In addition, the timing of the April 13, 2010 report vis-à-vis the design cycle is consistent with the approximate period when Apple would have decided to develop a supplier of image sensors for a new iPhone expected to launch in June 2011, as more fully discussed below.
in ¶ 209-222 entitled "Apple iPhone Design to Launch Cycle" and the opinions expressed by
Expert A, a non-testifying consultant with a formidable relevant background and expertise.

62. Apple was a major, continuing focus of OmniVision. It was such an important
customer that OmniVision held weekly meetings discussing its business with its market leading,
iconic, highly visible premium Tier 1 customer. In a meeting among managers in May 2010,
the considerable problem occasioned by Sony was discussed. According to CW 1, who was in
attendance, OmniVision managers discussed at that meeting their belief that Sony could
mobilize its supply chain to meet Apple's production requirements for the 2011 iPhone. CW 1
was quite concerned that Sony could deliver in accordance with Apple's requirements.

63. Sony's success in displacing OmniVision's exclusive and dominant image sensor
supply position for the Apple iPhone presented a devastating blow that placed OmniVision in a
disadvantageous position vis-à-vis its competitor rather than the considerably advantageous
lead and position it represented with its BSI technology as being a "differentiator."

E. OVTI's Public Statements Prevent the April 13, 2010 Rodman & Renshaw
Report Re Sony from Credibly Impacting the Market

64. Analyst and market perception of OmniVision's competitive strength and
position with Apple remained strong, bolstered by a series of positive statements by the
defendants that overcame the April 13, 2010 Rodman & Renshaw comment that Sony had
captured the 2011 next generation Apple iPhone image sensor business from OmniVision, and
extinguishing its ability to credibly impact the market.

65. In OVTI's earnings conference call of May 27, 2010, defendants barraged the
market with positive statement after positive statement, proclaiming "[w]ith the introduction of
OmniBSI-2, we continue to advance technological boundaries of BSI at a time when our
competition remains focused on the development on their first generation BSI pixel
designs; "'we are pleased with the continued market share gain of our 5 and 8 megapixel
devices in the mobile phone markets;' "we continue to roll up new socket design wins
worldwide,"' and gain market share,"; "we've extended this leadership position into our
second generation OmniBSI-2 pixel architecture, which we are broadly investing for design
resources for next generation solutions;"; "[w]e remain confident in the competitive
differentiations for our flagship OmniBSI coupled with the introduction of our
milestone technology, OmniBSI-2, our second generation BSI technology while our
competition is still experimenting with their first® we are uniquely positioned;" (May 26, 2010 Conference Call).

66. When asked in the Company's May 27, 2010 conference call "How far is your competitive lead now above your competitors in terms of ranking, when they're going to be catching up to you, if at all," the investment community was informed, "we have a pretty substantial lead in that development." When an analyst followed up on that call with the question "[s]o when you look in the competition though, how far does that lead stay ahead? Is anyone catching you? Or are you just going to continue to dominate the field in this area," the market was informed that "based on our sampling window to strong leadership position, we think we're in a pretty good shape," and were further informed with respect to BSI-2 architectures "design cycles for our customers take six to twelve months" so the BSI-2 technology "will be more targeted for a 2011 type ramp in realistic volumes we don't see any challenges whatsoever in ramping our 300 millimeter technology to our customers."

67. On May 27, 2010 based on the very positive picture of the Company's business strength and position portrayed in its press release, conference call presentations and responses to questions Oppenheimer analysts noted in a "Company Update" that "the underlying drivers behind OVTI's strong performance seem pretty darn durable. It's key smart phone customers continue to gain share and grow volumes... on higher quality sensors and more and even former devices" a clear reference to Apple and "its competitors continue to lag behind in the development of the core BSI technology, needed to effectively compete for the addressable market," adding:

It sounds trite, but OmniVision appears to genuinely have the right products, at the right time, with the right partners.

68. Comments on June 7, 2010, by Oppenheimer analysts in a Company Update respecting OmniVision further illustrate the positive market perception of OmniVision's strong competitive position and exclusive success with Apple's smart phones, noting that "OmniVision is gaining share more than we realized and putting ever more room between itself and its competitors." Oppenheimer's analysts noted "it is difficult to overstate the advantage OVTI is enjoying as a result of its leadership in Backside Illumination Technology (BSI) technology," while further noting based on conversations with OmniVision's channel partners and...
69. Meanwhile, Apple's commanding leadership role in the smartphone segment of the mobile phone product space was further fueled by the success of its newly introduced iPhone 4. As IT Hardware specialist Moskowitz of JP Morgan reported on June 18, 2010, "the first 24 hours of the iPhone 4 pre-order activity" foreshadowed "another big growth story in the making." The new device was set to ship in five countries on June 24, 2010. Apple announced that 600,000 pre-orders were made on one day and that its wireless carrier AT&T had ceased pre-order sales due to demand exceeding supply, implying seven orders per second.

70. Nearing the advent of the Class Period, it appeared from outward signs that OVTI successfully bounced back from the adverse macroeconomic effects of the global economic crisis of 2008, with its stock price reaching as high as $25.50 at the close of trading on July 26, 2010. OVTI appeared to the market to be firing on all cylinders with respect to its competitive position, technological leadership, continuing market share gains, execution and importantly, image product acceptance and key design wins with Tier 1 customers particularly and most critically important, smartphone market leader Apple.

71. Through OVTI's numerous positive statements in earnings conference calls and one-on-one discussions with analysts the investment community had been conditioned to accept and believe that:

- OVTI was successful in securing its coveted supply position regarding Apple's high-profile smart phones because OVTI was the technological leader regarding CMOS image sensor product with quality offerings;
- OVTI's new next-generation BSI-2 architecture, placed it well ahead of the product development curve vis-à-vis its competition;
- OVTI's technological lead was a significant "differentiator" that, given the long period of time it would take for its competition to ultimately catch-up, created a large gap and competitive advantage for the Company that would be difficult to narrow;
- As a consequence, OVTI was and remained Apple's exclusive and dominant image sensor supplier regarding Apple's iPhone products, among others, foreshadowing a strong demand curve; and
• OVTI was enjoying momentum and gaining market share among premium Tier 1 customers which included Apple, with whom OVTI was experiencing continuing success.

72. However, as of August 26, 2010, OVTI's much heralded foundation for success and its position of exclusivity and dominance with Apple had crumbled as adverse events had already occurred and taken root. Already well into the extensive design cycle prior to the anticipated June 2011 launch of the next generation 2011 Apple iPhone, OmniVision now found itself in a highly disadvantageous competitive and business position and landscape. Sony had captured a design win for 8 MPx image sensors for the 2011 Apple iPhone, displacing OVTI's incumbent, exclusive and dominant position. Not only had OmniVision lost exclusivity and dominance with its most important and iconic brand name, premium Tier 1 client Apple, it was now left to gambling that Sony would stumble and lose its design win and that OVTI would somehow swoop in with timely and sustainable production yields of new BSI-2 product sufficient to satisfy Apple's requirements which itself was questionable since OVTI had never previously mass produced 8 MPx BSI-2 image sensors. Failing a major Sony stumble, OVTI was in a position where, at best, it would only be a non-primary dual source supplier and only if OVTI could timely perform.

73. Instead of disclosing the true picture of OVTI's business status and condition, and particularly with respect to the loss of its exclusive and dominant image sensor supply role vis-à-vis Apple, defendants peppered the market with a steady stream of positive statements concealing the adverse truth, thereby buoying, distorting and artificially inflating OmniVision's stock price.

74. To that end, the defendants' statements in press releases, conferences calls and in one-on-one discussions with market analysts deceived investors to believe that OVTI was well positioned with a wide technological and competitive lead remaining over the competition and thus had secured and maintained the exclusive, dominant image sensor design slot in the next generation 2011 Apple iPhone. As before, defendants navigated the Catch-22 presented by Apple's insistence on confidentiality versus the federal securities laws requirements for complete transparency when speaking to the market, deploying a stratagem of buzz phrases and code words, as done previously, thereby inducing market belief that OVTI's exclusive position
supplying its image sensors to Apple was intact due to its technological lead—a competitive "differentiator"—and that OVTI was uniquely and well positioned in that regard.

FALSE, DECEPTIVE AND MISLEADING STATEMENTS AND MATERIAL OMISSIONS DURING THE CLASS PERIOD

The August 2010 Statements

75. After the market closed on August 26, 2010, OmniVision reported its results for the fiscal first quarter of 2011. In a follow-on conference call with analysts on August 26, 2011, in which defendants Hong, Chan and Cisneros participated, numerous statements and representations were disseminated to the market painting a very positive picture of OVTI's business status and competitive position. CEO Hong proclaimed:

"With the advancement of BSI-2, the second generation OmniBSI pixel, we have further expanded our leadership in pixel technology well ahead of our competitors. The second generation BSI architecture represents a major milestone in digital imaging technology in an aggressive form factor."

* * *

CEO Hong also reassured investors regarding OVTI's customer relationships, demand, and OVTI's positioning stating:

...We remain confident in the customer demand we have seen for our flagship OmniBSI, CameraCube and OmniPixel products. This confidence is underscored by the introduction of our milestones technology, OmniBSI-2.

We believe that we are uniquely positioned to capitalize on the growth and expansion opportunities presented by the image sensor markets with our technology, fiscal strength and longstanding history of delivering on our goals and commitments...

76. Defendant Cisneros fueled the assurance of OVTI's large competitive advantage and positioning with high-profile, important customer Apple smart phones, proclaiming:

We are comfortable with our assessment that no other competitor is likely to approach our current level BSI production capabilities within the short-term.

* * *
Our BSI products are proven to be a key differentiator that has enabled
OmniVision to secure a range of high value customers and projects ... our
proprietary BSI technology will continue to be a decisive factor in securing
further design wins during the next several quarters resulting in an
increasingly prominent position within our vertical target markets.

* * *

Defendant Cisneros reiterated OVTI's competitive lead and assured the market that it would be
quite difficult for its rivals to catch up with OVTI stating:

...our BSI position backing into some high value projects, high value
customers, represents a significant market share gain. In regards to
technology of BSI, obviously to ship the quantities that we are shipping
today, it's a long learning curve. We regard that as extremely a big advantage
to OmniVision, and our competitors will probably face that step when they get
to it. And it's not easy to ship the volumes we have.

* * *

our BSI product position has given OmniVision a very advantageous
position. But all I can say is we are happy with our products, we are happy
with our position with customers...we have a very, very strong market
position with our technologies and products.

Defendant Cisneros followed up with the assurance that with respect to BSI, the Company was
"getting strong feedback from our customer base that it is a differentiator."

77. Illustrating the impression conveyed by defendants' statements to the market,
analysts reporting on OVTI relayed: "a slew of 8MP BSI wins in Tier 1 smartphones" (Oppenheimer, 8/27/10); OVTI was "in the sweet spot" of the image sensor market with its BSI technology being "a clear differentiator creating a barrier to entry for the competition...particularly smartphones;" OVTI "maintains significant technology lead in BSI," citing "confidence OVTI will maintain its sole source position in Apple's next gen products," (Wedbush, 8/27/10), and "OVTI is experiencing strong momentum in the high-MPx products and in recent design win activity," (JP Morgan, 8/27/10).

78. The defendants' August 26, 2010 conference call statements deceptively assured and comforted the market that its exclusive, dominant image sensor supply position with respect to the Apple iPhone was maintained with Apple's next generation 2011 iPhone and was secure in that positioning because OVTI had a significant technological lead over its competition,
creating a barrier to their entry into the smartphone market. The true facts, which were known
to and/or recklessly disregarded by defendants but concealed from the investing public, were as
follows:

a. OmniVision had lost its exclusive and dominant image sensor supply
position with respect to the Apple 2011 iPhone;

b. Sony had already dislodged OVTI from the exclusive dominant "sole
source" position it had enjoyed with respect to new Apple iPhone
product;

c. OVTI had not achieved important design cycle milestones as of August
26, 2010 necessary to secure an exclusive or dominant 2011 iPhone
supply position with Apple;

d. Sony's success with Apple, as noted above, had already significantly
eroded OVTI's proclaimed large competitive lead over that formidable
smartphone competitor;

e. OVTI, though having announced next generation BSI-2 technology in
February 2010, had not developed an 8MPx image sensor for inclusion
in the new 2011 iPhone to Apple's satisfaction and thus had not yet
achieved this important milestone;

f. Given the foregoing, there was no reasonable basis to lead the market to
believe that OVTI maintained or secured a sole or even dominant image
sensor supply position with regard to the 2011 Apple iPhone, or that
OVTI possessed a competitive lead over Sony.

The September 2010 Statements

79. The market remained deceived by subsequent one-on-one conversations OVTI
management conducted with analysts, as further illustrated by the comments of analyst firms
such as JP Morgan and Wedbush Securities, Inc., that followed and reported on the Company
and served as a conduit for management's dissemination of false and deceptive information to
the investment community. For example, on September 16, 2010, analyst Betsy Van Hees of
Wedbush favorably reported on OmniVision after a "Management Access Call" with CFO
Chan. In a report entitled "Management Access Call Bolsters Our Confidence in Strength of
Product Cycle Story & Competitive Positioning," analyst Van Hees stated in pertinent part as
follows:
We came away with a higher level of confidence that OmniVision Technologies (OVTI) (1) maintains a very strong technology leadership position with backside illumination (BSI), (2) is well positioned to benefit from product cycle ramps of smartphones, tablets, and portable media players (PMPs) and (3) likely has further leverage in the model following our Management Access Call (MAC) yesterday with CFO & VP of Finance, Anson Chan.

Noting OVTTI's "very strong competitive advantage," and that its "leadership position in BSI technology for mobile handsets" was "intact," analyst Van Hees reported on OVTTI's position with respect to the 2011 iPhone stating:

Management believes its 8MP BSI is the only sensor shipping in mass production to the mobile handset market with Sony's 8MP BSI sensor developed for DSCs being the closest competitor. OVTTI indicated this sensor would likely be difficult to convert for use in camera phones due to rigorous handset design requirements for low noise, heat and size. Given the year long design cycle for smartphones, lack of 8MP BSI competition and OVTTI's proven track record, we have increased confidence in our prior industry checks that indicate OVTTI likely maintains its sole source position in the next gen iPhone.

80. On September 28, 2010, analysts from JP Morgan met with CFO Chan at OVTTI's headquarters. As stated in a follow-on report issued by JP Morgan on September 29, 2010, entitled "Meeting with the Management ALERT" and based on the discussions with CFO Chan thus serving as a conduit to the market with regards to CFO Chan's statements OVTTI was continuing to see "market share gains and improving margins", with "Samsung as the main competitor," while holding "more than 50% share of the smartphone market which is where the highest resolution sensors are shipping," noting that "highest resolution sensors come with the highest ASPs and potentially margins." JP Morgan's "overall takeaway" with CFO Chan was "positive" and that OVTTI's "competitive landscape remains benign." As such, the report helped disseminate management's message that OVTTI had the 2011 Apple iPhone, not a competitor.

81. Defendants' September 2010 statements were false, deceptive and misleading, and particularly so given their concealment of material adverse information. In truth, OVTTI's competitive landscape was far from benign. Sony had achieved a significant foothold with respect to selection as a supplier of 8MPx image sensors for Apple's 2011 next generation iPhone. Rather than holding a large competitive lead over its rivals securing its maintaining its
exclusive and dominant role as Apple's iPhone image sensor supplier, OVTI had already lost its exclusive and dominant perch regarding the Apple iPhone, had not yet achieved 8 MPx development that was acceptable to Apple for inclusion in the 2011 iPhone and had not yet achieved acceptable yields. Defendants were aware of OVTI's adverse position, contrary to the picture being painted to the investment community, as more fully discussed below in the section entitled Allegations Supporting Sciener, ¶ 181-226 and especially given the typical design cycle milestones.

82. Meanwhile, and as reflected in a October 19, 2010 report by IT Hardware analyst Mark Moskowitz of JP Morgan, Apple reported 14.1 million iPhone unit shipments in the quarter ending September 30, 2010, representing 91% year over year growth compared to a prior estimate of 11 million units and a street consensus of 11.3 million units. Referring to "iPhone momentum" as being "gigantic," JP Morgan analyst Moskowitz further added that "iPhone momentum is likely just getting started given Apple was still supply constrained in the quarter."

The November 2010 Statements

83. On November 9, 2010, OVTI announced that it launched its new "feature rich 8 megapixel" CMOS image sensor "designed specifically to meet the demands of the rapidly growing smart phone markets," using its BSI technology, a "highly attractive product" that was "available for sampling now and is expected to enter mass production in March 2011."

84. On November 29, 2010 Wedbush Securities, reflecting the market, commented that "near term," OVTI "remains in the sweet spot of the image sensor market" and noted its "technology leadership position in BSI is a compelling differentiator driving a barrier to entry for the competitive landscape particularly smartphones."

85. After the market closed on November 30, 2010, OmniVision reported its financial results for its second fiscal quarter of 2011 ending October 31, 2010. During the follow-on conference call with the analyst community on November 30, 2010, CEO Hong never disclosed Sony's intrusion on OVTI's image sensor supply exclusivity and dominance with Apple. Instead, Hong represented "we are more than a generation ahead of most competitors." VP Cisneros assured investors of OVTI's "strong position in the smart phone segment." VP Cisneros added a clear assurance that all was well with key customer Apple
stating "we are poised to deliver next generation products based on this technology and we are actively engaged in early products with key customers."

86. On that same conference call with analysts, VP Cisneros added "we're extremely happy how Omni BSI has been adopted in the marketplace by all Tier 1 Customers in all segments. That positions OmniVision...very, very strongly and very, very favorably in the marketplace into spaces we play in." When analyst Coster of JP Morgan asked management to "elaborate on the BSI-2 ramp," asking "when does it start? How long will it take to sort of pretty decent yields?" VP Cisneros, seemingly protective of revealing too much which itself served as a confirmation that OVTI's BSI-2 image sensor was being incorporated into Apple's next generation iPhone comforted the market stating:

You know we're going to refrain from breaking out too much detail in regards to our specific plans around BSI-2. ... we are extremely, extremely pleased with the engineering progress that has transpired with this platform. We are extremely pleased with the product developments that are directly taking place today and we're very, very pleased with our engagements with Tier 1 leading customers to adopt Omni BSI-2. All that being said we're lining up for some time within the next calendar year to start ramping up production and ramping up initial projects with customers. I would say sometime in the early, the latter half of the Q2, Q3 timeframe calendar year next year would be the ramp of some of these activities.

87. CFO Chan added "the ramp up period is likely going to be latter part of fiscal Q1, Q2," a time period corresponding to late June/early July 2011 to October 31, 2011. Investors were further comforted by CFO Chan's representations of OVTI's "leading edge technology" giving it "a very advantageous position to win high profile designs," Cisneros adding that it's "bringing in the right customers, the right market segments and ever growing new market segments" all statements comforting the investment community that OVTI was the 2011 Apple iPhone exclusive image sensor supplier and that OVTI's competition was benign.

88. On November 30, 2010, and based on defendants' statements and portrayals of OVTI's business picture on the conference call, Oppenheimer analysts related "increasingly convincing indications that [OVTI is] comfortably sitting astride one of the biggest trends in consumer electronics" with its product, "a differentiator," providing OVTI "a considerable, sustainable advantage," and "limited competition." On December 1, 2010, Morgan-Keegan reported based on the conference call, OVTI's 'strength' from 'increased traction for BSI
products in smart phones." On that same day, based on the OVTI conference call, JP Morgan analyst Coster conveyed market understanding that "the momentum story continues; OVTI seems well positioned to drive growth for another year," citing "ramping shipments to Apple" that would mute historic seasonality, with "BSI-2 ramping in volume in mid/late CY11," and that "recent MPx design wins have yielded better visibility."

89. The defendants' November 9, 2010 press release and November 30, 2010 conference call statements deceptively assured and comforted the market that its exclusive, dominant image sensor supply position with respect to the Apple iPhone was maintained with Apple's next generation 2011 iPhone given its strong position created by OVTI's significant technological lead over its competition, by more than a generation. In truth, and as defendants knew and/or recklessly disregarded, Sony had dislodged OVTI from its exclusive, dominant "sole source" position regarding the Apple iPhone and had thereby closed the competitive gap, with important milestones having passed OVTI by. Given the foregoing, there was no reasonable basis for defendants to lead the market to believe that OVTI maintained or secured a sole or even dominant image sensor supply position with regard to the 2011 Apple iPhone, or that OVTI possessed a competitive lead over Sony. Indeed, OVTI had not yet developed an 8MPx architected CMOS sensor acceptable to Apple for inclusion in the 2011 iPhone, or that it could mass produce in sufficient yields to Apple's requirements.

90. Meanwhile, in December 2010, Sony purchased a manufacturing facility in Taiwan from Toshiba. The purchase expanded Sony's capacity for the manufacture of CMOS sensors.

The January 2011 Statements

91. When in late December 2010 and early January 2011 rumors that competitor Sony was planning to add significant CMOS image sensor capacity over the next 15 months provided defendants yet another opportunity to disclose the whole truth when they spoke to investors, they elected to squelch investor concerns, aided by the saturating impact of their prior statements comforting investors and their additional representations.

92. On January 5, 2011, and reflecting the false impression and belief given to the market by defendants' prior statements and concealments, OTC Equity brushed off the Sony capacity build, noting, OVTI's professed "significant technological advantage over its competitors" arising from OVTI's "back-side illumination (BSI) camera chips" a familiar
OVTI refrain "a technology that Sony and others abandoned due to problems manufacturing the chips in a cost-effective manner." OTC Equity added "as it stands, OVTI looks to be in a great position heading forward" noting that given OVTI's "favorable standing," OVTI has "left Sony...playing catch up," and with "strong relationships with companies like Apple the future of OmniVision looks positive."

93. OVTI management also went to work on overtaking and effectively squelching any "rumors" about Sony by meeting with Oppenheimer analysts, who became a conduit for defendants' continuing deception of the market, via a report dated January 10, 2011. Oppenheimer, obligated by reason of the Apple confidentiality to take caution that OVTI was not able to comment on its status at any specific OEMs, passed on information based on its meeting with "OVTI management" that "the vast majority of design decisions for calendar year 2011 smart phone models have been made" and conveyed from the meeting with "management" that "the biggest challenge this year will be smoothly executing the manufacturing transition to BSI-2 rather than maintaining share" which constituted and confirmed OVTI's unqualified representation and assurance that it was the image sensor supplier for Apple's next generation 2011 iPhone offering due in the Summer 2011.

94. The defendants' early January 2011 representations to the market, via Oppenheimer analysts, that OVTI's biggest challenge for 2011 was execution of the manufacturing process, amid conveying that the vast majority of the 2011 smartphone design decisions were already made and hence, OVTI's no longer needed to be concerned with "maintaining share," falsely represented to and induced the market to believe that its exclusive, dominant image sensor supply position with respect to the Apple iPhone was maintained with Apple's next generation 2011 iPhone and was secure in that positioning. The truth, known to or recklessly disregarded by the defendants was quite to the contrary, as previously alleged above in paragraphs 78, 81, and 89.

The February 2011 Statements

95. On February 15, 2011, OVTI introduced its 8MPx image sensor based on its second generation BSI-2 architecture, delivering a "low power" camera solution for "next generation smart phones." OVTI stated that its 8MPx image sensor the OV8830 was "highly suitable for feature rich smart phones" a clear linkage to Apple's 2011 iPhone offering that did not violate Apple's insistence on maintaining confidentiality. OVTI also disclosed that
its new architecture was built on "300 mm wafers using a copper process with 65nm design rules". This new process and design rules enable a number of substantial improvements over OmniBSI technology's already impressive performance," setting a "new performance standard" with "best-in-class sensitivity and image quality." Ready for sampling at that time, OV 8830's mass production was expected to commence "in the second half of 2011."

96. The market still remained deceived regarding OVTI's purported design win and status as the exclusive supplier of the image sensors for Apple's 2011 next generation iPhone, as illustrated by a Wedbush Securities report to the investment community on February 23, 2011, observing "OVTI benefitted from the ramp of smartphones at Tier 1 OEM and steady demand trends for feature phones," adding that "OVTI's recent press release announcing the sampling of BSI-2 supports our recent round of industry checks that suggest OVTI's technology lead and position as the likely incumbent supplier to the iPhone 5 remain unchanged." The iPhone 5 was later dubbed the iPhone 4S.

97. OmniVision's February 15, 2011 press release was deceptive and misleading. At the same time OVTI was conveying to the market continued technological strength and, per force, a technological lead that enabled it to maintain its coveted, exclusive image sensor supply position in the Apple iPhone due to be launched in June or Summer 2011, defendants concealed the fact that Sony had already dislodged OVTI and that it was OVTI that was now trying to keep pace with or overtake Sony. OVTI's press release concealed from the investment community that OVTI had not secured an 8 MPx sensor exclusive or even dominant supply win for the 2011 Apple iPhone 4S and that the introduction of its so-called 8 MPx BSI-2 architected OV8830 was the product of that failure. But the OV8830 was, itself, a technological problem as defendants would be ultimately forced to concede on November 7, 2011, revealing that it had only been produced in limited yields and was not ready for mass production. Though only admitting to "minor" flaws with OV8830 when speaking to the market on August 25, 2011, in truth, OV8830 was a failure that was ultimately succeeded by a new 8 MPx "BSI+" image sensor in January, 2012.

98. On the Company's February 24, 2011 conference call with analysts, VP Cisneros reassured investors that OVTI was not vulnerable to the competition, stating "we feel very, very comfortable in the marketplace in whatever competitive landscape we come across." CEO Hong assured investors that "in calendar 2011, we anticipate that our 8 megapixel sensor
will be another strong product supporting smart phones," and that "we remain on schedule, as we execute the planned transition from sample volume to mass production of the OV8830 in the second half of calendar 2011." VP Cisneros buttressed market belief that OVTI won the Apple 2011 iPhone business proclaiming "8 megapixel Li based on our BSI-2 pixel architecture, is targeted for mass production in the late summer season. We have positioned this product for a variety of key markets, including the smart phone Li adding "key customers are working with us for their critical ramp-up plans, and we are planning for significant production volumes Li in summary, we are in a very strong position to continue growing our business Li Buzz words such as "mass production in the late summer season," "key markets," "key customers working with us," "significant production volumes" and "very strong position" enabling OVTI to "continue growing our business" without disclosing the truth as alleged above, conveyed a false and deceptive representation and impression that OVTI was slated as Apple's incumbent, exclusive D certainly dominant D image sensor supplier for its high-profile new 2011 smart phone Li failing which OVTI could not "continue growing" its business.

99. These comforts and assurances by the defendants bolstered a favorable market perception and reaction, as illustrated in a February 24, 2011 Oppenheimer report disseminated right after the conference call noting that OVTI was "uniquely positioned D in term of technology and capacity D to meet this demand," conveying OVTI's "degree of confidence about FY 12" (for OVTI the period of May 1, 2011 through April 30, 2012), seeing "an extremely strong pipeline of design wins and a stepwise C2H11 transition among key smart phone customers from 5MP BSI 1 to 8MP BSI 2 sensors." Importantly, based on the conference call, Oppenheimer's follow-on February 24, 2011 report to the investment community conveyed that "recent notice about potential share loss and heightened competitive pressure appears to be blather," adding "OmniVision D remains confident in its ability to successfully ramp up its second generation 8MP BSI product on time in the late summer season" and "OmniVision did mention it has secured major design wins with its BSI 2 and expects it to grow significantly in 2H11" D yet more telegraphing to the investment community, without overtly violating its covenant with Apple respecting confidentiality, that OVTI maintained its lofty perch as Apple's incumbent image sensor supplier for its next generation 2011 iPhone, the loss of which would be a devastating blow to OVTI.
100. A Wedbush Securities report of February 25, 2011 echoed the same theme stating, based on defendants' conference call statements that, "while controversy has swirled around design win activity and yields" management indicated the Company had secured "major" design wins for its 8MPx BSI-2 with production ramp on track to meet schedules for "key customers" also clearly understood to confirm OVTI's incumbent, exclusive position in Apple's 2011 iPhone.

101. The defendants' February 24, 2011 conference call statements falsely and deceptively assured and comforted the market that OVTI's exclusive, dominant image sensor supply position with respect to the Apple iPhone was maintained with Apple's next generation 2011 iPhone and that it was secure in that positioning, without share loss. As before, and with design cycle milestones continuing to pass by, such representations and assurances concealed from investors the fact that Sony had dislodged OVTI's exclusivity and dominance with respect to Apple iPhone image sensor supply. OVTI had lost that coveted position to Sony and was still struggling to design and develop an 8 MPx image sensor acceptable to Apple that it could produce in sufficient yields to satisfy Apple's demand requirements.

102. Defendants February 24, 2011 statements and market deception buoyed and artificially inflated OVTI's stock price. Continuing to trade at artificially inflated levels since the advent of the Class Period caused by Defendants ongoing market distortion, OVTI stock climbed from a close of 23.85 on February 24, 2011 to close at $31.43 a share on February 25, 2011, a 31% increase in one day, on unusually high trading volume of 15,457,000 shares, signifying the fact that the market was further deceived.

The March 2011 Statements

103. Still hiding the truth from investors regarding the fact that OVTI lost its exclusive perch and dominance with the Apple iPhone image sensor supply business as important milestones passed by and remained unachieved, CEO Hong met with JP Morgan analysts on March 7, 2011. Reporting on that meeting the next day, JP Morgan informed investors that OVTI was "positioned to defend market share (28% level achieved in 2009)" respecting the smart phone market. And while only acknowledging "Sony's "potential impact on the market," CEO Hong nevertheless assured that "OVTI maintains a significant lead in terms of cost and features," reminding investors that "the company is a neutral provider of a
product to Tier 1 OEMs, which is not true of Samsung (in particular)." This was telling since Sony was also perceived as an Apple competitor at the time.

104. Defendant CEO's Hong's March 7, 2011 statements deceptively assured and comforted the market that OVTI's exclusive, dominant image sensor supply position with respect to the Apple iPhone was maintained with Apple's its next generation 2011 iPhone and was secure in that positioning owing to significant technological lead over Sony. The true facts, which were known to and/or recklessly disregarded by defendants but concealed from the investing public when they spoke, were as follows:

a) OmniVision had lost its exclusive and dominant image sensor supply position with respect to the Apple 2011 iPhone;

b) Sony had already dislodged OVTI from the exclusive dominant "sole source" position it had enjoyed with respect to new Apple iPhone product;

c) OVTI had not achieved important design cycle milestones as of March 7, 2011, necessary to secure an exclusive or dominant 2011 iPhone supply position with Apple;

d) Sony's success with Apple, as noted above, had already significantly eroded OVTI's proclaimed large competitive lead over that formidable smartphone competitor;

e) Although having announced next generation BSI-2 technology in February 2010, OVTI had not developed and produced for inclusion in the new 2011 iPhone to Apple's satisfaction an 8 MPx image sensor and thus had not yet achieved this important milestone;

f) Given the foregoing, there was no reasonable basis to lead the market to believe that OVTI maintained or secured a sole or even dominant image sensor supply position with regard to the 2011 Apple iPhone or that OVTI possessed a competitive lead over Sony.

105. By the close of trading on March 31, 2011, OVTI stock was trading at artificially inflated prices and climbed to $35.53 a share.

The Sony CEO April Fools' Day Interview Does not Credibility Impact the Market
106. On April 1, 2011 — April Fools' Day — Sony's CEO, Sir Howard Stringer, was interviewed by Walt Mossberg, at which time he spoke about how Sony was impacted by the tsunami/earthquake that had devastated Japan in March 2011. Portions of the interview were later reported on April 2, 2011 by the Wall Street Journal in an article entitled "Jobs Looms Large as Stringer Talks Tech," which stated:

It was Sir Howard Stringer and Walt Mossberg on stage with the shadow of Steve Jobs towering behind them, in a wide-ranging conversation between the Sony chief and the Wall Street Journal tech columnist at Carnegie Hall on Friday.

Stringer referred to Jobs multiple times throughout the event, sponsored by the Journal, on topics from tablets to Star Trek.

Early on, he raised the irony of Sony supplying camera components for Apple devices. It "always puzzles me," he said. "Why would I make Apple the best camera?"

It is unclear what devices he was talking about as Sony isn't known to supply key camera components, known as image sensors, to Apple; a Sony spokeswoman declined to comment and an Apple spokesperson couldn't be reached for comment.

Later, spotting an iPad in the hands of an audience member, he said "be careful it doesn't burn you if you wave it around."

Responding to a question about whether certain science fiction predictions would come true, Stringer said predicting the future is a tricky proposition — alluding to the Star Trek Transporter, a teleportation machine which Stringer said is technically impossible.


107. Sony CEO Stringer's comments, even if implying in jest that Sony would be supplying its camera image sensors for the new Apple iPhone, were not taken seriously and did not credibly reach and impact the market as representing that it was the Apple iPhone image sensor supplier. Although, in fact, it actually was true that Sony had been selected by Apple to supply the image sensor components for Apple's next generation iPhone which would deploy 8MPx components — Stringer's April Fools' Day interview did not disclose the truth and the market continued to be deceived.

108. In a report to the market dated April 4, 2011, entitled "Blado Blogosphere Plays Telephone Game," Oppenheimer commented as follows:
Over the weekend, Apple blogs lit up with news that Sir Howard Stringer, Sony's CEO, hinted Sony would supply the image sensor on the next iPhone. But a closer look at the article that sparked the conjecture suggests Stringer implied just the opposite — i.e. that the notion of such a hook up was rather silly. Based on our independent field work, we continue to strongly believe that OmniVision has won the image sensor slots on the next iPhone.

The report further stated, "Bottom line, contrary to many reports Stringer does not appear to have hinted at an iPhone 5 win. Based on the available information, it appears that the blogosphere has grossly inverted the meaning of Stringer's statement. Based on our channel checks, we continue to believe that OmniVision is Apple's main image supplier and that its sensors will be used on the next iteration of the iPhone this summer."

109. With the so called "Sony rumors" put to bed, and as a consequence of OVTI's prior and continuing steady drumbeat of positive information and comforting assurances painting a rosy, albeit false and deceptive picture, OVTI stock increased from its temporary retreat after April 1, 2011 falling to as low as $30.37 on April 19, 2011, to reach $34.63 per share on April 26, 2011.

The May 2011 Statements

110. Despite the serious adverse events that had already befallen OVTI, its management continued to distort the true picture of its market and competitive position and business with its brand-name, premium Tier 1 customer, Apple. Following the markets' close on May 26, 2011, OmniVision filed a press release announcing results for its fiscal fourth quarter and full year 2011. OmniVision also announced revenue guidance for its fiscal first quarter of 2012 in the range of $265 million to $285 million and EPS excluding the estimated expense and related tax effects associated with stock-based compensation, of between $0.64 and $0.77 per diluted share.

111. The May 26, 2011 company press release quoted CEO Hong as stating: "Underlying OmniVision's success is our ability to deliver high-performance image sensors for Tier-One customers across diverse and growing markets. We anticipate that our continued focus on innovation using our advanced OmniBSI architectures will enable OmniVision to maintain its technological leadership and achieve its financial objectives."

112. In OVTI's follow-on conference call with analysts on May 26, 2011, CEO Hong, effectively continuing to deceive investors that OVTI remained the exclusive image sensor
supplier for the 2011 Apple iPhone 4S, noted OVTI's "success" due to its ability to deliver "high-performance image sensors for Tier-One customers," adding that "advanced OmniBSI-2 architecture will enable" OVTI to "maintain its technological leadership and achieve its financial objectives," citing its "leadership position in the advanced image sensor technology that helps drive all our target markets," with "the right customers" a clear reference to Apple and its high profile 2011 iPhone.

113. VP Cisneros assured investors that OVTI's new 8MPx sensor "is being driven by demand from key customers, primarily in the smartphone market at the onset of the product launch."

114. Reassuring the market regarding OVTI's large competitive gap versus the competition, CEO Hong added "we continue to improve upon our knowledge to maintain our competitive advantage" adding that from design to fabrication, our BSI architecture is a complicated technology that cannot be easily or quickly replicated by new entrants. This places a significant barrier to entry particularly with respect to the high resolution sector business it will be challenging for many new suppliers to catch up while the market remains competitive among the incumbents, this proprietary technology limits access to new competitors." Hong further assured that OV 8830 would begin shipping "in volume" in the second half of CY11.

115. VP Cisneros also fueled the deception that OVTI had secured the 2011 Apple iPhone 4S design slot stating "we continue to set the stage and prepare for mass production of our 8 megapixel based on our OmniBSI-2 the OV 8830 targeted to premier brand name smartphone OEMs scheduled to ramp in the second half of Calendar 2011" a timeframe that was within premium brand name customer Apple's launch of the 2011 iPhone 4S which had recently been delayed to September 2011. VP Cisneros expressed confidence in OVTI's ability to "continue gaining market share," a feat that could not be accomplished without remaining the incumbent, exclusive or at least dominant image sensor supplier for the iPhone 4S.

116. On May 31, 2011, just days after the May 26, 2011 representations and comforting statements, CEO Hong made an unusual sale of stock outside of his 10b-5 trading plan, selling more than 30,000 shares of OVTI stock valued at more than $1 million.
117. The defendants' May 26, 2011 press release and conference call statements
deceptively assured and comforted the market that its exclusive, dominant image sensor supply
position with respect to the Apple iPhone was maintained with Apple's next generation 2011
iPhone and was secure in that positioning, owing to the fact that OVTI had a significant
technological lead over its competition, creating a barrier to entry into the smartphone market
by OVTI's competitors. The true facts, which were known to and/or recklessly disregarded by
defendants but concealed from the investing public when they spoke, were as follows:

a) OmniVision had lost its exclusive and dominant image sensor supply
position with respect to the Apple 2011 iPhone;

b) Sony had already dislodged OVTI from the exclusive dominant "sole
source" position it had enjoyed with respect to new Apple iPhone
product;

c) OVTI had not achieved important design cycle milestones as of May 26,
2011 necessary to secure an exclusive or dominant 2011 iPhone supply
position with Apple;

d) Sony's success with Apple, as noted above, had already significantly
eroded OVTI's proclaimed large competitive lead over that formidable
smartphone competitor;

e) OVTI had not satisfactorily developed and produced the 8MPx BSI-2
image sensor for inclusion in the new 2011 iPhone to Apple's complete
satisfaction and thus had not yet achieved this important milestone;

f) OVTI had no reasonable basis to believe that as of May 26, 2011 that its
supply chain partner TSMC of Taiwan could produce sufficient sample or
mass production yields of its 8 MPx BSI-2 architected OV8830;

g) Given the foregoing, there was no reasonable basis to lead the market to
believe that OVTI maintained or secured a sole or even dominant image
sensor supply position with regard to the 2011 Apple iPhone, or that
OVTI possessed a competitive lead over Sony; and

h) Given that OVTI had not secured an exclusive or dominant supply
position with respect to the highly anticipated 2011 iPhone 4S being
launched by smartphone market share dominant Apple, OVTI was not
"gaining market share" instead it had lost a significant share of that
burgeoning market.
118. As before, defendants' false positive statements and material omissions were perceived favorably by and deceived a market eagerly awaiting Apple's release of its new iPhone, as illustrated by analyst reports:

(a) Oppenheimer concluded in its report of May 26, 2011 entitled, "Strong Momentum iPhone Pushout Not Withstanding" that "while revenue guidance for the July quarter was merely in line, we believe the culprit is the slight (and well advertised) push-out of the iPhone 5... we expect revenue to make a strong comeback in the October quarter" noting "this strong secular story."

(b) JPMorgan reported on May 27, 2011 based on the conference call "BSI-2 has yielded a competitive advantage through the remainder of calendar 2012... OVTI does not believe it is losing market share in the Tier 1 handset market at the aggregate level... OVTI remains well positioned to sell products into Apple's supply chain, both at 5 and 8MPx resolution."

(c) On May 27, 2011, Wedbush Securities issued a report on OVTI entitled "Prints Yet Another Beat & Provides Revenue Outlook In-Line with Seasonality: Reiterate OUTPERFORM & 45 PT," based on management's report to the market the day before, stating "we continue to believe OmniVision's (1) technology lead remains intact with BSI-2... (3) leading market-share position at Apple, across multiple end products, particularly the next gen iPhone remains unchanged."

119. With defendants continuing to conceal OVTI's failure to remain Apple's exclusive or virtually exclusive iPhone image sensor supplier, even as important product cycle milestones passed and with the launch of the iPhone 4S only a few months away, OVTI's stock price remained distorted.

The June 2011 Statements

120. After the market closed, on June 29, 2011, OVTI filed with the SEC its 2011 Annual Report on Form 10-K for OVTI's fiscal year ending April 30, 2011. The Form 10-K, executed by CEO Hong and CFO Chan, contained a certification that "this report does not contain any untrue statement of a material fact or omit a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report."

121. In addition to Sarbanes-Oxley certifications by defendants CEO Hong and CFO Chan, OVTI's 2011 Annual Report filed with the SEC on June 29, 2011, included an upbeat
letter from Hong that made a number of statements positively portraying OVTI's business position and condition, including in pertinent part, as follows:

* * *

Our key objectives in fiscal 2011 were threefold:

- Continue the successful ramp of our OmniBSI™ devices,
- Continue the development and implementation of our OmniBSI-2™ technology, and
- Capitalize on the growth and expansion opportunities presented by the image sensor markets with our advanced proprietary technology.

We believe we have accomplished these goals, and are now resolved to maintain the momentum we have achieved.

* * *

Specifically, our expertise in implementing the OmniBSI technology has positioned OmniVision as a leading component supplier, providing image sensors to a wealth of products, including high-end smart phones, notebooks, webcams, portable multi-media devices and even commercial enterprise applications. Our portfolio of image sensors now extends from VGA up to 14 megapixels, all meeting demanding performance standards.

* * *

While our OmniBSI technology established its leadership position in the market, we continued to develop our second generation technology, OmniBSI-2, which is our first pixel architecture built on 300 mm wafers using a copper process. The new process enables a number of substantial improvements over OmniBSI technology's already impressive performance, including improved pixel layout, better isolation, and significantly reduced crosstalk. OmniBSI-2 technology also incorporates a more advanced pixel and provides us with added flexibility in next-generation sensor designs.

Expanding Markets

* * *

With our competitive lead in advanced image capturing technology, we were able to capitalize on the exponential demand growth in many of our target markets. In the mobile phone market, we believe we have benefited from our
significant share position in smartphones, which is a rapidly growing product category in the overall mobile phone market.

122. The 2011 Report on Form 10-K executed by defendants CEO Hong and CFO Chan covered numerous material subject matters including competition, competitive differentiation, demand, product production and manufacture, yields, timely production and delivery of reliable products in large quantities, product quality, design wins, customer approval process, the mobile phone market and, in boilerplate language, possible associated business risks. But while OVTI spoke on these topics, its 2011 the Form 10-K did not disclose any of the already existing adverse facts, trends and information known to the defendants, as more fully itemized in paragraph 78 above, and concealed the fact that OVTI was not the exclusive supplier for the next generation iPhone 4S, never was, and was not even the primary supplier for the 2011 Apple iPhone 4S, (indeed, never was), and that, in fact, the honor was given to Sony, which had already closed the so-called "competitive gap" with OVTI. Rather than making such necessary adverse disclosures, OVTI's 2011 Report on Form 10-K further comforted investors with the assurance that:

- demand for our products will continue to remain strong for fiscal 2012.

High volume final product testing is a critical element in the production of our image sensors and CameraCube imaging devices. Having this capability is a substantial barrier to entry for potential competitors.

123. The statements and representations continued in OVTI's 2011 Annual Report on Form 10-K, were false, deceptive and misleading for the reasons noted above in paragraphs 104 and 117. And by June 29, 2011, OVTI had passed by every critical milestone in the design cycle without achieving yields necessary to meet Apple production requirements on any level whether as an exclusive, dominant, primary, secondary or back-up image sensor supplier.

124. By the end of June 2011, OVTI had still not succeeded in designing and producing an 8 MPx CMOS sensor that was compatible with the 2011 Apple iPhone 4S and thus had still not achieved even this basic pre-condition to securing the image sensor design slot contract in that high-profile, high-quality smartphone.

125. According to Confidential Witness #2 (CW 2), a Senior Systems Engineer employed at OVTI from April 2011 through July 2011, Apple which was widely known within OVTI as an important customer ran specific factories in China that tested prototype
sensors provided by OmniVision. These factories were run by the "Apple Research Team." CW 2 personally knows, based on CW 2's own personal eyewitness observation, that in June 2011, at around 4pm, a prototype 8 MPx image sensor that OVTI had been trying to get Apple to agree to include as a component in its 2011 iPhone 4S (referred to as iPhone 5 at the time) was returned to OVTI via "rush delivery" from Apple. This prototype was brought to CW 2's cubicle by an OmniVision IT specialist. CW 2 learned that the reason Apple returned the 8 MPx OVTI prototype is because it had "malfunctions" and the image sensor was not compatible and thus, would not work with the new iPhone. According to CW 2, Apple could not select and proceed with an image sensor that malfunctioned and lacked compatibility after testing. OVTI had designed this 8 MPx image sensor in its effort to recapture a position in the 2011 iPhone. Its return occasioned concern within OVTI that it could not rectify the problem in a time frame to enable OVTI to secure the inclusion of its image sensors as a component in the new generation iPhone 4S.

THE WHOLE TRUTH SLOWLY EMERGES OVER TIME

CAUSING OVTI'S STOCK PRICE DECLINE AND INVESTORS' LOSSES

July 2011 Sony Rumor — and Defendants' Continuing False and Deceptive Statements and Market Distortion Until August 25, 2011

126. The imminent introduction of Apple's iPhone 4S (codenamed N94), incorporating 8 megapixel camera image sensors was looked forward to by customers and investors alike with great anticipation. Estimates of initial iPhone 4S (iPhone 5) builds ranged from 6 million to 7 million. OVTI's supplier relationship relative to the next generation iPhone 4S was of critical importance to investors. The loss or failure to maintain OVTI's exclusive position, or at least capture the dominant, primary supply slot for Apple's 2011 iPhone product offering would be viewed as a serious blow. Being displaced by OVTI's competition would be a crushing defeat of the Company. Not surprisingly, the topic received considerable market attention.

127. In early July 2011, a "rumor" began to circulate that OVTI had missed production milestones and had lost its image sensor slot to Sony for the new iPhone, temporarily driving OVTI stock lower. Defendants immediately reassured the market in order to overcome and squelch the "rumor" once it surfaced though it was true. To that end, on the morning of July 6, 2011, after OVTI's stock price slid from $34.67 per share at the close of
trading on July 5, 2011 to as low as $31.20 per share after the market opened on July 6, 2011,

OVTI management, via CFO Chan, conferred with JP Morgan analyst Coster. By report
dated July 6, 2011, analyst Coster relayed CFO Chan's comforting statements reporting:

**Executing to Plan at 8MPx □ ALERT**

OVTI stock is down 4% this morning, so we touched base with management
this morning. Based on the conversation with the CFO, we believe OVTI is
executing to plan, which includes ramping production of 8 MPx sensors on
BSI-2 for tier 1 OEMs, including Apple. We believe the company is on track
for 40%+ y/y revenue growth this quarter and 25% y/y growth in F2Q12. We
rate OVTI Overweight.

- CFO states that wafer orders are being submitted to TSMC,
  according to plan. We believe this implies the firm is ramping volume
  of BSI-2 product, including the 8MPx sensor (OV8830).

- Yields are manageable. The CFO reminded us that the 8MPx BSI-2
  product (OV8830) was made available for sampling in February
  2011, and the company stated that the product will be made available
  in volume in the second half of 2011. It typically takes about 6 months
  to get sensor yields to acceptable levels, but the process of yield
  optimization probably started before the February announcement, in
  our view.

- First take. We believe OVTI remains on track to deliver BSI-2
  product to tier 1 handset OEMs in F2Q12, including Apple.

---

128. OVTI management, via CFO Chan, also spoke with analysts at Craig-Hallum in

a conference call on July 6, 2011, in which CFO Chan provided reassurance and comfort that

"rumors" that OVTI had missed production "milestones" and that Sony, not OVTI, was

supplying the image sensor for the next generation iPhone, were untrue. Based on these

assurances and representations, on July 7, 2011, Craig-Hallum disseminated the following

report to the investment community:

Yesterday, we hosted a conference call with OVTI's CFO Anson Chan. We
came away from the call feeling more confident not only in the Company's
position within the market, but also in the opportunities the Company has in front
of it that will drive growth going forward. The call proved timely given the
rumors (and subsequent stock action) that were circling yesterday. When we
initiated on OVTI earlier this year, we acknowledged the gift and the curse
aspect that goes with being a supplier to Apple: you get the halo effect of
association but also the volatility from the constant wave of rumors.
Yesterday's rumors speculated that OVTI was experiencing yield issues and therefore missed Apple's commercial production deadline for the next-gen iPhone. We don't share this belief. Management reiterated that they still expect a significant ramp in BSI-2 shipments in the second half of CY11. Our checks lead us to believe that the small runs currently being done are going as management expected, and we still look for volume production to begin in late August.

129. OVTI management's effort to overtake, deny and "correct" prior rumors that Sony was given the design win for Apple's next generation iPhone 4S (iPhone 5) also reached the market on July 8, 2011 via a YAHOO! FINANCE report Headlined "OmniVision is not losing any Apple Business, says Detweiler Fenton," stating:

Detweiler has learned from sources within OmniVision (OVTI) that it has not lost any Apple [NasdaqGS: AAPL] business and is the lead supplier of CMOS image sensors for the company.

130. Defendants' confidence was belied by their unusual stock sales during the period of May 31, 2011 through July 5, 2011. During this short window, as discussed in detail in ¶¶ 181-89 below, the Individual Defendants sold more than 230,000 shares of stock with a market value of more than $7.9 million.

131. The defendants' July 6, 2011 statements and assurances comforting the analysts that rumors of loss to Sony or failure to meet Apple's milestones were not accurate indeed OVTI was "on track" were false, deceptively and misleading. The true facts, which were known to and/or recklessly disregarded by defendants but concealed from the investing public when they spoke, were that OmniVision had lost its exclusive and dominant image sensor supply position to Sony with respect to the Apple 2011 iPhone. OVTI had not achieved important production milestones as of August 26, 2010 necessary to secure an exclusive or dominant 2011 iPhone supply position with Apple. Indeed though having announced next generation BSI-2 technology in February 2010, OVTI had not developed the 8MPx BSI-2 image sensor to Apple's sophistication and thus was not prepared to qualify for inclusion in the new 2011 iPhone and thus had not yet achieved this important milestone.

132. Although disclosure of the rumors denied by OVTI had caused its stock price to decline from 34.67 at the close of trading on July 5, 2011 to 22.44 a share by the close of trading on August 8, 2011, OVTI stock continued to trade at artificially inflated prices as a
consequence of the continuing distortion embedded in its stock price produced by defendants' market deception.

133. On August 8, 2011, JP Morgan analyst Coster, who had previously conferred with OVTI management about the Sony "rumor" in early July 2011, and was convinced by that discussion that the "rumor" was untrue and that OVTI had not lost the Apple next generation iPhone socket, conveyed the following further information in an article entitled 'F1Q Preview, Introducing 2013 Estimates, and Why the Bears are Too Early for the Picnic':

- The stock is in the grip of a bear thesis regarding loss of market share at tier 1 OEMs. We think the bear argument premature at best....

- We expect a solid quarter.... We expect a very significant increase in inventory q/q as the company ramps production in advance of the seasonally stronger second half of calendar 2011 and the new Apple iPhone.

- We believe OVTI's growth will be fueled in large part by sales into Apple's supply chain.

- We think bears are too early...When we last touched base with OVTI management (now in quiet period), they confirmed that they are ramping production at TSMC to meet anticipated strong demand in 2H11 from tier 1 OEMs, which we believe includes Apple, and that the BSI-2 8830 is not weighing on yield (see alert, July 5th).

134. As a consequence of defendants' false positive portrayal of its all-important business with Apple's new smartphone and competitive position, and the repetition of those representations by analysts to the market discrediting and overtaking rumors, OVTI stock was buoyed. Its stock price increased from $22.44 a share at the close of trading on August 8, 2011 to $27.23 a share at the close of trading on August 15, 2011, still trading at artificially inflated prices owing to defendants' market distortion.

135. Defendants' continuing deception of the market, overcoming and effectively squelching the Sony rumors, is further demonstrated by a report rendered by Wedbush Securities analyst, Betsy Van Hees, disseminated to the investment community on August 24, 2011, just one day before OVTI was set to announce F1Q12 financial results and hold a conference call. Analyst Van Hees, rating OVTI "OUTPERFORM," emphatically stated, based on the prior representations by defendants:
We believe as a leading supplier to Apple, consumers' steadfast "iLovin" of Apple products should help to offset some of the negative impacts from the challenging macro. We look for OmniVision to report a modest FQ1 beat and provide an outlook largely in-line with Street expectations...

Look for FQ2 (Oct) guidance to be largely in-line with the Street. Although OVTI is not immune to the challenging macro, we think its sole source position in several Apple products, particularly the iPhone 4S, (revision to iPhone 4) set to be launched in Sept., should enable OVTI to provide FQ2 guidance largely in-line with Street estimates ($0.82/$306MM). We are increasing our revenue estimate to $306MM (from $302MM) and leaving our pro forma EPS estimate unchanged.

* * *

OmniVision's (1) technology lead remains intact with BSI-2, (2) leading market share position at Apple, across multiple end products, particularly the next gen iPhone remains intact.


137. OVTI held a follow-on conference call on August 25, 2011, at which time each of the Individual Defendants presented on behalf of the Company, followed by questions from market analysts. Despite yet another opportunity to make full and adequate disclosure with respect to the loss of the iPhone 4S image sensor slot to Sony or acknowledge that the Company was not even the dominant supplier of image sensors for Apple's next generation iPhone, the defendants continued to conceal the whole truth from the investment community. To that end, the market was given two principle reasons for the disappointing guidance: (1) an unanticipated extension in the development of the product cycle of the 8MP product line; and (2) "macroeconomic uncertainties". Conference Call Transcript, August 25, 2011.
Defendants' presentations and responses to pointed questioning of curious analysts, exhibited a stunning lack of candor.

138. CEO Hong presented on the August 25, 2011 conference call with analysts, speaking on numerous relevant topics respecting which it was incumbent upon him to disclose the truth about OVTI's loss of position with respect to the Apple 2011 iPhone soon to be released to consumers in September or early October 2011. Concealing the truth, and thereby deceiving investors, CEO Hong continued to positively portray OVTI's business status and position, informing the investment community as follows:

* * *

☐ We continue to do business around the world with OmniBSI products and consistent positive customer feedback validates our leadership.

☐ Additionally, we have planned to introduce another wave of products based [on] OmniBSI technology. These products will leverage the stable, high-quality and efficient production of OmniBSI. This leads us to our latest BSI technology platform, the OmniBSI-2.

As we previously commented, our first product in to market is the 8-megapixel image sensor and we have recently announced the 5-megapixel products as well. These products can run multiple design socket designs at premier customers around the world in various regions. Many of these products are in the ramp up phase. The engineering and the production work behind the technology to bring it to mass production is intensive and significant.

☐ handset market continues to be driven by the smart phone segment.

A leading research firm has said smart phones account for more than 50% of the U.S. mobile phone market by the end of calendar 2011. This continues to drive an advantaged position for OmniVision as premier brand name smart phone customers require not just high resolution sensors, but high quality sensors. This ☐ is naturally to our strong advantage offering OmniBSI and OmniBSI-2 products.

Defendant VP Cisneros bolstered the positive spin on OVTI's smart phone related business condition presenting and representing that:

☐ We believe we maintained our leadership position in the smart phone market, we continue design wins scored this quarter in the 5 and 8-megapixel categories...
In regards to the OV8830 our 8-megapixel product line based on our second-generation BSI technology OmniBSI-2, we anticipate to ramp up production at the tail end of our second fiscal quarter, although we have experienced the recent and unanticipated extension in our product development cycle.

...in the first fiscal quarter, we continued to secure multiple smartphone design wins with new customers or projects: new projects were full 8 megapixel products from both OmniBSI and Omni BSI-2 technologies. We are highly satisfied with all of these socket design wins, as they ensure that we will remain close to the premier players who will drive the highly contested smartphone segment.

139. CFO Chan offered revenue guidance for F2Q12 that was somewhat below street estimates and provided a reason for the somewhat disappointing guidance that only served to further fuel the defendants' continuing market deception. With regard to OVTI's outlook for its F2Q12 ending October 31, 2011, CFO Chan stated:

We currently expect our 2012 second fiscal quarter revenues will be in the range of $255 million to $275 million. This range primarily reflects the expansion of the development cycle with our 8-megapixel product line, as well as caution on our part due to macroeconomic uncertainties that various companies have already discussed in their earnings calls.

140. Representations that BSI-2 image sensor devices would ramp "towards the end of the second quarter (October 2011), together with his explanation that the expected F2Q12 revenue range reflected the "extension" or "expansion of the development cycle" with OVTI's 8-megapixel product line, effectively represented to the market that OVTI had garnered the 2011 iPhone 4S slot—a product that was initially set to launch in June 2011 and had been delayed to September or October 2011—telegraphing, albeit falsely, that Apple's delayed launch was tied to OVTI's 8 MPx production cycle.

141. Dismayed by the somewhat disappointing guidance, analysts participating in the conference call asked follow-up questions designed to ascertain whether OVTI had indeed lost market share respecting the smartphone market and key customer Apple. Still, defendants
concealed the truth. CFO Chan and VP Cisneros, coyly responded to analysts pointed inquiries, continuing the deception, as the following illustrates:

* * *

Raji Gill – Needham & Company

Yeah. A follow-up on that question, you cited two reasons for the below seasonal guidance. One was this extension of the development of the product cycle on the 8-megapixel, which has to do with smart phones. Could you maybe elaborate what's going on there? Has that resulted in share loss at some of your key accounts, any details there would be helpful?

Ray Cisneros

Sure. This is Ray Cisneros again. And I think the way to look at is when we launch a product, this 8-megapixel is not any different than all our other products that we attempt to launch. It's quite intensive and extensive R&D and development. So that means, we plan on, I would say, a development lifecycle. And once we execute on that we go into mass production. So, what we see in our 8-megapixel plan is we have a plan and our plan is to hopefully hit at the tail end of this quarter as we mentioned when we can start delivering the 8-megapixel.

Raji Gill – Needham & Company

But has that extension resulted in share loss in the smartphone market?

Ray Cisneros

I can't comment for any individual customers and we don’t breakdown sort of the way we back into particular customers, but I can tell you this that when we have our plans we work very closely with our customers. Our customers understand what our plans are. And so far we have a plan in place and that's about the extent we could say on that.

* * *

Srini Sundararajan – Oppenheimer

Okay. When I look at what you said, which was that you are planning and that kind of suggest to me that you might have fallen short somewhere and therefore you are now trying to plan it together with the customer to fix your problems. And my question is was this planning known to you all along or are the plan was just hatched based on certain shortfalls that might have happened?

Ray Cisneros
Well, as you heard in our prepared commentary, it was unanticipated adjustment to our plan, and certainly, that always happens in complex product technologies. There is this particular product and this particular platform is no different than any other highly intensive technologies and platforms we’ve launched in the past. Things are always going to have some risk and that’s the business that we are in and certainly anytime we have a change in our plan our best interest is to try to come back to the original plan and if now we need to make adjustments and therefore work with our customers.

* * *

Betsy Van Hees – Wedbush Securities

if I understand correctly what we were targeting, you guys were targeting, was that it was going to ramp, and was actually going to ramp this summer. I think that was the plan that BSI-2 was going to ramp this summer. So, I was wondering in terms of this unexpected extension in product development cycle when did you see this occur? If you could give us some help their understanding when you saw this. And then what gives you the confidence level that you are going to be able to get this corrected and be able to ramp products at the tail end of your quarter?

Ray Cisneros

Sure. When it comes to BSI-2, as I mentioned, it is a very significant technology platform that requires quite a bit of intensive resources. However, we are a billion dollar company. We’ve been in our business for over 15 years now. This is all we do is develop imaging sensors. We are well-seasoned veterans to get the job done. I work with our engineering teams and product development teams and production teams on a daily basis and I have the confidence that when we have a plan, we execute on the plan. If there is some adjustments...obviously, we have to accommodate those adjustments. So, that is no different than any other platform we’ve ever launched. And so again, we are focused, our intent is to execute on our plan and that’s the new adjustment right now at the tail end of Q2.

Betsy Van Hees – Wedbush Securities

Thanks, Ray. But when did you see this occur and when did this problem start with BSI-2 that caused this delay in the ramp cycle?

Ray Cisneros

Right. I think the recent events, suffice it to say, obviously from this call since the last call obviously those were that’s the time period in which we saw these events occur, these developments occur.

The defendants’ August 25, 2011 press release and conference call statements deceptively assured and comforted the market that OVTI’s exclusive, dominant image sensor
supply position with respect to the Apple iPhone was maintained with Apple's next generation 2011 iPhone and remained secure, with "unanticipated" "extension" of the "development cycle," still on track to ramp up 8 MPx BSI-2 production toward the end of FY2Q 2011 a timeframe similar to the new launch date for the 2011 iPhone. The true facts, which were known to and/or recklessly disregarded by defendants but concealed from the investing public when they spoke, were as follows:

a) OmniVision had already lost its exclusive and dominant image sensor supply position with respect to the Apple 2011 iPhone to Sony;

b) Sony's success with Apple, as noted above, had already significantly put an end to OVTI's proclaimed large competitive lead over that formidable smartphone competitor;

c) OVTI though having announced next generation BSI-2 technology in February 2010 had not satisfactorily developed the 8MPx BSI-2 image sensor for inclusion in the new 2011 iPhone to Apple's complete satisfaction and thus had not yet achieved this important milestone;

d) OVTI and its supply chain partner TSMC of Taiwan were unable to produce sufficient sample or mass production yields owing to what OVTI would later reveal were technical problems with its 8 MPx BSI-2 architected OV8830 CMOS sensors;

e) OVTI had only managed to achieve very limited, small yields of its 8 MPx BSI-2 OV8830 image sensor and had not yet even proceeded to produce en masse as of that time, well beyond important milestone requirements;

f) Given the foregoing, there was no reasonable basis to lead the market to believe that OVTI maintained or secured a sole or even dominant image sensor supply position with regard to the 2011 Apple iPhone, that OVTI possessed a competitive lead over Sony, or that OVTI was gaining share of the smartphone market.

g) Given OVTI's inability to successfully transition to 8 MPx BSI-2 architecture which it was later forced to concede OVTI was not even able to successfully achieve a "dual source" supply position with respect to the 2011 iPhone 4S.
143. Though the true picture had not yet been fully and adequately disclosed, analysts began assessing OVTTI's surprising guidance "miss," amid defendants' evasiveness, opaqueness and lack of transparency that continued to fuel OVTTI's stock price distortion and buoyed its inflation. For example:

(a) Needham & Company analyst Rajindra Gill, reporting on August 26, 2011, cut his price target for OVTTI by $15 a share, commenting that "the below than seasonal guidance reflects market share loss. It's clear now that Apple is dual sourcing its image sensors with Sony" adding that OVTTI has most likely lost "50%" of its business at Apple, but, nonetheless, would still supply sensors for the iPhone 5 set to be unveiled in September 2011. At that time, analysts referred to what was later dubbed by Apple as the iPhone 4S, as the iPhone 5.

(b) Owing to the lack of full and adequate disclosure of the truth, a report on August 26, 2011 issued by Wedbush Securities entitled "FQ1 Modest Bottom-Line Beat Trumped by Big FQ2 Guide Down on "Unexpected" Delay to BSI-2 Ramp & Uncertain Macro; Reduce PT to $33 from $38," nonetheless rated OVTTI "OUTPERFORM" stating:

\[\text{\* \* \*}\]

Bears will contend that the delayed ramp of BSI-2 equals share loss for OVTTI in iPhone 4S to Sony — we believe OVTTI's sole source position for now, remains intact. While managements' commentary that the 8MP BSI-2 will ramp production at the tail end of FQ2 due to an unexpected extension in product development cycle took us by surprise, our industry checks continue to indicate OVTTI's 8MP BSI-2 sensor is qualified in the iPhone 4S. Although the production ramp of BSI-2 is delayed above our prior expectations, we believe OVTTI's product ramp will be sufficient to meet the entire initial demand for the iPhone 4S if the product launch occurs in mid October, given the significant improvements in Apple's supply chain window to lead times of about two weeks.

While in the near-term, we would not bet against an Apple supplier like OmniVision\[I1\] we now have a cautious tone in our long-term view as we believe OmniVision's delayed production ramp for BSI-2, could have opened the door for other competitors in the next-gen iPhone.

(c) J.P. Morgan analyst Coster, writing to the market in a report issued on August 26, 2011, also reflected the continuing deception by defendants stated:
• OVTI provided further clarity on the launch of its BSI-2 solution which is expected to ramp at the end of F2Q. We still believe that OVTI is well positioned for the iPhone 5 and will likely supply its BSI-1 solution for the initial Apple launch.

144. Analysts at Craig-Hallum, having participated on the August 25, 2011 call with Company management regarding OVTI’s disappointing guidance, remained bullish, having been persuaded that the OVTI-Apple relationship remained intact and that OVTI was poised for a bounce-back by the end of CY4Q11. In a report disseminated on that same day entitled 'Disappointing Guide Shouldn't be Taken As Major Issues at Apple. Company Believes Relationship at Apple is Intact and Look for a Bounce Back by Year End' Reiterating BUY Rating but Lowering Price Target to $28," Craig-Hallum stated in pertinent part as follows:

OUR CALL

We believe the delay in OVTI’s BSI-2 8 MP sensor and management’s indication that they expect to ramp production at the tail end of the October quarter was interpreted by investors that the Company lost the vast majority of its share in the next-gen iPhone. We do not believe this is the case, though we are removing a lot of potential Apple revenue from our model to be on the safe side. The Company tells us the technical issues it is having with its sensor are minor in nature (i.e. no re-spin) and are similar to ones it has come across previously in older products. Furthermore, management insists that these technical issues have not caused OVTI to lose any additional share at Apple and that the relationship remains intact.

145. Defendants’ August 25, 2011 statements and representations unveiled and disclosed some of the truth relevant to OVTI’s supply of sensors to Apple for its 2011 next generation iPhone but not the whole truth. As a consequence of the August 25, 2011 press release and follow-on conference call revealing that OVTI would not be enjoying as much of an impact in the quarter ending October 31, 2011, owing to an iPhone 4S launch, the market continued to believe that OVTI still held either a sole or at least a significant a dual source position and that its image sensors were being incorporated into the much anticipated 2011 Apple smartphone. As a consequence of this "partial corrective disclosure," some, but not all, of the artificial inflation embedded in OVTI's stock price was removed: OVTI's stock fell from a closing price of $24.82 per share on August 25, 2011 to $17.27 a share by the close of trading
on August 26, 2011, a 30% decline in just one day, on volume of 26,330,300 shares, almost ten times more than OVTI's average daily trading volume.

146. But because defendants continued to deceive investors and failed to make timely and full disclosure, OVTI stock continued to trade at artificially inflated prices buoyed by their many false, deceptive and misleading statements and material omissions.

September 2011 Partial Disclosure and Defendants' Further False and Deceptive Statements, Material Omissions and Continuing Market Distortion Through October 13, 2011

147. On September 1, 2011, OVTI's CFO Chan re-assured the market in a conversation with JP Morgan analyst Coster, who served as a conduit to the market by disseminating a report to investors on September 2, 2011, stating, in pertinent part as follows:

We touched base with OVTI's CFO yesterday, following his return from the Asia Pacific region. We remain convinced that weaker-than-expected F2Q guidance originated in industry-wide weakness in the CE supply chain and does not originate in a head-to-head competitive loss at a Tier 1 OEM. For this reason, we think the post F1Q earnings sell-off overdone. We recommend buying Overweight-rated OVTL.

* * *

- Head to head with Sony. OVTI's CFO appeared unsurprised by Sony's August 30th CIS presentation and acknowledges that Sony is a credible competitor at 8MPx. That said, he believes OVTI has only gone head-to-head with Sony once (so far) and claims that OVTI won the resulting design opportunity for a 2012 product.

- What about Apple iPhone 5? Consistent with past practice, the CFO will not acknowledge Apple as a customer, whether direct or indirect. That said, the CFO made the point that build lead-time for handset OEMs has collapsed to 30 days (from chip shipment to finished product in retail), and can be crammed down to 15 days under duress. Consistent with the notion that OVTI introduces BSI-2 8MPx product in late F2Q, and still captures Apple iPhone 5 opportunity if that product ships in mid/late October.

- What is the problem with BSI-2? The CFO denies that there are design issues with the BSI-2 chip, but acknowledges that the manufacturing process has not yet met the company's expectations regarding consistency. We view this as an engineering challenge that can be resolved in the next month or so.
148. CFO Chan's September 1, 2011 representations to analyst Coster were false, deceptive and misleading, especially given the design cycle timeliness and milestones and the close proximity of the iPhone 4S product launch. As before, the true facts which were known to defendants at that time, but concealed from the investing public, were that (a) OVTI's 8 MPx BSI-2 architected image sensor had failed to meet the required design to production ramp deadlines and thus failed to qualify for inclusion in the iPhone 4S by the date of its initial or delayed launch schedule; (b) the OVS830 was flawed with technical defects such that it was only produced in limited quantities as defendants were ultimately forced to concede at the very end of the Class Period; (c) OVTI's 8 MPx first generation BSI technology was not acceptable to Apple hence the need for the development of the OVS830; and (d) OVTI had lost to Sony with regard to the iPhone 4S and had lost its once significant technological and competitive lead.

149. On September 20, 2011, CFO Chan held a "Management Access Call" with Wedbush analysts. Serving as a conduit to the market for what CFO Chan stated on the call, Wedbush issued a report on September 21, 2011 entitled "MAC Key TakeAways: Story Remains Intact; Reiterate OUTPERFORM Rating + $33 Price Target" stating:

We came away from our Management Access Call (MAC) yesterday with OmniVision's (OVTI) CFO & VP of Finance, Anson Chan, with renewed confidence that the story remains intact given: (1) 8MP BSI-2 is in production, and (3) OEM relationships remain unchanged. We believe the 13% decline in the stock vs. the S&P of -1% since the end of August is way overdone

Industry leading 8MP BSI-2 sensor on 65nm process technology and 300mm wafers in production. OmniVision indicated that its 8MP BSI-2 image sensor based upon 65nm process technology node and 300mm wafers is currently in production at TSMC with lead times of about 12 to 14 weeks. While the company didn't provide an update on BSI-2 yields, management did indicate that in the early production of a product, it works very closely with its customers. We continue to believe that OVTI likely has sufficient 8MP BSI-2 inventory and yields to support the launch/ramp of Apple's next gen iPhone and that mass production of the 8MP BSI-2 will likely reach "reasonable" yields by the end of OVTI's October quarter.

* * *

Management believes OEM relationships remain unchanged; not dependent upon one customer. OVTI noted that in terms of its market share, the company believes its OEM relationships remain unchanged. Management
also highlighted that it is not dependent upon one particular customer and "when you see softness in multiple verticals, it can add up fast".

CFO Chan's September 20, 2011 representations to Wedbush analysts' Coster were false, deceptive and misleading for the reasons previously discussed on paragraph ___ above detailing the adverse truth known to the defendants given the design cycle timeliness far beyond, and milestones and the close proximity of the iPhone 4S product launch.

150. On September 29, 2011, and with the launch of the iPhone 4S only days away, OVTI held its FY 2011 'Shareholders Meeting" in Santa Clara, CA, CEO Hong, VP of Worldwide Sales, Cisneros and CFO Chan each presented on OmniVision's behalf. The Individual Defendants spoke on several subject matters collectively relevant to OVTI's business position, competitiveness, smart phones and market share and Tier 1 customers, all using a slide show, without ever disclosing that OVTI did not secure a position in the high profile iPhone 4S even as it was verging on its retail launch by its brand name premium Tier 1 customer Apple. The shareholder conference gave an upbeat, positive picture of OVTI's business and positioning.

151. Analysts at Wedge Partners also reflected defendants' continuing market deception and consequent continued market confidence in OVTI's primary iPhone 4S image sensor supply, stating in a report dated September 30, 2011,

In Defense of OmniVision

OmniVision has been pulled down of late by much of the same chatter that has existed in the marketplace for over 12 months: that is, speculation that their components are not in the next iPhone. With Sony adding capacity for CMOS image sensors last December (by buying a semiconductor plant from Toshiba last December), many have believed that OmniVision would be booted from the iPhone entirely and replaced by Sony.

* * *

We Believe they Remain the Primary Supplier for New iPhone

We, however, continue to believe that OmniVision will remain in the new iPhone as the primary supplier of camera sensors, but that Apple will add a second source. We believe this decision was made many months back as the new iPhone went into production and do not believe yield issues of the new BSI-2 sensor is impacting the Apple relationship.
152. On October 4, 2011, Apple introduced its new iPhone 4S at its "Let's Talk iPhone" event, stating, among other things:

- Along with an A5 dual-core CPU and graphics chipset that is 7x faster than the current version, the new iPhone is a "world-mode" smart phone. The new iPhone also includes improved battery life, double the download speeds of the current iPhone 4, and an improved 8 megapixel camera and video recording.

*   *   *

- is slated for pre-orders starting October 7 in six countries and then expected to reach 22 more countries on October 28.

153. On October 4, 2011, OVTI's stock price increased 19% to close at $15.08 per share from its close of $12.71 per share on October 3, 2011, with volume of over 9,451,600 shares. OVTI stock climbed further to close at $17.05 per share on October 5, 2011 on volume of 11,649,400 shares reflecting the markets' continuing belief that OmniVision's image sensors were designed into and a component part of the much anticipated iPhone 4S and that OVTI remained the exclusive, or at least the dominant, supplier.

154. As late as October 5, 2011 less than two weeks before launch of the iPhone 4S, OmniVision was still being perceived as providing the camera sensors for the new iPhone. iPhone 4S Camera Sensor Actually Capable of 4K 24p Video, EOS HD, Oct. 5, 2011. The Company did not take action to refute the markets' false perception as OVTI stock continued to trade at artificially inflated levels owing to defendants' deceptive statements and omissions.

155. The disabling effect of defendants concealment of the truth and market deception is also illustrated by an article by Evan Nice of the MOTLEY FOOL entitled "OmniVision Shouldn't Share" publicized on October 6, 2011 wherein he observed:

- The OV8830, which uses OmniVision's second-generation BSI technology, conveniently sports the exact same resolution of 3264 x 2448, while IMX 105PQ has a slightly higher resolution of 3288 X 2472.

*   *   *

The OV8830 is one of OmniVision's latest and greatest BSI sensors; it was announced in February 2011 and scheduled for mass production during the
second half of the year. Sony announced its IMX105PQ almost a full year ago and was due to hit the market in January 2011.

* * *

Fashionably late

Why did Apple delay this year’s iPhone announcement and break the summer tradition?

* * *

The delayed announcement just so happens to coincide perfectly with the mass production of the OV8830, although, in fairness, if Apple was getting Sony sensors, the earthquake could have caused delays. My money’s literally on the former.

The verdict

I think I’ve built a pretty compelling case here for the OV8830. Dual-sourcing a component this important just doesn’t fit Apple’s modus operandi.

156. As expected, the launch of the Apple iPhone 4S was a stunning success. In the first 24 hours of availability during its October 7, 2011 launch, it was announced that pre-orders exceeded 1 million iPhone 4S’s. On October 7, 2011, the iPhone 4S was available for pre-order in 7 countries. This figure, according to Apple, topped the previous single-day pre-order record of 600,000 held by the iPhone 4 and was the most of any new product that it had ever launched. Demand remained strong thereafter. By October 10, 2011, there had been no tail-off in order activity with Apple listing iPhone 4S order shipment wait times of 1-2 weeks on its website for all three of its SKUs. Initial shipments were scheduled to commence on October 14, 2011. On October 28, 2011, Apple made it available for pre-order in 22 more countries. In the United States, the iPhone 4S was set to be available in all 245 Apple retail stores at 8 a.m. local time on October 14, 2011. And Apple was planning distribution in 70 countries through 100 carriers by the end of 2011.

The October 14, 2011 Chipworks Tear-Down and Partial Corrective Disclosure

157. On October 14, 2011, the iPhone 4S was officially released and dismantled by industry experts seeking to determine the manufacturers of its components. One such expert, Chipworks, an industry leader in reverse engineering and patent infringement analysis of
semiconductors and electronic systems, concluded, based on a logo marking on the sensor, that
the iPhone 4S "sport[s] an image sensor made by Sony Corp., rather than OmniVision."
Chipworks added that other iPhone units may have sensors produced by other manufacturers.

158. In reaction to this disclosure, OmniVision's stock fell $1.65 per share, or 9.3
percent, to close at $15.95 per share on October 14, 2011 on high trading volume of 13,258,900
shares.

159. News that a Sony image sensor socket component, not OVTTI's, graced the Apple
iPhone 4S while further crushing OVTTI's stock price still had not answered one lingering
inquiry: Did Apple dual source the image sensor in its next generation smartphone, or rely
exclusively on Sony? In an October 14, 2011 article entitled "OmniVision Falls as Website
Sees Sony Sensor in Apple iPhone," published in Bloomberg.com, technology writer Adam
Satariano wrote "one of the company's key components may be excluded from Apple, Inc.
(AAPL)'s best selling device," noting that while Chipworks' tear-down of an iPhone 4S revealed
only a Sony image sensor, "[i]t's possible that some units have sensors made by other
manufacturers," Chipworks said," and "Chipworks plans to review additional iPhones to see
whether OmniVision made it into some units." Meanwhile, as reported on October 14, 2011 by
Bloomberg.com, "a spokesman for OmniVision, didn't return calls seeking comment."
Bloomberg.com further reported that "[n]ext year, Apple may sell more than 100 million
iPhones, according to Wayne Lam, an analyst at IHS in El Sequondo, California."

160. The lack of transparency fueled by defendants' false statements and material
omissions when they spoke to the market, and their failure to correct and update when they did
speak or sell their stock what OVTTI had previously said or misrepresented, caused continued
distortion in OVTTI's trading price, within which artificial inflation was still embedded.

161. JP Morgan analyst Coster reflected market opinion that all had not been lost at
OVTTI regarding the Apple iPhone 4S image sensor supply opportunity and that it remained
"well-positioned" to be a 'dual source' supplier, stating in a report issued on October 17, 2011:

With confirmation that OVTTI has lost an 8MPx CIS slot to Sony on the iPhone
4S, we think it most prudent to assume complete loss of iPhone related
revenues indefinitely. We are therefore cutting our estimates significantly, but
believe on a worst-case basis, OVTTI is still well positioned to post over $1.50 PF
EPS this fiscal year, making the stock a compelling buy at these price levels. This more conservative forecast introduces upside risk to our EPS forecasts, and
should buoy the stock in the event that OVTI is confirmed as a second source on the iPhone. OVTI remains one of our top picks for October. Reiterate Overweight Rating. Price target goes to $25.00.

- Sony wins iPhone 4S CIS slot. On Friday, Chipworks reported that Sony has won the iPhone 4S 8MPx CIS slot, displacing OVTI for at least one version of the Apple smart phone. OVTI was the sole supplier of sensors for the 4G phone. JPMorgan's hardware analyst, Mark Moskowitz, estimates that Apple will ship ~87 million iPhones in FY12, so this is a serious loss for OVTI, particularly since the 8MPx product commands high ASPs.

- Assuming the worst. We are cutting estimates to reflect the loss of the Apple iPhone 4S.

* * *

- This change to estimates tilts risks in favor of owning the stock. We believe OVTI remains well-positioned to be a second source supplier of 8MPx sensors to Apple for the iPhone 4S, subject to improving yield on the OV8830 product, which matches the specifications of the iPhone. Confirmation that OVTI is a second source supplier might cause us to raise estimates. Confirmation that OVTI is the CIS supplier of choice for Apple's 2012 iPhone, could also justify upward revision to estimates.

162. Without the whole truth being fully, timely and adequately revealed to the investment community, which remain deceived, OVTI's stock price continued to trade at artificially inflated prices caused by defendants' market deception and, indeed, rose from a close of $15.60 per share on October 17, 2011 after announcement of the Chipworks tear-down, to close at $17.31 per share on Friday, November 4, 2011.

The November 7, 2011 Corrective Disclosure and Analysts' Frustration with Defendants' Lack of Credibility, Transparency and Evasion

163. A more complete picture of the truth finally emerged when, on November 7, 2011, OVTI spoke albeit far too late removing the remaining artificial inflation and embedded distortion in OVTI stock price. On that date, OVTI issued "revised" second quarter fiscal 2012 revenue guidance, announcing projected revenue for its second quarter, ending October 31, 2011 to be in the range of $212 million to $217 million, compared to the revenues forecast of $255 million to $275 million announced on August 25, 2011. OVTI also announced
that it would purchase $100 million of its own stock in a share repurchase program. OVTI's revised guidance blamed "an unexpected cutback in orders for key projects" in OVTI stock price.

164. OVTI's drastically lowered revenue guidance was viewed as an admission and acknowledgement that it was not selected as an image sensor supplier for the Apple iPhone 4S. The fact that Apple iPhone 4S sales were doing extraordinarily well in contrast to OVTI's drastically reduced guidance further confirmed that the Company lost this key, important and high profile market share.

165. On November 7, 2011, analysts at Morgan Keegan reported that OVTI provided a quick update regarding the 8MPx OV8830 to the effect that it was only shipped in "very limited quantities" at the end of the July 2011 quarter, and that "mass production was not taking place, due to production delays" adding, "OVTI will continue to promote the product, but it does not seem as though it is ready for mass shipments yet," Kumar, adding and reflecting the market's perception: "we believe the bulk of the reduced guidance is from losing 8 megapixel sockets in the iPhone 4S to Sony."

166. On November 7, 2011, JP Morgan analysts cited continuing OVTI management evasion, reporting that:

Though we connected with a company spokesperson, no further information was forthcoming, so we are making the assumption that the weakness is largely company specific (e.g. loss of Apple iPhone design slot, exposure to slower-than-expected Blackberry sales) and partially broader-based.

* * *

We touched base with an OmniVision representative. Management appears uncomfortable discussing the preannouncement with investors

* * *

We are cutting our gross margin forecasts and we have reduced OVTI's market share through 2013 to reflect our view that the company is experiencing more price-based competition at higher densities from Sony.

167. On that same day, analyst Daniel Amir, reporting on OVTI for Lazard Capital Market issued a "Company Note" partly titled "OVTI Management does it again; credibility is a problem," and stating, in pertinent part:

* Guidance lowered due to shipments to Apple. OVTI lowered its Q2 revenue guidance today to $212-217M (-22% midpt QoQ) from $255-275M (-4% midpt QoQ) due to a cutback in orders at Apple, leading to reduced sales of
its OmniBSI and OmniPixel3-HS based products. We lowered estimates on October 17 on loss of iPhone 4S business. 

168. On November 8, 2011, Oppenheimer analysts commented that "the generation corresponding to backside illumination, second iteration is probably lost to competitors."

169. The revelation of the whole truth caused OVTI stock to plummet further, from $17.31 at the close of trading on November 4, 2011 to $14.26 per share at the close of trading on November 7, 2011, on volume of 13,258,900 shares. The trading price of OVTI stock continued to decline falling to $10.41 per share at the close of trading on November 25, 2011.

170. As late as November 22, 2011, defendants' lack of transparency occasioning market's frustration was illustrated by JP Morgan analysts in a report asking:

Key questions for the conference call. What accounts for the company's loss of Apple iPhone 4S business in view of prior claim that OVTI has not lost in head-to-head competition with Sony? Where does OVTI now stand with the transition to 90NM, 300mm wafer and BSI-2?

171. Without the beneficial revenue impact of supplying its 8MPx OV8830 or BSI-2 image sensors for Apple's next generation iPhone 4S, in the few weeks remaining in FY2Q OVTI's November 29, 2011 reported revenue for its second fiscal quarter of 2012, ending October 31, 2011, was just $217.9 million, as compared to revenue of $276.1 million for its first fiscal quarter of 2011, ending July 31, 2011. GAAP net income was reported at $0.35 per diluted share versus $0.68 per diluted share for the prior quarter.

172. OVTI's outlook stated in the November 29, 2011 press release effectively disclosed the significant adverse effect of Apple's contracting with Sony not OVTI to be the exclusive supplier of image sensors for the iPhone 4S, reporting to investors:

Based on current trends, the Company expects fiscal third quarter 2012 revenues will be in the range of $160 million to $180 million and GAAP net income (loss) per share attributable to OmniVision Technologies, Inc. common stockholders will be between $(0.06) and $0.06 on a diluted basis.

173. In OVTI's follow-on conference call of November 29, 2011, defendants were compelled to disclose more of the adverse truth, though they still were not entirely transparent. In the Company's presentation to analysts on the November 29, 2011 conference call, defendant VP Cisneros stated disclosed that there would be "further degradation in demand for our
third fiscal quarter. Cisneros acknowledged a need for OVTI to "regain our momentum in the market place," noting the importance of the smartphone segment stating that, "the mobile phone segment continues to represent the highest portion of our revenue mix, fueled by the smartphone category," which he added "remains our key target market." CFO Chan conceded that BSI-2 products "are still in their initial rollout stage and yields are at a suboptimal level."


175. On November 30, 2011, Oppenheimer, reporting on the conference call in a quarterly update entitled "Difficult Product Cycle & Catch-Up Amidst Increased Competition = Sidelines," pointedly remarked:

* * *

Only the industry leaders with iron-clad IP protection and a history of flawless performance are accorded the flexibility of answering questions with less than clear, direct replies. This does not apply to the semi-commodity image sensors space, and with memory giants set to engage more deeply, increased transparency is a must.

176. Meanwhile, Apple iPhone shipment momentum remained strong and its sales robust with no sign of a plateau effect in end demand, per a JP Morgan report on December 1, 2011, raising its estimates for the smart phone manufacturer. JP Morgan IT hardware analyst Mark Moskowitz, in a report to the market dated December 2, 2011, entitled "iPhone sales momentum continues," related the following information:

In our meeting, management referenced ongoing supply constraints related to the iPhone, which did not exist prior the 4S launch, as a sign post of the product's success. The company also stated that the free iPhone 3GS is a good dynamic for the iPhone family. While the 3GS is not the top seller in the iPhone family, according to management, it is introducing Apple's products to a wider audience of customers.

178. On January 13, 2012, an article appearing in Forbes in its "investing" section entitled "Apple Snuggles Up to Sony, Give Cold Shoulder to OmniVision," stated:

Finally a confirmation of the speculation that Apple loves Sony. Is it amazing that former bitter rivals are now partners?

*   *   *

Apple has just released a list of suppliers that constitutes 97% of its spending. Interestingly, OmniVision is not listed. The reasonable conclusion is that OmniVision has either lost all of its business to Sony or its business with Apple now is just a shadow of what it used to be.

179. A February 17, 2012, JP Morgan report downgrading OVTI stock to "Neutral" provided a fitting epilogue:

- Sony's successful design-win for the Apple iPhone 4S marked the arrival of head-on competition at 8MPx that OVTI had largely escaped in 2009-2010 owing to first-mover advantage in Back-Side Illumination technology. Sony, Samsung, and Aptina have now matched many of OVTI's performance specifications at 5 through 8 MPx resolution owing to a transition to BSI

180. On February 23, 2012, OVTI reported that revenues for its third quarter of fiscal year 2012 ending January 31, 2012, were just $185.2 million, compared to $217.9 million in the prior quarter yet another steep decline. GAAP net income was $0.00 per diluted share versus $0.35 per diluted share for the prior fiscal quarter.

ALLEGATIONS SUPPORTING SCIENTER

Suspicious Insider Selling in Amounts Dramatically Out of Line with Prior Trading History Demonstrate a Strong Inference of Scienter

181. During the Class Period, OVTI insiders, including all three of the Individual Defendants, engaged in stock sales that were suspiciously timed and dramatically out of line with prior trading practices. As a result of these Class Period trades, the Individual Defendants profited from the artificial inflation embedded in the trading price of OVTI stock caused by
their false, deceptive and misleading. Many of these insider sales occurred in late June, 2011 and early July 2011, while OVTI stock was trading near Class Period highs and shortly before substantial declines in OVTI's trading price. For the purpose of identifying historic trading patterns, the table below compare the total market value and volume of Class Period sales by the Individual Defendants and non-defendant insiders Vicky Chou, OVTI's vice president of global management; John Li, OVTI's vice president of systems technologies; and Henry Yang, OVTI's vice president of engineering, versus the total market value and volume of sales by the same individuals between June 1, 2009 through August 26, 2010, the 452 day period preceding the Class Period (the "pre-Class Period"). These sales, both in terms of share volume and dollar value, are summarized in the table immediately below for all of the individuals noted above, except CEO Hong:

<table>
<thead>
<tr>
<th></th>
<th>Market Value of Class Period Sales</th>
<th>Market Value of Pre-Class Period Sales</th>
<th>Shares sold during Class Period</th>
<th>Shares sold during Pre-Class Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cisneros, Aurelio</td>
<td>$2,716,854</td>
<td>$0</td>
<td>86,096</td>
<td>0</td>
</tr>
<tr>
<td>Chan, Anson</td>
<td>$3,309,500</td>
<td>$0</td>
<td>100,000</td>
<td>0</td>
</tr>
<tr>
<td>Chou, Vicky</td>
<td>$3,310,615</td>
<td>$0</td>
<td>102,500</td>
<td>0</td>
</tr>
<tr>
<td>Li, Hongjun</td>
<td>$3,037,394</td>
<td>$307,357</td>
<td>92,234</td>
<td>19,906</td>
</tr>
<tr>
<td>Yang, Hongli</td>
<td>$5,557,232</td>
<td>$193,024</td>
<td>179,785</td>
<td>12,902</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$27,022,785</strong></td>
<td><strong>8,336,530</strong></td>
<td><strong>906,507</strong></td>
<td><strong>475,443</strong></td>
</tr>
</tbody>
</table>

182. Except as more fully noted below, defendant Hong's Class Period stock sales appear to have been executed as a consequence of a 10b-5 trading plan enacted before the Class Period. These pre-planned sales, representing a volume of almost 400,000 shares and a total market value of approximately $6.1 million are roughly consistent with Hong's trading pattern during the pre-class period as the chart below, which includes all of defendant Hong's Class Period and Pre-Class Period sales, indicates.

<table>
<thead>
<tr>
<th>Market Value of Class Period Sales</th>
<th>Market Value of Pre-Class Period Sales</th>
<th>Shares sold during Class Period</th>
<th>Shares sold during Pre-Class Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,091,190</td>
<td>$7,836,149</td>
<td>345,892</td>
<td>442,635</td>
</tr>
</tbody>
</table>

However, and tellingly, during the Class Period, defendant Hong also engaged in a series of out-of-plan transactions at suspicious times while OVTI stock was trading near Class Period...
highs. These out-of-plan trades are dramatically higher in value and share size than out-of-plan trades made during the pre-Class Period. Specifically, on six trading days between May 31, 2011 and July 5, 2011, defendant Hong sold 84,965 shares of OVTI stock with total market value of approximately $2.937 million through out-of-plan trades. By comparison, in the two years prior to this out-of-plan sell off, defendant Hong had sold a total of 46,954 shares of OVTI stock with a total market value of approximately $737,951 outside of his 10b-5 trading plan. These prior out-of-plan trades are dwarfed, both in volume and market value by defendant Hong's Class Period out-of-plan trades. A table identifying each of defendant Hong's out-of-plan Class Period sales is set forth below:

<table>
<thead>
<tr>
<th>Date of Sale</th>
<th>Number of Shares Sold</th>
<th>Approximate Sales Price</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/31/2011</td>
<td>30,000</td>
<td>$34.73</td>
<td>$1,041,900</td>
</tr>
<tr>
<td>5/31/2011</td>
<td>770</td>
<td>$34.83</td>
<td>$26,819</td>
</tr>
<tr>
<td>6/29/2011</td>
<td>20,000</td>
<td>$34.08</td>
<td>$681,560</td>
</tr>
<tr>
<td>6/30/2011</td>
<td>5,000</td>
<td>$34.75</td>
<td>$173,750</td>
</tr>
<tr>
<td>7/1/2011</td>
<td>10,000</td>
<td>$34.95</td>
<td>$349,540</td>
</tr>
<tr>
<td>7/5/2011</td>
<td>19,195</td>
<td>$34.56</td>
<td>$663,379</td>
</tr>
</tbody>
</table>

183. A table identifying each of Defendant Hong's out-of-plan sales during the pre-Class Period is set forth below:

<table>
<thead>
<tr>
<th>Date of Sale</th>
<th>Number of Shares Sold</th>
<th>Approximate Sales Price</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/5/2010</td>
<td>10,000</td>
<td>$15.00</td>
<td>$150,000</td>
</tr>
<tr>
<td>7/1/2010</td>
<td>6,730</td>
<td>$21.84</td>
<td>$146,983</td>
</tr>
</tbody>
</table>

184. During the Class Period, Defendant Chan sold 100,000 shares of OmniVision common stock on the open market, generating sale proceeds in excess of $3.3 million and thus profiting from the inflation imbedded in OVTI stock throughout the Class Period. These Class Period sales also mark defendant Chan's only exercise and open market sale of stock options, some of which had been exercisable since July 1, 2007. By comparison, during the 452 day
period preceding the Class Period, Defendant Chan did not sell a single share of OmniVision securities on the open market. Moreover, while the Form 4S filed with the SEC on defendant Chan's behalf indicate that his Class Period sales were made pursuant to a 10b-5 trading plan, this trading plan was not adopted until March 16, 2011, well after the advent of the Class Period. Defendant Chan therefore established his "plan" after the advent of the Class Period and after material non-public information was known within OVTI and would have been known to him. By March, 2011, each of the defendants was already aware of OVTI's loss of its exclusive and dominant image sensor supply position with respect to the iPhone 4S. Thus defendant Chan's trading plan, adopted while defendant Chan possessed material non-public information, cannot serve to insulate him from an inference of scienter and is, instead, strong indicia of his knowledge of material adverse non-public information. A table identifying each of defendant Chan's Class Period sales is set forth below:

<table>
<thead>
<tr>
<th>Date of Sale</th>
<th>Number of Shares Sold</th>
<th>Approx. Sales Price</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/15/2011</td>
<td>50,000</td>
<td>$31.19</td>
<td>$1,559,500</td>
</tr>
<tr>
<td>7/1/2011</td>
<td>50,000</td>
<td>$35.00</td>
<td>$1,750,000</td>
</tr>
</tbody>
</table>

185. During the Class Period, defendant Cisneros sold 86,096 shares of OmniVision common stock on the open market, generating sale proceeds in excess of $2.7 million and thus profiting from the inflation imbedded in OVTI stock throughout the Class Period. These Class Period sales also mark his only exercise and open market sale of stock options, some of which had been exercisable since July 1, 2007. By comparison, during the 452 day period preceding the Class Period, defendant Cisneros did not sell a single share of OmniVision securities on the open market. A table identifying each of defendant Cisneros' Class Period sales is set forth below:

<table>
<thead>
<tr>
<th>Date of Sale</th>
<th>Number of Shares Sold</th>
<th>Approximate Sales Price</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/5/2011</td>
<td>17,257</td>
<td>$28.3046</td>
<td>$488,452</td>
</tr>
<tr>
<td>1/5/2011</td>
<td>2,393</td>
<td>$28.3046</td>
<td>$67,733</td>
</tr>
<tr>
<td>1/5/2011</td>
<td>625</td>
<td>$28.3046</td>
<td>$17,690</td>
</tr>
<tr>
<td>1/5/2011</td>
<td>9,606</td>
<td>$28.3046</td>
<td>$271,894</td>
</tr>
</tbody>
</table>
186. The large volume of late Class Period sales by the Individual Defendants, including the out-of-plan sales by defendant Hong, is also suspicious and indicative of scienter. More than 87% of the Individual Defendants' Class Period sales, with a market value of more than $6.8 million, occurred in just five trading days, June 15, 2011 and the four trading days between June 29, 2011 and July 5, 2011 — extremely suspicious times, as more fully alleged above. The chart below identifies all Class Period sale by defendants Chan and Cisneros as well as the out-of-plan sales by defendant Hong:

<table>
<thead>
<tr>
<th>Date</th>
<th>Quantity</th>
<th>Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/5/2011</td>
<td>241</td>
<td>$28.3046</td>
<td>$6,821</td>
</tr>
<tr>
<td>1/5/2011</td>
<td>3,646</td>
<td>$28.4800</td>
<td>$103,838</td>
</tr>
<tr>
<td>1/5/2011</td>
<td>3,060</td>
<td>$28.4751</td>
<td>$87,134</td>
</tr>
<tr>
<td>6/29/2011</td>
<td>20,000</td>
<td>$33.9271</td>
<td>$678,542</td>
</tr>
<tr>
<td>6/29/2011</td>
<td>20,000</td>
<td>$33.9271</td>
<td>$678,542</td>
</tr>
<tr>
<td>6/29/2011</td>
<td>3,125</td>
<td>$33.9271</td>
<td>$106,022</td>
</tr>
<tr>
<td>6/29/2011</td>
<td>6,143</td>
<td>$34.2154</td>
<td>$210,185</td>
</tr>
</tbody>
</table>
187. The Class Period sales by the Individual Defendants and key insiders also represented substantial percentages of their Class Period holdings. For example, Ray Cisneros' Class Period sales represented 167% of the shares he held immediately prior to the beginning of the Class Period as well as 98% of the exercisable options held immediately prior to the Class Period. The table below identifies the percentage of shares and options held on August 26, 2010 that were sold or exercised and sold during the Class Period.
<table>
<thead>
<tr>
<th>Name</th>
<th>Held on 8/26/10</th>
<th>Shares Sold/Option Exercised and Sold during Class Period</th>
<th>% of Pre-Class Period holdings sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hong, Shaw</td>
<td>Shares 125,436</td>
<td>99,988</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Options 476,124</td>
<td>245,904</td>
<td>52%</td>
</tr>
<tr>
<td>Cisneros, Aurelio &quot;Ray&quot;</td>
<td>Shares 7,715</td>
<td>12,849</td>
<td>167%</td>
</tr>
<tr>
<td></td>
<td>Options 74,499</td>
<td>73,247</td>
<td>98%</td>
</tr>
<tr>
<td>Chan, Anson</td>
<td>Shares 12,941</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Options 313,831</td>
<td>100,000</td>
<td>32%</td>
</tr>
<tr>
<td>Chou, Vicky</td>
<td>Shares 17,904</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Options 256,583</td>
<td>102,500</td>
<td>40%</td>
</tr>
<tr>
<td>Li, Honjun</td>
<td>Shares 72,264</td>
<td>18,320</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Options 186,252</td>
<td>73,914</td>
<td>40%</td>
</tr>
<tr>
<td>Yang, Hongli</td>
<td>Shares 57,929</td>
<td>11,785</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Options 157,749</td>
<td>168,000</td>
<td>106%</td>
</tr>
</tbody>
</table>

188. The Class Period sales by non-defendant insiders Chou, Li and Yang are also indicative that during the Class Period, high level executives involved in the development of OVTI's CMOS sensors knew that OVTI had lost its exclusive business with Apple. During the Class Period, non-defendant insiders Chou, Li and Yang held positions at OVTI that would have afforded them access to and knowledge of OVTI's image sensor development and consequent status relative to its ability to meet Apple's milestone and demands. For example, Hongjun (John) Li is, and was at all times material, OmniVision's vice-president of system technologies. As the Company notes, Mr. Li's work "focuses on the development of wafer level camera modules." Mr. Li is also responsible for "new technology development" and "customer support." Mr. Li's job responsibilities indicate that he would have been intimately familiar with OVTI's newly developed 8mpx sensors and their adoption by brand name, premium tier 1 customers.

This chart excludes sales made for the purpose of covering strike prices for exercised options.
customer - Apple. Similarly, at all times material, Vicky Chou was OVTI's vice-president of global management and Hongli (Henry) Yang, OVTI's vice president of engineering, is described by the Company as having an "in-depth understanding of OmniVision's product engineering." More specifically, Mr. Yang has a deep knowledge of sensor design, having been "focused on sensor design, circuit improvements and project management" at OVTI prior to being named vice president of engineering.

189. In the context of prior trading history, the timing of sales, and the volume, amount and percentage of sales, these insider sales serve a powerful indicia of the Individual Defendants' scienter.

Facts and Circumstances Giving Rise to a Presumption and Strong Inference of Scienter

- Core Business Matter

190. At all times material, developing, manufacturing and supplying image sensors in mass volumes and addressing the needs of its customers respecting its proprietary CMOS image sensor technology was OVTI's core business and livelihood. This focus was even more acute with regard to the smart phone segment given that OVTI's mobile phone segment of its image sensor business accounted for a majority of its revenues: 65%, 60% and 65% in years FY 2009, 2010 and 2011, respectively. Smart phone component sales accounted for much of that revenue and management acknowledged that its smartphone business was OVTI's "number one priority" during the Class Period.

- "Hands-On," "Detail Oriented" Management and Confirmatory Admissions of Working Closely with Key Customers

191. CEO Hong, in particular, and the Officer Defendants collectively, were hands-on, detail oriented and deeply engaged in the daily management of OVTI image sensor design win efforts, production and supply chain management, customer relations and addressing competitive and technological issues. CEO Hong unlike some CEO's of publicly traded companies was very active in the day-to-day management of the Company, ruling OVTI with what has been described as a hands-on, controlling management style focused on details at every level. Though a publicly traded company, OVTI had the trappings and culture of a family run business by CEO Hong. This is confirmed by several confidential sources.
192. CW 3 was employed at OVTI as a Senior Technical Recruiter from May 2006 to January 2009 and again from April 2010 to April 2011, though the latter term on a contract basis. As the OVTI Senior Technical Recruiter, CW 3 assembled the CMOS sensor engineering team, knew CEO Hong "very well" on a business level, and had a working relationship with CFO Chan and VP of Worldwide Sales, Cisneros.

193. According to CW 3, CEO Hong was a person who was "always in charge" and a hands-on executive who tried to control all aspects of OVTI business, even to the point of walking around the facility at lunch to "see who was working and who wasn't." CW 3 observed that CEO Hong deployed a management style of control from the top down. According to CW 3 all three top level executives—CEO Hong, CFO Chan and VP of Worldwide Sales, Cisneros—would have known of CMOS image sensor production problems. Regarding Apple, CW 3 identified a code word for Apple—ABC—that everyone at OVTI was required to use when referring to that customer.

194. CW 9 is a former OVTI "Director of Internal Audit" who was employed with OVTI from July 2006 through December 2010. As a Director of Internal Audit, CW 9 reported directly to the OVTI Board of Directors, (which Board included CEO Hong), and to CFO Chan. According to CW 9, CEO Hong was "the type of CEO that wanted to know everything." CW 9 confirms that OVTI held weekly management meetings attended by Chan, Cisneros, Hong (if he was in California) and others. According to CW 9, CEO Hong included CFO Chan in his trusted inner circle and Cisneros too, but to a lesser extent than CFO Chan.

195. CW 4 was formerly employed in OVTI's CDM Optics Group in Boulder, Colorado prior to the advent of the Class Period until CW 4 left OVTI's employ in early 2010 prior to the advent of the Class Period. CW 4 was primarily involved in helping OVTI develop its Camera Cube product along with so-called wave front coding. During CW 4's tenure at OVTI, working with defendants Hong personally, CW 4 observed that it was Hong's practice to insist on maintaining complete control over myriad elements of OVTI's operations, with a "hands-on" management style, demanding to be kept apprised of details during weekly and biweekly meetings and conference calls.

196. OVTI management admitted OVTI's hands-on monitoring and focus on the critical aspects of its business, for example:

- On February 24, 2011 VP of Worldwide Sales Cisneros acknowledged that "Key
customers are working with us for their critical ramp-up plans, and we are planning for significant production volumes."

- On May 26, 2011, CEO Hong represented that OVTI's "focus is a cross collaborative relationship with our customers. This relationship allows us to work hand in hand sharing ideas with one another from product concept inception to product design and production and finally delivering of products to customers." adding "We work closely with our customers at every stage of this product cycle." Hong assured that "the smartphone is our number one priority given the size of the market."

- On May 26, 2011, Hasan Gadjali, OVTI's Vice-President by Advanced Products acknowledged, "We work closely with our Tier 1 partners so that when a reference design is actually published they will include an OmniVision sensor. At the same time we work very closely with the software platform companies that dictate performance specifications for image capturing devices."

- On August 25, 2011, VP Cisneros stated "When we have our plans we work very closely with our customers." "I work with our engineering teams and product development teams and production teams on a daily basis and I have the confidence that when we have a plan, we execute on the plan."

197. CW 5 was an OVTI Engineer and Senior Product Marketing Manager from August 2005 to January 2009, possessing knowledge and experience regarding OVTI's product design cycle as it related to the development of a CMOS sensor slated for use in the iPod Touch as well as board level and executive management oversight. During CW 5's tenure with the company, CW 5 attended corporate board meetings to make presentations on technological OVTI CMOS image sensor products and had direct conversations with CEO Hong. CW 5 confirmed that CEO Hong involved himself in all aspects of OVTI's business to such an extent that he was viewed as a CEO who rules OVTI with an "iron fist."

198. During CW 5's tenure, it was protocol that Apple supplied its own engineers to monitor the progress and production of OVTI CMOS image sensors. Any substantial problem with production would be brought to the attention of Apple executives who would then bring them to the attention of OVTI executives in the process. Based on this process, CEO Hong
would have been alerted in the normal course of events to substantial problems associated with OVTI CMOS image sensors as determined by Apple and any decisions by Apple regarding OVTI's role as a supplier. Both CFO Chan and VP of Worldwide Sales Cisneros would be made aware as well. Indeed, according to CW 5, Apple would have been quick to deal with OVTI production problems because Apple experienced problems in 2009 with OVTI when it could not timely supply the camera components for Apple's iPod Touch as one can readily observe given that the iPod Touch had an area where the OVTI camera was meant to be included and no camera is there. According to article in PC World dated September 11, 2009, addressing a lack of a camera in the iPod Touch at that time, the product "was indeed slated to get a camera, but those plans were scrapped due to problems with third party camera sensors that Apple received." CW 5 confirms that OVTI was the "third party" that was supposed to supply the iPod Touch camera sensors in 2009.

- Apple was a Key, Critically Important Customer and Apple's 2011 iPhone Was a Key Contract

199. During the Class Period, Apple was a critically important, key customer of OVTI. Given Apple's leadership in smart phone and mobile device market and its cutting edge product offerings, OVTI's relationship with Apple was a key point of OVTI's focus, and one that OVTI management understandably managed, monitored and became acquainted with at all times material, with great concern. The business relationship with Apple was so important and such a critical focus that OVTI held weekly meetings to review its status, as confirmed by CW 6. CW 6 was employed as an IT Specialist with OVTI from May 2010 to March 2011. As an IT Specialist, CW 6 communicated with OVTI sales personnel and attended meetings at OVTI with sales force and Apple product development personnel.

200. CW 6 confirms that Apple was perceived as OVTI's most important customer. CW 6 is aware from CW 6's own personal knowledge that there were weekly meetings with OVTI sales personnel and Apple representatives. CW 6 personally observed that CEO Hong participated in one such meeting during CW 6's tenure, via conference call, and that Apple representatives also participated via conference call, while attending one such meeting at OVTI's offices during CW 6's tenure. CW 6 was permitted to attend these meetings. CW 6 was not privy to discussions about Sony.
201. Apple's iPhone product—a smart phone—represented a significant, growing business opportunity for OVTI. By the advent of the Class Period, the 2010 Apple iPhone 4 to which OVTI exclusively supplied image sensors was remarkably successful, having sold 1.7 million units just in the first three days, and going on to achieve tremendous sales numbers thereafter, since its introduction in June, 2010. Apple's next generation 2011 iPhone was the subject of considerable market inquiry and anticipation. Apple was renowned for its innovation and leadership in the smart phone sector. Given the economic successes of each Apple iPhone offering and the predicted success of its anticipated 2011 iPhone well before its initially anticipated launch, it was patently obvious that the next generation device represented yet another economic engine that the OVTI defendants would necessarily have been focused on at all times material.

202. Apple's iPhone product was the mobile handset market's high-profile smartphone and there was tremendous consumer and investor enthusiasm surrounding its next generation 2011 iPhone. The loss of the position as an exclusive or dominant image sensor supplier to Apple's 2011 iPhone offering would be a devastating blow to OVTI that would reverse its business momentum, disable it from gaining smart phone market share, and materially and adversely impact its revenue and earnings per share.

203. According to CW 9, Apple was a very important customer of OVTI and there was ongoing "close communication" between Apple and OVTI. According to CW 9, OVTI's internal culture was to "focus our limited resources" on Apple, which thus impeded OVTI business with other customers. OVTI's limited resources were one of the risks that CW 9 assessed. CW 9 confirms that internally, the Apple account was code named "ABC." The "close communication" among Apple's procurement group and OVTI lead engineers gave OVTI "a lot of knowledge" as to what was going on with Apple products vis-à-vis OVTI's component supply role. The close communications encompassed regular in-person meetings, emails and telephone calls. OVTI sales force and CEO Hong were involved in regular conversations with Apple. Sometimes, CEO Hong's "direct reports" such as CFO Chan would update CEO Hong regarding discussions with Apple given the importance of that customer to OVTI.

204. OVTI's historic experience with Apple confirms and provides additional support beyond defendants' admissions of working closely with key customers. According to CW 4, OVTI had been unsuccessful in developing a Camera Cube intended for Apple's iPod Touch
product which was supposed to include a camera. During the effort to produce the Camera Cube component for the iPod Touch, CW 4 became aware that Hong was in regular direct contact with Apple representatives at a senior level. Hong visited Apple's premises and Apple personnel visited OVTI's regarding the inability to timely deliver the Camera Cube for the iPod Touch.

205. According to CW 4 and based on CW 4's personal experience working on the Camera Cube project for the iPod Touch, Apple personnel were working very closely with OVTI personnel, holding constant discussions regarding the product's development. Those discussions were held at various levels - technical, management and at higher levels at OVTI, including with CEO Hong. Apple's practice was to independently verify if OVTI could perform rather than take OVTI's assurances at face value. CW 4 left OVTI too soon in 2010 to acquire personal knowledge about the events associated with OVTI's loss of the CMOS image sensor component supply position to Sony regarding the next generation Apple iPhone 4S, nor was CW 4 involved in that iPhone project.

- OVTI's iPhone Supply Position Was Highly Important to its Investors and CEO Hong Closely Monitored OVTI's Investor Communications

206. The market as illustrated by the reports of many analysts as alleged above was intensely focused on OVTI's iPhone supply position with Apple. OVTI's stock price moved based on the statements of comfort, assurances and representations made by the defendants, directly or through conversations with analysts, in that regard. At all times material, Apple was a smartphone market leader intent on gaining market share of that burgeoning new wave of consumer electronic sales and consequent revenue. About 65% of OVTI's revenue in FY2011 (ending April 30, 2011), was comprised of supplying image sensors for mobile handset devices, a large portion of which was comprised of smartphone's, including the Apple iPhone OVTI's most coveted customer.

207. OVTI's position with respect to the next generation 2011 Apple iPhone was highly important to its investors the market and was significant with regard to Class members' investment decisions respecting the purchase of OVTI stock and its pricing during the Class Period. The loss of the 2011 iPhone 4S supply business to Sony had a material impact on OVTI revenues and financial performance and was a cause of the collapse of its stock price when the adverse truth was revealed.
208. Indeed, Defendant's Hong's all-encompassing management rule extended to the information being disseminated by the Company to analysts and the media. CW 7 was the Director of Investor Relations from December 2008 through October 2009. According to CW 7, all information being disseminated to the investing public needed Hong's direct approval. CW 7 stated that Defendant Hong had a "very strong hand" when it came to the investors, and nothing went out without his approval. Hong's control over the Company's public message and hands-on approach to dealing with analysts is corroborated by CW 8, who was the Human Resources manager from August 2008 through September 2010. CW 8 stated that Hong controlled how and what OVTI communicated to investment analysts and/or the media.

- Apple iPhone Design to Launch Cycle

209. OVTI management knew the status of OVTI's involvement as a supplier, particularly in light of Apple's extensive design cycle commencing with the grant of a design win to component suppliers/manufacturers, the milestones needed to be achieved, the need to execute and produce to Apple's satisfaction, the prestige associated with achieving status as an image sensor supplier for its next generation iPhone, the embarrassment of losing such a coveted position, and the implications in either case for the future of OVTI business with Apple and OVTI's financial success and future. Given the typical design cycle milestones, and assuming an initial product launch date of June 2011, the defendants would have known before the advent of the Class Period that OVTI had lost its exclusive and dominant supply contract with Apple for the 8 MPx image sensors for the Apple 2011 iPhone.

The 2011 iPhone 4S

210. A non-testifying expert consultant on global supply chain management has established an estimated timeline for the design, development, testing and manufacturing of the CMOS sensors for the iPhone 4S. (The non-testifying expert consultant is hereafter referred to as 'Expert A'). Expert A, who currently works as a global supply chain management consultant, has over 25 years of experience in supply chain management, including forecasting and planning, procurement, manufacturing, logistics and trade compliance. In the course of that experience, this expert has worked with and for numerous companies which maintain manufacturing operations in China.

211. Expert A has assisted more than 80 clients in all aspects of supply chain management, including purchasing and procurement, global sourcing, manufacturing and
negotiations. As a result, Expert A has extensive experience in the processes by which businesses develop suppliers, procure goods and manage suppliers, as well as the enabling technologies in this functional business area and has consulted with many clients on purchasing and supplier processes and negotiations across many industries including high technology and consumer electronics. These management consulting engagements have included process design, which incorporates the understanding the current state process and well as defining new and improved processes.

212. Expert A possesses an MBA degree as well as a Bachelor of Science degree in Business Logistics and is a Licensed United States Customs Broker. For more than a decade, Expert A has taught college classes in business operations management, world class manufacturing, importing/exporting and international business and is a well-known China business expert, having authored a book on sourcing and manufacturing in China and has published articles on supply chain sourcing and manufacturing in university publications, white papers and at conferences. Expert A also maintains expertise in locating, qualifying and negotiating with Chinese vendors as well as managing the procurement process from design through delivery. A summary of Expert A's opinion is set forth in ¶ 213-221 below and in the table set forth in ¶ 222.

213. Expert A's Opinion. In the opinion of Expert A, and based on Expert A's experience, expertise, knowledge of supply chain procedures and investigation related to the 2011 Apple iPhone, Apple's procurement process for the newly designed iPhone 4S began in early 2010. Apple's high level design would have included the new desired features for its cameras which relied on 8 mega pixel CMOS chips. These new chips were an iteration of 5 mega pixel chips previously included in the iPhone 4. The new design was more dense and included more gates and thus was more complex. Adding density and more gates requires more time for testing and iteration of design. More complex designs are prone to more errors and problems in manufacturing.

214. Quality and Yield Issues. Test results from OmniVision and their Contract Manufacturer's samples would be reported back to Apple Engineering and Apple Procurement because any design modifications would have to be approved by Apple. This repeating cycle of design- production samples- test-iteration and new samples would take place in the first two to three months of the procurement cycle, most likely between Jan/Feb 2010 and March/April
2010. The revisions and iterations would have been captured by engineering software such as Product Lifecycle Management or ERP systems. Apple would have been monitoring this process closely and evaluating the risk if the test samples quality and yield rates were not as expected. During some point in this cycle, Apple most likely notified OmniVision that they intended to develop one or two back-up suppliers. This is a common procedure of procurement organizations that are dealing with high volume products. When a component supplier is at risk because of quality or other issues, alternative suppliers are developed to mitigate this risk. The initial supplier is notified of this action.

215. Apple Supplier Management. Most large companies have three organizational parts to their Procurement execution functions: Supplier Development, Buying Staff and Supplier Management. Apple Supplier Management and Apple Engineering would have been closely watching the manufacturing test results from OmniVision and their Contract Manufacturer because OmniVision was an established supplier for Apple and would have had an assigned Supplier Manager and Engineer. Apple Project Management, Engineering and Procurement would begin discussing risk of delays, yields and quality, and putting pressure on OmniVision to perform. High tech product companies at this point would indicate to their primary supplier, that alternative suppliers were going to be developed due to procurement risk. Apple Supplier Development would be identifying and qualifying alternative suppliers no later than March or April of 2010. The Rodman Renshaw report from April 13, 2010, indicating that Sony had been chosen as an alternate 8MP supplier, is consistent with this timeline.

216. Apple's process of developing alternative suppliers would begin in earnest sometime prior to April 1, 2010, even though alternative suppliers were most likely being considered as early as Jan/Feb 2010. The problems with OmniVision's yield and quality would be actively discussed with Apple, most likely in the US and in China at the OmniVision CM production plant. OmniVision would be receiving clear messages from Apple regarding their declining status as the primary 8MP CMOS supplier for the iPhone 4S.

217. For high tech consumer products companies, if supplier risk is deemed to be too high, second and third sources are designated immediately for manufacture of the component product. High tech companies typically have multiple suppliers for high volume parts in order to effectively manage procurement risk. 20+ other CMOS suppliers exist in the marketplace and could be potential candidates for development of Apple iPhone 4S components.
218. At the same time, it is likely that Apple would still be working with the troubled design and manufacturing processes at OmniVision and their Contract Manufacturer during the April-May time frame, trying to help improve quality and yields. This is likely since OmniVision was an established supplier for iPhones and other Apple products. Apple would also be working with the alternative CMOS manufacturers to assure that they could produce the yield, quality and quantities required by Apple's iPhone 4S.

219. Product and Component Forecasts. Sometime in the May/June 2010 time frame, Apple would finalize the initial product launch forecast and detail the required quantities for each of the component suppliers. The iPhone 4S forecast, at this point, would be based on historical product adoption rates, product market surveys, macro-economic trends, experts input and other relevant variables added to a forecast algorithm and regularly revised over the following few months. The component production numbers, based on this forecast, would be communicated to Apple Procurement and then in turn to component suppliers for their production planning. The iPhone 4S product sales forecast numbers are widely discussed by analysts and reported in the press. Forecast numbers are readily available in the public domain and would be well known by component suppliers.

220. Purchase Orders and Contracts. Sometime in the June/July 2010 time frame, Apple buyers would have placed Purchase Order Contracts ("PO") with the selected suppliers. These POs would be for the quantities of components required, based on the current forecast. Suppliers would know, based on the quantities indicated on their POs vs. the 4S public product forecast or their discussions with Apple, if they were a primary or secondary supplier. By now, not only would suppliers have been told they were no longer the exclusive or primary supplier, but this fact would be verified in writing by the quantities on the Purchase Order Contracts from Apple. Alternate suppliers would also receive Purchase Orders with quantities related to the forecast.

221. Based on the foregoing, Expert A has opined that before the advent of the Class Period, OmniVision would have known that it did not have an exclusive or dominant role as the supplier of CMOS sensors for the iPhone 4S. Moreover, as noted in the timeline below, the April 13, 2010 report by Rodman & Renshaw is consistent with Expert A's opinion that, by the advent of the Class Period, OmniVision would have known that it was not the dominant or exclusive CMOS sensor supplier for the iPhone 4S.
222. A timeline developed by the non-testifying expert consultant, Expert A and identifying the estimated design and production cycle for the iPhone 4S CMOS sensor to a reasonable degree of certainty, is set forth below:

<table>
<thead>
<tr>
<th>Estimated Date</th>
<th>Weeks required</th>
<th>Activity</th>
<th>Contract Manufacturer (CM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated start 2/1/2010</td>
<td>3-4 weeks</td>
<td>Apple prepares high level design requirements and communicates to Supplier</td>
<td>Design components are reviewed and changes and revisions are suggested. Product Lifecycle Management (PLM) software for keeping track of revisions is engaged.</td>
</tr>
<tr>
<td>2/25/2010</td>
<td>4-6 weeks</td>
<td>Prepare initial photomask</td>
<td>Photo mask stage design iteration discussions begin between Supplier and CM</td>
</tr>
<tr>
<td>3/30/2010</td>
<td>3-4 weeks</td>
<td>Test design with an initial trial run of manufactured test samples</td>
<td>Manufacture a few chips to test and then tweak design</td>
</tr>
<tr>
<td>4/13/2010</td>
<td></td>
<td>Rodman Renshaw report that Sony secured 8 MPx for 2011 iPhone is consistent with the timeline</td>
<td></td>
</tr>
<tr>
<td>4/25/2010</td>
<td>4-8 weeks</td>
<td>Apple Engineering, Procurement and Supplier Management would be aware of significant quality and yield issues and testing problems at Supplier.</td>
<td>Apple continues to work with Supplier to determine if schedule can be met. Supplier works with CM to continue discussions of manufacturability, and improvement in quality and yield.</td>
</tr>
<tr>
<td>Estimated Date</td>
<td>Weeks required</td>
<td>Apple</td>
<td>Supplier</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------</td>
<td>-------</td>
<td>----------</td>
</tr>
<tr>
<td>6/25/2010</td>
<td>3-4 weeks</td>
<td>Initial Forecast received from Apple. Final forecast @ 60% accurate at this stage. Forecast continues to be refined throughout the process and gets more and more accurate as the launch date approaches. Apple forecast is based on historical adoption rates + market surveys + trends + macro economic trends + experts input + other relevant variables. Forecast is tweaked frequently and results are communicated to Apple Procurement and then to Suppliers for increases in production.</td>
<td>Design Iteration &amp; tweaking</td>
</tr>
<tr>
<td>Estimated Date</td>
<td>Weeks required</td>
<td>Apple</td>
<td>Supplier</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td>------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>7/25/2010</td>
<td>2-3 weeks</td>
<td>Apple generates Purchase Order/Contract to Supplier and other suppliers for CMOS 8MP chips. PO includes quantities Apple intends to buy from each as well as cancellation clauses for quality issues and other causes.</td>
<td>Supplier has confirmation, in writing, that they are no longer the primary supplier based on PO quantities and conditions vs. the product forecast. Supplier must sign the Purchase Order/Contract. Forecast is available from Apple as well as from public predictions by analysts and others.</td>
</tr>
<tr>
<td>8/15/2010</td>
<td>3-4 weeks</td>
<td>Supplier engages in Sales and Operations Planning (S&amp;OP)</td>
<td>CM engages in S&amp;OP</td>
</tr>
<tr>
<td>9/15/2010</td>
<td>1 - 2 weeks</td>
<td>Apple Supplier Management does an initial review of raw materials acquisition plans with tier 1 and tier 2 vendors, on-site in China</td>
<td>Suppliers are asked to produce their Purchase Orders for long-lead time items and discuss any difficulties in procurement.</td>
</tr>
<tr>
<td>12/15/2010</td>
<td>16-24 weeks</td>
<td>Sony Buys production plant</td>
<td></td>
</tr>
<tr>
<td>12/20/2010</td>
<td>1 - 2 weeks</td>
<td>Apple Supplier Management reviews raw materials acquisition plans with tier 1 and tier 2 vendors, on-site in China</td>
<td>Suppliers are asked to produce their Purchase Orders for raw materials orders and discuss any difficulties. All known risks are actively identified.</td>
</tr>
<tr>
<td>1/15/2011</td>
<td>16 weeks</td>
<td>Apple CMOS production launches</td>
<td>Supplier coordinates with CM</td>
</tr>
<tr>
<td>3/25/2011</td>
<td>1 week</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated Date</td>
<td>Weeks required</td>
<td>Apple</td>
<td>Supplier</td>
</tr>
<tr>
<td>----------------</td>
<td>----------------</td>
<td>--------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>4/1/2011</td>
<td>3-6 weeks</td>
<td>Initial production of 4S iPhone at Foxconn</td>
<td>(Apple CM)</td>
</tr>
<tr>
<td>5/15/2011</td>
<td>1-2 weeks</td>
<td>Logistics and Distribution to Apple retailers worldwide</td>
<td></td>
</tr>
<tr>
<td>6/1/2011</td>
<td></td>
<td>Planned Launch Date</td>
<td></td>
</tr>
<tr>
<td>10/14/2011</td>
<td></td>
<td>Actual launch Date</td>
<td></td>
</tr>
</tbody>
</table>

223. Beyond the foregoing, OVTI's claimed design cycle would also provide the Individual Defendants with knowledge of where OVTI stood in with regard to the 2011 Apple iPhone well before it was launched and prior to the advent of the Class Period.

224. Responding to a question on August 27, 2009 seeking to understand, "the expected design win ramp," VP Cisneros, noting that with respect to "Tier One companies," there is a "nine to 12 month incubation period of getting the design done, getting all the engineering work done, and then there's typically a nine to 12 month lifespan for any particular one design." VP Cisneros acknowledged an extended design and engineering timeline at a time when OVTI was engaged with Apple in 2009 regarding the 2010 Apple iPhone 4 that was to be launched in June 2010, thereby revealing a cycle that commenced as early as June 2009, 12 months prior to contemplated launch.

Additional Basis for Scienter According to Reliable Confidential Sources

225. CW 6 was employed as an IT Specialist with OVTI from May 2010 to March 2011. As an IT Specialist, CW 6 communicated with OVTI sales personnel and attended meetings at OVTI with sales force and Apple product development personnel.

226. Based on CW 6's personal communications with OVTI sales force and position, CW 6 was aware that during CW 6's entire eleven month tenure at OVTI, that delivery to Apple of OVTI BSI sensors were chronically late and OVTI had difficulty keeping up with Apple's demand. This caused problems with Apple. "Everyone" at OVTI knew about Apple's
dissatisfaction with OVTI. CW 6 learned of Apple's dissatisfaction mostly from OVTI sales personnel, with whom CW 6 had direct communications during CW 6's employment.

LOSS CAUSATION

227. During the Class Period, as detailed herein, Defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of OmniVision common stock, and operated as a fraud or deceit on Class Period purchasers of OmniVision common stock by misrepresenting the Company's business and prospects. Later, when Defendants' prior misrepresentations and fraudulent conduct became apparent to the market, the prices of OmniVision common stock fell precipitously, as the prior artificial inflation came out of the prices over time. As a result of their purchases of OmniVision common stock during the Class Period, Lead Plaintiffs and other members of the Class suffered economic loss, i.e., damages, under the federal securities laws.

NO SAFE HARBOR

228. OmniVision's verbal "Safe Harbor" warnings accompanying its oral forward-looking statements ("FLS") issued during the Class Period were ineffective to shield those statements from liability.

229. Defendants are also liable for any false or misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of OmniVision who knew that the FLS was false and was not accompanied by meaningfully cautionary language. None of the historic or present tense statements made by Defendants were assumptions underlying or relating to any plan, projection, or statement of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by defendants expressly related to, or stated to be dependent on, those historic or present tense statements when made.
APPLICABILITY OF PRESUMPTION OF RELIANCE UNDER THE AFFILIATED UTE DOCTRINE OR IN THE ALTERNATIVE, THE FRAUD ON THE MARKET DOCTRINE

230. Lead Plaintiffs are entitled to a presumption of reliance under Affiliated Ute v. United States, 406 U.S. 128 (1972), because the claims asserted herein are primarily predicated upon omissions of material fact defendants were under a duty to disclose or were required to disclose so as not to make their statements false and misleading.

231. Lead Plaintiffs are alternatively permitted to rely upon the presumption of reliance established by the fraud-on-the-market doctrine in that, among other things:

a. Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

b. the omissions and misrepresentations were material;

c. the Company's stock traded in an efficient market;

d. the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's common stock; and

e. Lead Plaintiffs and other members of the Class purchased OmniVision common stock between the time defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

232. At all relevant times, the markets for OmniVision common stock were efficient for the following reasons, among others:

a. as a regulated issuer, OmniVision filed periodic public reports with the SEC;

b. OmniVision regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services; and

c. OmniVision common stock was actively traded in an efficient market, namely the NASDAQ, under the ticker symbol "OVTI."
CLASS ACTION ALLEGATIONS

233. Lead Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of the Class. Excluded from the Class are Defendants, directors, and officers of the Company, and their families and affiliates.

234. The members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court. As of September 1, 2011, OmniVision had 59,610,817 shares of common stock outstanding, owned by thousands of persons.

235. There is a well-defined community of interest in the questions of law and fact involved in this case. Questions of law and fact common to the members of the Class that predominate over questions that may affect individual Class members include:
   a. whether defendants violated the Exchange Act;
   b. whether defendants omitted and/or misrepresented material facts;
   c. whether defendants' statements omitted material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
   d. whether defendants knew or recklessly disregarded that their statements were false and misleading;
   e. whether the prices of OmniVision common stock were artificially inflated; and
   f. the extent of damage sustained by Class members and the appropriate measure of damages.

236. Lead Plaintiffs' claims are typical of those of the Class because Plaintiff and the Class sustained damages from defendants' wrongful conduct.

237. Lead Plaintiffs will adequately protect the interests of the Class and has retained counsel who are experienced in class action securities litigation. Lead Plaintiffs have no interests that conflict with those of the Class.

238. A class action is superior to other available methods for the fair and efficient adjudication of this controversy.
COUNT I
For Violation of Section 10(b) of the Exchange
Act and Rule 10b-5 Against All Defendants

239. Lead Plaintiffs incorporate paragraphs 1 through 238 by reference.

240. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew, or recklessly disregarded, were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Defendants made the false or misleading statements alleged herein intentionally and/or with deliberate recklessness.

241. Defendants violated Section 10 (b) of the Exchange Act and Rule 10b-5 in that they:
   a. employed devices, schemes, and artifices to defraud;
   b. made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
   c. engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Lead Plaintiff and others similarly situated in connection with their purchases of OmniVision common stock during the Class Period.

242. Lead Plaintiffs and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for OmniVision common stock. Lead Plaintiffs and the Class would not have purchased OmniVision common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

243. As a direct and proximate result of defendants' wrongful conduct, Lead Plaintiffs and the other members of the Class suffered damages in connection with their purchases of OmniVision common stock during the Class Period.
COUNT II

For Violation of § 20(a) of the Exchange Act
Against the Individual Defendants

244. Lead Plaintiffs incorporate paragraphs 1 through 243 by reference.

245. The Individual Defendants acted as controlling persons of OmniVision within the meaning of Section 20(a) of the Exchange Act. By virtue of their power to control public statements about OmniVision, the Individual Defendants had the power and authority to control OmniVision and its employees. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, Lead Plaintiffs pray for judgment as follows:

A. Declaring this action to be a proper class action pursuant to Federal Rule of Civil Procedure 23;

B. Awarding Lead Plaintiffs and the members of the Class damages and interest;

C. Awarding Lead Plaintiffs reasonable costs, including attorneys' fees; and

D. Awarding such equitable/injunctive or other relief as the Court may deem just and proper.

JURY DEMAND

Lead Plaintiffs demand a trial by jury.

DATED: April 23, 2012

Respectfully submitted,

BARRACK, RODOS & BACINE
STEPHEN R. BASSER
SAMUEL M. WARD

/s/ STEPHEN R. BASSER

STEPHEN R. BASSER

600 West Broadway, Suite 900
San Diego, CA 92101
Telephone: (619) 230-0800
Facsimile: (619) 230-1874
BRANSTETTER, STRANCH
& JENNINGS, PLLC
J. Gerard Stranch, IV
James G. Stranch, III

/s/ J. GERARD STRANCH, IV
J. GERARD STRANCH, IV

227 Second Avenue North, Fourth Floor
Nashville, TN 37201-1631
Telephone: (615) 254-8801
Facsimile: (615) 250-3937

Co-Lead Counsel for Lead Plaintiffs
Oakland County Employees' Retirement
System, Laborers' District Council
Contractors' Pension Fund of Ohio, and
Woburn Retirement System and the
Proposed Class

LABATON SUCHAROW LLP
CHRISTOPHER J. KELLER
ckeller@labaton.com
JONATHAN GARDNER
jgardner@labaton.com
mstocker@labaton.com
140 Broadway
New York, NY 10005
Telephone: (212) 907-0700
Facsimile: (212) 818-0477

Counsel for Lead Plaintiff Woburn
Retirement System
SIGNATURE ATTESTATION

Per General Order 45, Section X.B., I hereby attest that I have on file all holograph signatures for any signatures indicated by a "conformed" signature (\(\text{\texttt{S}}\)) within this efiled document.

\(\text{\texttt{S}}\) \(\text{\texttt{S}}\)/ STEPHEN R. BASSER

STEPHEN R. BASSER
CERTIFICATE OF SERVICE

I, the undersigned, state that I am employed in the City and County of San Diego, State of California; that I am over the age of eighteen (18) years and not a party to the within action; that I am employed at Barrack, Rodos & Bacine, 600 West Broadway, Suite 900, San Diego, California 92101; and that on April 23, 2012, I served a true copy of the attached:

LEAD PLAINTIFFS' CONSOLIDATED CLASS ACTION COMPLAINT

to the parties listed on the attached Service List by the following means of service:

☑ BY E-FILE: I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Service List.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 23rd day of April, 2012.

/s/ STEPHEN R. BASSER

STEPHEN R. BASSER
2. Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

- Ramzi Abadou
  rabadou@ktmc.com, knguyen@ktmc.com, roberes@ktmc.com
- Vahn Alexander
  valexander@farqilaw.com, ecfca@farqilaw.com
- Rachel A. Avan
  ravan@labaton.com
- Brian Joseph Barry, Esq
  briarry1@yahoo.com
- Stephen R. Basser
  sbasser@barrack.com, lnapoleon@barrack.com, cfessia@barrack.com
- Ian David Berg
  iberg@aftlaw.com, tkellar@aftlaw.com
- Douglas John Clark
  delark@wsgr.com
- Cynthia A. Dy
  cdy@wsgr.com
- Marvin L. Frank
  mfrank@murrayfrank.com, info@murrayfrank.com
- Jonathan Gardner
  jgardner@labaton.com
- Michael M. Goldberg
  mmgoldberg@glancylaw.com
- Eli Greenstein
  egreenstein@ktmc.com
- Stacey Marie Kaplan
  skaplan@ktmc.com
- Reed R. Kathrein
  reed@hbslaw.com, peterb@hbsslaw.com, pashad@hbsslaw.com, sf_filings@hbsslaw.com
- Christopher J. Keller
  ckeller@labaton.com, electroniccasefiling@labaton.com
- Angie Young Kim
  aykim@wsgr.com, vhermandez@wsgr.com
3. Manual Notice List

The following is the list of attorneys who are not on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

- (No manual recipients)