

**SECURITIES CLASS ACTION SETTLEMENTS:
*AN EMPIRICAL ANALYSIS***

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November 16, 2000

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I. INTRODUCTION

Plaintiffs, defendants, policymakers and scholars are often interested in trends in settlements of securities class action lawsuits. In this paper, we present descriptive statistics of the most comprehensive database of settlements of securities class actions categorized by several aspects of the case or the plaintiff law firm involved in the lawsuit. We also compare certain settlement statistics prior to and subsequent to the passage of the Private Securities Litigation Reform Act of 1995 (PSLRA) through December 31, 1999.¹ We report settlements as both the cash value of the settlements and relative to two different measures of plaintiff style damage estimates.

The paper is organized as follows. In Section II, we discuss the sample and analyze the trends in filing and settlements of securities class action law suits. In Section III, we discuss the settlement statistics categorized in several interesting ways. We have also conducted similar analyses for different sub-sets of the data that may be of particular interest to the legal profession, policy makers and scholars.² Such sub-sets include studies that have focussed on specific allegations and those involving co-defendants such as accounting firms or investment banks. These additional results have not been reported here for the sake of brevity but are available from the authors upon request.

II. SAMPLE

We started with the data on 2,167 Federal case filings and 579 State court filings available from the Securities Class Action Alert (SCAA). To the best of our knowledge, Securities Class Action Alert is

¹ Congress enacted the Private Securities Litigation Reform Act (“PSLRA”) in December 1995 over veto by President Clinton. The stated objectives of the act were to reduce abusive litigation and coercive settlements. (*Securities Litigation Reform Conference Report*, Title I and II, Report 104-369, November 28, 1995.) Several measures were enacted to accomplish these objectives. Such measures include (1) the replacement of joint and several liability with proportionate liability under certain circumstances; (2) reduce the preference in the appointment of lead plaintiff (and lead plaintiffs’ counsel) previously given to the first plaintiff (and law firm) to file a class action; (3) the stay of discovery pending a motion to dismiss; (4) the inclusion of a 90-day “bounce-back rule in measuring damages; and (5) inclusion of negative causation in the statutory language under Section 12, giving the plaintiff burden for proving that acts or omissions of the defendant caused the damage that the plaintiff is seeking to recover.

² Also, we have developed a prediction model which can be used to predict settlements based on several different variables like the nature of allegations, the defendants, the plaintiff style damages etc. and settlement predictions for particular cases can be performed on request.

the only centralized resource for settlement award data since 1988. However, for several aspects of our analysis, we also required stock market data that we obtained from Center for Research in Security Prices (CRSP). In our final sample, we only retained those cases for which class period could be defined and stock price and potential investment loss data were available. This left us with a final sample of 1,203 Federal case filings and 92 state court filings, spanning from 1988 to 1999.

A. FILINGS

A.1 Time Trend in Filings

In Table 1 (Panel A) we present the frequency of filings over time for the total sample of 2,167 federal cases and 579 state cases. As we can see, the number of cases filed in Federal courts immediately following PSLRA dropped from 191 in 1995 to 119 in 1996. However, there was no parallel drop in state court filings. Interestingly, even the decline in Federal court filings noted in 1996 reversed itself soon thereafter. By 1998, Federal Court filings had reached an all-time high of 248 filings while state filings had declined from 80 in 1996 to 59 by 1998 and further to 32 by 1999. In Panel B we show the frequency of filings for our final sample of 1,203 federal and 92 state cases which we examine in detail in this paper.

A.2 Filings across Different Types of Allegations

In Table 1 (Panel C) we classified our sample according to various types of allegations based on our analysis of description provided by SCAA. We classified each of the cases in our database into ten categories of allegations that involved one or more of the following claims:

1. Defendant made misleading or false statements.
2. Defendant failed to disclose material information.
3. Defendant violated corporate disclosure rules.
4. Defendant breached fiduciary responsibilities.
5. Registration/proxy statement included false or misleading statements.
6. Officers of defendant firm violated insider-trading rules.
7. Defendant made false revenue disclosures, which required a restatement.
8. The statements made at the IPO were false or misleading,
9. Defendant was involved in improper accounting practices.
10. Defendants were involved in improper Revenue recognition.

At the outset, it should be noted that cases often included several different allegations. Hence, the classification of cases by allegation type is clearly not a mutually exclusive one. Nevertheless, it is instructive to observe that the vast majority of cases involved allegations concerning corporate disclosures. In 1999 alone, 97 suits were filed that alleged misleading statements by the company's management. In contrast, the remaining nine allegation categories combined included only 80 cases filed in 1999 (177 cases, total, minus 97 cases alleging misleading/false statement). Cases involving allegations of misleading or false statements were the most common even in pre-Reform period. However, the disparity in filings across allegation types was less stark before the passage of PSLRA. For instance, in the pre-Reform period, cases alleging defendants' failure to disclose material information (the second most common allegation) were never less than 69% of cases that alleged false or misleading statements (the most common allegation). However, in the post-Reform period, cases involving the former type of allegations have never exceeded 69% and in 1999 were as low as 28%, of cases that alleged false or misleading statements.

The number of cases pertaining to insider trading allegations remained small throughout the sample period. Cases alleging accounting malpractice, such as those involving revenue restatements, improper revenue recognition or other accounting malpractice, increased during the post-Reform period. Revenue restatement-related cases increased from 10 filed before 1996 to 41 filed since 1996. Revenue recognition-related cases also increased significantly from 9 filed in the Pre-Reform period to 27 filed in the Post-Reform period. Filings alleging improper accounting practice increased from 21 in the Pre-Reform period to 41 in the Post-Reform period.

A.3 Filings Involving Multiple Defendants

Table 1 Panel D considers trends in the numbers of cases filed involving a co-defendant such as an accounting or underwriter firm. There appears to have been a decline in such cases filed, especially those involving accounting firms as co-defendants in the post-Reform period. This trend is, however, less noticeable for cases involving underwriter co-defendants. Nevertheless, there does appear to be a decline in cases filed against either type of co-defendant over the last two years (1998 and 1999).

A.4 Courts of Filings

Table 1 Panel E examines trends in cases filed in various Federal Circuit courts. As is apparent from this table, in any year, most Federal cases were filed at the Ninth Circuit court, followed by the Second Circuit court both for the pre-Reform and the post-Reform periods.³

B. Speed of Settlements

Table 2 (Panel A) shows the number of settlements by year for our sample of security class actions. Panel B shows the speed of these settlements. As Panel B demonstrates, a majority of cases were settled in 4 years. In the Pre-Reform period on average 57.59% of all cases filed were settled in 4 years and 69.52% of all cases filed were settled in 5 years. These settlement rates appear to have declined in the post-Reform period. For the post-Reform cases in our sample, only 26.06% were settled in 4 years (since sample only extends to 1999, there are no 5-year data available for the post-Reform period).

C. Speed of Dismissals

Table 3 (Panel A) shows the number of dismissals for our sample of security class actions. Panel B of Table 3 shows the speed at which these cases were dismissed. As Panel B demonstrates, not even a quarter of cases were dismissed within 4 years. In the Pre-Reform period on average only 10.89% of all cases filed were dismissed in 4 years and 11.24% of all cases filed were dismissed in 5 years. These dismissal rates appear to have declined even further in the post-Reform period. For the post-Reform cases in our sample, only 5.79% were dismissed in 4 years.⁴

III. SETTLEMENTS

The primary purpose of this paper is to examine trends in settlements. Clearly, such settlements would depend on the potential loss borne by investors. Therefore we consider three different measures of settlements, the dollar amount of settlement, the settlement relative to damage calculations using the plaintiff style model, and the maximum loss in market value of the company stock during the class period. To measure the plaintiff style damages; we use a proportional decay model and define inflation as the

³ 1996 and 1999 were exceptions since 2 and 3 more cases were filed at the Eleventh Circuit Court compared to the Second Circuit Court, respectively.

⁴ Five year data was unavailable for the post-Reform period.

difference between the stock price and an industry index.⁵ The market capitalization drop is the difference between the highest value of the market capitalization during the class period and the market capitalization on the day after the end of the class period.

A. Settlement Amounts Categorized by the Time Taken for Settlement

The mean and median settlement amounts generally increased the longer a case took to settle [see Tables 4 and 5, respectively]. This trend is especially noticeable in the post-Reform period. For instance, of all 111 cases filed in 1996 one settled within the year for \$500,000. However, of these 111 cases, 14 settled in 1997, and 15 cases were settled in 1998 and 14 in 1999 [see Table 4]. The mean settlement amount for the 14 cases settled in 1997 was \$4.690 million whereas the mean increased to \$7.571 million for the 14 cases that took two extra years to settle (i.e., settled in 1999). The median settlement amounts, shown in Table 5, also display a similar trend. The median settlement amount for cases filed in 1996 and settled in 1997 was \$2.7 million. However, the median settlement amount increased to \$6 million if the cases were settled two years later, i.e., in 1999. However, we should not over-interpret this empirical regularity and assume that settling a case with utmost speed will reduce expected settlement amount. There may be a reverse causality at work here. Large and complex cases may take longer to resolve and also produce higher settlement amounts.

⁵ Measurement of inflation in a particular case is highly fact specific. While we have used a certain measures of inflation in our analysis of the data for convenience, we are not advocating that these measures are necessarily appropriate.

C. Settlement Amounts Categorized by the Alleged Damages

We next examined various settlement statistics for all settled cases that fell within a particular range [Table 6]. These ranges were defined in terms of either (a) potential investor loss (PIL) [Table 7], or (b) settlement amount [Table 8]. There are three main issues to discuss in this context.⁶

As Table 7 indicates, when we classified settled cases according to the range of potential investor loss, the majority of settled cases involved large potential investor losses (over \$10 million). This was true regardless of the methodology adopted to estimate potential investor loss.

Out of the 807 settled cases in the sample, 79% (637 cases) involved potential investor losses over \$10 million when these potential losses were measured using the industry index approach. An even higher percentage (92%, or 743 cases) of the settled cases involved potential investor losses over \$10 million when such losses were measured using the market drop approach. In contrast, as Table 8 indicates, the majority of settled cases (80%, or 643 cases) actually settled for less than \$10 million. Thus, it is clear that while most settled cases involved large potential investor losses but the actual settlement amount was considerably smaller.

The mean Settlement/Potential Investor Loss (S/PIL) ratio, for each potential investor loss range is shown in the fifth column of Table 7, Panels A and B. Similarly, the fifth column of Table 8 presents the mean ratio corresponding to specific settlement ranges. It is clear from Table 7 that the mean S/PIL ratio declined steadily as the PIL range increased. However, a similar decline was not evident when the S/PIL was classified by settlement range [Table 8]. This observation makes common sense. For a case in which potential investment losses are small, plaintiffs are unlikely to file a lawsuit unless expected recovery was a large fraction of the alleged losses. On the other hand, a large investor loss can prompt filing of a lawsuit even if the expected recovery as a percentage of potential investor losses is small.

Comparing Table 7 and 8 also indicates a difference in the terms of settlements across various ranges. Column 6 of Tables 7 and 8 provides the percentage of all settled cases, within the specified PIL or settlement range, that had non-cash settlements. Such settlements typically include warrants or stocks. 25% of settled cases (159 of 637) with PIL greater than \$10 million involved non-cash settlements. (Table

⁶ Table 6 summarizes the PIL statistics for our dataset, across time, where PIL is measured either in terms of an industry index or in terms of a market drop.

7, column 6.) However, such cases with settlement amounts greater than \$10 million represent only 13% of settled cases (22 of 164). (Table 8, column 6.)⁷

C.1 Comparison of the two alternative methods of computing PIL:

Three comments are in order in this context. First, comparing the fifth column of Table 7 Panel A, to the fifth column of Table 7 Panel B, revealed that the mean S/PIL was much higher for most PIL ranges when PIL was computed using the “industry index” approach instead of the “market drop” approach. Thus, the former method of computing PIL approximates the settlement amount more closely. This comparison also suggests that actual settlement discussions were likely to have considered the performance of a “damaged” stock relative an industry index rather than simply examined the stock’s market price drop in isolation.

This contrast was also apparent when we compared the trends in average and median S/PIL ratios over time. Table 9 present trends in the average S/PIL ratio. For the ratios presented in Table 9 Panel A, PIL is based on the industry index method while it is measured using the market drop approach in Table 9 Panel B. The average S/PIL ratios were significantly greater in the former case. For instance, for cases filed in 1996 and settled in 1997, the average S/PIL was 16.50% when the PIL was measured using the industry index approach and 4.89 % when the PIL was based on the market drop approach. Similarly, for cases filed in 1996 and settled in 1999, the average S/PIL was 18.31% using the industry index approach and 9.86% based on the market drop approach. Table 10, Panels A and B, also display a similar disparity in the median S/PIL using the two alternative approaches to measure PIL.

Second, Table 9 demonstrates that cases that took longer to settle typically involved higher average (mean) S/PIL. Although this trend was not particularly noticeable in the pre-Reform period (pre-1991 through 1995) it was more apparent for cases filed in the Post-Reform (1996 through 1999) period. Interestingly, however, a similar trend cannot be noted in the median S/PIL ratios (Table 10), even in the Post-Reform period. This suggests that the “trend” noticed in the case of average S/PIL ratios in Table 9 was likely to have been a statistical phenomenon driven by a few delayed settlements that were significantly larger than their corresponding PIL.

⁷ Table 7 indicates that at least 23% of settled cases with PILs in any range greater than \$10 million involved non-cash settlements. Table 8 indicates that cases which settled for an amount in the \$10 million to \$49.99 million range, only 14.89% included non-cash settlements. Table 8 further shows that no cases which settled for an amount in the \$50 million to \$99.99

Third, a comparison of Tables 9 and 10 reveals that the average S/PIL were generally much higher than the corresponding median S/PIL ratios. Once again, it suggests that the average S/PIL ratios were skewed by a few large settlements relative to PIL. It should be noted, however, that the disparity in the mean S/PIL to the corresponding median S/PIL was most apparent when PIL was measured using the industry index approach (Panels A of Tables 9 and 10). This disparity was far less noticeable when the PIL was computed using the market drop approach. This is probably due to the fact that the S/PIL were much smaller to begin with in the latter case. Disparities in mean ratios relative median ratios were thus unlikely to be large.

D. Settlement Characteristics over Time

In Table 11 we analyze differences in settlement characteristics over time.⁸ It is apparent that the mean and median settlement amounts increased for cases settled in the Post-Reform period compared to those settled before 1996. The mean settlement amount for the Pre-Reform period was \$8.01 million compared to \$18.09 million in the Post-Reform period. Similarly, the median settlement was \$3.5 million in the Pre-Reform period compared to \$4.24 million in the Post-Reform period. Settlement terms did not change significantly across these two sub-periods. While 18.9% of cases settled in the Pre-Reform period involved non-cash settlements, this proportion increased slightly to 21.9% in the Post-Reform period. The percentage of cases with miscellaneous settlement terms remained almost unchanged (10.59% in the Pre-Reform period compared to 11.62% in the Post-Reform Period).

The number of settlements was approximately even in the two sub-periods. Out of 807 settled cases in our sample, 48% (388) were settled in the Pre-Reform period while 52% (419) cases were settled in the Post-Reform period. There was a moderate decline in both the mean and median S/PIL ratios in the Post-Reform period when the PIL is measured using the industry index approach. However, the mean and median S/PIL were not significantly different across the two-periods when the PIL was computed using the market drop approach.

E. Settlement Characteristics across Different Types of Co-defendants

million range included non-cash settlements and that only 14.29% of the cases which settled for an amount over \$100 million included non-cash settlements.

⁸ Table 10 relies on a PIL computed using the industry index method while Table 11 uses a PIL measure computed according to the market drop approach.

Table 12 indicates that 82 cases in our sample involved accounting firms as co-defendants while 171 cases involved underwriting firms as co-defendants. Cases involving accounting firms rarely went to trial. Every case that involved a “Big 5” accounting firm was settled, except in the case of Ernst & Young. 92.86% of the cases involving Ernst & Young were settled. In contrast, only 78.36% of cases involving underwriter co-defendants were settled. The settlement terms do not vary significantly across the cases involving different co-defendants.

The median settlements do differ considerably across cases involving different accounting firms and underwriter firms. Interestingly, cases that involved Ernst & Young and were thus less likely to settle also had the highest mean and median settlement amount of \$ 261.5 million and \$13.825 million, respectively. The high average settlement is being driven by two very large settlements for Cendant Corporation and Waste Management⁹.

Mean and median settlements for cases involving accounting or underwriting firms as co-defendants were much greater than the mean and median for the sample as a whole. For the sample as a whole, mean settlements were \$8 million in the pre-reform period and \$18 million in the post-Reform period. In contrast, for cases involving co-defendants (and for the pre- and post-reform period combined), the mean settlement ranged from \$9.38 million to \$261.525 million depending on the co-defendant involved.

The median settlements were \$3.5 million in the pre-reform period and \$4.25 million in the post-Reform period for the sample as a whole. In contrast, for cases involving co-defendants (and for the pre- and post-reform period combined), the median settlement ranged from \$1.675 million to \$13.825 million depending on the co-defendant involved.

The mean and median S/PIL ratios varied considerably across cases involving different co-defendants. When PIL was defined using the industry index method, the mean S/PIL for cases involving underwriting firms (26.23%) was significantly lower than cases involving most accounting firms, other than Arthur Andersen and Pricewaterhouse Coopers. The mean S/PIL in cases which involved Arthur Andersen and Pricewaterhouse Coopers were 7.35% and 6.7%, respectively.

⁹ The amount of the cash settlement for Cendant Corporation was \$3,491,500,000.
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The median S/PIL for cases involving underwriting firms (11.63%) was very similar to that of cases involving accounting firms other than the Big 5 (11.53%) and those involving Deloitte & Touche (11.86%). However, the median S/PIL for cases which involved any of the other Big 5 accounting firms was significantly lower. In cases involving Ernst & Young, the median S/PIL was 8.65%, while it was below 5% for cases involving any of the remaining three of the Big 5 accounting firms. The disparity in the median S/PIL of cases involving various co-defendants is far less when the PIL is computed using the market drop approach. Finally, as noted earlier, the disparity between the mean and median S/PIL was also significant for most cases.

F. Settlements For Different Types of Allegations

As mentioned earlier, the majority of cases involved disclosure-related allegations [see Table 13]. There were no significant differences in the terms of settlements for cases involving different types of allegations. The median settlement amounts were generally similar for all types of allegations and ranged between \$2.675 million and \$4.5 million, except for improper accounting practice which involved a median settlement of \$10.0 million. Interestingly, however, even though cases involving improper accounting practice allegations faced the highest median settlement, this category's median S/PIL was not especially high [median S/PIL ratio of 6.78% using the industry index approach]. This result also holds for revenue recognition-related allegations, which had the second highest median settlement [\$8.8 million], but a low median S/PIL ratio of 5.32% using the industry index approach. This suggests that the PIL (using the industry index approach) were significantly larger for improper accounting practice and revenue recognition related cases compared to cases involving other types of allegations. It is also worth noting in this context that IPO related allegations resulted in the highest median S/PIL using the industry index approach (14%) and the second-highest median S/PIL using the market drop approach (3.06%).

As noted earlier, there was a noticeable difference in the mean and median S/PIL across various allegation types when we relied on the industry index approach. This difference in mean and median S/PIL was less pronounced when we relied on the market drop approach. Moreover, the mean and median S/PIL were generally much higher when we relied on the former approach. The mean S/PIL ranged from 6.63% to 33% using the industry index approach while it ranged from 2.03% to 7.13% using the market drop approach. Similarly, the median S/PIL ranged from 4.30% to 14% using the industry index approach while it ranged from 1.35% to 3.08% using the market drop approach.

G. Settlements Across Industries

Table 14 provides settlement statistics across various industries classified by their 2-digit primary Standard Industrial Code (SIC). Most cases were filed against firms in (declining order) Business Services (SIC 73), Electronics (SIC 36) and Industrial and Commercial Machinery (SIC 35). There does not appear to be significant differences in the median settlements across industries or noticeable systematic differences in settlement terms. The highest median S/PIL (8.58%) was for cases against firms in SIC 67 (“Holding and Other Investment Offices” – bank holding companies, trusts, etc.) when we relied on the industry index method. The highest median S/PIL (3.28%) was for cases against firms in SIC 80 (“Health Services”) when we relied on the market drop method.

H. Settlements Across Circuit Courts

As shown in Table 15, most cases were filed and settled in the Ninth Circuit Court (403 filings and 260 settlements) followed by the Second, Third and Eleventh Circuit Courts. These courts also had among the highest settlement/filings ratios ranging from 53.47% to 72.48%. 64.52% of all cases filed in the Ninth Circuit Court had settled within our sample period. There were no significant differences in the median settlements across circuit courts or in the terms of settlements with one possible caveat. Among the four most active courts, cases filed in the Ninth Circuit Court had a significantly low percentage that involved miscellaneous settlements.

There was a wide variation in the mean and median S/PIL using the industry index or market drop approaches. In the former case, the mean S/PIL ranged from 7.1% for cases filed in the Fourth Circuit Court to 21.9% for cases filed in the Tenth Circuit Court. The differences in median S/PIL using the industry index approach were smaller than the differences noted for mean S/PIL ratios. The median S/PIL ranged from 4% for cases filed in the Seventh Circuit Court to 9.31% for cases filed in the Eighth Circuit Court. Mean and median S/PIL calculated using the market drop approach were significantly smaller than the corresponding figures computed using the industry index based approach. The mean S/PIL using the market drop approach ranged from 2% to 8.56% and the median S/PIL ranged from 1.41% to 3.42%. It should be noted that the rank ordering of mean and median S/PIL across the various circuit courts clearly depended on the approach used in computing PIL.

I. Settlements Involving Milberg, Weiss, Berhad, Hynes & Lerach (“Milberg Weiss”) And Other Plaintiffs’ Attorneys

Milberg Weiss had a significant share of all security class actions included in our sample as shown in Table 16. The total number of cases filed by this law firm was 408, or 31% of all filings. Similarly, Milberg Weiss case settlements contributed to 32% (259) of all settlements in our sample. Interestingly, Milberg Weiss cases settled for a median amount that was 61% higher than the median settlements in cases involving other attorneys (\$4.5 million compared to \$2.8 million). However, Milberg Weiss cases settled for a smaller share of PIL measured using the industry index approach but a higher share of PIL computed using the market drop approach.

IV. CONCLUDING REMARKS

In this paper, we analyze a comprehensive sample of security class action settlements. Our final sample for which stock market data was also available included 1,203 federal and 92 state filings spanning the 1988-1999 period. In addition to presenting settlement statistics over time we also contrasted such settlement figures with two estimates of potential investor losses, based on an industry index benchmark and on a market drop model, respectively. Additionally, we considered differences in settlements across cases with different allegations. Our results indicate that the nature of settlements have varied considerably over time, across industries and different allegation types.

Table 1
Frequency of Case Filings

Panel A: All Filings

Year	Federal Court	State Court	Unidentified	Total
Pre - 1991	480	94	20	594
1991	166	50	2	218
1992	202	33	3	238
1993	169	48	1	218
1994	244	68	6	318
1995	191	65	9	265
1996	119	80	2	201
1997	178	50	1	229
1998	247	59	12	318
1999	171	32	11	214
Total: 1996 - 1999	715	221	26	962
Total: Pre-1991 - 1999	2,167	579	67	2,813

Panel B: Filings in Sample

Year	Federal Court	State Court	Unidentified	Total
Pre - 1991	132	11	3	146
1991	105	7	0	112
1992	146	4	1	151
1993	130	7	0	137
1994	167	6	1	174
1995	129	8	6	143
1996	82	28	1	111
1997	148	14	0	162
1998	42	5	0	47
1999	122	2	5	129
Total: 1996 - 1999	394	49	6	449
Total: Pre-1991 - 1999	1,203	92	17	1,312

Notes:

- (1) Dataset was obtained from Securities Class Action Alert (SCAA) for all cases filed between 1988 and 1999.
- (2) Sample was selected from database by ensuring that it met four criteria:
 1. Stock market data on the firm was available in CRSP (Center for Research and Security Prices);
 2. A class period could be defined for the case;
 3. The case pertained to a security violation only;
 4. Potential Investment Losses data on the firm was available in CRSP.

Table 1 (continued)
Frequency of Case Filings

Panel C: Filings in Sample by Different Types of Allegations

Year	Misleading/ False Statement	Failure to Disclose	Disclosure Violation	Breach of Fiduciary Responsibility	Registration Proxy Statement	Insider Trading	Revenue Restatement	IPO	Improper Accounting Practice	Revenue Recognition
Pre - 1991	76	56	4	32	8	1	1	5	0	1
1991	53	58	3	13	7	0	0	4	3	1
1992	77	71	7	15	6	0	0	10	7	1
1993	75	52	8	18	10	3	1	14	1	2
1994	97	79	11	14	13	5	4	31	7	3
1995	69	59	14	7	10	2	4	18	3	1
1996	55	38	4	14	4	7	9	11	6	6
1997	70	48	14	19	8	3	16	13	19	9
1998	20	10	2	9	0	1	7	1	6	5
1999	97	27	4	13	6	1	9	3	10	7
Total: Pre-1991 - 1995	447	375	47	99	54	11	10	82	21	9
Total: 1996 - 1999	242	123	24	55	18	12	41	28	41	27

As a Percent of Misleading/False Statement Cases

Year	Misleading/ False Statement	Failure to Disclose	Disclosure Violation	Breach of Fiduciary Responsibility	Registration Proxy Statement	Insider Trading	Revenue Restatement	IPO	Improper Accounting Practice	Revenue Recognition
Pre - 1991	100%	74%	5%	42%	11%	1%	1%	7%	0%	1%
1991	100%	109%	6%	25%	13%	0%	0%	8%	6%	2%
1992	100%	92%	9%	19%	8%	0%	0%	13%	9%	1%
1993	100%	69%	11%	24%	13%	4%	1%	19%	1%	3%
1994	100%	81%	11%	14%	13%	5%	4%	32%	7%	3%
1995	100%	86%	20%	10%	14%	3%	6%	26%	4%	1%
1996	100%	69%	7%	25%	7%	13%	16%	20%	11%	11%
1997	100%	69%	20%	27%	11%	4%	23%	19%	27%	13%
1998	100%	50%	10%	45%	0%	5%	35%	5%	30%	25%
1999	100%	28%	4%	13%	6%	1%	9%	3%	10%	7%
Total: Pre-1991 - 1995	100%	84%	11%	22%	12%	2%	2%	18%	5%	2%
Total: 1996 - 1999	100%	51%	10%	23%	7%	5%	17%	12%	17%	11%

Table 1 (continued)
Frequency of Case Filings

Panel D: Filings in Sample by Co-Defendants

Year	Accounting Defendant		Underwriter Defendant	
	Number	% of Total	Number	% of Total
Pre - 1991	17	2.9%	16	2.7%
1991	4	1.8%	12	5.5%
1992	13	5.5%	25	10.5%
1993	6	2.8%	18	8.3%
1994	12	3.8%	32	10.1%
1995	8	3.0%	16	6.0%
1996	7	3.5%	20	10.0%
1997	11	4.8%	23	10.0%
1998	3	0.9%	4	1.3%
1999	1	0.5%	5	2.3%
Total: Pre-1991 - 1995	60	3.2%	119	6.4%
Total: 1996 - 1999	22	2.3%	52	5.4%

Panel E: Filings in Sample by Different Circuit Numbers

Year	First	Second	Third	Fourth	Fifth	Sixth	Seventh	Eighth	Ninth	Tenth	Eleventh
Pre - 1991	18	31	11	2	7	3	9	1	34	5	11
1991	7	24	12	1	9	1	5	4	35	3	4
1992	3	28	15	6	5	7	10	4	51	7	10
1993	5	28	15	5	7	5	6	2	45	4	8
1994	13	27	16	4	9	11	6	8	60	5	8
1995	8	17	9	3	8	7	5	4	53	6	9
1996	9	9	11	2	7	4	1	1	26	1	11
1997	10	23	10	2	7	5	8	9	50	5	18
1998	3	8	3	1	1	2	1	0	17	1	5
1999	7	14	7	6	15	6	7	5	32	6	17
Total: Pre-1991 - 1995	54	155	78	21	45	34	41	23	278	30	50
Total: 1996 - 1999	29	54	31	11	30	17	17	15	125	13	51

Table 2
Number of Cases Settled by Year

Panel A: Cases Settled by Year

Year Filed	Number of Cases Filings	Year Settled									
		Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	146	7	10	8	12	41	30	14	5	4	1
1991	112		4	24	27	18	16	3	2	2	1
1992	151			2	22	37	34	11	6	5	2
1993	137				2	27	33	19	11	7	3
1994	174					6	26	46	31	14	5
1995	143						2	28	41	31	10
1996	111							1	14	15	14
1997	162								1	16	36
1998	47									1	19
1999	129										0

Panel B: Percentage of Cases Settled by Year

Year Filed	Number of Cases Filings	Settled Within									
		1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
Pre - 1991	146	4.79%	11.64%	17.12%	25.34%	53.42%	73.97%	83.56%	86.99%	89.73%	90.41%
1991	112	3.57%	25.00%	49.11%	65.18%	79.46%	82.14%	83.93%	85.71%	86.61%	
1992	151	1.32%	15.89%	40.40%	62.91%	70.20%	74.17%	77.48%	78.81%		
1993	137	1.46%	21.17%	45.26%	59.12%	67.15%	72.26%	74.45%			
1994	174	3.45%	18.39%	44.83%	62.64%	70.69%	73.56%				
1995	143	1.40%	20.98%	49.65%	71.33%	78.32%					
1996	111	0.90%	13.51%	27.03%	39.64%						
1997	162	0.62%	10.49%	32.72%							
1998	47	2.13%	42.55%								
1999	129	0.00%									

	1 Year	2 Years	3 Years	4 Years	5 Years
Average for Pre - 1996:	2.67%	18.54%	40.79%	57.59%	69.52%
Average for 1996 - 1999:	0.67%	11.58%	22.94%	26.06%	

Table 3
Number of Cases Dismissed by Year

Panel A: Number of Cases Dismissed by Year

Year Filed	Number of Cases Filings	Year Dismissed									
		Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	146	1	6	1	1	0	1	0	0	0	0
1991	112		4	4	1	0	2	1	0	0	0
1992	151			4	9	4	4	0	0	0	0
1993	137				4	9	5	5	0	0	0
1994	174					2	15	2	0	1	0
1995	143						2	11	0	0	0
1996	111							0	1	4	2
1997	162								0	10	2
1998	47									1	6
1999	129										0

Panel B: Percentage of Cases Dismissed by Year

Year Filed	Number of Cases Filings	Settled Within									
		1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years	8 Years	9 Years	10 Years
Pre - 1991	146	0.68%	4.79%	5.48%	6.16%	6.16%	6.85%	6.85%	6.85%	6.85%	6.85%
1991	112	3.57%	7.14%	8.04%	8.04%	9.82%	10.71%	10.71%	10.71%	10.71%	
1992	151	2.65%	8.61%	11.26%	13.91%	13.91%	13.91%	13.91%	13.91%		
1993	137	2.92%	9.49%	13.14%	16.79%	16.79%	16.79%	16.79%			
1994	174	1.15%	9.77%	10.92%	10.92%	11.49%	11.49%				
1995	143	1.40%	9.09%	9.09%	9.09%	9.09%					
1996	111	0.00%	0.90%	4.50%	6.31%						
1997	162	0.00%	6.17%	7.41%							
1998	47	2.13%	14.89%								
1999	129	0.00%									

	1 Year	2 Years	3 Years	4 Years	5 Years
Average for Pre - 1996:	1.97%	8.23%	9.73%	10.89%	11.24%
Average for 1996 - 1999:	0.22%	4.01%	5.35%	5.79%	

Table 4
Average Settlement Amount and Number of Cases Settled by Year

Year Filed	Number of Cases Filings	Year Settled									
		Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	146	\$9,786,329	\$6,566,200	\$31,905,125	\$9,956,250	\$8,771,312	\$7,337,346	\$5,205,636	\$7,130,891	\$15,637,500	\$7,700,000
		7*	10	8	12	41	30	14	5	4	1
1991	112		\$3,798,750	\$6,019,063	\$5,012,130	\$7,170,139	\$9,796,830	\$13,983,333	\$28,700,000	\$405,000	\$67,250,000
			4	24	27	18	16	3	2	2	1
1992	151			\$1,290,000	\$4,197,765	\$6,618,908	\$11,668,030	\$8,331,818	\$15,541,667	\$5,633,122	\$9,272,500
				2	22	37	34	11	6	5	2
1993	137				\$810,100	\$4,467,037	\$5,722,698	\$3,634,000	\$8,076,320	\$20,696,429	\$6,621,667
					2	27	33	19	11	7	3
1994	174					\$7,475,000	\$7,543,192	\$7,056,658	\$6,567,632	\$17,308,036	\$1,971,000
						6	26	46	31	14	5
1995	143						-	\$4,466,518	\$7,221,348	\$8,970,323	\$3,697,750
							2	28	41	31	10
1996	111							\$500,000	\$4,689,643	\$7,990,200	\$7,571,429
								1	14	15	14
1997	162								\$1,700,000	\$9,332,031	\$13,683,714
									1	16	36
1998	47									\$3,500,000	\$189,920,637
										1	19
1999	129										-
											0

Note:

(*) This number indicates that number of cases settled in the year corresponding to the specific filing year.

Table 5
Median Settlement Amount and Number of Cases Settled by Year

Year Filed	Number of Cases Filings	Year Settled									
		Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	146	\$5,650,000	\$4,850,000	\$5,800,000	\$5,250,000	\$4,300,000	\$3,137,500	\$4,601,951	\$6,250,000	\$5,625,000	\$7,700,000
		7*	10	8	12	41	30	14	5	4	1
1991	112	\$2,097,500	\$2,400,000	\$3,300,000	\$3,450,000	\$2,725,000	\$4,500,000	\$28,700,000	\$405,000	\$67,250,000	
		4	24	27	18	16	3	2	2	1	
1992	151	\$1,290,000	\$1,475,000	\$3,400,000	\$3,325,000	\$3,750,000	\$11,875,000	\$950,000	\$9,272,500		
		2	22	37	34	11	6	5	2		
1993	137	\$810,100	\$2,050,000	\$2,720,000	\$3,000,000	\$5,000,000	\$5,000,000	\$9,300,000			
		2	27	33	19	11	7	3			
1994	174	\$2,350,000	\$2,400,000	\$3,250,000	\$4,000,000	\$7,000,000	\$2,300,000				
		6	26	46	31	14	5				
1995	143	-	\$1,850,000	\$2,750,000	\$6,800,000	\$1,600,000					
		2	28	41	31	10					
1996	111	\$500,000	\$2,700,000	\$5,900,000	\$6,000,000						
		1	14	15	14						
1997	162	\$1,700,000	\$6,312,500	\$5,362,500							
		1	16	36							
1998	47	\$3,500,000	\$4,500,000								
		1	19								
1999	129	-	0								

1,312

Note:

(*) This number indicates that number of cases settled in different year corresponding to the specific filing year.

Table 6
Summary of Potential Investor Losses

Panel A: Potential Investment Losses Measured by the Return on an Industry-Specific Index

Potential Investment Losses Range	Number of Observations									
	Pre - 90	91	92	93	94	95	96	97	98	99
\$0.00 - \$0.99 million	1	2	3	8	16	8	15	6	4	7
\$1.00 - \$1.99 million	1	1	0	0	2	2	3	4	3	0
\$2.00 - \$9.99 million	0	0	6	9	14	13	18	8	9	7
\$10.00 - \$49.99 million	2	3	4	15	37	49	30	34	22	24
\$50.00 - \$99.99 million	1	2	8	13	21	25	26	16	13	5
\$100.00 + million	2	6	13	18	39	44	30	43	44	48
Total	7	14	34	63	129	141	122	111	95	91

Potential Investment Losses Range	Mean of Potential Investment Losses Amount									
	Pre - 90	91	92	93	94	95	96	97	98	99
\$0.00 - \$0.99 million	\$14,399	\$390,743	\$26,218	\$96,438	\$159,633	\$158,308	\$136,895	\$47,222	\$124,081	\$133,160
\$1.00 - \$1.99 million	\$1,209,961	\$1,336,366	-	-	\$1,671,421	\$1,417,054	\$1,361,506	\$1,275,811	\$1,458,276	-
\$2.00 - \$9.99 million	-	-	\$4,547,442	\$6,440,415	\$5,019,611	\$5,616,363	\$6,036,676	\$5,315,050	\$6,732,565	\$5,867,202
\$10.00 - \$49.99 million	\$42,857,981	\$41,327,733	\$25,297,827	\$29,884,777	\$28,614,921	\$25,521,636	\$28,167,045	\$27,237,480	\$26,266,956	\$26,910,862
\$50.00 - \$99.99 million	\$99,854,832	\$94,230,798	\$69,684,799	\$67,523,191	\$67,779,845	\$73,291,191	\$71,474,900	\$76,779,275	\$64,473,313	\$58,620,387
\$100.00 + million	\$174,621,801	\$347,124,688	\$1,557,778,563	\$656,999,043	\$384,476,879	\$496,066,226	\$490,505,724	\$555,314,470	\$1,274,348,241	\$917,208,545

Potential Investment Losses Range	Median of Potential Investment Losses Amount									
	Pre - 90	91	92	93	94	95	96	97	98	99
\$0.00 - \$0.99 million	\$14,399	\$390,743	\$671	\$12,757	\$0	\$1,961	\$466	\$0	\$39,299	\$57,411
\$1.00 - \$1.99 million	\$1,209,961	\$1,336,366	-	-	\$1,671,421	\$1,417,054	\$1,430,453	\$1,214,355	\$1,386,793	-
\$2.00 - \$9.99 million	-	-	\$4,395,775	\$5,895,702	\$4,872,913	\$4,958,473	\$5,874,897	\$5,493,102	\$6,453,775	\$5,110,011
\$10.00 - \$49.99 million	\$42,857,981	\$42,269,931	\$26,403,952	\$29,751,354	\$25,865,380	\$23,423,620	\$29,927,593	\$25,631,505	\$26,811,464	\$23,344,353
\$50.00 - \$99.99 million	\$99,854,832	\$94,230,798	\$67,789,099	\$60,938,096	\$63,689,203	\$70,684,682	\$68,404,326	\$74,900,941	\$66,052,508	\$56,771,306
\$100.00 + million	\$174,621,801	\$230,008,897	\$864,698,538	\$338,772,475	\$244,813,345	\$347,699,014	\$274,244,096	\$311,215,708	\$307,214,553	\$263,236,962

Table 6 (continued)
Summary of Potential Investor Losses

Panel B: Potential Investment Losses Measured by the Market Drop

Potential Investment Losses Range	Number of Observations									
	Pre - 90	91	92	93	94	95	96	97	98	99
\$0.00 - \$0.99 million	0	1	1	4	13	4	11	6	2	3
\$1.00 - \$1.99 million	0	0	1	0	2	0	0	0	0	0
\$2.00 - \$9.99 million	0	1	1	2	0	1	5	2	1	3
\$10.00 - \$49.99 million	1	1	6	10	20	23	19	15	16	12
\$50.00 - \$99.99 million	0	2	4	13	19	24	23	22	14	16
\$100.00 + million	6	9	21	34	75	89	64	66	62	57
Total	7	14	34	63	129	141	122	111	95	91

Potential Investment Losses Range	Mean of Potential Investment Losses Amount									
	Pre - 90	91	92	93	94	95	96	97	98	99
\$0.00 - \$0.99 million	-	\$0	\$0	\$0	\$0	\$0	\$0	\$152,188	\$0	\$143,896
\$1.00 - \$1.99 million	-	-	\$1,974,750	-	\$1,741,125	-	-	-	-	-
\$2.00 - \$9.99 million	-	\$5,309,875	\$3,005,250	\$7,944,250	-	\$5,338,359	\$7,989,850	\$4,807,344	\$8,755,000	\$5,487,167
\$10.00 - \$49.99 million	\$11,119,500	\$10,786,500	\$27,282,490	\$26,261,500	\$30,845,591	\$30,990,826	\$32,243,164	\$31,435,285	\$28,070,313	\$28,180,747
\$50.00 - \$99.99 million	-	\$75,525,000	\$80,867,344	\$74,330,255	\$77,615,842	\$73,177,591	\$69,789,394	\$78,232,734	\$66,633,741	\$70,809,814
\$100.00 + million	\$286,465,500	\$632,553,333	\$3,065,721,571	\$1,075,597,031	\$617,304,932	\$1,157,142,515	\$565,010,966	\$784,683,786	\$1,774,572,690	\$1,624,797,587

Potential Investment Losses Range	Median of Potential Investment Losses Amount									
	Pre - 90	91	92	93	94	95	96	97	98	99
\$0.00 - \$0.99 million	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1.00 - \$1.99 million	-	-	\$1,974,750	-	\$1,741,125	-	-	-	-	-
\$2.00 - \$9.99 million	-	\$5,309,875	\$3,005,250	\$7,944,250	-	\$5,338,359	\$9,000,000	\$4,807,344	\$8,755,000	\$6,369,000
\$10.00 - \$49.99 million	\$11,119,500	\$10,786,500	\$26,507,031	\$22,094,188	\$30,557,813	\$31,570,875	\$34,615,000	\$32,924,625	\$30,567,875	\$25,331,750
\$50.00 - \$99.99 million	-	\$75,525,000	\$80,859,250	\$69,482,875	\$79,942,500	\$71,786,750	\$67,671,875	\$79,100,000	\$66,235,125	\$72,244,375
\$100.00 + million	\$263,762,438	\$309,384,000	\$353,083,500	\$280,263,313	\$263,152,625	\$302,895,438	\$232,382,344	\$386,899,813	\$386,738,313	\$525,429,500

Table 7
Settlements and Potential Investment Losses: Classified by Potential Investment Losses

Panel A: Potential Investment Losses Measured by the Return on an Industry-Specific Index

Potential Investment Losses Range (1)	Number of Settlements (2)	Average Settlement Amount (3)	Average Potential Investment Losses (4)	Average Settlement Amount Relative to Potential Investment Losses* (5)	Percentage of Cases with Non-Cash Settlement (6)	Percentage of Cases with Miscellaneous Settlement (7)
\$0.00 - \$0.99 million	70	\$5,793,347	\$131,883	90.94%	25.71%	21.43%
\$1.00 - \$1.99 million	16	\$1,462,188	\$1,392,867	73.47%	6.25%	12.50%
\$2.00 - \$9.99 million	84	\$2,903,285	\$5,730,711	38.18%	15.48%	11.90%
\$10.00 - \$49.99 million	220	\$3,797,820	\$27,560,426	14.21%	28.18%	9.55%
\$50.00 - \$99.99 million	130	\$6,590,579	\$70,748,643	7.87%	23.85%	13.08%
\$100.00 + million	287	\$26,332,873	\$731,782,699	4.25%	23.00%	11.50%
Total	807	\$12,295,707	\$279,795,724	16.66%	23.67%	12.14%

Panel B: Potential Investment Losses Measured by the Market Drop

Potential Investment Losses Range (1)	Number of Settlements (2)	Average Settlement Amount (3)	Average Potential Investment Losses (4)	Average Settlement Amount Relative to Potential Investment Losses (5)	Percentage of Cases with Non-Cash Settlement (6)	Percentage of Cases with Miscellaneous Settlement (7)
\$0.00 - \$0.99 million	45	\$7,581,230	\$29,885	100.00%	20.00%	28.89%
\$1.00 - \$1.99 million	3	\$1,086,667	\$1,819,000	41.10%	33.33%	33.33%
\$2.00 - \$9.99 million	16	\$2,999,153	\$6,520,151	34.10%	18.75%	12.50%
\$10.00 - \$49.99 million	123	\$2,193,008	\$29,669,595	8.67%	24.39%	8.13%
\$50.00 - \$99.99 million	137	\$3,284,709	\$73,458,989	4.50%	29.93%	10.22%
\$100.00 + million	483	\$18,241,177	\$1,135,057,101	2.56%	22.15%	12.01%
Total	807	\$12,295,707	\$696,477,008	4.96%	23.67%	12.14%

Note:

(*) For each settlement in this potential investment losses (PIL) range, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each PIL range.

Table 8
Settlements and Potential Investment Losses: Classified by Settlement Range

Panel A: Potential Investment Losses Measured by the Return on an Industry-Specific Index

Settlement Range (1)	Number of Settlements (2)	Average Settlement Amount (3)	Average Potential Investment Losses (4)	Average Settlement Amount Relative to Potential Investment Losses* (5)	Percentage of Cases with Non-Cash Settlement (6)	Percentage of Cases with Miscellaneous Settlement (7)
\$0.00 - \$0.99 million	155	\$452,675	\$186,528,084	16.51%	38.06%	23.23%
\$1.00 - \$1.99 million	133	\$1,460,047	\$51,916,650	15.37%	25.56%	9.02%
\$2.00 - \$9.99 million	355	\$4,846,232	\$143,642,029	15.98%	21.41%	7.32%
\$10.00 - \$49.99 million	141	\$18,895,020	\$527,884,965	17.29%	14.89%	14.89%
\$50.00 - \$99.99 million	16	\$61,880,203	\$919,751,597	31.13%	0.00%	6.25%
\$100.00 + million	7	\$611,941,571	\$7,119,665,182	35.73%	14.29%	28.57%
Total	807	\$12,295,707	\$279,795,724	16.66%	23.67%	12.14%

Panel B: Potential Investment Losses Measured by the Market Drop

Settlement Range (1)	Number of Settlements (2)	Average Settlement Amount (3)	Average Potential Investment Losses (4)	Average Settlement Amount Relative to Potential Investment Losses (5)	Percentage of Cases with Non-Cash Settlement (6)	Percentage of Cases with Miscellaneous Settlement (7)
\$0.00 - \$0.99 million	155	\$452,675	\$522,604,811	2.00%	38.06%	23.23%
\$1.00 - \$1.99 million	133	\$1,460,047	\$151,890,808	2.77%	25.56%	9.02%
\$2.00 - \$9.99 million	355	\$4,846,232	\$360,256,909	5.23%	21.41%	7.32%
\$10.00 - \$49.99 million	141	\$18,895,020	\$1,369,295,337	8.19%	14.89%	14.89%
\$50.00 - \$99.99 million	16	\$61,880,203	\$2,676,747,090	11.03%	0.00%	6.25%
\$100.00 + million	7	\$611,941,571	\$13,865,989,107	15.73%	14.29%	28.57%
Total	807	\$12,295,707	\$696,477,008	4.96%	23.67%	12.14%

Note:

(*) For each settlement in this settlement range, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each settlement range.

Table 9
Average Ratio of Settlement Amount / Potential Investment Losses

Panel A: Potential Investment Losses Measured by the Return on an Industry-Specific Index

Year Filed	Year Settled									
	Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	41.15%	27.33%	19.00%	20.69%	16.88%	20.89%	11.08%	8.44%	26.41%	43.24%
1991		3.99%	18.74%	13.28%	9.26%	23.31%	2.21%	9.11%	43.98%	1.04%
1992			28.64%	16.27%	15.90%	12.06%	24.73%	9.37%	3.64%	10.43%
1993				51.04%	17.44%	13.41%	31.42%	29.36%	9.69%	16.24%
1994					19.08%	12.71%	19.73%	17.89%	15.57%	26.28%
1995							16.68%	7.17%	17.19%	24.90%
1996							0.98%	16.50%	14.26%	18.31%
1997								0.22%	11.60%	13.52%
1998									4.97%	16.69%
1999										-

Panel B: Potential Investment Losses Measured by the Market Drop

Year Filed	Year Settled									
	Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	4.49%	7.83%	12.31%	6.79%	3.07%	5.25%	2.06%	2.31%	2.61%	3.57%
1991		2.42%	4.25%	3.86%	2.46%	4.59%	1.37%	4.56%	2.51%	0.35%
1992			4.69%	6.32%	7.40%	2.30%	5.73%	3.47%	0.78%	30.69%
1993				4.01%	5.73%	2.87%	9.15%	9.86%	4.94%	4.67%
1994					3.43%	2.58%	3.89%	7.54%	4.33%	4.89%
1995							3.76%	3.18%	9.64%	5.09%
1996							0.52%	4.89%	3.45%	9.86%
1997								0.12%	3.05%	6.18%
1998									2.96%	3.01%
1999										-

Table 10
Median Ratio of Settlement Amount / Potential Investment Losses

Panel A: Potential Investment Losses Measured by the Return on an Industry-Specific Index

Year Filed	Year Settled									
	Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	14.34%	8.67%	6.77%	11.83%	5.95%	6.20%	3.61%	7.45%	6.71%	43.24%
1991		2.83%	4.12%	5.65%	5.61%	7.78%	2.21%	9.11%	43.98%	1.04%
1992			28.64%	4.00%	8.34%	5.01%	15.64%	4.86%	3.53%	10.43%
1993				51.04%	5.22%	5.39%	9.64%	5.76%	4.38%	2.55%
1994					11.66%	4.02%	8.41%	7.89%	4.18%	8.14%
1995							6.84%	5.67%	7.10%	7.44%
1996							0.98%	8.91%	5.11%	4.80%
1997								0.22%	4.48%	3.85%
1998									4.97%	5.25%
1999										-

Panel B: Potential Investment Losses Measured by the Market Drop

Year Filed	Year Settled									
	Pre - 1991	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pre - 1991	6.30%	3.49%	2.74%	3.31%	1.78%	1.96%	1.99%	1.55%	2.55%	3.57%
1991		1.47%	1.89%	2.25%	1.57%	2.84%	1.37%	4.56%	2.51%	0.35%
1992			4.69%	1.65%	2.12%	1.45%	2.96%	3.08%	0.98%	30.69%
1993				4.01%	1.61%	2.01%	2.56%	3.31%	2.76%	0.75%
1994					2.78%	1.86%	2.52%	2.33%	2.18%	2.88%
1995							1.44%	2.23%	2.89%	2.15%
1996							0.52%	3.86%	2.46%	2.70%
1997								0.12%	2.25%	1.67%
1998									2.96%	1.51%
1999										-

Table 11
Settlement Statistics by Year

Year Settled	Number of Cases Settled	Average Settlement Amount	Median Settlement Amount	Percentage of Cases with Non-Cash Settlement	Percentage of Cases with Miscellaneous Settlement	Industry-Specific Index		Market Drop	
						Average Settlement Amount Relative to Potential Investment Losses*	Median Settlement Amount Relative to Potential Investment Losses	Average Settlement Amount Relative to Potential Investment Losses*	Median Settlement Amount Relative to Potential Investment Losses
(1)	(2)	(5)	(6)	(7)	(8)	(9)	(10)	(9)	(10)
Pre-1991	7	\$9,786,329	\$5,650,000	0.00%	0.00%	41.15%	14.34%	4.49%	6.30%
1991	14	\$5,775,500	\$4,455,000	21.43%	14.29%	20.15%	5.29%	6.16%	2.63%
1992	34	\$11,831,721	\$2,540,000	11.76%	14.71%	19.40%	4.66%	6.23%	1.98%
1993	63	\$5,536,088	\$2,650,000	25.40%	9.52%	16.93%	5.65%	5.28%	2.23%
1994	129	\$6,969,348	\$3,000,000	27.13%	10.85%	15.85%	6.69%	4.95%	1.88%
1995	141	\$8,216,700	\$2,750,000	27.66%	14.18%	15.49%	5.73%	3.36%	1.70%
1996	122	\$5,948,309	\$3,000,000	32.79%	16.39%	19.64%	7.22%	4.46%	2.35%
1997	111	\$7,587,125	\$4,000,000	18.02%	17.12%	13.79%	6.56%	5.30%	2.33%
1998	95	\$10,836,406	\$5,630,000	12.63%	5.26%	15.21%	4.97%	5.45%	2.46%
1999	91	\$47,992,289	\$4,350,000	24.18%	7.69%	16.99%	4.88%	6.34%	2.03%

Average for Pre-1991 - 1996:	\$8,019,281	\$3,507,500	18.90%	10.59%	21.50%	7.06%	5.08%	2.79%
Average for 1996 - 1999:	\$18,091,032	\$4,245,000	21.90%	11.62%	16.41%	5.91%	5.39%	2.29%

Note:

(*) For each settlement in the settled year, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each settled year.

Table 12
Settlement Statistics by Co-Defendant Type

Co-Defendant <i>(1)</i>	Number of Cases Filed <i>(2)</i>	Number of Cases Settled <i>(3)</i>	Cases Settled as a Percentage of Cases Filed <i>(4) = (3) / (2)</i>	Average Settlement Amount <i>(5)</i>	Median Settlement Amount <i>(6)</i>	Percentage of Cases with Non-Cash Settlement <i>(7)</i>	Percentage of Cases with Miscellaneous Settlement <i>(8)</i>
Arthur Andersen & Co.	11	11	100.00%	\$29,045,455	\$8,500,000	27.27%	9.09%
Deloitte & Touche	17	17	100.00%	\$19,100,553	\$6,900,000	29.41%	23.53%
Ernst & Young	14	13	92.86%	\$261,525,769	\$13,825,000	15.38%	23.08%
KPMG Peat Marwick	10	10	100.00%	\$11,324,000	\$11,287,500	20.00%	10.00%
PricewaterhouseCoopers	12	12	100.00%	\$13,200,750	\$6,450,000	41.67%	16.67%
Other Accounting Firms	18	17	94.44%	\$9,380,694	\$1,675,000	29.41%	17.65%
Investment Banks (underwriters)	171	134	78.36%	\$9,572,591	\$3,601,951	22.39%	10.45%

Co-Defendant <i>(1)</i>	Industry-Specific Index		Market Drop	
	Average Settlement Amount Relative to Potential Investment Losses* <i>(9)</i>	Median Settlement Amount Relative to Potential Investment Losses <i>(10)</i>	Average Settlement Amount Relative to Potential Investment Losses* <i>(11)</i>	Median Settlement Amount Relative to Potential Investment Losses <i>(12)</i>
Arthur Andersen & Co.	7.35%	4.23%	3.37%	2.58%
Deloitte & Touche	33.39%	11.86%	10.62%	4.43%
Ernst & Young	11.88%	8.65%	10.02%	4.81%
KPMG Peat Marwick	30.04%	4.54%	13.24%	2.55%
PricewaterhouseCoopers	6.70%	4.03%	3.07%	2.36%
Other Accounting Firms	36.48%	11.53%	10.27%	3.15%
Investment Banks (underwriters)	26.23%	11.63%	6.64%	3.45%

Note:

(*) For each settlement in the different category, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each category.

Table 13
Settlement Statistics by Allegation Type

Allegation Type <i>(1)</i>	Number of Cases Settled <i>(2)</i>	Average Settlement Amount <i>(3)</i>	Median Settlement Amount <i>(4)</i>	Percentage of Cases with Non-Cash Settlement <i>(5)</i>	Percentage of Cases with Miscellaneous Settlement <i>(6)</i>
Misleading/ False Statement	417	\$16,366,207	\$3,500,000	23.50%	11.51%
Failure to Disclose	328	\$7,450,803	\$3,000,000	25.00%	11.28%
Disclosure Violation	44	\$16,006,301	\$3,037,500	20.45%	6.82%
Breach of Fiduciary Responsibility	93	\$7,604,234	\$3,000,000	22.58%	20.43%
Registration Proxy Statement	42	\$5,692,253	\$3,500,000	28.57%	16.67%
Insider Trading	10	\$7,776,500	\$4,487,500	20.00%	10.00%
Revenue Restatement	23	\$144,480,870	\$4,500,000	34.78%	8.70%
IPO	62	\$3,508,631	\$2,675,000	27.42%	4.84%
Improper Accounting Practice	33	\$115,464,091	\$10,000,000	24.24%	12.12%
Revenue Recognition	15	\$8,450,000	\$8,800,000	33.33%	6.67%

Allegation Type <i>(1)</i>	Industry-Specific Index		Market Drop	
	Average Settlement Amount Relative to Potential Investment Losses* <i>(7)</i>	Median Settlement Amount Relative to Potential Investment Losses <i>(8)</i>	Average Settlement Amount Relative to Potential Investment Losses* <i>(9)</i>	Median Settlement Amount Relative to Potential Investment Losses <i>(10)</i>
Misleading/ False Statement	17.78%	6.49%	4.79%	2.29%
Failure to Disclose	18.16%	6.09%	4.69%	2.01%
Disclosure Violation	14.38%	4.30%	6.07%	2.34%
Breach of Fiduciary Responsibility	15.33%	4.93%	6.59%	2.06%
Registration Proxy Statement	25.82%	9.35%	5.20%	2.63%
Insider Trading	6.63%	4.86%	2.03%	1.35%
Revenue Restatement	19.01%	6.74%	7.13%	3.08%
IPO	33.00%	14.00%	6.03%	3.06%
Improper Accounting Practice	16.80%	6.78%	6.02%	2.77%
Revenue Recognition	12.26%	5.32%	2.95%	2.02%

Note:

(*) For each settlement in the different allegation type, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each allegation type.

Table 14
Settlement Statistics by Industry

SIC Code*	Number of Cases Settled	Average Settlement Amount	Median Settlement Amount	Percentage of Cases with Non-Cash Settlement	Percentage of Cases with Miscellaneous Settlement	Industry-Specific Index		Market Drop	
						Average Settlement Amount Relative to Potential Investment Losses**	Median Settlement Amount Relative to Potential Investment Losses	Average Settlement Amount Relative to Potential Investment Losses**	Median Settlement Amount Relative to Potential Investment Losses
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
73	84	\$7,211,211	\$4,300,000	35.71%	11.90%	12.89%	4.84%	3.61%	2.01%
36	77	\$5,768,372	\$2,800,000	22.08%	5.19%	15.37%	6.84%	5.75%	2.31%
35	69	\$6,988,855	\$4,500,000	28.99%	5.80%	14.76%	5.89%	4.68%	2.36%
67	61	\$5,948,591	\$3,200,000	11.48%	16.39%	18.26%	8.58%	5.34%	2.12%
28	57	\$5,762,213	\$2,800,000	33.33%	14.04%	15.77%	3.62%	5.93%	1.28%
80	41	\$12,359,756	\$5,750,000	24.39%	4.88%	15.57%	5.77%	6.81%	3.28%
38	39	\$5,942,179	\$2,200,000	15.38%	7.69%	13.84%	4.98%	4.71%	1.96%
60	31	\$5,193,629	\$4,000,000	12.90%	12.90%	12.49%	5.01%	3.51%	2.70%
50	23	\$6,900,109	\$1,550,000	26.09%	8.70%	27.10%	4.62%	9.53%	2.49%
49	24	\$18,591,875	\$2,875,000	29.17%	25.00%	6.49%	4.52%	2.18%	2.03%
Other	301	\$20,580,674	\$3,000,000	21.59%	14.95%	19.44%	7.01%	4.75%	2.08%

Notes:

(*) The SIC Codes listed on this table represent the major group code for a particular industry.

73 - Business Services

36 - Electronic and Other Electrical Equipment and Components, Except Computer Equipment

35 - Industrial and Commercial Machinery and Computer Equipment

67 - Holding and Other Investment Offices

28 - Chemicals and Allied Products

80 - Health Services

38 - Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks

60 - Depository Institutions

50 - Wholesale Trade - Durable Goods

49 - Electric, Gas and Sanitary Services

(**) For each settlement in the different SIC code, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each SIC code.

Table 15
Settlement Statistics by Circuit Court

Circuit Court <i>(1)</i>	Number of Cases Filed <i>(2)</i>	Number of Cases Settled <i>(3)</i>	Cases Settled as a Percentage of Cases Filed <i>(4) = (3) / (2)</i>	Average Settlement Amount <i>(5)</i>	Median Settlement Amount <i>(6)</i>	Percentage of Cases with Non-Cash Settlement <i>(7)</i>	Percentage of Cases with Miscellaneous Settlement <i>(8)</i>
First	83	52	62.65%	\$4,662,713	\$3,117,500	28.85%	7.69%
Second	209	134	64.11%	\$8,553,295	\$2,827,500	23.13%	14.93%
Third	109	79	72.48%	\$51,023,706	\$2,625,000	21.52%	11.39%
Fourth	32	17	53.13%	\$6,878,947	\$3,750,000	17.65%	11.76%
Fifth	75	41	54.67%	\$8,704,232	\$3,050,000	24.39%	7.32%
Sixth	51	26	50.98%	\$5,681,617	\$3,200,000	30.77%	11.54%
Seventh	58	34	58.62%	\$14,530,994	\$4,300,000	14.71%	20.59%
Eighth	38	19	50.00%	\$3,645,474	\$2,464,000	21.05%	5.26%
Ninth	403	260	64.52%	\$8,283,212	\$3,900,000	25.38%	6.54%
Tenth	43	31	72.09%	\$11,534,759	\$5,850,000	19.35%	19.35%
Eleventh	101	54	53.47%	\$7,816,115	\$3,387,500	31.48%	14.81%

Circuit Court <i>(1)</i>	Industry-Specific Index		Market Drop	
	Average Settlement Amount Relative to Potential Investment Losses* <i>(9)</i>	Median Settlement Amount Relative to Potential Investment Losses <i>(10)</i>	Average Settlement Amount Relative to Potential Investment Losses* <i>(11)</i>	Median Settlement Amount Relative to Potential Investment Losses <i>(12)</i>
First	9.82%	4.97%	2.69%	1.94%
Second	18.66%	5.65%	3.94%	1.91%
Third	15.80%	5.91%	3.67%	1.89%
Fourth	7.10%	6.15%	2.00%	1.67%
Fifth	20.30%	6.69%	5.30%	2.34%
Sixth	17.26%	7.48%	7.68%	2.22%
Seventh	15.60%	4.00%	5.75%	1.41%
Eighth	20.66%	9.31%	4.21%	1.98%
Ninth	15.16%	5.92%	4.79%	2.32%
Tenth	21.90%	8.26%	5.60%	3.42%
Eleventh	20.74%	7.36%	8.56%	2.48%

Note:

(*) For each settlement in the different circuit court, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each circuit court.

Table 16
Settlement Statistics by Plaintiff's Attorneys

Plaintiff's Attorneys (1)	Number of Cases Filed (2)	Number of Cases Settled (3)	Cases Settled as a Percentage of Cases Filed (4) = (3)/(2)	Average Settlement Amount (5)	Median Settlement Amount (6)	Percentage of Cases with Non- Cash Settlement (7)	Percentage of Cases with Miscellaneous Settlement (8)
Milberg, Weiss, Berhad, Hynes, & Lerach	408	259	63.48%	\$8,324,681	\$4,500,000	24.32%	9.27%
Other Attorney Firms	904	548	60.62%	\$14,172,524	\$2,800,000	23.36%	13.50%

60.7%

Plaintiff's Attorneys (1)	Industry-Specific Index		Market Drop	
	Average Settlement Amount Relative to Potential Investment Losses* (9)	Median Settlement Amount Relative to Potential Investment Losses (10)	Average Settlement Amount Relative to Potential Investment Losses* (11)	Median Settlement Amount Relative to Potential Investment Losses (12)
Milberg, Weiss, Berhad, Hynes, & Lerach	15.20%	5.46%	5.03%	2.25%
Other Attorney Firms	17.39%	6.57%	4.93%	2.06%

Note:
(*) For each settlement in the different plaintiff's attorneys, we calculated settlement / PIL. This column presents the arithmetic mean of this ratio for each plaintiff's attorneys.