

CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Securities Class Action Filings

2017 Midyear Assessment

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The views expressed in this report are solely those of the authors, who are responsible for the content, and do not necessarily represent the views of Cornerstone Research.

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Executive Summary

Federal class action securities fraud filings hit a record pace in the first half of 2017. Over the past 18 months, more securities fraud class actions have been initiated in federal court than in any equivalent period since enactment of the Private Securities Litigation Reform Act of 1995 (PSLRA).

Number and Size of Filings

- Plaintiffs filed **226 new federal class action securities fraud cases** (filings) in the first six months of 2017. This was 135 percent above the 1997–2016 historical semiannual average of 96 filings and the highest filing rate since the Securities Clearinghouse began tracking these data. (pages 5–6)
- **Disclosure Dollar Loss (DDL)** rose to \$74 billion in the first half of 2017, 23 percent above the historical semiannual average of \$60 billion. Neither DDL nor MDL, shown below, is at the historic levels exhibited by the number of filings. (page 7)
- After a large increase in 2016, **Maximum Dollar Loss (MDL)** dropped to \$302 billion, on par with the historical semiannual average MDL of \$303 billion. (page 8)
- In the first half of 2017, three **mega filings** made up 24 percent of DDL, and eight mega filings made up 43 percent of MDL. These filings comprised a smaller fraction of the DDL and MDL indices compared to 2016 and the 1997–2016 average. Filings with a DDL of at least \$5 billion or an MDL of at least \$10 billion are considered mega filings. (pages 9–10)

Other Measures of Litigation Intensity

- In the first half of 2017, 4.7 percent of **U.S. exchange-listed companies** were sued in federal securities fraud class actions. If activity continues at the same pace, 9.5 percent of exchange-listed companies will be the subject of filings in 2017—the highest annual rate since 1997. (page 15)
- The number of filings against **S&P 500** firms in the first half of 2017 occurred at an annualized pace of 11.2 percent, the highest rate since 2002. (page 22)

Filings in the first half of 2017 leapt to record levels.

Figure 1: Class Action Filings Summary

(Dollars in Billions)

	Semiannual (1997 H1–2016 H2)			2016 H1	2016 H2	2017 H1
	Average	Max	Min			
Class Action Filings	96	152	55	120	152	226
Disclosure Dollar Loss (DDL)	\$60	\$164	\$11	\$43	\$64	\$74
Maximum Dollar Loss (MDL)	\$303	\$1,121	\$52	\$366	\$438	\$302

Key Trends

- Federal filings of class actions involving **merger and acquisition (M&A)** transactions increased to 95—up from 57 in the second half of 2016 and 28 in the first half of 2016. (page 5)
- **Non-U.S. filings** are on pace to hit a record high. (page 16)
- **European and Asian firms** were the most frequent targets. (pages 16–17)
- The time between the end of the class period and the filing of a class action has continued to shorten. The median **filing lag** excluding M&A filings was eight days in the first half of 2017—a record low. (page 21)
- Filings against companies in the **Communications sector** increased to 25, more than double the number in the second half of 2016. (page 24)
- The **Consumer Non-Cyclical sector** again had the greatest number of filings with 85. Of these, 69 were against biotechnology, pharmaceutical, and healthcare companies. (pages 24–25)
- There were 51 and 50 filings in the **Ninth and Second Circuits**, respectively. (page 27)
- Filings in the **Third Circuit** increased to 47, more than triple the number of filings in this circuit in either of the first or second halves of 2016. Much of the growth was driven by 16 M&A filings in the U.S. District Court of Delaware—the most M&A filings of any district court in the first half of 2017. (page 27)

Filings against European issuers were almost triple the historical semiannual average.

New and Updated Analyses for the 2017 Midyear Assessment

M&A Filings by Circuit

- M&A filings continued to be most common in the Third and Ninth Circuits, with 23 and 18 filings, respectively. [\(page 11\)](#)
- The Delaware Court of Chancery's rejection of a disclosure-only settlement in *Trulia* in January 2016 seems to have caused a shift of merger objection lawsuits from state to federal court. [\(page 11\)](#)

The high rate of federal M&A filings contributed to the jump in overall filings in the first half of 2017.

Filings by Type of Lead Plaintiff

- Since 2013, individuals have been appointed lead plaintiff more often than institutional investors in traditional federal filings, that is, those excluding M&A and Chinese reverse merger (CRM) claims. [\(page 19\)](#)
- The percentage of filings in which both institutional investors and individuals were appointed lead plaintiff has declined since 2000, and has consistently been less than 10 percent of all filings since 2009. [\(page 19\)](#)

Non-U.S. Company Litigation Exposure

- Filings against non-U.S. companies are occurring at a record pace, and exceeded the overall rate of filings against all companies on U.S. exchanges. [\(page 18\)](#)
- The percentage of non-U.S. companies sued relative to the total number of non-U.S. companies listed on U.S. exchanges increased from 4 percent in 2016 to an annualized rate of 6 percent in the first half of 2017. [\(page 18\)](#)

California State Court Section 11 Cases

Class actions with Section 11 claims have been increasingly filed in California state courts (California State Section 11 filings). Many of these filings have parallel federal court proceedings, particularly over the last semiannual period. These California State Section 11 filings exclude Rule 10b-5 claims, but can include Section 12 or Section 15 claims.

- Between 2010 and the first half of 2017, plaintiffs filed 52 Section 11 cases in California state courts. (page 12)
- In the first half of 2017, there were four cases brought in California state courts, distinctly fewer than observed in either of the first or second halves of 2016.
- These cases were less concentrated in the San Francisco Bay Area during the first half of 2017 than in 2015 and 2016.

On June 27, 2017, the U.S. Supreme Court agreed to hear Cyan Inc. v. Beaver County Employees Retirement Fund, a case challenging the appropriateness of state court jurisdiction in Section 11 litigation.

Figure 2: California State Court Section 11 Class Action Filings Summary

(Dollars in Billions)

	Semiannual Average (2010 H1–2016 H2)	2016 H1	2016 H2	2017 H1
Section 11 Class Action Filings in State Courts				
Filings in State Courts Only	2	7	4	0
Parallel Filings in State and Federal Courts	2	5	2	4
Total	3	12	6	4
Maximum Dollar Loss of State Court Filings				
MDL of Filings in State Courts Only	\$4	\$10	\$6	\$0
MDL of Filings in State and Federal Courts	\$2	\$11	\$1	\$7
Total MDL	\$6	\$21	\$7	\$7

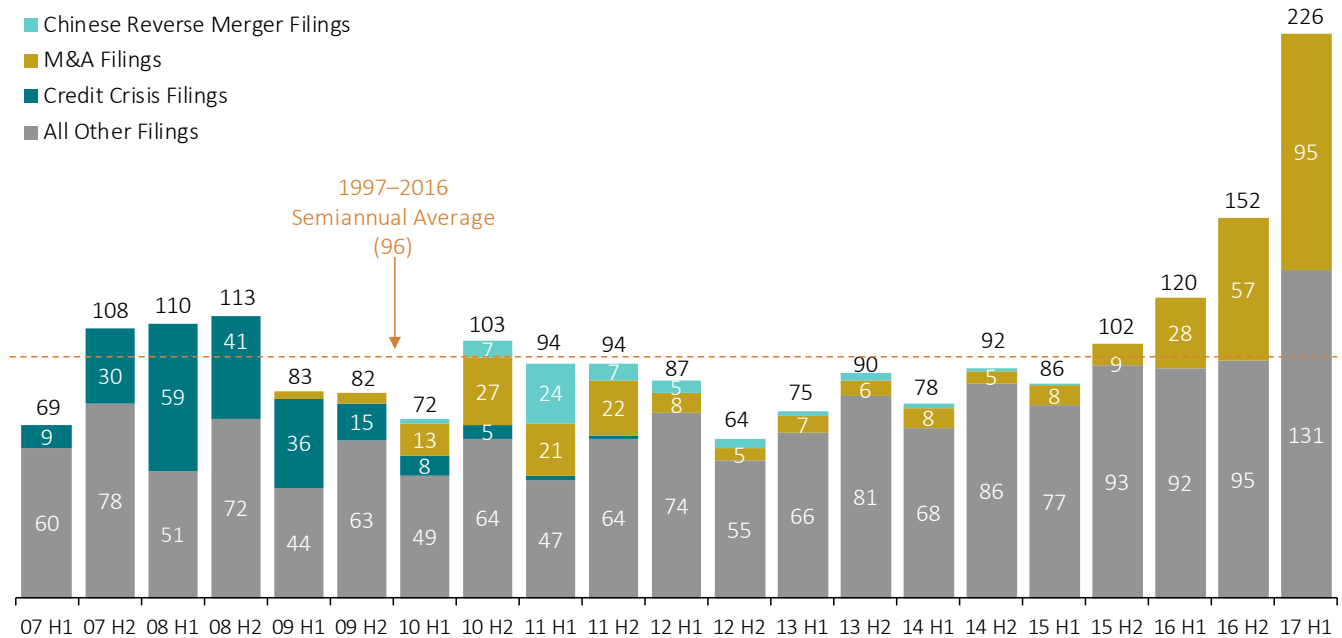
Note: Average figures may not sum due to rounding.

Number of Filings

- There were 226 filings in the first half of 2017, a 49 percent increase from the second half of 2016.
- The number of M&A filings increased to 95 in the first half of 2017, the highest since 2009 when the Clearinghouse began separately tracking M&A filings.
- Even excluding M&A filings, the number of half-year filings has never been greater since the Clearinghouse began tracking filings in 1996.

The 226 semiannual filings were the most on record.

Figure 3: Class Action Filings Index® (CAF Index®) Semiannual Number of Class Action Filings 2007 H1–2017 H1

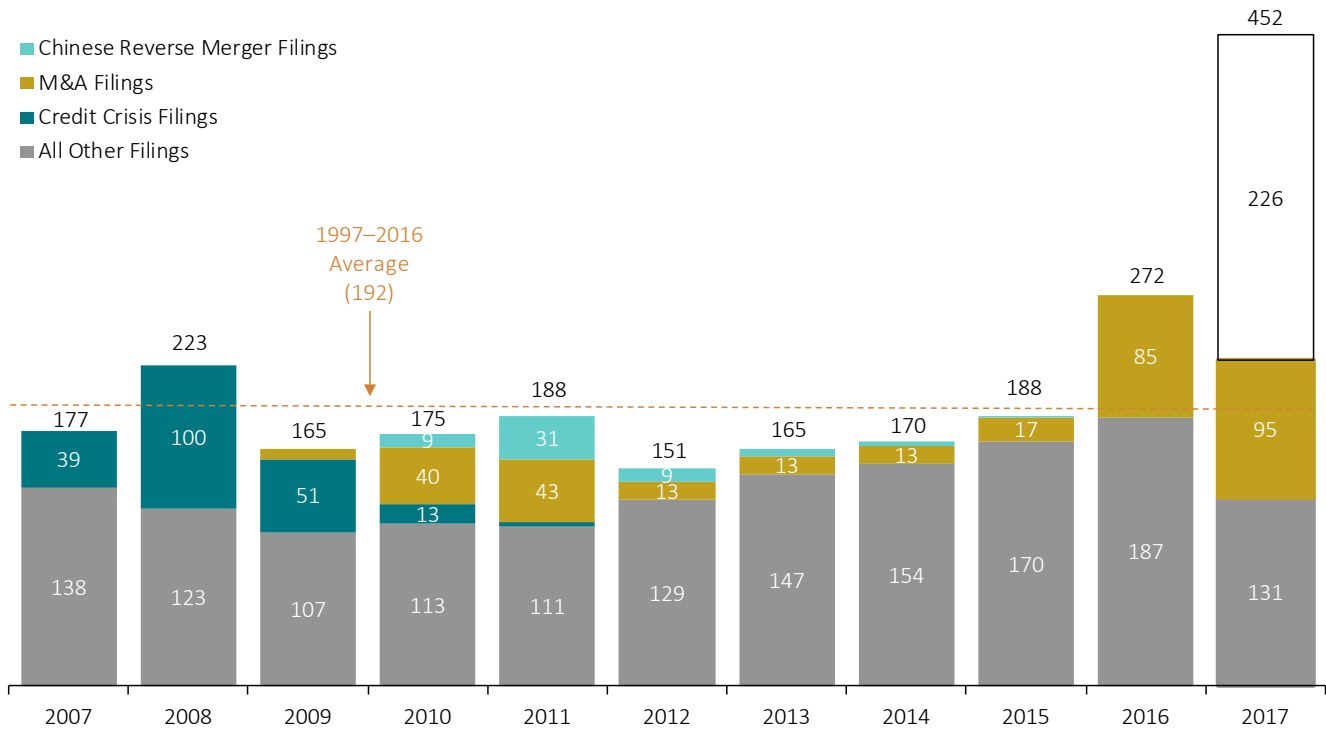


Note: There were two cases in 2011 that were both an M&A filing and a Chinese reverse merger filing. These filings were classified as M&A filings in order to avoid double counting.

- An annualized number of filings of 452 for 2017 would represent an increase of 135 percent over the 1997–2016 historical average of 192 filings, and an increase of 66 percent from 2016.
- If filings continue at the same pace for the remainder of 2017, filing activity will be at its highest level in the last 21 years. See Appendix 1.

If the pace continues for the remainder of 2017, the number of filings will be more than twice the historical average.

Figure 4: Class Action Filings Index® (CAF Index®) Annual Number of Class Action Filings 2007–2017 H1



Note:

1. There were two cases in 2011 that were both an M&A filing and a Chinese reverse merger filing. These filings were classified as M&A filings in order to avoid double counting.
2. Assumes the number of filings in the second half of 2017 will equal the first half.

Market Capitalization Losses

Disclosure Dollar Loss Index® (DDL Index®)

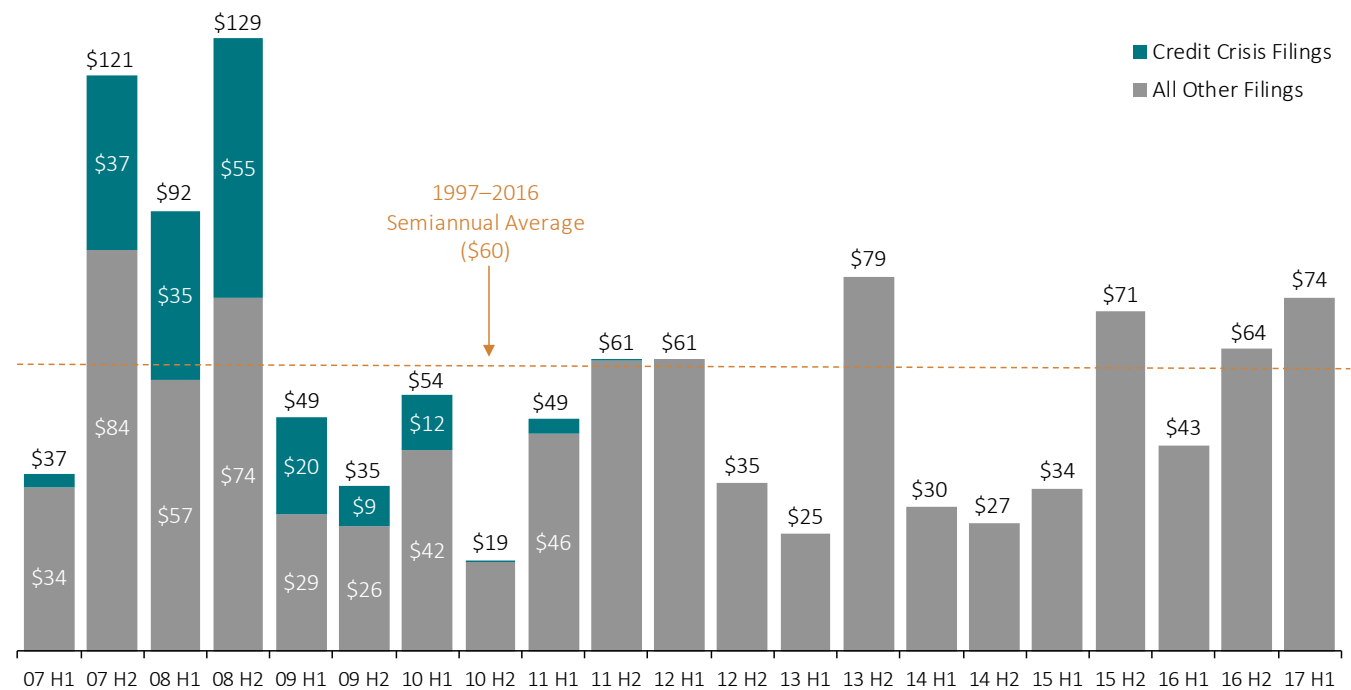
This index measures the aggregate DDL for all filings over a period of time. See the glossary for additional discussion on market capitalization losses and DDL.

- The DDL Index of \$74 billion increased 16 percent from the second half of 2016, and is 23 percent greater than the 1997–2016 semiannual historical average.
- The increase in DDL was caused by the jump in traditional filings. While M&A filings increased, they do not affect DDL since they do not typically involve a “stock-drop” allegation.

The increase in DDL was due to the rise in the number of traditional filings and not the size of filings.

- DDL per filing decreased in the first half of 2017. The median DDL per filing was 26 percent lower in the first half of 2017 compared to the second half of 2016. Alternatively, average DDL per filing declined by 15 percent over the same period. See Appendix 1.
- DDL was most concentrated in the Consumer Non-Cyclical (22 percent), Financial (18 percent), Communications (15 percent), and Consumer Cyclical (15 percent) sectors.
- The percentages for Consumer Non-Cyclical and Communications were slightly below historical averages, while the percentages for Financial and Consumer Cyclical were slightly above and more than double the historical averages, respectively. See Appendix 2.

Figure 5: Disclosure Dollar Loss Index® (DDL Index®)
2007 H1–2017 H1
(Dollars in Billions)



Note: See Appendix 1 for the average and median values of DDL.

Maximum Dollar Loss Index® (MDL Index®)

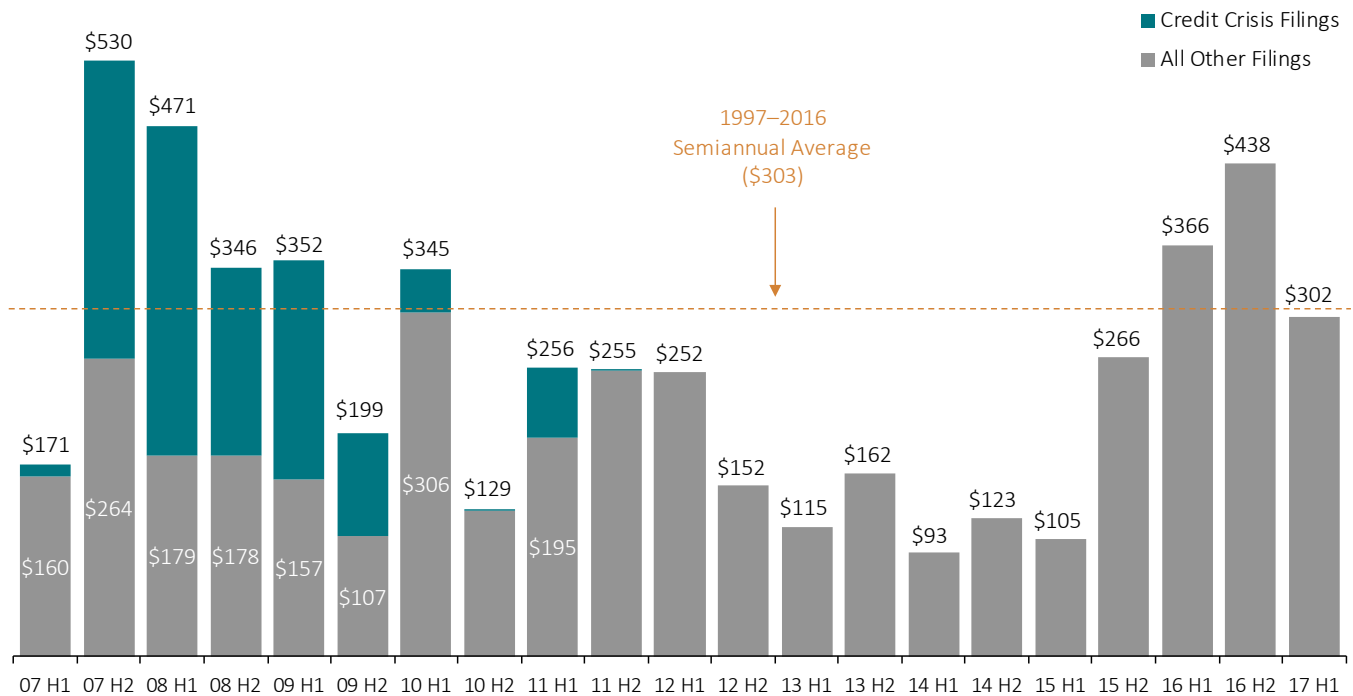
This index measures the aggregate MDL for all filings over a period of time. See the glossary for additional discussion on market capitalization losses and MDL.

- The MDL Index of \$302 billion in the first half of 2017 decreased 31 percent from \$438 billion in the second half of 2016, despite the higher number of filings.

MDL dropped to the historical average after two years of above-average MDL.

- MDL in the first half of the year was in line with the 1997–2016 semiannual historical average of \$303 billion, although the average and median MDL per filing were below historical averages.
- The median MDL per filing was 64 percent lower in the first half of 2017 compared to the second half of 2016. Alternatively, average MDL per filing declined by 50 percent over the same period.
- Generally rising stock markets during the past eight months have likely contributed to the per-filing MDL decline. See Appendix 1.

Figure 6: Maximum Dollar Loss Index® (MDL Index®) 2007 H1–2017 H1
(Dollars in Billions)



Note: See Appendix 1 for the mean and median values of MDL.

Mega Filings: Distribution of DDL Values

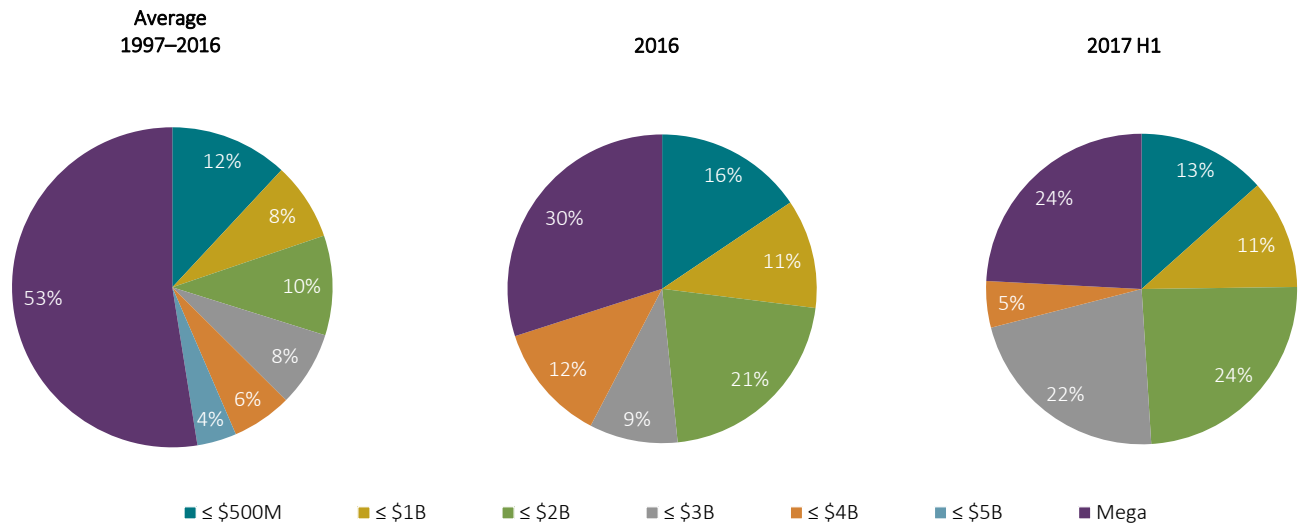
Mega DDL filings have a disclosure dollar loss (DDL) of at least \$5 billion. Mega MDL filings have a maximum dollar loss (MDL) of at least \$10 billion.

- Historically, mega DDL filings have accounted for 3 percent of total filings and 53 percent of total DDL.
- In the first half of 2017, there were three mega DDL filings, in line with the historical average. However, dollar losses were notably smaller than historical averages, with mega DDL filings representing only 24 percent of the total DDL, down from 30 percent in 2016.

- While particularly large filings decreased in the first half of 2017, relatively smaller class actions accounted for nearly identical proportions of aggregate DDL as last year and were substantially above historical averages.
- Filings with DDLs less than or equal to \$2 billion accounted for 49 percent of the total DDL, an increase from 48 percent in 2016 and the 30 percent historical average.

The prominence of mega DDL filings decreased in the first half of 2017.

Figure 7: Distribution of DDL by Filing Size 1997–2017 H1



- Note:
- Mega DDL filings have a dollar loss of at least \$5 billion.
 - Size of each slice represents the percentage of total DDL.
 - Percentages may not add to 100 percent due to rounding.

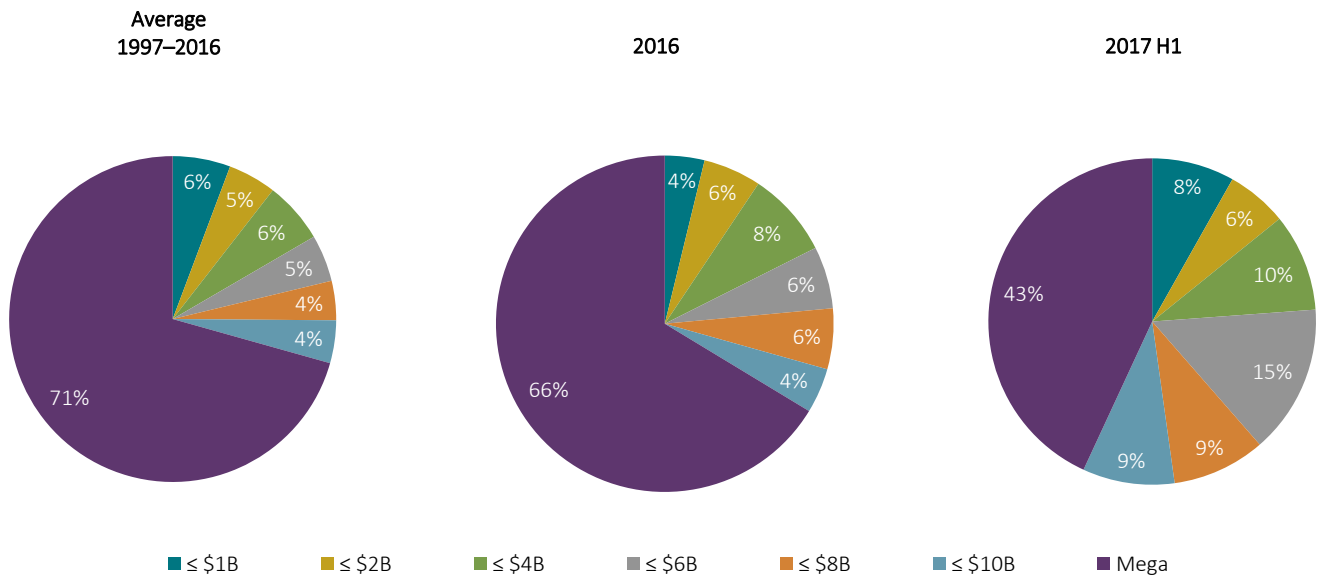
Mega Filings: Distribution of MDL Values

- There were eight mega MDL filings in the first half of 2017 compared to the historical average of six.
- The percentage of mega MDL filings relative to the total number of filings decreased to 7 percent from 12 percent in 2016, and is below the historical average of 8 percent.
- Mega MDL filings constituted 43 percent of the total MDL, a decrease from 66 percent in 2016, and the historical average of 71 percent.

Mega MDL filings remained below historical averages.

- As with DDL, filings with relatively smaller MDLs accounted for a larger proportion of aggregate MDL. In each of the non-mega categories shown below, the MDL of filings was greater in the first half of 2017 compared to either 2016 or the historical average.

Figure 8: Distribution of MDL by Filing Size
1997–2017 H1



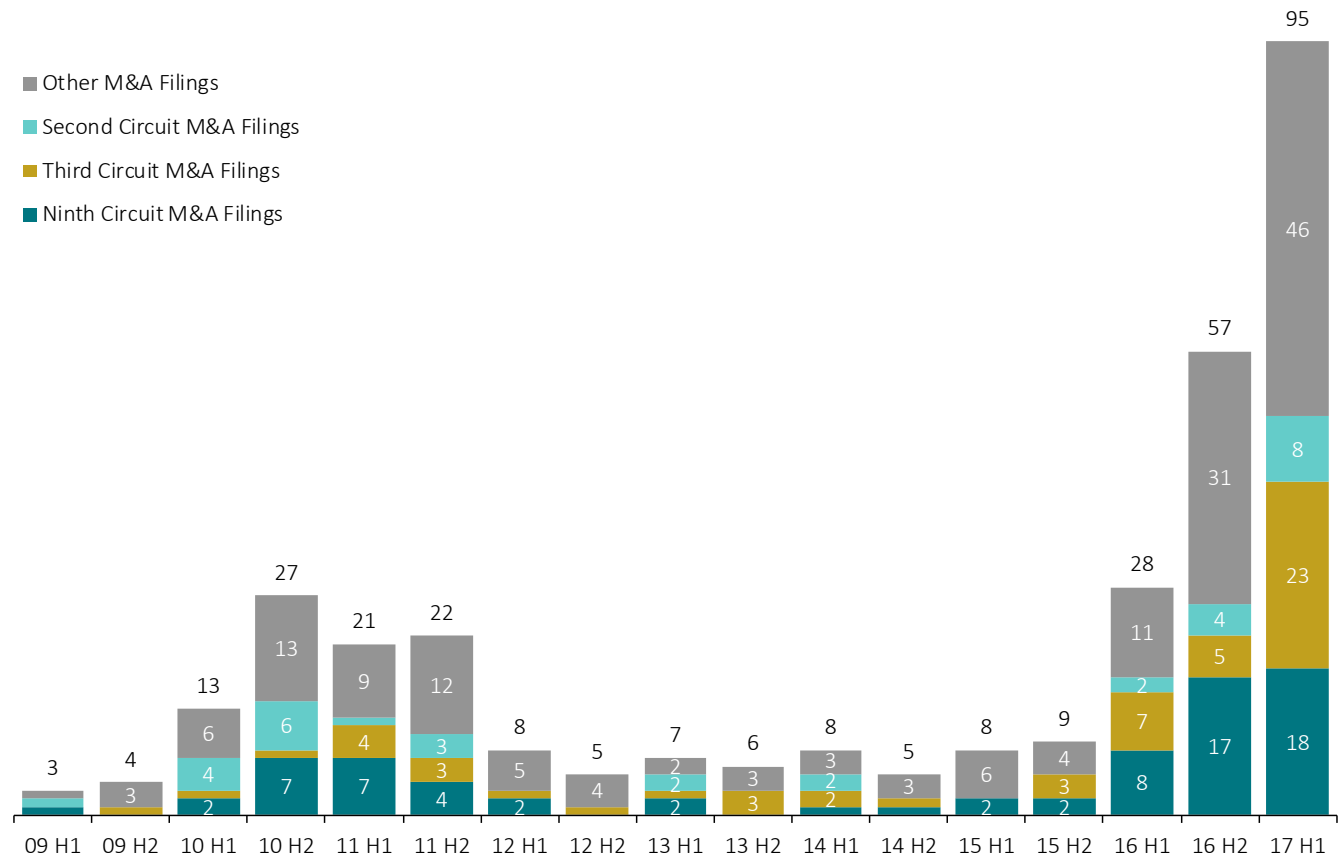
Note:
 1. Mega MDL filings have a dollar loss of at least \$10 billion.
 2. Size of each slice represents the percentage of total MDL.
 3. Percentages may not add to 100 percent due to rounding.

Updated Analysis: M&A Filings by Circuit

- In the first half of 2017, federal M&A filings totaled 95, the highest semiannual number since 2009.
- Filings in the Third and Ninth Circuits accounted for 43 percent of M&A filings in the first half of 2017. The number of filings in these circuits exceeded all semiannual periods since 2009.
- In January 2016, the Delaware Court of Chancery rejected a disclosure-only settlement in Zillow’s acquisition of Trulia.^[1] This likely caused plaintiffs to shift merger objection litigation to federal court. See Cornerstone Research, *Shareholder Litigation Involving Acquisitions of Public Companies—Review of 2015 and First Half 2016 M&A Litigation*.

M&A filings were concentrated in the Third and Ninth Circuits in the first half of 2017.

Figure 9: Semiannual M&A Filings by Circuit 2009 H1–2017 H1^[2]



Note:
 [1] See <http://courts.delaware.gov/opinions/download.aspx?ID=235370>.
 [2] The Securities Class Action Clearinghouse began tracking M&A filings in 2009.

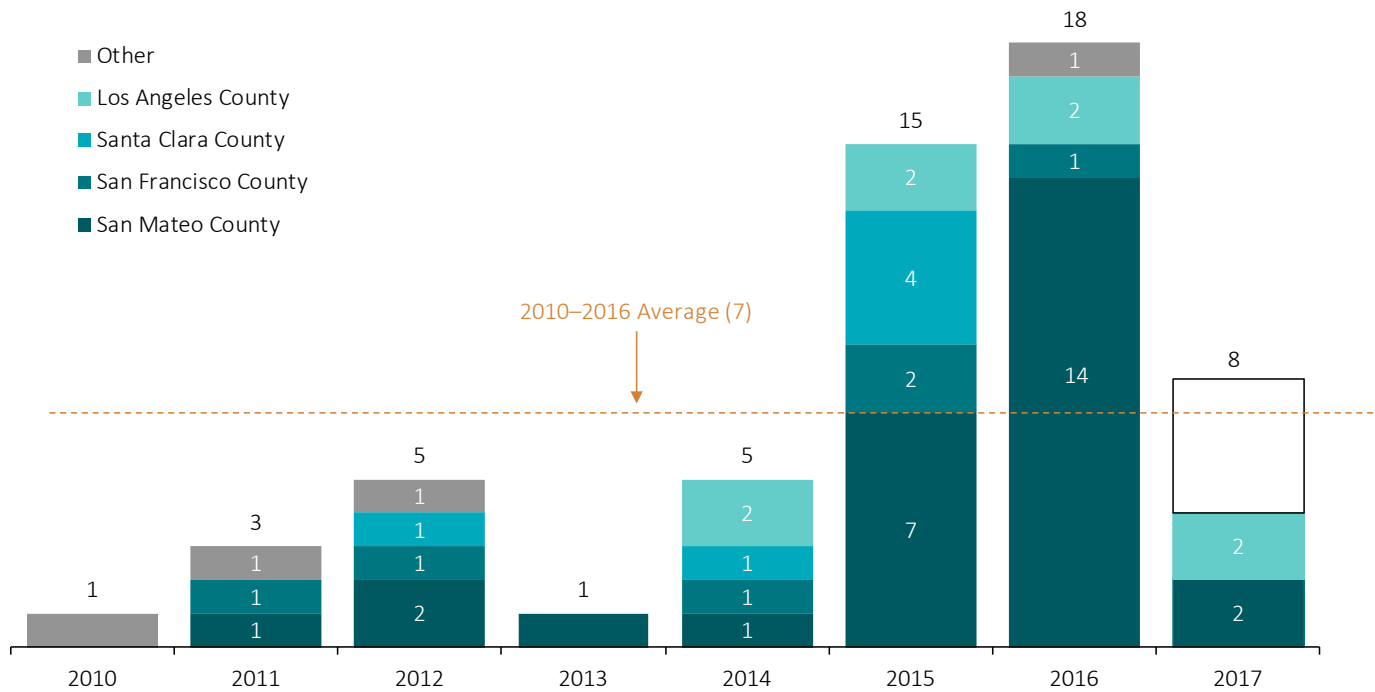
Updated Analysis: Section 11 Cases Filed in California State Courts

Plaintiffs have recently begun filing an increasing number of Section 11 claims in California state court. In *Cyan Inc. v. Beaver County Employees Retirement Fund*, the U.S. Supreme Court will address questions regarding this trend and the use of state venues for adjudicating class actions with Section 11 claims.

California State Section 11 filings have declined since recent highs observed in 2015 and 2016.

- In the first half of 2017, four class actions were filed in California state courts alleging violations of Section 11, on pace for a 56 percent decline from 2016.
- California State Section 11 filings were less concentrated in the San Francisco Bay Area during the first half of 2017 than in 2015 and 2016. San Mateo County, with two filings, made up only half of 2017 filing activity.
- The other two filings were in Los Angeles County, which has had two filings in each of the last three years.

Figure 10: California State Section 11 Filings by County 2010–2017 H1



Note:

1. "Other" contains filings from Alameda, Kern, Orange, and San Diego Counties. See Appendix 3.
2. The filings may also include Section 12 and Section 15 claims, but do not include allegations of Rule 10b-5 violations.

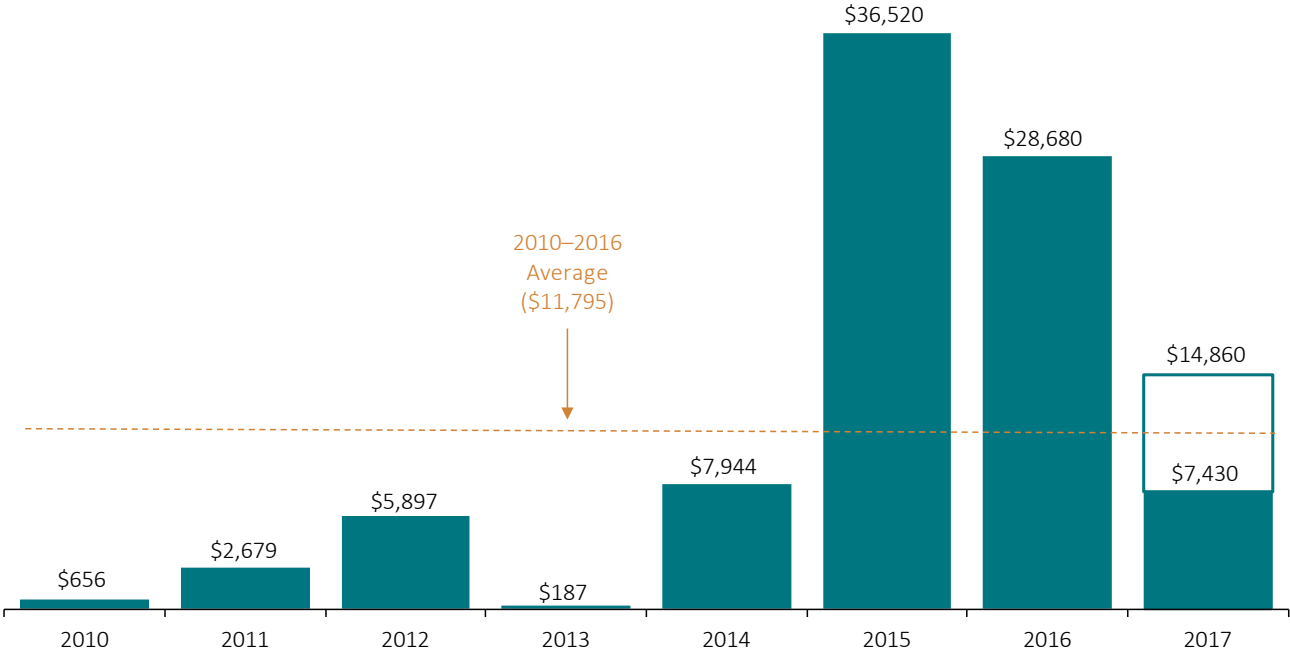
Updated Analysis: Section 11 Cases Filed in California State Courts—Size of Filings

- Annualized MDL for the first half of 2017 is approximately half of the MDL in 2016. This decline is largely due to the reduced number of Section 11 state filings.
- Average MDL in the first half of 2017 was in line with the average MDL between 2014 and 2016, but slightly higher than the average MDL in 2016.

Consistent with the decline in the number of filings in California state courts, MDL for California State Section 11 filings fell in the first half of the year.

Figure 11: Maximum Dollar Loss of California State Section 11 Filings 2010–2017 H1

(Dollars in Millions)



Note: The Securities Class Action Clearinghouse tracked California State Section 11 filings data back to 2010.

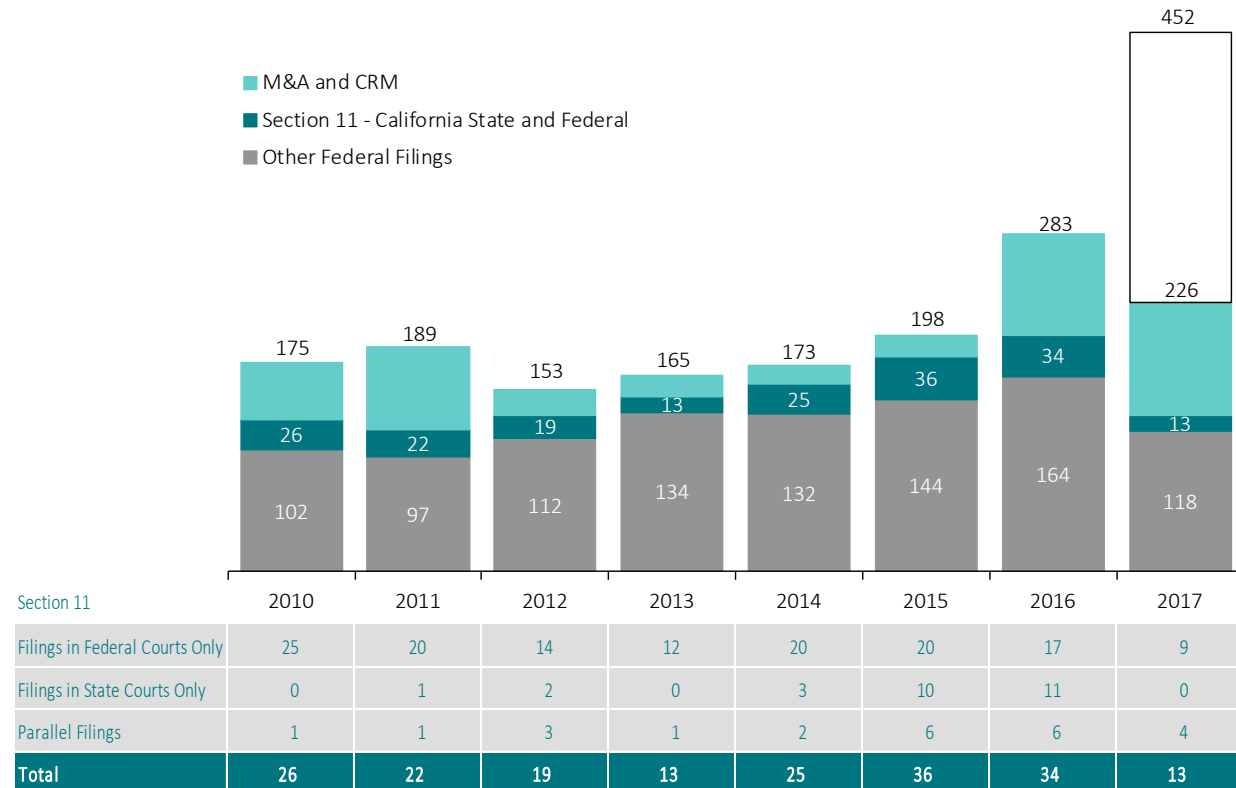
Updated Analysis: Combined Federal Filings and California State Section 11 Filings

This analysis combines class action filing activity in federal and California state courts. It highlights Section 11 claims and the extent to which parallel actions have been filed.

Overall federal Section 11 filing activity is generally on pace with last year, while California State Section 11 filing activity has decreased markedly.

- In the first half of 2017, there were a total of 13 federal and California State Section 11 filings.
- All four California State Section 11 filings in the first half of 2017 had a parallel federal filing.
- In the first half of 2017, Section 11 cases filed only in federal courts constituted the smallest percentage of total federal filings since 2010, the first year the Clearinghouse started tracking California State Section 11 filings.

Figure 12: Federal and California State Section 11 Filings 2010–2017 H1



Note:

1. The federal Section 11 filings displayed may include Rule 10b-5 claims, but the state Section 11 filings will not.
2. Section 11 filings in federal courts may include parallel cases filed in California state courts. When parallel cases are filed in different years, the earlier filing is counted. For this reason, counts may not reconcile with other figures showing annual counts of California State Section 11 filings.

U.S. Exchange-Listed Companies

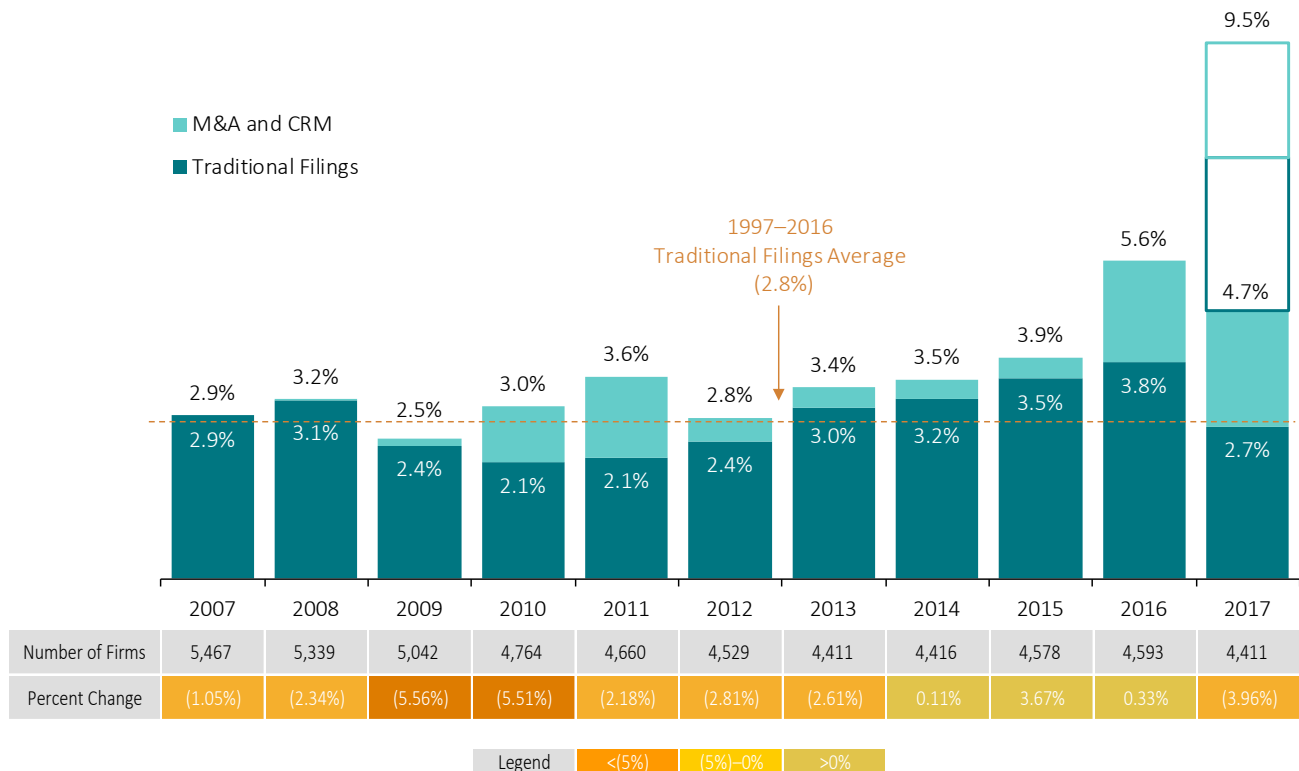
The percentages in the figure below are calculated as the unique number of companies listed on the NYSE or NASDAQ that were subject to federal securities fraud class actions in a given year divided by the unique number of companies listed on the NYSE or NASDAQ.

- Annualizing data based on the first half of 2017, 9.5 percent of companies (or one in 11) listed on major U.S. exchanges will become subject to a filing this year. This rate was driven by a record number of filings, but was only slightly affected by a declining number of public companies in the past year.

- At the current rate, the likelihood of a company being the subject of a class action in 2017 will increase for the fifth consecutive year.

If traditional filings in the second half of 2017 equal that of the first half, the percentage of firms sued will exceed any period since the PSLRA.

Figure 13: Percentage of U.S. Exchange-Listed Companies Subject to Filings 2007–2017 H1



Source: Center for Research in Security Prices (CRSP)

Note:

- Percentages are calculated by dividing the count of issuers listed on the NYSE or NASDAQ subject to filings by the number of companies listed on the NYSE or NASDAQ as of the beginning of the year.
- Assumes that the percentage of unique listed issuers subject to filings for the second half of 2017 will equal the first half in each category.
- Listed companies were identified by taking the count of listed securities at the beginning of each year and accounting for cross-listed companies or companies with more than one security traded on a given exchange. Securities were counted if they were classified as common stock or American Depository Receipts (ADRs) and listed on the NYSE or NASDAQ.

Non-U.S. Filings

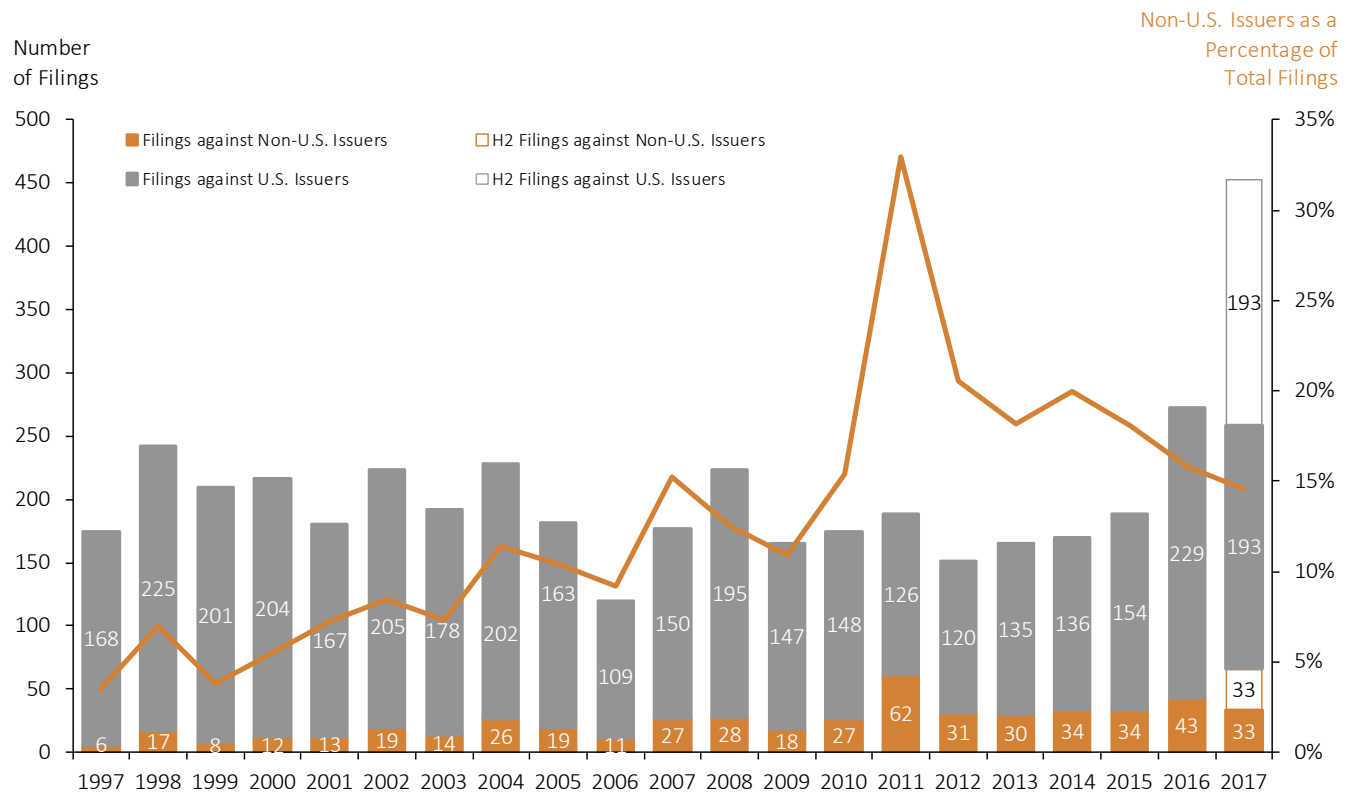
This index tracks the number of filings against non-U.S. issuers, defined as companies headquartered outside the United States, as a percentage of total filings.

- While the pace of filings against non-U.S. issuers increased in the first half of 2017, these filings represented only 15 percent of all filings, compared to 16 percent for the full year of 2016.

- Over the last 20 years, filings against non-U.S. issuers have trended upward, despite year-to-year variation.
- In the last four years, however, the percentage of filings against non-U.S. issuers declined as the wave of Chinese reverse merger filings has subsided.

The number of filings against non-U.S. issuers is on pace to be at the highest level since 1997.

Figure 14: Class Action Filings Non-U.S. Index—Annual Number of Class Action Filings by Location of Headquarters 1997–2017 H1

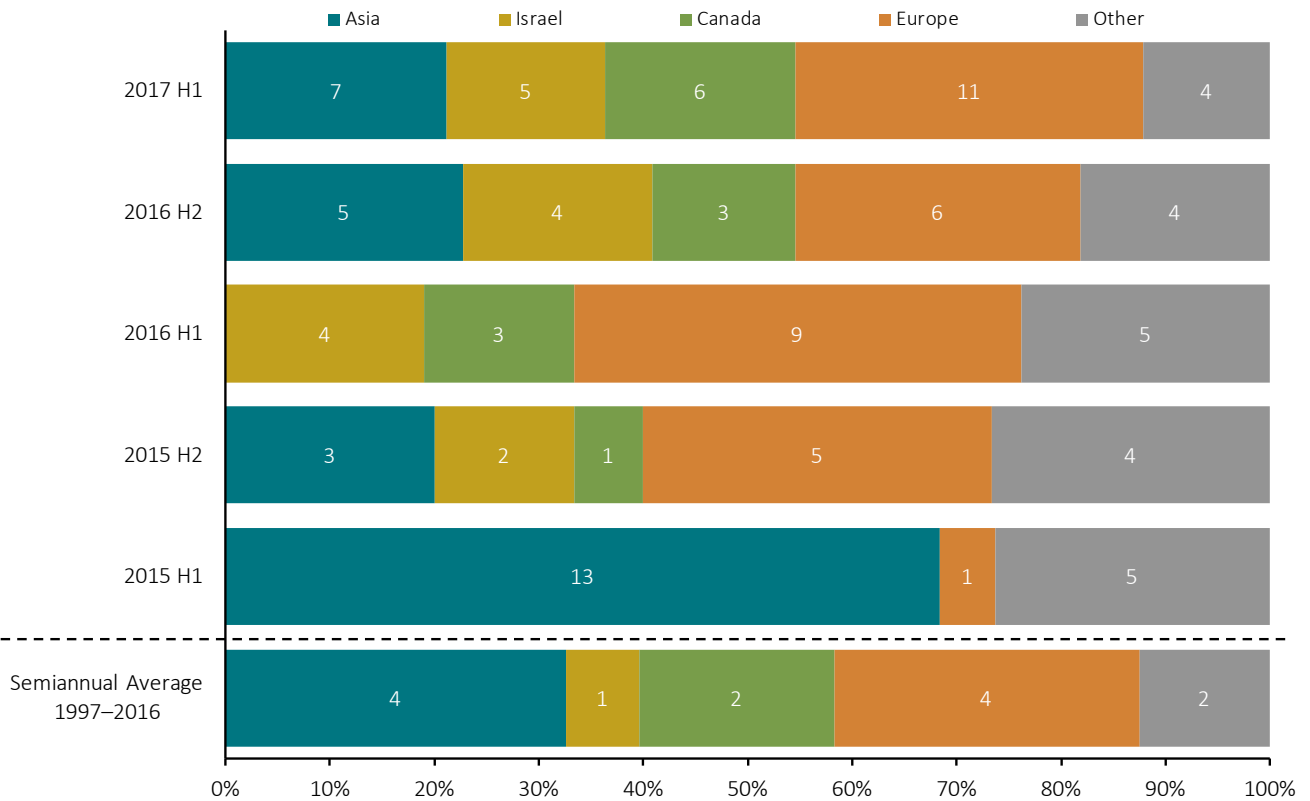


Note: Assumes the number of filings in the second half of 2017 will equal the first half.

- Filings against European-headquartered firms increased 83 percent from the second half of 2016. British and Irish companies accounted for nine of the 11 filings.
- There were as many filings against Canadian firms in the first half of 2017 as in all of 2016.
- There were five filings against Chinese firms in the first half of 2017, one more than in all of 2016.
- In descending order of frequency, other non-U.S. filings included class actions against companies headquartered in Israel, Hong Kong, Bermuda, Brazil, Denmark, Mexico, Peru, and Switzerland.

Filings increased against European and Canadian firms in the first half of 2017.

Figure 15: Non-U.S. Filings by Location of Headquarters 1997–2017 H1



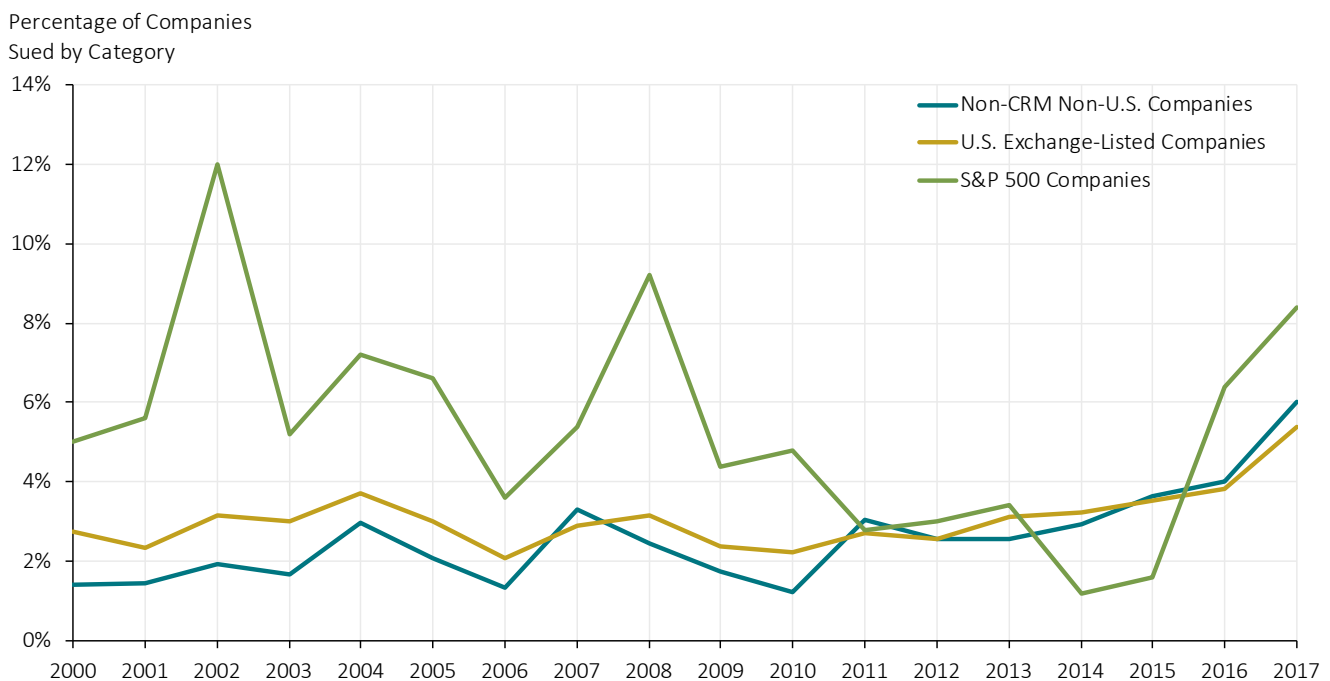
Updated Analysis: Non-U.S. Company Litigation Exposure

This analysis examines the incidence of these filings relative to the likelihood of S&P 500 firms or U.S. exchange-listed companies being the subject of a class action. This analysis excludes M&A filings and the CRM filings from recent years.

Filings against non-U.S. companies are occurring at a record pace, and exceeded the overall rate against all companies listed on U.S. exchanges.

- The percentage of non-U.S. companies sued relative to the total number of non-U.S. companies listed on U.S. exchanges increased from 4 percent in 2016 to an annualized rate of 6 percent in the first half of 2017. These data indicate that plaintiffs are increasingly likely to target non-U.S. companies.
- The likelihood of companies on U.S. exchanges or S&P 500 firms being sued are on pace to increase again in 2017. Non-U.S. companies were less likely than S&P 500 firms to be the subject of filings, but more likely than all U.S. exchange-listed companies.

Figure 16: Percentage of Companies Sued by Listing Category or Domicile Excluding M&A Filings 2000–2017 H1



Source: Center for Research in Security Prices (CRSP); Yahoo Finance

Note:

1. Percentages for 2017 are annualized.
2. Non-U.S. companies are defined as companies with headquarters outside the United States, Puerto Rico, and Virgin Islands. Companies were counted if they issue common stock or ADRs and are listed on the NYSE or NASDAQ.
3. Percentage of companies sued is calculated as the number of filings against unique companies in each category divided by the total number of companies in each category in a given year.

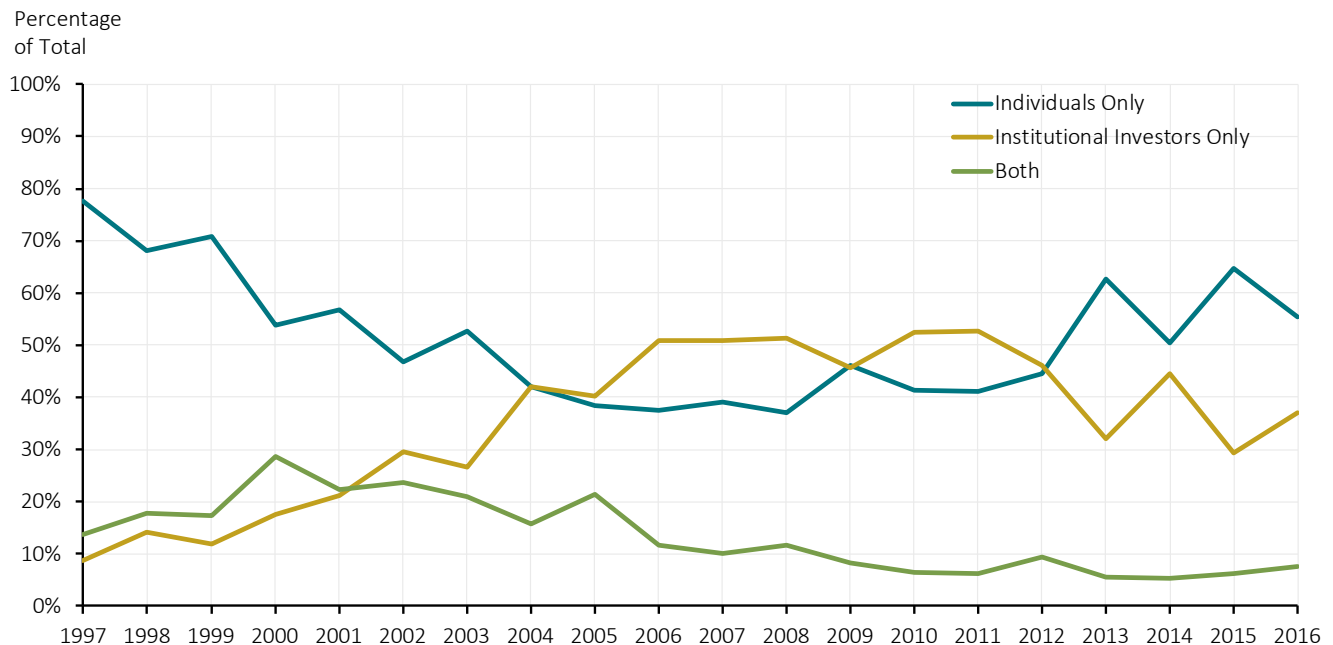
New Analysis: Filings by Lead Plaintiff

This analysis examines the frequency with which individual or institutional investors have been appointed as lead plaintiff in federal securities class actions. For purposes of this analysis, M&A and CRM filings are excluded.

Since 2013, individuals have been appointed lead plaintiff more than institutional investors.

- From 1997 to 2003, while individuals were appointed as lead plaintiff more often than institutional investors in traditional federal filings, the difference declined.
- From 2004 to 2012, institutional investors were as or more likely to be appointed as lead plaintiff as individuals.
- The percentage of filings in which both individuals and institutional investors were named lead plaintiff has declined since 2000. This percentage has consistently been below 10 percent since 2009.

Figure 17: Percentage of Federal Class Action Filings by Lead Plaintiff and Filing Year Excluding M&A and CRM Filings 1997–2016



Note:

1. Multiple plaintiffs can be designated as co-leads on a single case. This table separates percentages for which a case had only individuals as the lead/co-leads, institutional investors or investor groups as the lead/co-leads, or both individuals and institutional investors.
2. Cases may not have lead plaintiff data due to dismissal or settlement before a lead plaintiff is appointed or because the cases have not yet reached the stage when a lead plaintiff can be identified.
3. Lead plaintiff data are available for over 95 percent of filings, excluding M&A filings, for each year from 1997 to 2015. Lead plaintiff data are available for 49 percent of 2016 filings when M&A filings are excluded.

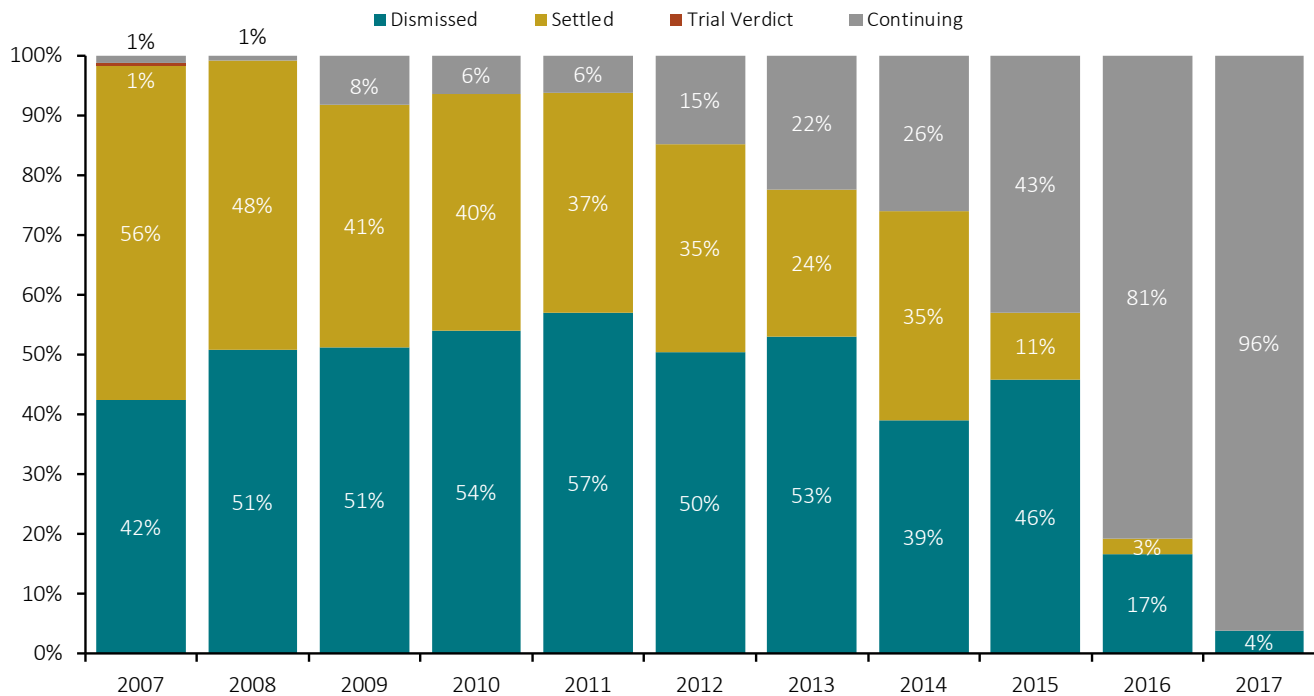
Status of Securities Class Action Filings

This analysis examines whether filing outcomes have changed over time by comparing filing cohort groups. As each cohort ages, a larger percentage of filings are resolved—either through a dismissal, settlement, or trial outcome. Interpreting trends from more recent cohorts is difficult until more filings from those cohorts have been resolved.

- For cohorts 1997 to 2016, 48 percent of filings have settled, 42 percent have been dismissed, and 10 percent are ongoing. Overall, less than 1 percent of filings have reached a trial verdict.
- Corresponding with higher dismissal rates, the 2015 cohort has exhibited lower settlement rates than the 2014 cohort.

Dismissal rates for the 2015 cohort group have increased, after declining for the 2014 cohort group.

Figure 18: Status of Filings by Year Excluding M&A and CRM Filings 2007–2017 H1



Note:

1. Percentages may not add to 100 percent due to rounding.
2. The Securities Class Action Clearinghouse began tracking M&A filings in 2009.

Filing Lag

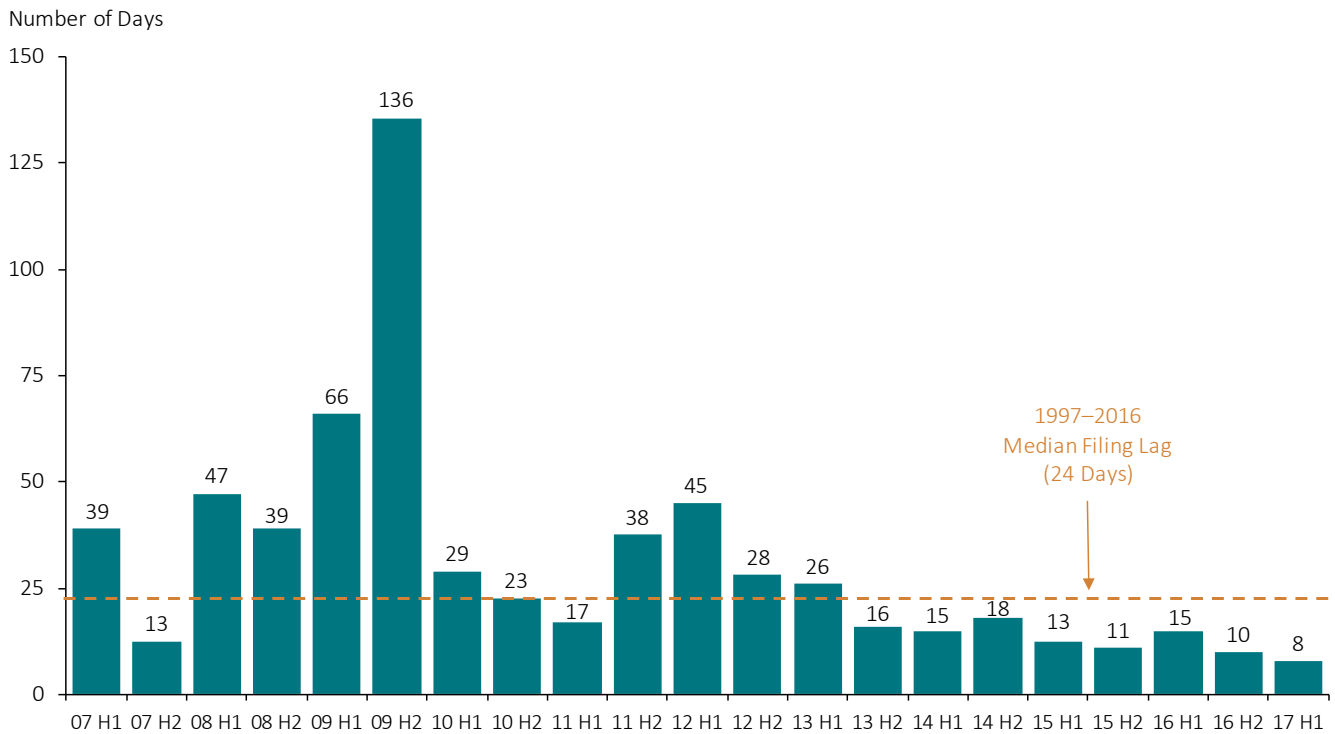
This analysis reviews the number of days between the end of the class period and the filing date of the securities class action.

- The median filing lag in the first half of 2017 was eight days for non-M&A filings. Since the first half of 2012, the median filing lag has shortened in nearly every semiannual period.
- In the first half of 2017, the average filing lag was 104 days.

- On either end of the spectrum, 37 percent of non-M&A filings were filed within five days of the end of the class period, the largest percentage since 1997, and 15 percent were filed more than 180 days after the end of the class period.

In the first half of 2017, filings had the shortest median filing lag on record.

Figure 19: Semiannual Median Lag between Class Period End Date and Filing Date Excluding M&A Filings 2007 H1–2017 H1



Heat Maps: S&P 500 Securities Litigation™

The Heat Maps illustrate securities class action activity by industry sector for companies in the S&P 500 index. Starting with the composition of the S&P 500 at the beginning of each year, the Heat Maps examine two questions for each sector:

- (1) What percentage of these companies were subject to new securities class actions in federal court during each calendar year?
- (2) What percentage of the total market capitalization of these companies was subject to new securities class actions in federal courts during each calendar year?

- On an annualized basis, 11.2 percent of the companies in the S&P 500 were defendants in a securities class action in the first half of 2017.
- On average each year from 2001 through 2016, one in 18 S&P 500 companies, or 5.5 percent, was the subject of a class action filing.

Filings against S&P 500 companies were at the highest annualized rate since 2002.

Figure 20: Heat Maps of S&P 500 Securities Litigation™ Percentage of Companies Subject to New Filings 2001–2017 H1

	Average 2001–2016	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Annualized)
Consumer Discretionary	4.9%	4.5%	3.8%	5.1%	3.8%	4.9%	8.4%	1.2%	0.0%	4.8%	19.5%
Consumer Staples	3.6%	2.6%	4.9%	0.0%	2.4%	2.4%	0.0%	5.0%	7.5%	5.3%	10.8%
Energy/Materials	2.0%	0.0%	1.5%	5.7%	0.0%	2.7%	0.0%	1.3%	1.4%	10.4%	6.6%
Financials/Real Estate	8.6%	31.2%	13.1%	10.3%	1.2%	3.7%	0.0%	1.2%	1.2%	6.9%	4.3%
Health Care	9.0%	13.7%	3.7%	15.4%	2.0%	3.8%	5.7%	3.6%	1.9%	21.4%	20.0%
Industrials	3.1%	3.6%	6.9%	0.0%	1.7%	1.6%	0.0%	4.7%	0.0%	6.1%	5.8%
Telecommunications/Information Tech	6.1%	2.5%	1.2%	3.5%	7.1%	3.8%	9.1%	0.0%	5.6%	8.2%	14.1%
Utilities	6.3%	3.2%	0.0%	0.0%	8.8%	3.1%	0.0%	3.2%	10.3%	3.4%	7.1%
All S&P 500 Companies	5.5%	9.2%	4.8%	5.4%	3.2%	3.4%	3.4%	2.2%	2.6%	8.4%	11.2%

Legend 0% 0–5% 5–15% 15–25% 25%+

Note:

1. The chart is based on the composition of the S&P 500 as of the last trading day of the previous year.
2. Sectors are based on the Global Industry Classification Standard (GICS).
3. Percentage of Companies Subject to New Filings equals the number of companies subject to new securities class action filings in federal courts in each sector divided by the total number of companies in that sector. See Appendix 4A.
4. In August 2016, GICS added a new industry sector, Real Estate. This analysis begins using the Real Estate industry sector in 2017.

- On an annualized basis, 9.5 percent of the S&P 500 market capitalization in the first half of 2017 was subject to new filings. This annualized 2017 rate is below 2016, but above the historical average of 8.7 percent.

The Consumer Discretionary sector of the S&P 500 was the most common class action target measured by market capitalization.

- Consumer Discretionary, Utilities, and Industrials had at least 14 percent of their market capitalization subject to new filings (on an annualized basis).
- Historically, larger S&P 500 companies have been more likely targets of class actions, as demonstrated by a lower historical percentage of firms subject to filings (5.5 percent) than the historical share of market capitalization attributed to such firms (8.7 percent).
- In the first half of 2017, however, the annualized percentage of S&P 500 companies subject to filings (11.2 percent) was larger than the share of market capitalization attributed to these companies (9.5 percent).

Figure 21: Heat Maps of S&P 500 Securities Litigation™ Percentage of Market Capitalization Subject to New Filings 2001–2017 H1

	Average 2001–2016	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Annualized)
Consumer Discretionary	5.1%	7.2%	1.9%	4.9%	4.6%	1.6%	4.4%	2.5%	0.0%	3.8%	18.7%
Consumer Staples	3.2%	2.6%	3.9%	0.0%	0.8%	14.0%	0.0%	3.4%	3.7%	1.7%	8.8%
Energy/Materials	3.5%	0.0%	0.8%	5.5%	0.0%	0.9%	0.0%	0.2%	0.4%	24.9%	6.5%
Financials/Real Estate	17.2%	55.0%	38.3%	31.1%	6.9%	11.0%	0.0%	0.3%	3.0%	11.9%	2.6%
Health Care	12.9%	20.0%	1.7%	33.7%	0.7%	3.8%	4.4%	3.0%	3.1%	14.6%	12.0%
Industrials	5.8%	26.4%	23.2%	0.0%	2.1%	1.2%	0.0%	1.7%	0.0%	8.7%	14.0%
Telecommunications/Information Tech	8.7%	1.4%	0.3%	5.9%	13.4%	2.2%	16.6%	0.0%	7.6%	12.5%	7.4%
Utilities	6.6%	4.0%	0.0%	0.0%	5.6%	6.8%	0.0%	0.7%	5.7%	4.4%	15.8%
All S&P 500 Companies	8.7%	16.2%	8.6%	11.2%	5.1%	4.9%	4.7%	1.3%	3.2%	10.9%	9.5%



Note:

- The chart is based on the market capitalizations of the S&P 500 companies as of the last trading day of the previous year. If the market capitalization on the last trading day is not available, the average fourth-quarter market capitalization is used.
- Sectors are based on the Global Industry Classification Standard (GICS).
- Percentage of Market Capitalization Subject to New Filings equals the total market capitalization of companies subject to new securities class action filings in federal courts in each sector divided by the total market capitalization of all companies in that sector. See Appendix 4B.
- In August 2016, GICS added a new industry sector, Real Estate. This analysis begins using the Real Estate industry sector in 2017.

Industry

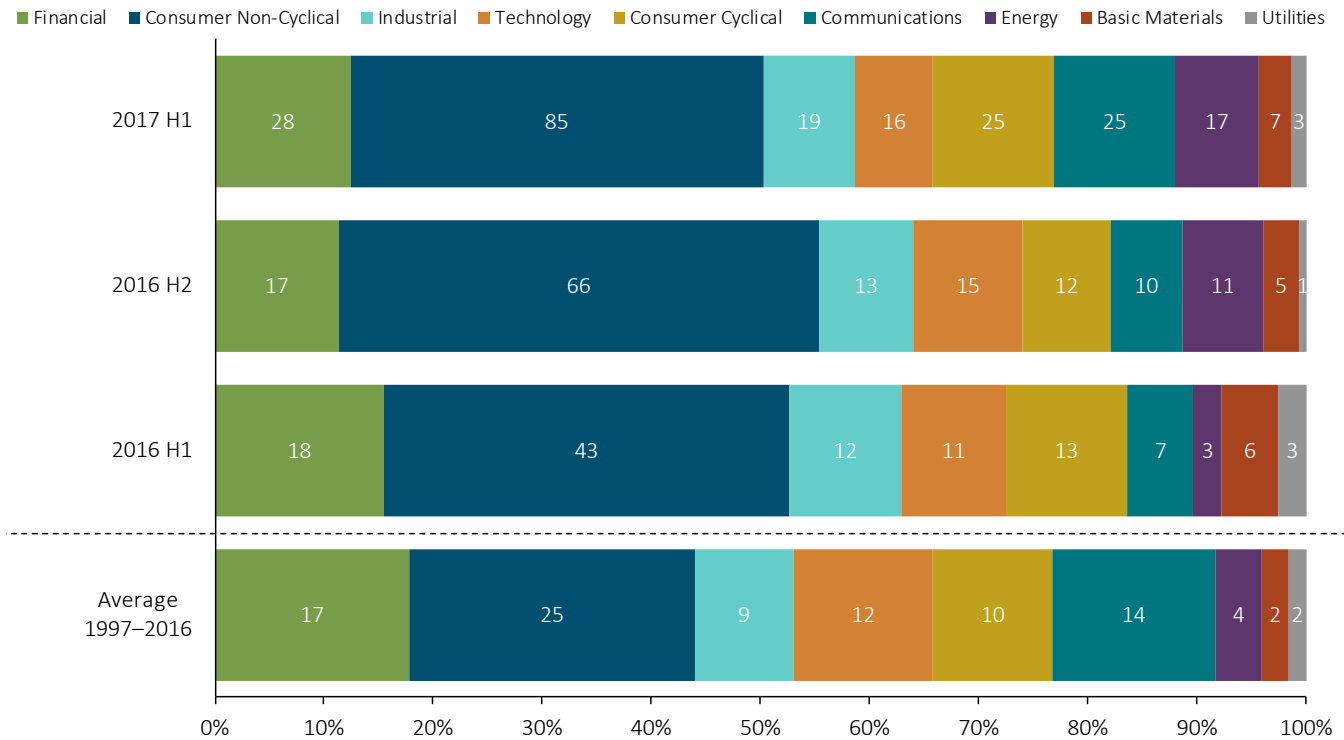
This analysis encompasses both the large capitalization companies of the S&P 500 as well as smaller companies.

- Filings against Financial sector companies increased to 28 in the first half of 2017, 11 more than the second half of 2016.
- Filings in the Consumer Non-Cyclical sector increased to 85 and accounted for 38 percent of total filings in the first half of 2017. The Consumer Non-Cyclical sector has had the most filings for the past 12 semiannual periods.

- Filings in the Communications sector more than doubled, from 10 in the second half of 2016 to 25 in the first half of 2017. Filings also increased in all other industries.

The Financial and Consumer Non-Cyclical sectors together accounted for more than 50 percent of filings.

Figure 22: Filings by Industry
1997–2017 H1



Note:

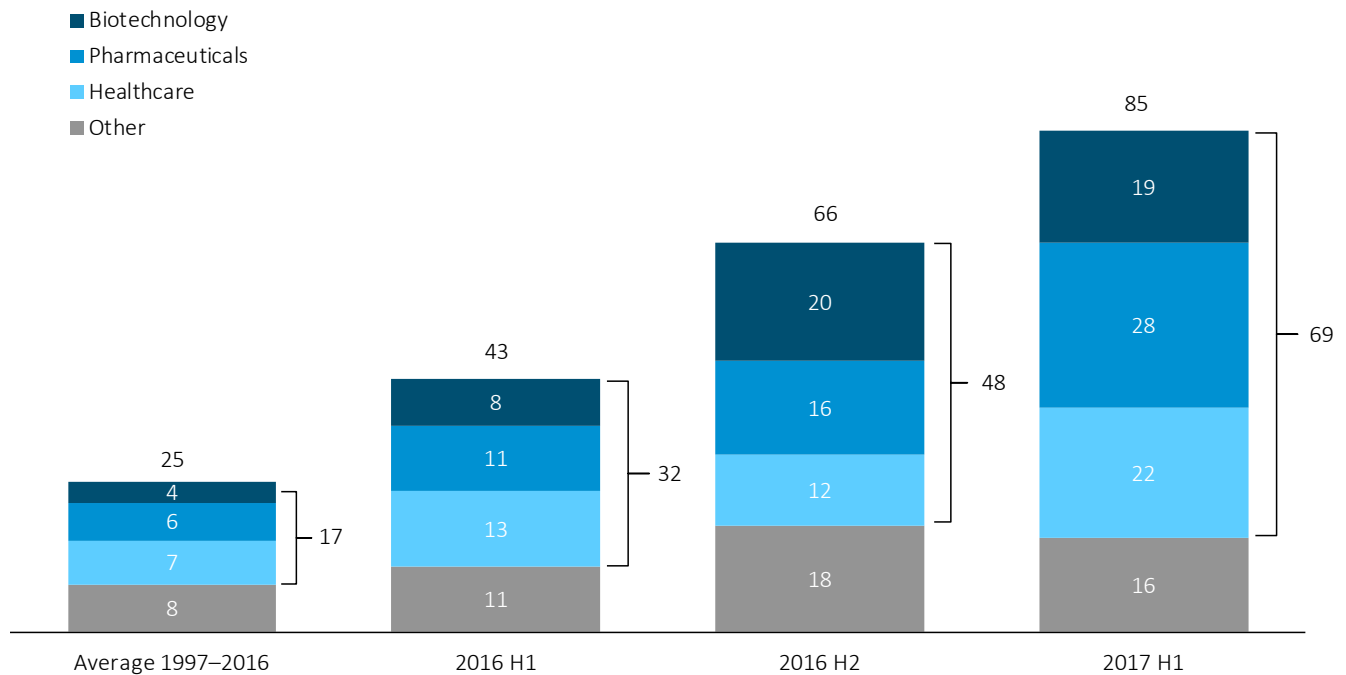
1. This analysis excludes two filings in unknown sectors in 2012, two filings in unknown sectors in 2013, two filings in unknown sectors in 2014, two filings in unknown sectors in 2015, six filings in unknown sectors in 2016, and one filing in an unknown sector in 2017. Filings with missing sector information or infrequently used sectors may be excluded in prior years. For more information, see Appendix 2.
2. Sectors are based on the Bloomberg Industry Classification System.

Consumer Non-Cyclical Sector

- Filings involving biotechnology, pharmaceuticals, and healthcare companies totaled 69 in the first half of the year.
- The number of filings against healthcare firms at midyear 2017 was close to the full-year 2016 total.
- The number of filings against pharmaceutical firms at 2017 midyear exceeded the full-year 2016 total.

Pharmaceuticals was the most commonly targeted subsector.

Figure 23: Consumer Non-Cyclical Sector Filings 1997–2017 H1



Note:

1. Sectors and subsectors are based on the Bloomberg Industry Classification System.
2. The “Other” category is a grouping primarily encompassing the Agriculture, Beverage, Commercial Services, and Food subsectors.

Exchange

- In the first half of 2017, 102 and 109 class actions were filed against firms listed on the NYSE and NASDAQ, respectively.
- The number of filings against NYSE firms increased by 48 percent from the second half of 2016 to the first half of 2017. For NASDAQ firms, filings increased by 42 percent over the same period.
- The median DDL figure for NYSE filings was higher in the first half of 2017 compared with the second half of 2016, while median DDL for NASDAQ filings was lower.

Median DDL and MDL declined for filings against NASDAQ firms.

- Average MDL for both NYSE and NASDAQ filings in the first half of 2017 was almost 50 percent less than the second half of 2016.
- The number of filings against issuers not listed on the NYSE or NASDAQ exchanges remained at approximately 7 percent in the first half of 2017.

Figure 24: Filings by Exchange Listing

	Semiannual Average 1997–2016		2016 H1		2016 H2		2017 H1	
	NYSE/Amex	NASDAQ	NYSE	NASDAQ	NYSE	NASDAQ	NYSE	NASDAQ
Class Action Filings	39	49	51	66	69	77	102	109
DDL Total (\$ Billions)	\$42	\$18	\$31	\$12	\$45	\$19	\$49	\$25
MDL Total (\$ Billions)	\$203	\$98	\$282	\$84	\$302	\$135	\$192	\$109
Disclosure Dollar Loss:								
Average (\$ Millions)	\$1,256	\$397	\$872	\$225	\$995	\$459	\$902	\$396
Median (\$ Millions)	\$261	\$100	\$332	\$123	\$320	\$130	\$431	\$76
Maximum Dollar Loss:								
Average (\$ Millions)	\$6,040	\$2,097	\$7,843	\$1,607	\$6,712	\$3,305	\$3,553	\$1,708
Median (\$ Millions)	\$1,377	\$476	\$3,465	\$648	\$1,934	\$907	\$1,578	\$359

Note:

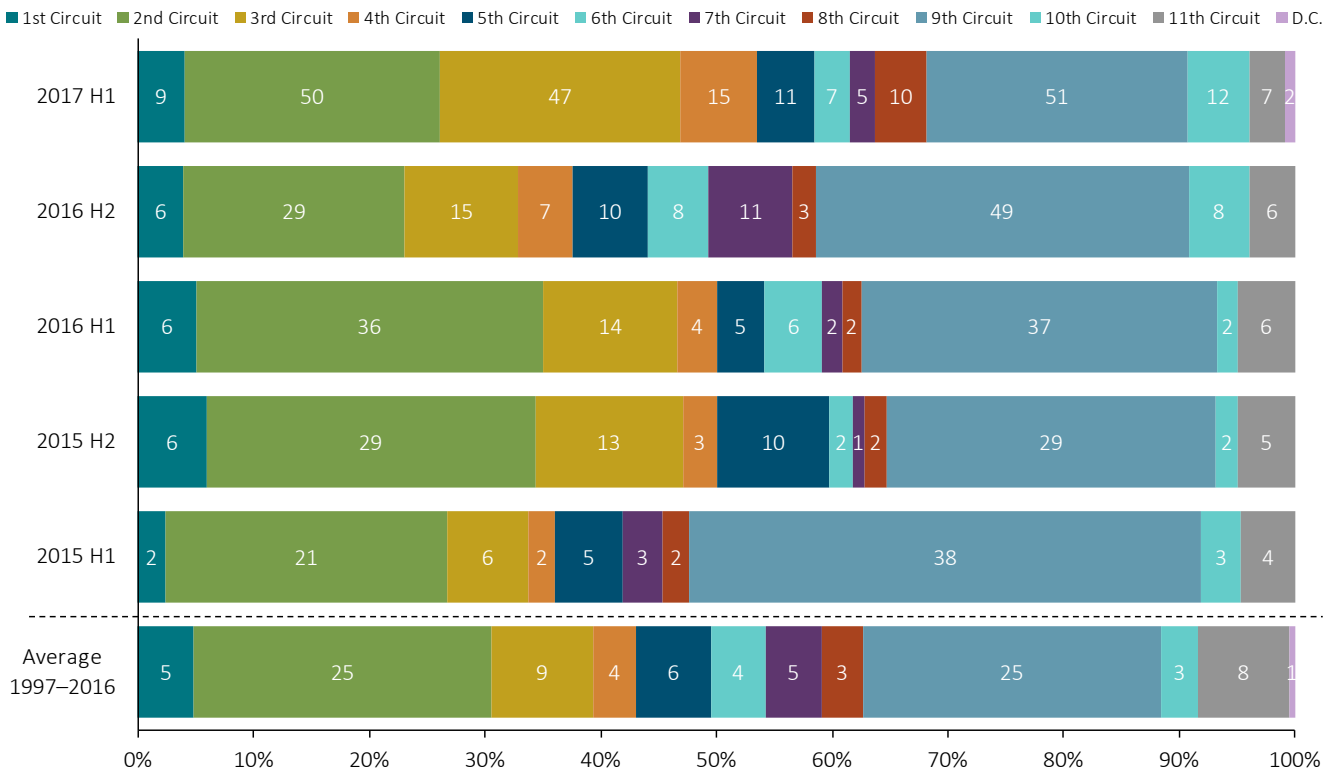
1. Average and median numbers are calculated only for filings with MDL and DDL data.
2. NYSE/Amex was renamed NYSE MKT in May 2012.

Circuit

- There were 51 filings in the Ninth Circuit in the first half of 2017, on par with the second half of 2016. Filing activity in this circuit was 104 percent greater than the historical average of 25 filings. See Appendix 5.
- The 50 filings in the Second Circuit, the most on record, were double the historical average. The semiannual MDL of \$83 billion, however, was 24 percent below its historical average.
- The Fourth and the Eighth Circuits both witnessed a substantial increase in the number of filings compared to the second half of 2016 and their respective historical averages.
- The number of filings in the Third Circuit was more than five times greater than the historical average. Additionally, both MDL and DDL were higher than average.
- The Increased filing activity in the Third Circuit was driven by the districts of New Jersey and Delaware. The 16 M&A filings in Delaware were the most M&A filings of any district court in the first half of 2017. See Appendix 6.

Third Circuit filing activity nearly equaled the Second and Ninth Circuits due in large part to M&A filing activity in the Delaware district court.

Figure 25: Filings by Circuit
1997–2017 H1



Glossary

California State Section 11 filing is a class action filed in a California state court that has Section 11 claims. These filings may also have Section 12 and/or Section 15 claims, but do not have Rule 10b-5 claims.

Chinese reverse merger (CRM) filing is a securities class action against a China-headquartered company listed on a U.S. exchange as a result of a reverse merger with a public shell company. See Cornerstone Research, *Investigations and Litigation Related to Chinese Reverse Merger Companies*.

Class Action Filings Index® (CAF Index®) tracks the number of federal securities class action filings.

Class Action Filings Non-U.S. Index tracks the number of filings against non-U.S. issuers (companies headquartered outside the United States) relative to total filings.

Cohort is the group of securities class actions all filed in a particular calendar year.

Disclosure Dollar Loss Index® (DDL Index®) measures the aggregate DDL for all filings over a period of time. DDL is the dollar value change in the defendant firm's market capitalization between the trading day immediately preceding the end of the class period and the trading day immediately following the end of the class period. DDL should not be considered an indicator of liability or measure of potential damages. Instead, it estimates the impact of all information revealed at the end of the class period, including information unrelated to the litigation.

Filing lag is the number of days between the end of a class period and the filing date of the securities class action.

Heat Maps of S&P 500 Securities Litigation™ analyze securities class action activity by industry sector. The analysis focuses on companies in the Standard & Poor's 500 (S&P 500) index, which comprises 500 large, publicly traded companies in all major sectors. Starting with the composition of the S&P 500 at the beginning of each year, the Heat Maps examine two questions for each sector: (1) What percentage of these companies were subject to new securities class actions in federal court during each calendar year? (2) What percentage of the total market capitalization of these companies was subject to new securities class actions in federal courts during each calendar year?

Market capitalization losses measure changes to market values of the companies subject to class action filings. This report tracks market capitalization losses for defendant firms during and at the end of class periods. They are calculated for publicly traded common equity securities, closed-ended mutual funds, and exchange-traded funds where data are available. Declines in market capitalization may be driven by market, industry, and/or firm-specific factors. To the extent that the observed losses reflect factors unrelated to the allegations in class action complaints, indices based on class period losses would not be representative of potential defendant exposure in class actions. This is especially relevant in the post-*Dura* securities litigation environment. In April 2005, the U.S. Supreme Court ruled that plaintiffs in a securities class action are required to plead a causal connection between alleged wrongdoing and subsequent shareholder losses. This report tracks market capitalization losses at the end of each class period using DDL, and market capitalization losses during each class period using MDL.

Maximum Dollar Loss Index® (MDL Index®) measures the aggregate MDL for all filings over a period of time. MDL is the dollar value change in the defendant firm's market capitalization from the trading day with the highest market capitalization during the class period to the trading day immediately following the end of the class period. MDL should not be considered an indicator of liability or measure of potential damages. Instead, it estimates the impact of all information revealed during or at the end of the class period, including information unrelated to the litigation.

Mega filings include mega DDL filings, securities class action filings with a DDL of at least \$5 billion; and mega MDL filings, securities class action filings with an MDL of at least \$10 billion.

Merger and acquisition (M&A) filings are securities class actions that have Section 14 claims, but no Rule 10b-5, Section 11, or Section 12(2) claims, and involve merger and acquisition transactions.

Securities Class Action Clearinghouse is an authoritative source of data and analysis on the financial and economic characteristics of federal securities fraud class action litigation, cosponsored by Cornerstone Research and Stanford Law School.

Appendices

Appendix 1: Filings Basic Metrics

Year	Class Action Filings	Disclosure Dollar Loss			Maximum Dollar Loss		
		DDL Total (\$ Billions)	Average (\$ Millions)	Median (\$ Millions)	MDL Total (\$ Billions)	Average (\$ Millions)	Median (\$ Millions)
1997 H1	79	\$11	\$169	\$42	\$52	\$767	\$396
1997 H2	95	\$30	\$354	\$73	\$93	\$1,077	\$411
1998 H1	115	\$36	\$347	\$42	\$88	\$851	\$269
1998 H2	127	\$45	\$381	\$72	\$136	\$1,164	\$337
1999 H1	126	\$63	\$568	\$99	\$146	\$1,325	\$339
1999 H2	83	\$78	\$1,048	\$129	\$218	\$2,949	\$453
2000 H1	111	\$164	\$1,708	\$92	\$331	\$3,452	\$444
2000 H2	105	\$76	\$793	\$143	\$429	\$4,469	\$975
2001 H1	103	\$137	\$1,473	\$98	\$990	\$10,642	\$990
2001 H2	77	\$61	\$872	\$69	\$497	\$7,097	\$657
2002 H1	109	\$81	\$776	\$117	\$926	\$8,899	\$1,402
2002 H2	115	\$120	\$1,212	\$184	\$1,121	\$11,320	\$1,547
2003 H1	105	\$48	\$493	\$92	\$335	\$3,455	\$531
2003 H2	87	\$29	\$394	\$100	\$240	\$3,242	\$368
2004 H1	111	\$57	\$641	\$101	\$307	\$3,455	\$428
2004 H2	117	\$87	\$821	\$117	\$418	\$3,947	\$622
2005 H1	109	\$57	\$618	\$135	\$245	\$2,632	\$463
2005 H2	73	\$35	\$562	\$167	\$117	\$1,862	\$513
2006 H1	65	\$21	\$390	\$118	\$125	\$2,308	\$413
2006 H2	55	\$31	\$611	\$97	\$169	\$3,387	\$439
2007 H1	69	\$37	\$650	\$153	\$171	\$2,992	\$763
2007 H2	108	\$121	\$1,222	\$159	\$530	\$5,351	\$660
2008 H1	110	\$92	\$1,340	\$224	\$471	\$6,822	\$1,361
2008 H2	113	\$129	\$1,674	\$163	\$346	\$4,488	\$1,001
2009 H1	83	\$49	\$1,290	\$167	\$352	\$9,251	\$1,176
2009 H2	82	\$35	\$552	\$134	\$199	\$3,153	\$935
2010 H1	72	\$54	\$1,168	\$162	\$345	\$7,492	\$730
2010 H2	103	\$19	\$318	\$141	\$129	\$2,195	\$392
2011 H1	94	\$49	\$740	\$93	\$256	\$3,882	\$384
2011 H2	94	\$61	\$900	\$78	\$255	\$3,751	\$599
2012 H1	87	\$61	\$851	\$158	\$252	\$3,504	\$665
2012 H2	64	\$35	\$656	\$143	\$152	\$2,764	\$577
2013 H1	75	\$25	\$407	\$163	\$115	\$1,887	\$531
2013 H2	90	\$79	\$1,022	\$148	\$162	\$2,110	\$538
2014 H1	78	\$30	\$446	\$189	\$93	\$1,364	\$541
2014 H2	92	\$27	\$337	\$145	\$123	\$1,532	\$528
2015 H1	86	\$34	\$450	\$91	\$105	\$1,381	\$388
2015 H2	102	\$71	\$792	\$170	\$266	\$2,956	\$641
2016 H1	120	\$43	\$490	\$191	\$366	\$4,158	\$1,038
2016 H2	152	\$64	\$707	\$195	\$438	\$4,864	\$1,429
2017 H1	226	\$74	\$604	\$145	\$302	\$2,455	\$521
Average (1997–2016)	96	\$60	\$756	\$129	\$303	\$3,855	\$672

Note: Average and median numbers are calculated only for filings with MDL and DDL data.

Appendix 2: Filings by Industry

(Dollars in Billions)

Industry	Class Action Filings				Disclosure Dollar Loss				Maximum Dollar Loss			
	Average 1997– 2016	2016 H1	2016 H2	2017 H1	Average 1997– 2016	2016 H1	2016 H2	2017 H1	Average 1997– 2016	2016 H1	2016 H2	2017 H1
Financial	17	18	17	28	\$9	\$10	\$10	\$13	\$57	\$83	\$85	\$38
Consumer Non-Cyclical	25	43	66	85	\$18	\$10	\$28	\$16	\$67	\$131	\$194	\$65
Industrial	9	12	13	19	\$6	\$10	\$8	\$10	\$18	\$61	\$16	\$40
Technology	12	11	15	16	\$9	\$9	\$3	\$4	\$39	\$18	\$14	\$49
Consumer Cyclical	10	13	12	25	\$4	\$3	\$2	\$11	\$24	\$29	\$12	\$52
Communications	14	7	10	25	\$11	\$0	\$0	\$11	\$76	\$2	\$47	\$26
Energy	4	3	11	17	\$2	\$0	\$11	\$4	\$11	\$1	\$55	\$18
Basic Materials	2	6	5	7	\$1	\$1	\$1	\$5	\$7	\$39	\$12	\$8
Utilities	2	3	1	3	\$1	\$0	\$0	\$0	\$4	\$2	\$0	\$5
Unknown/ Unclassified	-	4	2	1	-	-	-	-	-	-	-	-
Total	96	120	152	226	\$60	\$43	\$64	\$74	\$303	\$366	\$437	\$302

Note:

- Numbers may not add due to rounding.
- Filings with missing sector information or infrequently used sectors may be excluded in prior years.

Appendix 3: California State Section 11 Filings Overview

(Dollars in Millions)

Year	Los Angeles County	Santa Clara County	San Francisco County	San Mateo County	Other	MDL
Total (2010–2016)	6	6	6	26	4	\$82,563
2010	0	0	0	0	1	\$656
2011	0	0	1	1	1	\$2,679
2012	0	1	1	2	1	\$5,897
2013	0	0	0	1	0	\$187
2014	2	1	1	1	0	\$7,944
2015	2	4	2	7	0	\$36,520
2016	2	0	1	14	1	\$28,680
2017	2	0	0	2	0	\$7,430

Appendix 4A: S&P 500 Securities Litigation—Percentage of S&P 500 Companies Subject to Litigation

Year	Consumer Discretionary	Consumer Staples	Energy/ Materials	Financials/ Real Estate	Health Care	Industrials	Telecom/ IT	Utilities	All S&P 500 Companies
2001	2.4%	8.3%	0.0%	1.4%	7.1%	0.0%	18.0%	7.9%	5.6%
2002	10.2%	2.9%	3.1%	16.7%	15.2%	6.0%	11.0%	40.5%	12.0%
2003	4.6%	2.9%	1.7%	8.6%	10.4%	3.0%	5.6%	2.8%	5.2%
2004	3.4%	2.7%	1.8%	19.3%	10.6%	8.5%	3.2%	5.7%	7.2%
2005	10.3%	8.6%	1.7%	7.3%	10.7%	1.8%	6.7%	3.0%	6.6%
2006	4.4%	2.8%	0.0%	2.4%	6.9%	0.0%	8.1%	0.0%	3.6%
2007	5.7%	0.0%	0.0%	10.3%	12.7%	5.8%	2.3%	3.1%	5.4%
2008	4.5%	2.6%	0.0%	31.2%	13.7%	3.6%	2.5%	3.2%	9.2%
2009	3.8%	4.9%	1.5%	13.1%	3.7%	6.9%	1.2%	0.0%	4.8%
2010	5.1%	0.0%	5.7%	10.3%	15.4%	0.0%	3.5%	0.0%	5.4%
2011	3.8%	2.4%	0.0%	1.2%	2.0%	1.7%	7.1%	8.8%	3.2%
2012	4.9%	2.4%	2.7%	3.7%	3.8%	1.6%	3.8%	3.1%	3.4%
2013	8.4%	0.0%	0.0%	0.0%	5.7%	0.0%	9.1%	0.0%	3.4%
2014	1.2%	5.0%	1.3%	1.2%	3.6%	4.7%	0.0%	3.2%	2.2%
2015	0.0%	7.5%	1.4%	1.2%	1.9%	0.0%	5.6%	10.3%	2.6%
2016	4.8%	5.3%	10.4%	6.9%	21.4%	6.1%	8.2%	3.4%	8.4%
2017 (Annualized)	19.5%	10.8%	6.6%	4.3%	20.0%	5.8%	14.1%	7.1%	11.2%

Appendix 4B: S&P 500 Securities Litigation—Percentage of Market Capitalization of S&P 500 Companies Subject to Litigation

Year	Consumer Discretionary	Consumer Staples	Energy/ Materials	Financials/ Real Estate	Health Care	Industrials	Telecom/ IT	Utilities	All S&P 500 Companies
2001	1.3%	6.3%	0.0%	0.8%	5.4%	0.0%	32.6%	17.4%	10.9%
2002	24.7%	0.3%	1.2%	29.2%	35.2%	13.3%	9.1%	51.0%	18.8%
2003	2.0%	2.3%	0.4%	19.9%	16.3%	4.6%	1.7%	4.3%	8.0%
2004	7.9%	0.1%	29.7%	46.1%	24.1%	8.8%	1.2%	4.8%	17.7%
2005	5.7%	11.4%	1.6%	22.2%	10.1%	5.6%	10.3%	5.6%	10.7%
2006	8.9%	0.8%	0.0%	8.2%	18.1%	0.0%	8.3%	0.0%	6.7%
2007	4.4%	0.0%	0.0%	18.1%	22.5%	2.2%	3.4%	5.5%	8.2%
2008	7.2%	2.6%	0.0%	55.0%	20.0%	26.4%	1.4%	4.0%	16.2%
2009	1.9%	3.9%	0.8%	38.3%	1.7%	23.2%	0.3%	0.0%	8.6%
2010	4.9%	0.0%	5.5%	31.1%	33.7%	0.0%	5.9%	0.0%	11.2%
2011	4.6%	0.8%	0.0%	6.9%	0.7%	2.1%	13.4%	5.6%	5.1%
2012	1.6%	14.0%	0.9%	11.0%	3.8%	1.2%	2.2%	6.8%	4.9%
2013	4.4%	0.0%	0.0%	0.0%	4.4%	0.0%	16.6%	0.0%	4.7%
2014	2.5%	3.4%	0.2%	0.3%	3.0%	1.7%	0.0%	0.7%	1.3%
2015	0.0%	3.7%	0.4%	3.0%	3.1%	0.0%	7.6%	5.7%	3.2%
2016	3.8%	1.7%	24.9%	11.9%	14.6%	8.7%	12.5%	4.4%	10.9%
2017 (Annualized)	18.7%	8.8%	6.5%	2.6%	12.0%	14.0%	7.4%	15.8%	9.5%

Appendix 5: Filings by Circuit

(Dollars in Billions)

Circuit	Class Action Filings						Disclosure Dollar Loss				Maximum Dollar Loss			
	Average 1997– 2016	2015 H1	2015 H2	2016 H1	2016 H2	2017 H1	Average 1997– 2016	2016 H1	2016 H2	2017 H1	Average 1997– 2016	2016 H1	2016 H2	2017 H1
1st	5	2	6	6	6	9	\$4	\$2	\$1	\$0	\$11	\$5	\$2	\$1
2nd	25	21	29	36	29	50	\$20	\$9	\$7	\$22	\$109	\$168	\$79	\$83
3rd	9	6	13	14	15	47	\$8	\$2	\$5	\$12	\$29	\$28	\$16	\$32
4th	4	2	3	4	7	15	\$1	\$0	\$2	\$4	\$6	\$0	\$3	\$12
5th	6	5	10	5	10	11	\$4	\$1	\$10	\$4	\$19	\$9	\$46	\$22
6th	4	0	2	6	8	7	\$3	\$4	\$2	\$1	\$13	\$10	\$14	\$7
7th	5	3	1	2	11	5	\$3	\$5	\$10	\$3	\$13	\$43	\$18	\$20
8th	3	2	2	2	3	10	\$2	\$1	\$0	\$0	\$7	\$11	\$2	\$0
9th	25	38	29	37	49	51	\$11	\$18	\$25	\$22	\$77	\$86	\$246	\$93
10th	3	3	2	2	8	12	\$1	\$0	\$0	\$1	\$6	\$0	\$11	\$8
11th	8	4	5	6	6	7	\$2	\$1	\$1	\$3	\$11	\$4	\$2	\$13
D.C.	1	0	0	0	0	2	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$11
Total	96	86	102	120	152	226	\$60	\$43	\$64	\$74	\$303	\$366	\$438	\$302

Note: Numbers may not add due to rounding.

Appendix 6: Filings by District Court in the Second, Third, and Ninth Circuits 2017 H1

Circuit	Court District	Number of Filings		
		M&A	Non-M&A	Total
2nd	D. Connecticut	2	1	3
2nd	E.D. New York	1	11	12
2nd	S.D. New York	5	30	35
		8	42	50
3rd	D. Delaware	16	0	16
3rd	D. New Jersey	3	18	21
3rd	E.D. Pennsylvania	4	5	9
3rd	W.D. Pennsylvania	0	1	1
		23	24	47
9th	C.D. California	4	16	20
9th	N.D. California	11	11	22
9th	S.D. California	0	3	3
9th	Other	3	3	6
		18	33	51

Note: Other Districts in the Ninth Circuit with filings in the first half of 2017 are D. Arizona, D. Nevada, D. Oregon, and W. D. Washington.

Research Sample

- The Stanford Law School Securities Class Action Clearinghouse, in collaboration with Cornerstone Research, has identified 4,583 federal securities class action filings between January 1, 1996, and June 30, 2017 (securities.stanford.edu).
- The sample used in this report includes federal filings that allege violations of the Securities Exchange Act of 1933 Section 11, the Securities Exchange Act of 1934 Section 10b, Section 12(a) (registration requirements), or Section 14(a) (proxy solicitation requirements).
- The sample is referred to as the “classic filings” sample and excludes IPO allocation, analyst, and mutual fund filings (313, 68, and 25 filings, respectively).
- Multiple filings related to the same allegations against the same defendant(s) are consolidated in the database through a unique record indexed to the first identified complaint.
- In addition to federal filings, class actions filed in California state courts since January 1, 2010, alleging violations of the Securities Exchange Act of 1933 Section 11 are also separately tracked.

The authors request that you reference Cornerstone Research and the Stanford Law School Securities Class Action Clearinghouse in any reprint of the information or figures included in this study.

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